

Microfinance Ireland

Report on The Microenterprise Loan Fund Scheme as at 31st December 2021



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 2021 to December 2021

Key performance indicators 2021

- ✓ **1153 Applications received**
- ✓ **€8.5M Value of loans approved**
- ✓ **798/865 Jobs supported in 545 micro-enterprises.**
- ✓ **47% Approval rate**
- ✓ **€8.8M Value of loans drawn**
- ✓ **547 Loans drawn**
- ✓ **Average Loan size of €17.2K**
- ✓ **86% approvals granted to businesses employing 3 people or fewer**
- ✓ **39% of approvals granted to start-ups (in business for less than 18 months)**
- ✓ **Wide geographic coverage: 14% of loans granted to Dublin, 86% to the rest of Ireland**

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

Promotion and performance of the Fund during Quarter 4 2021

Key performance indicators for Quarter 4 2021

✓	206	Applications received
✓	€1.5M	Value of loans approved
✓	131/145	Net jobs supported in 100 micro-enterprises
✓	49%	Approval rate
✓	€1.4M	Value of loans drawn
✓	95	Loans drawn
✓	Average Loan size of €17.2K	
✓	86% approvals granted to businesses employing 3 people or fewer	
✓	39% of approvals granted to start-ups (in business for less than 18 months)	
✓	Wide geographic coverage: 14% of loans granted to Dublin, 86% to the rest of Ireland	

✓	62	Applications in progress at reporting date
✓	Endeavour to process complete applications within 10 days	

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 October. The focus of the campaign was on recovery following the wider reopening of the economy. MFI also undertook a joint advertising campaign with the Local Enterprise Offices in Q4. This campaign covered social media, radio and newspaper advertising

PR: In Q4 MFI was featured in a number of publications including Accountancy Ireland, Better Business and Phoenix Magazine. We presented on finance for new businesses at the TU Dublin Self Employment for People with Disabilities course.

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

Online Events/Webinars/Sponsorships: Sponsorship of the National Start Up awards. MFI was also part of a judging panel to determine the prize winners for a number of categories in the National Start Up awards.

Customer Success Campaign: We have now completed a total of 6 new customer stories outlining the experience in dealing with MFI and how this has helped their business start, grow and in some cases reopen. We have started to use this content in our social media channels.

Performance:

After a very strong H1 MFI saw softer demand in Q3 and Q4. This is not inconsistent with the results of the latest credit demand survey. The fall-off in Covid loan applications seen in Q3 continued into Q4.

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 muted and our expectation is that this may not change as many of our borrowers may not be directly impacted by Brexit related issues.

