



## Social Performance Report 2023

# Refugees and migrants





# Refugees and migrants in search of hope

Going through the capital city of any of the countries in which the BBVA Microfinance Foundation's institutions operate, different accents are heard, jumbled up amid the hubbub, with one in particular coming through more clearly: reminiscent of the Caribbean, it is sounding more frequently in these cities. Their streets conceal stories of migrants, narratives that follow paths of hope and unexpected challenges, trying to balance dreams and realities in a never-ending dance between nostalgia for what has been left behind and the promise of what is to come.

We have witnessed a significant flow of migrants in recent decades, with millions of people moving around within the region and to other countries in search of better economic opportunities, security, and quality of life. These population shifts have caused a series of major impacts on the countries of origin, transit, and destination, encompassing the economy, society, culture, and politics.

Many of these migrants have been forced to move, meaning that in most cases they have done so in an irregular and unsafe way. People migrating to escape situations of crisis or precarious surroundings, which is true of a good number of recent migrants in the region, are also much more likely to fall into indigence when they reach their destination country or during transit, representing a burden on social welfare resources.



**When the economic participation of migrants and the provision of financial services is supported, this can stimulate inclusive and sustainable economic development, encouraging formalization**



In 2022, there were more than 43 million Latin Americans living outside the country of their birth. On top of that, the region is facing the biggest displacement crisis in the history of the Americas, in which Venezuelans, most of them with their characteristic Caribbean accent, account for a large proportion. There are currently around 7.7 million Venezuelan refugees and migrants outside their country of origin, of whom around 6.5 million (84%) are being hosted in Latin American and Caribbean countries.

The Central Bank of Venezuela's official figures estimate that between 2013 and 2019, the period of greatest migrant flow, the country's GDP shrank by around 63%, the sharpest fall in the last 50 years of any country not at war. This is in a hyperinflationary context that, according to data from the National Living Conditions Survey, meant that over 90% of Venezuela's population was in poverty, and 75% in extreme poverty. The picture since 2013 is that of a people looking to cover the most basic needs in the midst of strict rationing, an environment of social tensions, repression and lack of basic human rights, which had already begun earlier.

**Since the economy imploded in 2017, the migrants have been coming from low-income households with lower levels of formal education**

The characteristics of Venezuelan migrants have changed over time. The first wave mainly consisted of more highly educated professionals. The second, of university-educated young middle-class. Since the economy imploded in 2017, the migrants have been coming from low-income households with lower levels of formal education.

The demographic profile of Venezuelan migrants is similar to that of the local population in their host countries. Nearly two thirds are of working age, and nearly half are women. Venezuelan migrants face more unemployment, are more likely to work in the informal sector at the outset, and earn less than local workers, generating a downwards pressure on wages in the informal sector.

There is no doubt that managing continuing Venezuelan migrations is a considerable challenge for regional governments and institutions. It is of primary importance to guarantee human rights protection to all migrants and to promote policies that facilitate their social and economic integration in their reception countries. This includes implementing programs that legalize migrants, the expansion of care services and raising public awareness about the positive contribution that migrants make to society. It also entails enabling them to integrate into daily activities through regulation and access to sources of funding for self-employment initiatives.

Despite the efforts made by host countries to legalize and integrate Venezuelan refugees and migrants, more than 67% still encounter difficulties in accessing food, housing, medical services, education, and employment in the formal sector in Latin America and the Caribbean.

The 2023 Refugee and Migrant Needs Analysis (RMNA) shows that many refugees and migrants from Venezuela in the region lack a stable means of subsistence, complicating their effective integration and contribution to their host communities, despite the human capital they possess.

Although over 60% of Venezuelan refugees and migrants are documented, this has not been enough to ensure them a decent life and sufficient access to basic rights.

Many of them build this themselves through entrepreneurship, as an option for personal advancement and growth, enabling them in many cases to leverage skills and human capital that the job market in destination countries does not recognize. This is particularly relevant for those who migrate because they must, as is the case with most Venezuelans, who have been forced to start from scratch.

