



Citizenship and
Immigration Canada

Citoyenneté et
Immigration Canada

Evaluation of the Immigration Loan Program

Evaluation Division

September 2015



Canada

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Table of contents

List of acronyms	iii
Executive Summary	iv
Evaluation of the Immigration Loan Program - Management Response Action Plan.....	viii
1. Introduction	1
1.1. Purpose of the Evaluation.....	1
1.2. Program Profile.....	1
1.2.1. History of the Program	1
1.2.2. Program Description	2
1.3. Profile of Loan Accounts	4
1.4. Profile of Loan Recipients	5
1.5. Roles and Responsibilities and Program Governance.....	5
1.6. Key Partners and Stakeholders	6
1.7. Program Resources.....	7
2. Methodology.....	8
2.1. Evaluation Approach.....	8
2.2. Evaluation Scope	8
2.2.1. Evaluation Questions and Issues	9
2.2.2. Evaluation Timeframe	10
2.2.3. Evaluation Focus	10
2.3. Data Collection Methods	10
2.4. Limitations	12
3. Findings Related to Efficiency and Economy	13
3.1. Financial Management.....	13
3.2. Resource Utilization	15
3.3. Program Monitoring	17
4. Findings Related to Program Performance.....	18
4.1. Determining Need and Ability to Repay.....	18
4.2. Access.....	20
4.2.1. Access to Loans	20
4.2.2. Access to Overseas Contributions and Loan Conversions	22
4.3. Recipients' Understanding of the Loan	24
4.3.1. At Time of Signing	24
4.3.2. After Arrival in Canada.....	26
4.4. Role of CIC Collection Services.....	27
4.5. Loan Repayment	28
4.5.1. Starting to Repay the Loan	29
4.5.2. Repayment within the Loan Term	31
4.5.3. Repayment within the Interest-Free Period.....	33
4.5.4. Difficulty Repaying and Use of Alternative Arrangements.....	34
4.6. Impact on Settlement	40
4.6.1. Impact on Ability to Settle	40
4.6.2. Impact on Use of Settlement Services.....	41
5. Findings Related to Program Relevance	44
5.1. Appropriateness of the Federal Role	44
5.2. Alignment with Government-wide and CIC Priorities	44
5.3. Continued Need for the Program	45
6. Conclusions and Recommendations.....	47

Appendix A: Interest Rates	49
Appendix B: Profile of Loan Recipients	50
Appendix C: Logic Model of the Immigration Loan Program	52
Appendix D: Detailed Survey Results Related to Settlement Impacts	53

List of Tables

Table 1:	Description of Loans and Eligibility	2
Table 2:	Start of Interest by Loan Term	3
Table 3:	Distribution of Loans by Loan Term (2003-2012)	4
Table 4:	Expenditures for the Administration of CIC Collection Services (FY 2008/09 - FY 2013/14)	7
Table 5:	New Loans and Contributions (FY 2002/03 - FY 2013/14)	7
Table 6:	Evaluation questions	9
Table 7:	Lines of Evidence Used in the Evaluation	10
Table 8:	Qualitative Data Analysis Scale	11
Table 9:	Documentation Providing Oversight for the Immigration Loan Program	13
Table 10:	Financial Balance of Immigration Loans (FY 2002/03 - FY 2013/14)	14
Table 11:	Loans Requested for Write-Off by Reason (FY 2002/03 - FY 2013/14)	15
Table 12:	Immigration Loan Program Costs - CIC Collection Services (FY 2008/09 - FY 2013/14)	16
Table 13:	Number and Percentage of GAR and PSR Cases with at Least One Loan	20
Table 14:	Types of Questions Received by RAP SPOs and SAHs Related to Loans	26
Table 15:	Number and Percentage of Loan Accounts (2003-2012) by Payment Status at December 31, 2013	28
Table 16:	Length of Time after Term Start When Recipient Started Repayment	29
Table 17:	Average Repayment Time by Incidence of Repayment within the Loan Term and Duration of Loan Term (2003-2012)	32
Table 18:	Number of Months to Repay	33
Table 19:	Percentage of GAR and PSR Families who Declared Employment Earnings by Years since Landing	36
Table 20:	Percentage of GAR and PSR Families Who Declared Income Support/Social Assistance by Years since Landing	37
Table 21:	Percentage of Recipients Indicating Difficulty or Ease in Repaying the Loan by Selected Characteristics	38
Table 22:	Percentage of GAR and PSR Loan Recipients Who Accessed at Least One CIC-Funded Settlement Service by Selected Socio-demographic Characteristics of the Recipient	42
Table 23:	Perceptions of RAP SPOs and SAHs Regarding Impacts of Loan Repayment Related to the Settlement of GARs and PSRs	55

List of Figures

Figure 1:	Percentage of Paid Loan Accounts Repaid Within the Loan Term by Duration (2003-2012)	31
Figure 2:	Percentage of Paid Loan Accounts Repaid within Interest-free Period by Duration of Loan Term (2003-2012)	33
Figure 3:	Estimated Household Income (before taxes) of Loan Recipients by Immigration Category	35
Figure 4:	Average Earnings of GAR and PSR Families Who Declared Employment by Years since Landing	37
Figure 5:	Impacts of Loan Repayment on Recipients Related to Settlement	53
Figure 6:	Impacts of Loan Repayment on Recipients Related to Settlement by Immigration Category	53
Figure 7:	Impacts of Loan Repayment on Recipients Related to Settlement by Loan Size	54
Figure 8:	Impacts of Loan Repayment on Recipients Related to Settlement by Employment Status at Time of Repayment	54
Figure 9:	Impacts of Loan Repayment on Recipients Related to Settlement by Estimated Household Income (before taxes)	55

List of acronyms

CIC	Citizenship and Immigration Canada
CRA	Canada Revenue Agency
CRF	Consolidated Revenue Fund
CSLP	Canada Student Loan Program
EBP	Employee Benefit Plan
ESDC	Employment and Social Development Canada
FOSS	Field Operations Support System
FTE	Full-Time Equivalent
FY	Fiscal Year
GAR	Government Assisted Refugee
GCMS	Global Case Management System
iCAMS	Immigration Contribution Accountability Measurement System
iCARE	Immigration Contribution Agreement Reporting Environment
I-FCRO	Integration – Foreign Credentials Referral Office
IFMS	Integrated Financial and Material System
IMDB	Longitudinal Immigration Database
IOM	International Organization for Migration
ILS	Immigration Loans System
IPMB	Integration Program Management Branch
IP	Inland Processing
IPAR	Immigration Program Accounts Receivable
IR	International Region
IRPA	Immigration and Refugee Protection Act
IRPR	Immigration and Refugee Protection Regulations
NHQ	National Headquarters
OP	Overseas Processing
PSR	Privately Sponsored Refugee
RAB	Refugees Affairs Branch
RAP	Resettlement Assistance Program
RPRF	Right of Permanent Residence Fee
SAH	Sponsorship Agreement Holder
SAP	System and Application in Data Processing
SPO	Service Provider Organization
SO	Strategic Outcome
TB	Treasury Board
TBS	Treasury Board Secretariat
UNHCR	United Nations High Commissioner for Refugees

Executive Summary

Purpose of the Evaluation and Scope

The evaluation of the Immigration Loan Program was conducted in fulfillment of the requirements under the Treasury Board (TB) *Policy on Evaluation*,¹ and was also identified as a recommended action item resulting from the *Evaluation of the Government Assisted Refugee and Refugee Assistance Program*² conducted by Citizenship and Immigration Canada (CIC) in 2011. The data collection and analysis for this evaluation were undertaken in-house by the Research and Evaluation Branch of CIC, between November 2013 and January 2015.

The evaluation assessed the relevance, delivery and performance of the program from 2003 to 2012 using multiple lines of evidence, as follows: interviews; focus groups with loan recipients; surveys of loan recipients, service provider organizations and sponsorship agreement holders; document and literature reviews; administrative data analysis; analysis of the longitudinal immigrant database.

The evaluation, guided by a logic model, examined the program within the context of three main activities (loan issuance, repayment and program management), leading to the following intermediate outcomes.

- Loans contribute to the settlement of recipients.
- Loans are repaid in full and in a timely fashion.
- The advance from the Consolidated Revenue Fund is adequately replenished to sustain the Immigration Loan Program.

Program Profile

The Immigration Loan Program is intended to ensure, “that some persons, otherwise unable to pay for the costs of transportation to Canada and medical admissibility exams, have access to a funding source”.³ The loan program is funded through an advance of \$110M from the Consolidated Revenue Fund. On average, \$13M in loans are issued per year, with an average loan amount of \$3,090.

The vast majority of loan recipients (98%) are resettled refugees (57.5%) are Government Assisted Refugees (GARs) and 40.3% are Privately Sponsored Refugees (PSRs). Correspondingly, 93.5% of GAR cases and 87.9% of PSR cases resettled in Canada during the 2008 to 2012 timeframe received at least one loan.

Loans may be issued overseas by visa officers, to cover the costs associated with the transportation of individuals and/or their dependants from point of origin to final destination in Canada (transportation loan), and medical exams required to establish admissibility to Canada (admissibility loan).⁴ Loans may also be issued in Canada by CIC designated officers to cover

¹ Canada, Treasury Board (2009) *Policy on Evaluation*. www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=15024

² Canada, CIC (2011) *Evaluation of the Government Assisted Refugees and Resettlement Assistance Program*. www.cic.gc.ca/ENGLISH/resources/evaluation/gar-rap/index.asp

³ Canada, CIC (2014) *Program Alignment Architecture*.

⁴ While loans are also available to cover the costs of the Right of Permanent Residence Fee (currently \$490 per person, with some exceptions), only 6 loans of this type were issued between 2008 and 2012. As a result, they were not included in this evaluation.

costs associated with initial settlement not covered through the Refugee Assistance Program (RAP) (assistance loan).

Accounting and collections for the Immigration Loan Program are guided by the TB *Debt Write-off Regulations* and the TB *Directive on Receivables Management*. A variety of guidance and support are in place, from both CIC and TB, to support the financial management (accounting and collections) of the program.

Loan repayment schedules vary depending upon the size of the loan and repayments are to start 30 days after the recipient arrives in Canada. Interest is charged on loans, after an initial interest-free period which varies from 12 months to 36 months, depending upon the size of the loan. Individuals who are deemed to be unable to repay a loan due to high settlement needs (e.g. victims of trauma and torture, single parent head of households, seniors without accompanying or established family in Canada) are provided with a contribution, funded through RAP. A total of \$500,000 is set aside annually from RAP to pay for contributions. In addition, at any time, loan recipients facing difficulties in repaying their loan can contact CIC Collection Services to make alternative arrangements (e.g., deferring payments or decreasing the size of the monthly payment for a period of time). Loans that are not being repaid can be written-off under certain circumstances, through a TB Submission. On average, approximately \$700,000 is written-off per year.

Evaluation Findings

Findings Related to Efficiency and Economy

From a financial management perspective, the loan program functions well, evidenced by the fact that the Consolidated Revenue Fund used to finance loans is adequately replenished and the loan portfolio is structured according to regulations and TB Directives. Efficiencies within CIC Collection Services were achieved over the past several years, resulting in a decrease in the number of required full-time employees dedicated to CIC Collection Services. Program monitoring occurs through the use of CIC financial systems and program data, providing a means to monitor the day-to-day operations of the loan program; however, these systems do not support full reporting on program outcomes (e.g., to what extent loans are repaid in a timely fashion).

Findings Related to Program Performance

Program performance was assessed in relation to the outcomes regarding determining need and ability to repay, understanding of the loan, access, the role of CIC Collection Services in facilitating loan repayment, loan repayment and impact on settlement.

The loan program is structured in accordance with TB Directives. However, the procedures required to assess a potential recipient's ability to repay a loan at the time of loan issuance are not practical in the overseas refugee processing context, given limited information and time available to conduct the assessment; and refusing a loan could prevent the resettlement of the refugee.

Additionally, there is a risk that some refugee recipients do not fully understand the terms and conditions of the loan at the time of signing (due to various factors such as language barriers, a lack of time available to explain the loan, or the individual's ability to understand the relative value of the loan), and that they do not know the amount of the loan prior to their departure for

Canada. Without this understanding and knowledge, the spirit and intent of a loan agreement comes into question.

Regarding access to the Immigration Loan Program, while several immigration classes are eligible to receive immigration loans, the program is being used primarily to pay for transportation and admissibility costs associated with the resettlement of refugees from abroad who do not have the means to pay for these costs themselves. Additionally, while assistance loans are available to meet labour market access needs, they are, in practice, used almost exclusively to pay for basic needs, more specifically, housing rental and utility deposits.

Analyses of loan repayment found that some refugee recipients are having difficulty meeting loan repayment requirements. In fact, very few loan recipients start repaying within the required 30 days of arrival, due in part to the fact that it takes up to 4 months for CIC to set up a loan account and issue the first loan statement, putting the vast majority in a situation of arrears from the outset. Furthermore, some recipients are not able to repay within the original loan term and some are not able to repay within the interest-free period. While CIC Collection Services are available to provide support to loan recipients, information on CIC Collection Services is not widely communicated, and many loan recipients are not aware of the support it can provide.

Repaying the loan was shown to have a negative impact on the settlement of some refugees. While there is a write-off mechanism in place for the program, it does not forgive the debt and cannot be pursued until all means of collection have been exhausted. Contribution funds can be provided overseas in situations where individuals are unlikely to be able to repay a loan; however, the budget allocated for contributions is not sufficient to meet the apparent demand and currently there is no mechanism in place to convert a loan to a contribution after arrival in Canada.

While having employment facilitates the ability to repay the loan, GARs and PSRs have a low incidence of employment income, and often rely on forms of financial assistance in the first year after landing. Overall, a greater percentage of GARs, recipients with larger loans and those with a lower annual household income experienced difficulty with loan repayment.

For many loan recipients, requirements to repay an immigration loan are a source of stress and create additional challenges, such as the ability to pay for basic necessities. Impacts on settlement are also felt due to the need to have employment income to facilitate repayment, which makes it difficult for some to take full advantage of settlement services, particularly language training.

Findings Related to Program Relevance

The role of the federal government in administering the Immigration Loan Program is appropriate. The program as implemented, however, is not fully aligned with Canada's resettlement and settlement objectives, as the need to repay a loan is having a negative impact on the initial settlement of some refugees. While the program facilitates bringing refugees to Canada and helps Canada to meet its international commitments to protect them, the use of a loan may not be appropriate for all refugees who require financial support to pay the costs associated with their resettlement.

Conclusions and Recommendations

The Immigration Loan Program is governed by TB Directives that require loans be authorized and approved appropriately and on the expectation of full repayment. Evaluation findings

indicate, however, that due to the overseas refugee processing context, challenges arise from the nature of the criteria established for visa officers to assess refugees' ability to repay and the limited time and information available to properly assess them. This has resulted in the loan becoming the default option for most resettled refugees.

Recommendation #1: It is recommended that CIC fully comply with the requirements for loans programs as stated in Treasury Board (TB) Directives. In particular, given the context of overseas refugee processing, compliance with TB Directives requires policy and/or procedural changes to ensure:

- Adherence to the criteria established to assess ability to repay the loan; and
- Procedures for signing the loan agreement are clear and obtain free and informed consent from the client, including communicating the amount to be borrowed.

Acknowledging that some refugees may not qualify for a loan given the requirements under the TB Directives, it is therefore also recommended that CIC ensure policies and corresponding measures are in place to support its humanitarian policy objectives and to facilitate the resettlement of all refugees who do not qualify for a loan.

Findings on loan repayment demonstrate that some refugee recipients are having difficulty meeting repayment requirements. Furthermore, having to repay the loan is having a negative impact on the settlement of some refugees, posing difficulties in the payment of basic necessities like food, clothing and housing.

Recommendation #2: It is recommended that CIC make policy and/or procedural adjustments to its loan repayment requirements and collection practices to ensure that the loan program is aligned with CIC's resettlement, settlement and integration policy objectives and does not adversely affect the settlement outcomes of resettled refugees. In particular, CIC should consider:

- Aligning the loan program policies with those of other refugee programming;
- Aligning the start of the repayment with the receipt of the first loan statement;
- Aligning the loan repayment schedule with the time needed to repay;
- Ensuring the use of interest and interest relief are appropriate to the financial situation of the client;
- Providing mechanisms to allow for debt forgiveness where necessary;
- Providing easy access to information on how to contact CIC Collection Services and the types of assistance available for clients.

There is a potential for the Immigration Loan Program to be more fully utilized in support of Canada's settlement and integration objectives. For instance, while the in-Canada assistance loan is uniquely positioned to support settlement once in Canada, it is largely under-utilized in terms of both the type of assistance (i.e., limited to housing rental and utility deposits) and the recipients (i.e., almost exclusively GARs).

Recommendation #3: It is recommended that CIC explore how the Immigration Loan Program could better support the achievement of CIC's settlement and integration policy objectives (i.e., that newcomers and citizens participate in fostering an integrated society), considering opportunities such as the expansion of the in-Canada assistance loan to improve labour market access for all newcomers, including refugees.

Evaluation of the Immigration Loan Program - Management Response Action Plan

Recommendation	Response	Action	Accountability	Completion Date
<p>Recommendation #1:</p> <p>It is recommended that CIC fully comply with the requirements for loans programs as stated in Treasury Board (TB) Directives. In particular, given the context of overseas refugee processing, compliance with TB Directives requires policy and/or procedural changes to ensure:</p> <ul style="list-style-type: none"> • Adherence to the criteria established to assess ability to repay the loan; and • Procedures for signing the loan agreement are clear and obtain free and informed consent from the client, including communicating the amount to be borrowed. <p>Acknowledging that some refugees may not qualify for a loan given the requirements under the TB Directives, it is therefore also recommended that CIC ensure policies and corresponding measures are in place to support its humanitarian policy objectives and to facilitate the resettlement of all refugees who do not qualify for a loan.</p>	<p>CIC agrees with this recommendation.</p> <p>The Immigration Loan Program supports Canada's efforts to offer protection to the displaced and persecuted, and reflects the Department's commitment to having newcomers and citizens participate in fostering an integrated society.</p> <p>The Immigration Loan Program provides access to funding for persons who have few personal financial resources and are unable to access traditional lending institutions.</p> <p>The primary client group for the Immigration Loan Program has changed considerably since the program was first introduced. Immigration loans have now become a de facto tool for ensuring that resettled refugees arrive in Canada.</p> <p>As such, the Department is committed to ensuring that the provision of financial support to refugees selected for resettlement to Canada occurs within a program structure that recognizes and accommodates their often vulnerable circumstances (including financial need) both preceding and immediately following their arrival to Canada.</p> <p>The Department is committed to ensuring that the financial support that is extended to resettled refugees not only allows them to come to Canada, but also supports their full participation in the economic, social and cultural life of Canada.</p> <p>Under the Immigration Loan Program, loans are issued with full expectation of repayment of both principal and interest accrued. This is because immigration</p>	<p>CIC will develop a comprehensive array of policy options to address challenges with the Immigration Loan Program, ranging from operational changes to fundamental modifications to the program's design.</p> <p>In doing so, CIC will consider:</p> <ul style="list-style-type: none"> • the impact of loan repayment on resettled refugees' capacity to settle and integrate in Canada; • TB directives for issuance of loans; • the humanitarian objectives for which the assistance is provided; • the potential use of other arrangements or instruments to finance resettlement costs currently covered through the Immigration Loan Program; and • the financial priorities of the Government of Canada. 	<p>Refugee Affairs Branch/Finance Branch</p> <p>Consultation: Communications Branch, Finance Branch, International Region, Integration Program Management Branch, Integration-FCRO Branch, and Operational Management and Coordination</p>	<p>End Q2 2016/17</p>
<p>Recommendation #2:</p> <p>It is recommended that CIC make policy and/or procedural adjustments to its loan repayment requirements and collection practices to ensure that the loan program is aligned with CIC's resettlement, settlement and integration policy objectives and does not adversely affect the settlement outcomes of resettled refugees. In particular, CIC should consider:</p> <ul style="list-style-type: none"> • Aligning the loan program policies with those of other refugee programming; • Aligning the start of the repayment with the receipt of the first loan statement; • Aligning the loan repayment schedule with 	<p>The Department is committed to ensuring that the financial support that is extended to resettled refugees not only allows them to come to Canada, but also supports their full participation in the economic, social and cultural life of Canada.</p> <p>Under the Immigration Loan Program, loans are issued with full expectation of repayment of both principal and interest accrued. This is because immigration</p>			

Recommendation	Response	Action	Accountability	Completion Date
<p>the time needed to repay;</p> <ul style="list-style-type: none"> • Ensuring the use of interest and interest relief are appropriate to the financial situation of the client; • Providing mechanisms to allow for debt forgiveness where necessary; • Providing easy access to information on how to contact CIC Collection Services and the types of assistance available for clients. 	<p>loans are issued from a capped statutory authority (\$110M) from which future loans are issued. Consequently, loan repayment is required in order to replenish the authority and ensure that further loans can be issued from this authority.</p>			
<p>Recommendation #3:</p> <p>It is recommended that CIC explore how the Immigration Loan Program could better support the achievement of CIC's settlement and integration policy objectives (i.e., that newcomers and citizens participate in fostering an integrated society), considering opportunities such as the expansion of the in-Canada assistance loan to improve labour market access for all newcomers, including refugees.</p>	<p>CIC agrees with this recommendation.</p> <p>The Department is committed to ensuring that its services and supports contribute to newcomer settlement and integration. Actions in response to Recommendation #3 must align with those pursued in response to Recommendations #1 and #2, and must not duplicate existing programming.</p>	<p>In line with the policy and/or procedural adjustments proposed in response to Recommendations #1 and #2, CIC will review current labour market related programming and financial supports available for immigrants (including what is provided by CIC and the Government of Canada), identify any gaps and opportunities, and develop policy options in order to effectively leverage the Immigration Loan Program. Such policy options will aim to address both the types of support the program provides, as well as the effective range of clients it serves.</p> <p>In doing so, CIC will consider:</p> <ul style="list-style-type: none"> • ways to build on-but not duplicate-existing settlement and resettlement assistance programming, in support of the Department's settlement and integration policy objectives; • specific ways in which the program could promote labour market attachment for a broader range of permanent residents, including refugees, in alignment with other Government of Canada programming; and • implications for both program funding and operations. 	<p>Integration-FCRO Branch</p> <p>Consultation:</p> <p>Refugee Affairs Branch, Integration Program Management Branch, and Finance Branch</p>	<p>End Q4 2016/17</p>

1. Introduction

1.1. Purpose of the Evaluation

This report presents the results of the evaluation of the Immigration Loan Program. The evaluation was conducted in fulfillment of the requirements under the Treasury Board (TB) *Policy on Evaluation*,⁵ and was also identified as a recommended action item resulting from the *Evaluation of the Government Assisted Refugee and Refugee Assistance Program*⁶ conducted by Citizenship and Immigration Canada (CIC) in 2011. The data collection and analysis for this evaluation were undertaken in-house by CIC's the Research and Evaluation Branch, between November 2013 and January 2015.

