

Microfinance Ireland

Microenterprise Loan Fund Scheme for the period 1st October 2012 to 31st March 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.

Contents

Overview of the Microenterprise Loan Fund Scheme	2
Activity Levels	3
Impact on Jobs	3
Applications by Quarter	4
Approvals by Quarter	4
Monthly Growth Trend	4
Size of Borrower	5
Activity by Loan Size	5
Purpose for which Microfinance Loans were granted	5
Source of Loan Referrals	7
Analysis of Approvals	7
Geographical Spread	8
Activity by Sector	8
Start-Up/Existing	8
Appeals Process	8
Activity by Borrower Type	10
Gender Breakdown	9
Business Failures	9
Advertising Promotion and Communication of the MFI Loan Fund Scheme	10

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 31st March 2016 Microfinance Ireland has:

- ✓ **€13.083M value of loans approved**
- ✓ **2,001 net jobs supported in 867 micro-enterprises**
- ✓ **1,826 applications received**
- ✓ **49% approval rate**

Borrowers who have benefited:

- ✓ Average Loan size of **€15.1K**
- ✓ **81%** approvals granted to businesses employing **3 people or fewer**
- ✓ **56%** 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 (23%)	MANUFACTURING (14%)
ARTS, ENTERTAINMENT AND RECREATION (8%)	CONSTRUCTION (8%)
ADMINISTRATION AND SUPPORT SERVICE ACTIVITIES (7%)	TRANSPORT/STORAGE (6%)
INFORMATION AND COMMUNICATION (6%)	ACCOMMODATION & FOOD SERVICE ACTIVITIES (6%)
PROFESSIONAL SERVICES (6%)	OTHER SERVICES (5%)
HUMAN, HEALTH AND SOCIAL WORK (3%)	OTHER (3%)
AGRICULTURE, FORESTRY & FISHING (3%)	EDUCATION (2%)

Assessing applications efficiently:

- ✓ **1,775** applications processed to full assessment
- ✓ **51** applications in progress at reporting date
- ✓ Endeavour to process complete applications within 10 days

Activity Levels covering period 1st October 2012 to 31st March 2016

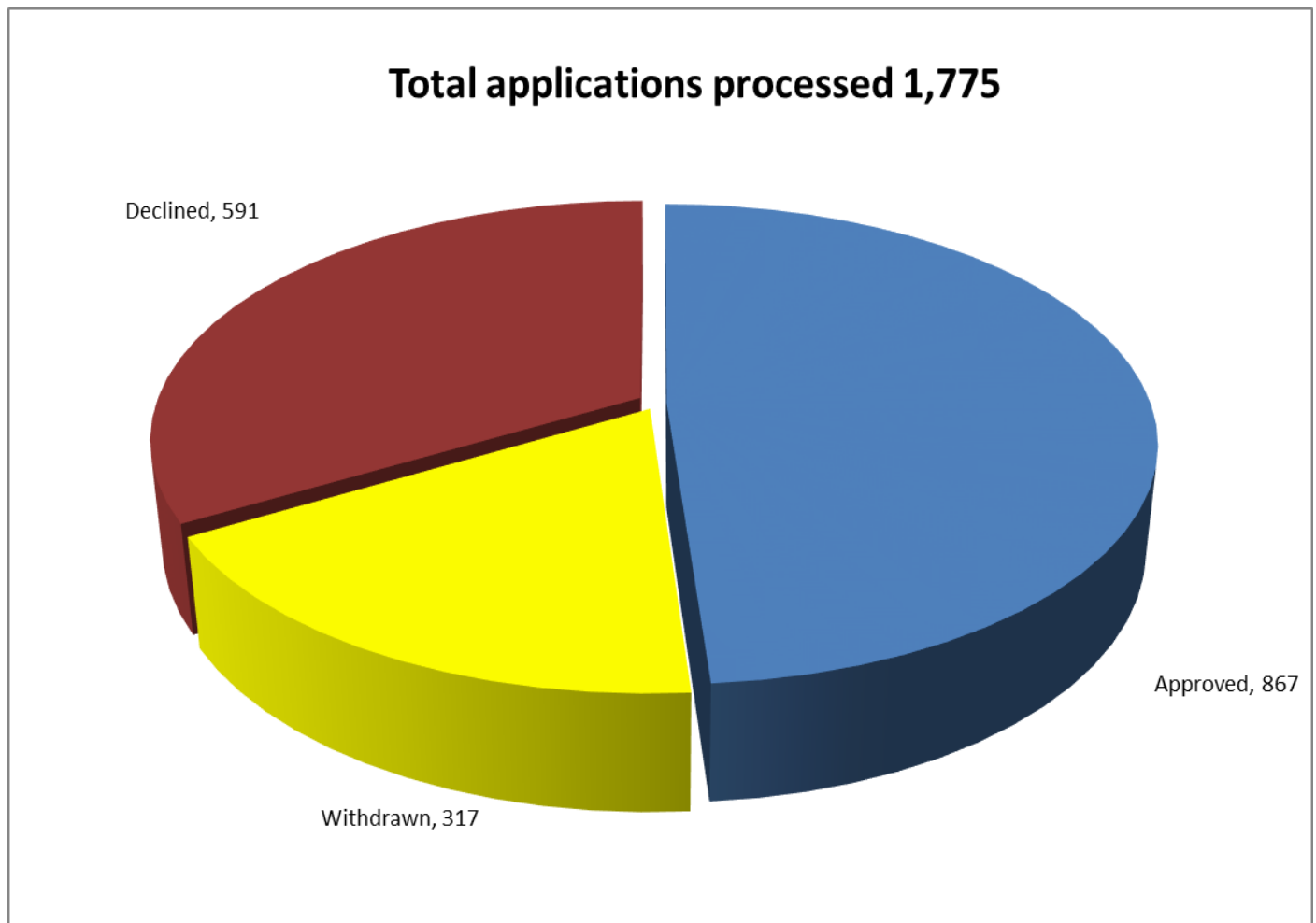
As at 31st March 2016, 867 micro-enterprise applications have been supported resulting in loans totalling €13.083M being approved through the Microenterprise Loan Fund Scheme. This represents an approval rate of 49% of applications fully processed.

