

Microfinance Ireland

Microenterprise Loan Fund Scheme for the period 1st October 2012 to 31th December 2014



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' 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	6
Analysis of Approvals	7
Geographical Spread	7
Activity by Sector	8
Start-Up/Existing	8
Appeals Process	8
Activity by Borrower Type	9
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 for commercially viable proposals that have been declined credit by commercial banks.

From inception 01 October 2012 to 31st December 2014 Microfinance Ireland has:

- ✓ **€6.318M value of loans approved**
- ✓ **891 net jobs supported in 413 micro-enterprises**
- ✓ **887 applications received**
- ✓ **59% approval rate**

Borrowers who have benefited:

- ✓ Average Loan size of **€15.3K**
- ✓ **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 (25%)	MANUFACTURING (15%)
ARTS, ENTERTAINMENT AND RECREATION (8%)	ADMINISTRATION AND SUPPORT SERVICE ACTIVITIES (9%)
TRANSPORT (7%)	INFORMATION AND COMMUNICATION (6%)
CONSTRUCTION (6%)	ACCOMMODATION & FOOD SERVICE ACT (4%)
PROFESSIONAL SERVICES (5%)	OTHER SERVICES (5%)
OTHER (10%)	

Assessing applications efficiently:

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

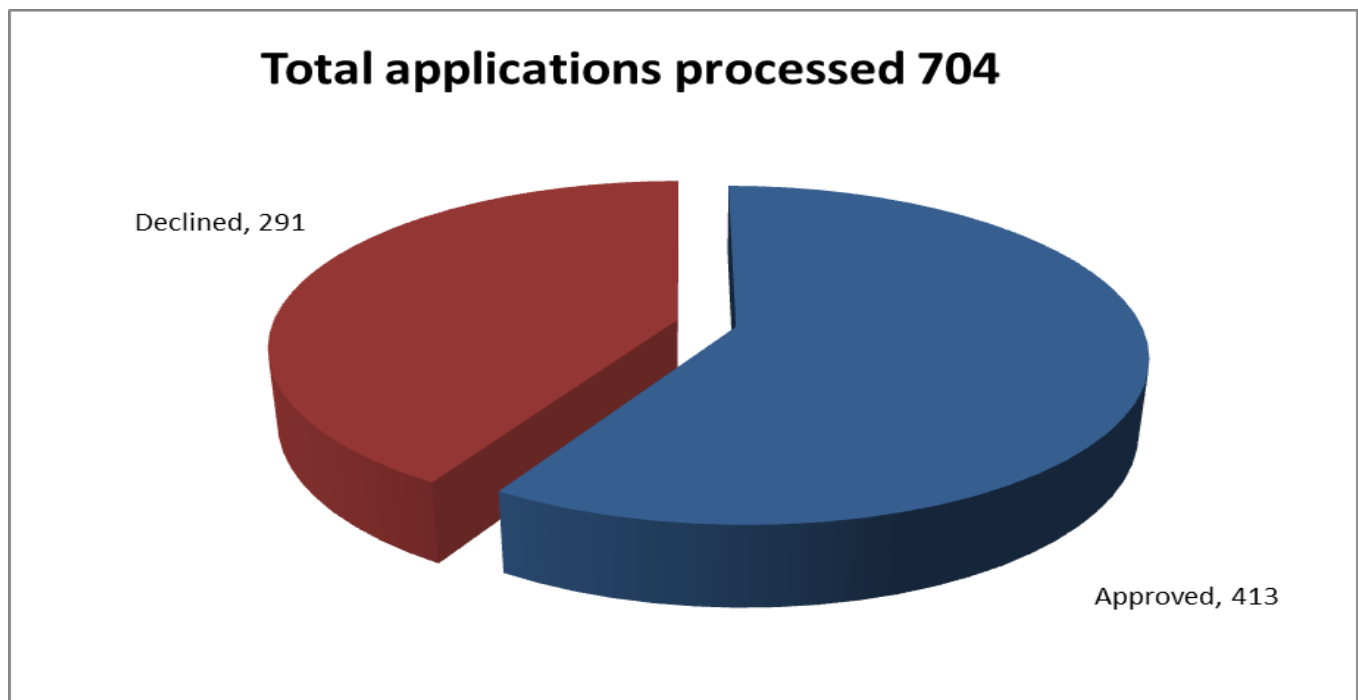
Activity Levels covering period 1st October 2012 to 31st December 2014

