

Microfinance Ireland Microenterprise Loan Fund Scheme for the period 01 October 2012 to 31 March 2013



An Roinn Post, Fiontar agus Nuálaíochta
Department of Jobs, Enterprise and Innovation



This financing benefits from a guarantee issued under the 'European Progress
Microfinance Facility' established by the European Union.

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Overview of the Microenterprise Loan Fund Scheme

On the 27th September 2012, the Minister for Jobs, Enterprise and Innovation Richard Bruton TD announced that the €90million Microfinance Scheme would be open for business on the 1st October 2012. The scheme represents delivery of a key commitment under Action Plan for Jobs 2012. Making the announcement, Minister Bruton said -

“Government does not create jobs, people and businesses do. The role of Government, and the centre of our plan, is to make it easier for businesses to start-up, expand, succeed, and create jobs”.

The Scheme is designed to facilitate €40million in additional lending over the next five years to micro-enterprises, with provision for the Scheme to be extended to provide an additional €50million of lending over a further five years at that point. Over the lifetime of the ten year Scheme, it is expected that €90 million in additional lending will be provided to 5,500 micro-enterprises and will support an expected 7,700 jobs.

Start-ups and existing micro-enterprises, trading as sole traders, partnerships or limited companies that have been declined bank credit, which employ less than 10 persons and with a balance sheet and turnover of less than €2million are eligible to apply for a loan under the Scheme.

In order to be eligible for the Scheme, a request for credit must first have been declined by a bank. The Scheme provides unsecured loans of between €2,000 to under €25,000 for commercially viable proposals that do not meet the conventional risk criteria applied by the banks for various reasons, including the absence of collateral. An 8.8% APR fixed interest rate is charged, with a three-year repayment term and a monthly repayment schedule.

Applications to the Loan Fund can be made via the nationwide network of County & City Enterprise Boards or directly to Microfinance Ireland. CEBs provide assistance with training and preparing business plans and they carry out an initial evaluation of the quality of the business proposal before sending it on to Microfinance Ireland.

The Government provided €10 million of Exchequer funding for the Scheme and this is being supplemented by borrowings at a competitive rate from Irish banks to achieve a total of €40million in additional lending over five years.

To help optimise the State's investment, Microfinance Ireland and the European Investment Fund signed a guarantee agreement aimed at supporting micro-enterprises in Ireland. The guarantee is given under Progress Microfinance, which is managed by the European Investment Fund on behalf of the European Commission and the European Investment Bank.

Summary - 6 months to 31 March 2013

- **€711,000 value of loans approved for 44 microenterprises**
- **116 jobs supported in 44 microenterprises**
- **149 applications received**
- **42% approval rate**

Activity Levels covering period 1st October 2012 to 31st March 2013

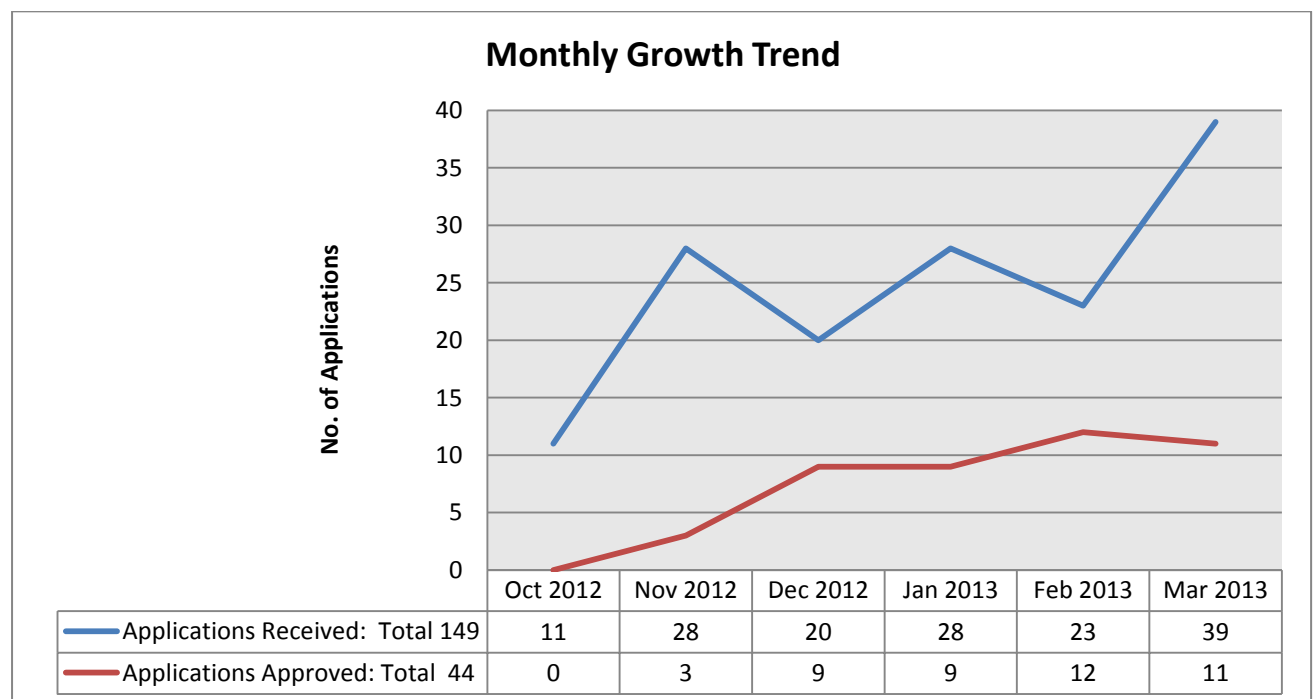
As at 31st March 2013, 44 micro-enterprises have been supported resulting in loans totalling €711,000 being approved through the microfinance scheme. This represents an approval rate of 42% of applications fully processed.

