

Supporting Micro-Entrepreneurs during COVID-19 Pandemic to Reboost and Revitalize their Businesses through Remote Coaching by Advans Tunisie

1. FINANCIAL EDUCATION (FE) CONTEXT

The National Financial Inclusion Strategy (NFIS 2018-2022)¹ has defined financial inclusion in the Tunisian context as being: "the possibility for poorly served or non-served individuals or businesses to have access to a whole line of financial or non-financial products and services, which best suits their needs offered by multiple formal actors". This aforesaid strategy revolves around the following axes: 1) digital finance, 2) micro insurance, 3) refinancing, 4) social and solidarity-based economy, and 5) financial education: striving to disseminate a teaching which helps individuals and households to adopt good financial behavior allowing them to be financially stable, capable of choosing and making decisions in total confidence and awareness with regard to their financial needs.

Based on this definition, the need of Tunisians for financial inclusion education is confirmed by the following figures:

- According to a 2018 national survey on financial inclusion levels in Tunisia², 3% of Tunisians have already used financial service via mobile phone and most Tunisians confirm that financial services are expensive and ill adapted to their needs. Only 27 % of Tunisians say that they have enough information to protect themselves or act in case of a dispute related to financial services.
- Tunisians obtained an average score of 3.1 out of 7 in the financial knowledge test, whereas micro-businesses managers obtained an average score of 4.0 out of 7 in the financial knowledge test.

Based on these findings, the Central Bank of Tunisia decided to make protection of financial service consumers, transparency boosting and financial knowledge improvement, priorities for the upcoming years.

2. INTERVENTION APPROACH

Financial literacy needs assessment

The COVID-19 pandemic had (and still has) a devastating economic and social impact on micro- and very small enterprises, particularly on individuals and women entrepreneurs who live in rural areas. The outbreak has further weakened this category of businesses by challenging their resilience and sustainability in both formal and informal sectors all over Tunisia. Specifically, 68% of Advans Tunisie's (Advans) clients had to suspend their business during the lockdown, whereas 15% of the businesses that remained open suffered a drop of more than 50% of their revenue. The remaining 17% maintained their normal activity because they were not negatively impacted by COVID-19.

According to a survey conducted by [TAMSS](#) (Tunisian Association for Management and Social Stability) on 111 business owners to evaluate the impact of COVID-19 on their business, 69% of respondents requested financial support whereas 24% asked for a training program to help them cope with the crisis. Only 8% asked for a logistical support and only a few of the respondents requested psychological assistance.

Additionally, another survey has been conducted on 30 entrepreneurs coached by ADEME to understand the challenges they faced during the pandemic. The findings revealed that most entrepreneurs are far too underfunded and emotionally strained to be able to cope with the crisis. They were delighted to receive a phone call from their trainers and be listened to. During the crisis, these entrepreneurs valued the feeling that they were not alone and the reassurance that Advans would continue to support them. All respondents involved in the survey were highly worried about the future of their business and the uncertainty of their long-term survival. Businesses in the sectors that were less affected, such as groceries, butchers and other food business, have seen the level of their activity impacted in function of their locations and their suppliers. Those who suffered the most were the ones without alternative income.

¹ <http://www.cae.gov.tn/wp-content/uploads/2019/11/SNIF-Tunisie.pdf>

² Annual report of the central bank 2018

Furthermore, another survey has been conducted by 60Decibels³ on 221 entrepreneurs to understand the impact of the COVID-19 on their business (69% of the respondents were male, 21% were female). Overall, 84% of respondents are concerned about COVID-19, with 55% saying they are very concerned. Female respondents are more concerned (65% very concerned) than males (51% very concerned). Moreover:

- **Financial Situation:** Entrepreneurs state that their financial situation has worsened (53%), with 11% saying it was “much worse”.
- **Income:** Loss of decent work and reduced customer demand are the top income impacts reported by 43% and 29% of customers, respectively. Only 8% have been able to switch their main source of income entirely, and 2% now have 'no source of income', suggesting a poor level of job mobility.
- **Way of Doing Business:** 46% say their way of doing business has changed because of COVID-19. Reduction in hours of operation and disruption in the supply chain are the top business changes reported.
- **Spending Behavior:** 39% have changed their spending behavior. The majority of customers say their personal costs have decreased.