# Financial inclusion: an essential factor for advancement

Migrants cannot get their enterprises off the ground or develop their full potential because of the restrictions they face in transit and destination countries and communities, where they have no access to their own- or third-party sources of financing. Many of them have had experience in operating within the financial system in their home country. In fact, in Venezuela, according to data from the 2021 Global Findex, 84% of adults have used the financial system, while in 2017 the rate was already 73%.

Both sets of usage rates are higher than the average in their destination countries and have nearly doubled in Venezuela itself since 2011. The process of hyperinflation caused the use of cash to diminish drastically, and this drove the move towards digital payment alternatives in the financial system. As a result, in general their financial literacy is higher than the average for comparable populations in the destination countries.

Financial services offer essential tools to people who have been displaced by force. These tools, when properly designed and backed up by policies and regulations, help migrants to

save money safely, send or receive money transfers and build up a transaction history that enables them to access services such as lending and insurance when needed.

In certain cases, migrants are highly qualified or were owners of successful businesses before being displaced. They may either be employees or employers with experience and represent a client segment that is potentially profitable for private sector banking once they acquire the legal conditions to operate in the financial system.

When the economic participation of migrants and the provision of financial services is supported, this can

**The BBVAMF Group provided loans to more than 17,951 migrants and refugees and their families through specialised programmes and initiatives.**

stimulate inclusive and sustainable economic development, encouraging formalization. To achieve this, closer collaboration between the parties interested in financial inclusion and those encouraging economic participation is essential.

Intervention that encourages migrants' financial inclusion should look at the big picture to overcome the various barriers they are dealing with. This is the approach taken by the institutions in the Microfinance Foundation in each of the countries of operation which, in line with this purpose, pay particular attention to these collectives, supporting them through financial inclusion and by fostering their small enterprises, which promote their development and welfare.

At the end of 2023, Bancamía (Colombia), Financiera Confianza (Peru), Fondo Esperanza (Chile) and Microserfin (Panama) were serving over 17,951 migrants and refugees, together with their families, with specialized programs and initiatives.



# Colombia

Colombia has been one of the main destinations for Venezuelans because of its geographical closeness and its relatively open migration policies. The Venezuelans arriving in Colombia have diverse profiles, from highly qualified professionals to informal workers and people in vulnerability. Many Venezuelans have established themselves in cities like Bogotá, Cúcuta, Medellín and Barranquilla, where they seek to integrate into Colombian society and contribute to the local economy.

According to data from the office of the United Nations High Commissioner for Refugees (UNHCR) and the International Organization for Migration (IOM), Colombia is hosting one of the biggest communities of Venezuelan migrants in the world. An estimated 2.8 million+ Venezuelans have arrived in Colombia since 2015.

Bancamía was the first bank in the country to allow Venezuelan migrants to sign up for a financial product with provisional documents. The entity began with savings accounts, which were marketed along with straightforward investment mechanisms such as term deposit certificates. Then it started granting loans for people to make progress with their enterprises and this year the bank has launched a micro-insurance portfolio, with the aim of breaking down barriers between migrants and the financial sector.

To serve this migrant population, major challenges must be overcome, starting with basic identity documents, finding a way past ignorance of people's financial background and, before granting a loan, confirmation that the client has a definite intention to remain.

A woman with curly hair, wearing a pink top with a colorful pattern, is smiling while working on a sewing machine. She is in a workshop or sewing room, with various sewing supplies and a mirror visible in the background. The mirror reflects her face and the machine. A blue text box is overlaid on the image.

**Bancamía was the first bank in the country to allow Venezuelan migrants to sign up for a financial product with provisional documents**



Bancamía resolved the identification problem, linking people with their passport and then with a provisional document called “special permit to remain”; subsequently Colombian legislation made it possible to link people with at least one of these two and, as of 2021, using the “Temporary Protection Statute” the TPP (Temporary Protection Permit) was created, giving people the opportunity to access many more services while guaranteeing all their rights while on Colombian territory.

