Foreign Credentials Recognition Loans Pilot Project:
Pathways, Pitfalls and Opportunities
Presenters

• **Jean-Pierre Voyer**, President and CEO, Social Research and Demonstration Corporation

• **Monica Mak**, Interim Project Director, Foreign Credential Recognition Loan Project, S.U.C.C.E.S.S.

• **Diana Delgado**, Interim Program Director, Employment Services, S.U.C.C.E.S.S.
Foreign Credential Recognition (FCR) Loans Pilot Project: Pathways, Pitfalls and Opportunities

Jean-Pierre Voyer, President and CEO
Richmond, BC, March 8, 2014
The Issue

- Skilled immigrants selected largely on educational credentials:
  - indicative of ability to integrate well in the Canadian labour market

- Yet, many do not succeed in aligning their credentials and skills with intended occupations:
  - 24% of foreign-educated immigrants work in regulated professions for which they were trained, compared to 62% of the Canadian-born population.

- Cost of untapped skills and resources of new immigrants range between $2.4 to $5.9 billion annually (Standing Committee on Citizenship and Immigration, 2009)
Several barriers explain why new skilled immigrants fare worse than Canadian-born skilled workers.

- Lack of recognition of foreign credentials is an important one

Foreign credential recognition present several challenges:

- High cost of licensing exams and time required for skills upgrading
- Complexity in navigating the process

New immigrants need loans to pay for fees and expenses, and to take time off from survival jobs to get their credentials recognized

- but lack of assets and absence of credit history limit access to standard bank loans
A proposed solution

- Government of Canada in budget of June 2011 announced intention to test ways to help ITWs pay for tuition and other expenses associated with FCR recognition.

- FR Loans Pilot Project launched in 2012 by HRSDC.

- SRDC commissioned to design a research and evaluation framework and to proceed with an outcome evaluation and cost analysis.
What is the FCR Loans Pilot Project?

- The Pilot provides eligible internationally-trained workers (ITWs) with microloans to help them pay for credentialing activities and living expenses as they work towards the assessment and recognition of their foreign credentials.
Where is the program being piloted?

- 10 service delivery points
- 11 models piloted
Particularities of the FCR loan pilot program?

- Character-based lending as opposed to the traditional reliance on credit history
  - Dynamic review process
  - Case-by-case consideration

- Additional supports and/or services provided to loan recipients such as:
  - Financial literacy
  - Mentoring
  - Support groups
  - Work placements/internships
  - Employment counselling
  - Career planning support
Particularities of the FCR microloan program? (con’d)

- Flexible repayment terms
  - Repayment terms discussed with the client.
  - Ability to review and adjust if necessary (e.g., when the client’s financial situation changes)
  - Most programs allow for a few missed payments if a client’s situation changes
  - Ongoing communication and follow-up with clients
  - Interest rates range between prime plus 1 to 2 per cent
Multiple sources of funding for the loan capital, loan loss reserve and program operations

Program funding comes from multiple sources including:
- ESDC
- Foundations
- Private sector donations
- Provincial government
- Financial institutions
What models are being tested?

Model 1: Case and loan management done by funded organization

Model 2: Case management done by funded organization with loan management outsourced

Eligible expenses

- Books and course material
- Professional association fees
- Transportation and travel
- Qualification assessment
- Examination fees
- Tuition fees
- Living expenses
- Partnerships with multiple community partners, professional associations, and the provincial government for referral purposes and to deliver wrap-around services
# FCR Loans Pilot Project Logic Model

<table>
<thead>
<tr>
<th>Inputs</th>
<th>Outputs</th>
<th>Outcomes - Impact</th>
<th>Long Term Outcomes</th>
</tr>
</thead>
</table>
| • HRSDC funding  
  • Provincial funding  
  • Private sector donations  
  • Partners and stakeholders  
  • Staff  
  • Space  
  • Client referral sources | Activities  
  • Develop and Deliver micro loan programs  
  • Establish partnerships and networks  
  • Develop communication plans  
  • Support ITWs  
  • Administer micro loans  
  • Provide wrap-around supports and/or referrals | Immediate Outcomes  
  1. Establishment of sustainable partnerships between community-based organizations and financial institutions in providing financial assistance to ITWs  
  2. Partners and referral sources understand the purpose of the program and engage with potential clients  
  3. Target population applies for micro loans  
  4. Clients begin to navigate the FCR pathway  
  5. Clients access micro loans and wrap-around supports | Intermediate Outcomes  
  1. Evidence-based indicators informing government of the cost of delivering loans  
  2. Clients report increased access to financial supports for FCR  
  3. Clients receive recognition of their foreign credentials  
  4. Clients secure employment in their profession  
  5. Clients repay micro loans have increased financial security |
| Participation  
  • Internationally Trained Workers  
    • Permanent Residents  
    • Protected Persons  
    • Seeking re-entry into their profession | | | |

**Context**

Internationally Trained Workers are not able to fully participate in Canada’s labour market until their foreign credentials have been recognized.

