

Microfinance Ireland

Report on The Microenterprise Loan Fund Scheme As of the 31st December 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 31st December 2023

As at end December 2023, Microfinance Ireland has been in business for over 10 years. In this time, it has delivered the following key results:

- ✓ **10,865 Applications received.**
- ✓ **€83.0M Value of loans approved**
- ✓ **10,403 Net jobs supported in 5,077 micro-enterprises.**
- ✓ **47% Approval rate**
- ✓ **€74.6M Value of loans drawn**
- ✓ **4,544 Loans drawn.**
- ✓ **Average Loan size of €16.4K**
- ✓ **82% 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 (20%)	MANUFACTURING (11%)
OTHER SERVICES (11%)	PROFESSIONAL, SCIENTIFIC AND TECH ACTIVITIES (9%)
HUMAN HEALTH AND SOCIAL ACTIVITIES (8%)	ACCOMMODATION AND FOOD ACTIVITIES (7%)
CONSTRUCTION (6%)	ADMINISTRATION & SUPPORT SERVICES. ACTIVITIES (6%)
ARTS, ENTERTAINMENT AND RECREATION (6%)	INFORMATION AND COMMUNICATION (4%)
EDUCATION (4%)	TRANSPORT AND STORAGE (4%)
AGRICULTURE, FORESTRY & FISHING (3%)	OTHER (1%)

Assessing applications efficiently:

- ✓ **10,585 Applications processed to full assessment.**
- ✓ **62 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 31st December 2023

Key performance indicators YTD 2023

- ✓ **994 Applications received.**
- ✓ **€6.6M Value of loans approved**
- ✓ **577 Jobs supported in 442 micro-enterprises.**
- ✓ **46% Approval rate**
- ✓ **€6.0M Value of loans drawn**
- ✓ **397 Loans drawn.**
- ✓ Average Loan size of **€14.9K**
- ✓ **93%** 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.

Key performance indicators Qtr. 4 2023

- ✓ **227 Applications received.**
- ✓ **€1.5M Value of loans approved**
- ✓ **118 Jobs supported in 98 micro-enterprises.**
- ✓ **45% Approval rate**
- ✓ **€1.2M Value of loans drawn**
- ✓ **86 Loans drawn.**
- ✓ Average Loan size of **€14.8K**
- ✓ **98%** approvals granted to businesses employing **3 people or fewer.**
- ✓ **43%** 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.

During the 4th 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 October 2023 in order to drive awareness and generate lending opportunities.

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 continued our representation at in person events including presenting at a number of local Chamber of Commerce events to broaden awareness. We have also hosted a number of webinars outlining the funding options both on a stand-alone basis and in collaboration with the Local Enterprise Office network.

We have continued to be represented at the Building Better Business organised by the Department of Enterprise, Trade & Employment.

We are supporting the Emerging New Business category in the Small Firms Association National Small Business Awards the winner of which will be announced in Q1 2024.

Performance:

Q4 application performance was marginally ahead of the corresponding period in 2022 in terms of both volume and value. For the full year 2023 our application volumes were c. 3.5% ahead of 2022 and very marginally below budget. Our approval rate for 2023 was c. 46% which is slightly lower than 2022 and budget and reflects an increase in the number of applications received that had to be withdrawn due to incomplete documentation.

Applications from Start Ups accounted for just over 48% of all applications and c. 39% of business funded in the period.

In the year to date, applications from Female business owners accounted for c. 34% of all applications which is a similar to the % of Female applicants in 2022.