Thus, a route map has been put together which has made it possible to identify their needs and to start supporting them on the basis of their real situation, to help them make progress, and also to help the hosting communities. In this journey we have relied on important allies, such as the IFC, with which we signed an agreement in 2020 to develop the value proposition for the Venezuelan migrant segment, particularly the women, to help them successfully integrate within the country’s social and economic dynamics.

There was done in 4 phases, starting with “knowing the client’s voice”. After identifying the needs and developing different archetypes, we focused on the strengths and internal opportunities to roll out the value proposition, then this proposition was aligned with the archetypes we selected, and finally we created the minimum viable product to support these groups. This agreement made it possible to approach people in ways that allowed us to find out

migrants’ needs, the challenges they face, their preferences, experiences, and aspirations in everything to do with financial services.

In addition, partnerships were set up with USAID and the United States’ Government DFC (International Development Finance Corporation) in a guaranteed model that meant the loans to these groups could be underwritten.

The program Emprendimientos Productivos para la Paz, (Empropaz, Productive Enterprises for Peace) was started in 2018, in conjunction with USAID, to drive financial inclusion in challenging conditions and training to create new enterprises and business strengthening in 92 municipalities that had been affected by violence and poverty. In 2020 this program was extended to a further 21 municipalities with more immigration to serve the Venezuelan migrant population, returning Colombians, and the host communities.

The Empropaz program has helped over 200,000 people in these territories, 59% of them women, including the displaced and victims of the internal conflict, enabling them to access financial products and services and specialized training. This offering is also available for the Venezuelan population and as of today there are 4,441 migrants on the program.

This is how, nationwide, Bancamía is today serving 8,367 Venezuelan migrants, 55% of whom are women, 10% living

in rural areas, who at the end of 2023 were holding over 10,500 banking or insurance products. 96% of them have savings accounts (8,101), 32% have loans (2,713), with an outstanding portfolio of more than USD 2.6 million and 26% (2,171) who have taken out voluntary microinsurance (covering healthcare, life, damages, climate events, funeral expenses, among other contingencies). 80% of those with loans also have a voluntary insurance policy.

Many Venezuelans work in the informal sector as street vendors, domestic help, drivers of informal transport, in hairdressing, beauty parlors, food sales, stores, and making desserts, among others. They also work in agriculture, the hospitality sector, and transport.

**Bancamía is serving 8,367 Venezuelan migrants, 55% of whom are women, 10% living in rural areas, who at the end of 2023 were holding over 10,500 banking or insurance products**



# Peru

Peru's National Migration Authority estimates that more than 1.54 million Venezuelans have entered the country since the beginning of their country's crisis in 2015 to the end of 2023. Most Venezuelan migrants in Peru are young adults aged between 18 and 35, although there are whole families too, and older people. According to Peru's National Household Survey (ENAHU), around 52% of Venezuelan migrants are women, and the remaining 48% are men.

Around 64% of the migrant population living in the country has a migration permit. 33.6% have a foreigner's identity card; 17.8% have a Temporary Permit to Remain card (CPP); 8.9% have a National Identity Document (DNI), while 3.8% have a Temporary Permit to Remain [Permiso Temporal de Permanencia: PTP] in force or lapsed.

