

# Microfinance Ireland

## Microenterprise Loan Fund Scheme for the period 1<sup>st</sup> October 2012 to 31<sup>st</sup> March 2014

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An Roinn Post, Fiontar agus Nuálaíochta  
Department of Jobs, Enterprise and Innovation



This financing benefits from a guarantee issued under the 'European Progress  
Microfinance Facility' established by the European Union.

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## Overview of the Microenterprise Loan Fund Scheme

The Microenterprise Loan Fund, administered by Microfinance Ireland is part of the Government's Action Plan for Jobs and forms part of a suite of financial programmes provided through the Department of Jobs, Enterprise and Innovation to assist businesses in a range of sizes across all industry sectors.

The purpose of the Fund is to provide loans of €2,000 up to €25,000 for commercially viable proposals that have been declined credit by commercial banks.

### From inception 01 October 2012 to 31 March 2014 Microfinance Ireland has:

- ✓ **€3.022M value of loans approved**
- ✓ **437 net jobs supported in 192 micro-enterprises**
- ✓ **475 applications received**
- ✓ **51% approval rate**

### Borrowers who have benefited:

- ✓ Average Loan size of **€15,700**
- ✓ **83%** approvals granted to businesses employing **3 people or fewer**
- ✓ **58%** of approvals granted to **start-ups** (in business for less than 18 months)
- ✓ **Wide geographic coverage:** 24% of loans granted to Dublin, 76% from rest of Ireland

### Successful applicants during the quarter:

WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES <b>(23%)</b>	MANUFACTURING <b>(17%)</b>
ARTS, ENTERTAINMENT AND RECREATION <b>(12%)</b>	ACCOMMODATION AND FOOD SERVICE ACTIVITIES <b>(10%)</b>
ADMINISTRATION AND SUPPORT SERVICE ACTIVITIES <b>(9%)</b>	INFORMATION AND COMMUNICATION <b>(8%)</b>
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES <b>(6%)</b>	OTHER <b>(15%)</b>

### Assessing applications efficiently:

- ✓ **374** applications processed to full assessment
- ✓ **33** applications in progress at reporting date
- ✓ Endeavour to process complete applications within 10 days

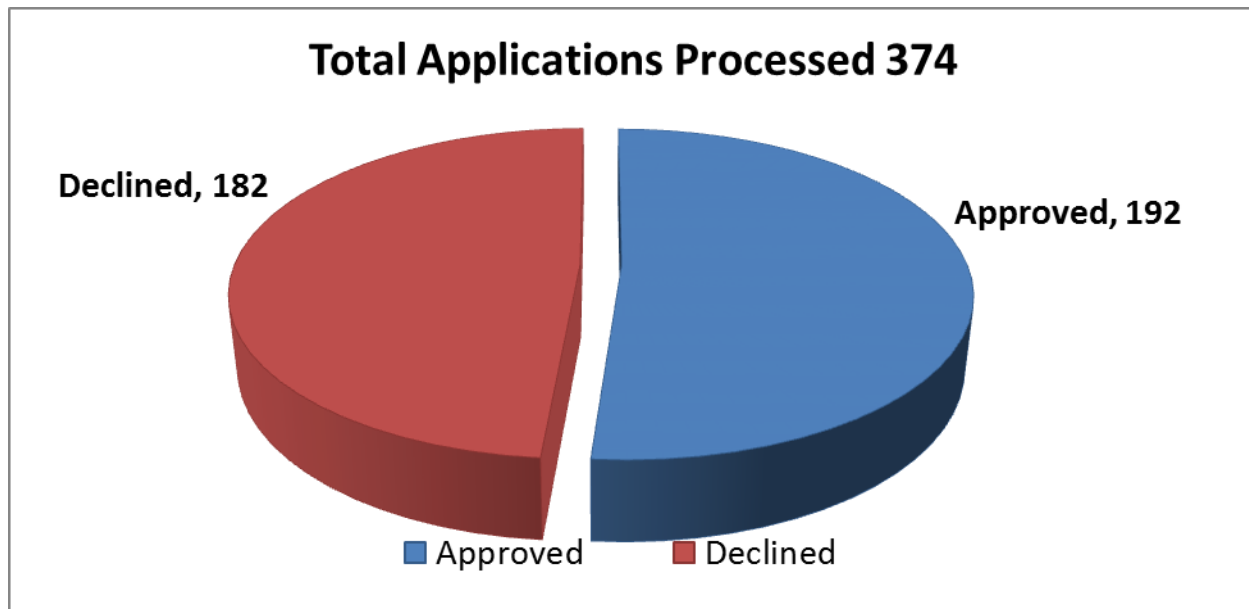
## Activity Levels covering period 1<sup>st</sup> October 2012 to 31<sup>st</sup> March 2014

