

Microfinance Ireland

Microenterprise Loan Fund Scheme for the period 1st October 2012 to 30th June 2014



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 30th June 2014 Microfinance Ireland has:

- ✓ **€4.141M value of loans approved**
- ✓ **601 net jobs supported in 261 micro-enterprises**
- ✓ **610 applications received**
- ✓ **54% approval rate**

Borrowers who have benefited:

- ✓ Average Loan size of **€15.9k**
- ✓ **83%** approvals granted to businesses employing **3 people or fewer**
- ✓ **59%** of approvals granted 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 (23%)	MANUFACTURING (15%)
ARTS, ENTERTAINMENT AND RECREATION (10%)	ACCOMMODATION AND FOOD SERVICE ACTIVITIES (6%)
ADMINISTRATION AND SUPPORT SERVICE ACTIVITIES (10%)	INFORMATION AND COMMUNICATION (8%)
ACCOMMODATION AND FOOD SERVICE ACTIVITIES (6%)	OTHER (22%)

Assessing applications efficiently:

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

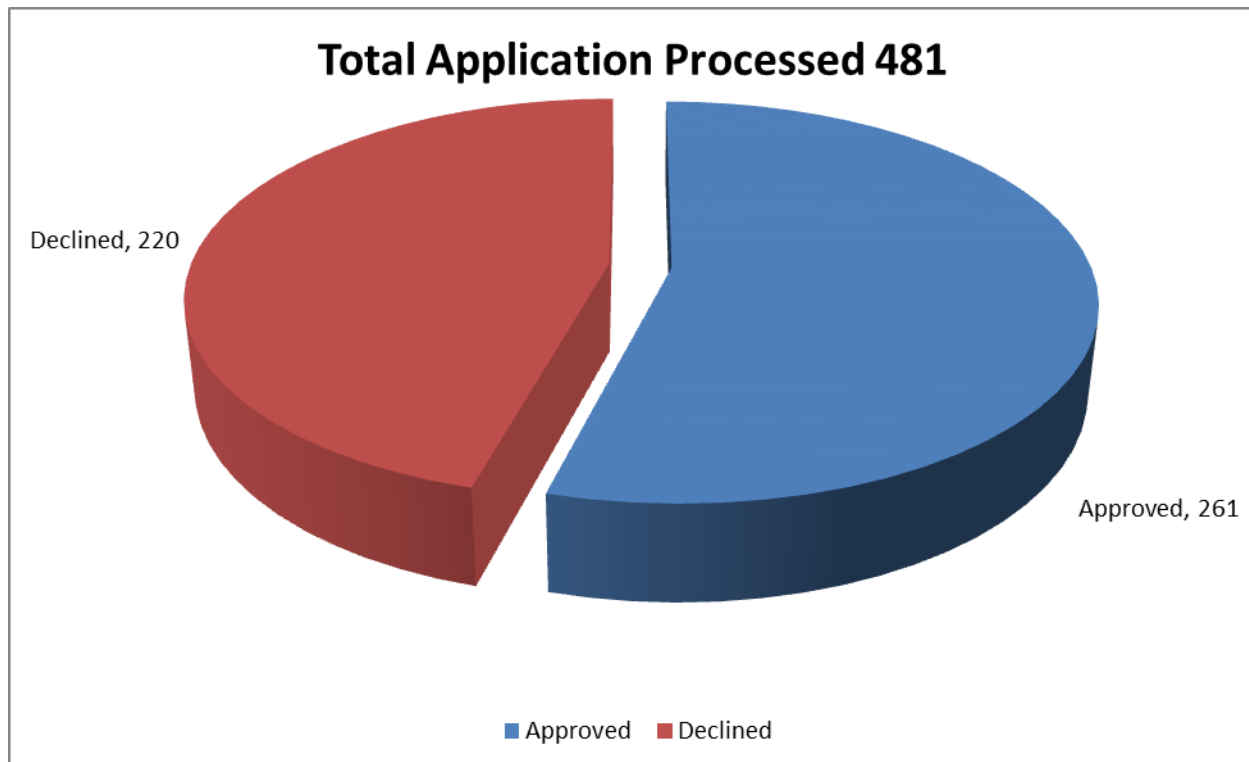
Activity Levels covering period 1st October 2012 to 31st June 2014

As at 30th June 2014, 261 micro-enterprise applications have been supported resulting in loans totalling €4.141 M being approved through the Microenterprise Loan Fund Scheme. This represents an approval rate of 54% of applications fully processed.