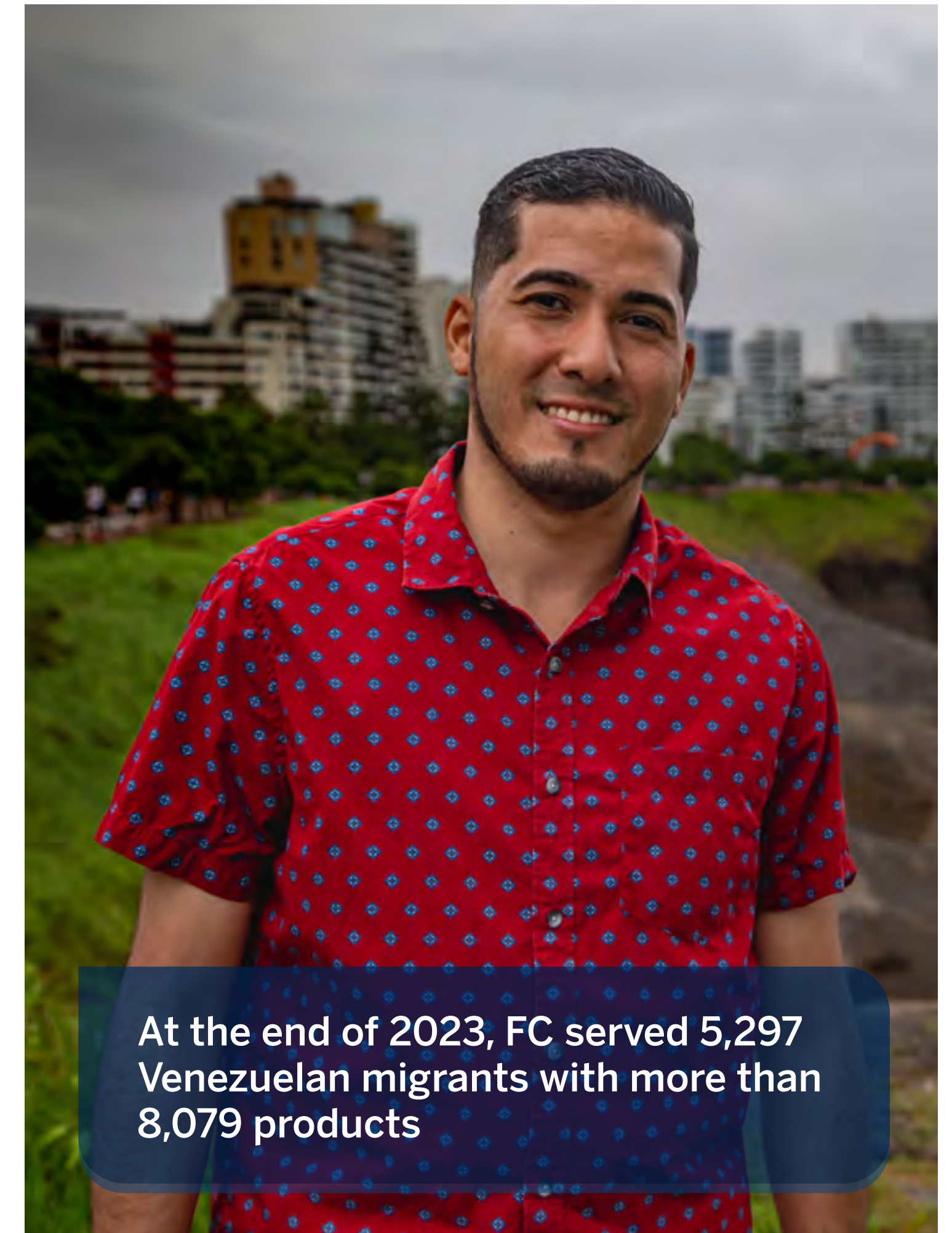
Around 36% of Venezuelan migrants do not have a migration permit, making it very hard for them to join the formal job market, and even the informal market.

Although many Venezuelan migrants are concentrated in Lima, the capital, they have also established themselves in other regions of Peru. Cities like Arequipa, Trujillo, Cusco and Tacna have also seen an increase in the Venezuelan population.

By occupation, 64.4% of the Venezuelan refugee and migrant population in Peru in work is doing so as an employee or a laborer, 29.3% as an independent worker, 4% as a domestic worker, and 1.3% as an employer or boss.

Venezuelan migrants in Peru work in all kinds of economic sectors. 55.0% do so in the service sector, 24.3% in trade, 12.7% in manufacturing, 7.2% in construction and 0.8% in agriculture, fishing, or mining. Many work in informal or temporary jobs because of the barriers to entry in the formal labor market.

Peru's Education Ministry estimates that around 60% of Venezuelan children and adolescents of school age attend school in Peru. The Peruvian government has implemented programs to induct Venezuelan students into the educational system. The government has also extended access for Venezuelan migrants to basic health services via the Integrated Health Service (SIS). This has allowed many Venezuelans to access free or low-cost medical care in health centers and public hospitals.



