



VENEZUELA: WHAT'S NEXT & WHAT TO DO?

BRIEFING BOOK

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KEY JUDGMENTS

HUMANITARIAN

Political turmoil, the economic crisis, sanctions, and the pandemic have further weakened Venezuela's already fragile health and humanitarian infrastructure. The Maduro government's refusal to acknowledge the extent of the crisis before the COVID-19 pandemic, combined with its suspicion of U.S.-linked aid, has limited international response at the cost of hundreds of lives.

- Political dysfunction has hindered a cohesive response to the pandemic, but both sides have managed to agree to collaborate with the Pan-American Health Association (PAHO) in providing COVID-19 relief. The agreement's execution has been tumultuous and will be a test for the implementation of further agreements.
- The original deal reached in July 2020 focused on health equipment, antigen tests, and conditions regarding distribution, all of which were administered adequately despite accusations of corruption from both sides. The deal was expanded to include vaccine distribution in February 2021. The opposition has submitted paperwork to use funds frozen in the U.S. to pay for the vaccines through the United Nations-backed COVAX initiative.
- Outside of the deal, Venezuela has received 300,000 doses of the Sputnik V vaccine and half a million doses of the Sinopharm vaccine. The Maduro government has also announced intentions to produce the Cuban vaccine in Venezuelan laboratories.
- The Maduro government has refused to authorize the main vaccine currently available through the COVAX initiative due to concerns over side effects, delaying mass vaccination campaigns in Venezuela.

Health providers have long experienced frequently low levels of essential supplies such as water, medicine, and disinfectants. Electric shortages and inflation are affecting hospitals nationwide from obtaining supplies.

- The Maduro government has not released any public health data or epidemiological reports to the public since 2016, limiting healthcare workers from understanding the full scope of citizens in need.
- The pandemic has further exacerbated a weak healthcare system. A preexisting lack of essential supplies has hindered access to personal protective equipment (PPE) such as masks and gloves. Additionally, keeping up with COVID-19 data and tracking cases has been difficult due to undercounting and lack of accurate reporting on the number of cases and deaths.
- According to Venezuela's 2020 Humanitarian Response Plan, the government has provided subsidies for essential services and goods, but the quality and regularity of these efforts have been affected.

Since 2014 shortages in medical care, food, and basic resources have triggered a mass exodus of an estimated 5 million people to neighboring countries and beyond.

- Thousands have returned since the beginning of the pandemic, crossing treacherous terrain to reach the border. Returning Venezuelans are forced to quarantine in

abandoned buildings upon arrival. Their neighbors and the government meet them with distrust for fear they carry the virus.

- Clashes between the Venezuelan army and drug traffickers along the border often involve warrantless arrests and looting, resulting in further displacement.
- Border crossings are limited to roughly 1,000 a week, forcing people to camp in makeshift shelters and wait their turn. President Maduro has accused other countries of sending purposefully infected migrants to spread COVID-19 through Venezuela.

The government's inability to strategize resource distribution in the public sector has left many without electricity, without medicine, and desperate to find ways to alleviate the burdens they have faced from widespread resource and household goods shortages.

- During the COVID-19 pandemic, accessing water has become increasingly difficult. The government's inability to address the faulty distribution methods of Venezuela's water service industry compounds this issue. In a survey conducted by the Venezuelan Observatory of Public Service, 86 percent of Venezuelans reported that their water service was unreliable.
- Power outages have become more frequent, with 2019 being the year that left millions in Venezuela without power for weeks. The opposition blames underinvestment in the national grid for outages while the government skirts responsibility with different excuses.

Despite limited resources and political disputes disrupting their operations, international non-governmental organizations manage to address some parts of the humanitarian crisis.

- With clean water being nearly inaccessible to Venezuelans, UNICEF has been working to deliver clean water since 2018. Since 2019, UNICEF has brought clean water to approximately 153,000 Venezuelans and provided reliable hygiene services to nearly 18,300 people through health centers and schools.
- Like UNICEF, the Red Cross is also operating in-country. Through their coordinated political efforts, these actors have even been able to expand their areas of operation. Between January 2019 to March 2020, these organizations delivered 575 tons of medical supplies to Venezuela. The pandemic has increased NGOs' desire to distribute aid beyond their originally agreed-upon scopes.
- Government-sponsored actions against numerous NGOs, such as bank account closures and office raids, have forced them to cut ties with their local partners. Local NGOs with international funding are unable to carry out humanitarian work safely.

POLITICAL (INTERNAL)

Venezuelans overwhelmingly want an alternative to the current state of affairs, but they lack confidence in domestic actors' ability to find a political solution. The situation has become so dire that large numbers of Venezuelans have lost hope in the prospects of a domestic solution, are fleeing the country, and might welcome external intervention under specific conditions.

Deep disappointment in both *Chavismo* and the opposition fuels distrust in leaders and institutions across the political spectrum.

- *Chavismo*, capitalizing on the public's frustration about intense corruption within mainstream parties and their failure to ensure public welfare, introduced an alternate polity into the national arena. However, the government has failed to fulfill its social contract. Disappointment with opposition leaders and their non-democratic efforts to force regime change has undermined their legitimacy and exacerbated divisions.
- Corruption and patronage systems dominate economic and political opportunities, encouraging loyalty to President Nicolás Maduro in the military and government networks and isolating those outside of them. Judicial accountability and protections from security force abuses are absent.
- Civil and political sides are deeply factionalized within and among themselves. The creation of parallel pro-government institutions has perpetuated polarization in society and politics. The Maduro government and opposition are openly hostile to each other.
- Government repression and the exodus of political and economic refugees impede civil and political organization.

POLITICAL (EXTERNAL)

Current U.S. sanctions against Venezuela are broad, indiscriminate, and have been ineffective at fostering political change. In spite of the deterioration in United States-Venezuela relations in recent decades, the prospect of loosening U.S. sanctions gives Washington leverage to encourage Venezuelan-led problem-solving initiatives for their ongoing crises.

- Despite U.S. pressure, President Nicolás Maduro remains in power and controls all state institutions.
- Sectoral and economic sanctions contribute to food insecurity, malnutrition, and diesel shortages — furthering the human suffering the COVID-19 pandemic is currently exacerbating. By enforcing sanctions on individual government leaders — including a bounty on President Maduro's head — the U.S. forgoes opportunities for dialogue with Maduro or his internal allies.
- Support from other state actors — particularly China, Cuba, and Russia — help the Venezuelan government withstand U.S. sanctions. These countries have supported Caracas in different ways over the years, through oil-for-loans deals, trade and defense agreements, and humanitarian aid. Beyond wanting to protect their investments, China and Russia capitalize on Venezuela's defiance of U.S. power in the region.

Recent changing attitudes in the European Union (EU) and Latin America have caused multilateral cooperation to stall. There is disharmony regarding the status and recognition of Juan Guaidó and how to overcome the country's multiple crises.

- The International Contact Group on Venezuela (ICG) members reiterated that resuming political negotiations and fostering a Venezuelan-led dialogue is the only plausible solution to the crisis. Dialogue can lead to credible, inclusive, and transparent elections compliant with Venezuela's Constitution and laws.
- The Biden-Harris Administration continues to recognize opposition leader Juan Guaidó as Venezuela's interim president. Secretary Blinken called for an effective policy that can “restore democracy” in Venezuela, starting with new free and fair elections.

- The EU no longer considers Guaidó interim president and has downgraded him to “privileged interlocutor” status.
- The Lima Group, comprised of a dozen Latin American countries, also downgraded Guaidó to head of a “Delegate Commission” established by the National Assembly. Argentina withdrew from the Lima Group this past March, noting that sanctions, which the Group supports, have failed to produce political change.

Failed attempts at multilateral negotiations laid a foundation for future engagement and cooperation among stakeholders in Venezuela.