As at 31th December 2014, 413 micro-enterprise applications have been supported resulting in loans totalling €6.318M being approved through the Microenterprise Loan Fund Scheme. This represents an approval rate of 59% of applications fully processed.

In total 887 applications have been received of which 704 have been fully processed. Of these 413 have been approved and 291 have been declined. Work-in –progress accounted for 56 applications and others * represented 127 applications for reasons listed below.

Net impact on Jobs

Microfinance Ireland is supporting a total of 891 full-time equivalent jobs (net). This relates to 386 businesses, with 27 businesses supported having failed (of which 22 were recognised in the quarter to December 2014). See Business Failures page 9.



* 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

Applications by Quarter

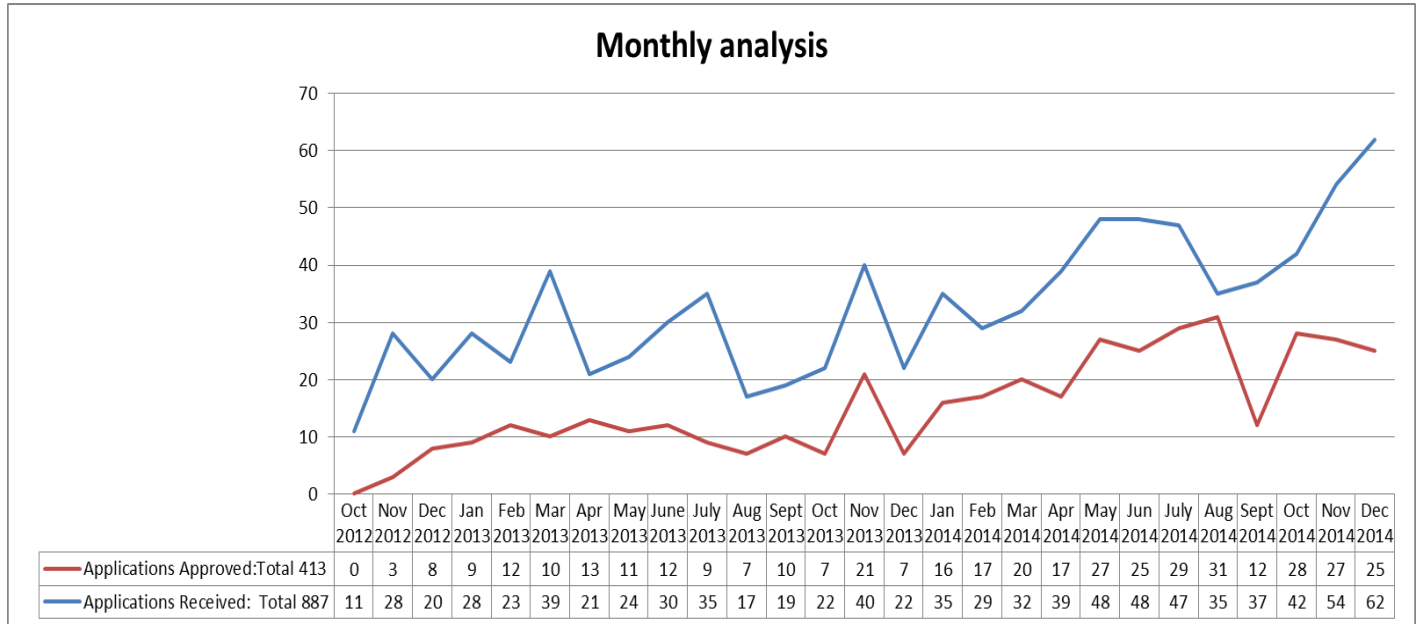
Approvals by Quarter **

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)	Q3 2014 (1 st July 2014 to 30 th Sept 2014)	Q4 2014 (1 st Oct 2014 to 31 st Dec 2014)	Total (1 st October 2012 to 31 st Dec 2014)									
Total Applications	149	€2.78M	75	€1.297M	71	€1.288M	84	€1.374M	96	€1.642M	135	€2.368M	119	€1.852M	158	€2.589M	887	€15.188M
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)	Q3 2014 (1 st July 2014 to 30 th Sept 2014)	Q4 2014 (1 st Oct 2014 to 31 st Dec 2014)	Total (1 st October 2012 to 31 st Dec 2014)									
Applications Processed	102	77	60	57	78	107	99	124	704									
Approved	43	35	26	35	53	69	72	80	413									
Approval Rate	42%	45%	43%	61%	68%	64%	73%	65%	59%									
Approved (€'000)	700	543	347	569	863	1119	996	1181	€6.318M									

