

# Microfinance Ireland

## Microenterprise Loan Fund Scheme for the period 1<sup>st</sup> October 2012 to 30<sup>th</sup> June 2016

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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 30th June 2016 Microfinance Ireland has:

- ✓ **€14.603M** value of loans approved
- ✓ **€12.107M** value of loans drawn
- ✓ **€2.187M** value of loans drawn in 6 months to June 2016
- ✓ **2,187** net jobs supported in 976 micro-enterprises
- ✓ **2,049** applications received
- ✓ **831** loans drawn
- ✓ **166** loans drawn in 6 months to June 2016
- ✓ **49%** approval rate

### Borrowers who have benefited:

- ✓ Average Loan size of **€15K**
- ✓ **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 <b>(23%)</b>	MANUFACTURING <b>(14%)</b>
ARTS, ENTERTAINMENT AND RECREATION <b>(8%)</b>	CONSTRUCTION <b>(7%)</b>
ADMINISTRATION & SUPPORT SER. ACTIVITIES <b>(7%)</b>	ACCOMMODATION & FOOD SERVICE ACTIVITIES <b>(7%)</b>
INFORMATION AND COMMUNICATION <b>(6%)</b>	TRANSPORT/STORAGE <b>(6%)</b>
PROFESSIONAL, SCIENTIFIC & TECH ACTIVITIES <b>(5%)</b>	OTHER SERVICES <b>(5%)</b>
AGRICULTURE, FORESTRY & FISHING <b>(4%)</b>	OTHER <b>(3%)</b>
HUMAN, HEALTH AND SOCIAL WORK <b>(3%)</b>	EDUCATION <b>(2%)</b>

### Assessing applications efficiently:

- ✓ **1,990** Applications processed to full assessment
- ✓ **59** 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 30<sup>th</sup> June 2016

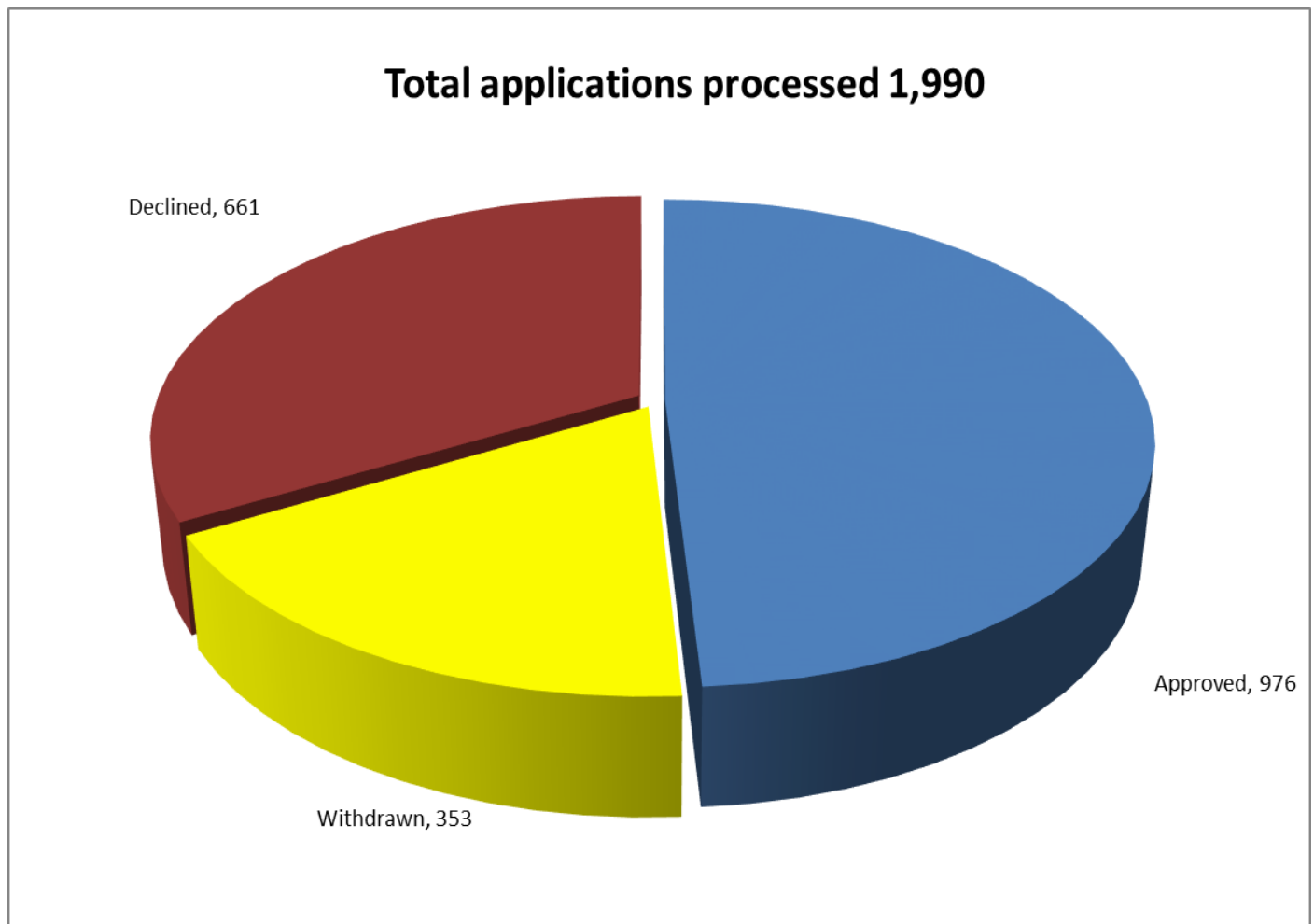
As at 30<sup>th</sup> June 2016, 976 micro-enterprise applications have been supported resulting in loans totalling €14.603M being approved through the Microenterprise Loan Fund Scheme. This represents an approval rate of 49% of applications fully processed.