- In the summer of 2019, Norway mediated a dialogue between the Maduro government and an opposition delegation. The talks only lasted six weeks before Maduro walked away, citing surprise U.S. sanctions as justification. Norwegian diplomats have visited Venezuela twice since then in the hopes of restarting negotiations.
- Jorge Rodríguez, the leader of the National Assembly and close ally of President Maduro, expressed interest in negotiating again, stating that all issues are on the table. He was the Maduro government’s representative in the Norway and Vatican iterations of dialogue. The PAHO Accord to bring COVID-19 relief provides an opportunity to expand the scope of negotiations and pursue a political resolution.

ECONOMIC

The forces driving Venezuela’s economic crisis are varied; some predate the rise of *Chavismo*.

- As the energy sector generated unprecedented wealth for the nation, the state allowed other domestic industries to deteriorate. Oil revenues account for over 90 percent of Venezuela's total export earnings.
- As seen in other countries with a rentier economy, the export-oriented sector is a source of corruption, cronyism, and patronage networks. Since its inception in 1976, the government politicized the state-owned *Petróleos de Venezuela, S.A. (PDVSA)* through a massive patronage system. Beneficiaries change based on who holds power at a given time.
- Economic mismanagement has afflicted Venezuela. For decades, the government relied on PDVSA’s revenue to fund social programs. Even when PDVSA experienced booms in production and income, the government overspent. When the oil industry experienced busts, Venezuela sought foreign financing with expectations of future oil booms, accruing large sums of debt. The Chávez and Maduro governments, moreover, simultaneously underinvested in PDVSA, further reducing its production capacities. A decaying public infrastructure also poses a challenge to economic growth. Diesel shortages, technical failures, and the government’s rationing of electricity stymie national production abilities.
- Expropriations of privately owned enterprises, as well as profound state intervention in the economy, have weakened the country’s private sector, leading to a loss of capital and expertise.

Despite some optimism for the Venezuelan economy in 2021, economic conditions in the country remain dire.

- Current economic indicators show the economy is bottoming out, but substantial economic recovery will take years. The International Monetary Fund's World Economic Outlook Database estimates GDP growth rate was -30 percent in constant national prices for 2020, with the IMF expecting it to creep up to -10 percent in 2021. Additionally, inflation levels are still high. The IMF estimates the inflation rate was 6,500 percent in average consumer prices in 2020 and expects this rate to decrease to 5,500 percent in 2021.
- Oil production has declined in recent years. The U.S. Energy Information Administration projected the country was to produce 360,000 b/d in August 2020, a sharp decline from Venezuela's 2017 production rate of 1 million b/d. Additionally, the number of active oil rigs fell from 69 reported in 2016 to 2 reported in May 2020.
- The government has not released official unemployment figures since 2016, at which time it reported unemployment was approximately 7 percent. Since then, analysts have estimated that unemployment in the country could be as high as 40 percent. Lacking access to jobs in the formal sector and amid depressed wages, many Venezuelans must seek economic opportunities in the informal economy.

Venezuela has adopted policies to get around sanctions, particularly those imposed by the United States and the European Union.

- Widespread sanctions that target the Venezuelan economy hamper its ability to recover, a point President Maduro often vocalizes to place blame on actors like the United States for abysmal economic conditions. Under the Trump Administration, sanctions were imposed on PDVSA and its assets, contributing to Venezuela's economic contraction by isolating it from the U.S. market. The EU, Canada, and Mexico also employ economic sanctions to exert political pressure on Maduro's government. Unlike sectoral U.S. sanctions, these mostly target the Maduro Administration and *Chavista* elites.
- The Venezuelan government has shifted away from some *Chavista* policies to strengthen the economy while working around U.S. sanctions. Notably, President Maduro has encouraged de facto dollarization, removed some price controls, and embraced cryptocurrency. Additionally, in 2020, the Constituent National Assembly passed the Anti-Blockade Law, which allows Venezuela to skirt sanctions on oil exports by partially privatizing state-owned oil and gas enterprises.
- As U.S. sanctions have intensified the economic crisis, Venezuela has sought support from other countries, often seeking to exchange crude oil for food, medicine, and other necessities. Venezuela maintains deep economic ties with China, Russia, and others.

BORDER SECURITY

The Colombia-Venezuela border has a lawless history where criminal actors and their various interests have long clashed. While Colombian guerrilla groups have historically had some presence in Venezuela, struggles among them have continued despite Colombia's historic peace agreement in 2016. Growing insecurity at the Colombia-Venezuela border is facilitating and fortifying guerilla expansion into Venezuela.

- Venezuela consistently ranks among the most violent countries in the world. Per the Venezuelan Violence Observatory, the 16,506 killings recorded in 2019 caused the murder rate to hit 60.3 per 100,000 citizens, exceeding the rate the United Nations considers to be an "epidemic" of violence. Long a hotbed for crime and violence, the border state of Zulia was among the top 10 most violent states in 2020.

- Corruption along the Colombia-Venezuela border is not new, but its scale and depth have grown steadily worse in recent years. In 2020, the anti-graft watchdog Transparency International ranked Venezuela 176 out of 180 countries in its annual Corruption Perceptions Index. In these bordering nations, a history of political corruption has jeopardized public faith in elected leaders and allows illicit border economies to continue running.
- The ongoing economic, political, and social crises in Venezuela have forced millions to flee their homes, primarily to countries across Latin America, according to the UN Refugee Agency (UNHCR). For criminal groups operating in the border region with Colombia, this has been a boon for business. They charge taxes to allow contraband and desperate migrants to cross the border, distributing the illicit proceeds among themselves and corrupt military personnel guarding the crossings.

HUMANITARIAN

BUILDING TRUST TO PROMOTE DEMOCRACY

Emphasizing the Pan American Health Organization's (PAHO) neutrality to successfully depoliticize humanitarian aid and increase room for additional negotiations.

Challenges and Opportunities

Politicization has blocked the delivery of humanitarian aid desperately needed across Venezuela. Mistrust around the neutrality of aid can be traced to several instances of exploitation and gridlock, notably the 2019 attempt by opposition leader Juan Guaidó to lure military officials away from President Maduro's camp using humanitarian aid. Since then, President Maduro has rejected Western-linked aid and accused local NGOs of subversion for receiving donations from United States-based humanitarian organizations.

Competition between both sides to obtain sole credit for "saving" Venezuela has created a stalemate on humanitarian assistance. Neither side can make unilateral decisions on the acquisition and distribution of aid: the opposition has been granted access to funds frozen abroad, but President Maduro maintains control within the country. The one exception to this political impasse has been COVID-19 assistance. The strain placed on Venezuela's already struggling healthcare system — compounded by the disease's ability to cut across class, race, and geography — has put immense pressure on both sides to act. If followed through, the PAHO deal has the potential to both save lives and build trust between the embittered parties.

The progress made under the PAHO agreement is in line with the World Health Organization's "Health as a Bridge for Peace" (HBP) theory, which proposes that the intractable nature of conflicts requires a multi-stage, multi-track approach of which health offers a fundamental, universal motive. It emphasizes that humanitarian assistance should not be seen as a replacement for political processes, but rather an opportunity to lay a foundation of trust upon which to build further agreements. HBP has been studied as part of the peace-building process in various countries since the 1980s to varying degrees of achievement.

- Between 1985 and 1991, PAHO and its partners managed to successfully obtain cease-fires for immunization campaigns during the civil war in El Salvador.
- The WHO's role as a principal mediator following the Bosnian War contributed to the integration process by centering collaboration between opposing parties on health issues.
- Humanitarian assistance in Haiti succeeded in aiding the population while the country was heavily sanctioned, but citizens also felt it helped normalize the de facto regime.

These examples illustrate the potential for the PAHO agreement, as well as a possible pitfall. Key to its success will be its ability to maintain its neutrality and increase buy-in on both sides. The organization's successful response to a measles outbreak between 2018 and 2019 placed it in a critical position to broker the original cooperation agreement in July 2020 and its expansion in February 2021. If PAHO can maintain its neutrality and continue to reassure both sides of the deal's success, the further depoliticization of humanitarian aid could open the door to non-COVID aid and function as a building block to obtaining an agreement on electoral conditions.

