

Microfinance Ireland

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

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

Key performance indicators YTD 2022

- ✓ **230 Applications received**
- ✓ **€1.4M Value of loans approved**
- ✓ **166 Jobs supported in 98 micro-enterprises.**
- ✓ **45% Approval rate**
- ✓ **€1.1M Value of loans drawn**
- ✓ **76 Loans drawn**
- ✓ **Average Loan size of €14.4K**
- ✓ **89% approvals granted to businesses employing 3 people or fewer**
- ✓ **58% of approvals granted to start-ups (in business for less than 18 months)**
- ✓ **Wide geographic coverage: 23% of loans granted to Dublin, 77% to the rest of Ireland**

- ✓ **53 Applications in progress at reporting date**
- ✓ **Endeavour to process complete applications within 10 days**

Promotion and performance of the Fund during Quarter 1 2022

Key performance indicators for Quarter 1 2022

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During the quarter, MFI continued to engage in a range of Marketing and PR initiatives. Through these activities and also our ongoing engagement with our referral partners, in particular the Local Enterprise Network, brand awareness is strong with the latest Credit Demand Survey showing a reading in the mid 50's consistent with prior year.

Radio Advertising:

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

PR: In Q1 MFI was featured in a number of publications including Accountancy Ireland, Better Business and Phoenix Magazine.

MFI were part an Entrepreneur campaign that was hosted by Media Planet. It was advertised digitally and also had a brochure in the Irish Independent with an MFI advertorial.

Digital Advertising /Social Media: We continue with our social media advertising on Google, Facebook and LinkedIn.

Online Events/Webinars/Sponsorships: MFI have taken part in numerous LEO webinars during LEO enterprise week in March. We are also seeing the return to in person events which we are keen to attend.

Performance:

Q1 2022 have seen subdued demand in line with the output of the Credit Demand Survey. Registrations to our Hubspot platform have been quite strong when compared to Q1 2021 but these registrations are taking time to filter through into applications. While level of monthly Q1 2022 applications is similar to H2 2021 the number of Covid applications continues to fall as would be expected following the reopening of the economy. The business environment is still very uncertain and is likely to remain that way in the short to medium term.

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

Demand for the Brexit support loan remains very low and we do not expect this to change as our customers tend not to be directly impacted by Brexit related issues.

