



REIMAGINING SOCIAL CHANGE



# The Business Imperative of Enabling Peace and Prosperity

*A case study on **Energía para la Paz**,  
a shared value initiative of Grupo Energía Bogotá*

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**For decades,** guerrillas<sup>1</sup> visited Irene's<sup>2</sup> home to collect the *vacuna*—an informal tax to buy her family's safety. From the early days of the conflict, her village near the town of Planadas had been a stronghold of the FARC and off limits even to the National Army. When the guerrillas and the Colombian government reached a peace agreement in 2016, Irene continued to fear for her children's lives and her own. With unknown numbers of landmines scattered across the countryside, and countless stories of neighbors being maimed by the explosives, Irene's family rarely ventured beyond the roads that were most familiar. Landmines threatened her community's physical safety, and also limited access to the rich and fertile soils that could produce some of Colombia's best fruits and coffee. While many Colombians and the rest of the world celebrated the new peace accord, Irene and her community felt forgotten.



*Members of the Colombian National Army conducting landmine safety training in Planadas, Colombia.*

For Irene and her neighbors, the landmines signaled that the war's violence continued, and for Colombian companies landmines presented a significant business risk. When employees, customers, and partners believe that their lives are in jeopardy, businesses face serious operational challenges. Grupo Energía Bogotá (GEB)—a multinational utility, energy, and natural gas company—experienced that risk acutely. One of GEB's major energy transmission projects, Tesalia-Alfárez, spanned over 200 kilometers across the very communities affected by the presence of mines.

GEB chose to address the challenge in an innovative way. Through its *shared value*<sup>3</sup> initiative, *Energía para la Paz*, **GEB linked**

**its business success with the safety and wellbeing of local communities.** Four years after its inception in 2016, *Energía para la Paz* has contributed to demining over 7,700 hectares of productive land, enabling communities to work toward a better future. It also helped GEB avoid millions of dollars' worth of additional costs resulting from landmine incidents and community unrest.

1 The Revolutionary Armed Forces of Colombia (FARC) was the largest and most active guerrilla rebel group contributing to the violent conflict in Colombia since 1964.

2 Name changed to preserve anonymity.

3 *Shared value* is a term coined by FSG co-founders Michael Porter and Mark Kramer in the 2011 *Harvard Business Review* article "Creating Shared Value," <https://hbr.org/2011/01/the-big-idea-creating-shared-value>.

Today, Irene has a new life and new dreams for a peaceful future. Every Saturday, she confidently walks down mountain paths into Planadas to sell coffee beans at the export market. She spends the afternoon with friends, and returns home without fear of mines.

Like Irene, the people of Planadas are beginning to feel the benefits of peace.

*“Having GEB’s electricity tower pass through our community is a great thing for us. It signals that there is opportunity, there is progress, and that our village is safe. To us, it is a reminder that we are not forgotten.”*

— President of Local Community Action Committee,  
La Aldea (Planadas, Tolima)



## THE LINK BETWEEN BUSINESS AND SOCIETY

### The promise of peace

In 2016, Colombian president Juan Manuel Santos and the leader of the Revolutionary Armed Forces of Colombia (FARC) Rodrigo Londoño, also known as “Timochenko,” signed an agreement to start building peace after half a century of violence and unrest. The agreement, however, did not guarantee peace and prosperity. In addition to political challenges—including a failed referendum to approve the peace agreement—there were social challenges. How could the regions that had been burdened by violence reinsert themselves into Colombian society? How could communities get back on the road to prosperity? Companies like GEB would have an important role to play in achieving desired peace outcomes.

### Decades of conflict resulted in a high risk of landmines

For citizens and communities living in the midst of the armed conflict, the reality of a Colombia without peace meant constant fear, uncertainty, and the threat of violence. Colombia’s Center on Historical Memory documented over 260,000 deaths of civilians, guerrillas, and military,<sup>4</sup> and the government cites over 7.7 million internally displaced people.<sup>5</sup> Even after the historic peace agreement, the threat of landmines remained a ubiquitous manifestation of the violent conflict.

