

From philanthropy to co-construction:

Assessing private sector engagement in the Colombian peace process

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This policy brief examines private sector engagement in the Colombian peace process, arguing that it is a positive example of mobilising private actions for public good.

In 2016 the Colombian government signed a peace agreement with the left-wing *Fuerzas Armadas Revolucionarias de Colombia* (FARC) rebel movement, thus ending a 50-year conflict which had led to over 220,000 deaths, thousands more casualties, and over five million people uprooted from their homes.² A prominent aspect of the process initiated by this accord—the Havana agreement—was that private companies were invited to become partners in implementing the peace process and participate in delivering social goods and construction programmes to underpin the post-conflict transition.

This policy brief examines private sector engagement in the Colombian peace process, arguing that it is a positive example of mobilising private actions for public good. In light of the ongoing coronavirus pandemic, how governments provide incentives and openings for the private sector to collaborate in responding to topical policy challenges has become a more salient question. The aim of this brief is to understand the roles that companies can play as social and crisis-response actors, and draw the implications for both public policy and business practice within a changing ethics of corporate responsibility, as proposed by normative frameworks including the Sustainable Development Goals (SDGs) and the discourse on business and human rights (BHR).

The brief is based on research carried out in 2018-19 with Colombian and international companies operating in Colombia. It concludes that business is capable of merging social impact activities with the traditional corporate philanthropy to meet an enhanced need for public goods, including peace itself. In doing so, it formulates hitherto unforeseen roles and types of interaction with the government. The peace agreement represented an opening for private sector implementation of proactive strategies towards local populations. Clear policy messages and efficient governance structures on the part of policymakers are needed, however, to capture this readiness and leverage the full range of contributions that companies can offer.

In addressing the issue of private actions of public good in the Colombian context, there are two dynamics at play: a policy impulse, and how the private sector responded to the opportunities and challenges the 2016 peace process presented. The brief examines both dynamics and highlights a push-me-pull-you phenomenon in which initiatives by both business and government were equally important and synchronic.

INCENTIVES AND RESPONSES

“The State, by itself, cannot bring progress to the territories most affected by the conflict. Private enterprise can be of great help to do so.”³

—Raúl Pardo

In 2016, Colombia invited the private sector to co-operate in implementing a peace agreement via a mixture of legislative and non-legislative incentives, public policy instruments, and new institutions. These initiatives, in addition to rhetorically encouraging business to consider itself part of the peace process, provided openings for private sector involvement. A key theme of the process was the idea of ‘territorial peace’ (paz territorial): extending governance to areas of the country that had been most affected by the conflict and under the sway of armed groups carrying out illicit activities. The peace process aimed to increase legal livelihoods and generate new forms of income for the population, thereby reintegrating groups that had been outlawed or marginalised as a result of the conflict into local economies.

The government introduced territorial administrative structures including PDETS (proyectos de desarrollo con enfoque territorial), ZOMACS (zonas mas afectadas por el conflicto), and Zonas Futuro, thus creating destinations for investment and the provision of new services. The government also offered tax breaks and seed funding to both create focal points for corporate interventions and stimulate dialogues between companies and local populations.

Infrastructure investment was seen as particularly critical for re-establishing the rule of law and fomenting new economic activities and markets. A key initiative in this regard has been the *Obras por Impuestos* (OPI), a tax payment mechanism allowing big companies to directly undertake development projects in ZOMAC municipalities partly in exchange for tax liabilities.⁴ Eligible projects are related to the provision of water, energy, public health, public education, construction, or road infrastructure. In 2017, the first year of the scheme, 30 companies took part.

Business and peace have historically been in discourse in Colombia. In this country, there are strong links between the conflict and the commercial private sector, but also between the prospects for peace and corporate activities. Indeed, companies rallied behind the peace process, professing that Colombia was going through a historic moment, and that there would be a unique opportunity to rebuild the country and its economy. These companies were prepared to ‘bet on development’ by addressing issues such as poverty, inequality and corruption, and envisage themselves as active participants in a process of national transformation. This led to them taking on direct and indirect peacebuilding tasks, acting through business associations and Foundations, via sectoral initiatives or in partnerships with actors in civil society and government.

