

INTERNATIONAL MONETARY FUND

WESTERN HEMISPHERE DEPARTMENT

# **Regional Spillovers from the Venezuelan Crisis**

## **Migration Flows and Their Impact on Latin America and the Caribbean**

Prepared by Jorge Alvarez, Marco Arena,  
Alain Brousseau, Hamid Faruqee,  
Emilio Fernandez-Corugedo, Jaime Guajardo,  
Gerardo Peraza, and Juan Yépez Albornoz

DP/2022/019

**2022**  
**DEC**



DEPARTMENTAL PAPER

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**Cataloging-in-Publication Data**  
**IMF Library**

Names: Alvarez, Jorge A., author. | Arena, Marco, author. | Brousseau, Alain, author. | Faruqee, Hamid, author. | Fernandez-Corugedo, Emilio, author. | Guajardo, Jaime, author. | Peraza, Gerardo, author. | Yépez, Juan, author. | International Monetary Fund, publisher.

Title: Regional spillovers from the Venezuelan crisis : migration flows and their impact on Latin America and the Caribbean / prepared by Jorge Alvarez, Marco Arena, Alain Brousseau, Hamid Faruqee, Emilio Fernandez-Corugedo, Jaime Guajardo, Gerardo Peraza, and Juan Yépez Albornoz.

Other titles: Migration flows and their impact on Latin America and the Caribbean. | International Monetary Fund. Western Hemisphere Department (Series)

Description: Washington, DC : International Monetary Fund, 2022. | DP/2022/019 | December 2022. | Includes bibliographical references.

Identifiers: ISBN: 9798400224478 (paper)  
9798400225109 (ePub)  
9798400225314 (web PDF)

Subjects: LCSH: Emigration and immigration—Economic aspects. | Latin America—Economic conditions.

Classification: LCC JV6217.A48 2022

The Departmental Paper Series presents research by IMF staff on issues of broad regional or cross-country interest. The views expressed in this paper are those of the author(s) and do not necessarily represent the views of the IMF, its Executive Board, or IMF management.

The authors are grateful to Ilan Goldfajn, Julie Kozack, and Patricia Alonso-Gamo for their guidance throughout the project. The paper also benefitted from various inputs and discussions with IMF, Western Hemisphere Department (WHD) country teams and WHD seminar participants. Thanks also to colleagues from COM, ICD, RES, SPR, and STA for useful comments and staff from UNHCR Americas for helpful discussions.

The authors would also like to thank Kristine Laluces for production assistance and Lorraine Coffey (COM) for leading the editorial and production process.

Publication orders may be placed online or through the mail:  
International Monetary Fund, Publication Services  
P.O. Box 92780, Washington, DC 20090, U.S.A.  
T. +(1) 202.623.7430  
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# Executive Summary

In the wake of a historic humanitarian crisis and economic collapse, Venezuela experienced a large exodus of people who migrated to other countries in Latin America and the Caribbean (LAC). This departmental paper documents the crisis in Venezuela and the ensuing migration flows to LAC, shedding light on the local and macroeconomic impact of these migration flows on recipient economies and discussing the country-specific responses and policy options going forward. The analysis presents important lessons that could inform policy solutions to other large migration episodes elsewhere in the world. The first chapter studies the forces behind this exodus, for which the unprecedented collapse in economic and living conditions in Venezuela were central (push) factors that led to one of the largest migration episodes in history—with nearly 7 million people having left Venezuela by August 2022. It also shows that most of them relocated to other countries in LAC and looks at the socioeconomic characteristics of migrants and how these characteristics make the Venezuelan crisis different from other migration episodes that have typically affected advanced economies. While the pandemic temporarily limited the migration flows, more than a million people have left Venezuela since end-2020 as travel and borders restrictions eased, a trend that could continue in the coming years.

For recipient economies, the main spillovers from the Venezuela crisis have been through migration rather than through trade or financial channels. Thus, a key socioeconomic issue for partner countries revolves around the potential effects on local labor markets and employment. The second chapter in this volume shows how the influx of Venezuelan migrants encountered a diverse set of labor market conditions in recipient countries in LAC—with common language and culture as advantages but legal and non-legal barriers as challenges. As a result, many migrants attached to the informal sector, leading to some mismatch of skills given their levels of education. The analysis finds no significant evidence of displacement of local workers from migration, given the informal markets' ability to absorb the inflows of new workers. With productivity losses due to labor misallocation in the near term, the analysis also highlights how LAC economies would benefit from a deeper integration of migrants into domestic labor markets to raise productivity and potential growth.

At the macroeconomic level, recipient countries have benefited from the boost in internal demand and the labor force due to the inflow of Venezuelan migrants. Accounting for various frictions, the analysis in the third chapter indicates that migration flows may have raised annual GDP growth in the largest recipient economies in LAC between 0.10 and 0.25 percentage point on average since 2017. If migration flows continue over the next years as expected, output gains should further accumulate in the region—including through higher investment and productivity. Migration inflows have also exerted pressures on fiscal and external balances in recipient countries. On the fiscal side, higher migrant-related spending (for example, health care, education, other services) amounts to between 0.1 and 0.5 percent of GDP depending on the country. However, the increase in fiscal deficits should narrow over time as the tax base expands in line with economic benefits of migration.

Finally, the last chapter of this paper takes stock of migration-related policy actions taken in recipient countries in LAC to support and integrate Venezuelan migrants. The chapter provides a framework and tracks the evolution of policies related to immigration, humanitarian assistance, provision of public services, and domestic labor market policies. A central theme for policies is how to best manage the costs of adjustment while taking advantage of the prospective benefits of migration. Drawing on the experience from the LAC region, as well as from other migration episodes, this section concludes with various policy initiatives and offers strategic priorities for regional partners to manage the transition and reap the benefits of migration spillovers.



# Acronyms and Abbreviations

CAMI	Irregular Migrant Assistance Centers
CCSS	Costa Rican Social Security Fund
CdT	Carteira de Trabalho
CPP	Temporary Stay Permit Card
DANE	Colombia's National Administrative Department of Statistics
ENCOVI	Encuesta Nacional de Condiciones de Vida
ETPV	Temporary Protection Statute
GDP	Gross Domestic Product
LAC	Latin America and the Caribbean
MBPD	Million Barrels per Day
OPEC	Organization of Oil Exporting Countries
PDVSA	Petróleos de Venezuela S.A.
PEPs	Special Permanence Permits
PAHO	Pan-American Health Organization
PPT	Temporary Protection Status
PTP	Temporary Stay Permit
R4V	The Interagency Coordination Platform for Refugees and Migrants.
RUMV	Unique Registry of Venezuelan Migrants.
SENA	National Learning Service Agency.
TUV	Uniform Vaccination Card.
UNHCR	United Nations Refugee Agency



# 1. The Venezuelan Exodus: An Unprecedented Economic and Humanitarian Crisis

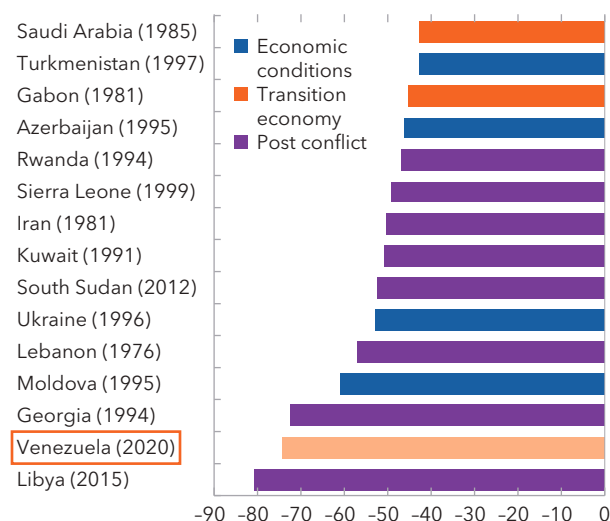
Venezuela experienced one of the most severe economic and humanitarian crises on record during the last decade. Real GDP is estimated to have contracted by more than 75 percent between 2013 and 2021—the single largest economic collapse for a non-conflict country in almost half a century. Worsening economic conditions, collapsing basic services, and deteriorating security led 7 million Venezuelans (23 percent of the population) flee the country by August 2022, most of whom have settled in other LAC countries. Following a temporary interruption in 2020 due to the COVID-19 pandemic, migration outflows from Venezuela have resumed and are expected to continue going forward, reaching about 8 million by 2025.

## Unprecedented Economic and Humanitarian Crisis

The contraction in Venezuela’s real GDP during the last decade is among the largest and most protracted in modern history (Figure 1).<sup>1,2</sup> The Venezuelan economy contracted by about 75 percent between 2013 and 2021, the largest contraction in almost half a century for a country not at war. The closest comparators are countries that were in active conflict, such as Libya, which lost 80 percent of its GDP during the conflict that accompanied its revolution. In Venezuela’s case, economic mismanagement accelerated and amplified the economic collapse, leading to large fiscal deficits, record-high and long-lasting hyperinflation, massive currency depreciation, and a debt crisis with most of Venezuela’s external debt in default.

The collapse in economic activity was driven in part by plummeting oil production—Venezuela’s major export (Figure 2). By 2020, oil production levels had reached lows not seen since the 1930s. After averaging 2.8 million barrels per day (mbpd) during 2008–13, crude oil production fell to an average 0.9 mbpd in 2019 and bottomed out to about 0.4 mbpd in mid-2020. The sharp decline, which preceded the introduction of oil sanctions by the United States in January 2019, reflected both internal and external factors. Specifically,

**Figure 1. Largest Real GDP Declines in a Five-Year Range**  
(Percentage points)

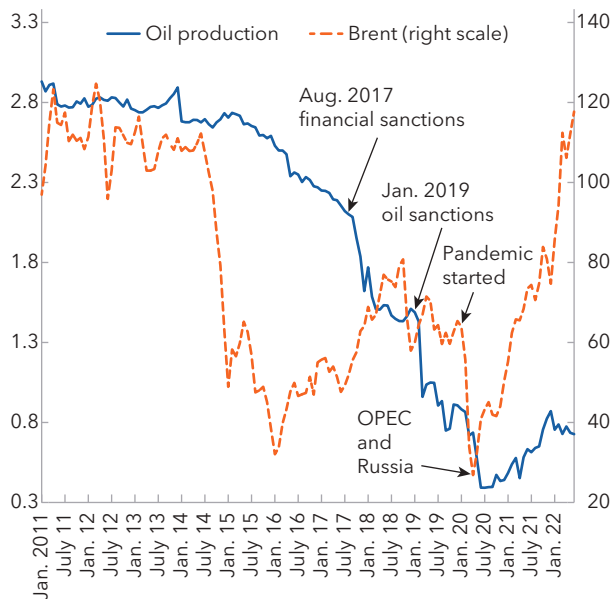


Sources: IMF’s World Economic Outlook; and IMF staff estimates.  
Note: Using data from 1970 onwards. Economic conditions including decline in oil prices.

<sup>1</sup> As the country has ceased publication of most official economic series, this chapter relies in part on private sources, for which there has not been a quality assessment.

<sup>2</sup> Fragility and conflict can pose heavy human costs on populations and can have long-lasting economic consequences. Fragile and conflict-affected states (FCS) share common features that differentiate them from non-FCS that alter the way the economy operates, including difficulties in providing public goods, rising inequality and deep grievances against the state as well as an increased risk of violence (see IMF 2022).

**Figure 2. Venezuela: Oil Production, 2011-22**  
(Million barrels per day)



Source: OPEC.

the oil production drop is explained by the global oil price collapse of 2015, the severe mismanagement of the oil sector domestically, declining sectoral investment (reflected by a drop in the rig count to zero in June 2020), and a loss of human capital (seen, for example, by the separation and eventual imprisonment of 65 *Petróleos de Venezuela S.A.* executives in 2017).<sup>3</sup> Moreover, power outages were another factor, impacting oil production and economic activity in general. As a result, despite being an oil producer, Venezuela has experienced widespread fuel shortages around the country, which has disrupted mobility and has significantly increased transportation costs.

Faced with macroeconomic instability and mismanagement, the rest of Venezuela's economy was also severely disrupted and continues to face challenges. According to official data from the Central Bank of Venezuela, non-oil GDP fell by about 56 percent between the first quarter of 2013 and the first quarter of

2019. The largest contraction (96 percent) was in the construction sector, followed by financial services and manufacturing, with contractions of 88 percent and 83 percent, respectively. The agricultural sector has also seen a sharp decline in production. In addition, firms continue to face unreliable provision of basic services, lack of access to credit, and a shortage of skilled workers given migration outflows.<sup>4</sup> The marked reduction in disposable income has severely depressed aggregate demand. Lower domestic absorption, coupled with the lack of external financing, has been a drag on imports. On the export side, Venezuela has been able to place its heavy crude oil in the Asian market at a substantial price discount, alleviating in part the impact of sanctions. Against this backdrop, the current account has been recording surpluses since 2017, except in 2020.

Social services and economic integration were also severely affected by the crisis. Facing scarce resources in the provision of basic services, the state has scaled back its presence in rural regions in favor of the capital, Caracas. Basic government functions like policing, road maintenance, health care, and public utilities have been abandoned in many regions. Paramilitary armed groups have partly replaced the state security apparatus near the border between Venezuela and Colombia.<sup>5</sup> In addition, the state's retrenchment has led to Venezuela's breakup into more localized and segmented economies with only nominal links to Caracas. Alongside this breakdown in internal economic ties, regions close to Venezuela's borders have resorted to smuggling and cross-border trade for survival. Agricultural towns in Venezuela's interior have sunk into subsistence as the collapse of the road system and gasoline shortages decimated domestic trade. Tourism hot spots, however, have survived catering mainly to high income individuals.

<sup>3</sup> See Bahar and others (2019) for a detailed description of the factors behind the decline in oil production in Venezuela.

<sup>4</sup> Saboin (2021) offers a description of the challenges reported by surviving firms, as well as some of the opportunities in the event of implementation of a comprehensive recovery strategy. Shortages in skilled workers is one of the key challenges faced by firms, as skilled workers were among the first to emigrate at the onset of the economic crisis.

<sup>5</sup> See <https://www.americasquarterly.org/article/a-major-roadblock-in-future-u-s-venezuela-talks-the-eln/>.

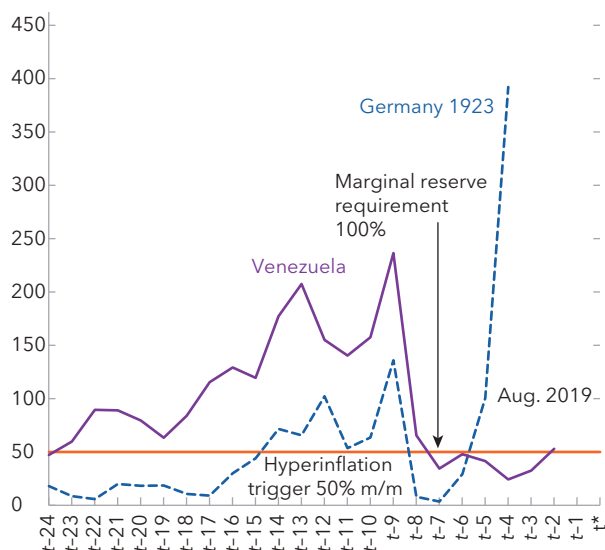
As part of its macro instability, Venezuela also experienced one of the longest bouts of hyperinflation in history (Figure 3). The rise in prices reached hyperinflation levels as massive fiscal deficits (averaging 16.8 percent of GDP between 2014 and 2019) were monetized to compensate, albeit unsustainably, for the drop in other sources of budget financing such as oil and tax revenues. After reaching a peak of more than 200 percent in January 2019, monthly inflation declined to below 50 percent since in February 2021. This decline is explained by policies taken to tighten liquidity, curtail the public sector deficit, raise reserve requirements, and ramp up foreign exchange interventions, which ultimately contained the rate of exchange rate depreciation and inflation.

With the output collapse and hyperinflation, labor market conditions progressively deteriorated and remain weak. Although more than half of the working-age population is employed, labor participation is the lowest in LAC.<sup>6</sup> Formal employment has declined while self-employment has risen in relative terms, providing alternative sources of income. The share of formally employed people in the public and private sectors fell by 15 percentage points between 2014 and 2019/20, while the share of self-employed and independent workers rose by 14 percentage points to 45 percent of employment nationwide.<sup>7</sup> Labor income has also suffered as hyperinflation decimated the purchasing power of salaries.<sup>8</sup>

As a result of the economic collapse, social conditions have deteriorated and poverty has risen sharply. According to the national living conditions survey ENCOVI 2019/2020, income poverty almost tripled from 33.1 percent of the population in 2013 to 96.2 percent in 2019/2020, and extreme poverty has increased nearly sevenfold to 79.3 percent in the same period. The country is experiencing a reversal of the progress achieved in previous decades in health and nutrition, particularly for mothers and children, as well as in the control of communicable diseases. For example, infant mortality rose from 14.2 percent in 2008 to 21 percent in 2019, while maternal mortality increased from 115 to 125 deaths per 100,000 live births between 2013 and 2017.<sup>9</sup> A third of the children younger than five are chronically malnourished, one of the highest rates in LAC. New HIV infections increased by 24 percent between 2010 and 2016,<sup>10</sup> while cases of tuberculosis and malaria have risen by 41 percent and 65 percent between 2014 and 2016, respectively.<sup>11</sup> COVID-19 vaccination rates are low, with only half of the population fully vaccinated (compared to two-thirds in LAC).

**Figure 3. Venezuela and Germany Hyperinflation Episodes**

(m/m percent change)



Sources: Madison database, IMF's World Economic Outlook; and IMF staff estimates.

<sup>6</sup> Based on data from ENCOVI, a survey that measures the quality of life and living standards conducted by Universidad Católica Andrés Bello over the period 2014–19/20, due to the lack of reliable official statistics.

<sup>7</sup> This is high for regional standards, considering that in LAC, on average, only one out of three workers are self-employed.

<sup>8</sup> In 2022, after several years of hyperinflation, the government decreed an 18-fold increase in the monthly minimum wage.

<sup>9</sup> Maternal mortality is defined as women who die from pregnancy-related causes while pregnant or within 42 days of pregnancy termination.

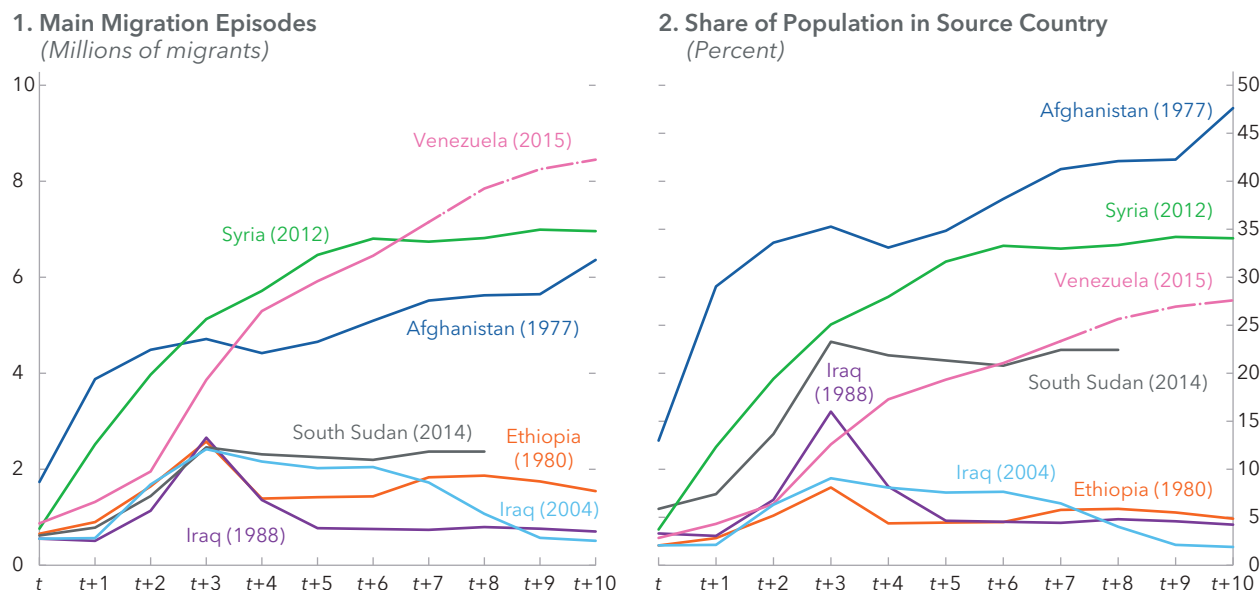
<sup>10</sup> WHO. 2018. PAHO's Response to Maintaining an Effective Technical Cooperation Agenda in Venezuela and Neighboring Member States.

