

Microfinance Ireland

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



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 2022 to June 2022

Key performance indicators YTD 2022

- ✓ **470 Applications received**
- ✓ **€3.4M Value of loans approved**
- ✓ **356 Jobs supported in 226 micro-enterprises.**
- ✓ **49% Approval rate**
- ✓ **€2.9M Value of loans drawn**
- ✓ **199 Loans drawn**
- ✓ **Average Loan size of €14.9K**
- ✓ **88% approvals granted to businesses employing 3 people or fewer**
- ✓ **50% of approvals granted to start-ups (in business for less than 18 months)**
- ✓ **Wide geographic coverage: 20% of loans granted to Dublin, 80% to the rest of Ireland**

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

Promotion and performance of the Fund during Quarter 2 2022

Key performance indicators for Quarter 2 2022

- ✓ **240** Applications received
- ✓ **€1.9M** Value of loans approved
- ✓ **212** Jobs supported in **128** micro-enterprises
- ✓ **52%** Approval rate
- ✓ **€1.8M** Value of loans drawn
- ✓ **123** Loans drawn
- ✓ Average Loan size of **€15.4K**
- ✓ **88%** 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:** 16% of loans granted to Dublin, 84% to the rest of Ireland

- ✓ **45** 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.

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:

Q2 2022 saw the volume of applications increase by c. 4% compared to Q1 while there was an increase in the value of those applications of c. 7% reflecting a somewhat higher loan amount per application. The demand for our Covid loans was lower than Q1 continuing the downward trend experienced since the 2nd half of 2021. The percentage of Start Up applications remained strong which is a sign that borrowers are still prepared to start businesses despite the uncertain environment.

As in previous quarters 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 low, and we do not expect this to change as our customers tend not to be directly impacted by Brexit related issues.

