

Microfinance Ireland

Microenterprise Loan Fund Scheme for the period 1st October 2012 to 30th September 2015



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



Oifig Fiontair Áitiúil 
Local Enterprise Office

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

From inception 01 October 2012 to 30th September 2015 Microfinance Ireland has:

- ✓ **€10.613M value of loans approved**
- ✓ **1,531 net jobs supported in 689 micro-enterprises**
- ✓ **1,445 applications received**
- ✓ **50% approval rate**

Borrowers who have benefited:

- ✓ Average Loan size of **€15.4K**
- ✓ **82%** 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:** 21% of loans granted to Dublin, 79% to the rest of Ireland

Successful applicants by sector:

WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES (23%)	MANUFACTURING (15%)
ARTS, ENTERTAINMENT AND RECREATION (8%)	TRANSPORT/STORAGE (7%)
ADMINISTRATION AND SUPPORT SERVICE ACTIVITIES (7%)	CONSTRUCTION (7%)
INFORMATION AND COMMUNICATION (6%)	PROFESSIONAL SERVICES (6%)
OTHER SERVICES (5%)	ACCOMMODATION & FOOD SERVICE ACTIVITIES (5%)
HUMAN, HEALTH AND SOCIAL WORK (3%)	OTHER (3%)
AGRICULTURE, FORESTRY & FISHING (3%)	EDUCATION (2%)

Assessing applications efficiently:

- ✓ **1,375** applications processed to full assessment
- ✓ **70** applications in progress at reporting date
- ✓ Endeavour to process complete applications within 10 days

Activity Levels covering period 1st October 2012 to 30th September 2015

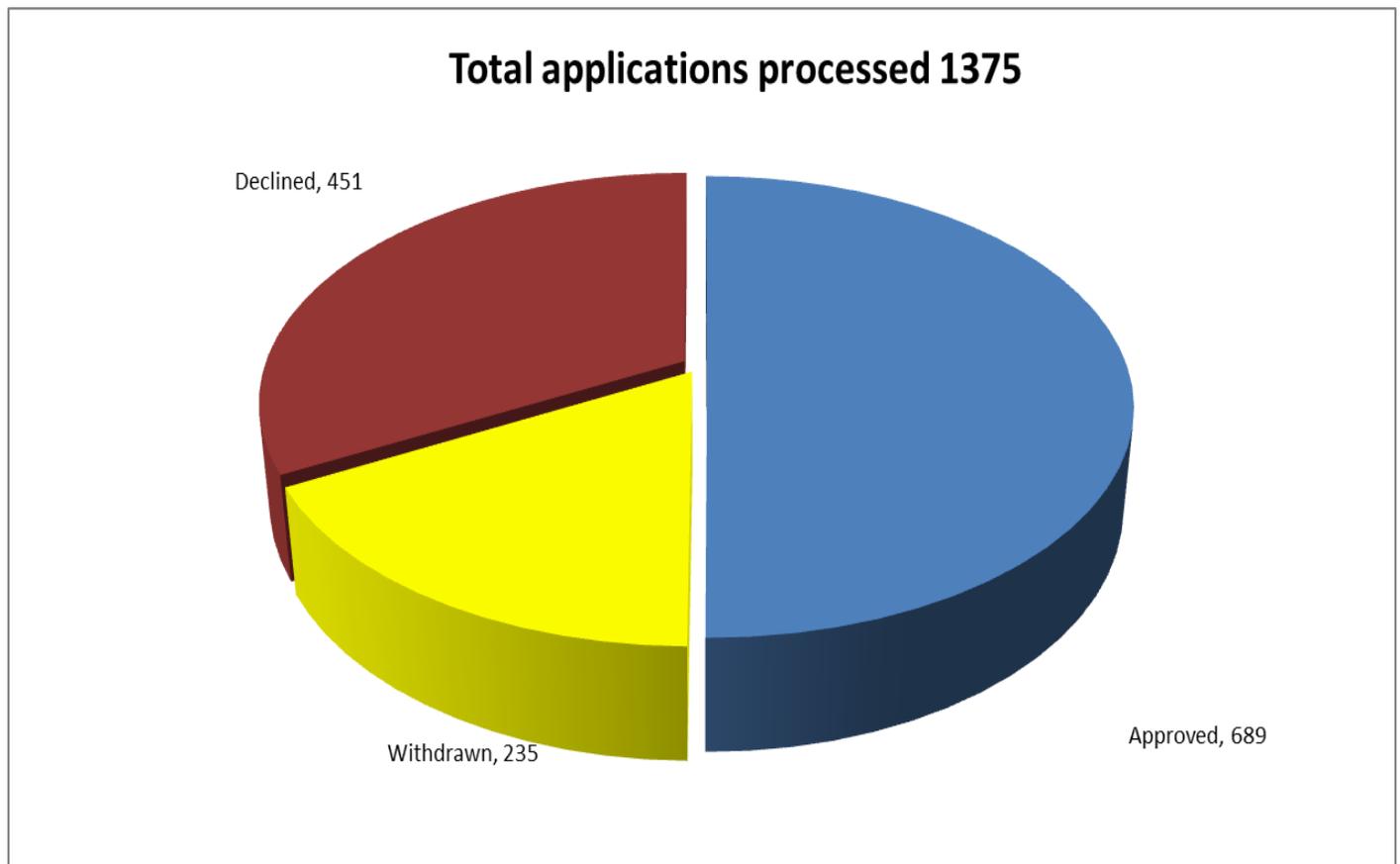
As at 30th September 2015, 689 micro-enterprise applications have been supported resulting in loans totalling €10.613M being approved through the Microenterprise Loan Fund Scheme. This represents an approval rate of 50% of applications fully processed.