<sup>11</sup> PAHO. 2018. *Plan Maestro para el Fortalecimiento de la Respuesta al VIH, la Tuberculosis, y la Malaria* en la República Bolivariana de Venezuela.

## Ensuing Exodus in Venezuela

Dire economic and humanitarian conditions triggered the largest migration crisis in LAC’s history. The Venezuelan crisis led to migrant outflows comparable to those of the largest world migration crises of the past half century (Figure 4). About 7 million Venezuelans are estimated to have left the country as of August 2022,<sup>12</sup> surpassing the levels seen in Ethiopia (1980), Iraq (1988, 2004), South Sudan (2014), and the number of refugees who have fled the war in Ukraine (6.3 million as of August, 2022 according to UNHCR).<sup>13</sup> However, the number of Venezuelan migrants accounts for 23 percent of the total population, less than in Syria (2012) and Afghanistan (1977), where it accounted for more than 35 percent of the population five years after the crises started. All these other migration episodes were due to armed conflicts, however, hence push factors were more severe. Venezuela is the country with the largest migration outflows in recent years for a non-conflict country.

**Figure 4. International Comparison of Migration Episodes**



Sources: IMF’s World Economic Outlook; World Development Indicators, United Nations Refugee Agency; and IMF staff estimates. Note: t defined as the first year when refugees exceed 500k. Only countries with at least 2 million refugees are shown.

The destination and composition of Venezuela’s migrant flows changed as the crisis intensified. Most migrants have settled in other Latin American countries, while some have migrated to other regions, mainly to the United States and Spain. Colombia has received the largest number of migrants, totaling 2.5 million or about 5 percent of the Colombian population in August 2022.<sup>14</sup> Chile, Ecuador, and Peru have also received sizable flows, with the combined number of migrants exceeding 2 million (more than 3 percent of the local population on average). Although Aruba and Curacao have received a smaller share of migrants, they represent a much larger share of their populations, ranging between 9 and 15 percent. With the onset of the pandemic, migration flows slowed in 2020 as countries closed their borders due to sanitary concerns

<sup>12</sup> As of August 5, 2022, 6.81 million Venezuelans were living abroad according to the r4v.info website.

<sup>13</sup> Refugee and migrants have distinct and different meanings. Refugees are defined and protected in international law (for example, [1951 UN Convention on Refugees](#)). On the other hand, and according to UNHCR, migrants choose to move not because of a direct threat of persecution or death, but mainly to improve their lives by finding work, or in some cases for education, family reunion, or other reasons. Unlike refugees who cannot safely return home, migrants face no such impediment to return. Nevertheless, the framework presented in this paper is useful to understand the economic implications of large human mobility episodes.

<sup>14</sup> This total includes about 350,000 returning Colombians who had moved to Venezuela decades ago.

(Chapter 4). However, migration flows resumed in 2021–22 as countries reopened their borders and are expected to rise further as some countries have started to grant protective status to Venezuelan migrants (for example, Colombia and Ecuador).

The Venezuelan migration crisis has featured three major phases. The composition of migrants has evolved since the onset of the Venezuelan crisis, with the demographic and socioeconomic conditions varying depending on the severity of the collapse in economic and social conditions (Paez and Vivas 2017).

- **First phase:** The first migration wave was in the early 2000s, prior to the economic crisis. The initial wave was characterized by people with a high level of education, strong professional qualifications, and ample financial resources. Many of these migrants were business owners or figures from the political opposition.
- **Second phase:** The middle class started leaving Venezuela since 2014. People with technical degrees and young people with a university degree, but no professional experience, left the country in search of better employment opportunities abroad once the economic crisis started affecting them. Many ended up accepting formal but unskilled jobs. This phase also included several political opponents and human rights activists. Colombians were also deported from Venezuela following diplomatic tensions between the two countries.
- **Third phase:** Since 2017 and 2018, when the Venezuelan economy completely collapsed, migrants have tended to be from low-income households, with a lower level of tertiary education, few professional skills, and little financial resources. The numbers of such migrants leaving the country rose exponentially in this phase—with an increased prevalence of families (often single-headed households, consisting of a mother and several young children) leaving Venezuela, compared to prior flows that consisted primarily of adult men travelling alone or adult couples. One reason behind this shift is that many of those who left Venezuela during this period traveled to reunite with a relative who had already migrated in previous years.

The demographic profile of migrants is like that of the local populations in host economies in the region. Almost two-thirds of Venezuela’s migrants are of working age, and almost half are female. Migrants who headed to Venezuela’s immediate neighbors—Brazil, Colombia, Guyana, and Trinidad and Tobago—are younger and more educated than local populations but have lower educational attainment than Venezuelans who moved to other countries farther away—such as Argentina, Chile, Costa Rica, Paraguay, and Uruguay (with more than half of Venezuelan migrants in these countries having a bachelor’s or master’s degree).<sup>15</sup>

**Figure 5. Number of Venezuelans in Select South American Countries**



Sources: U.N. High Commissioner for Refugees and local authorities.

<sup>15</sup> See Chaves-González and Echeverría Estrada (2020).

## Future Migration Flows

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The COVID-19 pandemic—with its related restrictions on mobility and border closures—reduced the flow of Venezuelan migrants from an average of 1.7 million people per year in 2018-19 to 0.6 million in 2020, most of which took place in the first few months of the year. Migration flows have resumed in 2021-22, with 1.3 million migrants having left Venezuela since end-2020, and are expected to continue going forward, although at lower levels than before the pandemic. Typical migration “push” factors are expected to weaken in coming years due to the economic recovery in Venezuela supported by higher global oil prices and de facto dollarization. The recent decline in inflation will also attenuate the incentives to migrate.

However, the country and its population remain highly vulnerable to additional shocks. Although the economy appears to be gradually recovering from its severe collapse, exposure to key risks remain in several areas. For instance, further deterioration in electricity supply could exacerbate the humanitarian crisis by hitting the provision of water and health services. Other risks include more acute shortages of gasoline and diesel, which would not only be highly disruptive for economic activity but could also exacerbate electricity shortages. All these factors could accelerate migration outflows to neighboring countries.

Given the high degree of uncertainty about economic and social prospects, the authors consider two migration scenarios when building economic projections in the following chapters. The baseline scenario assumes that the number of Venezuelans residing abroad reaches 8.4 million in 2025, about 1.4 million higher than the current number of Venezuelan migrants. As a sensitivity analysis, we consider a lower bound scenario, in which the number of migrants reach only to 7.4 million by 2025 due to weaker push factors resulting from a stronger than expected economic recovery in the home country.

The rest of the paper discusses the main economic spillovers across LAC from these migration flows. Chapter 2 discusses the impact of Venezuelan migration on individual labor markets based on available granular evidence for Colombia. Chapter 3 studies the overall macroeconomic and fiscal implications of migration flows—the main spillover channel from the crisis over the past 5 years—on recipient countries in LAC. Finally, Chapter 4 discusses the migration policies implemented across countries so far and strategic policy priorities to enhance growth and welfare in recipient countries going forward.

## 2. Labor Market Outcomes from Migration in Recipient Economies

The main spillover channel from the Venezuela crisis has been through migration—raising questions about labor market effects in host countries. Younger and more educated than local populations, the influx of migrants seeking jobs has encountered a diverse set of labor market conditions in recipient economies—with common language and culture as advantages but legal and non-legal barriers as challenges. In terms of outcomes, working age migrants have faced higher unemployment, are more likely to initially work in the informal sector, and earn less than local workers. The wage gap, which rises with the education level, points to a misallocation of the migrants' human capital. Overall, Venezuelan migration tends to increase labor informality in recipient countries, but there is no evidence of displacement of local workers. Labor force participation, employment, and informality of local workers are all broadly unchanged, though there is some downward pressure on wages particularly in the informal sector. Given productivity losses due to labor misallocation in the near term, GDP growth stands to benefit from deeper integration of migrants into the formal economy.

### Migration Flows and Labor Market Implications

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A key channel through which migration impacts economic outcomes in other countries is the labor market. The arrival of migrants directly increases labor supply. The overall impact on equilibrium labor market outcomes such as wages, labor force participation, and employment depends on various factors that relate both to the composition of migrants and the destination country features. These include the timing, magnitude and demographic composition of the migrant flows, the labor market characteristics and rigidities in the recipient country, and whether migration is being driven by pull (labor demand) or push (labor supply) factors.

Past evidence focused on pull-factor driven economic migration to (mostly) advanced economies finds positive effects of migration on labor outcomes.<sup>16</sup> When there are complementarities between native and immigrant workers, immigrants can foster a move of natives toward new occupations and foster aggregate productivity gains in the economy.<sup>17</sup> The resulting gains in aggregate income can explain the very limited adverse effects found by the empirical literature on wages and employment of native workers, especially when considering long-term horizons. In the short term, however, domestic disruptions can occur in the presence of labor market rigidities, and there is some evidence (see Åslund and Rooth 2007, April 2020 World Economic Outlook—WEO, Chapter 4) that gains from migration can be smaller in the presence of higher initial unemployment in the recipient economy. These mechanisms notwithstanding, cross-country evidence from advanced economies suggests significant dynamic gains from immigration, even in the short run (April 2020 WEO, Chapter 4).

The Venezuelan migration episode is somewhat different from the episodes studied in this literature. The Venezuela experience shares some characteristics with past refugee crises, as push factors are driving migrants away from Venezuela regardless of the economic conditions of the destination country. As is

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<sup>16</sup> See Chapter 4, April 2020 WEO and Chapter 4, October 2016 WEO for a review, as well as Peri (2011); Ortega and Peri (2014); Alesina, Harnoss, and Rapoport (2016).

<sup>17</sup> See Alesina, Harnoss, and Rapoport (2016); Jaumotte, Koloskova, and Saxena (2016); Aiyar and others (2016); Cattaneo, Fiorio, and Peri (2015); D'Amuri and Peri (2014); Farré, González, and Ortega (2011), Hunt and Gauthier-Loiselle (2010), Ortega and Peri (2014), Peri, Shih, and Sparber (2015a, 2015b); and Peri and Sparber (2009).

the case with Venezuelans, refugees from other migration episodes have tended to face larger legal or non-legal barriers to enter labor markets, posing challenges to full economic integration. There is also empirical evidence that labor market outcomes of refugees are significantly worse than those of the native population (Brell, Dustmann, and Preston 2020; Evans and Fitzgerald 2017; IMF 2017a, 2017b). However, Venezuelan migrants have structural advantages over other large migration episodes. Venezuelans tend to be more educated than the average citizen of destination economies, and language and cultural assimilation barriers are relatively low in Spanish-speaking countries. In addition, with large informal sectors in many LAC countries, there is a sizeable margin of labor market absorption—particularly for low-skill migrant workers.

This chapter explores the labor market outcomes of Venezuelan migrants, their characteristics, and their impact on local labor markets. First, it discusses the labor market flow magnitudes and recipient labor market characteristics across the region. Second, it studies labor market outcomes of migrants vis-à-vis locals and how migration flows alter equilibrium unemployment, labor force participation, and wage dynamics. This requires micro-data that identifies migrants from locals and contain information on the demographic composition of both groups. Among the LAC countries with large Venezuelan migration, Colombia has the most detailed nationally representative data source covering migrants and locals in both the formal and the informal sectors. For this reason, the chapter focuses on the role of Venezuelan migrants in the Colombian labor market and uses these results to inform the modelling approach that studies the macroeconomic effects of migration in Chapter 3. Third, the findings are contrasted with those of other studies.

## Migrant Flows across Regions and Local Market Impacts

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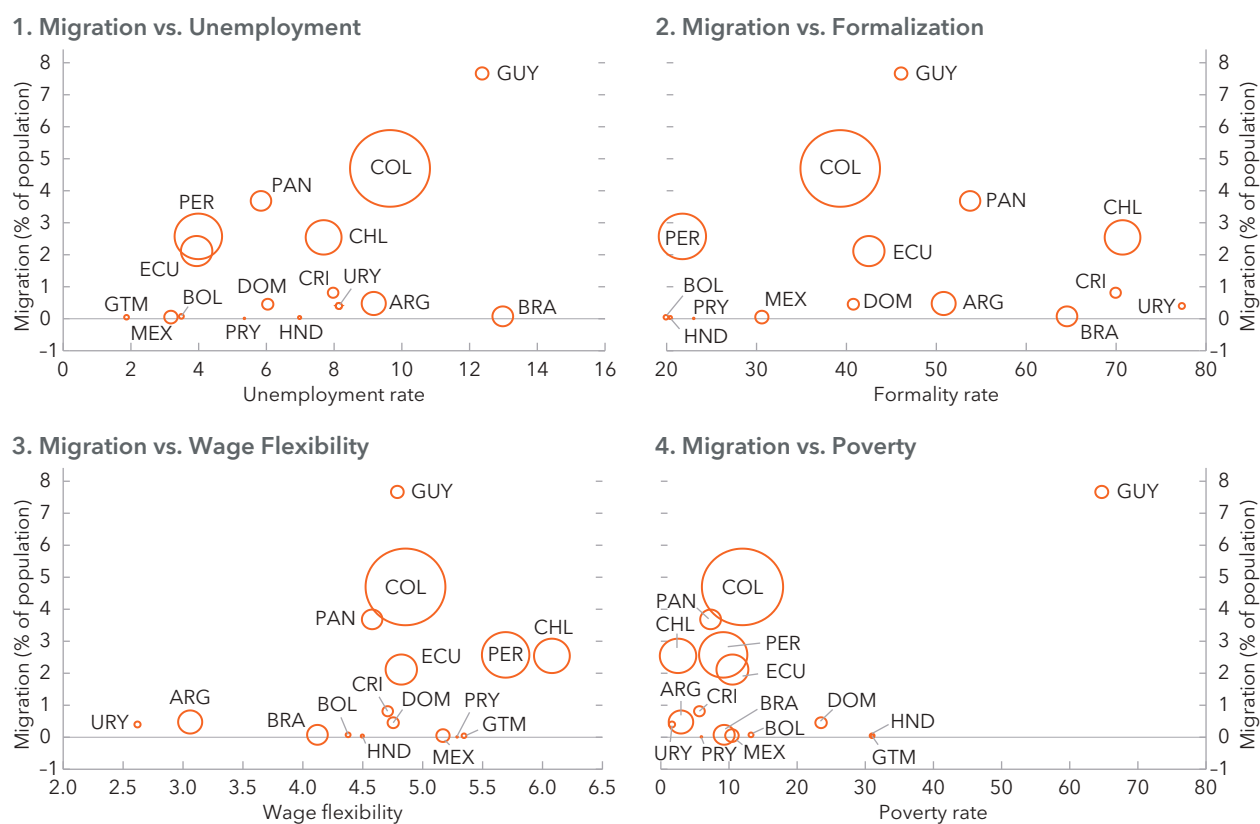
During the height of the Venezuelan exodus before the pandemic, most labor markets in LAC had moderate unemployment (<10 percent) and low formality (<60 percent), with a wide variation across countries. For large countries such as Argentina or Brazil, the stock of Venezuelan migrants accounts for less than 1 percent of the local population—with limited potential for labor market disruptions. However, it accounts for more than 10 percent in some small states in the Caribbean.

The variation across recipient countries is substantial for both the size of migration and the labor market structure. Figure 6 shows the correlation between total migration flows from Venezuela and selected labor market characteristics across countries. The vertical axis shows the stock of Venezuelan migrants as a share of the local population while the bubble size represents the total number of migrants received in each country. The figure shows that migrants arrived to substantially diverse labor markets in the region. While some migrants arrived at countries with large formal sectors and relatively high wage flexibility such as Chile, others arrived to countries with smaller formal sectors and more rigid wages such as Colombia, Ecuador, and Peru. Interestingly, countries that received the most migrants as a share of their population (Colombia, Guyana) had above average unemployment at the start of the migration wave with somewhat limited capacity for formal sector employment absorption. Overall, initial labor market conditions appeared to have been drastically different across countries before the arrival of Venezuelan migrants. Systematic correlation between the size of migration flows and the destination characteristics appears to be weak. Instead, migratory patterns appear to have been primarily driven by geographical proximity with neighboring Colombia, which received more than a third of the total migration flows. In this regard, local labor market pull factors seem to have played a secondary role.

## Migrant Outcomes Relative to Local Workers and Misallocation

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Micro-level data reveal important patterns in migrants' characteristics and labor market outcomes in Colombia. First, Venezuelan migrants appear to be more educated than the average Colombian. The share of migrants with at least a high school degree increased from 30 to 45 percent between 2016 and 2018 and

**Figure 6. Migration Patterns and Labor Market Characteristics**

Sources: UN Migration database WEF; IADB; and staff calculations.  
Note: Latest available data.

has remained broadly unchanged since.<sup>18</sup> As of 2019 the share of migrants with a high school degree was 4 percentage points higher than the share of locals with the same level of education (46 vs. 42 percent), while the share of migrants with some tertiary education is slightly lower than that of the local population (18 vs. 20 percent).<sup>19</sup> Second, migrants are younger, with an average age of 28 compared to an average age of 32 for Colombians. These differences partially explain the migrant's higher labor force participation rate than that of the locals. About 74 percent of the Venezuelan migrants actively sought a job, compared with 63 percent of the locals.

Venezuelan migrants faced some difficulties integrating into the local labor markets in the initial years. As of 2019, about 16 percent of economically active Venezuelan migrants who had migrated within the past five years had not found a job and were unemployed, a significantly higher unemployment rate than the 10 percent for Colombians. Moreover, when looking at the type of employment, 67 percent of migrants (vs. 56 percent of locals) who find jobs do so in the informal sector either through small informal firms or self-employment. A similar percentage of Venezuelan migrants do not have access to the social security system, while the great majority of Colombians do. As shown in Figure 7, the gaps in labor force participation, unemployment, and formality rates are present even after controlling for demographic differences between migrants and locals and have widened over time. Overall, as of 2019, about 74 percent of Venezuelan

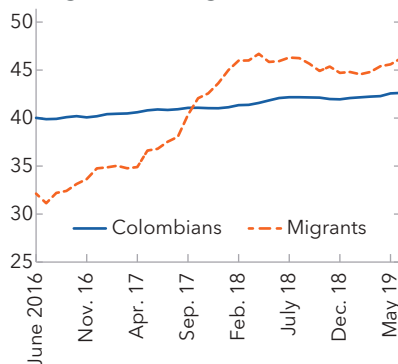
<sup>18</sup> However, as discussed in Chapter 1, the share of migrants with tertiary and higher education was lower compared to earlier migration waves.

<sup>19</sup> This analysis excludes the impact of the pandemic, as the chapter analyzes data up to 2019.

