

Support programs for those affected by violence, conflict, persecution and/or poverty

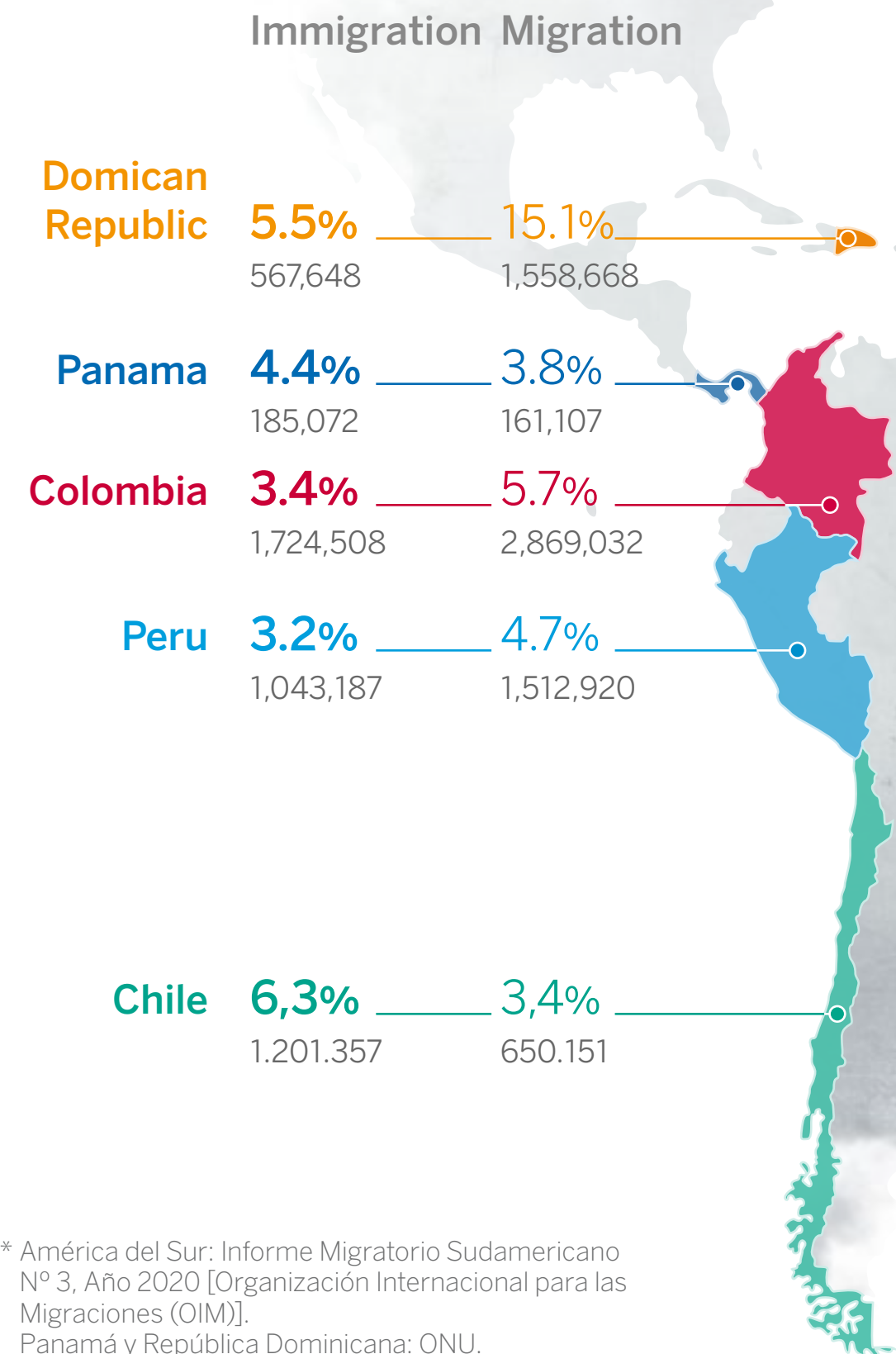
The importance of the displaced

In the last few decades, particularly recently, there have been major internal migratory flows and displacements between the countries of Latin America. Intra-regional mobility is estimated at over 40 million people and bears the stamp of increased Venezuelan migration⁶⁷. The causes vary depending on the circumstances: what triggers a Colombian's internal displacement may differ hugely from what forces a Venezuelan to abandon their country, or what leads a Haitian to flee from theirs.

So it is that the movement of people is characterized by a range of profiles. These are complex and change over time⁶⁸, but they all share one feature: they are people in situations of vulnerability, affected by violence, conflict, persecution and/or poverty (and referred to hereinafter as "migrants and the displaced"). In particular, people who find themselves in an irregular migratory situation may be more affected not only by the difficulties in accessing the aid provided by governments, but also by their lack of legal personalities and their greater exposure to the risks that arise when they keep their distance from officialdom, to avoid being expelled or subject to sanctions.

Migration trends in the footprint countries*

March 2020



* América del Sur: Informe Migratorio Sudamericano N° 3, Año 2020 [Organización Internacional para las Migraciones (OIM)].
Panamá y República Dominicana: ONU.