In total 1,445 applications have been received of which 1,375 have been fully processed. Of these 689 have been approved and 686 have been declined or applications withdrawn/deferred. Work-in –progress accounted for 70 applications.

Net impact on Jobs

Microfinance Ireland is supporting a total of 1,531 full-time equivalent jobs (net). This relates to 646 businesses, with 43 businesses supported having failed (16 in Qrt. 3 2015)

See Business Failures page 9.



Applications by Quarter

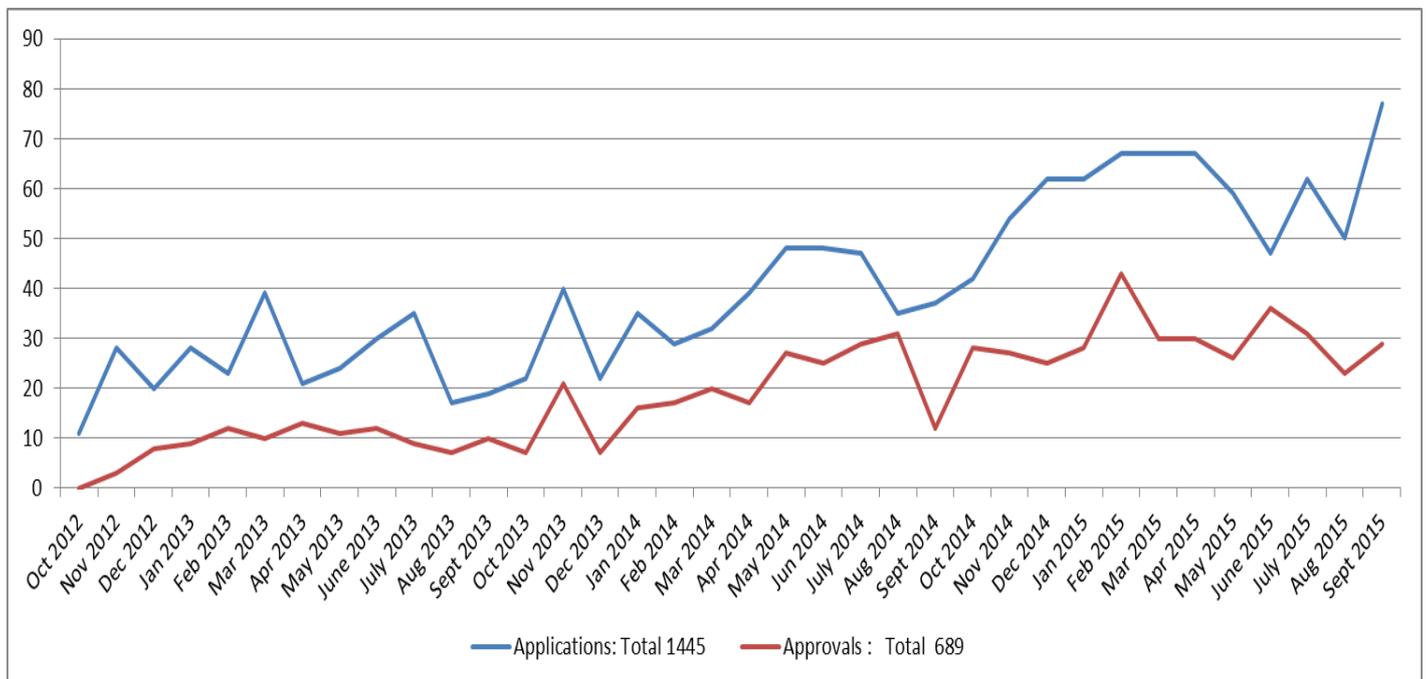
Approvals by Quarter **

Total Applications Received																		
	2013		Q1 2014		Q2 2014		Q3 2014		Q4 2014		Q1 2015		Q2 2015		Q3 2015		Total (1 st October 2012 to 30th Sept 2015)	
Total Applications	379	€6.739M	96	€1.642M	135	€2.368M	119	€1.852M	158	€2.589M	196	€3.252M	173	€2.799M	189	€3.308M	1445	€24.549M
Total Applications Processed to Final Conclusion																		
	2013		Q1 2014		Q2 2014		Q3 2014		Q4 2014		Q1 2015		Q2 2015		Q3 2015		Total (1 st October 2012 to 30th Sept 2015)	
Applications Processed	348		91		127		118		147		193		190		161		1375	
Approved	139		53		69		72		80		101		92		83		689	
Approval Rate	40%		58%		54%		61%		54%		52%		48%		52%		50%	
Approved (€'000)	2,159		863		1,119		996		1,181		1,506		1,479		1,310		€10,613	

** 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 st October 2012 to 30th Sept 2015)
	2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	
1	60	25	35	40	41	60	46	43	350
