

From Displacement to Development

How Peru Can Transform
Venezuelan Displacement into
Shared Growth

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About the Center for Global Development

The Center for Global Development works to reduce global poverty and improve lives through innovative economic research that drives better policy and practice by the world's top decision makers.

About Refugees International

Refugees International advocates for lifesaving assistance and protection for displaced people and promotes solutions to displacement crises around the world. We do not accept any government or UN funding, ensuring the independence and credibility of our work.

PREFACE

In most low- and middle-income countries, refugees and forced migrants face a range of legal, administrative, and practical barriers that prevent their economic inclusion. Removing these barriers would enable displaced people to become more self-reliant and more fully contribute to their host communities.

Such efforts are even more important as the world looks to economically recover from COVID-19. While the pandemic has created unprecedented challenges for low- and middle-income countries around the world, it has also highlighted the importance of expanding economic inclusion. Refugees and forced migrants can, and do, play a crucial role within labor markets. Given the opportunity, they can help their host countries recover from this crisis.

This case study is part of the “Let Them Work” initiative, a three-year program of work led by the Center for Global Development (CGD) and Refugees International and funded by the IKEA Foundation and the Western Union Foundation. The initiative aims to expand labor market access for refugees and forced migrants, by identifying their barriers to economic inclusion and providing recommendations to host governments, donors, and the private sector for how to overcome them. The primary focus is on refugees and forced migrants in Colombia, Peru, Kenya, and Ethiopia, with other work taking place at the global level.

To learn more about the initiative, please visit cgdev.org/page/labor-market-access and get in touch.

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FOREWORD: PROJECT OVERVIEW AND THE IMPACT OF COVID-19

Economic inclusion—and with it access to decent work—is an important right for refugees and forced migrants that governments must recognize.¹ When displaced individuals are included in their host countries' economies, they can become self-reliant and live better, more dignified lives. In addition, they can more fully contribute their skills and knowledge to strengthen their host countries' economies, creating widely shared benefits.² However, in many countries, refugees and forced migrants face a range of legal, administrative, and practical barriers that prevent them from being included in local economies, reaching their potential, and maximizing their contributions to host communities.

This case study is part of a series of publications by Refugees International and the Center for Global Development focusing on labor market access and economic inclusion for refugees and forced migrants. The series provides insights into and analysis of questions related to economic inclusion in countries around the world. It includes case studies of four countries: Colombia, Ethiopia, Kenya, and Peru. The publications aim to (1) identify the barriers to labor market access and economic inclusion that refugees and forced migrants face in host countries, (2) analyze the impacts and benefits of improving economic inclusion, (3) make policy recommendations to help maximize the positive outcomes of economic inclusion, and (4) open a policy dialogue around these findings.

This case study focuses on highlighting both de jure and de facto barriers to labor market access for Venezuelans in Peru. It analyzes the impacts and benefits of Venezuelan migration and recommends policy changes to lower barriers and maximize Venezuelans' positive contributions to the Peruvian economy.

Most of this paper was completed prior to the outbreak of COVID-19. Since then, the situation of refugees and forced migrants around the world has become even more dire. As countries closed their borders, shut down nonessential businesses, and implemented strict quarantine measures to contain the spread of the virus, it became clear that the humanitarian and economic toll of COVID-19 would have deep, long-lasting effects beyond the immediate public health crisis. In this context, refugees and forced migrants are among the most vulnerable. They often work in sectors of the economy most highly impacted by the pandemic, have few savings, and are excluded from social programs—including health systems and social safety nets—that could offer recourse.³

Displaced Venezuelans in Peru are no exception. Prior to the COVID-19 outbreak, about 71 percent of Venezuelans were working in sectors of the economy that have been most impacted by COVID-19, compared with 56 percent of Peruvians. As a result, hundreds of thousands of Venezuelans are facing food insecurity and many are at risk of eviction.⁴

¹ We define *forced migrants* as individuals who have been forced to flee their countries of origin due to economic, political, or security challenges and have, for whatever reason, not been granted official refugee status.

² Michael Clemens, Cindy Huang, and Jimmy Graham, "The Economic and Fiscal Effects of Granting Refugees Labor Market Access," Center for Global Development, Working Paper 496, October 9, 2018, <https://www.cgdev.org/publication/economic-and-fiscal-effects-granting-refugees-formal-labor-market-access>.

³ Helen Dempster, Thomas Ginn, Jimmy Graham, Martha Guerrero Ble, Daphne Jayasinghe, and Barri Shorey, "Locked Down and Left Behind: The Impact of COVID-19 on Refugees' Economic Inclusion," Center for Global Development, Refugees International, and IRC, July 2020, <https://www.cgdev.org/sites/default/files/locked-down-and-left-behind-paper-71320.pdf>.

⁴ Martha Guerrero Ble and Jimmy Graham, "The Effect of COVID-19 on the Economic Inclusion of Venezuelans in Peru," Center for Global Development and Refugees International. <https://www.cgdev.org/publication/effect-covid-19-economic-inclusion-venezuelans-peru>.

Peru is facing one of the greatest economic contractions in the region due to the effects of the pandemic. Indeed, the International Monetary Fund predicts that Peru's GDP growth will fall by 13.9 percent in 2020.⁵ Furthermore, research shows that attitudes toward migrants tend to worsen during recessions, which might lead to policies that further limit Venezuelan economic inclusion.⁶ Nevertheless, such policies would be counterproductive. Increasing economic inclusion for Venezuelans would help not only with the economic recovery but also with the COVID-19 response.⁷ For instance, if Venezuelans earn more money in the economy, they will likely spend more and thus help create a much-needed boost in consumer demand. Furthermore, by allowing Venezuelan health professionals to apply their skills in the workforce, governments can work with their refugee populations to fight the virus.⁸

The Peruvian government has taken some positive steps to realize these benefits. For instance, it issued a decree to allow Venezuelan health professionals to register and work in their professions to help fight the virus. Most notably, on October 22, the government issued a special permit to grant one-year regular status to Venezuelans inside Peru. Once implemented, the regularization measure—called the *carnet de permiso temporal de permanencia* (temporary stay permit license, or CPP)—will benefit Venezuelans with irregular status or whose permits have expired.⁹ While the CPP is a good step in the right direction, the measure has major drawbacks that could keep many Venezuelans from becoming regularized.

In many other ways, the Peruvian government has neglected Venezuelans in its COVID-19 response. For example, most Venezuelans still lack access to the public health system, and none were eligible for government grants to vulnerable families and businesses.¹⁰ As a result, they are more vulnerable to the effects of the virus and less able to recover from the economic shock it has created. In addition, many Venezuelans are still unable to work formally or exercise their professions. To more fully leverage the skills of Venezuelans toward economic recovery, the government should facilitate their economic inclusion.

Therefore, although most of this report was completed prior to the COVID-19 outbreak and does not fully address the additional challenges that the outbreak has created, the analysis of barriers to economic inclusion and recommendations for greater inclusion are as relevant as ever.¹¹ Addressing the barriers and facilitating inclusion would allow for a faster recovery for Venezuelans and Peruvians alike.

⁵ International Monetary Fund, "Transcript of the Press Conference on the Regional Economic Outlook Update for Latin America & the Caribbean," June 26, 2020, <https://www.imf.org/en/News/Articles/2020/06/29/tr062620-transcript-press-conference-reo-update-latin-america-and-the-caribbean>.

⁶ Joachim Vogt Isaksen, "The Impact of the Financial Crisis on European Attitudes toward Immigration," *Comparative Migration Studies* 7, no. 24 (June 2019), <https://comparativemigrationstudies.springeropen.com/articles/10.1186/s40878-019-0127-5>.

⁷ Dempster et al., "Locked Down and Left Behind."

⁸ Ibid.

⁹ El Peruano, Decreto Supremo No. 010-2020-IN, <https://busquedas.elperuano.pe/normaslegales/decreto-supremo-que-aprueba-medidas-especiales-excepcionales-decreto-supremo-n-010-2020-in-1895950-4/>.

¹⁰ Guerrero Ble et al., "The Effect of COVID-19."

¹¹ For more information regarding the impact of the COVID-19 pandemic on Venezuelans' economic inclusion in Peru, see <https://www.cgdev.org/publication/effect-covid-19-economic-inclusion-venezuelans-peru>.

LIST OF ACRONYMS

BBVA	Banco Bilbao Vizcaya Argentaria
CE	<i>Carnet de extranjería</i> (foreigner's ID card)
CEBAF	Centro Binacional de Atención en Frontera (binational border service center)
CEPLAN	Centro Nacional de Planeamiento Estratégico (National Center of Strategic Planning)
CEPR	Comisión Especial Para los Refugiados (Special Commission for Refugees)
CPP	<i>Carnet de permiso temporal de permanencia</i> (temporary stay permit license)
DFI	Development finance institution
ENPOVE	Encuesta Nacional sobre la Población Venezolana (National Survey to the Venezuelan Population)
EPE	Encuesta Permanente de Empleo (Permanent Employment Survey)
GCCF	Global Concessional Financing Facility
GTRM	Grupo de Trabajo para Refugiados y Migrantes (Refugees and Migrants Working Group)
IDB	Inter-American Development Bank
IFC	International Finance Corporation
IGV	<i>Impuesto general a las ventas</i> (general sales tax)
ILO	International Labour Organization
IMF	International Monetary Fund
INEI	Instituto Nacional de Estadística e Informática (National Institute of Statistics and Informatics)
IOM	International Organization for Migration
MTIGM	Mesa de Trabajo Intersectorial para la Gestión Migratoria (National Inter-agency Coordination Platform)
MTPE	Ministerio de Trabajo y Promoción del Empleo (Ministry of Labor and Employment Promotion)
PTP	<i>Permiso temporal de permanencia</i> (temporary stay permit)
R4V	Response for Venezuelans
RMRP	Regional Refugee and Migrant Response Plan
RUC	<i>Registro único de contribuyentes</i> (tax ID number)
SDGs	UN Sustainable Development Goals
SENA	Servicio Nacional de Aprendizaje (National Education Service), Colombia
UNHCR	United Nations High Commissioner for Refugees
VAT	Value-added tax
WFP	World Food Programme

EXECUTIVE SUMMARY

Latin America is witnessing its largest displacement crisis in recent history. Over the past few years, millions of Venezuelans have been forced to flee their home country due to political unrest, economic and institutional collapse, violence, and human rights abuses. With over one million Venezuelans, Peru hosts the second-largest number of displaced Venezuelans, and has received more asylum applications from Venezuelans than has any other country.¹² Despite the support that has been mobilized, Venezuelans living in Peru have difficulty accessing basic rights and services, and they face many practical and legal barriers to their economic inclusion.

Initially, the Peruvian government welcomed Venezuelans, creating the temporary stay permit (PTP, for its Spanish acronym) in January 2017, which allowed Venezuelans to stay for up to two years, authorized them to work, and opened a pathway to longer-term residency. However, as more Venezuelans arrived, the government faced increasing socioeconomic, political, and social pressures.¹³ In October 2018, the government implemented the last round of PTPs, and eight months later, it introduced a humanitarian visa, which is still in place. To obtain the visa, Venezuelans need to apply in specific Peruvian consulates abroad and provide documentation that is difficult to obtain, such as passports. The humanitarian visa effectively increased restrictions on Venezuelans entering Peru; since its implementation, only a handful of Venezuelans have been able to enter Peru regularly.¹⁴

The shift from the PTP to the humanitarian visa led to a sharp increase in the number of asylum claims made by Venezuelans in Peru. Yet since June 2019, Venezuelan asylum seekers entering through the Ecuadorian-Peruvian border have had to wait at border facilities while their claims are being processed, which takes up to 70 days. Furthermore, as asylum applications increase, the Peruvian asylum system is failing to respond to the increased demand, and applicants must wait up to two years for a decision on their claims.¹⁵ Consequently, most asylum seekers are still awaiting a resolution of their status; less than 1 percent of asylum applications from Venezuelans were approved in 2019, as most were not even processed.¹⁶

Ultimately, with few means to enter Peru regularly, an increasing number of Venezuelans are resorting to entering and staying irregularly. In October 2020, the government of Peru issued a special type of PTP—called the temporary stay permit license (CPP for its Spanish acronym)—that will open the opportunity for Venezuelans inside Peru to regularize their status. Once implemented, the CPP will grant one year of regular status and work authorization to all foreigners—including Venezuelans—who entered Peru irregularly or whose permits have expired. While the new measure is a step in the right direction, it has some drawbacks that could prevent many Venezuelans from obtaining it. For instance, applicants must present a valid internationally recognized ID (such as a passport) and pay high fees if they have overstayed their visas. While some of the specifications to obtain the CPP are still being developed, without adjusting its requisites, many Venezuelans will likely continue without the possibility to regularize their status.

¹² Response for Venezuelans (R4V) Coordination Platform for Refugees and Migrants from Venezuela, “Refugee and Migrant Response Plan 2020 Dashboard,” accessed July 23, 2020, <https://r4v.info/en/situations/platform>.

¹³ Mia Armstrong, “Venezuelans in Peru Worry That the Media’s Focus on Crime Spurs Lies, Hatred,” May 2, 2019, <https://cronkitenews.azpbs.org/2019/05/02/venezuela-migrants-media-resentment/>.

¹⁴ Interviews with organizations in Peru, November 12–19, 2019.

¹⁵ *Ibid.*

¹⁶ Mirelis Morales Tovar, “Solicitar Refugio en Perú: Un Trámite que Dura Hasta 4 Años,” Proyecto Migración Venezuela, <https://migravenezuela.com/web/articulo/refugiados-y-migrantes-venezolanos-en-peru/1627>.

In irregularity, Venezuelans face a heightened state of vulnerability, live in in fear of the authorities, and are unable to access public services such as healthcare or education. Furthermore, their irregular status affects their economic inclusion, pushing them to work in informal, low-paying jobs, where they are subject to exploitation and abuse. Yet, while regularization is a necessary condition for Venezuelans to obtain formal jobs and reduce their vulnerability, it is not sufficient, as even those with regular status face challenges to finding formal work.

Data show that Venezuelans in Peru are falling far short of economic inclusion. Prior to the pandemic, 93.5 percent of working-age Venezuelans in Peru had jobs, but most of them were informal salaried workers or self-employed (64.8 and 19.2 percent, respectively). At the end of 2018, the average monthly income for employed Venezuelans was \$333, compared with \$509 for employed Peruvians.¹⁷ That is, Venezuelans earned 35 percent less than Peruvians on average.¹⁸ In addition, Venezuelans often work in jobs that do not match their skills and are subject to exploitation. The risks are especially high for Venezuelan women, who may also face sexual harassment and/or gender-based violence.¹⁹ Venezuelan women also face significant economic disadvantages: they earn 23 percent less than Peruvian women and 49 percent less than Peruvian men. The outbreak of COVID-19 has exacerbated these economic difficulties. Because Venezuelans mainly work in the hardest-hit sectors, many have lost their jobs.²⁰

Despite the obstacles, Venezuelans are active economic participants in and contributors to the Peruvian economy. In fact, the overall economic and fiscal contributions of Venezuelans exceed the costs of hosting them. According to the World Bank, in 2019, Venezuelans had a net positive fiscal impact of \$365.11 million.²¹ And according to the Central Bank of Peru, in 2018, 0.3 percentage points of annual GDP growth could be attributed to the migrant population in Lima and Callao.²² Notwithstanding the evidence on the economic benefits of hosting Venezuelans, the gains and costs are not distributed evenly across populations, geographies, and time horizons. For instance, the

¹⁷ Based on data from the ENPOVE survey (Encuesta Nacional sobre la Población Venezolana, or National Survey to the Venezuelan Population) for Venezuelans living in Peru and the EPE (Encuesta Permanente de Empleo, or Permanent Employment Survey) for Peruvians, both from the Peruvian statistical agency (Instituto Nacional de Estadística e Informática, or INEI). The ENPOVE data are from December 2018 and the EPE data are from October through December 2018. ENPOVE is representative of the Venezuelan population in six cities that host 85 percent of the total Venezuelan population. EPE is representative of Lima and Callao. We use a conversion rate of 0.3 US dollars to 1 Peruvian sol. Even though these data are over a year old, given that policies for economic inclusion have largely worsened since the time of the surveys (particularly in terms of the right to work), the data are likely still illustrative of current trends and gaps in labor market outcomes. Instituto Nacional de Estadísticas e Información (INEI), “Microdatos,” accessed February 8, 2020, <http://inei.inei.gob.pe/microdatos/>.

¹⁸ Based on authors’ calculations, using an ordinary least squares regression of logged income, controlling for age, age squared, education, and sex. Results are statistically significant at the $p < 0.01$ level.

¹⁹ INEI, “ENPOVE: Condiciones de Vida de la Población Venezolana que Reside en Perú,” 2018, p. 98, https://www.inei.gob.pe/media/MenuRecursivo/publicaciones_digitales/Est/Lib1666/; Centro de Investigación Universidad del Pacífico, “Frente a un Triple Peligro: Migrantes Venezolanos y Su Integración Laboral,” December 2019, http://sisisemail.up.edu.pe/sisisemail/_data/2019/26035/CIUP-PPP-No3.pdf.

²⁰ Martha Guerrero Ble and Jimmy Graham, “The Effect of COVID-19 on the Economic Inclusion of Venezuelans in Peru,” Center for Global Development and Refugees International, <https://www.cgdev.org/publication/effect-covid-19-economic-inclusion-venezuelans-peru>.

²¹ World Bank, *Una Oportunidad para Todos: Los Migrantes y Refugiados Venezolanos y el Desarrollo del Perú*, Vol. 2, Washington, DC: World Bank, 2019, <http://documents.worldbank.org/curated/en/107621574372585665/Una-Oportunidad-para-Todos-Los-Migrantes-y-Refugiados-Venezolanos-y-el-Desarrollo-del-Per%C3%BA>; Vanessa Belapatiño, Francisco Grippa, Ismael Mendoza, Hugo Perea, and Hugo Vega, “Inmigración Venezolana a Perú: Características e Impactos Macroeconómicos,” BBVA Research, October 2019, <https://www.bbvarsearch.com/publicaciones/inmigracion-venezolana-a-peru-caracteristicas-e-impactos-macroeconomicos/>.

²² International Monetary Fund, “Peru: 2019 Article IV Consultation—Press Release; Staff Report; Staff Statement and Statement by the Executive Director for Peru,” January 13, 2020, p. 6, <https://www.imf.org/en/Publications/CR/Issues/2020/01/13/Peru-2019-Article-IV-Consultation-Press-Release-Staff-Report-Staff-Statement-and-Statement-48942>.

central bank indicates that falling wages for young, less-educated Peruvians in the service and commerce sectors may be associated with the arrival of Venezuelans.²³

Expanding economic inclusion for Venezuelans can help reduce any negative effects in specific segments of the labor market, while also potentially yielding significant social and economic benefits. Greater inclusion would lead to higher incomes and rates of formal work among Venezuelans, which would increase their self-reliance, reduce protection concerns, and improve their standard of living. With higher incomes, Venezuelans would spend more in the economy, thus benefiting Peruvian businesses and promoting economic growth. According to a pre-COVID-19 analysis by the International Monetary Fund, increased Venezuelan labor market integration could potentially raise Peruvian GDP growth by 0.4 percentage points in 2021.²⁴ Higher incomes and rates of formal work would also yield greater fiscal revenues and, since Venezuelans in the country are younger on average than Peruvians, support for Peru's pension system. Finally, with more Venezuelans formalizing, job competition in the informal sector would be reduced.