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Displaced vs. Migrants vs. Refugees⁶⁹

Displaced. According to the definition by UNHCR and the GPFI Policy Paper⁷⁰ on the forcibly displaced (FD) in 2017, they are «people who are forcibly moved from their locality or environment due to conflicts, persecutions, violence or breaches of human rights». The FD include refugees, asylum seekers and internally displaced (ID).

Migrants. Even though a legally agreed definition does not exist, the United Nations defines a migrant as «someone who has lived in a foreign country for more than a year, whatever the reasons for their move, voluntary or involuntary, or the means used, legal or otherwise». The [International Organization for Migrations \(OIM\)](#) defines a migrant as «anybody who moves away, or is moved away, whether within a country or across an international border, from their place of usual residence, independently of: 1) their legal status; 2) the voluntary or involuntary nature of the displacement; 3) the reasons for the displacement; or 4) the duration of their stay».

Refugees. «Refugees are people who find themselves outside their country of origin from fear of persecution, conflict, generalized violence, or other circumstances that have seriously disrupted public order and who, as a result, require international protection. They are a specifically defined and protected group under international law, because the situation in their country of origin makes their return to their homes impossible».⁷¹

In fact, their legal recognition reflects the growing complexity of intraregional migration and of the institutional and political changes in every country. Even with legal status, many of these workers toil in precarious, unsafe labor conditions, with low salaries and no social security. Finally, the COVID-19 pandemic has exacerbated the vulnerability endured by these populations: job losses or the lack of access to governmental subsidies are just some of the negative effects.

However, as the experts point out, migration benefits the host countries, their arrival encourages innovation, stimulates economic growth and enriches society, representing an opportunity for public finances.⁷²

It is therefore becoming increasingly necessary to identify and empower these segments – frequently invisible to the welfare state – to help them progress. The BBVA Microfinance Foundation (BBVAMF or the Foundation) is therefore paying particular attention to these segments.

BBVAMF is paying particular attention to migrants and the displaced, given the significant gaps in their access to the formal labor market and to social protection in their destination countries



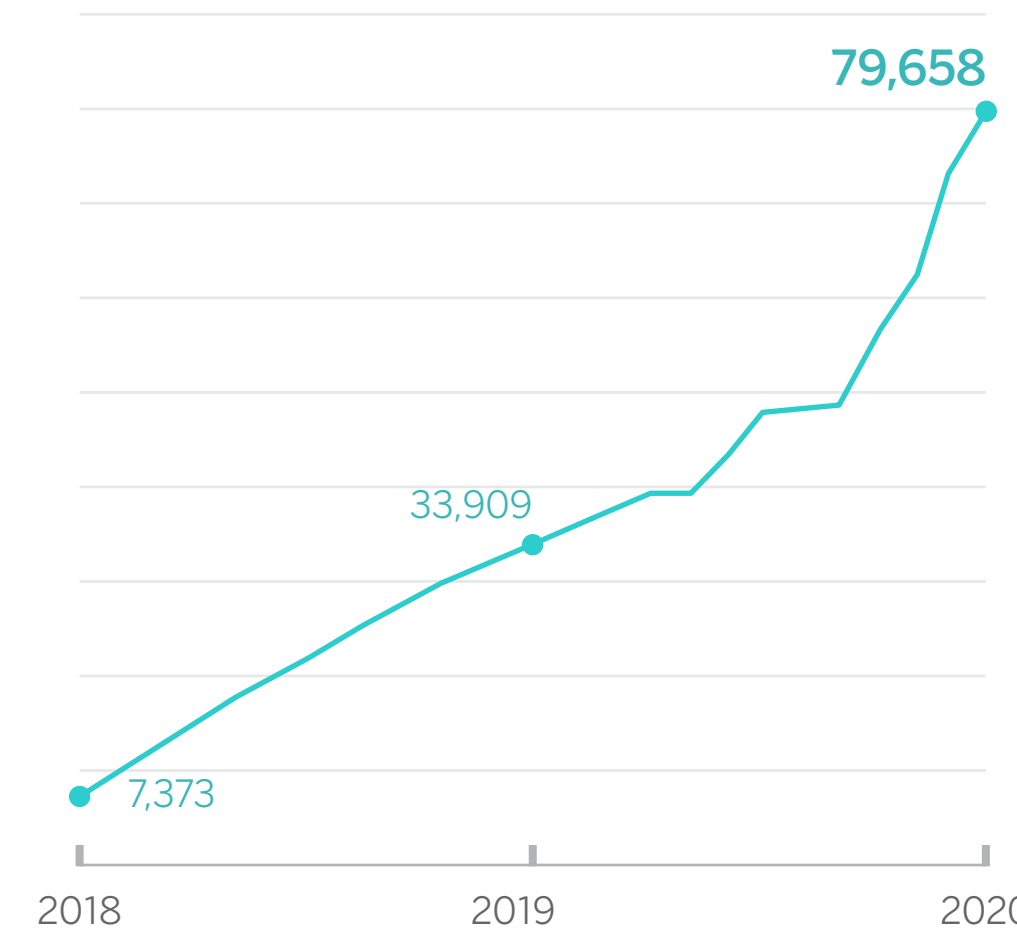
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Financial inclusion is a fundamental and effective instrument for incorporating these groups into the financial system, as well as for improving their life chances. These processes involve challenges such as the legal frameworks established in their host countries or non-existent credit histories, which mean that the number of people who are banked in this segment are significantly lower.⁷³

That is why it is necessary not only to bring this profile into the general value offering – we serve different nationalities in order to include the entire vulnerable population that requires financial support to become an entrepreneur –, but also to design *ad hoc* programs in support of populations that are excluded from legislation.