Therefore, Advans has provided a remote coaching program to entrepreneurs, particularly to the most vulnerable in order to help them increase their resilience in the short- and long-term. The program has been designed to support entrepreneurs in overcoming financial issues caused by the pandemic and covers all the subjects surrounding business management, such as marketing, finance, daily management, dealing with providers, etc.

Main activity areas (goal, targets, resources & time frame) and outputs

The remote coaching program objective is to support 1'000 entrepreneurs, men and women whose businesses are highly impacted by the COVID-19, to help them increase their resilience and to “restart” in the short / medium term. The personalized coaching program has been designed and delivered by ADEME and TAMSS, which are two local NGOs specialized in supporting entrepreneurs for sustainable development. This intensive “one on one” coaching program is based on five main phases: 1) onboarding, 2) diagnosis of the business situation, 3) definition of an action plan (including short-term and long-term actions), 4) follow-up sessions to coach and support in the implementation of the action plan, and 5) evaluation.

The coaching sessions last between five to seven hours per person and were delivered remotely using digital tools such as Skype, WhatsApp and Messenger or with a basic cell phone (for those who do not have smartphones and who had internet issues mainly in rural area). The program has a standard framework model that has been designed by the two NGOs and Advans. The tools and methodology used on coaching is different between the partners i.e., ADEME uses a SWOT analysis in the diagnosis phase, whereas TAMSS uses the seven P's of marketing to get the inputs required to effectively assess the business situation of the beneficiaries.

In the pilot phase launched mid-July 2020, 100 entrepreneurs benefited from the coaching program. In the rollout phase, which has been launched since October 2020 and completed in February 2021, 900 additional entrepreneurs have been selected through well-defined selection criteria. Advans have selected entrepreneurs who asked for loan rescheduling or asked for a grace period to be extended for at least three months. These entrepreneurs represent 90% of the beneficiaries who enrolled in the program. This criterion is crucial because it helped the financial institution to identify entrepreneurs who were highly impacted by the crisis and needed support. Furthermore, Advans have also selected entrepreneurs who were motivated enough to participate in the program.

In the rollout phase, 93% of the beneficiaries finished the coaching program whereas only 7 % dropped out of the program after the action plan or after one follow-up session. Mainly because of their lack of availability or lack of engagement and only 1% of the beneficiaries were not reachable. Overall, 86% of the beneficiaries are from underserved regions and 14 % are from urban areas.

The coaching program of 380 beneficiaries has been financed by the SCBF (with 86 % women). TAMSS has coached the majority of female entrepreneurs (298 women) because of their experience on coaching women entrepreneurs. In total, 328 female entrepreneurs and 512 male entrepreneurs have been coached and have finished the program. The remaining number of entrepreneurs dropped out of the program because of their lack of availability or interest.

³ 60Decibels is an end-to-end impact measurement company. (<https://60decibels.com/>)

The use of the digital platform Wikiflow was beneficial for the program because the platform enabled the coaches to have access to all the information very easily such as gender, age, sector, sub sector, urban/ rural. All this information helped the coaches to prepare the diagnosis phase because they knew exactly the profile of the entrepreneurs that they were going to coach. The reports of the program prepared by the coaches was uploaded directly on the Wikiflow platform so that the Advans team had direct access to all these reports on a daily basis, which helped them to have a deeper knowledge about their customers.

The implementation of the project faced key challenges in relation to the COVID-19 outbreak and the restrictions imposed on participants' businesses. First of all, the second wave of COVID-19, which impacted Tunisia in September 2020, made the situation worse for small entrepreneurs (mainly women) due to new restrictions which were imposed (lockdown measures, restrictions to travel between regions etc.). Secondly, the Tunisian government did not provide any help to these small entrepreneurs to respond to the consequences of the pandemic. As a result, many entrepreneurs had stopped making their fiscal declarations or paying their social charges for their employees. Some entrepreneurs have gone as far as no longer crediting their bank account, some have even closed them, and are slowly moving back into the informal sector.