2-3	56	19	21	20	26	28	28	18	216
4-5	16	3	7	7	5	9	6	9	62
6-9	10	6	6	5	8	4	12	13	64
10-50									0
Prior period adj	-3	0							-3
Total No. of Loans	139	53	69	72	80	101	92	83	689
Average No. of Jobs per Loan	2.6	2.5	2.3	2.1	1.9	2.4	2.4	2.1	2.2

Activity by Loan Size

From 1st October 2012 to 30th September 2015, loans were granted in the following size range.

Euro	No. of Loans
≤25k	242
≤20k	80
≤15k	110
≤10k	132
≤5k	125
Total	689
<i>Average loan size €15.41K</i>	

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, 696 of our loan applications were received from the LEOs accounting for 48% of all of our applications. Of these applications received from the LEOs, 662 were fully processed by the 30th September 2015 resulting in 376 being approved giving an approval rate of 57%. The LEOs also support MFI applicants with their application, relevant business training and both pre and post loan mentoring assistance.

Direct Applications

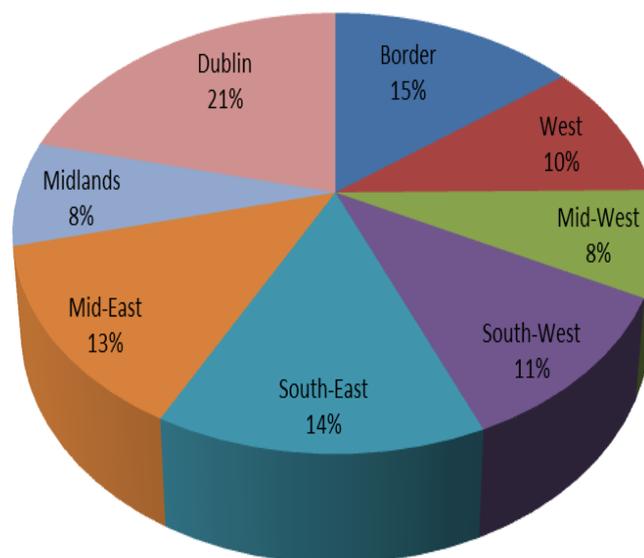
While the LEOs remain our primary referral partners there has been a steady flow of applications direct from enterprises, both existing and new businesses, seeking credit. In the period from inception Microfinance Ireland has received 749 applications directly which equates to 52% of all applications. Of the applications received directly, 713 were fully processed by the 30th September 2015 resulting in 313 being approved giving an approval rate of 44%.

