

Microfinance Ireland

Report on The Microenterprise Loan Fund Scheme As of the 31st of December 2022



An Roinn Gnó,
Fiontar agus Nuálaíochta
Department of Business,
Enterprise and Innovation



Oifig Fiontair Áitiúil 
Local Enterprise Office

Overview of the Microenterprise Loan Fund Scheme

The Microenterprise Loan Fund, administered by Microfinance Ireland was established as part of the Government's Action Plan for Jobs and forms part of a suite of financial programmes provided through the Department of Enterprise, Trade and Employment to assist businesses of different sizes and at different stages of development across all industry sectors.

The purpose of the Fund is to provide loans of €2,000 up to €25,000 to Micro-enterprises, both startups and existing businesses with viable businesses, who cannot obtain funding through traditional sources. (Microenterprises are defined as businesses with less than 10 employees and /or Turnover <€2m

Fund Performance Summary: 1st October 2012 to 31st December 2022

As at end December 2022, Microfinance Ireland has been in business for over 9 years. In this time, it has delivered the following key results:

- ✓ **9,871 Applications received.**
- ✓ **€76.9M Value of loans approved**
- ✓ **10,093 Net jobs supported in 4,635 micro-enterprises.**
- ✓ **47% Approval rate**
- ✓ **€68.6M Value of loans drawn**
- ✓ **4,147 Loans drawn.**
- ✓ Average Loan size of **€16.6K**
- ✓ **71%** approvals granted to businesses employing **3 people or fewer.**
- ✓ **42%** of approvals granted to start-ups (in business for less than 18 months)
- ✓ **Wide geographic coverage:** 22% of loans granted to Dublin, 78% to the rest of Ireland

Successful applicants by sector:

WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES (21%)	MANUFACTURING (11%)
ACCOMMODATION & FOOD SERVICE ACTIVITIES (9%)	PROFESSIONAL, SCIENTIFIC & TECH ACTIVITIES (9%)
OTHER SERVICES (9%)	CONSTRUCTION (8%)
HUMAN, HEALTH, AND SOCIAL WORK (6%)	ADMINISTRATION & SUPPORT SER. ACTIVITIES (6%)
ARTS, ENTERTAINMENT AND RECREATION (5%)	INFORMATION AND COMMUNICATION (5%)
TRANSPORT/STORAGE (4%)	AGRICULTURE, FORESTRY & FISHING (3%)
EDUCATION (3%)	OTHER (1%)

Assessing applications efficiently:

- ✓ **9,871** Applications processed to full assessment.
- ✓ **37** Applications in progress at reporting date
- ✓ Endeavour to process complete applications within **10 days.**

Promotion and performance of the Fund during 1st January 2022 to December 2022

Key performance indicators YTD 2022

- ✓ **959** Applications received.
- ✓ **€6.9M** Value of loans approved
- ✓ **679** Jobs supported in 458 micro-enterprises.
- ✓ **48%** Approval rate
- ✓ **€6.1M** Value of loans drawn
- ✓ **401** Loans drawn.
- ✓ Average Loan size of **€15.1K**
- ✓ **88%** approvals granted to businesses employing **3 people or fewer**.
- ✓ **45%** of approvals granted to start-ups (in business for less than 18 months)
- ✓ **Wide geographic coverage:** 18% of loans granted to Dublin, 82% to the rest of Ireland.

Promotion and performance of the Fund during Quarter 4 2022

Key performance indicators for Quarter 4 2022

- ✓ **224** Applications received.
- ✓ **€1.9M** Value of loans approved
- ✓ **178** Jobs supported in 118 micro-enterprises.
- ✓ **48%** Approval rate
- ✓ **€1.6M** Value of loans drawn
- ✓ **107** Loans drawn.
- ✓ Average Loan size of **€15.8K**
- ✓ **87%** approvals granted to businesses employing **3 people or fewer**.
- ✓ **24%** of approvals granted to start-ups (in business for less than 18 months)
- ✓ **Wide geographic coverage:** 15% of loans granted to Dublin, 85% to the rest of Ireland.