As at 31<sup>st</sup> March 2014, 192 micro-enterprise applications have been supported resulting in loans totalling €3.022M being approved through the Microenterprise Loan Fund Scheme. This represents an approval rate of 51% of applications fully processed.

In total 475 applications have been received of which 374 have been fully processed. Of these 192 have been approved and 182 have been declined. Work-in –progress accounted for 33 applications and others \* represented 68 applications for reasons listed below.

### Net impact on Jobs

The 190 loans from Microfinance Ireland are supporting a total of 437 full-time equivalent jobs (net). Two businesses were previously reporting as having have ceased trading.



#### \* Others include

- Applicant deferred application to re-evaluate business proposal
- Information requirements not supplied to MFI
- Applicant referred to local LEO to assist with application process
- Applicant decided not to progress application
- Applicant withdrew following approval

**Applications by Quarter**

Total Applications Received												
	Launch Phase (1 <sup>st</sup> October 2012 to 31 <sup>st</sup> March 2013)		Q2 2013 (1 <sup>st</sup> April 2013 to 30 <sup>th</sup> June 2013)		Q3 2013 (1 <sup>st</sup> July 2013 to 30 <sup>th</sup> September 2013)		Q4 2013 (1 <sup>st</sup> October 2013 to 31 <sup>st</sup> December 2013)		Q1 2014 (1 <sup>st</sup> January 2014 to 31 <sup>st</sup> March 2014)		Total (1 <sup>st</sup> October 2012 to 31 <sup>st</sup> March 2014)	
Total Applications	149	€2.78M	75	€1.297M	71	€1.288M	84	€1.374M	96	€1.642	475	€8.381M