Microenterprise Loan Fund Scheme Analysis

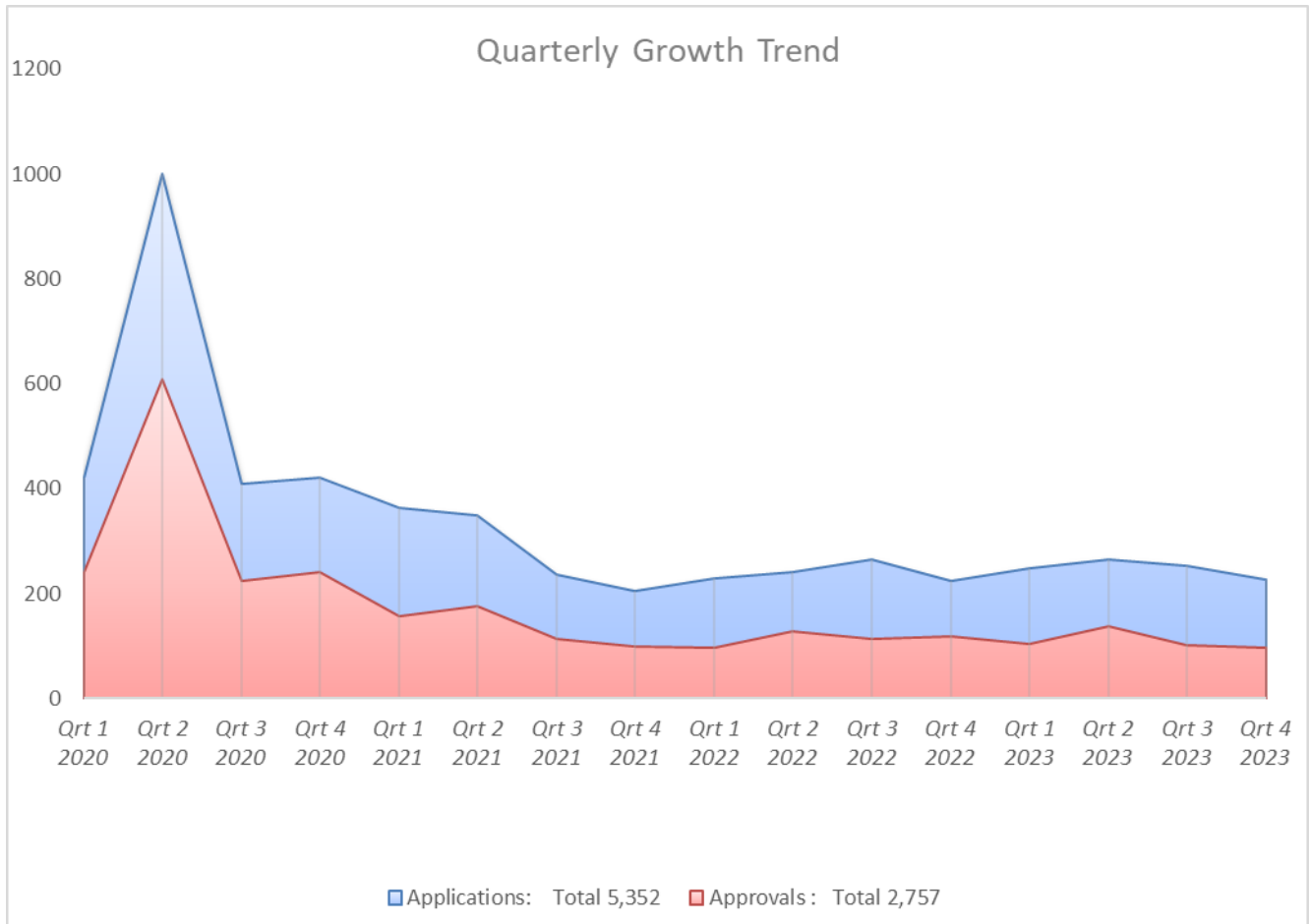
January 2020 – December 2023

	2020	2021	2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Total 2023
Total Applications No.	2,202	1,153	959	248	265	254	227	994
Total Applications Amt.	€51.794M	€19.837M	€16.873M	€4.225M	€4.568M	€4.014M	€4.034M	€16.841M

	2020	2021	2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Total 2023
Applications Processed	2,212	1,171	961	225	263	261	216	965
Approved	1,229	545	458	105	138	101	98	442
Approval Rate	56%	47%	48%	47%	50%	39%	45%	46%
Approved (€'000)	€27.432M	€8.537M	€6.931M	€1.515M	€2.095M	€1.538M	€1.452M	€6.600M
Loans Drawn	1,114	547	401	86	128	97	86	397
Loans Drawn (€'000)	€24.805M	€8.783M	€6.004M	€1.289M	€1.911M	€1.584M	€1.225M	€6.009M
Loans Declined	581	409	335	65	63	84	51	263
Loans Declined (€'000)	€12.299M	€7.194M	€6.073M	€1.088M	€1.183M	€1.468M	€922	€4.661M

