



Microfinance Ireland Microenterprise Loan Fund Scheme for the period 1st October 2012 to 31st December 2013



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 December 2013 Microfinance Ireland has:

- ✓ **€2.159M value of loans approved**
- ✓ **310 net jobs supported in 137 micro-enterprises**
- ✓ **379 applications received**
- ✓ **47% approval rate**

Borrowers who have benefited:

- ✓ 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

Successful applicants during the quarter:

WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES (27%)	ARTS, ENTERTAINMENT AND RECREATION (15%)
MANUFACTURING (14%)	ACCOMMODATION AND FOOD SERVICE ACTIVITIES (11%)
INFORMATION AND COMMUNICATION (7%)	ADMINISTRATION AND SUPPORT SERVICE ACTIVITIES (6%)
OTHER SERVICE ACTIVITIES (5%)	CONSTRUCTION (5%)

Assessing applications efficiently:

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

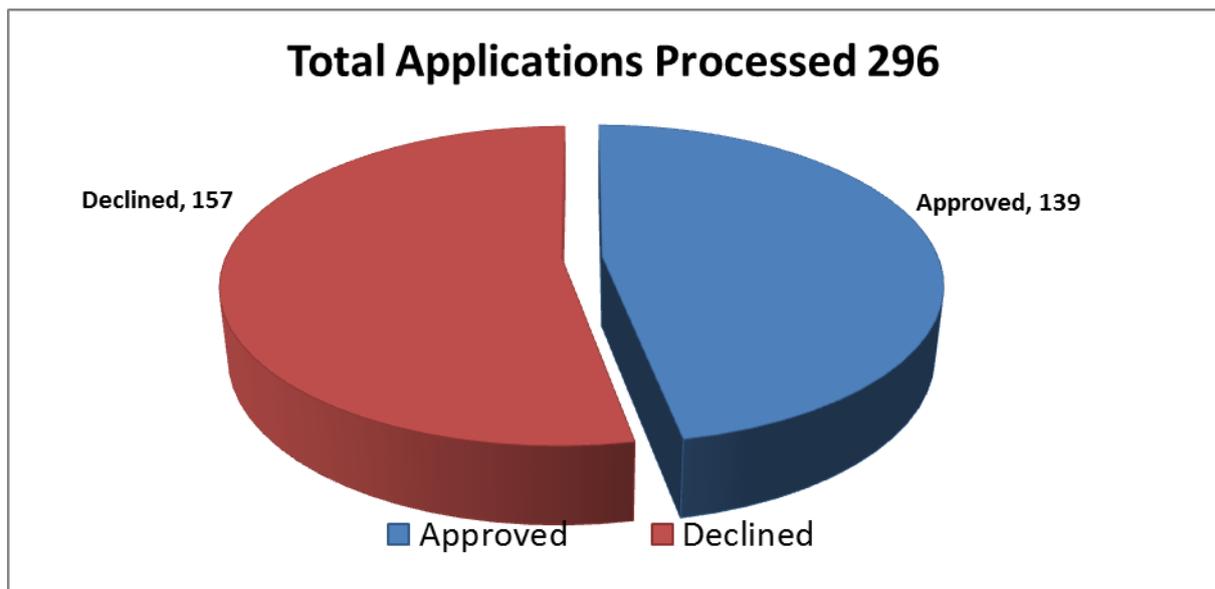
Activity Levels covering period 1st October 2012 to 31st December 2013

As at 31st December 2013, 139 micro-enterprises have been supported resulting in loans totalling €2.159M being approved through the Microfinance Loan Fund Scheme. This represents an approval rate of 47% of applications fully processed.

In total 379 applications have been received of which 296 have been fully processed. Of these 139 have been approved and 157 have been declined. Work-in –progress accounted for 27 applications and others * represented 55 applications for reasons listed below.