Microenterprise Loan Fund Scheme Analysis

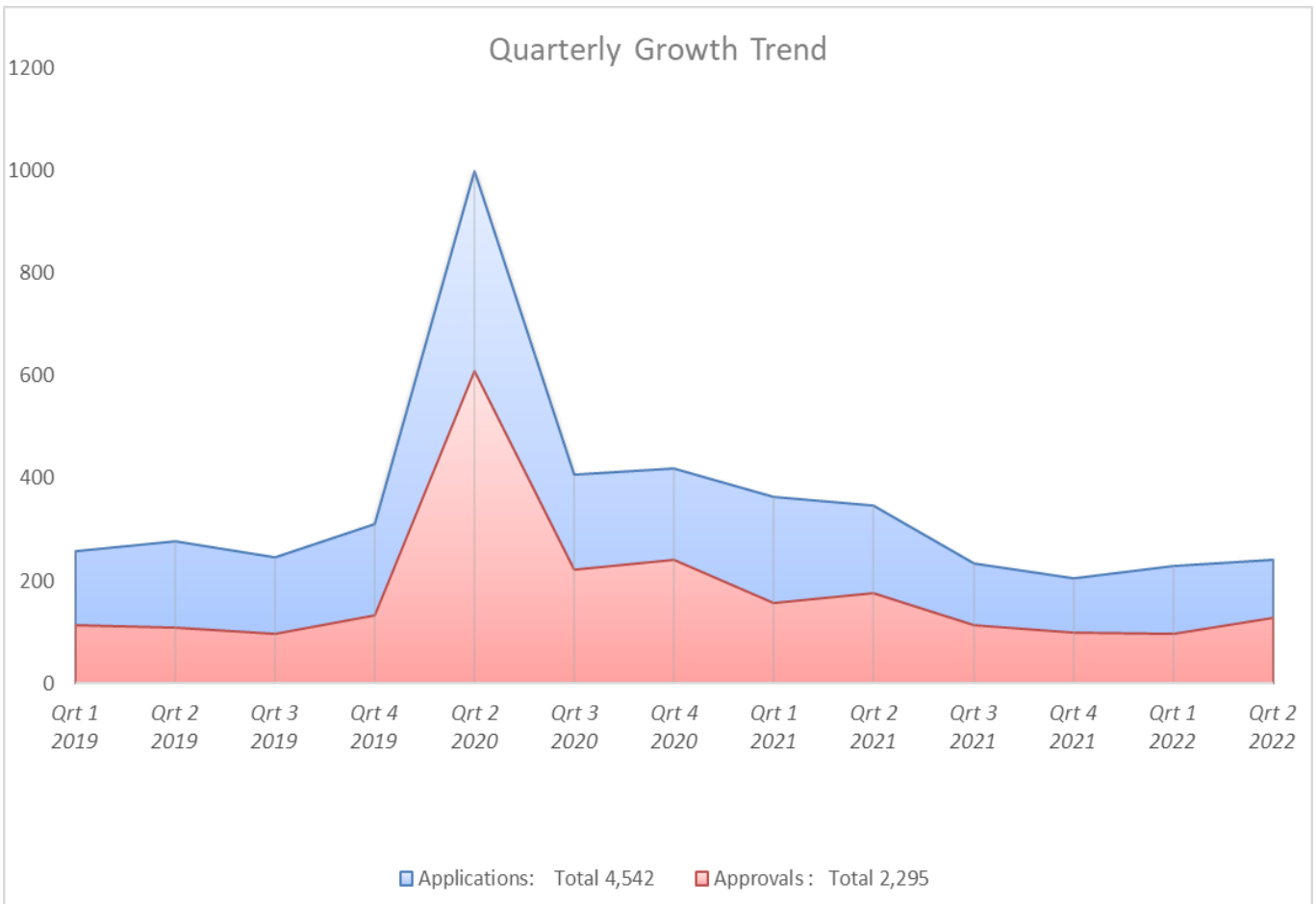
January 2019 – June 2022

	2019	2020	2021	Q1 2022	Q2 2022	Total 2022
Total Applications No.	1092	2,202	1,153	230	240	470
Total Applications Amt.	€16.674M	€51.794M	€19.837M	€3.967M	€4.281M	€8.248M

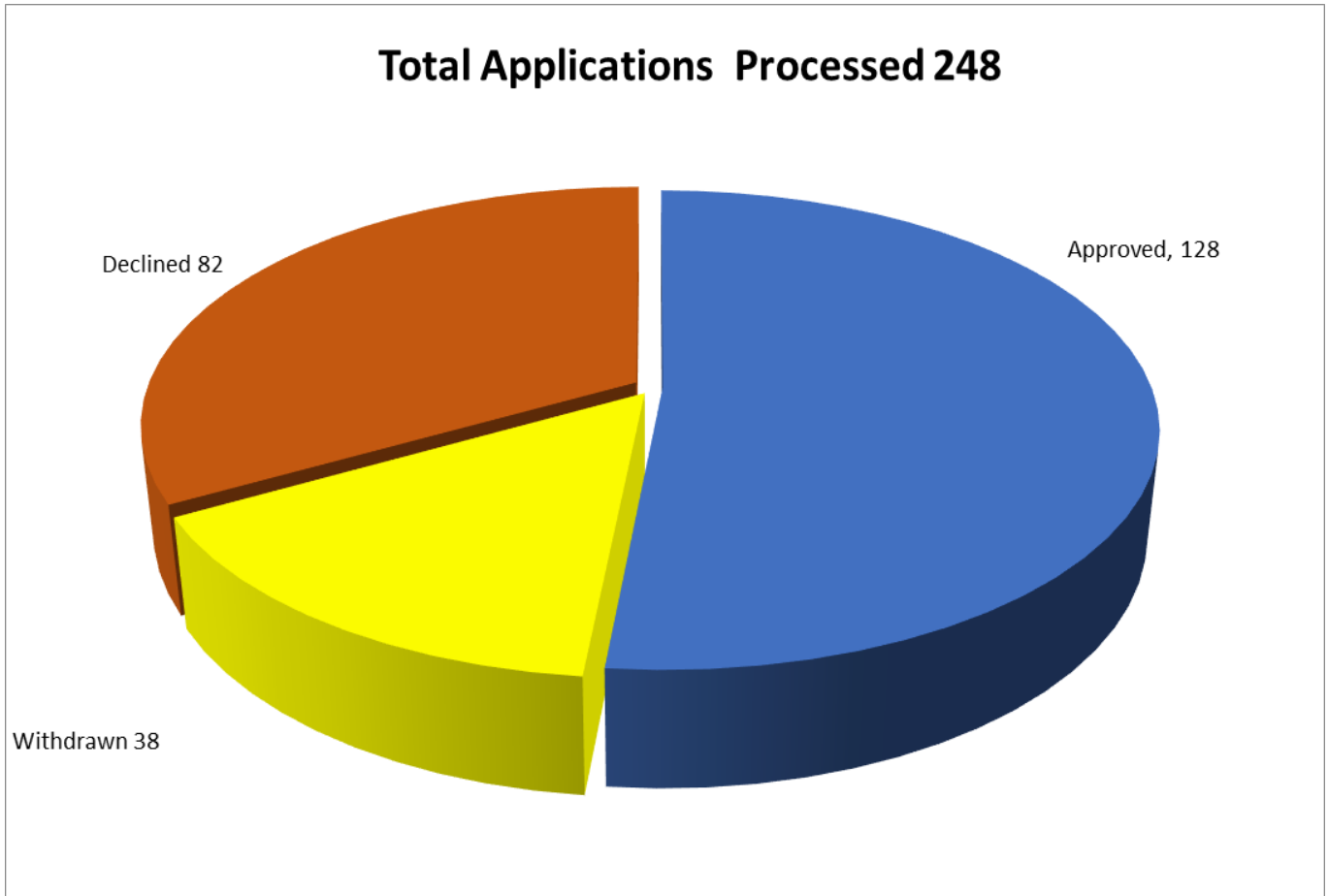
	2019	2020	2021	Q1 2022	Q2 2022	Total 2022
Applications Processed	1,068	2,212	1,171	216	248	464
Approved	452	1,229	545	98	128	226
Approval Rate	42%	56%	47%	45%	52%	49%
Approved (€'000)	€6.044M	€27.432M	€8.537M	€1.413M	€1.969M	€3.382M
Loans Drawn	388	1,114	547	76	123	199
Loans Drawn (€'000)	€5.108M	€24.805M	€8.783M	€1.059M	€1.872M	€2.931M
Loans Declined	377	581	409	78	82	160
Loans Declined (€'000)	€5.974M	€12.299M	€7.194M	€1.417M	€1.467M	€2.884M