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4 <https://centrodememoriahistorica.gov.co/262-197-muertos-dejo-el-conflicto-armado/>

5 <https://www.hrw.org/world-report/2018/country-chapters/colombia#05e37e>

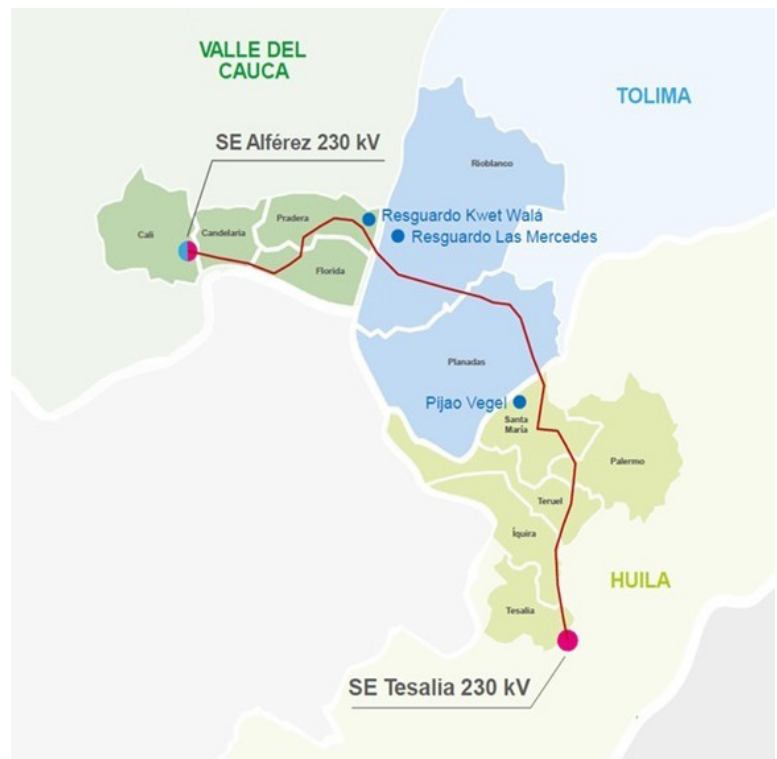
With over 63% of the country at risk of or contaminated with mines, everyday citizens were the most vulnerable: landmines killed or injured close to 12,000 people between 1990 and 2020.<sup>6</sup> According to The HALO Trust, a global NGO focused on demining efforts, this high casualty rate was only second to Afghanistan's.<sup>7</sup> Violence hit certain regions in Colombia especially hard. In the *departamentos* controlled by the FARC, insecurity further exacerbated poverty, weakened social fabric, and deepened the communities' distrust toward external actors.

### Business cannot succeed when communities do not prosper

Like many companies, Grupo Energía Bogotá also hoped for peace. The company, majority-owned by the Bogotá city government, is one of Latin America's leading multinational electrical power and natural gas companies. In 2018, it was Colombia's largest transporter of natural gas and had the second largest share of electrical power transmission in the country.<sup>8</sup> Despite the company's strong financial performance, growth was constrained by security risks throughout Colombia.

One of GEB's most important initiatives was Tesalia-Alfárez, a major energy transmission project designed to help meet the increasing urban demand for electricity. The project was expected to generate significant revenue for GEB over 25 years, but its success was threatened by the prevalence of landmines.

Spanning over 200 kilometers across central Colombia, the transmission line cut through the epicenter of the conflict zone, an area with a high concentration of landmines.



Map of Tesalia-Alfárez. Courtesy of GEB.

6 <http://www.accioncontraminas.gov.co/Estadisticas/Paginas/Estadisticas-de-Victimas.aspx>

7 <https://www.halotrust.org/where-we-work/latin-america/colombia-espanol/>

8 [https://www.grupoenergiabogota.com/en/sustainability/sustainable-development-reports#content\\_2018\\_1242](https://www.grupoenergiabogota.com/en/sustainability/sustainable-development-reports#content_2018_1242)

Landmines posed a heightened risk of injury and death for GEB's workers. Decades of underinvestment and neglect along the Tesalia-Alfárez corridor hampered productive engagement with local communities, many of which lacked reliable access to electricity despite having energy transmission lines running above their homes. Perceived exclusion from the country's development advances amplified communities' feelings of injustice, inequality, and distrust.

