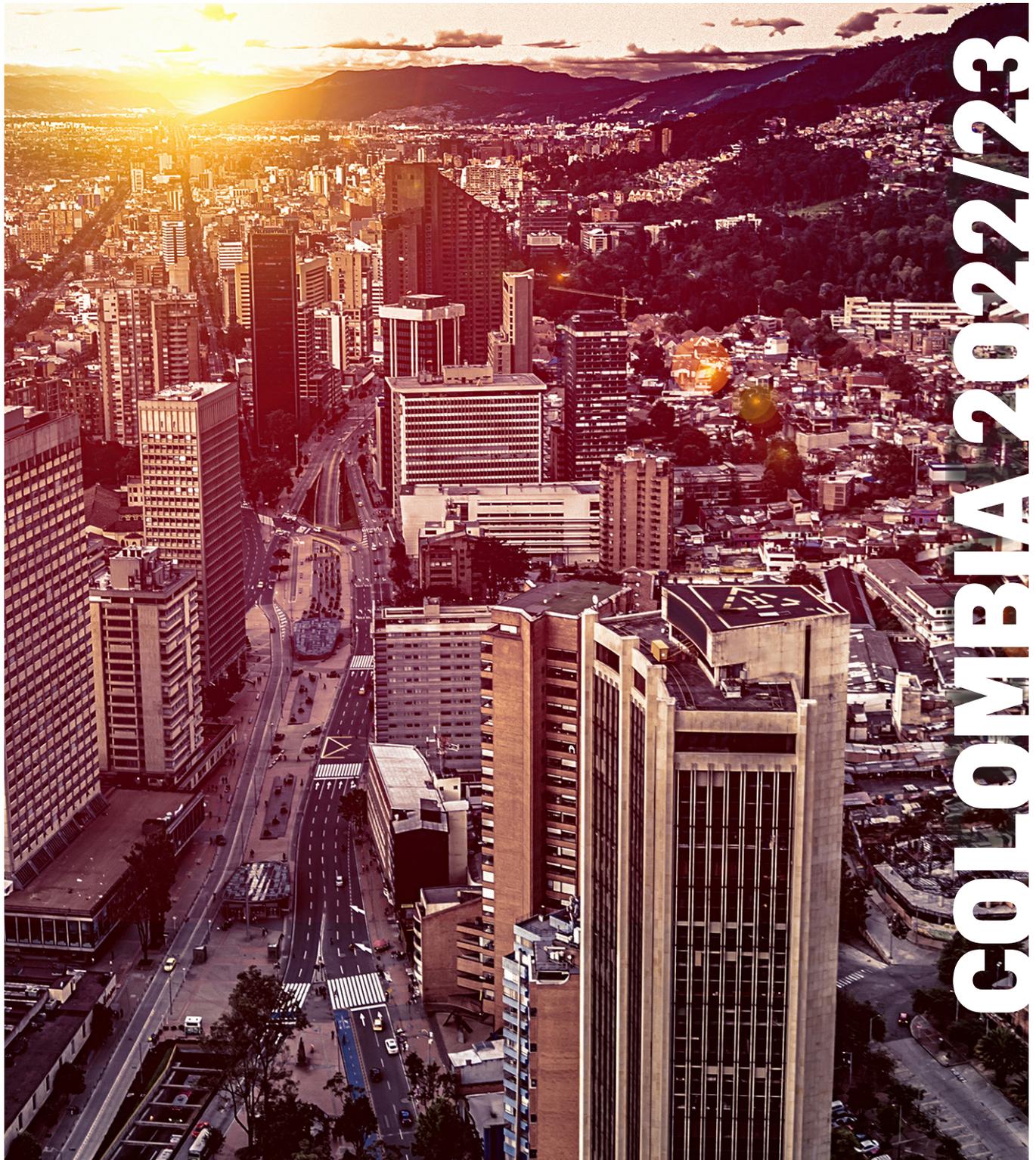


the business | year



COLOMBIA 2022/23

ECONOMY | GREEN ECONOMY | FINANCE | MINING & ENERGY | INDUSTRY | TELECOMS & IT | TRANSPORT
CONSTRUCTION & REAL ESTATE | AGRICULTURE | HEALTH | EDUCATION | TOURISM & ENTERTAINMENT



ALIFE
HEALTH

LAB SERVICES:

Next Generation Sequencing

Molecular

Flow Cytometry

Fish & Cytogenetics

Anatomic Pathology

Multiplexed Immunofluorescence

Immunoassays

Occupational Health



SPECIALTY TESTING:

Hereditary Cancer

Liquid Biopsy

Solid Tumor





SCIENCE AT THE SERVICE OF LIFE

Unraveling the molecular roots of life not only represents a scientific milestone, but also the possibility of giving hope to millions of people suffering from cancer. Passion for science, service to the human kind.

Daniel Alzate G
Bio. Eng. M.Sc. Ph.D.(c) Oncology.
Shizu and Yu Takeuchi prize 2021
Sequencing Scientific Director
Alife Health SAS



The development of PCR offers a whole universe of possibilities for humanity, from genetic modification to the possibility of detecting a disease in its earliest phase. This technique is a fundamental tool for the correct and timely treatment of thousands of diseases.

Hernán Avellaneda Avendaño
Ph.D. Doctor of Biological Science
Molecular Scientific Director
Alife Health SAS

MEET OUR REVOLUTION IN
WWW.ALIFEHEALTH.NET
CONTACTENOS@ALIFEHEALTH.NET

Live the tro- pics



Our nomadic essence will always seek
the tropical paradise and our mystical spirit
will pursue the promise of the sun.

We will travel to the tropics from anywhere
in the world.



Book now!

@23hotel · (+57) 304 654 2596
23hotel.co / info@23hotel.co
Cra. 34 # 5g - 62 Medellín · Colombia



hotel

THE BUSINESS YEAR: COLOMBIA 2022/23

This is The Business Year's 10th consecutive annual edition dedicated to Colombia. Over the last decade, we have witnessed the growth of the country's productive capacity and the evolution of its business community. Indeed, the country has experienced a reshaping of its productive mix. Attitudes toward issues like security, justice, and the environment have also changed. There have been three election cycles during TBY's time in the country, and events of historic magnitude have taken place, such as the peace process plebiscite. Through the comings and goings of the economy, TBY has been on the ground, speaking with the protagonists of business in Colombia.

Two factors make the project in Colombia stand out among The Business Year's international coverage. For one, the project has run uninterrupted for 10 years. This is testament to not only the adaptability of companies in Colombia, but also their unflinching commitment to the country. Every year, interviewees have found new areas of opportunity and new ways to deliver value. Moreover, every year TBY records first-time interviews with executives from new and emerging companies. The business landscape in Colombia rewards innovation and new business proposals. It is dynamic. Although to be expected, it is encouraging that forward-looking chapters widen YoY. It is both fitting and rewarding that this publication's Green Economy

chapter is the largest it has ever been.

The country is finding avenues of economic activity that correspond to the changing needs of industry. Colombia is harnessing its advantages in IT and software, and tapping into the sector's potential as a generator of employment and opportunity. Private sector and policy are aligned, which creates growth synergies and allows Colombia to gain steam domestically but also as an export hub. Colombia's capacity to adapt has made the country a leader in emerging industries. The "Made in Colombia" brand is a seal of excellence across the board but especially in key areas such as IT and e-commerce.

Sustainability is another sector that has offered immense opportunities for growth. Expertise in environmental consulting and renewables is putting Colombia on the map. Growth lures investment into areas with the potential to transform livelihoods. Colombia is outstanding for its hydro resources and the richness of its biodiversity. And the protection and championing of natural assets brings with it opportunities for growth. If Colombia maintains these cutting-edge qualities into the next decade, it will enjoy the benefits of leading transformation in Latin America. Being at the helm is already bringing fantastic opportunities for development, for example through heightened social mobility. Business impacts the way people live. The ripples of what has been achieved at the business level will result in waves of positive change for Colombians. ✖

CEO
Ayşe Hazır

COO
Carlos Martínez

Regional Director
Federica Fermo

Country Managers
Paula Colard, Agustina Dal Fabbro

Country Editor
Diego Brando

Project Assistant
Angie Serrato

Finance Assistant Latam
Fernando Amezcua

Editorial
Terry Whitlam, Aidan McMahon

Contributors
Jason Shaw, Susan Barrett, Gillian Docherty, Adrian Espallargas, Emily Damgalı, Babak Babalı, Cain Day

ISBN-13: 978-1-912498-97-0



ISBN 978-1-912498-97-0

www.thebusinessyear.com

the business year

In cooperation with:



12



59

3 From the editor's desk

7 Executive summary

9 Timeline

10 ECONOMY

11 Steady ship • Chapter summary

12 Flavia Santoro, President, Procolombia • Interview

13 María Isabella Muñoz Méndez, Executive Director, Invest in Bogotá • Interview

14 Eleonora Betancur González, Executive Director, Agency for Cooperation and Investment of Medellín and the Metropolitan Area (ACI Medellín) • Interview

15 Ricardo Triana, Executive Director, Consejo Empresas Americanas (CEA) • Interview

15 Rosa María Gamarra Añazco, General Manager, Zona Franca de Occidente (ZFO) • Interview

16 TBY Analytics Colombia 2022

17 Francisco Miranda, Director, Portafolio • Interview

19 Raúl Buriticá, General Manager, Buriticá Abogados (BA) • Interview

20 Legal • Forum

22 Colombia, the new challenges for a new government • Communiqué: Legalnova

23 Accounting for the environment • Focus: Changing face of auditing

25 Accounting • Forum

26 Juan Darío Gutiérrez, Partner, Gutiérrez Group • Interview

28 Voices from the sector

29 A guiding hand • Focus: The evolving role of the consultant

30 GREEN ECONOMY

31 Green leader, standing by • Chapter summary

32 Takahiro Saito, President, Sumitomo Corporation Andes • Interview

34 Carlos Martín, CEO, BlueFloat Energy • Interview

35 Felipe Camargo, General Manager, GreenYellow • Interview

36 Green vanguard • Event spotlight: Colombia: A leader in green economy

38 Environmental consulting • B2B

39 Álvaro Torres, CEO, Electryon Power Inc. • Interview

40 Voices from the sector

42 The green wire • Focus: The green energy bonanza

45 Wind energy • B2B

46 FINANCE

47 Bank on this • Chapter summary

48 Juan Carlos Realpe, CEO, Zurich Colombia • Interview

49 Diego Miguel Hernández Parra, Director of Communications and Corporate Social Responsibility, Zurich Seguros Colombia • Interview