The report is organized into the following sections:

- Section 1 presents the purpose of the evaluation and the profile of the Program;
- Section 2 presents the methodology for the evaluation, and discusses the strengths and limitations;
- Sections 3 through 5 present the findings, organized by core evaluation issue;⁷ and
- Section 6 presents the conclusions and recommendations.

Appendices are included at the end of the report. Technical appendices, providing more detailed information on the analyses undertaken as part of the evaluation, are available upon request.

1.2. Program Profile

This section provides an overview of the Immigration Loan Program, including: a brief history of the program, a program description, a profile of loan accounts and recipients, a description of roles and responsibilities, program governance, key partners and stakeholders, and a summary of program resources.

1.2.1. History of the Program

The Immigration Loan Program was created in 1951 to, “financially assist immigrants from Europe whose services were urgently needed and could not afford their own transportation.”⁸ Originally known as the Assisted Passage Loan Scheme, the program provided loans to immigrants from Europe, but was subsequently expanded to include immigrants from the Caribbean (1966) and eventually immigrants from all countries (1970).⁹ By the early 1970s, the loan scheme was mainly being used as “a device for financing refugee movements,” as loans were “granted and then quickly written off as uncollectible”.¹⁰

⁵ Canada, Treasury Board (2009) *Policy on Evaluation*. [/www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=15024](http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=15024).

⁶ Canada, CIC (2011) *Evaluation of the Government Assisted Refugees and Resettlement Assistance Program*. www.cic.gc.ca/ENGLISH/resources/evaluation/gar-rap/index.asp.

⁷ Canada, Treasury Board Secretariat (2009) *Directive on the Evaluation Function*. www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=15681.

⁸ Ninette Kelley and Michael Trebilcock (2013) *The Making of the Mosaic: A History of Canadian Immigration Policy*.

⁹ Canada, Department of Manpower and Immigration (1970) *Annual Report for Fiscal Year 1969-1970*.

¹⁰ Canada, Department of Manpower and Immigration (1976) *Immigration Act 1976: Analysis*.

In order to keep pace with the changing refugee movements and ensure the financial integrity of the loan fund, various changes were made to the program over the years.¹¹

1.2.2. Program Description

The Immigration Loan Program falls under CIC Strategic Outcome (SO) 3: *Newcomers and citizens participate in fostering an integrated society*. The immigration loan is intended to ensure, “that some persons, otherwise unable to pay for the costs of transportation to Canada and medical admissibility exams, have access to a funding source”.¹²

Loans

According to section 289 of the *Immigration and Refugee Protection Regulations* (IRPR), various categories of persons are eligible to apply for an immigration loan, including foreign nationals, permanent residents, and Canadian citizens, with eligibility linked to the purpose of the loan to be issued. The IRPR also identifies four purposes for which a loan may be provided, as outlined in the table below.

Table 1: Description of Loans and Eligibility

Purpose	Description	Eligibility
Transportation	Provided to cover the costs of transportation from their point of origin to their place of final destination within Canada. It also includes service fees from the International Organization for Migration (IOM), and other related expenses.	<ul style="list-style-type: none"> Foreign nationals under Parts 1 and 2 of the <i>Immigration and Refugee Protection Act</i> (IRPA) (including beneficiaries*) Permanent residents and Canadian citizens (beneficiaries only)
Admissibility	Provided to cover the costs associated with medical services (such as medical exams) required to establish admissibility to Canada.	<ul style="list-style-type: none"> Foreign nationals under Part 2 of IRPA (including beneficiaries) Permanent residents and Canadian citizens (beneficiaries only, if classified as protected persons)
Assistance	Provided to cover the costs associated with the initial settlement of persons granted admission to Canada (e.g., rental and utility deposits).	<ul style="list-style-type: none"> Foreign nationals under Parts 1 and 2 of IRPA (including beneficiaries)
Right of Permanent Residence Fee (RPRF)	Provided to cover the costs of the right of permanent residence fee (currently \$490 per person, with some exceptions).	<ul style="list-style-type: none"> Foreign nationals under Part 1 of IRPA (including beneficiaries) Permanent residents and Canadian citizens (beneficiaries only)

* Beneficiaries include spouses, common-law or conjugal partners, dependent children or any other person in a relationship of dependency with the individual by virtue of being cared for or receiving emotional and financial support from them.

Source: Canada, CIC (2014) OP 17 – *Loans*; Canada, Department of Justice (2002) *Immigration and Refugee Protection Regulations*, R288 - R289.

Both transportation and admissibility loans are arranged overseas by visa officers at the time of the intake interview, while assistance loans are arranged in-Canada by CIC designated officers. Right of Permanent Residence Fee (RPRF) loans can be arranged both in-Canada and overseas.

Loans are interest bearing and are repayable in full, and loan repayments are due to begin 30 days after arrival in Canada (in the case of transportation and admissibility loans) or 30 days after

¹¹ For a list of major program changes, please see Technical Appendices.

¹² Canada, CIC (2014) *Program Alignment Architecture*.

issuance of the loan (in the case of assistance loans). When loans covering admissibility and/or transportation costs are arranged by the International Organization for Migration (IOM)¹³, they are capped at \$10,000 per loan.

Contributions

The program allows for certain refugees identified by CIC as having higher settlement needs to have access to the contribution fund from the Resettlement Assistance Program (RAP) to pay for transportation, admissibility, and other associated costs to the final destination in Canada.¹⁴ Higher settlement needs include situations where a refugee may require additional support in Canada to become self-sufficient (e.g. victims of trauma and torture, single parent head of households, seniors without accompanying or established family in Canada).¹⁵

Arrangements for access to RAP contributions are generally made overseas, determined by visa officers, and are reviewed and approved by the Integration Program Management Branch (IPMB) within CIC, prior to the arrival of the refugee in Canada. However, from Fiscal Year (FY) 2006/07 to FY 2010/11, arrangements could also be made to convert a loan to a contribution after the recipient's arrival in Canada if it was determined that a refugee had high settlement needs (commonly referred to as an in-Canada loan conversion). Information on the rationale for this change is provided in Section 4.2.2 of the report.

Repayment and Interest

The loan term and interest start date vary, based upon the size of the loan (see Table 2). The interest start date is based on the loan recipient's arrival date in Canada and the interest rate is calculated according to the yearly rate set by the Department of Finance. Between 2003 and 2012, the interest rate charged on loans varied from 1.26% to 4.24% (see Appendix A).

Table 2: Start of Interest by Loan Term

Size of Loan	Loan Term	Interest Starts*
Up to \$1,200	12 months	13th month
\$1,201 to \$2,400	24 months	25th month
\$2,401 to \$3,600	36 months	37th month
\$3,601 to \$4,800	48 months	37th month
Over \$4,800	72 months	37th month

* These dates apply to loans provided to refugees and protected persons. Loans provided to other immigration classes are interest bearing after 30 days.

Source: Canada, Department of Justice (2002) *Immigration and Refugee Protection Regulations, R291(2), R293(2), and R293(3)*.

Collection

At any time, loan recipients facing hardships can request a review of their repayment arrangement to prevent further undue burden.¹⁶

¹³ The role of the IOM is described in Section 1.5 of the report.

¹⁴ Note that GARs destined to the province of Quebec are not eligible for RAP contributions. Under the *Canada-Quebec Accord*, the province of Quebec is responsible for the provision of settlement services.

¹⁵ Canada, CIC (2014) *OP 17 – Loans*; Canada, CIC (2013) *Operational Bulletin 513*.

¹⁶ Undue hardship occurs when a debtor is unable to provide basic needs to himself/herself or his/her dependants. Source: Canada, CIC (2008) *Receivables Management Plan*.

When a loan recipient is unwilling to repay or has failed to keep contact with CIC (e.g., maintaining a current address), CIC, under a formal agreement with the Canada Revenue Agency (CRA), can request CRA to set-off any amount (up to the amount of the debt) that may become payable to the loan recipient as a result of filing their taxes.¹⁷

In cases where there is no prospect for recovery of the loan, the loan can be written-off. In order for this to occur, the department must first make every reasonable effort to collect and exhaust all possible avenues before considering a write-off.¹⁸ A write-off must then be approved by Treasury Board and Parliament.¹⁹ If it becomes known, in the future, that the loan recipient's financial position has improved and that they are capable of paying the debt, the written-off account is reinstated, interest is calculated as applicable, and repayments resume.

CIC does not share information on loan payments and the use of alternative arrangements with credit bureaus. As a result, the loan does not have an impact, either positive (i.e., building a credit history) or negative (i.e., lowering a credit rating or score) on the individual loan recipient's credit standing.

1.3. Profile of Loan Accounts

The evaluation examined loans issued to recipients between 2003 and 2012 which represents a population of 48,446 loan accounts.²⁰ Based on a random sample of 4,742 loan accounts, the average loan amount was approximately \$3,090.²¹ The distribution of loans by loan term is presented in Table 3.

Table 3: Distribution of Loans by Loan Term (2003-2012)

Loan Term	Number of Loan Accounts	Percentage
12 months	655	13.8%
24 months	1,944	41.0%
36 months	683	14.4%
48 months	538	11.3%
72 months	922	19.4%
Total	4,742	100.0%

Source: Sample of Integrated Financial and Material System (System and Application in Data Processing) (IFMS (SAP)), *Immigration Program Accounts Receivable* (IPAR), and *Archived Microfiche Loan Accounts* (2003-2012).

¹⁷ Canada, CIC (2008) *Receivables Management Plan*.

¹⁸ Canada, TBS (1994) *Revised Debt Write-Off Regulations*.

¹⁹ Canada, CIC. *Financial Accounting Manual: Chapter FA 2 – Policy on Accounting for Immigration Loans*.

²⁰ Each loan account corresponds to an individual loan recipient. Information on loan accounts issued in 2003 to 2012 was combined from three separate data sources to produce the population of loan accounts for the evaluation. 75.9% of the accounts were extracted from the SAP system; 15.6% of the accounts were obtained from the Immigration Program Accounts Receivable (IPAR) system; the remaining 8.5% were obtained from the archive system. Deleted accounts from the archive system, as well as duplicate accounts across the three systems, were removed before finalizing the population of loan accounts. The 2003-2012 population of accounts included both expired accounts and accounts with time remaining on their loan term.

²¹ Information on loan amount and term for accounts obtained from the archive system had to be entered manually and thus could only be obtained for a sample of accounts. The sample had a confidence level of 95% and a margin of error of $\pm 1.35\%$.

While loans can be arranged at different points in time (i.e., overseas prior to departure as well as in-Canada after arrival) and cover different costs (i.e., transportation, medical exams, initial settlement expenses), they are consolidated into one loan for ease of administration and repayment. Therefore, a loan recipient may have more than one component to their loan, but combined together into one overall loan. The vast majority of loan recipients for the 2008 to 2012 period²² (94.6%) had a transportation component to their loan, 81.5% had an admissibility component, and 40.6% had an assistance loan component. Only six recipients had a RPRF component to their loan.

1.4. Profile of Loan Recipients

Information on the characteristics of loan recipients, based on a sub-population of the loan accounts issued in 2008 to 2012 for which socio-demographic was available²³ shows that:²⁴

- While persons from various immigration categories are eligible to apply for an immigration loan, 97.8% of loan recipients were either Government Assisted Refugees (GARs) or Privately Sponsored Refugees (PSR);
- 53.5% reported no knowledge of either of Canada's official languages at landing;
- 62.3% were educated at a secondary school level or less, and 73.4% were classified as new workers when they first came to Canada;
- 43.7% of loan recipients came from countries in West Central Asia or the Middle East, and 34.6% came from countries in Western, Eastern, Central or Southern Africa; and
- the most frequent source country for loan recipients for this period was Iraq, with 27.7% of loan recipients indicating it as their country of birth.

1.5. Roles and Responsibilities and Program Governance

A number of branches within CIC are involved in the Immigration Loan Program.

Refugees Affairs Branch (RAB): RAB is responsible for the policy aspects of the program, responding to questions and comments from stakeholders, and policy and program development.

Finance Branch: Finance Branch is responsible for the accounting of debts managed by National Headquarters (NHQ), and negotiating debts and repayments with debtors. The Branch also works with outside service providers such as CRA to recover outstanding loan amounts, and

²² The transportation and admissibility loan components were recorded as one component in the IPAR and archive systems, and not as separate components, as in the IFMS (SAP) system, preventing an analysis by loan component on the 2003-2012 sample of loan accounts. Instead, this analysis was conducted on a 2008-2012 sub-population of loan accounts; 99.7% of the loans issued during this period (a total of 25,858 loan accounts) are located in the IFMS (SAP) system. As each loan may contain more than one loan component, totals do not add to 100%.

²³ While loan accounts from the IFMS (SAP) system include a Field Operations Support System (FOSS) ID for each recipient, loan accounts from the IPAR and archive systems do not, and thus cannot be linked to immigration landing data for the recipient, preventing comparisons by socio-demographic characteristics for the entire population of loan accounts. Instead, this analysis was conducted on a 2008-2012 sub-population of loan accounts; 99.7% of the loans issued during this period (a total of 25,858 loan accounts) are located in the IFMS (SAP) system. Only 62 of these accounts (0.2%) were missing immigration landing data.

²⁴ Additional information on the detailed characteristics of loan recipients can be found in Appendix B.

includes a CIC Collection Services unit, which is responsible for the ongoing collection and management of loan receivables.

Finance Branch also supports the CIC Debt Write-Off Committee which meets annually to review and approve accounts that have been recommended by the CIC Collection Services unit for write-off. Committee roles and responsibilities are established in accordance with the *TB Debt Write-Off Regulations*. The Committee is comprised of three CIC individuals, two of whom must directly report to an Assistant Deputy Minister. At least one member must not have been involved in the creation or establishment of the debts proposed for write-off, nor in the collection action for debts. Once approved by the Committee, the accounts identified to be written-off must then be approved by TB through a submission and tabled in Parliament through the Supplementary Estimates process.

Integration Program Management Branch (IPMB): IPMB is responsible for functional guidance to visa officers overseas and in-Canada staff, acts as the primary liaison with Finance Branch, conducts program audits to ensure loans are issued in alignment with policy, approves contributions out of the RAP budget, and interacts with key stakeholders in the resettlement sector and informs policy development.²⁵

International Region (IR): IR is responsible for delivering the program overseas, including assessing and approving transportation and admissibility loans.

Domestic Regions (Regional Offices): Domestic regions are responsible for assessing and approving loans initiated in Canada.

1.6. Key Partners and Stakeholders

The following organizations are involved in directly or indirectly supporting the Immigration Loan Program:

- The International Organization for Migration (IOM) has a Memorandum of Understanding with CIC, in which the IOM arranges for the transportation and medical exams of refugees selected by Canada for resettlement;
- Sponsorship Agreement Holders (SAH), as well as their constituent groups, and Service Provider Organizations (SPO) responsible for the delivery of Resettlement Assistance Program services (RAP SPOs) provide advice and support to loan recipients, mostly with respect to repayment;
- The United Nations High Commissioner for Refugees (UNHCR), while not directly involved in the loan program, is a stakeholder to the extent that it identifies refugees for resettlement and provides guidelines to countries to assist in refugee determination and resettlement.

²⁵ Integration-Foreign Credentials Referral Office (I-FCRO) is the policy lead for RAP.

1.7. Program Resources

Annual expenditures by fiscal year for the administration of CIC Collection Services for the Immigration Loan Program are shown in Table 4. The expenditures associated with other aspects of the program (i.e., policy development, issuing loans and time spent discussing loans with immigrants) are not reported separately from the larger processes to select and resettle refugees and are therefore not included in Table 4.

Table 4: Expenditures for the Administration of CIC Collection Services (FY 2008/09 - FY 2013/14)

CIC Collection Services	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	Total
Salary	\$865,113	\$865,630	\$804,106	\$738,617	\$719,694	\$523,498	\$4,516,658
Operating	\$175,675	\$221,795	\$264,981	\$207,768	\$234,753	\$242,339	\$1,347,312
Total Cost	\$1,040,788	\$1,087,424	\$1,069,088	\$946,385	\$954,447	\$765,837	\$5,863,970

Note: Costs do not include Employee Benefit Plan (EBP) or Accommodations.

Source: Financial Operations Branch, IFMS (SAP).

Funding for the loans is provided through the Consolidated Revenue Fund (CRF). The fund allocated for immigration loans is currently approved for \$110 million,²⁶ as per the IRPR. The annual amount of loans issued between FY 2002/03 and FY 2013/14 averaged just over \$12.7 million (see Table 5).

As noted previously, contributions are available to cover the costs of transportation and admissibility loans for individuals deemed to have high settlement needs. Since FY 2004/05, a maximum of \$500,000 per year has been available for contributions.²⁷ Between FY 2002/03 and FY 2013/14, a total of \$6.6 million in contributions was provided (see Table 5). A discussion of the variation in the total amount of contributions provided by fiscal year can be found in Section 4.2.2 or the report.

Table 5: New Loans and Contributions (FY 2002/03 - FY 2013/14)

Fiscal Year	New loans (excluding accrued interest)	Total of RAP contributions
2002/03	\$11,525,969	\$227,838
2003/04	\$13,795,761	\$243,740
2004/05	\$14,120,206	\$209,126
2005/06	\$13,573,606	\$170,810
2006/07	\$13,049,038	\$1,422,768
2007/08	\$12,418,593	\$734,450
2008/09	\$11,017,154	\$678,751
2009/10	\$13,314,633	\$1,356,617
2010/11	\$11,636,426	\$717,381
2011/12	\$14,884,734	\$230,126
2012/13	\$11,272,994	\$213,860
2013/14	\$13,964,799	\$434,787
Average	\$12,782,647	\$553,354

Source: Public Accounts, IFMS (SAP).

²⁶ The current limit of \$110 million came into effect through an Order in Council in 1990.

²⁷ Prior to FY 2004/05, \$400,000 per year was available for contributions.

2. Methodology

2.1. Evaluation Approach

The evaluation scope and approach were determined during a planning phase, in consultation with CIC branches involved in the delivery of the Immigration Loan Program. The logic model and evaluation framework were developed in discussion with the program areas. Terms of Reference for the evaluation were approved by the Departmental Evaluation Committee in October 2013. The evaluation was conducted in-house.

It was determined that a medium-sized evaluation would be conducted with the level of effort based on several factors including:

- the Immigration Loan Program had never been the subject of an evaluation;
- the *Evaluation of the Government Assisted Refugees and Resettlement Assistance Program*,²⁸ conducted in 2010-11 included a recommendation to examine the transportation and medical loans;
- the program has undergone changes over the years in response to financial pressures;
- policy options and recommendations have been and continue to be considered; and
- there has been a high level of interest in the program among stakeholder groups.

2.2. Evaluation Scope

The evaluation assessed the relevance, delivery and performance of the Immigration Loan Program, and was guided by the program logic model, which presents the expected immediate and intermediate outcomes:²⁹

Immediate Outcomes

- Program development, management and governance effectively support program delivery and decision making.
- Individuals in need receive loans or contributions according to their need in order to cover costs associated with admissibility, transportation, landing fees and other eligible expenses related to settlement.
- Loan recipients are fully aware of and understand the meaning and nature of the loan agreement they have signed.
- Collection services are accessible, effective, and responsive to client needs, and facilitate loan repayment.

²⁸ Canada, CIC (2011) *Evaluation of the Government Assisted Refugees and Resettlement Assistance Program*.

²⁹ See Appendix C for the full Immigration Loan Program Logic Model.

Intermediate Outcomes

- Loans contribute to the settlement of recipients.
- Loans are repaid in full and in a timely fashion.
- The advance from the Consolidated Revenue Fund is adequately replenished to sustain the Immigration Loan Program.

