



# **Microfinance Ireland Microenterprise Loan Fund Scheme for the period to 30<sup>th</sup> September 2013**

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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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2013

## 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 30 September 2013, Microfinance Ireland has:

- ✓ Approved **€1.62m** in lending
- ✓ Supported **107** microenterprises
- ✓ Supported **237** jobs, of which **118** are **new** jobs
- ✓ Approval rate **45%**

### Borrowers who have benefited:

- ✓ Average loan size of **€15,000**
- ✓ **81%** of approvals to businesses employing **3 people or fewer**
- ✓ **61%** of approvals to **start-ups** (in business less than 18 months)
- ✓ **62%** of applications received via County/City Enterprise Boards; **38%** received directly
- ✓ **Wide geographic coverage:** 22% of applicants from Dublin, 78% from rest of Ireland

### Successful applicants:

Retail/wholesale traders ( <b>33%</b> )	Manufacturing businesses ( <b>11%</b> )
Financial services/insurance ( <b>11%</b> )	Construction ( <b>11%</b> )
Arts/entertainment/recreation ( <b>8%</b> )	Accommodation/food ( <b>7%</b> )
Other service activities ( <b>19%</b> )	

### Assessing applications efficiently:

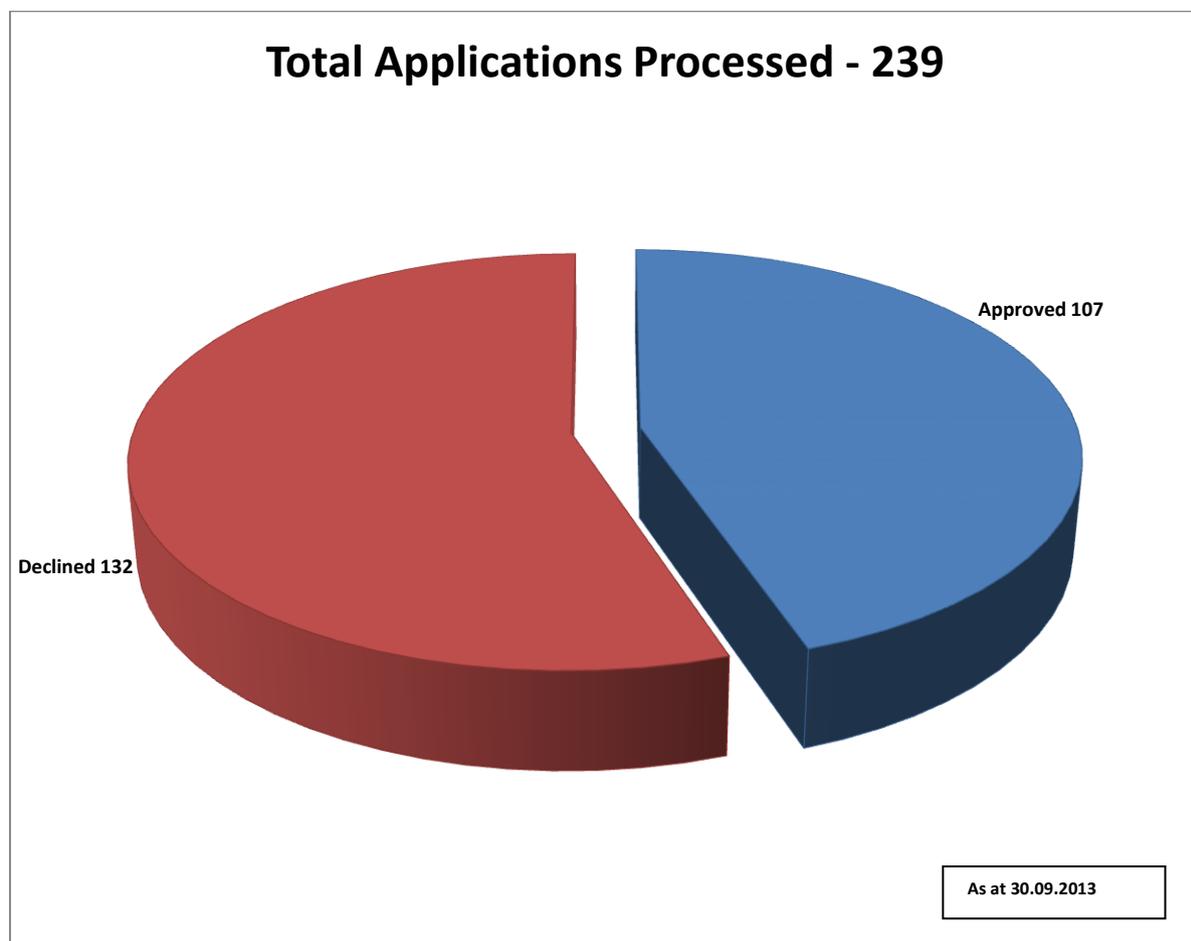
- ✓ **239** applications processed; average **10-day** turnaround
- ✓ 18 applications in progress at reporting date; a further 38 applications deferred by customer or referred to County/City Enterprise Board for further assistance

