

Microfinance Ireland

Report on The Microenterprise Loan Fund Scheme As of the 30th June 2023



An Roinn Fiontar,
Trádála agus Fostaíochta
Department of Enterprise,
Trade and Employment



Oifig Fiontair Áitiúil 
Local Enterprise Office

This financing benefits from a guarantee issued under the 'European Progress Microfinance Facility', the 'Employment and Social Innovation Guarantee Facility' and the Pan European Guarantee Fund in Response to COVID-19 established by the European Union.

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

Fund Performance Summary: 1st October 2012 to 30th June 2023

As at end June 2023, Microfinance Ireland has been in business for over 9 years. In this time, it has delivered the following key results:

- ✓ **10,384 Applications received.**
- ✓ **€80.5M Value of loans approved**
- ✓ **10,294 Net jobs supported in 4,878 micro-enterprises.**
- ✓ **47% Approval rate**
- ✓ **€71.8M Value of loans drawn**
- ✓ **4,361 Loans drawn.**
- ✓ **Average Loan size of €16.5K**
- ✓ **71% approvals granted to businesses employing 3 people or fewer.**
- ✓ **42% 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 YTD 2023

WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES (21%)	MANUFACTURING (12%)
ACCOMMODATION & FOOD SERVICE ACTIVITIES (8%)	PROFESSIONAL, SCIENTIFIC & TECH ACTIVITIES (8%)
OTHER SERVICES (8%)	CONSTRUCTION (8%)
HUMAN, HEALTH, AND SOCIAL WORK (7%)	ADMINISTRATION & SUPPORT SER. ACTIVITIES (9%)
ARTS, ENTERTAINMENT AND RECREATION (5%)	INFORMATION AND COMMUNICATION (3%)
TRANSPORT/STORAGE (4%)	AGRICULTURE, FORESTRY & FISHING (3%)
EDUCATION (4%)	OTHER (0%)

Assessing applications efficiently:

- ✓ **10,325 Applications processed to full assessment.**
- ✓ **59 Applications in progress at reporting date**
- ✓ **Endeavour to process complete applications within 10 days.**

Promotion and performance of the Fund during 1st January 2023 to June 2023

Key performance indicators YTD 2023

- ✓ **513** Applications received.
- ✓ **€3.6M** Value of loans approved
- ✓ **358** Jobs supported in 243 micro-enterprises.
- ✓ **50%** Approval rate
- ✓ **€3.2M** Value of loans drawn
- ✓ **214** Loans drawn.
- ✓ Average Loan size of **€14.8K**
- ✓ **90%** approvals granted to businesses employing **3 people or fewer**.
- ✓ **38%** of approvals granted to start-ups (in business for less than 18 months)
- ✓ **Wide geographic coverage:** 24% of loans granted to Dublin, 76% to the rest of Ireland.

Key performance indicators Qtr. 2 2023

- ✓ **265** Applications received.
- ✓ **€2.1M** Value of loans approved
- ✓ **214** Jobs supported in 138 micro-enterprises.
- ✓ **52%** Approval rate
- ✓ **€1.9M** Value of loans drawn
- ✓ **128** Loans drawn.
- ✓ Average Loan size of **€15.2K**
- ✓ **76%** approvals granted to businesses employing **3 people or fewer**.
- ✓ **41%** 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.

During the quarter, MFI continued to engage in a range of Marketing and PR initiatives.

Radio Advertising:

We ran a local and national radio advertising campaign in April 2023 in order to drive awareness and generate lending opportunities. This resulted in a strong uplift in registrations for application packs in April 2023 vs April 2022 (446 vs 247).

Digital Advertising /social media: We continue with ongoing promotion through our social media channels, Facebook, Instagram, Twitter, and LinkedIn to maintain strong brand awareness with digital advertising campaigns primarily focussed on Google and Facebook.

Events/Webinars/Sponsorships: We have been busy with in person events including presenting at a number of local Chamber of Commerce events including Fingal, Mullingar and Waterford Chamber Expos in Q2. We continue to present at regular LEO webinars to broaden awareness and have been delighted to represent Microfinance Ireland at the Building Better Business events throughout 2023.

Brand Refresh

We started a brand refresh project to help us ensure that Microfinance Ireland is maximising its brand awareness opportunities and resonating both digitally and in person in 2023 and beyond.

Performance:

Performance in Q2 was good and continues to trend in line with our budget. The number of applications are c. 8.5% ahead of 2022 with the value of applications being c. 6.5% higher than the same period in 2022. Our approval rate year to date is running at c. 50% which is slightly higher than previous years.