In total 610 applications have been received of which 481 have been fully processed. Of these 261 have been approved and 220 have been declined. Work-in –progress accounted for 46 applications and others * represented 83 applications for reasons listed below.

Net impact on Jobs

Two businesses were previously reported as having ceased trading. The remaining 259 loans from Microfinance Ireland are supporting a total of 601 full-time equivalent jobs (net).



* Others include

- Applicant deferred application to re-evaluate business proposal
- Information requirements not supplied to MFI
- Applicant referred to local LEO 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)	Q2 2013 (1 st April 2013 to 30 th June 2013)		Q3 2013 (1 st July 2013 to 30 th September 2013)		Q4 2013 (1 st October 2013 to 31 st December 2013)		Q1 2014 (1 st January 2014 to 31 st March 2014)		Q2 2014 (1 st April 2014 to 30 th June 2014)		Total (1 st October 2012 to 30 th June 2014)		
Total Applications	149	€2.78M	75	€1.297M	71	€1.288M	84	€1.374M	96	€1.642M	135	€2.368M	610	€10.754M

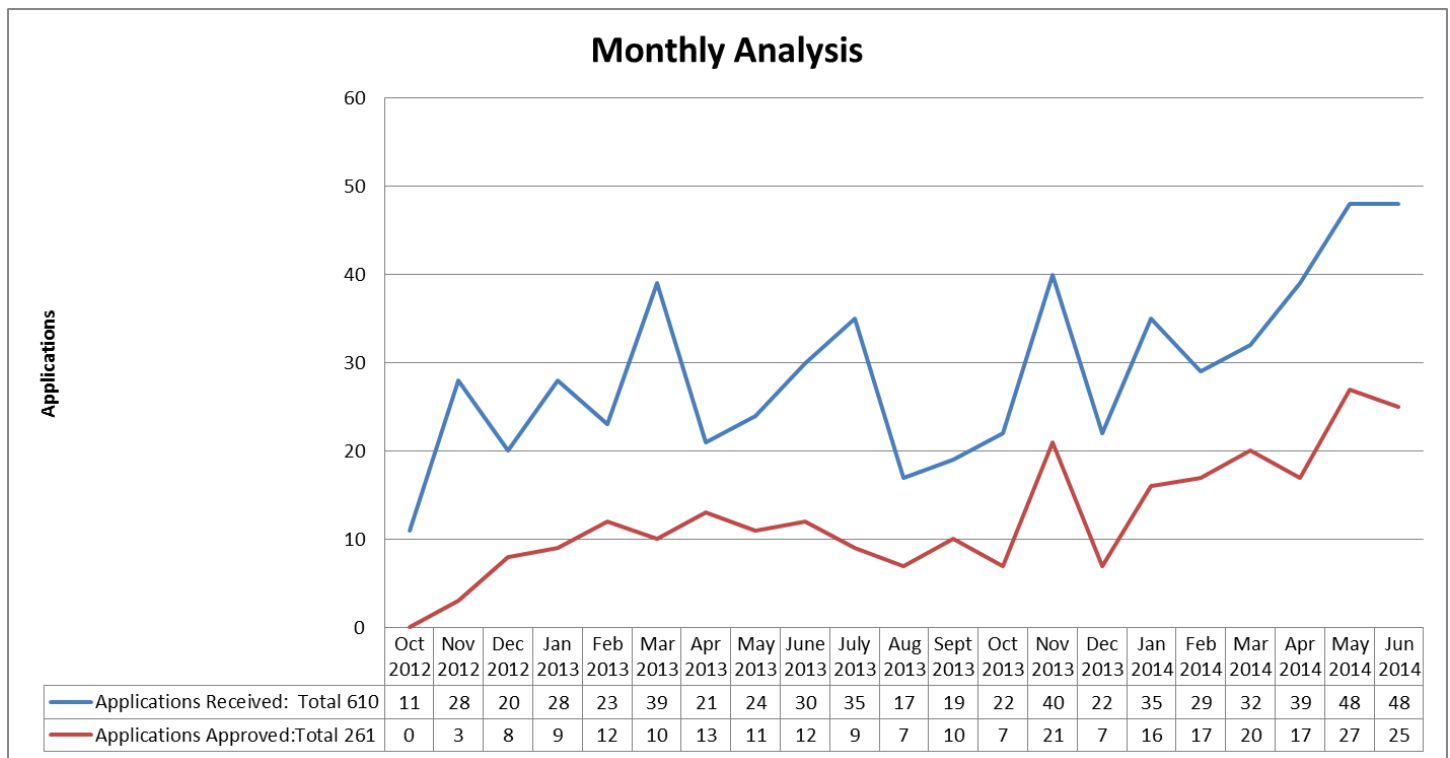
Approvals by Quarter **

Total Applications Processed to Final Conclusion												
	Launch Phase (1 st October 2012 to 31 st March 2013)	Q2 2013 (1 st April 2013 to 30 th June 2013)		Q3 2013 (1 st July 2013 to 30 th September 2013)		Q4 2013 (1 st October 2013 to 31 st December 2013)		Q1 2014 (1 st January 2014 to 31 st March 2014)		Q2 2014 (1 st January 2014 to 30 th June 2014)		Total (1 st October 2012 to 30 th June 2014)
Applications Processed	102	77	60	57	78	107	481					
Approved	43	35	26	35	53	69	261					
Approval Rate	42%	45%	43%	61%	68%	64%	54%					
Approved (€'000)	700	543	347	569	863	1119	4,141					

