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Article

Legalizing up to 2 Million Venezuelans—Is Colombia Leading the Way into a More Migration-friendly Future?

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Legalizing up to 2 Million Venezuelans—Is Colombia Leading the Way into a More Migration-friendly Future?

ABSTRACT

The Venezuelan refugee crisis is one of the largest in the world. It is the most underfunded diaspora worldwide and stresses the already overstretched social protection systems in developing countries in the Latin American region. Colombia has been the main destination for many, but high poverty levels have made it difficult for the country to absorb the effects. Venezuelans in Colombia face elevated levels of poverty, food insecurity and xenophobia. There are gaps with respect to access to health and education, as well as the labor market and housing compared to the local population. The pandemic has further exacerbated those challenges. The Colombian government has now introduced a measure to legalize those residing in the country. How could this affect the situation of the refugee and host population? We give an overview of the situation of Venezuelans in the country and draw from the economic literature to shed some light on the potential implications of the legalization.

THE VENEZUELAN EXODUS AND THE MOST UNDERFUNDED REFUGEE CRISIS IN THE WORLD

The Venezuelan exodus is the largest of its kind in the Latin-American region and one of the largest worldwide. The number of refugees from Venezuela registered by the United Nations High Commissioner for Refugees (UNHCR) has jumped from 52,615 in 2016 to more than half a million in 2017 and nearly 5 mil-

lion in 2019, an increase of more than 9000 percent. In comparison, the Syrian refugee crisis has caused approximately 5.6 million Syrians to leave their home country 10 years after the Arab Spring (UNHCR 2021). Venezuela has traditionally been a migrant-receiving and not migrant-generating country, mainly caused by the oil-boom (Zlotnik 1998). Before the start of the crisis in 2015, the country was marked by a relatively highly skilled population when compared to the rest of the region. In 2012, Venezuela was one of four Latin American countries in which 20 percent of its population between 25 and 64 years old have a higher education degree, compared to 13.5 percent throughout the rest of the Latin-American region (Ferreira et al. 2017).

The outflow of refugees in Venezuela follows a humanitarian and economic crisis created under the authoritarian regime of Hugo Chávez and his successor Nicolas Maduro. Poverty levels in Venezuela are among the highest in the world. In 2019/20, 94 percent of the population in Venezuela is poor (compared to 33 percent in 2006) and 67 percent are considered extremely poor (compared to 6.7 percent in 2006).¹ Before the Covid-19 outbreak, 93.4 percent suffered from food insecurity and one out of three children suffered stunted growth due to severe malnutrition, compared to 1.3 out of 10 children in 2009.² In 2019/20, only 56 percent of the labor force is active in the labor market and the NEET (the rate of the young not in employment, education or training) is 45 percent.

The Venezuelan refugee crisis is the most underfunded refugee crisis in the world (Bahar and Dooley 2019). Using R4V data and data from the OCHA Financial Tracking System, Bahar and Dooley (2019) calculate that as of 2020, a total of USD 3,150 was provided per Syrian refugee, USD 1,390 per South Sudanese refugee, and only USD 265 per Venezuelan. In 2020, only 49 percent of the required USD



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¹ National Poverty Headcount Ratio from Encuesta Nacional sobre Condiciones de Vida (ENCOVI) 2019/20 and International Poverty Headcount Ratio from World Development Indicators 2021.

² ENCOVI 2019/20 and World Development Indicators 2021.

1.4 billion to address the Venezuelan exodus were met.³ This discrepancy is also present when looking at funding data for Colombia. In 2020, only 42 percent of the needed USD 782 million goal was met.

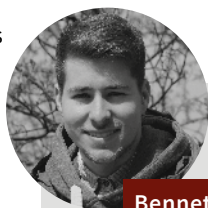
THE SITUATION OF VENEZUELAN IN COLOMBIA

Who has been Crossing the Border to Neighboring Colombia?