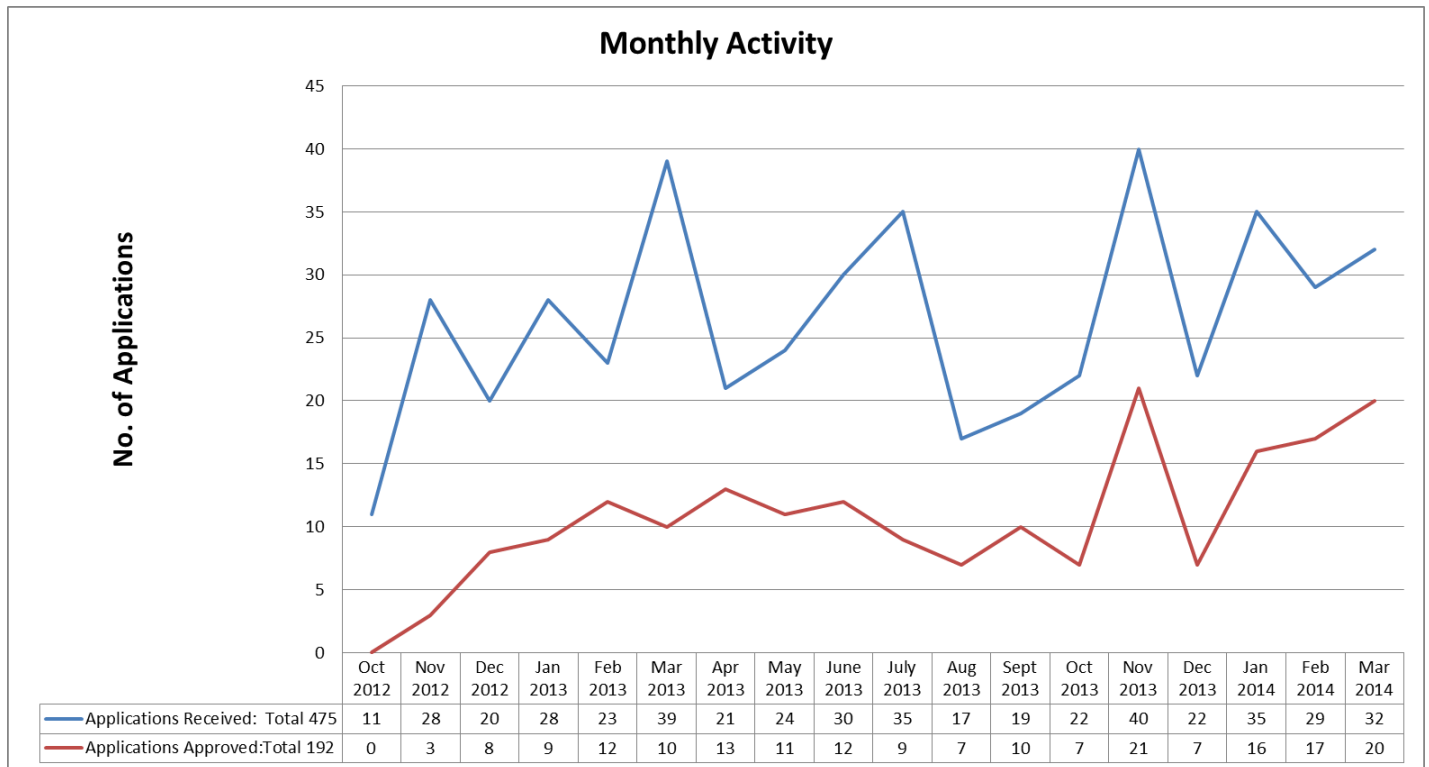
**Approvals by Quarter \*\***

Total Applications Processed to Final Conclusion												
	Launch Phase (1 <sup>st</sup> October 2012 to 31 <sup>st</sup> March 2013)		Q2 2013 (1 <sup>st</sup> April 2013 to 30 <sup>th</sup> June 2013)		Q3 2013 (1 <sup>st</sup> July 2013 to 30 <sup>th</sup> September 2013)		Q4 2013 (1 <sup>st</sup> October 2013 to 31 <sup>st</sup> December 2013)		Q1 2014 (1 <sup>st</sup> January 2014 to 31 <sup>st</sup> March 2014)		Total (1 <sup>st</sup> October 2012 to 31 <sup>st</sup> March 2014)	
Applications Processed	102		77		60		57		78		374	
Approved	43		35		26		35		53		192	
Approval Rate	42%		45%		43%		61%		68%		51%	
Approved (€'000)	700		543		347		569		863		3,022	

\*\* From time to time an application is approved in a quarter and the entrepreneur may choose to withdraw following approval but prior to drawing down. This can result in revisions to previously published quarter-end figures.

**Monthly Growth Trend**

Application and approval activity levels by month are displayed in the graph below:



**Size of Borrower**

Loans were approved to micro-enterprises with the following number of employees at time of application:

No. of Employees	No. of Micro-enterprises					Total (1 <sup>st</sup> October 2012 to 31 <sup>st</sup> March 2014)
	Launch Phase (1 <sup>st</sup> October 2012 to 31 <sup>st</sup> March 2013)	Q2 2013 (1 <sup>st</sup> April 2013 to 30 <sup>th</sup> June 2013)	Q3 2013 (1 <sup>st</sup> July 2013 to 30 <sup>th</sup> September 2013)	Q4 2013 (1 <sup>st</sup> October 2013 to 31 <sup>st</sup> December 2013)	Q1 2014 (1 <sup>st</sup> January 2014 to 31 <sup>st</sup> March 2014)	
<b>1</b>	11	17	19	13	25	<b>85</b>
<b>2-3</b>	22	13	5	16	19	<b>75</b>
<b>4-5</b>	9	3	1	3	3	<b>19</b>
<b>6-9</b>	2	3	2	3	6	<b>16</b>
<b>Prior period adj</b>	-1	-1	-1	0	0	<b>-3</b>
<b>Total No. of Loans</b>	43	35	26	35	53	<b>192</b>
<b>Average No. of Jobs per Loan</b>	<b>2.6</b>	<b>2.1</b>	<b>1.5</b>	<b>2.5</b>	<b>2.5</b>	<b>2.2</b>

**Activity by Loan Size**

From 1<sup>st</sup> October 2012 to 31<sup>st</sup> March 2014, loans were granted in the following size range.