In total 1,826 applications have been received of which 1,775 have been fully processed. Of these 867 have been approved and 908 have been declined or applications withdrawn/deferred. Work-in –progress accounted for 51 applications.

Net impact on Jobs

Microfinance Ireland is supporting a total 2,001 full-time equivalent jobs (net). This relates to 776 businesses, with 71 businesses supported having failed (10 in Qrt. 1 2016)

See Business Failures page 9.



Applications by Quarter

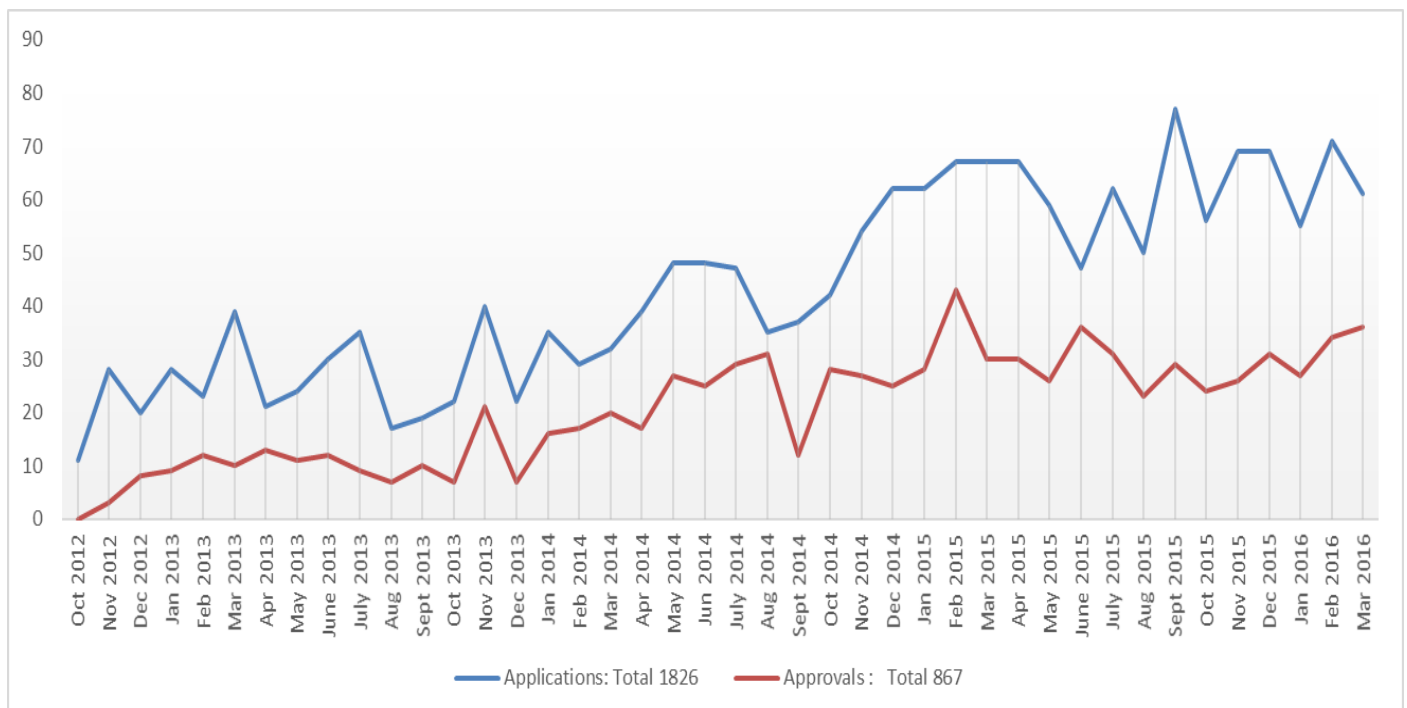
Approvals by Quarter **

Total Applications Received																
	2013		2014		Q1 2015		Q2 2015		Q3 2015		Q4 2015		Q1 2016		Total (1st October 2012 to 31st March 2016)	
Total Applications	379	€6.739M	508	€8.451	196	€3.252M	173	€2.799M	189	€3.308M	194	€2.958M	187	€2.965M	1826	€30.472M
Total Applications Received																
	2013		2014		Q1 2015		Q2 2015		Q3 2015		Q4 2015		Q1 2016		Total (1st October 2012 to 31st March 2016)	
Applications Processed		348		483		193		190		161		199		201		1775
Approved		139		274		101		92		83		81		97		867
Approval Rate		40%		57%		52%		48%		52%		41%		48%		49%
Approved (€'000)		2,159		4,159		1,506		1,479		1,310		1,083		1,387		13,083

** 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								
	2013	2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Total (1st October 2012 to 31st March 2016)
Applications Processed	348	483	193	190	161	199	201	1775
Approved	139	274	101	92	83	81	97	867
Approval Rate	40%	57%	52%	48%	52%	41%	48%	49%
