

Microfinance Ireland Microenterprise Loan Fund Scheme for the period 1st October 2012 to 30th September 2016



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' and the 'Employment and Social Innovation Guarantee 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 2016 Microfinance Ireland has:

- ✓ **€15.766M** value of loans approved
- ✓ **€13.254M** value of loans drawn
- ✓ **€3.334M** value of loans drawn in 9 months to September 2016
- ✓ **2,322** net jobs supported in 1062 micro-enterprises
- ✓ **2,275** applications received
- ✓ **915** loans drawn
- ✓ **250** loans drawn in 9 months to September 2016
- ✓ **48%** approval rate

Borrowers who have benefited:

- ✓ Average Loan size of **€15K**
- ✓ **81%** approvals granted to businesses employing **3 people or fewer**
- ✓ **55%** 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 (14%)
ARTS, ENTERTAINMENT AND RECREATION (8%)	CONSTRUCTION (8%)
ACCOMMODATION & FOOD SERVICE ACTIVITIES (7%)	ADMINISTRATION & SUPPORT SER. ACTIVITIES (6%)
INFORMATION AND COMMUNICATION (6%)	TRANSPORT/STORAGE (6%)
PROFESSIONAL, SCIENTIFIC & TECH ACTIVITIES (5%)	OTHER SERVICES (5%)
AGRICULTURE, FORESTRY & FISHING (4%)	OTHER (3%)
HUMAN, HEALTH AND SOCIAL WORK (3%)	EDUCATION (2%)

Assessing applications efficiently:

- ✓ **2,227** Applications processed to full assessment
- ✓ **48** Applications in progress at reporting date
- ✓ Endeavour to process complete applications within 10 days

Activity Levels covering period 1st October 2012 to 30th September 2016

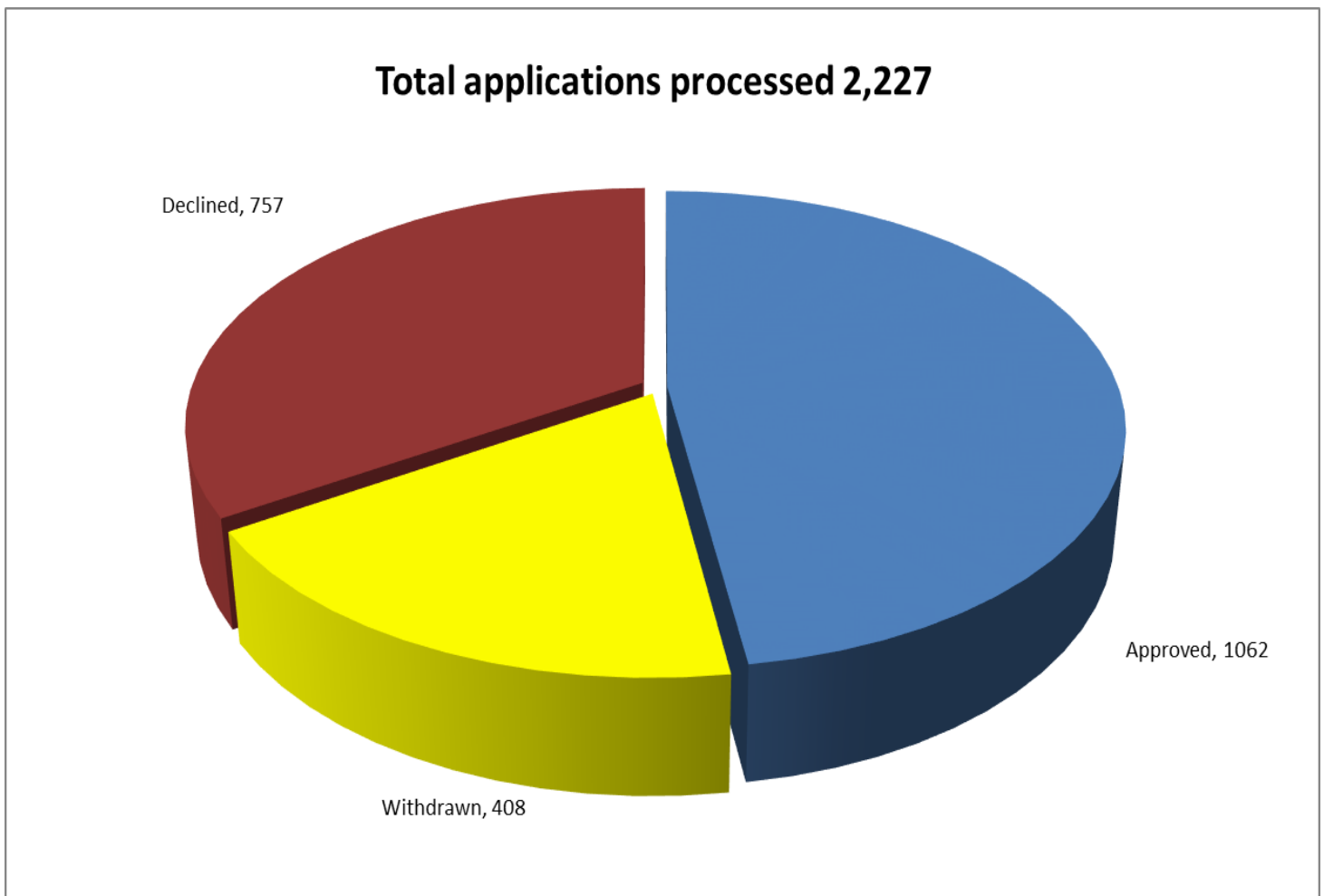
As at 30th September 2016, 1,062 micro-enterprise applications have been supported resulting in loans totalling €15.766M being approved through the Microenterprise Loan Fund Scheme. This represents an approval rate of 48% of applications fully processed.