**Figure 7. Migrant Characteristics and Labor Market Outcomes**

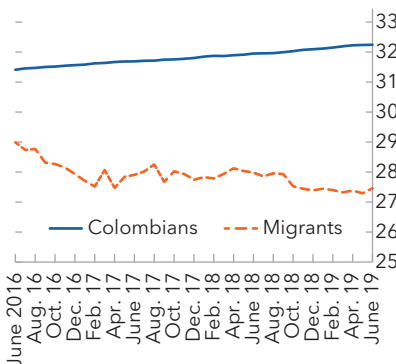
**1. Education**

*(Share of population with at least high school degree)*



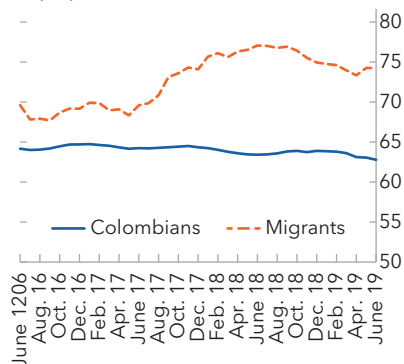
**2. Average Age**

*(Years)*



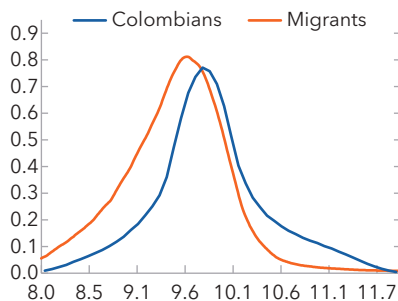
**3. Labor Force Participation**

*(Share of economically active population)*



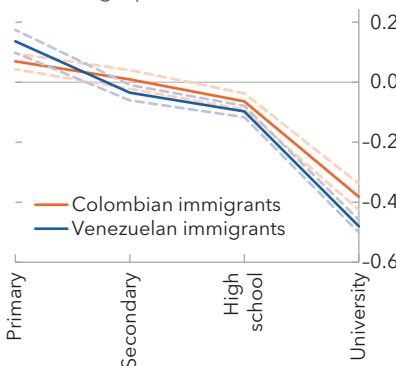
**4. Wage Distributions**

*(Density)*



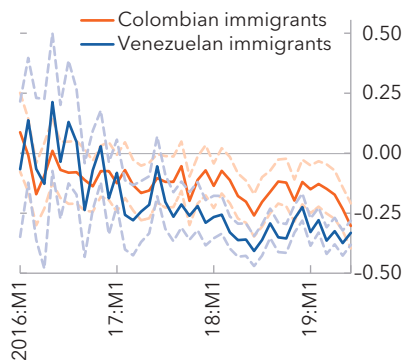
**5. Wage Premia Relative to Locals, by Education**

*(Coefficients, controlling for demographic differences)*



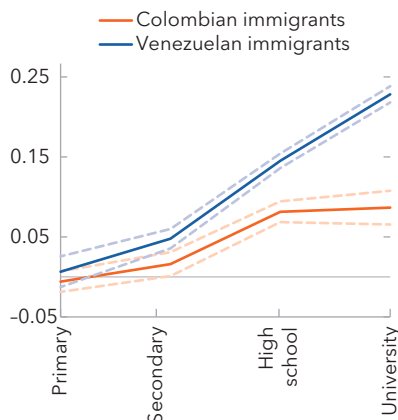
**6. Wage Premia, by Date**

*(Coefficients, controlling for demographic differences)*



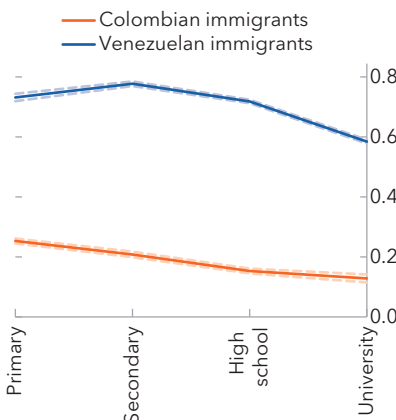
**7. Informality Gap (DANE), by Education**

*(Coefficients, controlling for demographic differences)*



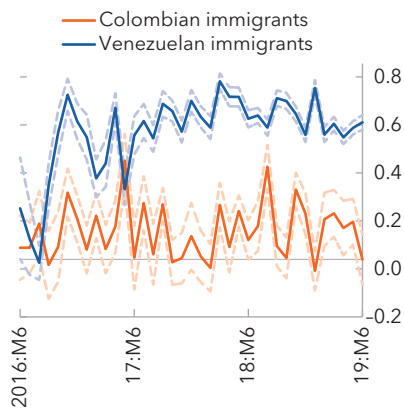
**8. Informality Gap (Soc. Sec.), by Education**

*(Coefficients, controlling for demographic differences)*



**9. Informality Gap (Soc. Sec.), by Date**

*(Coefficients, controlling for demographic differences)*



Sources: Household surveys (GEIH); and staff calculations.

migrants were seeking employment, 62 percent had found a job, and more than two-thirds of those jobs were in the informal sector. The Venezuelan migrants' high labor force participation rate could decline in the future as non-working-age family members follow the early migrants.

When looking at the employed, migrants earn less than locals, even after controlling for demographic characteristics (see wage premiums in Figure 7). The average wage gap between migrants and locals is about 35 percent. When controlling for differences in demographics and location, the average wage gap is reduced to 28 percent. Remarkably, this gap is smaller than for migrants that arrived before 2017; it was reduced during the period when special permits were issued and it widened slightly in the second half of 2019 after the issuance of permits stopped. This somewhat mirrors the trends in informality rates between migrants and locals and suggest a role of migration policies in affecting migrant's labor market outcomes. Importantly, these gaps are estimated for the case of Colombia, whose policies of integration have been more generous than in most other LAC countries (Chapter 4).

The wage gap indicates significant human capital misallocation, especially in the first years of migrant employment. By education levels, gaps in wages between migrants and locals are greater for workers with high school and tertiary education relative to comparable local workers. These gaps can be large, migrant workers with tertiary education earn more than 50 percent less than local workers with similar qualifications at similar locations (see wage premia by education in Figure 7).

This wage gap is partly due to educated migrants being employed in the informal sector, reflecting both structural and legal factors that make formal employment difficult. Many migrants do not have the legal right to work, which prevents them from finding a formal job. Even if they could apply for formal work permits, it takes time and informal employment can be the only short-term option. In addition, informality allows firms to bypass costly social security contributions, payroll taxes, and other non-wage labor costs, which can be large in the LAC region, averaging about 50 percent of wages (IADB 2017). These labor market rigidities result in high informality of migrants relative to locals even after controlling for worker and location characteristics (see informality gaps, Figure 7). A Venezuelan migrant with tertiary education is about 20 percent more likely to work at a small informal firm<sup>20</sup> than a similarly educated local worker.<sup>21</sup> Interestingly these gaps are present among not only migrants with Venezuelan citizenship, but also migrants from Venezuela with Colombian citizenship, which suggests the existence of regulatory bottlenecks that go beyond migratory legal status and are perhaps related to the validation of Venezuelan university degrees along with other frictions that limit labor market employment opportunities for recently arrived migrants.

Other LAC countries are also seeing a rise in human capital from Venezuelan migration, but large gaps in informality and wages suggest that it remains largely underutilized. The misallocation of educated migrants into low-skill informal jobs suggests, at best, short-run productivity losses that limit economic gains from migration. At worst, if migrants are not integrated into jobs matching their skills over the medium-term, these productivity losses can become permanent and limit future productivity growth both from current and future migrants. The high wage gaps and informality rates for migrants highlight the need for active labor market policies to further integrate these workers into the formal sector.

## Impact on Local Workers

The chapter also examines the impact of migration on the labor market outcomes for local workers. Assessing the effects of migration on equilibrium labor market outcomes is challenging, but—consistent with previous studies—the evidence does not point out to significant displacement effects of local workers.

<sup>20</sup> Using the Colombian statistical definition of informality from DANE.

<sup>21</sup> This gap would be even larger if informality is defined as those not covered by the social security system. Under the latter definition, virtually all recent Venezuelan migrants would be classified as informal.

The relationship between migration inflows and labor markets is explored using variation in inflows across regions in Colombia. This approach broadly follows the literature exploiting spatial differences in the evolution of natives' labor outcomes in high vs. low immigration areas (Borjas 2016, Card 1990, Peri and Yasenov 2015, Blau and Kahn (2015) and are in line with the analysis from Santamaria (2020), who does not find large impacts of Venezuelan migration on total employment of native Colombians.<sup>22</sup>

From a cross-sectional perspective, regions with greater migration inflows did not experience larger declines in (male or female) labor force participation rates nor increases in unemployment. Aggregate unemployment did increase in Colombia, but this affected most regions regardless of whether they received large migrant inflows or not. There is also no evidence of a negative relationship between migration and labor force participation in the data. If anything, there is a slight positive relationship.

Migration increases informality, particularly when measured as those not covered by social security. Formalization improved overall in Colombia before the COVID-19 pandemic, but regions with greater migrant inflows experienced a smaller improvement (Figure 8). The relationship is particularly strong when measuring informality as the share of employed who are not covered by social security. Under an alternative definition of informality, which emphasizes the size of firms, the relationship is weaker. Venezuelan migrants work in a diverse set of firms in Colombia but appear to do so in informal contractual arrangements. There are no discernible significant effects on the informality rates of Colombians.

Regression-based analysis finds no evidence of a causal link between migration and labor force participation and unemployment. Throughout all the specifications summarized in Figure 9, which control for other economic factors, there is no evidence of significant adverse effects of migration from Venezuela on either the labor participation rate or the unemployment rate.

However, there is some evidence that migration placed downward pressure on wages, particularly in the lower-paying informal sector. There is a negative non-significant correlation between mean wages (both for Colombians only and overall) and migration inflows (Figure 10), with a stronger negative association in informal sector wages (Figure 9). This is present both in the raw data as well as when controlling for worker characteristics. Although it is hard to establish a causal connection, these results are consistent with the hypothesis that migrant inflows place some downward pressure on wages in the low-skill informal sector, given that migrant employment has been concentrated in this sector.

## Evidence from Other Countries

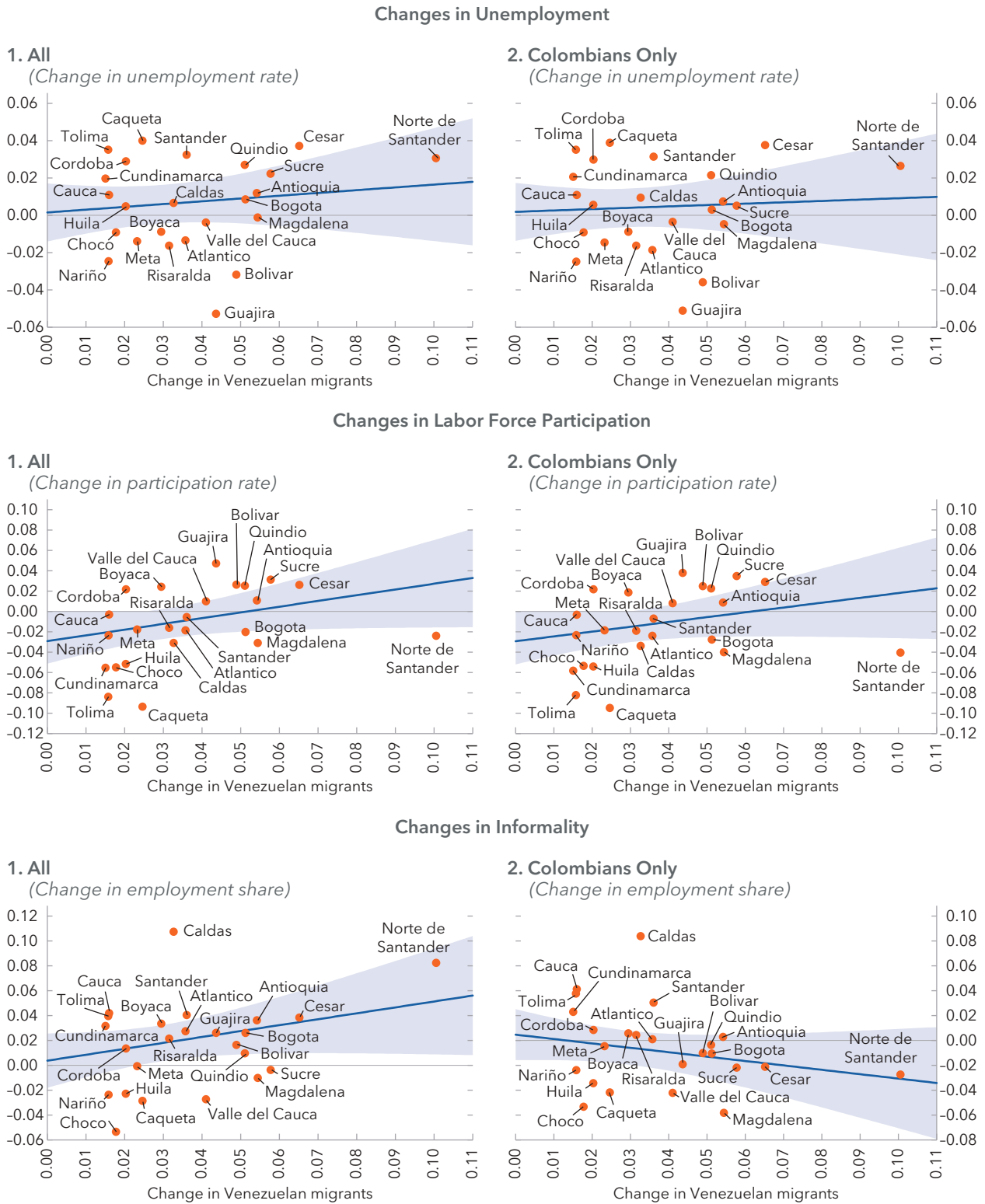
The findings for Colombia are consistent with those from studies for other LAC countries. In Chile, 2017 census data suggest that Venezuelan migrants tend to be more educated and younger and participate more in the labor force than the native population (Banco Central de Chile 2019). However, the impact on the local labor market is unclear as no data exists on migrant characteristics and labor market outcomes. In Peru, Asencios and Castellares (2020) find that Venezuelans are more educated than locals using employment surveys from the cities of Lima and Callao, where immigration increased the economically active population by 1 percent. They also find very small effects on selected groups of low-skill workers (particularly women), with positive aggregate effects on overall employment which imply gains in productivity and potential GDP. Studying a migration wave from Nicaragua into Costa Rica, Gindling (2009) finds a moderate impact on low-skill women wages, with no effect on the salaries of men.

The findings for Colombia are also consistent with those from studies of the Syrian migration. Del Carpio and Wagner (2015) and Aksu, Erzan, and Kirdar (2022) study the impact of Syrian migration on Turkey's labor market and find similar effects on informal employment and resulting wage pressures of native

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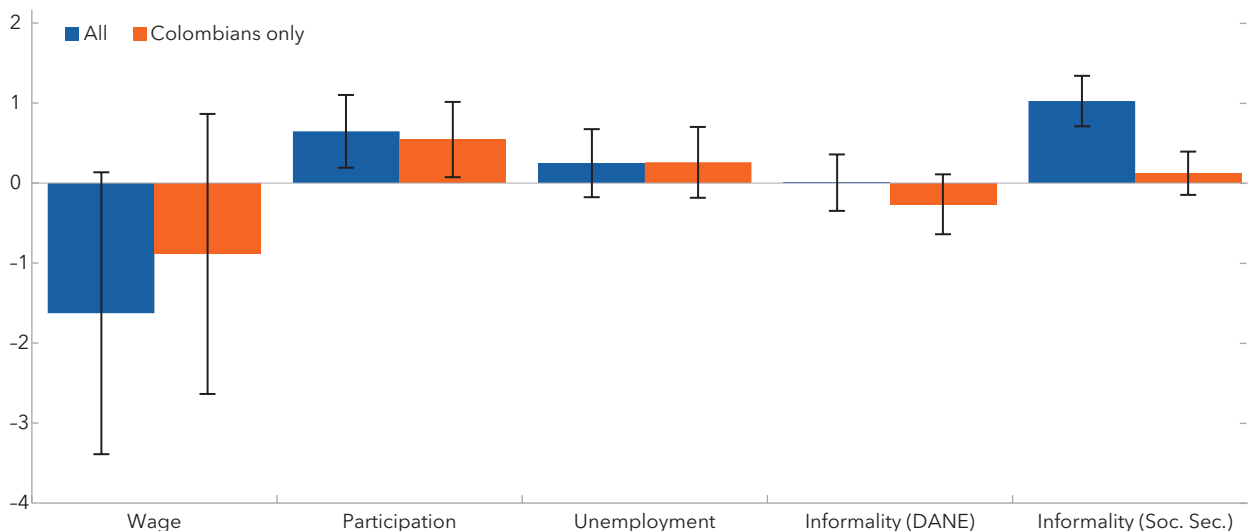
<sup>22</sup> Pulido and Varon (2020) also discusses the implications for the evolution of the labor force and unemployment in the future.

**Figure 8. Migration and Equilibrium Labor Market Outcomes, 2016-19**



Sources: Household surveys (GEIH); and staff calculations.

**Figure 9. Immigration and Labor Market Outcomes: An IV Approach**  
(Regression coefficients)



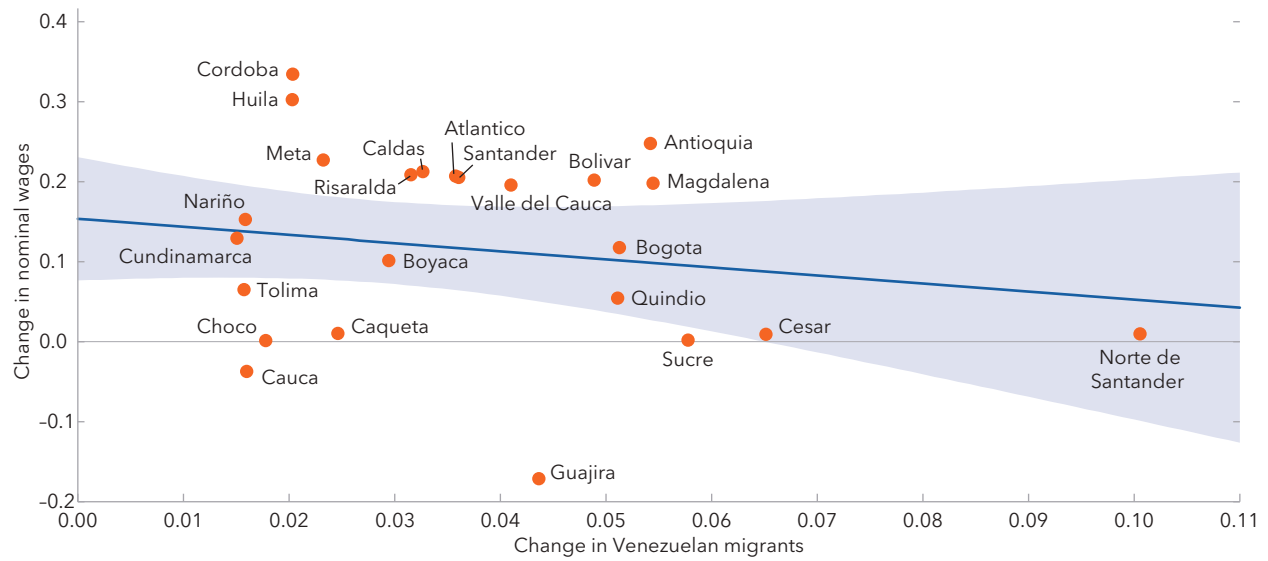
Sources: Household surveys (GEIH); and staff calculations.

Note: Regression coefficients from instrumental variable diff-in-diff regression controlling for age, education and gender composition. Dependent variable is change in share of people who reported having lived in Venezuela five years before from 2016 to 2019. Change in Venezuelan migration is instrumented by the driving time from the departmental capital of each region to Caracas from Google Maps.

workers in this sector, with positive employment outcomes for natives in the formal sector.<sup>23</sup> In Europe, other studies have found similar wage and employment gaps. A recent World Bank review of the evidence—from mostly advanced economies—reports small wage effects and, perhaps because of the lack of a flexible informal sector, more significant displacement effects for low-skill workers that directly compete with migrants (World Bank 2020). Overall, these studies echo the Colombian findings: migrant inflows can have limited adverse effects on localized low-skill segments of the labor market, with mostly positive effects on aggregate outcomes.

<sup>23</sup> In the Turkish case, the authors do detect adverse labor force participation outcomes for women which we do not detect for Colombia.

**Figure 10. Changes in Average Wages and Migration Inflows**  
(2016–19 nominal change)



Sources: Household surveys (GEIH); and staff calculations.