In 2019, according to data from the UNHCR, 36 percent of Venezuelans resided in Colombia (Figure 3). Estimates based on the Survey of Quality of Life (ECV 2019) show that nearly 4 percent of the population in Colombia was born in Venezuela, one third of which is undocumented (Figure 4).⁴ In comparison, a representative survey by GIFMM shows that 70.8 percent has none of the required legal documents (GIFMM 2021). Based on ECV (2019) estimates, 18.8 percent of Venezuelans in Colombia were studying at the time of the interview and the skill composition of the population out of education is mainly medium-skilled. More than one-third of Venezuelans in Colombia is under 18 years old and only a small percentage of 19.8 percent is over 35 years old.⁵

Venezuelan Access to the Labor Market, Social Protection and Income Sources

Even before the Covid-19 outbreak, per capita income was much lower on average for Venezuelans than for Colombians and Venezuelans have been more affected by poverty (GEIH 2019). In 2019, the per capita income of native Venezuelans was 50 percent less than the per capita income of those born in Colombia.⁶ As shown in Figure 5, on average, 58.9 percent of Venezuelans in Colombia live below the national poverty line and 16.1 percent in extreme poverty.⁷ In comparison, 34.8 percent of Colombians clas-



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sify as poor and 9.3 percent as extremely poor. In the last trimester of 2020, this percentage has increased by 2.6 percentage points to 61.5 percent for Venezuelans in Colombia, and by 2.2 percentage points to 37.0 percent for the local population (GEIH 2020). Extreme poverty grew by 2.3 percentage points for Venezuelans and 0.7 percentage points for the local population.

Food security is one of the main concerns for Venezuelans in Colombia and the percentage suffering from food insecurity has increased over time (UNHCR 2018-2020). While in 2018 5.8 percent of respondents report to only have one meal per day, this percentage has increased to 8.9 percent in 2020 (Figure 6). Not even half of respondents have 3 meals per day in 2020. Access to food has been one of the main needs of Venezuelans since 2018 but the percentage has increased in 2020. While in 2018, 13.6 percent name access to food as the number one priority, in 2020, 23.8 percent do so. Fourteen percent beg on the street to cope with food shortages, 1.7 percent engaged in survival sex and 1.3 percent in child labor (UNHCR 2018-20).

Before the Covid-19 outbreak 83.8 percent of Venezuelans between 16 and 64 years old are active in the labor market compared to 79.0 percent of Colombians (GEIH 2019). There are large gender differences in labor activity. While of the men born in Venezuela 94.9 percent are active in the labor market, this applies only to 72.3 percent of women born in Venezuela. In comparison 87.5 percent of men born in Colombia are active in the labor market, compared to

³ The United Nations estimated the financial needs for the Venezuelan refugee population in the *Regional Refugee and Migrant Response Plan (RMRP) for Refugees and Migrants from Venezuela* in 2019. In this plan, funding requirements are estimated on a need-based approach (RMRP 2019). Financial needs are assessed within areas of intervention (Aoi) for each destination country based on an estimated number of refugees arriving in the respective year of interest. The Aoi are: direct emergency assistance, protection, socio-economic and cultural integration and strengthening the capacity of the host government (RMRP 2019).

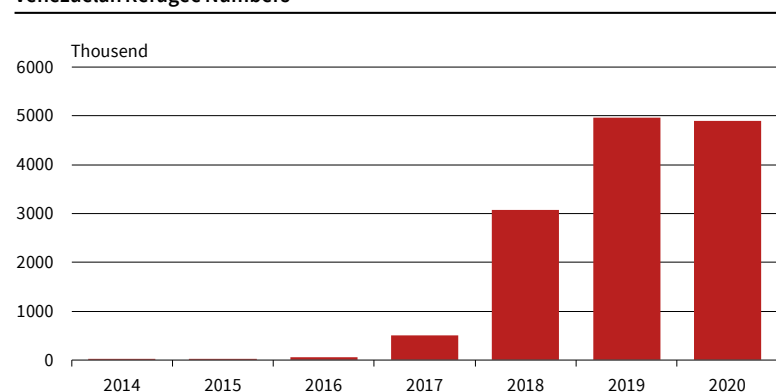
⁴ Based on own calculations. The sample consists of 9,865 Venezuelans. The survey consisted of 1,604 telephone interviews of Venezuelan households who have been living in Colombia for at least three months and up to five years. The interviews took place between December 5 and 17, 2020 and cover 99 municipalities and 25 departments. Interviewees are part of the programs *Coalición por Venezuela* and *Respuesta de Emergencia en Arauca (ERA)*.

⁵ Fourteen percent of Venezuelans in Colombia are under 6 years old, 23.9 percent are between 6 and 18 years old and 17.3 percent are between 18 and 24 years old. Another 25 percent is between 25 and 35 years old.

⁶ While the local population disposes of COP 712,809.7 on average, Venezuelans dispose of COP 417,070 Pesos on average.

⁷ Using the national poverty line of COP 327,674 and the national extreme poverty line of COP 137,350.