Quarterly Growth Trend

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



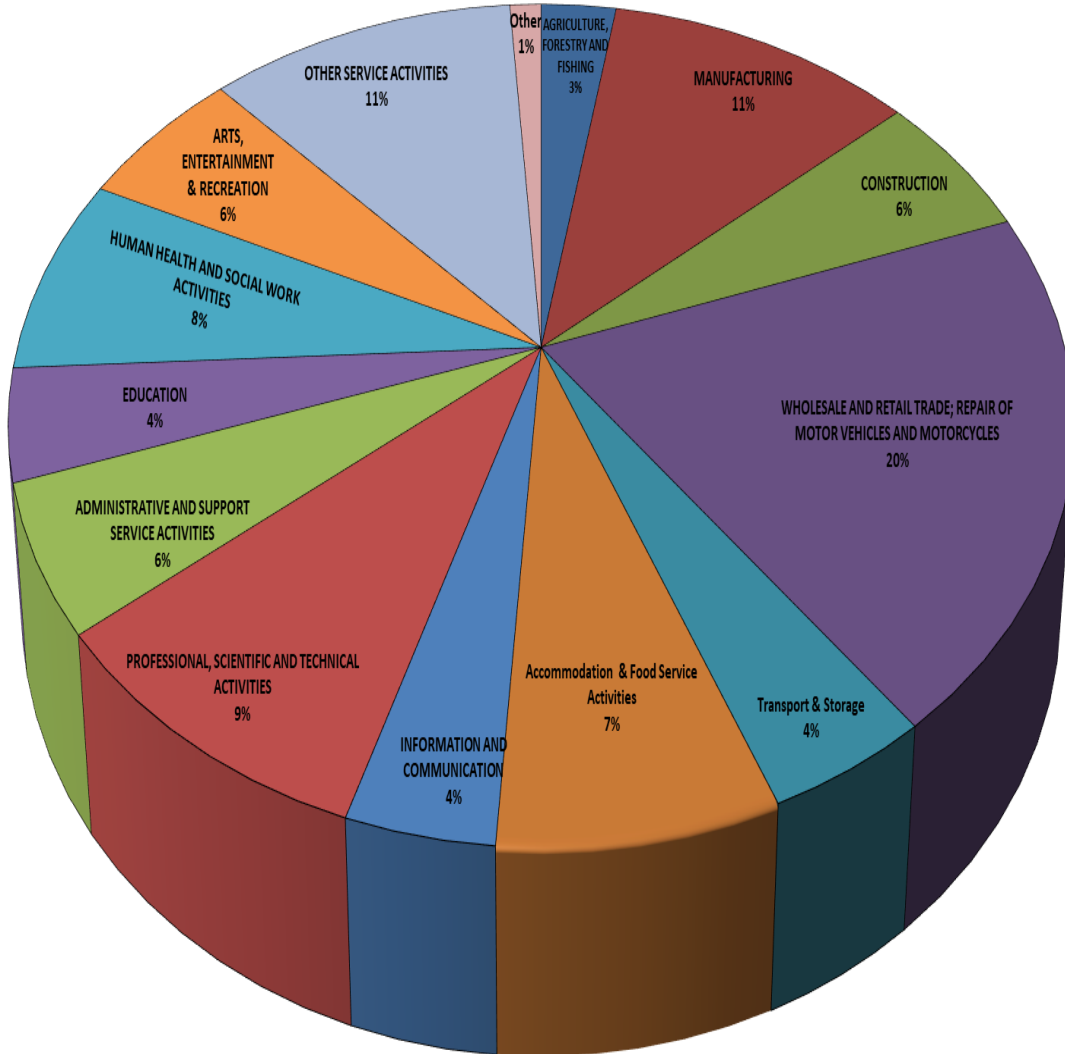
Number of Loans by Sector

Number of Loans								
	2020	2021	2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Total 2023
Wholesale and retail trade; Repair of motor vehicles and Accommodation and food service activities	253	97	96	25	27	18	18	88
Construction	110	46	38	8	10	5	3	26
Manufacturing	93	52	50	15	13	10	11	49
Other services	139	56	42	9	11	16	13	49
Professional, scientific & tech activities	81	42	39	7	13	11	10	41
Art, entertainment and recreation	57	26	22	4	8	5	9	26
Administration & support ser. Activities	54	28	25	9	12	2	2	25
Transport/storage	36	32	19	4	5	3	7	19
Information and communication	54	14	22	4	3	8	2	17
Agriculture, forestry & fishing	45	32	16	2	8	2		12
Human, health and social work	56	28	29	10	7	7	10	34
Education	44	22	14	1	8	5	5	19
Others	39	8	5	0	0	2	3	5

