

Microfinance Ireland

Report on The Microenterprise Loan Fund Scheme As of the 30th of September 2022



An Roinn Gnó,
Fiontar agus Nuálaíochta
Department of Business,
Enterprise and Innovation



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 September 2022

As at end September 2022, Microfinance Ireland has been in business for over 9 years. In this time, it has delivered the following key results:

- ✓ **9,647 Applications received.**
- ✓ **€75.1M Value of loans approved**
- ✓ **10,014 Net jobs supported in 4,635 micro-enterprises.**
- ✓ **47% Approval rate**
- ✓ **€68.6M Value of loans drawn**
- ✓ **4,040 Loans drawn.**
- ✓ Average Loan size of **€16.6K**
- ✓ **72%** 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:** 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 (21%)	ACCOMMODATION & FOOD SERVICE ACTIVITIES (10%)
MANUFACTURING (10%)	CONSTRUCTION (9%)
OTHER SERVICES (9%)	PROFESSIONAL, SCIENTIFIC & TECH ACTIVITIES (7%)
ARTS, ENTERTAINMENT AND RECREATION (6%)	ADMINISTRATION & SUPPORT SER. ACTIVITIES (5%)
TRANSPORT/STORAGE (5%)	INFORMATION AND COMMUNICATION (5%)
AGRICULTURE, FORESTRY & FISHING (4%)	HUMAN, HEALTH AND SOCIAL WORK (4%)
EDUCATION (3%)	OTHER (2%)

Assessing applications efficiently:

- ✓ **9,647** Applications processed to full assessment.
- ✓ **60** Applications in progress at reporting date
- ✓ Endeavour to process complete applications within **10 days.**

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

Key performance indicators YTD 2022

- ✓ **735 Applications received.**
- ✓ **€5.1M Value of loans approved**
- ✓ **519 Jobs supported in 340 micro-enterprises.**
- ✓ **48% Approval rate**
- ✓ **€4.4M Value of loans drawn**
- ✓ **294 Loans drawn.**
- ✓ **Average Loan size of €14.9K**
- ✓ **91% approvals granted to businesses employing 3 people or fewer.**
- ✓ **47% of approvals granted to start-ups (in business for less than 18 months)**
- ✓ **Wide geographic coverage: 19% of loans granted to Dublin, 81% to the rest of Ireland.**

Promotion and performance of the Fund during Quarter 3 2022

Key performance indicators for Quarter 3 2022

- ✓ **265 Applications received.**
- ✓ **€1.7M Value of loans approved**
- ✓ **181 Jobs supported in 114 micro-enterprises.**
- ✓ **52% Approval rate**
- ✓ **€1.5M Value of loans drawn**
- ✓ **95 Loans drawn.**
- ✓ **Average Loan size of €14.8K**
- ✓ **89% approvals granted to businesses employing 3 people or fewer.**
- ✓ **44% of approvals granted to start-ups (in business for less than 18 months)**
- ✓ **Wide geographic coverage: 19% of loans granted to Dublin, 81% 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 for a 10-day period in May. The continued focus of the campaign was on recovery following the wider reopening of the economy.

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: MFI took part in an online webinar with Accountants Online and attended 6 in-person events during the quarter arranged by LEOs (Fingal, Westmeath), SFA, Entrepreneurs Academy and Enterprise Nation.

Performance:

Q3 2022 was a strong quarter for applications generating 265 applications which is the highest number of quarterly applications other than during the pandemic in 2020. Application volume was up 13% on Q3 2021 and the value of applications was 14% higher than 2021. Demand for Covid and Brexit related loans continues to be weak.

Applications from Start Ups accounted for 52% of all applications which is a sign that borrowers are still prepared to start businesses despite the uncertain environment.

In the 9 months to September, we have lent almost €4.4m assisting 294 businesses.