** 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 Micro-enterprises						Total (1 st October 2012 to 31 st March 2014)
	Launch Phase (1 st October 2012 to 31 st March 2013)	Q2 2013 (1 st April 2013 to 30 th June 2013)	Q3 2013 (1 st July 2013 to 30 th September 2013)	Q4 2013 (1 st October 2013 to 31 st December 2013)	Q1 2014 (1 st January 2014 to 31 st March 2014)	Q2 2014 (1 st March 2014 to 30 th June 2014)	
1	11	17	19	13	25	35	120
2-3	22	13	5	16	19	21	96
4-5	9	3	1	3	3	7	26
6-9	2	3	2	3	6	6	22
Prior period adj	-1	-1	-1	0	0		-3
Total No. of Loans	43	35	26	35	53	69	261
Average No. of Jobs per Loan	2.6	2.1	1.5	2.5	2.5	2.3	2.3

Activity by Loan Size

From 1st October 2012 to 30th June 2014, loans were granted in the following size range.

Euro	No. of Loans
≤25k	91
≤20k	32
≤15k	44
≤10k	54
≤5k	40
Total	261
Average loan size €15.9k	

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, 281 of our loan applications were received from the LEOs accounting for 46% of all of our applications. Of these applications received from the LEOs, 237 were fully processed by the 30th June 2014 resulting in 137 being approved giving an approval rate of 58%. The LEOs also support MFI applicants with their application, relevant business training and both pre and post loan mentoring assistance.

Direct Applications

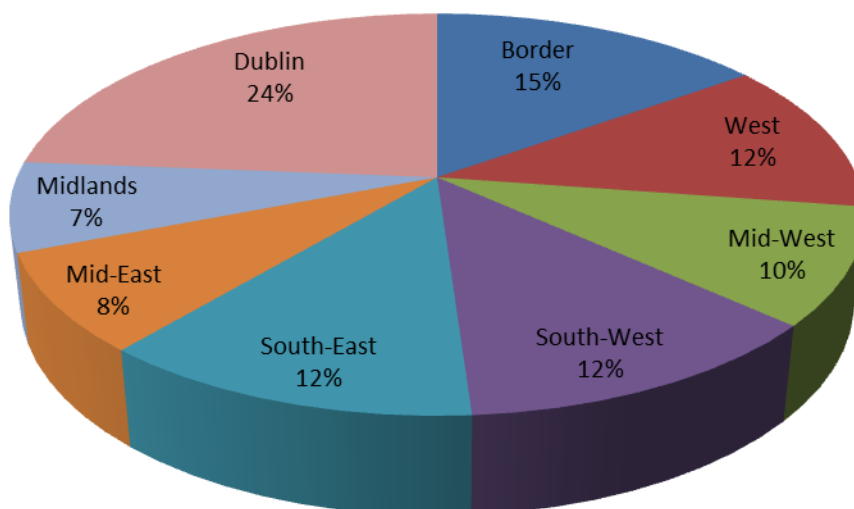
While the LEOs remain our primary referral partners there has been a steady flow of applications direct from enterprises, both existing and new businesses, seeking credit. In the period from inception Microfinance Ireland has received 329 applications directly which equates to 54% of all applications. Of the applications received directly, 244 were fully processed by the 30th June 2014 resulting in 124 being approved giving an approval rate of 51%.