These challenges translated into barriers for GEB. Security concerns impeded the company's ability to hire contractors for the construction of Tesalia-Alfárez. Dissatisfied communities blocked access to important construction sites along the project corridor, leading to delays and standby costs.

*“In Planadas the community would see the high-tension energy line transporting all the energy of the country, but their homes, right underneath the tower, didn't have any electricity. There was a lot of discontent with the communities, which was understandable.”*

— Juan Jacobo Rodríguez, Strategy, GEB

GEB realized that **addressing the social challenges created and exacerbated by the threat of violence was intrinsically linked to the success of its business**—when communities flourished, its business would grow alongside them. By contrast, not addressing these problems would hinder the success of Tesalia-Alfárez and GEB's future growth. Other companies that had failed to address similar challenges suffered critical business implications. In close proximity to GEB's Tesalia-Alfárez line, South African mining company AngloGold Ashanti's La Colosa mine was forced to halt all gold exploration in 2017 due to community unrest. The fate of La Colosa resulted in millions of dollars in sunk cost for AngloGold Ashanti, as well as unearned future revenue from an estimated 28 million ounces of gold.<sup>9</sup>

*“We want to create impact that transforms the regions in which we operate and helps improve the quality of life in our communities through shared value. At GEB, this has become a cultural cornerstone that we call ‘social consciousness.’ As a result, our staff and leaders increasingly seek to lead initiatives in which we contribute to shaping a better society.”*

— Astrid Álvarez, former CEO (January 2016–June 2020), GEB

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<sup>9</sup> <https://www.reuters.com/article/us-colombia-mining/anglogold-suspends-colombia-project-after-anti-mining-vote-idUSKBN17T3BH>



## PEACEBUILDING TO ACCELERATE SOCIAL CHANGE

### Grupo Energía Bogotá commits to social impact at the core of its business strategy

For GEB, the Peace Process created an opportunity to reimagine the way it conducted business. Under the leadership of Astrid Alvarez—CEO from January 2016 to June 2020—the company declared its commitment to creating positive societal impact.

To live up to this commitment, GEB focused on how it could drive positive change for local communities by leveraging its business assets—taking a shared value approach. Michael Porter and Mark Kramer define shared value as strategies that “enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress.”<sup>10</sup> **Through shared value, companies pivot from seeing social problems as externalities to ignore or minimize, to seeing them as opportunities to strengthen their business. Shared value can help companies increase revenues, reduce costs, and lower material risks,** thereby creating a clear financial incentive to continue driving social change.

### Contributing to peace: *Energía para la Paz*

*Energía para la Paz* is GEB’s flagship shared value initiative, the first time the company demonstrated that societal impact could be a driver of business success. GEB developed *Energía para la Paz* in 2016, just as leaders throughout Colombia revised and strengthened peace agreements defined earlier in the year.

Implemented along the Tesalia-Alfárez corridor, *Energía para la Paz* focused on clearing landmines in partnership with Colombia’s National Army and The HALO Trust. In only two years, the initiative marked over 7,700 hectares as safe, after clearing 27 landmines from the Tesalia-Alfárez corridor alone. *Energía para la Paz* has also trained thousands of people on how to increase safety in areas where mines are still a threat.