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

Microenterprise Loan Fund Scheme Analysis

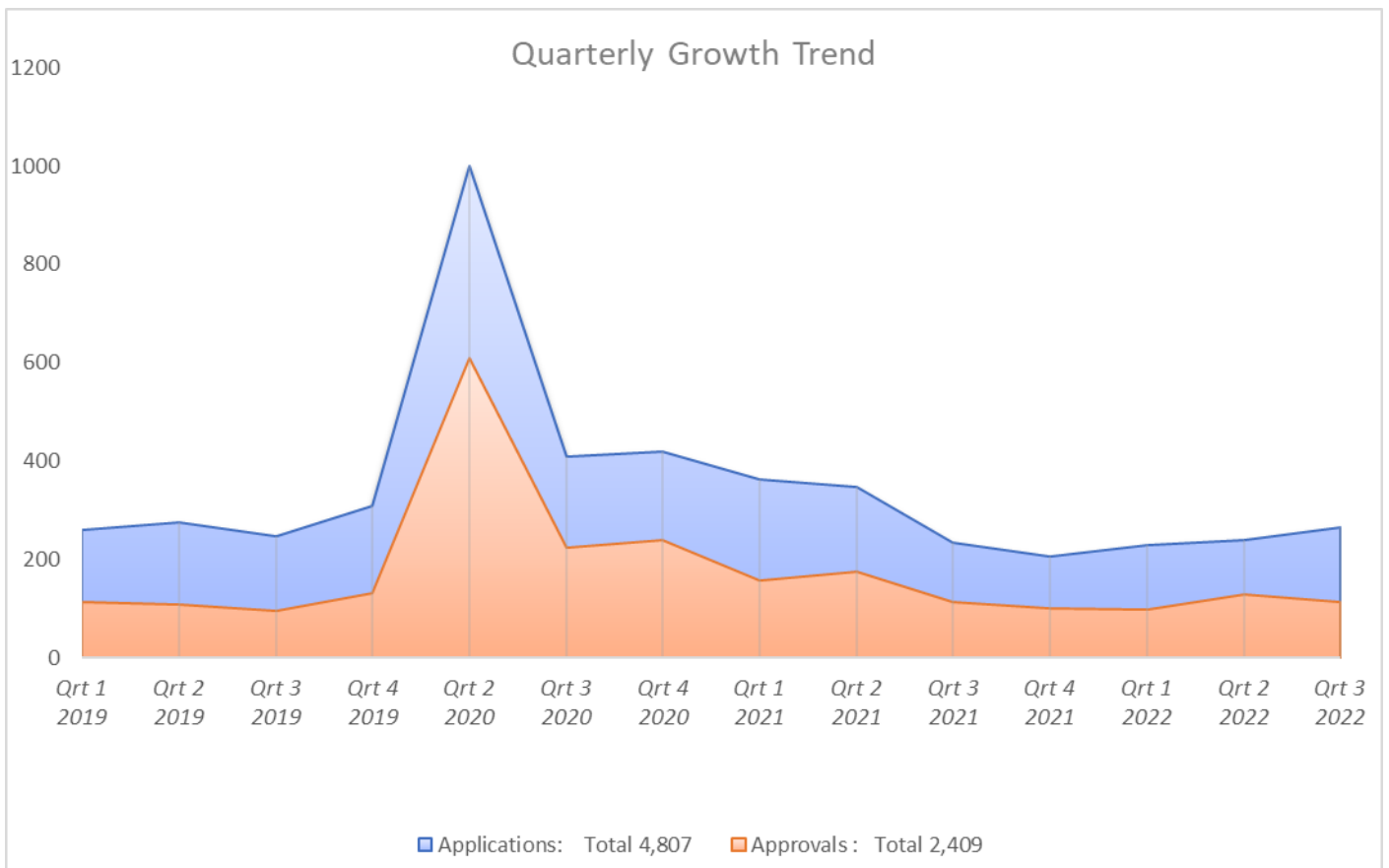
January 2019 – September 2022

	2019	2020	2021	Q1 2022	Q2 2022	Q3 2022	Total 2022
Total Applications No.	1092	2,202	1,153	230	240	265	735
Total Applications Amt.	€16.674M	€51.794M	€19.837M	€3.967M	€4.281M	4.667M	€12.915M