## Activity Levels from inception to 30<sup>th</sup> September 2013

As at 30<sup>th</sup> September 2013, 107 microenterprises have been supported resulting in loans totalling €1.62m being approved through the microfinance scheme. This represents an approval rate of 45% of applications fully processed.

In total 295 applications have been received. Of these 239 reached final conclusion with 107 applications being approved and 132 applications declined. Work-in-progress accounted for 18 applications and others\* represented 38 applications for reasons listed below. The average loan processing time was 10 business days.

Figure 1: Total Applications Processed



**\*Others Include**

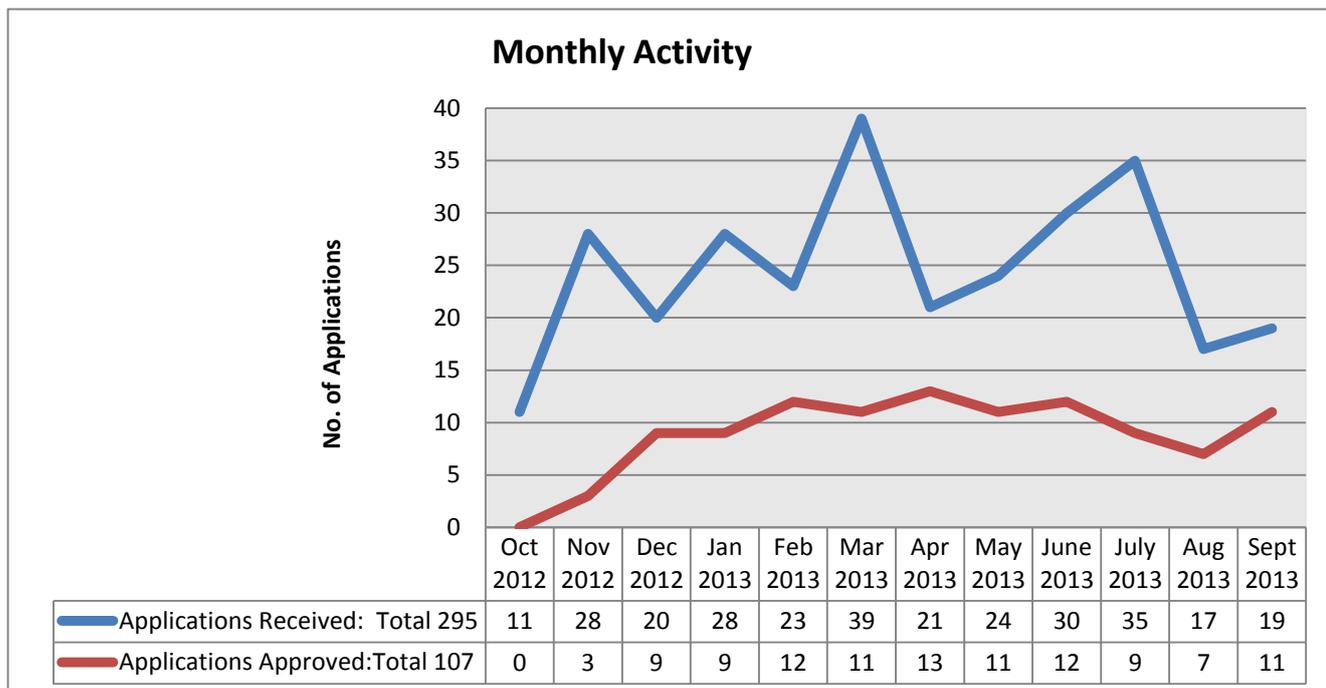
- ✓ Applicant deferred application to re-evaluate business proposal
- ✓ Information requirements not supplied to MFI
- ✓ Applicant referred to local CEB to assist with application process
- ✓ Applicant decided not to progress application

