

Shared Value Platform

February, 2019

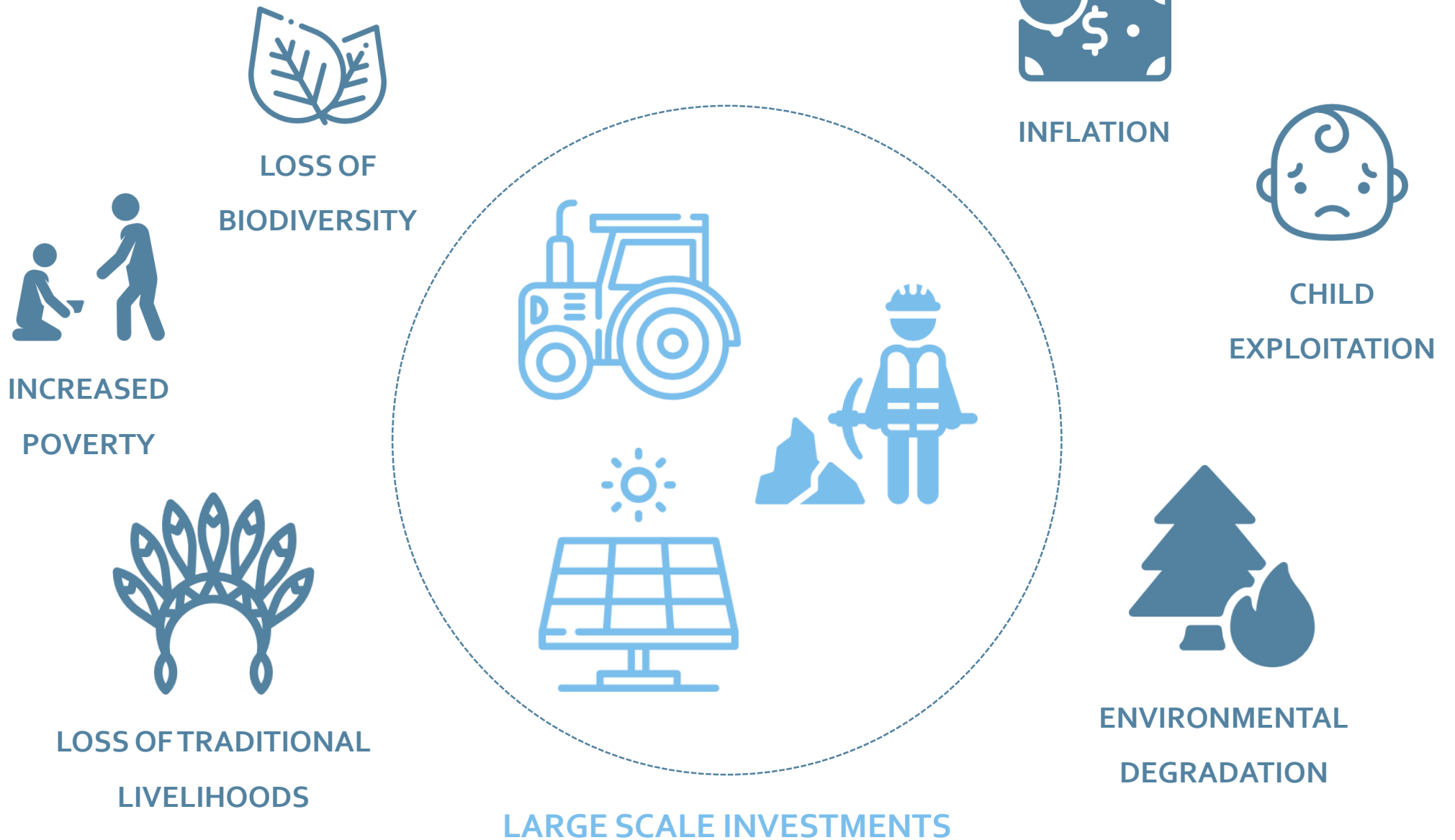
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A territory-based approach to local development



LARGE SCALE INVESTMENTS

CAN MAKES MATTERS WORSE, FASTER...