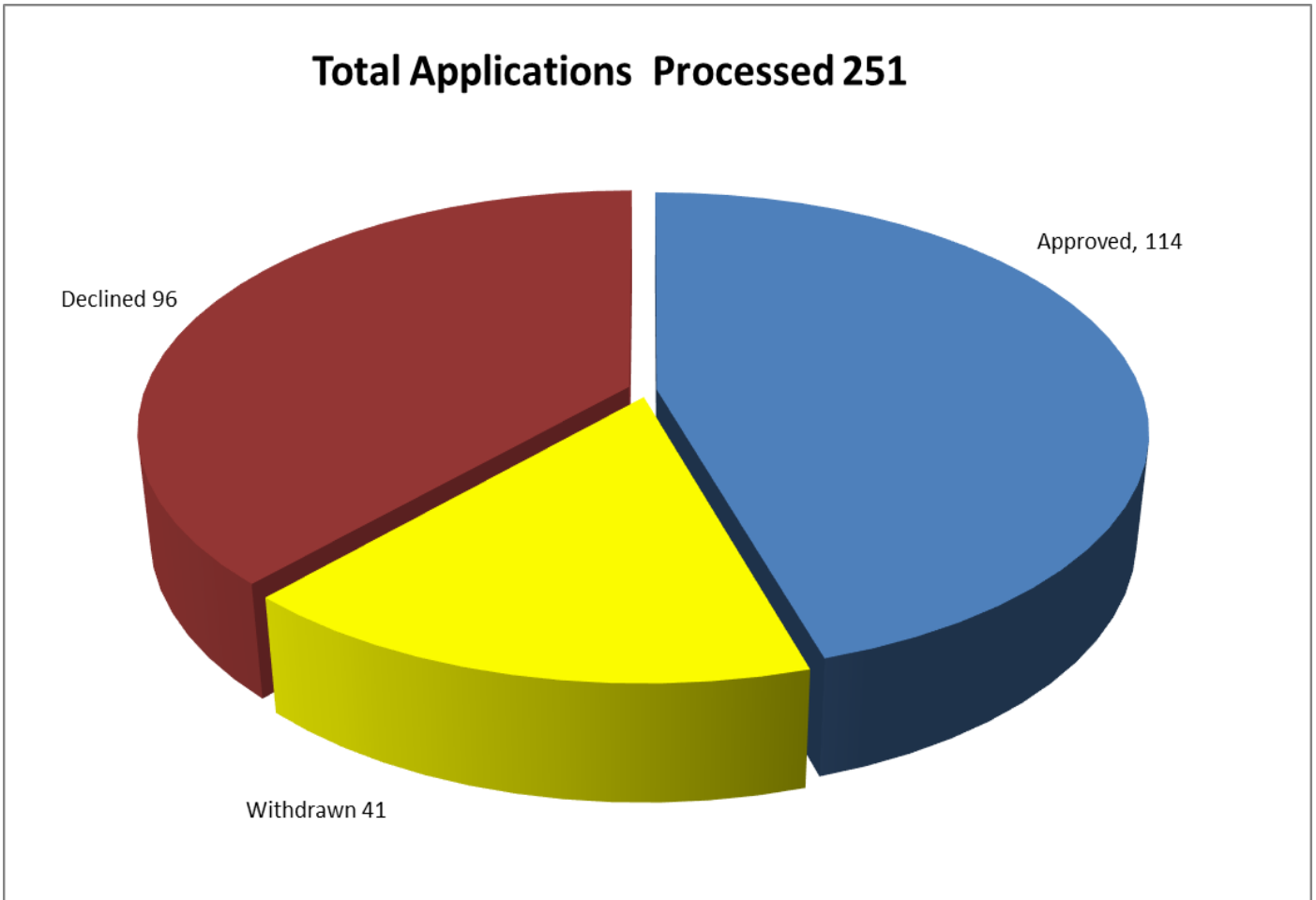
	2019	2020	2021	Q1 2022	Q2 2022	Q3 2022	Total 2022
Applications Processed	1,068	2,212	1,171	216	248	251	715
Approved	452	1,229	545	98	128	114	340
Approval Rate	42%	56%	47%	45%	52%	45%	48%
Approved (€'000)	€6.044M	€27.432M	€8.537M	€1.413M	€1.969M	€1.690M	€5.072M
Loans Drawn	388	1,114	547	76	123	95	294
Loans Drawn (€'000)	€5.108M	€24.805M	€8.783M	€1.059M	€1.872M	€1.452M	€4.383M
Loans Declined	377	581	409	78	82	95	255
Loans Declined (€'000)	€5.974M	€12.299M	€7.194M	€1.417M	€1.467M	€1.775M	€4.659M