During the quarter, MFI continued to engage in a range of Marketing and PR initiatives.

Radio Advertising:

We ran a local and national radio advertising campaign for a 10-day period in October. The continued focus of the campaign was on recovery following the wider reopening of the economy.

Digital Advertising /social media: We continue with ongoing promotion through our social media channels, Facebook, Instagram, Twitter and LinkedIn to maintain strong brand awareness with digital advertising campaigns primarily focussed on Google and Facebook.

Events/Webinars/Sponsorships: Throughout 2022 MFI took part in an online webinar with Accountants Online and returned to in-person events in association with the LEOs, SFA, Entrepreneurs Academy and Enterprise Nation. We took part in the National Women's Enterprise Day events and were a sponsor of the National Start Up Awards. We were a contributor to that Entrepreneurship for People with Disabilities programme run by TU Dublin.

Performance:

Performance for full year 2022 was strong. While the levels of applications fell short of 2019 (which is the last comparable year) the number of loan drawdowns at 401 was 3% ahead of 2019. The value of loan drawn in 2022 at €6m was c. 18% above 2019. These numbers reflect a higher approval rate and a higher average loan amount disbursed reflecting the increase in business start up and input costs due to the inflationary environment.

A quarterly analysis shows that Q3 was our strongest quarter with a fall back in application volumes in Q4 which was our weakest quarter in 2022.

Applications from Start Ups accounted for c. 50% of all applications and c. 42% of approvals and loans disbursed which is a sign that borrowers are still prepared to start businesses despite the uncertain environment.

We continue to provide partial approvals so that we can support as many businesses as possible while remaining within our risk appetite.

