

# Microfinance Ireland

## Microenterprise Loan Fund Scheme for the period 1<sup>st</sup> October 2012 to 31<sup>st</sup> December 2015

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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 31<sup>st</sup> December 2015 Microfinance Ireland has:

- ✓ **€11.696M value of loans approved**
- ✓ **1,821 net jobs supported in 770 micro-enterprises**
- ✓ **1,639 applications received**
- ✓ **49% approval rate**

### Borrowers who have benefited:

- ✓ Average Loan size of **€15.2K**
- ✓ **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:** 23% of loans granted to Dublin, 77% to the rest of Ireland

### Successful applicants by sector:

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

### Assessing applications efficiently:

- ✓ **1,574** applications processed to full assessment
- ✓ **65** 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> December 2015

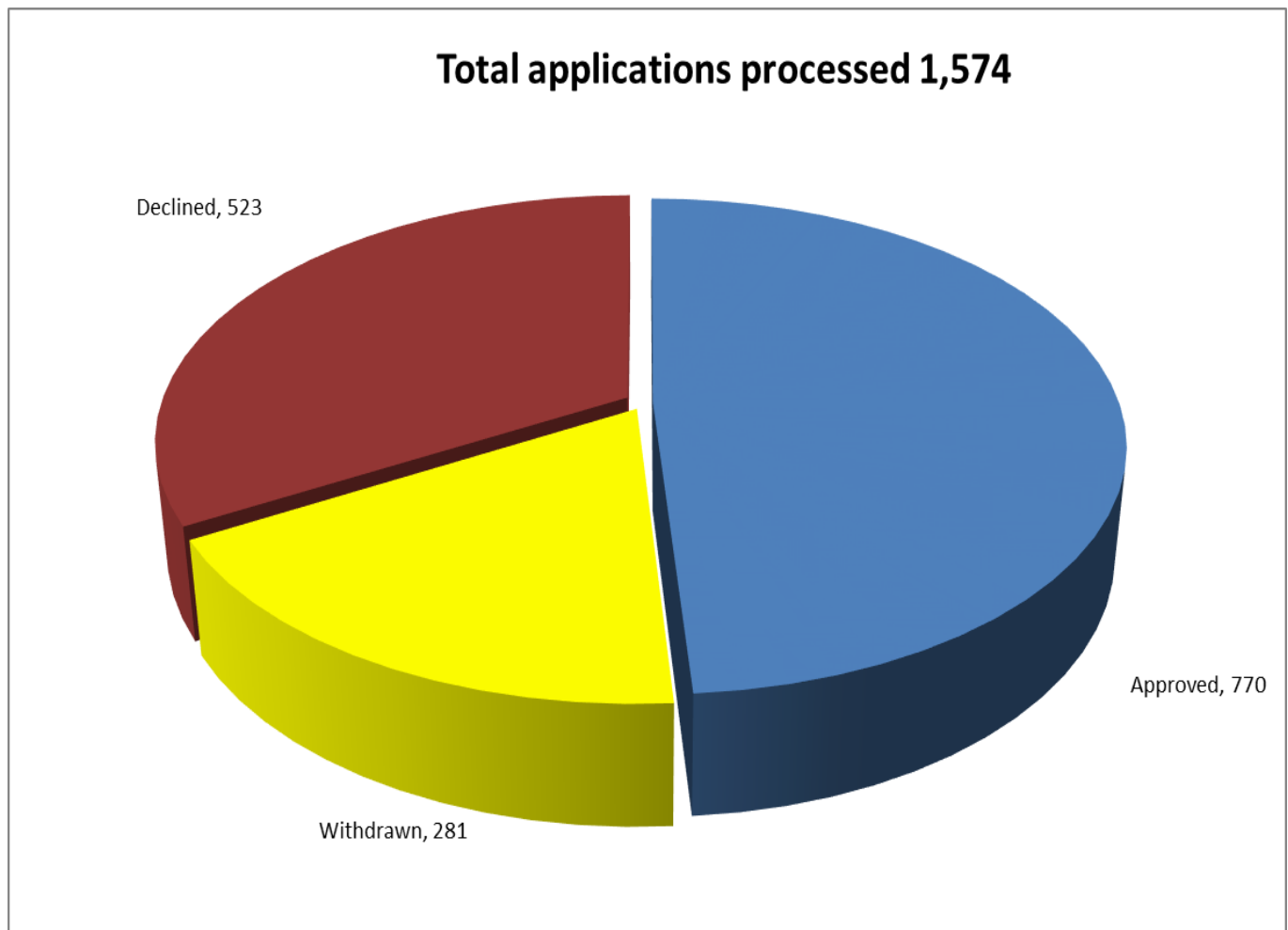
As at 31<sup>st</sup> December 2015, 770 micro-enterprise applications have been supported resulting in loans totalling €11.696M being approved through the Microenterprise Loan Fund Scheme. This represents an approval rate of 49% of applications fully processed.