As COVID-19 wreaks havoc on the Peruvian economy, it is more important than ever to realize these benefits. However, doing so will require overcoming significant barriers, including these:

1. **Limited opportunities for regularization.** Many Venezuelans cannot regularize their status, which pushes them to work informally and increases their economic precarity.
2. **Practical restrictions on asylum seekers working.** The long asylum process leaves asylum seekers with temporary documentation that employers do not accept.
3. **Difficulties recognizing qualifications.** High costs and rejection from professional associations prevent many Venezuelans from having their foreign diplomas recognized.
4. **Quotas on hiring foreigners.** Foreigners cannot account for more than 20 percent of a business's workforce, and their salaries cannot exceed 30 percent of the total salaries.
5. **Higher tax rates.** Formal workers who have been in the country for less than 183 days are taxed 30 percent of their income in addition to a 13 percent standard income tax.
6. **Discrimination and exploitation.** Xenophobia and discrimination prevent Venezuelans from accessing key services and contribute to their exploitation in the workplace.
7. **Increased challenges for women.** Venezuelan women are at an increased risk of harassment and exploitation. They often do not have access to social networks and key services such as childcare, limiting their ability to participate in the labor market.
8. **Limits on entrepreneurship.** A lack of knowledge of regulations for starting a business and discrimination from government officials undermine Venezuelan businesses.

Past experience shows that, when policymakers make the right choices, economic inclusion for migrants and refugees is possible.²⁵ To achieve it in the Peruvian context, the government and its partners should build on their existing plans and approaches by implementing the following recommendations.

²³ Ibid.

²⁴ Ibid.

²⁵ Michael Clemens, Cindy Huang, Jimmy Graham, and Kate Gough, "Migration Is What You Make It: Seven Policy Decisions That Turned Challenges into Opportunities," Center for Global Development, May 30, 2018, <https://www.cgdev.org/publication/migration-what-you-make-it-seven-policy-decisions-turned-challenges-opportunities>.

The government of Peru and donors should

- Increase and improve access to regularization for Venezuelans;
- Strengthen the Peruvian asylum system and implement measures to ensure the economic integration of asylum seekers;
- Introduce exceptions for Venezuelans to the quotas on hiring foreigners and the collection of additional taxes; and
- Allow Venezuelans to access Ministry of Labor services, such as programs that match job seekers with employment opportunities.

The government of Peru, together with international organizations and NGOs, should

- Create a governmental interagency strategy that accounts for humanitarian and development objectives in responding to the Venezuelan presence in Peru;
- Disseminate information on Venezuelans' rights;
- Facilitate the process of credential and skills verification;
- Expand, diversify, and evaluate approaches to address discriminatory perceptions toward Venezuelans; and
- Rigorously evaluate livelihood programs.

International banks and donors should

- Increase funding for the humanitarian and development response in Peru—to expand economic inclusion efforts while also covering humanitarian needs, and
- Incentivize private-sector participation by raising awareness among businesspeople on the benefits of hiring Venezuelans, spreading information on how to hire them, and using blended finance mechanisms to offset the risk of investing in Venezuelan-owned businesses.

The private sector should

- Engage Venezuelans and host communities through core business and value chains, and
- Advocate for policy progress that facilitates economic inclusion and benefits businesses.

The arrival of Venezuelans in Peru presents many challenges, but also an opportunity to boost the country's economic development and mitigate the economic downturn caused by COVID-19. By working with development partners to pursue policies and programs that facilitate economic inclusion, the Peruvian government can enable Venezuelans to realize their full potential, improve their own lives, and contribute even more to society, while reducing any negative economic impacts and maximizing Venezuelans' positive impact on Peruvian society.

INTRODUCTION

Latin America is witnessing its largest displacement crisis in recent history. Over the past few years, millions of Venezuelans have been forced to flee their home country by political unrest, economic and institutional collapse, violence, and human rights abuses. As of November 2020, more than 5.4 million displaced Venezuelans were living around the world, and the vast majority were in Latin America and the Caribbean.²⁶ The United Nations High Commissioner for Refugees (UNHCR) predicted that if current trends continue, the number of Venezuelans outside their country could reach 6.5 million by the end of 2020.²⁷

Peru hosts the second-largest number of displaced Venezuelans in the world and has received more asylum applications from Venezuelans than any other country has. As of August 2020, over 1,043,000 Venezuelans were living in Peru and more than 496,000 asylum claims had been submitted.²⁸ The number of Venezuelans entering Peru dramatically increased after 2016—rising from 50,000 per year in the period 2014–2016 to more than 223,000 in 2017 alone.²⁹ Traditionally a country of emigration rather than immigration, Peru is facing new challenges in accommodating the arrival of so many people in need of protection.

Due to the historically low numbers of refugees and migrants in Peru, UNHCR and other international organizations that respond to displacement did not have a presence in the country when Venezuelans first began to arrive. Most organizations in Peru primarily focused on development programs and had little experience with humanitarian work. In 2018, recognizing the severity of the regional situation, the UN issued the Regional Refugee and Migrant Response Plan (RMRP) for Venezuela. It is jointly led by UNHCR and the International Organization for Migration (IOM) through the Response for Venezuelans (R4V) regional platform and corresponding national platforms (in Peru, the Grupo de Trabajo para Refugiados y Migrantes—Refugees and Migrants Working Group, or GTRM). The platform aims to raise funds and coordinate the efforts of the government, NGOs, and UN agencies to respond to the needs of Venezuelans and their host communities.³⁰

Despite the national and international support that has been mobilized, the response remains severely underfunded, and Venezuelans living in Peru face many difficulties in accessing basic rights and services.³¹ Both legal and practical obstacles—including resource constraints and discrimination—prevent displaced Venezuelans from finding adequate housing, education, and healthcare. These

²⁶ R4V, “Refugee and Migrant Response Plan 2020 Dashboard,” accessed November 30, 2020 <https://r4v.info/en/situations/platform>.

²⁷ United Nations High Commissioner for Refugees (UNHCR) and International Organization for Migration (IOM), “US \$1.35 Billion Needed to Help Venezuelan Refugees and Migrants and Host Countries,” Joint UNHCR-IOM Press Release, November 13, 2019, <https://www.unhcr.org/news/press/2019/11/5dcbd7284/us135-billion-needed-help-venezuelan-refugees-migrants-host-countries.html>.

²⁸ Note from the R4V Coordination Platform: “This figure represents the sum of Venezuelan migrants, refugees, and asylum seekers reported by host governments. It does not necessarily imply individual identification, nor registration of each individual, and may include a degree of estimation, as per each government’s statistical data processing methodology. As numerous government sources do not account for Venezuelans without a regular status, the total number of Venezuelans is likely to be higher.” R4V, “Refugee and Migrant Response Plan 2020 Dashboard,” accessed October 16, 2020, <https://r4v.info/en/situations/platform/location/7416>.

²⁹ Cécile Blouin and Luisa Feline Freier, “Población Venezolana en Lima: Entre la Regularización y la Precariedad,” in *Crisis y Migración de Población Venezolana: Entre la Desprotección y la Seguridad Jurídica en Latinoamérica*, Universidad Autónoma de México, p. 160, <https://www.sdi.unam.mx/docs/libros/SUDIMER-CyMdPV.pdf>.

³⁰ Dany Bahar and Meagan Dooley, “Venezuela Refugee Crisis to Become the Largest and Most Underfunded in Modern History,” Brookings Institution, December 9, 2019, <https://www.brookings.edu/blog/up-front/2019/12/09/venezuela-refugee-crisis-to-become-the-largest-and-most-underfunded-in-modern-history/>.

³¹ R4V, “Regional Refugee and Migrant Response Plan,” January–December 2019, <https://r4v.info/en/documents/download/67282>.

challenges are due in part to the fact that Venezuelans face substantial obstacles to economic inclusion (as the term is defined in box 1), which prevent them from accessing decent work and earning enough income to meet their basic needs.

BOX 1. WHAT IS ECONOMIC INCLUSION?

We define *economic inclusion* as the achievement of income commensurate with one's skills and decent work as defined by the International Labour Organization (ILO).³² To create the conditions necessary for economic inclusion, a wide range of barriers that refugees and forced migrants typically face—including legal, administrative, practical, and social barriers—must be lowered. These include the inability to obtain work permits, restricted freedom of movement, difficulty accessing financial services, a lack of job opportunities, poor access to childcare, and more. Some of these barriers apply to host populations as well, but the challenges are typically more acute and systematic for refugees and forced migrants.

Contrary to the perception that greater economic inclusion will keep refugees and forced migrants in the host country, there have been a number of cases throughout history in which refugees were included in the economy and allowed to integrate, and still chose to return home in large numbers when it was safe to do so.³³ In fact, there is some evidence that greater economic inclusion can allow refugees and forced migrants to accumulate the assets needed to undertake a return journey and successfully reestablish themselves in their home country, thus improving the chances of sustainable return.³⁴

For Venezuelans in Peru, greater economic inclusion and increased access to jobs are among their key challenges and most important priorities. In a survey conducted by the World Food Programme (WFP) in January 2020, a plurality of Venezuelans in Peru (36 percent) listed access to work as their most important need, above regularization and access to healthcare. Other surveys have shown similar results.³⁵ Yet low incomes have pushed many Venezuelans in Peru to resort to borrowing money, reducing food intake, spending less on nonessential goods, working in exploitative conditions, or selling their personal belongings.³⁶ Some use more extreme negative coping mechanisms. For instance, a UNHCR survey conducted in 2019 indicated that 55 percent of Venezuelans had begged for money to survive, 18 percent had sent their children to work, and 5 percent had engaged in sex for survival.³⁷

³² The ILO defines *decent work* as involving “opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.” ILO, “Decent Work,” n.d., <https://www.ilo.org/global/topics/decent-work/lang--en/index.htm>.

³³ Niels Harild, Asger Christensen, and Roger Zetter, “Sustainable Refugee Return: Triggers, Constraints, and Lessons from Addressing the Development Challenges of Forced Displacement,” World Bank, 2015, <http://documents.worldbank.org/curated/en/542611468188337350/pdf/99618-WP-PUBLIC-Box393206B-Sustainable-Refugee-Return-15Sept-WEB-PUBLIC.pdf>.

³⁴ Richard Black, Khaled Koser, Karen Munk, Gaby Atfield, Lisa D’Onofrio, and Richmond Tiemoko, “Understanding Voluntary Return,” Sussex Centre for Migration Research, 2004, <https://webarchive.nationalarchives.gov.uk/20110220155644/http://rds.homeoffice.gov.uk/rds/pdfs04/rdsolr5004.pdf>; Chris Dolan, “Repatriation from South Africa to Mozambique—Undermining Durable Solutions?,” in *The End of the Refugee Cycle? Refugee Repatriation and Reconstruction*, edited by Richard Black and Khaled Koser, Bergahan Books, 1999, <https://www.jstor.org/stable/j.ctt9qcp3z>.

³⁵ WFP, “Encuesta Remota: Migrantes Venezolanos en Peru,” January 28, 2020, <https://r4v.info/en/documents/details/73724>; UNHCR, “Monitoreo de Protección de las Américas: Peru” November 2019, <https://data2.unhcr.org/en/documents/download/73326>.

³⁶ Ibid.

³⁷ Ibid.

While Venezuelans face many obstacles to economic inclusion in Peru, some of these challenges also apply to Peruvians. For instance, most Peruvians work informally and many face limited economic opportunities and live in poverty. There are also marginalized populations within Peru, such as indigenous groups, that face their own unique economic barriers—which may be as substantial as those faced by Venezuelans. As the Peruvian government faces challenges in responding to the needs of both Venezuelan and Peruvian populations, the pressure on resources and institutions is increasing, not only affecting the response but also potentially damaging social cohesion.

The outbreak of COVID-19 has compounded the challenges for all. With strict lockdown measures and high rates of COVID-19 cases, Peru has been devastated by the pandemic. Indeed, by November 2020, Peru had recorded over 900,000 cases and 34,000 deaths from the virus, and had a much higher number of cumulative deaths per capita than any other region in the world.³⁸ Moreover, the International Monetary Fund (IMF) has predicted a 13.9 percent GDP contraction in 2020.³⁹ As a result of the recession, many workers in Peru have lost their jobs.⁴⁰ For instance, in Lima, where most Venezuelans live, the employment rate dropped by 23.9 percent from July to September.⁴¹ By August, around 6.7 million individuals were unemployed in Peru due to the pandemic.⁴²

While the situation resulting from COVID-19 affects Venezuelans and Peruvians alike, the impact is heightened for Venezuelans. Since Venezuelans face numerous barriers to their economic inclusion, they have been pushed to work informally in shops, cafés, restaurants, and other places of employment that have been highly impacted by the pandemic.⁴³ For instance, the Peruvian Ombudsman's Office reports that around 89 percent of Venezuelans in Peru lost their jobs as a result of the pandemic and that 39 percent fear eviction.⁴⁴ Furthermore, Venezuelans lack access to the social protection and health schemes implemented by the government of Peru, increasing their precarity. As a result, many Venezuelans in Peru are losing their jobs and therefore facing difficulties in accessing health services and covering their basic needs, such as food and rent.⁴⁵

Expanding the economic inclusion of Venezuelans in Peru would not only support the government in overcoming the health and economic challenges created by the pandemic, but also create a wide range of benefits that will yield gains for Venezuelans and Peruvians alike. For instance, increased economic inclusion would lead to higher incomes and more stable jobs for Venezuelans, which in turn would reduce their vulnerability and help them meet basic needs such as housing, food, and medical care.

³⁸ Our World in Data, "Data Explorer," accessed November 6, 2020, https://ourworldindata.org/coronavirus-data-explorer?zoomToSelection=true&time=2020-03-01..latest&country=OWID_WRL~Asia-NorthAmerica-Europe-SouthAmerica-Africa-PER®ion=World&casesMetric=true&interval=total&smoothing=0&pickerMetric=total_deaths&pickerSort=desc.

³⁹ IMF, "Transcript of the Press Conference on the Regional Economic Outlook Update for Latin America & the Caribbean," June 26, 2020, <https://www.imf.org/en/News/Articles/2020/06/29/tr062620-transcript-press-conference-reo-update-latin-america-and-the-caribbean>.

⁴⁰ Instituto Nacional de Estadística e Informática (INEI), "Situación del Mercado Laboral en Lima Metropolitana: Trimestre Movil Abril-Mayo-Junio 2020," July 2020, <http://m.inei.gob.pe/media/MenuRecursivo/boletines/07-informe-tecnico-n07-mercado-laboral-abr.-May.-Jun.%202020.pdf>.

⁴¹ INEI, "Empleo en Lima Metropolitana en el Trimestre Julio-Agosto-Septiembre del 2020 Disminuyó 23.9%," October 15, 2020, <https://www.inei.gob.pe/prensa/noticias/empleo-en-lima-metropolitana-en-el-trimestre-julio-agosto-setiembre-del-2020-disminuyo-en-239-12447/>.

⁴² Associated Press, "Peru Suma 6.7 Millones de Desempleados en Medio de la Pandemia," *San Diego Sun Tribune en Espanol*, August 15, 2020, <https://www.sandiegouniontribune.com/en-espanol/noticias/story/2020-08-15/peru-suma-6-7-millones-de-desempleados-en-medio-de-pandemia>.

⁴³ Guerrero Ble et al., "The Effect of COVID-19 on the economic inclusion of Venezuelans in Peru."

⁴⁴ Daniela Carrasco, "Mas de 30,000 Venezolanos Huyeron del Peru por Obstáculos para Mantenerse," *El Pitazo*, August 14, 2020, <https://elpitazo.net/migracion/mas-de-30-000-venezolanos-huyeron-de-peru-por-obstaculos-para-mantenerse/>.

⁴⁵ Equilibrium CenDE, "Segunda Encuesta de Opinión 'Cuarentena COVID-19 en Población Venezolana Migrante en Perú'—Abril, 2020," April 20, 2020, <https://equilibriumcende.com/resultados-de-la-segunda-encuesta-nacional-de-opinion-cuarentena-covid-19-en-poblacion-venezolana-migrante-en-peru-abril-2020/>.

The host community would also benefit—and is already benefiting to a certain extent—from greater consumption and investment, which can lead to higher GDP, new job opportunities, and a boost in aggregate demand (which could help the country escape the pandemic-induced recession); increased tax revenue; greater productivity as a result of highly educated Venezuelans applying their skills in the labor market; reduced reliance on services; and other positive effects.⁴⁶ And if more working Venezuelans enter the formal sector, there will be less job competition in the informal sector, potentially leading to less pressure on employment and wages for informal workers—who have been the hardest hit by the pandemic. Furthermore, under certain conditions, bringing more Venezuelans and Peruvians together in the workforce could help counter xenophobia and discrimination, as interpersonal contact between groups can reduce prejudice.⁴⁷ Therefore, by genuinely recognizing the rights of Venezuelans in Peru and expanding their economic inclusion, the government of Peru can create a win-win situation that supports Venezuelans’ self-reliance as well as the country’s overall development goals and economic recovery.

VENEZUELANS IN PERU: RESPONSES AND OUTCOMES TO DATE

A Changing Policy Landscape

Peru has comprehensive asylum legislation. Its domestic law not only incorporates the commitments made in the 1951 UN Refugee Convention and the related 1967 Protocol Relating to the Status of Refugees, but also adopts the definition of a refugee put forth in the 1984 Cartagena Declaration on Refugees.⁴⁸ The Refugee Convention and its Protocol recognize as refugees persons who have a “well-founded fear of being persecuted based on their race, religion, nationality, membership of a particular social group, or political opinion.”⁴⁹ Under the Cartagena Declaration on Refugees, the definition also includes people who flee their country of citizenship or residence “because their lives, safety or freedom have been threatened by generalized violence, foreign aggression, internal conflicts, massive violation of human rights or other circumstances which have seriously disturbed public order.”⁵⁰

Given the dire situation in Venezuela, most, if not all, displaced Venezuelans should be considered refugees under the Cartagena Declaration definition. Indeed, in a March 2018 Guidance Note on the Outflow of Venezuelans and a May 2019 update to that note, the UNHCR stated that

⁴⁶ Michael Clemens, Cindy Huang, and Jimmy Graham, “The Economic and Fiscal Effects of Granting Refugees Labor Market Access,” Center for Global Development, Working Paper 496, October 9, 2018, <https://www.cgdev.org/publication/economic-and-fiscal-effects-granting-refugees-formal-labor-market-access>.

⁴⁷ Elizabeth Levy Paluck and Donald P. Green, “Prejudice Reduction: What Works? A Review and Assessment of Research and Practice,” *Annual Review of Psychology*, 60, pp. 339–367, https://www.overcominghateportal.org/uploads/5/4/1/5/5415260/prejudice_reduction-what_works.pdf.

⁴⁸ Migraciones, “Ley de refugiado,” Law No. 27891 approved on December 22, 2002, https://www.migraciones.gob.pe/documentos/normalegal_8.pdf.

⁴⁹ UN General Assembly, “Convention Relating to the Status of Refugees,” 28 July 1951, United Nations, Treaty Series, vol. 189, p. 137, <https://www.refworld.org/docid/3be01b964.html>.

⁵⁰ UNHCR, “Cartagena Declaration on Refugees,” Colloquium on the International Protection of Refugees in Central America, Mexico and Panama, November 22, 1984, <https://www.unhcr.org/about-us/background/45dc19084/cartagena-declaration-refugees-adopted-colloquium-international-protection.html>.