Net impact on Jobs

Two businesses supported ceased trading during the quarter (Q4 2013) resulting in a loss of 3 jobs. This resulted in net jobs supported of 310 and 137 businesses being created and/or sustained in the period from inception to 31st December 2013



* 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
- Applicant withdrew following approval

Applications by Quarter

Total Applications Received										
	Launch Phase (1 st October 2012 to 31 st March 2013)		Quarter 2 (1 st April 2013 to 30 th June 2013)		Quarter 3 (1 st July 2013 to 30 th September 2013)		Quarter 4 (1 st October 2013 to 31 st December 2013)		Total (1 st October 2012 to 31 st December 2013)	
Total Applications	149	€2.78M	75	€1.297M	71	€1.288M	84	€1.374M	379	€6.739M

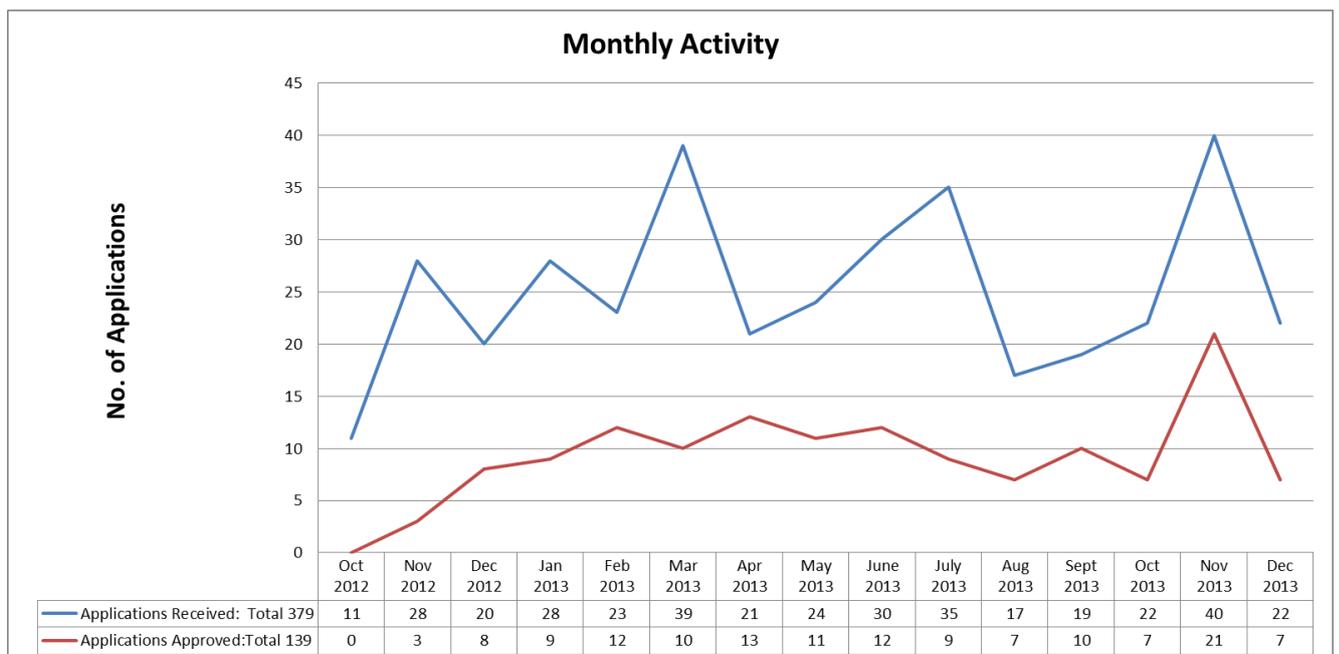
Approvals by Quarter **

Total Applications Processed to Final Conclusion					
	Launch Phase (1 st October 2012 to 31 st March 2013)	Quarter 2 (1 st April 2013 to 30 th June 2013)	Quarter 3 (1 st July 2013 to 30 th September 2013)	Quarter 4 (1 st October 2013 to 31 st December 2013)	Total (1 st October 2012 to 31 st December 2013)
Applications Processed	102	77	60	57	296
Approved	43	35	26	35	139
Approval Rate	42%	45%	43%	61%	47%
Approved (€'000)	700	543	347	569	2,159

** The figures have been updated to reflect changes to previous quarters following the quarter end. Occasionally an application is approved in a quarter and the entrepreneur may choose to withdraw following approval but prior to drawing down. These post-quarter events have been reflected in the figures above.