Euro	No. of Loans
≤25k	69
≤20k	21
≤15k	32
≤10k	42
≤5k	28
<b>Total</b>	<b>192</b>
<b>Average loan size €15,700</b>	

**Purpose for which Microfinance Loans were granted**

Loans were granted for the following purposes:

- Working Capital
- Fit-out of Premises
- Purchase of Equipment
- Information & Communications Technology
- Promotion and Marketing

## Source of Loan Referrals:

### Local Enterprise Offices (formerly County and City Enterprise Boards)

Microfinance Ireland's main referral partners are the Local Enterprise Offices (LEOs). To date, 249 of our loan applications were received from the LEOs accounting for 52% of all of our applications. Of the 217 applications received from the LEOs, 209 were fully processed by the 31<sup>st</sup> March 2014 resulting in 117 being approved giving an approval rate of 56%. The LEOs also support MFI applicants with their application, relevant business training and both pre and post loan mentoring assistance.

### Direct Applications

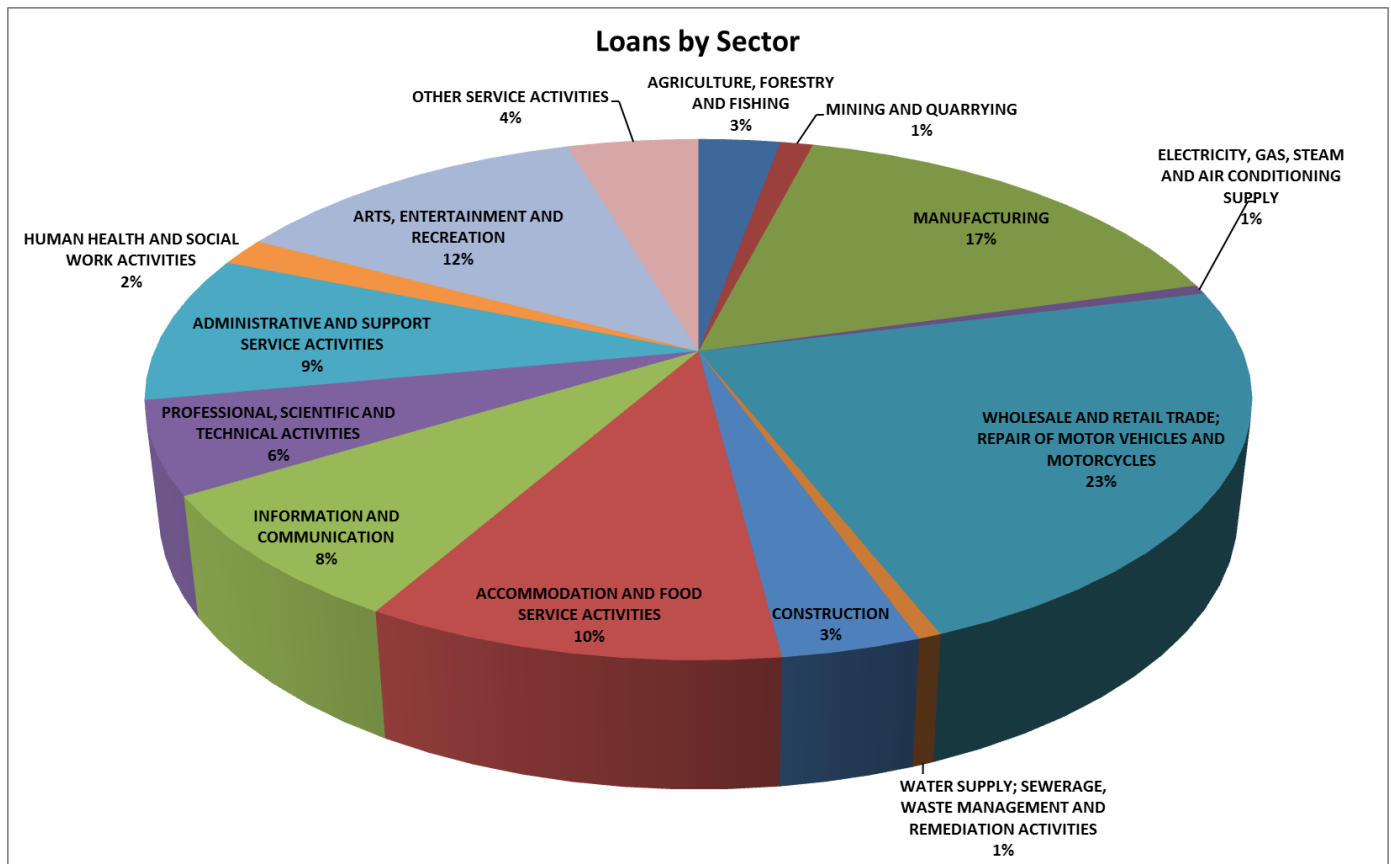
While the LEOs remain our primary referral partners there has been a steady flow of applications direct from enterprises, both existing and new businesses, seeking credit. In the period from inception Microfinance Ireland has received 226 applications directly which equates to 48% of all applications. Of the 226 applications received directly, 165 were fully processed by the 31<sup>st</sup> March 2014 resulting in 75 being approved giving an approval rate of 45%.