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TURNING AN ISSUE INTO A SOLUTION

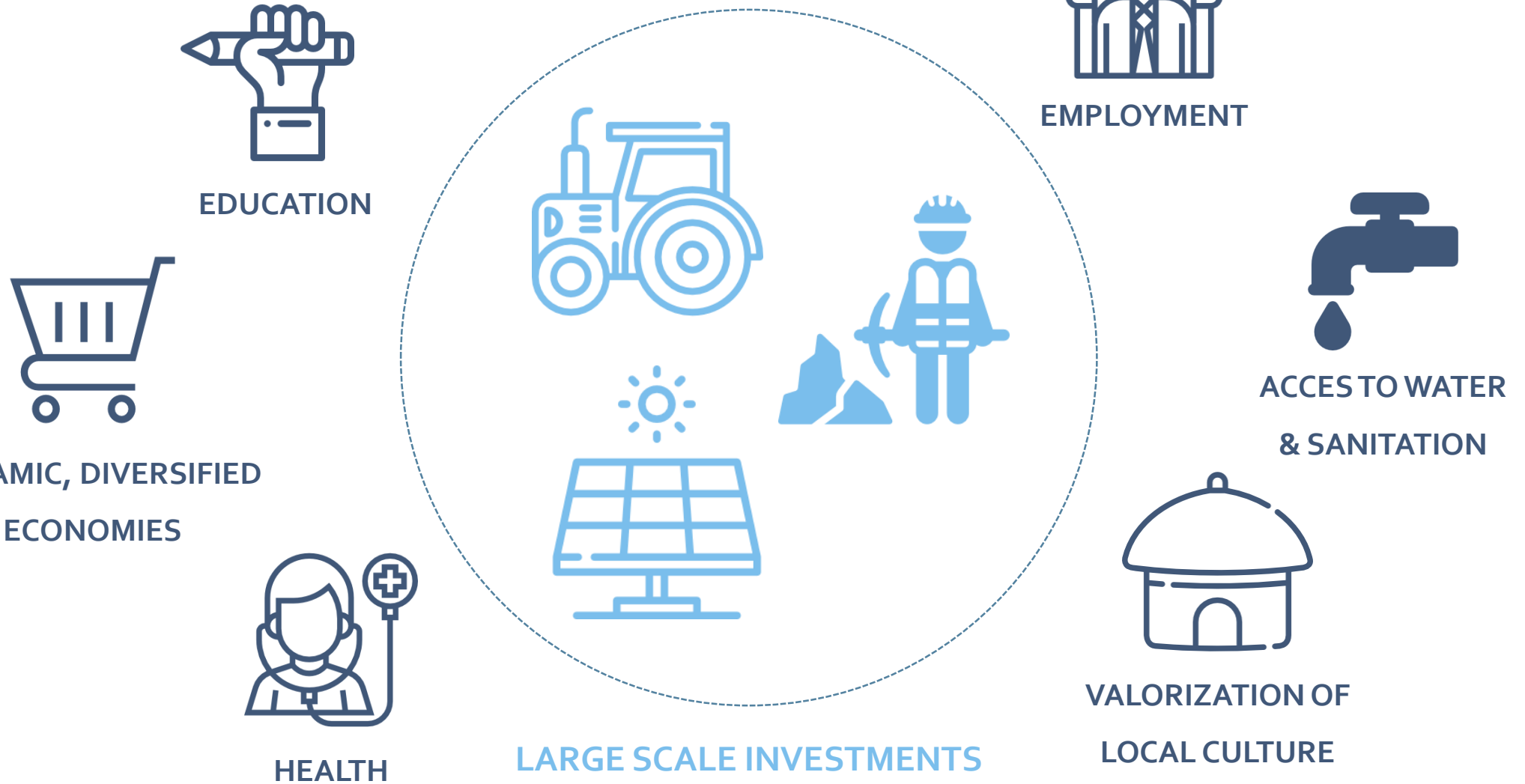
... BUT THEY ALSO CAN ALSO CATALYZE SUSTAINABLE-LONG TERM-
INCLUSIVE DEVELOPMENT