Analysis of Approvals

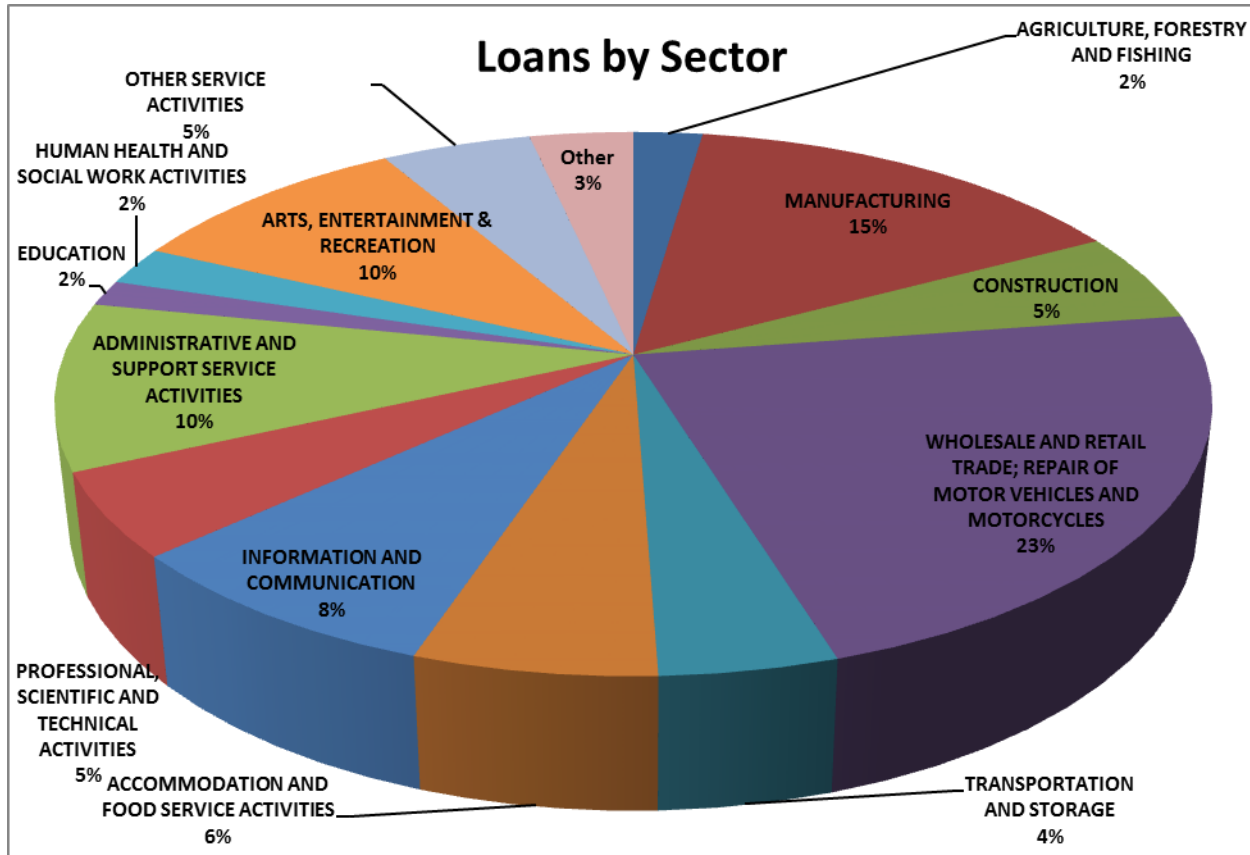
Geographical Spread - from 1st October 2012 to 30th June 2014