In total 1,639 applications have been received of which 1,574 have been fully processed. Of these 770 have been approved and 804 have been declined or applications withdrawn/deferred. Work-in –progress accounted for 65 applications.

### Net impact on Jobs

Microfinance Ireland is supporting a total 1,821 full-time equivalent jobs (net). This relates to 709 businesses, with 61 businesses supported having failed (18 in Qrt. 4 2015)

See Business Failures page 9.



## Applications by Quarter

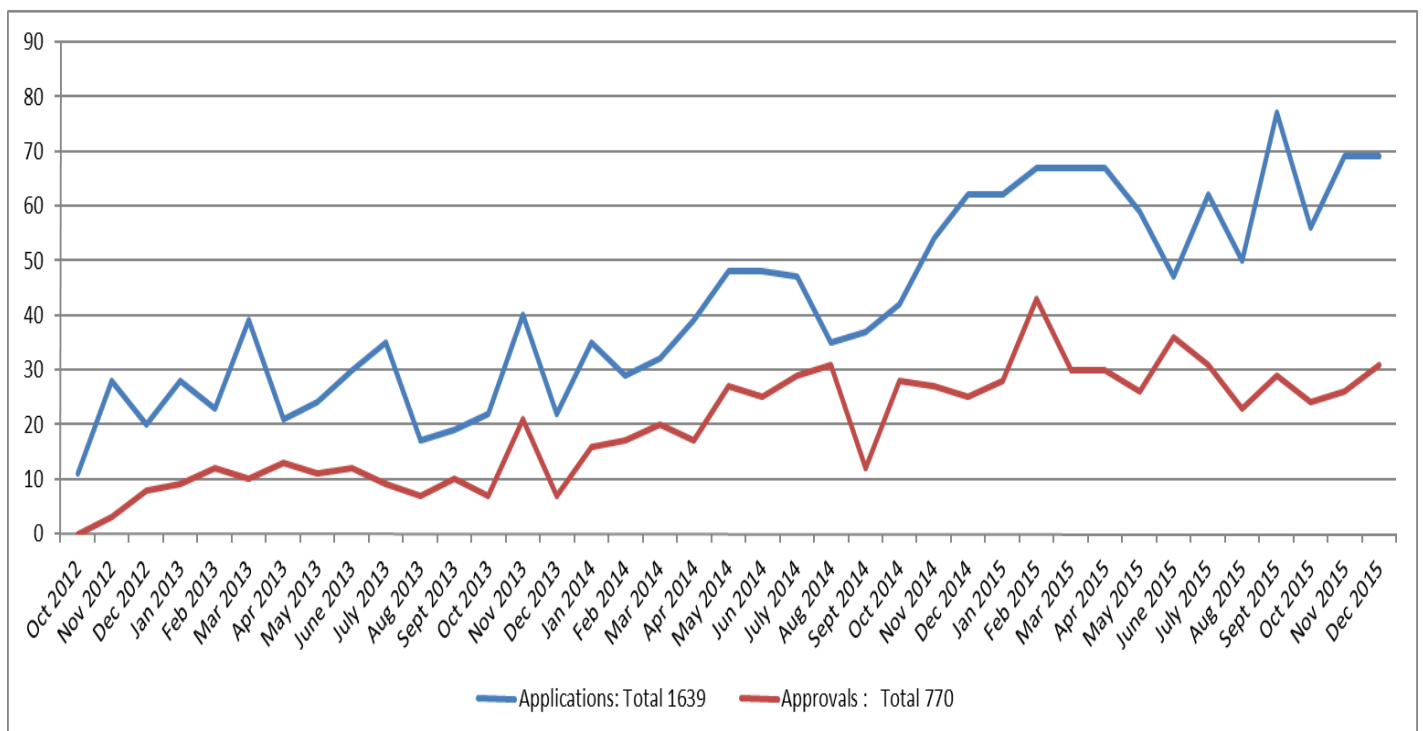
## Approvals by Quarter \*\*

Total Applications Received																				
	2013		Q1 2014		Q2 2014		Q3 2014		Q4 2014		Q1 2015		Q2 2015		Q3 2015		Q4 2015		Total (1st October 2012 to 31st December 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	194	€2.958M	1639	€27.507M
Total application Processed to Final Conclusion																				
	2013		Q1 2014		Q2 2014		Q3 2014		Q4 2014		Q1 2015		Q2 2015		Q3 2015		Q4 2015		Total (1st October 2012 to 31st December 2015)	
Applications Processed		348		91		127		118		147		193		190		161		199		1574
Approved		139		53		69		72		80		101		92		83		81		770
Approval Rate		40%		58%		54%		61%		54%		52%		48%		52%		41%		49%
Approved (€'000)		2,159		863		1,119		996		1,181		1,506		1,479		1,310		1,083		11696

\*\* 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 mirco- enterprises									Total (1st October 2012 to 31st December 2015)
	2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	
1	60	25	35	40	41	60	46	43	38	388
2-3	56	19	21	20	26	28	28	18	23	239