In 2020, Bancamía (Colombia), Fondo Esperanza (Chile) and Microserfin (Panama) served around 79 thousand displaced persons, migrants and refugees through specialized programs and projects such as Empropaz (Colombia), Banca Comunal Migrante (Chile) and the UNHCR program (Panama), among others. These have been enlarged because of these segments' growing needs. These programs are designed according to the regulations in each country's political and legislative framework, adapting products and services to these clients' needs and complementing them with training thanks to the support of partner organizations (governments, multilateral institutions, and NGOs).

79 thousand migrants and displaced persons to the end of 2020



85%
Economic vulnerability*



59%
Women



17%
Young people (< 30 years old)



16%
Older people (> 60 years old)



27%
Rural



45%
Primary education at best

* It can only be calculated for clients with a credit.

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Colombia: Mentoring/helping displaced people and migrants

Emprendimientos Productivos para la Paz (Empropaz: Productive Enterprises for Peace), a program for people who have been displaced by armed conflict, has been running since 2018 in partnership with the United States Agency for International Development (USAID), Corporación Mundial de la Mujer Colombia and Corporación Mundial de la Mujer Medellín (known jointly as CMMs), the founders of Bancamía.

The success of the program, and the numbers of Venezuelan migrants in recent years, has resulted in it being extended to meet these citizens' needs. In this context, a series of new products and services designed specifically for people with migrant status (not only the Venezuelans in Empropaz) is being explored, with a pilot phase at the design stage in concert with the IFC.⁷⁴

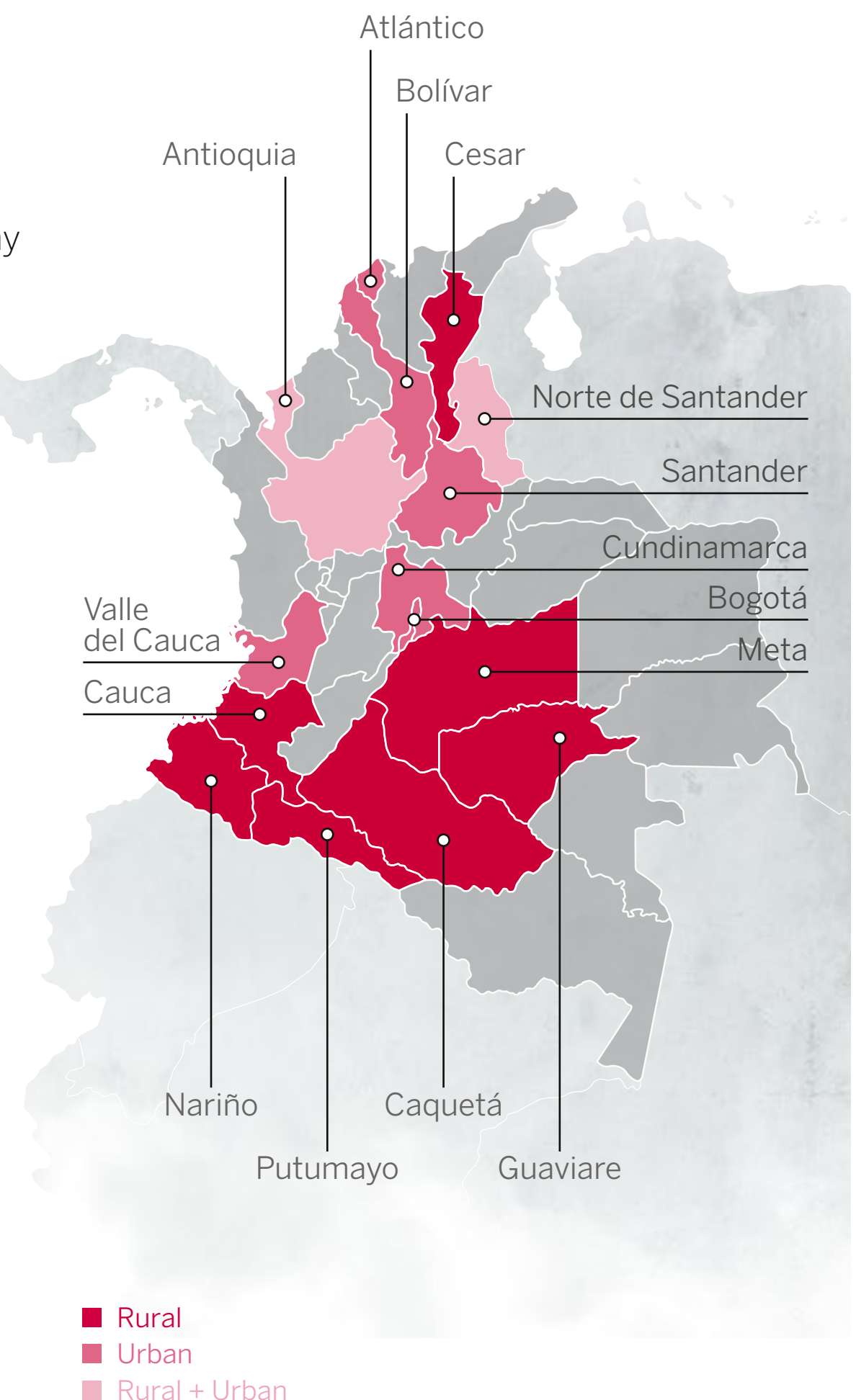
Empropaz

Empropaz is based on business model of shared values, and at its core lies the provision of three services for the entrepreneurs it serves:

- **Financial inclusion.** Using the productive finance model, it places entrepreneurs at the center of the value offering, supporting them with savings products, microloans, microinsurance and financial education.

