

New Loan Support Welcomed for Ireland's Small Business Community

The network of Local Enterprise Offices is teaming up with Microfinance Ireland, to launch a new type of loan support aimed at Ireland's small business community.

The 'LEO Microfinance' loan is being officially launched in Cork today with small business loans on offer, of between €2,000 and €25,000, at a reduced rate of interest. Benefitting from advice and support during the application stage, start-ups and small businesses can now apply directly to any of the 31 Local Enterprise Offices (LEOs) around the country for the new 'LEO Microfinance' loan package.

Under a new Protocol between the LEOs and Microfinance Ireland (MFI), it is expected that up to 250 new applications for the loan support will take place this year alone. Based on an average loan size of €15,500, the €3.8 million in lending is expected to support 500 jobs nationwide.

Importantly, loans are generally unsecured and can be used for working capital, as well as items like equipment, hiring new employees and marketing campaigns. Start-ups and small businesses across all industries and sectors, which employ fewer than 10 people, are being encouraged to apply if they are finding it difficult to access credit.

MFI, a not-for-profit lender, was established in October 2012 and received its first loan application the following month. It was set up to deliver the Government's Microenterprise Loan Fund, announced in the Action Plan for Jobs.

Around half of MFI's loan applications already come through the LEOs, and the newly-appointed Chief Executive Officer of MFI, Michael Johnson, is keen to encourage many more start-ups and small business owners to apply through the LEO network. Speaking ahead of today's launch, he said: "Since Microfinance Ireland opened its doors less than two years ago, we've made significant progress, approving loans to 308 small businesses, providing €4.8 million in lending, supporting 711 jobs to date."

He added: "We are in a demand-led business, so for every loan application we receive, there could be ten or more potential loan applicants out there, still finding it difficult to get finance for their business. For those new start-ups and small business owners who meet the criteria, our advice is to talk to your Local Enterprise Office and apply for the new loan support. Supporting jobs is at the very heart of what we do and providing loan assistance to viable businesses through the Local Enterprises Offices will help unlock a company's potential to create those jobs."

Welcoming the launch of the new loan support, Vincent Reynolds, Chairperson of the LEO Network said: "Through this partnership arrangement with Microfinance Ireland, our aim is to assist the small business community in gaining access to the credit they need now, to help their business develop and grow into the future. If microenterprises are the driving force behind the Irish economy, then access to credit is critical for our recovery and job growth. This new loan partnership is a welcome addition to the range of supports, now available through the entire Local Enterprise Office network."

Michael Hanley, Head of LEO in West and North Cork said: "As the 'First Stop Shop' for anyone wanting to grow their business, or start one up, Local Enterprise Offices are well-placed to understand the needs of small businesses in their communities. We understand that getting access to credit can be difficult, especially for people getting new ventures off the ground. By partnering with Microfinance Ireland, Local Enterprise Offices can now offer a tailor-made loan product to our small business clients, at a reduced rate for the term of the loan, in addition to our other enterprise supports."

Three microenterprises, which have successfully applied for MFI loans through the LEOs, are invited to showcase their products at today's launch. They include: PAP Healthcare Ltd (suppliers of sleep apnoea machines to the medical industry), Fastnet Catch Ltd (producers of breaded fish and shell fish, with gluten-free ingredients) and Veronica's Snacks (distributors of healthier snacks and crisps under the 'Veronica's' brand).

Further information around the new 'LEO Microfinance' loan support is available through www.localenterpriseoffice.ie and through www.microfinanceireland.ie.

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Notes to Editor:

New Loan Support: 'LEO Microfinance' Loan

- The reduced interest rate for the new 'LEO Microfinance' loan product is 7.5% (7.8% APR), which is 1% lower than the standard loan rate of 8.5% (8.8% APR).
- The standard loan agreement is between 3 and 5 years, with flexible repayment terms.
- Loans are generally unsecured. If a sole trader or partnership borrows from MFI, they will be personally liable for the loan. When MFI lend to a limited liability company, they will require the directors and/or shareholders to provide a personal indemnity for the amount borrowed, which is similar to the sole trader being personally responsible for the repayment of the loan.
- Access to a range of other supports may also be available to applicants, through their Local Enterprise Office.
- Sole Traders, Partnerships and Limited Companies with fewer than 10 employees and an annual turnover of less than €2m are eligible to apply (certain sectors, for example: gambling and tobacco, are not covered).
- Business proposals must demonstrate commercial viability and capacity to meet loan repayments.

The European Investment Fund signed a guarantee agreement for MFI's loan book under Progress Microfinance, in 2013. Progress Microfinance is managed by the European Investment Fund on behalf of the European Commission and the European Investment Bank.

Launch Details:

- The launch of the 'LEO Microfinance' Loan Support takes place at Camden Fort Meagher in Crosshaven, Cork Harbour at 12.30pm.
- Media are invited to attend this launch event (further details are available from Engage Ireland below).
- Organisers have commissioned Provision Photography in Cork to syndicate images from today's announcement (Photographer: Daragh Mac Sweeney).

Media Queries:

For all media queries around Microfinance Ireland, please contact Engage Ireland Sarah Bohan on: Mobile: 087 65 39936, sbohan@engageireland.com, Tel: 01 427 8388