Internationally Trained Workers encounter financial barriers when attempting to have their foreign credentials recognized in Canada.
Participatory Evaluation Approach

Pilot sites, ESDC and SRDC have collaborated to better understand microloan programs.
Information Collection Activities

Administrative information:
- Monthly Data Reports
- Quarterly Activity Reports

Program documents:
- Outreach and marketing
- Application forms
- Logic models

Client Information:
- Core Baseline Data
- Financial Records
- Stories
- Focus groups

Pilot site staff:
- Interviews
- Focus groups
- Regular contact
Some national findings at a glance

- As of December 31st 2013
  - Loans approved
    - 1,133 unique loans awarded
    - $6,065,584 in total value (about 95 % already disbursed)
    - Average (approved) amount: $7,622

- Credentials and employment
  - 169 applicants completed their credentialing activities
  - 248 found employment in their intended field or in a related field

- Few withdrawals from the program: 27 cases
- Loan application rejection rate low (about 4%)
- Delinquency rate and default rate are low (less than 1%)
Foreign Credential Loans Pilot Project
*Pathways, Pitfalls and Opportunities*

Diana Delgado Figueroa, *BBA*, Interim Program Director, S.U.C.C.E.S.S.

Monica Mak, *MBA CCDP*, Interim FCR Loan Project Manager, S.U.C.C.E.S.S.
Agenda

1. FCR Loan Project’s Video
   - What is Foreign Credential Recognition?
   - Regulated vs. Non-regulated Professions

2. Current Labour Market
   - Skills Shortages Concerns

3. Foreign Credential Recognition (FCR) Loan Project
   - Framework and Delivery Model
   - Project Outcomes / Client Stories

4. FCR Activities 2013
   - Moving Forward in 2014
   - Questions / Comments
Assisting Internationally Trained Professionals (ITP) return to their professional careers in Canada

Foreign Credential recognition (FCR) Loan Project
FCR Loan Project’s Video
Foreign Credential Recognition?

- is the process of verifying that the education and job experience obtained in another country is equal to the standards established in Canada.
Regulated Professions

- Governed by a provincial, territorial or sometimes federal authority certain entry requirements and standards of practice are used to assess qualifications

- **MUST** have a licence, certificate or be registered with the regulatory body before practising in a trade or regulated profession.
Step 1: Document Verification
- Foreign education/transcripts
- Foreign experience

Step 2: Further Education/Training
- Retraining
- Learning Canadian methods/practices

Step 3: Examinations
- Past experience
- Methods/practices learned in Canada

Step 4: Licensing
- Fee
- Association Fee

FCR ACCOMPLISHED!!!
Non-Regulated Professions

• A non-regulated profession **does not** require a licence, certificate or registration before practise

• **However**, further training may be beneficial in learning the Canadian standards and procedures
Immigrants and newcomers drive population growth

CURRENT LABOUR MARKET & SKILLS SHORTAGES
Canada’s Economic Challenges

Canada’s Economic Challenges

• Baby boomers make up 28.6% of Canada’s population

• As they get older, their health tends to deteriorate, putting a bigger burden on the health care industry.
  – Increased demand for health care and social service providers

• 1st wave of boomers have already hit retirement age
Canada’s Economic Challenges

“While strong population growth through higher immigration rates would not prevent the aging of the Canadian population, public policy has an important role to play in improving the immigration system that it is more effective and better aligned with the needs of the Canadian Labour Market”

Source: OECD, International Migration Outlook, 2012
Skills Shortages Concerns

- Nurse mgrs, RNs: 37%
- HR, Business, Services: 25%
- Mgrs in Health & Education: 17%
- Doctors, Dentists: 12%
- Supervisors, natural resources: 9%

Source: HRSDC 2011 COPS Reference Scenarios
Immigrants face one common problem to integration and employment: Lack of Canadian Experience

CHALLENGES & BARRIERS FOR ITPS
Response to Labour Market Shortage

• Employment & Social Development Canada (ESDC) is providing $68 million, over a span of six years to implement foreign credential recognition programs and to fund key activities to improve the FCR processes in Canada.
Assisting Internationally Trained Professionals (ITP) to return to their Professional Field

FOREIGN CREDENTIAL RECOGNITION (FCR) LOAN PROJECT
What is the FCR Loan Project?

• Established as a bridging tool for ITPs undergoing the accreditation process.