## 3. The Macroeconomic Effects of Migration in Recipient Economies

Spillovers from Venezuela's crisis to LAC since 2017 have been driven mainly by migration flows, while trade and financial spillovers have been limited. Migration flows were large prior to the pandemic and have resumed during 2021-22. Positive growth spillovers in recipient countries are driven by the boost to the labor force and domestic demand. Accounting for various frictions, this chapter estimates that migration flows have raised annual GDP growth in the largest recipient economies in LAC by 0.1-0.25 percent on average. If migration flows continue over the next few years as expected, output gains should accumulate in the region, including through higher investment and productivity. In terms of adjustment costs, migration inflows place downward pressure initially on both fiscal and external balances. On the fiscal side, higher spending related to migration (for example, healthcare, education, other services) ranges between 0.1 and 0.5 percent of GDP across recipient countries through their transition, but the pressures on the fiscal balances should dissipate over time as the tax base expands in line with the expansion in economic activity.

### Spillover Channels from Venezuela's Crisis

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This chapter studies the macroeconomic effects from migration flows from Venezuela on recipient countries in LAC since 2017. Traditional trade and financial spillovers have been limited during this period due to the earlier collapse in trade and financial flows between Venezuela and the LAC region, limited regional exposures to Venezuela's banking system, and minimal market contagion (see section below). In contrast, migration flows from Venezuela to LAC were substantial between 2017 and 2019 and, following a brief pause in 2020, they have resumed in 2021-22 and are expected to continue going forward.

The main effects of migration on recipient economies are on economic activity, labor markets, and fiscal balances. These effects depend on the size and characteristics of the migration flows as the influx of migrants affects both the supply of labor and human capital available in the economy. From the demand side, it also affects private demand, consumption and investment, and the amount of additional fiscal spending required to provide services (health, education, housing) to migrants and help them integrate into the economy. These effects vary over time, depending on the ability of the recipient country to absorb the migrant flows into the labor market. This chapter quantifies these effects considering the migration scenarios discussed in Chapter 1: (1) a baseline scenario, where the number of migrants reaches 8.4 million by 2025 and (2) a lower bound scenario, where the number of migrants reaches 7.4 million by 2025.

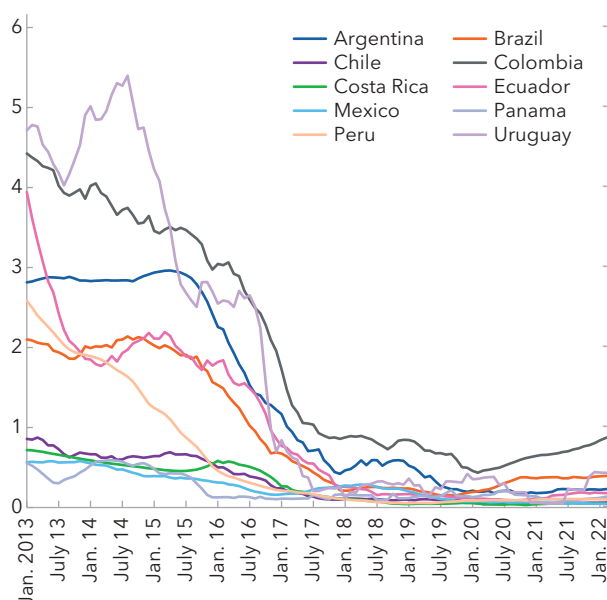
This chapter uses two approaches to estimate the macroeconomic impact of migration on the recipient countries. Growth accounting is used to assess the impact of migration on growth since 2017. To assess the dynamic macroeconomic effects, the growth accounting results are augmented with data on private spending and the fiscal costs of migration to examine the general equilibrium effects. To do so, the IMF's Flexible System of Global Models (FSGM), a multicountry semi-structural model calibrated for the LAC economies, is used.

## Trade and Financial Spillovers

Trade spillovers have been limited since 2017 as exports to Venezuela had already declined to less than 1 percent of total exports in most LAC countries during this period (Figure 11). Exports to Venezuela fell sharply in 2015-16 in Argentina, Brazil, Colombia, Ecuador, Peru, and Uruguay, reflecting the collapse in Venezuela's domestic demand and the sharp decline in oil prices (Chapter 1). Going forward, trade with Venezuela and related spillovers are expected to remain subdued given the projected modest recovery of economic activity in Venezuela.

Financial spillovers have also been limited, with some exceptions. Episodes of financial stress in Venezuela (increases in sovereign risk premiums and declines in stock prices following episodes of default) did not impact other LAC countries. Likewise, cross-border banking exposures have been limited as regional banks have little exposure to Venezuela and the presence of Venezuelan banks abroad is scarce. There were some financial spillovers for countries that participated in Venezuela's energy cooperation agreements.<sup>24</sup> Under these agreements, which started in 2005 and ended in 2018, Venezuela sold oil to beneficiary countries at market prices while providing generous financing conditions. According to the IMF 2014 Spillover Report, the total financing provided through these agreements amounted to 1.5 percent of the beneficiary countries' GDP per year on average in 2012, and as much as 3 to 7 percent in some cases. Cheasty (2015) and McIntyre and others (2016) note that after the fall in oil prices in 2014-15, some of the countries that relied on these agreements to finance budget or quasi-fiscal activities, lost about 0.8 percent of GDP in funds.

**Figure 11. LAC: Exports to Venezuela**  
(Percent of total exports)



Sources: IMF's Direction of Trade Statistics; and IMF staff estimates.

## Migration Spillovers: Impact on Economic Activity

Past studies have investigated the macroeconomic impact of migration through a variety of channels. While most studies have focused on the impact of migration on the labor market (Chapter 2), there is also ample evidence on the impact of migration on growth. However, most of these studies have examined the impact of economic migrants instead of refugees. Furthermore, most studies have focused on the effects in advanced economies, with scant evidence on the impact of migration on emerging market or developing countries (Böhme and Kups 2017). Most studies for advanced economies find a positive impact of migration on GDP, income per capita, productivity, and export performance.

Aiyar and others (2016) study the impact of the surge in refugees in Europe in 2015, estimated at about 0.15 percent of the local population. They find a minimal short-term impact on GDP due to the slow integration of refugees into the labor market and a minor rise in fiscal expenditure of 0.1 percent of GDP due to the provision

<sup>24</sup> One of these agreements was PetroCaribe, under which Venezuela agreed to provide financial support to up to 18 Central American and Caribbean countries: Antigua and Barbuda, The Bahamas, Belize, Cuba, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Nicaragua, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Suriname.

of assistance to migrants. The impact on growth over the long-term is larger, estimated at 0.25 percent. Noja and others (2018) also find a positive impact of refugee migrants on economic activity in the EU countries, though they note that the impact of asylum seekers/refugees is lower than that of economic migrants.

Alesina, Harnoss, and Rapoport (2016) collect migration data for 195 countries and construct an index of population diversity, which they used to study the impact of migration. They find that diversity of skilled migration increases income and total factor productivity (TFP) per capita (and patent intensity). This is partly driven by skilled migration into advanced economies, where a 1 percentage point rise in the diversity of skilled migration raises long-term economic output by about 2 percentage points. The impact of unskilled migration is smaller. Ortega and Peri (2014), using a sample of 188 countries, also find a positive effect of openness to migration on per capita income. A 10 percentage point difference in the share of foreign-born population is associated with differences in income per person by a factor between 2.3 and 2.7.

Jaumotte, Koloskova, and Saxena (2016) find a large impact of migration on income per capita, especially in the long term. A 1 percent rise in the share of migrants in the adult population raises GDP per capita by up to 2 percent in the long term. Both high- and low-skilled migrants contribute and the gains from migration are broadly shared. Manole, Pănoiu, and Păunescu (2017) find that migration increases productivity through innovation and complementarities, leading to higher income per capita: increasing the number of migrants by 100,000 increase GDP per capita in the receiving country by 0.84 percent.

Other studies focus on the impact of migration on innovation and exports. Hunt and Gauthier-Loiselle (2010) argue that income per capita could rise through the impact of migration on innovation. Using panel data, they show that a 1 percent increase in college educated migrants leads to a 15 percent rise in per capita patents. Likewise, Peri (2012), finds that a 1 percent increase in migrant employment leads to a rise in income per worker of 0.5 percent, driven by increased efficiency in task specialization (which raises TFP) and by the adoption of unskilled-biased technology. Wright (2014) and Ottaviano, Peri, and Wright (2015) show that migration not only enhances productivity in the sectors receiving the migrant workers, but also supports exports. Bahar, Cowgill, and Guzman (2022), using data on Venezuelan migrants in Colombia, find that providing undocumented immigrants with an immigration amnesty, increases their economic activity in the form of higher entrepreneurship.

Genç (2014) finds a causal positive relationship between migration and international trade. A 10 percent increase in the stock of migrants boosts trade by 1.5 percent. The main reason for this effect is that migrants reduce transaction costs for trade as they have superior knowledge of home country markets, language, customs, and business practices. Similarly, Burchardi, Chaney, and Hassan (2019) suggest that migrants can bring foreign direct investment (FDI) from their home country into their adopted country. Examining US state data, they find that a doubling in the number of individuals with ancestry from a given origin country increases the probability that at least one firm from that US state engages in FDI with that country of origin.

Migration tends to boost the public finances over the medium term. Previous studies have found a net positive impact of migration on public finances, including Storesletten (2003) for Sweden, Chojnicki (2013) for France, Dustmann and Frattini (2014) for the United Kingdom, Orrenius (2017) for the United States, and OECD (2013) for advanced economies. Valencia and others (2020), for the case of Venezuelan migrants in Colombia, find that higher fiscal spending to address migration deteriorates the fiscal balance in the near term, but higher output, consumption, and employment result in higher tax revenues with the public finances improving over the medium term.

## Growth Spillovers: A Partial Equilibrium Approach

The starting point for analyzing the impact of migration flows from Venezuela on output in the recipient countries is a production function. This uses information on capital, labor, and productivity to estimate the impact of each component on GDP. More specifically, the following production function is used:

$$Y = AK^\alpha L^{(1-\alpha)} \quad (1)$$

where  $Y$  is GDP,  $A$  is total factor productivity (TFP),  $K$  is capital,  $L$  is labor, and  $1-\alpha$  is the share of labor in national income. GDP growth is decomposed into the contributions from growth in productivity ( $\Delta \ln(A)$ ), capital ( $\alpha \Delta \ln(K)$ ), and labor ( $(1-\alpha) \Delta \ln(L)$ ).  $K$  and  $\alpha$  are taken from the Penn World Tables.  $L$  is measured as total hours worked (employment times average hours worked per worker) and is adjusted by human capital using the index in the Penn World Tables. TFP is estimated as the residual and includes misallocation effects as migrants do not find jobs in line with their human capital in the short term (Chapter 2). The characteristics of the Venezuelan migrants are based on data for Chile, Colombia, and Peru, which are extrapolated to other LAC countries. The Colombian data also has information on migrants' jobs and education level, which is extrapolated to other LAC countries to proxy for labor market mismatches.

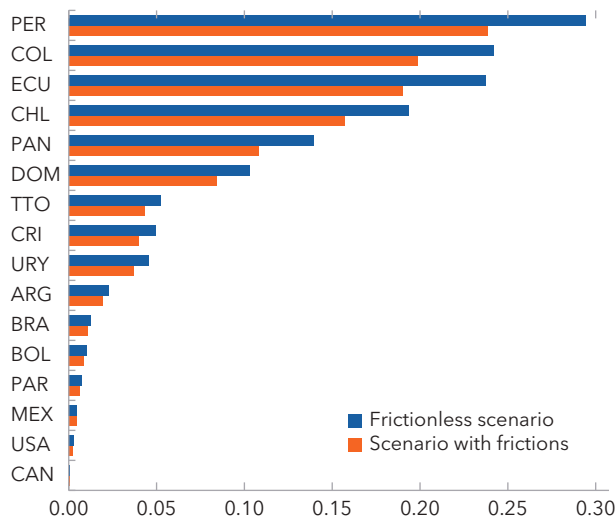
Two scenarios are considered relative to a baseline without migration. The frictionless one assumes that all migrants looking for a job find a job in line with their human capital and without displacing local workers. In this scenario, investment increases, but real wages and the capital/labor ratio decline reflecting the large inflows of migrant labor. Total factor productivity remains unchanged from the baseline. As a result, output increases significantly in the years of sizable immigration flows as both labor and capital increase. Thus, this scenario provides an upper bound of the impact of Venezuelan migration on GDP.

The second scenario allows for more realistic labor market frictions based on the findings in Chapter 2. A number of assumptions are made. First, it is assumed that not all migrants are able to find a job initially and that the unemployment rate of each migrant wave temporarily exceeds that of the local population.<sup>25</sup> This difference dissipates after 10 years. Second, the unemployment rate for migrants is assumed to be higher the larger is the ratio of migrants to the local population, as the labor market is not able to fully absorb a large inflow of migrants. Third, as observed in the data for Colombia, it is assumed that migrants do not displace local workers. Fourth, consistent with the labor misallocation effects documented in Chapter 2, migrants that find a job are assumed to find only a low-skilled job in the first year, moving to jobs in line with their human capital gradually over the next 10 years. As the human capital index in the production function reflects the years of schooling, the mismatch between the migrants' human capital and the skills required in their jobs translates into a lower TFP. Finally, migrants do not increase TFP other than through their impact on human capital. Investment increases less than in the first scenario as some low skill jobs replace capital. The rise in economic activity due to migration in this scenario is lower and more protracted.

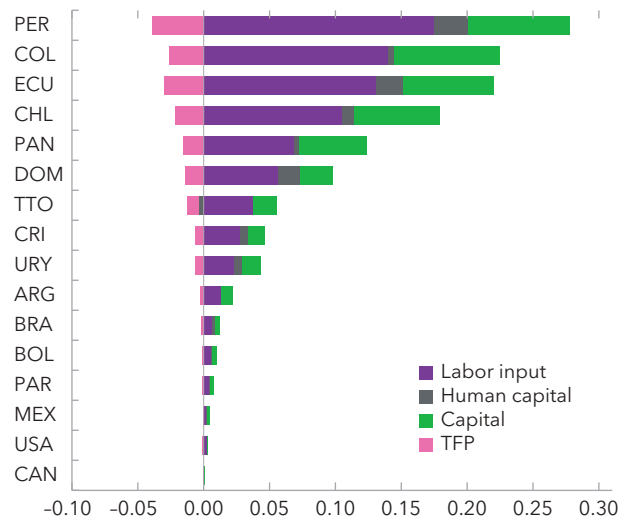
The results are presented in Figure 12. The left panel shows the average increase in growth between 2017 and 2030 for the two scenarios for a selected group of countries, showing that the impact would be larger and more frontloaded if migrants can quickly find jobs in line with their human capital. Migration from Venezuela would increase annual GDP growth in recipient countries between 2017 and 2030 by 0.01 to 0.3 percentage points in the frictionless scenario, compared to 0.01 to 0.25 percentage points in the scenario with frictions.

Figure 12, panel 2, decomposes the impact on GDP growth in the scenario with frictions into the contributions from labor, capital, and TFP. It shows that the key factor explaining the rise in GDP growth is the increase in labor, including both the number of migrants and their human capital. The increase in effective labor accounts for about 70 percent of the increase in GDP growth on average, with capital explaining the

<sup>25</sup> This is done by assuming in the model that the participation rate of migrants in the labor market is always below full participation.

**Figure 12. Growth Accounting Results****1. Growth Impact from Venezuelan Migration**  
(Percent, 2017–30 average)

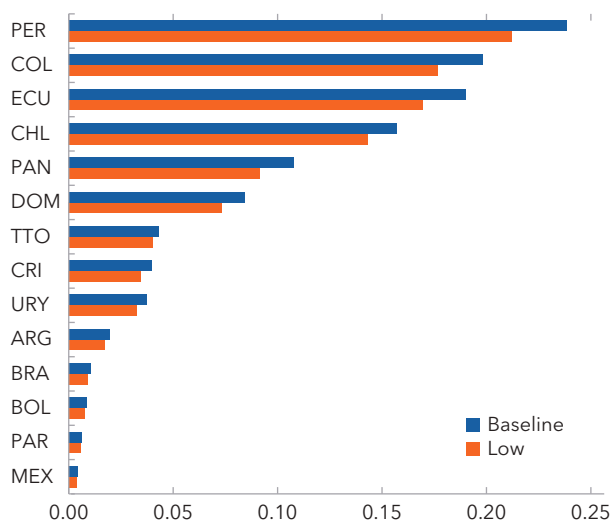
Source: IMF staff calculations

**2. Friction Scenario: Growth Decomposition**  
(Percent, 2017–30 average)

rest. These effects are partly offset by a decline in TFP driven by the fact that many migrants join the informal sector and evidence of significant skills mismatches. These frictions are expected to ease over the medium-term as migrants are fully absorbed into the labor market and new migrant flows recede.

Figure 12 focus on the LAC countries that have received the largest migration flows. Although countries in the Caribbean have received smaller migration flows, they represent a much larger share of the domestic population in some cases, accounting for 16 percent in Aruba, 27 percent in Bonaire, and 9 percent in Curacao in 2022. These shares are larger than in Chile, Colombia, Ecuador, and Peru, where they range between 2.5 and 5 percent in 2022. The average increase in growth in Aruba, Bonaire, and Curacao is estimated at 0.7

percent. However, it is unclear whether the labor markets of these countries would be able to fully absorb these large migration flows and thus reap the full benefits in terms of output growth.

**Figure 13. Sensitivity Analysis: Growth Impact from Venezuelan Migration with Frictions**  
(Percent, 2017–30 average)

Source: Fund staff calculations.

**Sensitivity Analysis**

The estimates presented so far are based on the baseline projection that 8.4 million migrants would have left Venezuela by 2025. As there is considerable uncertainty about the migration outlook, sensitivity analysis is presented through a lower bound scenario in which the number of migrants reaches only 7.4 million in 2025 (Figure 13). The impact on growth for the alternative scenario is estimated assuming the same frictions for the absorption of migrants into the labor market as above. The impact of Venezuelan migration on growth is sizeable even in the low scenario, with growth increasing by between 0.01 and 0.21 percent.

## Fiscal Implications and Spillovers

Another effect of migration is its impact on the fiscal balance. Recipient countries provide support to migrants such as humanitarian aid, basic health care, education, accommodation, and labor market policies (Chapter 4), which increase overall public expenditure. While data on migration-related public expenditure by country is not available, there is detailed data for Colombia. Table 1 presents the detailed composition of migrant related public expenditure (total and per migrant) in 2019 expressed in US dollars.

**Table 1. Estimates of Near-Term Fiscal Cost of Venezuelan Migration**

	USD million	USD per migrant
Education	465	219.2
Labor	17	8
Healthcare	364	171.6
Early Childhood and Family Care	157	74
Immediate Humanitarian Help	97	45.7
Housing	80	37.7
Water and Basic Sanitation	34	16
Institutional Strengthening	32	15.1
Security	35	16.5
<b>TOTAL</b>	<b>1281</b>	<b>603.9</b>

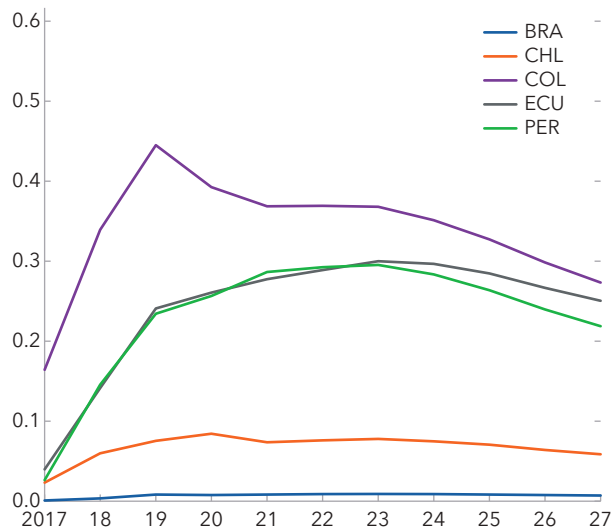
Source: Colombian authorities.

- The largest item is education, including preschool, primary, and secondary education, and costs associated with the school feeding program and transportation, but it excludes tertiary education costs.
- The second largest item is health care, including the average annual payments per-patient enrolled in the mandatory health plan of the subsidized regime, average emergency room costs per-patient without public health insurance, vaccinations, and other public health costs. For early childhood care, the cost is based on the average cost of early childhood care for the domestic population. Humanitarian assistance includes costs of providing temporary housing and cleaning and cooking appliances, feeding, medical and psychological emergency care, and emergency transportation.