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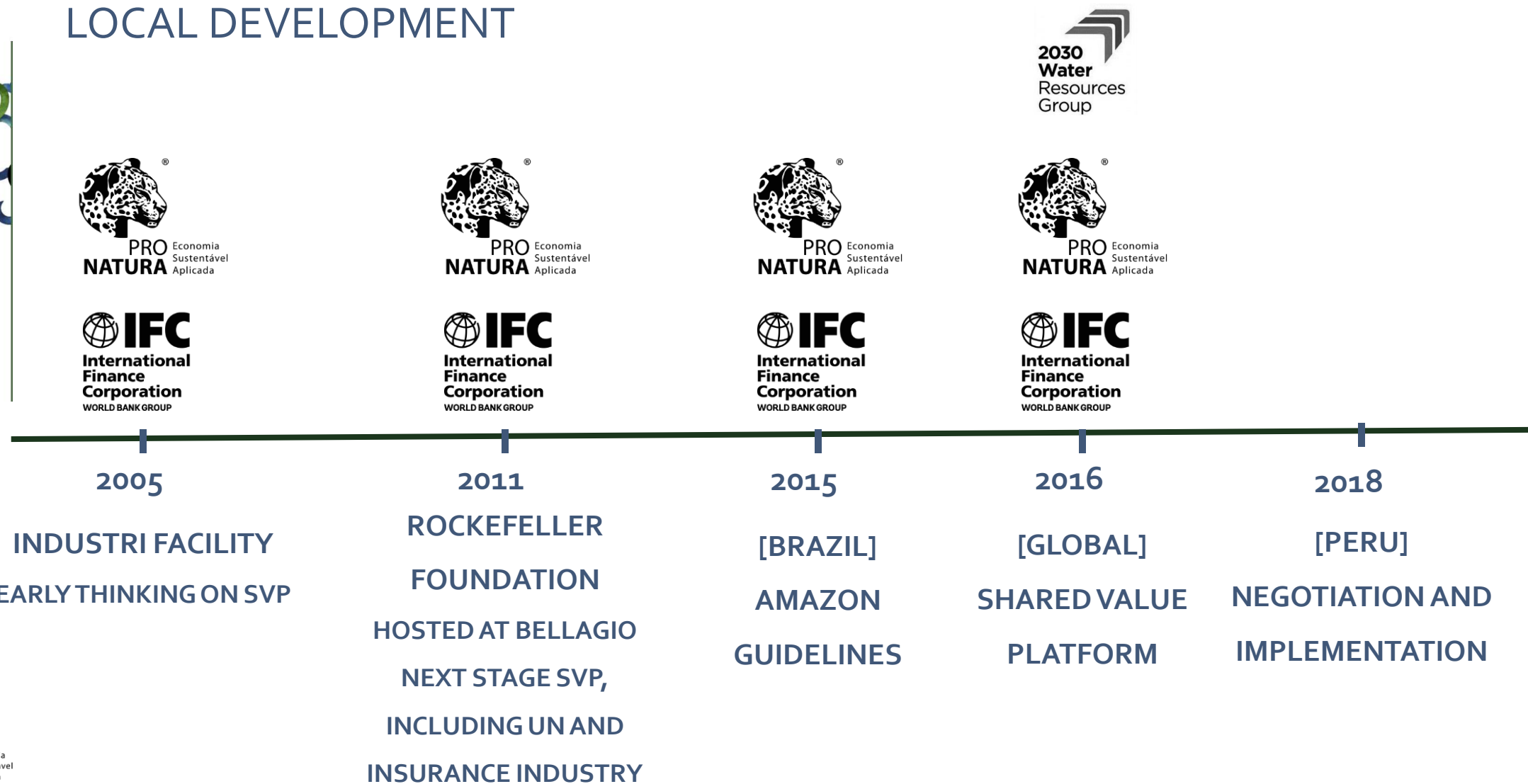
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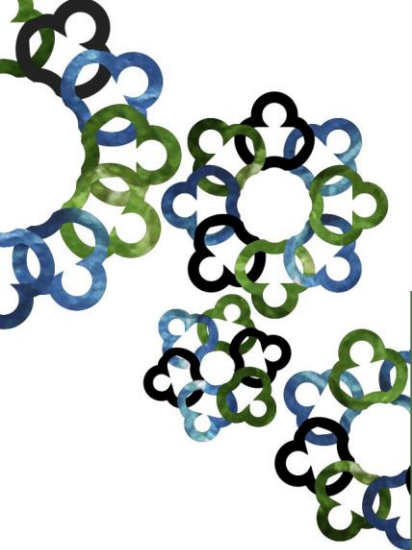


SVP IS THE MOST RECENT STEP OF A LONG JOURNEY.