2.2.1. Evaluation Questions and Issues

The evaluation questions, organized by core issue,³⁰ are presented in Table 6.

Table 6: Evaluation questions³¹

Evaluation Questions	Section
RELEVANCE (Need, Alignment and Role)	
Is there a continued need to provide immigration loans?	5.3
Is the provision of immigration loans aligned with departmental, government-wide and international objectives and priorities?	5.2
Is the provision of immigration loans consistent with federal roles and responsibilities?	5.1
PERFORMANCE (Achievement of Expected Outcomes)	
How well do collection services and client support facilitate loan payments?	4.4
To what extent do individuals in need have access to the loans (or contributions)?	4.2
To what extent are loan recipients fully aware of and understand the meaning and nature of the loan agreement they have signed?	4.3
To what extent are program development, management and governance effectively supporting program delivery and decision-making?	3.1 3.3
To what extent do immigration loans contribute to the settlement of recipients?	4.6
To what extent are loans repaid in full and in a timely fashion?	4.5
To what extent is the advance on the Consolidated Revenue Fund adequately replenished to sustain the program?	3.1
PERFORMANCE (Demonstration of Efficiency and Economy)	
Are the program's resources managed effectively to facilitate the achievement of outcomes?	3.2
Are there alternative approaches to delivering the program that could improve efficiency?	*

* Results pertaining to this evaluation question were incorporated throughout the report.

³⁰ Canada, Treasury Board Secretariat (2009) *Directive on the Evaluation Function*.

³¹ See Technical Appendices for the complete set of evaluation questions, indicators, and methodologies.

2.2.2. Evaluation Timeframe

The timeframe for the evaluation is 2003 to 2012. It was chosen in recognition that the loan repayment period can extend up to 6 years after landing and in some cases, go beyond this period. In certain circumstances, however, a shorter timeframe was used, based on the line of evidence and data availability. Timeframes are specified throughout the report as applicable.

2.2.3. Evaluation Focus

The evaluation primarily focused on GARs and PSRs as they represented the vast majority of recipients (97.8%), and on transportation, admissibility and assistance loans, as they were the most frequently provided during the timeframe being evaluated. RPRF loans were not examined due to the very small number issued (6 between 2008 and 2012).

2.3. Data Collection Methods

The evaluation of the Immigration Loan Program included multiple lines of evidence to allow for a triangulation of information (see Table 7). A mix of quantitative and qualitative approaches was used, and an evidence matrix served as a guide throughout the process.

Table 7: Lines of Evidence Used in the Evaluation

Line of Evidence	Description	Purpose
Document Review	A review of relevant Government of Canada documents (e.g., Speeches from the Throne, budgets, policy documents); departmental documents (e.g., manuals, operational bulletins); and documents from other government departments (e.g., documents on the Canada Student Loans Program).	Used to provide context and background information (e.g. historical) on program, as well as to inform the assessment of the program's delivery, relevance and performance.
Literature Review	Online search, including Metropolis Canada resources, and settlement and non-governmental organizations' literature and releases.	Used to gain a better understanding of the global refugee context, trends related to Canada's refugee resettlement, and the impact on settlement and integration outcomes.
Interviews	Interviews with individuals or groups with knowledge of the program and/or experience with its delivery. The interview list was developed in consultation with program representatives. 53 interviews were completed with 67 individuals from CIC (NHQ), visa offices overseas and regional offices and external stakeholder groups (i.e. UNHCR, IOM).	Used to gain a better understanding of the operations of the program, its continued relevance and its perceived level of performance.
Focus Groups	Seven focus groups with GARs and five with PSRs. Focus groups were held in Vancouver, Calgary, Lethbridge, Winnipeg, Toronto, Ottawa and Halifax. 117 individuals participated in the focus groups.	Used to obtain information on personal experiences with the program and its impact on early resettlement, settlement and integration.
Survey of RAP Service Provider Organizations (RAP SPO)	Online survey of SPOs (funded through RAP) that deliver settlement services to GARs and PSRs. Responses were received from 19 RAP SPOs, which represents a response rate of 76.0%.	Used to assess program delivery and performance, in particular settlement outcomes.

Line of Evidence	Description	Purpose
Survey of Loan Recipients	A telephone and online survey of GARs and PSRs. A total of 742 individuals responded to the survey. The margin of error is $\pm 3.55\%$ using a 95% confidence level.	Used to assess program performance in terms of short and long term impacts on loan recipients and their families, and to assess program delivery from a client perspective.
Survey of Sponsorship Agreement Holders (SAH)	Online survey of SAHs who provide settlement assistance to PSRs. A total of 20 organizations responded to the survey, which represents a response rate of 24.7%.	Used to assess program delivery and performance, in particular settlement outcomes.
Administrative Data Analysis	An analysis of administrative data from a variety of sources, including CIC's financial databases, the Global Case Management System (GCMS) and FOSS.	Used to develop the profile of loan accounts and loan recipients, as well as assess program performance, in particular loan repayment.
Longitudinal Immigration Database (IMDB)* analysis	Analysis of the incidence of income, level of income and use of social assistance among GARs and PSRs who landed both prior to and after the introduction of IRPA.	Used to assess performance in terms of potential impact on settlement and integration.

* IMDB combines administrative records on immigration with taxation information from the CRA to create a comprehensive source of data on the labour market experiences and income of the immigrant population.

Where qualitative information is presented in the report, the scale shown in Table 8 is used. Note that, in some cases (i.e., where the number of respondents was too small or where the question yielded more descriptive information), the responses were not coded and a summary approach was used to analyze the information.

Table 8: Qualitative Data Analysis Scale

Descriptive	Percentage of Respondents
All	Findings reflect the views and opinions of 100% of respondents.
Majority/Most	Findings reflect the views and opinions of at least 75% but less than 100% of respondents.
Many	Findings reflect the views and opinions of at least 50% but less than 75% of respondents.
Some	Findings reflect the views and opinions of at least 25% but less than 50% of respondents.
A few	Findings reflect the views and opinions of at least two respondents but less than 25% of respondents.

These lines of evidence, along with data collection instruments, are described in greater detail in the Technical Appendices.

2.4. Limitations

The evaluation contained a balance of qualitative and quantitative lines of evidence and allowed the triangulation of data; however, there are a few limitations that should be noted. These limitations were mitigated as described below, and therefore did not have a major impact on the evaluation findings.

- Various data systems have been used by CIC to record information on loans and loan recipients. As a result, some data that is only available on microfiche had to be manually re-entered, and a sampling approach was used to build the administrative dataset. In other instances where demographic information on loan recipients was required, the analysis was based on a sub-population of loans (2008 and 2012), representing 99.7% of the loans (a total of 25,858 accounts) issued during this period. Finally, as contributions data and loans data are recorded in separate systems, datasets were compiled and both systems were cross-referenced; business rules were developed.
- Loan information was not available in the landing data file and therefore could not be linked to the Longitudinal Immigration Database (IMDB). Since almost all refugees receive a loan, economic outcomes analysis was conducted on all GARs and PSRs as a proxy for the recipients.
- The survey of loan recipients could not be fully administered in all of the languages originally identified due to difficulties in finding surveyors who could speak Burmese and Somali. While the survey could not be administered in Burmese, it was administered in Somali using an online version.
- The response rate to the survey of SAHs was relatively low. Survey results were reported as qualitative evidence in conjunction with findings from other lines of evidence.

3. Findings Related to Efficiency and Economy

Demonstration of efficiency and economy was examined in relation to the financial management of the program, resource utilization and program monitoring.

3.1. Financial Management

Finding: From a financial management perspective, the loan program functions well, evidenced by the fact that the Consolidated Revenue Fund used to finance loans is adequately replenished, and the immigration loan portfolio is structured in accordance with regulations and TB Directives.

According to TB Directives, government accounts receivables are to be “managed fairly, efficiently and effectively, while minimizing the risk of loss.”³² Accounting and collections for the Immigration Loan Program adhere to the *TB Debt Write-off Regulations* and the *TB Directive on Receivables Management*. A variety of guidance and support are in place, from both CIC and TB, which adequately support the financial management (accounting and collections) of the immigration loan portfolio (see Table 9), and interviews with CIC’s Finance Branch did not reveal any issues with this guidance.

Table 9: Documentation Providing Oversight for the Immigration Loan Program

Sources	Title
Citizenship and Immigration Canada	Collections Manual
	Financial Accounting Manual: Chapter 2 - Policy on Accounting for Immigration Loans
	Financial Policy Manual: Chapter 5 - Asset and Liability Management: Debt Write-Off
	<i>Immigration and Refugee Protection Act (A88)</i>
	<i>Immigration Act Fees Regulations [Repealed in 2003]</i>
	<i>Immigration and Refugee Protection Regulations (Part 18, Part 19)</i>
Department of Finance	<i>Financial Administration Act</i>
Treasury Board	Policy on Loans [Rescinded October 2009]
	<i>Debt Write-off Regulations</i>
	Directive on Receivables Management
	Directive on Loans and Loan Guarantees

Loan repayment is key to replenishing the CRF and ensuring its continued sustainability. Repayments on existing loans serve to maintain the fund and are used to finance new loans.³³ Although the loan fund has had to be increased several times in the past (most notably in 1967, 1980, 1986, and 1990),³⁴ the outstanding balance and ratio of new loans to repayments collected has remained relatively stable in recent years (see Table 10).

³² Canada, TBS (2009) *Directive on Receivables Management*.

³³ Canada, CIC (2014) *OP 17 – Loans*.

³⁴ Canada Gazette (1990) *Immigration Regulations, 1978 Amendment*. Part II, Volume 124, Number 17. 15 August 1990.

Between FY 2002/03 and FY 2013/14, the amount of outstanding loans ranged from \$33.6M to \$43.5M, representing a little under half of the maximum advance from the CRF (\$110M). Furthermore, over the same time period, CIC lent out approximately as much as it collected (\$154.6M versus \$152.3M), with small fluctuations from year to year in terms of the ratio of new loans to repayments. In FY 2009/10, there was a significant decrease in the amount of repayments collected, relative to the new loans issued, but this ratio has since stabilized.

Table 10: Financial Balance of Immigration Loans (FY 2002/03 - FY 2013/14)

Fiscal Year	Opening balance (outstanding loans)	New loans (excluding accrued interest)	Repayments received on outstanding accounts (including interest)	Write-off	Closing balance
2002/03	\$47,218,406	\$11,525,969	-\$14,554,429	-\$664,273	\$43,525,673
2003/04	\$43,525,673	\$13,795,761	-\$14,049,243	-\$777,911	\$42,494,280
2004/05	\$42,494,280	\$14,120,206	-\$13,757,773	-\$913,740	\$41,942,973
2005/06	\$41,942,973	\$13,573,606	-\$15,245,408	N/A	\$40,271,171
2006/07	\$40,271,171	\$13,049,038	-\$14,261,861	-\$978,102	\$38,080,246
2007/08	\$38,080,246	\$12,418,593	-\$14,512,489	-\$1,596,540	\$34,389,810
2008/09	\$34,389,810	\$11,017,154	-\$11,752,872	N/A	\$33,654,092
2009/10*	\$33,654,092	\$13,314,633	-\$8,330,295	-\$649,953	\$37,988,477
2010/11	\$37,988,478	\$11,636,426	-\$10,538,798	N/A	\$39,086,106
2011/12	\$39,086,105	\$14,884,734	-\$10,817,185	-\$1,344,780	\$41,808,874
2012/13	\$41,808,874	\$11,272,994	-\$11,886,438	-\$366,539	\$40,828,892
2013/14	\$40,828,892	\$13,964,799	-\$12,552,609	-\$609,385	\$41,631,696
Average	--	\$12,881,159	-\$12,688,283	--	--

*As of FY 2009/10, the write-off amount excluded the interest written-off, thereby not matching the amount reported in the Public Accounts

Note: Write-offs did not occur in FY 2005/06 due to the dissolution of Parliament, in FY 2008/09 due to changes in the loans system, and in FY 2010/11 due to the prorogation of Parliament

Source: CIC Financial Documentation.

Write-offs are the mechanism used by CIC to deal with uncollectible debts, and provide an important means of managing the immigration loan portfolio when loans become unrecoverable. Debt write-off is guided by the TB *Directive on Receivables Management*, which defines a write-off as “an accounting action that applies primarily to uncollectible debts. It does not forgive the debt or release the debtor from the obligation to pay; nor does it affect the right of the Crown to enforce collection in the future.”³⁵ The TB *Debt Write-Off Regulations* require that every reasonable effort be made to collect on a debt before considering a write-off, and that only debts that are truly uncollectible be written-off.

On average, 2,253 loans are requested to be written off per year. It was noted in interviews that the amount of write-off is managed from year to year, such that there is a relatively consistent amount being written-off each year. Most of these loan accounts are written off for small amounts (under \$25) which are considered to be paid in full, however, they represent less than 1% of the total dollar amount written-off (see Table 11). Of the \$8.7M requested for write-off between FY 2002/03 and FY 2013/14, \$3.9M (45%) was written off due to the inability to locate loan recipients, while another \$1.4M (17%) was written off because all other means of collection

³⁵ Canada, TBS (2009) *Directive on Receivables Management*.

had been exhausted.³⁶ The reasons for write-offs remained consistent over the period under review.

Table 11: Loans Requested for Write-Off by Reason (FY 2002/03 - FY 2013/14)

Reason	Number of Accounts	Capital	Interest and accrued interest	Total	% of Total
02 - Cannot be located	1,443	\$2,856,108.29	\$1,086,852.11	\$3,942,960.40	45.0%
10 - Other*	886	\$1,216,306.74	\$245,506.07	\$1,461,812.81	16.7%
09 - Bankrupt	392	\$971,784.00	\$192,992.50	\$1,164,776.50	13.3%
05 - Indigent, 08 - Disabled	267	\$915,280.94	\$110,344.91	\$1,025,625.85	11.7%
01 - Deceased	264	\$764,292.88	\$70,439.77	\$834,732.65	9.5%
04 - Deported, 06 - Repatriated, 07 - Returned Overseas	76	\$220,755.34	\$39,911.93	\$260,667.27	3.0%
03 - Small Amount	22,383	\$37,457.51	\$4,836.97	\$42,294.48	0.5%
12 - Liability not accepted**	11	\$25,392.03	\$3,396.04	\$28,788.07	0.3%
11 - Administrative Error	10	\$1,833.02	\$332.95	\$2,165.97	0.0%
Total	25,732	\$7,009,210.75	\$1,754,613.25	\$8,763,824.00	100.0%

* All other means of collection have been exhausted.

** Legal proceedings are statute-barred or the debt is otherwise legally unenforceable, the debtor has refused to pay and there are no apparent alternative means of enforcing payment or collecting the debt.

Source: CIC Financial Documentation.

Between FY 2002/03 and FY 2013/14, the total amount of immigration loans written-off (\$8.6M) was relatively consistent with the total amount of interest collected (\$7.9M), minimizing the associated loss.³⁷

3.2. Resource Utilization

Finding: Operational efficiencies have been achieved in loan collections, resulting in a decrease in the number of required full-time employees dedicated to collection services over time.

There are approximately 14,000 accounts being actively managed by CIC's Collection Services in any given year.³⁸ Resources dedicated to collection activities were noted to be adequate in most interviews with representatives from Finance Branch. In the interviews where this was not the case, a need was identified for more resources (i.e., people and/or tools) for tracing activities.

³⁶ The evaluation used two different sources of data to obtain information on loan write-off – annual CIC financial documentation and the Public Accounts. The TB Submissions contain information on the total proposed write-off amount, the total number of open accounts in that year, the number of accounts being proposed for write-off, as well as the reason for the write-off. The Public Accounts provide information on the total amount written-off. During the period in which the authority for write-off is sought and obtained by TB, CIC Collection Services typically manages to collect a small amount of loans slated to be written-off. As a result, the loan write-off amount in Public Accounts is typically slightly less than the amount for which the authority was sought.

³⁷ The total write-off and interest revenue amounts were calculated based on information obtained from Public Accounts.

³⁸ Internal communications with program areas.

Interviewees from Finance Branch identified a number of program changes over the years that have lead to increased efficiencies, and decreases in the number of full-time equivalent (FTE) required in CIC Collection Services. Some of these efficiencies included:

- the introduction of online payments or in-person at financial institutions, which reduced the number of walk-ins to local CIC offices;
- greater inclusion of promotional information on loan statements to encourage the use of the online banking payments;
- the use of an automated phone system which includes self-service options, which resulted in fewer agents required to field calls; and
- a decrease in the hours of operation of CIC Collection Services.

The evaluation examined six years of cost data for CIC Collection Services. Between FY 2008/09 and FY 2013/14, operating costs increased (from \$175K to \$242K) while salary costs decreased. Over this same period the number of FTEs decreased by almost half, from 17.5 to 9.5 (Table 12).

Table 12: Immigration Loan Program Costs - CIC Collection Services (FY 2008/09 - FY 2013/14)

Fiscal Year	Salary Budget	Salary Actual	Operating Budget	Operating Actual	Total Actual Cost	FTE
2008/09	\$1,227,916	\$865,113	\$200,000	\$175,675	\$1,040,788	17.5
2009/10	\$1,218,821	\$865,630	\$288,000	\$221,795	\$1,087,424	15.1
2010/11	\$1,069,220	\$804,106	\$240,000	\$264,981	\$1,069,088	13.8
2011/12	\$849,264	\$738,617	\$195,000	\$207,768	\$946,385	12.3
2012/13	\$787,736	\$719,694	\$246,000	\$234,753	\$954,447	12.1
2013/14	\$669,690	\$523,498	\$230,455	\$242,339	\$765,837	9.5
Total	\$5,852,647	\$4,516,658	\$1,399,455	\$1,347,312	\$5,863,970	--

Note: Costs do not include EPB or Accommodations.

Source: Financial Operations Branch, IFMS (SAP).

Overall, actual costs for collections are less than budgeted amounts; however, this is not the case for operating costs in three of the past four years. According to interviewees and internal communications with program areas, operating costs such as postage costs and banking fees increased, resulting in higher annual expenditures.

3.3. Program Monitoring

Finding: Current CIC financial systems and program data provide a means to monitor the day-to-day operations of the loan program, but do not fully support reporting on program outcomes (e.g., to what extent loans are repaid in a timely manner).

Over the course of the reporting period for the evaluation, there were three systems in place associated with the financial management of loan accounts (both active and inactive) and collection work (Immigration and Program Accounts Receivable (IPAR), Integrated Financial and Material System, System and Application in Data Processing (IFMS (SAP)) and an archive system), as well as various Excel spreadsheets used to keep track of overseas contributions and in-Canada loan conversions issued.³⁹

Based on findings from the interviews and observations during the evaluation, these systems and the available program data were adequate to support the day-to-day issuance of loans and contributions, as well as the management of the loan accounts and collection activities. However, at the time of the evaluation, the IPAR system was being fully decommissioned and replaced by the IFMS (SAP) system. As a result, some concerns were raised in interviews regarding the ability of the IFMS (SAP) system (on its own) to adequately support the loan collection work.

There was also some mention in the interviews of the reporting limitations of the loans component of IFMS (SAP). Using this system and other program data during the evaluation was challenging when reporting on program performance. While these challenges were addressed in the evaluation, a significant level of effort was required to extract and manipulate the data before the analysis could be conducted. At the time of the evaluation, efforts were underway by the Finance Branch to review the reporting requirements for the different stakeholders (policy and program) involved in the Immigration Loan Program, and to consider options to improve this capacity.

³⁹ The three systems were the IPAR program, IFMS (SAP), and an archive of old, inactive loan accounts stored on microfiche. These systems and the program data used to monitor the Immigration Loan Program are described in greater detail in the Technical Appendices.

4. Findings Related to Program Performance

This section of the report presents the results of the assessment of program performance in relation to the outcomes regarding determining need and ability to repay, access, understanding of the loan, the role of CIC Collection Services in facilitating loan repayment, loan repayment and impact on settlement. As the majority of loan recipients are refugees, this section of the report focuses on the program's performance primarily in relation to this group.

4.1. Determining Need and Ability to Repay

The Overseas Processing manual for Loans (OP 17) is the overarching guidance for the delivery of immigration loans.⁴⁰ OP 17 indicates that, in order to approve a loan, an officer must review three key criteria:

1. The need for a loan, which focuses on the individuals' ability to find employment and the type of employment most likely to be found;
2. The potential ability to repay, which looks at an individual's ability to earn income, capacity to use one of Canada's official languages, current employment and transferable skills, the need for extensive⁴¹ retraining or additional education in order to compete in the labour market, temporary or permanent restrictions on employment due to medical problems or long-term illness and the presence of other financial obligations (including number of dependent family members); and
3. Contributing factors, some of which need to be assessed in combination with other factors, as they are not considered to be "stand-alone". These factors include age, official language capacity, level of education, number of family members and their income, and motivation and initiative.

A comparison with other loan programs revealed that assessment criteria are common when the Government of Canada issues loans. For example, the eligibility criteria for Employment and Social Development Canada's (ESDC) Canada Student Loans Program include: the student category (single or married, dependent or independent), the post-secondary education expenses (tuition, fees, etc.), and financial resources (income, savings, assets, parental or spousal contributions, etc.).⁴²

Finding: While TB Directives stipulate that loans are to be authorized on the expectation of full repayment, the procedures required to assess a potential recipient's ability to repay a loan, as outlined in OP 17, are not practical, given that limited information and time are available to conduct this assessment as part of refugee processing overseas. Furthermore, refusing a loan could prevent the resettlement of the refugee.