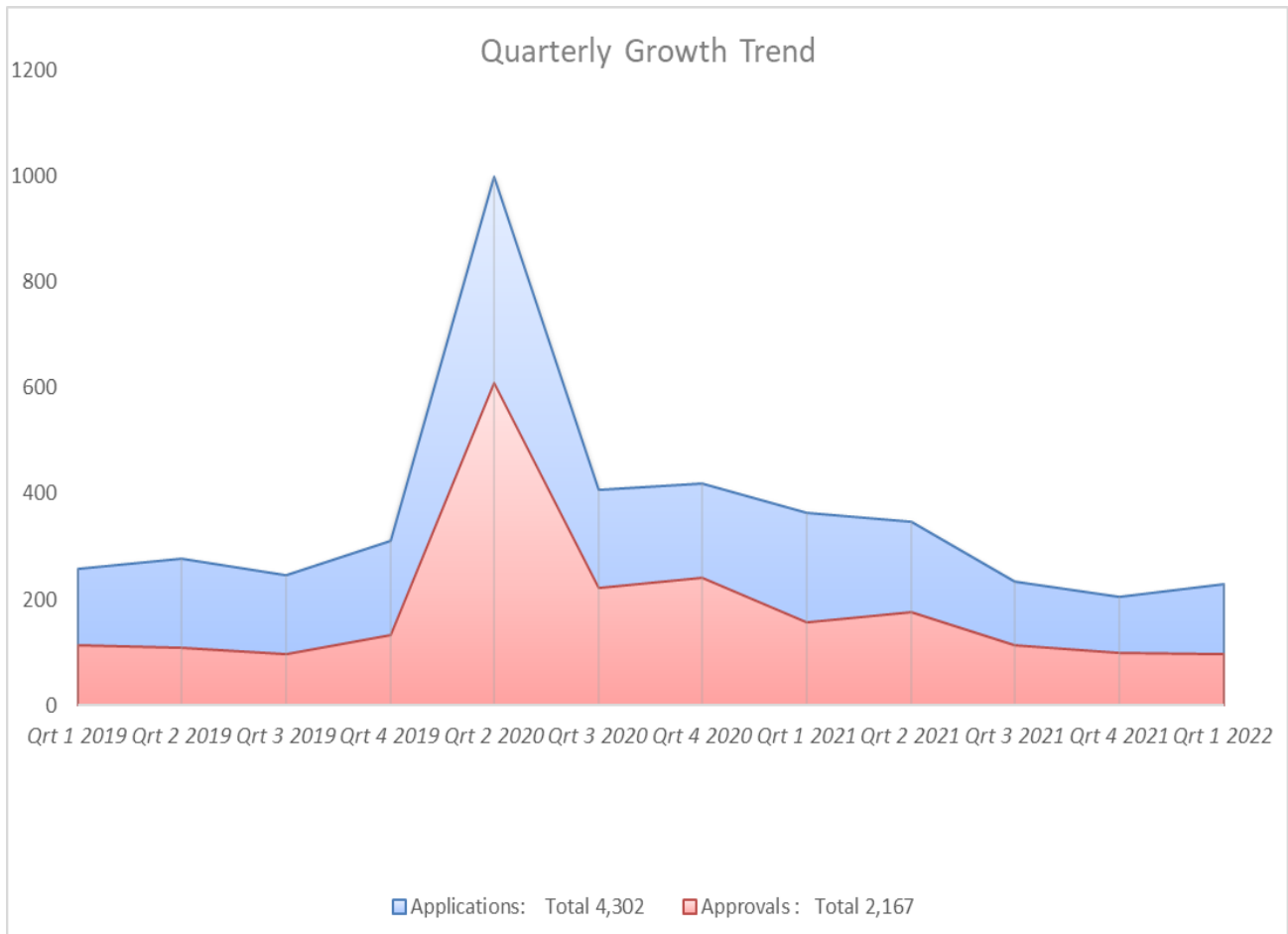
Microenterprise Loan Fund Scheme Analysis