Many entrepreneurs experienced tremendous liquidity problems and were interested mainly in the financial support as the first solution to their problems. Therefore, the coaches helped the beneficiaries to work on other aspects of their business to improve their resilience and to avoid over-indebtedness. Unfortunately, some actions which were suggested by the coaches could not be implemented in a short term because of the curfew restrictions that have increased chronic stress and anxiety.

Additionally, the use of digital tools for coaching (such as Skype, Messenger, WhatsApp) has been difficult for certain clients because not all of them have smartphones or a good internet connection. As a result, it was difficult for the coaches to know if the person was really focused when the coaching sessions were conducted with basic smartphone. Furthermore, keeping the entrepreneurs engaged during the coaching sessions was challenging due to the duration of the sessions, mainly the diagnosis session which is considered a crucial phase of the program, because the action plan and the follow-up sessions are built on the findings and inputs of the diagnosis session.

Additional funders

Advans Tunisie has contributed with an overall budget of CHF 60'775 (38% of the total). The MFI covered all the implementation and communication costs (CHF 25'000), the pilot phase (CHF 13'500 CHF for coaching 100 beneficiaries), as well as the cost for coaching 160 beneficiaries in the roll-out phase. The SCBF supported the program with CHF 51'000 (32% of the total), allowing to train 380 beneficiaries (mainly women).

The program was also financed by three other donors with a total amount of CHF 48'225 CHF (30% of the total)

- ✓ [FMO](#) supported the program with CHF 21'225 (to train 160 beneficiaries).
- ✓ [SANAD](#) supported the program with CHF 13'500 (to train 100 beneficiaries)
- ✓ The "Conseil de Gouvernance Economique Belgo-Tunisien" supported the program with 13'500 CHF (to train 100 beneficiaries)

Partner (financial) institutions

The project was designed by a tripartite team between Advans Tunisie, TAMSS and ADEME.

Advans Tunisie is the 9th greenfield institution of the international microfinance network, Advans Group. It was founded in 2013 by its sponsor and majority shareholder Advans SA, along with SANAD, Amen Bank and INAAM. Advans Tunisie is established as a limited company which received its license to operate as a microfinance institution from the Tunisian Finance Ministry in 2015 and began its activities the same year. Currently, Advans Tunisie has 16 branches and serves more than 17'000 clients in urban and rural areas and has no less than 420 employees. The institution disbursed more than 30'000 loans since it was launched, representing 107 Million Dinars (approx. CHF 35 million) of outstanding loans at the end of the first quarter of 2021.

TAMSS (The Tunisian Association for Management and Social Stability) is a Tunisian NGO created in 2006. For 15 years, TAMSS interventions have revolved around three axes:



Figure 1: Advans network of 16 branches

- ✓ Strengthening of institutional capacities and management methods of non-governmental organization and non-profit association oriented towards the economic integration of women and youth;
- ✓ Enhancement Entrepreneurship and employability of women and youth;
- ✓ And facilitating the access to economic and social rights: Women, refugees, and asylum seekers.

ADEME (Association de Développement de la Micro-Entreprise) is a Non-governmental Organization created in Tunisia in February 2011 just after the revolution, with the mission to help ME's and small MEs develop their activity and make it sustainable through effective and adapted training and coaching. Its founding members are individuals strongly attached to associative values and convinced that the growth of micro-enterprises is essential in the social and economic development of the country. ADEME's founding members all have long working experience in microfinance; and all have a good understanding of the difficulties and challenges that micro-entrepreneurs and SME's face.

3. RESULTS ACHIEVED AND NOT ACHIEVED

Client level

According to the satisfaction survey, which was carried out with 840 customers who completed the remote coaching program, the results are very positive:

- 90% of clients say that they are satisfied with the overall program (52% satisfied and 38% very satisfied)
- 88% of clients confirm that the program has met their expectations
- 95% of clients say they are satisfied with the coaches (50% satisfied and 45% very satisfied)
- 95% of clients recommend the coaching program to other entrepreneurs.
- 89% of clients confirm that the actions proposed by the coach have a positive impact on their project and 95% of clients feel confident to implement the actions

Three months after the end of the program, an impact survey was carried out on a sample of 223 women:

- The stress level of beneficiaries has dropped significantly from 7.57 to 5.78.
- The rate of the "confidence in the future" level increased slightly from 7 to 7.14 because of the instability caused by the crisis.
- The level of customer satisfaction with Advans increased from 8.31 to 9.22.
- Customer satisfaction with Advans support during the crisis period increased from 8.39 to 9.1.