Microenterprise Loan Fund Scheme Analysis

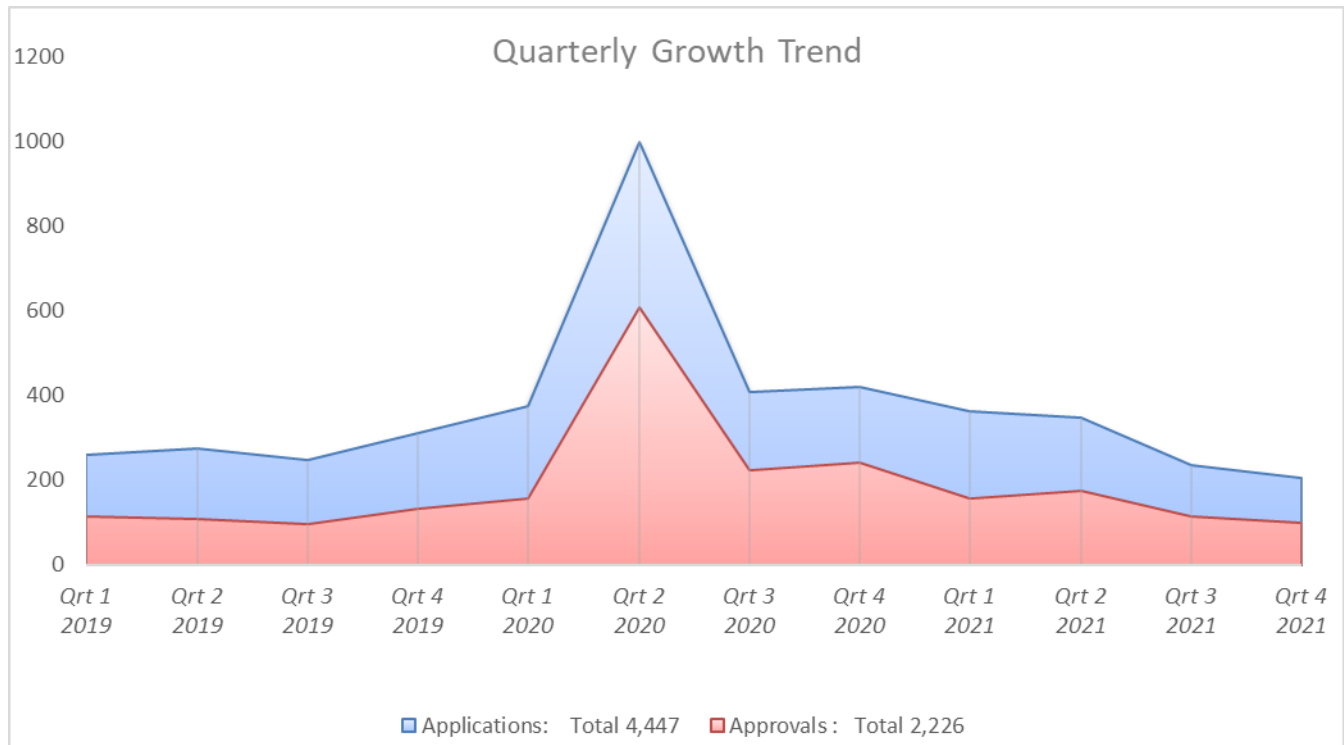
January 2019 – December 2021

	2019	2020	2021				Total 2021
			Q1 2021	Q2 2021	Q3 2021	Q4 2021	
Total Applications No.	1092	2,202	364	348	235	206	1,153
Total Applications Amt.	€16.674M	€51.794M	€6.263M	6.092M	4.056M	3.471M	€19.837M