In total 149 applications have been received of which 104 have been fully processed. The average loan processing time was ten business days.

Total Applications Received			
Approved	44	€711,000	42%
Declined	58		56%
In Appeal	2		2%
Total Fully Processed	104		100%
Withdrawn by Applicant	13		
Work in Progress	32		
Total Applications	149	€2.78M	

Monthly Growth Trend

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



Impact on Jobs

The 44 loans from Microfinance Ireland are supporting the creation of 56 new jobs and the sustaining of 60 existing jobs resulting in a total of 116 full time equivalent jobs supported.

Size of Borrower

Loans were approved to micro-enterprises with the following number of employees at time of application:

No. of Employees	No. of Micro-enterprises
1	11
2-3	22
4-5	9
6-9	2
Total	44
Average number of jobs per loan 2.6	

Activity by Loan Size

As at 31st March 2013, loans were granted in the following size range.

≤25k	16
≤20k	5
≤15k	7
≤10k	10
≤5k	6
Total	44
Average loan size €16K	

Purpose for which Microfinance Loans were Granted

Loans were granted for the following purposes:

- Working Capital
- Fit-out of Premises
- Purchase of Equipment
- Information & Communications Technology
- Promotion and Marketing

Source of Loan Referrals

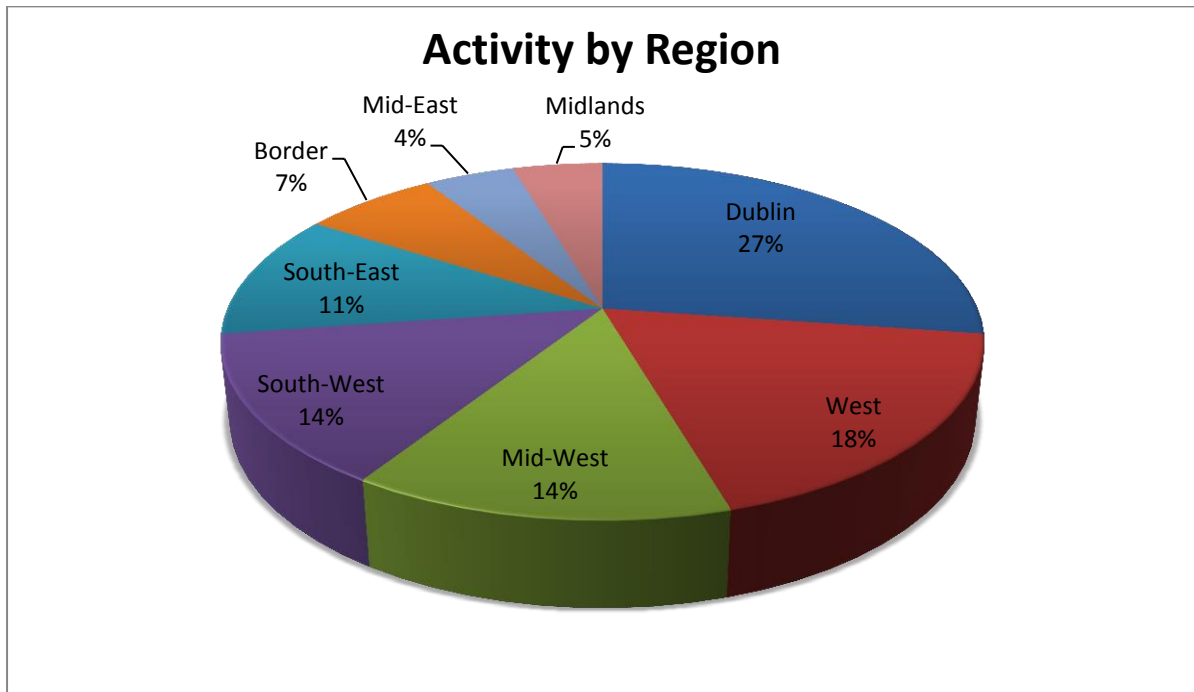
70% of loan applications were received from County and City Enterprise Boards. 30% of applicants applied directly to Microfinance Ireland.