** 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								
	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)	Q3 2014 (1 st July 2014 to 30 th Sept 2014)	Q4 2014 (1 st Oct 2014 to 31 st Dec 2014)	Total (1 st October 2012 31 st Dec 2014)
1	11	17	19	13	25	35	40	41	201
2-3	22	13	5	16	19	21	20	26	142
4-5	9	3	1	3	3	7	7	5	38
6-9	2	3	2	3	6	6	5	8	35
Prior period adj	-1	-1	-1	0	0				-3
Total No. of Loans	43	35	26	35	53	69	72	80	413
Average No. of Jobs per Loan	2.6	2.1	1.5	2.5	2.5	2.3	2.1	1.9	2.2

Activity by Loan Size

From 1st October 2012 to 31th December 2014, loans were granted in the following size range.

Euro	No. of Loans
≤25k	139
≤20k	49
≤15k	64
≤10k	86
≤5k	75
Total	413
Average loan size €15.3K	

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, 387 of our loan applications were received from the LEOs accounting for 44% of all of our applications. Of these applications received from the LEOs, 318 were fully processed by the 31st December 2014 resulting in 204 being approved giving an approval rate of 64%. The LEOs also support MFI applicants with their application, relevant business training and both pre and post loan mentoring assistance.

Direct Applications

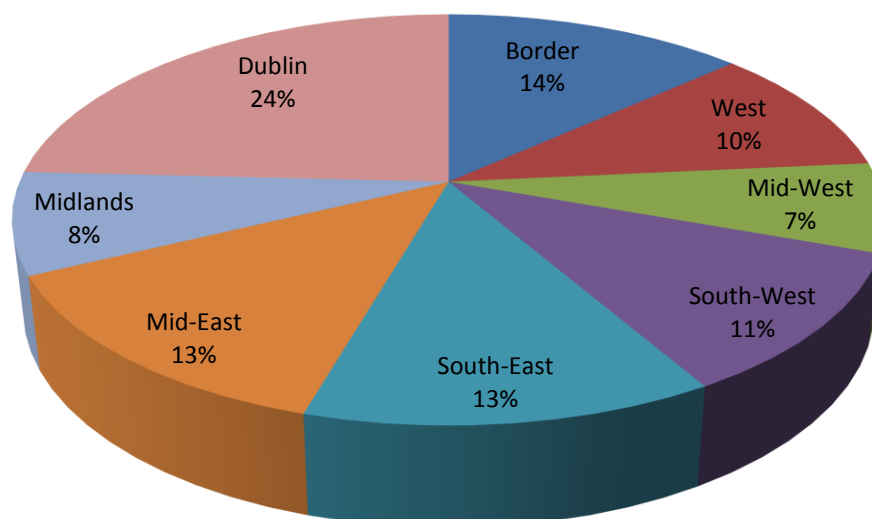
While the LEOs remain our primary referral partners there has been a steady flow of applications direct from enterprises, both existing and new businesses, seeking credit. In the period from inception Microfinance Ireland has received 500 applications directly which equates to 56% of all applications. Of the applications received directly, 386 were fully processed by the 31st December 2014 resulting in 209 being approved giving an approval rate of 54%.