50 Carlos Vélez, President, Nacional de Seguros • Interview

51 Sound advice • Focus: Managing risk properly

52 Carlos Sánchez, President, BMI Seguros Colombia • Interview

53 Hattieann Giraldo, President & CEO, Coface Colombia • Interview

54 Credit insurance • B2B

55 Rodrigo Galvis López, President, Avia Corredores Seguros • Interview

56 Keeping it steady • Focus: How institutions lend stability

58 Andrés Villaquirán, CEO, Insights • Interview

59 Jairo Corrales, President, Pei Asset Management • Interview

60 Diego Mora, General Director Colombia, BlackRock • Interview

61 Voices from the sector

62 Julián Buitrago Díaz, Country Manager, Fiserv Colombia • Interview

63 Digital banks • B2B

64 MINING & ENERGY

65 Copper load • Chapter summary

66 Juan Miguel Durán Prieto, President, National Mining Agency (ANM) • Interview

67 Juan Camilo Nariño Alcocer, President, Colombian Mining Association (ACM) • Interview

68 Ryan McEachern, Managing Director, Mining Suppliers Trade Association Canada (MSTA CANADA) • Interview

69 Ricardo Blanco, CEO, Grupo Coquecol • Interview

70 Copper • Forum

71 Charles Burgess, CEO, Muzo • Interview

72 Gold mining • Forum

73 Diego Cobos, President Colombia, Practice Leader SRK Consulting • Interview

73 Guillén Calvo, Director General for Latin America, INSUCO • Interview

74 Björn Tisell, General Manager, CVCA Region, Epiroc • Interview

76 Service providers • Forum

77 TBY Analytics: Colombia 2022 The extractive industries

78 The next step • Focus: Leaders in oil and gas

79 Nelson Castañeda, President, Campetrol • Interview

80 Daniel Ferreira, President & Country Manager, Parex Colombia • Interview

81 Manuel Buitrago, President & Country Manager, Gran Tierra Energy • Interview

82 André Coinceção, President, Expro • Interview

84 Edgar Bodú, General Manager, Hydraulic Systems • Interview

85 Oil & gas service providers • Forum



86 Hector Manosalva, President, Cenit • Interview

88 William Fernando Oviedo, President, Alcanos de Colombia • Interview

88 Juan José Martínez Trillos, President, Primax Colombia • Interview

89 Industry experts • B2B

90 INDUSTRY

91 Valley of promise • Chapter summary

92 Roberto Junguito Pombo, President, Organización Corona • Interview

93 Carlos Martín Carrión, Vice President & General Manager, Coca-Cola Colombia and Venezuela • Interview

94 International food giants • B2B

95 Spirits • B2B

96 Foreign attraction • Focus: Spillover effects

97 Steel • Interview

99 Rafael Esteban Álvarez Escobar, CEO, Alquería • Interview

99 Francisco Tosso, Former country manager, Grupo Alsea Colombia • Interview

100 Ana María Gómez, Country Manager, Vertisub • Interview

102 Security • Forum

103 Industrial machinery • B2B



105 TBY Analytics: Colombia 2022 Industry

106 Chemicals • B2B

108 Voices from the sector

110 TELECOMS & IT

111 The IT crowd • Chapter summary

112 Andrés Bernal, CEO, Teleperformance Colombia • Interview

113 Jesús Ordoñez, Country Manager, NTT DATA Colombia • Interview

114 Technology specialists • B2B

116 Get online! • Focus: Digital transformation in Colombia

118 E-commerce • B2B

120 Colombia's thriving start-up ecosystem • Communiqué: Legalnova

122 Electronics • B2B

123 Juan Carlos Garcés, General Manager, Intel Colombia • Interview

124 Delivery platforms • Forum

126 Voices from the sector



128 TRANSPORT

129 The emission mission • Chapter summary

130 Juan Felipe Bedoya, General Manager, Porsche Colombia • Interview

132 Juan Carlos Ocampo Pomareda, Managing Director, Scania Colombia • Interview

134 André Luis Mendes Marques, General Director, Volvo Group Colombia • Interview

134 Gonzalo Echeverry, President, Transportes Vigía • Interview

135 Felipe Ferreira, General Manager, Renting Automayor • Interview

137 José Miguel Carreira, CEO, Automundial • Interview

138 Jaime Barragán M., Co-Founder, Interlink Logistics • Interview

140 Logistics • Forum

142 Right on time • Focus: Tailor-made solutions in logistics

144 Félix Antelo, President, Viva Air • Interview

145 Carlos Andrés Mesa Palacio, President, Sarpa • Interview

145 William Shaw, CEO, Ultra Air • Interview

146 Andrés Cortés, Business Manager, Auteco Mobility • Interview

147 Norman Chaparro, President, Inter Rapidísimo • Interview



150

148 CONSTRUCTION & REAL ESTATE

149 Permanent shelter • Chapter summary

150 Roberto Moreno, CEO, Amarilo • Interview

151 Juan Antonio Pardo, President, Prodesa • Interview

152 Ana Milena Medina, CEO, Rodovías • Interview

153 Well built • Focus: Excellence for everyone

154 Andrés Cardona, President, CBRE Colombia • Interview

154 Sebastián Noguera, President, Habi • Interview

155 Bernardo Asuaje, Co-founder & Partner, Grupo Attia • Interview

155 José Joaquín Ortiz García, Chairman of the Board, Joyco • Interview



159

156 AGRICULTURE

157 Next generation crops • Chapter summary

158 Jorge Mario Díaz, Executive Director, Agrosavia • Interview

159 Marcelo Altieri, Senior Vice President, Yara Latin America • Interview

161 Carlos Rebolledo, General Manager, Corteva Agriscience • Interview

161 Andrés Piñero, President, Nitrofert • Interview

162 Automatic food • Focus: The urgency of technification

163 Voices from the sector

164 HEALTH

165 Strong availability • Chapter summary

166 Julio César Aldana, Director, Invima • Interview

167 Health providers • B2B

168 Luís Díaz, Co-founder & President of the Board of Directors, ALIFE Health • Interview

169 Easy to swallow • Focus: Prioritizing pharma

170 Pharma • Forum

174 Miguel Ángel Matamoros, General Manager Colombia, Laboratorios Richmond • Interview

175 Rogerio Sperb, Country manager, Andean region, BD • Interview

176 Rodrigo Arcila Gómez, President, Colombian Association of Cannabis Industries (Asocolcanna) • Interview

178 Luis Merchán, President & CEO, Flora Growth Corp. • Interview

179 Adriana Herrera, CEO, Earth's Healing Colombia (EHCOL) • Interview

180 Medical cannabis • Forum

182 EDUCATION

183 The need to adapt • Chapter summary

184 José Gabriel Mesa, Rector, Universidad Santo Tomás • Interview

186 Education • Forum

187 Think global • Focus: International Colombian universities

188 TOURISM & ENTERTAINMENT

189 Betting on creativity • Chapter summary

190 Irvin Pérez Muñoz, President, Fontur • Interview

191 Germán Alberto Segura, CEO, Corredor Empresarial • Interview

192 Santiago Melo, General Manager, Betsson Group • Interview

194 Alejandro Niño, Partner & CEO, Wellness Spa Móvil Center • Interview

196 A sure thing • Focus: Betting platform in Colombia

Read more at thebusinessyear.com/colombia

The Business Year is published by The Business Year International, Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands. The Business Year is a registered trademark of The Business Year International. Copyright The Business Year International Inc. 2022. All rights reserved. No part of this publication may be reproduced, stored in a retrievable system, or transmitted in any form or by any means, electronic, mechanical, photocopied, recorded, or otherwise without prior permission of The Business Year International Inc. The Business Year International Inc. has made every effort to ensure that the content of this publication is accurate at the time of printing. The Business Year International Inc. makes no warranty, representation, or undertaking, whether expressed or implied, nor does it assume any legal liability, direct or indirect, or responsibility for the accuracy, completeness, or usefulness of any information contained in this publication. The paper used in the production of this publication comes from well-managed sources.



Image: Alejandro Tejada

EXECUTIVE SUMMARY

In post-conflict *Colombia*, opportunities for value-generating business are aplenty. However, the future of the extractive industries is uncertain with the election of Gustavo Petro to the office of President. How he navigates the economy to quell fears will be crucial for investment going forward.

Presidential elections had a determinant impact on economic activity in Colombia between 2021 and 2022. Investment uncertainty, already common during moments of government change, was exacerbated by a campaign characterized by intense anti-business rhetoric. In June, fears materialized with the election of Gustavo Petro, Colombia's first socialist president. Capital outflow is taking place, putting downward pressure on the value of the Colombian peso.

WEAK PESO

The Colombian peso reached a historic low vis-à-vis the dollar on July 12. A dollar is worth COP4,608. The situation is troubling due to Colombia's trade deficit with the US and the nation's accumulation of debt in foreign currency. The situation echoes that of other Latin American countries to have elected left-leaning governments.

PUTTING THE HOUSE IN ORDER

Under the recently appointed finance minister Jose Manuel Restrepo, Colombia moved ambitiously to correct public finance pitfalls. During 2021, Colombia exceeded its tax collection target by COP19 trillion. This lowered the fiscal deficit to 5.6% GDP, from

6.2%—the figure envisioned in the country's Plan Financiero. The financing needs included in the annual government budget were also reverted to a pre-pandemic level (8.2% GDP). This is the largest fiscal correction in 30 years. Net debt sits at 56.6% GDP. International lenders are attentive to how Petro will approach government spending. He must balance the diverging pledges of higher social spending and reduced natural resource exploitation.

OIL

Duque's government had moved aggressively to propel oil exploration before the end of his presidential term. The National Hydrocarbons Agency auctioned its largest package of oil contracts during Ronda Colombia 2021. The round resulted in 69 contracts, exceeding by 38% the number of blocks that were envisioned to be given on tender. The sector is responsible for one-third of Colombia's investment budget and contributes 80% of national royalties.

THE F-WORD

Fracking has been a contested matter in the Colombian public sphere since 2018. That year, despite the signing of a decree and ruling on

non-conventional drilling, projects were suspended, while a demand to nullify the law was resolved. In July 2022, the Consejo de Estado, Colombia's supreme tribunal over administrative issues, dismissed the demand, saving the regulatory framework that permits fracking. This ruling allows seven fracking contracts issued between 2013 and 2016 to move forward. These developments go against Petro's will to prohibit fracking in Colombia.

JEWEL IN THE CROWN

Ecopetrol, the largest and primary petroleum company in Colombia, is having a year of extremes in 2022. During the year, it reported the highest quarterly earnings in its history. It also suffered a drop in company valuation of 17%, due to stock market volatility. Ecopetrol is 88.5% publicly owned, which makes the appointment of its C-level executives political. In March, the company's board of directors revised its by-laws to ensure the continuation of its corporate government and to prevent changes to management during the Petro presidency. It is expected that the government might attempt a transition of corporate government at the next ordinary general meeting or by calling an extraordinary general meeting.

MINING ISSUES

Colombia's plans for greater mineral diversification were anchored to the promotion of industrial operations on a large scale. Of the 10 projects of large magnitude registered, only five are currently in production (those led by Cerro Matoso, Cerrejón, Drummond, Zijin Continental, and Gran Colombia Gold). The main culprit is a bottle-neck around environmental licensing. The Colombian Authority for Environmental Licenses (ANLA) has only authorized two large-scale mining operations in Colombia during the last 10 years, Buritica and Gramalote. This contrasts with the scenario in Chile or Peru, where large-scale mining projects have initiated on average at one per year.

COPPER

There is a unique opportunity for copper production in Colombia. The country has important reservoirs of the mineral in territories that, due to armed conflict, could not host mining operations before. The country wants to tap into this potential, especially given that timing coincides with increased industrial demand for the resource. In Colombia there is one active copper-producing mine. El Roble is located in Chocó and has produced copper since 1990. The government wants to propel copper and has put in place an innovative licensing process in the hope of kick-starting more mines. Copper is a

strategic metal that is aligned with the evolution of industrial needs.

REDUCING TRANSPORT EMISSIONS

Colombia has the highest per-capita figures of electric vehicle use in Latin America. The country is also accelerating quickly in other key metrics such as hybrid registrations. Around 15,000 hybrid cars were sold in Colombia during 2021, double the number sold the year before. Colombia is betting strongly on alternative fuels such as bioethanol as well. Since 2005, it has supported the use of biofuels from sugar cane and palm oil in gasoline and diesel fuel. These fuels must comply with a rate of biofuels that varies by region but sits around 10%.

INFRASTRUCTURE

Infrastructure development is among the main commitments of government with the private sector. With the fourth and fifth generation of infrastructure works, the country wants to rise in competitiveness while generating opportunities for regional growth. A landmark project of infrastructure is the Puerto Antioquia, which will become Colombia's biggest terminal for refrigerated cargo. The megaproject began in 2022 and is drawing investment toward complementary projects, for example in road connectivity. The road network joining the port to the city of Medellín includes the building of the longest highway tunnel in the Americas.

CANNABIS

The cannabis industry, meanwhile, received a boost with the passing of Decree 811. The decree, which awaits regulation, allows the export of dry flower and the use of cannabis in industrial appliances. This will boost the hemp industry, which has one of the most attractive potentials for land productivity and industrial uses. Cannabis producers are certain the regulation will be transformative for business.

AGRICULTURE

The invasion of Ukraine resulted in the US displacing Russia as the main importer of fertilizers to Colombia. Rising production costs are pressuring a sector that is already struggling in productivity metrics in comparison with neighboring countries. However, the shocks are global and, in Colombia specifically, they are giving rise to greater technology spending.