LEVERAGING 80+ YEARS OF EXPERIENCE INVESTING AND CATALYZING LOCAL DEVELOPMENT

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THE COST OF CONFLICT

IMPROPER RISK MANAGEMENT CAN LEAD TO LARGE FINANCIAL LOSSES

A study from the Harvard Kennedy School and the University of Queensland analyzing over 50 situations of prolonged conflict, shows that in a mining project with capital expenditure between US\$ 3 and 5 billion can have up to US\$ 20 million in weekly losses given conflicts with communities during operations.

THE COST OF CONFLICT IN THE EXTRACTIVE SECTOR		
\$ 10,000	\$ 50,000	\$ 20 MILLION
Per day	Per day	Per week
INITIAL EXPLORATION	ADVANCED EXPLORATION	DURING OPERATIONS

“Interviewees observed that effective management of community expectations **requires** “frontloading” the company’s investment in community relations.”

“ [...] it only gets more expensive to try to “buy support” later in the project lifecycle and [...] this almost **never leads to sustainable relationships**”

LARGE SCALE INVESTMENTS IN REMOTE REGIONS: CHALLENGES TO PROPERLY MANAGE RISK



1. FOCUS ON ENVIRONMENTAL ISSUES - NOT SOCIAL

Focus on environmental issues has overshadowed social issues and/or mixed social and environmental issues.



2. NO GUIDELINES – BEST PRACTICES

No set of guidelines for best practices on how to mitigate risks for Companies, Banks and/or Communities



3. NO MECHANISMS TO LEARN THE LESSONS

Several projects have been implemented, but the lessons learned from each project seemed to be lost from one to the next



4. MONEY IS NOT THE MAIN ISSUE

Money is not the issue. There is plenty of money, the issue is the timing, the governance and the planning behind the use of resources.



5. MINIMUM AGENDAS

Lack of capacity at the subnational level results in “minimum agendas” where Companies meet mandated investments to get licensing.



6. NO PRE-PROJECT PLANNING OF TERRITORY

No comprehensive or legitimate planning of territories impacted. No pre project planning. No post project planning.



7. TOP DOWN APPROACH

Decisions are generally coming from the “top” whether at public level or the Company level, without sufficient local and grassroots support.



8. TIMING MISMATCH BETWEEN PROBLEMS AND FINANCIAL RESOURCES

Municipalities receive a windfall of taxes and royalties, but only once the project is operating. Social issues start before.



9. CONFUSION ON ROLE OF PUBLIC AND PRIVATE SECTORS

Communities in remote areas expect private companies to overtake the role of public sector, either because they are not present or because there is a lack of trust on the government



10. NO COORDINATION AT THE TERRITORY LEVEL

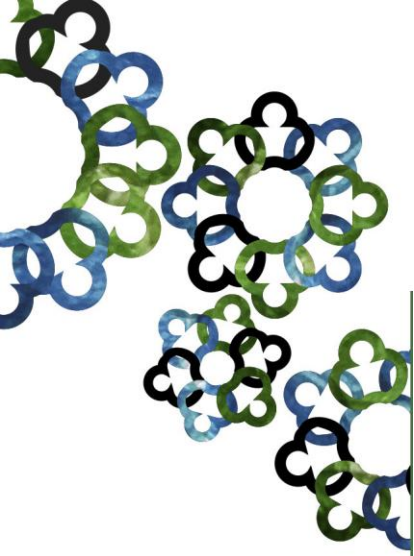
Institutions that invest on the territory tend to have competing instead of cooperative behaviors.