Analysis of Approvals

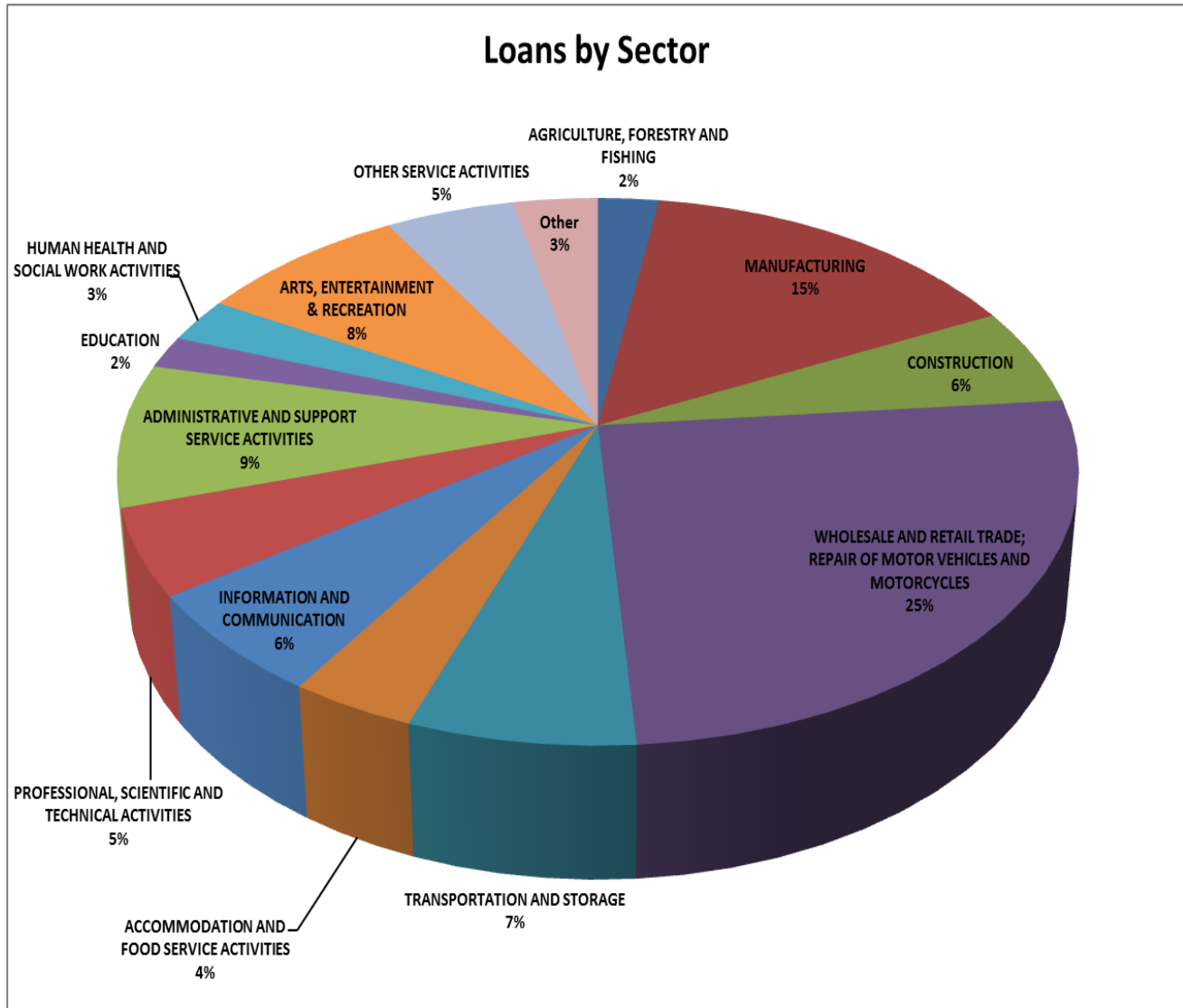
Geographical Spread - from 1st October 2012 to 31st December 2014