**At the end of 2023, FC served 5,297 Venezuelan migrants with more than 8,079 products**



Peru has put legalization programs in place to grant legal status to Venezuelan migrants residing in the country irregularly. This allows them to access formal employment, social services, and legal protection.

Of all Venezuelans over 14 who live in the country, 45.1% say they are working, 37.2% do not work and 17.7% did not give information about their working status. The comparison by sex shows that 51.4% of men says they have a job, a differential of 13.4 percentage points over women in the same group; likewise, 29.5% of the male population say they are not in work, which is 16.4 percentage points lower than the female population.

Of those who stated their labor status and are in work, 55.2% have completed secondary education. Those who have completed tertiary education account for 20%, while 10.7% have completed technical studies. Of those who did not finish secondary education, those in work account for 14.1% of the total.

This data gives us an overview of the situation of Venezuelan migrants in Peru, highlighting their contribution to the Peruvian economy and society, as well as the challenges facing them in terms of integration and access to basic services. In this context, their social inclusion and a suitable process to bring them fully into society entails, first, identifying the specific needs of the migrant population and tackling the biases during that procedure.

Thanks to its seven strategic partnerships focused exclusively on the migrant Venezuelan population, Financiera Confianza (FC) has been able to strengthen its value proposition and its integrated perspective of migrants, building ways of understanding it. It is one of the first financial institutions to work with the migrant population and, above all, to offer them a broad range of products that are 100% digital and ad hoc services, taking into account their specific needs and characteristics.

At the close of 2023, FC was serving 5,297 Venezuelan migrants, with over 8,079 products. 98% of them had savings accounts (5,206), 28% had loans (1,497) and 26% (1,376) had voluntary insurance. 91% of those with loans have a voluntary insurance policy.

The operational strategy has an analysis of needs at its heart, so FC's work with the migrant population has allowed it to understand how the different scenarios of vulnerability and deprivations they face affect their economic inclusion and, in a more comprehensive way, their social inclusion. For this reason, the institution uses savings as its entry strategy, above all because most migrant clients or potential clients

are not banked. This year, the 100% digital Confianza savings accounts have been the most popular nationwide because they are innovative and help to narrow gaps.

As well as financial inclusion, FC acknowledges the importance of diversity and social and labor inclusion for the migrant and displaced population. To this end, in partnership with grassroots organizations and those promoting labor inclusion, FC employs 6 migrant staff members, who make a solid contribution to understanding the real needs, communication spaces and wishes of the migrant and displaced population.

There is still a long road ahead before the true and full financial inclusion of the migrant and displaced population in the country is achieved. Therefore, FC is an active participant in spaces for consultation, discussion, and dialogue, both with the public and private sectors, to bring about the necessary changes in policies and processes related to migrant and displaced populations.

**It is one of the first financial institutions to work with the migrant population and, above all, to offer them a broad range of products that are 100% digital and ad hoc services, taking into account their specific needs and characteristics**



# Chile

Chile's Department for Foreigners & Migration estimates that more than 532,715 Venezuelans had entered the country since the beginning of the crisis in Venezuela in 2015 until the end of 2022. This figure accounts for 33% of all migrants in Chile, double the proportion of the second host country, which is Peru, although fewer in number.

The Venezuelan population in Chile is diverse in terms of age and gender. It comprises young people, entire families, and older adults. 80% of Venezuelans with children live with them, showing that as a community they are more likely to remain than other groups. Only 13% live in one-person homes.

According to Chile's National Statistics Institute (INE), around 55% of Venezuelans living in Chile are men and 45% are women. Around 71% of migrants of working age are concentrated in the 18-39 age bracket.

The manner in which they paid for their journey determines different starting points in terms of how they integrate. Those who borrowed to pay for their move will find it more difficult to start again. 77% of Venezuelans indicate that by and large they used their own resources to fund their move, so they are in better conditions financially.

Most Venezuelan migrants in Chile are based in Santiago's metropolitan region, and particularly in the capital itself. However, they have also established Venezuelan communities in other important cities such as Antofagasta, Valparaíso, and Concepción.