Microenterprise Loan Fund Scheme Analysis

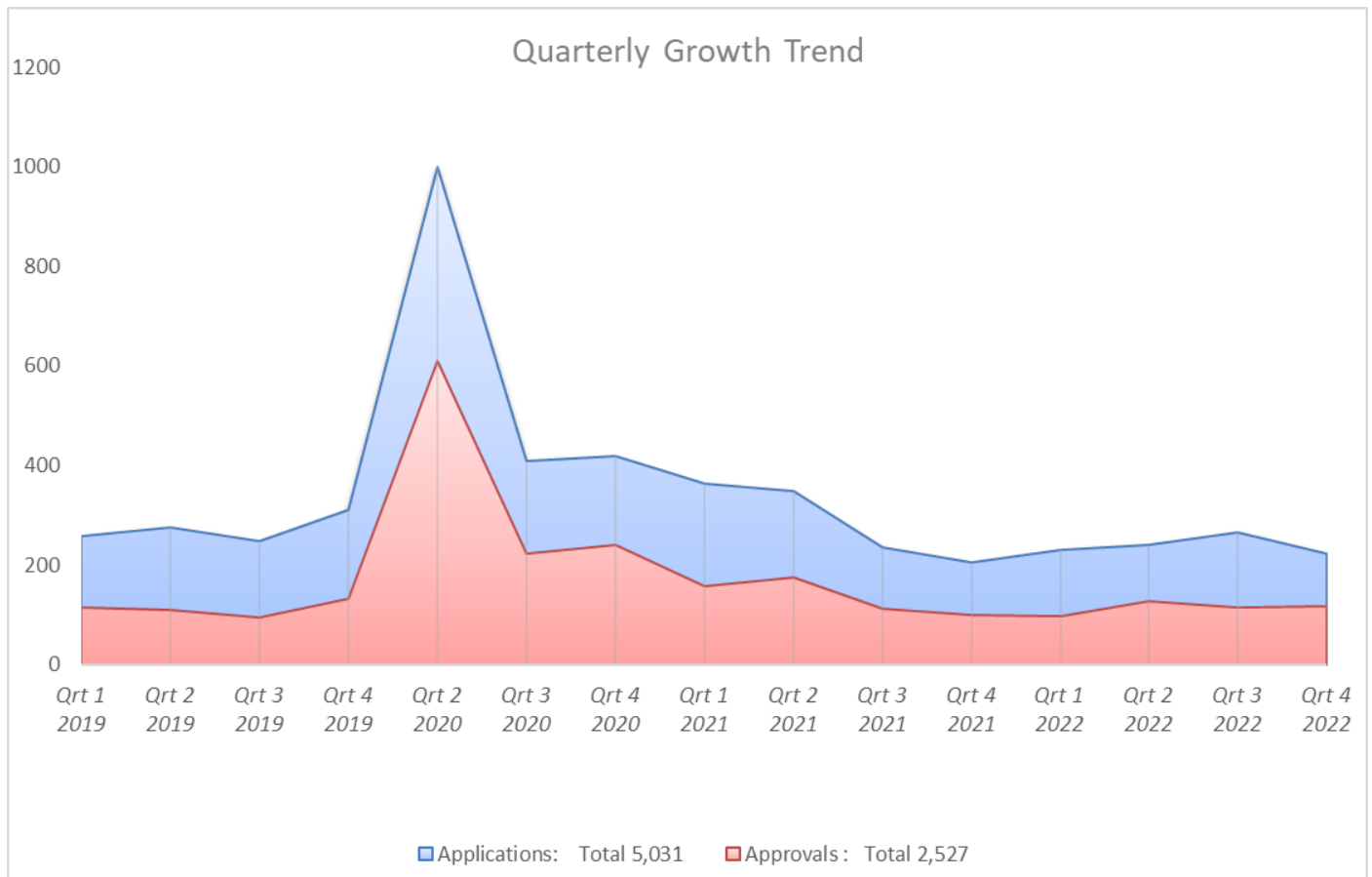
January 2019 - December 2022

	2019	2020	2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Total 2022
Total Applications No.	1092	2,202	1,153	230	240	265	224	959
Total Applications Amt.	€16.674M	€51.794M	€19.837M	€3.967M	€4.281M	4.667M	3.958M	€16.873M