According to the *TB Directive on Loans and Loan Guarantees*: "Loans are authorized appropriately" and "on the expectation of full repayment of principal and interest...Accordingly, if a fixed

⁴⁰ OP 17 outlines the procedures for determining eligibility and approving loans and contributions, making alternative arrangements, counselling loan applicants and administering the loan forms; it has undergone various updates, the most recent of which occurred in May 2014.

⁴¹ "Extensive" retraining is defined as two years or more. Source: Canada, CIC (2014) *OP 17 – Loans*.

⁴² Canada, ESDC (2011) *Evaluation of the Canada Student Loan Program*.

repayment schedule is not feasible or if repayment is conditional on some future event, a loan may not be issued.”⁴³

The assessment for transportation and admissibility loans is done within the context of the selection interview with refugees.⁴⁴ The document review and interviews revealed that the potential ability of a specific individual to repay an immigration loan is very difficult to assess in this context, due to time constraints and a lack of information. Interviews with visa offices indicated that very little time is spent on the loan during the selection interview – typically between one and five minutes. As well, it was mentioned in a few interviews with CIC representatives that the need for the loan overrides the ability to repay, as the main focus at that point in time is refugee resettlement. In addition, a review of the overseas refugee selection process, conducted as part of the evaluation, found that the immigration loan comprises a very small component of the overall selection interview process.⁴⁵

Program guidance requires visa officers to assess applicants against the criteria required to come to Canada as a refugee, as well as assess them against the criteria for an immigration loan.⁴⁶ OP 17 notes that the loan assessment is intended to be “distinct” from the assessment in the selection interview.⁴⁷ However, the resulting decisions are inextricably linked. The loan is the main mechanism currently being used to assist refugees in coming to Canada, supporting the mandate of the refugee resettlement program. For refugees without financial means, where no contribution funds or other avenues of assistance are available, a refusal for a loan would prevent them from coming to Canada, irrespective of the selection decision. Therefore, considering the refugee context, a refusal for a loan would not be feasible, as it would be counter to the objectives of the resettlement program, which the loan program is trying to support.

A review of the refugee selection process revealed that, at the time the eligibility for the loan is being decided, various decisions surrounding the refugee’s application would not be normally determined (e.g. health, final destination, etc.).⁴⁸ There are no formal tools to assess official language capacity and employability. Rather, the visa officer is asked to consider a complex myriad of factors which may affect linguistic ability and employment potential, and try to predict how the individual will fare in Canada. OP 17 does acknowledge that the potential ability to repay a loan “is more difficult to evaluate as it involves weighing many contributing factors”, and that “sound judgment and discretion are essential to evaluate an applicant’s ability, or potential ability, to repay a loan.”⁴⁹

In sum, considerable guidance is provided to assess eligibility for the loan in OP 17. However, irrespective of the guidance provided, the assessment of the potential ability to repay a loan is impractical given the timing and circumstances of the overseas refugee processing context, and given the critical role of the loan in ensuring that refugees have the means to come to Canada once selected.

⁴³ Canada, TBS (2009) *Directive on Loans and Loan Guarantees*.

⁴⁴ Canada, CIC. *Refugees and Humanitarian Protected Persons Abroad – Interview, Analysis and Decision Tool Kit*.

⁴⁵ Canada, CIC. *Refugees and Humanitarian Protected Persons Abroad – Interview, Analysis and Decision Tool Kit*; Canada, CIC (2015) *Process Overview: GAR Program*; Canada, CIC (2015) *Process Overview: PSR Program*.

⁴⁶ Canada, CIC (2014) *OP 17 – Loans*; Canada, CIC (2009) *OP 5 – Overseas Selection and Processing of Convention Refugees Abroad Classes and Members of Humanitarian-protected Persons Abroad Classes*.

⁴⁷ Canada, CIC (2014) *OP 17 – Loans*.

⁴⁸ Canada, CIC (2015) *Process Overview: GAR Program*; Canada, CIC (2015) *Process Overview: PSR Program*.

⁴⁹ Canada, CIC (2014) *OP 17 – Loans*.

4.2. Access

4.2.1. Access to Loans

As noted earlier, when the Immigration Loan Program was introduced in 1951, it was intended to assist immigrants from Europe whose services were urgently needed and who could not afford their own transportation.⁵⁰ Over time, the program evolved into a mechanism to help finance the resettlement of refugees.⁵¹

Finding: While several immigration classes are eligible to receive immigration loans, the program is being used primarily to resettle refugees from abroad.

As described in Section 1.2.2, foreign nationals, permanent residents, and Canadian citizens are eligible to apply for a loan, with eligibility linked to the purpose of the loan to be issued.⁵² However, OP 17 indicates that “[in] practice, the majority of loans are approved for Convention refugees and their family dependants, and members of the Humanitarian-protected persons abroad classes, who come to Canada, either with government assistance or through private sponsorships, as part of the Annual Refugee Plan.”⁵³ This was confirmed in the administrative data, which revealed that, between 2008 to 2012, the vast majority of loan recipients (97.8%) were resettled refugees – 57.5% were GARs and 40.3% were PSRs. Correspondingly, 93.5% of GAR cases and 87.9% of PSR cases resettled in Canada during this timeframe received at least one loan (see Table 13).⁵⁴ Furthermore, it was noted in some interviews with CIC representatives that, by default, all refugees get a loan overseas.⁵⁵

Table 13: Number and Percentage of GAR and PSR Cases with at Least One Loan

Fiscal Year	GAR cases		PSR Cases	
2008	2,567	92.9%	1,359	87.2%
2009	2,668	92.6%	1,962	89.5%
2010	2,662	94.2%	1,783	84.8%
2011	2,574	93.9%	2,299	89.8%
2012	2,084	93.8%	1,704	87.7%
Overall (2008 to 2012)	12,555	93.5%	9,107	87.9%

Source: CIC IFMS (SAP) System and FOSS/GCMS.

⁵⁰ Ninette Kelley and Michael Trebilcock (2013) *The Making of the Mosaic: A History of Canadian Immigration Policy*.

⁵¹ Canada, Department of Manpower and Immigration (1976) *Immigration Act 1976: Analysis*.

⁵² Canada, Department of Justice (2002) *Immigration and Refugee Protection Regulations*. Section 289.

⁵³ Canada, CIC (2014) *OP 17 – Loans*.

⁵⁴ While data is incomplete, based on anecdotal evidence and partial data, it is believed that most of the remaining GAR cases (5.5%) would include those that received a contribution instead of a loan, as well as instances where multiple cases were combined into one loan, and most of the remaining PSR cases (12.1%) would include instances where the loan is paid by the sponsor or by the refugee themselves.

⁵⁵ Findings from the interviews with CIC visa offices also found that while some refugees may be able to pay for all or part of the costs associated with transportation and admissibility, the current delivery structure of the program overseas does not facilitate this option, and thus, it may not be possible for some refugees, with means, to pay for all or part of the costs themselves. Correspondingly, 21.4% of loan recipients surveyed (28.5% of PSRs versus 18.5% of GARs) would have been able to pay for at least some of the costs covered by the loan.

The interviews indicated that those in need have access to loans. However, it was observed during the evaluation that the Immigration Loan Program is broadly viewed by CIC and other stakeholders as a “refugee program”, and that it is implemented as such by CIC, as evidenced by the target set for program reach (100% of resettled refugee principal applicants landing in Canada),⁵⁶ as well as program documentation.⁵⁷

A review of publicly available program information found that immigration loans do not appear to be broadly promoted by CIC. While the CIC website includes information on immigration loans, it is general in nature, not easily located, and is targeted to refugees.⁵⁸ The CIC website also includes online bulletins that contain some information on loans. However, they are specifically targeted to GARs and PSRs and presume that the individual will be given a loan (i.e., there is no information on eligibility), further supporting the view held by some interviewees that loans are provided automatically to refugees.⁵⁹

Finding: While assistance loans are available to meet labour market access needs, they are, in practice, used almost exclusively to pay for housing rental and utility deposits.

The evaluation found that there are some missed opportunities – specifically, in relation to the assistance loan. While this type of loan is broadly available to foreign nationals⁶⁰ for various types of assistance (i.e., assistance for the basic needs of life, basic household needs and labour market access needs),⁶¹ the manner in which the program is being implemented limits its use.

Under the category “basic needs of life”, a departmental audit revealed that, generally, assistance loans are being issued to GARs for the purpose of paying rental and utility deposits.⁶² This was further confirmed in the administrative data, which revealed that, between 2008 and 2012, 97% of assistance loans were issued to GARs, and in interviews with CIC representatives who indicated that because deposits are mandatory in many regions of the country but are not covered under RAP start-up allowances, the loan is commonly used for this purpose.

With respect to “basic household needs”, no mention is made of loans for this purpose in the *Inland Processing Manual for Convention Refugees Abroad* (IP 3), and no mention was made of its use by interviewees.

With respect to labour market access needs, IP 3, Part 2 indicates that assistance loans can cover certain costs, such as the purchase of required tools or work clothing or the costs of licensing exams; however, interviews with CIC representatives confirmed it is rarely used for this purpose. After further review of IP 3, it was found that CIC officers in Canada are instructed to use this

⁵⁶ Canada, CIC (2014) *Report on Plans and Priorities 2014–15*.

⁵⁷ Canada, CIC (2014) *OP 17 – Loans*; Canada, CIC (2014) *OP 5 – Resettlement from overseas*; Canada, CIC. *Refugees and Humanitarian Protected Persons Abroad – Interview, Analysis and Decision Tool Kit*; Canada, CIC (2015) *Process Overview: GAR Program*; Canada, CIC (2015) *Process Overview: PSR Program*.

⁵⁸ Canada, CIC (2012) *Financial Assistance – Refugees*.

⁵⁹ Canada, CIC (2014) *Government-Assisted Refugee Resettlement in Canada: Information Bulletin*; Canada, CIC (2014) *Privately Sponsored Refugee Resettlement in Canada: Information Bulletin*.

⁶⁰ A foreign national means a person who is not a Canadian citizen or a permanent resident, and includes a stateless person. Source: Canada, Department of Justice (2002) *Immigration and Refugee Protection Act*.

⁶¹ Canada, CIC (2014) *OP 17 – Loans*.

⁶² Canada, CIC (2005) *Audit Report – Report on Financial and Administrative Controls on the Immigration Loans Program*; Canada, CIC (2013) *Departmental Performance Report 2012-2013*.

type of assistance loan in cases “where a job is secured” or “where employment is offered”.⁶³ In essence, an applicant must have already accessed the labour market in order to be eligible for this type of loan, and cannot use this type of loan to improve their employability, further limiting its use in assisting with settlement needs.

4.2.2. Access to Overseas Contributions and Loan Conversions

As stated earlier, the Immigration Loan Program allows for access to RAP contributions,⁶⁴ instead of a loan, for certain GARs⁶⁵ with special needs, in order to pay transportation and medical costs associated with coming to Canada. These refugees are understood to have “higher settlement needs”, and thus may require additional support in Canada to become self-sufficient. Operational Bulletin 513 states that PSRs are “not normally eligible for contributions” and in practice, only GARs receive overseas contributions. While PSRs do not receive contributions, sponsors can assume the medical and travel costs on behalf of the sponsored refugees, should they choose to do so.⁶⁶

PSRs are “not normally eligible for contributions; however, the sponsor may be willing to undertake medical and travel costs on behalf of the sponsored refugees”⁶⁷.

Eligibility for access to RAP contributions is generally determined prior to the arrival of the refugee in Canada, and arrangements are made overseas for a contribution to be granted in lieu of a loan (i.e. an overseas contribution). As the responsible authority for the RAP budget, IPMB reviews all requests from visa officers and approves or refuses access based on the case information and available budget.⁶⁸ The RAP annual budget allocated for the transportation and medical costs of refugees with higher settlement needs was increased from \$400,000⁶⁹ to \$500,000 in FY 2004/05.⁷⁰

For a five-year period (2006-07 to 2010-11), eligibility for access to these contributions could be determined after the refugee’s arrival, with arrangements made to convert an existing loan to a contribution in Canada (i.e., allowing for an in-Canada loan conversion). These arrangements were made through calls for requests for conversions, which were sent to regional and local CIC offices, who in turn, consulted with RAP SPOs before submitting these requests to IPMB for final decision.⁷¹

Finding: The budget allocated for contributions is not sufficient to meet the apparent demand. While contributions can be provided overseas, there is currently no mechanism in place to convert a loan to a contribution after arrival in Canada.

⁶³ Canada, CIC (2012) *IP 3 – In-Canada Processing of Convention Refugees Abroad and Members of the Humanitarian-Protected Persons Abroad Classes – Part 2*.

⁶⁴ Subject to available budget. Source: Canada, CIC (2013) *Operational Bulletin 513*.

⁶⁵ This does not include GARs destined to the province of Quebec.

⁶⁶ Canada, CIC (2013) *Operational Bulletin 513*.

⁶⁷ Canada, CIC (2013) *Operational Bulletin 513*.

⁶⁸ Canada, CIC (2013) *Operational Bulletin 513*.

⁶⁹ Canada, CIC (2014) *OP 17 – Loans*.

⁷⁰ CIC Financial Documentation.

⁷¹ CIC Internal communications with program areas.

Currently, the total amount available for contributions per year is \$500,000, equivalent to about 4% of the total value of loans provided annually (\$12.7M on average).

It is estimated in OP 17 that a \$400,000 budget could “reasonably accommodate between 40 and 50 refugee families per year”.⁷² Using this information as a guide, the current budget of \$500,000 could accommodate between 50 and 63 families, or about 2% of GAR cases each year.⁷³ Based on an analysis of 2003-2012 program data, access to contributions was slightly higher than this prediction, though still infrequent, with only 4% of the 26,342 GAR cases having had access to a contribution.⁷⁴

Exhibit 1 - Loan Conversions

In 2012, the practice of in-Canada loan conversions was stopped after a review of the practice led by CIC’s Finance Branch revealed that in-Canada loan conversions were not in line with the Terms and Conditions of the RAP contribution fund. Advice received from the Treasury Board Secretariat (TBS) during the review indicated that the *Debt Write-off Regulations* supersede the *Policy on Transfer Payments* and confirmed that transportation and medical costs were not an eligible expenditure for GARs under the RAP Terms and Conditions. This was confirmed by a review of program documentation for the evaluation which showed that the RAP contribution fund is divided into two parts, with two sets of eligible recipients and expenditures. While GARs are eligible recipients for RAP, travel and medical costs overseas are not an eligible expense for GARs. Rather, these costs are an eligible expense for service provider organizations, such as the IOM. Therefore, RAP funds can be used to reimburse the IOM for the travel and medical costs overseas (i.e. overseas contributions), but cannot be given to GARs to help them repay their loan in Canada (i.e. in-Canada loan conversion).

Guidance provided to officers in determining whether or not to recommend a contribution reflects the limited funding available. While the Operational Bulletin released in 2013 encouraged visa officers overseas to be proactive in putting forward requests for contributions,⁷⁵ OP 17 warns “that not every special-needs refugee will be allowed to access the contribution fund”.⁷⁶ It also notes that as available contribution dollars are limited, IPMB may look at other options when reviewing each contribution request, such as the possibility of assistance from a sponsor.

⁷² Canada, CIC (2014) *OP 17 – Loans*.

⁷³ Information on GAR cases (2003 to 2012) was used to approximate the number of GAR families arriving in Canada each year, as information on family composition is not available in the immigration landing data. On average, there are 2,743 GAR cases arriving in Canada each year. Therefore, it is estimated that the \$500,000 budget can reasonably accommodate about 1.8% of cases (50 families) to 2.3% of cases (63 families), or about 2% of GAR cases overall, each year.

⁷⁴ This analysis was based on information obtained from two series of “rolling” Excel spreadsheets – one series tracking overseas contributions (FY 2002/03 to FY 2012/13) and the other series tracking in-Canada loan conversions (FY 2006/07 to FY 2010/11). The spreadsheets were combined and the duplicates were removed (as the same individual could be carried forward on multiple lists). To the extent possible, the resulting information was verified with program representatives, and then matched to the loan and immigration landing data (using one or a combination of the following: case number, FOSS ID, loan account number, or client name and landing date). Based on this process, a total of 1,091 GAR cases were found to have received an overseas contribution or loan conversion during the 2003 to 2012 reporting period.

⁷⁵ Canada, CIC (2013) *Operational Bulletin 513*.

⁷⁶ Canada, CIC (2014) *OP 17 – Loans*.

There is evidence that the loss of the loan conversion mechanism (see Exhibit 1) has hampered the program's ability to adequately provide access to contributions for those in need. As shown earlier, the overseas context does not lend itself well to assessing a person's potential ability to repay a loan (and therefore, the ability to assess the need for a contribution). Additionally, some interviewees indicated that issues affecting the ability to repay may not present themselves until after arrival in Canada. This was supported by findings from the RAP SPO and SAH surveys which showed that many respondents had encountered refugees, at least sometimes, who at first looked like they would have the potential ability to repay a loan, but for whom it later became apparent (after arrival) that there was no way that they would ever be able to repay the loan.

A review of administrative data revealed that contribution spending for the Immigration Loan Program, along with the distribution of contributions among GAR cases, were highest in the years when the in-Canada loan conversions were permitted. During this timeframe, access to contributions peaked at 8.7% of GAR cases in 2009, and averaging 6.8% of GAR cases over the four-year period. In fact, during this period, spending consistently surpassed the \$500,000 budget.

Currently, in the absence of the loan conversion mechanism through RAP, loans that cannot be repaid have to be written-off. The write-off mechanism, however, does not waive the debt; it is an accounting mechanism and not a form of forgiveness. As noted previously in Section 3.1, the write-off "does not forgive the debt or release the debtor from the obligation to pay; nor does it affect the right of the Crown to enforce collection in the future."⁷⁷ As such, the write-off mechanism does not adequately replace the loan conversions, which released the recipient from any further responsibility for the debt, and is not in line with the overall intent of the contributions component of the program: to provide additional settlement support to those with high settlement needs.⁷⁸

In sum, budget constraints as well as the lack of a mechanism to provide assistance after arrival in Canada undermine the intent of the contribution funding, which is to provide a mechanism to assist those who are deemed to not have the potential to repay a loan.

4.3. Recipients' Understanding of the Loan

The recipients' understanding of the loan was assessed at two different points in time: 1) at the time of signing the loan agreement up to departure for Canada; and 2) after arrival.

4.3.1. At Time of Signing

Finding: Prior to departure, many recipients are aware of the loan and the requirement to pay it back, but some do not know the loan details, notably, the amount of the loan.

As previously noted in Section 4.1, the loan is first discussed at the time of the selection interview with the refugee overseas. A review of program documentation showed that there are procedures and guidance in place for CIC staff to explain the loan (e.g., OP 17, the loan agreement form, and an operational bulletin), however, interviews with visa offices indicated that the only written information provided to the loan recipient to assist with their understanding is the loan agreement, which is not available in multiple languages and is a legal document and thus, not

⁷⁷ Canada, TBS (2009) *Directive on Receivables Management*.

⁷⁸ Canada, CIC (2014) *OP 17 – Loans*; Canada, CIC (2013) *Operational Bulletin 513*.

written in plain and accessible language. Moreover, as previously noted, visa officers spend very little time - typically between 1 and 5 minutes - explaining the loan.

Interviews with visa offices further revealed that the individual's understanding of the loan is also limited by various factors such as their ability to absorb the information, their state of mind at the time (as they are people in need of protection), and the degree to which they would likely understand the relative value of the loan. In addition, the profile of loan recipients showed that many (53.5%) have no knowledge of either official language. These individuals must often rely on the assistance of an interpreter during the selection process. As well, questions are not always asked by refugees overseas, but when they are, interviewees noted they are general in nature, related to the loan amount and length of time to repay. Findings from the focus groups with refugees confirmed that they did not ask a lot of questions overseas, as there are time constraints, or they did not have questions at that stage. As a result, refugees have varying levels of understanding of the loan prior to departure for Canada.

Findings from the survey of loan recipients showed that 73.3% of those who received an overseas transportation and/or admissibility loan first learned that they were getting a loan prior to departure. Of those who did know, many indicated they did not know the amount of the loan (55.6%) or how much time they would have to repay it (57.4%). Moreover, some (24.4%) did not know who was included in the loan. The first source of information reported most frequently by those who first learned about the loan overseas was a government of Canada official overseas (56%), or an orientation session provided by the IOM prior to departure (29.6%). There were no significant differences between GARs and PSRs, who learned overseas, in how they first found out about the loan.

Similarly, the majority of focus group participants indicated that they knew about the loan prior to departure for Canada, but not the details. Many did not know the loan amount, that interest would be charged, or the terms and conditions of repayment until they were in Canada. A number indicated that they signed the loan agreement without understanding all of the details because they felt they had no choice, or they were rushed.

