

THE ECONOMY OF RORAIMA AND THE VENEZUELAN FLOW: EVIDENCE AND SUBSIDIES FOR PUBLIC POLICIES

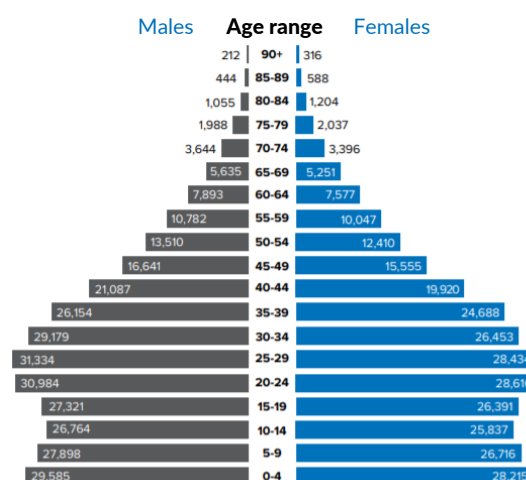
The Brazilian state of Roraima is at the forefront of the country's efforts to manage the influx of Venezuelan refugees and migrants that started in 2013. Between 2013 and 2019, over 260,000 Venezuelans have applied for refugee or residency status in Brazil, with the vast majority entering through Roraima. The state is receiving help from federal authorities, UNHCR and civil society partners in managing its response to the influx and providing humanitarian assistance to the arrivals. A major initiative, the *Interiorizacao* voluntary relocation programme, has relocated more than 25,000 Venezuelans from Roraima to other Brazilian cities where there are more opportunities for social and economic integration.

Driven by the need for data-backed analysis to inform interventions and the overall debate on the influx's impact on Roraima's society and economy, researchers – from Brazil's Department of Public Policy Analysis of Fundação Getulio Vargas (FGV DAPP), the International Migration Observatory (OBMigra) and the Federal University of Roraima (UFRR) – analysed official socioeconomic data and interviewed key actors managing the state's economy and its response to the inflow. They found that **Roraima registered positive economic growth and diversification during the period of intense Venezuelan flow. Unemployment and poverty, on the other hand, rose during this time.** This and other main findings and recommendations of their study are presented in this summary.

DEMOGRAPHIC CHANGES

The Venezuelan population in Roraima is mostly of working age (15-64 years old), creating a visible change in Roraima's population pyramid (Figure 1). This has implications for policies related to education, training and employment to take advantage of the productive capacity of Venezuelans and facilitate their integration in Brazil.

Figure 1 of report. Population Pyramid of Roraima (2019)



Source: Authors' elaboration using population data from IBGE (2019b).

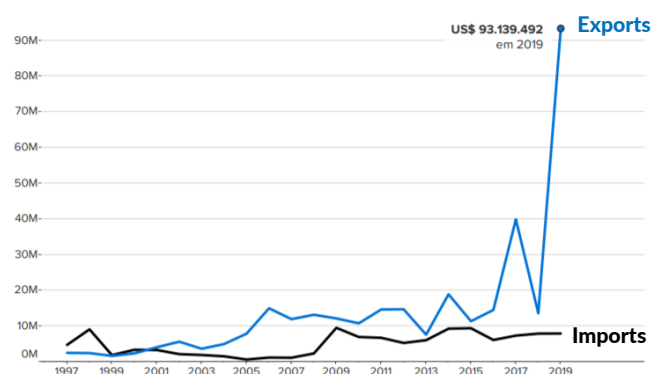
ECONOMIC CHANGES

During the period of intense Venezuelan flow, from 2016 to 2017, Roraima's economy grew faster than that of other states. Roraima's GDP grew 2.3%, more than the 1.4% average growth of other Brazilian states over this period.*

Roraima recorded a significant growth in the production of agricultural goods, including Brazil nuts and some livestock items. Between 2017 and 2018, Roraima stood out as the Brazilian state with the largest recorded increase in planted area (28.9%), well above second-placed Paraíba (10.3%), while Brazil as a whole saw a reduction of 0.6%. Over the same period, Roraima's economy experienced growth in more sectors, as seen from a 8% rise in its economic diversification index, a trend is not seen in other regions.

Retail trade and exports grew. In Roraima, there was an increase of 25% in the collection of Tax on Circulation of Goods and Services (ICMS) between the end of 2018 and the first half of 2019. Adding to this, Roraima registered strong growth in international trade (Figure 10) at a rate that is not experienced elsewhere in the country during the same period.