Agriculture industrialists want to increase the yield of soils and crops by harnessing advances in land mapping and data science. These advances are very encouraging for a sector that relies heavily on small-scale farmers. Milestones such as the first shipment of rice to the US are boosting sector confidence. ✖

GDP PER CAPITA (2020)

SOURCE: WORLD BANK

USD5,332.77

INFLATION (2021)

SOURCE: STATISTA

3.5%

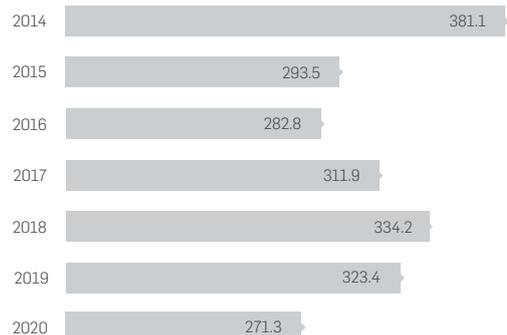
TRADE BALANCE (USD BLN)

SOURCE: COUNTRYECONOMY.COM



GDP (CURRENT PRICES, USD BLN)

SOURCE: THE WORLD BANK



**2021
NOVEMBER 1**

Siempre, the Colombian Union of Employers, is launched as the first of its kind in the country



**2021
NOVEMBER 12**

At the United Nations Climate Change Conference 2021, Colombia announces its National Plan for Carbon Neutrality 2050, "Camino a Cero"



**2021
DECEMBER 1**

The Colombian Hydrocarbons Agency (ANH) launches the largest bid round in the country's history, auctioning 53 blocks



**2022
FEBRUARY**

The Colombian Supreme Court decriminalizes abortion during the first 24 weeks of pregnancy



**2022
MARCH 31**

National oil production reaches its highest level since 2021, at 751,407 barrels in March



**2022
APRIL 23**

Invest in Bogotá announces that FDI influxes to the city grew 78% in 2021



**2022
MAY 3**

Colombia exports rice to the US for the first time



**2022
MAY 5**

Standard & Poors maintains Colombia's rating at BB+ for long-term debt in foreign currency and BBB- for long-term debt in Colombian peso



**2022
MAY 19**

Colombia formalizes a trade agreement with the UK



**2022
JUNE 19**

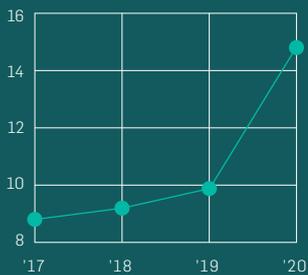
Colombia elects Gustavo Petro as President



Bogotá is Colombia's largest city, with a population of over 8 million

UNEMPLOYMENT RATE (%)

SOURCE: MACROTRENDS



FOREIGN DIRECT INVESTMENT, NET INFLOWS (% OF GDP)

SOURCE: THE WORLD BANK



CURRENT ACCOUNT BALANCE (% OF GDP)

SOURCE: THE WORLD BANK





Economy

STEADY SHIP

When asked about the pre-condition for investment they value most, business decision-makers overwhelmingly point to “stability.” In Latin America, the concept of stability carries delicate connotations because risk exposure for investment spreads wide—from currency devaluation risks to a lack of jurisdictional guarantees to a changing regulatory framework. For years, Colombia has stood as a poster child among its neighbors for offering precisely what investors want most: stability. Colombia is one of the few Latin American countries never to experience the forceful removal of government and one of few to never suffer from hyperinflation.

However, the results of the 2022 presidential election have opened a fresh discussion around the concept of stability. Decision-makers must reassess what economic stability means and reevaluate the characteristics that determine whether or not an economy can be deemed stable. The basis of the debate hinges on whether stability is a matter of political leaning or if a country’s institutions render the economy stable despite its politics. This second definition, if confirmed during the course of Gustavo Petro’s presidency, will give Colombia a long-lasting vote of confidence by the international business community. Can Colombian institutions protect business interests in the heat of a political re-mapping? If the private sector is unflinching of Colombia’s first left-leaning presidency, the coun-

try’s claim to stability will strengthen. The bottom line being that what had made Colombia stable in the eyes of businesses had not been the discourse of its politicians, but sturdy institutions that offer real protection, especially in the face of political turbulence.

Colombia’s jurisdictional guarantees toolkit is strong: a clearly demarcated balance of power, an autonomous Supreme Court, and steadfast commitment to the rule of law. It would be most encouraging if the newly elected administration does not attempt to reverse a regulatory framework that is beyond its control. However, if it tries and is unable to, that would be of even greater assurance to long-term investors in the country.

Most of the industries featured in the publication operate on long-time horizons, making investments today that will be reaped down the line. Their investment decisions already factor in political dispersion. All of these investments are of national interests and especially those that are large scale and touch on the country’s productive capacity, such as infrastructure and transport.

This is as good an opportunity as any to reinforce the investment rationale of these projects and reaffirm that Colombia is an unmatched destination for investment—regardless of its political leaning. ✘

INTERVIEW



Flavia Santoro
PRESIDENT,
PROCOLOMBIA

NEW *markets*

ProColombia is committed to promoting exports, FDI, and tourism for Colombia, as well as strengthening international relations that bring Colombia closer to new business opportunities.

BIO

Flavia Santoro holds a bachelor's degree in law and a master's degree in insurance law from Javeriana University in Bogotá. She has extensive experience in the development and management of institutional relations within the private sector, as well as in creating strategic and commercial alliances for fund raising. Her professional experience covers a wide variety of sectors such as consulting and sales in the insurance sector, nonprofit organization work and actively participating in two presidential campaigns with proven achievements. Flavia Santoro was recently recognized as one of the 50 most powerful women in Colombia by Forbes magazine.

How has ProColombia contributed to the growth and diversification of the Colombian economy during its three decades of operations?

Thanks to a talented team of professionals, a focused strategy, as well as the coordination with the national government, unions, and other partners, ProColombia has made great strides in attracting tourism and FDI, as well as in promoting non-mining exports and the Country Brand. We have contributed to Colombia's positioning as a leading destination for FDI in the region, and it has been an efficient investment which has positively impacted job creation and growth in Colombia. For example, employment opportunities from foreign investment supported by ProColombia have increased more than fivefold over the last 10 years. In 2011, the number of jobs created reached 21,000, while 2021 closed with 107,000 jobs created—a compound annual growth of 18%. The number of countries that invest in Colombia has more than doubled. In 2011, ProColombia supported investors from 16 countries, while in 2021, the number reached 35 countries. Additionally, every month, 72 new foreign investment opportunities are identified for Colombia, while 10 years ago there were 27 each month. For these reasons, Colombia is one of top 30 investment recipients in the world and the third largest recipient of FDI in Latin America. Exports have also increased. On average, with ProColombia's support, 24 foreign buyers acquired Colombian products and services every day in 2021, while in 2011 there were nine buyers a day. Currently, an ever-increasing number of Colombian companies are receiving export-related services from ProColombia. In 2011, ProColombia supported 2,441 companies from 20 departments; in 2021, this increased to 5,615 companies from all 32 of Colombia's departments.

What strategies are the focus of export promotion, and to what do you attribute the success achieved during 2021?

In 2021, we implemented an economic reactivation plan for Colombia's non-mining exports, which prioritized knowledge-based services, public procurement, biosafe goods and services, personal protective equipment, health

diplomacy to achieve phytosanitary admissibility for more agri-foods, and online and in-person commercial activities such as Macro Business Matchmaking Forums, among others. We have made great strides in various fields, including harnessing the potential of e-commerce. Thanks to the "Colombia a un Clic" (Colombia at a Click) program—which supports and advises Colombian companies on entering international marketplaces such as eBay and Amazon—we have trained more than 3,900 business representatives in partnership with the marketplaces and in the e-commerce export training program launched in 2021. In addition, 485 companies have opened an account and 210 have achieved sales of USD24.4 million. Likewise, at ProColombia, we are overseeing approximately 56 admissibility processes for agricultural products in 27 countries, providing technical support and identifying real business opportunities as well as coordinating with embassies and health authorities in Colombia and the destination.

What policy incentives and mechanisms have proven effective in increasing Colombia's attractiveness as an investment destination?

At ProColombia, we strive to promote our country as a leading destination for sustainable FDI. We are in the right path, as we are certain that currently we are the investment hub in the Americas. Due to our privileged geographic location, in the middle of the continent, which enables us to connect to any destination in the hemisphere in short periods of time, we are an ideal friend-shoring destination. That means that we are a unique platform to reach other markets, as Colombia has signed and enacted important commercial agreements that enable our country to reach over 1.5 billion consumers. Our government has implemented strategies to boost the arrival of foreign direct investment, offering tax exemptions to attract projects that promote the development of renewable energy, agribusiness, new technology, business services, tourism, infrastructure, and logistics, among others. This increased effort to attract investment also strives to further diversify Colombia's exportable offer and position the country as an export platform and provider of goods and services. ✖

major IMPACT

A public-private partnership between the local chamber of commerce and the city government, Invest in Bogotá has supported the development of over 450 projects for companies in Bogotá since its founding.



María Isabella Muñoz Méndez
EXECUTIVE DIRECTOR,
INVEST IN BOGOTÁ

What factors make Colombia unique and give business leaders the confidence to invest in Bogotá?

The region received over USD481 million in direct and indirect investment within 1Q2021. The estimation that we have here at the Invest in Bogotá project is that the flow of new and expanded investment within the Bogotá region grew around 39% in 2021. Bogotá is also set to attract more indirect investment from sectors such as value-added manufacturing, e-commerce, and nearshoring operations, which is a new term that everyone is talking about because what is currently happening with worldwide logistics. Infrastructure is another key sector for us and our city. There are also creative industries, technology-based services, life sciences and entrepreneurship that are a part of the strategy to attract more investment to the city. Bogotá is the economic, cultural, and administrative center of Colombia. This is also the gateway for the Latin American market due to its location and political stability, as our neighbors are not in as good or stable a political shape. The pandemic established a new commercial landscape in which Bogotá has great opportunities to become a relevant player in Latin America for the aforementioned sectors. Bogotá bet on boosting the attraction of different projects in the coming years.

What is Invest in Bogotá's impact?

Regarding Invest in Bogotá, although the pandemic hit the development and growth of the city in 2020, we campaigned for the arrival of 30 new investments and expansion projects for the city, an estimated USD114 million in total. We also estimate that those companies generate over 5,000 direct jobs for the city. In 2019, we accompanied 48 projects, marking a personal record. And in 2021, we reached our goal and attracted 35 new investments in the city. Our goal for 2022 is to attract at least 40 new investments. We are growing rapidly. Since our creation in 2006, Invest in Bogotá, which is an initiative of the Mayor's Office of

Bogotá and the City Chambers of Commerce, has supported the development of over 450 projects for companies in Bogotá. One in three projects that come to the city are brought in by Invest in Bogotá, amounting to 33% of the total.

What type of business links are Invest in Bogotá's focus?

Our mission is to attract investment in general, and we work to identify foreign companies keen to make Bogotá an operational hub for the country or wider region. On the other hand, we have a pipeline of projects for the city that we can offer companies such as private equity funds, venture capital funds, or any kind of investments participating in the projects the city has to offer. This includes infrastructure projects and entrepreneurship. Colombia is experiencing a boom in entrepreneurship, and we need to articulate the investments of those companies who are moving faster and forward that could be attractive for investments.

Through which mechanisms does Invest in Bogotá deliver and what processes are in place to help the business community?

We align with the strategy of the city because our stakeholders are the Mayor and the Chamber of Commerce. We focus on the key sectors offering an appealing opportunity for international investors. We have different units in our agency that work closely and specialize in the different economic sectors to ensure that we have a deep understanding of the sector and its opportunities. On one hand, we are proactive and are very active in campaigns and visits to countries most likely to show interest in Bogotá. We are analyzing which countries, sectors, and types of companies that we need in Bogotá. We are generating content, analyzing trends, and making connections that allow us to receive actionable information daily. We develop content through our webpage and the media so as to position Bogotá internationally as a business-friendly city. ✕

33% of FDI coming to Bogotá comes through Invest in Bogotá

BIO

María Isabella Muñoz Méndez is Executive Director of Invest in Bogotá. She was an early promoter of the private equity industry in Colombia since 2008. Prior to Invest in Bogotá, she was a partner of MAS Equity Partners and executive director of Colombian Association of Private Equity Funds in Colombia—ColCapital—since its inception. She has more than 16 years of experience in private equity and venture capital funds, entrepreneurship, investments, and business structuring. She was member of the boards of Pelpak, TGT Gamas, and ColCapital. Also, she is founder of Women in Alternative Investment. She holds an industrial engineering from Javeriana University and received a graduate diploma in economics from Andes University.