For example, the *Asociación Nacional de Empresarios de Colombia* (ANDI), Colombia’s leading business association, decided it needed to play an active role for the Havana accords to succeed. The *Asociación’s* strategy identifies two key challenges: the need to provide quality public goods and the inclusion of vulnerable populations in the market economy through active interventions in employment practices, and supply chain organisation, as well as purchasing and distribution practices. The first challenge is seen primarily as a government responsibility, while the second is an initiative which private companies could push. ANDI’s foundation worked with 150 companies on the strategy and

noticed a shift from traditional philanthropy to a more instrumental attitude of social investment in which companies see value in targeting social goals.

A proliferation of development and community projects across productive and service sectors is further evidence of companies directly contributing to peace and rural development. While many commitments predate the 2016 accord, and the rhetoric of national reconstruction has allowed the private sector to label what many business actors had been doing for some time as ‘peace initiatives’, two novel features stand out in this period. The type of commitment companies have initiated responds directly to policy instruments that sought to position the private sector as a key source of financing the peace processes’ implementation. The government’s *Obras por Impuestos* programme, for instance, encouraged the private sector to contemplate projects which it had not previously. A typical OPI project is constructing an access road to improve connectivity to isolated rural villages. In many cases, companies have paired roadbuilding projects with other initiatives to help communities build their capacity and access to markets.

A second novel feature is the emphasis on rural development and targeting of the areas most affected by the violence. The ambition to deliver a ‘territorial peace’ has been significant in determining where the private sector engages. The government identified the districts and municipalities that would receive public funds and initiated a planning process to kickstart rural development. This created new geographies of corporate engagement with these communities, opening up new locations for social and commercial investment while generating more intense interactions between communities and companies and other stakeholders in local government and civil society. Companies which had previously mainly targeted their social programmes on urban areas have since expanded them to rural areas. A notable example has been the large extractives companies that operate in remote locations to investigate the delivery of basic goods such as clean water and roads to improve community life.

Increased involvement with these populations has led these companies to undertake more indirect contributions to the peace process, such as assuming the role of facilitators of dialogues between different social groups. Businesses can deploy their convening power to bring diverse stakeholders to the table while also acting to build local capacities for reconciliation, development, and governance. The range of indirect functions and roles includes knowledge creation and sharing. Companies are aware that they possess information, skills, and lessons gleaned from past history of working with development initiatives. They are bringing this experience into the post-conflict environment in an explicit and systematic way, influencing public conversations about peace and peacebuilding. Companies keen to raise the visibility of their social investments have emphasised the need to share lessons from operating locally as they sought to influence the discourse of territorial peace. When questioned about their attitudes to the peace process, many stressed their aim to bring about improvements in public policy and governance capacities, as well as direct interventions.

A key feature of corporate engagement in the Colombian peace process is the creation of alliances and partnerships with both government bodies and civil society groups. Business associations and sectoral alliances are important platforms for large and small members. At the local level, companies believe that partnerships serve to maximise the strategic impact of their social investments and allow them to mobilise networks of entrepreneurs to reinforce the work of public bodies and NGOs. Collective action is seen as creating critical mass and helping business to marshal knowledge, logistics, and investment across multiple actors to plug gaps in knowledge and capacity between urban elites, and rural and semi-rural communities. In the words of one interviewee: ‘Our social offer is not only what we know and our experience. It is also in rigorous and well-designed projects. We have know-how on specific issues, we also know how to make alliances’.⁵

Issues such as health and education, which are seen as less politically contentious, have seen a high level of engagement, but foundations in particular are also prepared to pursue goals and methods which are seen as unpopular or difficult, such as mental health. One foundation champions the use of yoga to improve mental well-being, a priority on which it believes government actors could not focus. Capacity building, whether directly linked to the peace process or not, is also seen as a long-term contribution that affects the overall quality of life rather than a defined peacebuilding target. A typical comment was: 'If you look back at how charity was done in Colombia, we have had a transition from assistance to developing projects for specific goals. Now we are trying to put them together in a system model that works in gaps such as in education, health, and infrastructure'.⁶

