

Microfinance Ireland

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



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

Fund Performance Summary: 1st October 2012 to 31st of March 2023

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

- ✓ **10,119 Applications received.**
- ✓ **€78.4M Value of loans approved**
- ✓ **10,170 Net jobs supported in 4,470 micro-enterprises.**
- ✓ **47% Approval rate**
- ✓ **€69.9M Value of loans drawn**
- ✓ **4,233 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 (24%)	MANUFACTURING (14%)
ACCOMMODATION & FOOD SERVICE ACTIVITIES (7%)	PROFESSIONAL, SCIENTIFIC & TECH ACTIVITIES (7%)
OTHER SERVICES (8%)	CONSTRUCTION (8%)
HUMAN, HEALTH, AND SOCIAL WORK (9%)	ADMINISTRATION & SUPPORT SER. ACTIVITIES (8%)
ARTS, ENTERTAINMENT AND RECREATION (4%)	INFORMATION AND COMMUNICATION (4%)
TRANSPORT/STORAGE (4%)	AGRICULTURE, FORESTRY & FISHING (2%)
EDUCATION (1%)	OTHER (0%)

Assessing applications efficiently:

- ✓ **9,791 Applications** processed to full assessment.
- ✓ **55 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 March 2023

Key performance indicators YTD 2023

- ✓ **248 Applications received.**
- ✓ **€1.5M Value of loans approved**
- ✓ **154 Jobs supported in 105 micro-enterprises.**
- ✓ **47% Approval rate**
- ✓ **€1.3M Value of loans drawn**
- ✓ **86 Loans drawn.**
- ✓ Average Loan size of **€14.4K**
- ✓ **90%** approvals granted to businesses employing **3 people or fewer.**
- ✓ **34%** 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 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.

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. We continue to present at webinars to broaden awareness.

Performance:

Performance for Q1 2023 was good and trending in line with our budget. The number and value of applications is higher than the same period in 2022 and the value loans drawn is at its highest comparable level other than during Covid. Our approval rate is running at c. 47% which is similar to previous years.

Applications from Start Ups accounted for c. 46% of all applications and c. 34% of approvals.

We continue 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 2020 – March 2023