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 Micro-enterprises					
No. of Employees	Launch Phase (1 st October 2012 to 31 st March 2013)	Quarter 2 (1 st April 2013 to 30 th June 2013)	Quarter 3 (1 st July 2013 to 30 th September 2013)	Quarter 4 (1 st October 2013 to 31 st December 2013)	Total (1 st October 2012 to 31 st December 2013)
1	11	17	19	13	60
2-3	22	13	5	16	56
4-5	9	3	1	3	16
6-9	2	3	2	3	10
Total No. of Loans	44	36	27	35	139
Average No. of Jobs per Loan	2.6	2.1	1.5	2.5	2.2

Activity by Loan Size

From 1st October 2012 to 31st December 2013, loans were granted in the following size range.

Euro	No. of Loans
≤25k	46
≤20k	18
≤15k	25
≤10k	27
≤5k	23
Total	139
Average loan size €15,500	

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:

County and City Enterprise Boards

Microfinance Ireland's main referral partners are the County and City Enterprise Boards (CEBs). To date, 217 of our loan applications were received from the CEBs accounting for 57% of all of our applications. Of the 217 applications received from the CEB's, 170 were fully processed by the 31st December 2013 resulting in 87 being approved giving an approval rate of 51%. The CEB's also support MFI applicants with their application, relevant business training and both pre and post loan mentoring assistance.

Direct Applications

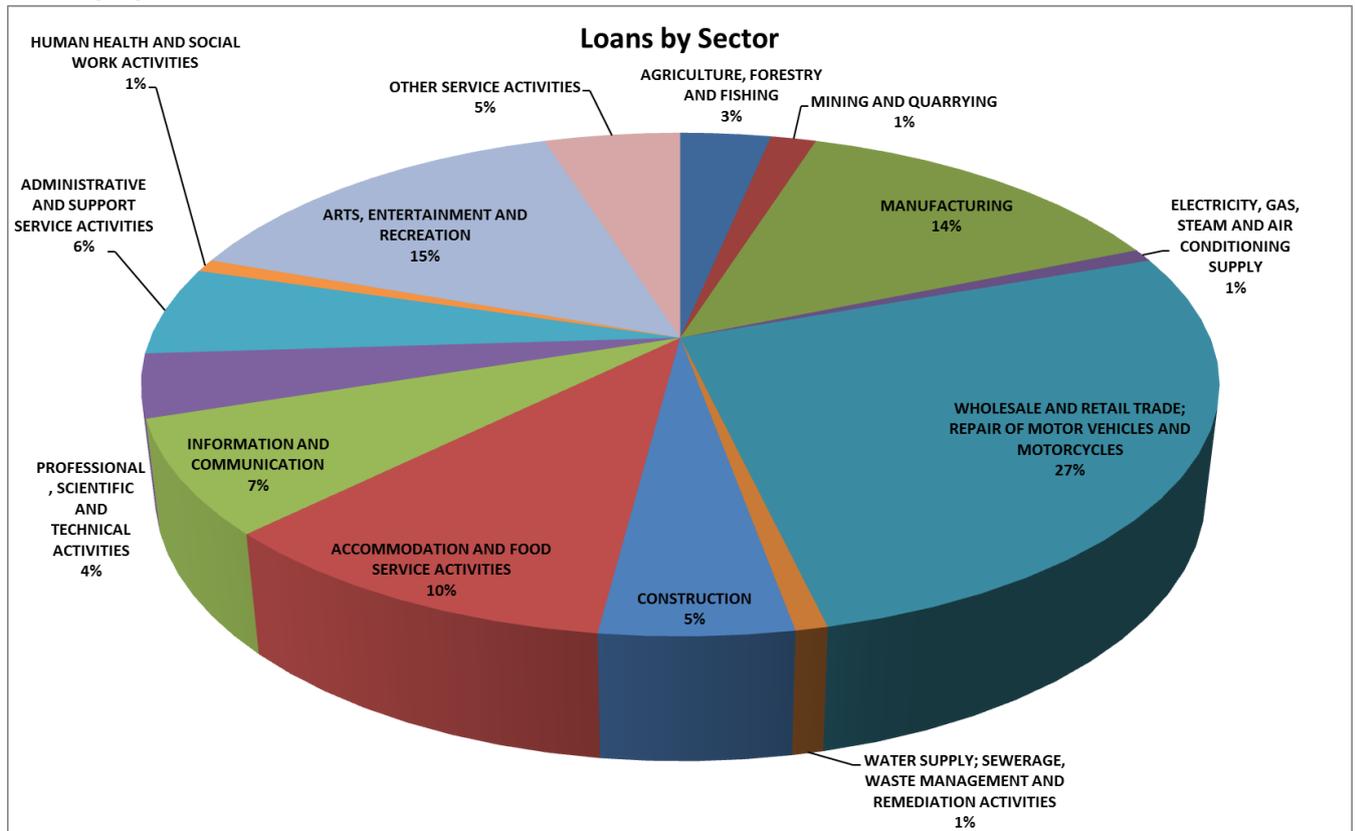
While the CEB's remain our primary referral partners there has been a steady flow of applications direct from enterprises, both existing and new businesses, seeking credit. In the period from inception Microfinance Ireland has received 162 applications directly which equates to 43% of all applications. Of the 162 applications received directly, 126 were fully processed by the 31st December 2013 resulting in 52 being approved giving an approval rate of 41%.