4-5	16	3	7	7	5	9	6	9	9	71
6-9	10	6	6	5	8	4	12	13	11	75
10-50										0
Prior period adj	-3	0								-3
<b>Total No. of Loans</b>	<b>139</b>	<b>53</b>	<b>69</b>	<b>72</b>	<b>80</b>	<b>101</b>	<b>92</b>	<b>83</b>	<b>81</b>	<b>770</b>
Average No. of Jobs per Loan	2.6	2.5	2.3	2.1	1.9	2.4	2.4	2.1	3.6	2.4

## Activity by Loan Size

From 1<sup>st</sup> October 2012 to 31<sup>st</sup> December 2015, loans were granted in the following size range.

Euro	No. of Loans
≤25k	260
≤20k	87
≤15k	129
≤10k	150
≤5k	144
<b>Total</b>	<b>770</b>
<i>Average loan size €15.2K</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, 796 of our loan applications were received from the LEOs accounting for 49% of all of our applications. Of these applications received from the LEOs, 772 were fully processed by the 31<sup>st</sup> December 2015 resulting in 425 being approved giving an approval rate of 55%. The LEOs also support MFI applicants with their application, relevant business training and both pre and post loan mentoring assistance.

### Direct Applications

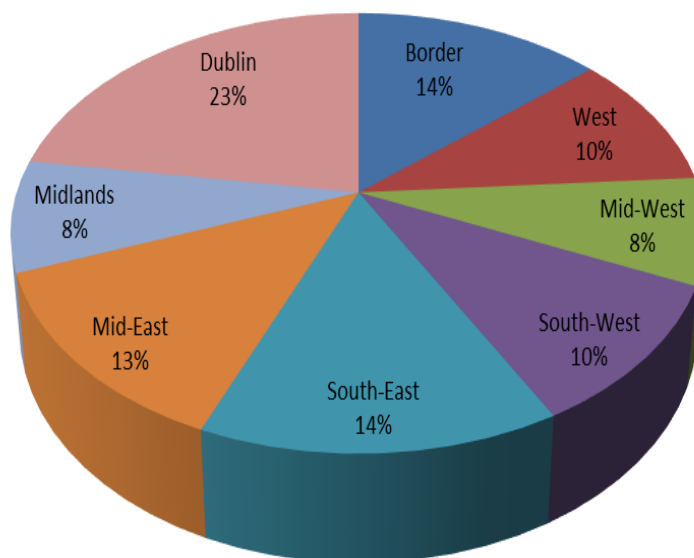
While the LEOs remain our primary referral partners there has been a steady flow of applications direct from enterprises, both existing and new businesses, seeking credit. In the period from inception Microfinance Ireland has received 843 applications directly which equates to 51% of all applications. Of the applications received directly, 802 were fully processed by the 31<sup>st</sup> December 2015 resulting in 345 being approved giving an approval rate of 43%.