From a legal perspective, the most important piece of information to have prior to departure is the amount of the loan for which they are responsible to repay. Without this, there cannot be a "meeting of the minds",⁷⁹ which is essential to the establishment of the loan as a legal contract. The evaluation found that the process and procedures in place for preparing and signing the loan agreement do not facilitate this understanding, as the final amount is not yet available. This is acknowledged on the reverse side of the loan agreement, which indicates that the amount on "the agreement represents the estimated principal amount of the loan... [the] actual principal amount of this loan, if different... will be made known to you after the transportation company honouring this warrant and Revenue Accounting, NHQ Finance, audits your loan account."⁸⁰ In addition, the *Directive on Receivables Management* requires that "debtors are informed of their obligations under applicable acts and regulations".

With this in mind, OP 17 indicates that the visa officer "must explain...that although the total amount of the transportation loan will not be written on the form before they are ready to travel to Canada, they will be responsible for repayment of the loan." According to procedures, the IOM or a visa officer will return the signed client copy of the loan agreement, with the final total

⁷⁹ A 'meeting of the minds' means that there is agreement between the parties of the amount of the financial commitment, and that it is known at the time the agreement is entered into.

⁸⁰ Canada, CIC. *IMM500*.

amount, to the recipient when they are ready to travel to Canada.⁸¹ However, it is unclear how and exactly when this transaction occurs, or to what extent recipients are made aware of what they are receiving at that time.

4.3.2. After Arrival in Canada

Finding: At the time of receiving their first loan statement, the majority of recipients know they have a loan and need to repay it, but some do not fully understand the repayment requirements, such as the repayment start date.

Findings from the survey of loan recipients showed that 26.7% of those who received an overseas transportation and/or admissibility loan first learned that they were getting a loan after they arrived in Canada. Of these, 37.3% first learned about the loan through their loan statement⁸² or letter, and 32.2% were informed through a settlement/immigrant serving organization in Canada. In addition, at the time of receiving the first loan statement, the vast majority of respondents indicated that they understood that they had been provided with a loan (96.6%), and that they would have to repay the loan (97.5%). However, somewhat fewer understood that they would be charged interest on the loan (70.3%), or that they could pay more than the minimum amount (75.3%), and only 56.3% understood that they would have to start repaying the loan 30 days after their arrival.

The lack of understanding of loan repayment requirements among loan recipients was also confirmed in the interviews with CIC officers in regional offices and collection officers at NHQ, as well as in interviews with program stakeholders. Furthermore, findings from the RAP SPO and SAH surveys indicated that they generally receive questions from refugees regarding the loan, and the most common questions are related to repayment (see Table 14).

Table 14: Types of Questions Received by RAP SPOs and SAHs Related to Loans

Types of Questions	RAP SPOs re: GARs (n=19)	SAHs re: PSRs (n=14)	Total
Questions about the concept of a loan	16	9	25
Questions about interest and interest-free period	19	10	29
Questions about repayment	19*	14*	33
Questions about arrears	16	11	27
Questions about the consequences of not paying the loan	17	9	26
Other questions	12	1	13

**Note: Survey respondents were first asked to indicate all the different types of questions received, and then identify the most common type; for both RAP SPOs and SAHs, questions regarding repayment were identified more frequently as the most common type.*

Source: SAH Survey and RAP SPO Survey

⁸¹ Canada, CIC (2014) *OP 17 – Loans*.

⁸² The loan statement, supplied by CIC, is a statement of account which includes the total amount of the loan, total payments applied to the loan principal and to loan interest, current interest rate, the scheduled monthly payment amount and an amount for when the account is in arrears. Loan activity during the past month is also recorded on the loan statement, as well as the toll free phone number for CIC Collection Services.

4.4. Role of CIC Collection Services

CIC has four main means to recover debts: direct collection action, recovery through set-off, use of private collection agencies, and legal action, such as the garnishment of wages.⁸³ CIC currently uses direct collection action (through the CIC Collection Services), garnishment of wages, and set-offs through CRA as its main methods of debt recovery. It was noted in interviews that collection agencies were used in the past, but were found not to be cost-effective.⁸⁴

Finding: CIC Collection Services are accessible in terms of language of service, hours of services and methods of payment. However, information on how to contact CIC Collection Services, and what services they offer, is not visible on the CIC public website, nor well communicated in CIC documentation provided to loan recipients.

Findings from the interviews, as well as the surveys of RAP SPOs and SAHs, did not indicate any significant issues with the accessibility of CIC Collection Services in terms of language of service, hours of service or methods of payment. Overall, respondents to the RAP SPO and SAH surveys generally agreed or strongly agreed that the hours of service are appropriate, that CIC offers enough ways to pay the loan, and CIC Collection Officers are generally able to answer questions.

The vast majority (95.1%) of respondents to the loan recipient survey, who had contacted CIC regarding their loan (either on their own or through someone on their behalf) agreed or strongly agreed that CIC offers enough ways to pay the loan. Furthermore, 94.9% of those who had used the 1-800 number to contact CIC on their own indicated that they were able to get answers to their questions, 92.2% indicated that they were able to contact CIC at a time of day that was convenient for them, and 89.4% indicated that it was easy to understand the person to whom they were talking. That said, only 38.7% of respondents had contacted CIC regarding their loan (either on their own or through someone on their behalf), with a lower percentage of PSR respondents (31.1%), compared to GAR respondents (43.5%) reporting this contact.

The focus groups highlighted the need for better promotion of the number to call for CIC Collection Services and the assistance they could provide. Very few focus group participants were aware that they could call CIC to make alternative arrangements and did not know the phone number to call or where to find it. Of those who mentioned CIC Collection Services, all indicated that their SPO or sponsor called on their behalf.

Observations during the evaluation revealed that the 1-800 number for CIC Collection Services is not well advertised. The number does not appear to be posted on the CIC website,⁸⁵ nor is there sufficient information online regarding the loan (see Section 4.2.1). Moreover, the information bulletins designed for refugees do not include this number.⁸⁶ The number can be found on the back of the loan agreement, but the loan form is a carbon-based document, which over time, likely becomes difficult to read. It can also be found on the monthly loan statement, but it is located on the part of the statement that is to be detached and returned with the recipient's payment.

⁸³ Canada, CIC (2008) *Receivables Management Plan*.

⁸⁴ CIC internal documents.

⁸⁵ Canada, CIC (2012) *Financial Assistance - Refugees*.

⁸⁶ Canada, CIC (2014) *Government-Assisted Refugee Resettlement in Canada: Information Bulletin*; Canada, CIC (2014) *Privately Sponsored Refugee Resettlement in Canada: Information Bulletin*.

In sum, CIC Collection Services are generally operating well, and are accessible. However, many recipients are not accessing these services. When they do access the services, generally they do so using the toll-free 1-800 number. Evidence suggests that there is a lack of awareness of CIC Collection Services, brought on by a lack of promotion of the program and the 1-800 number on the part of CIC, which may be affecting the level of access.

4.5. Loan Repayment

Findings related to repayment are organized along three broad themes: starting to repay the loan; repayment within the loan term and interest-free period; and difficulties experienced in repaying and the use of alternative arrangements to alleviate these difficulties.

Context for this Section of the Report

The evaluation examined repayment for loan accounts issued between 2003 and 2012. A total of 48,446 loan accounts were found for the reporting period,⁸⁷ from which a random sample of 4,742 loan accounts was drawn for the analysis.⁸⁸ Based on the 2003-2012 sample of loan accounts, 69.4% had been paid in full and 10.3% were currently being paid at the time of data extraction for the evaluation, while 20.3% were not being (or had not been) paid (see Table 15).

Table 15: Number and Percentage of Loan Accounts (2003-2012) by Payment Status at December 31, 2013

Payment Status as of December 31, 2013	#	%
Paid in full		
Paid	1,912	40.3%
Overpaid	395	8.3%
Written off - small balance	983	20.7%
Subtotal - Paid in full	3,290	69.4%
Paying	490	10.3%
Subtotal - Being Paid	490	10.3%
Not paying		
Deferred	17	0.4%
Delinquent	600	12.7%
Tracing	63	1.3%
Special (pending bankruptcies)	4	0.1%
Bad Debt	236	5.0%
Written off - reasons other than small balance	42	0.9%
Subtotal - Not being (had not been) paid	962	20.3%
All accounts in sample	4,742	100.00%

Source: Sample of IFMS (SAP), IPAR and Archived Microfiche Loan Accounts (2003-2012).

⁸⁷ As noted earlier, information on loan accounts issued in 2003 to 2012 was combined from three separate data sources – the IFMS (SAP), IPAR and archive systems – in order to produce the population of loan accounts for the evaluation. Both expired accounts and accounts with time remaining on their loan terms were included in the population of loan accounts, and deleted and duplicate accounts were removed before finalizing this population.

⁸⁸ Loan accounts classified as "Paid", "Overpaid", and "Written-Off" for reason of a small balance were considered to be "paid" in the analysis. The date of last payment was used to infer the date on which the account had been paid, as this date is not formally recorded in CIC's administrative systems. A very small percentage of the sampled loan accounts which had been paid (1.7%) were done so with the assistance of a loan conversion through RAP, and were thus excluded from the repayment analysis. Only loans repaid without this assistance (a total of 3,235 accounts in the sample) were considered, as these accounts were understood to more accurately reflect repayment by the recipient, rather than repayment by CIC.

The subsequent repayment analysis focuses on paid loan accounts, using the sample of loan accounts described above.⁸⁹

For some repayment outcomes, comparisons by socio-demographic characteristics were conducted on a sub-population of loans issued between 2008 and 2012. As well, a comparison between the results of the evaluation and a repayment analysis undertaken by the policy program area of CIC in 2012 was undertaken.⁹⁰

4.5.1. Starting to Repay the Loan

Finding: While all recipients are required to start repaying their loan 30 days after arrival, evidence indicates that 68% do not start repaying until 6 months or more after arrival.

Regulations stipulate that loan repayment is to start 30 days after the person for whose benefit the loan was made arrives in Canada (for a transportation or an admissibility loan), or 30 days after the person benefiting from the loan has been issued the loan (for an assistance loan).⁹¹

Based on the 2003-2012 sample of loan accounts, almost no one started repaying their loan within 30 days, and 68% of recipients did not start repaying their loan until six months or more after arrival (see Table 16). In addition, 29.8% did not start repaying their loan until more than 12 months after arrival.

Table 16: Length of Time after Term Start When Recipient Started Repayment

Length of time after term start	Percentage of loan accounts
Within 30 days	0.0%
Between 1 and 3 months	3.7%
Between 3 and 6 months	28.2%
Between 6 and 12 months	38.2%
More than 12 months	29.8%

Note: n=4,393. Some of the sampled accounts are not included in this analysis as they were missing pertinent information, notably first payment dates. Percentages are rounded and do not add up to 100%.

Source: Sample of IFMS (SAP), IPAR and Archived Microfiche loan accounts (2003-2012).

Information from other loans programs suggests that the 30-day requirement to start repayment is not consistent with standard practices. The travel loans provided to refugees resettling in the United States allow recipients to start repayment six months after arrival.⁹² Similarly, the Canada Student Loans Program does not require recipients to start loan repayment until six months after the completion of their studies.⁹³

Finding: It takes up to 4 months for CIC to set up a loan account and issue the first loan statement, at which point the recipient's account can be in arrears.

⁸⁹ Analyses are available in Technical Appendices.

⁹⁰ Analyses are available in Technical Appendices.

⁹¹ Canada, Department of Justice (2002) *Immigration and Refugee Protection Regulation*, section 291(1).

⁹² Canada, CIC (2012) *Refugee Loan Repayment Analysis*.

⁹³ Canada, ESDC (2013) *Canada Student Loan Program: Annual Report 2012-2013*.

The evaluation found that the first loan statement is used as a mechanism to initiate and facilitate the repayment process, but is not sent to the recipient until the loan account is set up. It is widely acknowledged in program documents, including the CIC Collection Services Manual,⁹⁴ OP 17⁹⁵ and the loan agreement itself,⁹⁶ that it takes longer than 30 days for CIC to establish a loan account in the department's financial system.

Loan recipients are expected to start making payments 30 days after arrival, even though the first statement is not sent out until their loan account is established.⁹⁷ Given the link between setting up the loan account and receipt of the first statement, stakeholders were asked to estimate when the first loan statement is typically received. Respondents to the RAP SPO and SAH surveys and focus group participants both estimated the first loan statement is received, on average, about 3 months after arrival.

As explained in Section 4.3, CIC informs loan recipients regarding payment requirements. However, the requirement to start paying within 30 days is not emphasized, unless the recipient makes an inquiry about their loan before receiving their first statement. If the loan recipient inquires about their loan before receiving their first monthly statement, the CIC Collection Services Manual instructs officers to inform the recipient that they can pay by cheque, and that as soon as the account is created, they will receive a statement and will be able to start making payments at the bank or online.⁹⁸ Information bulletins for GARs and PSRs are posted on the CIC website (in multiple languages) with some information about the loan and the requirement to start repayment within 30 days of arrival, however, these bulletins⁹⁹ were only recently introduced (May 2014) and it is too early to assess the extent to which they are being accessed and used by loan recipients.

Thus, while information exists, the 30-day requirement to start repaying is not always well communicated or understood in a timely manner. The misaligned timing between the dissemination of the first statement and the deadline to start repayment is problematic, inadvertently setting up recipients to be late in the repayment of their loan, i.e. in arrears¹⁰⁰ – owing money from earlier missed payments.¹⁰¹ Even if the requirement was to be better communicated, it is still confounded by the delay in setting up the loan account and the dissemination of the loan statement, which are fundamental to formally initiating and facilitating the repayment process.¹⁰²

⁹⁴ Canada, CIC. *Collection Services Manual*.

⁹⁵ Canada, CIC (2014) *OP 17 - Loans*. Note: One reason provided for the delay is that CIC's Revenue Accounting requires the invoice from the transportation company for the transportation costs of all the people listed on the loan agreement, as well as confirmation that they all arrived in Canada.

⁹⁶ Canada, CIC. *IMM500*.

⁹⁷ Canada, CIC. *Collection Services Manual*.

⁹⁸ Canada, CIC. *Collection Services Manual*.

⁹⁹ Canada, CIC (2014) *Government-Assisted Refugee Resettlement in Canada: Information Bulletin*.

¹⁰⁰ Individuals who are in arrears may not sponsor members of the family class. Source: Canada, CIC, *Guide 3900 - Sponsorship of a spouse, common-law partner, conjugal partner or dependent child living outside Canada*.

¹⁰¹ Canada, Statistics Canada (2013) *Glossary of Terms* is the source for the definition of "arrears".

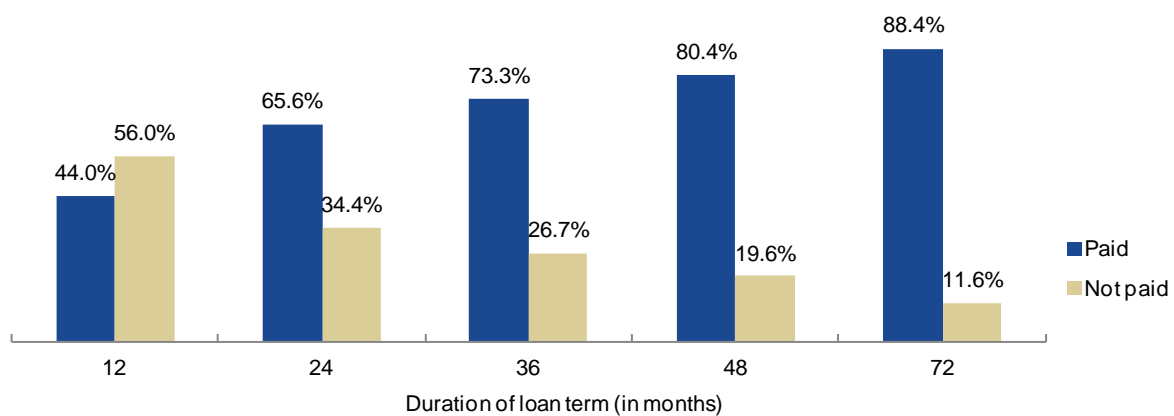
¹⁰² As noted earlier, the loan does not have an impact, either positive (i.e., building a credit history) or negative (i.e., lowering a credit rating or score) on the individual loan recipient's credit standing.

4.5.2. Repayment within the Loan Term

Finding: Overall, approximately two-thirds of loan accounts analyzed were repaid within the loan term. For loans of \$1,200 or less, the average length of time taken by recipients to repay surpassed the 12-month timeframe provided.

The analysis of administrative data revealed that, overall, 67.7% of the 2003-2012 sampled accounts were repaid within the loan term. The majority of loan recipients were able to repay within the loan term, with the exception of those with a 12-month term. In these cases, less than half (44%) were able to repay within the loan term (see Figure 1).

Figure 1: Percentage of Paid Loan Accounts Repaid Within the Loan Term by Duration (2003-2012)



Note: n=3,009. A total of 226 loan accounts were excluded from the analysis due to inconsistencies in the data, or due to missing last payment dates.

Source: Sample of IFMS (SAP), IPAR and Archived Microfiche loan accounts (2003-2012).

As previously discussed, a large percentage of recipients did not begin repayment until six months after the start of their loan term. As a consequence of this late start, it may take some time to catch up in their payments. It appears that recipients with a longer term have more time to catch up.

The analysis shows that a number of recipients were unable to repay the 12-month loan within the loan term even though the loan size is relatively small. In contrast, most recipients with a 72-month loan were able to repay within the loan term, even though the amount of these loans is considerably larger (over \$4,800) relative to the 12-month loans (up to \$1,200).

Months Required to Repay the Loan

The evaluation found that average repayment time varied by duration of the loan term, with smaller loans taking fewer months to repay than larger loans. Furthermore, recipients who repaid their loan within the loan term did so much sooner than required by the schedule, while those who did not repay within the loan term took almost an additional year to repay (see Table 17).

Table 17: Average Repayment Time by Incidence of Repayment within the Loan Term and Duration of Loan Term (2003-2012)

Loan Term	Repaid overall		Repaid within the loan term			
	Average number of months	n	Yes		No	
			Average number of months	n	Average number of months	n
12 months	17.4	494	9.4	214	23.6	271
24 months	23.9	1,408	17.2	908	36.2	476
36 months	32.0	463	26.4	335	46.9	122
48 months	37.8	301	32.7	242	58.8	59
72 months	46.8	380	42.1	336	82.3	44
Overall	28.3	3,046	23.8	2,035	37.5	972

Note: The analysis of repayment time by incidence of repayment within the loan term excludes some accounts due to inconsistencies in the data. Therefore, the total number of accounts is not equal to 3,046 for this part of the analysis.

Source: Sample of IFMS (SAP), IPAR and Archived Microfiche loan accounts (2003-2012).

Repayment Rate

The evaluation examined repayment time in relation to the amount of time needed for the Immigration Loan Program to reach a target of 90% of loan accounts repaid, corresponding to the loan recovery rate commonly used by the department.¹⁰³ The analysis looked at this rate by loan term, and found that, in general, more time was needed than allowed by the loan terms to reach a repayment rate of 90%. However, the variance between the duration of the loan term and time needed to repay decreased as the loan term increased.

¹⁰³ A repayment rate of 91% is commonly used in departmental documentation (e.g. CIC's 2006, 2007 and 2008 *Annual Reports to Parliament on Immigration*) to demonstrate the performance of the program. This rate "is based on a cumulative total of all loan accounts minus all payments towards the account since the inception of the Immigration Loan Program", and as such, measures the cumulative total amount of *money in* versus *money out* over time, including the amount of interest paid on loans. A 2005 audit conducted by CIC revealed that the rate was based on a historic analysis of pre-1995 loans, which was later updated with an analysis of loans for 1995 to 1999. In addition, CIC's Finance Branch completed an analysis in 2013 for loans issued between 1985 and 2009 which also showed a similar rate. It is important to note that this rate is not a measure of the percentage of loan accounts repaid, but rather the percentage of funds eventually recovered. It does not take into account individual loan and recipient characteristics, such as the size of the loan or the immigration category of the recipient. Nor does it consider whether or not the recipient repaid their loan within the loan term or the interest-free period. From this point of view, this rate is more a reflection of the financial management of the program than the repayment outcomes of the individual loan recipients.

Table 18: Number of Months to Repay

Loan Term	n	Number of months within which 90% of loan accounts were repaid
12 months	494	31.3
24 months	1,408	38.3
36 months	463	45.5
48 months	301	54.8
72 months	380	74.5

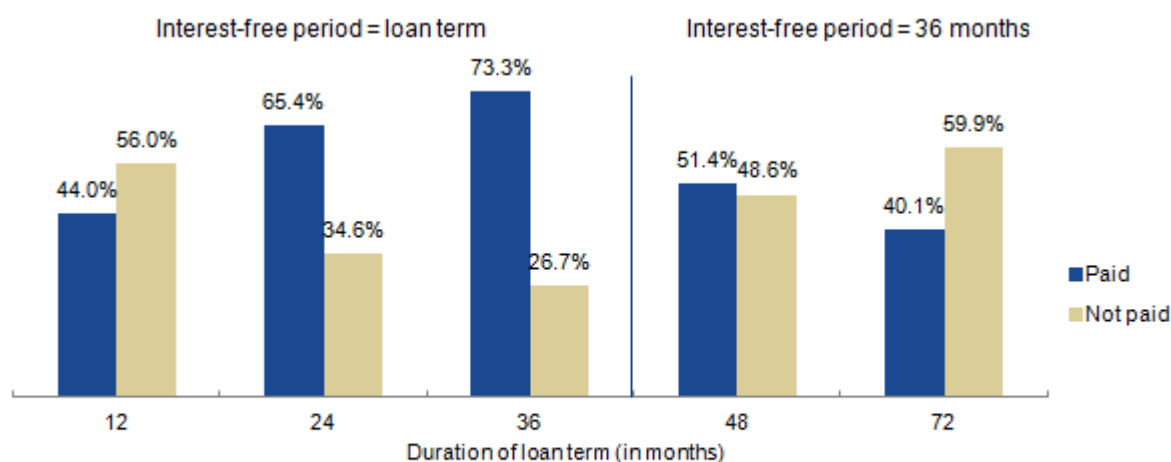
Source: Sample of IFMS (SAP), IPAR and Archived Microfiche loan accounts (2003-2012).