Analysis of Approvals

Geographical Spread – from 1st October 2012 to 31st December 2013

Geographical Spread					
County	Received	Approved	County	Received	Approved
Dublin	86	33	Sligo	10	7
Cork	35	10	Monaghan	10	3
Limerick	26	8	Clare	9	3
Wexford	18	5	Laois	9	2
Meath	17	4	Westmeath	8	4
Tipperary	17	4	Donegal	8	3
Kerry	14	7	Kildare	8	2
Louth	14	3	Carlow	7	2
Galway	12	7	Kilkenny	6	3
Wicklow	12	5	Leitrim	6	0
Mayo	11	8	Roscommon	6	2
Cavan	11	5	Longford	5	1
Waterford	10	5	Offaly	4	3
Total Applications Received:			379		
Total Applications Approved:			139		

Activity by Sector



Start-Up/Existing

Of the 139 loans approved, 77 were to start-up enterprises (<18 months) and 62 to existing enterprises.

Appeals Process

Microfinance Ireland provide for those businesses that have been declined credit to appeal the credit decision. The purpose of the internal appeals process is to support an applicant who wishes to apply to have a review of a decision to decline a loan application.

MFI will appoint an assessor to carry out an independent review of the original decision. The assessor who was involved in the original decision will not be involved in the appeals decision. 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 and final.

There have been 37 appeals from inception to 31st December 2013 and 11 of these cases have been approved on appeal (30%). These figures are included in the overall approval figures.

Activity by Borrower Type

- 66 microfinance loans were granted to Private Limited Companies
- 64 Sole Traders were granted a microfinance loan
- 9 microfinance loans were granted to Partnerships

Gender Breakdown

Of the total application received 78% were from male promoters and 22% from female promoters. Of the loans approved as at 31 December 2013, 76% were to male promoters while 24% were to female promoters and 5 to young entrepreneurs.