Total Applications Received								
	Launch Phase (1 <sup>st</sup> October 2012 to 31 <sup>st</sup> March 2013)		Quarter 2 (1 <sup>st</sup> April 2013 to 30 <sup>th</sup> June 2013)		Quarter 3 (1 <sup>st</sup> July 2013 to 30 <sup>th</sup> September 2013)		Total (1 <sup>st</sup> October 2012 to 30 <sup>th</sup> September 2013)	
Total Applications	149	€2.780m	75	€1.297m	71	€1.288m	295	€5.365m

Total Applications Processed to Final Conclusion				
	Launch Phase (1 <sup>st</sup> October 2012 to 31 <sup>st</sup> March 2013)	Quarter 2 (1 <sup>st</sup> April 2013 to 30 <sup>th</sup> June 2013)	Quarter 3 (1 <sup>st</sup> July 2013 to 30 <sup>th</sup> September 2013)	Total (1 <sup>st</sup> October 2012 to 30 <sup>th</sup> September 2013)
Applications Processed	102	77	60	239
Approved	44	36	27	107
Approval Rate	43%	47%	45%	45%
Approved (€)	€771K	€553K	€356K	€1.62m

### Monthly Activity

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



## Impact on Jobs

The 107 loans from Microfinance Ireland are supporting a total of 237 full-time equivalent jobs (118 new jobs and sustaining 119 existing jobs).

## Size of Borrower

Loans were approved to microenterprises with the following number of employees at time of application:

No. of Employees	No. of Microenterprises			
	Launch Phase (1 <sup>st</sup> October 2012 - 31 <sup>st</sup> March 2013)	Quarter 2 (1 <sup>st</sup> April 2013 - 30 <sup>th</sup> June 2013)	Quarter 3 (1 <sup>st</sup> July 2013 – 30 <sup>th</sup> September 2013)	Total (1 <sup>st</sup> October 2012 - 30 <sup>th</sup> September 2013)
<b>1</b>	11	17	19	<b>47</b>
<b>2-3</b>	22	13	5	<b>40</b>
<b>4-5</b>	9	3	1	<b>13</b>
<b>6-9</b>	2	3	2	<b>7</b>
<b>Total No. of Loans</b>	44	36	27	<b>107</b>
<b>Average No. of Jobs per Loan</b>	2.6	2.1	1.5	<b>2.2</b>

## Activity by Loan Size

From inception to 30<sup>th</sup> September 2013, loans were granted in the following size range.

Euro	No. of Loans
≤25k	33
≤20k	12
≤15k	21
≤10k	26
≤5k	15
<b>Total</b>	107
<b>Average loan size €15K</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

To date, 62% of loan applications were received from County and City Enterprise Boards. 38% of applicants applied directly to Microfinance Ireland.