Using the Colombian fiscal costs as a benchmark, public spending is extrapolated to other countries based on the size and characteristics of their migrant population, with some adjustments. These adjustments recognize that Colombia provides some services (for example, immediate humanitarian assistance, vaccinations, or childbirth to arriving mothers) that other countries do not need to provide. The cost per migrant in 2019 is assumed to remain unchanged in real terms between 2017 and 2025.<sup>26</sup>

<sup>26</sup> As Venezuelan migration is assumed to stop in from 2026 onward, immediate humanitarian, housing, water and sanitation, and institutional strengthening costs are assumed to be zero thereafter. Health care costs would gradually decline as workers join the social security system, while education costs would fall at a slow pace as the migrant's children finish high school. More generally, it is assumed that there is a decay in the rate of fiscal spending but not on taxes.

**Figure 14. Estimated Fiscal Costs**  
(Percent of GDP)



Source: IMF staff estimates.

Due to the sizeable and persistent migration shock, the estimates of the fiscal costs are large and extend beyond the short term. The baseline estimates show costs peaking at 0.5 percent of GDP in Colombia in 2019 and remaining elevated at 0.4 percent between 2020 and 2025, 0.25 percent in Ecuador and Peru, and 0.1 percent in Chile (Figure 14). The impact on the fiscal balance is expected to dissipate over time as tax revenues rise in line with the expansion in economic activity as migrants integrate into the labor market. These dynamics are examined in the next subsection.

## General Equilibrium Approach

A general equilibrium approach is used to study the impact of migration from Venezuela on output, the labor market, and the fiscal and external accounts. This section uses Western Hemisphere Department Model (WHDMOD), a model that is

part of the IMF Flexible System of Global Models (FSGM).<sup>27</sup> In the simulations, the direct effects of migration are captured through three simultaneous shocks.<sup>28</sup> The first shock reduces the size of the population and labor force in Venezuela, while the second shock increases the population and labor force in the countries that receive the migrants. The final shock captures the human capital characteristics of the migrating labor as documented in Chapter 2. These three shocks correspond to the shocks in the frictionless scenario discussed in the growth accounting section.

The indirect effects of migration are captured with three additional shocks. The first one considers the misallocation of migrants, as migrants do not initially get jobs in line with their qualifications. The second indirect shock adjusts for higher unemployment effects from migration as migrants have higher unemployment rates than locals. These two shocks plus the direct effect shocks, are equivalent to the scenario with frictions above. The third indirect shock captures the fiscal costs of assisting migrants as discussed in the previous section. The simulations assume that the additional public expenditure is financed with public debt instead of expenditure cuts or tax increases. The model is simulated for the period 2017–30 using actual migration flows in 2017–21 and the baseline projections for 2022–30, which assume that 8.4 million migrants would have left Venezuela by 2025, with no additional migration after 2025 and no migrants returning to Venezuela.

## Transmission Channels of the Migration Shock

As in the partial equilibrium analysis, the impact of the migration flows on GDP is positive and sizeable for some countries. The magnitude of the effect depends on the size of the migration flow relative to the local population, the migrants' human capital, and the degree of misallocation in the labor market.

<sup>27</sup> FSGM is a semi-structural model: private consumption and investment are micro-founded; trade, labor supply, and inflation are reduced form; supply is determined by an aggregate Cobb-Douglas production function. The model has only one type of labor, so that productivity differences between refugees and natives are not captured. See Andrieu and others (2015) for more details.

<sup>28</sup> FSGM is a representative agent model and cannot be used to inform distributional aspect of the impact of migration such as income inequality or poverty. Population surveys in Colombia for 2018 and 2019 showed that despite Venezuelan migrants having higher poverty rate than the local population, national poverty and inequality indicators were not significantly affected by recent Venezuelan migration flows.

In the simulations, the arrival of working-age migrants increases labor supply and potential output. The latter also increases because the migrants' human capital appears to be higher than that of the domestic population in some countries (Chapter 2). Regarding labor, the model considers the employment rate and the extent of misallocation as migrants do not find jobs in line with their skills initially. Still, migration flows from Venezuela raise potential output in all receiving countries even after considering misallocation and higher unemployment rates of migrants relative to the local population.

Migration has important labor market implications from the supply side. As most migrants find a job (even if this job does not correspond to the migrants' skills), total employment increases, and real wages decline. Lower real wages discourage the participation of some domestic workers in the labor market, while overall unemployment increases slightly as the unemployment rate of migrants exceeds that of the domestic workers. Despite these effects, overall labor income rises in line with the increase in overall employment. For firms, lower real wages result in lower production costs and higher profits.

Migration also has aggregate demand effects. The arrival of migrants boosts household consumption. The return to investment rises in line with the increase in effective labor, boosting private investment. The influx of migrants also increases migration-related public expenditure and transfers, as documented in a later section, further boosting domestic demand. The initial increase in the fiscal deficit dissipates over time as tax revenues gradually increase in line with the increase in consumption, corporate and labor income tax revenues.

The increase in domestic demand leads to a rise in imports. While production expands in line with higher employment and investment, not all of it is exported. The rise in imports exceeds the increase in exports, and the trade balance deteriorates. The deterioration of the trade balance also worsens the income and the current account balances. To restore the external equilibrium, the exchange rate depreciates.

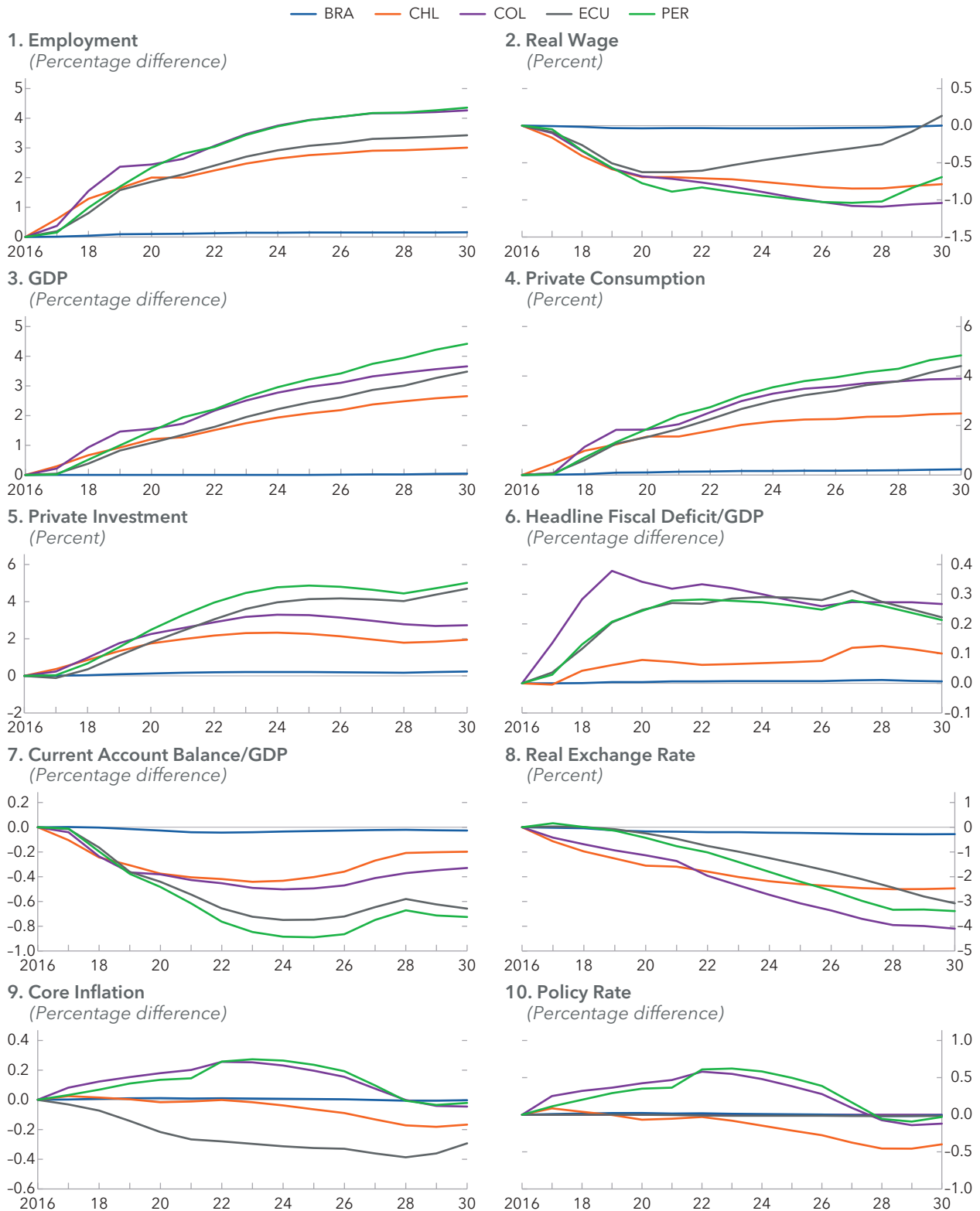
As the rise in output differs from the rise in potential output across countries, so does the output gap. The impact on the output gap depends on the number of migrants (a higher number relative to the local population leads to a more negative output gap), their characteristics (higher human capital of migrants relative to the local population leads to a negative output gap), unemployment frictions (the higher the number of migrants, the higher is the unemployment rate and the more negative the output gap), misallocation (a higher mismatch results in a positive output gap), and fiscal costs (higher fiscal costs lead to a more positive output gap). Inflation and the monetary policy response in the model depend on the output gap.

## Magnitude of the Effects across Countries

Migration flows from Venezuela results in a significant increase in GDP in some countries. Figure 15 presents the simulation results for the five LAC countries that have received the largest migration flows (Brazil, Chile, Colombia, Ecuador, Peru), while Figure 16 shows the results for a selected group that have received smaller migrant flows, but large relative to their population (Costa Rica, Dominican Republic, Panama, Uruguay). The variables plotted are GDP, employment, the real wage, private consumption, private investment, the current account balance, the fiscal balance, core inflation, the real exchange rate, and the policy rate.

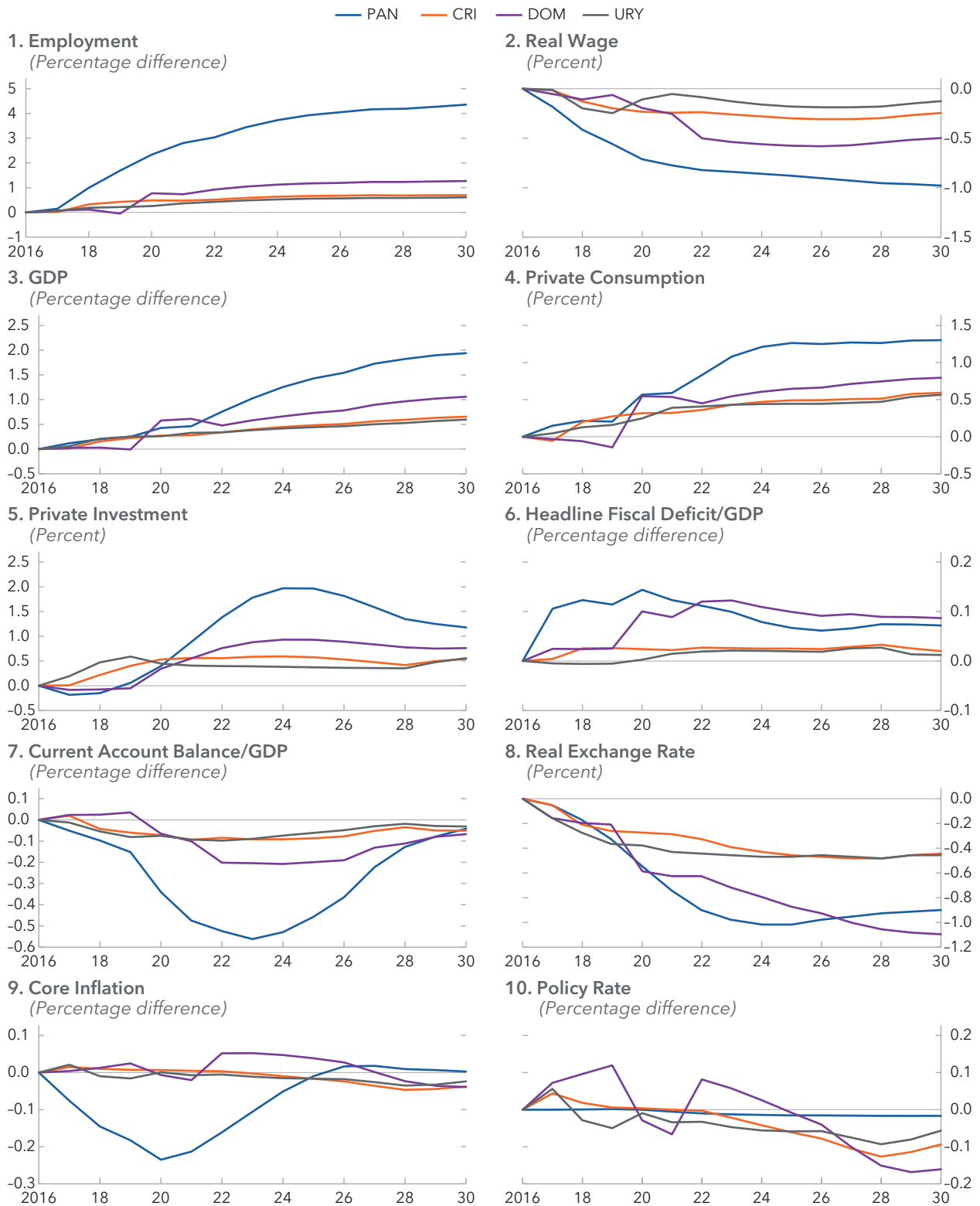
Peru has the largest increase in GDP by 2030 (4.4 percent), followed by Colombia (3.7 percent), Ecuador (3.5 percent), and Chile (2.6 percent). The impact on Brazil is small, reflecting the small size of the migration flows relative to its population. The impact on other countries is also sizeable, with the largest effect on Panama (1.9 percent), followed by the Dominican Republic (1.1 percent), and Costa Rica and Uruguay (0.6 percent). These effects are largely driven by the expansion in employment. Real wages fall in all countries, with the magnitude depending on the size and characteristics of the migration flow and the flexibility of the exchange rate. This is why the fall in the real wage is smaller in Peru than in Colombia despite a larger increase in employment, while in Ecuador the fall in nominal wages is largely offset by the decline in the

**Figure 15. Impact of Venezuelan Migration on the Largest Recipient Countries**



Sources: Flexible System of Global Models (FSGM) simulations; and IMF staff calculations.

**Figure 16. Impact of Venezuelan Migration on Other Countries**



Sources: Flexible System of Global Models (FSGM) simulations; and IMF staff calculations.

price level. The increase in GDP in Colombia is like that of Peru despite having larger migration flows. This is due to the lower human capital and higher unemployment of migrants in Colombia, which also increase investment more in Peru than in Colombia.

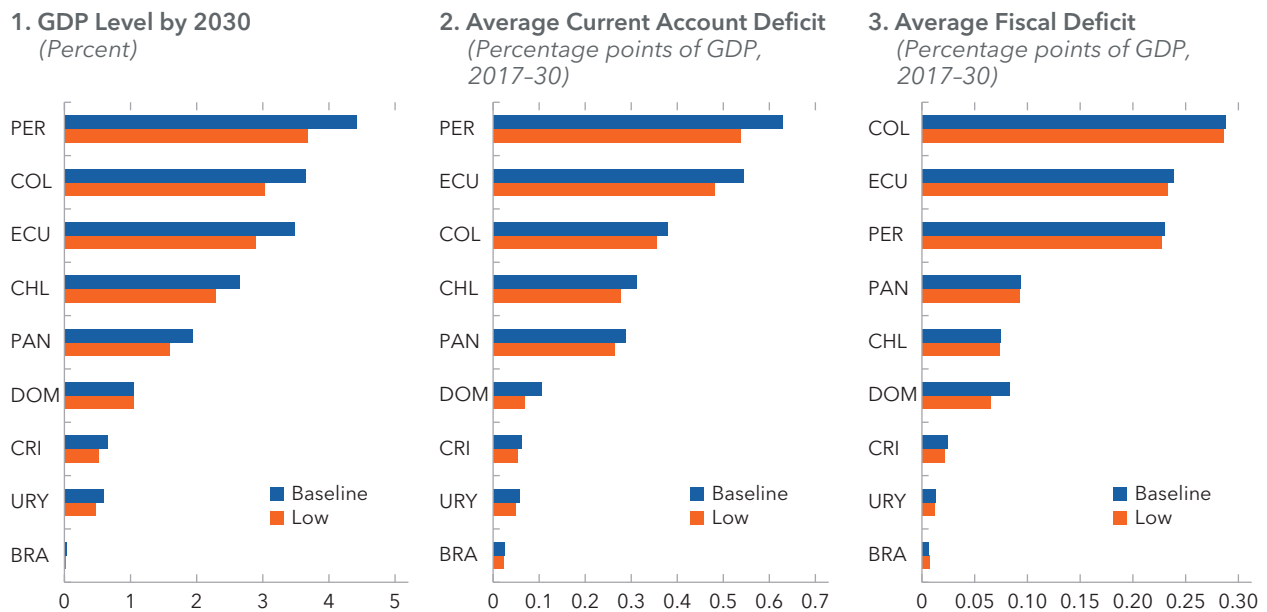
The impact on the fiscal deficit is large and persistent, largely driven by the costs of assisting migrants. The net fiscal costs are largest in Colombia, followed by Ecuador and Peru. The impact on the current account deficit mirrors the impact on the fiscal deficit but is also due to higher private consumption and investment, which has a high import content. In Ecuador, the fixed exchange rate worsens the current account deficit as the real exchange rate depreciates less, dampening exports and boosting imports.

The impact on inflation and the response of monetary policy are driven by the output gap. In Colombia, the migrant's lower human capital and higher unemployment rates, and labor market frictions mitigate the impact of the increase in labor on the output gap. This together with the fiscal costs of assisting migrants results in a small positive output gap. A similar pattern is observed for Peru. In Chile, the higher human capital of migrants relative to the domestic population results in a negative output gap. In Ecuador, with a fixed nominal exchange rate, the nominal adjustment occurs through prices thereby resulting in lower core inflation.

## Sensitivity Analysis

To complement the results shown thus far, sensitivity analysis for a selected set of variables based on the two migration scenarios discussed in Chapter 1 is presented (Figure 17). Relative to the baseline scenario, GDP is projected to be 0.3 percent lower under the alternative migration scenario on average. On the other hand, differences in the current account and fiscal deficits are more muted. In line with previous findings, and reflecting the size of migration flows, the effects are generally larger for Chile, Colombia, Ecuador, and Peru.

**Figure 17. Sensitivity Analysis of Macroeconomic Impact of Venezuelan Migration**



Sources: Flexible System of Global Models (FSGM) simulations; and IMF staff calculations.

## Conclusion

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The macroeconomic effects of migration from Venezuela are substantial in some recipient countries through both supply and demand side effects. The partial and the general equilibrium approaches used to assess the macroeconomic effects of migration from Venezuela on the LAC region show that growth in the LAC countries that have received the largest migrant flows would increase by between 0.10 and 0.25 percent per year on average between 2017-30. The general equilibrium approach, which also considers the impact of migration on private demand and the fiscal sector as well as dynamic effects, finds that the increase in growth is largely driven by the increase in employment and investment. The migration shock also results in a fall in real wages and a widening of the current account and fiscal deficits. The latter moderate as the migration shock dissipates. Finally, given the uncertainty around the migration projections, sensitivity analysis is presented for an alternative migration scenario, showing that the macroeconomic effects of migration on recipient countries are sizeable even in a lower migration scenario.

## 4. Policy Responses and Recommendations

The policy response to migration from Venezuela has evolved over time. Countries in LAC initially welcomed migrants fleeing the crisis by signing of 2018 Quito agreement.<sup>29</sup> Flexible immigration policies at the border granted access and assistance—including through waivers, mobility cards, temporary permits, or permanent status. Countries also provided humanitarian assistance and access to social services, including health care, childcare, and education. However, countries modified their policies as migration flows surged in 2018–19, with some providing additional support and others imposing barriers. A central theme for policies is how to best manage the costs of adjustment while taking advantage of the benefits of migration. Employment policies have helped migrants to regularize their status and find jobs, but only a few countries have adopted active labor market policies to deepen integration. In this regard, the policy priorities to raise potential growth going forward include formalizing migrant workers, promoting job search, and facilitating labor market adjustment, while managing attendant fiscal costs and strengthening international cooperation.