## Analysis of Approvals

### Geographical Spread – from 1<sup>st</sup> October 2012 to 31<sup>st</sup> March 2014

Geographical Spread					
County	Received	Approved	County	Received	Approved
Dublin	109	46	Monaghan	12	4
Cork	48	19	Laois	12	3
Limerick	28	9	Sligo	11	8
Wexford	22	7	Clare	11	5
Meath	20	6	Kildare	11	3
Wicklow	19	8	Donegal	10	5
Galway	18	8	Carlow	10	4
Tipperary	18	5	Roscommon	10	3
Mayo	16	10	Westmeath	9	5
Louth	16	4	Longford	7	1
Kerry	15	8	Kilkenny	6	4
Cavan	14	6	Leitrim	6	0
Waterford	13	8	Offaly	4	3
<b>Total Applications Received: 475</b>					
<b>Total Applications Approved: 192</b>					

## Activity by Sector



## Start-Up/Existing

Of the 192 loans approved, 111 were to start-up enterprises (<18 months) and 81 to existing enterprises.

## Appeals Process

The purpose of the Microfinance Ireland appeals process is to support an applicant who wishes to have a review of an MFI decision to decline a loan application.

MFI will appoint an Appeal Assessor to carry out an independent review of the original loan decision. The assessor who was involved in the original decision will not be involved in the appeals process. The outcome of this review is communicated in writing to the applicant within 15 business days of receipt of the written appeal. The credit decision of the Appeal Assessor is independent of MFI management and is final.

There have been 42 appeals from inception to 31<sup>st</sup> March 2014 and 12 of these cases have been approved on appeal (29%). These figures are included in the overall approval figures.



**Activity by Borrower Type**

- 87 microfinance loans were granted to Private Limited Companies
- 92 Sole Traders were granted a microfinance loan
- 13 microfinance loans were granted to Partnerships

**Gender Breakdown**

Of the total applications received 77% were from male promoters and 23% from female promoters. Of the loans approved as at 31 March 2014, 77% were to male promoters while 23% were to female promoters. There were 7 loans approved to young entrepreneurs comprising almost 4% of all the applications approved to date.

<b>Approved Applications</b>	<b>Volume</b>	<b>Value</b>
<b>Total Approved</b>	192	€3.022M
<b>Start-Up (&lt;18 months)</b>	111	
<b>Existing</b>	81	
<b>No. of Ltd. Co.</b>	87	
<b>No. of Sole Traders</b>	92	
<b>No. of Partnerships</b>	13	
<b>Female</b>	44	
<b>Male</b>	148	
<b>Youth (18-25 years old)</b>	7	

## ADVERTISING, PROMOTION AND COMMUNICATION OF THE MFI LOAN FUND SCHEME DURING THE PERIOD JANUARY TO MARCH 2014

### Advertising Activity:

In January MFI commenced a national prime time listenership radio campaign aimed at building on the general awareness of Microfinance Ireland and promoting MFI key messages including –

- Loan availability to viable businesses that have difficulty in accessing credit or sufficient credit
- Loans from €2,000 up to €25,000
- Existing and start-up microenterprises with fewer than ten staff and less than €2m turnover p.a.
- Assistance and further information available through County and City Enterprise Boards and a call to action to visit the Microfinance Ireland website for further details. MFI was promoted as part of the Government's Action Plan for Jobs during these adverts.