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

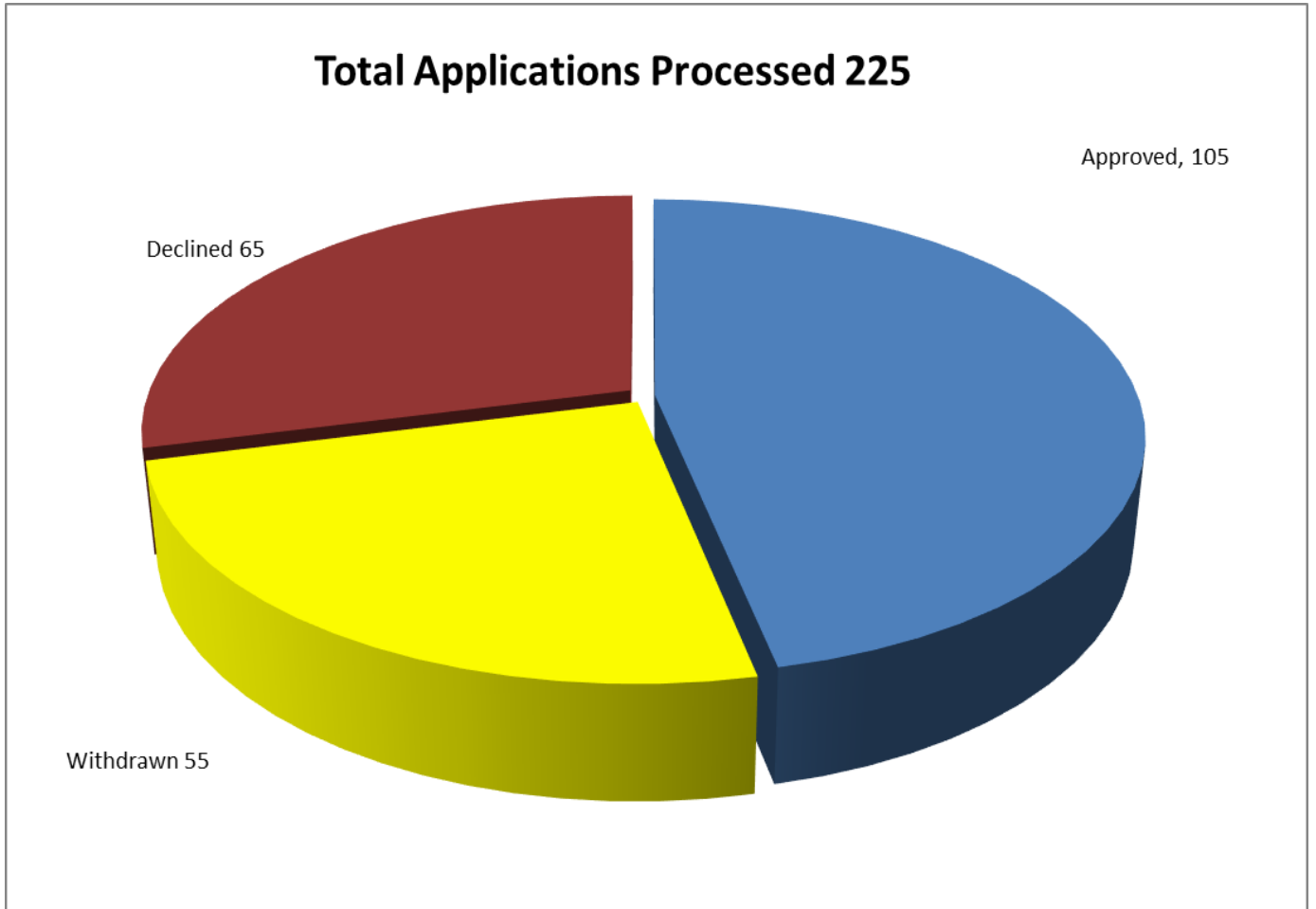
	2020	2021	2022	Q1 2023	Total 2023
Applications Processed	2,212	1,171	961	225	225
Approved	1,229	545	458	105	105
Approval Rate	56%	47%	48%	47%	47%
Approved (€'000)	€27.432M	€8.537M	€6.931M	€1.515M	€1.515M
Loans Drawn	1,114	547	401	86	86
Loans Drawn (€'000)	€24.805M	€8.783M	€6.004M	€1.289M	€1.289M
Loans Declined	581	409	335	65	65
Loans Declined (€'000)	€12.299M	€7.194M	€6.073M	€1.088M	€1.088M

Quarterly Growth Trend

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



Applications processed (1st January 2023- 31st of March 2023)



Number of Loans by Sector

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

Values of Loans by Sector

Value of Loans					
	2020	2021	2022	Q1 2023	Total 2023
Wholesale and retail trade; Repair of motor	6,696	1,594	1452	398	398
Accommodation and food service activities	3,836	1,134	724	99	99
Construction	2,416	757	620	125	125
Manufacturing	2,164	859	759	221	221
Other services	1,777	649	575	91	91
Professional, scientific & tech activities	1,737	616	503	100	100
Art, entertainment and recreation	1,296	332	324	54	54
Administration & support ser. Activities	1,165	393	251	139	139
Transport/storage	754	535	363	54	54
Information and communication	1,416	280	367	61	61
Agriculture, forestry & fishing	1,062	602	283	34	34
Human, health and social work	1,064	397	482	124	124
Education	936	279	158	15	15
Other	1,113	110	70		0