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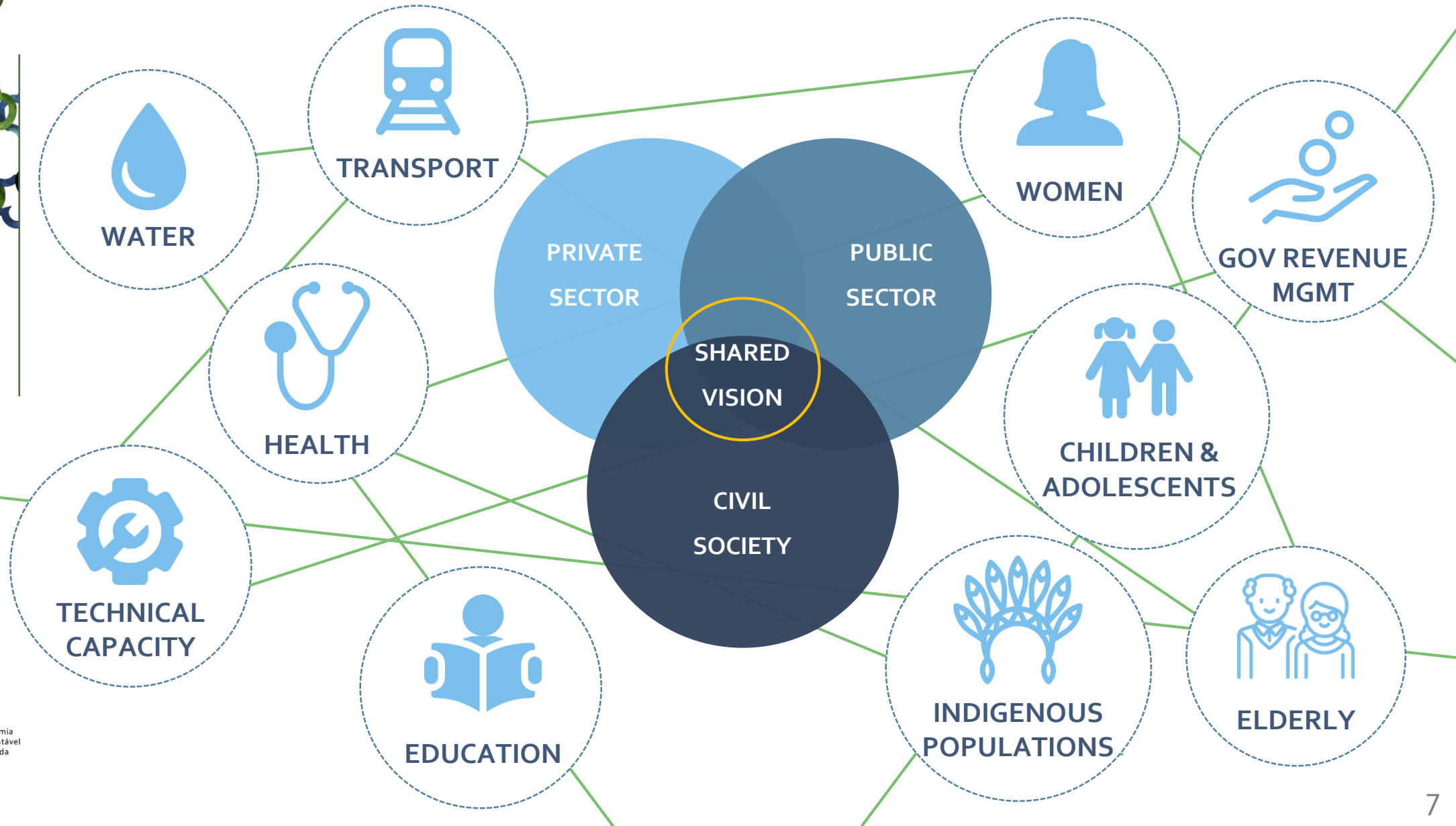


INNOVATION: PROMOTION OF A SYSTEMIC APPROACH

FOSTERING COORDINATED & SYNERGIC ACTION



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INTRODUCING THE SHARED VALUE PLATFORM (SVP)

A TERRITORY-BASED INITIATIVE TO DE-RISK INVESTMENTS



Objective: To promote long term sustainable, inclusive and climate friendly development in vulnerable regions in which large scale investments are expected or already happening



**The Shared Value Platform:
A Territory-Based Approach**

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HOW TO WE EXPECT TO GENERATE SHARED VALUE?