Figure 1
Venezuelan Refugee Numbers



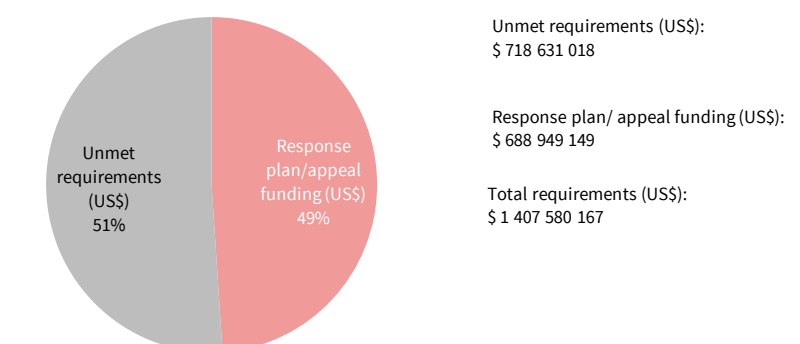
Source: UNHCR (2021), Refugee Data Finder.

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Figure 2a

Financing Total 2020

Refugee and Migrant Response Plan 2020 for Refugees and Migrants from Venezuela



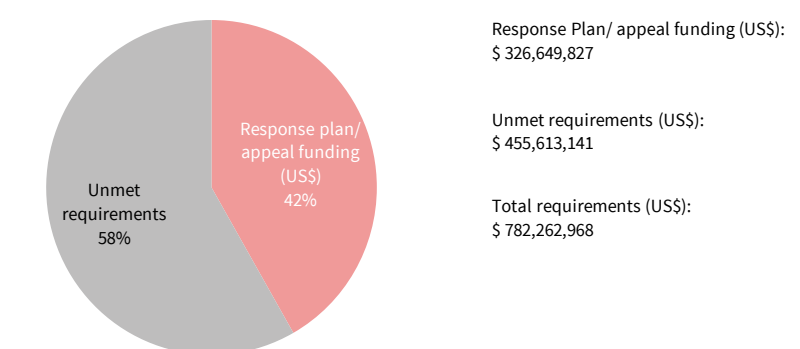
Source: Financial Tracking Service (2021).

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Figure 2b

Financing Colombia 2020

Refugee and Migrant Response Plan 2020 for Refugees and Migrants from Venezuela



Source: R4V (2021).

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70.2 percent of women. The main activity of women is housework, with 48 percent of Venezuelan women and 43.2 percent of Colombian women mainly engaging in this. The unemployment rate among Venezuelans in Colombia is 15.0 percent while it is only 10.7 percent for Colombians. It is higher for women born in Venezuela (22.5 percent) than for men born in Venezuela (9.4 percent). This is not the case when looking at the Venezuelan population born in Colombia: 13.8 percent of men are actively looking for a job compared to

8.3 percent of women. Employed Venezuelans seem to be more affected by informality but not by temporary job placements than the employed local population (GEIH 2019). The gap in health insurance is wide: While 91.7 percent of employed Colombians have access to medical insurance in the case of illness, only 23.1 percent of Venezuelans do so.

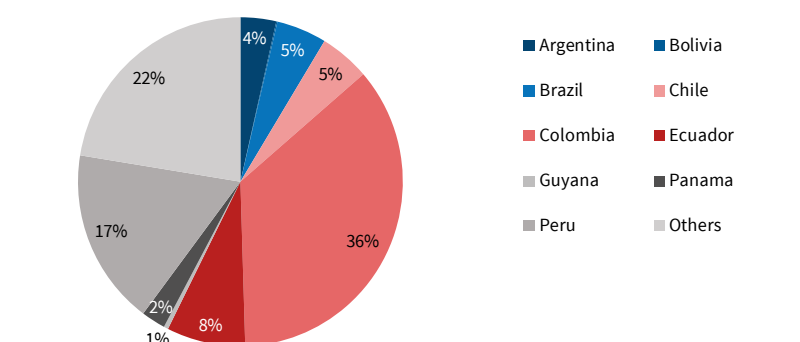
Venezuelans in Colombia are individual workers or self-employed, and they experience a large wage gap compared to the local population (GEIH 2019). Most Venezuelans found their current employment via personal contacts (79.6 percent). They work as individual workers (45.3 percent) or are self-employed (45.2 percent). This distribution is similar for the local population, with 41.8 percent working as individual workers and 40.7 percent being self-employed. In 2019, average wages of Venezuelans in Colombia are much lower than for workers born in the country: 766,232.9 Colombian Pesos compared to 1,094,992 Colombian pesos. This means that Venezuelans in Colombia earn on average 70 percent of what Colombians earn. On the other hand, unemployed Venezuelans are willing to enter the labor market for lower wages than the local unemployed population. Their acceptable minimum wage is COP (Colombian Peso) 761,026.9 on average, compared to COP 944,160 for the locals.