In total 2,275 applications have been received of which 2,227 have been fully processed. Of these 1,062 have been approved and 1,165 have been declined or applications withdrawn/deferred. Work-in –progress accounted for 48 applications.

Net impact on Jobs

Microfinance Ireland is supporting a total 2,322 full-time equivalent jobs (net). This relates to 968 businesses, with 94 businesses supported having failed (7 in Qrt. 3 2016)

See Business Failures page 9.



Applications by Quarter

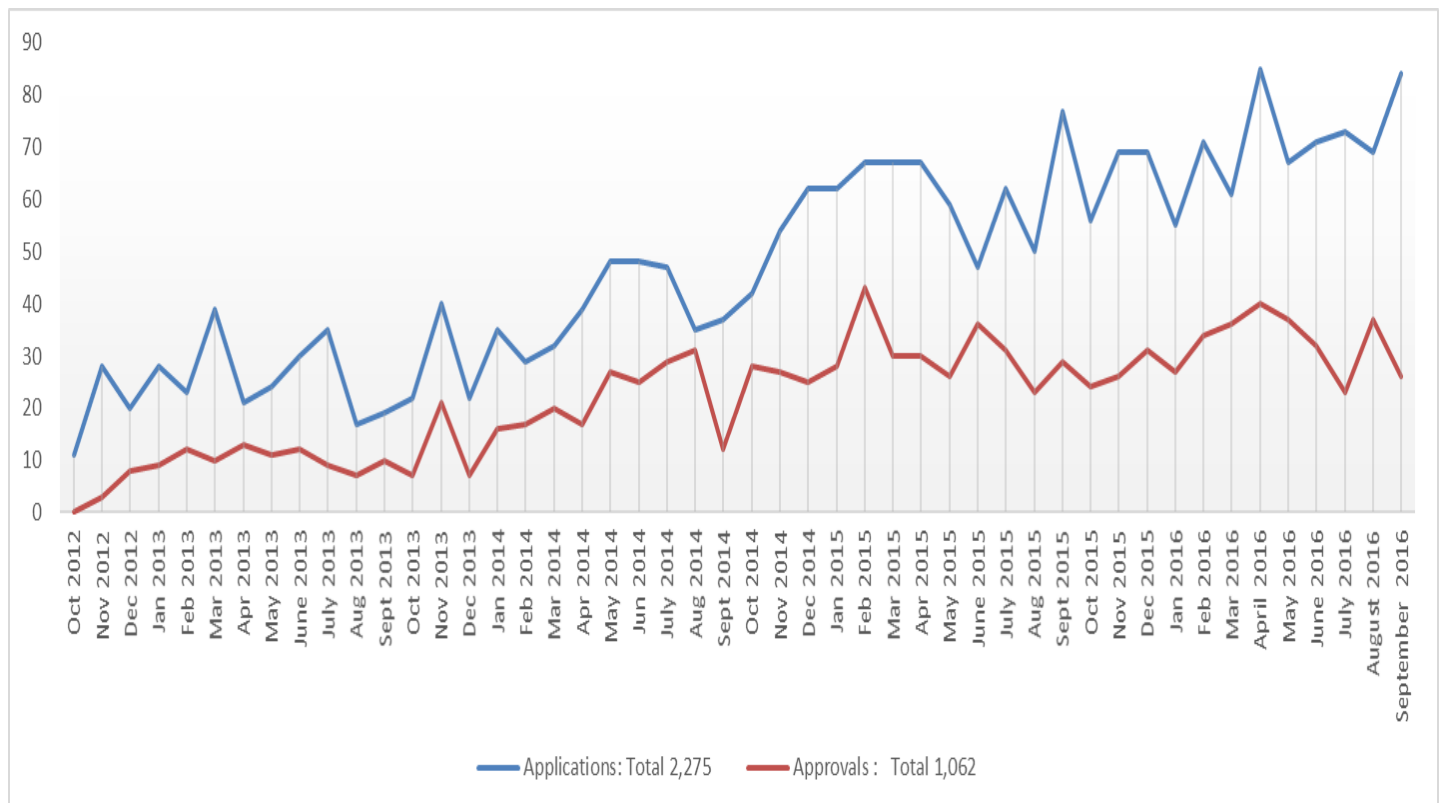
Approvals by Quarter **

Total Applications Received																				
	2013		2014		Q1 2015		Q2 2015		Q3 2015		Q4 2015		Q1 2016		Q2 2016		Q3 2016		Total (1st October 2012 to 30th September 2016)	
Total Applications	379	€6.739M	508	€8.451	196	€3.252M	173	€2.799M	189	€3.308M	194	€2.958M	187	€2.965M	223	€3.579M	226	€3.719M	2275	€37.770M
Total Applications Processed																				
	2013		2014		Q1 2015		Q2 2015		Q3 2015		Q4 2015		Q1 2016		Q2 2016		Q3 2016		Total (1st October 2012 to 30th September 2016)	
Applications Processed		348		483		193		190		161		199		201		215		237		2227
Approved		139		274		101		92		83		81		97		109		86		1062
Approval Rate		40%		57%		52%		48%		52%		41%		48%		51%		36%		48%
Approved (€'000)		2,159		4,159		1,506		1,479		1,310		1,083		1,387		1,520		1,163		15,766

** 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:

Total Applications Received										
No. of Employees	2013	2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Total (1st October 2012 to 30th September 2016)