In total 2,049 applications have been received of which 1,990 have been fully processed. Of these 976 have been approved and 1,014 have been declined or applications withdrawn/deferred. Work-in –progress accounted for 59 applications.

### Net impact on Jobs

Microfinance Ireland is supporting a total 2,187 full-time equivalent jobs (net). This relates to 889 businesses, with 87 businesses supported having failed (16 in Qrt. 2 2016)

See Business Failures page 9.



## Applications by Quarter

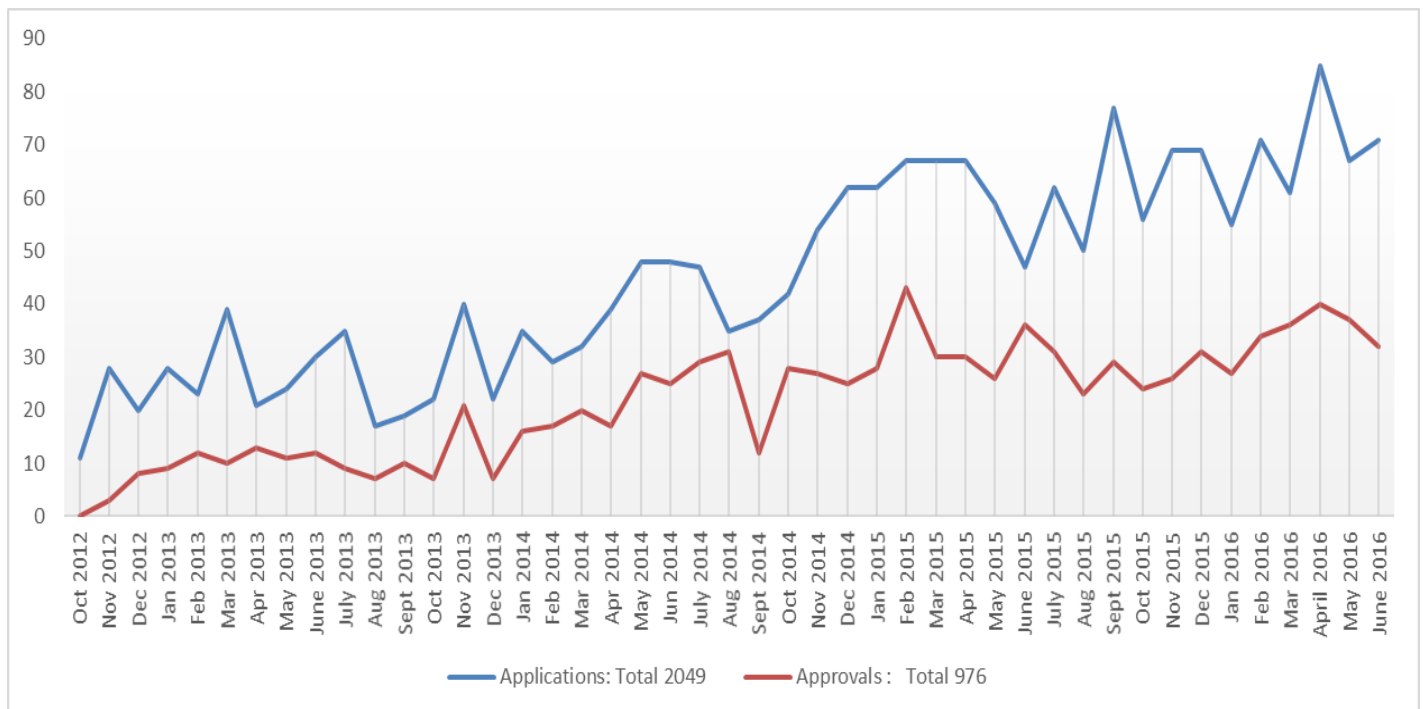
## Approvals by Quarter \*\*

Total Applications Received																		
	2013		2014		Q1 2015		Q2 2015		Q3 2015		Q4 2015		Q1 2016		Q2 2016		Total (1st October 2012 to 30th June 2016)	
<b>Total Applications</b>	379	€6.739M	508	€8.451	196	€3.252M	173	€2.799M	189	€3.308M	194	€2.958M	187	€2.965M	223	€3.579M	2049	€34.051M
Total Applications Received																		
	2013		2014		Q1 2015		Q2 2015		Q3 2015		Q4 2015		Q1 2016		Q2 2016		Total (1st October 2012 to 30th June 2016)	
Applications Processed		348		483		193		190		161		199		201		215		1990
Approved		139		274		101		92		83		81		97		109		976
Approval Rate		40%		57%		52%		48%		52%		41%		48%		51%		49%
Approved (€'000)		2,159		4,159		1,506		1,479		1,310		1,083		1,387		1,520		14,603

\*\* 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									
No. of Employees	2013	2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Total (1st October 2012 to 30th June 2016)
1	60	141	60	46	43	38	52	67	507
2-3	56	86	28	28	18	23	25	24	288