- **Enterprise management service.** Consisting of training programs based on the entrepreneur's profile and on their knowledge gaps. They are offered upskilling, promoting a relationship of trust, training that allows them to mitigate efficiently the inherent risks of creating a company and to increase their likelihood of success.
- **Business strengthening service.** This upskilling program seeks to accelerate their business growth. Its purpose is to raise the probabilities of success for the most vulnerable entrepreneurs and microentrepreneurs, through an integrated financial and non-financial value offering in territories affected by violence and poverty.
- **Social and community development service.** This encompasses promoting, mentoring and rolling out Venezuelan migrants' community enterprises, as well as designing a route map to strengthen community and individual practices in self-care, repair and acclimatization to the country. The service also includes anchoring actions to promote participants' development and entrepreneurial attitudes and mentoring of individual productive projects undertaken by members of the migrant population.

Empropaz footprint





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Empropaz tackles the needs shared by entrepreneurs and microentrepreneurs, such as upskilling, development and business strengthening, entrepreneurship that is sustainable while also displaying business awareness, resilience in the face of adverse market dynamics, access to personalized financial services, unbiased financial education, and facilitation of access to markets with a greater negotiating power, among others.

In its second year of work, Empropaz continued to back the socioeconomic development of migrants and microentrepreneurs in the rural and urban environment. Particular emphasis was placed on rural surroundings because there are higher rates of vulnerability in the countryside. Furthermore, rural populations (including displaced people and migrants) face higher challenges in maintaining stable sources of income since natural barriers, the distance and the lack of infrastructure reduce the economic opportunities available.

Program Objectives

- 1 Encourage entrepreneurship, with social and enterprise support for rural microentrepreneurs
- 2 Strengthen rural microenterprises, with integrated social and enterprise support
- 3 Encourage association between rural microentrepreneurs, to raise their productivity and lower the number of market intermediaries
- 4 Promote the development of rural production chains, with partnerships
- 5 Promote and stimulate the creation of microenterprises that create self-employment for the migrant Venezuelan population and communities that receive migrants
- 6 Scale up migrant Venezuelan microentrepreneurs' existing businesses and those of the communities that receive migrants, by providing services for enterprise, personal, community and financial development
- 7 Bring financial inclusion to rural entrepreneurs, with access to seed loans, on advantageous cost, time and collateral terms
- 8 Improve financial inclusion for rural microentrepreneurs, inc. access to productive loans, with collateral and insurance on advantageous terms; promote saving culture
- 9 Contribute to raising the level of financial education among rural populations, with the development of good decision-making skills in managing their finances
- 10 Promote and stimulate financial inclusion among the migrant Venezuelan population and communities receiving migrants, by facilitating access to Productive Finance products and services
- 11 Give priority support to rural women's productive projects in targeted municipalities, with financial and non-financial services, on advantageous terms
- 12 Generate resilience and revenue protection for microentrepreneurs against the climate change they face

Key progress indicators 2020

	2019	2020
N. of regions running programs	9	15
Municipalities served	58	76
Bancamía clients served (microloans, saving & investment)	32,249	58,852
N. microloans	31,883	34,983
Entrepreneurs associated with the MFI	267	730
Microentrepreneurs with associated entrepreneurial strengthening	351	848
N. of seed loans disbursed	0	27
N. of savings accounts	18,809	32,419
N. of deposits*	14,801	24,058

* Deposit.

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Testimonial 1 • Empropaz

Argenida Fuentes, Artisan
Country of origin: Colombia

"Empropaz gave the inhabitants of Turbo who wanted to set up our own business our first chance. The program was the first one that believed in us; thanks to the program I learnt how to speak to the public, sell my articles and now I am better prepared and more confident about coping with what the future might bring".

It is important to highlight that, in the middle of the pandemic, Empropaz managed to grow and to demonstrate that it is an important component in the economic reactivation of the most vulnerable. In total, since it was set up in 2018, the program has benefited 79,757 entrepreneurs and microentrepreneurs in 76 municipalities across the country.

* Data cut-off point: December 31st, 2020.

