

## The Facts

“While Canada has done a great job of attracting foreign talent, integrating newcomers effectively has proven to be more of a challenge. On average, new immigrants...have both higher unemployment rates and lower wages than Canadian-born workers, despite their higher educational levels. As labour force growth in Canada slows due to population aging, it is essential that every worker produce at their full potential.”<sup>1</sup>

## The Issue

Many skilled immigrants cannot fully participate in the labour market. They remain in low-level/low-income “survival” jobs because they cannot afford the costs of obtaining the Canadian accreditation/training they require in order to pursue full employment in their field. Our society and our economy suffer when people cannot reach their potential.

## The IAF Solution

IAF provides micro loans of up to \$10,000 to skilled immigrants so they can pay for exams, short-term training, qualification assessments, professional association fees, books and course materials, and other expenses related to obtaining the Canadian accreditation/training they need.

## → IAF Canada 2012 Projects

- Lead efforts to establish IAF micro loan programs across Canada
- Determine the feasibility of a ‘virtual’ loan service for areas in Canada without a local IAF program
- Keep labour market integration and mobility on the public agenda and with regulatory and professional bodies
- Convey current research and statistics about the labour market integration of IAF loan recipients to national and local stakeholders

## The Social Rate of Return to Investing in Character

According to a report<sup>2</sup> prepared by J. C. Herbert Emery and Ana Ferrer, Department of Economics, University of Calgary:

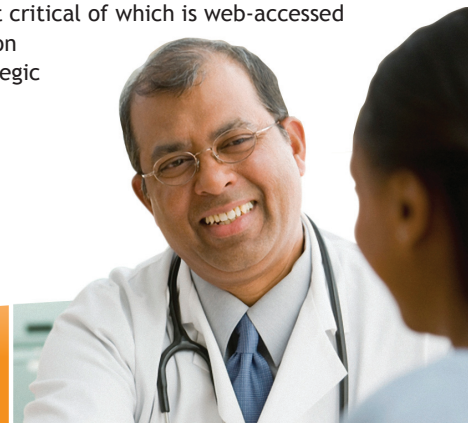
- The average social return to the IAF loan program demonstrates that IAF is a very high-return social program with annual real rates of return to the public funds supporting the program of 33% or more.
- These returns are even greater for high-earning occupations such as those in health care – 58% for nurses and more than 100% for physicians.

## Funding Model

- The public sector provides funding for most IAF program delivery and operating costs. The IAF programs look to the private sector for special project funding and to top-up shortfalls in government funding. Individuals and businesses donate funds for program delivery/operating costs, and for loan capital.
- Donations to benefit either IAF Alberta or IAF Saskatchewan may be made to Immigrant Access Fund Society of Alberta (BN/Registration 862367182RR0001). Visit [www.iafcanada.org](http://www.iafcanada.org).
- Loan capital for IAF Alberta comes from private donors and through lines of credit with HSBC Bank Canada and RBC which have been secured by personal guarantees from community leaders.
- Loan capital for IAF Saskatchewan has been provided by the Government of Canada Canada's Foreign Recognition Credential Program and by private donors.

## Operating Model

- IAF Alberta has been operating since 2005. In 2011, with support from Citizenship and Immigration Canada's Foreign Credentials Referral Office, IAF developed an implementation plan to expand the program to other provinces. IAF Saskatchewan launched in early 2012.
- Through an affiliate structure, communities across Canada can now have their own IAF program. IAF Canada will be created to support and strengthen the work of the independent affiliated organizations.
- IAF Canada will provide centralized services to support the work of affiliates—the most critical of which is web-accessed loan portfolio administration services through IAF's strategic partner, Momentum ([www.momentum.org](http://www.momentum.org)).



<sup>1</sup> “Immigrant Wage and Employment Gaps Persist: RBC Economics” [www.RBC.com/newsroom](http://www.RBC.com/newsroom)

<sup>2</sup> The Social Rate of Return to Investing in Character: An Economic Evaluation of Alberta's Immigrant Access Fund Micro Loan Program

## IAF Canada at a Glance

### → Loan Statistics

(to December 31, 2011)

- 700 people have received loans
- \$3.5 million in loans approved; \$2.9 million disbursed
- \$5,400 average loan
- \$1.7 million principal and \$220,000 interest repaid to the loan fund

### Why is IAF needed?

The people IAF lends to have low-paying/low-level employment (if they are working at all), often do not have a credit history in Canada, and typically do not have collateral. It is difficult for them to access comparable credit from mainstream sources. IAF micro loans are character-based. Loans are approved on the strength of applicants' character and the strength of their accreditation/learning plan.

### Loan Terms and Conditions

- Maximum of \$10,000 may be borrowed
- Interest set at 1.5% above prime
- Interest only paid while obtaining accreditation/training (maximum two years)
- Loans must be paid back in four years

### What can loans be used for?

- Tuition for short-term training
- Exam fees and travel expenses to sit exams
- Qualification assessments
- Professional association fees
- Books and course materials
- Living allowance during study time
- Other related expenses that will help the recipient become able to work in their field in Canada

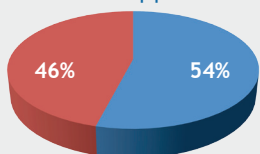
### Who is eligible?

Loan applicants must meet the following criteria:

- Be an immigrant living in Alberta or Saskatchewan
- Be a permanent resident, Canadian citizen or protected person (or, if living in Saskatchewan, a nominee under the Saskatchewan Immigrant Nominee Program)
- Have worked in a profession or trade in another country and wish to return to that work
- Have a plan that sets out what they must do to be able to work in their field
- Have English skills that enable them to complete their employment plan
- Demonstrate they have been accepted into the program they are applying the loan toward (if applicable)
- Have a reasonable chance of obtaining employment in their field
- Lack access to comparable financial resources
- Not have an undischarged bankruptcy
- Agree to repay the loan, with interest

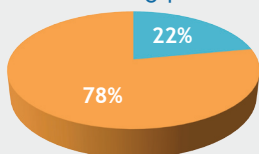
### → IAF Successes (September 2011)

#### → Employment status when applied



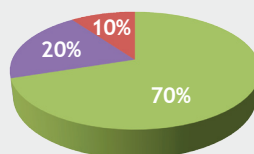
- Unemployed
- Underemployed, survival job

#### → Completion of accreditation /learning plan



- Completed
- In progress

#### → Employment Outcomes



- Employed in their field
- Employed out of field
- Not yet employed

### → Who does IAF lend to?

#### → IAF Loan Recipient Occupations (700 loans, to December 31, 2011)