Applications from Start Ups accounted for c. 49% of all applications and c. 38% of approvals.

In H1 2023, applications from Female business owners accounted for 31.7% of all applications which is a similar to the % of Female applicants in 2022.

Microenterprise Loan Fund Scheme Analysis

January 2020 – June 2023

	2020	2021	2022	Q1 2023	Q2 2023	Total 2023
Total Applications No.	2,202	1,153	959	248	265	513
Total Applications Amt.	€51.794M	€19.837M	€16.873M	€4.225M	€4.568M	€8.793M

	2020	2021	2022	Q1 2023	Q2 2023	Total 2023
Applications Processed	2,212	1,171	961	225	263	488
Approved	1,229	545	458	105	138	243
Approval Rate	56%	47%	48%	47%	52%	50%
Approved (€'000)	€27.432M	€8.537M	€6.931M	€1.515M	€2.095M	€3.610M
Loans Drawn	1,114	547	401	86	128	214
Loans Drawn (€'000)	€24.805M	€8.783M	€6.004M	€1.289M	€1.911M	€3.200M
Loans Declined	581	409	335	65	63	128
Loans Declined (€'000)	€12.299M	€7.194M	€6.073M	€1.088M	€1.183M	€2.271M

Quarterly Growth Trend

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



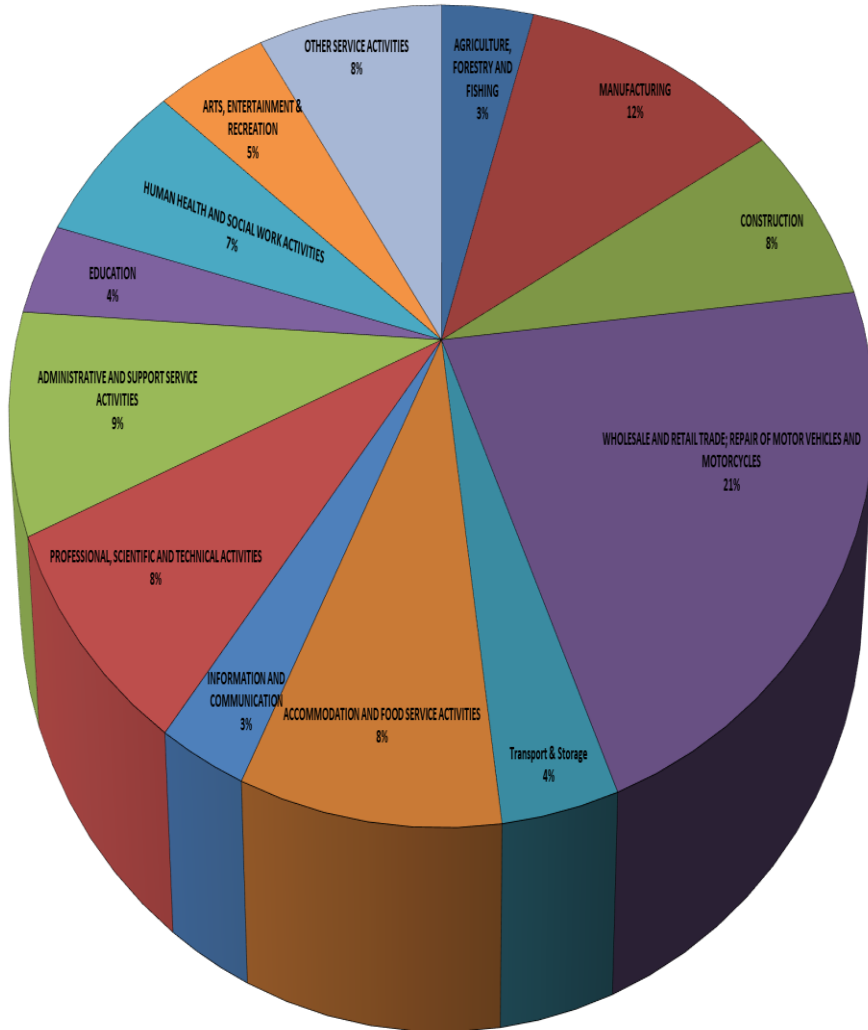
Number of Loans by Sector

Number of Loans						
	2020	2021	2022	Q1 2023	Q2 2023	Total 2023
Wholesale and retail trade; Repair of	253	97	96	25	27	52
Accommodation and food service	168	62	41	7	13	20
Construction	110	46	38	8	10	18
Manufacturing	93	52	50	15	13	28
Other services	139	56	42	9	11	20
Professional, scientific & tech	81	42	39	7	13	20
Art, entertainment and recreation	57	26	22	4	8	12
Administration & support ser.	54	28	25	9	12	21
Transport/storage	36	32	19	4	5	9
Information and communication	54	14	22	4	3	7
Agriculture, forestry & fishing	45	32	16	2	8	10
Human, health and social work	56	28	29	10	7	17
Education	44	22	14	1	8	9
Other	39	8	5	0		0