• Our project’s mandate is not only to provide financial assistance, but to also offer guidance, labour market resources and to be an encouragement to ITPs.
FCR Loan Pilot Project

• Currently there are 9 pilot projects in Canada operating under different models

  ➢ SEED Winnipeg Inc., in Manitoba;
  ➢ WIL Employment Connections, in London, Ontario;
  ➢ Association Communautaire d’emprunt de Montréal (ACEM), in Québec;
  ➢ New Brunswick Multicultural Council Inc.;
  ➢ Canada Microcredit Educators Group, in Prince Edward Island; and
  ➢ Immigrant Settlement and Integration Services, in Nova Scotia

  ➢ S.U.C.C.E.S.S., in British Columbia;
  ➢ Immigrant Access Fund, in Alberta;
  ➢ Immigrant Access Fund, in Saskatchewan;
Public-Private Participation (PPP) Model

- Immigrant Service Providers;
- Professional Regulatory Bodies;
- Government Funded Programs;
- Industry Employers

Loans’ Administrator

- Contribution in kind
- Financial Management
- Loan Support
- Registration & Foreign Credential Assessments
- Training Needs

Commitment to Profession
- Exam/Licensing Applications
- Career Plan

- Vancity
- TD Bank
- S.U.C.C.E.S.S.S. Foundation
Project Advisory Committee
Clients Vs. Approved Loans

• One Client may have multiple loans to reduce the financial pressure

IELTS prep course & test Document Verification

01

GNIE Term 1 @ Kwantlen University
Tuition fee
Student fee, books

02

GNIE Term 2 @ Kwantlen University
Tuition fee
Student fee, books

03

RN Prep Course
Examination registration fees, CRNBC Examination, RN Practicing License

04

Registered Nurse FCR Goal Achieved!!

05

$1,500 min

up to $15,000 max.
Benefits of Multiple Loans

Loan 1 $70.79
Loan 2 $143.12
Loan 3 $137.99
Loan 4 $94.56
Loan 5 $70.13
Loan 5 $70.13

$70.79
$213.91
$351.90
$446.46
$516.59 (Jan - Mar 2016)
What does FCR Loan offer?

- Loan Amount: $1,500 - $15,000
- Interest Rate: Prime +1%
- Grace Period: 6-months no interest
- Repayment Schedule: 12-18-24 months
Eligibility Requirements

• Canadian citizen or PR residing in BC
• Proof of a professional credential/designation obtained in a foreign country
• Deemed credit worthy and loan eligible for credentialing purposes
• Have no or limited Canadian experience in the related field
Eligible Costs

• Tuition fees for training and skills upgrading
• Books and course materials
• Exam and Licensure fees
• Qualification assessment
• Professional association fees
• Other costs relating to obtaining accreditation/training as required
• Living allowance during study time

(some restrictions may apply)
Intake Assessment
↓ 1-2 days
Recommendation to Committee
↓ 1-2 weeks
Review by Committee

- Denied
  - Deemed not credit-worthy
  - Lack of labour market information
  - Insufficient supporting documents

- Approved
  ↓ 1-2 weeks
  Loan Disbursement
  ↓ 6 months interest-free grace period
  Repayment  FCR Goal Achieved
## Financial Resources

<table>
<thead>
<tr>
<th></th>
<th>Canada Student Loans and Grants</th>
<th>Student Line of Credit</th>
<th>Professional Bank Loans</th>
<th>Microloans</th>
<th>Skills Connect <em>Grant</em></th>
<th>FCR Loan Project (BC)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest Rate</strong></td>
<td>Fixed: Prime+ 5%</td>
<td>Usually Prime</td>
<td></td>
<td>Prime + 4%</td>
<td>-</td>
<td>Prime + 1%</td>
</tr>
<tr>
<td></td>
<td>Variable: Prime+ 2.5%</td>
<td>Prime + 0.5 to 1.5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Grace Period</strong></td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>-</td>
<td>Yes (Interest-free)</td>
</tr>
<tr>
<td><strong>Postpone Payment</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>-</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Eligible Amount</strong></td>
<td>Varies</td>
<td>$5,000 - $10,000</td>
<td>Varies</td>
<td>Max $5,000</td>
<td>$1,500 - $2,500</td>
<td>$1,500 - $15,000</td>
</tr>
<tr>
<td><strong>Repayment Period</strong></td>
<td>Up to 10 years</td>
<td>Up to 20 years</td>
<td>Up to 7 years</td>
<td>5 years</td>
<td>-</td>
<td>1 to 2 years</td>
</tr>
<tr>
<td><strong>Supported Occupation</strong></td>
<td>All</td>
<td>All</td>
<td>Regulated</td>
<td>All</td>
<td>All</td>
<td>All</td>
</tr>
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Project Activities