A key trope evident among larger companies is working with vulnerable populations: victims, displaced people, marginalised groups in society such as women, indigenous people, young people, disabled people, and former guerrilla fighters.⁷ While this focus on citizens who have been most affected by the conflict aligns with government policy, it also reflects an explicit attempt to make provisions for citizens who are currently non-productive and not part of any workforce, and who have hitherto been outside of government programmes. Foundation representatives in particular have spoken of focusing interventions on building capacity among marginalised groups, such as the homeless, as well as disabled, women, and young people, because they are relatively under-represented in the government discourse about rebuilding a productive economy.⁸ Consultants also speak of a 'more sophisticated strategy' by companies in rural areas, where firms are prepared to be more proactive and responsive to local needs, partly to improve their 'licence to operate' and operational profitability, and also because they see it as improving their record of social impact and achievement of sustainability goals.⁹

As well as filling gaps in public provision, the private sector increasingly acts as a quality control enforcer for government programmes. For example, the Corona Foundation has established a programme that evaluates the quality of urban life and monitors the results of government planning policies.¹⁰

Social impact investing has gained more visibility and become overlaid with a patriotic veneer of peacebuilding, thus transforming it from a marginal to a mainstream activity among larger businesses. Extractive and energy companies from the state-owned Ecopetrol to miners such as Drummond, Cerrejon, and the international conglomerate Cemex, are examples of companies that are focusing more intensively on social investment strategy development and local community engagement.

BARRIERS AND RED LINES

While both public and private sector responses to the peace process suggest a balanced momentum for change, a shift in the political climate in 2017, one year into implementation of the Havana accords, disrupted this dynamic. On the one hand, it changed the patterns of incentives offered to the private sector and their organization. On the other, growing contestation of the peace deal impacted how companies framed contributions to peacebuilding as they sought to be seen as politically neutral. Corporate enthusiasm for the peace process also faltered when violence surged across the country despite the agreement. A deteriorating landscape for peace, combined with business concerns about preserving political neutrality, hindered corporate willingness to engage and influenced their choice of projects. As one corporate adviser noted: 'Post-conflict is not a comfortable idea—we are still in conflict especially in some areas. The private sector loves certainty and the environment is not producing enough certainty to move forward'.¹¹

Business leaders also found it difficult to obtain clear and straightforward information about how to respond to government incentives. A survey by the Bogota Chamber of Commerce in 2017 showed that 87 percent of the over 1600 companies questioned thought the private sector should engage with the peace process, yet an even higher percentage—94 percent—confessed that they did not know anything of the government’s plan to involve them.¹² Companies are frustrated by the complexity, messiness, and changeability of government programmes and structures related to the peace process. As a result, many are reluctant to associate with the peace process and prefer to talk instead in terms of responsible investing, community engagement, and contributing to local development. ANDI’s peacebuilding strategy referred to above, for example, avoids any reference to peace as such. Their foundation deems the expression too political, so it uses the label of “strategy of inclusive competitiveness” (“*estrategia de competitividad inclusiva*”), which resonates more comfortably with private companies.

Other limitations on corporate willingness to engage include a dearth of reliable data and analysis of economic and social conditions at the grassroots, as well as a lack of tools to measure social impact. Some companies are reluctant to work with the government because they doubt the competence of public bodies, particularly that of the local government. They also worry about the changeability and limited duration of public programmes, as well as the associated risk that public funding may be switched to favour new, more fashionable issues. The most significant inhibition on business, however, is the lack of clear frameworks, rules, and systems for managing the public-private interface. Companies complained of confusion within the state institutions meant to implement the peace process, grey areas of law, the absence of contact points, and the lack of a strategy for handling private

sector inputs. Division of roles, the definition of goals, and a sense among officials and politicians of where companies can bring added value are particularly unclear. The relatively low involvement of companies with programmes on truth, justice, and reconciliation and reintegration of former FARC combatants is attributed to the lack of overarching legislation that could give structure and legal certainty to the private sector’s role in these areas. In taking on a high-profile social role, the private sector is wary of absolving the government of the pressure to act and fulfilling the state’s duty to guarantee services and rights.

The OPI scheme demonstrates many of the problems in this awkward dynamic between the public and private sector. Companies complain of a heavy bureaucratic process and lack of coordination between planning mechanisms and instruments. Both sides—the government and the private sector—face difficulties in making the relationship between them function adequately, thus inhibiting enthusiasm for the scheme. Criticisms of the programme claim it does not do enough to bring the private sector into ‘the dynamics of war and peace’ and make ‘coordination of the business sector with stabilisation more robust’.¹³

On the other hand, the scheme offers a glimpse of how policy can encourage different roles for the private sector, make it more open to conversations about peace, blur traditional lines between public and private, and help shift business attitudes away from corporate philanthropy to an idea of co-constructing peace with government. The scheme provides companies with improved visibility for their social investment strategies and the potential for positive reputational impact, also persuading them to think not in terms of marginal efforts through voluntary investment and capacity-building, but through mainstream initiatives that go to the heart of the country’s development challenges.