Quarterly Growth Trend

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



Applications processed (1st April 2022- 30th of September 2022)



Number of Loans by Sector

Number of Loans							
	2019	2020	2021	Q1 2022	Q2 2022	Q3 2022	Total 2022
Wholesale and retail trade; Repair of motor	100	253	97	14	29	24	67
Accommodation and food service activities	37	168	62	9	9	16	34
Construction	40	110	46	9	12	8	29
Manufacturing	42	93	52	15	15	10	40
Other services	38	139	56	6	8	16	30
Professional, scientific & tech activities	34	81	42	8	18	5	31
Art, entertainment and recreation	28	57	26	6	4	8	18
Administration & support ser. Activities	26	54	28	3	8	7	18
Transport/storage	16	36	32	3	2	3	8
Information and communication	25	54	14	6	5	6	17
Agriculture, forestry & fishing	11	45	32	1	5	4	10
Human, health and social work	19	56	28	13	6	3	22
Education	26	44	22	3	5	3	11
Other	10	39	8	2	2	1	5

Values of Loans by Sector

Value of Loans							
	2019	2020	2021	Q1 2022	Q2 2022	Q3 2022	Total 2022
Wholesale and retail trade; Repair of motor	1,333	6,696	1,594	204	473	372	1,049
Accommodation and food service activities	637	3,836	1,134	134	179	266	579
Construction	527	2,416	757	173	188	109	470
Manufacturing	548	2,164	859	210	252	148	610
Other services	361	1,777	649	72	116	194	382
Professional, scientific & tech activities	394	1,737	616	120	216	71	407
Art, entertainment and recreation	419	1,296	332	79	48	123	250
Administration & support ser. Activities	340	1,165	393	40	73	65	178
Transport/storage	249	754	535	58	35	63	156
Information and communication	345	1,416	280	49	100	130	279
Agriculture, forestry & fishing	163	1,062	602	15	91	70	176
Human, health and social work	220	1,064	397	217	106	33	356
Education	345	936	279	20	62	28	110
Other	161	1,113	110	22	30	18	70

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	Q2 2022	Q3 2022	Total 2022
1	266	473	297	53	71	70	194
2-3	117	401	173	35	41	34	110
4-5	35	177	43	5	14	3	22
6-9	34	178	29	5	1	7	13
10					1		1
Total No. of Loans	452	1229	542	98	128	114	340

Approvals by Loan Size

From 1st January 2019 to 30th of September 2022, loans were granted in the following size range.

Euro	Loans by Size						
	2019	2020	2021	Q1 2022	Q2 2022	Q3 2022	Total 2022
≤50k		288					
≤25k	110	306	183	21	38	28	87
≤20k	32	145	65	22	21	18	61
≤15k	67	164	119	16	24	29	69
≤10k	67	164	83	18	19	20	57
≤5k	176	162	95	21	26	19	66
Average Loan Size	€13.4K	€22.3K	€15.6K	€14.4K	€15.4K	14.8K	€14.9K