### Taking Stock of Migration-Related Policies

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This chapter takes stock of policies implemented in LAC countries to support and integrate Venezuelan migrants. Specifically, it provides a framework and tracks the evolution of policies related to immigration, humanitarian assistance, the provision of other public services, and domestic labor market policies. Drawing on this experience, the chapter then discusses policy priorities going forward.

Inward migration is a relatively new phenomenon in LAC, which poses significant public policy and institutional design challenges. Within the context of limited fiscal space and potential tensions from anti-migrant sentiment,<sup>30</sup> a central task for policymakers in recipient countries is to pursue policies that raise the economic welfare for both migrants and local citizens when adjusting to these migrant inflows. A useful typology of public policies to deal with migrants can be characterized by three broad categories: (1) immigration policies related to intake and settlement; (2) provision of social services, including humanitarian assistance, health care, and education; and (3) labor market policies to facilitate employment.

Early in the migration wave, regional partners welcomed Venezuelan migrants and provided extensive support by placing relatively few impediments to settlement in their countries. This support included visa waivers, mobility cards, and the provision of humanitarian assistance and social services, including health care, education, and childcare. Assistance was also given to integrate migrants into the labor market by granting work permits or recognizing work credentials. However, this support was temporary and there has been little role for active labor market policies to deepen the integration of migrants. As the migration flows intensified in 2018–19, countries shifted their policies, some to provide more support and other to erect barriers to migration.

The debate on migration policies in LAC eased in 2020 as the COVID-19 pandemic disrupted migration flows and closed borders. But this debate is likely to reemerge now that borders have reopened and migration has resumed. This debate will take place in a context still high unemployment, a slow economic recovery, and

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<sup>29</sup> The agreement established a commitment among Latin American countries to exchange information and good practices in assisting migrants, seeking to coordinate the regional response to the Venezuelan migration crisis.

<sup>30</sup> About 70 percent of people in Colombia, Ecuador, and Peru surveyed in 2019 stated that they favored stricter immigration policies with about 70 percent believing that immigration led to lower salaries and worse working conditions (Rivero 2019).

limited fiscal space, with migrants being in a particularly vulnerable position.<sup>31</sup> Both the renewed migrant flows and the need to integrate migrants already present in recipient countries, highlight the importance of learning from past actions to improve current migration-related policies and integration efforts.

## Entry at the Border—Immigration Policies

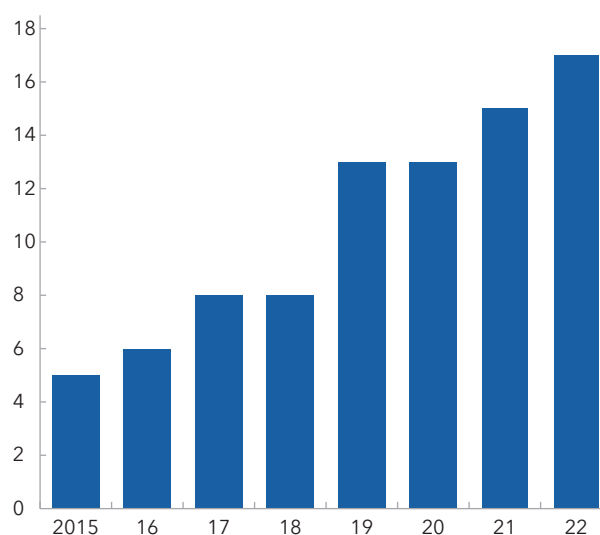
Before the crisis, many LAC countries had a flexible immigration policy with Venezuela. Two decades of integration efforts through sub regional groups such as Mercosur–Southern Common Market, the Andean Community, CARICOM–Caribbean Community, UNASUR–Union of South American Nations, and other bilateral arrangements had resulted in no visa or passport requirements for Venezuelan entry into neighboring countries. At end-2015, Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru, and Uruguay did not require a visa for Venezuelans to enter the country. Of these, Argentina, Brazil, Ecuador, Peru, and Uruguay did not even require a passport, which made them very attractive destinations when the issuance of Venezuelan passports became more difficult.

As the migrant flows grew, several countries introduced new documentation requirements (Figure 18). These restrictions were introduced despite the 2018 Quito agreement. By end-2019, Chile, Ecuador, and Peru had introduced new visa requirements for Venezuelans, with the latter two now also requiring passports.<sup>32</sup> Other countries also adopted more restrictive policies. Panama introduced new visa requirements in 2017, the Dominican Republic, Guatemala, Honduras, and Trinidad and Tobago in 2019, Nicaragua and Aruba in 2021, and Costa Rica and Mexico in 2022 (Table 2). In countries with large land-crossing migrant flows from Venezuela (Brazil, Chile, Colombia, Ecuador, Peru) the authorities also increased the number of border posts and migration officials.

Acknowledging the challenges to obtain appropriate traveling documents in Venezuela, some countries have recently eased immigration requirements.

- Argentina, Brazil, Chile, Colombia, and Peru started accepting expired passports for Venezuelan migrants as valid identification documents as the issuance of passports in Venezuela became difficult and the costs of obtaining a new passport rose significantly.<sup>33</sup>
- In some cases, immigration policies were further relaxed by *regularizing* migrants that did not have a legal status in the country (“irregular” migrants) and/or easing immigration requirements to enter the country. For example, Colombia launched *mobility cards* (not requiring passports) to allow Venezuelans to cross the border to obtain basic goods and services,<sup>34</sup> and *Special Permanence Permits* (PEPs) that provide

**Figure 18. Number of Countries Requesting a Visa to Venezuelans**



Source: IMF staff elaboration.

<sup>31</sup> Colombian authorities report that COVID-19 has led to 48 percent of migrants having no income (4 percent pre-COVID) with 25 percent eating less than one meal a day (3 percent before) and 50 percent at risk of being evicted from their homes.

<sup>32</sup> Historical account of visa requirements from Selee and Bolter (2020).

<sup>33</sup> Venezuelan authorities lacked the resources needed to renew and print new passports, hence many migrants were undocumented. Against this backdrop, some countries started accepting expired passports and IDs. For example, in February 2021, the Government of Chile extended the Exempt Resolution No. 2087 for two years, allowing expired Venezuelan passports and IDs issued since 2013 to be considered valid until April 22, 2023.

<sup>34</sup> Pendular migrants who transit between Colombia and Venezuela were estimated at 4.8 million by the Colombian authorities.

**Table 2. Number of Countries Requesting Visas to Venezuelan Citizens**

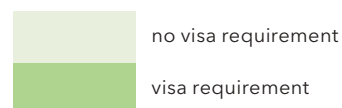
Country	2015	2016	2017	2018	2019	2020 <sup>1</sup>	2021	2022
Argentina	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement
Aruba <sup>2</sup>	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	visa requirement	visa requirement
Bolivia	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement
Brazil	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement
Canada	visa requirement	visa requirement	visa requirement	visa requirement	visa requirement	visa requirement	visa requirement	visa requirement
Chile <sup>3</sup>	no visa requirement	no visa requirement	no visa requirement	no visa requirement	visa requirement	visa requirement	visa requirement	visa requirement
Colombia	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement
Curazao	visa requirement	visa requirement	visa requirement	visa requirement	visa requirement	visa requirement	visa requirement	visa requirement
Costa Rica	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	visa requirement	visa requirement
Ecuador	no visa requirement	no visa requirement	no visa requirement	no visa requirement	visa requirement	visa requirement	visa requirement	visa requirement
El Salvador	visa requirement	visa requirement	visa requirement	visa requirement	visa requirement	visa requirement	visa requirement	visa requirement
Dominican Republic	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	visa requirement	visa requirement
Guatemala	no visa requirement	no visa requirement	no visa requirement	visa requirement	visa requirement	visa requirement	visa requirement	visa requirement
Guyana	visa requirement	visa requirement	visa requirement	visa requirement	visa requirement	visa requirement	visa requirement	visa requirement
Honduras	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement
Mexico	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	visa requirement	visa requirement
Nicaragua	no visa requirement	visa requirement	visa requirement	no visa requirement	no visa requirement	no visa requirement	visa requirement	visa requirement
Panama	no visa requirement	no visa requirement	visa requirement	visa requirement	visa requirement	visa requirement	visa requirement	visa requirement
Paraguay	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement
Peru	no visa requirement	no visa requirement	no visa requirement	no visa requirement	visa requirement	visa requirement	visa requirement	visa requirement
Trinidad and Tobago	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement
United States	visa requirement	visa requirement	visa requirement	visa requirement	visa requirement	visa requirement	visa requirement	visa requirement
Uruguay	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement	no visa requirement

Source: IMF staff elaboration.

<sup>1</sup>In 2020, due to the pandemic, most borders were closed.

<sup>2</sup>Border was closed since 2019.

<sup>3</sup>Chile introduced "Democratic Responsibility Visas" in 2018.



time-limited resident status (two years in most cases).<sup>35</sup> In March 2021, Colombia committed to regularize the migrant population from Venezuela through the *Temporary Protection Statute* (ETPV). The ETPV is made up of the *Unique Registry of Venezuelan Migrants* (RUMV) and the Temporary Protection Status (PPT). The PPT is the identification and regularization document that will allow Venezuelans to access rights, services, and integration opportunities for 10 years, while they acquire a resident visa (Box 1).<sup>36</sup>

### Box 1. Colombia: Implementation of the Temporary Protection Status<sup>1</sup>

Colombia's initial response to the Venezuelan migration crisis, as noted in CONPES 3950 of 2018, aimed to support migrants in the areas of health, education, early childhood, childhood, adolescence and youth, water, housing and basic sanitation, and labor inclusion; over a period of three years. It also sought to help the integration of migrants through regularization and socialization as reflected in the Development National Plan 2018-22, which envisaged the adoption of a comprehensive long-term strategy, not only for the management and care of migratory flow, but also for the economic and social integration of migrants and returning Colombians. Against this backdrop, the government introduced the *Permiso Especial de Permanencia* (PEP visa), which granted full access to Colombian formal markets and safety nets to irregular migrants. In 2021, Colombia introduced the Temporary Protection Status (ETPV) to protect existing irregular migrants, discourage new irregular migration, and allow the transition of migrants from a temporary protection regime to an ordinary immigration regime.

#### Validity and Beneficiaries

The ETPV will be valid for 10 years and will be aimed at Venezuelan migrants who are in Colombia on a regular status, either because they have an entry permit and permanence, extended the permanence, or have a PEP. Venezuelan migrants seeking refuge and holders of an SC-2 safe-conduct will also qualify, as well as irregular Venezuelan migrants who can demonstrate they were in Colombia on January 31, 2021. To discourage irregular migration, only those Venezuelan migrants who enter Colombia regularly during the first two years of validity of the ETPV will benefit from it.

#### Structure

The ETPV has two legal tools, the single registry of Venezuelan migrants under temporary protection regime and the temporary protection permit (PPT). These tools will be implemented in two phases, first by creating a single registry of Venezuelan migrants that is part of the identification and registry project of Venezuelan citizens and second, by issuing PPT, a migratory regularization and identification document that allows the exercise of any legal activity or occupation. It also allows migrants to prove their permanence in Colombia for the purpose of accumulating the time required to apply for a resident visa. This benefit also applies to valid PEP holders on the effective date. After its first year of implementation, 2.2 million Venezuelans have applied to the ETPV, of whom more than half have been authorized.

<sup>1</sup> Source: Decree 216 of 2021, Migration Colombia.

<sup>35</sup> The PEPs covered irregular Venezuelan migrants who had registered with the government before June 8, 2018. Those who entered the country after that had almost no access to regularization processes until the implementation of the Special Stay Permit for the Promotion of Formalization (*Permiso Especial de Permanencia para el Fomento de la Formalización*, PEPFF) in January 2020.

<sup>36</sup> In addition, Colombia granted citizenship to more than 45,000 children of Venezuelan migrants born within its borders.

- Regularization processes of Venezuelan migrants have been implemented in many LAC countries to varying degrees (Table 3, Annex 1). Argentina and Uruguay have maintained lax immigration requirements and open paths to legal permanent residency. Brazil has made temporary residence permits available to any Venezuelan who enters the country if they have some type of identity document (Selee and Bolter 2020), while the Dominican Republic, Ecuador, and Trinidad and Tobago have provided temporary residence permits only to migrants that entered legally. Peru has implemented both. During 2017–18, it adopted a *Temporary Stay Permit* (PTP) that gave one year of residency to Venezuelans who entered legally, and in 2020, a *Temporary Stay Permit Card* (CPP) for one year including to those migrants whose temporary residency had expired and that had entered the country irregularly.
- Mexico and several Central American countries have applied existent migration regularization frameworks rather than specific ones for Venezuelan migrants (Annex 1). A key element that distinguishes this region is that these countries play the role of origin, destination, and/or transit of Venezuelan migrants.

Another path to migrant regularization has been through asylum systems. Most countries that signed the 1951 UN Refugee Convention have given various forms of assistance, but only some have granted asylum status to a significant number of migrants. The countries receiving the largest number of refugee requests in the region have been Brazil and Peru.<sup>37</sup> Successful asylum claims remain much smaller in the rest of countries, with applications often overwhelming existing processing systems.

## Humanitarian Aid and Social Assistance

Most LAC countries have provided assistance to Venezuelan migrants irrespective of whether migrants have asked for asylum or not. Most have helped vulnerable groups such as children, women, and the elderly. Venezuela's immediate neighbors (Brazil, Colombia, Guyana) have provided basic medical assistance such as vaccinations, nutrition, and childbirth. Medical services have also been provided at the border in Chile, Ecuador, and Peru and for migrants crossing on foot. Panama has provided health services, temporary housing, and food, while Mexico has provided food, medical services, legal advice, and access to education. In Honduras, migrants have received food and medical checkups, in coordination with the International Red Cross. Canada and the United States have provided funding for this humanitarian aid.

Once in the country, however, migrants have faced challenges accessing health systems. In countries with universal healthcare (Argentina, Ecuador, Guyana, Trinidad and Tobago), health care systems are open to migrants, but resource constraints make it difficult in practice. Other countries have mixed health care system wherein migrants can access basic services but face legal barriers to access other services. In Colombia, the health care system consists of a basic free public system that provides vaccinations, prenatal care, and emergency care, which migrants can access at no cost. For additional services, Colombians access subsidized or contributory public health insurance, which is also available for Venezuelan migrants in regular status (including PEP and TPS holders) but not for migrants in irregular status.

Peru also has a mixed health care system with contributory and subsidized public insurance schemes. However, only people with identity documents issued by the Peruvian government are allowed to access these systems. This excludes both irregular migrants and Temporary Permanence Permit holders, although many of them have access to basic programs aimed at vulnerable migrant populations (for example, pregnant women, children younger than five). This strategy has also been adopted in other countries, where limited alternative services are provided to migrants in lieu of full integration to the local health care systems. As an

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<sup>37</sup> As of 2019, Peru had received 300,000 refugee applications, while Brazil had received 120,000 (Selee and Bolter 2020).







**Table 3. Mechanisms for the Registration and/or Regularization of Venezuelan Migrants**

Country	2015	2016	2017	2018	2019	2020	2021	2022
Argentina	Established visa pathways for Venezuelans							
Bolivia							Provision of temporary residence permits to migrants that entered the country as long as they have some type of ID	
Brasil		Established visa pathways for Venezuelans						
Chile			Provision of temporary residence permits for migrants that entered legally.				Provision of temporary residence permits including migrants that did not enter legally.	
Colombia <sup>1</sup>			Provision of temporary residence permits for migrants that entered legally.				Provision of temporary residence permits valid up to 10 years including migrants that entered illegally.	
Curazao							Provision of temporary residence permits to migrants that entered the country as long as they have some type of ID	
Costa Rica <sup>2</sup>					Provision of temporary residence permits for migrants that entered legally.			Provision of temporary residence permits to migrants that entered the country as long as they have some type of ID
Ecuador					Provision of temporary residence permits for migrants that entered legally.			Provision of temporary residence permits to migrants that entered the country as long as they have some type of ID
Dominican Republic							Provision of temporary residence permits to migrants that entered the country as long as they have some type of ID	
Peru			Provision of temporary residence permits for migrants that entered legally.			Provision of temporary residence permits including migrants that did not enter legally.		
Trinidad and Tobago					Provision of temporary residence permits for migrants that entered legally.		Provision of temporary residence permits to migrants that entered the country as long as they have some type of ID	
United States							Venezuela is designated for Temporary Protected Status (TPS).	
Uruguay	Established visa pathways for Venezuelans							

Source: IMF staff elaboration.

<sup>1</sup>One of the PEP rounds covered Venezuelans who had entered the country irregularly as long as they had subsequently registered with the government between April and June 2018.

<sup>2</sup>Not specific for Venezuelans. Mechanism designed for migrants working in the agricultural sector.

	Established visa pathways for Venezuelans
	Provision of temporary residence permits to migrants that entered the country as long as they have some type of ID
	Provision of temporary residence permits for migrants that entered legally.
	Provision of temporary residence permits including migrants that did not enter legally.
	Provision of temporary residence permits valid up to 10 years including migrants that entered illegally.
	Venezuela is designated for Temporary Protected Status (TPS).

additional limited safety net, LAC countries have coordinated with international agencies (for example, UN agencies, Red Cross International, Doctors without Borders) to provide additional basic service coverage to Venezuelan migrants.

In Brazil, all people can access health services regardless of their immigration status, but with some limitations. To access health services, it is necessary to have an identification document to prove the person's identity. In Chile, the Migration Law states that resident foreigners or foreigners with irregular migratory status will have access to health care on the same terms as nationals. In the Dominican Republic, Nicaragua, and Panama, migrants also have access to public health services (Table 3, Annex 2).

The provision of social benefits, in most cases, is limited to migrants that have a legal migratory status. Some exceptions include Brazil where the right of access to social benefits is a universal right protected by the Constitution and applies to all people within the Brazilian territory regardless of their immigration status. For instance, migrants have the right to basic social assistance, such as Bolsa Familia and Auxilio Brasil.

## COVID-19 Response

Vaccination against COVID-19 in LAC has covered Venezuelan migrants irrespective of their migratory status.<sup>38</sup> Venezuelan migrants have also received pandemic-related transfers in some countries. In Colombia, migrants holding a PEP or TPS were eligible for the Solidarity Income Program to mitigate the impact of the pandemic. In Brazil, Venezuelan migrants benefited from emergency relief from the federal government. In Costa Rica, migrants in regular migratory status that had a valid migratory identity document, a valid work permit, and an international bank account number (IBAN) bank were eligible for the *Bono Proteger*, which provided temporary subsidies to people who were laid off or experienced reduced working hours during the pandemic.<sup>39</sup> In Panama, migrants were included in the state's responses to the COVID-19 pandemic and in the Panama Solidarity Plan.

## Education Policies

Most LAC countries provide universal access to education and cover migrants regardless of their status (Table 3, Annex 2).<sup>40</sup> Colombia, with the largest recipient of school-age Venezuelan migrants, allows them to enroll without documentation and without providing apostilled copies of school records. Placement exams are used for accreditation instead. Ecuador has a similar system. In Peru, migrants must validate their primary or secondary school records to access local schools, which is a significant barrier for many of them.<sup>41</sup> Even when the proper documentation is provided, countries face school capacity constraints and lack of funds for additional teachers and meals. Aruba, Brazil, and Guyana, where Spanish is not spoken, provide language assistance.

## Employment–Labor Market Policies

LAC countries have implemented various strategies and programs to regularize migrants and help their integration into the labor market. As noted in Chapter 3, these policies can be instrumental in expanding the workforce, human capital, and the productive capacity of the economy.