Recommendations

That the U.S. government continues to remain neutral from PAHO while also increasing the organization's room for negotiation by pressuring the opposition and the government to declare a temporary truce until humanitarian conditions are sufficiently alleviated.

1. The Biden-Harris Administration must pledge not to make any attempt to influence the PAHO's behavior. It must urge the opposition to declare a temporary and conditional suspension of demands for President Maduro's ousting with the intention of focusing on alleviating humanitarian conditions throughout the country. In return, the government would agree to not interfere in humanitarian aid distribution (i.e., prioritizing aid distribution to supporter strongholds) and to not target smaller NGOs recruited to aid in distribution, etc.
2. The United States should closely monitor or seek international monitoring of the opposition's use of funds taken from Venezuela's accounts in the United States as well as the government's adherence to distribution agreements to avoid accusations of corruption. If the opposition drags its feet, the United States should give the frozen funds directly to humanitarian relief organizations overseeing aid in Venezuela.
3. The international community should publicly praise the efforts of both parties in prioritizing the health and safety of its citizens. Once trust has been established in the realm of humanitarian aid, the United States should provide a variety of specific incentives to promote cooperation from the government on electoral conditions, such as the removal of specific sanctions or provision of funding for specific projects President Maduro favors.

Comments

Most observers believe that a deal focused on alleviating the country's multiple humanitarian crises, including the COVID pandemic, is essential for progress in any sort of negotiation. The deal's implementation, however, will not be without challenges. President Maduro has attempted to circumvent the opposition's control over aid funds several times by filing lawsuits and offering to pay for vaccines in oil. The opposition drew ire for paying itself with a portion of the funds withdrawn under the original agreement. However, when President Maduro was finally able to access funds outside the opposition's control, he used the money to pay the COVAX initiative stipulated in the PAHO agreement expansion. Without COVAX, it is unlikely Venezuela will be able to obtain the number of vaccines Venezuela needs to reach herd immunity.

Outcomes

The PAHO agreement has been one of the few glimpses of progress in an increasingly dire stalemate. It is, however, incredibly fragile. Its complete failure has the potential to bring levels of trust between the two sides even lower while thousands die. Without assistance, the health system will collapse completely. Even if the PAHO deal cannot be expanded to include electoral conditions, its successful implementation would help avoid more unnecessary deaths and potentially lead to an increase in non-COVID assistance, thus successfully alleviating the worst of the humanitarian conditions in Venezuela.

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DEPOLITICIZE AID DISTRIBUTION

Establishing a neutral and reliable aid distribution plan that prioritizes citizens' humanitarian needs.

Challenges and Opportunities

Both parties' desire for political influence and control has put a stalemate on essential aid distribution and has only led to more distrust among citizens and international actors. Although the government now recognizes the humanitarian crisis, the blatant interference on aid shipments has continued to impede any attempt to alleviate concerns related to healthcare, medical assistance, and addressing food insecurity.

- In early 2019, Juan Guaidó and the opposition party focused on bringing humanitarian aid into the country with hopes of gaining political legitimacy as well as undermining the government's authority. His attempt to bring in U.S.-backed aid was blocked and resulted in President Maduro's refusal to accept aid from governments supporting Guaidó.
- Guaidó's failed attempt at bringing in aid was a blow to his credibility and support from international actors has waned. Additional attempts at gaining leverage and ousting Maduro have revealed corruption in the opposition party through reports of mishandling of funds, coup attempts, and blocking the government's access to relevant assets abroad.
- By the end of 2020, the Human Rights Watch reported that President Maduro had prohibited humanitarian operations by not authorizing foreign NGO workers' work permits required to enter the country, freezing bank accounts, and using the military to carry out attacks and issue arrest warrants on local humanitarian workers in the country.
- As the humanitarian crisis worsens in Venezuela, the UN Humanitarian Response Plan has lacked adequate funding from the international community. The government's lack of transparency has prohibited local organizations from accessing necessary data on people in need and international organizations from sending enough funding. See annex for the most updated data on international contributions to the 2020 Humanitarian Response Plan.

Recommendations

1. That the international community encourages the government and opposition to reach an agreement to designate a third-party that will establish a neutral and depoliticized humanitarian aid distribution plan. President Maduro and Juan Guaidó must be incentivized to relinquish their respective control over resources and data to the third-party — i.e., Maduro government's control over data and authorization over humanitarian organization operations, and Guaidó's control over confiscated funds abroad.
 - To ensure neutrality, the third-party must have no allegiance with any political party or with any influential international actor. Options for a third-party could include an international actor with current access on the ground like the Red Cross or an actor that will address humanitarian concerns like the Pan American Health Organization (PAHO), United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA), or the United Nations Office of Project Services (UNOPS).

2. That the third-party is responsible for demonstrating transparent monitoring of the use of resources, cooperation of the government and opposition, and collecting data from humanitarian practitioners. Incorporating a monitoring and evaluation mechanism into the aid distribution plan will mitigate corruption and unwanted interference.

Comments

Establishing a third-party should help reduce any chance of resistance or lack of cooperation to transfer resources and authority over aid to the third-party – which would put a serious hindrance on any success of an aid distribution plan. The recommendation for a third-party mechanism is based on other successful examples of aid distribution in other countries in conflict. For example, aid in Syria is channeled through their independent humanitarian mechanism: the Syrian Arab Red Crescent. Additionally, UNOPS established an independent mechanism in Yemen, the Verification and Inspection Mechanism for Yemen, on behalf of the Government of Yemen, the UN Member States, and UNOCHA to control Yemeni ports that receive aid. There have been no precedents found where aid distribution was allocated through opposition party groups.

Establishing a monitoring mechanism for aid distribution would be an enhancement to the data monitoring that is also used by humanitarian organizations. According to the 2020 Humanitarian Response Plan, OCHA, jointly with an Inter-Cluster Coordination Group (ICCG), is working on a new information system to collect data, monitor the number of people reached by humanitarian activities, and identify gaps in humanitarian response.

Outcomes

Successfully implementing an aid distribution plan would ensure a depoliticized and neutral distribution of aid materials to the population and that all funding and assets reserved abroad will be appropriately used. This plan would lift the government's limitations on humanitarian workers and organizations, allow operations to resume on the ground, and lead the way to an established and transparent mechanism that shares accurate data and information on its citizens or allows for accurate reporting from other actors and practitioners to be released. This plan's failure would result in the government's continued monopolization of aid, corruption, distrust from the opposition, and continued suffering for the Venezuelan people.

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PROVIDE MEDICAL ASSISTANCE TO THE VENEZUELAN PEOPLE

Re-envisioning aid distribution amid the COVID-19 pandemic.

Challenges and Opportunities

The COVID-19 pandemic has put additional stress on a health system already suffering from a shortage of skilled medical staff, medical resources, and hospital space. The Venezuelan Medical Federation estimates that hospitals nationwide lack nearly 98 percent of necessary medical supplies. Prior to the pandemic, Venezuelans had to grapple with power grid failures, unreliable water distribution services, food shortages, and a declining healthcare infrastructure.

The continued underfunding and under-resourcing of social welfare programs in Venezuela has a detrimental impact on the population, according to United Nations High Commissioner for Refugees' 2020 report, "*Consequences of Under Funding.*" Amidst social welfare shortfalls, political affiliation is an added prejudice for Venezuelan civilian access to national programs. The CLAP (*Comité Local de Abastecimiento y Producción*) program, founded in 2016 to address food insecurity, allegedly favors the 70 percent of the population that have a *Carnet de la Patria* (Homeland Identification Card).