INTERVIEW



BIO
 Eleonora Betancur González is a sociologist from the University of Salamanca, with graduate studies in good governance and territorial public management from Pontifical Javeriana University, and a master's degree in international relations and cooperation for development from the Barcelona Center for International Relations (CIDOB) in collaboration with the Autonomous University of Barcelona. She has worked as head of the Andean Zone for the European Commission's URBAL III Project, advisor on the construction of the guide for public policy on the internationalization of local governments for the Barcelona Provincial Council, director for International Relations Office, and general coordinator for the Americas Climate Change event, both for the Mayor's Office of Bogotá, with an extensive professional experience of nearly 15 years.

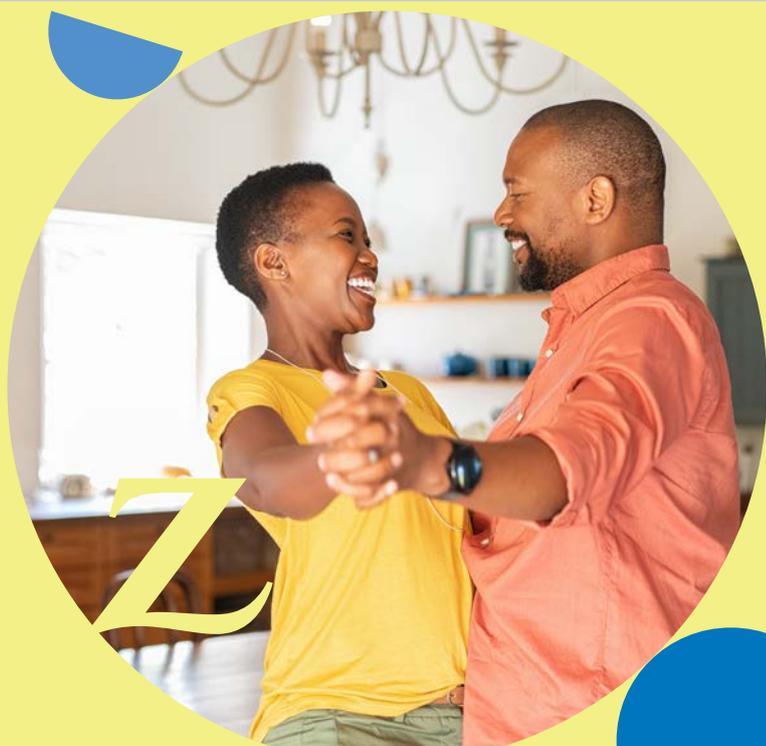
Eleonora Betancur González
EXECUTIVE DIRECTOR,
AGENCY FOR COOPERATION AND
INVESTMENT OF MEDELLÍN AND THE
METROPOLITAN AREA
(ACI MEDELLÍN)

What makes Medellín a good investment destination?
 There are several reasons why we are an attractive destination to do business and attract investment. One has to do with a competitive and attractive environment. There are some enabling reasons for this. Some have to do, for example, with public policy, and we feature within the framework of a development plan at the center of which is Medellín a Software Valley. Its objective is to support a city whose plan is to become the epicenter of Industry 4.0 in Latin America as be an engine of development for the country and wider region. There are also certain enabling qualities such as the city's robust economic performance. We have a strong production specialization and a business network and institutional trust earned over many years. We have sign agreements with the city administration, universities and civil society. We also have an excellent climate for doing business. The departmental competitiveness index, for example, has classified us over the past seven years as one of the most competitive regions according to various criteria, including human

capital. Then there's the market and innovative ecosystem in the city. Talent is truly abundant. Furthermore, the city offers a high quality of life by national standards, which is an incentive for many companies looking to set up in the territory.

How does ACI Medellín promote investment in the city?
 ACI Medellín is a public agency which already has an important seal, differentiating it from other investment promotion agencies in the country. We have a mandate to attract foreign and local investment to the city, which we manage proactively. We focus on attracting investments in sectors that promote comprehensive development. In this way, we seek not only the contribution of investors, but also that these foreign companies contribute to the development of the city through social responsibility programs and strategies. Our contribution as an agency is to accompany the investor throughout the process. In other words, we also map and accompany them in the process of deciding to settle in our city. We have legal support, and proximity to a network of allies that can also support these companies' strategies in finding talent and understanding the territory. Where they need dialogue with the mayor's office and city government, we as an agency are that gateway to the city. ✖

Real people
 need a
 truly insurer.



Here we are!
 We're just like you.

zurichseguros.com.co

More secure, more human, more responsible.

SUPERINTENDENCIA FINANCIERA
 DE COLOMBIA
 VIGILADO



Ricardo Triana
EXECUTIVE DIRECTOR,
CONSEJO EMPRESAS AMERICANAS
(CEA)

BIO

Ricardo Triana is Executive Director of CEA. Prior to joining CEA in 2010, he was director of the Colombian Government Trade Bureau in Washington. For over nine years, he worked with PROEXPORT COLOMBIA, both as director for Central America and Panama and as director of trade promotion and general manager of the agro-industry sector. In addition to his experience with the Colombian government, Triana worked in the private sector for 23 years as CEO of Jorge Triana & Cia. Ltd.

Through what mechanisms does CEA support American investment in the country?

We follow five strategic lines. One of them is networking, which is perhaps the origin of CEA. The second one is the business climate, because if we are able to provide and encourage a proper business climate in the country, companies will see the potential in Colombia. The third one is security; we have had a security committee for over 40 years and are still today the Bogotá Country Chapter of the Overseas Security Advisory Council (OSAC) since its creation by the Secretary of State of the US back in 1985. The fourth one is human resources; we are able to share best practices in terms of what these companies are doing for their employees throughout the world, especially during and after the pandemic. It has resulted in a great deal of positive experiences that we have been able to share with all our member companies. The fifth is social impact. All the American companies in Colombia are socially responsible. CEA provides them with that possibility through

CEA Foundation where we bring together the different synergies that they provide. We can bring them projects as well as formulate projects for them.

What mechanisms does CEA use to find new partners and attract new companies?

After this pandemic, we have developed a strategic plan within our companies with three pillars. The first is the social impact bridge, namely American companies positively impacting the communities where they work, where they have factories, and where they sell. The second is building up the confidence of the people toward the private sector in multinationals. We have to raise awareness of what these companies bring to the development of the country and the wealth of people. The third one is how we can contribute more to the development of the country. We are trying to bring those small and micro-businesses into our supply chains to help them develop themselves through education and training to become members of our value chain. We are heavily committed to those three pillars, and given the challenges faced by Colombia and the new government to come next August, those pillars have become very important to our people and our country. ✖



Rosa María Gamarra Añazco
GENERAL MANAGER,
ZONA FRANCA DE OCCIDENTE (ZFO)

What type of clients can benefit the most from the free trade zone?

Any legal entity that makes part of the sectors for industrial services, technology and innovation, importers, exporters, and any company that carries out industrial activities. In ZFO, we offer the following advantages as an added value for our clients: Industry and Commerce Tax exemption for eight to 10 years, tailor-made construction warehouses, and offices without VAT for our clients. We are the only free trade zone in Cundinamarca with a green seal and are in one of the three main eco-industrial parks in Colombia. We have advantages such as rainwater supply from the buffer lagoon, collection and sale of recyclable material, tax benefits, information security, a logistically attractive park due to its infrastructure and design, a strategic location with hectares of available space for new projects, roads between 10 and 17m wide for heavy traffic, exclusive park space

for the cargo entry of 8,500sqm, hydraulic and sanitary networks, unlimited storage space with no taxation, favorable options to nationalize subheadings, and international logistics distribution. In addition, exports through the airport do not require customs approval.

What is the social and developmental impact of ZFO?

ZFO plays a fundamental role in the FTZ in Colombia, as it contributes to the country's economy by creating jobs and investment. At the same time, it has allowed many interested entrepreneurs to create strategic alliances and expand their markets by increasing competitiveness and the economic growth of the country. From 2008 to this date, the Western Savanna has had positive growth in terms of the customs operations, which have been a source of success and recognition in different markets. We have increased exports in countries in Central America, North America, Europe, Asia, and South America. We had a considerable increase in the import of raw materials, goods, finished products, and essential elements for the mitigation of the pandemic. We have innovated in technology 4.0, guaranteeing agility in industrial processes and information security. ✖

BIO

Rosa María Gamarra Añazco is General Manager in ZFO. She is a lawyer with a double degree from Colombia and Paraguay and with a master's in international trade law and is a specialist in commercial law and civil procedure law. She has extensive experience in international relationships, free trade zones, real estate development projects, and strategic businesses design and development.

TBY ANALYTICS COLOMBIA 2022

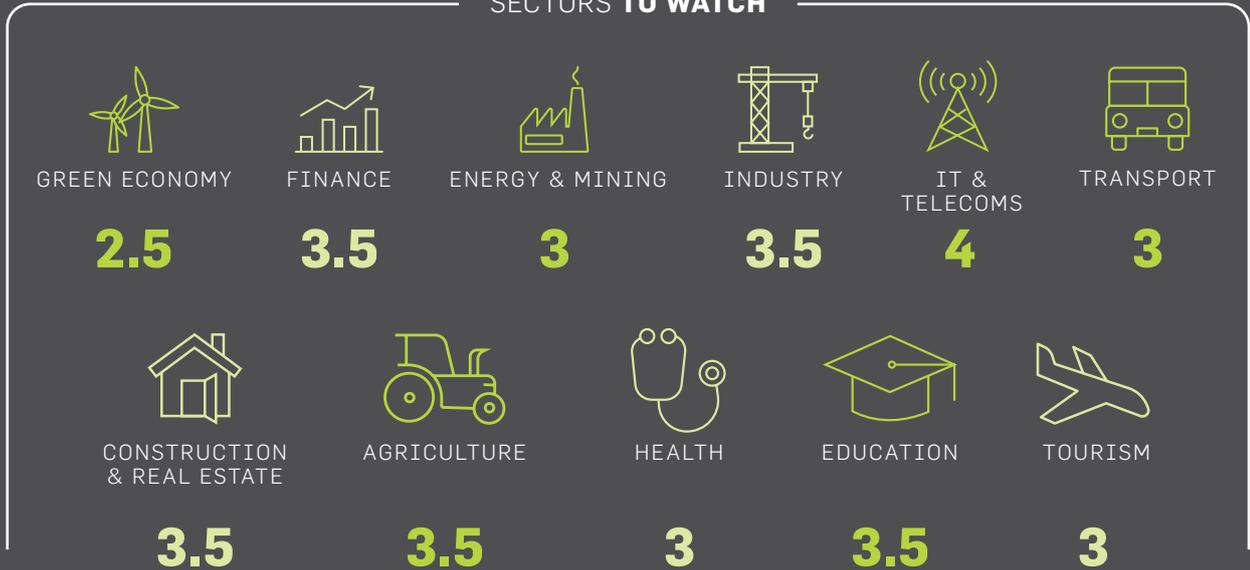
183 interviews were conducted for *The Business Year: Colombia 2022* Analytics.

BUSINESS CONFIDENCE INDEX

How confident are you about the outlook for business in Colombia this year (1-5)?

3.45
AVERAGE RATING

SECTORS TO WATCH



ADVANTAGES & CHALLENGES

What are the most commonly mentioned advantages and challenges of doing business in Colombia?

ADVANTAGES

- COVID-19 resilience
- Strengthening green credentials
- Economic recovery in Venezuela
- OECD membership
- Strong FDI framework
- Robust institutions
- Increasing purchasing power

CHALLENGES

- Slow court system
- Continuing need for infrastructure development
- Ongoing impact of COVID-19
- Potential new restrictions on extractive industries
- Over reliance on coal
- Exchange rate fluctuations
- Complicated customs system

quality CONTENT

Portafolio takes its reputation as the leading publisher of business news in Colombia seriously and focuses on maintaining its quality in changing times.

Francisco Miranda
DIRECTOR,
PORTAFOLIO



What responsibilities come with being the leading publisher of business news in Colombia?