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

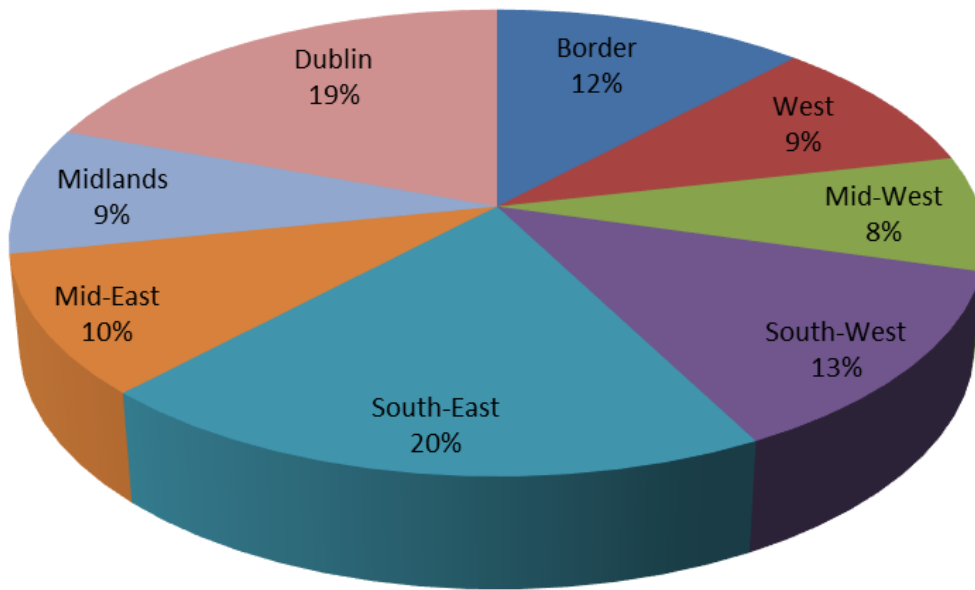
Purpose	Number of Loans						
	2019	2020	2021	Q1 2022	Q2 2022	Q3 2022	Total 2022
Working Capital			181	29	42	29	100
Tangible and Intangible Assets			207	24	51	27	102
Mixed Financing for tangible, intangible assets and working capital			159	23	30	39	92

Purpose	Value of Loans						
	2019	2020	2021	Q1 2022	Q2 2022	Q3 2022	Total 2022
Working Capital			2,890	357	675	466	1,498
Tangible and Intangible Assets			3,448	408	779	391	1,578
Mixed Financing for tangible, intangible assets and working capital			2,445	294	418	595	1,307

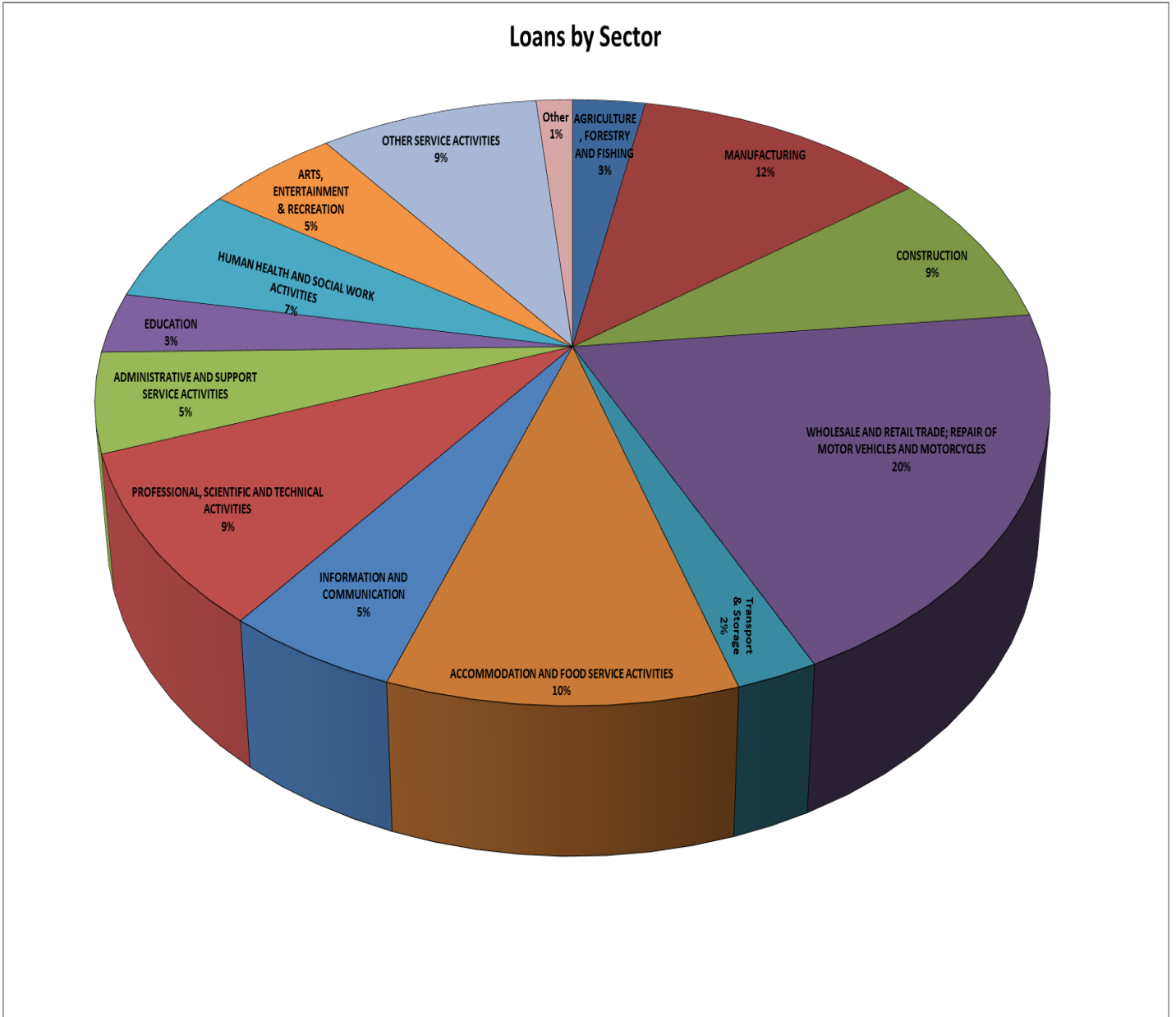
Geographical Analysis of Approval – from 1st January 2022 to 30th of September 2022