CONCLUSION

The Colombian peace process has created opportunities for corporate programmes that contribute to public goods and welfare, thus constructing an idea of shared responsibility between the private sector, government, and civil society. This emergent new model of business engagement links corporate welfare with the wellbeing of people at local level and modifies traditional approaches of corporate philanthropy.

Although this trend is confined to a relatively small number of large companies, initiatives such as capacity-building, supplementing state provision in areas like health and education and active engagement with local people, are increasingly seen as part of building a new profile of corporate responsibility. The spatial limits of corporate engagement are also being questioned. Business no longer necessarily sees itself as limited to undertaking social investments in the vicinity of its own operations.

The peace process clearly demonstrates the importance of positive government signalling in shaping corporate attitudes to peacebuilding and leveraging contributions to public goods. Schemes such as OPI, and frameworks which give effect to the territorial and rural emphasis of the peace process, helped encourage a novel geography of corporate engagements and provide a focal point for companies to align social programmes with public policy.

Negative signalling consisted of a confused and changing public narrative and political polarisation of the peace process. The government's failure to provide adequate institutional support for private sector efforts has undermined private sector enthusiasm for adopting pro-peace strategies and increased a tendency towards indirect contributions, with a potential loss in terms of business visibility as a peace actor. ■

POLICY AND PRACTICE RECOMMENDATIONS:

For policy-makers:

1. Develop and maintain clear and non-partisan policy messages and institutional focal points to ensure long-term business commitments to public goods provision;
2. Develop systems to make use of privately-collected data, particularly on needs and challenges at the community level where companies are often more knowledgeable than national government, so that it can be available (with appropriate safeguards) to help generate context-specific development plans;
3. Increase efforts to align national policy priorities with global normative frameworks which currently structure many corporate social strategies, such as the UN's 17 Sustainable Development Goals, the OECD's Voluntary Principles on Security and Human Rights, and the UN Guiding Principles on Business and Human Rights.

For business:

- Consider indirect forms of support that make use of knowledge, communication, and logistics skills, as well as direct investment;
- Maximise impacts through multi-actor initiatives across industry sectors and with different types of stakeholders;
- Prioritise participatory processes to go beyond discretionary acts of corporate philanthropy and structure interventions in terms of long-term partnerships with local communities.

ENDNOTES

- 1 Research for this brief was conducted with Diana Dajer.
- 2 Historical Memory Group (2013). “‘Enough Already!’ Colombia: Memories of War and Dignity” (PDF) (in Spanish). The National Center for Historical Memory (NCHM). ISBN 978-958-57608-4-4.
- 3 Pardo, R. (2017) ‘Incentivos tributarios para las empresas que contribuyan en la construcción de paz’, in *El aporte empresarial a la paz y al desarrollo sostenible: Desafíos y oportunidades*. FIP, Cámara de Comercio de Bogotá and the Embassy of Sweden, p41
- 4 Instituto Kroc de Estudios Internacionales de Paz (2018) *Segundo informe sobre el estado efectivo de implementación del acuerdo de paz en Colombia*, p229
- 5 Interview Fundacion Corona, Bogota, March 2018
- 6 Interview Fundacion Corona, Ibid
- 7 Interviews Fundacion ANDI, British Embassy, Bogota, March 2018;
- 8 For example projects like Aflora and Emprende Pais by Fundacion Bolivar Davivienda
- 9 Interview Brigard Urrutia, Bogota, March 2019
- 10 <http://redcomovamos.org>
- 11 Interview Brigard Urrutia, Bogota, 6 March 2019
- 12 Bogota Chamber of Commerce (2017) *Encuesta Empresarial Nacional de Paz*
- 13 Méndez, M. L. et al. (2019) *Los empresarios en la política de Estabilización*. [online]. <http://www.ideaspaz.org/publications/posts/1778>, p 5