Geographical Spread					
County	Received	Approved	County	Received	Approved
Dublin	143	64	Kildare	16	5
Cork	58	24	Monaghan	16	4
Limerick	33	14	Donegal	15	8
Meath	30	10	Waterford	14	8
Wicklow	28	15	Westmeath	13	5
Galway	24	12	Sligo	12	9
Wexford	23	9	Carlow	12	6
Tipperary	23	6	Clare	12	5
Mayo	21	13	Roscommon	11	4
Cavan	20	10	Leitrim	9	0
Kerry	20	9	Longford	8	1
Louth	18	5	Kilkenny	7	4
Laois	17	7	Offaly	7	4
Total Applications Received: 610					
Total Applications Approved: 261					

Loans by Region



Activity by Sector



Start-Up/Existing

Of the 261 loans approved, 155 were to start-up enterprises (<18 months) and 106 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 45 appeals from inception to 30th June 2014 and 12 of these cases have been approved on appeal (27%). These figures are included in the overall approval figures.

Activity by Borrower Type

- 113 microfinance loans were granted to Private Limited Companies
- 134 Sole Traders were granted a microfinance loan
- 14 microfinance loans were granted to Partnerships

Gender Breakdown

Of the total applications received 79% were from male promoters and 21% from female promoters. Of the loans approved as at 30th June 2014, 77% were to male promoters while 23% were to female promoters.

There were 10 loans approved to young entrepreneurs comprising almost 4% of all the applications approved to date.

Approved Applications	Volume	Value
Total Approved	261	€4.141M
Start-Up (<18 months)	155	
Existing	106	
No. of Ltd. Co.	113	
No. of Sole Traders	134	
No. of Partnerships	14	
Female	60	
Male	201	
Youth (18-25 years old)	10	

ADVERTISING, PROMOTION AND COMMUNICATION OF THE MFI LOAN FUND SCHEME April to June 2014

Advertising Activity:

Radio Advertisements:

Two one week bursts of advertising on RTE radio 1 took place week commencing 7th April and 24th April with thirty four 30 second spots over fourteen days. The advertisements reflected the new LEO branding.

There were also two 1 week bursts of advertising on Newstalk, with 70 thirty second spots advertising access to credit through Microfinance Ireland and our partners in the LEO network.

MFI Website:

The MFI website www.microfinanceireland.ie, supported by a *Google Adwords* campaign, attracted 10,142 visits during this three month period, with 69% being first time visitors.

Case studies profiling a range of businesses that received credit from MFI were published on the website as part of our ongoing public relations and awareness campaign. In addition video case studies were commissioned that will be used on the website, you tube channel and for marketing opportunities at exhibitions, presentations and relevant marketing events.

MFI is also now featured on the Supporting SMEs campaign online portal launched in May and embedded on the LEOs websites and also on the MFI website. This is an online guide with 8 simple questions that allows business people find out about state sponsored supports for their business. The portal contains all relevant application information on MFI as well as a link to the MFI website.

Twitter:

MFI Twitter account has 800 followers to our twitter feed which is linked in to both the MFI Facebook account and on MFI website.

Case Studies Videography:

We have set up a You Tube channel to showcase successful borrowers at work in their enterprise. We have commenced work with a videographer to produce small video clips for the website. These are a useful marketing tool that can be used as testimonials for the impact of micro credit on small business.

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

Outreach marketing activity continues through a range of Business Conferences, Access to Finance Seminars, Breakfast Briefings and Networking Events. Ongoing seminars and briefings took place throughout the country and were aimed at both general and sector specific audiences such as Chambers of Commerce, Accountancy Bodies, Women in Business and Start up and Existing Business and representative groups. Below is listed a representative sample of the events MFI presented at :-