The campaign commenced with 2 weeks on Newstalk followed by 2 weeks on RTE Radio 1. The radio advertising campaign was backed up by a Google Adwords campaign aimed at driving additional traffic to the website. Daily visits to the MFI website doubled during the radio advertising campaign and activity levels over the following weeks kept up apace.

### MFI Website:

The MFI website [www.microfinanceireland.ie](http://www.microfinanceireland.ie) attracted over 11,500 visits during this three month period, with 8,500 of these being first time visitors. Additional case studies profiling a range of businesses that received credit from MFI were written up and published on the website as part of our ongoing public relations and awareness campaign.

### Twitter:

MFI Twitter account has 650 followers to our regular tweets. Tweets are also updated on both Facebook account and on MFI website.

The MFI Q4 Report up to 31/12/2013 was circulated to relevant stakeholders and uploaded to the MFI website. It outlined the following key milestones of MFI following its first 15 months of operation as follows –

- ✓ Average Loan size of **€15,500**
- ✓ **83%** approvals to businesses employing **3 people or fewer**
- ✓ **55%** of approvals to **start-ups** (in business for less than 18 months)
- ✓ **Wide geographic coverage:** 24% of loans granted to Dublin, 76% from rest of Ireland.

### Business Conferences, Access to Finance Seminars, Breakfast Briefings and Networking Events

Outreach marketing activity continues through a range of Business Conferences, Access to Finance Seminars, Breakfast Briefings and Networking Events. Ongoing seminars and briefings took place throughout the country and were aimed at both general and sector specific audiences such as Women in Business and Start up and Existing Business and representative groups.

Also included were briefings to Local Business Advisors including the LEO staff and Local Authority staff. Audiences at these events ranged in number from 15 up to 200. Among the range of events were:–

- Access to Finance Seminar in Waterford
- Local Development Company Enterprise Staff Regional Briefing in Donegal
- Donegal Youth Entrepreneurs Boot Camp
- Enterprise Ireland Community Enterprise Centres Briefing to Managers
- Limerick - Taking Care of Business Event DJEI one stop shop event
- Enterprise Ireland Focus on Funding -EI internal staff training event
- Skillnets Management Works - Building Financial Capability Workshop Dublin
- Clonmel Employment Expo
- South Tipperary Development Company Expo
- Galway Taking Care of Business Event - DJEI one stop shop event
- Dublin LEO induction Briefing Day
- Kerry Women in Business Seminar
- Tipperary Town Employment Expo
- Athlone LEO induction Briefing Day

**Brochureware:**

In Q1 2014, 30,000 brochures were disseminated to all Department of Social Protection divisional and local offices throughout the country in addition to supplying a range of brochureware to relevant business groups such as ISME, Chambers Ireland and the Small Firms Association.

**Small Loans Pilot:**

A small loan product was piloted with Local Development Companies (LDCs) in Cavan and Blanchardstown. The pilot initiative was aimed at developing an easier application method for unemployed people who are progressing on to the Back to Work scheme and who may simply want a very small loan up to €5k. The objective was to allow an LDC client to apply for credit using a simplified application form, backed up by a short business plan with a one page income and expenditure schedule. Self-certification of a bank refusal is accepted and the support of the LDC enterprise officer is required in all cases.

During Q1 2014, the pilot was assessed for viability to roll out to the LDC network nationwide. Following consideration, it was agreed that it should be mainstreamed and rolled out to both the LDC and LEO networks during Q2 2014. That rollout is now underway.

**MFI engagement with Banks:**

MFI continues to engage closely with the main SME Banks to help promote awareness of the Loan Fund Scheme. AIB and Bank of Ireland include a reference to MFI in letters to customers that have been declined bank credit facilities. Further MFI briefings have been held amongst bank Lending and Regional Development Teams in order to raise awareness of bank referral to MFI for customers that have been declined credit or sufficient credit to help identify MFI co funding opportunities. The banks have also assisted MFI in making contact with their customers in order to ascertain the reasons why and views of SME businesses that choose not to pursue MFI or other avenues of credit, having been declined credit facilities by their bank.