Geographical Spread					
County	Received	Approved	County	Received	Approved
Dublin	206	100	Louth	24	6
Cork	81	33	Westmeath	24	12
Limerick	47	20	Laois	23	10
Meath	44	22	Waterford	23	12
Wicklow	37	20	Clare	20	9
Tipperary	35	13	Roscommon	19	10
Wexford	35	12	Donegal	18	11
Galway	31	15	Carlow	18	10
Cavan	29	16	Longford	15	5
Kildare	31	12	Sligo	14	10
Kerry	26	13	Leitrim	13	3
Mayo	25	17	Kilkenny	13	7
Monaghan	26	9	Offaly	10	6
Total Applications Received:				887	
Total Applications Approved:				413	

Loans By Regions



Activity by Sector



Start-Up/Existing

Of the 413 loans approved, 244 were to start-up enterprises (<18 months) and 169 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 54 appeals from inception to 31st December 2014 and 14 of these cases have been approved on appeal (26%). These figures are included in the overall approval figures.

Activity by Borrower Type

- 162 microfinance loans were granted to Private Limited Companies
- 231 Sole Traders were granted a microfinance loan
- 20 microfinance loans were granted to Partnerships

Gender Breakdown

Of the total applications received 76% (674) were from male promoters and 24% (213) from female promoters. Of the loans approved as at 31st December 2014, 73% (302) were to male promoters while 27% (111) were to female promoters.

There were 10 loans approved to young entrepreneurs comprising almost 3% of all the applications approved to date.

Approved Applications	Volume	Value
Total Approved	413	€6.318M
Start-Up (<18 months)	244	
Existing	169	
No. of Ltd. Co.	162	
No. of Sole Traders	231	
No. of Partnerships	20	
Female	111	
Male	302	
Youth (18-25 years old)	10	

Business Failures

Up to end December 2014, 27 businesses of the 413 supported have failed, 22 being recognised in the latest quarter. 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 October to 31st December 2014

Advertising Activity: A radio advertising campaign took place during Q4 and the results of this can be seen in the attached graphic, there was an excellent return from this initiative which led to increase web traffic and enquires to LEO's and culminated in a sharp increase in applications. .

MFI increased its activity in social media and introduced a further range of video case studies on YouTube and increased activity on Twitter, Facebook and LinkedIn.

Chambers Ireland and other business bodies gave coverage to MFI in their publications and this raised the profile of MFI within the business community.

A series of stakeholder engagements took place in Q4.

The IFA and MFI had a productive meeting and IFA expressed strong interest in making their membership more aware of the primary agricultural loan facility along with the standard loan offering which would be useful for agricultural diversification.

Meetings took place with accountancy bodies with a view to developing greater awareness of MFI's products. A round of meetings took place with the pillar banks where MFI requested that consideration be made of committing to specific targets for direct loan referrals to MFI which would be initiated by the bank following formal rejection situations. The banks were also requested to increase engagement on briefing of lending staff to the potential of cofounding of loans where risk was too great for banks but a risk sharing could work in both interests and that of the client. The banks were also asked to consider the nomination of an executive who would be the single point of contact with MFI and who would be given responsibility for the delivery of agreed metrics.

A new initiative was launched with the LEO's in the context of the IBYE programme where a Youth loan of up to 5k on special terms and including mentoring was agreed.

Many LEO's hosted specific workshops for clients and mentors to promote and build awareness of MFI loans. A presentation was made to PLATO participants which should improve visibility within existing growth orientated companies.

Monthly Web Hits and Applications Received