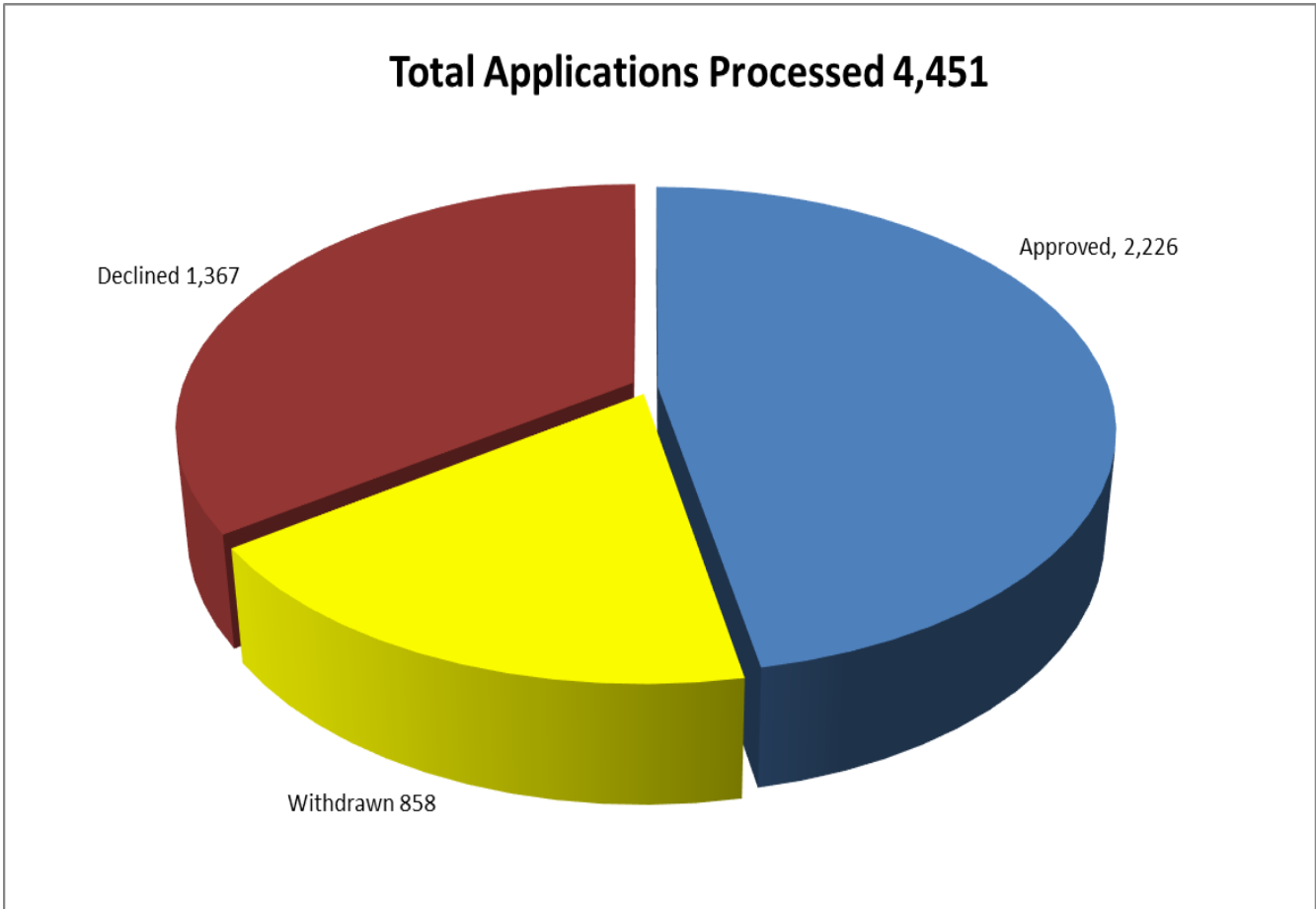
	2019	2020	2021				Total 2021
			Q1 2021	Q2 2021	Q3 2021	Q4 2021	
Applications Processed	1,068	2,212	351	356	258	206	1,171
Approved	452	1,229	157	175	113	100	545
Approval Rate	42%	56%	45%	49%	44%	49%	47%
Approved (€'000)	€6.044M	€27.432M	€2.385M	€2.918M	€1.781M	€1.453M	€8.537M
Loans Drawn	388	1,114	164	163	125	95	547
Loans Drawn (€'000)	€5.108M	€24.805M	€2.621M	€2.617M	€2.114M	€1.431M	€8.783M
Loans Declined	377	581	127	123	91	68	409
Loans Declined (€'000)	€5.974M	€12.299M	€2.219M	€2.137M	€1.672M	€1.166M	€7.194M

Quarterly Growth Trend

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



Applications processed (1st January 2019- 31st December 2021)



Number of Loans by Sector

Number of Loans							
	2019	2020	2021				Total 2021
			Q1 2021	Q2 2021	Q3 2021	Q4 2021	
Wholesale and retail trade; Repair of motor vehicles	100	253	22	32	26	17	97
Accommodation and food service activities	37	168	20	26	12	4	62
Construction	40	110	19	7	8	12	46
Manufacturing	42	93	12	16	12	12	52
Other services	38	139	18	14	16	8	56
Professional, scientific & tech activities	34	81	13	15	8	6	42
Art, entertainment and recreation	28	57	6	11	4	5	26
Administration & support ser. Activities	26	54	7	10	4	7	28
Transport/storage	16	36	10	13	5	4	32
Information and communication	25	54	5	2	3	4	14
Agriculture, forestry & fishing	11	45	12	8	5	7	32
Human, health and social work	19	56	6	10	7	5	28
Education	26	44	6	8	2	6	22
Other	10	39	1	3	1	3	8