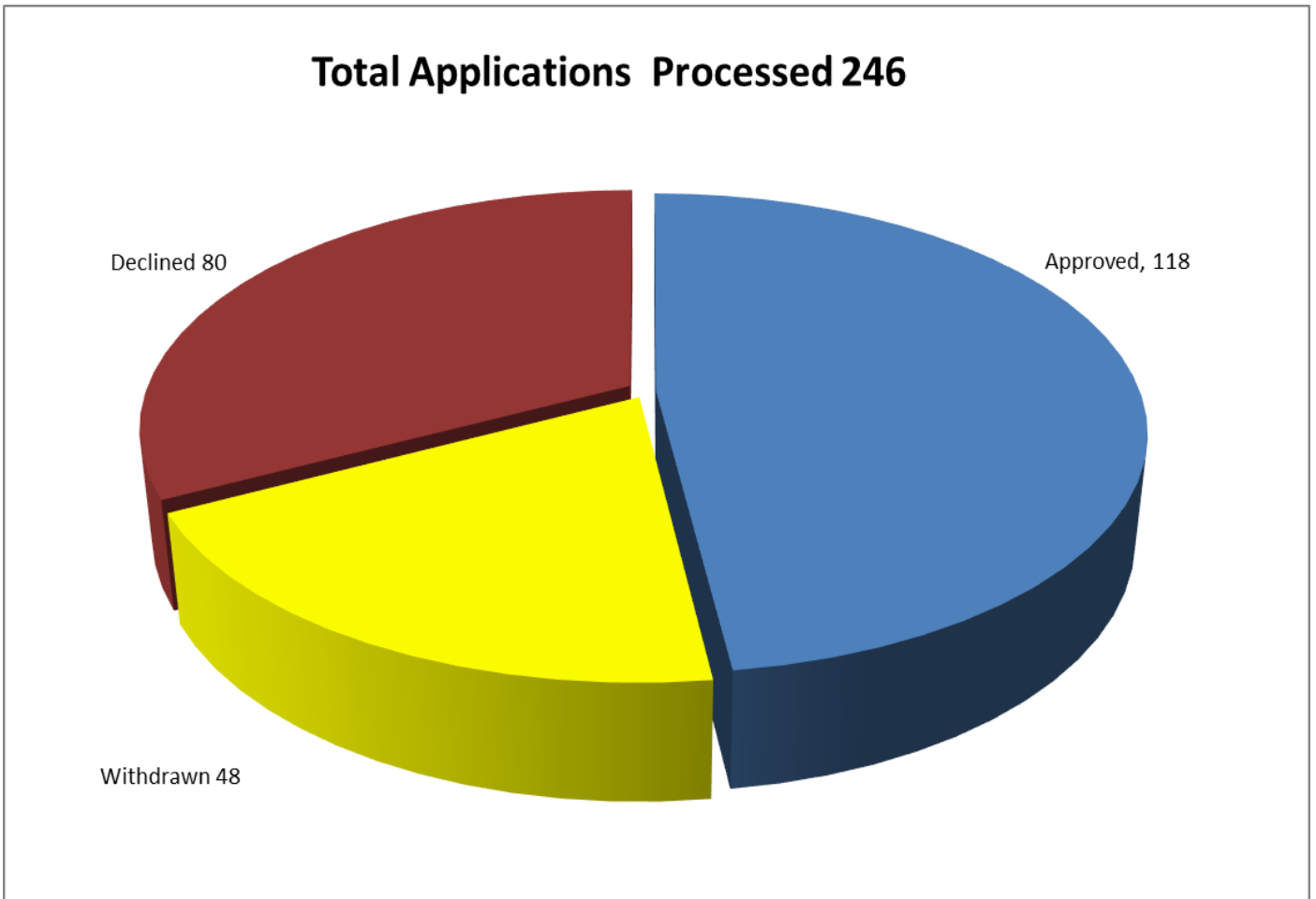
	2019	2020	2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Total 2022
Applications Processed	1,068	2,212	1,171	216	248	251	246	961
Approved	452	1,229	545	98	128	114	118	458
Approval Rate	42%	56%	47%	45%	52%	45%	48%	48%
Approved (€'000)	€6.044M	€27.432M	€8.537M	€1.413M	€1.969M	€1.690M	€1.859M	€6.931M
Loans Drawn	388	1,114	547	76	123	95	107	401
Loans Drawn (€'000)	€5.108M	€24.805M	€8.783M	€1.059M	€1.872M	€1.452M	€1.621M	€6.004M
Loans Declined	377	581	409	78	82	95	80	335
Loans Declined (€'000)	€5.974M	€12.299M	€7.194M	€1.417M	€1.467M	€1.775M	€1.414M	€6.073M

Quarterly Growth Trend

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



Applications processed (1st October 2022- 31st of December 2022)



Number of Loans by Sector

Number of Loans								
	2019	2020	2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Total 2022
Wholesale and retail trade; Repair of motor	100	253	97	14	29	24	29	96
Accommodation and food service activities	37	168	62	9	9	16	7	41
Construction	40	110	46	9	12	8	9	38
Manufacturing	42	93	52	15	15	10	10	50
Other services	38	139	56	6	8	16	12	42
Professional, scientific & tech activities	34	81	42	8	18	5	8	39
Art, entertainment and recreation	28	57	26	6	4	8	4	22
Administration & support ser. Activities	26	54	28	3	8	7	7	25
Transport/storage	16	36	32	3	2	3	11	19
Information and communication	25	54	14	6	5	6	5	22
Agriculture, forestry & fishing	11	45	32	1	5	4	6	16
Human, health and social work	19	56	28	13	6	3	7	29
Education	26	44	22	3	5	3	3	14
Other	10	39	8	2	2	1		5