Analysis of Approvals

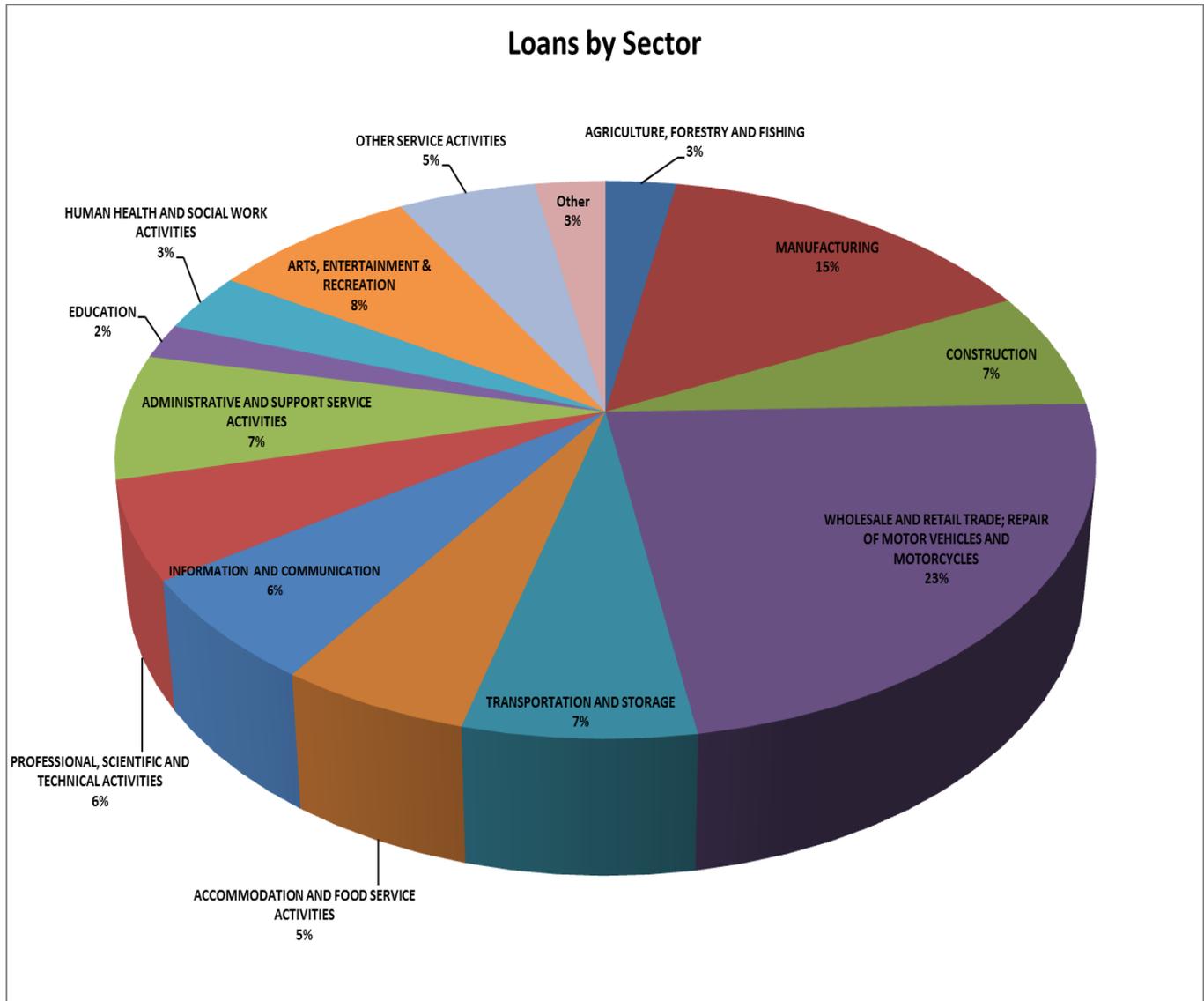
Geographical Spread - from 1st October 2012 to 30th September 2015