Analysis of Approvals

Geographical Spread

Geographical Spread			
	Approved		Approved
Dublin	12	Meath	1
Limerick	5	Wicklow	1
Mayo	5	Kilkenny	1
Cork	4	Offaly	1
Wexford	2	Carlow	1
Louth	2	Cavan	1
Kerry	2	Clare	1
Galway	2	Roscommon	1
Tipperary	1	Westmeath	1
Total		44	

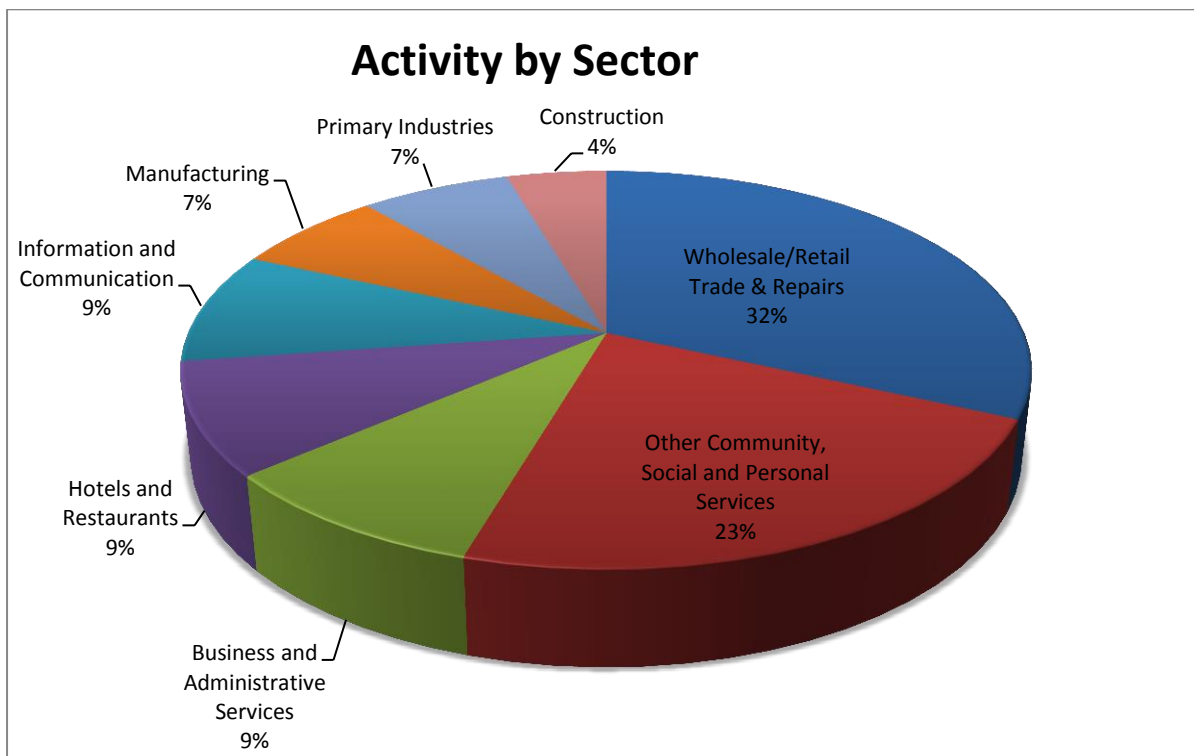
Figure 1: Activity by Region



Activity by Sector

Loans were granted to micro-enterprises in each of the following sectors:

Figure 2: Activity by Sector



Exports

In line with expectations, the majority of borrowers trade domestic goods and services. However, three loans were granted to micro-enterprises that export.

Start-Up/Existing

Of the 44 loans approved, 27 were to start-up enterprises (<18 months) and 17 to existing enterprises.

Activity by Form of Borrower

- 24 microfinance loans were granted to Private Limited Companies.
- 18 Sole Traders were granted a microfinance loan.
- 2 microfinance loans were granted to Partnerships.

Gender Breakdown

Of the total applications received 78% were from male applicants and 22% from female applicants. Of the loans approved as at 31st March 2013, 75% were to male entrepreneurs while 25% were to female entrepreneurs.

Approved Applications	Volume	Value
Total Approved	44	€711,000
Start-Up (<18 months)	27	
Existing	17	
No. of Ltd. Co.	24	
No. of Sole Traders	18	
No. of Partnerships	2	
Female	11	25%
Male	33	75%
Youth (<25 years)	1	