January 2019 – March 2022

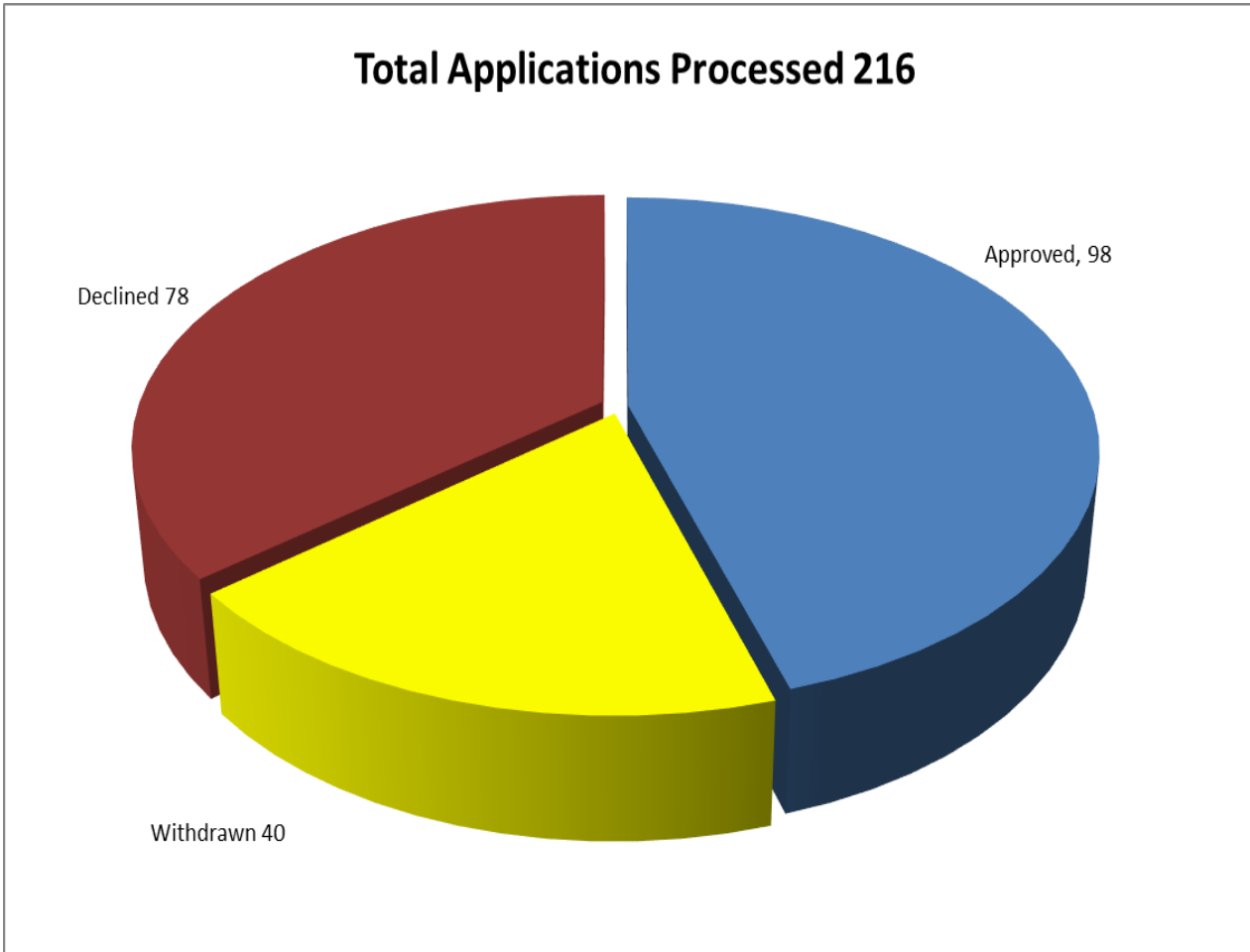
	2019	2020	2021	Q1 2022	Total 2022
Total Applications No.	1092	2,202	1,153	230	230
Total Applications Amt.	€16.674M	€51.794M	€19.837M	€3.967M	€3.967M
	2019	2020	2021	Q1 2022	Total 2022
Applications Processed	1,068	2,212	1,171	216	216
Approved	452	1,229	545	98	98
Approval Rate	42%	56%	47%	45%	45%
Approved (€'000)	€6.044M	€27.432M	€8.537M	€1.413M	€1.413M
Loans Drawn	388	1,114	547	76	76
Loans Drawn (€'000)	€5.108M	€24.805M	€8.783M	€1.059M	€1.059M
Loans Declined	377	581	409	78	78
Loans Declined (€'000)	€5.974M	€12.299M	€7.194M	€1.417M	€1.417M

Quarterly Growth Trend

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



Applications processed (1st January 2022- 31st March 2022)



Number of Loans by Sector

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

Values of Loans by Sector

Value of Loans					
	2019	2020	2021	Q1 2022	Total 2022
Wholesale and retail trade; Repair of motor	1,333	6,696	1,594	204	204
Accommodation and food service activities	637	3,836	1,134	134	134
Construction	527	2,416	757	173	173
Manufacturing	548	2,164	859	210	210
Other services	361	1,777	649	72	72
Professional, scientific & tech activities	394	1,737	616	120	120
Art, entertainment and recreation	419	1,296	332	79	79
Administration & support ser. Activities	340	1,165	393	40	40
Transport/storage	249	754	535	58	58
Information and communication	345	1,416	280	49	49
Agriculture, forestry & fishing	163	1,062	602	15	15
Human, health and social work	220	1,064	397	217	217
Education	345	936	279	20	20
Other	161	1,113	110	22	22

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	Total 2022
1	266	473	297	53	53
2-3	117	401	173	35	35
4-5	35	177	43	5	5
6-9	34	178	29	5	5
10					
Total No. of Loans	452	1229	542	98	98
Withered Jobs cancelled			3		

Approvals by Loan Size

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

Loans by Size					
Euro	2019	2020	2021	Q1 2022	Total 2022
≤50k		288			
≤25k	110	306	183	21	21
≤20k	32	145	65	22	22
≤15k	67	164	119	16	16
≤10k	67	164	83	18	18
≤5k	176	162	95	21	21
Average Loan Size	€13.4K	€22.3K	€15.6K	€14.4K	€14.4K