Portafolio specializes in economic journalism and economic information. Our analysis combines social and economic factors of current events as we follow the transformations of the Colombian economy, which began even before the pandemic but were accelerated. One of the consequences of this acceleration was the change of the economic agenda of Colombia; factors that were not prioritized by the community or businesses before began to gain importance, such as labor tendencies, digital transformation, and the digitalization of the economy. The pandemic also created more conversation about the sustainability of our energy supplies. We are seeing changes in the economic agenda of governments, including the Colombian government. The discussion of the public economic agenda transformed and helped financial support and financial reactivation programs become more accessible. Currently, businesses and the state are prioritizing different agendas, and the work of Portafolio at the moment is to bring these different agendas to the readers and provide information about the topics regarding the national economy and business agenda. Our role is to cover the transformation that is taking place and deliver insightful, rigorous journalism.

How is the media evolving to provide quality content that is interesting and relevant given changes to the public's attention span?

The economy began to be highly important in different media fronts and not only in specialized publications like Portafolio. Economic journalism has a long tradition in Colombia, and Portafolio will reach 29

years in 2021, being the leading publisher in the country for economy and business matters. Matters such as employment, inflation, cost of living, economic management, and the satisfaction of living standards are in the top-of-mind. We are seeing an interesting moment wherein readers are looking to get better information about the macro economy and also about business aspects, financial strategies, and the fight against inflation.

What makes international alliances key in order to deliver quality journalism?

The current moment that we are living in has emphasized the similarities between the economies of different countries around the world. This is precisely what Portafolio looks for with different alliances with foreign communications and content generators. We are the leader in Colombia for two main factors. The first one is our capacity to talk about the economy of Colombia truthfully and in a professional way. For our international audience, we are the path to understand and receive information about the economy of Colombia and Colombian businesses. The second factor is our capacity for persuasion. We need to strengthen the second and help Colombian sectors understand the avenues of contact that unite the economy with the rest of the world. This global connection is an important part of our strategy, and one key tool to create this is through alliances that we are working with.

What are the main ambitions for Portafolio in the mid to long term?

We want to maintain ourselves as the leaders of economic and business information in Colombia and carry on reaching out to the largest audience possible. The second

objective is regarding our content and our commitment to our readers. We want our audience to receive information about the economy and business of Colombia that is useful for them when making business decisions and public decisions for businesses and for the people. We need to tell them about changes and give the professional information that helps to make these decisions. The third element is to confront these goals of the industry and keep adapting to the new platforms and ways of creating content to keep our commitment to our audience and reach audiences that are living far from economic information. We need to look at how we can persuade and make a way for this information to be useful for them too. In addition, we want to follow up on trends like digitalization, remote work, and startups; at the same time, we need to provide information regarding our macro economy and its situation within the different sectors. ✖

BIO

Francisco Miranda holds a degree in politics from Pontifical Xavierian University, a specialization in social economics from University of The Andes, and a master's in public management from the University of Columbia. He has worked as a senior advisor to the Presidency on strategic communications and was manager at media agencies focused on corporate messaging. He was the editor for politics, economics, and business at Revista Semana and a columnist at El Tiempo.

Cartagena is one of Colombia's main economic hubs and a significant port on its northern coast

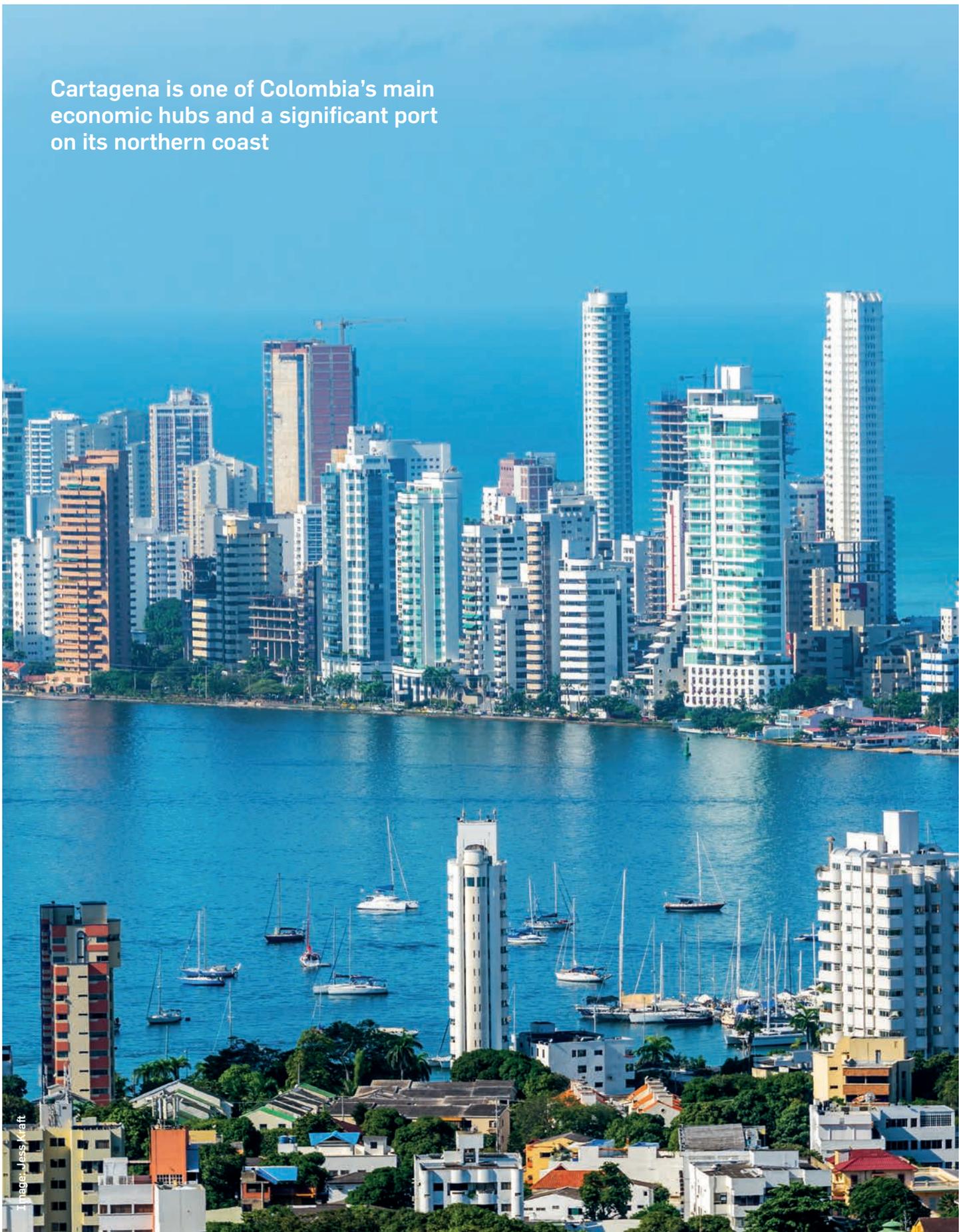


Image: Jess Kraft

background SUPPORT

As the cannabis sector expands, the need for legislative and regulatory support grows, with BA happy to step in and help.

Raúl Buriticá
GENERAL MANAGER
BURITICÁ ABOGADOS (BA)



How does BA support clients in their business operations, and what are the advantages of the firm's focus on jurisdictional protection and legal advisory?

The support to our clients is comprehensive and multidisciplinary and extends beyond legal advice. Within our team we have pharmaceutical chemists, veterinarians, agronomists, and personnel specialized in logistics issues. We support our clients in day-to-day issues, but also assist them in compliance with norms, the implementation of legal-regulatory strategies, and in the entire regulatory process not only in Colombia, but wherever our clients require advisory. We differentiate ourselves in that while our approach is legal, the regulatory technical team is robust, and able to assist the client in logistical issues, requests for quotas, seeds, and import or export licenses. Whatever the need we roll up our sleeves for our clients.

Through which methods and tools does BA ensure its service is simplified, timely and of high quality?

We understand the client's business, and think like company lawyers. We visualize the business, understand the needs, visit the facilities, and meet with the team. In this way our work has clear objectives, and our advice is of high quality and applicable to the client's objectives, always subject to legal terms and deadlines. Especially in terms of regulatory issues we prefer to think outside the box to provide legal and practical solutions to problems or situations that often have not arisen in the cannabis industry given its nascent state and complex and highly regulated environment.

How is BA's specialty a good fit for companies in the cannabis space, and what are the main legal challenges and considerations for industry participants?

We are excellent allies for cannabis companies because our team is multidisciplinary. With the support of our agronomists, pharmaceutical chemists, and veterinari-

ans, we can cover products with cannabis components for both animal and human health. Currently, it is still a headache for clients to secure financing and open bank accounts. Also the response times from government entities regarding procedures and requests made is a challenge. For companies that aim to export cannabis derivatives in the short or medium term, logistical issues, quotas and export licenses are complex and require patience.

What type of partnerships are most common in BA's legal practice, and why is it key to establish long term relationships with businesses when dealing with employee relations?

Our relationship with our clients is always based on trust, professionalism, and the achievement of common goals. For us it is very important to know our client's business, help them strengthen their weaknesses and enhance their strengths. Especially by helping them to identify their business niche, which is essential since specialization within the industry is becoming increasingly important.

What is the firm's approach to technology and what makes this characteristic important when working in tech-savvy industries such as the cannabis industry?

We have a CRM system in the cloud, which allows us immediate control of processes, including their traceability and immediate response. Among our clients are software companies specialized in ERP solutions for cannabis companies ranging from cultivation to sales.

Where do you identify growth opportunities and what do updates to the regulatory framework such as Decree 811 mean for the firm's growth?

The great opportunity with Decree 811 is the possibility of exporting dried flower for medicinal use. And with this authorization we are participating in the largest market for cannabis worldwide. The greatest challenge for exporters will be to adapt the cultivation models for the export of quality dried flower, complying with quality

parameters of the destination country, for example, flower size, THC concentration, elimination of heavy metals, and so forth. Likewise, for the use of industrial cannabis, procedures and cultivation will have to be adapted. This is not the case for pharmaceutical-grade cultivation that requires high international standards compared to, say, the plastics industry; the genetics, cultivation size and procedures are different. It is very important to mention that thanks to Decree 811, it is now possible to export cannabis from a free trade zone.

What are Buriticá's business development objectives?

If this pandemic has taught us anything, it is that we have to be flexible, adjust to new realities and, regardless of medium or long-term plans, we must have the ability to adapt. BA's short and medium-term goal is to continue helping companies to export, seek alliances with other international companies (law firms, logistics companies, buyers, pharmaceutical, cosmetics and wellness laboratories), and consolidate and expand our network of international partners. ✖

BIO

Raúl Buriticá is lawyer from the Pontifical Javeriana University. He is also a specialist on industrial property copyright and new technologies from Externado University. He has a pharmaceutical marketing diploma from Sergio Arboleda University and an LLM in international trade law from the University Institute of European Studies in Torino. He has been advising companies in the health sector, especially national and international pharmaceutical laboratories and cannabis companies, among others. He currently serves as an advisor to one of the world's leading companies in biological medicines, as well as in mass consumption companies. He is a member of INTA and sits on the board of directors of the Colombo-Israeli Chamber of Commerce.

FORUM

LEGAL

These legal firms help investors doing business in Colombia navigate uncertainties and provide local expertise to give them peace of mind and ensure successful operations.



Sergio Michelsen
SENIOR PARTNER,
BRIGARD URRUTIA (BU)



Ángela Salazar
PARTNER,
LLOREDA & CAMACHO



Diego Muñoz
FOUNDING PARTNER,
MUÑOZ TAMAYO & ASOCIADOS

THANKS TO THE FIRM'S SIZE and trajectory, BU has contributed to the design of Colombia's regulatory framework. We can provide certainty about the spirit of the law and in terms of how it is interpreted in congress. Other practitioners do not have that knowledge simply because they were not involved in the design of the law. Additionally, projects of national interest often involve liaising at the international level, which makes BU's identity as a global firm especially relevant. The firm can draw experience from similar processes elsewhere to strengthen advisory. Being a national firm with an international spirit enhances our reputation. BU has a close connection with the business community, which this means we can provide advisory from both a legal and business sense. We can communicate better and express succinctly what companies must do in order to bring their projects to fruition. When you understand their mindset, you immediately become their ally. As well as being business-oriented, we focus strongly on professional excellency. A law firm is basically the people. We are rigorous with selection in order to ensure every client receives the best service. Finally, employee talent is our number-one priority.