Venezuelan migrants in Chile work in different economic sectors. Many toil in the service sector, including restaurants, hotels, retail and healthcare. Others work in construction, mining, technology, education or run their own businesses.

64.6% of Venezuelans have completed higher education and 30.8% have finished high school, meaning they have the highest educational level of all migrant groups. 47.4% of Venezuelans with higher education have studied engineering or technological degrees; however, only 10% have validated their degrees.

Around 79% of working Venezuelan migrants are waged employees, and 18% are self-employed. There is a 25% gap between the professions they followed in Venezuela compared to their occupations in Chile, with many of them working in jobs that have no connection with their training and the majority doing self-employed activities, for whom the principal obstacle is access to financial services in their destination country.



**Fondo Esperanza is serving 4,264 migrants, with many of them having begun to take out microinsurance, completing their value proposition**

In this space, Fondo Esperanza is serving 4,264 migrants whose loans in total come to USD 2.75 million, with many of them having begun to take out microinsurance, completing their value proposition. As the institution is not a regulated entity, it cannot offer savings instruments to this collective.



# Panama

Panama's National Migration Service estimates that over 162,000 Venezuelans have arrived in the country since the beginning of the crisis in Venezuela in 2015, to live there, while approximately 328,000 irregular Venezuelan migrants had crossed the country on their way to the north by the end of 2023.

Panama has implemented migratory legalization programs to provide legal status to the Venezuelan migrants living irregularly in the country. This enables them to access formal employment, social services, and legal protection.

The Venezuelan population in Panama is diverse in terms of age and gender. It comprises young people, entire families, and older adults. According to the country's National Statistics & Census Institute (INEC), approximately 53% of Venezuelans living in Panama are men and 47% are women.



Venezuelan migrants in Panama are mainly concentrated in Panama City and the province of Panama West, where most of the labor opportunities and services are to be found. However, they have also established Venezuelan communities in other urban and rural areas in the country.

Venezuelan migrants work in a range of economic sectors. Many are active in the service sector, including restaurants, hotels, retail, and customer service. Others work in construction, banking, technology, education, and run their own businesses.

Some Venezuelan migrants in Panama have opted to start their own businesses or enterprises, making the most of their skills and experience to set themselves up in the local market. Restaurants, cafés, clothing stores, professional services and other businesses are owned by Venezuelans throughout the country.

**Microserfin is the only institution in Panama that serves people with refugee status or refugee applicants, thanks to a partnership with the office of the United Nations High Commissioner for Refugees (UNHCR) and the Panamanian Red Cross**



Microserfin, BBVAMF's Panamanian institution, supports Venezuelan migrants with an individual loan designed for refugees who own microenterprises with a basic level of formal paperwork in place who need working capital, investment or both to expand or improve their business management.

Microserfin has had a commitment to this group for over ten years and is the only institution in Panama that serves people with refugee status or refugee applicants, thanks to a partnership with the office of the United Nations High Commissioner for Refugees (UNHCR) and the Panamanian Red Cross.

The financial inclusion program for refugees enables these people, who have been forced to flee their countries because of violence, war, or persecution, to access financial and non-financial services, support and a value proposition designed around their needs, that strengthens their socioeconomic integration in Panama.

Thanks to this strategic partnership, Microserfin has disbursed over USD 200,000 to refugees to the end of 2023, giving them the chance to build up a credit history in the country, to invest in the growth of their businesses, and to improve their living conditions.

To strengthen this line of service, in 2023 the institution reinforced its partnerships to multiply the impact on this collective with the signing of a Memorandum of Understanding together with the International Organization for Migration (OIM) in Panama, setting up a general cooperation framework between both institutions. With this it intends to create the conditions for maximum cooperation between the parties involved to facilitate the exchange of knowledge and experience as well as to drive cooperation and identification of programs and/or projects of shared interest that promote the socioeconomic integration of migrants.

**Venezuelan migrants in Panama are mainly concentrated in Panama City and the province of Panama West**