The access to public transfers is much lower for Venezuelans than Colombians but a larger number of Venezuelans receive remittances (GEIH 2019). While only 3.2 percent of Colombians receive remittances, this applies to 15.3 percent of Venezuelans living in Colombia. On the contrary, Venezuelans' access to aid programs provided by governmental and non-governmental entities is much lower at 5.5 percent compared to 22.6 percent of the local population. Only 2.5 percent of Venezuelan households access Colombian government programs, such as the *Families in Action program (Familias en acción)* compared to 22.1 percent of Colombian households.⁸

Venezuelan Access to Services and Productive Assets

In 2019, Venezuelans in Colombia mainly lived in houses (37.7 percent), apartments (45.6 percent) or rooms (15.3 percent) (ECV 2019), while other sources show that more than 10 percent of Venezuelans live on the streets (UNHCR 2018–20). In general, Venezuelan households seem to have less living space at their disposal than Colombian households (ECV 2019). While Venezuelan households have 2.6 rooms on average, Colombians have 3.5 rooms on average. This is although Venezuelan households are with on average 4.7 members larger than Colombian households, which have 3.9 members on average.

Figure 3

Venezuelan Refugees in Different States (2019)

Source: UNHCR (2021).

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⁸ Familias en Acción is a conditional cash transfer program based on health and educational incentives.

The pandemic has severely impacted the housing situation of Venezuelans, with 40 percent being dislodged (UN 2021). The need for housing has become a top priority in the UNHCR protection monitoring in 2020, after access to food. While in 2018, 12.2 percent name housing as their number one need, this percentage increased to 17.1 percent in 2020 (UNHCR 2019–2020). This is confirmed by a representative survey conducted by GIFMM in which 68 percent state a need for housing as their top priority need (GIFMM 2021).

Venezuelan Access to Health and Education

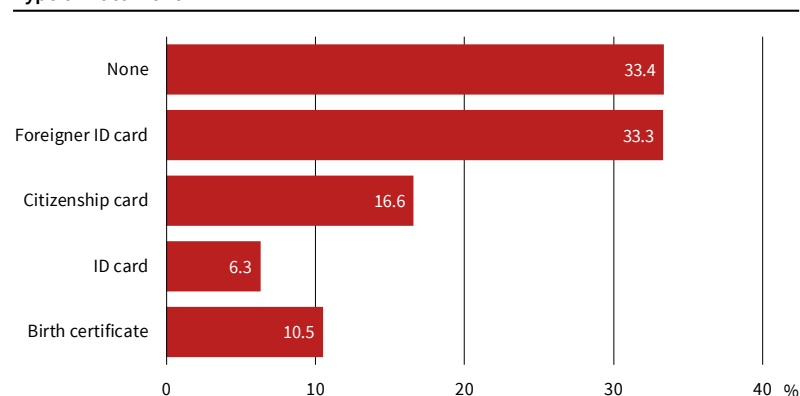
There are large deficits in the access to health services of Venezuelans (ECV 2019). Only 22.0 percent of Venezuelans have access to health insurance compared to 95.8 percent of Colombians (Figure 7).⁹ Coverage of complementary health services, e.g., a student health insurance or a pre-payment of medicines, is also very low among Venezuelans at less than 1 percent. Of those with access to health insurance, 55.9 percent have access to the subsidized service, while 41.9 percent make monthly payments. Only 27.1 percent of Venezuelans state they consult their doctor at least once a year for preventive reasons, compared to 69.6 percent of Colombians (Figure 7). Twenty-nine percent of Venezuelans do not consult with their doctor due to a lack of financial resources, followed by 25 percent stating that their current health state does not require it. Additionally, 17.9 percent blame bureaucratic processes.

Access to vaccines and pediatric care is low for Venezuelan children and one-fourth of pregnant women born in Venezuela do not have access to prenatal medical care (ECV 2019). Surprisingly, the latter is even lower for pregnant women born in Colombia (31.5 percent). Still, the percentage of pregnant women receiving vitamin supplements is lower for Venezuelans (68.2 percent compared to 77.5 percent for Colombian women). As displayed in Figure 8, an important percentage of Venezuelan children lack the required vaccines for their respective age group (20 percent). This applies to 4.3 percent of Colombian children. Only 37.6 percent of Venezuelan children get pediatric care compared to 92.4 percent of Colombian children.