- **Project Setup**: Feb 2012
- **Open to the public**: April 2012
- **Loan Application**: May 2012
- **1st Loan Repayment**: Jan 2013
- **1st FCR Outcome (Lawyer)**: Nov 2012
- **295 applicants approved**: Sep 2013
- **364 applicants approved**: Feb 2014

Approved: 96%
Current Statistics (as of Feb 24, 2014)

Intake 723 clients

• 474 loans approved; with 364 unique clients;
• Total Loan Amount Approved: $2,225,687.16
• Average requested Loan Amount: $6,114.53
• Average monthly repayment amount: $299.87

• # of Delinquency: 4; # of Default: 0
• # of Full/partial repayment: 56
Country of Origin

- **Canadian Born**: 1%
- **Asia (China, HK, Korea, Taiwan and Vietnam)**: 9%
- **Europe**: 3%
- **India**: 11%
- **Iran**: 14%
- **Philippines**: 24%
- **Others South Asia**: 29%
- **5%**

The chart shows the distribution of countries of origin with the largest share being from the Philippines (24%) followed by others from South Asia (29%).
Occupational Background

- Health Care: 26%
- Engineering: 12%
- Finance/Accounting: 11%
- Dentistry: 7%
- Education: 5%
- Management: 4%
- Legal: 4%
- IT: 4%
- Others: 4%
- Trades Architecture: 3%
- Social Services: 1%
- Health Care: 26%
- Nursing: 16%
FCR Client Status

- 37% Applied
- 10% Registered
- 3% ND
- 50% Closed
Risk Management

• Labour market research
• Evaluate each applicant’s financial capacity based on:
  – Credit history & score
  – Financial assessment; review of bank statements
  – Risk management and contingency plan
• Assessing each applicants’ characteristics
• Educating applicants in financial management and value of good credit history
  • Character references
  • Continuous follow-up with loan applicants
  • Consolidation Agreement reminding Borrowers
Risk Management

- Credit Check & Reporting
- Multiple Loans
- Non-Sufficient Funds (NSF) Fees
- Blended Payments
- Early Payments (Full or Partial)
- Extended Amortization

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>Original Amortization</th>
<th>Extended Amortization</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,500.00 - $5,000.00</td>
<td>12 months</td>
<td>18 months</td>
</tr>
<tr>
<td>$5,000.01 - $10,000.00</td>
<td>18 months</td>
<td>24 months</td>
</tr>
<tr>
<td>$10,000.01 - $15,000.00</td>
<td>24 months</td>
<td>No extension</td>
</tr>
</tbody>
</table>
Project Outcomes

Based on 364 clients with an approved loan (as of Feb 24, 2014):

• Completed Credentialing & Employed in the field
  33 clients from the following professional backgrounds: Nurse, Lawyer, Doctor, Accountant

• Employed in the field & pending credentialing completion= 74 clients
Client Stories

(From left to right)
Dr. Hosseini-Montazeri, Mr. Giri, Hon. Jason Kenney, Mr. Pria, Dr. Xie
FCR Activities 2013
Focus Group

**Goal:** to better understand the barriers faced by ITPs beyond their financial challenges

**Methodology:** 6 focus groups were held for ITPs in the Engineering, Finance/Accounting, Health Care and Legal sectors. A follow-up survey was sent to participants to complete
Barriers & Challenges for ITPs

- Deskilling
- Discrimination
- Jurisdiction Confusion
- Misleading Information
- Cost
- Timeliness
- Regulatory Bodies
Most Difficult Aspect of FCR

- Education not recognized
- Too many professional bodies
- Other
- Too many steps
- Financial barriers
- Lack of accurate information
- Takes too long
- Language barriers

Number of Clients
Sector-specific Findings

Legal
- Exam preparation is arduous and time-consuming
- High cost of exam study materials

Engineering
- Accreditation process is difficult to navigate
- Frustration with the regulatory bodies

Health Care
- Unable to perform the junior-level tasks
- Relocate to provinces where skills are needed

Accounting/Finance
- Principles and practices same multi-nationally
- Additional certification
Recommendations

- Equip CDPs
- Expedite the FCR Process
- Customize the FCR process
- Take a Systemic Approach
- Customize Resources
- Develop programs for Professionals
Moving Forward in 2014
Questions/Comments?
Contact Information

**Diana Delgado Figueroa, BBA**
Interim Program Director
S.U.C.C.E.S.S. Employment Services
Tel: (604) 231-3344 ext. 111
Email: diana.delgado@success.bc.ca

**Monica Mak, MBA CCDP**
Interim Project Manager
S.U.C.C.E.S.S. FCR Loan Project
Tel: (604) 232-1100 ext. 110
Email: monica@success.bc.ca
Q & A

Thank you!