From local content to shared value creation in extractive industries

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PRESENTATION

ExxonMobil’s Local Content Program

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From Local Content to Shared Value

OECD Framework on Collaborative Strategies for In-Country Shared Value Creation: Extractive Projects

Energy lives here

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**Workforce development**

The recruitment and development of qualified nationals for construction and operations phases

**Supplier development**

Purchasing local goods and services and developing local suppliers to form a competitive industrial base

**Strategic community investments (SCI)**

Investing in health, education and infrastructure to assist in sustainable socio-economic development in host communities and countries
ExxonMobil in-country Shared Value Creation

Business Case

• A local workforce is more efficient, effective and productive than international temporary and rotating personnel

• Local suppliers bring value through local knowledge, shorter supply chains, potentially lower cost to manufacture

• Local hiring, procurement and community investment helps us become part of the local community which builds trust and improves security

Barriers to Effective Implementation

• Unrealistic targets

• Complex reporting methodologies

• Compromised operations integrity

• Compliance/penalty driven
Key Success Factors

- Sustainable, flexible, collaborative focus vs. target and penalty regime
- Realistic expectations and a long term view for global competitiveness
- Clear roles for government, industry and civil society
- Periodic refresh of strategy without causing instability
- Reasonable administrative burden; especially on vulnerable Small-Medium Enterprises
- Begin building skills and capacity early
Importance of Framework

• Roles and responsibilities of each party for workforce, goods & services opportunities
• Potential opportunities to leverage multi-purpose infrastructure and support development of affordable access to power and water

Why should this framework be used?

• Win-win / Shared value → Historically stronger results
• Moves away from compliance focus → sub-optimal results

How is this framework unique from others?

• Clarifies roles and mutual accountability of all stakeholders, both public and private
• Methodically outlines the steps that should be taken to maximize shared value in extractive projects
• Describes the different phases of project life cycles and provides examples of the scope of employment and procurement opportunities available in each phase.