Approved Applications	Volume	Value
Total Approved	139	€2.159M
Start-Up (<18 months)	77	
Existing	62	
No. of Ltd. Co.	66	
No. of Sole Traders	64	
No. of Partnerships	9	
Female	33	
Male	106	
Youth (18-25 years old)	5	

ADVERTISING, PROMOTION AND COMMUNICATION OF THE MFI LOAN FUND SCHEME DURING THE PERIOD OCTOBER TO DECEMBER 2013

Advertising Activity

In October MFI commenced a national prime time listenership radio campaign over four weeks 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 E2m 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.

Traffic on the MFI website doubled during the radio advertising campaign and activity levels over the following weeks resulted in an increase in applications to MFI.

MFI undertook limited print advertising during the period as follows:-

- ISME Annual Year Book 2014 - a display advertisement with editorial featuring Customers that have availed of MFI loans.
- Accountancy Ireland magazine display advertisement and accompanying article highlighting how Accountants can direct clients who have been declined bank credit to apply to MFI for Working Capital Loans.

The MFI Q3 Report up to 30/09/2013 was circulated to national media outlining the key milestones of MFI following its first year of operation as follows -

- Average loan size of **€15,000**
- **80pc** of approvals to businesses employing **3 people or fewer**
- **65pc** of approvals to **start-ups** (in business less than 18 months)
- **62pc** of applications received via City/County Enterprise Boards; **38pc** received directly
- Microfinance Ireland has achieved a wide geographic coverage, with 22pc of applicants from Dublin and 78pc from the rest of Ireland

The report was covered extensively by national print media, with articles appearing in the Irish Independent and Irish Examiner, and online business media such as Business and Leadership. In addition, The Sunday Business Post included an interview with an MFI representative at the National Franchise Expo and the Irish Independent also had commentary from a Board Member on MFI activity.

The Rural Development Network Quarterly Newsletter featured an MFI customer story with photography and quotes from the CEO. The Sunday Business Post also carried an MFI customer story in a feature about banks and the current lending environment.

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

Outreach activity through a range of Business Conferences, Access to Finance Seminars, Breakfast Briefings and Networking Events took place at a rate of two events per week throughout the quarter. The seminars and briefings took place throughout the country and were aimed at both general and sector specific audiences such as Women in Business, Ethnic Entrepreneurs and Existing Business and Start Up groups. Also included were briefings to Local Business Advisors including Accountancy Firms and Banks. Audiences at these events ranged in number from 15 up to 200. The range of events included:–

- Fingal Enterprise Week
- Momentum Businesses Launchpad
- National Franchise Expo Dublin
- Access to Finance Seminar Westmeath
- National Women’s Enterprise Day Portlaoise
- Your Business Day Dublin
- Access To Finance Kildare
- Taking Care of Business One Stop Shop Business Event Dublin Castle
- CEB Enterprise Awards
- Midlands Think Tank Mullingar
- Cork Innovates
- DIT Hothouse – Start Up Breakfast
- Access to Finance Seminar Athlone
- Start-up Breakfast Longford
- Meet West SME event Westport
- Cork – Access to Finance Seminar
- Briefing to South West Local Development Companies enterprise officers Mallow
- Enterprise Europe Network Seminar Cork
- Network Kildare Access to Finance Seminar
- Enterprise Europe Network Access to Finance Seminar Waterford

MFI Website: The MFI website www.microfinanceireland.ie was re-launched with user friendly language outlining MFI eligibility criteria, the application steps, useful business plan and cash flow templates and a comprehensive FAQ section. The website attracted over 7,000 visits during this three month period, with 5,000 of these being first time visitors.

Twitter: MFI Twitter followers steadily increased and almost 600 followers to our regular tweets. Tweets are updated on both Facebook account and on MFI website for total coverage.

Facebook: A Facebook page was set up and is linked to the Twitter feed and both are linked into our website for updates. Further website development and Social Media activity will be built upon into 2014.

Brochureware:

During Q4 2013, new MFI brochures were distributed to CEB offices and at all external business related events that MFI participated in across the country.

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 for MFI co funding opportunities. The banks have also assisted MFI with 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.