** Changes in indicators taken using aggregate total of clients served.

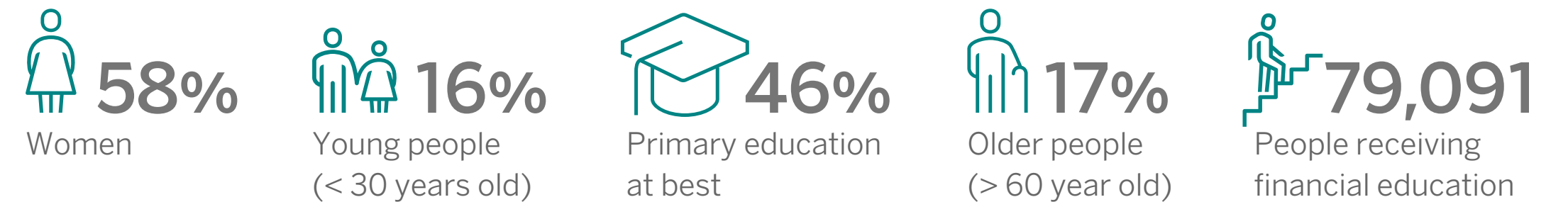
*** Changes in indicators generated using aggregate total of entrepreneurs associated with a BBVAMF institution. Source: databases provided by Women's World Corporations (CMM).

Productive Finance 2020*

58,852 clients served in 2020

78,329 clients served throughout the life of the program (accumulated) in this component

Social impact indicators**



Management for entrepreneurship 2020*

730 entrepreneurs associated during 2020

997 entrepreneurial benefited over the program's lifetime (accumulated)

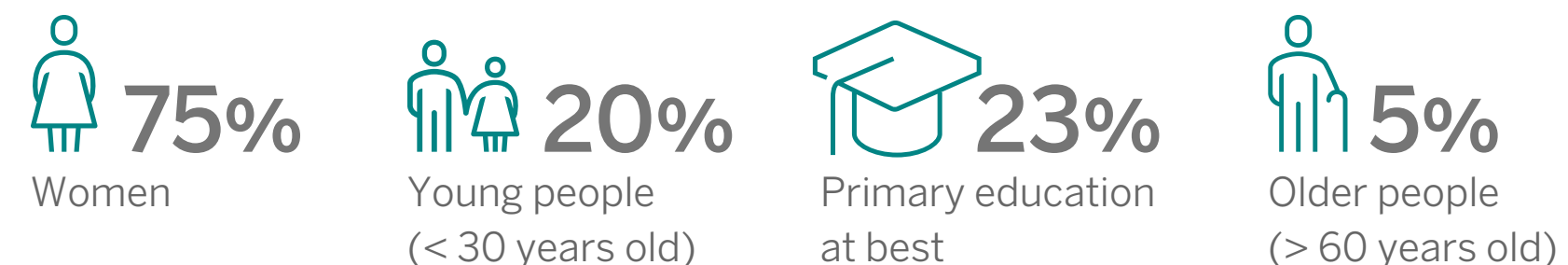
373 entrepreneurs with a completed individual training route (15 modules or more) (37% of the total)

843 entrepreneurs actively on the program (85%) (low dropout rate)

152 with Venezuelan nationality

27 seed capital loans disbursed. Average outlay COP **3.8** millions

Social impact indicators***



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Extending Empropaz to serve Venezuelan migrants

In 2020, USAID reinforced its partnership with Bancamía and increased its contribution to the Productive Enterprises for Peace (Empropaz) program by USD 2 million.⁷⁵ This has enabled it to serve 905 entrepreneurs and microentrepreneurs made up of Venezuelan migrants, returning Colombians and the general population in 19 municipalities that are hosting migrants, making their economic and social integration smoother. To serve these people's needs better, as part of the upskilling program, three social and community modules have been created to work on soft skills:

- Workshop on how to settle in, that they can attend with their family members
- Workshop on looking after themselves in society, so that they have the information and skills needed to access the aid provided by the State
- Reparation workshop to help them restore their emotional wellbeing, accept their new circumstances and see their future in it, and
- Mentoring to ensure that their businesses prosper.

Despite the pandemic, 247 people received training in management services and can access Seed Fund Enterprise microloans that are tailored to the particular needs of this population group. Meanwhile, USAID and Bancamía are working to

Social and business strengthening 2020*


848 microentrepreneurs associated during 2020

1,199 microentrepreneurs benefited over the program's lifetime (accumulated)


354 microentrepreneurs with a completed individual training route (10 modules or more) (30% of the total)


1,024 microentrepreneurs actively on the program (85%) (low dropout rate)

Social impact indicators**

 **71%**
Women

 **14%**
Young people (< 30 years old)

 **35%**
Primary education at best

 **11%**
Older people (> 60 years old)

* Data cut-off point: December 31st, 2020.

** Changes in indicators generated using accumulated total of microentrepreneurs signed up. Source: databases provided by Women's World Corporations (CMM).

The need

According to *Migración Colombia*, there are over 1.7 million Venezuelan migrants in the country, 56% in an unregularized situation. Even though during the pandemic thousands have returned to their country of origin, once the crisis begins to wane, they are expected to return in higher numbers, with this figure estimated to reach over two million.

As regards financial access, only 15% of Venezuelan migrants have a savings account, while among the Colombian population the figure is as high as 80%.⁷⁶

extend the coverage of the DCA (Development Credit Authority) such that it underwrites up to 60% of the capital on the loans that Bancamía grants this migrant group.

Testimonial 2 • Empropaz

Víctor Manuel Cedeño, photovoltaic & renewable energy enterprise.
Country of origin: Venezuela

"The program gave us moral support to overcome psychological barriers that our experiences in difficult moments might have triggered. We have learnt to disconnect from those situations. This is backed up by business coaching and even with neurolinguistic skills. I would also like them to give me marketing advice so that I can apply better practices in corporate sales".