Values of Loans by Sector

Value of Loans								
	2019	2020	2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Total 2022
Wholesale and retail trade; Repair of motor	1,333	6,696	1,594	204	473	372	403	1452
Accommodation and food service activities	637	3,836	1,134	134	179	266	145	724
Construction	527	2,416	757	173	188	109	150	620
Manufacturing	548	2,164	859	210	252	148	149	759
Other services	361	1,777	649	72	116	194	193	575
Professional, scientific & tech activities	394	1,737	616	120	216	71	96	503
Art, entertainment and recreation	419	1,296	332	79	48	123	74	324
Administration & support ser. Activities	340	1,165	393	40	73	65	73	251
Transport/storage	249	754	535	58	35	63	207	363
Information and communication	345	1,416	280	49	100	130	88	367
Agriculture, forestry & fishing	163	1,062	602	15	91	70	107	283
Human, health and social work	220	1,064	397	217	106	33	126	482
Education	345	936	279	20	62	28	48	158
Other	161	1,113	110	22	30	18		70

Approvals by Size of Borrower

Loans were approved to micro-enterprises with the following number of jobs at time of approvals:

No. of Employees								
	2019	2020	2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Total 2022
1	266	473	297	53	71	70	95	289
2-3	117	401	173	35	41	34	8	118
4-5	35	177	43	5	14	3	9	31
6-9	34	178	29	5	1	7	6	19
10					1			1
Total No. of Loans	452	1229	542	98	128	114	118	458

Approvals by Loan Size

From 1st January 2019 to 31st of December 2022, loans were granted in the following size range.

		Loans by Size						
Euro	2019	2020	2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Total 2022
≤50k		288						
≤25k	110	306	183	21	38	28	35	122
≤20k	32	145	65	22	21	18	18	79
≤15k	67	164	119	16	24	29	31	100
≤10k	67	164	83	18	19	20	14	71
≤5k	176	162	95	21	26	19	20	86
Average Loan Size	€13.4K	€22.3K	€15.6K	€14.4K	€15.4K	14.8K	15.8K	€15.1K

Purpose for which Microfinance Loans were granted.

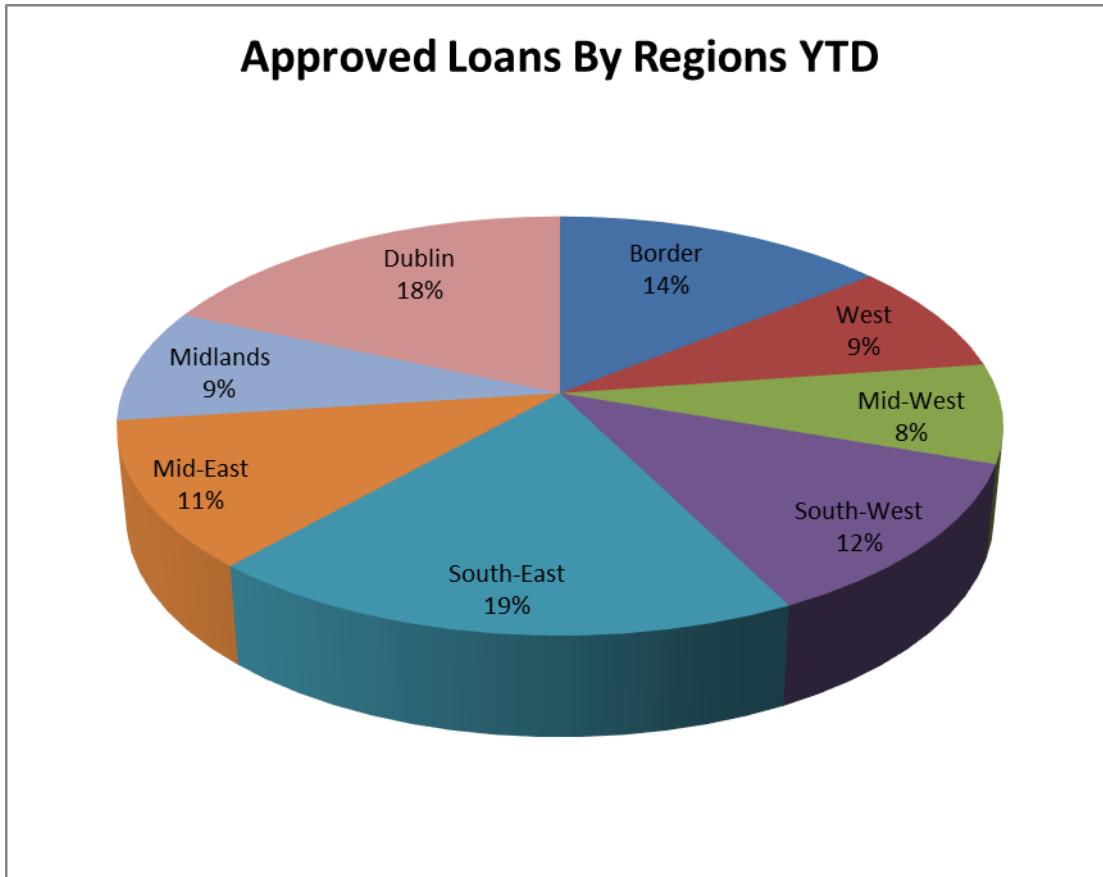
The following data is captured at the date of Drawdown's. This data is only available from Qtr. 1 2021