## Analysis of Approvals

### Geographical Spread - from 1<sup>st</sup> October 2012 to 31<sup>st</sup> December 2015

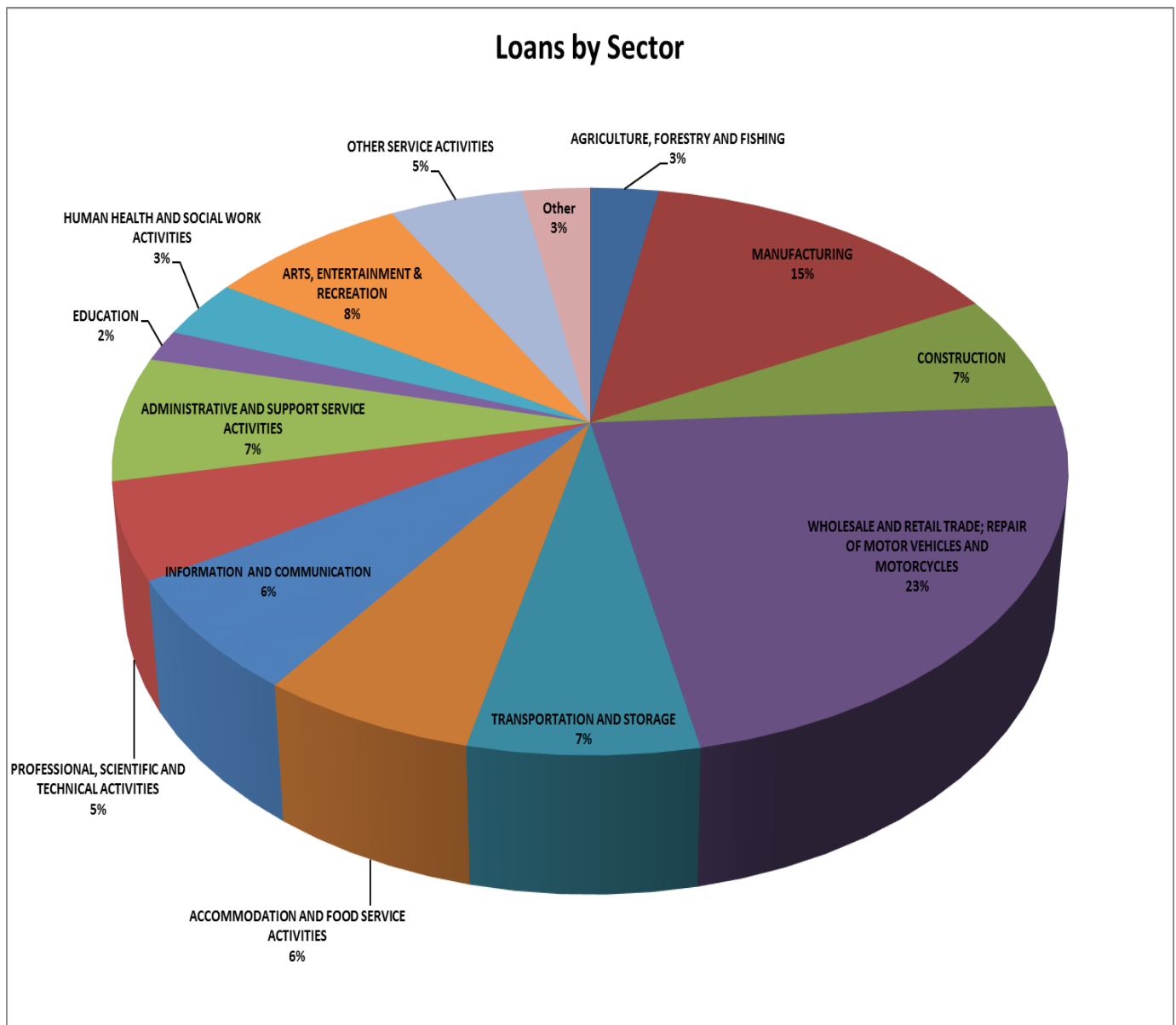
Geographical Spread					
County	Received	Approved	County	Received	Approved
Dublin	373	174	Mayo	46	30
Cork	144	60	Westmeath	42	20
Meath	84	38	Louth	42	16
Limerick	82	39	Clare	40	21
Tipperary	65	29	Monaghan	36	12
Kildare	60	33	Roscommon	36	19
Wicklow	58	29	Sligo	33	24
Cavan	58	27	Kilkenny	32	12
Wexford	56	26	Longford	32	10
Galway	56	29	Carlow	30	17
Waterford	54	25	Donegal	30	15
Kerry	50	20	Leitrim	28	12
Laois	46	21	Offaly	26	12
<b>Total Applications Received: 1639</b>					
<b>Total Applications Approved: 770</b>					

