



Microfinance  
Ireland

# Strategic Plan

2023 - 2027



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

## This document outlines the strategy for Microfinance Ireland for the period 2023 – 2027.

The strategy has been developed following a comprehensive review of publicly available research, extensive internal and external stakeholder interviews and peer reviews of microfinance providers in other jurisdictions. The outputs from these reviews and interviews assisted the Board and executive leadership team in arriving at the strategic objectives that are set out in this document.

Fundamental to this strategy review process was an examination of our Vision, Mission, Purpose and Values. This was particularly important to ensure alignment among the Board and MFI staff given the change in the composition of the Board and Executive Team since the last strategic review.

“At Microfinance Ireland our mandate continues to be to provide funding to viable microenterprises that cannot access funding from the conventional banking system. Our goal is to ensure that none of these businesses go unfunded. In 2023 and beyond we would like to see an Ireland where all small businesses have the opportunity to succeed.”

Des McCarthy  
Microfinance Ireland CEO



## About Microfinance Ireland (MFI)

Microfinance Ireland was established under the Microenterprise Loan Fund Act of 2012 (“the Act”) and as part of the government’s Action Plan for Jobs. The Act empowered Social Finance Foundation to establish Microfinance Ireland with the purpose of managing the Microenterprise Loan Fund on behalf of the Government. The fund was seeded with a grant of €10m from the Department of Jobs, Enterprise & Innovation.

Our mandate is to provide loans from €2,000 to €25,000 to viable businesses with fewer than 10 employees and turnover of less than €2m who have experienced difficulty in accessing finance from the conventional bank market. Our loans are unsecured and provided at fixed rates to give certainty of repayment amount to our borrowers. We also provide free mentoring sessions through the Local Enterprise Offices to ensure businesses have the skills they need to succeed. We lend to Sole Traders, Limited Companies and Partnerships and both start-ups and established businesses.

Our borrowers are the small businesses located in communities throughout the country who service the day to day needs of their communities and include hairdressers, coffee shops, pharmacies and gyms etc. Since inception in 2012, Microfinance Ireland has provided loans totalling over €67m to over 4,100 businesses which have supported almost 10,000 jobs throughout the country.

We are funded by Government grants, having received €49.8m since establishment in 2012, and a €30m loan facility, from the Strategic Banking Corporation of Ireland (SBCI). In addition, we are supported by partial loan loss guarantees from the European Investment Fund (EIF). Without this combined support of the Department of Enterprise, Trade & Employment, SBCI and EIF, we would not be able to support the microenterprises that rely on our funds.

We have developed very strong partnerships with the 31 Local Enterprise Offices (LEO’s) located throughout Ireland. The LEO’s are often the first point of contact for those looking to start or expand a business and are thus in an excellent position to refer applicants to us. The LEO’s are our most important referral partner and they use their panel of mentors to deliver the mentoring sessions to our borrowers. We also have strong partnerships with the main banks and other government support agencies.

## Key milestones from 2012 to 2022

### 2012

- In Oct 2012 Microfinance Ireland is established as a subsidiary of Social Finance Foundation
- MFI receive exchequer funding of €10m from the Department of Jobs, Enterprise and Innovation
- 60 Loan Applications with a value of €1.1m with 4 Loan Drawdowns amounting to €52,615 and supporting 7 Jobs
- MFI signs its first European Investment Fund guarantee under the European Progress Microfinance Facility (EPMF)

### 2013

- In its first full year of operations, MFI receives 379 loan applications with a value of €6.7m and supported 383 jobs

### 2014

- Loans drawn by businesses exceed €5m with over 1,100 jobs supported

### 2015

- Loan drawdowns increase to just under €10m, supporting over 2,000 jobs
- EIF provide MFI cover under The Programme for Employment and Social Innovation Guarantee (EaSI)
- MFI secure €15m in loan finance from its parent Social Finance Foundation (SFF)
- Microfinance Ireland host the European Microfinance Network Annual Conference

### 2016

- Microfinance Ireland moves to new premises
- Over €14m disbursed to over 1,000 businesses supporting almost 2,900 jobs

### 2017

- Application amounts exceed €50m since inception
- Loan disbursements reach €19m with 3,942 jobs supported
- MFI receive exchequer funds of €10m from the Department of Enterprise, Trade and Employment
- EIF renew and increase capacity under the EaSI guarantee
- MFI are among the first Microcredit providers to receive Certification of European Code of Good Conduct for Microcredit Provision