		Number of Loans						
Purpose	2019	2020	2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Total 2022
Working Capital			181	29	42	29	36	136
Tangible and Intangible Assets			207	24	51	27	36	138
Mixed Financing for tangible, intangible assets and working capital			159	23	30	39	35	127

	Value of Loans							
Purpose	2019	2020	2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Total 2022
Working Capital			2,890	357	675	466	482	1,980
Tangible and Intangible Assets			3,448	408	779	391	551	2,129
Mixed Financing for tangible, intangible assets and working capital			2,445	294	418	595	588	1,895

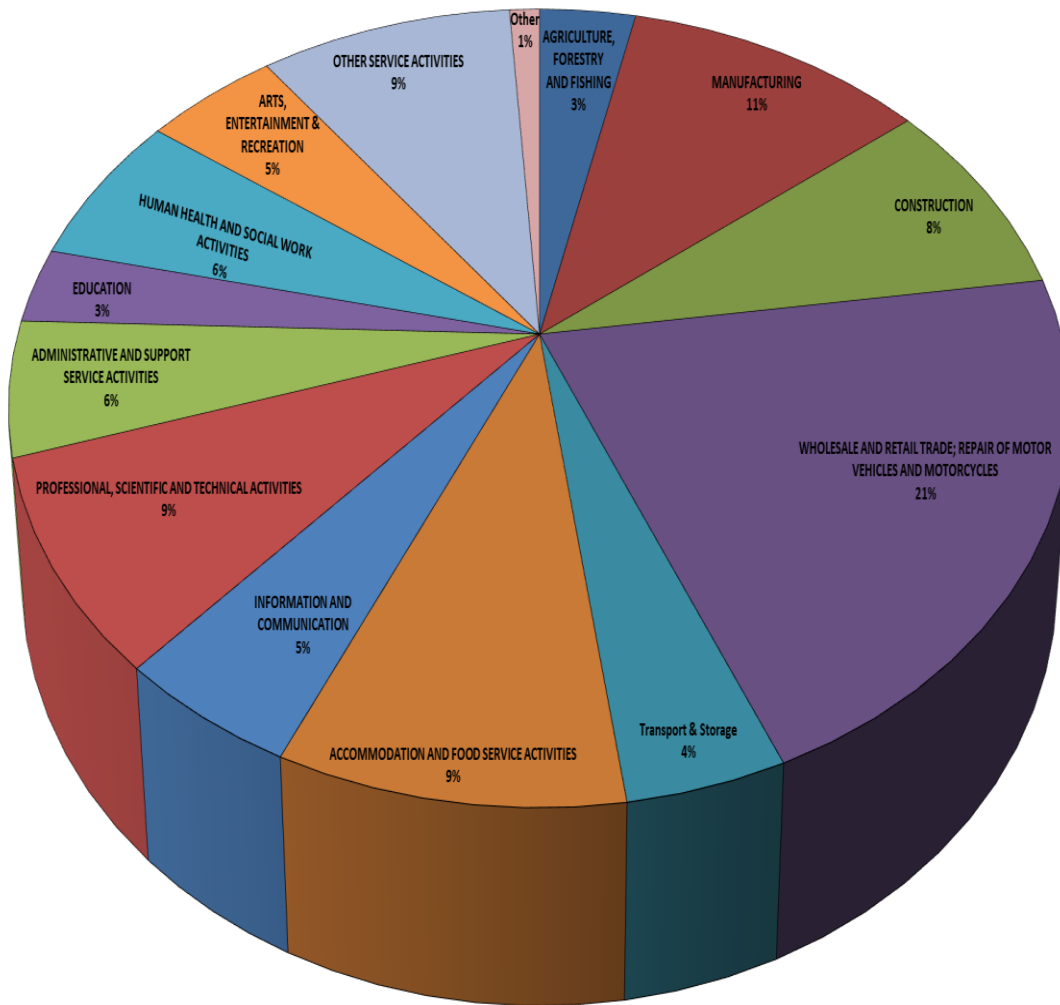
Geographical Analysis of Approval – from 1st January 2022 to 31st of December 2022