### Approved Loans By Regions





## Activity by Sector



## Start-Up/Existing

Of the 770 loans approved, 444 were to start-up enterprises (<18 months) and 326 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 86 appeals from inception to 31<sup>st</sup> December 2015 and 14 of these cases have been approved on appeal (16%). These figures are included in the overall approval figures.

### Activity by Borrower Type

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

### Gender Breakdown

Of the total applications received 76% (1246) were from male promoters and 24% (393) from female promoters. Of the loans approved as at 31<sup>st</sup> December 2015, 74% (567) were to male promoters while 26% (203) were to female promoters.

There were 13 loans approved to young entrepreneurs comprising almost 2% of all the applications approved to date.

Approved Applications	Volume	Value
<b>Total Approved</b>	770	€11.696M
<b>Start-Up (&lt;18 months)</b>	444	
<b>Existing</b>	326	
<b>No. of Ltd. Co.</b>	309	
<b>No. of Sole Traders</b>	415	
<b>No. of Partnerships</b>	46	
<b>Female</b>	203	
<b>Male</b>	567	
<b>Youth (18-25 years old)</b>	13	

### Business Failures

Up to end December 2015, 61 businesses of the 770 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  
30<sup>th</sup> September 2015 to 31<sup>st</sup> December 2015**

With a newly appointed Board now in place in Microfinance Ireland, a specific Board subcommittee has now been established to advise, monitor and consider the marketing and business development activity within Microfinance Ireland.

Microfinance Ireland has, following a procurement process, appointed external suppliers in the fields of Advertising and PR. The Companies selected for these supports are

Mediavest

Engage Ireland

Following a successful submission to DJEI, Microfinance Ireland has also been given approval to recruit additional staff and this will establish a small Communications, Stakeholder engagement and Marketing team. Recruitment is underway and the team will be in place in Q1 2016.

A highlight of the quarter was the invitation to MFI and a client supported through our lending, to take part in the first European Microfinance Day ceremonies in Brussels. Milena's Nougat, a small speciality food business from Wicklow, achieved recognition at the European event and the Irish model of Government support for Microloans is now widely recognised internationally as a model of best practice. Microfinance Ireland and its partners in the LEO network also used the European initiative to promote and build awareness.

All through the quarter events were attended where our loan supports were promoted. These included visits to Cork, Waterford, Kildare, Limerick, Tipperary, Carlow and many other areas.

Microfinance Ireland supported a particularly innovative project whereby in partnership with the Carlow LEO, a retail microloan was made available as part of a town business regeneration project initiated by the Council in Carlow which seeks to upgrade local retail activity through physical infrastructure upgrade along with improved retail management capability.

Significant effort was made in the quarter to improving the level of referrals from Banks, this meant significant time being invested in briefing Bank staff on the MFI offering and the adaptation of existing bank processes to provide a more proactive engagement with MFI. This is very much a work in progress and it remains to be seen what level of uplift is achieved in referrals from Banks.

A radio advertising and social media promotional campaign took place in the quarter and the increase in levels of enquires leading to increased applications was once again apparent. The focus of the campaign was directed towards local radio rather than national and this is very much the focus of our marketing activities. A series of pilot local marketing plan have now been delivered for a sample of LEO areas, Carlow, Sligo, Louth and Dublin City have now been concluded and the implementation will take place in early 2016. MFI has committed a marketing budget in each locality