EXPECTED IMPLEMENTATION PROCESS

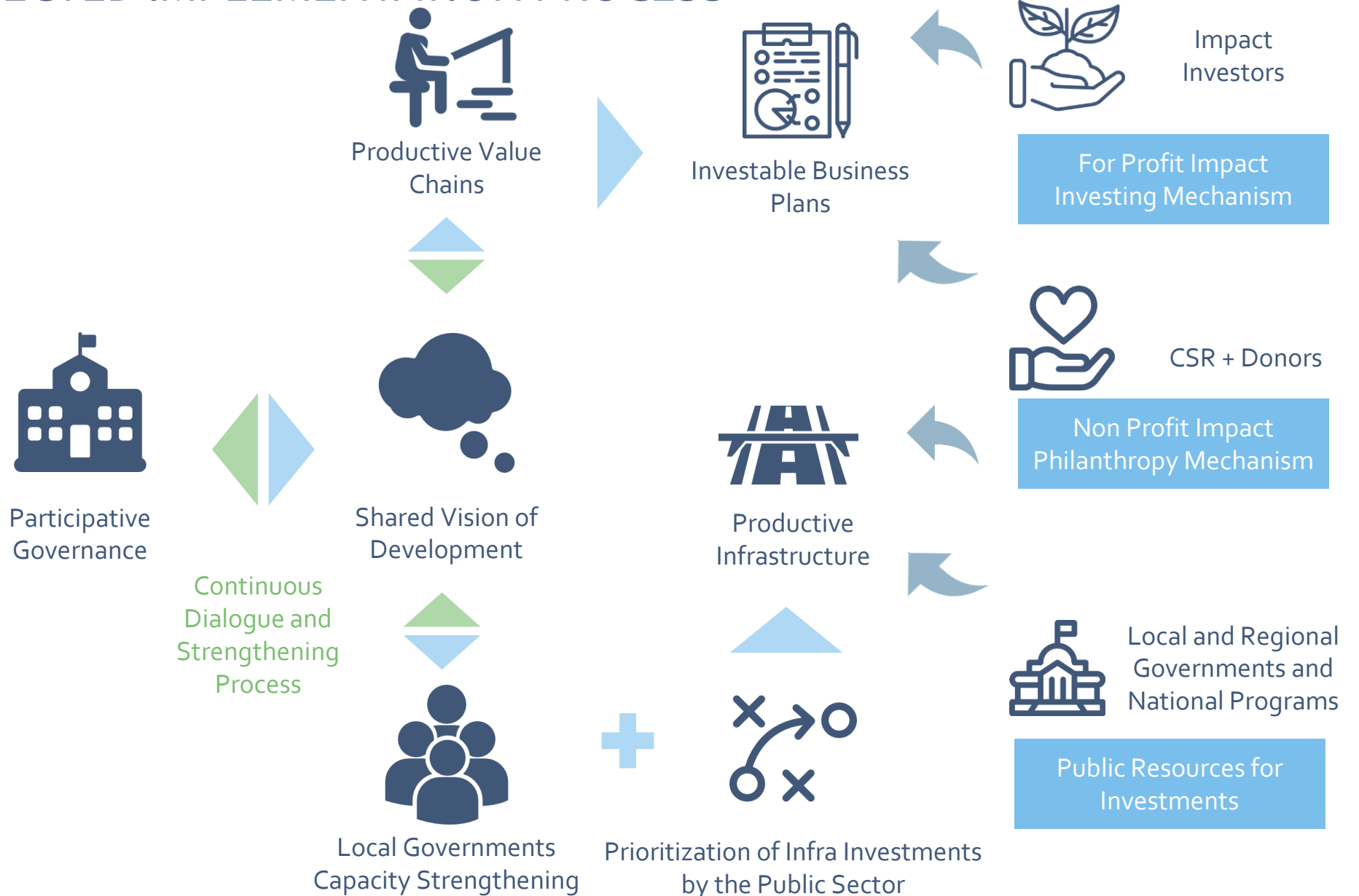
EXPECTED IMPLEMENTATION PROCESS

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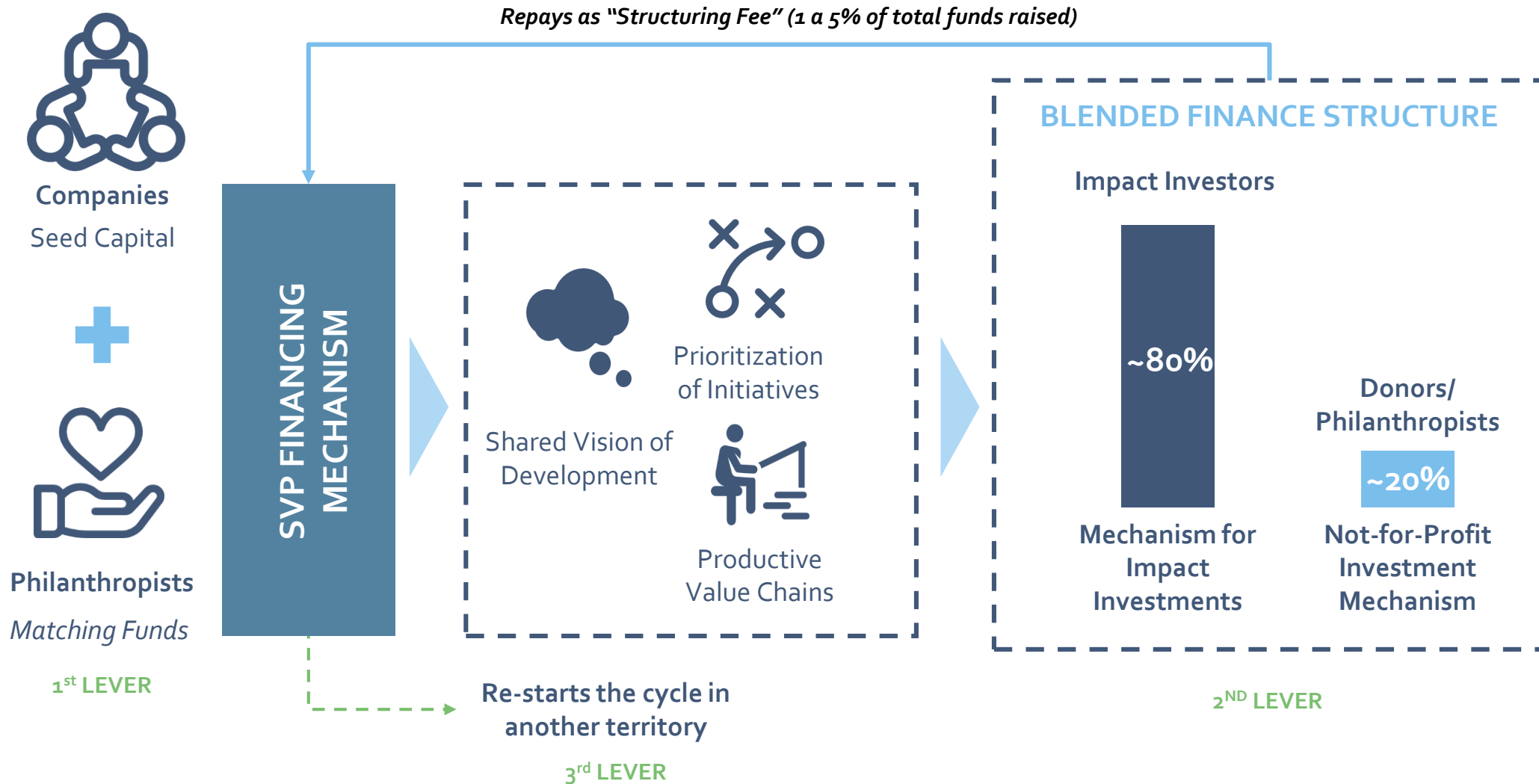
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INNOVATION: FINANCIAL STRUCTURE AND MECHANISM

FINANCIAL INNOVATION FOR VALUE CHAIN DEVELOPMENT



The objective of this structure is to coordinate efforts to promote more effective and long-lasting change for local populations. The companies have an important role in bringing the first financial contributions to attract additional philanthropic capital, and their responsibility should not be diminished, but seen as a catalyst for joint-actions.