LLOREDA CAMACHO IS A LEADING innovative law firm. We have more than 80 years of experience working side by side with our clients and building successful legal strategies customized for them. Our goal is to always be at the top of the legal market. What makes us different and stand out from other firms is, without doubt, our top-notch team. We are a group of 150 individuals, comprised of 12 partners, more than 50 lawyers, eight technical advisers, and almost 80 people in our support staff, all of whom are ready to assist our clients 24/7. It is in our DNA to know our client's goals, to be proactive and to give practical solutions. We are different to other law firms because our partners are always fully involved in all the matters related to our clients, and the clients really appreciate such involvement. We have clients in all the fields of the economy, for e.g., pharmaceuticals, entertainment, telecommunications, and mining and natural resources. We have been lucky enough to assist most of the key players in the market in such fields. Our life sciences practice is also strong.

WE ARE A LAW FIRM WITH an international profile; between 60 and 70% of our revenue comes from international clients. When we started 27 years ago, the country was undergoing an interesting process regarding the new constitution, economic opening, and opportunities that allowed equal conditions for all. Within that process, we identified several possibilities where we could participate without facing considerable competition. One of the sectors that we identified was incoming privatizations, and we were fortunate enough to get involved in the first one. This led us to an important number of privatizations in the energy, gas transportation, electricity, and telecommunications sectors. That marked the projection of the firm in three important lines: mergers and acquisitions, to the extent that privatizations are the most complex, sophisticated, and transversal form; they involve a complex structure process that had never existed until then in Colombia, with project financing and the structuring of guarantees; and regulatory compliance. The most important factor is that the client always feels well attended to, and we have to be able to respond swiftly and attentively. We must be able to not only serve reactively, but also proactively anticipate their needs.



Juan Pablo Triana
LEAD PARTNER,
TRIANA, URIBE & MICHELSEN

THE FIRM SERVES AS the point of entry to Colombia for investors, helping them organize employment contracts, registering their brands, renting an office, and so on. Our department, which is the corporate side, is the gateway to Colombia for foreigners. The firm works nonstop from dawn to dusk. We are our own prosecutor and auditor, and being close knit means we are aware of what works and what does not. Second, between us, there must be equity, justice, and proportionality. This stability has been maintained for the past 27 years. The third point is that our goal is to achieve, not to grow. We can only provide what we can control. Our motto is personalization of the service. The ability to respond immediately. Customization, around quality, is maintained, as we want it to be. A client may well arrive around commercial or civil litigation, and at some point, the work touches our corporate department and intellectual property, which is extremely robust and market leading. Or we might be working on a corporate issue, and it might later involve intellectual property. We always accompany our clients every step of the way, and our clients notice that closeness and 24/7 commitment.



José Abusaid
FOUNDER & PARTNER,
ABUSAID GOMEZ

OUR TEAM IS HEAVILY ORIENTED toward and trained in FDI regulations. We are used to working in English even more than Spanish and being trained in highly advanced business English is not common in Colombia. More than anything, we deliver on time and we are on time for meetings. Both things might sound insignificant, though they ultimately make a difference. Our experience of 15 years has been in FDI, where we follow developments in free trade agreements, double taxation agreements, and everything to do with currency regulations, which can be rather delicate and complex at times. Our style has always been to learn about the project and to understand what the company is about and their local objectives. We design a project that, from a legal standpoint, helps them achieve their goals. We review those projects every six months to see where things are going and make the necessary adjustments. More than just reacting to a specific need, we like to develop a legal project for the company to make sure they achieve their goals, and that makes the difference. We have clients of 15 years that joined us on their first day in Colombia and are doing great business today.



Claudia Fonseca
PARTNER,
GARRIDO FONSECA

WE HAVE SPECIFIC EXPERIENCES that we bring to our client's issues and concerns. We are a boutique firm and only have partners and seniors working for our clients. The lawyers we work with have been in the energy sector all their lives. We provide the best available service to our clients which mainly are in the oil, gas, energy, and mining sectors. Now more than ever, given the current political climate, companies need to find a partner in legal that can help them through all this. It is a partner in legal plus social and environmental. We try to work in those three areas together in our practice. Additionally, we operate regionally, and not only in Bogotá. Every region in Colombia has a particularity, so we try to know that particularity. Operating in the Magdalena Medio is not the same as operating in Los Llanos. These regions have oil and gas there, but the people are so different. We offer a tailor-made service that is specific and important for our type of clients. For our international clients arriving for the first time in Colombia, we help them have a safe and successful operation. Communication is vital.

Sara Valbuena S., a lawyer from the Universidad del Rosario and a specialist in tax law, is Head of Tax Litigation at Legalnova. In this article, she outlines the challenges facing Colombia's new government.

COLOMBIA, THE NEW CHALLENGES FOR A NEW GOVERNMENT

AFTER experiencing one of the tensest political moments in history, Colombia has elected a new president, Gustavo Petro, which has left the country with great expectations and also much uncertainty.

Despite the opposition, it is undeniable that the new government and president plan to tackle important issues that concern everybody; the environment and balance in the economy, with the new administration hoping to encourage entrepreneurship and small businesses.

Gustavo Petro proposes big changes with the purpose of ending climate change and protecting Colombian biodiversity by betting on a circular economy and seeking to encourage agricultural production. He also plans a gradual decarbonization plan that will protect employment and the economy along the way, while also proposing to create a fund for the energy transition with the royalties and resources gained from eliminating tax benefits for hydrocarbon and mining activities. This could be seen somewhat as sacrificing an important sector that depends on finite resources and also generates untold environmental damage.

In addition, the new government will create the Environmental Protection Authority (EPA), in charge of overseeing and penalizing those who do not comply with environmental preservation policies relating to the Amazon, seas, and rivers protection plan, as well as seeking protection for the lives of environmental leaders who have been cruelly murdered in past years without any state guarantee.

It is true that this puts at risk one of the most important sectors in Colombia and a source of significant public resources and international investment, but it is no less true that this proposal comes at a crucial point when there are dwindling resources to exploit and the damage to the environment could be irreparable. The new government proposes an economy without future risks and climate damage, encouraging neglected sectors such as coffee and artisanal fishing, which will make the economy more stable and attractive for investment.

However, opponents focus their concern on the protection of private enterprise and the possible rise in gasoline and gas prices, which is a vital minimum for an important part of the Colombian population and it will be interesting to see how the new government will balance these issues.

On the other hand, and on the same path of seeking a circular economy, Gustavo Petro encourages entrepreneurship and small-medium enterprises, which can be understood in four essential points as follows:

(I) STRUCTURAL TAX REFORM: Aims to eliminate benefits without legal reasons for big companies and natural people with the highest acquisition of wealth in the country, and on the contrary creates a tax system with preferential tax rates for small-medium enterprises and entrepreneurs to contribute to development and sustainability.

(II) DEVELOPMENT CREDITS: Creation of a

public banking system through which the incorporation of a normal credit system of 1% monthly instead and 20% daily is sought, generated by the traditional system.

This plan attacks serious economic and social necessities, and allows the entrepreneur to compete with those who are financed by private banks, closing gaps in the market. It also eliminates the informal credit system, called "gota a gota," whereby a regular person lends money to the new entrepreneur without any study of the credit and no guarantees or papers with high current or default rates of interest and ends up paying three or even five times the value borrowed.

(III) STATE FUNDING for entrepreneurs focused on tourism, environment and nature, cultural spaces, and the health of the country.

(IV) RETAIN ACTUAL ENVIRONMENTAL TAX BENEFITS: Legislation provides as environmental tax benefits an income tax discount, VAT exclusion, and accelerated depreciation of assets and tariff exemption.

There are so many questions about Colombia's new direction. For example, where will the resources come from to achieve these new proposals? Will opponents allow the implementation of new policies betting on a new economic system? Without a doubt, there is a long way to go for the Colombian economy, but if achieved we would be facing a very encouraging scenario with the green economy as the protagonist. ✖

ACCOUNTING FOR THE ENVIRONMENT

The white heat of environmental auditing is increasingly felt across the real economy.

GREEN CREDENTIALS ARE conspicuous in corporate literature and grace the pages of Annual Reports. Increasingly, they have graduated beyond virtue signaling by major polluters to forming a core part of tomorrow's business model. Meanwhile, two years of a global pandemic have presaged a new way of evaluating the commercial ecosystem. And there is no denying that sustainability needs to be factored into corporate mission statements, industrial strategy, and economic policy. Not least when you consider the globally asymmetrical roll-out of environmental initiatives.

ONCE UPON A TIME IN COLOMBIA

In 2012, Colombia signed its Green Protocol with the participation significant member banks of ASOBANCARIA, Colombia's financial sector association. While a voluntary initiative, signatories of the protocol, representing over 50% of the domestic financial market, got the sustainability ball rolling. Those institutions champion sustainability through credit facilities and investment that advances sustainable business practice and national competitiveness. The protocol thus introduced the idea of measurable corporate compliance with green initiatives.

ENTER THE GREEN AUDIT

So, does this involve company books being scrutinized by an independent penguin? Not quite, interesting though the process is. What it amounts to is a corporate commitment to systematic self-assessment, during the identification, quantification, recording, reporting and analysis of environmental diversity. The audit, then, examines the impact of a company's operations on the wider environment, and the environmental practices within an organization to mitigate this. Such evaluations lead to greater efficiency in natural resource and energy consumption in commercial operations. And at the employee level a commitment to ensuring deeper awareness of sustainability at work and at home is inculcated.

GREEN TAXONOMY

After reproduction, food, and shelter, the taxonomic urge is the strongest us humans succumb to: the urge to classify, differentiate, and act upon those distinctions. And now taxonomy has entered its green phase, with Colombia setting the pace for Latin America. Optimistic observers insist that businesses will no longer engage in so-called "greenwashing," the virtue signaling of ideals not backed up by commercial practice.

Colombia's green taxonomy is part of the drive to secure public and private funding of goal-oriented environmental initiatives in a

circular economy. Meanwhile, it seems that Colombia goes the extra mile by also covering land use, as forestry, agriculture, and livestock account for 59% of its greenhouse gas emissions.

THE NEW WAY TO B

The pandemic, if nothing else, has accelerated a major rethink on the nature of the company, and its physical place in the broader ecosystem. So much so that the battle-cry of B Lab, an agent of corporate change is, "We won't stop until all business is a force for good." So, is this a snowball fight in hell? They insist not, being staffed by, in their own words, "standards experts, business analysts, development officers, product and program managers, people and culture specialists, partnership managers, storytellers, strategists, and engineers."

The international organization has already won notable plaudits, ranking fifth on Fast Company's annual list of the World's Most Innovative Companies for 2020 in the Not-for-Profit category. The award recognizes companies' tangible impact on industry and culture and acknowledges B Lab's status as a "standards and global movement building organization, driving economic systems change around the world."

"Certified BCorp" is a buzzword among those seeking a certain type of employer. And the same applies to product association, where an aware customer profile welcomes the credential at the till. In a holistic appraisal, evidence is sought of transparency in business and employee relations, and of green commitments in its dealings in the market. Undeniably, multinationals today increasingly expect their own environmental standards to be reflected across the value chain. The badge of honor for certified firms is a "B Impact Assessment" score of 80 or above. Significantly, too, Certified BCorps undergo a verification process every three years to ensure continuous improvement and sustained environmental commitment.

IN THE RANKINGS

Among the top-20 rankings of certified BCorps per country, the US heads the field with 1,418. Yet, Latin America appears shortly thereafter with Brazil in fifth place with 181 companies, just ahead of Chile with 135. Then comes Argentina in 10th place, with 119. Colombia makes an appearance in 12th place with 60 firms. The continent's representation concludes with Mexico in 14th place on 53 and Peru 19th with 28. The 20th spot goes to China with 27 firms.

Colombia, then, is no laggard in the green arena, which promises to reap tangible rewards in terms of public awareness and environmentally sound business practice. ✖

The BD Bacatá building in
downtown Bogotá



Image: Bruno M Photographie

ACCOUNTING

Providing multiple services across all sectors and with a presence in several countries, these accounting firms are able to offer clients a wealth of services that meet their evolving needs.