*... the majority of Venezuelan nationals, or stateless persons who were habitually resident in Venezuela, are in need of international protection under the criteria contained in the Cartagena Declaration on the basis of threats to their lives, security or freedom resulting from the events that are currently seriously disturbing public order in Venezuela.*⁵¹

However, like most other Latin American countries that have incorporated the Cartagena definition of refugees into their domestic asylum laws, Peru has so far not used it as the basis for refugee status determinations for Venezuelans who have fled their country.⁵²

Despite the lack of implementation of Cartagena, the Peruvian government was initially welcoming toward Venezuelans and opened pathways for their regularization. By 2016, as the situation in their home country worsened, some displaced Venezuelans were already settling in Peru, many of them having entered as tourists and overstayed their visas.⁵³ In order to promote safe and organized migration, as well as regularization among Venezuelans, then President Pedro Pablo Kuczynski issued an executive order to create the temporary stay permit (Spanish *permiso temporal de permanencia*, or PTP) for Venezuelans.⁵⁴ With the PTP, the government of Peru was one of the first countries in the region to implement alternative and innovative regularization measures for Venezuelans.

The PTP was implemented in several rounds and opened the door for many Venezuelans to enter and settle in Peru regularly. It also granted the possibility for Venezuelans who had entered the country regularly to remain in the country, even if they had overstayed their visas. The PTP allowed Venezuelans to stay in Peru for up to one year with access to work and some services, such as education. It was renewable for an additional year and created a pathway to longer-term residency in the country (see table 1).⁵⁵ PTP holders could apply to become Peruvian residents and obtain a *carnet de extranjería* (CE, a foreigner's ID card), which granted them access to health and social security benefits. Despite some drawbacks, the PTP provided a viable option for regularization to displaced Venezuelans seeking protection in Peru.

⁵¹ UNHCR, "Guidance Note on International Protection Considerations for Venezuelans—Update I," May 2019, paragraph 5, <https://www.refworld.org/cgi-bin/texis/vtx/rwmain?page=search&docid=5cd1950f4>.

⁵² Luisa Feline Freier, "Why Latin America Should Recognize Venezuelans as Refugees," *Refugees Deeply*, September 28, 2018, <https://www.newsdeeply.com/refugees/community/2018/09/28/why-latin-america-should-recognize-venezuelans-as-refugees>.

⁵³ ENPOVE, "Capítulo 3: Situación Migratoria," June 2019, https://www.inei.gob.pe/media/MenuRecursivo/publicaciones_digitales/Est/Lib1666/cap03.pdf.

⁵⁴ President of the Republic, "Decreto Supremo que Aprueba el Reglamento del Decreto Legislativo No. 1350, Decreto Legislativo de Migraciones y Aprueban Nuevas Calidades Migratorias, Decreto Supremo No. 007-2017-IN," March 24, 2017.

⁵⁵ Superintendencia Nacional de Migraciones Perú, "Sacar Permiso Temporal de Permanencia (PTP) para Venezolanos," November 9, 2018, <https://www.gob.pe/634-sacar-permiso-temporal-de-permanencia-ntp-para-venezolanos>; Guillermo D. Olmo, "Por Qué es Tan Difícil Conseguir un Pasaporte para Salir de Venezuela," *BBC News Mundo*, August 28, 2018, <https://www.bbc.com/mundo/noticias-america-latina-45292923>.

Table 1. Pathway to residency for PTP holders

<p>PTP (temporary stay permit)</p>	<p>The PTP provides regular status, work authorization, and some access to basic services—such as education—to Venezuelans who entered the country before December 31, 2019, via regular entry points, regardless of whether they have overstayed the duration of the visa with which they entered.</p> <p>The PTP was granted for one year and could be renewed for an additional year. After the first year, PTP holders can apply for the status of special resident and obtain a foreigner’s ID (CE).</p>
<p><i>Calidad migratoria especial residente</i> (special resident migration status)</p>	<p>Venezuelans whose PTP is about to expire—either during their first or second year—can apply to become a special resident, which gives them a CE. This allows them to remain in the country and to work for up to one year. With the CE, the person has access to health services and social security benefits.</p> <p>After one year, the holder can obtain a one-year extension or apply for resident status.</p>
<p><i>Calidad migratoria de residente</i> (resident migration status)</p>	<p>After one year, those with special residence can transition to the status of resident. However, to be considered a resident, the applicant needs to file under a specific visa category, including work, humanitarian, and family reunification, among others.</p> <p>To obtain the status of resident, the person needs to provide documentation relating to the type of residence. For instance, for a work visa, the person must be sponsored by a company and provide evidence of qualifications. Most resident visas must be renewed after one year.</p> <p>After three years of legal residence in the country, the person can apply for permanent residency, which allows them to stay for an indefinite period.</p>

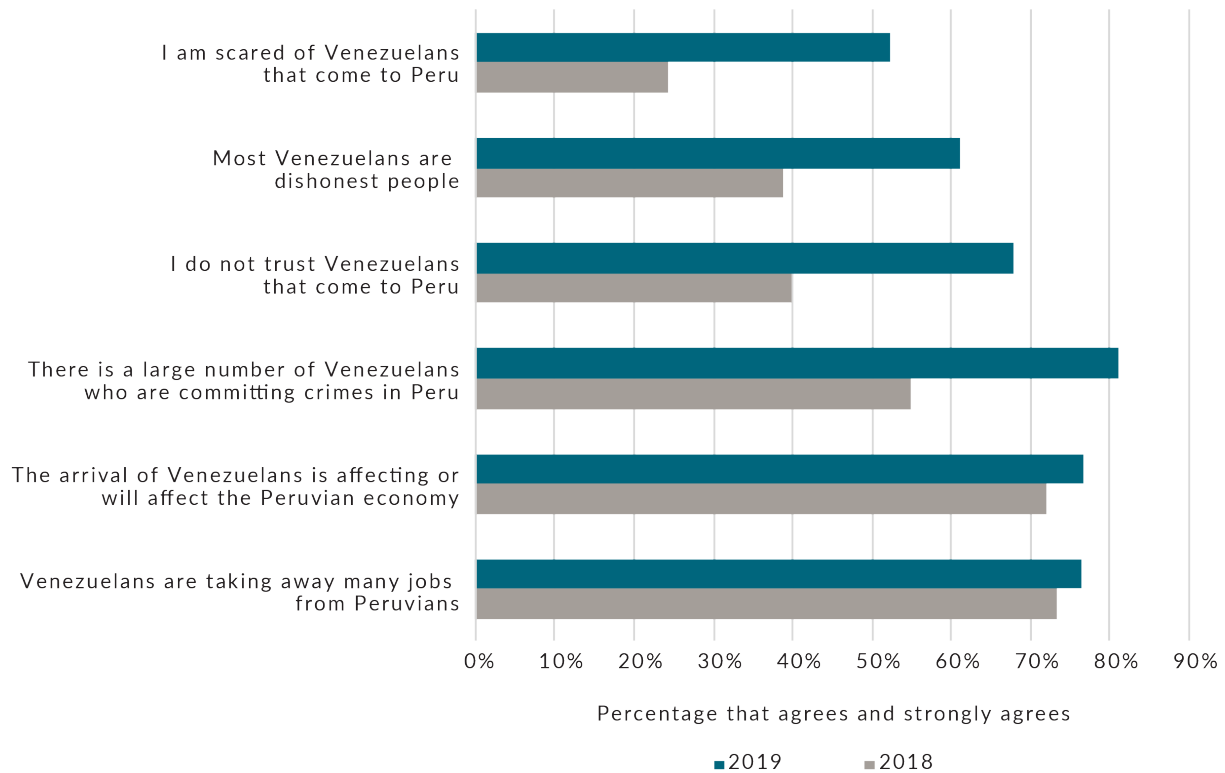
To date, the government of Peru has granted more than 470,000 PTPs and residence permits to Venezuelans.⁵⁶ However, when the government changed in March 2018, policies toward Venezuelans in Peru became more restrictive. In October 2018, citing a lack of capacity to provide for Venezuelans, President Martín Vizcarra implemented the last round of PTPs. The cessation of further PTP provision and the introduction of a more restrictive visa regime occurred alongside increased backlash against hosting Venezuelans in Peru, driven in large part by negative media coverage.⁵⁷ In February 2019, a survey conducted by the Institute of Public Opinion, based at the Pontifical Catholic University of Peru, indicated that 68 percent of Peruvians did not trust Venezuelans coming to Peru, compared with 40 percent the previous year (figure 1). Moreover, in 2019, 78 percent of Peruvians were in favor of more drastic policies to restrict Venezuelans from entering the country.⁵⁸

⁵⁶ R4V, “Response for Venezuelans: Peru,” accessed October 7, 2020, <https://data2.unhcr.org/es/situations/platform/location/7416>.

⁵⁷ Mia Armstrong, “Venezuelans in Peru Worry That the Media’s Focus on Crime Spurs Lies, Hatred,” May 2, 2019, <https://cronkitenews.azpbs.org/2019/05/02/venezuela-migrants-media-resentment/>.

⁵⁸ Pontifical Catholic University of Peru, “Creencias y Actitudes Hacia los Inmigrantes Venezolanos en el Perú,” *Boletín Estado de la Opinión Pública*, February 2019, p. 7, <http://repositorio.pucp.edu.pe/index/handle/123456789/134548>.

Figure 1. Comparison of local population perceptions toward Venezuelans, 2018–2019



Source: Pontifical Catholic University of Peru (February 2020).⁵⁹

A few months after the last round of PTPs, in June 2019, President Vizcarra announced the implementation of a humanitarian visa,⁶⁰ which effectively increased restrictions on Venezuelans entering and remaining in Peru.⁶¹ Now, Venezuelans who want to enter and settle in Peru but cannot obtain a work, study, or other visa are required to apply for a humanitarian visa in a Peruvian consulate in Venezuela, Colombia, or Ecuador. The humanitarian visa provides Venezuelans with residency and a foreigner’s ID, which gives them access to the labor market, healthcare, and social services. Although the humanitarian visa simplifies the immigration process that many PTP holders have to go through to remain in Peru, it is very difficult to obtain. As stated in the legislative decree, Peru’s humanitarian visa applies to those individuals who “are in situations where an internationally recognized humanitarian crisis takes place, and who come to Peru to seek protection.”⁶² While it would seem that all Venezuelans would be eligible for a humanitarian visa under the law, this has not been the case in practice. As NGO representatives reported to our research team, humanitarian visas are granted in

⁵⁹ Pontifical Catholic University of Peru, “Cambios en las Actitudes Hacia los Inmigrantes Venezolanos en Lima-Callao,” *Boletín Estado de la Opinión Pública*, February 2020, http://repositorio.pucp.edu.pe/index/bitstream/handle/123456789/169459/IOP_1119_01_R2.pdf?sequence=1&isAllowed=y.

⁶⁰ Of the 17 resident categories mentioned in table 1, applicants can apply to obtain a humanitarian residency permit. The humanitarian residency is very similar to the humanitarian visa, since they both provide a foreigner with an ID and access to health and social security services. The main difference between humanitarian residency and the humanitarian visa relies on whether the applicant is inside Peru or abroad, respectively. See Appendix I for more information.

⁶¹ ATV Noticias, “Presidente Vizcarra Anunció que Venezolanos Ingresaran con Visa Humanitaria,” June 6, 2019, <https://www.youtube.com/watch?v=DkX9PFmk56k>.

⁶² Decreto Legislativo de Migraciones No. 1350, Diario Oficial El Peruano, <https://busquedas.elperuano.pe/normaslegales/decreto-legislativo-de-migraciones-decreto-legislativo-n-1350-1471551-2/>.

what appears to be an arbitrary manner, with unclear processes regarding the circumstances under which the visas are accepted or denied.⁶³

In addition, there are significant barriers to even applying for the humanitarian visa. For example, applications for the visa can be submitted only at certain Peruvian consulates, and not at the border. While the visa itself is free of charge, the applicant must present a passport and a certified clean criminal record. Obtaining these documents poses major barriers for many Venezuelans given the associated fees and the inefficiency, corruption, and prolonged waiting times at the Venezuelan institutions that are in charge of issuing these documents.⁶⁴ Even a Venezuelan who is able to apply for and obtain a humanitarian visa will face significant barriers to enter Peru. As Amnesty International reported in February 2020, Venezuelans with a humanitarian visa who are crossing from Ecuador into Peru also need to prove that they entered Ecuador regularly.⁶⁵ Ecuador's own restrictions on Venezuelans' entry, however, have made that increasingly difficult. From September to December 2019, of those Venezuelans rejected from entering Peru, 8.8 percent had a humanitarian visa and were rejected due to their irregular transit through Ecuador.⁶⁶ As a result of these measures, only a handful of Venezuelans are able to apply for a Peruvian humanitarian visa, and those who manage to obtain it still face difficulties entering Peru.⁶⁷

The shift from the PTP to the humanitarian visa coincided with a sharp increase in the number of asylum claims made by Venezuelans in Peru. After October 31, 2018, the cutoff date for eligibility for a PTP, asylum became the main pathway to obtain regular status. In 2014, Peru received only 392 applications for asylum, out of which only 67 were from Venezuelans.⁶⁸ By December 2019, nearly 395,000 of the 861,665 Venezuelans in the country had applied for asylum.⁶⁹ The Peruvian asylum system is facing capacity issues in responding to the increased demand, which is prompting a two-year delay in the response to asylum cases.⁷⁰ By August 2020, only 1,282 Venezuelans—or 0.1 percent of the total Venezuelan population in the country—had been recognized as refugees.⁷¹

Furthermore, Amnesty International reported that by the end of June 2019, right after the implementation of the humanitarian visa, the Peruvian government imposed additional measures to prevent Venezuelans from entering Peru. As a result, instead of being allowed into the country to request asylum, asylum seekers entering through the Ecuadorian border—the most common entry point for Venezuelans to Peru—now must wait in one of Peru's binational border service centers (*Centros Binacionales de Atención en Frontera*, or CEBAFs) until an initial decision about their case is rendered. This initial decision is made after approximately 70 days and determines whether the person will be allowed into the country to continue the asylum application.⁷²

⁶³ Interview with Peruvian NGO, April 2020.

⁶⁴ Consulado General del Peru en Caracas, "Visa Humanitaria para Venezolanos," accessed November 30, 2020, <http://www.consulado.pe/es/Caracas/tramite/Paginas/Visas/Visa-Humanitaria-para-Venezolanos.aspx>.

⁶⁵ Amnesty International, "Buscando Refugio, Peru da la Espalda a Quienes Huyen de Venezuela," February 2020, <https://www.amnesty.org/download/Documents/AMR4616752020SPANISH.PDF>.

⁶⁶ IOM and UNICEF, "DMT Reporte 7: Monitoreo del Flujo de la Población Venezolana en Peru," September 10–December 9, 2019, <https://r4v.info/es/documents/download/74086>.

⁶⁷ Interviews with Peruvian organizations, November 12–19, 2019.

⁶⁸ UNHCR, "Population Statistics," accessed January 10, 2020, http://popstats.unhcr.org/en/asylum_seekers.

⁶⁹ Coordination Platform for Refugees and Migrants from Venezuela, "Refugee and Migrant Response Plan 2020," November 2019, p. 110, <https://data2.unhcr.org/es/documents/download/72254>.

⁷⁰ Mirelis Morales Tovar, "Solicitar Refugio en Perú: Un Trámite que Dura Hasta 4 Años," Proyecto Migración Venezuela, <https://migravenezuela.com/web/articulo/refugiados-y-migrantes-venezolanos-en-peru/1627>.

⁷¹ R4V, "Refugee and Migrant Response Plan 2020 Dashboard," accessed October 16, 2020, <https://r4v.info/en/situations/platform>.

⁷² Amnesty International, "Buscando Refugio," page 19.

Restrictions to regular entry might deter some Venezuelans from going to Peru. But with few options to enter and remain in the country in a regular manner, others are turning to irregular means. Although there are no official data on the number of Venezuelans who enter the country through irregular channels, NGO representatives said in interviews prior to the COVID-19 outbreak that an increasing number of Venezuelans were being smuggled into Peru.

In October 2020, the government of Peru issued a new decree to extend a special type of PTP to irregular Venezuelans who are inside Peru. Once it is implemented in the coming months, the CPP (*carnet de permiso temporal de permanencia*, or temporary stay permit license) will give a window of 180 days for all foreigners in Peru to regularize their status. The CPP will not be available to Venezuelans attempting to enter the Peruvian territory, but rather only to those who entered the country through irregular methods or whose permits have expired. While the CPP is a step in the right direction, it poses major drawbacks that could prevent many Venezuelans from regularizing. For instance, applicants must present a valid internationally recognized ID, such as a passport, which many Venezuelans in Peru do not have. Furthermore, those who have overstayed their visas will have to pay fees corresponding to the amount of time they have stayed in the country irregularly, which can be too high for Venezuelans to afford. Moreover, the CPP's short window of application will pose major procedural and capacity challenges for immigration officials to cope with the high number of Venezuelans seeking to regularize their status. While some aspects of the CPP are still being developed, if the barriers remain, it is likely that many Venezuelans will not be able to obtain regularization.⁷³

Without the possibility to regularize their status, Venezuelans in Peru face a heightened state of vulnerability. Many live in fear of the authorities and are unable to obtain a formal job or access key services such as public healthcare and education. The increased vulnerability of Venezuelans in Peru can be observed in the rising levels of food insecurity among recent arrivals. As the WFP reported, compared with those who arrived in 2017 or 2018, Venezuelans who arrived in 2019 or 2020 are more dependent on unsustainable sources of income, such as borrowing from friends and family or receiving support from NGOs.⁷⁴ Furthermore, a recent survey found that 44 percent of Venezuelans who arrived in 2019 reported consuming one or no meals in the past 24 hours, compared with 26 percent of those who arrived in 2017.⁷⁵

It is important to highlight that the effects of COVID-19 on the economy are likely to push the continuation of restrictive and counterproductive policies toward Venezuelans. Research shows that attitudes toward immigrants tend to worsen during recessions, and with the country entering parliamentary elections, there is a high risk that Venezuelans will become scapegoats for politicians.⁷⁶ For instance, in May 2020, there was draft legislation in the Peruvian Congress aimed at expelling all PTP holders from the country.⁷⁷ A Peruvian NGO representative mentioned to the research team that while the legislation is unlikely to pass, its existence denotes an increased rejection toward Venezuelans among politicians in election times, which is likely to continue and increase with

⁷³ *El Peruano*, Decreto Supremo No. 010-2020-IN, <https://busquedas.elperuano.pe/normaslegales/decreto-supremo-que-aprueba-medidas-especiales-excepcionale-decreto-supremo-n-010-2020-in-1895950-4/>.

⁷⁴ WFP, "Encuesta Remota."

⁷⁵ *Ibid.*

⁷⁶ Joachim Vogt Isaksen, "The Impact of the Financial Crisis on European Attitudes toward Immigration," *Comparative Migration Studies* 7, no. 24 (June 2019), <https://comparativemigrationstudies.springeropen.com/articles/10.1186/s40878-019-0127-5>.

⁷⁷ Frontera Viva, "Partido Político del Perú Impulsa Proyecto para Dejar sin Efecto los PTP Otorgados a Migrantes," May 27, 2020, fronteraviva.com/partido-politico-de-peru-impulsa-proyecto-para-dejar-sin-efecto-los-ptp-otorgados-a-migrantes-venezolanos/.