#### Between 2018 and 2019...

27 explosives	along the Tesalia-Alfárez construction path have been identified and destroyed
7.7 thousand	hectares have been determined clear of landmines (including along the Tesalia-Alfárez line)
2.5 thousand	people trained in the risk of mines and first aid; 1,527 homes visited and interviewed
15 areas	identified with probable or confirmed mine contamination (to be neutralized in 2020)

<sup>10</sup> <https://hbr.org/2011/01/the-big-idea-creating-shared-value>



*“Tesalia-Alfárez crosses through areas in the middle of the conflict and heavily contaminated with active landmines. There was a lot of discontent in communities toward the project. For us, this created an opportunity to invest in our communities through Energía para la Paz and change their living conditions. This helped us build trust and enabled our project to have greater acceptance in communities, while at the same time creating business returns for the company.”*

— Aldemar Garay, Project Manager Tesalia-Alfárez, GEB

Beyond the numbers, *Energía para la Paz* also contributed to shifting broader dynamics that are key to unlocking greater prosperity for communities. Encouraged by GEB’s presence, other companies and organizations entered the region, helping to build up local businesses like restaurants, corner shops, and hotels.

Local economies were further strengthened as a result of greater access to productive land that was previously off limits and better connections to domestic and international markets. Emboldened with more confidence and a greater sense of security, citizens now invest more time and resources into cultivating their future. Local leaders are shaping communities’ collective vision for the future, adopting new modes of engaging, negotiating, and working with external actors.

*“Our focus as a community today is on how we can empower ourselves to take control of our own development, something we were not able to do before. This has been a big shift in our thinking, brought about by a new reality of peace that now encourages us to dream of a different future.”*

— Small Business Owner, Planadas, Tolima

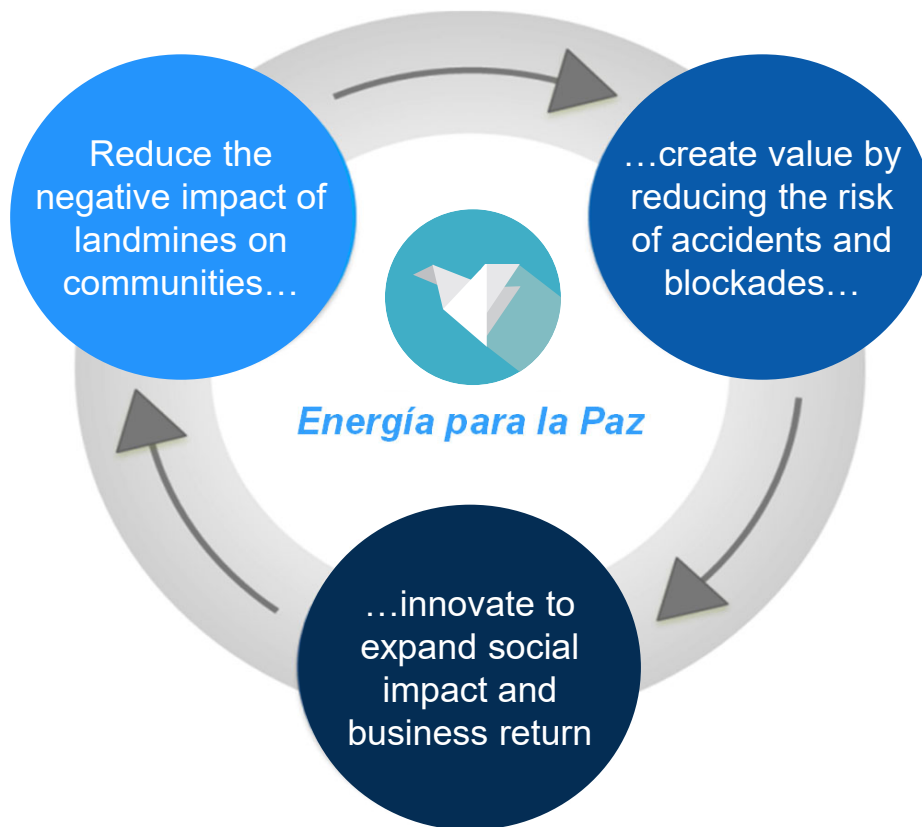




## BUSINESS RETURNS THROUGH SOCIAL IMPACT

### More than giving back—the business advantage for GEB

*Energía para la Paz* opened a new path for Grupo Energía Bogotá to invest in communities, and at the same time address critical needs that affected its business. By generating a positive societal impact, GEB has created value for its business on two levels: for the Tesalia-Alfárez project and for its overall business.