Values of Loans by Sector

Value of Loans								
	2020	2021	2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Total 2023
Wholesale and retail trade; Repair of motor vehicles	6,696	1,594	1452	398	489	261	286	1434
Accommodation and food service activities	3,836	1,134	724	99	196	124	52	471
Construction	2,416	757	620	125	163	107	50	445
Manufacturing	2,164	859	759	221	194	204	176	796
Other services	1,777	649	575	91	102	165	158	516
Professional, scientific & tech activities	1,737	616	503	100	158	122	134	515
Art, entertainment and recreation	1,296	332	324	54	118	89	141	402
Administration & support ser. Activities	1,165	393	251	139	192	45	27	403
Transport/storage	754	535	363	54	98	55	110	317
Information and communication	1,416	280	367	61	50	121	32	264
Agriculture, forestry & fishing	1,062	602	283	34	107	46		187
Human, health and social work	1,064	397	482	124	77	92	142	435
Education	936	279	158	15	151	90	84	340
Others	1,113	110	70	0	0	17	58	75

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	Q3 2023	Q4 2023	Total 2023
1	473	297	289	74	94	70	89	327
2-3	401	173	118	21	30	26	7	84
4-5	177	43	31	5	4	2	2	13
6-9	178	29	19	5	10	3	0	18
10			1	0				0
Total No. of Loans	1229	542	458	105	138	101	98	442

Approvals by Loan Size

From 1st January 2020 to 31st December 2023, loans were granted in the following size range.

Loans by Size								
Euro	2020	2021	2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Total 2023
≤50k	288							
≤25k	306	183	122	23	38	32	32	125
≤20k	145	65	79	13	22	15	12	62
≤15k	164	119	100	27	34	18	14	93
≤10k	164	83	71	27	21	17	19	84
≤5k	162	95	86	15	23	19	21	78
Average Loan Size	€22.3K	€15.6K	€15.1K	€14.4K	€15.2K	€15.2K	€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

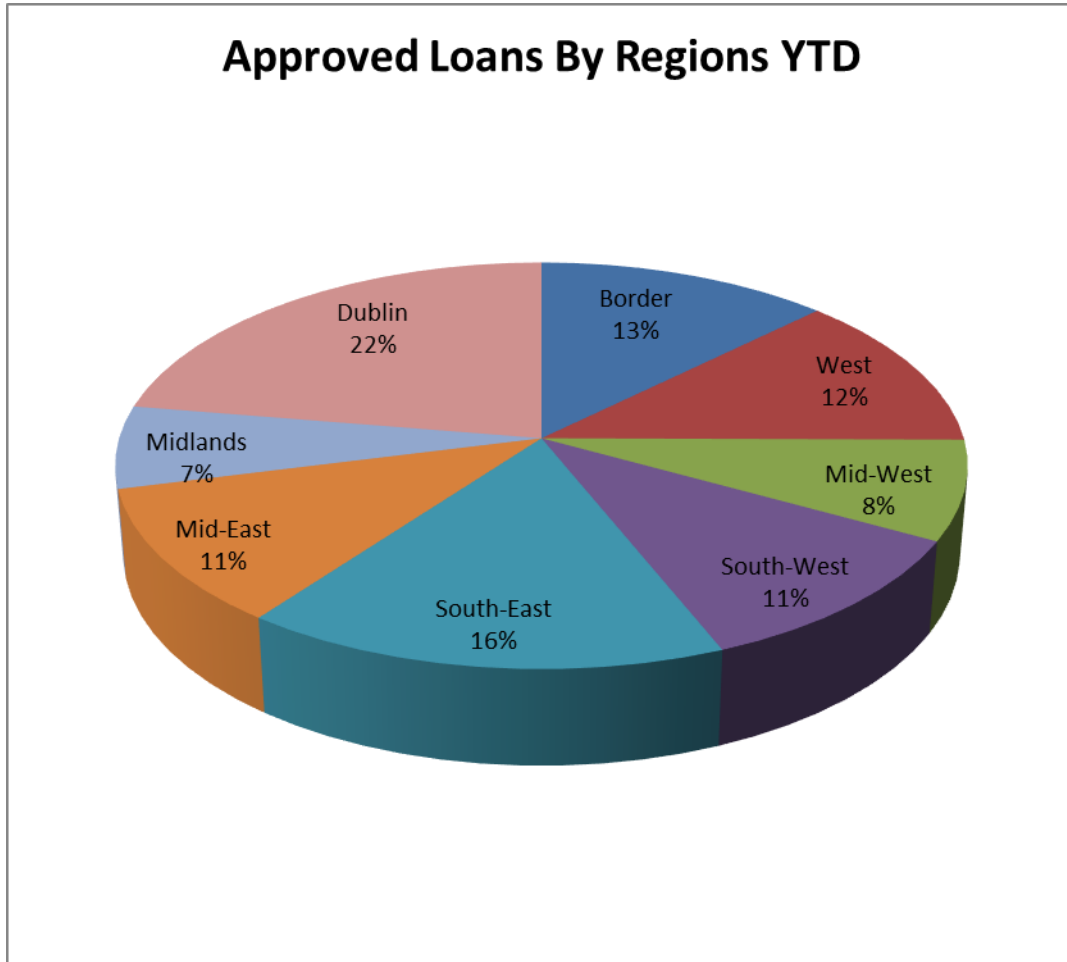
Number of Loans								
Purpose	2020	2021	2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Total 2023
Working Capital		181	136	27	32	25	24	108
Tangible and Intangible Assets		207	138	16	52	38	25	131
Mixed Financing for tangible, intangible assests and working capital		159	127	43	44	34	37	158