Quarterly Growth Trend

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



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



Number of Loans by Sector

Number of Loans						
	2019	2020	2021	Q1 2022	Q2 2022	Total 2022
Wholesale and retail trade; Repair of motor	100	253	97	14	29	43
Accommodation and food service activities	37	168	62	9	9	18
Construction	40	110	46	9	12	21
Manufacturing	42	93	52	15	15	30
Other services	38	139	56	6	8	14
Professional, scientific & tech activities	34	81	42	8	18	26
Art, entertainment and recreation	28	57	26	6	4	10
Administration & support ser. Activities	26	54	28	3	8	11
Transport/storage	16	36	32	3	2	5
Information and communication	25	54	14	6	5	11
Agriculture, forestry & fishing	11	45	32	1	5	6
Human, health and social work	19	56	28	13	6	19
Education	26	44	22	3	5	8
Other	10	39	8	2	2	4

Values of Loans by Sector

Value of Loans						
	2019	2020	2021	Q1 2022	Q2 2022	Total 2022
Wholesale and retail trade; Repair of motor	1,333	6,696	1,594	204	473	677
Accommodation and food service activities	637	3,836	1,134	134	179	313
Construction	527	2,416	757	173	188	361
Manufacturing	548	2,164	859	210	252	462
Other services	361	1,777	649	72	116	189
Professional, scientific & tech activities	394	1,737	616	120	216	336
Art, entertainment and recreation	419	1,296	332	79	48	127
Administration & support ser. Activities	340	1,165	393	40	73	113
Transport/storage	249	754	535	58	35	93
Information and communication	345	1,416	280	49	100	149
Agriculture, forestry & fishing	163	1,062	602	15	91	105
Human, health and social work	220	1,064	397	217	106	323
Education	345	936	279	20	62	82
Other	161	1,113	110	22	30	52

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	Total 2022
1	266	473	297	53	71	124
2-3	117	401	173	35	41	76
4-5	35	177	43	5	14	19
6-9	34	178	29	5	1	6
10					1	1
Total No. of Loans	452	1229	542	98	128	226

Approvals by Loan Size

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

Loans by Size						
Euro	2019	2020	2021	Q1 2022	Q2 2022	Total 2022
≤50k		288				
≤25k	110	306	183	21	38	59
≤20k	32	145	65	22	21	43
≤15k	67	164	119	16	24	40
≤10k	67	164	83	18	19	37
≤5k	176	162	95	21	26	47
Average Loan Size	€13.4K	€22.3K	€15.6K	€14.4K	€15.4K	€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