### 2018

- Loan disbursements reach almost €24m to 1,746 businesses and supporting over 4,800 jobs
- Overall Winner of The Public Sector Magazine Award for Outstanding Financial Support to Start-Ups 2018

### 2019

- For the first time, MFI disburses more than €5m in a single year with €5.1m disbursed to 388 businesses and supporting over 700 jobs

### 2020

- Launch of Covid Loan as part of the government response to the Covid-19 pandemic
- Covid loans supported 844 businesses via loan disbursements of €21.2m
- Maximum loan amount temporarily increased to €50k for Covid Fund 1
- Revisions to Microfinance Loan Act increase maximum amount the Minister can provide in the form of grants to €95m and permitting MFI to borrow from SBCI
- MFI receive exchequer funds of €24.8m from the Department of Enterprise, Trade and Employment
- Recertified as a lender that is compliant with the European Code of Good Conduct for Microfinance Provision
- MFI secure capacity under the EIF Pan European Guarantee Fund in response to Covid-19 (EGF)

### 2021

- MFI lends €8.8m to 547 businesses supporting 974 jobs
- MFI receive exchequer funds of €5m from the Department of Enterprise, Trade and Employment
- Agreed a €30m loan facility from the Strategic Banking Corporation of Ireland (SBCI)
- Winner of InBusiness Recognition Award 2021 – Finance Provider to Micro Business & Start-Ups

### 2022

- Oct 22 marks MFI's 10th Anniversary
- In 10 years, MFI lends €67.1m to 4,042 businesses supporting 9,937 jobs

## Our Vision

Our Vision is for an Ireland where every small business has the opportunity to succeed. Our mandate is to provide funding to viable microenterprises that cannot access funding from the conventional banking system. Our goal is to ensure that none of these businesses go unfunded.

## Our Mission

Our Mission represents the steps we will take to realise our Vision. We will provide loans and other business supports to small businesses who have difficulty getting finance by:

- Providing expert personal guidance and mentoring combined with user friendly technology
- Providing a modern, efficient, digital application process
- Providing a fair and effective appraisal process, ensuring equality of access to a diverse range of customers
- Ensuring an efficient and responsive turnaround throughout all stages of the process
- Partnering with key support agencies and other stakeholders to support small businesses
- Helping customers achieve sustainable economic and social impact

## Our Purpose

Our Purpose is a representation of the core reason for our existence and is encapsulated in the following statement:

“ Supporting small businesses to be the best they can be. ”

## Our Values

Our Values are the bedrock on which we base our business and reflect our shared approach to delivering on our Mission.



## Strategic Pillars

The following are the 4 pillars on which our strategy is based:

- Community
- Collaboration
- Customer
- Innovation and Sustainability

Each of the strategic pillars is described in more detail below.



### Community

Our Community pillar focuses on Microfinance Ireland using our loans to support businesses in local communities. Our customers provide the everyday products and services that are essential to the daily life in their community. These local businesses generate a multiplier effect by creating and sustaining jobs in the community and keeping money and activity in the area.

Our Community pillar is also focused on fostering inclusivity and diversity within the business community by actively assisting, via our loans and business supports, those who face challenges in financing their start-up or business expansion.

### Actions we are taking and will take to deliver under this pillar:

- Lending to start-up and expanding small businesses who cannot get loans elsewhere, thereby, promoting greater financial independence for those who want to start small businesses.
- Focusing our lending activities outside of the large cities with c. 70% of our lending being outside of the cities.
- Assisting borrowers to develop sustainable businesses that will create and sustain employment in their local area via funding and mentoring.
  - Promoting financial inclusivity by lending to marginalised groups who may not have other funding options.

**Roxana Boldizar-  
Roxxy Studio**



### Customer

Our Customer pillar focuses on understanding and responding to the needs and specific challenges faced by our target customers. Our ethos is based on giving every borrower a fair chance.

Under this pillar we will also review our end to end customer experience to ensure ease of application, providing assistance to applicants in presenting their proposal in the best light and being emphatic and fair in our interactions should the customer encounter repayment difficulties.

### Actions we are taking and will take to deliver under this pillar:

- Identifying and filling funding gaps among our target customers of microenterprises who experience difficulties securing bank finance.
- Improving the customer journey by transitioning to a simple online loan application process and an automated back-office processing and reporting system.
- Retaining the human touch in our loan processes and our desire to give every loan applicant a fair chance.
- Being fair and transparent in our dealings with customers.
- Striking the correct balance in our dealings with distressed borrowers reflecting the sometimes competing objectives of stewardship of our stakeholders money and our focus on sustaining jobs.
- Sustaining our Not for Profit ethos.