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Venezuelan migrants

Throughout 2020, Bancamía has served 466 Colombian and Venezuelan migrants who are permanent legal residents in the country, that is, who already have either citizenship or foreigners' residence permits, and returning Colombians who previously lived in Venezuela. In their capacity as residents, these clients are eligible for Bancamía's normal loan offering.

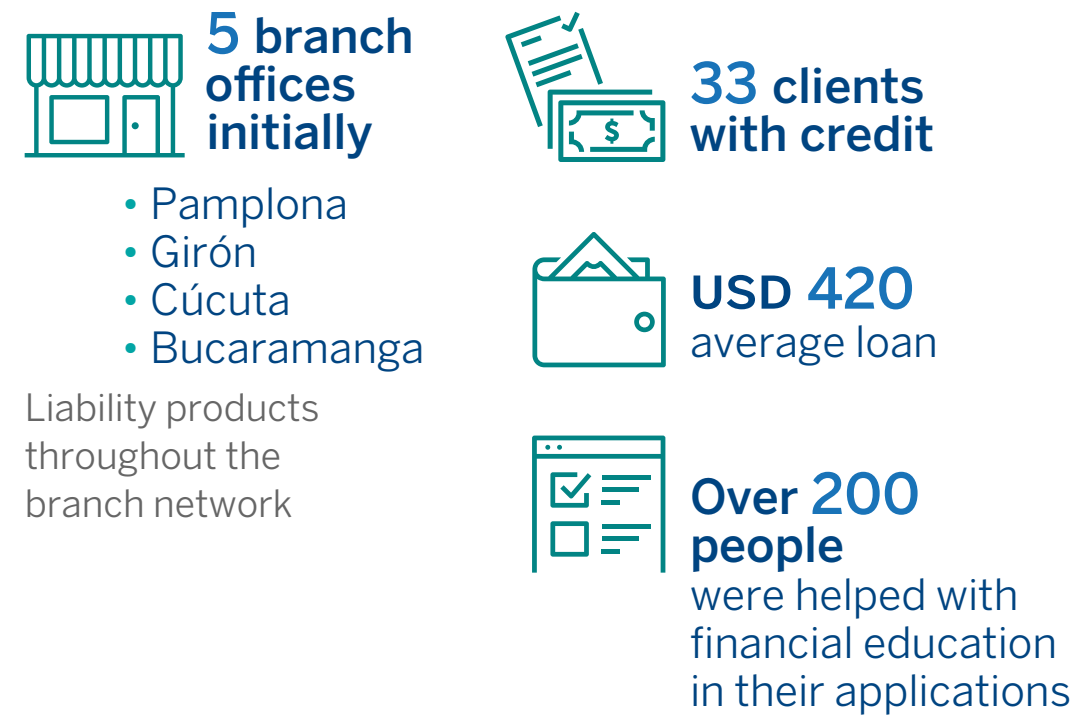
However, the main challenge for the country and for Bancamía are those migrants holding a passport & special residence permit ("Pasaporte y Permiso Especial de Permanencia": PEP). Until February 2021, this permit was temporary and valid for three-month periods that could be renewed up to a maximum of two years. Because of the greater restrictions to accessing financing and the higher risk of this segment of Venezuelans, in October 2019, Bancamía launched a pilot program for 200 migrants with loans in five branch offices in the following cities: Pamplona, Girón, Cúcuta and Bucaramanga. Bancamía also provides savings and investment products to all those who are interested in any part of the country.

In 2020, as a result of COVID-19, credit disbursement slowed down, and only 23 people received loans, for an average of USD 630 (COP 2,164,334) each. However, the entity coordinates Virtual Financial Education workshops every month for its clients and the community at large, to develop skills, teaching how to manage money efficiently, so that