Geographical Spread						
County	Approved Q1	Approved Q2	Approved Q3	Received YTD	Approved YTD	Approved Amount 2022 €000
Dublin	23	21	22	170	66	955
Cork	9	11	11	67	31	568
Meath	3	2	4	36	9	144
Wexford	5	9	6	35	20	262
Kildare	6	3	6	36	15	274
Galway	4	6	6	32	16	197
Tipperary	3	8	8	35	19	310
Clare	6	6	3	22	15	265
Waterford	2	7	1	23	10	75
Kerry	7	1	5	23	13	209
Wicklow	2	6	1	24	9	159
Louth	1	4	4	22	9	110
Westmeath	2	6	6	22	14	227
Donegal	3	4	3	21	10	161
Sligo	5	2	1	17	8	105
Limerick	0	6	6	22	12	193
Mayo	2	2	3	16	7	95
Kilkenny	2	6	3	16	11	158
Laois	3	3	2	12	8	100
Longford	2	1		11	3	36
Cavan	1	3	1	14	5	82
Offaly	2	1	2	11	5	94
Monaghan	2	1	2	13	5	38
Roscommon	1	4	4	16	9	116
Carlow	1	3	3	12	7	89
Leitrim	1	2	1	7	4	50

Approved Loans By Regions YTD



Approval by Business Sector January 2022 to September 2022



Demographical Analysis

Approved Applications	2019	2020	2021	Q1 2022	Q2 2022	Q3 2022	Total 2022
Start Up	223	233	214	57	55	50	162
Existing	229	996	331	41	73	64	178
Female	138	340	168	37	48	48	133
Male	314	889	377	61	80	66	207
No. of Ltd Co.	178	620	179	27	52	44	123
No. of Unltd Co.						1	1
No. of Sole Traders	261	567	350	68	75	63	206
No. of Partnerships	13	42	16	3	1	6	10
Youth (18-25 years old)	7	11	33	5		2	7

Source of Loan Referrals

Number of Approvals by Channel							
Channels	2019	2020	2021	Q1 2022	Q2 2022	Q3 2022	Total 2022
LEO	169	523	249	53	57	52	162
Direct	234	666	285	44	64	58	166
Bank	34	25	9	1	6	3	10
Údarás		1	1				0
ILDN	15		1		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 48 appeals in 2022 and 15 of these cases have been approved on appeal (31%). These figures are included in the YTD approval figures.

Complaints

2 complaints were received by the business in Quarter 3 2022 which brings the total complaints in 2022 to 3.

Business Failures

YTD 2022, 66 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.