Children under 5 years old who are born in Venezuela have less access to early childhood education than those born in Colombia. According to recent estimates from the ECV (2019), only 29.4 percent of children under 5 years old who are born in

Figure 4

Type of Document

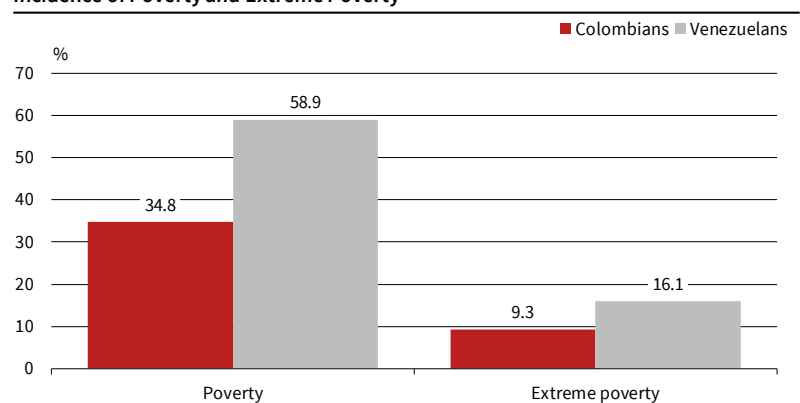


Source: ECV (2019).

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Figure 5

Incidence of Poverty and Extreme Poverty

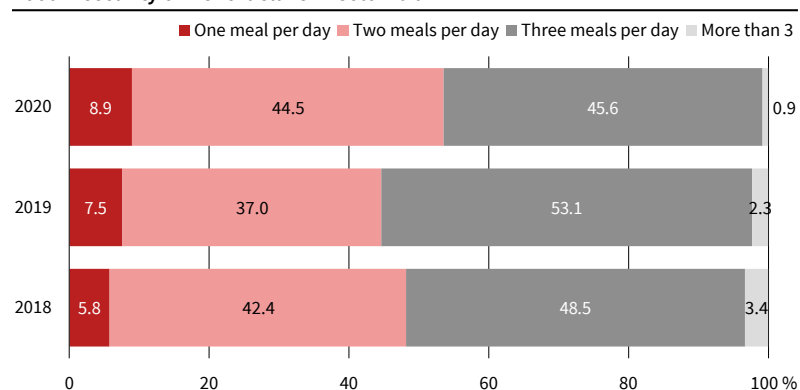


Source: ECV (2019).

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Figure 6

Food Insecurity of Venezuelans in Colombia



Source: UNHCR (2018–2020).

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Venezuela attend a pre-school educational facility, compared to 36.2 percent of children born in Colombia. For both groups, the majority stay at home with their main caregiver (mother or father). While the main reason mentioned by Venezuelan caregivers is the lack of ability to pay (21.5 percent), or the lack of respective institutions close by (5 percent), this percentage is much lower for Colombian caregivers (4.1 percent and 8.4 percent, respectively). Most Colombians state that they consider their child to be too young to attend these facilities (71.6 percent).

⁹ In Colombia, the health system is constructed around Health Promotion Agencies (Entidades Promotoras de Salud, EPS). There are two different plans accessible within these agencies: Those who can make payments are obligated to make monthly payments for the services offered. Those who cannot make payments receive subsidies services. In addition, Colombians can buy complementary health insurance services.

Figure 7
Access to Health Services (2019)

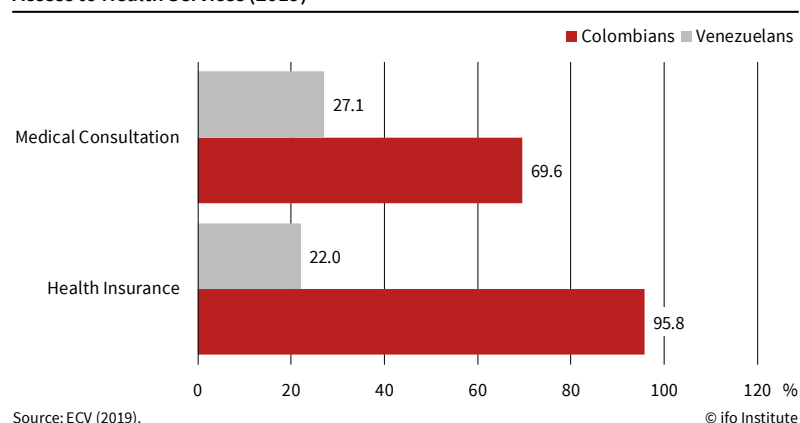


Figure 8
Access to Early Childhood Health Services (2019)