4-5	16	22	9	6	9	9	11	11	93
6-9	10	25	4	12	13	11	9	7	91
10-50									
Prior period adj	-3	0							-3
<b>Total No. of Loans</b>	<b>139</b>	<b>274</b>	<b>101</b>	<b>92</b>	<b>83</b>	<b>81</b>	<b>97</b>	<b>109</b>	<b>976</b>
<b>Average No. of Jobs per Loan</b>	<b>2.6</b>	<b>2.2</b>	<b>2.4</b>	<b>2.4</b>	<b>2.1</b>	<b>3.6</b>	<b>1.9</b>	<b>1.7</b>	<b>2.2</b>

## Activity by Loan Size

From 1<sup>st</sup> October 2012 to 30<sup>th</sup> June 2016, loans were granted in the following size range.

Euro	No. of Loans
≤25k	311
≤20k	116
≤15k	167
≤10k	188
≤5k	194
<b>Total</b>	<b>976</b>
<i>Average loan size €15K</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, 1,006 of our loan applications were received from the LEOs accounting for 49% of all of our applications. Of these applications received from the LEOs, 978 were fully processed by the 30<sup>th</sup> June 2016 resulting in 534 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 1043 applications directly which equates to 51% of all applications. Of the applications received directly, 1012 were fully processed by the 30<sup>th</sup> June 2016 resulting in 442 being approved giving an approval rate of 44%.

### Banks

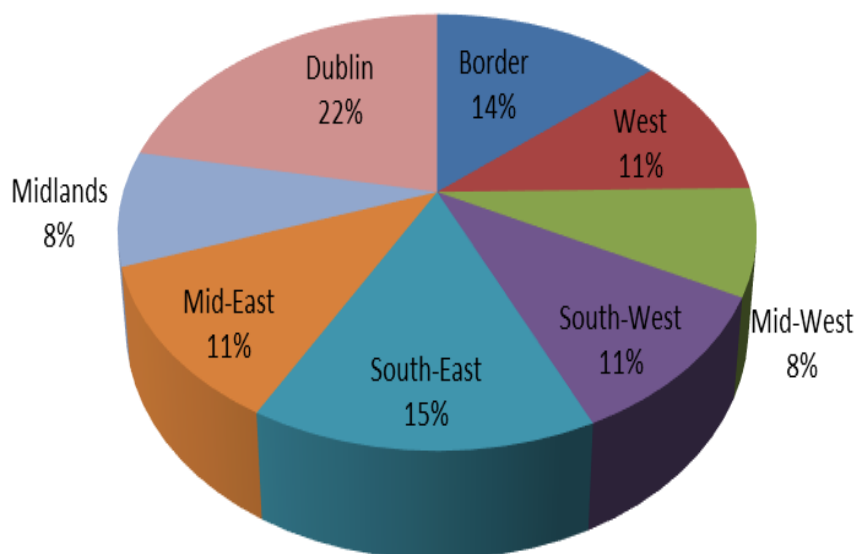
There has been significant progress in the level of Bank Leads (Referrals) with 83 made to MFI during the quarter. Engagement with the Banks is ongoing with a view to building on this pipeline and to achieve a consistent flow of leads from all the Banks on an ongoing basis.