### *The Virtuous Cycle of Shared Value Created by Energía para la Paz*

At the project level, the demining efforts core to *Energía para la Paz* prevented cost overruns by **reducing landmine incidents, minimizing community unrest, and decreasing standby time** during the construction of Tesalia-Alfárez (see chart on the following page).





**Reduction of incidents.** The risk of landmines to GEB’s workforce represented high potential costs for the company in the unfortunate event of a detonation incident: medical expenses to support affected workers; legal fees and compensation packages arising from lawsuits that would ensue; and dedicated staff time to address government investigations. A scenario where six landmines detonated of the 27 found along the Tesalia-Alfárez corridor would result in almost US\$2 million in unforeseen costs for GEB.



**Fewer protests and blockades.** *Energía para la Paz’s* complementary programs helped GEB build trust by supporting local communities in different ways. This contributed to fewer community blockades to Tesalia-Alfárez, in turn preventing significant cost overruns for GEB. The 63-day reduction in blockades between 2018 and 2019 saved the company over half a million dollars in modifications or reissuing of construction contracts after a blockade. Beyond creating tangible value, lower levels of community unrest also enable GEB leaders to spend less time on crisis management, and focus on the company’s strategy and the region’s progress.



**Decreased standby costs and fines.** Fewer landmine incidents and blockades also led to a significant reduction in standby costs. In the scenario of six landmine incidents, GEB would incur over US\$5 million in standby costs related to project delays. On top of this, project delays would also result in fines for GEB, worth over US\$1 million for each month’s delay in completing the project.

Beyond mitigating risks that could cost GEB millions of dollars, *Energía para la Paz* also helped strengthen GEB’s relationships with local communities. The initiative’s national and international recognition enabled deeper partnerships with organizations that were the cornerstone for the demining efforts. GEB employees became more engaged and committed to embedding shared value across the company, and investors took notice of GEB’s bold commitment to creating value for society and for its shareholders.<sup>11</sup>

### Intangible business benefits for GEB include . . .

- Current and future partnerships
- Better community relations
- Better perception of GEB
- Employee commitment
- Better access to financing
- Less time from GEB leaders
- Free press

<sup>11</sup> In May 2020, GEB’s bonds were oversubscribed by 11 times the expected amount, a clear sign of investor confidence in the company’s ability to continue growing its operations even in regions with challenging social contexts [https://www.grupoenergiabogota.com/geb\\_en/news-room/press-releases/2020/grupo-energia-bogota-carried-out-a-successful-bond-issuance-totaling-us-400-million-in-the-international-capital-market-with-oversubscription-levels-of-over-eleven-times](https://www.grupoenergiabogota.com/geb_en/news-room/press-releases/2020/grupo-energia-bogota-carried-out-a-successful-bond-issuance-totaling-us-400-million-in-the-international-capital-market-with-oversubscription-levels-of-over-eleven-times)

## Innovating to maximize shared value creation

To implement *Energía para la Paz*, GEB partnered with the Colombian National Army and The HALO Trust to accelerate demining. Both institutions complemented GEB's strengths: the Army possessed deep knowledge of the local context and technical demining expertise, while The HALO Trust helped GEB understand how community-based demining efforts could increase trust.

As GEB began to see the early impact of *Energía para la Paz*, it innovated in different ways to increase the initiative's social impact and the company's business returns. GEB complemented its demining efforts with a cohesive portfolio of community development programs focused on building leadership skills within communities and strengthening the social fabric in regions affected by armed conflict.

As the construction of Tesalia-Alfárez progressed, GEB expanded the scope of its demining efforts to new regions and launched additional leadership-building programs after a new generation of elected government representatives took office. GEB also integrated its legal requirement to offset the environmental impact of Tesalia-Alfárez into *Energía para la Paz*, investing in natural conservation in a way that supports local agricultural development and leverages the local leadership skills it helped to develop.