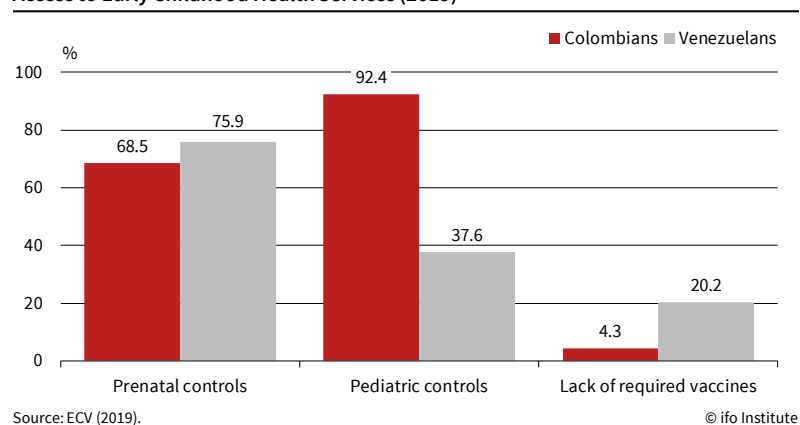
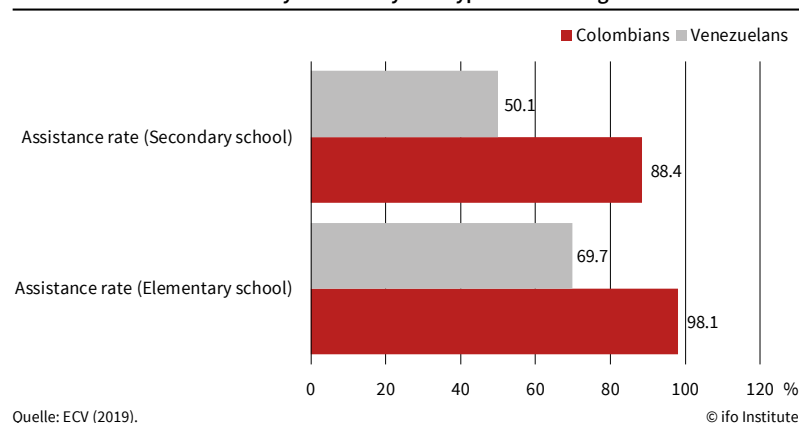


Figure 9
Assistance Rate of Students by Nationality and Type of Schooling



This percentage is only 43 percent for Venezuelan respondents. Additionally, access to social protection programs is low in general among children under 5 years old, but lower for those born in Venezuela (ECV 2019).¹⁰

There are large gaps in school attendance among Venezuelan and Colombian children and the

¹⁰ While 5.0 percent of Colombian children have access to the ICBF social protection program, only 2.6 percent of Venezuelan children do so. 5.7 percent of Colombian children under 5 years old have access to the modular program of the family environment compared to 1.4 percent of Venezuelan children.

main reasons are their refugee status as well as a lack of ability to pay (ECV 2019). According to administrative data from 2019, the percentage of Venezuelan children in the school population in Colombia is substantial (SIMAT 2021). More than 2 percent of children attending nursery school and kindergarten are Venezuelan. This percentage is 6.7 percent in primary schools and 3.6 percent in secondary schools (SIMAT 2021). Still, only 69.7 percent of primary school-aged children born in Venezuela do attend an elementary school at the point of the interview, compared to 98.1 percent of those born in Colombia. The gap is even wider for secondary school students (Figure 9). While only half of secondary-aged children born in Venezuela attend school at the point of the interview, this applies to 88.4 percent of those born in Colombia. The main reason for being out of school for Venezuelan elementary school children is the fact that they had to leave their place of residency (49.6 percent) followed by the inability to pay (30.1 percent). Being a refugee is the main reason for being out of school for 42.8 percent of secondary school students, followed by the lack of financial resources (12.6 percent) and ability to pay (11.8 percent), and 5.9 percent of children who are of secondary-school age state that they have to work.