## Strategic Pillars



### Collaboration

Our Collaboration pillar focuses on developing and maintaining the relationships that help us build awareness of our activities among those start-up and established small businesses that need our assistance.

The small size of our organisation and the breadth of our mandate makes effective collaborations essential to ensure we are effective and efficient in reaching our target audience.

We also collaborate with our key stakeholders including Government, the Strategic Banking Corporation of Ireland (SBCI), the Local Enterprise Offices, and the European Investment Fund (EIF) without whose support we would not be able to deliver on our mandate.

We believe that collaborations can make us and our partners stronger.

### Actions we are taking and will take to deliver under this pillar:

- Seeking to expand our network of partners to optimise our resources and expand our reach and assist us in accessing hard to reach groups.
- Using our partners experience to give us vital insights into challenges and needs of marginalised groups thereby informing our product development and providing opportunities for co-creation of products.
- Being open to and actively seeking new opportunities and ideas to fill funding gaps that will arise from our interactions with collaborators.
- Endeavouring to be recognised as an added value collaborator with the objective of generating further collaborations creating a virtuous circle.
- Continuously seeking to nurture and strengthen our relationships with our stakeholders and being mindful of the critical role they play in our success.



### Innovation & Sustainability

Our Innovation and Sustainability pillar focuses on adopting a mindset of openness and continuous improvement in product and process to benefit our customers, staff and other stakeholders. In a constantly changing business environment our relevance is dependent on our ability to adapt our product offering and product delivery mechanisms to those changing circumstances.

As a small organisation process improvement and automation are key to our ability to grow while maintaining our responsiveness to our customers.

We are conscious that our customers often contact us for assistance during their application journey. It is important that we maintain a balance between automation and human contact points along that journey to ensure we remain accessible to all customers.

Promoting greater sustainability within our business and among our customers via our product set is one of our strategic goals.

### Actions we are taking and will take to deliver under this pillar:

- Improving our customer application process to make it easier for the customer.
- Automating our back-office processing to allow us to scale and generate efficiencies and to reduce operational risk.
- Focusing on sustainability within our own business by ensuring we are informed via education and training and by being conscious of daily activities which impact on sustainability.
- Through our loans and other business supports continuously seek opportunities to provide customers with products that assist their businesses to become more sustainable.
- Being attuned to the needs of business that may arise from changes or new developments in government policy.



John O'Donohue - Dublin Indoor Football

## How we will measure success

MFI's mandate is to identify and fill funding gaps for microenterprises that have viable businesses but cannot secure loans from the commercial bank sector. Our funding sources come from government resources which are always in high demand and we therefore need to target our loans at businesses that are clearly within our mandate.

While our annual budgeting process sets internal targets for the number of loan applications received, achievement of these targets is dependent on the financing gap within our target market. As such we are not driven by growth for growth sake, but by the need to fill these funding gaps and therefore hard numerical sales targets are not appropriate to measure success.

Our primary numerical KPI is the number of jobs supported and we seek to grow that number each year. The success in implementing our new strategy will primarily be monitored by the success of our transformation programme, the growth in the network of partners we work with and our responsiveness to identifying and filling new funding gaps.

In light of the above, the measures of success in delivering on our strategic objectives will be evidenced by:

- Funding gaps for microenterprises continuously identified and filled.
- MFI recognised as a lender to underrepresented groups with developed networks in each of the underrepresented groups we focus on.
- MFI acknowledged as having a simple, user friendly and efficient lending platform with a good balance between digital and human interaction.
- MFI recognised as the funding champion of high-risk micro business.
- Enhanced relationships with existing and new referral partners .
- Providing a rewarding work environment to our staff by providing opportunities for continuous growth and development.
- Stakeholders continuing to be supportive.



Pascale Van Riet -  
Phoenix Delite

## How we will measure success

Our progress in delivering on our strategy will be monitored by the Board via:

- Communication and embedment of our Strategy across the MFI team and key stakeholders.
- Detailed implementation plan for each strategic pillar.
- Annual Business Plan and budget.
- Annual Risk Management review.
- Bi-annual review of progress on strategic priorities and digital transformation.