Values of Loans by Sector

Value of Loans						
	2020	2021	2022	Q1 2023	Q2 2023	Total 2023
Wholesale and retail trade; Repair of	6,696	1,594	1452	398	489	887
Accommodation and food service	3,836	1,134	724	99	196	295
Construction	2,416	757	620	125	163	288
Manufacturing	2,164	859	759	221	194	415
Other services	1,777	649	575	91	102	193
Professional, scientific & tech	1,737	616	503	100	158	258
Art, entertainment and recreation	1,296	332	324	54	118	172
Administration & support ser.	1,165	393	251	139	192	331
Transport/storage	754	535	363	54	98	152
Information and communication	1,416	280	367	61	50	111
Agriculture, forestry & fishing	1,062	602	283	34	107	141
Human, health and social work	1,064	397	482	124	77	201
Education	936	279	158	15	151	166
Other	1,113	110	70			0

Loans by Sector YTD



Approvals by Size of Borrower

Loans were approved to micro-enterprises with the following number of jobs at time of approvals:

No. of Employees	2020	2021	2022	Q1 2023	Q2 2023	Total 2023
1	473	297	289	74	94	168
2-3	401	173	118	21	30	51
4-5	177	43	31	5	4	9
6-9	178	29	19	5	10	15
10			1	0		0
Total No. of Loans	1229	542	458	105	138	243

Approvals by Loan Size

From 1st January 2020 to 30th June 2023, loans were granted in the following size range.

Loans by Size						
Euro	2020	2021	2022	Q1 2023	Q2 2023	Total 2023
≤50k	288					
≤25k	306	183	122	23	38	61
≤20k	145	65	79	13	22	35
≤15k	164	119	100	27	34	61
≤10k	164	83	71	27	21	48
≤5k	162	95	86	15	23	38
Average Loan Size	€22.3K	€15.6K	€15.1K	€14.4K	€15.2K	€14.8K

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 2021

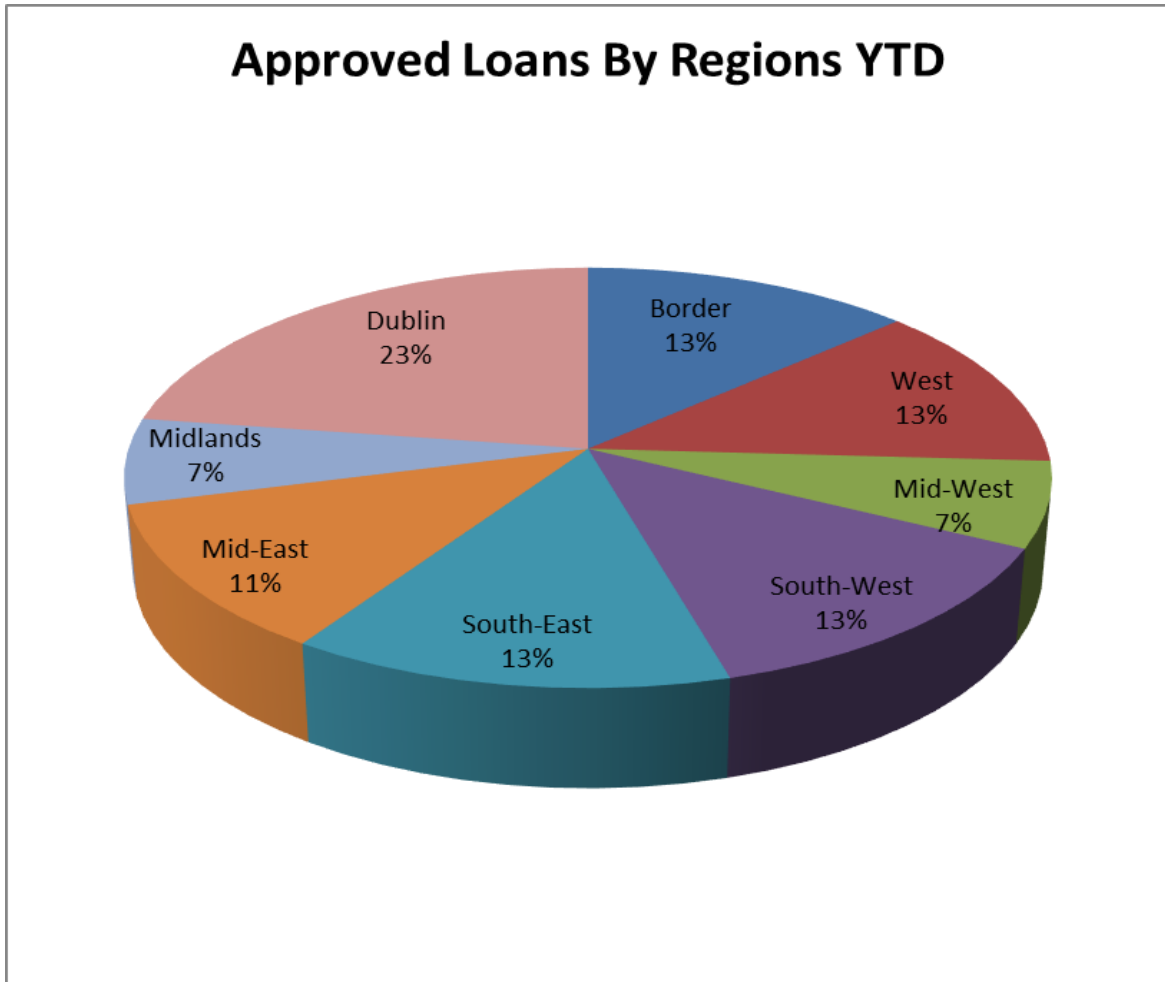
Number of Loans						
Purpose	2020	2021	2022	Q1 2023	Q2 2023	Total 2023
Working Capital		181	136	27	32	59
Tangible and Intangible Assets		207	138	16	52	68
Mixed Financing for tangible, intangible assets and working capital		159	127	43	44	87