Approved (€'000)	2,159	4,159	1,506	1,479	1,310	1,083	1,387	13,083
Total Applications Received								
No. of Employees	2013	2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Total (1st October 2012 to 31st March 2016)
1	60	141	60	46	43	38	52	440
2-3	56	86	28	28	18	23	25	264
4-5	16	22	9	6	9	9	11	82
6-9	10	25	4	12	13	11	9	84
10-50								
Prior period adj	-3	0						-3
Total No. of Loans	139	274	101	92	83	81	97	867
Average No. of Jobs per Loan	2.6	2.2	2.4	2.4	2.1	3.6	1.9	2.3

Activity by Loan Size

From 1st October 2012 to 31st March 2016, loans were granted in the following size range.

Euro	No. of Loans
≤25k	285
≤20k	103
≤15k	145
≤10k	167
≤5k	167
Total	867
Average loan size €15.1K	

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, 893 of our loan applications were received from the LEOs accounting for 49% of all of our applications. Of these applications received from the LEOs, 869 were fully processed by the 31st March 2016 resulting in 474 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

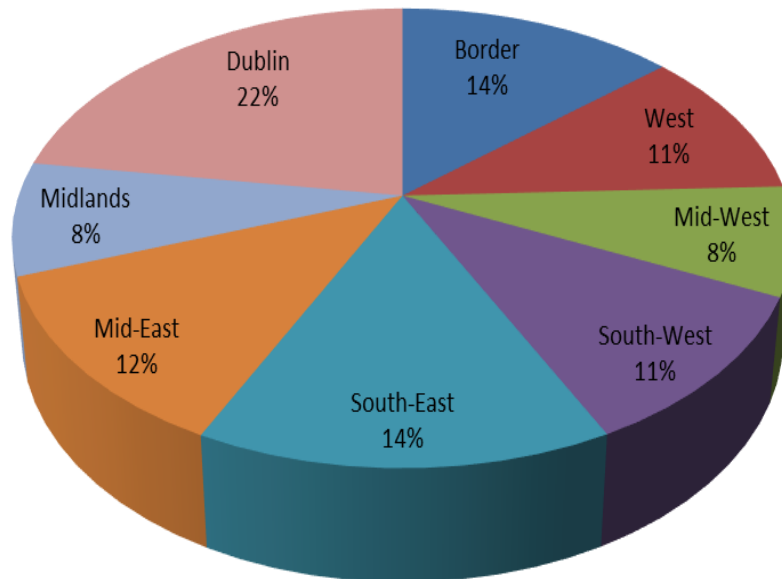
While the LEOs remain our primary referral partners there has been a steady flow of applications direct from enterprises, both existing and new businesses, seeking credit. In the period from inception Microfinance Ireland has received 933 applications directly which equates to 51% of all applications. Of the applications received directly, 906 were fully processed by the 31st March 2016 resulting in 393 being approved giving an approval rate of 43%.