4.5.3. Repayment within the Interest-Free Period

Finding: While overall 59% of accounts analyzed were repaid within the interest-free period, less than half of the accounts with a 12-month or 72-month term were repaid within the interest-free period.

The Immigration Loan Program provides an interest-free period which may vary from one to three years, depending on the amount of the loan.¹⁰⁴ The analysis of administrative data found that, overall, 58.6% of the 2003-2012 sampled accounts were repaid within the interest-free period, and duration of the loan term had a significant impact on the incidence of repayment within the interest-free timeframe (see Figure 2).

Figure 2: Percentage of Paid Loan Accounts Repaid within Interest-free Period by Duration of Loan Term (2003-2012)



Note: $n=3,001$, $p < .001$. A total of 234 loan accounts were excluded from the analysis due to inconsistencies in the data, or due to missing last payment dates.

Source: Sample of IFMS (SAP), IPAR and Archived Microfiche loan accounts (2003-2012).

¹⁰⁴ Canada, CIC (2014) *OP 17 – Loans*.

Program documents stipulate that the interest-free period for loans was intended to prevent undue hardship being placed on loan recipients during their initial settlement period.¹⁰⁵ The interest-free period, however, can be as little as one year, which is much less than the timeframe of three to five years identified in program documents as a reasonable timeframe after which the individual should no longer rely on social assistance for food or shelter.¹⁰⁶

In addition, findings from the focus groups revealed that, for some, the payment of interest is not allowed for religious reasons. For these individuals, the loan term must equal the interest-free period, resulting in the need to make higher monthly payments over a shorter period than what is normally suggested, negating the intent to prevent undue hardship for this particular group. This is further complicated by the fact that the loan statement provided to recipients includes a minimum monthly payment amount, which is calculated according to the amount borrowed by dividing the total loan amount by the number of months in the corresponding loan term.¹⁰⁷ As a result, if the loan recipient makes only the minimum monthly payment for the 48- and 72-month loans, where the loan term is longer than the interest-free period, they will not be able to avoid paying interest on the loan.

The Canada Student Loans Program (CSLP) also charges interest, with the Government of Canada paying the interest on student loans while borrowers are in school,¹⁰⁸ while the travel loans offered to refugees resettled in the US are interest-free.¹⁰⁹

4.5.4. Difficulty Repaying and Use of Alternative Arrangements

Finding: Having employment facilitates the ability to repay the loan. However, GARs and PSRs have a low incidence of employment income and often rely on income support (particularly GARs) in the first year after landing.

As previously discussed, to approve a loan, the CIC designated officer must assess the applicant's potential ability to repay a loan. The key consideration in this assessment is the applicant's income potential, which is largely predicated on getting a job once in Canada.¹¹⁰

The survey of loan recipients found that a little over half of loan recipients surveyed (53.4%) were employed while paying back their loan. This percentage was significantly higher for PSR loan recipients (75.7%) compared to GAR loan recipients (39.7%).

Correspondingly, 59.4% of loan recipients surveyed indicated that they had to use their income support or social assistance to pay their loan. As expected, this percentage was significantly higher for GAR loan recipients (76.3%) compared to PSR loan recipients (31.9%). While this difference can be attributed to the fact that GARs typically receive income support through RAP during their first year in Canada, the percentage of PSRs relying on this assistance to help repay

¹⁰⁵ Canada Gazette (1991) *Immigration Regulations, 1978-Amendment*. Part I, Volume 125, No. 4. January 26, 1991.

¹⁰⁶ Canada, CIC (2009) OP 5 – *Overseas Selection and Processing of Convention Refugees Abroad Classes and Members of Humanitarian-protected Persons Abroad Classes*.

¹⁰⁷ Canada, CIC (2014) OP 17 – *Loans*; Internal correspondence from Finance Branch (October 2, 2014).

¹⁰⁸ Canada, ESDC (2013) *Canada Student Loan Program: Annual Report 2012-2013*.

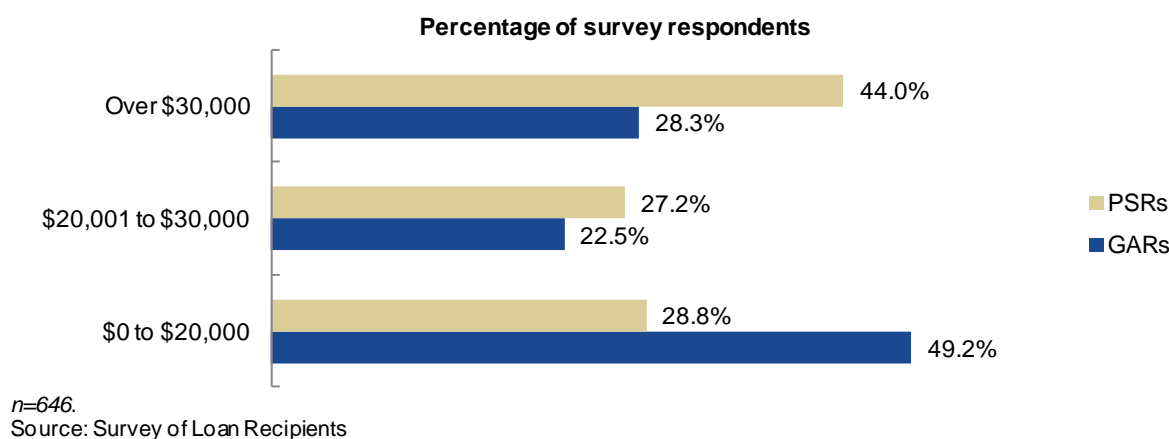
¹⁰⁹ IOM. *United States of America – Refugee Travel Loans*.

¹¹⁰ Canada, CIC (2014) OP 17 – *Loans*.

the loan is noteworthy. PSRs receive financial support from their sponsors, and do not typically have access to social assistance during their first year in Canada.¹¹¹

When asked to estimate their total household annual income (before taxes) from all sources, 41.3% of loan recipients surveyed indicated a household income of \$20,000 or less at the time of the survey. Although higher for GAR loan recipients (49.2%) compared to PSR loan recipients (28.8%), the percentage of loan recipients with a low income was considerable for both groups (Figure 3). Of note, 44.2% of those with a household income of \$0-\$20,000 were still paying off their loan at the time of the survey.

Figure 3: Estimated Household Income (before taxes) of Loan Recipients by Immigration Category



A little over three quarters of loan recipients reporting a household income of \$20,000 or less indicated a household size of three or more people – 45.3% indicated a household of three to five people, and 32.2% indicated a household of six or more people. In comparison, the low income cut-off (1992 base) before tax in 2013 for a family of three people, living in a community of between 30,000 and 99,999 inhabitants was \$31,256.¹¹² As the low income cut-off represents the income threshold below which a family will likely devote a larger share of its income on the necessities of food, shelter and clothing than the average family, it would appear that the resources available to these recipients to help with repayment of a loan would likely be limited.

¹¹¹ “Unless the local Citizenship and Immigration Centre issues a formal notice of sponsorship breakdown, (which effectively cancels the sponsorship undertaking) sponsored refugees are not entitled to obtain income support through provincial or municipal social assistance programs or the Resettlement Assistance Program (RAP) during the sponsorship period (normally 12 months).” Source: *Canada, CIC (2015) Guide to the Private Sponsorship of Refugees Program – 2. Private Sponsorship of Refugees Program.*

¹¹² Canada, Statistics Canada (2014) *Low Income Cut-Offs (1992 base) Before Tax.*

Incidence of Employment Earnings

The percentage of GAR families¹¹³ with employment earnings in the year of landing was quite low (16.0%). One year after landing in Canada, there was a significant increase in the percentage of GAR families who declared employment earnings (47.4%), which continued until five years after landing, at which time it reached a plateau. About 70.0% of GAR families declared employment earnings five to ten years after landing.

In comparison, 61.2% of PSR families had employment earnings in the year of landing. One year after landing, the incidence of employment among PSR families was about 80%, and remained relatively stable during the ten years following landing at around 75% to 80% (see Table 19).¹¹⁴

Table 19: Percentage of GAR and PSR Families who Declared Employment Earnings by Years since Landing

Immigration Category	Years Since Landing										
	0	1	2	3	4	5	6	7	8	9	10
GAR families	16.0	47.4	58.3	65.2	68.3	70.0	70.4	69.9	70.8	72.1	72.6
PSR families	61.2	79.9	79.4	80.1	80.7	80.6	79.9	78.0	77.1	77.0	74.8

Source: IMDB.

Incidence of Income Support and Social Assistance

Most GAR families received social assistance in the year of landing, which can be attributed to their receipt of RAP income support. In spite of the increase in the incidence of employment, the incidence of social assistance¹¹⁵ remained high one year after landing, indicating that a number of GAR families rely on both sources of income during their first year in Canada. The percentage of GAR families receiving social assistance declined sharply two years after landing, and then more steadily over time; however, by ten years after landing, it still represented about a third of GAR families (33.1%) (see Table 20).

As expected, the percentage of PSR families who received social assistance in their year of landing was very low (2.9%), as PSR families receive financial support from their sponsor during their first year in Canada. However, one year after landing, the incidence of social assistance among PSR families increased sharply, to 22.8%. While less than the incidence among GAR families, the incidence among PSR families is still noteworthy, reaching a plateau of 22% to 24% five to ten years after landing.¹¹⁶

¹¹³ The Longitudinal Immigration Database (IMDB) links information from CIC's immigration landing file to taxation records. Although individual loan recipients could not be identified in the IMDB, the analysis focused on the outcomes of GARs and PSRs, the primary recipients of loans. The GARs and PSRs included in the IMDB were seen to be representative of the loan recipient population, given that 93.5% of GAR cases and 87.9% of PSR cases receive at least one loan, and GARs and PSRs constitute 97.8% of all loan recipients. As loans tend to be issued on a family basis, employment outcomes were examined in relation to the family unit in order to better approximate the resources available to repay the loan. Additional information on the IMDB is available in the Technical Appendices.

¹¹⁴ Follow-up regression analyses confirmed that GARs were less likely than PSRs to report employment earnings. A more detailed description of this analysis is available in the Technical Appendices.

¹¹⁵ Social assistance during this period is likely a continuation of RAP income support as GAR families typically receive this assistance for a one year period after landing.

¹¹⁶ Follow-up regression analyses confirmed that GARs were more likely than PSRs to report social assistance/income support. A more detailed description of this analysis is available in the Technical Appendices.

Table 20: Percentage of GAR and PSR Families Who Declared Income Support/Social Assistance by Years since Landing

Immigration Category	Years Since Landing										
	0	1	2	3	4	5	6	7	8	9	10
GAR families	94.8	90.4	67.7	57.2	49.5	43.9	40.6	39.0	37.1	35.2	33.1
PSR families	2.9	22.8	28.0	27.2	25.3	24.3	23.8	23.9	22.6	22.4	23.7

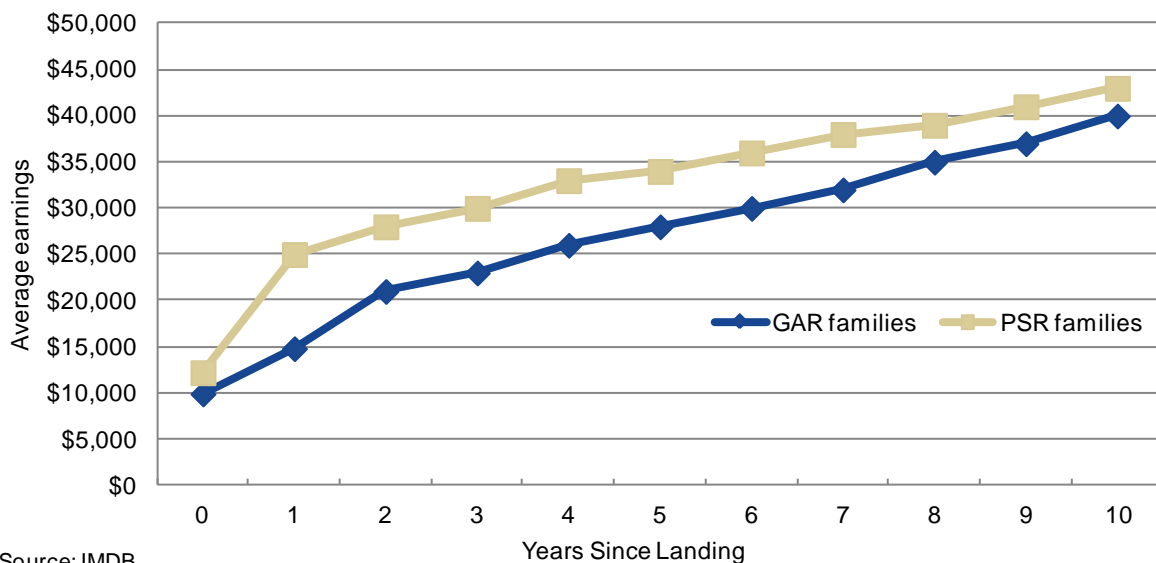
Source: IMDB.

Employment Earnings

Average earnings for GAR families who had employment in their year of landing were low (\$9,900), but increased over time, reaching an average of \$40,000 ten years after landing (see Figure 4).

Average earnings of PSR families, though higher than those for GAR families with employment, were relatively low (\$12,200) in their year of landing. Ten years after landing, their earnings reached an average of \$43,000.

Figure 4: Average Earnings of GAR and PSR Families Who Declared Employment by Years since Landing



Source: IMDB

Finding: Some loan recipients experience difficulties in repaying the loan. A greater percentage of GARs, recipients with larger loans and those with a lower annual household income experienced difficulty with loan repayment.

Respondents to the loan recipient survey were evenly distributed in their responses to the level of difficulty they experienced in paying back the loan – 31.7% indicated that it was very easy/easy; 36.8% indicated that it was neither easy nor difficult; and 31.5% indicated that it was difficult/very difficult. There were, however, significant differences in these responses by immigration category, size of loan, employment status and income level, with a greater percentage of GARs, recipients with larger loans, those not employed, and those with less income indicating difficulty with repayment (see Table 21).

Table 21: Percentage of Recipients Indicating Difficulty or Ease in Repaying the Loan by Selected Characteristics

Characteristics		Degree of Difficulty		
		Very easy/ easy	Neither easy nor difficult	Difficult/ very difficult
Immigration Category (n=736) (p<.001)	GARs	21.7%	38.6%	39.7%
	PSRs	47.9%	33.9%	18.2%
Size of Loan (n=736) (p<.001)	\$1,200 or less	57.5%	22.5%	20.0%
	>\$1,200 up to \$2,400	45.3%	32.8%	21.9%
	>\$2,400 up to \$3,600	27.4%	45.3%	27.4%
	>\$3,600 up to \$4,800	30.9%	38.3%	30.9%
	>\$4,800	20.9%	38.2%	40.8%
Incidence of Employment at Time of Repayment (n=733)	Not employed	21.9%	36.5%	41.5%
	Employed	40.4%	37.1%	22.5%
Estimated Annual Household Income (before tax) (n=645) (p<.01)	\$0 to \$20,000	32.2%	42.4%	49.7%
	\$20,001 to \$30,000	25.9%	23.0%	23.9%
	Over \$30,000	42.0%	34.6%	26.4%

Source: Survey of Loan Recipients.

The review of administrative data revealed that, based on the 2008-2012 sub-population of loans, 31.2% of loan accounts had demonstrated signs of difficulty,¹¹⁷ and 22% of accounts had a CRA set-off.

A number of factors affecting difficulty in repaying were also reported in the RAP SPO and SAH surveys. Most RAP SPO and many SAH respondents most frequently reported a lack of employment, transferable skills and job readiness as contributing to difficulty with repayment and the associated burden of the loan. In explaining how this factor¹¹⁸ contributes, generally RAP SPO and SAH respondents highlighted challenges in relation to securing adequate employment and earning sufficient income in order to support their families and repay the loan. They also discussed how other factors, such as disabilities, issues related to language, literacy and education, as well as the trauma of their refugee experience limit their ability to repay the loan.

The review of academic literature found that limited financial resources places a strain on the individual, which is further exacerbated by loan repayment. It also confirmed the need for assistance for PSRs in order to repay (either through providing funds, or advice and guidance on repayment), as well as cultural/religious issues or social stigma associated with debt that adds to the burden to repay.

Difficulties repaying the loan were mentioned in all focus groups. Various reasons were given for these difficulties, such as lack of English skills, no work experience in Canada, difficulties finding a job, learning new culture/financial system, and health problems. GARs mentioned that their income support (through RAP) was not sufficient to pay for basic needs, as well as the loan, and that employment income along with the income support would be sufficient to pay for all costs. PSRs indicated that the main difficulty in repayment for them was not being able to find a job.

¹¹⁷ Difficulty was defined in terms of the status of the loan at the time of the data extraction (i.e., December 31, 2013). Accounts that were not being paid or had not been paid and were classified as delinquent, bad debt, written off for reasons other than small balance, deferred or special pending bankruptcy were considered to be in difficulty. Accounts that had been paid with through a loan conversion were also included.

¹¹⁸ Employment, transferable skills and job readiness were combined under one factor in the RAP SPO and SAH surveys.

In sum, some recipients have difficulty repaying their loans, and a number do not repay their loans within the loan term or interest-free period. Recipients of the Immigration Loan Program are mainly refugees, and a number of refugees, especially GARs, are not employed for the first few years following their arrival. GARs, in particular, rely heavily on income support benefits during their first year in Canada. A little under half of GAR and PSR loan recipients surveyed (46.6%) indicated they did not have a job while paying back their loan, but having a job and higher income were shown to affect loan repayment.

Finding: Many loan recipients are not aware of the option to make alternative arrangements to repay their loan. While alternative loan arrangements, such as deferred payments, make it somewhat easier for recipients to pay back their loan in the short term, these arrangements do not change the interest-free period.

The IRPR allows CIC to negotiate alternative repayment arrangements with recipients who are having difficulty. It specifies that if repaying a loan as per the requirements would cause the recipient financial hardship (by reason of their income, assets and liabilities), the CIC Collections Officer may defer the start of repayment of the loan, defer payments on the loan, vary the amount of payments, or extend the repayment period up to two years.¹¹⁹

Many GARs and PSRs reported not knowing that alternative arrangements could be made – 49.6% of respondents to the loan recipient survey were not aware that CIC sometimes allows people to re-negotiate their loan in this way, and a greater percentage of PSRs (56.5%) were unaware, compared to GARs (45.4%). Similarly, as noted earlier, many GARs and PSRs in the focus groups were unaware that they could call CIC to make alternative arrangements. Findings further showed that only 21.6% of loan recipients surveyed had made arrangements with CIC to change the amount of their monthly loan payment or the time when they would have to pay. A greater percentage of GARs (27.1%) had made these arrangements, compared to PSRs (12.8%).

Of those survey respondents who had made alternative arrangements, the majority (91%) indicated that the arrangements made to change the amount or schedule related to loan repayment made it “at least somewhat easier” to pay back the loan (with 51% indicating that it made it “quite a bit easier”). In addition, many respondents to the RAP SPO survey who assisted GARs with the renegotiation process indicated that options were presented to find a payment plan/schedule for the loan that GARs could manage and that the changes that were made during the re-negotiation made it easier for GARs to pay the loan (though a few indicated that they did not know).

While there is some indication that arrangements make it somewhat easier to repay the loan, it was also noted in the interviews that arrangement to defer payment does not completely eliminate the problem. While repayment can be deferred, it doesn’t change the interest-free period; interest will accrue as per the IRPR.¹²⁰

¹¹⁹ Canada, Department of Justice (2002) *Immigration and Refugee Protection Regulations. Section 292.*

¹²⁰ Canada, CIC (2014) *OP 17 - Loans.*

In comparison, the Canada Student Loans Program (CSLP) provides a variety of assistance to borrowers who are having difficulties meeting their repayment obligations. Under the CSLP Loan Repayment Assistance Plan, borrowers experiencing financial hardship in repaying their loans are eligible for up to 54 months of interest relief during the lifetime of their loans, depending upon the circumstances. As well, borrowers experiencing financial hardship can ask for revision of the terms of repayment. Borrowers still experiencing financial difficulties after five years of leaving full-time or part-time study, and who have exhausted all interest relief, can apply to have their loan principal reduced, and can receive up to three reductions on their loan principal during their lifetime, for a total of up to \$26,000 (depending on their financial circumstances).¹²¹

In sum, more GARs than PSRs are taking advantage of the alternative arrangements offered by CIC to alleviate the burden of repayment. There appears to be greater awareness among GARs of the possibility of re-negotiation, as well as opportunity for them to receive assistance from RAP SPOs for this purpose. In the end, however, the alternative arrangements are making it somewhat easier to repay the loan for some loan recipients. Making smaller payments, however, may increase the repayment time for the loan, thereby extending the period for potential hardship. In addition, given that the alternative arrangements do not prevent the accrual of interest at a later time, some loan recipients will have to pay more than the original loan amount.