A recent report by Sesame Workshop (2020) concludes that Venezuelan refugee and migrant children in Colombia grow up in especially vulnerable situations. To escape poverty, they fall victim to child labor, sexual abuse or become a criminal gang member. They are also subject to xenophobia. Additionally, a large number of children born in Colombia to Venezuelan parents fell into statelessness since they had no right to apply for the Colombian citizenship because they could not access the necessary documentation back in Venezuela and because consular activities in Colombia have been abrogated. In 2019, an estimate of nearly 28,000 Venezuelan children in the country were stateless (UNHCR 2019).

The pandemic further exacerbates the gaps in health and education. The GIFMM (2021) study finds that 15 percent of Venezuelan children between 5 and 11 years old did not have access to education before the pandemic. This percentage increased to 46 percent during the Covid-19 restrictions in Colombia. The same percentage increased from 23 percent to 48 percent for the 12- to 17-year-old age bracket.

Crime, Human Trafficking and Xenophobia

There are numerous reports swirling about the increase in human trafficking and sex exploitation in the surge of the Venezuelan refugee crisis, but data to estimate the impact is lacking. Reports about the increase in human trafficking in the entire region, but especially at the Colombian border with Venezuela, are mounting. The UNHCR Project Monitoring data from 2018–2020 shows that 3.4 percent of respond-

ents have experienced sexual assault or harassment and 2.4 percent have been raped, had transactional sex or were otherwise sexually exploited during their trip to Colombia.¹¹ 70.1 percent of 623 interviewed Venezuelans indicate that they entered the country irregularly. This dynamic is exacerbated by the Covid-19 pandemic, since Venezuelan migrants and refugees increasingly rely on coyotes, face a loss in income and work opportunities, and could additionally be increasingly exposed to the virus (R4V 2020).

Estimates based on the Latinobarómetro from 2018 show that over 80 percent of respondents in Colombia, regardless of gender and age, believe that the arrival of immigrants in the country harms them or their family. However, only about 0.2 percent of the respondents say that immigrants are the most important problem facing the country. Although the Colombian population has been sympathetic toward the Venezuelan refugees in general, events in recent years have made Venezuelans more vulnerable to discrimination and stereotypes (Proyecto Migración Venezuela 2020). The survey of perception on migration in Colombia (Encuesta de Percepción de la Migración en Colombia)¹² shows that the view of Colombians toward their neighbors has changed over time (Proyecto Migración Venezuela 2020). Nearly half of Venezuelans in Colombia feel discriminated against because of their nationality (GIFMM 2021).

COLOMBIA'S OPEN DOOR POLICY: AN ACT OF HUMANITY OR POLITICAL CALCULATION?

The Decree

On February 8, 2021, President Iván Duque opened a new pathway to legality for Venezuelan refugees in Colombia. The new Statutory Temporary Protection status, to which Venezuelans can now apply, allows them to reside in Colombia for up to 10 years before having to reapply for residency, to work legally, and to access healthcare services. All Venezuelans who are already in the country officially or who enter legally in the next two years are eligible. In addition, anyone who can prove that they entered the country illegally before January 31, 2021, can officially register with authorities and obtain the Statutory Temporary Protection status.

¹¹ Fourteen out of 407 respondents report sexual harassment and or assault and 10 out of 407 respondents report forced sex (UNHCR 2021).

¹² The *Encuesta de Percepción de la Migración en Colombia* is a survey with the goal to determine the perception of Colombians towards the Venezuelan migrant population currently living in their country. It has been conducted three times in the past three years. The first survey period was in July 2019, the second from March 19 until April 10, 2020 and the third from August 21 until September 10, 2020. The first surveys consisted of 1,006 and 1,003 telephone interviews in 91 municipalities. The third survey consisted of 2,289 telephone interviews in 86 municipalities. The surveys are representative on a national level with respect to age groups, socioeconomic backgrounds and sex (Proyecto Migración Venezuela 2019 and 2020).

This is accompanied by Duque's announcement that those who do not register may be subject to deportation.