The Maduro government and the opposition in the past have both advocated a greater role for religious organizations in aid support. So far, however, the Vatican has chosen to remain neutral while coming out with criticisms of both the opposition and Maduro government. With Caritas and the CRS being the most prominent religious groups on the ground, Catholicism holds heavy influence. Many local faith communities are uniting to promote an increased spirit of volunteerism amid the pandemic, but their reach is limited due to a lack of resources.

Recommendations

1. International donors acknowledge that they have a chance to transform the distribution of aid in Venezuela in a systemized material fashion versus a monetary fashion, to ensure that aid spending is tracked.
2. Encourage the United States to negotiate with the Venezuelan government and opposition leaders to tap into the Venezuelan funds frozen by the U.S. Treasury Department to develop an international aid distribution network that will focus on delivering material units of health and food aid.
3. Diversify local partnerships in the country to include more religious organizations that are targeting the health and food crisis in Venezuela to create a channel for material aid distribution.

Comments

Several organizations have demonstrated the potential impact of these recommendations. Cuatro Por Venezuela, a U.S.-based organization founded by four Venezuelans, operates in about 17 states across Venezuela. In 2019, they delivered 11,000 pounds of medical supplies and about 27,000 pounds of food. International aid organizations like Save the Children, the Red Cross, and UNICEF have been carrying out aid efforts on the ground also. When COVID-19 reached Venezuela, UNICEF upped their efforts to deliver not only water resource aid, but sanitation expertise, and rehabilitation support of depleted pumping

systems. Still, the work of international aid organizations, with limited funding options, is only addressing small segments of the population.

Outcomes

The impact of distributing material aid would be immediate and rapid – but temporary. With the hope that the international aid distribution network is fair and efficient, the diversification of partnerships to include more religious organizations will likely empower future aid efforts and allow for further reach into more rural areas.

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INTERNAL POLITICS

POPULARIZING CIVIL SOCIETY AS NEUTRAL SPACE

Demonstrating the value of independent civil society as an effective alternative to partisan networks.

Challenges and Opportunities

Venezuelan civil society groups engaged in advocacy and service provision face a number of challenges to operate at national and local levels. Regulations that closely monitor organizations are becoming more restrictive with new oversight laws. Self-censorship and suppression restrain information flows and impede planning and collaboration. Although civil society leaders are present in public discourse, popular participation is limited, and politicized networks contribute to insularity.

- The state's history as the primary provider of welfare traditionally minimized expectations for civil society to satisfy people's needs, hindering greater participation.
- Government-created Bolivarian entities that emulate grassroots organizations, such as Community Councils, are active but politicized. Their dependence on state intermediaries facilitates exclusivity.
- Antipolitical sentiment is common and partisan themes limit interest in participation.
- Regardless of ideology, the lack of basic necessities drives demonstrations and represents an area of immediate concern for citizens and government alike.

Recommendations

To increase engagement and expand their operating space, domestic CSOs must demonstrate their ability to be effective. Locally, CSOs should partner with Bolivarian networks to deliver tangible benefits on a non-partisan basis. Nationally, established organizations and networks with developed messaging capacity, like PROVEA, should affirm commitments to depoliticization and support local initiatives.

1. Develop networks between national and local CSOs to increase service and outreach efficacy. Anchoring networks in national groups can extend benefits to localized CSOs while insulating them from the politicization of specific organizations.
2. Cultivate wider public engagement by increasing outreach and cooperation with state-sanctioned organizations and councils. Support community projects or official missions by providing manpower, logistical support, and/or supplying direct aid. There should be a focus on projects that reflect common values such as food security, education, or skills training.
3. Networks should periodically report achievements to highlight civil society as a venue to empower communities to address their respective needs. Contributions made by private groups, grassroots actors, and state entities should be recognized candidly.

Comments

Solidarity and proactive messaging are needed to protect initiatives and advertise nonpartisanship. Depoliticized language will aid networking and public outreach.

- CSOs face pressure to remain apolitical at local levels to operate safely and effectively. Advocacy groups are at high risk of being treated as political due to the focus of their work. The alignment of interests must be addressed as incidental in messaging.
- It may be necessary for CSOs with limited reach to commit to working with one partisan community. Networks can distinguish cooperation from co-optation with balanced messaging that recognizes comparable initiatives in differently aligned communities.
- CSOs must also accept the government's interest in claiming responsibility for successful projects. Focusing on shared accomplishments should allow groups to maintain good standing with authorities.

These recommendations aim to build capacity and common space by capitalizing on apolitical sentiment in the public. In doing so, the strategy complements the viability of civil society initiatives to mediate political solutions. The long-term success of democracy requires a civil society that is comfortable engaging with all parties to influence policy and drive commitment to voters. Ignoring this reality can feed a hollow party system with low accountability and potentially revive corruption and distrust in institutions.

Outcomes

Success would allow CSOs to better address local needs while gradually raising engagement and developing networks across ideological divides. Building confidence in the intentions and capacity of civil institutions will make it easier to establish new working relationships with now reluctant citizens. Establishing a role for independent civil society as supplemental to government initiatives may elicit state tolerance and possible acceptance of activity now considered to rival government influence. Popularizing this role will help normalize and widen operating space. CSOs might increase their resource economy by cooperating with state channels even if they cannot access resources directly. Independent funding might be derived from remittances, but only if solicited for expressly nonpartisan purposes. Featuring personal donors could humanize service as a compatriot effort to reduce politicization and operating restrictions.

Hardliners may use the failure of specific projects to politicize initiatives and civil space. Deviance from nonpartisan commitments would recreate legitimacy gaps, reducing effectiveness and possibly inciting repression.

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ADVANCING AN INTERNAL NEGOTIATION

Finding an internal negotiated solution that leads to realistic and durable change in Venezuela.

Challenges and Opportunities

President Nicolás Maduro inherited the loyalty Hugo Chávez enjoyed from political leaders and the military, providing Venezuela's current government a closely-knit, almost impenetrable political system. As a result, coordinated resistance from government loyalists has consistently frustrated efforts to hold open and fair elections or to reach a peaceful agreement.

- The threat of retaliation, imprisonment, and/or international sanctions discourages the military from disrupting the status quo, thwarting the opposition's attempt to directly engage with the military leaders. Despite opposition groups' efforts attempting to forge a negotiated internal solution with the Maduro government, a political impasse persists in the country.

Despite this complex and challenging situation, the efforts made by the population to change the political scene have shown small but significant signs of prospective cooperation. The economic crisis affects all stakeholders in Venezuela irrespective of their allegiance, which has led limited actors within the military to express interest in collaboration. The military is a key ally for the government to maintain its power. Therefore, any channel that leads to dialogues between actors from the military, government, and opposition groups present an opportunity to negotiate an internal solution.

- Both the military and the government must be part of a dialogue with the opposition to build trust between these actors and minimize the risk of enflaming political tensions. The negotiating parties must avoid entering settlement talks with foregone conclusions.
- The opposition should be open to any small or big compromise that the Venezuelan government is able to reach. Arranging for a recount of votes or referendum should be accepted and explored even in the case that it results in the continuation of the regime.
- Previous attempts to reach an agreement have failed due to inadequate strategy or untimely external intervention. For a results-oriented dialogue to take place, the opposition must align with members of the international community to follow the best course of action and prevent negotiations from spoiling.

Recommendations

The U.S. government should provide strategic support to opposition groups concerning best practices for dialogue with the Maduro government and military. Simultaneously, the U.S. should halt all new threats of punishment or penalty against any member of the government or military to prevent skepticism on the regime's side before the conversation takes place. In addition to providing support for a reached agreement, the U.S. government should maintain a neutral and distant position before and during the negotiation process. Specifically, the recommendation includes:

1. That the opposition and international community, following constitutional guidelines, promise amnesty to all members of the Maduro government, military personnel, and civilians irrespective of their contributions to the negotiation process and its subsequent results.

2. That the opposition and U.S. government coordinate their actions to avoid undermining each other's efforts to promote a negotiated settlement.