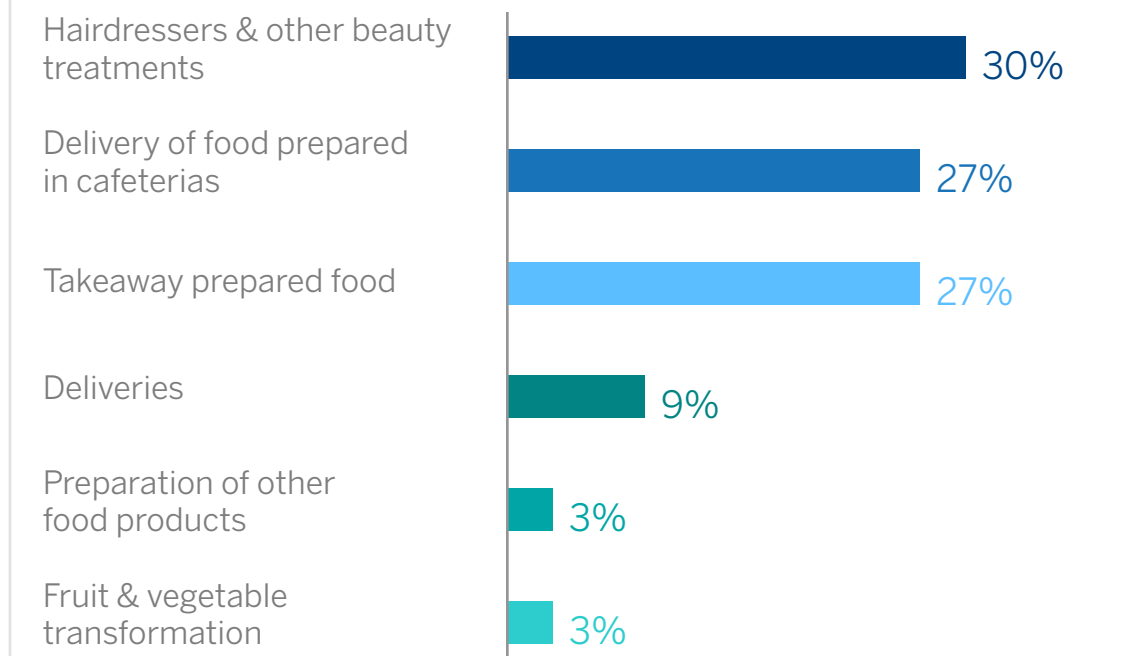
Migrant Venezuelan clients

January 2021

Greater restrictions to access and the higher risk suffered by immigrants whose permanence in the country has not been confirmed, triggered the pilot phase of the association with the MFI, that kicked off in October 2019.



Sectors receiving financing



more rational financial decisions are taken, that depend on each person's individual circumstances. Because of the health emergency, the virtual workshop strategy began in the last two months of 2020, attended by 5 people, between clients and the migrant community.

This initiative has encouraged us to forge alliances with well-known Colombian and international bodies, such as USAID, the International Finance Corporation (IFC), and the Bogotá Chamber of Commerce (CCB).

Testimonial 3 • Bancamía

Jorge Domínguez, pastry cook and painter
Country of origin: Venezuela

"When we emigrated, it was to go on to something better, whatever the hard knocks we had taken. Many of us are professionals from different industries. We came with the intention of being productive, to work. Sometimes I have to do other things apart from pastry making. I am grateful to Bancamía because they were a real help at a time of need. It is the only institution that has done anything for Venezuelan migrants".

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Defining new needs

Bancamía and IFC signed an agreement to boost the financial product and service offering for Venezuelan migrants, especially women, to help them integrate successfully in the country's economic and social life.

In 2020, more than 158 migrants (clients and non-clients) were interviewed to identify their main barriers and concerns and to establish which financial strategies and services were available to them. 23 people were chosen from these surveys and interviewed one-to-one, to delve more deeply; this information is shown on the right. In general terms, the initial findings reveal that this group is well-educated, knows how to use financial products and has several revenue streams that go to comprising household income. However, one barrier that has been clearly identified is the inability to provide a prior credit history.

Bancamía has consolidated its role as the Bogotá Chamber of Commerce's financial partner. The goal is to facilitate access to its products and services to those Venezuelan microentrepreneurs who need them with training and business upskilling programs; processes and schedules are being worked out to this end.

* De 158 encuestas recopiladas se escogieron 23 clientes ubicados en las siguientes sucursales: Chía, Itagüí, Pamplona, Barranquilla y Cúcuta.

** PEP: Permiso Especial de Permanencia.

Status: client interviews* Who are they?

We interviewed
23 clients



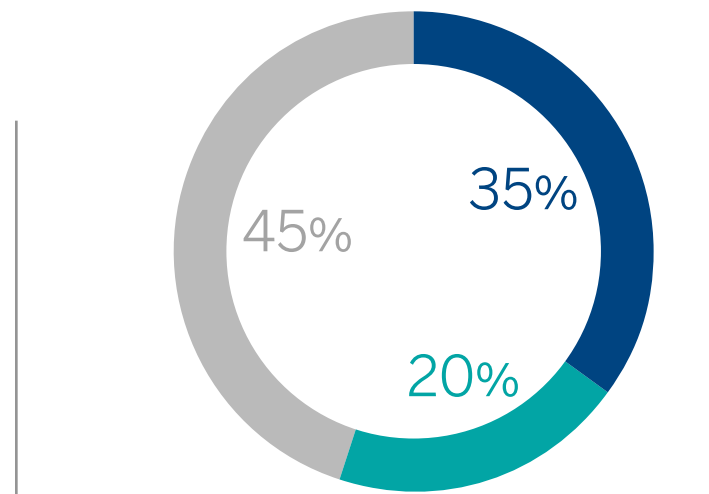
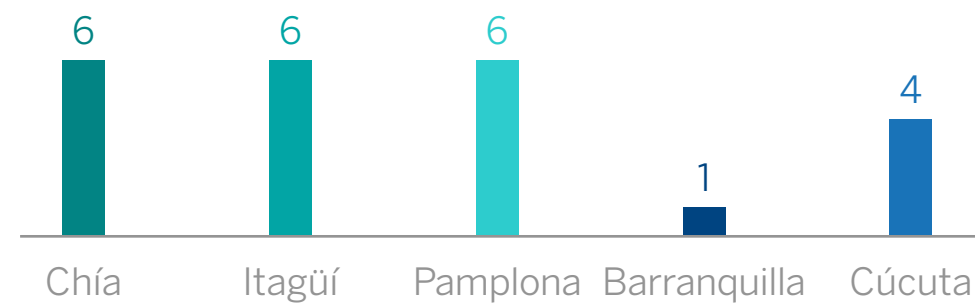
Gender



Average age

43 years

N. of interviews
per branch



- 60% have been living in Colombia for over 3 years
- 40% have a loan or account with another FI
- 50% have an outstanding loan with Bancamía

Initial observations: What are their main obstacles and/or concerns?