COVID-19.⁷⁸ As a result of these policies and the COVID-19 restrictions, by August 2020, over 30,000 Venezuelans had been pushed to make the perilous trip back home.⁷⁹

The Status of Venezuelans' Economic Inclusion

Venezuelans in Peru are falling short of economic inclusion. At the end of 2018, the average monthly income for employed Venezuelans was \$333, compared with \$509 for employed Peruvians.⁸⁰ That is, Venezuelans were earning 35 percent less than Peruvians on average. Even after controlling for other factors that could explain this gap—namely, age, sex, and education level—Venezuelans were still earning 24 percent less on average.⁸¹ And although these statistics have likely changed with the pandemic, they provide an idea of remaining challenges of integrating Venezuelans into the Peruvian labor market.

The income gaps were starkest for more highly educated individuals. Figure 2 shows that there was no statistically significant difference in average monthly incomes among Peruvians and Venezuelans with less than a high school degree. But for those with at least some university education, Venezuelans were earning 71 percent less than Peruvians. Interestingly, the level of education for Venezuelans seems to have little effect on their labor income, as university-educated Venezuelans in Peru were earning barely more than Venezuelans with only a primary or secondary education (figure 2). This suggests that there are large barriers preventing Venezuelans from applying their education and skills in the labor market, and that many Venezuelans are underemployed. As a result, they are falling short of economic inclusion and contributing much less to the Peruvian economy than they would in the absence of these barriers. Given the large number of highly educated Venezuelans, illustrated in figure 2, these gaps clearly represent a large loss for Venezuelans and for Peru's economy.

Figure 3 shows that Venezuelan women are disproportionately affected by barriers to economic inclusion. Indeed, they are at a double disadvantage financially due to their nationality and gender. At the time of the survey, both male and female Venezuelans were earning less than Peruvians, and women of both nationalities were earning less than their male counterparts. Venezuelan women were earning 23 percent less than Peruvian women and 49 percent less than Peruvian men. Indeed, as will be discussed later, Venezuelan women face some unique obstacles to labor market integration. This makes it crucial to develop differentiated policies and programs, and to provide additional support to account for Venezuelan women's needs.

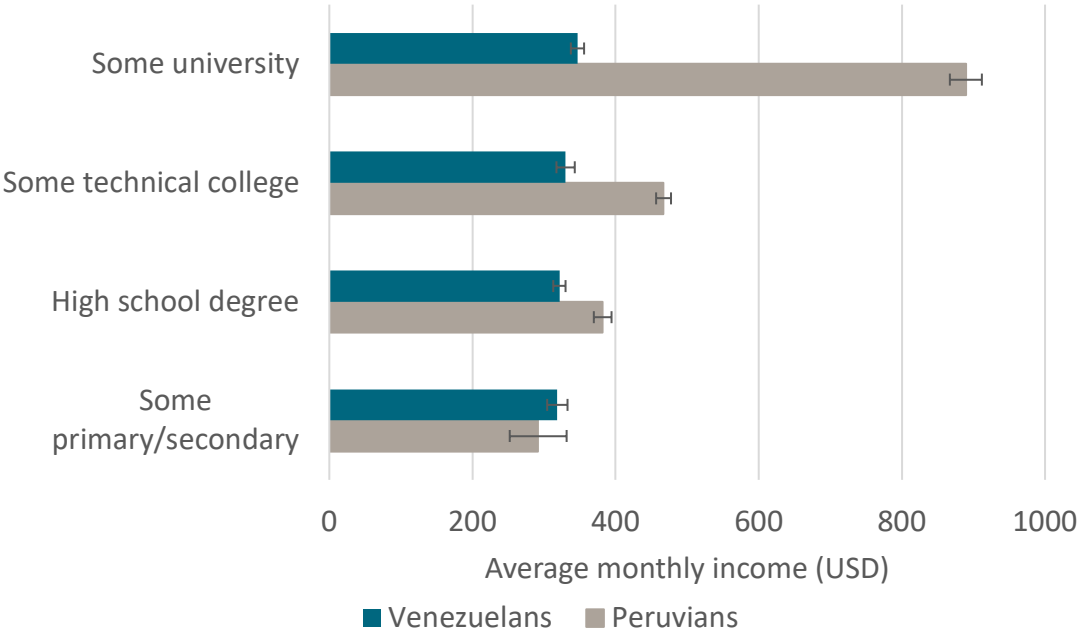
⁷⁸ Interview with Peruvian NGO, August 2020.

⁷⁹ Carrasco, "Mas de 30,000 Venezolanos."

⁸⁰ Based on data from the ENPOVE survey (Encuesta Nacional a la Población Venezolana, or National Survey to the Venezuelan Population) for Venezuelans living in Peru and the EPE (Encuesta Permanente de Empleo, or Permanent Employment Survey) for Peruvians, both from the Peruvian statistical agency (INEI). The ENPOVE data are from December 2018 and the EPE data are from October through December 2018. ENPOVE is representative of the Venezuelan population in six cities that host 85 percent of the total Venezuelan population. EPE is representative of Lima and Callao. We use a conversion rate of 0.3 US dollars to 1 Peruvian sol. Even though these data are over a year old, given that policies for economic inclusion have largely worsened since the time of the surveys (particularly in terms of the right to work), the data are likely still illustrative of current trends and gaps in labor market outcomes. Instituto Nacional de Estadísticas e Información (INEI), "Microdatos," accessed February 8, 2020, <http://iinei.inei.gob.pe/microdatos/>.

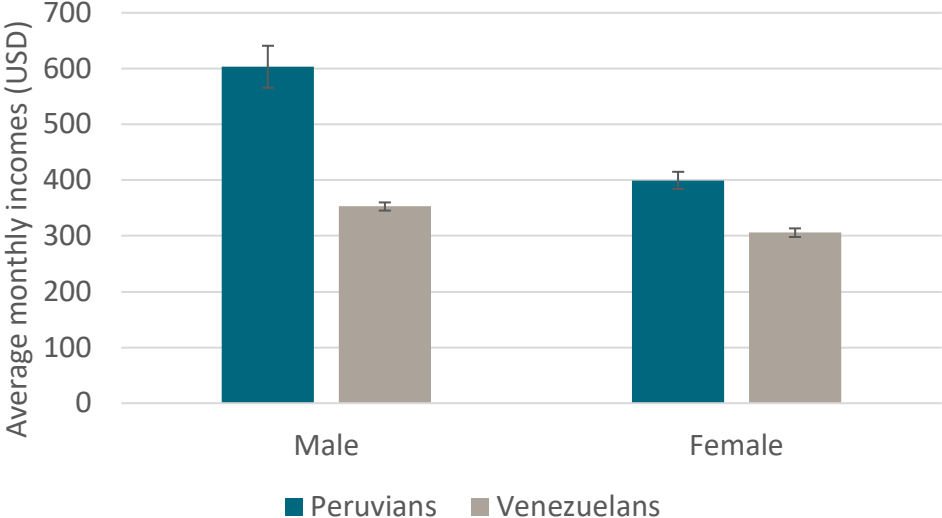
⁸¹ Based on authors' calculations, using an ordinary least squares (OLS) regression of logged income, controlling for age, age squared, education, and sex. Results are statistically significant at the $p < 0.01$ level.

Figure 2. Average monthly income among Venezuelans and Peruvians in Peru, by education



Source: ENPOVE and EPE surveys.⁸²
 Notes: Error bars signify 95% confidence intervals. USD = US dollars.

Figure 3. Average monthly income among Venezuelans and Peruvians in Peru, by sex



Source: ENPOVE and EPE surveys.⁸³
 Notes: Error bars signify 95% confidence intervals. USD = US dollars.

⁸² INEI, "Microdatos."
⁸³ INEI, "Microdatos."

The low incomes among Venezuelans are likely linked to the fact that most are working in the informal sector. For example, although 93.5 percent of working-age Venezuelans in Peru were employed prior to the outbreak of COVID-19, 88.5 percent of salaried workers were informal (see table 2). This situation is a stark contrast to the lives most led back in Venezuela, where, according to a recent UNHCR study, a small minority were working in the informal sector.⁸⁴ Certainly, high rates of informality affect Venezuelans and Peruvians alike,⁸⁵ with 72.5 percent of employed Peruvians working informally in 2017.⁸⁶ But the difficulties of informal work may be intensified for Venezuelans due to factors such as discrimination and exploitation.

Table 2. Distribution of Venezuelan working-age population in Peru by type of job, 2018

Distribution of Venezuelan working-age population	
Employed	93.5%
Not employed*	6.5%
% of the employed population	
Salaried workers (including domestic workers)	78.3%
Independent workers**	20.5%
Employers	0.6%
Family workers with no income	0.6%
% of salaried workers	
Formal	11.5%
Informal	88.5%

Source: ENPOVE survey 2018.⁸⁷

Notes: * Includes individuals not participating in the labor force and unemployed individuals in the labor force. ** The ILO defines *independent workers* as those whose income depends directly on the benefits that their goods and services produce. These workers make the operational decisions that affect the enterprise. In this context, the definition of an *enterprise* is wide enough to cover operations of only one person. In the case of Peru, most Venezuelan independent workers are informal since they haven't formalized their businesses. Pablo Casali, "Los Trabajadores Independientes y la Seguridad Social en el Perú," ILO, 2012, <http://bvs.minsa.gob.pe/local/minsa/1907.pdf>.

Hoping to avoid the difficult working conditions and low wages associated with many informal jobs, a growing number of Venezuelans (20.5 percent of the economically active Venezuelan population) are instead opting for self-employment.⁸⁸ For instance, some work as street vendors, selling food or other goods. Others sell goods or crafts, or offer services such as beauty treatments or photography, relying on social media to promote their activities. A study by ILO, IOM, and the University Antonio Ruiz de Montoya found that among Venezuelans who had been previously employed by someone else but decided to become self-employed, the main reasons for the change were the possibility to earn as

⁸⁴ UNHCR, "Monitoreo de Protección de las Americas, Peru, Noviembre 2019," January 2020, <https://data2.unhcr.org/en/documents/download/73326>.

⁸⁵ It is important to note that it is not possible to accurately compare rates of informality for Peruvians and Venezuelans, due to differences in measurements of informality across surveys.

⁸⁶ INEI, "Producción y Empleo Informal en el Perú: Cuenta Satélite de la Economía Informal 2007-2017," November 2018, https://www.inei.gob.pe/media/MenuRecursivo/publicaciones_digitales/Est/Lib1589/libro.pdf.

⁸⁷ INEI, "Microdatos."

⁸⁸ José Koechlin Costa, Ximena Solórzano Salleres, Giovanna Larco Drouilly, and Enrique Fernández-Maldonado Mujica, "Impacto de la Inmigración Venezolana en el Mercado Laboral de Tres Ciudades: Lima, Arequipa y Piura," IOM, 2019, p. 34, <https://peru.iom.int/sites/default/files/Documentos/IMPACTOINM2019OIM.pdf>.

much or more by being self-employed, abusive working conditions, and the need for flexible working hours.⁸⁹

The majority of self-employed Venezuelans often lack a business model and the financing capability to formally operate and grow a business. Their financial precarity often limits the possibility to expand their business venture, leaving them stuck in a low-productivity business and financial distress. For Venezuelans in Peru, self-employment represents a resilience strategy to avoid exploitation and abuse at the workplace. The number of self-employed Venezuelans will continue to grow while such conditions continue. Self-employment is particularly relevant for Venezuelan mothers, for whom working independently is a coping strategy to care for their families.

For example, “Isaura,” a Venezuelan independent worker in Lima, where she sells empanadas in the street, told us the following:

I used to work in a shop, but they made me work very long hours. I have a small child and I needed to take care of him. So, after a while, I decided to try on my own on the streets. I like it better because I make my own schedule, and sometimes I even make more than what they used to pay me.⁹⁰

Unfortunately, many of the sectors where Venezuelans work have been highly impacted by the economic effects of COVID-19. Indeed, prior to the outbreak, about 71 percent of Venezuelans were working in highly impacted sectors—such as accommodation and food services, manufacturing, real estate, and wholesale—compared with 56 percent of Peruvians.⁹¹ The situation is worse for Venezuelan women, of whom about 78 percent were working in highly impacted sectors prior to the outbreak, compared with 67 percent of Venezuelan men and 67 percent of Peruvian women.⁹² As a result, it is likely that employment rates and incomes for Venezuelans (and Venezuelan women in particular) have decreased with the pandemic.

THE ECONOMIC IMPACT OF VENEZUELAN IN PERU

Current Economic Impact of Venezuelans in Peru

Peru, an upper-middle-income country with challenges of its own, has struggled to develop and implement a comprehensive response to the arrival of Venezuelans. The capacity of Peru’s institutions is being stretched by the needs for emergency assistance, shelter, healthcare, education, and other basic services. These capacity issues are especially acute in Lima, Peru’s capital city, where most Venezuelans live. Despite these challenges, the overall economic and fiscal contributions of Venezuelans widely exceed the costs of hosting them.⁹³ This is because even when barriers to economic inclusion are in place, Venezuelans are more than recipients of public support; they are active

⁸⁹ Ibid., p. 55.

⁹⁰ Interview with displaced Venezuelan in Peru, November 2019.

⁹¹ Guerrero Ble et al., “The Effect of COVID-19 on the Economic Inclusion of Venezuelans in Peru,” <https://www.cgdev.org/publication/effect-covid-19-economic-inclusion-venezuelans-peru>.

⁹² Ibid.

⁹³ Vanessa Belapatiño, Francisco Grippa, Ismael Mendoza, Hugo Perea, and Hugo Vega, “Inmigración Venezolana a Peru: Características e Impactos Macroeconómicos,” BBVA Research, October 2019, <https://www.bbvarsearch.com/publicaciones/inmigracion-venezolana-a-peru-caracteristicas-e-impactos-macroeconomicos/>; World Bank, *Una Oportunidad para Todos: Los Migrantes y Refugiados Venezolanos y el Desarrollo del Perú*, Vol. 2, Washington, DC: World Bank, 2019, <http://documents.worldbank.org/curated/en/107621574372585665/Una-Oportunidad-para-Todos-Los-Migrantes-y-Refugiados-Venezolanos-y-el-Desarrollo-del-Per%C3%BA>.

economic participants. They consume goods and services, pay taxes, start and invest in businesses, provide skills that complement those of Peruvians, contribute to the productivity of Peruvian businesses, and more.

Indeed, Venezuelans in Peru have had a positive fiscal impact—measured as their tax contributions minus the amount the government spends on hosting them (see table 3).⁹⁴ Both the World Bank and the Spanish Banco Bilbao Vizcaya Argentaria (BBVA) estimate increased fiscal spending, mainly in education and health, with the World Bank also taking into account other aspects such as sanitation and social security. But this spending is more than offset by the revenues Venezuelans have generated. The BBVA finds that most of the fiscal revenue from Venezuelans comes from the sales tax they pay (the *impuesto general a las ventas*, or IGV, a general sales tax similar to the value-added tax, or VAT, imposed in many countries), which accounted for \$219.36 million in 2019. The study indicates that Peru also collected around \$10 million in income tax revenue from Venezuelans in 2019.⁹⁵ If more Venezuelans could enter the formal labor market, tax revenue, and thus positive fiscal impact, would further increase.

Table 3. Estimates of Venezuelan fiscal impact in Peru

		Tax revenue	– Fiscal cost	= Fiscal impact
World Bank estimates for 2019	As a percentage of 2019 GDP	0.203%	0.046%	0.157%
	Million soles	S/1,596.84	S/361.84	S/1,235
	Million USD*	\$472.08	\$106.97	\$365.11
BBVA estimates for 2018 and 2019	As a percentage of 2018/2019 GDP	0.094%	0.011%	0.083%
	Million soles	S/776	S/118	S/558
	Million USD*	\$229.42	\$34.89	\$194.53

Source: Belapatiño et al. 2019; World Bank 2019.⁹⁶

Notes: * Exchange rate of 19 Peruvian soles to 1 US dollar, as of February 2020. /S = Peruvian soles; USD = US dollars.

Venezuelans in Peru also increased domestic consumption, thus boosting economic growth. In fact, Venezuelan consumption is estimated to have contributed around 0.3 percentage points of Peru’s GDP growth in 2018.⁹⁷ By increasing aggregate demand, further increases in Venezuelan consumption could be especially important for helping Peru escape the economic recession caused by COVID-19.

The current data make it hard to estimate the impact of the inflow of Venezuelans on Peruvians’ wages and employment, especially as COVID-19 has severely disrupted the labor market. However, unemployment rates in Peru appear not to have changed significantly with the arrival of Venezuelans. For instance, unemployment rates in Lima—the city with the largest number of Venezuelans—remained more or less the same throughout 2019 as compared with previous years.⁹⁸ Certainly, in 2020, unemployment rates increased, but this was a result of the recession and the pandemic.⁹⁹ Furthermore, evidence from other contexts suggests that large inflows of people rarely have negative

⁹⁴ World Bank, *Una Oportunidad para Todos*, p. 40.

⁹⁵ Belapatiño et al., “Inmigración Venezolana a Perú,” pp. 26–27.

⁹⁶ Belapatiño et al., “Inmigración Venezolana a Perú”; World Bank, *Una Oportunidad para Todos*.

⁹⁷ IMF News, “Six Things to Know about Peru’s Economy in 2020,” January 14, 2020, <https://www.imf.org/en/News/Articles/2020/01/14/NA011420-Six-Things-to-Know-About-Peru-Economy-in-2020>.

⁹⁸ INEI, “Situación del Mercado Laboral.”

⁹⁹ *Ibid.*

effects on wages and employment rates, and often have positive impacts.¹⁰⁰ This has been the case for other Venezuelan-hosting nations, such as Colombia, where Venezuelans boosted economic growth by 0.25 percent but had virtually no negative effects on the labor market.¹⁰¹ This is because refugees and forced migrants do not simply “take” jobs. They also consume, invest, fill labor shortages, and innovate, thus boosting productivity and increasing both labor demand and labor supply.¹⁰²

Despite the evidence of the overall economic benefits of hosting Venezuelans in Peru, it is important to recognize that benefits and costs are not distributed evenly across populations, geographies, and time horizons. For instance, there could be a lag between the time it takes to collect taxes from Venezuelans and to make greater investment in public infrastructure and resources to respond to an increased demand for services. Furthermore, while some Peruvians may experience higher wages or revenues, others may face greater competition for jobs in their specific sectors. Indeed, the Central Bank of Peru indicates that falling wages for young, less-educated workers in the service and commerce sectors may be associated with the arrival of Venezuelans.¹⁰³ As we discuss in the following section, part of the solution to these challenges is greater economic inclusion for the Venezuelans who are already living in Peru.

The Potential Impact of Venezuelans’ Economic Inclusion in Peru

The net positive contribution of Venezuelans is all the more remarkable given their low level of formal labor market access. A BBVA study found that in 2018, the country’s potential GDP grew by 4.4 percent—1 percentage point more than if the migration from Venezuela had not happened.¹⁰⁴ *Potential GDP* estimates the extent to which an economy’s output makes full use of its resources, including capital and labor.¹⁰⁵ Therefore, if policymakers take action to more fully integrate Venezuelans into the economy, the country’s economic output could grow substantially. Indeed, prior to COVID-19, the IMF estimated that if Peru improves the labor market integration of Venezuelans, the country could raise its GDP growth by 0.04 percentage points in 2021.¹⁰⁶ Considering the fact that the IMF expects Peru’s real GDP growth to be -13.9 percent in 2020 as a result of COVID-19, the potential benefits to economic growth from greater economic inclusion are certainly needed.¹⁰⁷

In addition to positively impacting GDP, greater economic inclusion would allow the government of Peru to receive more fiscal revenue, as more Venezuelans would be earning and spending more, and working in formal employment at higher rates. Prior to the pandemic, the World Bank estimated that between 2019 and 2025, Peru’s average annual fiscal revenue from Venezuelans could amount to \$667 million (or 0.23 percent of the GDP), contingent on improvements in economic inclusion.¹⁰⁸ These revenues will be even more needed as the country recovers from the economic effects of the pandemic. According to S&P Global, the COVID-19 response will push the country’s fiscal deficit up to about

¹⁰⁰ Clemens et al., “The Economic and Fiscal Effects.”