- **EI Community Enterprise Centres Managers** who run over 120 enterprise centres nationally with a population of 5,000 + tenants.
- **Enterprise Ireland Business Advisors** (50+ advisors) who are the EI staff who deal with micro and HPSU start-ups.
- **Skillnets Management Works** training events.
- **Local Development Companies** MFI held regional briefings aimed at promotion of the MFI loans and to brief on the ongoing development and pilot of the new Small Loan product.
- **LEO** launches nationally
- **Cork Taking Care of Business** Event
- **Carrick on Suir Employment Expo**
- **Kerry Funding Alternatives for Growing Business**
- **Wexford Alternative sources of Funding Workshop**
- **Ilac Library Business Start-ups Seminar**
- **Terenure Enterprise Centre Alternative Sources of Funding**
- **Alternative Sources of Finance Conference** Dungarvan
- **Kilkenny Chamber of Commerce MFI Business Briefing**
- **Wexford Chamber of Commerce MFI Business Briefing**
- **Mullingar Chamber MFI Business Briefing**
- **Cavan Chamber of Commerce MFI Business Briefing**
- **Carlow Enterprise Bootcamp**
- **MFI briefing to International Conference of Council Small Business**
- **Workshop at the Women's Entrepreneurship Forum**
- **Meath Partnership Entrepreneurship Conference**

LEO launches:

In support of our partners in the LEO offices and subsequent sign off of the Service Level Agreement we attended a range of the Local Enterprise Office (LEO) launches. Briefings were also conducted with the new LEO network Business Advisors to ensure that they were fully briefed on the MFI loan product and processes. Credit training workshops are scheduled to be held in Q3 to ensure quality assurance of referrals across all LEOs.

Brochureware:

Brochures continue to be disseminated to our partners in the LEO network in addition to Department of Social Protection divisional and local offices throughout the country in addition to supplying a range of brochureware to relevant business groups such as ISME, Chambers Ireland and the Small Firms Association.

Publicity:

Articles were published for various trade and industry magazines.

To back up the Chamber of Commerce MFI briefings nationally, there was a one page feature in the Chambers Ireland publication, backed up by inclusion in the monthly e-zine bulletin to members (circulation 1,900) and feature on the local and national Chambers of Commerce website.

An article on MFI was also featured in **Banking Ireland**, published by the Institute of Banking with a circulation of 25,000 through the banking sector.

Accountancy professionals Westboro partners in Cork did an article on MFI for publication in their magazine that has a circulation of 15,000 hard copies to business owners nationally. This article was replicated by 1,000 hard copies circulated to 80 accountancy practices nationally for own branding. There was also an introduction to MFI featured in an accountancy ezine published by Westboro partners with a circulation of over 40,000 owner managers nationally.

MFI also had an article published by ezine to over 2,000 micro owner managed companies in the retail sector through the

- Sports Retailers Association (ISRA)
- Stationary Suppliers Association
- Schools Uniforms Association

Launch of Small Loans (<€5k) product:

A small loan product has been launched aimed primarily at unemployed people who are progressing on to the Back to Work scheme and who may simply want a very small loan up to €5k. The objective was to allow an LDC client to apply for credit using a simplified application form, backed up by a short business plan with a one page income and expenditure schedule. Self-certification of a bank refusal is accepted and the support of the LDC enterprise officer is required in all cases.

The loan is currently being rolled out to both the LDC and LEO networks. There was a launch of the product at the MFI sponsored inaugural Micro Business Award Ceremony for BTWEA clients on 13th June with Minister Perry and Norma Smurfit awarding certificates.

Sponsorship:

In addition to networking and speaking engagements, MFI sponsored the inaugural Irish Local Development Network BTWEA Enterprise Awards held in Cavan on 13th June. This award event is to celebrate the achievements of people who moved from welfare to work through the support of the DSP Back to Work Allowance scheme and with a small loan from MFI.

European Microfinance Network

MFI was invited to speak at the EMN conference in June to speak on the topic of **Microfinance, Self-Employment and Job Creation**. The Small Loans product was presented as an example of MFIs engagement in Labour Market Activation through the opportunities small loans offer to BTWEA recipients to get a small enterprise started, thereby assisting them back into the labour market. Ireland won the bid to be host for the next European Microfinance Conference in June 2015. The announcement of Ireland and MFI as hosts was made at the conference in Lisbon.

MFI engagement with Banks:

MFI continues to engage closely with the main SME Banks to help promote awareness of the Loan Fund Scheme. Meetings with the main SME Banks are held on a regular basis to discuss market trends and to explore and progress initiatives that are intended to raise and maintain awareness of bank referral to MFI (for customers that have been declined credit or sufficient credit) to help identify MFI co funding opportunities. Both AIB and Bank of Ireland include a reference to MFI in letters to customers that have been declined bank credit facilities. MFI and the SME Banks are also working on a number of initiatives which are expected to improve the number of applications to MFI.