For asylum seekers, access to the local labor market should be granted under international agreements for Venezuelan migrants, but this is not always the case. For example, Trinidad and Tobago does not issue work permits to refugees under UNHCR due to lack of a recognition system, while other countries do not allow asylum seekers to get a work permit while applying for asylum. On the other hand, Costa Rica and Panama allow asylum seekers to get a work permit when applying for asylum. More generally, the share of Venezuelan migrants applying for refugee status is small (15 percent).

For non-asylum seekers, countries have tried to regularize irregular migrants or introduce visas that allows them to work. Chile, Colombia, Peru, and Trinidad and Tobago introduced renewable temporary work permits, lasting between six months and two years, which have allowed many migrants to obtain legal work status.<sup>42</sup> These programs have been helpful to regularize many migrants and open the door to formal employment. However, they are not open to all migrants due to a variety of legal requirements, which in some cases have become stricter. For example, Chile stopped allowing migrants who entered on tourist visas to transition to a status that allows them to work.

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<sup>38</sup> In Paraguay, other COVID-19-related health services have also been extended to migrants regardless of status.

<sup>39</sup> In 2020, UNHCR and the Costa Rican Social Security Fund (CCSS) signed an agreement to provide health insurance to refugees and asylum seekers with medical vulnerabilities that require long-term treatment and follow-up.

<sup>40</sup> This is the case in Argentina, Brazil, Chile, Colombia, the Dominican Republic, Ecuador, Mexico, Nicaragua, Panama, Peru, and Uruguay. Costa Rica allows foreign students to apply for a migratory identity document that grants access to education. Guyana gives equal access to education for everyone in the country, while Trinidad and Tobago requires a regular status (Selee and Bolter 2020).

<sup>41</sup> See discussion on costs of degree certification and school enrollment in the LAC region in Selee and Bolter (2020).

<sup>42</sup> Work authorizations included the provision of PEP in Colombia and PTP/PPP in Peru, with the former expanding the scope and coverage of these permits. In Trinidad and Tobago, registered Venezuelans can legally work for six months, renewable for another six months, but a ministerial permit to work must be requested first.

**Table 4. Provision of Social Services to Venezuelan Migrants.**

Country	Health	Education	Social Benefits
Argentina	Light Green	Light Green	White
Aruba	Dark Green	Dark Green	Dark Green
Bolivia	White	White	White
Brasil <sup>1</sup>	Light Green	Light Green	Light Green
Canada	White	White	White
Chile	Light Green	Light Green	Dark Green
Colombia <sup>2</sup>	Dark Green	Light Green	Dark Green
Curazao	Dark Green	Dark Green	Dark Green
Costa Rica	Dark Green	Light Green	Dark Green
Ecuador	Light Green	Light Green	Dark Green
El Salvador	White	White	White
Dominican Republic	Light Green	Light Green	Dark Green
Guatemala	White	White	White
Guyana	Light Green	Light Green	White
Honduras	White	White	White
Mexico	Light Green	Light Green	White
Nicaragua	White	White	Dark Green
Panama	White	White	White
Paraguay	Light Green	Dark Green	Dark Green
Peru	Dark Green	Light Green	Dark Green
Trinidad and Tobago	Light Green	Dark Green	Dark Green
United States	White	White	White
Uruguay	Light Green	Light Green	Light Green

Source: IMF staff elaboration.

<sup>1</sup>Migrants have the right to basic social assistance (like Bolsa Familia/Auxilio Brasil).

<sup>2</sup>Regarding education services, children cannot graduate from high school (eleventh grade) if they are in irregular status.

Light Green	Migrants can access irrespective of immigration status.
Dark Green	Migrants with irregular status can access part of the services or access with some restrictions.
Dark Green	Only for migrants with regular status or specific permits.
White	n.a.

Colombia introduced the Special Stay Permit in 2020, allowing Venezuelans that have an offer of formal employment to receive a temporary work permit for the length of their contract (Selee and Bolter 2020). Moreover, the EPTV implemented in 2021 provides qualifying migrants the right to work in any legal activity or occupation. In Brazil, migrants with temporary residence, asylum seekers, and refugees can apply to *Carteira de Trabalho* (CdT), which guarantees access to labor rights provided for by law. Costa Rica is regularizing migrants with roots in the country and those working in the agricultural sector, including with the “Labor Traceability” card (known as SITLAM) that proves the temporary legal permanence in the country and guarantees labor rights such as payment of the minimum wage and overtime, as well as other benefits.

Countries have also introduced programs to validate migrants’ skills and degrees. As noted in Chapter 2, high costs and long waiting times related to the recognition of degrees, accreditations by national professional associations, and apostilled documents requirements have induced educated migrants to seek low-paying jobs in the informal sector. Some countries have launched programs to accelerate these processes. In Peru, municipalities offer courses in their Productive Technical Centers to allow migrants to obtain certification for existing skills. Similar programs exist in Colombia through its National Learning Service Agency (SENA). Uruguay has implemented institutional reforms to decentralize and expedite the validation of foreign degrees, while Ecuador and Argentina have implemented fast-track credential recognition systems.

Active labor market policies have also been introduced given that some migrants take time to integrate into the labor market even when legally authorized to do so. This includes facilitating internal migration by reallocating assistance to cities where there are labor shortages. In 2018, Brazil implemented “Operation Welcome” (“*Operacao Acolhida*”) to integrate arriving Venezuelans by sending them to other parts of the country (other than Roraima and Manaus, the main arrival centers). A goal of this system is to better integrate migrants in the Brazilian labor market, given reduced opportunities in arrival cities. Language training has also been provided in countries where Spanish is not the first language (Aruba, Brazil, Guyana). The use of other active labor policies, such as the active job-search assistance provided in Europe, has been more limited.<sup>43</sup>

## Policies for Past Migrants and Future Waves

LAC countries will need to redouble their efforts to integrate the migrants into their labor markets going forward. As noted in Chapter 1, migration from Venezuela has resumed after a brief interruption during the COVID-19 pandemic and is expected to continue in the coming years. In addition, many LAC countries have large numbers of migrants from previous waves that have not been fully integrated in the domestic labor market. Countries in the region should continue providing immigration, health, and education benefits to migrants, and should strengthen their efforts to integrate migrants into the formal labor market to reap the economic gains from migration. International evidence shows that policies supporting the integration of migrants into the labor market and society have yielded positive results in the countries that implemented them.<sup>44</sup>

### Building on Existing Policies

The first pillars to build on are regularization and transitional arrangements. For migrants who entered the borders under regular status, permanent residence pathways, such as those offered by Argentina and Uruguay, are the most appropriate and should be expanded in other countries in the spirit of the Quito agreement. These paths, however, do not cover the numerous migrants who have entered countries illegally

<sup>43</sup> Multiple programs have been implemented in Europe, including training and job-search assistance, hiring incentives (wage subsidies), and cultural assimilation and civic engagement programs (Rinne 2012; Beverlander 2016; Bilgili, Huddleston, and Joki 2015; and OECD 2019).

<sup>44</sup> Rinne (2013), Butschek and Walter (2014), Bilgili Huddleston, and Joki (2015), Frattini (2017), and Neureiter (2018) provide evidence for Europe, while OECD (2014) provides evidence for OECD countries.

or who, by necessity, have overstayed their temporary visas.<sup>45</sup> For them, asylum systems, which remain largely underdeveloped, should be strengthened in accordance with commitments through international treaties, including the 1951 UN Refugee Convention and the 1984 Cartagena Declaration on Refugees.<sup>46</sup>

Alternatively, regularization programs like those implemented in Colombia, Ecuador, and Peru could be replicated in other countries. This includes accepting expired passports as legal identification documents and implementing targeted temporary residence programs for migrants.<sup>47</sup> These permits can help integration and smooth the short-term impact of migration; however, they should be transitional. As it becomes clearer that many migrants will not be able to return to Venezuela in the future,<sup>48</sup> temporary programs will expire and their renewal can overwhelm permit approval systems. In this context, the ETPV in Colombia provides an example of a long-term sustainable strategy, which not only complements transitional programs but further advanced the process of integration of migrants. Otherwise, permanent irregular migration, with its adverse effects on labor market formalization and social outcomes, could become a medium-term risk.

Health and education systems will need to transition from immediate emergency responses to economic and social integration. This will require enhancing the quality and coverage of education and health systems, which remain underdeveloped in many LAC countries, and easing the process to legally integrate migrants into the health and education systems, including irregular migrants. The authorities should communicate clearly which basic services are accessible to migrants in the public health systems and the paths to enrollment in the contributive social security schemes. Similarly, for education, enrollment requirements for migrants should be clarified and made more flexible to allow rapid enrollment of migrant children at the appropriate grade.

## Labor Market Priorities

Reaping the economic gains from migration requires accelerating and strengthening labor market integration. Key dimensions include (1) expanding access to formal labor markets through more integrated approaches, (2) deepening active labor market policies including job search and labor protections, and (3) undertaking structural reforms more broadly that improve absorptive capacity of and adjustment in labor markets to the influx of new workers.

Formalizing migrant workers and easing access to the formal labor market would reduce misallocation. Access to work permits could be given early in the application for asylum, permanent residence, or temporary permanence permits. As in Colombia, an option to encourage formal employment is to tie residence permits to employment offers, which was also successful in Germany in the 1990s.<sup>49</sup> Legislation discouraging legal migrant employment, such as limits on foreign employment at the firm-level, should be reformed.<sup>50</sup> LAC countries should also accelerate the accreditation of skills and education to better use the migrants' human capital. This requires removing rigidities and bottlenecks in existing accreditation systems (including those involving universities and professional associations), lowering fees and apostilled document requirements, making procedural information easily available, and certifying professional skills. Fast-track programs such as those in Argentina and Ecuador could serve as examples, as well as the skill certification programs in Colombia and Peru.

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<sup>45</sup> This group accounted for 57 percent of migrants in Colombia and 74 percent in Ecuador (Abuelafia 2020).

<sup>46</sup> Most migrants can be classified as refugees under the Cartagena Declaration (OAS 2020), but processing is slow.

<sup>47</sup> Temporary programs could also be targeted to employment status or school enrollment.

<sup>48</sup> The Colombian authorities estimate that more than two-thirds of migrants intend to stay permanently.

<sup>49</sup> See Dustmann and others (2016) for a discussion on Germany's policies to deal with the Bosnia and Kosovo refugees in the 1990s.

<sup>50</sup> Chile, Mexico, and Peru have maximum thresholds of 10–20 percent for foreign employment at the company level.

Active labor market policies should be strengthened, including those enhancing country wide mobility and job search assistance. This would enable migrants to move where employment opportunities are more abundant and help balance regional disparities in labor market conditions. Moreover, in non-Spanish-speaking countries, language training can be expanded to further facilitate economic integration. Labor rights protection policies should also be strengthened to prevent discrimination and exploitation of migrants.

Broader structural reforms are also needed, including those that increase flexibility of wages and hiring practices. These policies would help absorb the migrant influx and reduce unemployment and informality of both migrants and locals. Reducing firm start-up and non-wage labor costs is also a priority, which would help expand economic activity and employment.<sup>51</sup> Going forward, structural reforms to improve labor mobility and reduce product market rigidities will help mitigate the scarring effects from the pandemic.

## Managing Fiscal Implications

The policies discussed so far may carry large fiscal costs. Policy implementation will depend on available fiscal space and medium-term frameworks. Countries with ample fiscal space can finance the rise in spending related to the provision of education, health, and social assistance to migrants by issuing debt. Countries with limited fiscal space may seek help from donors and international institutions to support migrants. They can also finance higher migrant-related spending by enhancing the efficiency of other spending (reducing untargeted transfers, improving investment efficiency, using public-private partnerships), while avoiding cuts to needed infrastructure investment and well targeted social programs. On taxes, closing exemptions and loopholes can raise significant revenue without large economic or social costs. Countries should avoid increasing taxes that raise the cost of employment given large migration flows and the growing workforce. Countries should develop and implement standards and procedures that facilitate and simplify the migratory regularization of Venezuelan migrants and promote their integration in public employment services platforms, employment, self-employment and entrepreneurship (in line with the Quito Process [VIII Join Statement](#), points 6 and 7).

The response to the migration from Venezuela requires strong coordination across multiple agencies and levels of government. A coordination body should be established to coordinate the national response, as in Colombia, where migration czar that responds directly to the President was appointed, or in Peru, where a special multisector commission was established. Strong centralized leadership and coordination would ensure an effective implementation of measures in a cost-effective manner.

Coordination at the international level is also key for an effective response to the Venezuelan migration crisis. Individual country actions toward migrants, such as entry restrictions at the border, can lead to larger than expected migrant flows to other countries in the region. In line with the 2018 Quito agreement, countries should negotiate a coordinated response to the migration crisis, in which each country contributes its fair share in the provision of employment and integration opportunities to migrants.

International cooperation is also key in coordinating humanitarian assistance. This includes coordinating resources for emergency humanitarian responses through multilateral organization and international donors,<sup>52</sup> and sharing information on migrant flows, health, demographic characteristics, and response strategies. There are some good examples of coordination in health care. In 2019, 11 countries announced the introduction of a Uniform Vaccination Cards (TUVs) to reduce vaccine duplications while ensuring that

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<sup>51</sup> Alaimo and others (2017) estimate average non-wage costs of salaried labor in the region at 49 percent of wages.

<sup>52</sup> The OAS reports that the UN has been able to fundraise only 21 percent (\$158 million) of the total estimated cost of the 2019 Regional Refugee and Migrant Response Plan (OAS 2020). The amount is significantly lower than donations for other global migrant crises. The R4V Regional Inter-Agency Coordination Platform estimated financial requirements of \$1.8 billion for 2022.

all Venezuelan migrants were vaccinated.<sup>53</sup> This now allows for more resource effective vaccination and tracking. Similarly coordinated strategies could be envisioned for the recognition of identification documentation and education degrees, and to homogenize the requirements to access health and education services. This coordination became even more important with the COVID-19 pandemic, where sharing testing and vaccination records is key. International coordination strategies can allow the region to share the costs and the benefits of full migrant integration.

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<sup>53</sup> The countries that started to implement TUVs in October 2019 included Argentina, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Haiti, Panama, Paraguay, United States, and Peru.

## Annex 1. Mechanisms for Registration and Regularization of Venezuelan Migrants

Country	Comment
Argentina	In Argentina, Venezuelan migrants can obtain a two-year temporary residence visa under Mercosur's mobility agreement, even though Venezuela has been suspended from the bloc, as long as they provide either a national identity document or passport, documentation of their legal entry into the country, certificates showing a clean criminal record in Argentina and anywhere else they have resided for more than one year in the last three years, and proof of residence in Argentina. Source: Extracted from Selee and Bolter, 2020 (page 20).
Bolivia	In September 2021, the Government of Bolivia approved a decree that will allow "in an exceptional manner" the migratory regularization of foreigners who are in illegal migratory territory. The norm authorizes foreigners to avail themselves of a temporary stay of two years, which they may request for a period of 12 months from the publication of the decree. Source: Swissinfo.ch
Brasil	There are also a series of regulatory provisions, adopted since March 2017, that facilitated the issuance of residence from bordering countries without specifying persons from Venezuela. Interministerial Portaria No. 9 of 2018 regulated the temporary residence permit for migrants who are in Brazilian territory and who are nationals of a bordering country, benefiting people from Venezuela. In 2021, it was allowed the possibility of regularizing legal status (requesting asylum or temporary residence) for people from Venezuela who entered Brazil irregularly during the period in which entry by land was prohibited (since March 17, 2020). until June 23, 2021). Source: Extracted from R4V, June 2022 (pages 57-58).
Chile	The first regularization process in 2018 granted resident status to more than 210,000 people in Chile. During the intermediate time between the promulgation of the new law 21,325 and its entry into force, its transitory Article 8 contemplated an extraordinary regularization procedure for a duration of 180 days until January 7, 2022. Chile limits the benefit of regularization to people who entered through authorized stops. According to the new migration law, foreigners who had entered Chile through authorized stops prior to March 18, 2020 and are in an irregular migratory condition may request a temporary residence visa without being administratively sanctioned under the extraordinary regularization process. The visa will be valid for one year, extendable for the same period. Source: Extracted from R4V, June 2022 (pages 46-49).
Colombia	Colombia began issuing a Special Stay Permit (Permiso Especial de Permanencia, or PEP) in August 2017 to Venezuelans who had entered legally. The first round of PEP covered any Venezuelan who had entered Colombia with a passport before July 28, 2017. As Venezuelan migration continued, the Colombian government implemented six more rounds of PEP. One of these three rounds covered Venezuelans who had entered the country irregularly as long as they had subsequently registered with the government between April and June 2018. Venezuelans who entered the country illegally after June 8, 2018, however, had almost no access to regularization processes until the Colombian government implemented the Special Stay Permit for the Promotion of Formalization (Permiso Especial de Permanencia para el Fomento de la Formalización, PEPFF) on January 28, 2020. The PEPFF allows Venezuelans who are 18 or older and have an offer of formal employment to receive a temporary work permit for the length of their contract. In March 2021, Colombia committed to regularize the migrant population from Venezuela through the Temporary Protection Statute (ETPV). The Resolution implementing the Temporary Protection Statute for Venezuelan Migrants was established through Decree 216 of 2021. The ETPV is a temporary legal protection mechanism for refugees and migrants from Venezuela in Colombia, complementary to the international refugee protection regime. The ETPV is made up of the RUMV, in which migrants from Venezuela had to register, and the Temporary Protection Permit (PPT), the identification and regularization document that will allow the population of Venezuela to access rights, services, and integration opportunities for ten years, while they acquire a resident visa (Visa Type R). People who enter Colombia irregularly after January 31, 2021 cannot benefit from the ETPV. Source: Extracted from R4V, June 2022 (pages 20-23).