¹⁰¹ Jimmy Graham, Martha Guerrero Ble, Daphne Panayotatos, and Izza Leghtas, “From Displacement to Development: How Colombia Can Turn Venezuelan Displacement into a Development Opportunity,” Center for Global Development and Refugees International, October 2020, <https://www.cgdev.org/sites/default/files/from-displacement-to-development-112.pdf>.

¹⁰² Clemens et al., “The Economic and Fiscal Effects.”

¹⁰³ IMF, “Peru: 2019 Article IV Consultation,” p. 6.

¹⁰⁴ Belapatiño et al., “Inmigración Venezolana a Perú.”

¹⁰⁵ BBVA defines potential GDP as “the amount of goods and services that an economy can produce when all its resources (machinery, labor force, technology, and others) are being employed at its maximum capacity and without generating macroeconomic imbalances (such as inflationary processes or external imbalances) on a sustained basis. An economy that produces at this level is said to be in a situation of full use of resources.” Belapatiño et al., “Inmigración Venezolana a Perú.”

¹⁰⁶ IMF, “Peru: 2019 Article IV Consultation,” p. 6, annex 6.

¹⁰⁷ IMF, “Transcript of the Press Conference.”

¹⁰⁸ World Bank, *Una Oportunidad para Todos*.

5.5 percent of GDP for 2020, a large increase from the 1.9 percent deficit in 2019.¹⁰⁹ Certainly, the government will need to invest part of the additional revenue from Venezuelans back into public services and infrastructure to accommodate the larger population. However, such investment will also benefit Peruvians in the long term.

The potential increase in GDP and fiscal revenues is in large part thanks to the fact that Venezuelans are relatively young and educated.¹¹⁰ The World Bank estimates that it would have cost Peru US\$3.3 billion to upskill its own population to the average Venezuelan education.¹¹¹ The large pool of human capital that Venezuelans bring to Peru can help the country to achieve its development goals.

Currently, the main goal of Peru's development strategy is to improve the country's economic competitiveness and spur massive job generation through diversification of the economy.¹¹² A key requirement for meeting this goal is to increase the supply of more highly educated individuals in the labor market. However, Peru's labor force is not adequately equipped to meet labor market demands for highly educated workers. This limits the potential of expanding productivity toward value-added goods, while also creating labor shortages in some professions requiring more education. For instance, according to a survey conducted by Manpower, 43 percent of employers in Peru said they had difficulty filling vacancies.¹¹³ Private schools in Peru cite a lack of highly skilled elementary school teachers.¹¹⁴ There is also a large deficit of medical specialists, with fewer than 10 doctors per 10,000 inhabitants in at least 107 out of the 196 provinces of Peru.¹¹⁵

The ability of Venezuelan professionals to fill labor shortages has become clear in the context of the COVID-19 pandemic.¹¹⁶ The Peruvian government acknowledged this in April 2020 by creating a special program named *Servicer*, in which foreign health professionals could work alongside Peruvians in the COVID-19 response for the duration of the crisis, and up to 30 days beyond it.¹¹⁷ Acknowledging the need of health professionals to support the health system beyond the COVID-19 crisis, the government issued another decree, which opens a pathway for Venezuelan health professionals to permanently work in their professions and even join the public health system.¹¹⁸

In Peru, the availability of highly educated workers varies geographically and by profession. Most highly educated workers are concentrated in Lima and other large urban areas, leaving a skill deficit in other regions of the country. Many Venezuelans are qualified and willing to move from Lima to these other areas if jobs are available, as mentioned by a representative from an NGO:

¹⁰⁹ S&P Global report, cited in Latin Finance Daily Brief, "Peru Piles On Debt to Fight Coronavirus," May 6, 2020, <https://www.latinfinance.com/daily-briefs/2020/5/6/peru-piles-on-debt-to-fight-coronavirus>.

¹¹⁰ INEI, "ENPOVE: Condiciones de Vida"; UNESCO Institute for Statistics, "Stats on Education," accessed January 10, 2020, <http://data.uis.unesco.org/>.

¹¹¹ World Bank, *Una Oportunidad para Todos*, p. 22.

¹¹² "Bicentennial Plan: Peru towards 2021" ("Plan Bicentenario: El Peru hacia el 2021," henceforth referred to as the "Plan"), under the National Center of Strategic Planning (CEPLAN, for its Spanish acronym).

¹¹³ Manpower Group, "Resolviendo la Escasez de Talento," 2018, <http://www.manpower.com.pe/mpintranet/publicaciones/5686-7070551448398.pdf>.

¹¹⁴ Karen Guardia, "Faltan Docentes Calificados en los Colegios Privados, Advierte Adecopa," *Gestión*, October 17, 2018, <https://gestion.pe/economia/faltan-docentes-calificados-colegios-privados-advierte-adecopa-247317-noticia/>.

¹¹⁵ Maria Sacasa, "Peru Embarks on a Comprehensive Approach to COVID-19," UNDP, April 2020, <https://www.undp.org/content/undp/en/home/blog/2020/peru-embarks-on-a-comprehensive-approach-to-covid-19.html>.

¹¹⁶ Stefania Gozzer, "Coronavirus in Peru: From Selling Arepas in a Market to Working as a Doctor Fighting against COVID-19 in One of the Main Hospitals in Lima," *BBC News*, May 13, 2020, <https://www.bbc.com/mundo/noticias-america-latina-52619890>.

¹¹⁷ *El Peruano*, Decreto de Urgencia No. 037-2020, April 11, 2020, <https://busquedas.elperuano.pe/normaslegales/decreto-de-urgencia-que-dicta-medidas-complementarias-para-e-decreto-de-urgencia-n-037-2020-1865491-2/>.

¹¹⁸ *El Peruano*, Decreto de Urgencia No. 090-2020, August 2020, <https://busquedas.elperuano.pe/normaslegales/decreto-de-urgencia-que-establece-medidas-excepcionales-y-te-decreto-de-urgencia-n-090-2020-1874820-3/>.

*There are labor shortages in several regions of the country. We need to distribute professionals to those areas where there are deficits; we need more planning. . . . We have interviewed Venezuelan professionals in Peru and around 81 percent are ready to be relocated in other provinces of Peru.*¹¹⁹

Additionally, the arrival of Venezuelans can positively impact the pension system in the short and medium term—if Venezuelans are allowed to formally work and contribute to the system. In the coming decades, the combination of an aging Peruvian population and high levels of labor informality will create considerable challenges for Peru’s social security system as retired and informal workers do not pay into the system but may benefit from it.¹²⁰ The arrival of Venezuelans, which can be seen as an injection of young workers into the Peruvian economy, could alleviate these challenges. As a figure 4 shows, Venezuelans are much younger than Peruvians on average—but still mostly of working age. As a result, if Venezuelan-specific barriers to the formal market were lowered, Venezuelans would contribute more to social security schemes than they would receive from them—at least for many years to come. Venezuelans could thus play an important role in supporting social security and pension systems.

The impacts on labor market outcomes (i.e., wages and employment rates) will depend on the success of Venezuelans’ economic inclusion. While in most cases even very large arrivals of refugees and forced migrants do not negatively affect labor market outcomes for citizens, there are some cases in which certain groups in society experience negative outcomes. This tends to be the case when refugees and migrants are prevented from entering certain sectors of the labor market and, as a result, must concentrate in the sectors where they are permitted to work.¹²¹ Such is the case in Peru, where barriers to economic inclusion have pushed many into the informal sector, often in jobs that do not match their qualifications. Therefore, lowering Venezuelans’ barriers to the formal labor market would mitigate competition and pressure on wages and employment rates within the informal sector. And due to the reduction in concentration, average negative effects on wages and employment rates for Peruvians in the labor market, as a whole, would also be minimized.

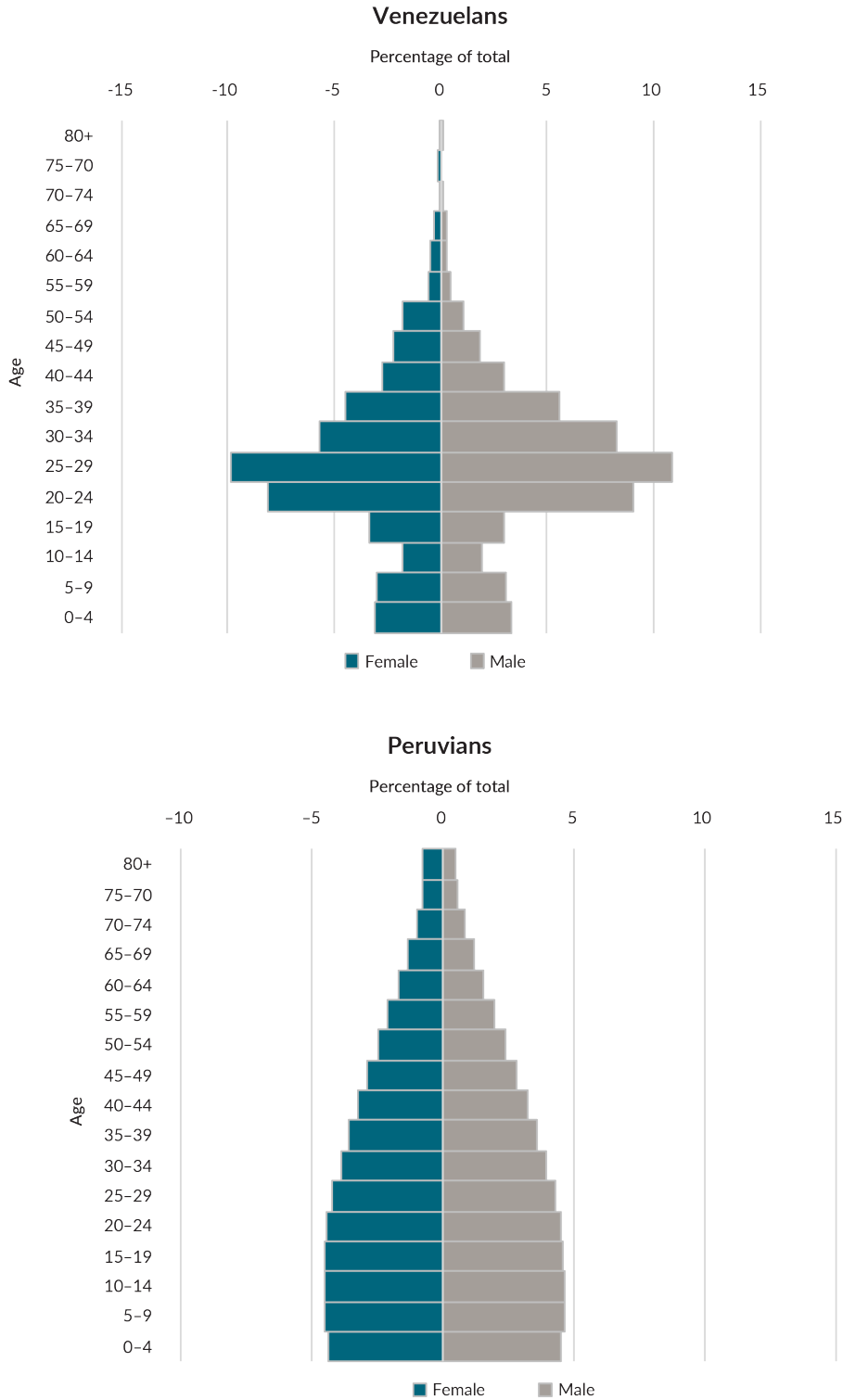
Greater economic inclusion would also translate into higher incomes for Venezuelans, as well as a higher rate of employment in the formal sector and employment in jobs that better match their skills. With higher incomes and more formal work, Venezuelans would experience lower rates of poverty, fewer protection concerns, and less aid dependence. By more fully applying their skills, they could contribute more to the productivity of Peruvian businesses. As a result, the more productive businesses would increase profits and be able to hire more people, including Peruvians. Indeed, the achievement of higher incomes for Venezuelans would be a sign of broader economic growth, benefiting both Venezuelans and host communities.

¹¹⁹ Interviews with Peruvian NGOs, November 2019.

¹²⁰ Superintendencia de Banca, Seguros y AFP (SBS), “Envejecimiento de la Población Peruana: Enfrentando el Desafío,” *SBS Informa*, August 2018, http://www.sbs.gob.pe/Portals/0/jer/BOLETIN-SEMANAL/2018/B.S_31-2018.pdf.

¹²¹ Clemens et al., “The Economic and Fiscal Effects.”

Figure 4. Comparison of age structures of Peruvians and Venezuelans in Peru



Source: INEI 2017; ENPOVE 2018.¹²²

¹²² INEI, "ENPOVE: Condiciones de Vida"; INEI, "Censos Nacionales 2017," <http://censo2017.inei.gob.pe/>.

Although economic inclusion would lead to the many benefits discussed here, including the reduction or elimination of average negative labor market effects even for specific groups within the population, there may still be some within the host population who would experience difficulties as a result of the changes. For example, if economic inclusion leads more Venezuelans to enter the formal sector, there may be some degree of formal job displacement.¹²³ Average effects would likely still be null or positive, as informal workers would benefit from the reduction in competition, and the increased incomes and productivity of Venezuelans could contribute to job creation in both the formal and informal sectors. But the fact remains that some Peruvians may lose their jobs, even while others gain.

In the long run, however, this initial loss may lead to eventual benefits. For example, research from Denmark shows that when refugees arrived in the country, some Danes were displaced from their jobs in the short term. As a result, to become more competitive, they upgraded their skills and eventually went on to earn more. Thus, those who were exposed to more immigration earned *more* in the long run.¹²⁴ This example shows that, in time, the arrival of Venezuelans can create positive effects even for those who lose out in the short run. And although Peru and Denmark have very different economies, the mechanism through which immigration affects labor market outcomes (i.e., increased competition that incentivizes skill upgrading) still applies. Nonetheless, short-run job displacement is a serious concern, even if it is not occurring on a large scale. For that reason, efforts from donors and international organizations to support Venezuelans in the labor market, such as livelihood programs that facilitate skill upgrading, must also include host communities, with a focus on helping Peruvians who have been negatively impacted.

It is also important to recognize, as reflected in public opinion polling (see figure 1 above), that economic perceptions and realities may not align. That is to say, many people might believe Venezuelans are having a more negative impact than they actually are. Indeed, rates of anti-Venezuelan sentiments in the country are higher in the interior of the country, where few Venezuelans live.¹²⁵ These perceptions, rather than the realities experienced on the ground, often drive policies. For example, in January 2020, the Peruvian government created a unit to investigate crimes committed by foreigners, despite evidence that Venezuelans commit crimes at lower rates than Peruvians.¹²⁶ Therefore, accelerating and enhancing the economic contributions of Venezuelans is an important piece of the puzzle, but not the only one. Policymakers should consider the implementation of policies that go beyond economic inclusion, paying close attention to the perceptions of the local population and working to improve social cohesion.

¹²³ Dany Bahar, Ana Maria Ibanez, and Sandra V. Roza, "Give Me Your Tired and Your Poor: Impact of a Large-Scale Amnesty Program for Undocumented Refugees," IZA Discussion Paper, September 2020, <http://ftp.iza.org/dp13743.pdf>.

¹²⁴ Mette Foged and Giovanni Peri, "Immigrants' Effects on Native Workers," *American Economic Journal: Applied Economics* 8 (2), April 2016, <https://www.aeaweb.org/articles?id=10.1257/app.20150114>.

¹²⁵ Winter, Brian, "The Backlash to Venezuelan Migration Is Here," *Americas Quarterly*, April 20, 2020. <https://www.americasquarterly.org/article/the-backlash-to-venezuelan-migration-is-here/>.

¹²⁶ Migration Policy Institute, "Venezuelan Migration, Crime, and Misperceptions: A Review of Data from Colombia, Peru, and Chile," September 2020, pp. 9–14, <https://www.migrationpolicy.org/research/venezuelan-immigration-crime-colombia-peru-chile>.

BARRIERS TO ECONOMIC INCLUSION FOR VENEZUELAN IN PERU

Despite the advantages of greater economic inclusion for Venezuelans, there are many barriers to achieving it. Some of these barriers—such as the large informal economy—apply to Venezuelans and Peruvians alike. But there are many others that are specific to, or more severe for, Venezuelans (see box 2). These barriers push Venezuelans into informality, underemployment, and exploitative working conditions. They affect both the supply of and demand for Venezuelan labor, as well as the creation of businesses—thus limiting the potential economic and social contributions of Venezuelans in Peru. Furthermore, many of them have been exacerbated by COVID-19. In order for Peru to fully obtain the benefits of hosting Venezuelans and turn their presence into a development opportunity, it must work on lowering these barriers and creating a more conducive environment for economic inclusion.¹²⁷

BOX 2. THE MAIN BARRIERS TO ECONOMIC INCLUSION FOR VENEZUELAN

1. Limited opportunities for regularization
2. Practical restrictions on working for asylum seekers
3. Difficulties verifying qualifications
4. Quotas on hiring foreigners
5. Higher tax rates
6. Discrimination and exploitation
7. Increased challenges for women
8. Limits to entrepreneurship

Limited Opportunities for Regularization

Regularization and access to the right to work are preconditions for refugees' and migrants' economic inclusion. Without regular status, even highly qualified Venezuelans facing no other barriers would be forced to work informally. Thus, Peru's increasing restrictions on Venezuelans' ability to regularize their status creates a fundamental barrier to promoting economic inclusion.

As discussed above, the cessation of the PTP, the requirements for the humanitarian visa, and the barriers to apply for asylum effectively deny Venezuelans the opportunity to enter Peru regularly. Although this might deter some Venezuelans from trying to reach Peru, others will resort to entering and staying there irregularly. While the CPP offers a solution for some Venezuelans to regularize their status, those who fail to comply with its requirements will have no choice but to work informally. Additionally, the CPP does not offer a solution for Venezuelans to enter Peru through regular channels, and those who fail to apply to the CPP within the 180-day period that the measure provides will have no means to regularize their stay.

The lack of sustainable and long-term regularization measures will result not only in individuals lacking access to the rights and protections they are due, but also in Peru being unable to realize the potential benefits of their social and economic contributions.

¹²⁷ IMF, "Peru: 2019 Article IV Consultation," p. 6.

Practical Restrictions on Working for Asylum Seekers

Peru's refugee law recognizes asylum applicants' right to work. Under the law, asylum applicants get a provisional document (*documento provisional del trámite*) that allows them to stay in the country and grants them work authorization while their asylum claim is being processed.¹²⁸ The law also indicates that the Special Commission for Refugees (Comisión Especial Para los Refugiados, or CEPR), the government agency in charge of determining asylum, has 60 days to issue a decision on the asylum request.¹²⁹ The provisional document is valid for that same period of time, and can be renewed. But in practice, a backlog at the CEPR leaves asylum seekers with the provisional document for prolonged periods of time, severely limiting their economic inclusion.

While the provisional document technically grants asylum seekers work authorization, employers tend to ask for a PTP or CE,¹³⁰ regardless of the status of the person. This is partly due to a lack of information about the different statuses for Venezuelans, which creates confusion among employers. As a result, those asylum seekers with the provisional document often face rejection from employers who do not recognize the document.