Comments

These recommendations require the U.S. government and the international community to publicly acknowledge their backing of an internally negotiated solution. This means offering to loosen sanctions, remaining neutral, and not imposing any legislation that could have an impact on Venezuelan civilians for as long as the dialogues last.

Outcomes

If recommendations are successfully implemented, it could potentially open the path to a democratic change of ruling party for the first time since Chávez's first election victory in 1998. The negotiation should include international observation regardless of the outcome reached to secure a fair process. If the recommendations are unsuccessful, Venezuela would likely maintain the status quo for longer than anticipated due to friction induced by failure to reach an agreement.

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CITIZEN DIALOGUES TO DEVELOP A UNIFIED NATIONAL IDENTITY

Fostering sustained national dialogues to develop a new, unified, apolitical Venezuelan identity.

Challenges and Opportunities

Venezuela's political history of competition among *caudillos* and its economic dependence on oil thwarted the development of a robust national culture and identity. In turn, party elites from across the political spectrum have exploited this situation by politicizing all aspects of society for political and economic gain. The simultaneous political, humanitarian, and economic crises plaguing the country have exacerbated societal divisions rooted in a missing unified Venezuelan identity. These crises have eroded most of the population's trust in all major political figures, leading many Venezuelans to eschew political affiliations with either the government or opposition.

Recommendations

That non-partisan Venezuelan human rights organizations revitalize national pride, based on shared cultural, social, and artistic values, rather than political allegiance, by hosting a series of sustained national dialogues across Venezuela that bring private citizens representing different political and socio-economic classes together.

The main components of the program should include:

1. Empowering one, or a coalition of multiple, domestic Venezuelan non-partisan human rights organization(s) in the vein of *Centro de Justicia y Paz* and *Dale Letra* to lead the dialogue effort.
2. Collaborating with independent Venezuelan arts and culture institutions like *Fundación Sala Mendoza* or *Espacio Mercantil* to generate specific, non-political areas of cultural, social, and artistic interest around which to focus the dialogues. Then, hiring a respected Venezuelan research and polling organization like *Datanálisis* to survey a diverse cross-section of the population to gauge interest in the recommended topics and identify topics with wide appeal.
3. Selecting a national dialogue-oriented international NGO, based in a country without partisan connections to the government or opposition, such as the Finland-based Crisis Management Initiative. The chosen organization would plan and implement the dialogues and train local dialogue facilitators to work alongside international dialogue practitioners.
4. Working with the selected international NGO and polling agency to compile the results of the dialogues into reports that would also include guidance for the ongoing development of national identity. Critically, reports would focus on non-political aspects of identity to avoid partisanship semblances and encourage domestic media outlets with diverse political leanings to publish them.

Comments

- **Traditional Power Structures:** Since this effort seeks to build civil unity divorced from party affiliation, it will likely face opposition from elites across the political spectrum.

Consequently, partnering with cultural and artistic organizations and framing the initiative in the language of national pride and identity is necessary to make it challenging for any group to publicly assail the dialogues.

- **Apolitical Approach:** For similar reasons, it will be important that the citizen dialogues focus on topics that cannot be misconstrued as partisan by anyone. The country's polarized state means that any perception of partisanship would create problems for participants and facilitators.
- **Facilitators:** In selecting professional foreign dialogue practitioners and domestic facilitators it will be important to carefully vet everyone for strong partisan ties. Finding completely apolitical Venezuelan facilitators is unlikely. Thus, it is important for facilitators to have diverse political views to prevent the dialogues from appearing to have a partisan agenda.
- **Partnerships:** To avoid unwanted and unintended partisan affiliations and encourage all Venezuelans to participate in national dialogues, the process of selecting partner organizations must be rigorous.

Outcomes

If successful, sustained dialogue has the potential to change the outlook of participants, and their broader communities, leading them to become more accepting of those with different views. In this initiative, success would begin the process of shifting Venezuelan national culture and identity away from political partisanship, rendering political elites' efforts to exploit division less effective. Based on the nature of intergroup dialogue, the timeline for this process is likely to be multi-year. Positive outcomes will not become obvious until after the process has been completed.

The success of this recommendation would be measurable in terms of participants' experiences. Individuals' experiences could be assessed through participants' post-dialogue feedback and through pre- and post- surveys aimed at capturing participants' biases and opinions about Venezuelans with political and social affiliations different than theirs. To maximize their potential for change, national dialogues must include Venezuelans from diverse socioeconomic classes and political leanings. The quality of the recommendations to construct a national identity that dialogues yield and how widely these ideas are disseminated could also serve as indicators for the initiative's success.

In dialogue processes, failure is likely when transitioning from generating recommendations to implementing them. Although challenging, it will be necessary to present the ideas about fostering civil unity that dialogues yield as constructive for all Venezuelans. Focusing on the social and cultural aspects of these ideas would likely increase their appeal to diverse actors.

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EXTERNAL POLITICS

GETTING THE GOVERNMENT AND OPPOSITION TO THE TABLE

Adapting U.S. sanctions to promote internal negotiations.

Challenges and Opportunities

U.S. sanctions have aggravated the Venezuelan people's suffering without achieving their stated goal of effecting regime change. U.S. executive orders have essentially blocked the country's ability to sell oil products, further weakening Venezuela's oil-dependent mono-economy. Other U.S. restrictions make it almost impossible for the country to engage in normal trade, increasing its dependence on China, Russia, Iran, and a handful of other partners.

- Shortages of varied daily necessities, including food and medical supplies, have significantly worsened conditions in Caracas and throughout the country. Yet ongoing suffering has not translated into additional rejection of the Maduro government.
- Some reports indicate that the sanctions, in turn, have reduced popular support for the opposition leaders who support them. Sanctions against individual Venezuelan officials and threats of legal action against their supporters have been ineffective. The bounties placed on President Maduro and high-profile political and military figures' heads have failed to advance U.S. foreign policy objectives, deepening loyalty to the Maduro government and resistance to a negotiated settlement instead.

Recommendations

That the Biden-Harris Administration adjust U.S. sanctions and use the leverage sanctions provide to induce negotiations and alleviate human suffering in Venezuela. The COVID-19 pandemic can provide political cover for the United States to shift away from its maximum pressure approach towards Venezuela. Washington should consider lifting some sanctions immediately while offering to remove others in exchange for the Maduro government and the opposition earnestly negotiating with each other.

1. Sectoral sanctions prohibiting diesel swaps should be lifted immediately.
2. The Administration should signal that it will remove the bounties on senior officials' heads if they agree to negotiate. Also, the Administration should warn opposition leaders that U.S. support will be conditioned on their willingness to negotiate with the Maduro government.
3. In coordination with mediators, the U.S. should offer to unfreeze Venezuelan government financial assets in exchange for negotiated concessions and incentivize an internationally monitored referendum on Nicolás Maduro's presidency, as permitted by the Constitution. A pledge to accept the results of the referendum would help as well.
4. Following a negotiated settlement, the United States should review sanctions related to visa bans, access to the U.S. market, and other issues.

Comments

President Maduro has publicly stated interest in dialoguing with the Biden-Harris Administration about sanctions relief. The Administration has explicitly ruled out any direct contact with the Maduro government. However, this does not preclude the United States from encouraging negotiations among Venezuelans with international mediators and guarantors.

- The Biden-Harris Administration must avoid any potential political costs. Loosening sanctions to alleviate Venezuela's overlapping humanitarian and economic crises is politically defensible. Flexibility signaling in other issue areas will help Venezuelan leaders, opposition groups, and citizens regard themselves as stakeholders in resolving their national impasse.

Outcomes

Adjusting U.S. sanctions can be successful but is not without challenges. There will be pushback from opposition leaders who may interpret the lifting of sanctions as the United States shifting support to President Maduro. The Maduro government would likely be skeptical of the United States' intentions. Having a third-party, such as Norway, along with other invited guarantors, mediating would assuage each side's anxieties. The United States does not need to be directly involved in negotiations. However, past experiences suggest that progress will be highly unlikely without at least tacit signaling from Washington endorsing Venezuelans themselves into taking the lead on resolving their crises.