## Analysis of Approvals

### Geographical Spread – from 1<sup>st</sup> October 2012 to 30<sup>th</sup> June 2016

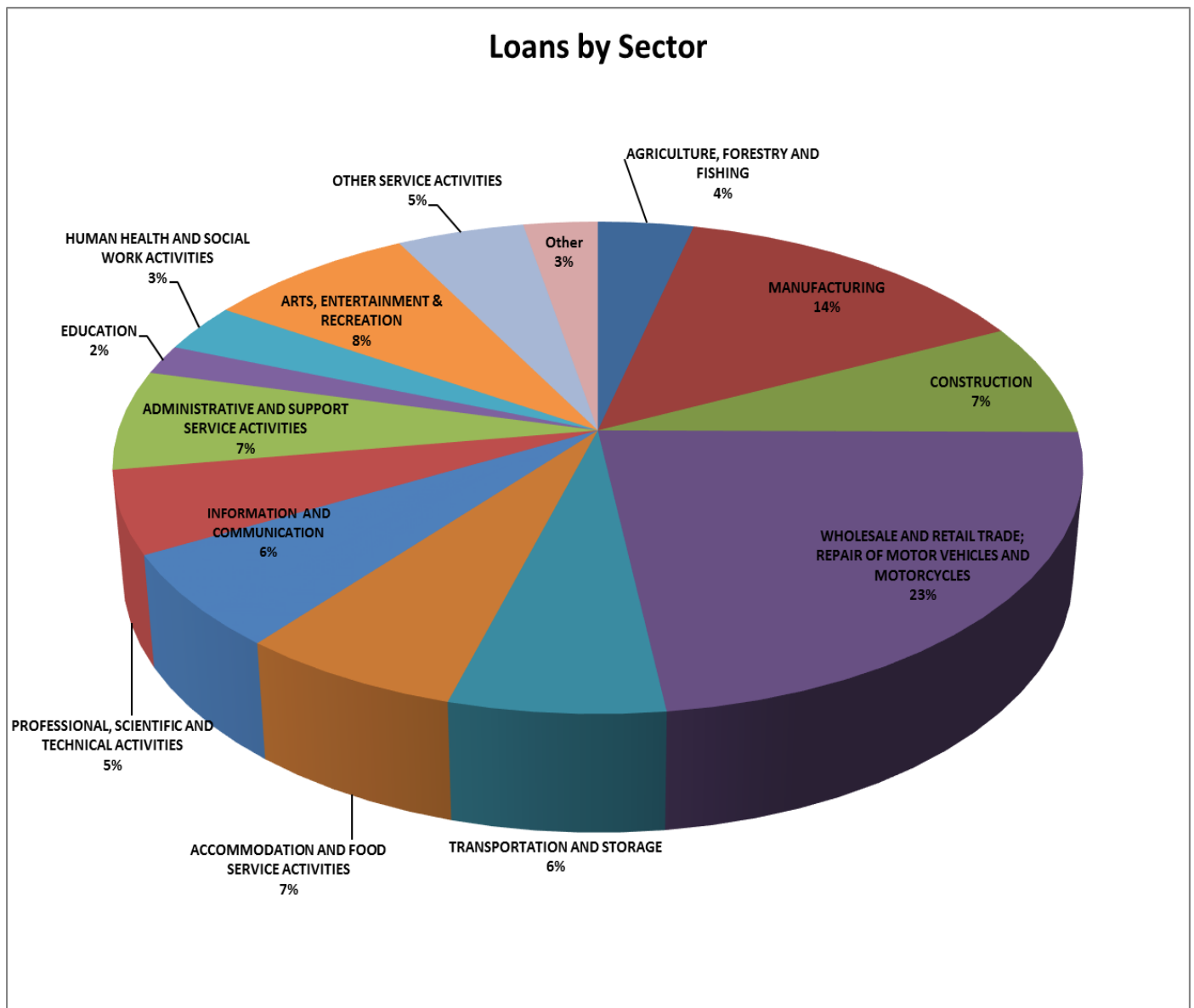
Geographical Spread					
County	Received	Approved	County	Received	Approved
Dublin	460	214	Clare	57	28
Cork	172	79	Laois	55	23
Meath	102	44	Louth	55	19
Limerick	101	49	Westmeath	53	25
Tipperary	89	40	Longford	46	18
Galway	81	46	Roscommon	46	23
Kildare	73	38	Sligo	44	33
Wexford	71	38	Monaghan	40	13
Cavan	71	36	Donegal	39	18
Waterford	70	33	Kilkenny	37	15
Wicklow	64	31	Offaly	37	17
Kerry	59	25	Carlow	36	18
Mayo	57	37	Leitrim	34	16
<b>Total applications Received: 2,049</b> <b>Total applications approved: 976</b>					