Values of Loans by Sector

Value of Loans							
	2019	2020	2021				Total 2021
			Q1 2021	Q2 2021	Q3 2021	Q4 2021	
Wholesale and retail trade; Repair of motor vehicles	1,333	6,696	347	595	436	216	1,594
Accommodation and food service activities	637	3,836	343	475	216	100	1,134
Construction	527	2,416	314	136	155	152	757
Manufacturing	548	2,164	191	318	166	184	859
Other services	361	1,777	191	173	189	96	649
Professional, scientific & tech activities	394	1,737	201	242	111	62	616
Art, entertainment and recreation	419	1,296	92	138	40	62	332
Administration & support ser. Activities	340	1,165	82	131	69	111	393
Transport/storage	249	754	143	226	93	73	535
Information and communication	345	1,416	115	28	75	62	280
Agriculture, forestry & fishing	163	1,062	186	158	117	141	602
Human, health and social work	220	1,064	112	156	77	52	397
Education	345	936	56	107	24	92	279
Other	161	1,113	12	35	13	50	110

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				Total 2021
			Q1 2021	Q2 2021	Q3 2021	Q4 2021	
1	266	473	85	98	60	54	297
2-3	117	401	50	55	38	30	173
4-5	35	177	16	13	6	8	43
6-9	34	178	6	9	9	5	29
10							
Total No. of Loans	452	1229	157	175	113	97	542
Withered Jobs cancelled						3	3

Approvals by Loan Size

From 1st January 2019 to 31st December 2021, loans were granted in the following size range.

Loans by Size							
Euro	2019	2020	2021				Total 2021
			Q1 2021	Q2 2021	Q3 2021	Q4 2021	
≤50k		288					
≤25k	110	306	48	68	41	26	183
≤20k	32	145	21	19	13	12	65
≤15k	67	164	31	42	22	24	119
≤10k	67	164	31	19	17	16	83
≤5k	176	162	26	27	20	22	95
Average Loan Size	€13.4K	€22.3K	€15.2K	€16.7K	€15.7K	€14.5K	€15.6K

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

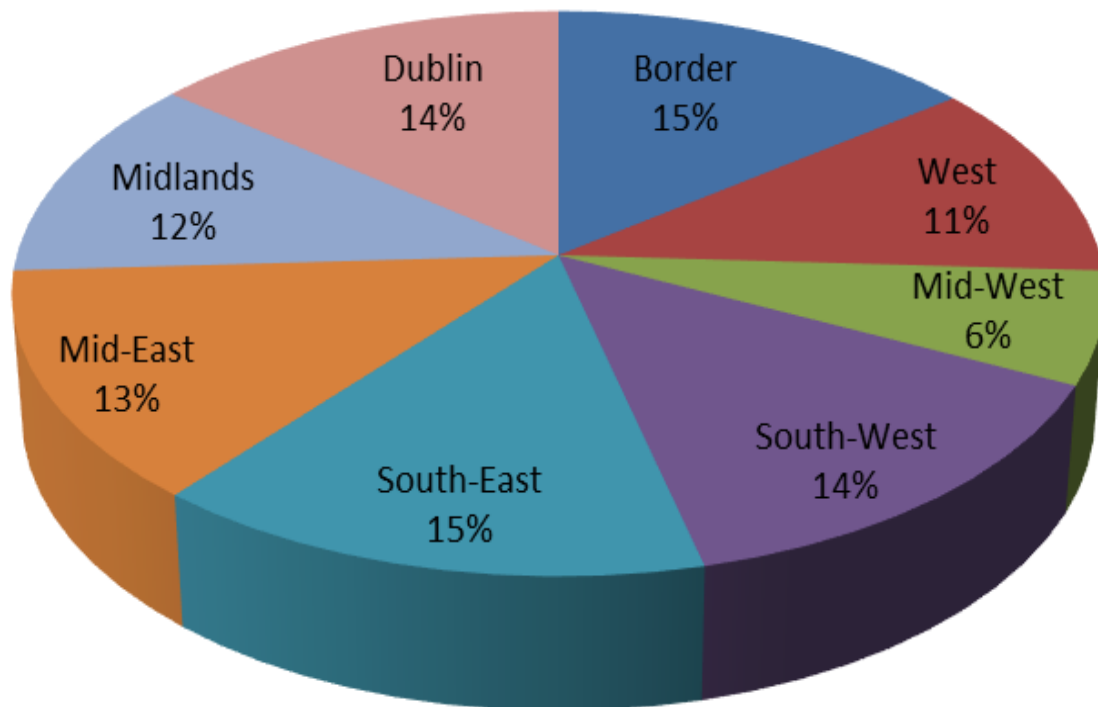
Purpose	Number of Loans						
	2019	2020	2021				Total 2021
			Q1 2021	Q2 2021	Q3 2021	Q4 2021	
Working Capital			49	42	55	35	181
Tangible and Intangible Assets			72	70	41	24	207
Mixed Financing for tangible, intangible assets and working capital			43	51	29	36	159