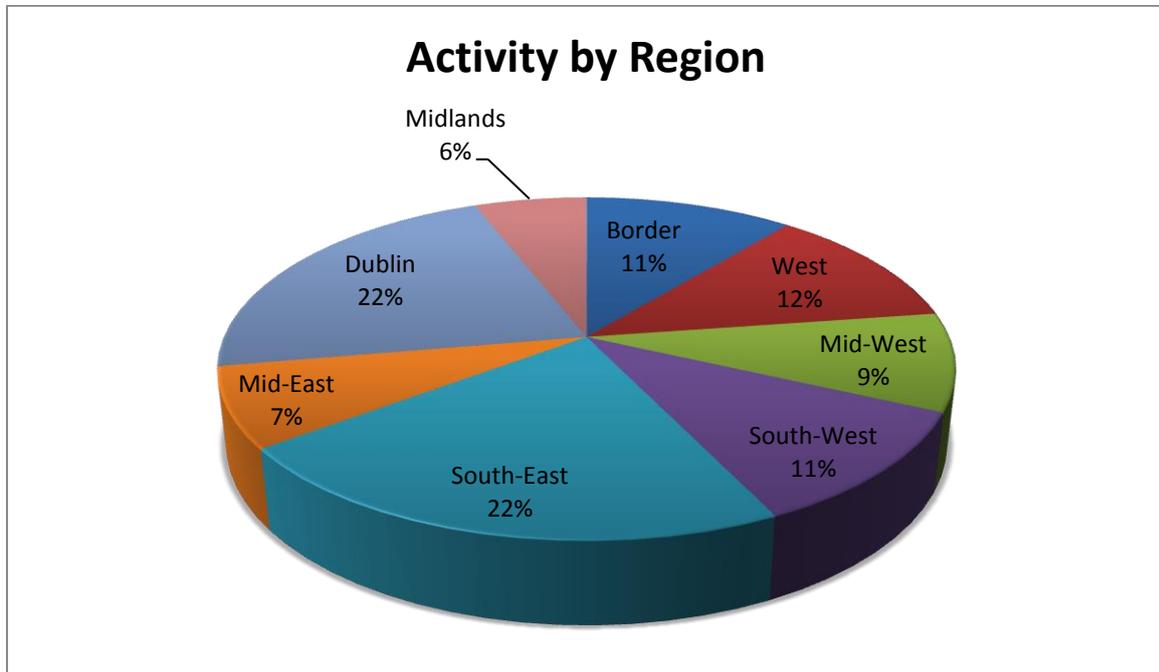
## Analysis of Approvals

### Geographical Spread - from inception to 30<sup>th</sup> September 2013

Geographical Spread					
County	Received	Approved	County	Received	Approved
Dublin	64	27	Cavan	7	3
Cork	25	7	Clare	7	3
Limerick	22	7	Kildare	7	2
Meath	14	2	Laois	7	2
Wexford	14	4	Monaghan	7	2
Tipperary	13	2	Sligo	7	6
Kerry	12	6	Leitrim	6	0
Wicklow	12	5	Louth	6	2
Galway	11	4	Roscommon	6	2
Mayo	11	8	Donegal	4	0
Waterford	8	3	Longford	4	0
Westmeath	8	3	Kilkenny	3	3
Carlow	7	2	Offaly	3	2
<b>Total Applications Received:</b>				<b>295</b>	
<b>Total Applications Approved:</b>				<b>107</b>	