Edgar Sánchez
COUNTRY MANAGING
PARTNER,
ERNST & YOUNG



Julio Berrocal
PARTNER - CEO ANDEAN
REGION - DELOITTE
SPANISH LATIN
AMERICA, DELOITTE



Carlos Mario Lafaurie
PRESIDENT,
PWC COLOMBIA



Carlos Andrés Molano
MANAGING PARTNER,
MAZARS COLOMBIA

WE PROVIDE SERVICES to over 1,500 companies in Colombia every year in all sectors. EY has two lines of business: audit and consulting, which includes management, technology, risk, transaction, and tax consulting. The question around this is how do we provide confidence. First is through transparency. When we work as auditors, we give transparency to the markets so they can make better decisions. In terms of our consulting business, it is about providing real-life solutions to real problems using technology and being innovative and putting them in place. A key theme with consultants is that we want to go beyond diagnosing; we want to be partners and help companies improve processes. You need to go to a specialist in the end and focus on solutions that will solve the problem not only in the short term but in the medium term. We need to talk about blockchain as it is at the center of many things now. EY has a network, and someone has done a similar project elsewhere, so we provide information on how something works within a context. It is not a one solution fits all.

OUR VALUE PROPOSITION is based on our purpose. Our global purpose as an organization, which also includes Colombia, is to create impacts that transcend to all the interest groups that are involved with Deloitte. This not only includes our talent, the community, and government agencies but also our clients and suppliers. In some way, that purpose is reflected in the services we offer our clients, which aims to help them achieve their business strategic goals based on our experience, our knowledge, our innovation, and the information confidentiality and information safety of our clients, supported on a global knowledge network at the service of our Colombian clients. Deloitte wants to be a strategic partner for companies and offer the global and international knowledge the company has. We have five business lines—audit and assurance, financial advisory, risk advisory, consulting, legal and tax services—with which we want to offer a 360-degree focus on the solutions we offer. We offer services per business line, but when needed, we can integrate all our business lines to offer a complete service portfolio.

IN JULY 2021, THE FIRM launched its new strategy globally, “New equation.” The concept of new equation drives two main aspects. The first has to do with changes, and we need to help companies navigate a period of geopolitical instability, climate change, and regulatory updates. The second is reinforcing the mechanisms that generate trust within the community. In order to achieve this, the firm came up with a strategy aimed at people who think about the present and the future. We need people who work as a community of solvers. In order to be part of this, we need to have different professional backgrounds, different levels of experience, and different profiles, so that we can continue to develop the firm’s main goal throughout its history: to build trust and solve problems. All our strategic concepts around the new equation come from uniting this experienced, interdisciplinary human talent team with technology to help companies face changes while maintaining the trust of the people. Only then will it be possible for them to maintain sustainable results.

MAZARS IS AN international firm of French origin with about 44,000 professionals around the world. We have officially been called Mazars in Colombia for about four years, and today we number around 250 people, has grown by approximately 50% annually since 2016. We are a one-stop shop offering all the services entrepreneurs need to develop their businesses. We offer what is known as auditing and statutory audit. We offer outsourcing, accounting, payroll, treasury, tax compliance, internal auditing, controls, security, risks, and so forth, including financial advisory services. Those cover all transaction services, corporate finance, legal, validations, and mergers and acquisitions. We also perform financial modeling, where we have the number one team in the world by several economic models. We audit financial models or deploy them. We also have a section for tax and legal services, a law firm of 30 people that handles corporate, labor, tax, foreign exchange, and legal advice. We also provide litigation and arbitration and have worked on transfer pricing, which is rather technical.

INTERVIEW



Juan Darío Gutiérrez
PARTNER,
GUTIÉRREZ GROUP

BEST *of both worlds*

Gutiérrez Group is a multi-family office offering legal, real estate, investment, and wealth management advisory services to international clients in Colombia.

BIO

Juan Darío Gutiérrez is the co-founder of Gutiérrez Group and head of the legal practice of the company. Along with a team of skillful professionals, he handles business, corporate, real estate, immigration, foreign investment, IP, banking, taxes, and reporting matters. He has played a fundamental role in structuring and shielding hundreds of new and ongoing businesses in Colombia, purchasing over 500 real estate properties all over the country and handling more than 3,000 foreign investment operations. Thanks to his fluency in English, French, and Spanish, as well as his years of education in America and Europe and his more than 15 years of experience helping clients from all parts of the world, Gutiérrez is able to greatly facilitate and expedite inception within the Colombian legal and business frameworks for his clients.

What was the focus of Gutierrez Group during 2022?

Our focus is to consistently strengthen our offer of investment vehicles, delivering exceptional and diversified opportunities to our client base. We have concentrated on several fronts. On the one hand, we began the promotion of our latest real estate project and we have been expanding our directly led holdings of real estate, which we have ample experience in. We also finalized the restructuring of a truly industrial-scale size forestry project for carbon capture. It had an interesting evolution from an early thermo-electric energy production project to now solely capturing CO₂. This unique project offers attractive metrics to investors looking for environmental investments with a high ROI. Internally, we focused on strengthening our communications and marketing departments. The aim is to increase our market visibility in order to reach more investors.

How can Gutierrez Group be an excellent partner for international investors looking for investment opportunities in Colombia?

We have been providing professional services even before there was international interest in Colombia, from medium, small-scale entrepreneurs that are coming in by the thousands now. We have been in operation for over 15 years. We have captured their attention and made ourselves a solid ally by demonstrating that we have great experience, linguistic abilities, skill sets, and a network. We can narrow that cultural gap that people encounter when coming from Europe or the US. When you combine that ability with what we have, which is an indistinguishable love for Colombia and excellent work ethics, it is an extremely attractive proposition for anyone looking for a partner.

What is the importance of expertise when carrying out investments in Colombia?

Experience and expertise are key. Knowing how to navigate specific waters, how to deal with authorities, and having the

“What makes our projects special is our unique know-how and a spotless reputation, which appeals to our investors.”

right networks in order to secure those important allies that are necessary to accomplish your plans in Colombia will all be the key differentials in being successful or being frustrated all the time. You need to understand the local idiosyncrasy and know how to blend it with foreign culture to facilitate goals. They also need a high degree of sensitivity or emotional intelligence to bring those two ends together. When you have important deals on the line, you always want to have those type of people on your side of the table. Finally, there are principles and work ethics to consider. We have a pyramid of principles, and we do not entertain corruption or illegal shortcuts. We believe in old-fashioned values, and these have always worked for us. This has appealed to many people.

What services do you offer to international investors?

We are a one-stop shop and can do many things. We can help our clients with the entire chain of services that arise from the mere desire to invest or live in this country. An investor coming here or someone planning to relocate here will need help with opening accounts, transferring and properly registering incoming funds, creating structures, purchasing property, managing property, opening businesses, obtaining residency and citizenship, hiring employees, protecting trademarks, reporting, compliance, and accounting; we do it all. We also help our clients invest and manage their wealth in Colombia by putting together unique investment op-

portunities that offer returns that are far greater than what they are used to receiving in their own countries.

What makes Gutiérrez Group's ESG forestry project, which is fully dedicated to carbon emissions capturing, so interesting as an investment opportunity?

What makes it interesting is a combination of multiple factors. If ESG is what investors are looking for, then we are attractive because we are FSC and Gold Standard certified, and these are certifications that do not come around easily. We have had them for almost five years, which has proven to be a huge advantage. From an economic perspective, which appeals to most, we have an interesting track record with 10 years in this field. We have a proven thesis of over 5,000 has planted. We offer above average returns that start at 15% per annum. This is all quite appealing to people who are interested in the economic aspect of the investment. Now, I like to believe that the reason why people find us most attractive likely has to do with that personal

fulfillment of emotionality that accompanies an investment when it is made with a superior purpose. Colombian Timber is a fully turnkey project that has an attractive yield but it is also an investment that you can make money on while generating a tangible difference to our environment. Moreover, it is also about supporting and making a difference in a community that has been historically neglected by the government, such as the community of the Orinoquía. We are making money while helping the environment through removal of thousands of tons of CO2. At the same time, we are providing long-term, meaningful employment to hundreds of people within these impoverished communities. When I talk about the emotion and the fulfillment around an investment, it has been priceless to see communities flourish and thrive. The government has actually noticed this and is slowly coming in to put in infrastructure and roads, education, health, and other amenities. For an investor that is seeking all that as a combination, Colombian Timber is the right choice for them.

How is Gutiérrez Group capitalizing on Medellín's tourism boom?

Despite the 18-month slowdown due to the pandemic, Colombia and Medellín have performed brilliantly in terms of tourism growth. The average annual increase over the past eight to 10 years has been close to the 15% mark, almost four times the global average. The city has greatly benefited from that. It is not hard to understand, as Medellín is immensely attractive as a tourism option. Combined with the high purchasing power of Americans and Europeans, the available opportunities for entrepreneurs or digital nomads, and the highly qualified Colombian workforce, that is a tough combination to beat. We are playing an important role in that equation by putting together real estate projects that cater to customers that want to discover the city and enjoy maximum comfort. That would be here and for other parts of Colombia as well. What makes our projects special is our unique know how and a spotless reputation, which appeals to our investors. ✖

MULTI-FAMILY OFFICE IN COLOMBIA

- Legal Services.
- Wealth Management.
- Real Estate.

Gutiérrez
GROUP
gutierrezgroup.com.co



VOICES FROM THE SECTOR



Jonathan Ávila
FOUNDING PARTNER &
MANAGING DIRECTOR,
VALI CONSULTORES

What services does Vali Consultores extend to clients?

We identify as a consultant company of political scientists. We believe there is a third party in the relationship between the private and public sectors that helps understand the political climate, and we help grasp the problems of the political system in Colombia, Ecuador, and Peru. We work with telecommunications, digital platforms, agroindustry, pharmaceutical, infrastructure, energy, and mining industries to assess the needs of those markets and how they can translate this information successfully to the public sector. The public sector in these three countries is particularly complex, because you work at a state and local level with different agencies, each of them pursuing different interests. We work to understand these interests and provide information to the private sector for clarity on how the expectations of the public sector can be translated into opportunities.

What characteristics make the company an ideal vehicle to bridge the gap between the public and private sector?

We specialize in methodologies and a deep understanding of public policy in order to share these insights with the private sector. We focus on which interests are managed by the public sector, so they can align with the goals of our clients.



Juliana Sguerra
MANAGING DIRECTOR & PARTNER,
BOSTON CONSULTING GROUP (BCG)

What are the advantages for Colombian companies of pursuing a partnership with BCG?

Companies hire us because we are able to bring an objective and expert view to their situation. We have 25,000 employees and 1,500 managing directors and partners globally that specialize in different business areas, working with the top companies around the world. This gives us the ability to understand, recognize, and bring best practices from across the world to our Colombian clients, always embedding the local context and local needs to the suggested solution. As an external party we have the capacity to challenge the status quo of the company and help manage problems that sometimes might arise internally. We bring speed to market our focused knowledge, deep expertise, and focused teams.

How has BCG evolved during its first 10 years in Colombia?

A decade ago, when we started, the company had three employees: two managing directors and a consultant. Today, we are 120 people, which reflects our evolution and commitment to growing and helping the Colombian industries. The growth of our team strengthens our capacity to deeply cover more industries in the market, allowing us to bring the best of BCG to Colombia. Globally, BCG has evolved in a way that it is able to tackle the end-to-end problems of our clients.



Adriana González
CEO,
MERCER ANDINA, CENTRAL
AMERICA, AND THE CARIBBEAN

How can companies benefit from collaborating with Mercer?

Nowadays, regardless of the size of the company, challenges in management of human resources are common. Mercer has been working to understand the needs of large corporations, but also of medium, small family-owned businesses, and help them build tailored solutions. We aim to create a work ecosystem in the countries where we work, where the client is central and we collaborate with them to create solutions. This is how we build long-term relationships.

What kind of products and services do you offer?

We have quite a large portfolio, and we generate information and solutions derived from the talent strategy of organizations. Companies are rethinking their economic and commercial models, and each of those spaces presents opportunities for Mercer. We have benchmarks, insights, data analytics and comprehensive international experience that allows us to bring the best practices from industries beyond the country. We also have expertise in salaries; however, that is just one of our branches of business. We also have data on talent trends, leadership, engagement and culture. We are involved in the professional trajectory of a person from when they join a company until they retire. Besides, we have an area specialized in health issues, and wealth area who helps companies to formulate policies on retirement and financial wellbeing.