Value of Loans						
Purpose	2020	2021	2022	Q1 2023	Q2 2023	Total 2023
Working Capital		2,890	1,980	402	458	860
Tangible and Intangible Assets		3,448	2,129	298	785	1,083
Mixed Financing for tangible, intangible assets and working capital		2,445	1,895	589	668	1,257

Geographical Analysis of Approval – from 1st January 2023 to 30th June 2023

Geographical Spread					
County	Received YTD	Approved Q1	Approved Q2	Approved YTD	Approved Amount 2023 €000
Dublin	134	24	31	55	856
Cork	38	9	10	19	311
Galway	36	10	10	20	295
Wexford	24	2	4	6	78
Kildare	23	4	6	10	132
Meath	19	6	7	13	147
Tipperary	19	4	4	8	133
Kerry	19	5	8	13	203
Mayo	18	2	4	6	100
Wicklow	16	3	2	5	36
Louth	16	5	6	11	167
Clare	16	5	6	11	157
Waterford	14	2	5	7	106
Limerick	13	1	4	5	101
Donegal	13	4	2	6	108
Sligo	12	1	4	5	45
Kilkenny	12	2	6	8	121
Laois	11	3	1	4	40
Carlow	10	1	3	4	36
Cavan	9	3	3	6	106
Monaghan	9	2	1	3	40
Westmeath	8	2	4	6	103
Roscommon	7	2	3	5	85
Longford	7	1	3	4	39
Offaly	6	2	0	2	40
Leitrim	3	0	1	1	25

Approval by Business Sector January 2023 to June 2023



Demographical Analysis

Approved Applications	2020	2021	2022	Q1 2023	Q2 2023	Total 2023
Start Up	233	214	191	36	57	93
Existing	996	331	267	69	81	150
Female	340	168	166	33	45	78
Male	889	377	292	72	93	165
No. of Ltd Co.	620	179	170	36	47	83
No. of Unltd Co.			1			0
No. of Sole Traders	567	350	273	67	91	158
No. of Partnerships	42	16	14	1		2
Youth (Aged 18-25)	11	33	9	1	5	6

Source of Loan Referrals

Channels	2020	2021	2022	Q1 2023	Q2 2023	Total 2023
LEO	523	249	220	60	64	124
Direct	666	285	224	44	72	116
Bank	25	9	12		1	1
Údarás	1	1	0			0
ILDN		1	2	1	1	2

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 6 appeals in 2023 and 0 of these cases have been approved on appeal. These figures are included in the YTD approval figures.

Complaints

No complaints were received by the business in Quarter 2 2023.

Business Failures

YTD 2023, 46 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.