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 2022

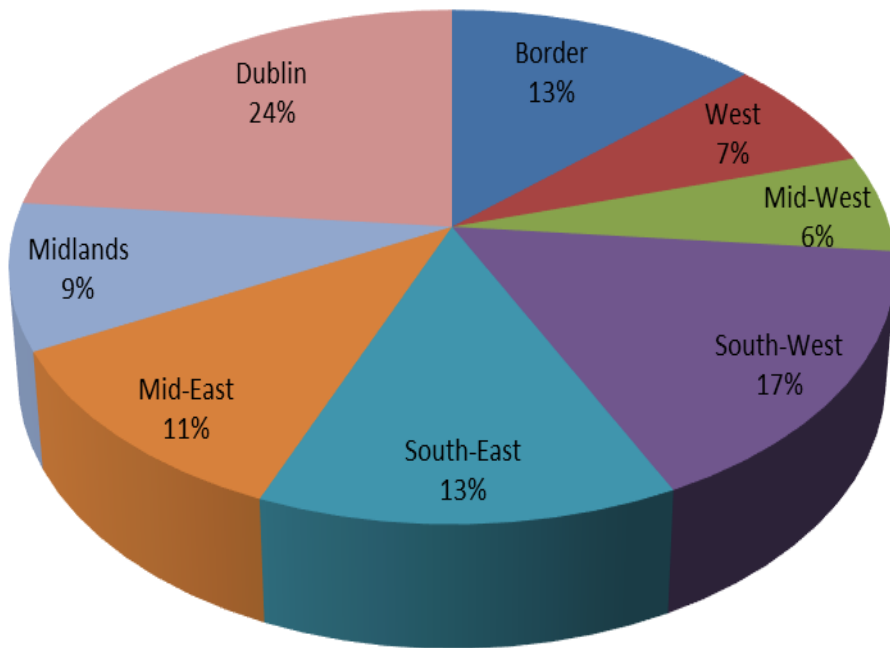
Purpose	Number of Loans				
	2019	2020	2021	Q1 2022	Total 2022
Working Capital			181	29	29
Tangible and Intangible Assets			207	24	24
Mixed Financing for tangible, intangible assets and working capital			159	23	23

Purpose	Value of Loans				
	2019	2020	2021	Q1 2022	Total 2022
Working Capital			2890	357	357
Tangible and Intangible Assets			3448	408	408
Mixed Financing for tangible, intangible assets and working capital			2445	294	294