Furthermore, unlike those with a PTP or CE, asylum seekers with the provisional document face difficulties obtaining a tax ID number (known as an RUC, for *registro unico de contribuyentes*), which would allow them to work independently or register a business.¹³¹ This, in turn, pushes asylum seekers to work informally and deprives the government of taxes it would have collected if they had been able to work formally. Part of the reason why asylum seekers cannot obtain an RUC is that the provisional document is mostly internal and not recognized by other government agencies.¹³² As Venezuelans wait years to obtain a decision on their asylum claim, the provisional document then poses major challenges to their economic inclusion in Peru.

Difficulties Verifying Qualifications

For many Venezuelans, economic inclusion is impossible because of the difficulty of having foreign degrees validated in Peru. Even Venezuelans who bring their diplomas with them face difficulties, as the documents must be specially certified with an apostille¹³³ from the Venezuelan government to prove their authenticity. As with passports, however, institutional collapse inside Venezuela makes obtaining this authentication very difficult. Peru's statistical agency reported in 2019 that around 97 percent of Venezuelan professionals in Peru were unable to have their diplomas recognized. As a result, such workers are left to take jobs that are outside their area of expertise and often pay much less than a job in their field would pay.¹³⁴ Indeed, the effect is evident from the large income gap between highly educated Venezuelans and their Peruvian counterparts, shown in figure 2, above. As a representative of a Peruvian NGO explained,

¹²⁸ Superintendencia Nacional de Migraciones Perú, Ley del Refugiado, Law No. 27891, Article 14.

¹²⁹ Ibid., Article 15.

¹³⁰ The CE is an identification provided to those with refugee, residency, or special residency status, including those with a humanitarian visa. See Appendix I for more details.

¹³¹ Superintendencia Nacional de Migraciones Perú, Ley del Refugiado.

¹³² Blouin and Freier, "Población Venezolana en Lima," p. 165.

¹³³ Apostilles authenticate the seals and signatures of officials on public documents issued by a public authority so that they can be recognized in foreign countries. <https://travel.state.gov/content/travel/en/records-and-authentications/authenticate-your-document/apostille-requirements.html>.

¹³⁴ Selene Rosales, "El 97% de Profesionales Venezolanos no Logra Acreditar sus Títulos en el Perú, Según INEI," *Gestión*, June 28, 2019, <https://gestion.pe/peru/97-profesionales-venezolanos-logra-acreditar-titulos-peru-inei-271611-noticia/?ref=gesr>.

*... for Venezuelans who came [to Peru], working in the street wasn't in their culture, but they didn't know how to enter the formal labor market. The obstacle of diploma recognition made it very difficult for them.*¹³⁵

To address this problem, some Peruvian universities have partnered with Venezuelan universities to verify degrees directly through their databases. Once a Peruvian university validates a degree, it works closely with the National Superintendence of University Higher Education, the ministry in charge of tertiary education in Peru, to recognize the foreign diploma, exempting it from the apostille.¹³⁶

In addition, for certain professions, individuals must also be registered and admitted by a professional college (*colegio profesional*)¹³⁷ in order to practice their profession. This involves paying a fee and, often, passing an exam. According to NGO representatives in Peru, some professional colleges are resistant to admitting Venezuelan professionals, and they increase their fees and require the Venezuelan professionals to pass more difficult exams.¹³⁸

Although the pandemic has caused the government to implement measures that allow health professionals to exercise their professions, increased efforts to recognize the qualifications of other professionals are still needed.

Quotas on Hiring Foreigners

Even if Venezuelans are able to obtain regular status and verify their credentials, they still face difficulties accessing formal employment. One notable barrier is a law that imposes strict limits on businesses' ability to hire foreign workers, further reducing the number of formal jobs available to Venezuelans. Under Peruvian law, domestic and foreign companies operating in Peru cannot have foreigners account for more than 20 percent of their workforce, nor can foreign employees' salaries exceed 30 percent of the total salaries of the company's employees.¹³⁹ There are no exemptions and no possibilities to apply for waivers, including for hiring Venezuelan workers.

A 2019 World Bank study found that three out of four Venezuelan workers are performing salaried work in Peru (whether formal or informal), many of them working in hotels and restaurants.¹⁴⁰ Among these workers, two-thirds are employed in microenterprises that hire 10 or fewer people.¹⁴¹ Given the 20 percent maximum, it would be difficult for microenterprises to hire Venezuelans formally since it would be hard for them to meet the quota requirements.

This law also has repercussions for employers, who may experience difficulties filling positions with Peruvian nationals. By barring them from hiring foreigners, the law creates labor shortages and prevents businesses from benefiting from the increased labor supply that Venezuelans could provide.

¹³⁵ Interview with Peruvian NGO, Lima, November 2019.

¹³⁶ Selene Rosales, "Mínima Parte de Profesionales Venezolanos Logran que Sunedu Reconozca sus Títulos," *Gestión*, December 12, 2018, <https://gestion.pe/economia/management-empleo/minima-parte-profesionales-venezolanos-logra-sunedu-reconozca-titulos-253404-noticia/?ref=gesr>.

¹³⁷ Professional colleges are legal and autonomous entities recognized by Peruvian law (Political Constitution, article 20), which states that in order to exercise some professions, it is necessary to be accepted and accredited by the relevant professional college. Professional colleges represent individuals of certain professions (depending on the college; for instance, there is a college of doctors and a different one for lawyers or engineers) and defend their interests. The National Council of Deans (Consejo Nacional de Decanos) represents all the professional colleges in Peru (Law No. 28942). Sources: https://www.oas.org/juridico/spanish/per_res17.pdf; https://www.amp.pe/asesoriajurcolegios_profesionales.htm; <https://cdcp.org.pe/ley-de-creacion/>.

¹³⁸ Interview with Peruvian NGO, November 2019.

¹³⁹ Ley para la Contratación de Trabajadores Extranjeros, Decreto Legislativo No. 689, Article 4, https://www.migraciones.gob.pe/documentos/normalegal_2.pdf.

¹⁴⁰ World Bank, *Una Oportunidad para Todos*, p. 173.

¹⁴¹ *Ibid.*, p. 175.

Furthermore, according to an NGO representative, the lack of knowledge and understanding of this law “scares many employers away from hiring a Venezuelan.”¹⁴²

Higher Tax Rates

In Peru, a *domiciliado* is a person who has been in the country for more than 183 days. Workers in Peru are taxed an extra 30 percent until they are considered *domiciliados*. This applies to foreigners, including Venezuelans, as well as Peruvians returning from abroad. As a result, Venezuelans who are working formally but are not *domiciliados* have to pay an extra 30 percent tax, in addition to a standard income tax of 13 percent, which adds up to 43 percent in taxes. For lower-paid workers in particular, this is a significant disincentive to formal employment.

Despite being in the country for more than 183 days, they often have to pay the added taxes for longer because the *domiciliado* status applies only in January of the following year. So a Venezuelan who arrived in March 2019 had to wait until January 2020 for the status to apply. Ironically, this policy likely leads to fewer taxes collected. To avoid the tax, Venezuelans often wait until the added tax no longer applies to them to seek formal work or start a formal business.¹⁴³

Discrimination and Exploitation

Venezuelans in Peru are facing rising xenophobia. According to the ENPOVE national survey, 35 percent of Venezuelans living in Peru reported having suffered from discrimination.¹⁴⁴ The instances of discrimination occurred mostly in the street and public spaces (nearly 65 percent), places of work (48.1 percent), and public transportation (25.6 percent).¹⁴⁵

Part of this discrimination is driven by negative portrayals of Venezuelans in the media and inaccurate perceptions that they are responsible for high rates of crime in the country.¹⁴⁶ Furthermore, perceptions that Venezuelans are having a negative impact on Peru’s labor market and economy are widespread. More than 75 percent of those surveyed by Peru’s Institute of Public Opinion said they agreed with the statement that Venezuelans are taking away the jobs of many Peruvians, and 74 percent agreed with the statement that the arrival of Venezuelans negatively affects the Peruvian economy (see figure 1 above).¹⁴⁷

Discrimination and xenophobia are affecting Venezuelans’ access to key services. In a November 2019 study by the UNHCR, 33 percent of interviewed Venezuelans said they had faced obstacles in finding housing, and 46 percent said they had been rejected because they were foreigners.¹⁴⁸ As an NGO representative told the research team, “many landlords are refusing to rent to Venezuelans, and those who do request more money.”¹⁴⁹ It is likely that such perceptions will continue and worsen as the pandemic wreaks havoc on the Peruvian economy, further affecting Venezuelan economic inclusion.

¹⁴² Interview with Peruvian NGO, November 2019.

¹⁴³ Interview with Venezuelan business owners in Peru, November 12–19, 2019.

¹⁴⁴ INEI, “ENPOVE: Condiciones de Vida,” p. 125.

¹⁴⁵ *Ibid.*, p. 127.

¹⁴⁶ Luisa Feline Freier and Nicolas Parent, “A Turning Tide? Venezuelan Displacement and Migration Governance in Peru,” Migration Policy Centre, December 11, 2019, <https://blogs.eui.eu/migrationpolicycentre/turning-tide-venezuelan-displacement-migration-governance-peru/>.

¹⁴⁷ Pontifical Catholic University of Peru, “Creencias y Actitudes,” p. 13.

¹⁴⁸ UNHCR, “Monitoreo de Protección.”

¹⁴⁹ Interview with Peruvian NGO, November 2019.

This discrimination is likely contributing to exploitation in the workplace—especially in terms of underpayment and overwork—which is widespread among Venezuelans in the informal sector. A study by the World Bank in 2019 found that Venezuelans in Peru work longer hours, especially in salaried work, compared with Peruvians. The study also found that close to a quarter (23 percent) of Venezuelans surveyed stated that they had been paid less than the agreed salary or not at all.¹⁵⁰ As a Venezuelan worker said in an interview with the research team,

When I arrived in Peru, I found a job as a waiter in a restaurant. They said they would pay me the minimum wage of 830 soles. However, once I started working, they only paid me 750 soles, less than my Peruvian coworkers. My boss said he couldn't pay me the same because I was Venezuelan, and it was a risk to hire me since I could leave at any moment.¹⁵¹

“Libia,” a Venezuelan business management professional, had similar difficulties. She told the research team,

When I arrived in Peru two years ago, I used to cry so much, I just couldn't find a formal job. After a couple of weeks, a restaurant hired me to help in the kitchen, informally of course! I cried and cried, they paid me less than Peruvians, around 200 soles [a week], and I had to work over 12 hours a day!¹⁵²

Increased Challenges for Women

About half of Venezuelans who have fled to Peru are women.¹⁵³ Many of them are highly educated, with 31.5 percent having completed higher education, compared with 20.4 percent of Venezuelan men in Peru.¹⁵⁴ Nevertheless, they face a unique set of circumstances that makes their social and economic inclusion more difficult than that of either Venezuelan men or Peruvian women.

In Peru, violence against women is an issue that affects all women regardless of their nationality. However, as a study conducted in August 2019 by the Pan-American Development Foundation found, Venezuelan women are more vulnerable to specific types of violence due to their economic precarity and their foreigner status. For instance, both Venezuelan and Peruvian women commonly experience street harassment, verbal offenses, sexual harassment, and even physical violence.¹⁵⁵ However, street harassment is often more intense and violent for Venezuelan women.¹⁵⁶ Furthermore, according to the study, 22 percent of employed Venezuelan women in Lima experience violence at work, relative to 18 percent for Peruvian women.¹⁵⁷

Research also indicates that oversexualized stereotypes about Venezuelan women in Peruvian society may influence the kinds of job opportunities available to Venezuelan women. Indeed, they are more likely to find work in public-facing roles, such as in retail, bars, and restaurants, than in domestic

¹⁵⁰ World Bank, *Una Oportunidad para Todos*, p.137.

¹⁵¹ Interview with displaced Venezuelan, November 2019.

¹⁵² Interview with displaced Venezuelan in Peru, November 2019.

¹⁵³ INEI, “ENPOVE: Condiciones de Vida,” p. 29.

¹⁵⁴ *Ibid.*

¹⁵⁵ Pan-American Development Foundation, “Diagnostico sobre Riesgos Psicosociales de Violencia de Genero, Trata de Personas y Explotación Sexual,” August 2019, p. 16, <https://www.padf.org/peru>.

¹⁵⁶ *Ibid.*, p. 17.

¹⁵⁷ *Ibid.*

work or childcare. Outside the workplace, these negative stereotypes also make it difficult for Venezuelan women to integrate socially in their host communities.¹⁵⁸

Venezuelans' lack of access to public childcare also severely affects Venezuelan women's economic inclusion. Because of traditional gender roles, Venezuelan women are more likely to be the primary caregivers in their families or to be in Peru as single mothers. Peruvian women face similar barriers, but they are more acute for Venezuelan women. Being in a foreign country means that Venezuelans often cannot rely on nearby relatives or broader social networks to help with childcare, as they might have back home, or as Peruvian families might. As a result, the lack of public childcare in Peru is more likely to limit work possibilities for Venezuelan women than for men or for Peruvian women.¹⁵⁹

Venezuelan women thus often look for jobs that offer flexible hours and lenient working requirements so they can care for their children or other dependents. For many, this means working informally or independently.

"Cristina," a Venezuelan nurse and single mother living near Lima, works as a cleaner because the job allows her some flexibility to care for her daughter. Speaking to the research team, Cristina lamented the toll her displacement was taking:

*Not being in my country, not being with my family, and not practicing my profession—imagine the depression!*¹⁶⁰

Limits to Entrepreneurship

Successful entrepreneurship is still limited among Venezuelans in Peru. Although a great number of Venezuelans work as independent workers, they seldom grow their businesses up to the point of requiring employees;¹⁶¹ only 0.6 percent of the economically active Venezuelan population in Peru are considered employers.¹⁶² The weak growth among Venezuelan businesses may be partly due to the many barriers that entrepreneurs face in Peru. The process of starting a business is already complicated for Peruvians. In 2017, around 60 percent of entrepreneurs reported having difficulties starting their business.¹⁶³ Aspects such as bureaucratic red tape, high taxes, and low access to finance pose important barriers to entrepreneurs in Peru.¹⁶⁴ However, this process is even harder for Venezuelans, who are unfamiliar with the local regulations, and it is basically impossible for Venezuelans without work permits.

While Venezuelans with a PTP or a foreigner's ID can sign contracts, obtain an RUC, and conduct other activities necessary to start a business, in practice, they struggle with the process. In particular, the lack of information among Venezuelans and Peruvians on what they can and cannot do, paired with

¹⁵⁸ Costa et al., "Impacto de la Inmigración Venezolana," p. 62.

¹⁵⁹ Care Peru, "Análisis Rápido de Género," February 2020, p. 12, <https://r4v.info/es/documents/download/75166>.

¹⁶⁰ Interview with "Cristina," Lima, Peru, November 2019.

¹⁶¹ While having employees is not a requirement to be considered an entrepreneur, for the purpose of this paper, we consider being an employer as the most relevant indicator to measure entrepreneurship. This is partly due to the lack of data regarding the registered businesses owned by Venezuelans in Peru.

¹⁶² Costa et al., "Impacto de la Inmigración Venezolana."

¹⁶³ "Más del 60% de Emprendedores Tienen Dificultades por Falta de Liquidez y Apoyo del Estado," *Gestión*, September 6, 2020, <https://gestion.pe/economia/60-emprendedores-dificultades-falta-liquidez-apoyo-143039-noticia/>; World Bank Group, "Doing Business 2020: Peru," p. 6, <https://www.doingbusiness.org/content/dam/doingBusiness/country/p/peru/PER.pdf>.

¹⁶⁴ "Qué Tan Complicado es Empezar en Perú?," PQS, May 17, 2018, <https://www.pqs.pe/emprendimiento/que-tan-complicado-es-empezar-en-peru>.

the high levels of xenophobia, increases the obstacles for Venezuelans to start a business.¹⁶⁵ As a Venezuelan business owner mentioned in an interview,

*We already had the project planned in Venezuela, but we decided to move it to Peru due to the lack of security. However, it was very difficult. We couldn't sign contracts and there was a lot of mistrust. After a while, we met a Peruvian doctor who agreed to become our business partner. After that, we were able to rent a place for our business and sign contracts. It is very expensive to start a business in Peru for a foreigner.*¹⁶⁶

Additionally, for many Venezuelans, the precariousness of their situation paired with tough market competition limits their ability to adequately establish, invest in, and grow their businesses. As a result, most Venezuelans start improvised ventures that allow them to survive but produce little profit.

Independent or self-employed workers proliferate in the informal sphere, taking to the streets to sell food and other products. According to a UNHCR survey, selling goods from home or in the street (the second most commonly cited occupation after informal employed work) was the main occupation of only 2 percent of survey respondents when living in Venezuela, compared with 17 percent when living Peru.¹⁶⁷ Yet even as independent workers, Venezuelans face difficulties achieving economic inclusion. For example, municipalities issue permits to allow street vendors to sell their goods, but sometimes deny such permits to Venezuelans in a seemingly arbitrary manner, or potentially as a form of discrimination. According to Isaura, the empanada seller,

*At the beginning, it was very hard because not even the local street workers wanted me there. The police used to harass me and kick me off of the street. It didn't matter how many times I would go to the municipality to request the permits. They rejected me because I was Venezuelan. It wasn't until my Peruvian neighbor went with me that they gave me the permit. After a while, it got easier. Although the police would sometimes harass me, the other street workers liked me and now they even protect me.*¹⁶⁸

The arbitrary way in which permits are issued, as well as the lack of knowledge of the rules by both Venezuelans and municipal government workers, leaves many Venezuelan street workers without the documentation needed to legally sell on the streets. According to NGOs, the lack of documentation for Venezuelan street vendors leaves them vulnerable to harassment by the municipal police.

RECOMMENDATIONS

With the implementation of the PTP, Peru made a big leap toward the economic inclusion of Venezuelans. However, the backtracking of its implementation and the adoption of more restrictive policies curtailed this progress. Even with the implementation of the CPP, more sustainable and reliable regularization methods for Venezuelans are necessary. The government has also not planned a comprehensive response to allow and incentivize the economic inclusion of Venezuelans. As a result, most Venezuelans, even those with regular status and work authorization, are locked in a cycle of informality and precariousness.

¹⁶⁵ "Migraciones: Solicitudes de Extranjeros por Permiso para Firmar Contratos Aumenta 100%," Gestión, November 20, 2017, <https://gestion.pe/economia/migraciones-solicitudes-extranjeros-permiso-firmar-contratos-aumenta-100-153075-noticia/?ref=gesr>.

¹⁶⁶ Interview with displaced Venezuelan in Peru, November 2019.

¹⁶⁷ UNHCR, "Monitoreo de Protección."

¹⁶⁸ Interview with displaced Venezuelan.

Indeed, by improving access to regularization and addressing the de jure and de facto barriers to economic inclusion, Peru can leverage the presence of Venezuelans into a development opportunity. Although this is a challenge that seems difficult to undertake, especially as COVID-19 wreaks havoc on the Peruvian economy, it is not impossible. Other low- and middle-income countries that are in similar situations, such as Colombia and Ethiopia, are implementing comprehensive plans to include their refugee and forced migrant populations in their economies. And by doing so, these countries are showing that refugees and forced migrants can serve as development agents for their host countries. Peru can learn from these examples to develop a national response that creates a win-win situation for both Venezuelans and Peruvians alike. The following is a set of recommendations that can help Peru achieve these results.