*continued*

**Annex Table 1.1. (continued)**

Country	Comment
Ecuador	<p>In 2017, Ecuador issues an Organic Law of Human Mobility with the objective of making effective the right to migrate by establishing the requirements for entering and leaving the national territory. The temporary residence visas available under this law included the MERCOSUR visa, which no longer applies to Venezuela since its participation in this space was suspended, and the UNASUR temporary residence visa, valid for two years and extendable for two more years.</p> <p>The State implemented the Exception Visa for Humanitarian Reasons (VERHU), available to people from Venezuela. Those who had entered the country through immigration control points until July 26, 2019 could apply for the VERHU visa. In 2019, Migratory Amnesty and Residence Visa for Venezuelan citizens under certain conditions. In June 2022, through Decree 436, the Ecuadorian Executive established that Venezuelans who have entered the country regularly before this Friday, June 3, 2022 will be able to apply for the Exception Temporary Residence Visa for Venezuelan Citizens (VIRTE), with a term two years, renewable once. Source: Extracted from R4V, June 2022 (pages 40–42).</p>
Paraguay	<p>Paraguay does not have specific policies regarding Venezuelan refugees. In 2015, a presidential decree on the national migration policy was approved, and the National Commission of Refugees (CONARE) was created. The national migration framework is based on the principles of non-discrimination, protection of refugees, and seeks to foster the social and cultural integration of refugees.</p>
Peru	<p>Venezuelans could apply for Peru's Temporary Stay Permit (Permiso Temporal de Permanencia, or PTP) from February 2, 2017 through December 31, 2018. It offered one year of temporary residency to Venezuelans who entered the country before November 1, 2018. In 2020, Supreme Decree No. 010-2020-IN approved the special, exceptional and temporary measures to regularize the immigration status of foreigners, and granted a Temporary Stay Permit Card (CPP) for the duration of one year to those who entered the country until October 22, 2020, as a result of the approval of the administrative procedure for migratory regularization. This includes those whose temporary stay or residency had expired and those who had entered the territory irregularly (as opposed to the case of PTP). Source: Extracted from R4V, June 2022 (pages 30–33).</p>
Trinidad and Tobago	<p>In April 2019, the Government announced a registration system for people from Venezuela, which was carried out between May 31 and June 14, 2019. People from Venezuela who passed security controls received a identification card. Ministerial Permit, which initially granted permission to stay and work in Trinidad and Tobago from May 31, 2019 to July 31, 2020 (a card that would allow them to work legally for 6 months and were eligible to be renewed for). The permission was extended until the end of 2020 due to the pandemic. In 2021, the government conducted a re-registration exercise between March 8 and March 26, later extended until April 9, to update information on individuals from Venezuela who participated in the original migration registration framework exercise in 2019. Source: Extracted from R4V, June 2022 (page 74).</p>
United States	<p>In March 2021, Venezuela was designated for Temporary Protected Status (TPS) for 18 months, until September 2022. This new designation of TPS for Venezuela enables Venezuelan nationals (and individuals without nationality who last resided in Venezuela) currently residing in the United States to file initial applications for TPS, so long as they meet eligibility requirements. Source: Department of Homeland Security.</p>
Uruguay	<p>In Uruguay, Venezuelans can obtain a permanent residence visa under the Mercosur mobility agreement. To do so, they must provide either a national identity document or passport, proof of a clean criminal record in countries where they resided for more than six months in the past five years, and a vaccination certificate. Source: Extracted from Selee and Bolter, 2020 (page 20).</p>

Sources: *Programas de Regularización y Facilidades Administrativas para las personas Refugiadas y Migrantes de Venezuela* (R4V, 2022); *An Uneven Welcome, Latin American and Caribbean Responses to Venezuelan and Nicaraguan Migration* (Selee and Bolter, Migration Policy Institute, 2020); and Swissinfo.ch.

continued

Annex Table 1.1. (continued)

Country	Comment
Costa Rica	A mass regularization program for agricultural workers announced on September 27, 2019. Under this program, migrants who entered the country between January 1, 2016 and May 31, 2019 and who are engaged in farm work were eligible for a temporary visa that can be renewed for two-year periods. In June 2020, after the closure of land borders, a second decree was worked on to regularize agricultural migrant workers who had arrived in Costa Rica between January 15, 2016 and January 15, 2020. In 2021, Costa Rica issued the "General protocol for handling labor migration for the harvest season in the framework of the COVID-19 alert, 2021-2022", which seeks to ensure that the entry and exit of migrants from Nicaragua, who will perform harvesting work in the agricultural sector in the period 2021-2022, is orderly and considers at all times the mitigation of the risk of infection of the COVID-19 virus. In 2022, Costa Rica issued Decree 43527-MGP-S-MAG-MRREE, which creates "the special category for the migratory regularization of foreigners to work temporarily in the agricultural sector". In addition, with this decree, the "Labor Traceability" card (known as SITLAM) is created, which is a document that will prove the temporary legal permanence in the country.
Curacao	In 2021, the government launched a temporary regularization program earlier this year that allows all migrants who legally entered the country on or before March 13, 2020 to apply for a temporary one-year residence permit. The status additionally extends protection from deportation until September 22, 2021. Once granted temporary residency, recipients may then apply to change status for a more durable work permit. Source: Migration Policy Institute (2021).
Dominican Republic	Resolution (MIPEXT No. 00119-2021) aimed to normalize the migratory status (within the category of Non residents) of eligible Venezuelan who entered regularly (i.e., with tourist card or visa) between January 2014 to March 2020, but are considered irregular (i.e., stayed beyond the authorized validity). Applies also to their minor children. Eligible Venezuelans may benefit from an extension of permanence (granted for 60 days); the extension will be renewed until the National Migration Council recommends cessation. Venezuelans had 30 days from implementation of the Resolution to enter their data. [The status additionally extends protection from deportation until September 22, 2021. Once granted temporary residency, recipients may then apply to change status for a more durable work permit.]
El Salvador	Migrants with irregular status in El Salvador can opt for regularization under some of the migration categories stipulated in the Special Migration and Foreigners Act. Depending on the category, the applicant may not have to have regular migratory status in order to apply for Temporary Residency or Non-Resident status. In some cases, Non-Residents may apply for a change of status in accordance with Article 109 of the Act. Source: International Organization for Migration (2021).
Guatemala	The Guatemalan authorities do not have official policies to help migrants specifically from Venezuela. In general, the decree 44-2016 "Migration code" establishes that all foreigners have the right to family, to property and investment, to work, to public education, not to be discriminated. ( <a href="https://igm.gob.gt/wp-content/uploads/2021/11/1_Codigo-de-Migracion-Decreto-44-2016-del-Congreso-de-la-Republica.pdf">https://igm.gob.gt/wp-content/uploads/2021/11/1_Codigo-de-Migracion-Decreto-44-2016-del-Congreso-de-la-Republica.pdf</a> ).
Guyana	In 2018, Registration of migrants. The National Multi-Agency Coordinating Committee for Migration was established to monitor the flow of migrants and coordinating relief efforts. The Civil Defence Commission (CDC) is also supporting the relief efforts to migrants. Provision of information on immigration and asylum procedures. Provision of counselling support on key issues such as documentation and legal residency. Lenient immigration policies and measures instituted e.g. no deportations for illegal entry or overstaying. Immigration Department working with IOM to develop Standard Operating Procedures (SOPs) to deal with larger influx of Venezuelan migrants.

continued

**Annex Table 1.1. (continued)**

Country	Comment
Honduras	<p>According to legal regulations, migrants must enter through authorized border centers and adhere to immigration control. They must present valid travel documents, medical certification or comply with quarantine if requested by the medical-sanitary authorities. The Migration Law authorizes the application of sanctions to migrants who transit irregularly. In 2015, the Refugee Commission was created for the protection of migrants in transit through the national territory and asylum -seekers. In 2017, Honduras adopts the Regional Integrated Framework for Protection and Solutions (MIRPS). The purpose of MIRPS is to protect displaced persons and provide safe refuge. The program is supported by the UN Refugee Agency (UNHCR) and the Organization of American States (OAS). Source: Migration Policy Institute (2021).</p>
Mexico	<p>Between 2000 and 2008 Mexico developed six regularization processes that were almost consecutive, most of them remaining in effect for less than a year. These regularization initiatives were in the form of temporary special processes, mainly programmes and resolutions. Due to the importance given to the best interests of the child and the preservation of family unity, most of these processes allow regularization based on family ties.</p> <p>Currently the country has three ordinary processes in effect to allow the regularization of migrants for humanitarian reasons, family ties, and expired documents. In addition, in 2016 the country's most recent special migratory regularization program took effect in the form of a temporary procedure. Source: Migration Policy Institute (2021). Given the current migratory context of the region and the world, the Mexican government has promoted a migration policy based on migrant's human rights. This policy aims for ordered, safe and regular migratory flows aligned with the Global Pact for Migration (PMM for its acronym in Spanish), signed in Marrakech in December 2018. Mexico was a driving force to achieve this Pact.</p>
Panama	<p>Executive Decree 167 (2016) repealed the Decree that had established the Melting Pot program (2012), replacing it with a general migratory regularization process. This new process seeks to establish an expeditious and transparent procedure and, in general, adheres to the criteria and requisites of the previous program. Source: Migration Policy Institute (2021).</p>

Sources: "Regional study: Migratory regularization programmes and processes," International Organization for Migration (2021).

Sources: *Programas de Regularización y Facilidades Administrativas para las personas Refugiadas y Migrantes de Venezuela* (R4V, 2022); *An Uneven Welcome, Latin American and Caribbean Responses to Venezuelan and Nicaraguan Migration* (Selee and Bolter, Migration Policy Institute, 2020).

## Annex 2. Provision of Social Assistance to Venezuelan Migrants

**Annex Table 2.1. Social Services**

Country	Comments
Argentina	Migration policy determines that migrants have the right to free access to health, justice and education services, regardless of their immigration status.
Aruba	Undocumented immigrants do not have access to Aruba's Universal Health Insurance nor the other parts of the social security system (pension/sickness insurance etc.) as they do not have legal work permits. Schooling is provided to all children (regardless of parent's status), but teaching is in Dutch. Although education is compulsory for children ages four to 16 as stipulated in the Compulsory Education Act (Leerplichtverordening, AB 2011 no. 82), children are required to have insurance, and migrant children who do not have insurance cannot access education.
Brasil	<p>Access to health is one of the universal rights guaranteed in the Constitution to all people within the territory of Brazil. All people in Brazilian territory can access health services regardless of their immigration status, although there are some limitations. To access health services, it is necessary to have an identification document. It does not have to be a document that proves legal status in Brazil, but it must prove the person's identity.</p> <p>The right to education is one of the rights conferred on all people by the Brazilian Constitution. This includes foreign minors and applies regardless of immigration status. The Ministry of Education is the body responsible for educational matters, including the education of minors in Venezuela. Children who wish to go to school do not need to submit any documentation before enrollment.</p> <p>The right of access to social benefits is a universal right protected by the Brazilian Constitution, and applies to all people within the Brazilian territory, regardless of their immigration status. This right is also recognized in the Immigration Law. Source: Extracted from R4V, June 2022 (pages 60-62).</p>
Chile	<p>The right to health is one of the rights established by the Constitution of Chile that guarantees the right of all people, including migrants, to access actions for the promotion, protection and recovery of health and rehabilitation of the individual, freely and equally. The new Migration Law reiterates that resident foreigners or foreigners with irregular migratory status, whether as holders or dependents, will have access to health care in accordance with the requirements established by the health authority, on the same terms as nationals.</p> <p>Basic education and secondary education are compulsory and free according to the Constitution. All children and adolescents have access to education regardless of their immigration status or that of their parents or guardians. Children and adolescents who did not enter through authorized stops, or whose parents or guardians did not enter through authorized steps, will not be excluded from access to education. The new migration law reiterates this right.</p> <p>The Constitution guarantees the right to social security to all the inhabitants of the State. According to Article 16 of the new Migration Law, foreigners will be able to access social security benefits and access to benefits under equal conditions as nationals. The right to access social benefits is limited to refugees and migrants who entered through authorized stops. However, the law establishes that the restrictions do not apply to children and adolescents who are in the care of their father, mother, guardian or person in charge of their personal care. All children and adolescents will have access to the same benefits, from their entry into the country, under equal conditions as nationals, regardless of the immigration status of the adults on whom they depend. Source: Extracted from R4V, June 2022 (pages 53-54).</p>

*continued*

**Annex Table 2.1. (continued)**

Country	Comments
Colombia	<p>The right to education is not strictly universal. While all boys and girls can access primary education as a universal right regardless of their immigration status, adolescents in secondary education need regular status to graduate and receive a diploma. Similarly, all adults can enter the university regardless of immigration status, but it is not possible to graduate or graduate in an irregular condition.</p> <p>The right to access health services in Colombia is not strictly universal, but people from Venezuela in an irregular condition are excluded when the case is not an emergency.</p> <p>As with other rights, Colombia distinguishes between regular and irregular migrants in relation to the right to social benefits. All migrants with regular migratory status have access to social benefits, including unemployment. Migrants with irregular migratory status do not enjoy the right to social benefits, including refugee applicants. Source: Extracted from R4V, June 2022 (pages 27–28)</p>
Curazao	<p>Undocumented immigrants do not have legal access to the General Health Insurance nor the other parts of the social security system (pension/sickness insurance etc.) as they do not have legal work permits. Schooling is provided to all children (regardless of parent's status).</p>
Costa Rica	<p>The legal framework allows asylum-seekers and refugees to access basic needs and services on equal footing as nationals, i.e. national welfare programmes that benefit vulnerable populations living in extreme poverty, access to public education, scholarships and job placement. In 2020, UNHCR and the Costa Rican Social Security Fund (CCSS) signed an agreement to provide health insurance to refugees and asylum seekers with medical vulnerabilities. The insurance under the UNHCR-CCSS agreement is intended for people with medical vulnerabilities that require long-term treatment and follow-up. In 2020, the agreement insured 6,000 people.</p> <p>Though irregular migrants cannot join the social security system, they do have access to prenatal care and, as in all other case-study countries, emergency care. Importantly, there are broad exceptions for children up to age 18. Children who are 5 years old or younger fall into an insurance category that does not take immigration status into account, and so can access health care. And children ages 6 through 18 can access health care through the student insurance category, which does not ask for their immigration status (Selee and Bolster, 2020). At the end of 2021, a project promoted by the General Directorate of Migration and Foreigners, the National Children's Trust, the Ministry of Public Education and UNICEF allowed students to apply for a migratory identity document for foreigners that grants them all identity, economic and social rights, including access to health and education, like any Costa Rican student. After six years with this status, they can apply for naturalization if they wish.</p>
Ecuador	<p>All migrants have access to health services, since health is a universal right protected by the Constitution. Article 52 reiterates that foreigners residing in Ecuador have the right to access health systems in accordance with the law and the international instruments ratified by the Ecuadorian State. Public or private institutions that provide emergency health services may not, in any case, refuse to provide care based on a person's nationality or immigration status. All people can access public health centers with a Venezuelan identity card, or another form of identification, including those who entered through unauthorized stops. However, people are not denied essential health care on the basis that they do not have identification. Similarly, refugee applicants have access to health services, although it is easier to access them when the migrant is registered in the social system.</p> <p>Thanks to a Ministerial Agreement, all minors can access public education with a form of identification. Your ability to go to school is not affected by your immigration status. Adult migrants can enter the university with an identity document. Those who do not have a regularized immigration status can study, although, in practice, even if there is no legal prohibition in this regard, it is not possible to obtain the degree upon completion of studies. Refugees recognized as such have the right to start or continue their studies at any level of the educational system. Article 51 of the law establishes that foreigners who reside regularly in Ecuador have the right to access social security. Source: Extracted from R4V, June 2022 (pages 44–45).</p>

*continued*

**Annex Table 2.1. (continued)**

Country	Comments
Dominican Republic	<p>The 2001 General Health Law prescribes the universality of health services, which are accessible to all migrants, irrespective of their legal status. Still, R4V reports that there is a lack of access to specialized medical care for the refugee and migrant population in the Dominican Republic (R4V, June 2022, page 70).</p> <p>Access to primary and secondary education: The Education Law stipulates that all children and adolescents have the right to be enrolled in education centres, irrespective of their legal status. In addition, Article 63 of the Constitution of the Dominican Republic establishes the universal right to education. Based on the Resolution 00119-2021, Venezuelans who have obtained an extension of stay could request a change of immigration status (apply for a visa) within the sub-category for students. The duration of student permits will be for 1 year, but renewable. The permit must have been requested within 6 months of the implementation of the resolution.</p> <p>Migrants in a regular condition enjoy the right to social benefits since they enjoy the right to access the labor market legally. The normalization plan allows those who join the plan to access social security and the contributory scheme (mandatory individual account system) with the number of their temporary resident or student card. Unemployment insurance is not yet a social benefit available in the DR; rather, the the social security system includes only health, old-age, survivor, disability and occupational risk (injury) insurance (<a href="https://www.cnss.gob.do/index.php/sdss/beneficiarios">https://www.cnss.gob.do/index.php/sdss/beneficiarios</a>); while the labor code requires firms to make severance payments if an employee is let go.</p>
Guyana	<p>In 2018 (Q) Provision of health, education, housing, food, water and non-food items. Launched the safe-school initiative to improve delivery of education in host communities. Launched Early child development services for immigrants.</p> <p>In 2019 (Q) Continue to provide health, education, housing, food, water and non-food items. Expanding the infrastructure of hinterland schools to cater for migrant children. Strengthening social protection service delivery mechanisms. Scaling up the development of homesteads to house more Venezuelan immigrants.</p> <p>Guyana's constitution provides for equal access to education for everyone in the country, but this right has not been codified in law.</p>
Mexico	<p>Mexico's 2014 Education Law made education available to all children regardless of immigration status and lowered the requirements for registering for school to make it accessible to those arriving from abroad (see Government of Mexico, Ley General de Educación, last reformed January 19, 2018). The entrance to Mexico entitles foreigners to food, medical services, educational services, legal assistance, and assistance from human rights organizations. In 2021, a total of 89,642 Humanitarian Visitor Cards were issued.</p>
Nicaragua	<p>Health and education services are governed by legal provisions guaranteeing general access. Migrants have guaranteed access to health care, free of charge, in line with the principles of universality and solidarity. There are no specific regulations or provisions for their inclusion. With regard to primary and secondary education, everyone may enter the free public educational system, including migrants. For higher technical and university education, resident status is required.</p> <p>Under the Law on Social Security (2005) and the General Law on Migration and Foreigners (2011), only long-term residents, residents authorized to reunite with family members, and/or certain categories of residents with a temporary work permit have access to social protection on the same terms as nationals. Source: Extracted from International Organization for Migration, 2021 (case of Nicaragua, page 15).</p>
Panama	<p>All immigrants have the right to access public health services regardless of their migratory status. The right to health is guaranteed both in the Constitution and in other specific laws. For example, Section 485 of the Family Code explicitly provides for equality in the protection of the health of national and foreign children and adolescents.</p> <p>Section 91 of the Political Constitution of 1972 notes that every person living in Panama has the right to education and the responsibility to educate themselves. Section 95 states that official education is free at all pre-university levels. The first level of general basic education is mandatory. However, not all immigrant children have access to all education-related state aid. Source: Extracted from International Organization for Migration, 2019 (page 12).</p>

*continued*

**Annex Table 2.1. (continued)**

Country	Comments
Paraguay	<p>Article 73 of the Constitution of Paraguay guarantees the right to education for all persons, without discrimination on the basis of nationality or migration status. The National Migration Policy furthermore guarantees the fundamental rights of migrants, both permanent and temporary, including access to education. In practice, however, residency status is required, which means that access depends on migration status. Meanwhile, temporary residency is required in order to access university-level education.</p> <p>All migrants have access to public health services, irrespective of their migration status. Article 68 of the 1992 Constitution of the Republic of Paraguay guarantees the right to health for all persons, without discrimination based on nationality or migration status.</p> <p>Both long-term and temporary residents have access to Paraguay's social security system. Law No. 1860 (1950) establishing the Social Insurance Institute provides that all workers, whether salaried or providers of services through work contracts, must be insured with the Institute, with no distinction being made between nationals and residents. Source: Extracted from International Organization for Migration, 2021 (case of Paraguay, pages 12-13).</p>
Peru	<p>Venezuelans with regular immigration status in Peru have the possibility of opting for affiliation to the Comprehensive Health Insurance (SIS), an insurance subsidized by the State that provides free care in all public health centers. Venezuelan migrants with a valid immigration card and who do not have other health insurance meet the requirements to access the SIS. There are two populations that are always protected at the migrant level: children under 5 years of age and pregnant women. To access the SIS, the rest of the population requires an immigration card; however, during the pandemic access to COVID treatment was given (Central Bank of Peru and Selee and Bolster, 2020).</p> <p>All children and adolescents have access to education with or without documentation, since primary education is a universal right, protected by the Constitution. Children and adolescents who want to go to school need to identify themselves with some type of document, but some flexibility is applied to guarantee the registration of children and adolescents. To access higher education, you need a foreigner's card, PTP or CPP.</p> <p>Venezuelan migrants do not have access to social programs such as JUNTOS, where one of the requirements is that the head of the household has a blue or electronic DNI (Peruvian identity document).</p>
Trinidad and Tobago	<p>Migrants may not access public schools or social services with the exception of primary health care, which is granted to all. Migrant children may be granted student permits by the Ministry of National Security to enroll in state schools. People with the minister's permit card in principle do not contribute to the government's social security system or pay taxes. However, this does not translate into a benefit for refugees and migrants from Venezuela, as they cannot access social security at all because they have not contributed to the system. This includes access to unemployment benefits, pension for disability or old age, or socialized health care.</p>
Uruguay	<p>In Uruguay, non-nationals have the same status as nationals in areas such as health, education, social protection and work. Article 8 of the Migration Act (Legislative Act No. 18.250 of 2008) states that migrants and their family members shall enjoy rights to health, work, social security, housing and education on an equal footing with nationals, and that such rights shall be protected and safeguarded for nationals and non-nationals alike. Articles 9 and 11 of the Migration Act further provide that irregular status shall not be a barrier to access government services associated with migrants' rights to health and education. Source: Extracted from International Organization for Migration, 2021 (case of Uruguay, page 12).</p>

Sources: *Programas de Regularización y Facilidades Administrativas para las personas Refugiadas y Migrantes de Venezuela* (R4V, 2022); *An Uneven Welcome, Latin American and Caribbean Responses to Venezuelan and Nicaraguan Migration* (Selee and Bolter, Migration Policy Institute, 2020);

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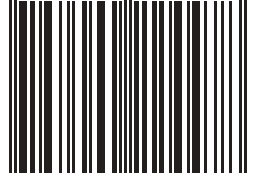


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DP/2022/019

ISBN 979-8-4002-2447-8



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