Approvals by Size of Borrower

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

Approvals by Size of Borrower					
No. of Employees	2020	2021	2022	Q1 2023	Total 2023
1	473	297	289	74	74
2-3	401	173	118	21	21
4-5	177	43	31	5	5
6-9	178	29	19	5	5
10			1	0	0
Total No. of Loans	1229	542	458	105	105

Approvals by Loan Size

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

Loans by Size					
Euro	2020	2021	2022	Q1 2023	Total 2023
≤50k	288				
≤25k	306	183	122	23	23
≤20k	145	65	79	13	13
≤15k	164	119	100	28	27
≤10k	164	83	71	27	27
≤5k	162	95	86	15	15
Average Loan Size	€22.3K	€15.6K	€15.1K	€14.4K	€14.4K

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

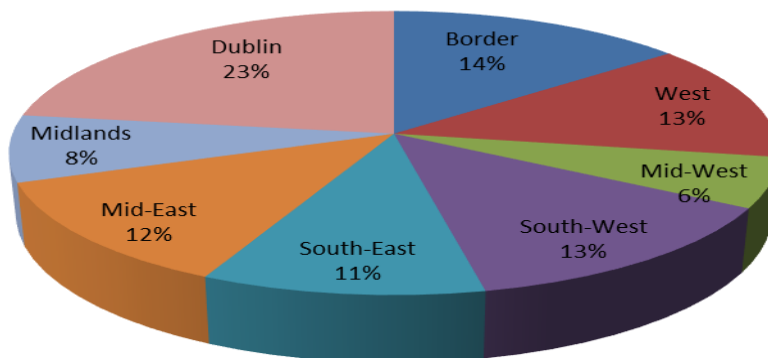
Number of Loans					
Purpose	2020	2021	2022	Q1 2023	Total 2023
Working Capital		181	136	27	27
Tangible and Intangible Assets		207	138	16	16
Mixed Financing for tangible, intangible assets and working capital		159	127	43	43

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

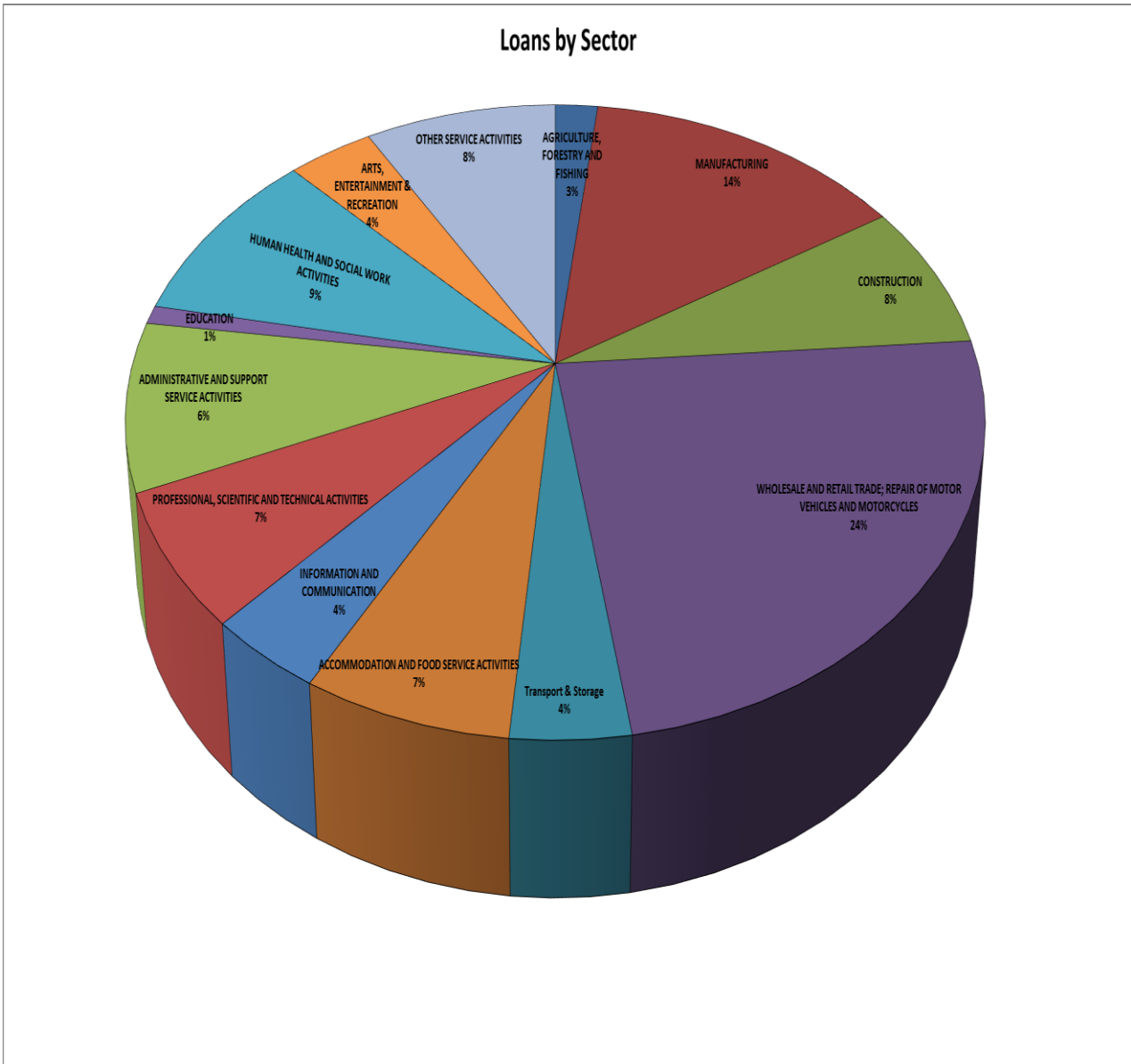
Geographical Analysis of Approval – from 1st January 2023 to 31st of March 2023