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A MULTILATERAL DIPLOMATIC APPROACH

Rallying international players to support a negotiation.

Challenges and Opportunities

Previous negotiations between the Maduro government and the Guaidó-led opposition show cooperation is possible. Norway as a neutral broker offers the best chance for resuming talks. Narrowing differences among international actors suggests support for peaceful negotiations will continue to increase. A unified strategy is in the interests of the United States, the EU, and Latin America but has yet to attain achievement.

- Recognizing the weakening of the opposition, the EU encouraged the opposition to participate in the December legislative elections and to continue negotiating with President Maduro over details of a possible settlement. The Lima Group has softened its stance and seems more ready to support negotiations. Other state actors are crucial for building trust during talks with some basic reassurances that the negotiations will be fair.

Issues on which all parties feel pressure to make progress, particularly the humanitarian challenges, are opportunities for consensus.

- The opposition and government both have nominally embraced holding a 2022 recall referendum, in accordance with Article 72 of the Constitution, as a potential opportunity for a political reset. The EU and UN declined President Maduro's invitation to observe last December's legislative elections because there was insufficient time to do it properly, but they would almost certainly welcome the opportunity to monitor a negotiated recall referendum.

Recommendations

Norway should restart negotiations with the participation of international stakeholders acceptable to both President Maduro and the opposition.

1. Although Washington would probably be reluctant to participate, the opposition should be allowed certain guarantors of its choosing, and the government could propose that Moscow, Beijing, and Havana be present. More players expand the universe of options for problem-solving. For example, President Maduro may be amenable to allowing Russian support in distributing material aid, as they have done in Syria. Cuba has been a responsible player in other negotiations, most recently helping end Colombia's five-decade war. Maybe even the Pope can reassure the two sides.
2. Create linkages within the humanitarian talks to further expand them into political negotiations by tying in the recall referendum in 2022. In January, President Maduro told the opposition that the only way he will leave office is by the recall referendum and they should begin to gather the signatures required for that process.

A number of issues are already under discussion between the government and the moderate "*mesita*" opposition (the Guaidó faction refuses to participate.) On the agenda are reforming the National Electoral Council (CNE), preparing local elections this year, and presidential elections in 2024. President Maduro must agree to improve technical conditions for voting, secure the machines, ensure access to vote, as well as robust international observation. In return, the international community should promise to accept the outcome.

Balancing the Supreme Court, reinstating presidential term limits, and re-establishing an upper house, or Senate, in the legislature will also be parts of an effective long-term agenda.

Comments

There are numerous challenges, but none of them are truly insurmountable, especially if the United States supports the negotiation process.

- Conditions for concessions have not been met yet. President Maduro is surviving sanctions and feels victorious, and the opposition has foreign backing to offset its weakness at home. The many opposition groups within Venezuela are fractured, and both Washington and Brussels further weakened some recently by sanctioning moderates who have advocated for negotiations.
- Furthermore, as neither negotiating party represents a unified bloc, the representatives will have difficulty making concessions and guaranteeing compliance. Norway and other guarantors will need to support implementation and compliance of a negotiated settlement.
- The opposition controls funds frozen by the U.S., but President Maduro controls the mechanisms to distribute humanitarian aid. External monitoring, such as by the UN, Red Cross, or Catholic Relief Services, will help depoliticize distribution. Russia worked with the UN and France to distribute aid in Syria — similar oversight and neutrality are crucial here.
- On top of guarantees for a credible electoral process, President Maduro should release political prisoners and end bans on political parties and candidates. Such steps would showcase progress toward reviving democratic institutions and signal an interest in rapprochement with the opposition.

Outcomes

Success would require all sides first to acknowledge that the U.S. led regime change policy — forcing President Maduro from office before any negotiation could ensue — has failed and should be abandoned in favor of processes consistent with the Venezuelan law and Constitution. The U.S. needs to support dialogue and acknowledge how incremental progress can lead to a negotiated settlement.

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ECONOMIC

REIMAGINING VENEZUELA'S ECONOMIC MODEL

Lifting sanctions to promote structural reforms.

Challenges and Opportunities

Venezuela is currently experiencing an economic crisis that is the product of decades of macroeconomic mismanagement, state interventionism, and a failing oil rentier model. The Chávez government introduced new price controls, ran higher fiscal deficits than previously seen before, and overvalued the exchange rate. These policies resulted in hyperinflation, exchange rate appreciation, high debt levels, and economic contraction, contributing to the ongoing crisis. Although analysts expect the country's recession to bottom out, without structural reforms, Venezuela's future economic growth and stability continue to be in jeopardy.

Despite these challenges, Venezuela's economic crisis presents several opportunities to reimagine the country's economic model and build stronger ties with the United States. The petrostate will need to undergo several reforms to recover economically.

- Current U.S. sanctions are ineffective and cause unnecessary harm. Since 2017, the United States has drastically expanded sanctions, contributing to Venezuela's economic decline. Consequently, Maduro's government has strategized to skirt sanctions. Still, in 2019 former U.S. National Security Advisor John Bolton estimated that more than \$11 billion in oil revenue is lost annually due to U.S. sanctions. Analysts assume the economic loss will continue under current sanctions.
- The Venezuelan rentier oil model is decaying, unsustainable, and incapable of producing long-term economic stability as it leaves Venezuela vulnerable to boom-and-bust cycles. Left unchanged, this model can lead to continued currency appreciation, deepen oil dependency, and cause general instability. New reforms seeking to address the country's structural challenges require significant investment.
- Venezuela has a long history of running fiscal deficits due to high social spending, often financed by foreign debt. Existing sanctions make it impossible for the country to receive new loans. In response, the Maduro government has cut spending and sought new ways to increase revenue. Currently, Venezuela is not investing in meaningful structural reforms.

Recommendations

The U.S. government should loosen sanctions that make structural reform nearly impossible in Venezuela to help stabilize the economy and support long term growth. Washington could do this unilaterally, although a negotiated process would almost certainly offer better results.

1. That the U.S. government adopt policies that facilitate several structural reforms in Venezuela. One of these policies includes lifting certain sanctions, such as those regarding the purchase of Venezuelan debt, PDVSA and its assets, and Venezuela's access to the U.S. market. The United States can take a range of actions to drive several reforms, including:

- Promote a market system that allows for greater self-regulation of the market and an independent monetary policy enabling Venezuela's exchange rate to float. In reducing state interventionism in the economy, these policies would assuage economic mismanagement and allow Venezuela to improve its fiscal balance.
 - Endorse reforms to strengthen Venezuelan institutions, encourage election monitoring, and advocate for all citizens' rights. These actions are conducive to building a more resilient and inclusive economy.
 - Support anti-corruption reforms in Venezuela to foster greater equality, improved efficiency, and less dysfunctional public services.
2. That the U.S. government engages and coordinates with other actors to develop a unified policy towards Venezuela.
- For improved effectiveness, the United States must coordinate its targeted sanctions with other actors who have also imposed sanctions on Venezuela, including the European Union, Canada, Mexico, Panama, and Switzerland.
 - Similarly, coordination between the United States, International Monetary Fund, World Bank, and foreign debtors is necessary to negotiate funds for structural reforms in Venezuela and the restructuring of Venezuela's debt.

Comments

Sanctions are a defining element in U.S. policy towards Venezuela and removing them will require political muscle. However, easing sanctions presents an opportunity for the United States to promote economic recovery, reform, and stability in the petrostate. To keep exerting political pressure on Venezuela, targeted U.S. sanctions, such as those against individual government leaders, could remain in place.

Outcomes

Successfully implementing the above recommendations would lead to economic improvement. In the short term, these policies would engender responsible economic management, allow revenue to return to the economy, and forge a path for sustained growth. In the medium term, structural reforms would reduce state intervention in the economy, laying the groundwork for a market economy to take off. In the long term, Venezuela would enjoy greater economic stability, fostering improvements in the standard of living.

