CREATING SHARED VALUE:
CORPORATE CASE STUDY IN DEVELOPING COUNTRIES

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THE CONCEPT: CREATING SHARED VALUE (CSV)

- The origin of the concept
  - HBR Michael Porter and Mark Kramer
  - « Blended Value » concept from Jed Emerson
  - « Capitalism at the Crossroads » from Stuart Hart

- Its definition
  - « Policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. »

- For SNC-Lavalin, creating shared-value brings more than a traditional CSR approach
COMPARING CSR AND CSV

- CSR: Values are about doing good
  + CSV: Values are about convergence of economic and societal benefits
- CSR: philanthropy and sustainability
  + CSV: joint company and community value creation
- CSR: result from external pressure
  + CSV: Integral to competitiveness
- CSR: distinct from profit maximization
  + CSV: Integral to profit maximization
ABOUT US

- SNC-Lavalin:
  - The LRDI strategy is SNC-Lavalin’s leading practice in Shared-Value Creation and Sustainability
  - Implemented on our large projects in Africa, Latin America and Asia
  - Four pillars
    - Mining and Metallurgy
    - Oil and Gas
    - Infrastructure and Environment
    - Power
  - Exposure to both infrastructure projects and development projects has shaped our way of doing projects
  - New generation of employees are strongly influencing our way to design and build projects
A CASE STUDY: CREATING SHARED VALUE ON OUR PROJECTS

- The Local Resource Development Initiative™ (LRDI) is a proprietary methodology for maximizing local benefits and creating shared value with communities.
- A set of policies and procedures developed throughout our experience over the last 15 years in different parts of the globe.
- Align project objectives with community objectives whenever possible.
- Promoting sustainability opportunities.
The Local Resource Development Initiative (LRDI) is a Project Sustainability strategy fully integrated into the EPCM during the Construction phase.

- It addresses Government’s requirements / Communities expectations on positive economic impacts of a mega-project.
- It aims at maximizing local benefits of a project for the regional economy, whilst reducing project costs during construction.
- It optimizes socio-economic synergies with local labor, local private sector and local communities.
- It has been successfully designed in South Africa, Mozambique, Afghanistan and Madagascar.
- Plan Nord and aboriginal context in Canada.
CREATING SHARED VALUE WITH THE LABOUR

THE OBJECTIVES:

- Manage employment expectations in a country/region with high unemployment
- Raise the “employability” of the local labour
- Implement major training facilities to provide training for thousands of local workers
- Provide basic training in civil, mechanical, piping, electrical, structural with an ongoing emphasis on HSE (Simulated project site)
- Optimize the ratio of local workers on the project and minimizing in-country or regional migration of workers
- Reduce labour costs and develop the regional labour market
LRDI IN PANAMA
LRDI IN MADAGASCAR
CREATING SHARED VALUE WITH THE LOCAL COMPANIES

THE OBJECTIVES:

- Support the development of procedures to facilitate and maximize local procurement and develop local supply chains
- Act as a catalyst for the development of indigenous Small and Medium Enterprises
- Generate growth for local companies and organizations
- Strengthen the local private sector in the region for long-term operations and develop industrial clusters of local strategic suppliers
- Implement fairness and transparency in local business practices
LRDI IN MADAGASCAR
KANDAHARI FIRST (LRDI IN AFGHANISTAN)
CREATING SHARED VALUE WITH THE FARMERS

RURAL DEVELOPMENT PROGRAM:

- Facilitate local procurement of food products for the workers camp
- Support the implementation of rural development strategies taking full advantage of the new opportunities created by the mega-project
- Support to establish marketing board based on successful models
- Facilitate farmers’ access to credit markets
- Identify income-generating activities for vulnerable communities that serves both the project’s and the communities objectives
KANDAHARI FIRST (LRDI IN AFGHANISTAN)
KANDAHARI FIRST (LRDI IN AFGHANISTAN)
VALUE FOR THE OPERATING COMPANY

This approach usually:
- Generates significant cost reductions in terms of labor and procurement
- Reinforces the social license to operate in a critical period (construction phase)
- Increases the productivity of local workers on the project
- Accelerates the transition from expatriate workforce to local workforce
- Helps creating a pool of local suppliers and clusters
- Ensures sustainability of the project through competency transfer and capacity building
- Provides a sustainability framework for the Operations
VALUE FOR THE COMMUNITIES

This approach also:

- Provides tangible social and economic benefits to the community
- Contributes to induced local/regional development
- Enhances equitable distribution of benefits within the community
- Strengthens the local private sector
- Develops competencies and skills that can be applied elsewhere
- Increases employability of local labour
- Provides sustainability indicators and measurement