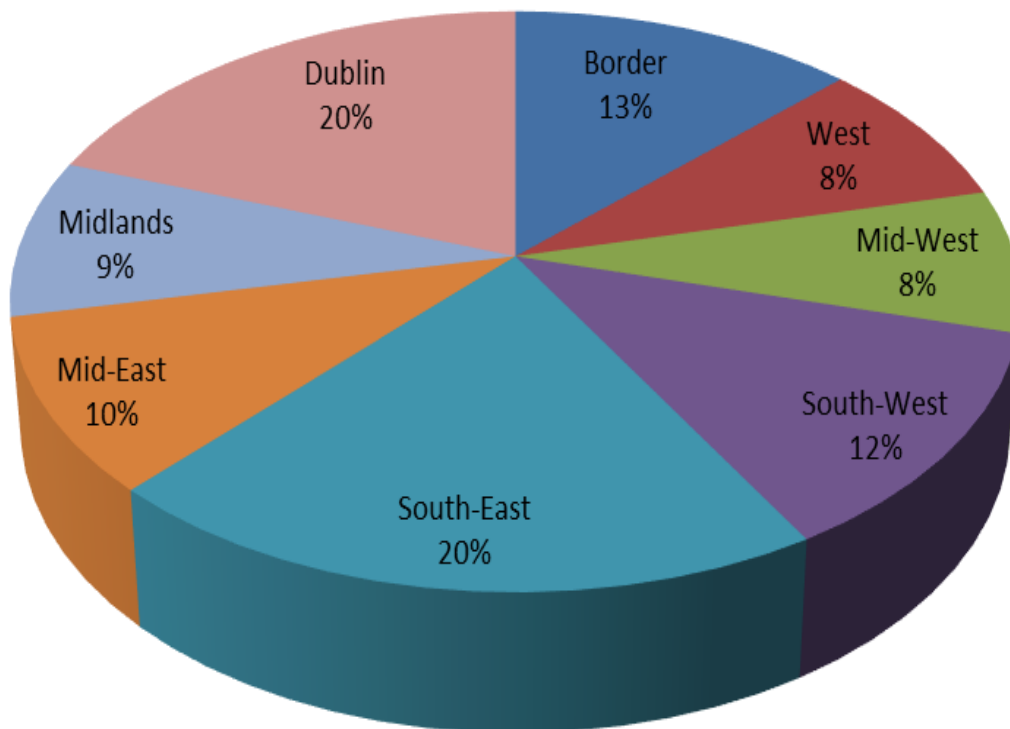
Purpose	Number of Loans					
	2019	2020	2021	Q1 2022	Q2 2022	Total 2022
Working Capital			181	29	42	71
Tangible and Intangible Assets			207	24	51	75
Mixed Financing for tangible, intangible assets and working capital			159	23	30	53

Purpose	Value of Loans					
	2019	2020	2021	Q1 2022	Q2 2022	Total 2022
Working Capital			2,890	357	675	1,032
Tangible and Intangible Assets			3,448	408	779	1,187
Mixed Financing for tangible, intangible assets and working capital			2,445	294	418	712