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REVITALIZING AND DIVERSIFYING THE ECONOMY THROUGH PARTNERSHIPS

Promoting public-private partnerships to address oil, non-oil, and public infrastructure needs required for future economic prosperity.

Challenges and Opportunities

For decades, oil dependency has characterized the Venezuelan economy. Since its creation in the 1970s, *Petróleos de Venezuela, S.A. (PDVSA)*, the national oil and gas company, has been a major source of government funding. The U.S.-based Natural Resource Governance Institute estimates that over 90 percent of the country's exports derive from its energy sector. Also, the state failed to strengthen other industries as it focused on oil. As such, the economy is profoundly vulnerable to oil price and output fluctuations.

Beyond the volatility of oil prices, a series of challenges have compromised PDVSA's production and income-generating capacities.

- In 2002, Hugo Chávez fired thousands of PDVSA employees in response to oil workers and business actors holding a 12-week general strike designed to paralyze the economy to affect his ouster. Loyalists replaced experts and skilled workers in the company.
- Chávez's government tightened state control of the oil industry, and the economy as a whole, resulting in some foreign oil majors leaving Venezuela. Foreign capital and expertise necessary for developing the country's extra-heavy crude oil were lost.
- The Chávez and Maduro governments used PDVSA's export sales to pay off foreign debt rather than investing the revenue in the company's infrastructure. Today, technical issues often derail PDVSA's desired production increases. The country's failing infrastructure and rationing of electricity further complicate oil production.
- U.S. sanctions imposed on PDVSA prohibit U.S. firms from making direct payments to PDVSA for oil imports, prohibit PDVSA from accessing its assets held in the United States, and prohibit U.S. firms from exporting diluents to refine Venezuela's crude oil.

Facing a protracted economic crisis, the Maduro government has begun shifting its economic strategy.

- In 2020, the government announced Venezuela is open for foreign investment. In September of that year, the Constituent National Assembly passed an Anti-Blockade Law, which seeks to help the government skirt sanctions imposed on state-owned enterprises by relinquishing state control of these assets to private actors in exchange for profits.
- Oil continues to be Venezuela's most attractive asset. This past March, PDVSA officials met with foreign oil executives. As the government explores privatization, it is likely that it will continue engaging with foreign investors and seeking new ways to work around sanctions.
- Increased interaction between the government and private investors could lead to a framework for private-public partnerships in the oil industry that address capital and infrastructure issues.

Recommendations

1. That the U.S. Government lift sanctions on PDVSA, which have failed to force regime change, in return for assurances that the Venezuelan government will continue to reduce barriers for economic recovery. Incipient reforms including the reintroduction of private sector involvement in the oil industry need time to take off, and economic recovery is unfeasible if Venezuela's single most important industry is isolated from foreign markets.
2. That the international community promotes public-private partnerships (PPPs) as a way of simultaneously targeting economic and humanitarian needs. By pooling together different abilities and perspectives, partnerships can address the lack of expertise, investment, and capacity currently afflicting different industries and the country's public infrastructure.
3. That the international community concentrates its support for PPPs in non-oil industries. For sustainable economic recovery, Venezuela must diversify its economy, especially as the world moves away from fossil fuels. However, because of the country's history of oil dependency and the appeal of oil to foreign investors, the government will likely focus on oil at the expense of other sectors as it seeks out private investment. The international community can stimulate a dialogue about sustainable economic recovery by drawing attention to openings in different Venezuelan industries, like agriculture, where partnerships can thrive.

Comments

Ongoing political and economic instability in the country are obstacles to establishing PPPs. Support and momentum for partnerships can be mobilized by highlighting their ability to address the country's humanitarian crisis. The international community should support partnerships but expect that in accruing benefits for the economy and the country, PPPs are also likely to indirectly benefit Maduro and his loyalists due to the resulting political space or opportunities for corruption they create.

Outcomes

In the short-term, successful adoption of the above recommendations is likely to encourage talks between the government and private actors to establish frameworks for their partnerships. In the medium- to long-term, industry experts and the government could work together to update oil, non-oil, and public infrastructure, giving Venezuela a chance to recover sustainably.

In the near-term, Venezuela may boost oil production, despite sanctions on PDVSA and without partnerships, but not enough to mitigate the economic crisis. In the medium- to long-term, failure to adopt the recommendations will delay economic and humanitarian relief and increase the already massive influx of investment Venezuelan industries require for recovery.

With or without PPPs in the oil sector, Venezuela is unlikely to return to its oil boom heydays and the country will be confronted with a new landscape in the global oil industry. Without strengthening non-oil industries future economic recovery will be precarious.

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BORDER SECURITY

GUERRILLAS JEOPARDIZE COLOMBIA-VENEZUELA BORDER SECURITY

Pressing Bogotá to reduce border insecurity through implementation of 2016 FARC Peace Deal.

Challenges and Opportunities

Colombian and Venezuelan criminal groups capitalize on bilateral tensions, continued corruption, and almost guaranteed impunity on both sides of the porous Colombia-Venezuela border due to a lack of state presence. Colombia's two main guerrilla groups, the Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN), have long taken advantage of these dynamics at the border.

- The UN has documented the Colombian government's failure to fully implement a 2016 peace agreement to demobilize the FARC due to a lack of political will and elites' desire to back out and modify critical aspects of the accord. Dissident groups of former FARC fighters have left the peace process to remobilize and expand their foothold in Venezuela alongside ELN guerillas, seizing upon the Venezuelan government's tolerance of – and at times reliance on – their criminal activities.
- The Venezuelan government has recently joined Colombia in engaging militarily with the former FARC factions operating in the border region. Venezuela's armed forces have shot at and bombed guerrilla camps while engaging in gunfights with the former rebels. Although their cooperation is indirect and uncoordinated, it demonstrates a common interest between the two neighbors.

Recommendations

That the United States urgently prompt the Colombian government to recognize that its common security objective with the Venezuelan government can be fulfilled by thoroughly implementing its 2016 peace accord, including the coca crop substitution program, rural development projects, and the reintegration of former combatants.

1. The Colombian government's allocation of more resources to the above initiatives should be a requisite for receiving U.S. security aid.
2. Fully funding and implementing the peace deal simultaneously improves security for the government, community members, and civil society organizations operating in areas where guerilla groups are present and demonstrates good faith to ELN rebels considering ceasing criminal activities and demobilizing in the future.

Comments

Cocaine trafficking is a key revenue stream for both the ELN and FARC dissidents on the border.

The Catatumbo region along the border is one of the main coca-producing regions in all of Colombia. Cocaine is trafficked from Colombia through Venezuela and sent on to consumers in

international markets via cocaine-laden aircraft utilizing clandestine airstrips in border states like Apure and Zulia. Bogotá's failure to stop narcotics activities on its side of the border allows trafficking to continue.

There are numerous things to watch out for while implementing this recommendation.

- A lack of political will is the preeminent obstacle. Tensions between Colombia and Venezuela date back decades, making it difficult to convince the leadership in both countries that they have common goals. Consequently, building trust will be vital. Both governments and criminal actors have strong reasons not to trust each other. Community members who have long been neglected and victimized by state and armed groups also have reason to be wary.
- Recently, ELN leader Pablo Beltrán expressed optimism that President Joe Biden could push the stalled peace talks between his rebel group and the Colombian government forward. A prominent former FARC leader recently sent an open letter to the U.S. Congress requesting help with implementing the peace agreement.

Outcomes and Scenarios

The Venezuelan government is currently on the offensive and attempting to root out armed actors from the border to regain control of the area and establish more favorable conditions. Implementing the peace accord, focusing on rural development, and funding coca crop substitution programs will enable the Colombian government to assert increased state presence in the border region, better positioning Bogotá to revoke the control local criminal groups have.