Purpose	Value of Loans						
	2019	2020	2021				Total 2021
			Q1 2021	Q2 2021	Q3 2021	Q4 2021	
Working Capital			797	593	967	533	2890
Tangible and Intangible Assets			1,142	1,177	725	404	3448
Mixed Financing for tangible, intangible assets and working capital			682	847	422	494	2445

Geographical Analysis of Approval – from 1st January 2021 to 31st December 2021

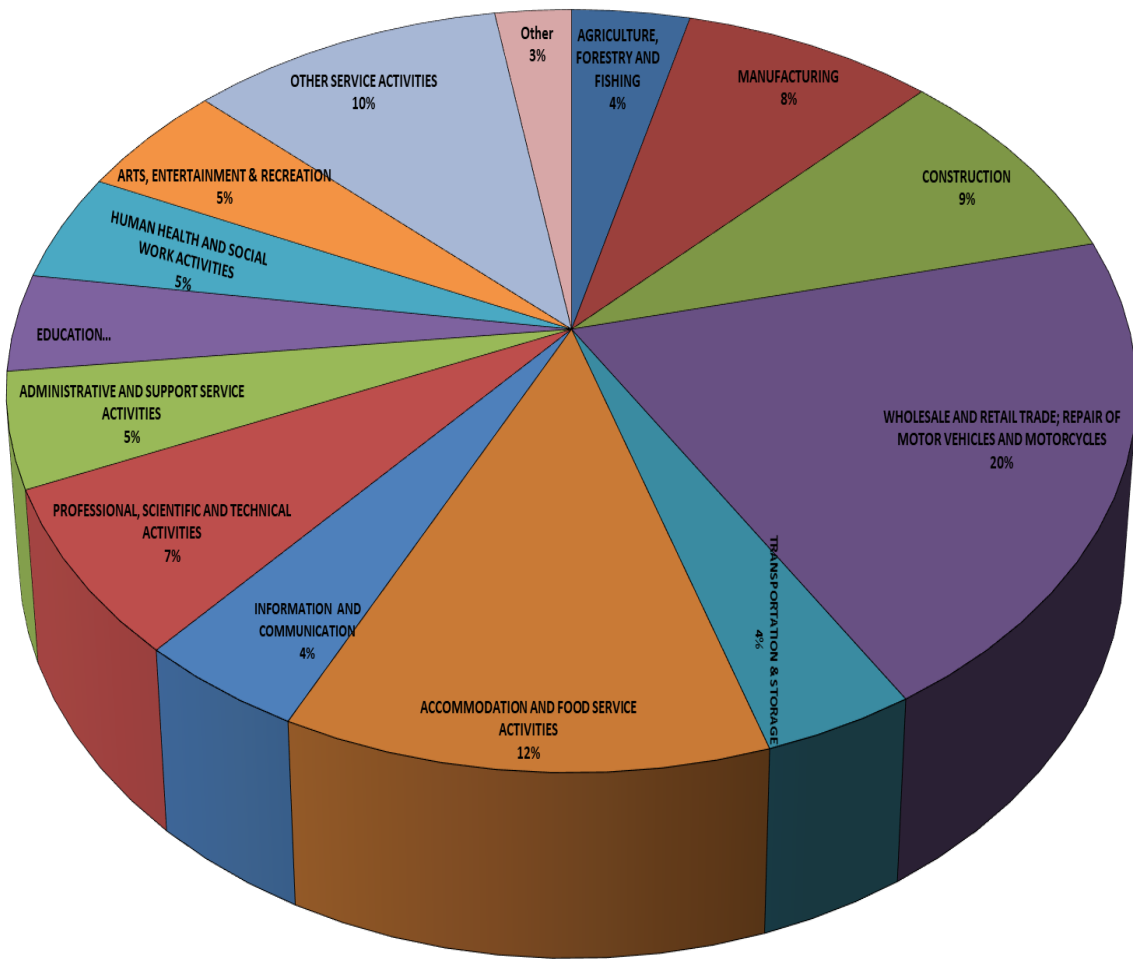
Geographical Spread							
County	Approved Q1	Approved Q2	Approved Q3	Approved Q4	Received YTD	Approved YTD	Approved Amount 2021 €000
Dublin	22	21	22	12	275	77	1,337
Cork	16	20	14	9	100	59	911
Kildare	6	14	9	4	64	33	437
Galway	8	11	4	3	63	26	384
Meath	10	6	3	4	53	23	338
Donegal	9	8	6	5	47	28	422
Wexford	5	9	6	6	46	26	381
Limerick	9	5	3	3	42	20	294
Westmeath	3	9	4	8	38	24	457
Louth	6	3	5	5	34	19	266
Tipperary	3	3	3	4	33	13	178
Kerry	4	7	2	4	33	17	257
Clare	2	4	6	3	33	15	264
Wicklow	7	5	2	2	32	16	281
Waterford	4	6	4	4	31	18	344
Mayo	5	11	3	5	27	24	391
Roscommon	4	4	2	2	27	12	233
Offaly	2	6	3	4	25	15	258
Kilkenny	6	3	3	3	25	15	193
Laois	6	1	4	3	24	14	188
Carlow	5	1	1	1	23	8	112
Cavan	3	7	1	1	19	12	188
Sligo	3	3		2	18	8	95
Longford	2	6	1	2	17	11	171