Client profile

Meriem NEFZI, 39 years old

Meriem is from Nefza, a small town and commune located in the Béja Governorate, Tunisia.

She runs a cosmetics shop where she sells essential perfumes produced by her. She also sells many other products, including accessories, make up, other perfume brands and organic soaps.

The COVID-19 crisis has negatively impacted her business. Her revenue has decreased, as she could not open her shop because of the lockdown measures. She was not able to pay her suppliers nor the rent for the shop. She faced a liquidity crisis which has negatively impacted her wellbeing.



Figure 2: Meriem Nefzi in her cosmetic Shop

When she saw an advertisement campaign about the remote coaching program on social media, she talked to her credit officer about her interest to be part of the program, as she was struggling to manage her business during the crisis.

Meriem confirmed that the coach gave her valuable advice to manage her stock and increase the acquisition of new customers. She worked on a social media strategy and she was able to get orders from Facebook and Instagram. She also sold her products in barbershops and hairdressing salons, enabling the owners of these

shops to get a commission. She also followed the recommendation of the coach of not buying expensive product to avoid finding herself in position where she cannot sell the items.

"I am very grateful. The support of the coach helped me identify the weakness of my project and on which specific things I needed to work on. I have been able to implement all the recommendations of the coach. Thanks to his guidance, I got my confidence back and I was able to turn my struggling business into a reliable source of income and support my family despite the challenges we are facing during COVID -19".

Meriem ABIDI, 35 years Old

Mariam is a young entrepreneur and married with two kids. She lives in Gabès which is a city in the south-east of Tunisia. She started her project in 2016, after she received her bachelor's degree in political science. She started her project by making pastries for her community, taking orders by phone or through her Facebook page, and hand-delivering her creations. Due to COVID-19 restrictions, she faced many difficulties to run her business. The demand has dramatically decreased which has impacted her cash-flow and her revenues. Some primary ingredients were not available, and her suppliers were not able to deliver pastry items due to the restrictions announced on the second wave which hit Tunisia in September 2020. As a result, she could not pay back the loan she took from Advans and asked for a loan rescheduling.

For this reason, Advans offered her to be part of the remote coaching program to have special assistance with a professional coach to help her find solutions to cope with the harmful effect of the crisis and to improve her business.

Meriam confirmed that the intervention of the coach helped her in several ways: First of all, the coach helped her to improve her logistical skills (taking order and delivering the customers). The coach guided her to do the bookkeeping, and she was able to track the production and to know the number of products to be produced to better assess the production cost. Secondly, she improved her brand image by creating an appealing name for her business, and also a logo to differentiate her from her competitors. Thanks to the recommendation of the coach, she created business cards and made a flyer, and started to distribute them in several places.

"At first, when the coach contacted me to do the first session by phone, I didn't know what sort of training it would be. It's the first time I have done a remote coaching program. The coach was educated and open to discuss anytime. The coaching program has been conducted in a friendly way. I was happy to have this support from Advans and the level of encouragement from the coaches was incredible. Right now, I came to understand how to prioritize the actions and to organize my business, and to adopt a strategy to take it to new heights. Learning how to organize things helped me to manage my stress and to get a mental satisfaction despite all the uncertainty we are living in right now".

Partner financial institution/s level

The study of our portfolio at risk has shown that the PAR 30 of supported clients is equal to 4.84% (April 2021), above the institution's PAR 30 (2.69%). 78.80% of beneficiaries paid their installments on time (70.8% for Advans Tunisie in total). Among the beneficiaries of the program, the quality of the portfolio is better for women (PAR30 of 2.27%) than for men (PAR30 of 5.98%).