Geographical Spread					
County	Received	Approved	County	Received	Approved
Dublin	325	146	Mayo	41	25
Cork	132	59	Laois	41	19
Meath	73	35	Clare	36	20
Limerick	71	33	Westmeath	36	17
Tipperary	58	24	Monaghan	35	12
Kildare	53	31	Roscommon	33	17
Wicklow	53	27	Sligo	27	22
Galway	52	28	Leitrim	27	11
Wexford	51	24	Donegal	26	15
Cavan	49	27	Kilkenny	26	9
Waterford	44	24	Carlow	25	15
Kerry	44	18	Longford	25	8
Louth	41	14	Offaly	21	9
Total Applications Received: 1445					
Total Applications Approved: 689					

Approved Loans By Regions



Activity by Sector



Start-Up/Existing

Of the 689 loans approved, 400 were to start-up enterprises (<18 months) and 289 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 79 appeals from inception to 30th September 2015 and 13 of these cases have been approved on appeal (16%). These figures are included in the overall approval figures.

Activity by Borrower Type

- 277 microfinance loans were granted to Private Limited Companies
- 369 Sole Traders were granted a microfinance loan
- 43 Microfinance loans were granted to Partnerships

Gender Breakdown

Of the total applications received 76% (1099) were from male promoters and 24% (346) from female promoters. Of the loans approved as at 30th September 2015, 73% (502) were to male promoters while 27% (187) were to female promoters.

There were 12 loans approved to young entrepreneurs comprising almost 2% of all the applications approved to date.

Approved Applications	Volume	Value
Total Approved	689	€10.613M
Start-Up (<18 months)	400	
Existing	289	
No. of Ltd. Co.	277	
No. of Sole Traders	369	
No. of Partnerships	43	
Female	187	
Male	502	
Youth (18-25 years old)	12	

Business Failures

Up to end September 2015, 43 businesses of the 689 supported have failed. While any business failure is regrettable, it was anticipated from the outset that a not insignificant proportion of projects supported by the Microfinance Ireland might fail. It is a feature of microfinance (given the higher risk profile) that even with strong business supports, failures will occur.

On an ongoing basis, Microfinance Ireland, in conjunction with other agencies, works with every customer at risk to minimise risk of failure.

**ADVERTISING, PROMOTION AND COMMUNICATION OF THE
MFI LOAN FUND SCHEME
30th June 2015 to 30th September 2015**

The highlight of the quarter was the introduction of the New Microfinance Loan scheme by the DJEI. The changes in the scheme provided for the introduction of the abolition of the requirement of a bank decline in advance of applying to Microfinance Ireland. The scheme also provide for enhanced levels of cooperation between the Local Enterprise Offices and Microfinance Ireland. The statutory instrument, the secondary legislation, was introduced at the end of September 2015. A significant PR programme was undertaken in partnership with the DJEI and the Local Enterprise Offices to give effect to disseminating these changes.

Intensive discussions are underway with the Main Banking groups to give effect to the introduction of an automatic or proactive referral system for those applicants which the banks will be unable to fund. The engagement with the banks will provide for a more systematic referral process and a higher level of awareness among bank lending teams of the Microfinance option.

Digital marketing activity continues to increase in activity levels and measurement processes of the impact of these initiatives are being put in place.

A special loan product was launched in partnership with the Local Enterprise Offices IBYE Programme. This loan, of up to €5000, is available to participants in this youth entrepreneurship initiative and comes with a reduced interest rate.

A pilot retail regeneration loan was announced for the Carlow area, this initiative which brings Council support, LEO advisory and mentoring services into a package to assist small scale retailers upgrade facilities and introduce business improvement actions aimed at competing more effectively with larger scale retail competition. The project has the capacity to regenerate small to medium town centre and high street activity and sustain employment and local economic activity.

Microfinance Ireland had a significant presence at the National Ploughing Championships which continues to be one of the largest events held in Ireland every year. Significant interest was received during the show and one of the outcomes identified was the need for MFI to be located alongside the LEO stands so that there was more footfall and connectivity and this will be followed up.

Collaborations between MFI and other enterprise agencies and bodies continues a pace with attendance at workshops, seminars and events. A collaboration with Intertrade Ireland took place where a series of workshops focused on finance for growth were held throughout the Country. A partnership with the DSW provided an opportunity to promote the MFI small loan facility, aimed at participants on a pathway to self-employment having been previously unemployed. An autumn radio advertising campaign is scheduled and the development and enhancement of promotional materials and digital marketing continue.

Monthly Web Hits and Applications Received