1	60	141	60	46	43	38	52	67	51	558
2-3	56	86	28	28	18	23	25	24	17	305
4-5	16	22	9	6	9	9	11	11	15	108
6-9	10	25	4	12	13	11	9	7	3	94
10-50										
Prior period adj	-3	0								-3
Total No. of Loans	139	274	101	92	83	81	97	109	86	1062
Average No. of Jobs per Loan	2.6	2.2	2.4	2.4	2.1	3.6	1.9	1.7	1.6	2.2

Activity by Loan Size

From 1st October 2012 to 30th September 2016, loans were granted in the following size range.

Euro	No. of Loans
≤25k	333
≤20k	126
≤15k	178
≤10k	211
≤5k	214
Total	1062
Average loan size €15K	

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, 1,123 of our loan applications were received from the LEOs accounting for 49% of all of our applications. Of these applications received from the LEOs, 1,102 were fully processed by the 30th September 2016 resulting in 589 being approved giving an approval rate of 53%. 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 1,152 applications directly which equates to 51% of all applications. Of the applications received directly, 1,125 were fully processed by the 30th September 2016 resulting in 473 being approved giving an approval rate of 42%.

Banks

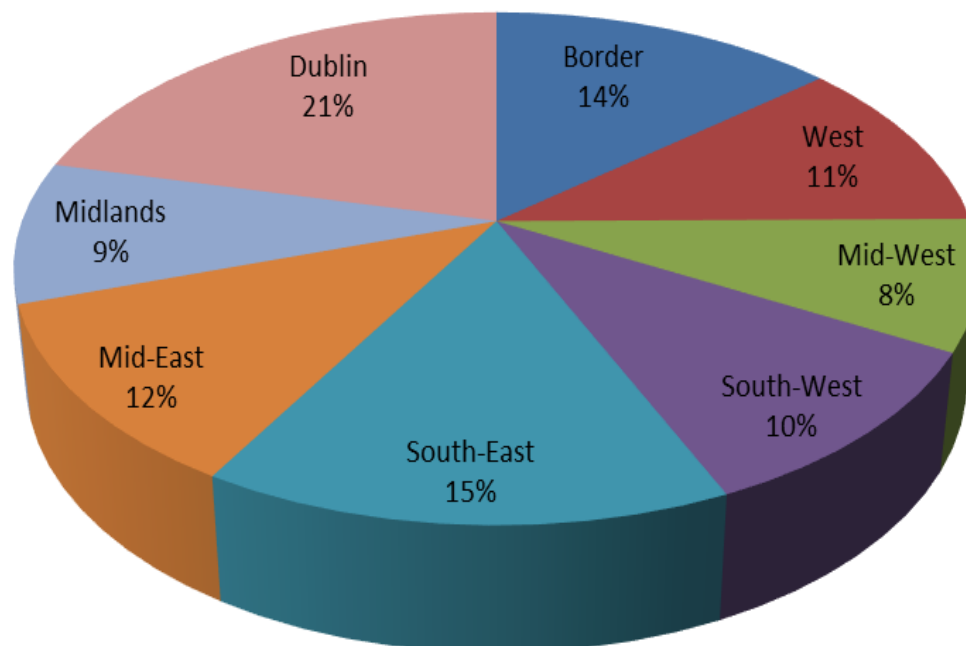
There has been significant progress in the level of Bank Leads (Referrals) with 227 made to MFI during the quarter. Engagement with the Banks is ongoing with a view to building on this pipeline and to achieve a consistent flow of leads from all the Banks on an ongoing basis.