### Approved Loans By Regions





## Activity by Sector



## Start-Up/Existing

Of the 976 loans approved, 543 were to start-up enterprises (<18 months) and 433 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 108 appeals from inception to 30<sup>th</sup> June 2016 and 20 of these cases have been approved on appeal (19%). These figures are included in the overall approval figures.

## Activity by Borrower Type

- 389 microfinance loans were granted to Private Limited Companies
- 520 Sole Traders were granted a microfinance loan
- 67 Microfinance loans were granted to Partnerships

## Gender Breakdown

Of the total applications received 76% (1556) were from male promoters and 24% (493) from female promoters. Of the loans approved as at 30<sup>th</sup> June 2016, 75% (728) were to male promoters while 25% (248) were to female promoters.

There were 18 loans approved to young entrepreneurs comprising almost 2% of all the applications approved to date.

Approved Applications	Volume	Value
<b>Total Approved</b>	976	14.603M
<b>Start-Up (&lt;18 months)</b>	543	
<b>Existing</b>	433	
<b>No. of Ltd. Co.</b>	389	
<b>No. of Sole Traders</b>	520	
<b>No. of Partnerships</b>	67	
<b>Female</b>	248	
<b>Male</b>	728	
<b>Youth (18-25 years old)</b>	18	

## Business Failures

Up to end June 2016, 87 businesses of the 976 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

**1<sup>st</sup> April 2016 to 30<sup>th</sup> June 2016**

A strong focus on advertising, promotion and communication continued during the quarter across a broad range of marketing activities.

Two significant milestones achieved were the introduction of the Mentoring Programme in May and the external announcement of the 1% interest rate reduction which was made in June and taking effect from 1<sup>st</sup> July.

The Mentoring Programme provides vital support to Start-Up and Existing Businesses who have been approved finance from Microfinance Ireland and is delivered through the Local Enterprise Offices. By the end of June, 24 mentoring assignments had been arranged for both LEO referred and Direct applicants.

A comprehensive PR campaign was undertaken around these two important initiatives with comprehensive coverage and profile across national press and digital media.

MFI continued to produce Video customer success stories and 'VLOG Tutorials' as a key element of our PR approach. 4 MFI clients participated and these have now been published along with a series of 'How To' videos in an effort to guide MFI applicants through the process. These have been circulated across all social media, MFI's website and through the LEOs. Customer Success Stories will continue to be produced each quarter with a variety of different businesses in various regions of Ireland.

MFI had ongoing engagement with the Irish Local Development Network (ILDN), who potentially could be a strong source of MFI referrals as they deal with a large number of clients who are on the Back to Work Enterprise Allowance (BTWEA) and at various stages of self-employment. MFI workshops were held with ILDN Enterprise Officers in Limerick & Cavan during June with additional sessions scheduled for Q3.

In Q2, MFI staff continued to attend a large number of events (25+) around the country, including 5 'Fuelling Ambition Roadshows' co-hosted by Enterprise Ireland & Network Ireland aimed at female entrepreneurs, Funding seminars hosted by Local Chambers, LEOs, Small Firms Association etc. and other speaking engagements with a variety of stakeholders. In addition, MFI presented at various initiatives promoting entrepreneurship and employment initiatives such as The Travellers Movement and Ignite Academy Ireland to promote our ethos of social inclusion. 2 MFI staff attended the Annual European Microfinance Network Conference in Warsaw establishing valuable connections internationally and gaining considerable insights on a broad range of topics with ~300 European delegates in attendance.

A structured programme is now in place to manage all enquiries received across all media (Email, Phone, Facebook etc.) with proactive contact with the aim of assisting any interested parties through the MFI application process. As at the end of June, a 16% conversion rate of Enquiries to Applications submitted was achieved and this exercise has been well received by potential applicants.

There has been significant progress in the level of Bank Leads (Referrals) with 83 made to MFI during the quarter. Engagement with the Banks is ongoing with a view to building on this pipeline and to achieve a consistent flow of leads from all the Banks on an ongoing basis.