It is important to note that these recommendations are not comprehensive, as there are additional actions not mentioned here that need to be taken in order to achieve economic inclusion for all. Most notably, we do not discuss measures that can be taken to ensure workplace protections for informal workers and to directly address the problems of exploitation and worker abuse. We also have not explored means to increase financial access. Nonetheless, the recommendations below provide key lessons for moving toward much greater economic inclusion for Venezuelans in Peru.

Joint Recommendations to the Government of Peru and Donors

Increase access to regularization for Venezuelans

Regularization is an important barrier to Venezuelan economic inclusion in Peru. Without pathways to regularization, Venezuelans are left in a state of limbo and precariousness that restricts their economic inclusion and limits their potential contributions to the country. As research suggests, expanding regularization and the right to work leads to improved labor market outcomes and reduced vulnerability for refugees and migrants.¹⁶⁹ Furthermore, as shown in this paper, regularization for Venezuelans in Peru has the potential to yield significant social and economic contributions. Hence, if Peru is to turn the Venezuelan presence into a development opportunity, it first needs to expand access to durable and sustainable regularization measures for Venezuelans.

To do so, the Peruvian government should first adjust the CPP so that it provides the same benefits as the PTP. For instance, Venezuelans should be able to obtain the CPP with an expired passport or a Venezuelan ID, and any fees or penalties associated with their irregular status should be waived. Furthermore, the government should ensure that, like the PTP, the CPP offers the same pathway toward regularization, allowing holders to apply for and obtain the special residency permit. It is important that the CPP be standardized under the PTP, using the same documentation to avoid any confusion. Furthermore, the implementation of the CPP should be accompanied by an information campaign geared toward Venezuelans, employers, and government officials regarding their rights and obligations under the permit. Finally, the implementation of the CPP should not be limited by date or method of entry and should be provided on an ongoing basis beyond the current 180-day window.

Additionally, the government should ease the barriers to obtaining a humanitarian visa and make it more accessible to Venezuelans. From a legal perspective, the humanitarian visa provides better protection since, unlike the PTP, it does not have a fixed duration. Furthermore, the foreigner's ID that comes with the humanitarian visa grants access to all the benefits that Peruvians have, such as social security and health services. Since its conception, the humanitarian visa has applied to “those

¹⁶⁹ Clemens et al., “The Economic and Fiscal Effects.”

who are in situations where an internationally recognized humanitarian crisis is taking place, and who come to Peru to seek protection.”¹⁷⁰ The Peruvian government should, therefore, expand access to this form of protection and make it more easily accessible for Venezuelans seeking to enter Peru. And to offset any resulting increased costs, donors such as the World Bank and the Inter-American Development Bank (IDB) should provide financial support for these efforts. By making a humanitarian visa that works for Venezuelans, the government will incentivize entry by regular rather than irregular means, supporting its goal of a safe and organized migration.

To achieve this, the Peruvian government should ease the requirements Venezuelans must comply with in order to obtain the humanitarian visa. In particular, the country should stop requiring certified proof that applicants have no criminal record and should instead continue to work with INTERPOL—as it did for the PTP process—to conduct background checks. Additionally, the government of Peru should allow Venezuelans to apply for a humanitarian visa at border crossings and also allow those who already have the visa to enter, regardless of whether they have permission to transit via a neighboring country, such as Ecuador.

While regularization is an important factor in achieving economic inclusion, it is certainly not sufficient. But making changes to allow more Venezuelans to enter regularly and work formally is an important first step in harvesting the benefits of hosting Venezuelans.

Strengthen the Peruvian asylum system and implement measures to ensure the economic integration of asylum seekers

As previously mentioned, asylum seekers make up almost half of the Venezuelan population in Peru. Therefore, it is important to understand their needs and implement tailored solutions to promote their economic inclusion. As the number of asylum seekers in Peru increases, the country should strengthen its asylum system and implement measures to recognize and protect their rights.

The Peruvian asylum system, managed by the CEPR, is facing challenges in responding to the high number of Venezuelan asylum seekers, resulting in long delays in processing applications. The government of Peru should take measures, with support from the international community, to strengthen its capacity to process asylum claims to eliminate the backlog, thus alleviating the challenges asylum seekers face with provisional documentation. The government should also stop the practice of making asylum applicants wait in CEBAFs and, in line with its commitments under the 1951 Refugee Convention, the 1967 Protocol, and the Cartagena Declaration, should instead allow them to enter the country to continue their process.

It is important to highlight that, when conducting screenings to determine the refugee status of asylum seekers, the government should apply Peruvian asylum law, which includes wording in its definition of a refugee that is similar to the Cartagena Declaration’s definition:

*A person forced to flee their country or the country where they reside due to a massive violation of human rights, foreign aggression, internal conflict, foreign occupation, or circumstances that gravely disturb the public order.*¹⁷¹

¹⁷⁰ *El Peruano*, “Decreto Legislativo de Migraciones,” DL No. 1236, article 59, paragraph 59.2, T7. September 26, 2015, <https://www.acnur.org/fileadmin/Documentos/BDL/2015/10203.pdf>.

¹⁷¹ Superintendencia Nacional de Migraciones Perú, Ley del Refugiado, Law No. 27891, Article 3, paragraph b.

Finally, to lower the barriers to the economic inclusion of asylum seekers, the government of Peru should grant asylum seekers humanitarian residency status until the refugee determination has been completed, and allow them to maintain such status if the application is denied. The implementation of the humanitarian residency, which provides a foreigner's ID, would prevent confusion among employers and institutions, while ensuring that the rights of asylum seekers are protected. Simultaneously, the government should work with UN organizations, NGOs, and employers to ensure that information about these measures is disseminated, and that they are properly implemented. Replacing the provisional permit with the foreigner's ID for asylum seekers would facilitate their economic inclusion, thus reducing their vulnerability and expanding the potential benefits they yield.

Introduce exceptions for Venezuelans to the quotas on hiring foreigners and the collection of additional taxes

The hiring quotas and the additional taxes are barriers to Venezuelans' economic inclusion. In order to facilitate their formal employment, the government of Peru should issue waivers for Venezuelans, recognizing the unique circumstances of their presence in Peru and the opportunity that their economic inclusion represents. Doing so would make it easier for the private sector to employ them. It would also increase Venezuelans' participation in the formal labor market in the earlier stages of their presence in Peru.

The Peruvian government can achieve this by introducing an exception for Venezuelans to the 20 percent cap on hiring foreigners and, in the interim, allowing employers to apply for the quota to be waived. Such exceptions already exist in other contexts, such as Turkey, where employers can apply for a waiver of the quota. Peru can further align this policy with its development plan, eliminating quotas for those positions with labor shortages in the country, or those positions that have been open for more than six months.

Furthermore, to encourage the formal employment of Venezuelan and Peruvian workers who are *no domiciliados* (i.e., have been less than 183 days in the country), the Peruvian government should eliminate the 30 percent tax rate that applies in the first year of their employment. In the interim, the government could introduce an exemption for lower-paid jobs and provide information to employers and Venezuelans about the obligations and rights related to the tax to help them avoid extra charges, uncertainty, and confusion.

Allow Venezuelans to access Ministry of Labor services

Venezuelans in Peru are not eligible to benefit from most of the services and programs offered by the Peruvian Ministry of Labor and Employment Promotion (known as MTPE, for Ministerio de Trabajo y Promoción del Empleo). In interviews with the research team, government officials mentioned that Venezuelans are not eligible for any of the ministry's programs, with the exception of a pilot initiative to promote Venezuelan entrepreneurship. By limiting their access to MTPE services, the government is missing the opportunity to fill labor shortages and to benefit from the increased human capital that Venezuelans bring.

In order for Peru to be able to integrate Venezuelans into its formal labor market, the MTPE should allow Venezuelans to access the country's labor services, such as the government's job center that matches job seekers with employment opportunities. The MTPE should also address labor shortages by implementing programs that connect Venezuelans with positions that cannot be filled by Peruvians. Such an approach is already being applied with success in Colombia through the employment system, known as SENA (Servicio Nacional de Aprendizaje, or National Education

Service), which allows Venezuelans to apply for jobs that have not been filled by Colombian nationals. This approach would be especially useful in Peru, where labor deficits present a challenge to employers, who struggle to fill specific positions.¹⁷² Therefore, by actively facilitating Venezuelans' economic inclusion, the MTPE can address some existing challenges within Peru's labor market while also creating better opportunities for Venezuelans. By increasing economic inclusion, this approach should lead to greater fiscal revenues. Nevertheless, to offset any short-term net costs, donors such as the World Bank and IDB should provide funding for the service expansion.

Joint Recommendations to the Government, International Organizations, and NGOs

Create a government interagency strategy for responding to the Venezuelan presence in Peru

The presence of Venezuelans in Peru and the benefits they bring go hand in hand with the country's development goals. To ensure that it can leverage the presence of Venezuelans into broader development planning and response, the Peruvian government, with the support of the GTRM, should create an interagency strategy to respond to the presence of Venezuelans that is aligned with the country's development planning.

Currently, Peru's National Inter-agency Coordination Platform (or MTIGM, for Mesa de Trabajo Intersectorial para la Gestión Migratoria), led by the Foreign Ministry of Peru with the support of the IOM, oversees the coordination among different government agencies for responding to the Venezuelan presence in Peru. However, there is no strategy, plan, or technical note that provides a comprehensive overview for responding to Venezuelan migration or transforming it into a development opportunity for all. To remedy this lack of strategy, the MTIGM should work with the National Center of Strategic Planning (Centro Nacional de Planeamiento Estratégico, or CEPLAN), which leads the implementation of Peru's development plan, to create a comprehensive, intergovernmental response plan. Coordination between these two bodies would avoid duplication of efforts and ensure that responses to migration align with the country's broader development goals. Colombia has already implemented a similar approach through the Strategy to Respond to the Venezuelan Migration, which links development planning with the government's response to the Venezuelan presence in the country.¹⁷³

To achieve win-win outcomes for Venezuelans and Peruvians, the plan should prioritize the economic inclusion of Venezuelans as well as investments in key areas such as education, health, infrastructure, and sanitation, which already presented challenges before Venezuelan migration. The plan should also focus on how investments should be tailored for women, especially in areas such as access to childcare. Such investments would contribute to better access to services for Peruvians and Venezuelans alike, supporting long-term, inclusive development in the country.

Furthermore, the strategy should consider not only the negative impact that Venezuelans may have on the provision of services (e.g., by overburdening systems), but also their potential contributions to the system. For instance, expanding access to healthcare and education in different areas of Peru is a crucial component of the development plan. By filling labor shortages in those areas, Venezuelans can help improve access to health and education services among the local population, thus positively contributing to Peru's productivity and overall development.

¹⁷² Manpower Group, "Resolviendo la Escasez de Talento."

¹⁷³ "Documento Conpes: Estrategia para la Atención de la Migración desde Venezuela," Chancellery of Colombia, November 23, 2018, <https://www.cancilleria.gov.co/documento-conpes-estrategia-atencion-migracion-venezuela>.

Disseminate information on Venezuelans' rights

Employers, Venezuelans, and even government officials often lack information regarding Venezuelans' rights and obligations. This causes confusion, rejection, and even the violation of rights or regulations. For example, employers often apply the 30 percent tax longer than needed, or do not hire asylum seekers because they lack the PTP. In some instances, even the government officials who work directly with Venezuelans lack knowledge of the regulations concerning them—which, as mentioned, has proven to be an especially large obstacle for Venezuelans who want to start and operate businesses. In order to avoid these and other problems, the government, with the support of international organizations and NGOs, should create campaigns to provide information to relevant stakeholders about the existing regulations related to Venezuelan economic activity.

For employers, it is important to create an information campaign on the employment rights of Venezuelans in different migration categories, including asylum seekers. This campaign should aim at providing accurate information to employers about the processes to formally hire Venezuelans. Similarly, more information should be readily available to Venezuelans in terms of their rights and obligations. Although the government provides some pamphlets with information at the migration offices, it is important to amplify the work that organizations on the ground are doing to provide more accurate and reliable information to Venezuelans. A dissemination campaign could be useful to improve their knowledge of the different processes, such as job contracts, opening businesses, starting bank accounts, paying taxes, and so on.

Finally, more information and efforts to reduce discrimination should be targeted toward government officials at both national and municipal levels. Specifically, the government, with the support of UNHCR and IOM, should organize trainings to raise awareness about Venezuelans and other vulnerable populations, the challenges they face, and their legal rights. These trainings should target municipalities and other government agencies that are in close contact with Venezuelans, so that they have clarity on the procedures for Venezuelans and their rights.

Facilitate the process of credential and skills verification

The difficulties Venezuelans face in having their skills and credentials validated remain a key barrier to their economic inclusion in Peru. As shown in figure 2, highly educated Venezuelans have the largest income gaps compared with Peruvians possessing equal levels of education, indicating a large degree of underemployment. This means that most Venezuelans with advanced education levels work in jobs that do not match their qualifications and mainly work in the informal sector, ultimately contributing to its saturation.

It is important to acknowledge that since the pandemic, major progress has been made. In particular, the government of Peru issued a decree that enables Venezuelan doctors to work in the Peruvian health system, significantly lowering the barriers that prevented them from exercising their profession.¹⁷⁴ Furthermore, in December 2019, at the Global Refugee Forum, the government of Peru made significant commitments to acknowledge the qualifications of Venezuelan doctors, teachers, and engineers.¹⁷⁵

It is uncertain whether the government of Peru will fulfill its Global Refugee Forum commitments, as the outbreak of COVID-19 has led the government to sideline previous priorities. However, it is

¹⁷⁴ *El Peruano*, Decreto de Urgencia No. 090-2020.

¹⁷⁵ UNHCR, "Pledges & Contributions Dashboard," accessed December 2019, <https://globalcompactrefugees.org/channel/pledges-contributions>.

essential that efforts to recognize the qualifications of Venezuelans continue despite the pandemic. By facilitating credential validation, the government—with the support of the ILO—can improve the possibilities of economic inclusion for highly educated Venezuelans in Peru while also helping to reduce the pressure on jobs requiring less education in the informal sector. Also, greater inclusion of Venezuelan professionals would be particularly relevant to promoting the economic recovery of Peru in the upcoming years.

Peruvian universities have implemented innovative approaches to verifying and validating credentials. Despite this progress, professional colleges remain a major barrier to validation in Peru. The ILO, through its tripartite mechanism (which convenes the government, employers, and worker organizations), should promote conversations on potential solutions to improve the recognition of Venezuelan diplomas. In these conversations, the ILO should include professional colleges and Venezuelan representatives, along with other relevant actors.¹⁷⁶

Additional support must be provided while longer-term solutions are being discussed. Particularly, international organizations should provide funding to cover the fees related to diploma recognition from professional colleges, as well as other support such as preparation courses for the certification exams. The goal should be to help Venezuelans overcome these barriers in the shorter term, until more sustainable solutions can be reached.

Expand, diversify, and evaluate efforts to address discriminatory perceptions toward Venezuelans

Fighting discrimination and xenophobia is paramount to promoting Venezuelan economic inclusion in Peru and reducing Venezuelans' vulnerability to exploitation and abuse. Furthermore, addressing xenophobic perceptions has the potential to influence the Peruvian government, potentially leading to policies that facilitate economic inclusion. Because COVID-19 might lead to higher rates of xenophobia and counterproductive policies targeted at Venezuelans, working on perceptions toward Venezuelans is now more important than ever—and both the Peruvian government and international partners have key roles to play.

In Peru, there are several ongoing activities designed to combat xenophobia and promote social cohesion. Most notably, since October 2018, UNHCR and the IOM have been implementing the campaign *Tu Causa Es Mi Causa* (Your Cause Is My Cause), which spreads positive messages on the benefits that Venezuelans bring to Peruvian society and creates community events (such as sports programs and community service activities) that bring Venezuelans and Peruvians together in positive settings.

Evidence from other contexts suggests that these approaches can potentially have a meaningful impact on perceptions.¹⁷⁷ However, changing perceptions is a difficult process and there is no silver bullet for success. Furthermore, studies suggest that it can be particularly difficult to change individuals' perceptions on highly salient, polarizing topics like immigration and forced displacement.¹⁷⁸ In Peru, where the media consistently portray Venezuelans as criminals and invaders, it may be especially difficult to reduce prejudice.

¹⁷⁶ Carlos Vallejo Martell, "Mesa de Trabajo Intersectorial para la Gestión Migratoria (MTIGM)," July 2015, http://www.rree.gob.pe/noticias/Documents/Libro_MTIGM.pdf.

¹⁷⁷ Paluck and Green, "Prejudice Reduction: What Works?"

¹⁷⁸ Jennifer Jerit and Jason Barabas, "Partisan Perceptual Bias and the Information Environment," *The Journal of Politics* 74, no. 3 (2012): 672–684, <https://www.journals.uchicago.edu/doi/abs/10.1017/S0022381612000187>.

In light of these challenges, donors and implementing organizations should diversify and rigorously evaluate approaches to combating xenophobia. By implementing and testing a wide range of approaches, they can determine the most effective means to confront prejudice in the Peruvian setting. Afterwards, donors can (and should) invest more in scaling up the best approaches.

In addition to the ongoing initiatives focused on messaging and activities that bring Venezuelans and Peruvians together, donors and implementers should test and evaluate approaches that rely on perspective-taking exercises and deep canvassing. There is evidence that perspective-taking exercises, which encourage individuals to empathize with and take the perspective of refugees, can be an effective way to improve perceptions and reduce discrimination.¹⁷⁹ In practice, such exercises could be applied in an educational setting; recent evidence from Turkey shows that implementing perspective-taking exercises in a classroom setting can reduce prejudice toward refugees.¹⁸⁰ Deep canvassing, an approach in which individuals share personal stories in a one-on-one or small group environment, has also proven to be highly effective.¹⁸¹ Thus, if Venezuelans are willing to share their stories of displacement with Peruvians, they may be able to have a large impact on Peruvians' attitudes. And although it may be difficult to implement some of these approaches during the pandemic, implementers can look for ways to conduct them remotely, through digital platforms. In addition, plans should be developed for continuing programming after the outbreak has subsided.

However, while capable of making a difference with their target groups, these programmatic approaches may not have sufficient reach to widely affect public opinion. Ultimately, it may be up to elites—that is, high-level political figures—to change people's minds. A number of recent studies have shown that the positions of party elites strongly influence those of same-party citizens.¹⁸² Thus, one of the most powerful ways to create more positive public opinion may be for the Peruvian government to adopt a more positive stance toward Venezuelans.

Rigorously evaluate livelihood programs

Livelihood programs designed to help individuals achieve decent work and increase their income can have remarkable impacts. For example, a program in Liberia that offered livelihoods and life skills training to young women increased employment by 47 percent and incomes by 80 percent.¹⁸³

However, these programs are highly inconsistent in their effectiveness. For example, nearly half of all experimental evaluations of vocational training programs have failed to find statistically significant impacts on income or employment, which means we cannot be confident that these programs had any

¹⁷⁹ Paluck and Green, "Prejudice Reduction: What Works?"; Claire L. Adida, Adeline Lo, and Melina R. Platas, "Perspective Taking Can Promote Short-Term Inclusionary Behavior toward Syrian Refugees," *PNAS* 115, no. 38 (2018): 9521–9526, <https://www.pnas.org/content/115/38/9521>.

¹⁸⁰ Sule Alan, Ceren Baysan, Mert Gumren, and Elif Kubilay, "Building Inter-ethnic Cohesion in Schools: An Intervention on Perspective Taking," HCEO Working Paper, Human Capital and Economic Opportunity Global Working Group, January 2020, http://humcap.uchicago.edu/RePEc/hka/wpaper/Alan_Baysan_Gumren_Kubilay_2020_building_inter-ethnic_cohesion-schools.pdf.