Geographical Spread							
County	Approved Q1	Approved Q2	Approved Q3	Approved Q4	Received YTD	Approved YTD	Approved Amount 2022 €000
Dublin	23	21	22	18	224	84	1,279
Cork	9	11	11	9	82	40	723
Meath	3	2	4	5	46	14	244
Kildare	6	3	6	6	45	21	388
Tipperary	3	8	8	7	44	26	404
Wexford	5	9	6	4	43	24	329
Galway	4	6	6	3	39	19	259
Kerry	7	1	5	3	34	16	235
Wicklow	2	6	1	8	33	17	283
Limerick	0	6	6	5	31	17	251
Waterford	2	7	1	2	30	12	87
Westmeath	2	6	6	7	30	21	352
Donegal	3	4	3	8	30	18	279
Louth	1	4	4	3	29	12	153
Clare	6	6	3	3	28	18	327
Cavan	1	3	1	6	23	11	145
Sligo	5	2	1	3	21	11	160
Kilkenny	2	6	3	4	20	15	215
Mayo	2	2	3	3	19	10	139
Roscommon	1	4	4	1	19	10	126
Monaghan	2	1	2	2	17	7	73
Carlow	1	3	3	3	17	10	130
Laois	3	3	2	1	16	9	125
Longford	2	1			14	3	36
Offaly	2	1	2	2	14	7	109
Leitrim	1	2	1	2	11	6	80



Approval by Business Sector January 2022 to December 2022

Loans by Sector



Demographical Analysis

Approved Applications	2019	2020	2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Total 2022
Start Up	223	233	214	57	55	50	29	191
Existing	229	996	331	41	73	64	89	267
Female	138	340	168	37	48	48	33	166
Male	314	889	377	61	80	66	85	292
No. of Ltd Co.	178	620	179	27	52	44	47	170
No. of Unltd Co.						1		1
No. of Sole Traders	261	567	350	68	75	63	67	273
No. of Partnerships	13	42	16	3	1	6	4	14
Youth (18-25 years old)	7	11	33	5		2	2	9

Source of Loan Referrals

Number of Approvals by Channel								
Channels	2019	2020	2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Total 2022
LEO	169	523	249	53	57	52	58	220
Direct	234	666	285	44	64	58	58	224
Bank	34	25	9	1	6	3	2	12
Údarás		1	1					0
ILDN	15		1		1	1		2

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 declining 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 52 appeals in 2022 and 19 of these cases have been approved on appeal (36%). These figures are included in the YTD approval figures.

Complaints

1 complaint were received by the business in Quarter 4 2022 which brings the total complaints in 2022 to 4.

Business Failures

YTD 2022, 87 businesses of our borrowers 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 business failure.