*“As a company that touches all of Colombia, I see GEB as a leader and as a catalyzer. I can see how our energy transmission lines can become lines that bring about better lives and can catalyze societal transformation.”*

— Johanna Perilla, Sustainability, GEB

### ***Energía para la Paz...***

- Covers a stretch of more than 200 km of the **Tesalia-Alfárez project**
- Covers the departments of **Tolima, Huila and Valle del Cauca**
- Benefits **11 municipalities and 82 townships** and villages
- Revolves around the **military and humanitarian demining** of affected areas
- Includes **7 programs** that touch on social and environmental issues



#### **Desminado militar**

Identification and destruction of landmines



#### **Desminado humanitario**

Programs with communities to complement military demining



#### **Habilidades para la paz**

Training for leaders and teachers in peace-building



#### **Mi municipio activo en paz**

Training of public servants to strengthen local institutions



#### **Energía que construye mi futuro**

Preservation of historical memory, home improvement, and public infrastructure



#### **Bosques de paz**

Ecological restoration and construction of community nurseries



#### **Empleo para la paz**

Hiring local community members for environmental projects





## THE ROLE OF BUSINESS IN BUILDING PEACE AND PROGRESS

Achieving large-scale societal change relies on the efforts of a range of stakeholders: government, civil society, and the private sector. In Colombia, GEB's *Energía para la Paz* initiative has created a blueprint for how other companies could contribute to peace-building efforts, not only as a moral imperative, but also to ensure their long-term business success.

GEB has demonstrated that companies succeed when they proactively address critical social problems, even in the most challenging conditions. By leaning into the problems affecting the communities where it operates, GEB has helped shape social progress in ways that create tangible cost savings and additional business value.

For companies operating in similarly challenging contexts, Grupo Energía Bogotá's experience is a reminder that often the biggest barrier to creating shared value, is thinking beyond "business as usual." To overcome this barrier and redefine how they achieve business success, companies can:

- ✓ **Articulate the link between societal progress and business success—and reinforce it.** The success of *Energía para la Paz* stemmed from connecting GEB's profitability to the health and prosperity of local communities. Understanding that link enabled GEB to quantify the business value of its social impact, creating a clear incentive to expand the reach of *Energía para la Paz*.
- ✓ **Leverage their unique assets to accelerate social change.** GEB acknowledged that it could not single-handedly solve all of the social problems affecting the communities where it operates. By focusing on the critical issue of demining, GEB joined a larger movement to build peace and deploy its unique corporate assets to accelerate change in partnership with others.
- ✓ **Innovate to increase the scale of social impact and maximize business returns.** GEB continually adapted *Energía para la Paz* to increase the scale of social impact. This meant deploying other tools—philanthropic programs, CSR investments, and legal obligations—to increase the potential for shared value creation.

With *Energía para la Paz*, Grupo Energía Bogotá has developed a strategy that delivers real impact for society and creates tangible value for its business. As the company deepens its commitment to shared value, its ambition has grown. **"Creating shared value is key to how our business operates,"** says Fredy Zuleta, General Manager of GEB's transmission business in Colombia, **"and that is the journey that lies ahead for us."**







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## PHOTO CREDITS

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Pages 2, 7: Mauricio Reyes

Page 12: Local business owner, Planadas

## ABOUT FSG

FSG is a mission-driven consulting firm supporting leaders in creating large-scale, lasting social change. Through strategy, evaluation, and research we help many types of actors—individually and collectively—make progress against the world’s toughest problems.

Our teams work across all sectors by partnering with leading foundations, businesses, nonprofits, and governments in every region of the globe. We seek to reimagine social change by identifying ways to maximize the impact of existing resources, amplifying the work of others to help advance knowledge and practice, and inspiring change agents around the world to achieve greater impact.

As part of our nonprofit mission, FSG also directly supports learning communities, such as the Collective Impact Forum, Shared Value Initiative, and Talent Rewire, to provide the tools and relationships that change agents need to be successful.

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