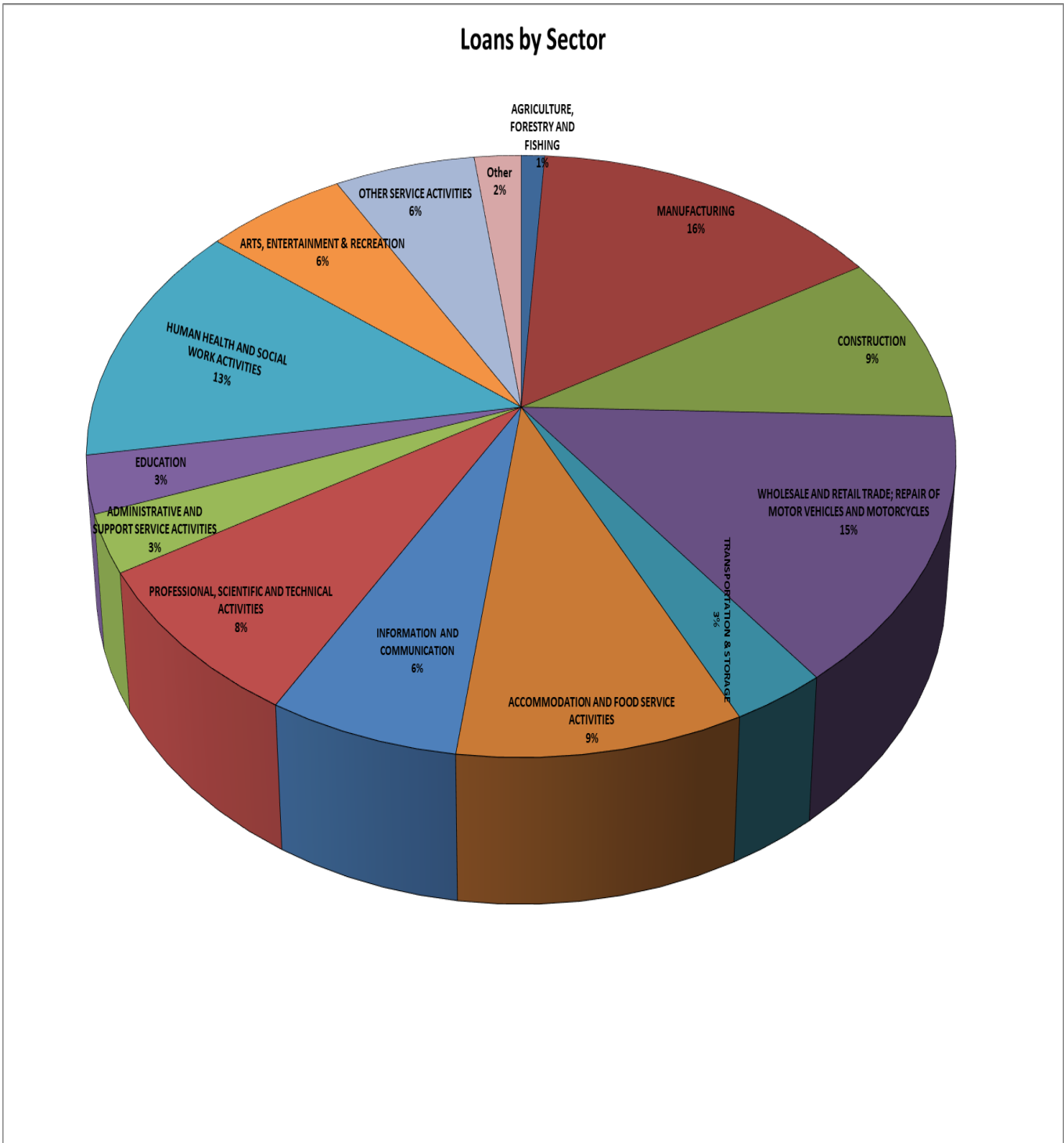
Geographical Analysis of Approval - from 1st January 2022 to 31st March 2022

Geographical Spread				
County	Approved Q1	Received YTD	Approved YTD	Approved Amount 2022 €000
Dublin	23	56	23	310
Cork	9	22	9	152
Meath	3	13	3	39
Kerry	7	11	7	102
Clare	6	11	6	95
Kildare	6	10	6	95
Mayo	2	10	2	15
Galway	4	9	4	65
Wexford	5	8	5	83
Sligo	5	8	5	62
Tipperary	3	7	3	62
Wicklow	2	7	2	35
Waterford	2	6	2	12
Donegal	3	6	3	61
Offaly	2	6	2	37
Louth	1	6	1	5
Laois	3	6	3	39
Longford	2	5	2	13
Monaghan	2	4	2	13
Limerick	0	4	0	0
Westmeath	2	4	2	16
Kilkenny	2	3	2	40
Cavan	1	3	1	15
Roscommon	1	2	1	15
Leitrim	1	2	1	15
Carlow	1	1	1	17

Approved Loans By Regions YTD



Approval by Business Sector January 2022 to March 2022



Demographical Analysis

Approved Applications	2019	2020	2021	Q2 2022	Total 2022
Start Up	223	233	214	57	57
Existing	229	996	331	41	41
Female	138	340	168	37	37
Male	314	889	377	61	61
No. Of Ltd Co.	178	620	179	27	27
No. of Sole Traders	261	567	350	68	68
No. Of Partnerships	13	42	16	3	3
Youth (18-25 years old)	7	11	33	5	5

Source of Loan Referrals

Number of Applications by Channel					
Channels	2019	2020	2021	Q2 2022	Total 2022
LEO	169	523	249	53	53
Direct	234	666	285	44	44
Bank	34	25	9	1	1
Údarás		1	1		0
ILDN	15		1		0

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 17 appeals in 2022 and 4 of these cases have been approved on appeal (23%). These figures are included in the YTD approval figures.

Complaints

1 complaint were received by the business in quarter 1 2022 which brings the total complaints since inception to 9.

Business Failures

In 2022 YTD, 15 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.