Figure 10 of report. Value of exports and imports Roraima, January-November, 1997-2019



Source: Authors' elaboration using data from SECEX/Comex Stat (Ministry of Economy, 2019e).

*Official data for more recent years from 2017-2019 has not been released.

LABOUR AND EMPLOYMENT

Unemployment and poverty in Roraima increased as a result of the Venezuelan flow. This is due to the fact that most Venezuelans arrived without jobs. Comparing rates recorded in the third quarter of each year, between 2017 and 2019, Brazil's unemployment rate fell 0.6 percentage points, while Roraima's rose by 6.1 percentage points. Along with higher unemployment, the incidence of extreme poverty in Roraima also grew from 1.6% in 2015 to 5.7% in 2018, much higher than Brazil's 4.2% in 2018.

The integration of Venezuelans in Roraima's labour market has been generally positive. They work mainly in services such as restaurants, coffee shops and snack bars, in addition to retail trade and some industrial sectors such as construction. The Venezuelan flow did not significantly impact the average salary of Brazilians living in Roraima, as the general trend of salary fluctuation in Roraima is similar to the overall national trend.

ACCESS TO PUBLIC SERVICES

Access to education in Roraima was not visibly affected by the arrivals of Venezuelans. During the period of intense Venezuelan flow, more children enrolled in early childhood education (24.2% increase from 2015 to 2018), but this was most likely due to a combination of factors including Roraima's own demography, internal displacements and educational support from humanitarian actors, among other reasons.

The researchers also studied data on access to health services, which has been a major point of discussion on the impact of the Venezuelan flow. Outpatient services did not experience unusually high demand during the period of high Venezuelan flow (2016-2019). There was, in fact, a downward trend in outpatient care provided by municipalities during this period, though state-provided care saw a slight increase of 2.4% in 2018. While hospitalizations registered an increase from 2016, the same trend is observed in other states.

It is important to note that the data does not directly reflect demand – which could be partially captured through scheduling data, for example – but rather visits actually made and registered in the system.

The full report, "The economy of Roraima and the Venezuelan flow: evidence and subsidies for public policies" is available in Portuguese.

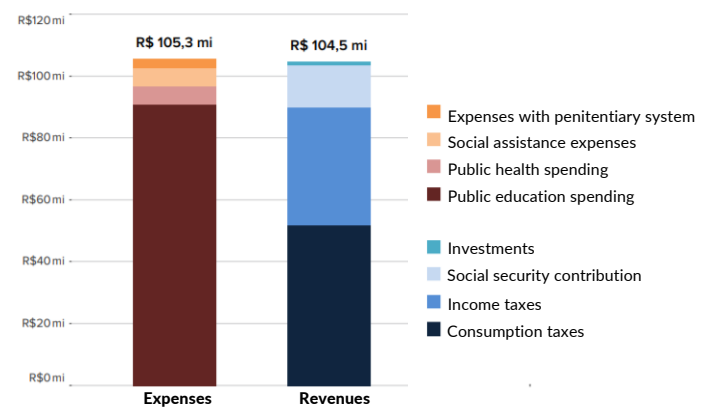
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FISCAL IMPACT

The research suggests that in 2018, the amount of tax revenue collected from all Venezuelans is similar to the additional expenses incurred for hosting the Venezuelan refugees, with both figures in the range of R\$100 million (Figure 40). This means that in hosting Venezuelan refugees and migrants, Brazil's public sector did not spend much more than it collected in taxes from all Venezuelans.

Overtime, it is likely that as more Venezuelans find employment, tax income will further increase while expenses supporting Venezuelans will form increasingly smaller percentages of tax revenue.

Figure 40 of report. Consolidated result of revenue and expense estimates for the Brazilian state with Venezuelan immigrants, 2018



Source: Author's elaboration using official data sources.

POLICY RECOMMENDATIONS

The results of the study have implications for public policy. First, there is an urgent need to reinforce the *Interiorizacao* voluntary relocation programme. Providing professional qualification programmes for both the refugee and migrant population will further improve their ability to contribute economically post-relocation. In addition, providing training to public authorities in host municipalities will greatly improve the ability to manage the refugee and migrant flows.

There is also a need to increase the social protection networks to support social integration after relocation. Tools for monitoring, evaluating and collecting information on Venezuelans before and after their voluntary relocation will also allow better identification of support that can be given to help the Venezuelans and host cities take advantage of the economic potential of the full social and economic integration of Venezuelans.

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