¹⁸¹ Suzette Brooks Masters, "Deep Canvassing: A Primer," Medium, September 2020, <https://medium.com/@suzettebrooksmasters/deep-canvassing-a-primer-5fd7e60c672a>.

¹⁸² Toby Bolsen, James N. Druckman, and Fay Lomax Cook, "The Influence of Partisan-Motivated Reasoning on Public Opinion," *Political Behavior* 36, no. 2 (2014), 235–262; James N. Druckman, Erik Peterson, and Rune Slothuus, "How Elite Partisan Polarization Affects Public Opinion Formation," *American Political Science Review* 107, no. 1 (2013): 57–79.

¹⁸³ Franck Adoho, Shubha Chakravarty, Dala T. Korkoyah Jr., Mattias Lundberg, and Afia Tasneem, "The Impact of an Adolescent Girls Employment Program: The EPAG Project in Liberia," Policy Research Working Paper 6832, World Bank, April 2014.

impact at all. Some livelihood programs, such as cash transfers to business owners, have proven more reliable than others. Still, none are consistently effective across contexts.¹⁸⁴

Even within Peru, the effectiveness of programs has been mixed. To our knowledge, four experimental evaluations of livelihood programs have been conducted in the country. One program, which offered business training to female microentrepreneurs in Lima, increased business growth by about 15 percent.¹⁸⁵ A similar program for female microentrepreneurs in Lima and Ayacucho increased sales but not profits.¹⁸⁶ And a now inactive vocational training program implemented by the MTPE, called Projoven, had significant impacts on rates of formal employment, but not on income or overall employment.¹⁸⁷ An earlier evaluation of the same program found no effect.¹⁸⁸

The uncertainty around program effectiveness is exacerbated by the fact that refugees and migrants face different constraints to labor market success than do members of the host community. For example, they have more limited access to capital and fewer social networks. As a result, certain programs may be more or less effective for displaced Venezuelans.¹⁸⁹

Considering their potential for impact, livelihoods programs are certainly an important tool for facilitating economic inclusion for Venezuelans in their host communities and should therefore continue to be funded. But, in light of the inconsistency of these programs and the uncertainty around impacts for forced migrants, funding should also be used to rigorously evaluate them—ideally using experimental methods—in order to ensure they are having their intended impact. Once the most effective programs are identified through rigorous evaluations, they can be scaled up. In this way, maximum impact can be achieved. Large organizations such as the ILO, UNHCR, and major NGOs, as well as the government of Peru, should lead in evaluating their own programs to create evidence for what works to support displaced Venezuelans and host communities in the Peruvian context. Donors should also commit to providing funding for rigorous evaluations.

Joint Recommendations to Multilateral Development Banks and Donors

Increase funding for the response in Peru—to increase economic inclusion efforts while also covering humanitarian needs

In recent years, a wide range of organizations that are affiliated with the RMRP have expanded their programming in Peru. They provide emergency services, offer humanitarian protection, promote the socioeconomic inclusion of Venezuelans, and strengthen the Peruvian government's capacity. However, the RMRP-based international response remains grossly underfunded. By October 2020,

¹⁸⁴ Louise Fox and Upasna Kaul, "The Evidence Is In: How Should Youth Employment Programs in Low-Income Countries Be Designed?," US Agency for International Development, September 8, 2017, https://static.globalinnovationexchange.org/s3fs-public/asset/document/YE_Final-USAID.pdf.

¹⁸⁵ Martin Valdivia, "Business Training Plus for Female Entrepreneurship? Short- and Medium-Term Experimental Evidence from Peru," *Journal of Development Economics* 113 (2015): 33-51, <https://www.sciencedirect.com/science/article/abs/pii/S0304387814001187>.

¹⁸⁶ Dean Karlan and Martin Valdivia, "Teaching Entrepreneurship: Impact of Business Training on Microfinance Clients and Institutions," *Review of Economics and Statistics* 93.2 (2011): 510-527, https://www.mitpressjournals.org/doi/abs/10.1162/REST_a_00074.

¹⁸⁷ Juan Jose Diaz and David Rosas, "Impact Evaluation of the Job Youth Training Program Projoven," IDB Working Paper Series no. IDB-WP-693, Inter-American Development Bank, 2016, <https://publications.iadb.org/publications/english/document/Impact-Evaluation-of-the-Job-Youth-Training-Program-Projoven.pdf>.

¹⁸⁸ Henry Espinoza Peña, "Impact Evaluation of a Job-Training Programme for Disadvantaged Youths: The Case of Projoven," doctoral dissertation, Maastricht University, Netherlands, 2010.

¹⁸⁹ Kirsten Schuettler and Laura Caron, "Jobs Interventions for Refugees and Internally Displaced Persons," Jobs Working Paper no. 47, World Bank, 2020, <https://openknowledge.worldbank.org/handle/10986/33953>.

donors covered only 29.1 percent of the over \$1.4 billion required for the response.¹⁹⁰ Peru received only around \$42 million of the over \$148 million required, plus another \$5 million in COVID-19 support.¹⁹¹ While the funding remains scarce, the pandemic is increasing the need for support.

Although the Venezuelan donor conference gathered over two billion euros in increased support for the Venezuelan crisis in May 2020, the funding gap for the RMRP keeps widening.¹⁹² Around 60.1 percent of the 2018–2019 RMRP activity in Peru was left unfunded. As of October 2020, that gap had increased to 70.5 percent. The Venezuelan donor conference was a good step to boost support for Venezuelans, but donors need to continue and increase their support for the 2020–2021 RMRP and for the COVID-19 response.

In Peru, most of these requirements—around 33 percent—are allocated to integration efforts, which focus largely on economic inclusion.¹⁹³ Yet integration efforts are only 1.5 percent funded.¹⁹⁴ To improve self-reliance and reduce vulnerability among Venezuelans, donors should focus on increasing funding for these efforts. Furthermore, considering the fact that economic outcomes are poorest among refugee women, they should focus especially on funding efforts that facilitate economic inclusion for women.

Furthermore, the government of Peru should request support from the World Bank financing facilities for its COVID-19 response. Currently, Peru could strengthen its overall response to COVID-19 while also ensuring the inclusion of Venezuelans through the support of the World Bank’s dedicated COVID-19 emergency financing, which has \$160 billion in support for countries around the world.¹⁹⁵ As part of its COVID-19 financing, the World Bank is investing in health and social protection programs to offset the impact of the pandemic. These programs often serve the most vulnerable populations, including displaced communities. Peru could benefit from this financing, which includes support to expand social safety nets and access to health services for Venezuelans and other vulnerable Peruvians. While this support is not specific to Venezuelans, it should serve to strengthen the government’s capacity to respond to the crisis, while ensuring that no one is left behind.

In addition, Peru could finance and strengthen its response to Venezuelans through funds from the Global Concessional Financing Facility (GCFF). As of end of March 2020, the trust fund had over \$772.84 million in pledges, and its supported projects in Jordan, Lebanon, Ecuador, and Colombia were worth over \$3.8 billion.¹⁹⁶ Peru should apply to access such funds, and donors should incentivize the government of Peru to commit to such investments. Donors should support the allocation of funding to scale up investments in infrastructure and the provision of services such as health and education that benefit both Venezuelans and Peruvians. Through the GCFF, donors could also improve

¹⁹⁰ R4V, “Refugee and Migrant Response 2020 Dashboard,” accessed October 2020, <https://r4v.info/en/situations/platform>.

¹⁹¹ R4V, “Funding Update—Refugee and Migrant Response 2020 as of 13 November 2020,” <https://app.powerbi.com/view?r=eyJrIjoiMGJhMDkzMWQ0Yy00NDgyLWJlZDEtYzdlZWQ3NzY1MGNkIiwidCI6IjE1ODgyNjklLlZmItNDNiNC1iZDZlLWJjZTQ5YzhlNjE4NiIsImMiOiJh9>.

¹⁹² European Union External Action, “International Donor’s Conference in Solidarity with Venezuelan Migrants and Refugees, in the Midst of COVID-19: Co-chair Statement,” May 26, 2020, https://eeas.europa.eu/headquarters/headquarters-homepage/79938/international-donor%E2%80%99s-conference-solidarity-venezuelan-migrants-and-refugees-midst-covid-19-co_en.

¹⁹³ R4V, “Funding Update.”

¹⁹⁴ Ibid.

¹⁹⁵ World Bank, “World Bank Group’s Operational Response to COVID-19 (Coronavirus)—Projects List,” October 23, 2020, <https://www.worldbank.org/en/about/what-we-do/brief/world-bank-group-operational-response-covid-19-coronavirus-projects-list>.

¹⁹⁶ Global Concessional Finance Facility (GCFF), “Progress Report July 1, 2019–April 15, 2020,” accessed October 30, 2020, https://globalcfff.org/wp-content/uploads/2020/05/GCFF-Progress-Report_Jul-2019-Apr-2020_May28_final-version.pdf.

intergovernmental coordination and support the implementation of the interagency response strategy for Venezuelans in Peru. This is particularly important since the GCFF will align the Venezuelan response with the host country's development plan, which would ultimately create a more sustainable response. As previously mentioned, an interagency strategy for Venezuelans in Peru would improve internal coordination and response as well as development outcomes for the country. Similarly, additional funding should be provided through the Migration Initiative of the IDB, which provides grants to help countries in Latin America to integrate migrants into local communities.¹⁹⁷

Peru can become an ideal candidate to obtain the GCFF and IDB grants by implementing policies that promote the economic inclusion of refugees. Currently, the requirements for the GCFF include having a clearly demonstrated objective to support refugee populations and host communities affected by refugee shocks, supporting the country's development agenda, having a clear development impact, and being ready to implement a project.¹⁹⁸ Thus, the World Bank and IDB can (and should) use the prospect of GCFF and Migration Initiative funding to incentivize the adoption of policies that are more inclusive of Venezuelans.

Incentivize private-sector participation

During the research mission to Peru, interviewees consistently expressed that the involvement of the private sector in Peru's response to Venezuelan displacement is still very minimal. Donors can address this shortcoming by funding programs that incentivize Peruvian companies to hire Venezuelans. The *Trabajando Juntos* (Working Together) campaign in Colombia could serve as a potential model. The program has raised awareness among businesses on the benefits of hiring Venezuelans, debunked harmful myths about Venezuelans, and spread information on how to hire them.¹⁹⁹ In Peru, a similar program could be implemented as a collaboration between UNHCR, the MTPE, and chambers of commerce—which have access to large networks of companies.

Development finance institutions (DFIs) such as the International Finance Corporation (IFC), IDB Invest, and the US International Development Finance Corporation should also play a role in incentivizing private-sector support for Venezuelans. Specifically, they should use blended finance mechanisms to offset risk and encourage investment in Venezuelan-owned businesses, companies that employ Venezuelans or source from Venezuelan-owned businesses, and companies that are providing important services to Venezuelans. DFIs could also invest directly in these companies. Fortunately, there is a large and growing landscape of companies that DFIs and private-sector investors could target. In a recent report, the IFC identified over 170 companies across Africa and the Middle East supporting refugees through services, hiring, or supplies.²⁰⁰ Many companies in Latin America have also made commitments to support, and progress in supporting, Venezuelans.²⁰¹ And there are no doubt many other companies with a less public profile that could benefit from investment and are either supporting refugees or owned by them. To help potential investors connect with these companies, DFIs should also actively search for and profile promising businesses.

¹⁹⁷ Inter-American Development Bank, "IDB Approves Grant Funds for Countries Receiving Migrants in Latin America," May 7, 2019, <https://www.iadb.org/en/news/idb-approves-grant-funds-countries-receiving-migrants-latin-america-and-caribbean>.

¹⁹⁸ GCFF, accessed October 2020, <https://globalcff.org/>.

¹⁹⁹ Somos Panas Colombia, "Trabajando Juntos," <https://somospanascolombia.com/trabajando-juntos/>.

²⁰⁰ International Finance Corporation, "Private Sector & Refugees: Pathways to Scale," April 2019, <https://www.ifc.org/wps/wcm/connect/1c187356-8185-4efe-898c-b78962d30f35/201905-Private-Sector-and-Refugees.pdf?MOD=AJPERES>.

²⁰¹ The Tent Partnership for Refugees, "As New Research Reveals Latin American Refugee Crisis Likely to Intensify, Business Community Steps Up to the Challenge," September 23, 2019, <https://www.tent.org/tent-news/as-new-research-reveals-latin-american-refugee-crisis-likely-to-intensify-business-community-steps-up-to-the-challenge/>.

Joint Recommendations to the Private Sector

Engage Venezuelans and host communities through core business and value chains

Businesses can play an important role in promoting the economic inclusion of displaced individuals, not only through hiring refugees but also by investing in, and sourcing products from, businesses owned by or employing refugees and forced migrants. The private sector has the ability to affect Venezuelans' economic inclusion more directly than any other actor. Yet, in Peru, it has mainly remained on the sidelines. Therefore, it is important that companies in Peru start consciously engaging Venezuelans and host community members to support the process of economic inclusion.

In Peru, some companies already have implemented actions to support the UN Sustainable Development Goals (SDGs) and 2030 Agenda for Sustainable Development.²⁰² For instance, Peru2021 is a network of companies focused on contributing to the SDGs through their operations.²⁰³ Yet Venezuelans are vastly left out of this corporate responsibility agenda. Therefore, it is important that businesses take conscious steps to include Venezuelans, as well as other vulnerable communities in Peru. While some companies in Peru already hire Venezuelans, they might do so informally or without creating an environment that will help them thrive. It is essential that specific actions be taken to ensure that Venezuelans are included in the hiring process, and that internal goals of diversity are implemented when hiring.

To succeed in these efforts, businesses may have to invest in adjusting their recruitment, hiring, and contracting processes. For example, they may need to tap into digital social networks—widely used by Venezuelans—to find and reach job seekers and suppliers outside traditional channels. To help guarantee worker retention, they should also commit to orienting and training new workers, as well as facilitating any necessary organizational culture change to promote cohesion with the existing workforce. Leadership from company executives is critical to enable these changes. Firms with human resources departments should also empower those units to take these steps.

Advocate for policy progress that facilitates economic inclusion and benefits businesses

Businesses should take up a key role as advocates for improving economic inclusion. Because they drive the economy, they have great potential to influence government policy. Indeed, since businesses in Peru are not traditionally deeply involved in policy discussions or in advocacy around social issues, adding their voice to the dialogue could help advance policy. Large national and international companies, in particular, can be very influential and have direct access to many government officials.

For example, by signaling their support for hiring Venezuelans, business leaders can incentivize the government to make potentially difficult policy changes. If, say, a lack of regularization and work rights is a major barrier for businesses that want to hire talented Venezuelans, they could convincingly advocate for the greater provision of work permits—a divisive issue for which an additional voice would be powerful. Especially influential businesses—such as those with a long history or a large presence in Peru—can act as champions, taking the lead as strong advocates and encouraging others to do the same.

²⁰² World Business Council for Sustainable Development, “Peru 2021 Presents ‘Sustainable Peru’ Program,” December 3, 2018, <https://www.wbcsd.org/Overview/Global-Network/News/Peru-2021-presents-Sustainable-Peru-program>.

²⁰³ See <http://peru2021.org/>.

Likewise, the government should actively reach out to business organizations and leaders to receive input on how policy changes affect the private sector's engagement with Venezuelans. Platforms could also be created to formalize this arrangement and maintain an ongoing and productive dialogue.

AREAS FOR FURTHER RESEARCH

Conducting future research will be key to continuing to improve economic inclusion efforts. There are many unknowns regarding the impacts of regularization and the best ways to improve economic inclusion; shedding light on these unknowns could accelerate impact. Important areas of research include the following:

How can working conditions among Venezuelan and Peruvian informal workers be improved? An understanding of how best to promote decent work conditions among informal workers can be a potential way to improve labor market outcomes in the informal sector while long-term structural changes to incentivize formalization take place. Including Venezuelans in an analysis of decent work conditions for informal workers in Peru is paramount, since they suffer from high rates of exploitation and abuse.

How does access to finance among Venezuelans affect business generation and self-reliance? Currently, there are limited data on the challenges to Venezuelan financial inclusion and the potential benefits of expanding it. Increased data and analysis on this topic could inform the creation of policies that expand Venezuelan access to credit and loans, as well as to other financial instruments that are key to their economic integration and self-reliance. This analysis should focus particularly on the impact for female entrepreneurs.

CONCLUSION

For Peru, a middle-income country with a highly informal labor market and many living in poverty, the arrival of hundreds of thousands of Venezuelans in recent years has presented many challenges. These challenges have been compounded by COVID-19, which has wreaked havoc on the Peruvian economy. Yet alongside all the challenges, Venezuelans in Peru have also made many contributions.

Although the country initially responded with welcoming policies toward Venezuelans, the government reversed or stopped many of those policies in the past year, imposing new regulations that create more problems than solutions. These policies further marginalized Venezuelans in Peru, prevented their economic inclusion, and increased their vulnerability and ability to cope with shocks—such as the one created by the pandemic. They also limited the potential benefits that come with hosting Venezuelans. Even with the recent announcement of the CPP, Venezuelans still face many obstacles to accessing the labor market.

Venezuelans continue to arrive in Peru with skills and willingness to work, and have thus had positive impacts on economic growth, fiscal revenue, human capital, and more. Facilitating greater economic inclusion for Venezuelans would create even more benefits and economic development for Peru, improve self-reliance for Venezuelans, and reduce the pressure on institutions and resources that comes with hosting large numbers of refugees and forced migrants.

Therefore, in order for Peru to overcome the challenges associated with the arrival of large numbers of Venezuelans and fully benefit from their presence in the country, the government and others should continue to pursue policy changes that increase the economic inclusion of Venezuelans in law and in practice. By addressing the barriers to economic inclusion and integrating Venezuelans into the country's development planning, Peru can enable Venezuelans to realize their full potential, improve their own lives, and contribute even more to society.

APPENDIX 1. HUMANITARIAN VISA HOLDER OR HUMANITARIAN RESIDENT?

Humanitarian visa	Humanitarian resident status
<p>While the humanitarian visa and humanitarian resident status are very similar, the main difference relies on whether the applicant is inside Peru (the former) or abroad (the latter).</p> <p>Both the humanitarian visa and humanitarian resident status grant a foreigner’s ID, which gives the holder access to health and social security services.</p>	
<p>The humanitarian visa is required since June 2019 for all Venezuelans attempting to enter Peru who cannot obtain another visa (e.g., a work or study visa). Applications must be made at specific Peruvian consulates abroad. Unaccompanied minors, pregnant women, and the elderly are exempt from the visa.</p> <p>It can be renewed as long as the grounds that caused the humanitarian crisis remain.²⁰⁴</p>	<p>The migratory status of resident provides several categories under which applicants can apply, including the humanitarian category. Humanitarian residency applies to an individual inside Peru who, among other situations, faces an internationally recognized humanitarian crisis and requires Peru’s protection.</p> <p>It allows the person to stay for 183 consecutive days, and it can be renewed as long as the conditions for which the residency was granted remain.</p> <p>NGOs in Peru reported to Refugees International that the humanitarian category within the resident status for applicants inside Peru is not being implemented.</p>

²⁰⁴ Karen Guardia, “Venezolanos con Visa Humanitaria Ya no Requerirán PTP para Trabajar en el Peru,” June 9, 2019, <https://gestion.pe/economia/management-empleo/venezolanos-visa-humanitaria-requeriran-ntp-peru-269622-noticia/>.



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