Analysis of Approvals

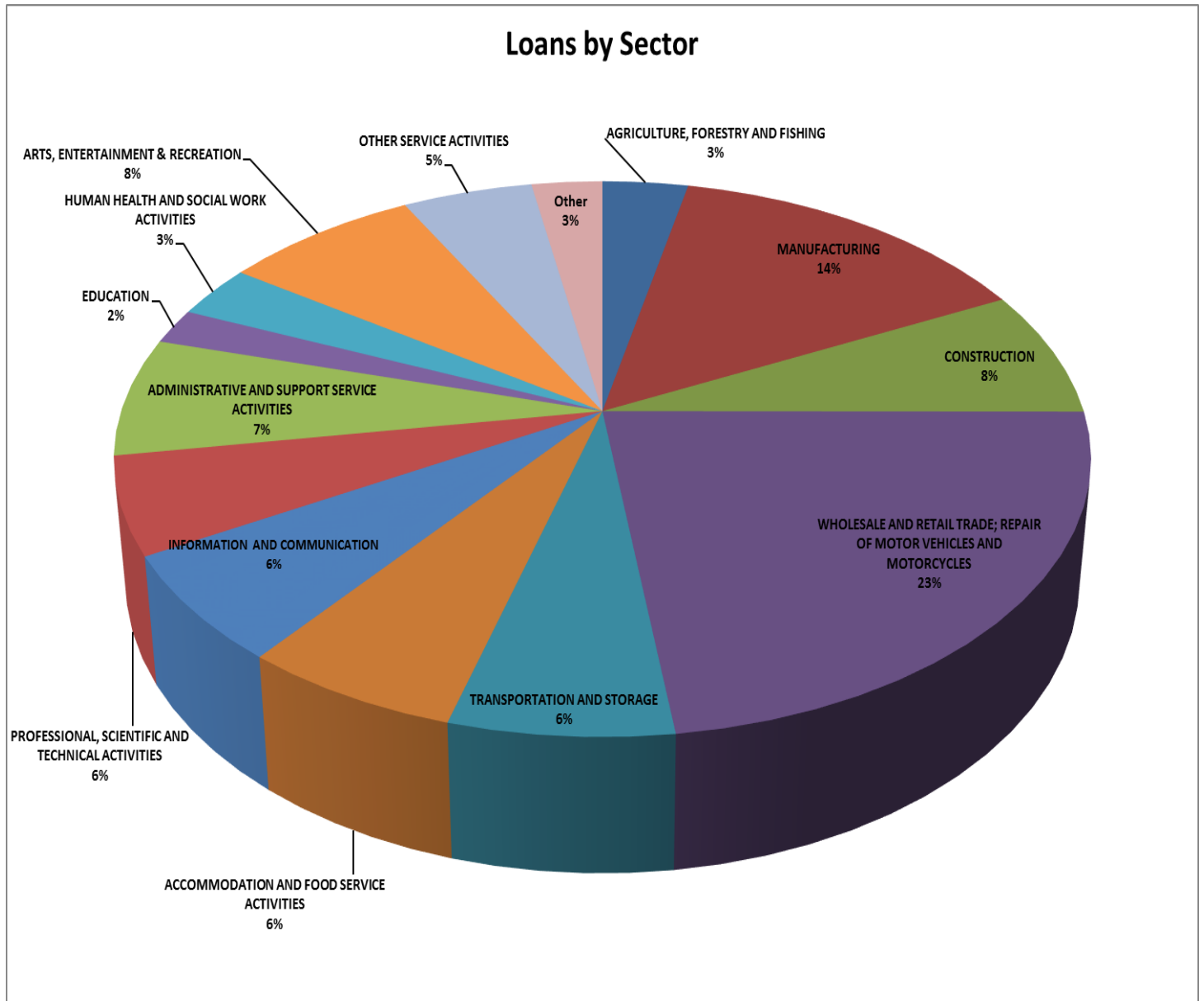
Geographical Spread – from 1st October 2012 to 31st March 2016