Camilo Toro
SENIOR PARTNER,
OVAL

What makes Oval an excellent consultant, and what is the company's specialty?

We help clients in multiple ways. We usually work on strategic planning, helping them define a roadmap for their company to achieve their objectives. We also carry out numerous projects related to commercial or go-to-market strategies. A third dimension of our work focuses on building high-performance organizations. These engagements cover how organizations, and their processes are structured so that they can execute their strategies. Finally, we also have a robust offering in terms of operational excellence, which includes leveraging technology to have an efficient operating model. We have also been developing other offerings, of which the most relevant one is analytics. We are consultants with deep industry and functional knowledge.

How does Oval support companies' transformation plans?

We want to team up with our clients and work with them to develop their businesses. We have a number of long-term multi-project client relationships. We have helped these clients in multiple dimensions across business lines and functional areas. We have a cost-effective and flexible model that allows us to support clients in long term transformation efforts. We can offer results-based fees, for example, which aligns our incentives with those of our clients. That is how we help them to achieve their goals.

A GUIDING HAND

The rise of results-driven consultancy contracts is restructuring many consultancy firms in Colombia, making them more accountable than ever.

CONSULTANCY firms are part of any mature business ecosystem. Consultants are engaged by a client in an advisory capacity, usually for the short term and on a project-by-project basis, to address the various challenges faced by the client's business. Each constantly firm typically specializes in a particular sector, preferably in a specific part of the world. The areas of specialty range from helping a startup take off to optimizing the business procedures of a long-established brand.

Colombia is a provider of consultancy services in the LATAM region and a gateway to the region for western consultancy firms. While Colombian firms serve Latin American businesses in terms of strategy, technology, and operations, they also help international businesses that want to venture into Latin America, using their firsthand knowledge of the region's business climate as well as their ties with the US economy. The consultancy industry in Colombia, however, is currently going through a phase of transition, as in most of the world. Although this phase will not be free of challenges, it will improve the sector and justify its role in the economy over the coming years.

The ongoing paradigm shift in the sector is in response to criticism from clients. Giving advice is famous easy, particularly when the consultant does not face any consequences if the advice produces poor results in practice. If the advice turns out to produce good results, however, everyone will be happy to take credit. As thinkers such as Nassim Nicholas Taleb have warned us in recent years, this model of consultancy leads to a terrible asymmetry. Anyone who enjoys the upside of an enterprise must also accept responsibility if things begin to go downhill.

A new model of consultancy is solving this problem by the democratization of risk. In an outcome-based consultancy contract, the client will only make the payment if a certain objective has been achieved thanks to the consultancy service. This will give an incentive to consultants to seriously consider the efficacy of their advice before giving it to others. Advice is evidently not cheap anymore.

Some firms go a step further: after learning about the challenges faced by their client, the firm comes up with a solution, implements it, and transfers the running of the system to the client only when the solution has stood the test of time. This is the next level of accountability that more and more consultants will have to offer to remain in the competition.

In any case, result-driven consultancy is now the most basic expectation in the market. The managing director of Boston Consulting Group (BCG) recently sat down with TBY to, among other things, discuss the realities of the consultancy business in 2022. Juliana Sguerra pointed out that companies such as BCG "normally go and tackle a very concrete situation and bring teams to the ground that are 100% focused, we bring speed to solving the problem by generating a work plan and acting upon it."

When discussing the BCG's mission in Colombia, Sguerra noted the rapid evolution of their consultancy service in the country in the space of a decade, adding that "BCG has evolved in a way that it is able to tackle the problems of our clients. Over the years, we have realized that the impact that we generate on clients is not just designing the strategy, but helping clients implement the strategy and bring it to market to capture the impact."

Giving generic, off-the-shelf advice to businesses in terms of strategy or marketing is no longer part of the consultancy sector. In addition to the goal-oriented format of consultancy, firms have very useful technological solutions at their disposal these days. BCG, for example, employs teams of data scientists and analysts to mine big data using artificial intelligence (AI) to see what practices have in the past generated desirable results. The best strategies in a given market will then be transferred to other clients in the form of heuristics. Although Big Data and AI, in their present form, have been accessible for barely 10 years, they are already revolutionizing the sector.

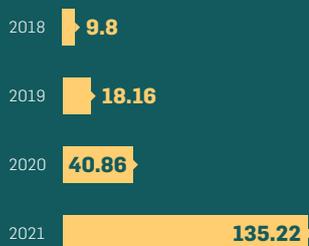
There is little wonder, therefore, that Colombia with its robust IT infrastructure is ahead of the curve in the region. The nation has a sizable skilled workforce with a high level of digital literacy. This is reflected in the exponential growth that consultancy firms in Colombia have enjoyed over the last decade and their many success stories.

Traditional consultants, too, are embracing the transition. Oval, a firm based in Colombia, now also offers results-based fees to align their incentives with those of the client. The company has "done a great deal of work in Panama and the Dominican Republic and have clients in Guatemala, El Salvador, and Honduras," according to the firm's senior partner Camilo Toro. Going forward, consultants that have taken a proactive step by taking responsibility will seem more reliable to business leaders, leaving no room for old school advisors who merely dish out advice. ✘



SOLAR PV INSTALLED CAPACITY (MW)

SOURCE: SER COLOMBIA



TREE COVER LOSS ('000 HA)

SOURCE: GLOBAL FOREST WATCH

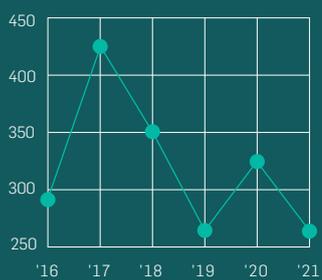


Image: oscar garces



Green Economy

GREEN LEADER, STANDING BY

The exercise in activism that was necessary to position climate change in the collective imagination is often overlooked. Tireless, against-the-current campaigning was necessary in order to bring the subject to arenas of international dialogue and governance. It is thanks to organized grass-root activism that, today, governments around the world have incorporated decarbonization strategies into their roadmaps. A fitting example is Colombia, the first Latin American country to incorporate United Nations Sustainable Development Goals directly into its national government project. And this is also a country that has made an important carbon net-zero by 2050 pledge.

In a similar effort, pressure groups around the world are working to raise awareness around biodiversity loss. It is important to stress the dangers linked to the reduction and extinction of species. Colombia seems to be early to the discussion, and for obvious reasons. The country holds 10% of the planet's biodiversity and is the country with the largest abundance of species per square kilometer. The country wants and needs to be a leader world-wide in the safeguarding of habitats. In 2022, Colombia followed through in its promise to declare

30% of its territory protected area.

Colombia is a leader world-wide in matters of biodiversity protection, climate change, and, importantly, clean energy. Approximately three-fourths of the country's energy matrix are derived from hydropower. Not content, the country is pushing strongly to promote and incentivize solar and wind energy projects. The country is even paving the way internationally in a proposal for new technologies such as green hydrogen. The spillover benefits are plenty and the multiplier effect that results from energy transition initiatives is evident. The industry is a catalyst of infrastructure development and knowledge transfer as well as a generator of income and employment. The capital-intensive investments that are necessary to kick-start projects of this type are a source of accelerated economic growth. And Colombia, thanks to enviable climatic conditions and an attractive regulatory framework, is drawing the attention of energy investors around the world. The ambition, as was expressed by many interviewees carried out for this chapter, is that Colombia will become a launchpad that can support projects of renewable energy elsewhere in Latin America. ✕

CONTRIBUTING *to society*

Sumitomo has ambitious plans to tap into the significant growth potential in the country while simultaneously contributing to its development.



Takahiro Saito
PRESIDENT,
SUMITOMO CORPORATION ANDES

Can you provide a general view of the Sumitomo Corporation and outline the company's principal objectives in Colombia?

Sumitomo Corporation is a Japanese company and was originally the trading arm of Sumitomo Group. Right now, each Sumitomo company is independent. The company has transformed its business model from trading to business investment. Our company Sumitomo Andes is in charge of three countries in the region: Colombia, Ecuador, and Peru. Our biggest business in the region is mining, with a large investment in a copper mine in Peru, and other traditional trading business such as automotive. We import cars from Mazda, which is also a group company, and we do some internal distribution business with cosmetic ingredients. We have invested in a European company called Fyffes, the largest distributor of bananas in Europe. Our other core business is the import and distribution of agrochemicals. Those are the traditional businesses that we have invested in.

Sumitomo Corporation has between USD2.5 and USD5.5 million of product investment in Colombia. What principles guide your planning in Colombia?

We are in the second year of the mid-term business plan outlined to 2023. The focus is supporting the country's ESG objectives and contributing to a sustainable economy. In South America and the region, we are focused mainly in two areas: de-carbonization, carbon neutral, or carbon free; and agriculture-related business. We would like to contribute to solve social issues throughout the business.

What is Sumitomo's approach to partnerships?

Sumitomo is a large corporation spread out all over the world. We have offices in over 150 countries and 70,000 employees. We rotate employees from one country to another every four or five years. Our business principle is to look for a local business partner where we want to make a business or investment. We place great importance in long-term business. We are not like a typical investment bank that makes an investment and then sells it after three-four years. As long as the investment is creating value, we want to stay long term, and it is important that our partner has the same philosophy. Making a profit is important, but we want to contribute to society. The philosophy of the executives of partners is extremely important when making an investment decision.

What business synergies did you identify with the Colombian company, Promigas?

Promigas has the same mentality and strategy as us; they are interested in developing business lines in the area of de-carbonization, especially in hydrogen. There are things that both companies can bring together and are on to the table for the project. That was the initial reason why we wanted to talk with Promigas. It is part of a big group in the country and has a good, solid reputation. After meeting with its executives several times and talking about the business opportunities and personal lives, we realized we have similar philosophy and have similar expectations. There

is a good and similar chemistry between two companies.

Sumitomo is a perfect example of FDI confidence in Colombia. What expertise can Sumitomo bring to the Colombian economy?

Other than simple financial resources, our global network and the diversity of our business portfolio are key. We work closely with other regional offices as well as the head quarter. If we see a need for specific technology, for example, to produce hydrogen, then we communicate with our sister offices to find solutions. Promigas' main business is in gas transportation. We have an energy business in Houston. We try to look for support that we may be able to do from energy business groups. That is our expertise.

What makes hydrogen energy revolutionary, and what makes the field interesting as an investment opportunity?

Sumitomo Corporation is extremely concerned about climate change. Japan always has an issue with energy, as we do not have much fossil fuels, and we have been investing in renewable energies such as wind and solar. Hydrogen has the great potential to replace oil and gas in the future. There are still many challenges ahead, such as the cost; the cost is much higher than oil, and there is still much to do on the supply chain side. It is coming, but we believe solution will be found in a matter of time. Even though it might be premature to make an investment at this moment, we wanted to get involved in the early stages.

What are Sumitomo's targets for the medium and long term in Latin America and in Colombia?

We want to increase our presence in Colombia and tap into our global network. We are discovering many opportunities here, with significant growth potential in the country. There are 100 million people in total in the three countries that Sumitomo Andes is in charge of. There are many ways in which we can contribute to the development of Colombia. Japan, as a country, can contribute more to the development of the region and the country. To do so, we have to let them know about the opportunities in both Colombia and South America.

How do you evaluate Colombia's approach to investment attraction?

ProColombia is extremely active not only here but also in Tokyo. In FDI, there are lot of competitions and other countries also want to promote different products and opportunities to Japan. We always need to evaluate why Colombia is the best destination for the investment, before presenting a particular product or opportunity. We still need to make great effort in that area and work with ProColombia and embassies in both countries. ✖

BIO

Takahiro Saito graduated from Waseda University with a BS in political science and completed an executive course at the University of Chicago Booth School of Business. He started his career with Sumitomo Corporation in 1993 and has held several positions, including manager of the international steel trade department, product manager, head of electrical steel sheet team, head of power train team No. 2, and President, Sumitomo Corporation Andes.

Sustainable Solutions for the Global Society

 **Sumitomo Corporation Andes S.A.S.**

Enriching lives and the world





**You've reached
the end of the free
preview.**

To continue reading, purchase the
full version via this app or go to
thebusinessyear.com/shop

Or contact us at:
info@thebusinessyear.com

thebusiness|year