4.6. Impact on Settlement

The evaluation looked at the overall impact of the loan on the ability to settle as well as the impact on the use of settlement services.

4.6.1. Impact on Ability to Settle

Finding: For some loan recipients, requirements to repay an immigration loan are a source of stress and create additional challenges, such as the ability to pay for basic necessities.

Findings from the survey of loan recipients showed that while most GARs and PSRs were proud that they were able to repay their loan (95.3%) and felt that they better understood the Canadian financial system as a result of the loan (88.7%), a number of recipients had experienced some negative impacts on their settlement as a result of loan repayment:

- 53.9% indicated that paying back the loan made it difficult to pay for basic necessities like food, clothing and housing;
- 55.0% indicated that after paying for basic necessities, paying back the loan took a large portion of their remaining resources; and
- 51.1% indicated that paying back the loan was stressful for them and/or their family.

The survey also revealed that a greater percentage of GARs than PSRs had experienced stress (58.9% vs. 38.6%), difficulty in paying for basics such as food, clothing and housing (63.6% vs. 38.0%), and difficulty affording to participate in community-related activities (56.1% vs. 32.3%) as a result of having to repay the loan.

¹²¹ Canada, ESDC (2011) *Evaluation of the Canada Student Loan Program*.

A greater percentage of survey respondents with larger loans had also experienced these negative settlement-related impacts. Similarly those who were unemployed at the time of repayment and those with a lower household income had experienced stress, difficulty meeting their basic needs, and difficulty affording to participate in community-related activities as a result of loan repayment (see Appendix D for detailed figures).

These findings were also reflected in the RAP SPO and SAH surveys (see Appendix D for detailed table). Also of note, a number of RAP SPO and SAH respondents indicated that having to repay the loan makes loan recipients feel the need to get into the labour market more quickly. Findings from the interviews highlighted similar impacts on loan recipients, such as feeling rushed to get a job and having to accept a minimum wage job.

Respondents to the loan recipient survey were asked about their experiences related to employment while paying back the loan. As noted earlier, 53.4% of respondents reported having a job while repaying their loan. Of these recipients, 53.7% indicated having taken on a job that did not fit their skills and experience, with a greater percentage of GARs (60.7%) than PSRs (47.8%) reporting this. In addition, 36.3% of those with a job indicated having worked more than one job, with no significant differences between GARs and PSRs.

Having to take a subsistence job in order to pay back the loan was also mentioned in the focus groups with GARs and PSRs, as well as difficulty in finding a job, lack of job opportunities, lack of language skills and difficulty with foreign credential recognition, which in turn made it more difficult to repay the loan. Some PSRs, in particular, did not feel they had sufficient assistance in finding a job, and thought it would be easier to find a job.

Many focus group participants noted the need to make sacrifices (e.g. basic needs) in order to pay back the loan. Some GARs, in particular, were concerned about how they would cope with all the daily living expenses, including the loan, once their income support would end and some talked about using the Child Tax Benefit to pay the loan. While having a job somewhat alleviated the burden of the loan for some focus group participants, they indicated that they still felt stress as a result of the loan.

4.6.2. Impact on Use of Settlement Services

CIC funds services that help newcomers settle and adapt to life in Canada. These settlement services are intended to assist immigrants and refugees to overcome barriers specific to the newcomer experience (such as a lack of official language skills and limited knowledge of Canada) so that they can participate in social, cultural, civic and economic life in Canada.¹²²

Finding: While the majority of loan recipients accessed settlement services, the need to have employment income to facilitate loan repayment makes it difficult for some to take full advantage of these services, particularly language training.

¹²² Canada, CIC (2015) *Funding: Settlement and Resettlement*.

An analysis of administrative data on the use of CIC funded settlement services,¹²³ covering the period from 2008 to 2012 revealed that 93.5% of GAR and PSR loan recipients had used at least one settlement service (see Table 22).¹²⁴

Table 22: Percentage of GAR and PSR Loan Recipients Who Accessed at Least One CIC-Funded Settlement Service by Selected Socio-demographic Characteristics of the Recipient

Socio-demographic Characteristics		Accessed at least one CIC-funded settlement service	
		Yes	No
Immigration category	GAR	97.6%	2.4%
	PSR	88.1%	11.9%
Gender	Male	92.6%	7.4%
	Female	95.0%	5.0%
Official language capacity	None	95.0%	5.0%
	One or both	91.7%	8.3%

n=16,016.

Source: CIC IFMS (SAP) loan accounts (2008-2012), FOSS/GCMS, Immigration Contribution Accountability Measurement System (iCAMS) and Immigration Contribution Agreement Reporting Environment (iCARE) data.

While access appears to be high overall, results from the survey of loan recipients suggests that recipients are having difficulties in taking advantage of these services. Just under half of respondents to the loan recipient survey (47.8%) indicated that as a result of working to pay back their loan, it was more difficult to find the time to use services to help them adapt to living in Canada (i.e. settlement services). In addition, 23.8% of loan recipients surveyed indicated having put off or quit language training in order to pay back their loan, and 22% indicated having put off or quit school (other than language training) in order to pay back their loan. Similarly, many focus group participants indicated that it was difficult to take advantage of language training opportunities (full-time or part-time) as they were working. Others were taking language training while actively trying to find a job.

¹²³ At the time of the evaluation, CIC was transitioning between systems for the collection of information on the use of CIC-funded settlement services. Thus, the current analysis combines data on service usage obtained from two databases: the Immigration Contribution Accountability Measurement System (iCAMS) legacy system and Immigration Contribution Agreement Reporting Environment (iCARE) which began roll-out in 2013. This information was linked to IFMS(SAP) loans information and GCMS landing data to examine service usage (until the end of June 2014) for the 2008-2012 sub-population of GAR and PSR loan recipients (18 years of age or older). As under-reporting in iCAMS was found to be problematic in past program evaluations, and reporting compliance in the new iCARE system was still building at the time of the evaluation, statistics presented in this analysis should be understood to underestimate actual service usage.

¹²⁴ The percentage of loan recipients who accessed CIC-funded settlement services excludes loan recipients initially destined to Quebec, Manitoba and British Columbia in order to more accurately reflect overall service usage. Information on province of destination was used as a proxy for province of residence, as this data was not available. CIC is not responsible for settlement service delivery in Quebec, and therefore, does not capture information on settlement service usage in this jurisdiction. For Manitoba and British Columbia, responsibility for settlement service delivery was transferred to CIC only recently, in 2013 and 2014 respectively. Loan recipients residing in Quebec, Manitoba and British Columbia would not have had the same opportunity to access CIC-funded settlement services as other regions of Canada, and as a result were excluded from this part of the analysis. The total number of loan recipients (2008-2012) who were resettled refugees, at least 18 years of age at landing, and destined to regions outside Quebec, Manitoba and British Columbia was 16,016.

Findings from the interviews were generally mixed, with some interviewees feeling that the loan has an impact on access to settlement services and others feeling that there is no impact. However, most respondents to the RAP SPO and SAH surveys indicated that GARs and PSRs have to put off at least sometimes¹²⁵ accessing settlement services (including language training) to work or look for work in order to pay back the loan. Similarly, most RAP SPO and SAH respondents indicated that GARs and PSRs have to put off at least sometimes going to school or to other training for this reason. Some RAP SPO and SAH survey respondents also felt that GARs and PSRs are focused too much on paying back the loan during their first year in Canada, rather than on their settlement needs (see Appendix D).

In sum, the immigration loan is having negative impacts related to settlement for some GARs and PSRs, and represents an additional burden to an already challenging integration process. Having a loan to repay makes it difficult for some refugees to meet their basic household needs and participate in their communities. It also causes stress for a number of refugees, and impacts on their ability to access learning opportunities through school, training and settlement services designed to help them adapt to life in Canada and overcome obstacles inherent to the newcomer experience.

¹²⁵ The measure of “at least sometimes” includes those who responded “sometimes”, “often”, or “almost always or always” to the survey question.

5. Findings Related to Program Relevance

Program relevance was assessed in terms of the appropriateness of the federal role in providing loans, alignment of the program with Government of Canada and CIC priorities, and continued need.

5.1. Appropriateness of the Federal Role

Finding: The role of the federal government in administering the Immigration Loan Program is appropriate.

The Immigration Loan Program, in following the directives set out by TB for the establishment of loans, the management of receivables, and debt write-offs, is in alignment with the authorities provided to the Minister of Finance. The Minister of Finance is responsible for the sound stewardship of the Canadian financial system.¹²⁶ Under the *Financial Administration Act*, one of the mechanisms available to the Minister of Finance to promote the stability or maintain the efficiency of the financial system in Canada is the provision of loans.¹²⁷

In addition, section A88 of IRPA authorizes the Minister of Citizenship and Immigration to administer loans for the purpose of immigration, through an advance out of the Consolidated Revenue Fund. The IRPR stipulates the information surrounding the types of loans, the repayment period, interest, alternative arrangements, and the size of the loan fund.¹²⁸

While other levels of government and the private sector also provide loans to individuals, the role of the federal government in providing loans has been identified in the literature as appropriate as it provides a means of overcoming difficulties felt by certain groups in securing the financing they need on an individual basis due to lack of collateral or other means of securing loans.¹²⁹ These groups include, among others, students and immigrants.

5.2. Alignment with Government-wide and CIC Priorities

Finding: While the Immigration Loan Program facilitates the initial resettlement of refugees, helping Canada to meet its international commitments for the protection of refugees, the program, as implemented, is not fully aligned with Canada's settlement objectives.

Canada's commitment to share responsibility for the protection of refugees is demonstrated through Canada's participation as a signatory to several international treaties concerning refugees and others (e.g. Convention Relating to the Status of Refugees (1951), and Protocol on Refugees and Stateless Persons (1967)). This commitment is also articulated in IRPA, which states that "the refugee program is in the first instance about saving lives and offering protection to the displaced and persecuted."¹³⁰ Some CIC representatives interviewed felt that the Immigration Loan Program could be considered to be in alignment with this objective, in that the program

¹²⁶ Bank of Canada (2012) *Regulation of the Canadian Financial System, Background*.

¹²⁷ Canada, Department of Justice (1985) *Financial Administration Act*, A60.2(2)c.

¹²⁸ Canada, Department of Justice (2002) *Immigration and Refugee Protection Regulations*. R289.

¹²⁹ N. Alboim, et al. (2005) *The Discounting of Immigrants' Skills in Canada: Evidence and Policy Recommendations*. IRPP Choices, Vol. 11, no. 2, February 2005.

¹³⁰ Canada, Department of Justice (2002) *Immigration and Refugee Protection Act*. Section 3(2)(a).

provides a means to bring refugees to Canada. However, in most cases, interviewees went on to identify aspects of the program that were not in alignment with Canada’s humanitarian objectives and CIC’s settlement objectives.

The evaluation also found that while the assessment undertaken to determine eligibility for a loan is intended to be distinct from the ability to establish assessment for refugees,¹³¹ they occur at about the same time,¹³² and are essentially trying to meet competing objectives. Some interviewees noted, and the document review confirmed, that the introduction of IRPA relaxed the criteria in relation to ability to establish in Canada to focus on “social rather than economic factors” in light of the humanitarian objectives of resettlement. The IRPR also provided the “authority to exempt refugees in urgent need of protection and vulnerable cases from the requirement to be assessed on ability to successfully establish”.¹³³ However, under the Immigration Loan Program, potential loan recipients are required to be assessed against economic factors related to their potential ability to repay, such as income potential, other financial obligations (such as the number of dependent family members), employment history and current ability to speak one of Canada’s official languages.¹³⁴

Some interviewees pointed to the additional burden introduced by the loan as evidence of the program’s misalignment with CIC’s Strategic Outcome 3: *Newcomers and citizens participate in fostering an integrated society*, and more specifically, Program Activity 3.1 “newcomer settlement and integration”. The main difficulty in confirming the alignment between the program and SO3 appears to be with respect to the mechanism used, i.e., a loan, as a means of providing the support. All interviewees agreed that there is a need to provide support, however, the use of a loan to do so does not appear to be in alignment with the achievement of settlement objectives. Information presented throughout this evaluation report provides clear indications that, for some loan recipients, the loan is having a negative impact on their settlement, which runs counter to the intent of CIC’s SO3 and the overall intent of the loan program itself. Rather than contributing to settlement, the loan program, as it is currently designed, and given the client group it is currently trying to serve, may actually be at cross-purposes to the objectives it is supposed to support.

Thus, while the program supports Canada’s humanitarian objectives, in that it provides refugees overseas with a means to come to Canada, the way it is structured, it may be creating barriers to the achievement of CIC’s settlement objectives.

5.3. Continued Need for the Program

Finding: There is a continued need to provide financial support to refugees who do not have the means to pay the costs associated with their resettlement to Canada. However, the use of a loan may not be appropriate for everyone in this group.

¹³¹ Canada, CIC (2014) *OP 17 – Loans*.

¹³² Canada, CIC. *Refugees and Humanitarian Protected Persons Abroad – Interview, Analysis and Decision Tool Kit*; Canada, CIC (2015) *Process Overview: GAR Program*; Canada, CIC (2015) *Process Overview: PSR Program*.

¹³³ Canada Gazette (2001) *Immigration and Refugee Protection Regulations. Regulatory Impact Analysis Statement. Part I*. December 15, 2001.

¹³⁴ Canada, CIC (2014) *OP 17 – Loans*.

Findings from the loan recipient survey showed that the majority of respondents (74.7%) could not have paid for any of the costs that the loan covered.¹³⁵ These findings were consistent with results from the RAP SPO and SAH surveys and the interviews, which indicated that typically, in the absence of the loan program, refugees would not be able to pay the costs of admissibility and transportation to Canada. Interviewees also mentioned that some refugees may need assistance more than others, for example individuals coming from protracted refugee situations, individuals with health problems, individuals who have limited education and literacy skills, and individuals with large families.

This need for financial assistance is not surprising given the evolving context of refugee resettlement over the past 15 years. The literature reviewed noted that longer term displacement is becoming more common, resulting in an increase in the number of refugees with high needs, such as low literacy, limited to no education, and health issues,¹³⁶ and referred to the large number of protracted refugee situations¹³⁷ and the “changing make up of post-IRPA Government-Assisted Refugees.”¹³⁸ An analysis¹³⁹ examining the economic outcomes of GARs and PSRs was conducted to verify this reported change in profile of refugees since the introduction of IRPA. The analysis showed that the incidence of employment and average employment earnings were consistently lower, and the incidence of social assistance/income support was consistently higher, for GAR families who arrived after the introduction of IRPA, compared to those who arrived before its introduction. However, this trend was reversed for PSR families, with those arriving after the introduction of IRPA tending to have somewhat better economic outcomes than their predecessors.¹⁴⁰

In sum, refugees, particularly GARs, coming to Canada since the introduction of IRPA tend to have greater needs than the refugees who came to Canada in the past. This is reflected in their need for financial support to help them to move to Canada and settle, as well as in their early economic outcomes once in Canada.

The evaluation has shown that the loan can cause an additional burden for refugees, and having to start repaying it shortly after arrival can have a negative impact on their settlement. Some interviewees identified a need for the loan; however, they qualified it as a need in the absence of any other mechanism to provide financial assistance.

While contributions may be approved by CIC to cover the loan in situations where refugees are deemed to be “vulnerable” or to have “higher settlement needs”,¹⁴¹ the money set aside for contributions is quite limited relative to the amount set aside for loans, and thus, may not fully respond to client needs. Together, these findings suggest that the Immigration Loan Program, as currently implemented, may not be the most appropriate mechanism to provide financial assistance to a refugee clientele, but as it is the primary mechanism used at this time, it has become necessary.

¹³⁵ The survey found that 12.9% of respondents would have been able to pay for some of the costs covered by the loan, and 8.5% would have been able to pay for all of the costs. The remaining 3.9% did not know or could not remember.

¹³⁶ Milner, J. (2008) *New Challenges in International Refugee Protection: Canada's Role*; Sherrell, K., Immigrant Services Society BC (2009) *At Home in Surrey: The Housing Experiences of Refugees in Surrey, B.C.*

¹³⁷ Hyndman, J. (2014) *CERIS Refugee Research Synthesis: Final Report*.

¹³⁸ Brunner, L.R., et al. (2012) *Waiting for a Wife: Transnational Marriages and the Social Dimensions of Refugee 'Integration'*, Metropolis BC Working Paper Series, No. 12-12.

¹³⁹ Economic outcomes were examined for GARs and PSRs over the 10 year period following their arrival in Canada, including the year of landing using the IMDB.

¹⁴⁰ More information on findings related to IRPA from the IMDB analysis is available in the Technical Appendices.

¹⁴¹ Canada, CIC (2013) *Operational Bulletin 513*.

6. Conclusions and Recommendations

The following section summarizes the overall conclusions for the evaluation, and proposes related recommendations, along three broad themes: loan issuance, loan repayment and collections, and contributing to settlement objectives.

Loan Issuance

TB Directives require that loans be authorized appropriately (i.e., either approved or refused), and that approval is given on the expectation of full repayment.¹⁴² It is however challenging to implement the procedures for assessing the potential ability of the recipient to repay a loan in an overseas refugee processing context due to the nature of the criteria to be assessed and the limited time and information available to properly assess them. Furthermore, refusing loans for refugees is problematic; as such a decision is likely to prevent selected refugees without financial means or other avenues of assistance from coming to Canada, and thereby to impede Canada's ability to meet its resettlement commitments and humanitarian goals. The loan has become the default option for most resettled refugees.

TB Directives further require that recipients are informed of their loan obligations.¹⁴³ The evaluation found that there is a risk that some refugee recipients do not fully understand the terms and conditions of the loan at the time of signing, and that they do not know the amount of the loan prior to their departure for Canada. Without this understanding and knowledge, the spirit and intent of a loan agreement comes into question.

Recommendation #1: It is recommended that CIC fully comply with the requirements for loans programs as stated in Treasury Board (TB) Directives. In particular, given the context of overseas refugee processing, compliance with TB Directives requires policy and/or procedural changes to ensure:

- Adherence to the criteria established to assess ability to repay the loan; and
- Procedures for signing the loan agreement are clear and obtain free and informed consent from the client, including communicating the amount to be borrowed.

Acknowledging that some refugees may not qualify for a loan given the requirements under the TB Directives, it is therefore also recommended that CIC ensure policies and corresponding measures are in place to support its humanitarian policy objectives and to facilitate the resettlement of all refugees who do not qualify for a loan.

Loan Repayment and Collections:

The IRPR sets out the requirements for loan repayment, including repayment schedules and the treatment of interest. While the TB *Directive on Receivables Management* requires the prompt recovery of all debts, the Immigration Loan Program is also guided by an internal CIC policy to ensure that collection on these debts does not cause undue hardship to recipients.

Some refugee recipients are having difficulty meeting the requirements of loan repayment. Very few loan recipients start repaying within 30 days, putting the vast majority from the outset in a situation of arrears. This is further complicated by the fact that it takes CIC closer to four months

¹⁴² Canada, TBS (2009) *Directive on Loans and Loan Guarantees*.

¹⁴³ Canada, TBS (2009) *Directive on Receivables Management*.

to set up the loan accounts and issue the first loan statement. Some are not able to repay within the original loan term and some not within the interest-free period.

In addition, having to repay the loan is having a negative impact on the settlement of some refugees (e.g., having to pay back the loan under the current Immigration Loan Program terms makes it difficult to pay for basic necessities like food, clothing and housing). CIC Collection Services are available to provide support to loan recipients; however, information on CIC Collection Services is not widely communicated, and many loan recipients are not aware of the support it can provide. Furthermore, while there is a write-off mechanism in place for the program, it does not forgive the debt and cannot be pursued until all means of collection have been exhausted.

Recommendation #2: It is recommended that CIC make policy and/or procedural adjustments to its loan repayment requirements and collection practices to ensure that the loan program is aligned with CIC's resettlement, settlement and integration policy objectives and does not adversely affect the settlement outcomes of resettled refugees. In particular, CIC should consider:

- Aligning the loan program policies with those of other refugee programming;
- Aligning the start of the repayment with the receipt of the first loan statement;
- Aligning the loan repayment schedule with the time needed to repay;
- Ensuring the use of interest and interest relief are appropriate to the financial situation of the client;
- Providing mechanisms to allow for debt forgiveness where necessary;
- Providing easy access to information on how to contact CIC Collection Services and the types of assistance available for clients.

Contributing to Settlement Objectives

There is a potential for the Immigration Loan Program to be more fully utilized in support of Canada's settlement and integration objectives. For instance, while the assistance loan is uniquely positioned to support settlement once in Canada, it is largely under-utilized in terms of both the type of assistance (i.e., limited to housing rental and utility deposits) and the recipients (i.e., almost exclusively GARs).

Recommendation #3: It is recommended that CIC explore how the Immigration Loan Program could better support the achievement of CIC's settlement and integration policy objectives (i.e., that newcomers and citizens participate in fostering an integrated society), considering opportunities such as the expansion of the in-Canada assistance loan to improve labour market access for all newcomers, including refugees.