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

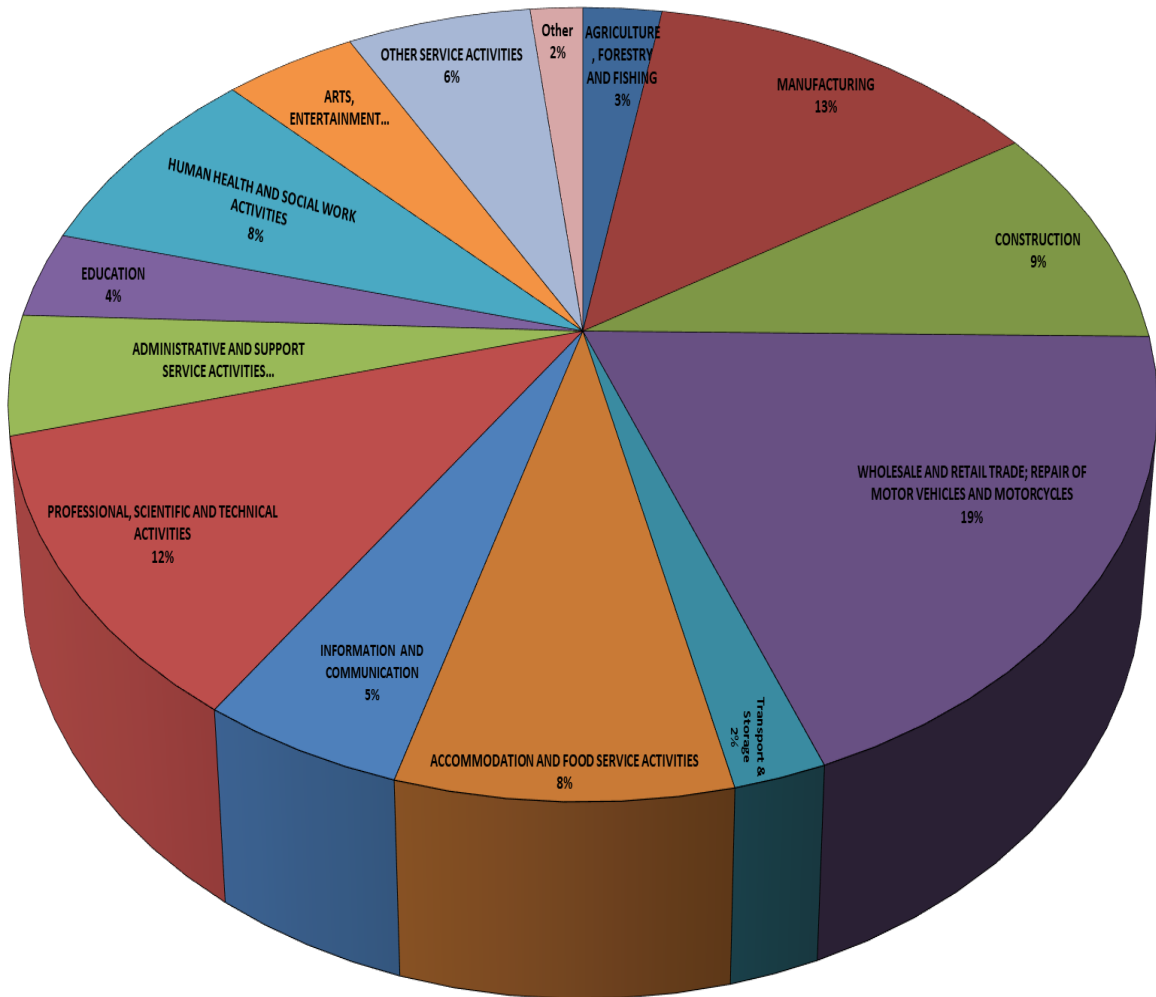
Geographical Spread					
County	Approved Q1	Approved Q2	Received YTD	Approved YTD	Approved Amount 2022 €000
Dublin	23	21	108	44	661
Cork	9	11	40	20	380
Meath	3	2	24	5	84
Wexford	5	9	24	14	180
Kildare	6	3	22	9	165
Galway	4	6	19	10	137
Tipperary	3	8	18	11	193
Clare	6	6	17	12	207
Waterford	2	7	17	9	70
Kerry	7	1	16	8	128
Wicklow	2	6	15	8	148
Louth	1	4	14	5	55
Westmeath	2	6	14	8	133
Donegal	3	4	13	7	113
Sligo	5	2	12	7	90
Limerick	0	6	12	6	90
Mayo	2	2	11	4	45
Kilkenny	2	6	11	8	99
Laois	3	3	10	6	66
Longford	2	1	9	3	36
Cavan	1	3	9	4	67
Offaly	2	1	8	3	61
Monaghan	2	1	8	3	18
Roscommon	1	4	8	5	49
Carlow	1	3	6	4	67
Leitrim	1	2	5	3	40

Approved Loans By Regions YTD



Approval by Business Sector January 2022 to June 2022

Loans by Sector



Demographical Analysis

Approved Applications	2019	2020	2021	Q1 2022	Q2 2022	Total 2022
Start Up	223	233	214	57	55	112
Existing	229	996	331	41	73	114
Female	138	340	168	37	48	85
Male	314	889	377	61	80	141
No. Of Ltd Co.	178	620	179	27	52	79
No. of Sole Traders	261	567	350	68	75	143
No. Of Partnerships	13	42	16	3	1	4
Youth (18-25 years old)	7	11	33	5		5

Source of Loan Referrals

Number of Approvals by Channel						
Channels	2019	2020	2021	Q1 2022	Q2 2022	Total 2022
LEO	169	523	249	53	57	110
Direct	234	666	285	44	64	108
Bank	34	25	9	1	6	7
Údarás		1	1			0
ILDN	15		1		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 30 appeals in 2022 and 10 of these cases have been approved on appeal (30%). These figures are included in the YTD approval figures.

Complaints

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

Business Failures

In 2022 YTD, 15 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.