Geographical Spread					
County	Received	Approved	County	Received	Approved
Dublin	415	196	Clare	49	24
Cork	157	70	Laois	49	21
Limerick	92	42	Louth	46	17
Meath	90	42	Westmeath	46	21
Tipperary	76	33	Longford	40	13
Galway	71	38	Roscommon	38	21
Wexford	66	33	Sligo	38	27
Cavan	66	32	Monaghan	36	12
Kildare	62	34	Carlow	35	17
Waterford	61	28	Donegal	34	17
Wicklow	60	30	Kilkenny	33	15
Kerry	52	23	Offaly	32	14
Mayo	51	33	Leitrim	31	14
Total Applications Received: 1826					
Total Applications Approved: 867					

Approved Loans By Regions



Activity by Sector



Start-Up/Existing

Of the 867 loans approved, 488 were to start-up enterprises (<18 months) and 379 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 93 appeals from inception to 31st March 2016 and 18 of these cases have been approved on appeal (19%). These figures are included in the overall approval figures.

Activity by Borrower Type

- 349 microfinance loans were granted to Private Limited Companies
- 462 Sole Traders were granted a microfinance loan
- 56 Microfinance loans were granted to Partnerships

Gender Breakdown

Of the total applications received 76% (1389) were from male promoters and 24% (437) from female promoters. Of the loans approved as at 31st March 2016, 74% (642) were to male promoters while 26% (225) were to female promoters.

There were 15 loans approved to young entrepreneurs comprising almost 2% of all the applications approved to date.

Approved Applications	Volume	Value
Total Approved	867	13.083M
Start-Up (<18 months)	488	
Existing	379	
No. of Ltd. Co.	349	
No. of Sole Traders	462	
No. of Partnerships	56	
Female	225	
Male	642	
Youth (18-25 years old)	15	

Business Failures

Up to end March 2016, 91 businesses of the 867 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 January 2016 to 31st March 2016

Following a successful submission to DJEI in Q4 2015, Microfinance Ireland was given approval to recruit additional staff to establish a small Communications, Stakeholder engagement and Marketing team. This team is in place since February 2016.

A radio advertising and social media campaign took place in February with the focus of the campaign directed more towards local radio and targeted digital marketing through social media. There was a particular uplift in social media followers as a result of this, with both campaigns currently under review by our partner MediaVest. This is with a view to maximising our reach and ensuring a positive return on investment.

Ongoing engagement with PR Partner - Engage Ireland with a view to developing a PR Action Plan for the year leveraging a broad range of marketing activities planned. This followed the PR Strategy being approved by the Board in January 2016.

Throughout the quarter, MFI staff continued to attend events where there was an opportunity to promote the MFI Loan Fund Scheme. 14 events were attended during National Enterprise Week alone in March, which were run by the LEOs right across the country. In addition, MFI presentations were made at a number of Start-up programmes including 'Springboard' and 'Ignite Academy' programmes along with attendance at a number of seminars, exhibition events etc.

MFI have worked closely with Enterprise Ireland and the LEO Network on the completion of a formal protocol between Enterprise Ireland (on behalf of the LEOs) and Microfinance Ireland. A mentoring initiative has also been developed which will provide a mentor to MFI clients through their LEO. This initiative is almost finalised and will be launched early in Q2 2016. In addition, localised marketing collateral for the LEO network / MFI has been distributed to all LEOs to support the promotion of MFI Loan Fund locally.

MFI continue to leverage key stakeholder relationships to communicate MFI message to a broader target audience with email mailshot/video segment sent to business representative organisations (Chambers Ireland, ISME, SFA) along with 32nd Dail Deputies etc

Significant efforts were made again this quarter to improving the level of referrals from Banks, with meetings held with both AIB and Bank of Ireland. A number of options were explored regarding how MFI can leverage marketing capability within the Banks, with a positive response received in this regard. This continues to be a work in progress as we work with the Bank's Business, Marketing & frontline teams on a number of initiatives to improve Bank referrals.

The Board subcommittee for Marketing and Business Development has continued to provide ongoing support and guidance regarding the marketing and business development activity within Microfinance Ireland with a meeting held at end of Q1 to discuss detailed marketing plans and activities.