Appendix A: Interest Rates

Year	Interest Rate
1989	10.72
1990	10.84
1991	10.62
1992	7.51
1993	7.41
1994	5.32
1995	9.06
1996	6.41
1997	4.85
1998	5.37
1999	4.54
2000	6.17
2001	5.45
2002	4.24
2003	3.80
2004	3.60
2005	3.56
2006	2.93
2007	4.13
2008	3.98
2009	1.75
2010	2.32
2011	2.23
2012	1.26
2013	1.39
2014	1.74

*Prior to 1995, interest rates were not changed on loans to refugees.

Appendix B: Profile of Loan Recipients

Profile of Loan Recipients		Percentage of Loan Recipients (2008 to 2012)
Immigration Category (n=25,796)	GAR	57.5%
	PSR	40.3%
	Other Humanitarian and Compassionate cases outside the family or Public Policy	1.3%
	Asylum Refugees	0.5%
	Other	0.4%
Gender (n=25,796)	Male	62.6%
	Female	37.2%
Age at landing* (n=25,796)	18 to 24 years	28.7%
	25 to 44 years	52.8%
	45 to 64 years	16.1%
	65 and older	2.4%
Knowledge of official languages at landing (n=25,796)	English	39.0%
	French	5.0%
	Both French and English	2.5%
	Neither	53.5%
World Area - Country of Birth, Top 3 (n=25,783)	West Central Asia and Middle East	43.7%
	Western, Eastern, Central and Southern Africa	34.6%
	South Asia	9.4%
Country of Birth (n=25,796)	Iraq	27.7%
	Afghanistan	10.4%
	Ethiopia	9.0%
	Democratic Republic of Somalia	8.9%
	Bhutan	8.1%
	Eritrea	6.6%
	Democratic Republic of Congo	5.2%
	Colombia	4.9%
	Iran	4.7%
	Myanmar (Burma)	3.7%
	Other countries	10.7%
Province of destination (n= 25,791)	Atlantic	4.6%
	Quebec	15.6%
	Ontario	41.8%
	Manitoba	10.2%
	Saskatchewan	4.3%
	Alberta	13.5%
	British Columbia	10.0%
	Territories	0.0%

* A total of 193 loan recipients were excluded due to inconsistent immigration landing information related to age.

Source: CIC IFMS (SAP) system and GCMS.

Education Qualification and Skill Level

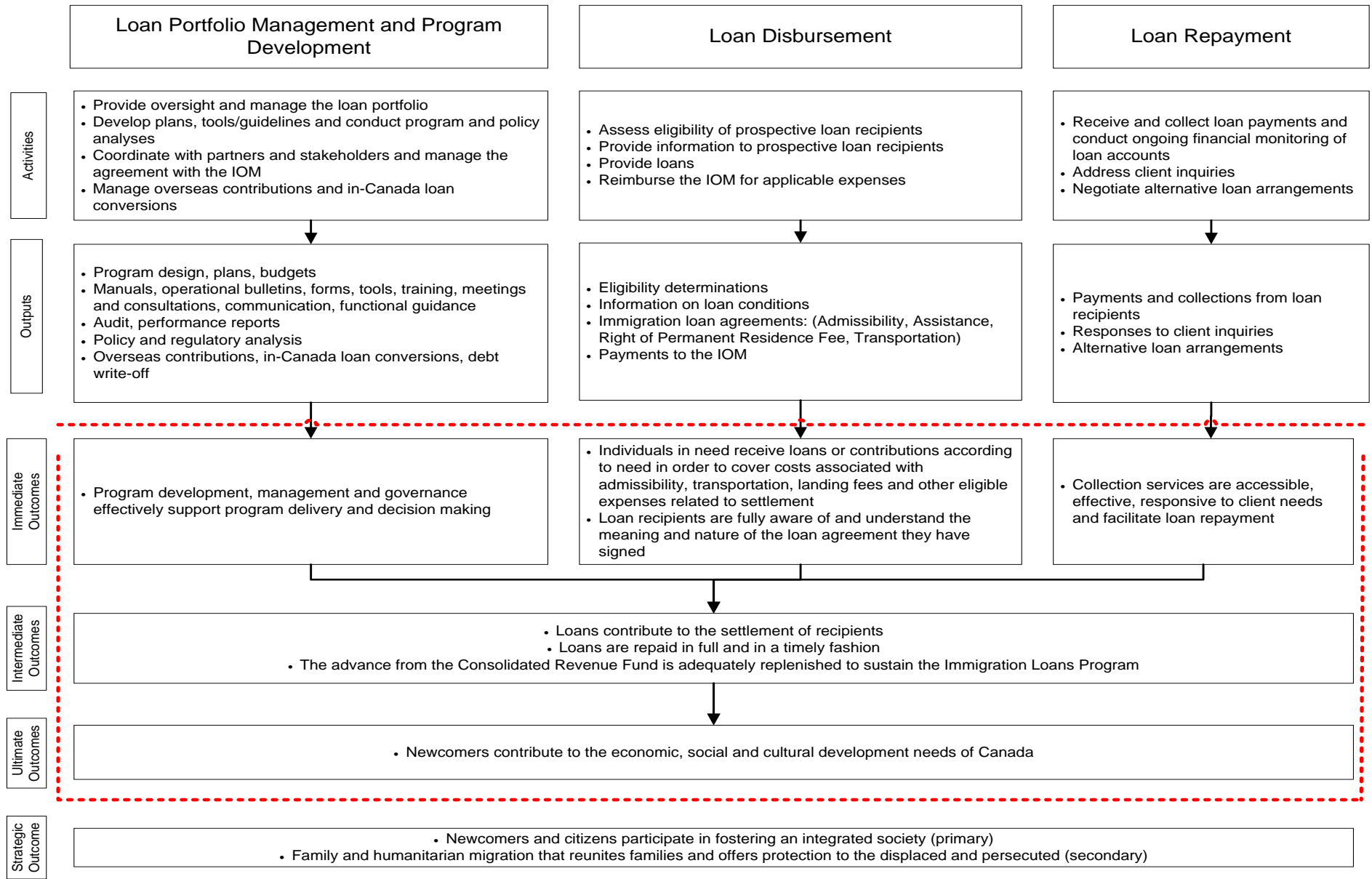
Educational Qualifications and Skill Level at Landing (n=25,796)		Percentage of Loan Recipients (2008 to 2012)
Educational Qualifications	None	16.6%*
	Secondary or Less	62.3%
	Formal Trade Cert. or Apprenticeship	4.3%
	Non-University Certificate or Diploma	6.6%
	Some University - No Degree	1.8%
	Bachelors Degree	7.4%
	Some Post-Grad. Education - No Degree	0.2%
	Masters Degree	0.6%
	Doctorate	0.2%
Skill Level	Skill Level 0 - managerial	0.1%
	Skill Level A - professionals	0.2%
	Skill Level B - skilled and technical	0.3%
	Skill Level C - intermediate and clerical	0.7%
	Skill Level D - elemental and labourers	0.2%
	New workers - 15 years of age or older	73.4%
	Students 15 years of age or older	15.8%
	Retirees 15 years of age or older	1.9%
	Other non-workers 15 years of age or older	7.4%

* Due to discrepancies with coding in GCMS, this figure may include recipients for whom information on education was missing at landing.

Source: CIC IFMS (SAP) system and GCMS.

Appendix C: Logic Model of the Immigration Loan Program

Logic Model of the Immigration Loan Program



Appendix D: Detailed Survey Results Related to Settlement Impacts

Figure 5: Impacts of Loan Repayment on Recipients Related to Settlement

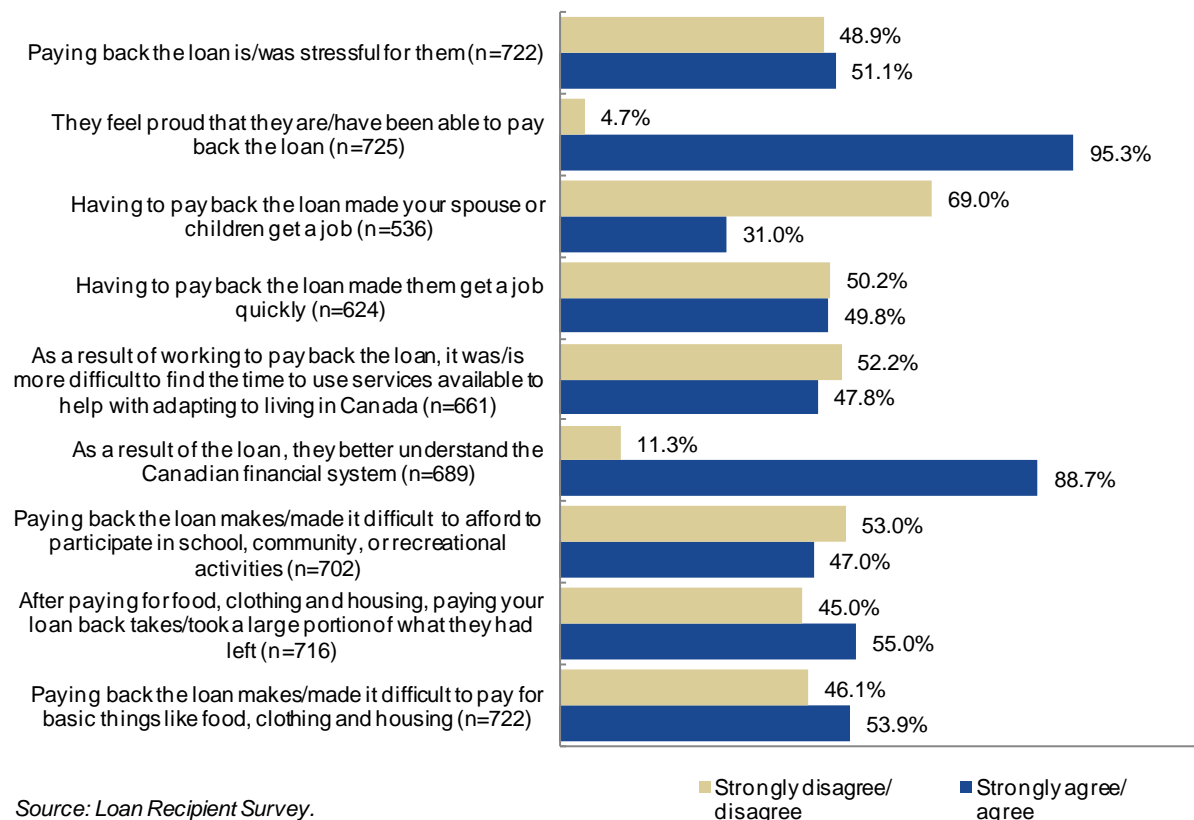


Figure 6: Impacts of Loan Repayment on Recipients Related to Settlement by Immigration Category

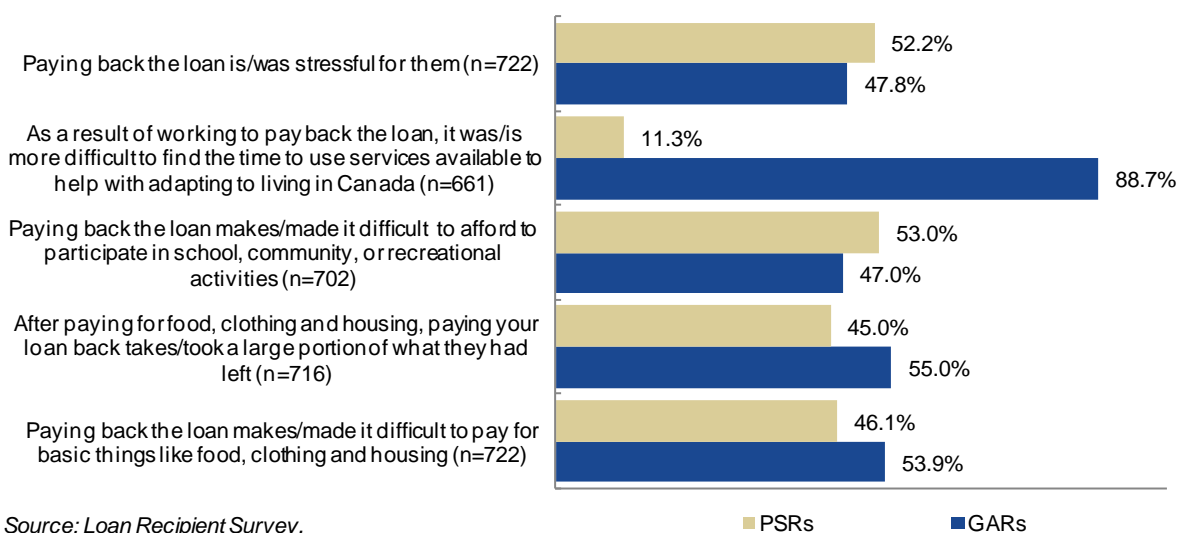
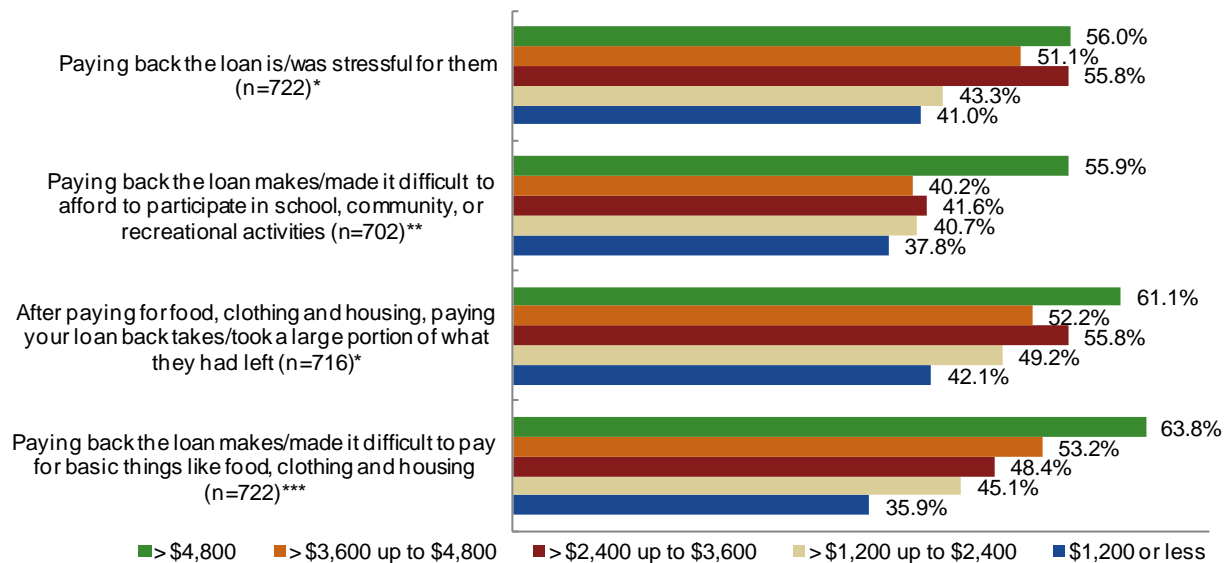
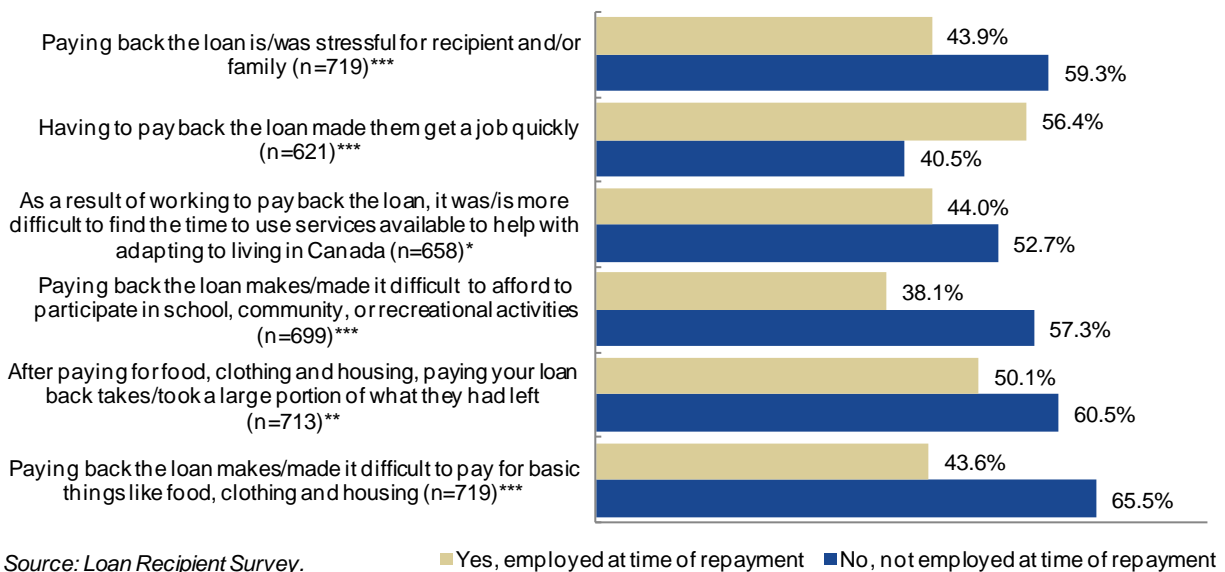


Figure 7: Impacts of Loan Repayment on Recipients Related to Settlement by Loan Size



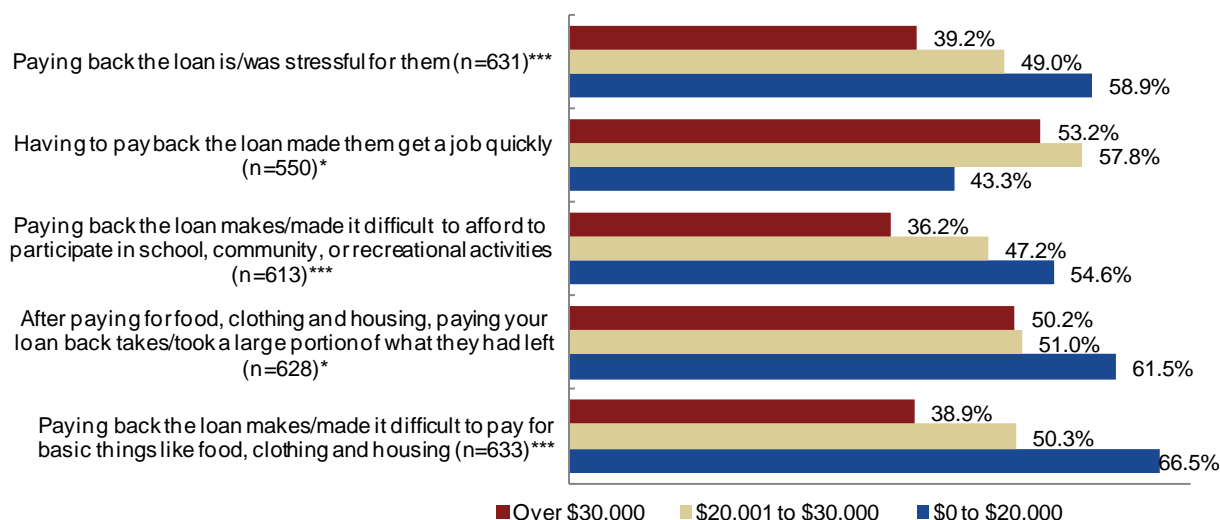
Source: Loan Recipient Survey. *** p < .001 ** p < .01 * p < .05

Figure 8: Impacts of Loan Repayment on Recipients Related to Settlement by Employment Status at Time of Repayment



Source: Loan Recipient Survey.

Figure 9: Impacts of Loan Repayment on Recipients Related to Settlement by Estimated Household Income (before taxes)



Source: Loan Recipient Survey. *** p < .001 ** p < .01 * p < .05

Table 23: Perceptions of RAP SPOs and SAHs Regarding Impacts of Loan Repayment Related to the Settlement of GARs and PSRs

Impacts of the loan related to settlement	Number of RAP SPO respondents who agreed (n=19)	Number of SAH respondents who agreed (n=17)
Paying back the loan makes it difficult to pay for basic necessities, like food, clothing and housing	19	14
After taking into account the basic necessities (like food, clothing and housing), paying back the loan takes a large portion of loan recipients' monthly income	18	15
Loan recipients are conscientious about paying back their loan	19	17
Loan recipients are appreciative of the financial assistance to help them come to Canada that is provided by the loan	16	13
Paying back the loan makes it difficult for loan recipients or their families to afford to participate in school/community/recreational activities	18	14
As a result of their loan, loan recipients have learned how to better manage their finances	8	3
During their first year in Canada, loan recipients are focused too much on paying back their loan, rather than on their settlement needs.	14	8
Loan recipients feel proud that they have been able to repay their loan	12	13
Having to repay the loan makes loan recipients feel the need to get into the labour market more quickly	16	13
The loan is a significant source of stress or anxiety for loan recipients and/or their families	18	14
Typically, in the absence of a loan, GARs/PSRs would not be able to afford to pay upfront for the costs of their admissibility (e.g. medical exam) and transportation to Canada (prior to arrival)	19	17

Source: Surveys of RAP SPOs and SAHs.