Analysis of Approvals

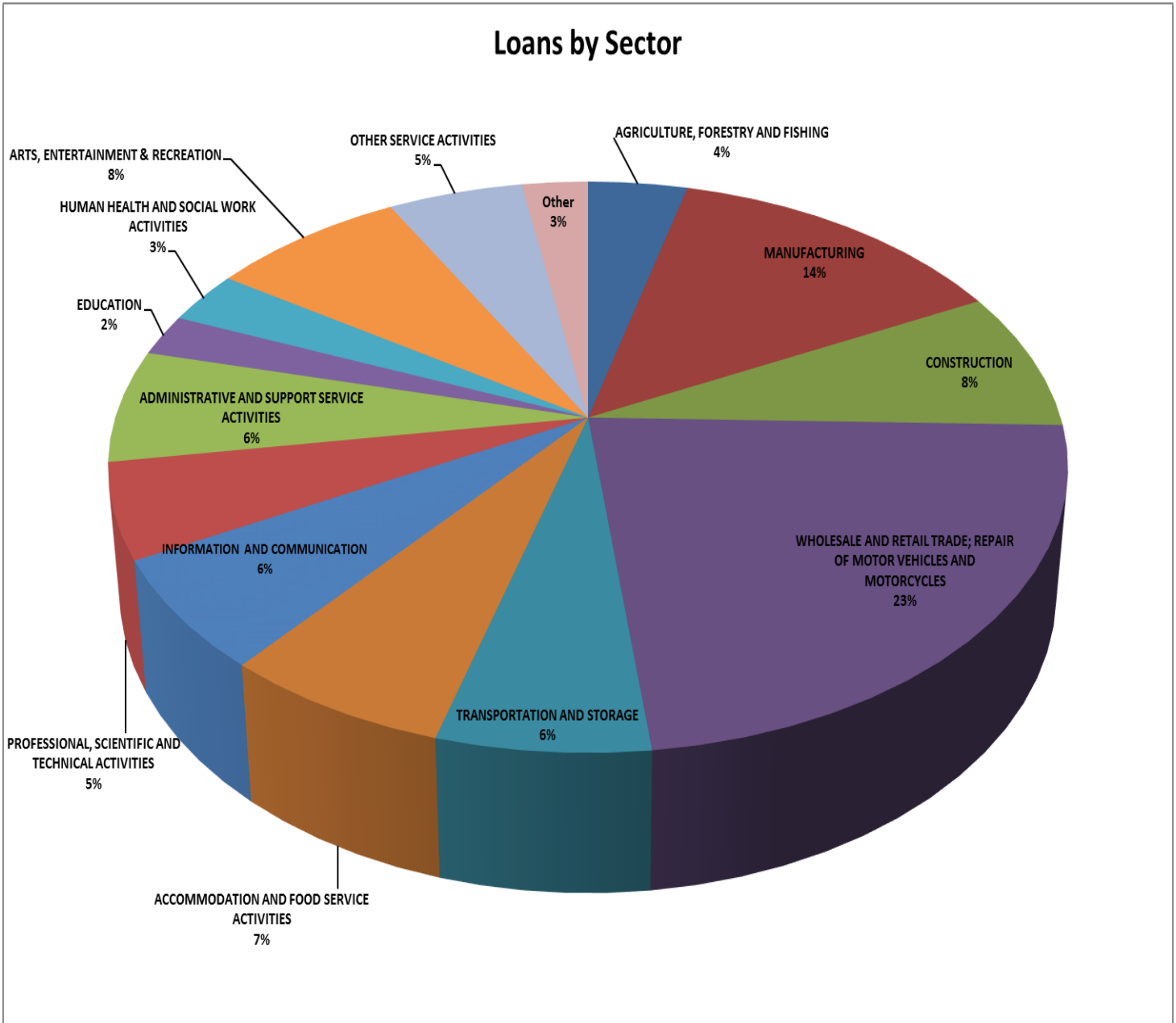
Geographical Spread – from 1st October 2012 to 30th September 2016