Value of Loans								
Purpose	2020	2021	2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Total 2023
Working Capital		2,890	1,980	402	458	365	353	1,578
Tangible and Intangible Assets		3,448	2,129	298	785	639	404	2,126
Mixed Financing for tangible, intangible assests and working capital		2,445	1,895	589	668	580	468	2,305

Geographical Analysis of Approval - from 1st January 2023 to 31st December 2023

Geographical Spread							
County	Received YTD	Approved Q1	Approved Q2	Approved Q3	Approved Q4	Approved YTD	Approved Amount 2023 €000
Dublin	191	24	31	22	22	99	1,444
Cork	58	9	10	8	3	30	482
Galway	50	10	10	5	11	36	548
Kildare	38	4	6	2	8	20	327
Meath	37	6	7	5	3	21	274
Wexford	35	2	4	7	5	18	279
Tipperary	29	4	4	6	7	21	324
Clare	27	5	6	4	7	22	314
Kerry	25	5	8	4	1	18	261
Wicklow	24	3	2	1	1	7	73
Waterford	24	2	5	4	4	15	220
Mayo	22	2	4	2	2	10	168
Louth	22	5	6	2	3	16	247
Donegal	22	4	2	7	1	14	226
Limerick	19	1	4	7	1	13	212
Westmeath	18	2	4	3	1	10	178
Kilkenny	17	2	6	3	2	13	206
Sligo	15	1	4	1	1	7	73
Carlow	15	1	3	1	0	5	54
Roscommon	15	2	3	0	4	9	123
Cavan	14	3	3	1	0	7	118
Laois	13	3	1	2	1	7	85
Monaghan	12	2	1	2	4	9	141
Longford	11	1	3	0	2	6	73
Offaly	8	2	0	0	4	6	80
Leitrim	6	0	1	2		3	71

Approval by Business Sector January 2023 to December 2023



Demographical Analysis

Approved Applications	2020	2021	2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Total 2023
Start Up	233	214	191	36	57	46	42	181
Existing	996	331	267	69	81	55	56	261
Female	340	168	166	33	45	46	44	168
Male	889	377	292	72	93	55	54	274
No. of Ltd Co.	620	179	170	36	47	45	29	157
No. of Unltd Co.			1					
No. of Sole Traders	567	350	273	67	91	55	68	281
No. of Partnerships	42	16	14	2		1	1	4
Youth (Aged 18-25)	11	33	9	1	5	0	3	9

Source of Loan Referrals

Channels	2020	2021	2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Total 2023
LEO	523	249	220	60	64	54	44	222
Direct	666	285	224	44	72	44	54	214
Bank	25	9	12		1	2		3
Údarás	1	1	0					0
ILDN		1	2	1	1	1		3

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 28 appeals in 2023 and 3 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 4 2023.

Business Failures

YTD 2023, 68 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.