The political economy behind the decree is many-fold, but the message is clear: Colombian authorities recognize that Venezuelans have come to stay. President Duque articulated in an interview the expectation that migrants would not stay for just a few years, but "for more than a decade" (Otis 2021). The foreign office of Colombia emphasized the growing humanitarian need of the Venezuelan refugee population, which led to the creation of the Temporary Protection Status. Moreover, the Colombian government hopes that the Temporary Protection Status will help to increase the support received from the international community and that it will inspire other states to follow their example. With the new regulation, Duque acknowledges that Venezuelan migrants have come to stay. As the risk of deportation vanishes for legalized migrants, they can begin to care about their future in the longer term and start small businesses, for example. They can open bank accounts, save income and invest in their children's future. The UN calls the decree an "act of solidarity" and "an example for the world." President Duque calls on the world community to follow his example in dealing with the displaced Venezuelans.

Other reasons might be driving the decision to introduce the new policy. The pandemic and the increased need for vaccines might be another driver behind the decree. Moreover, irregular migrants get access to the social protection system, and with this, health and education services. In addition to ethical reasons, there might be economic reasons behind the decree. While there are short-term costs (net fiscal costs of 0.5 percent of Colombia's GDP in 2019), the International Monetary Fund (IMF) estimates that migration will be responsible for higher GDP growth of 0.25 percent each year for the following 10 years (IMF, 2020). Moreover, the new decree to legalize Venezuelan migrants in Colombia could help them to move out of informality. Another reason might be ensuring national security. Expanded identification of the migrant population in Colombia thus facilitates possible prosecution. The country faces problems of its own, with elevated poverty levels and high social inequality, and successfully integrating Venezuelans might impede adding on to those.¹³

¹³ Colombia is a country marked by high levels of social inequality and poverty. In 2019, the poverty rate, measured as the rate of people living on less than 5.5 2011-PPP-US\$ per day, is 29.4 percent and higher than the regional average of 22.5 percent (WDI 2021). The extreme poverty rate, measured as the rate of people living on less than 1.9 2011-PPP-US\$ per day, is 4.9 percent in 2019, and therefore also higher than the regional average of 3.7 percent (WDI, 2021). The level of social inequality in Colombia ranks among the highest in the world. Colombia's Gini index is 51.3 in 2019 and the only country with a higher index in the Latin-American region is Brazil (WDI 2021).

Table 1

Three Pillars behind the Effects of Legalizing Undocumented Migrants

Three Pillars Behind the Effects of Legalizing Undocumented Migrants					
Labor market		Social protection and public services		Attitudes and crime	
The potential effect on immigrants					
	Wage increases		Increased access to health		Less xenophobia
	Employment increases		Increased access to education		Access to the justice system
The potential effect on natives					
	Ambiguous		Increased tax revenue		Less crime
	Ambiguous		Increased tax spending		Incentivize new immigrant flows

Source: Own elaboration based on literature review.

POSSIBLE IMPLICATIONS OF LEGALIZATION: INSIGHTS INTO LEGALIZATIONS IN OTHER COUNTRIES AND THE ACADEMIC LITERATURE

In the following, we will summarize findings about legalizing immigrants based on a literature review. The main findings are summarized in Table 1.

The literature so far has shown that legalization has a variety of positive effects on health, education as well as labor market outcomes for immigrants themselves, but that the effects are less clear for the native population. Evidence from the scientific literature shows that legalization programs are highly beneficial for immigrants themselves (Table 1). Not only do they gain access to social protection, the justice system and public services, such as healthcare and education, but it is also easier for them to come out of the shadows and become part of the formal labor market. Still, more research is needed to fully confirm this effect for markets with high levels of informality, such as the one in Colombia. Integrating immigrants is also important when looking at attitudes toward migrants. The effect of amnesty programs on natives, on the other hand, is less clear. While numerous studies have found that the burden on tax systems and government spending fades over time, or is even positive, the overall effect on native wages and employment status is less clear. More studies are needed to assess the conditions under which natives are affected negatively or positively, and there is also a lack in the literature with respect to the impact of amnesty programs on voting outcomes, especially in the developing world.

CONCLUSION AND DISCUSSION

The effects of the new policy reform in Colombia are difficult to predict but could be positive as the decree could decrease the pressure on a labor market with high informality; it will probably close some of the welfare gaps Venezuelans are currently facing in

the country. The Venezuelan population in Colombia is young and willing to work. It is in the interest of the government to bring them out of the shadow and make them contribute to the welfare system. Additionally, Venezuelans are also willing to work at lower wages—this could change when they become part of the formal labor market and have access to wage protection mechanisms, such as the minimum wage. The bill will probably help close some of the gaps between Venezuelans and locals outlined in this report, which is especially important for the large percentage of children among the Venezuelan population and their long-term projections for a successful future in Colombia. As past waves of refugees have shown, refugees often come to stay.

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