Geographical Spread					
County	Received	Approved	County	Received	Approved
Dublin	490	225	Louth	66	22
Cork	188	83	Mayo	65	42
Meath	113	47	Westmeath	61	27
Limerick	111	53	Laois	60	26
Tipperary	98	46	Longford	56	24
Galway	90	51	Roscommon	48	24
Wexford	85	43	Sligo	48	35
Kildare	84	41	Carlow	47	20
Waterford	81	34	Donegal	45	19
Cavan	76	37	Monaghan	42	15
Wicklow	72	34	Offaly	41	18
Kerry	67	27	Kilkenny	38	16
Clare	66	34	Leitrim	37	19
Total Applications Received: 2275 Total Applications Approved: 1062					

Approved Loans By Regions



Activity by Sector



Start-Up/Existing

Of the 1,062 loans approved, 582 were to start-up enterprises (<18 months) and 480 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 119 appeals from inception to 30th September 2016 and 22 of these cases have been approved on appeal (18%). These figures are included in the overall approval figures.

Activity by Borrower Type

- 415 microfinance loans were granted to Private Limited Companies
- 573 Sole Traders were granted a microfinance loan
- 74 Microfinance loans were granted to Partnerships

Gender Breakdown

Of the total applications received 76% (1726) were from male promoters and 24% (549) from female promoters. Of the loans approved as at 30th September 2016, 75% (793) were to male promoters while 25% (269) were to female promoters.

There were 26 loans approved to young entrepreneurs comprising almost 3% of all the applications approved to date.

Approved Applications	Volume	Value
Total Approved	1,062	15.766M
Start-Up (<18 months)	582	
Existing	480	
No. of Ltd. Co.	415	
No. of Sole Traders	573	
No. of Partnerships	74	
Female	269	
Male	793	
Youth (18-25 years old)	26	

Business Failures

Up to end September 2016, 94 businesses of the 1,062 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

1st July 2016 to 30th September 2016

A strong focus on advertising, promotion and engagement with key stakeholders continued during Q3 2016 across a broad range of marketing activities.

A key milestone was achieved in July with the reduction of our interest rate by 1%, which resulted in very positive PR across national press and digital media. This was followed with extensive communication, promotion and advertising on social media by MFI and Local Enterprise Offices to promote the new headline rate which is currently broadly aligned with commercial lending providers.

Another key deliverable for this quarter was that a Brand agency was commissioned and started a 3 month project in early July to design and develop a new visual identity and marketing creative. The aim of the project was to move from cartoon images to a more real 'look and feel' featuring customer stories and graphics that will better resonate with our target market. A comprehensive suite of print marketing materials was developed and launched at the National Ploughing Championships in late September with digital advertising and a fully redesigned website is expected in October. To date feedback has been very positive from customers and stakeholders

During the quarter, MFI produced 7 Video customer success stories and 2 'VLOG Tutorials' as a key element of our PR approach and which have proved very popular amongst our target market. In addition, we commenced a social media campaign through Facebook which has also been quite successful resulting in 30+ number of enquiries which we are actively following up.

MFI continued to maintain strong relationships with LEOs with attendance at Heads of LEO meeting in July and a quarterly review meeting with EI Co-ordination Unit in September to review ongoing performance. Regular marketing updates are now being provided to LEOs with relevant MFI content for inclusion in their Newsletters/eZines.

MFI also continued to work with the Irish Local Development Network (ILDN), who deal with a large number of clients who are moving to self-employment and are on the Back to Work Enterprise Allowance (BTWEA). MFI workshops were held with ILDN Enterprise Officers in Dublin & Cork. MFI were also the exclusive sponsor of the inaugural ILDN National Enterprise Awards which were held in Dublin in September.

There has been significant progress in the level of Bank Leads (Referrals) with 139 made to MFI during the quarter which is a 67% increase on the previous quarter. Engagement with the Banks is ongoing with a view to building a steady pipeline of leads from all the Banks on an ongoing basis.

In Q3, MFI staff continued to attend events around the country, and presented at a number of events during 'Jobs Week' which is an initiative run by the Department of Social Protection, as well as attendance at the National Ploughing Championships in Tullamore and a number of LEO briefings delivered.