### Activity by Region

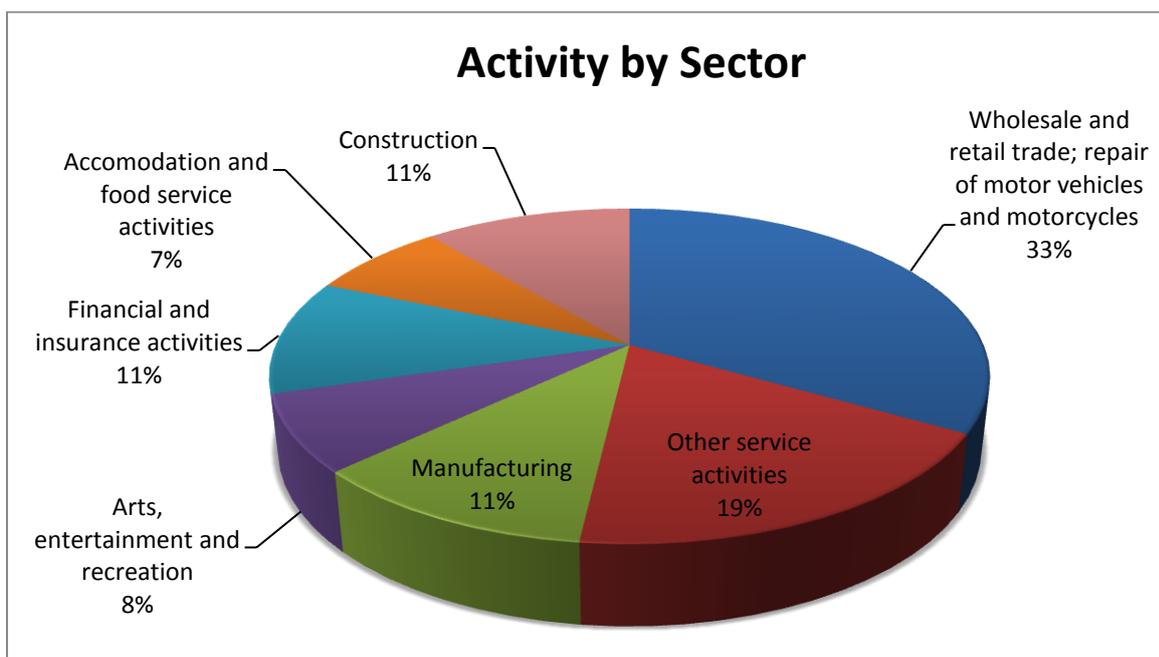
Figure 2: Activity by Region



### Activity by Sector

Loans were granted to microenterprises in each of the following sectors:

Figure 3: Activity by Sector



## Start-Up/Existing

Of the 107 loans approved, 65 (61%) were to start-up enterprises (<18 months) and 42 (39%) to existing enterprises.

## Activity by Form of Borrower

- 50 microfinance loans were granted to Private Limited Companies.
- 51 Sole Traders were granted a microfinance loan.
- 6 microfinance loans were granted to Partnerships.

## Gender Breakdown

Of the total applications received 79% were from male applicants and 21% from female applicants. Of the loans approved as at 30<sup>th</sup> September 2013, 77% were to male entrepreneurs while 23% were to female entrepreneurs.

Approved Applications	Volume	Value
<b>Total Approved</b>	107	€1.62m
<b>Start-Up (&lt;18 months)</b>	65	
<b>Existing</b>	42	
<b>No. of Limited Company</b>	50	
<b>No. of Sole Traders</b>	51	
<b>No. of Partnerships</b>	6	
<b>Female</b>	25	23%
<b>Male</b>	82	77%
<b>Youth (&lt;25 years)</b>	5	

## Appendix

### Report on Awareness and Publicity for the Microenterprise Loan Fund Scheme Quarter 3 2013

As much of the period under review coincided with the peak holiday months of July and August and a consequent fall-off in scheduled events aimed at the microenterprise sector, Microfinance Ireland curtailed spending on marketing with a view to resuming targeted, high-profile marketing initiatives later in the year.

Much of the marketing focus during the period was devoted to planning the key Autumn marketing campaign, which commenced in September and will feature a nationwide radio advertising programme.

Work commenced during the period on refreshing and updating the MFI website, marketing support material (such as brochures) and general marketing collateral.

Key activity during September included MFI exhibiting at the National Ploughing Championships alongside other SME support agencies and presenting at a Business Network International event in Roscommon, which was well attended.

MFI continues to engage closely with key banks to encourage referrals of new business from their client bases and promote opportunities to co-fund proposals from customers.

Constructive sessions were held during the period with business lending teams in AIB and Bank of Ireland with these objectives in mind and feedback from both banks was positive.

MFI also engaged intensively with business representative bodies to heighten MFI awareness and to explore opportunities for cross promotion.