Since the beneficiaries of this program are the "most difficult" clients (those who have requested a rescheduling period or a grace period of 3 to 6 months), Advans can conclude that this program has had a very positive impact on the reimbursement capacity of beneficiaries and on the quality of the portfolio (in particular for women).



Figure 3: Meriem in her house preparing Tunisian pastry



Figure 4: Advans branch in Gabès

The remote coaching program targeted male (61%) and female (39%) who are in financial distress or hardship due to the crisis focusing more on entrepreneurs who are in rural areas (86%) or underserved regions (mainly at Jendouba, béja, Nabeul, Gabès, Medine, Sidi Bouzid) and urban areas (14%) to help them to deal with problems caused by the crisis. The majority of beneficiaries were operating in the service (32%) and retail sector (50%), because these sectors are the most impacted ones by the crisis.

Table 1: Outreach female and male/ Sectors

Sectors	Rollout phase	% of the overall entrepreneurs	Number of women	Number of male entrepreneur	% of female entrepreneur	% of male entrepreneur
Agriculture	60	7%	1	59	2%	98%
Production	95	11%	35	60	37%	63%
Services	266	32%	111	155	42%	58%
Retail	419	50%	181	238	43%	57%
Total	840	100%	328	512	39%	61%

As many topics were provided in the remote coaching program i.e., controlling and managing expenses (money management), budgeting, prioritizing of commitments, entrepreneurs gained greater control over their finances and thus reduces the negative impact of the COVID-19. Therefore, this program helped entrepreneurs increase their level of satisfaction and confidence in the financial institution.

4. LESSONS LEARNT

Conclusion

The results from the financial education program are very positive. These results were achieved thanks to the strong commitment of the project managers of the NGOs and Advans Tunisie who believed that the program would have a positive impact on entrepreneur's daily lives. They worked together effectively to design an efficient model of remote coaching program adaptable to the current situation related to the pandemic. A good coordination between the project managers was a key factor contributing to the success of the project. Involving the credit officer for the selection of the beneficiaries was beneficial because most of the entrepreneurs were interested in the program and expressed the need to be supported as they all faced difficulties to run their business effectively due to COVID-19. As a result, the drop out percentage was only 7%.

The digital platform, which has been used in the program, brought a positive added value because it provided several features to the coaches that allowed them to carry out the coaching sessions efficiently i.e., all the information regarding the client profile is centralized in the platform which helped the coaches to know more about the customers profile before starting the program.

Thanks to the Wikiflow platform, Advans had the possibility to follow the project progress on a daily basis. For example: all the reports of the diagnosis sessions, action plans, and the follow-up sessions are available on the platform. The accessibility of these reports helped Advans to understand the needs of the beneficiaries and prepare them to deal with this unprecedented situation. Advans has also given them access to financial support when coaches recommended that as a solution to maintain their business operations and improve their economic resilience. The platform also helped Advans measure the effectiveness of the coaching program because all the indicators from the gathered surveys were centralized on the platform.

However, there were some challenges. For example, the implementation of the project took more time than planned, because the selection phase was challenging. Advans only selected entrepreneurs who were open to this kind of intensive remote coaching program and expressed motivation to be part of this program. As a result, a campaigning period has been added to the timeline of the program.

Recommendations

Advans has to involve the credit officer in the diagnosis phase: firstly, it will facilitate the initial contact with the coach, and this will help build a relationship of trust with the beneficiaries. Secondly, the coach can have more relevant information regarding the client situation if she / he works closely with the credit officer. Thirdly, the credit officer can explain the use of digital tools to the client in this phase. Finally, the credit officer would certainly acquire new skills and will learn from the expertise of the coach on how to assess the weakness and the strength of a business.

Collective training sessions should be organized based on the identified needs after the diagnosis sessions. For example, connecting entrepreneurs who are operating in the same environment, facing similar problems and challenges so that they can share their experience and learn from each other.

Another aspect to consider is that the coaching must be short, keeping the attention and the engagement of the beneficiaries. Hence, more sessions could be provided with less amount of time to make sure that the beneficiaries will remain engaged.

The findings from the satisfaction survey reveals that entrepreneurs need to be coached on other topics such as training on communication techniques, administration topics and project management and also the coaching has to address the specific needs of farmers.