County	Approved Q1	Received YTD	Approved YTD	Approved Amount 2023 €000
Dublin	24	64	24	334
Cork	9	22	9	122
Meath	6	10	6	61
Kildare	4	11	4	47
Tipperary	4	9	4	74
Wexford	2	8	2	34
Galway	10	17	10	153
Kerry	5	9	5	71
Wicklow	3	12	3	28
Limerick	1	3	1	25
Waterford	2	5	2	26
Westmeath	2	4	2	35
Donegal	4	7	4	68
Louth	5	8	5	97
Clare	5	8	5	65
Cavan	3	5	3	45
Sligo	1	5	1	3
Kilkenny	2	3	2	40
Mayo	2	13	2	35
Roscommon	2	2	2	40
Monaghan	2	2	2	15
Carlow	1	5	1	12
Laois	3	5	3	30
Longford	1	5	1	15
Offaly	2	5	2	40
Leitrim	0	1	0	0

Approved Loans By Regions YTD



Approval by Business Sector January 2023 to March 2023



Demographical Analysis

Approved Applications	2020	2021	2022	Q1 2023	Total 2023
Start Up	233	214	191	36	36
Existing	996	331	267	69	69
Female	340	168	166	33	33
Male	889	377	292	72	72
No. of Ltd Co.	620	179	170	36	36
No. of Unltd Co.			1		0
No. of Sole Traders	567	350	273	67	67
No. of Partnerships	42	16	14	2	2
Youth (18-25 years old)	11	33	9	1	1

Source of Loan Referrals

Channels	2020	2021	2022	Q1 2023	Total 2023
LEO	523	249	220	60	60
Direct	666	285	224	44	44
Bank	25	9	12		0
Údarás	1	1	0		0
ILDN		1	2	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 6 appeals in 2023 and 0 of these cases have been approved on appeal. These figures are included in the YTD approval figures.

Complaints

1 complaint was received by the business in Quarter 1 2023

Business Failures

YTD 2023, 21 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.