If the two governments fail to cooperate, border violence will continue and probably increase. The agreements between ELN and dissident FARC groups, and those shared between the guerillas and the Venezuelan government, are fragile, ever-changing, and easily spoiled, fueling the risk of greater protracted violence. Additional armed groups may seek to establish their presence at the border. This could upend informal agreements between rebel groups already operating at the border, potentially causing already endemic levels of violence to further deteriorate in border states like Apure, a key drug trafficking corridor.

- The ELN and FARC dissidents may become more entrenched within Venezuela, where they are not a direct, immediate security concern for the Colombian government. The ELN is present in approximately 50 percent of Venezuelan states, and around 45 percent of its members are in Venezuela. This territorial presence, and the related conflict it creates, will continue to displace civilians into Colombia, leaving them especially vulnerable to forced recruitment while accentuating tensions on the border. Moreover, insufficient state presence enables criminal actors to expand their control and governing abilities, threatening long-term stability wherever they are active.

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OPEN BORDERS FOR IMPROVED BORDER SECURITY

Reopening the Colombia-Venezuela border with a third-party entity on each side of the border.

Challenge and Opportunities

With a shared 1,378-mile border, Colombia and Venezuela are struggling to combat gangs, paramilitary, guerrilla, and drug trafficking groups, irregular migration, and civilian killings. Local officials and human rights groups have reported that the number of killings at the border is significantly higher than the number reported by the government. As reliance on illegal groups for necessities at the border increases, migrants, and refugees often report atrocious violations of their rights and safety. Nearly 2 million Venezuelans at the border have been victims of armed groups and corrupt officials. Beyond crime, tensions within the bilateral relationship of the bordering countries are being fueled by President Iván Duque and President Nicolás Maduro's inflammatory rhetoric towards each other.

Due to the current COVID-19 pandemic, the border has been closed since March 2020. This closure has increased the mistreatment of migrants and refugees and exacerbated contraband smuggling. Additionally, communities in the area are in desperate need of medical and household resources, which their surrounding informal economies are unable to supply. In the last year, an increase in military personnel in Cúcuta, one of the main entry points for drugs, began pushing drug trafficking routes south to Arauca. Local Venezuelan officials across the border, in Apure, have complained about being left to deal with the Venezuelan crisis on their own. Recently Governor Laidy Gómez said that if armed forces don't act quickly, Táchira could end up looking like Medellín 20 years ago.

Recommendations

1. That both governments should agree to the reopening of the Colombia-Venezuela border and position one or more neutral third-party entities at the border. One option for a third-party who poses no political threat is the World Wildlife Fund (WWF).
2. That the international community offer its support to the installation of a third-party monitoring mechanism at the border to increase awareness of the situation there and help track the flow of violent actors, migrants, and contraband in the area.

Comments

Opening the border with ramped-up security mechanisms would allow formal economic opportunities to emerge, potentially decreasing trafficking and contraband smuggling. An ideal mediator will need to have an intimate knowledge of the issues at the Colombia-Venezuela border. An added merit would be that the mediator's efforts do not contribute to the ongoing corruption, and it should be noted that due to their lack of arms their role is not to be peacekeepers. International NGOs already in the area (beyond the WWF), such as the Red Cross, could provide monitoring in the course of ongoing activities. The World Wildlife Fund, for example, currently works in both Colombia and Venezuela, and the exploitation of natural resources through illegal mining in the border area would be a natural area of competence for it.

Outcomes

While both Colombia and Venezuela would continue to have their police and military present at the borders, non-interference with the monitoring third-party will set the stage for improved security conditions. The improvement of said conditions at the Colombia-Venezuela border could open up previously unattainable access to humanitarian assistance. It would be beneficial to locate additional NGOs who may be trained monitors and specialists in border control, and equipped with technology, such as sensors and drones, to conduct monitoring. By being unarmed, they would not pose a threat to local criminals, allowing them to continue their work in a peaceful manner. All recommended steps will need to be discussed and agreed upon by both countries' governments and the third-party and international monitors that will be assisting.

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ALIGNING ELITE ATTITUDES TOWARD THE COLOMBIA-VENEZUELA BORDER

Encouraging elites to resolve problems on the Colombia-Venezuela border.

Challenges and Opportunities

Despite the growing tensions and humanitarian crisis along the Colombia-Venezuela border, Colombian and Venezuelan elites keep failing to address these challenges, sometimes aggravating them. Government officials, business groups, media moguls, intelligence officials, and other influencers in both countries refuse to take ownership of the myriad problems at the border.

- Colombian narcotics producers, many of whom have links to elites and exclusive institutions, exploit disorder along the border to export drugs. Through complicity or incompetence, Venezuela provides drug traffickers with a passageway to smuggle and ship contraband headed to the United States and beyond. Colombian President Iván Duque has accused President Maduro and his top advisors of personally authorizing refuge and assistance to traffickers and guerrillas in Venezuela. In response, Venezuelan authorities have levied countercharges. Even when targeting the same threat, such as in recent attacks against renegade FARC elements, the countries have launched border security protection procedures without notifying each other.
- Elites in both capitals have traditionally been unwilling to address the lack of government presence in border areas. The media, moreover, prefer to report on the political sniping between the leaders of both countries rather than report the underlying drivers and potential solutions. Rampant corruption in both countries contributes to violent turmoil and inhumane conditions at their shared border.

Recommendations

That the international community promote communication and collaboration between Colombian and Venezuelan elites to address border security challenges, holding elites accountable for their actions or lack thereof.

This recommendation can be implemented in the following ways:

- Fostering a direct line of communication between Colombian and Venezuelan civil society leaders, annual conferences, and/or conducting small group meetings in both countries, present opportunities to address border security challenges and strengthen bilateral initiatives.
- In partnership with the Colombian and Venezuelan governments, elites should endorse a joint-patrol venture along the border. This new venture may include Colombian and Venezuelan military personnel, border patrol agencies, and the establishment of a border control team (created for the sole purpose of patrolling the shared border region) comprised of individuals from each country working in unison.

Comments

The proposed recommendations hinge on Colombian and Venezuelan elites working jointly. Implementing these recommendations would improve conditions at the border and potentially address concerns over corruption. Given the profound distrust between the nation,

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predicting the future of the border crisis is difficult. For this reason, and to maximize their likelihood to succeed, these recommendations are designed to be modifiable as new developments arise.

Outcomes and Scenarios

The situation at the Colombia-Venezuela border is dynamic but consistently benefits criminals and victimizes both countries' citizens. If bilateral tensions persist, Colombia and Venezuela will continue to experience border security challenges with nationwide implications.

If border challenges endure and intensify, the worst-case scenario (although unlikely) would involve an armed conflict between Colombia and Venezuela. Elites stand to lose a lot in such a situation. Thus, despite the above recommendations not guaranteeing cooperation between elites, they have the potential to encourage elites to recognize that their national security and general welfare depends on them working to resolve the border crisis.

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INTERNATIONAL CONTRIBUTIONS TO HUMANITARIAN RESPONSE PLAN

Venezuela 2020

<https://fts.unocha.org/appeals/928/summary>



Response plan/appeal snapshot for 2020

10-Apr-2021

US\$762.5m total requirements of plan



US\$248.0m total funding to Venezuela, Bolivarian Republic of (2020)



[Show more](#)

Largest sources of response plan/appeal funding		
	Funding for response plan/appeal (US\$m)	As a share of overall funding to the response plan/appeal (%)
<u>United States of America, Government of</u>	65.5	39.9%
<u>European Commission</u>	30.7	18.7%
<u>Venezuela, Government of</u>	12.2	7.5%
<u>United Kingdom, Government of</u>	10.4	6.3%
<u>Sweden, Government of</u>	9.5	5.8%
<u>Germany, Government of</u>	6.0	3.7%
<u>Central Emergency Response Fund</u>	4.4	2.7%
<u>Norway, Government of</u>	4.3	2.6%
<u>Switzerland, Government of</u>	4.1	2.5%
<u>Japan, Government of</u>	3.9	2.3%