	Not having either Colombian citizenship or foreigner's permit		Limited access to telephony services (contract)		Limitad access to internet services
	Not being able to create a credit history		Not being able to make electronic money transfers		Being able to buy a home at some point
	Differences in government policies		Having to depend on a co-borrower with Colombian citizenship		Being able to access legal & commercial knowhow

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Looking to 2021

In early 2021, the President of Colombia, Iván Duque, announced that everyone with a special residence permit (PEP) was authorized to remain for 10 years. This historic decree will undoubtedly reduce the risk and barriers to social inclusion, while increasing the demand for financial services, opening the door of opportunity to Bancamía, which will be able to serve many more migrants. In addition to the aims defined for Empropaz, Bancamía has set itself the following goals for 2021:

- To create a savings product and a credit product that meet the needs of the migrant Venezuelan population.
- To deliver 600 new loans and open 1,800 savings accounts.
- To ensure that 54% of the new savings accounts and loans delivered are for women.

All these initiatives form part of the pilot project designed to complete the value offering for Venezuelan migrants.

Chile: Migration: a constantly growing phenomenon

According to the National Statistics Institute (INE), in 27 years the number of immigrants in Chile as a percentage of the whole population rose from 0.8% in 1992 to approximately 6%, that is, around 1.2 million people.⁷⁷ To support the full inclusion of migrants, and consistent with its community model, Fondo Esperanza, has worked in partnership with the Jesuit Migrant Service Chile (SJM Chile), on several projects in 2020.

In the first place, in January 2020, FE created the group lending bank *Grandes Emprendedores Migrantes de Linares*, consisting entirely of migrants. To do this, FE relaxed its terms for accepting members to admit migrants who hold a temporary visa in their own name and who had an enterprise that had already been operating for six months or more. In most cases this covers professionals, such as engineers and lawyers, from Venezuela, Colombia, Bolivia, Haiti and Egypt, who want to start a business and are looking for a better life. Although their businesses are in different areas, they are mainly focused on foodstuffs and products originating from their home countries: food, costume jewelry, beauty products and clothing.

FE's commitment to migrants goes beyond financial inclusion. In 2020, as a response to the pandemic, grocery store owners who are members of FE took part in the national campaign, *Chile Comparte* [Chile is Sharing] to deliver food parcels to the most vulnerable families, including 532 migrants. FE also worked with SJM Chile and the Chilean government's Sub-Secretariat for Childhood supporting young migrants in the cities of Arica, Iquique and Antofagasta, visiting and providing food and daily necessities to 105 families for three months.

To date, FE continues to offer its services to those being supported by SJM with the aim of including more migrants so that they can get their businesses going and start to take an active part in their host country.

Testimonial 4 • Fondo Esperanza

Sameh Abdalla,
Arab sweets & pastries enterprise
Country of origin: **Egypt**

"People really like Arab sweets and pastries. It is a pleasure for me to make a living with them. It is all thanks to Fondo Esperanza supporting me: they gave me the financing I needed for my business that other places wouldn't because I am a migrant"



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Panama: Refugees, a fragile collective

At the end of 2019, there were over 17,000 registered refugees⁷⁷ in Panama, plus those applying for refugee status. Most of them were from Latin American countries, mainly Colombia, Nicaragua, Venezuela and El Salvador.

Microserfin is currently the only institution in the Foundation that caters for people with refugee status; it can do so thanks to a program that has been running since 2008 with the United Nations High Commission for Refugees (UNHCR) and the Panamanian Red Cross. Clients applying need a reference letter issued by the Red Cross confirming that they belong to the *Medios de Vida e Integración Local* [Earning a living & local integration] program, developed with UNHCR support. UNHCR manages a guarantee fund for these Microserfin clients, minimizing the risk involved in serving refugees.

Furthermore, Microserfin provides financing for migrants' productive activities, complemented by financial education through its *Saquemos Cuentas* [Let's do the accounts] program. This enables them to take informed decisions and to achieve sustainable development over time.

At the close of December 2020, the program had delivered 295 loans to clients for a total sum of USD 242,592 since its inception. Of these, 47% were women, whose average disbursement was USD 1,344; 53% were men, with an average of USD 2,080. Throughout 2020, because of the pandemic, total disbursement was only USD 15,820, in 16 transactions.

Migratory shifts are expected to increase in our footprint during 2021, as well as the commitment taken on by BBVAMF Group institutions. The challenge lies in offering products and services that foster the socio-economic integration and social cohesion of these groups, so that they become economic drivers in their host countries.

Testimonial 5 • Microserfin

Judith Mendoza, food, costume jewelry & knitted garments enterprise
Country of origin: Colombia

"I had looked for help from other banks before but, because I am a foreigner, their doors were closed to me. That is why, for me, working with Microserfin was an opportunity to create a credit history and to make my dream of growing come true".