Monaghan	4	1	2	1	13	8	125
Leitrim	3	1			11	4	32

Approved Loans By Regions



Approval by Business Sector

Loans by Sector



Demographical Analysis

Approved Applications	2019	2020	2021				Total 2021
			Q1 2021	Q2 2021	Q3 2021	Q4 2021	
Start Up	223	233	56	66	54	38	214
Existing	229	996	101	109	59	62	331
Female	138	340	40	57	46	25	168
Male	314	889	117	118	67	75	377
No. Of Ltd Co.	178	620	49	64	32	34	179
No. of Sole Traders	261	567	101	109	77	63	350
No. Of Partnerships	13	42	7	2	4	3	16
Youth (18-25 years Old)	7	11	2	4	2	7	33

Source of Loan Referrals

Number of Applications by Channel							
Channels	2019	2020	2021				Total 2021
			Q1 2021	Q2 2021	Q3 2021	Q4 2021	
LEO	169	523	60	84	59	46	249
Direct	234	666	94	88	53	50	285
Bank	34	25	3	2	1	3	9
Údarás		1		1			1
ILDN	15					1	1

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 57 appeals in 2021 and 12 of these cases have been approved on appeal (21%). These figures are included in the YTD approval figures.

Complaints

2 complaints were received by the business in quarter 4, 2021 which brings the total complaints for 2021 to 8.

Business Failures

In 2021, 53 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.