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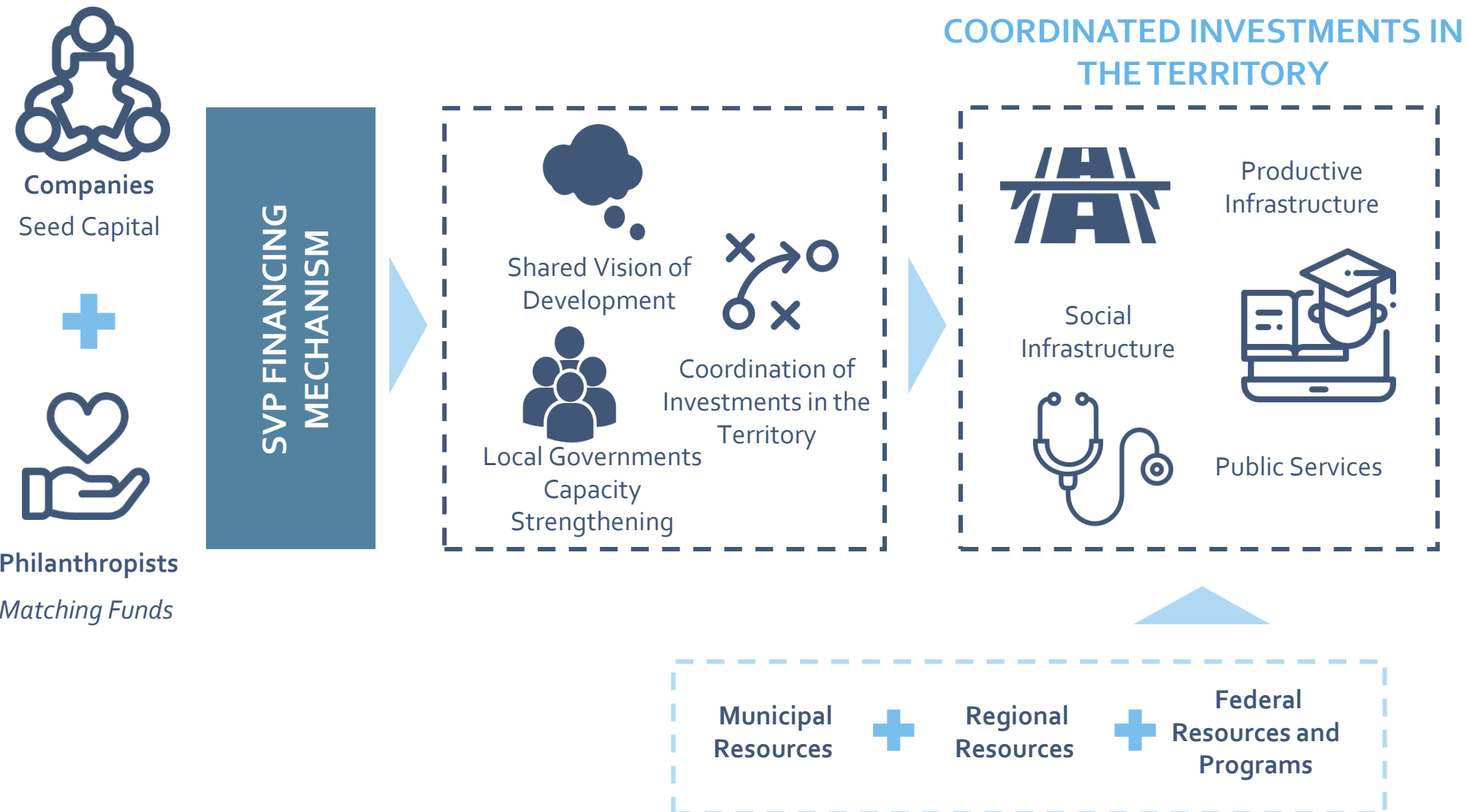
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FINANCIAL STRUCTURE AND MECHANISM

MAXIMIZING THE IMPACT OF PUBLIC INVESTMENTS



SHARED VALUE PLATFORM IN PERU

EXPECTED RESULTS & NEXT STEPS

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EXPECTED RESULTS

1

UNLOCKS
INVESTMENTS

2

COMBINES QUICK
WINS WITH LONG
TERM VIEW

3

DEVELOPS A
STRUCTURE THAT IS
INDEPENDENT FROM
POLITICAL CYCLES

4

CREATES A
PARTNERSHIP MODEL
WITH GLOBAL,
EXPERIENCED
PARTNERS

5

IMPLEMENTS A
REPLICABLE AND
SCALABLE MODEL

6

MAXIMIZES THE
IMPACT OF PUBLIC &
PRIVATE RESOURCES

7

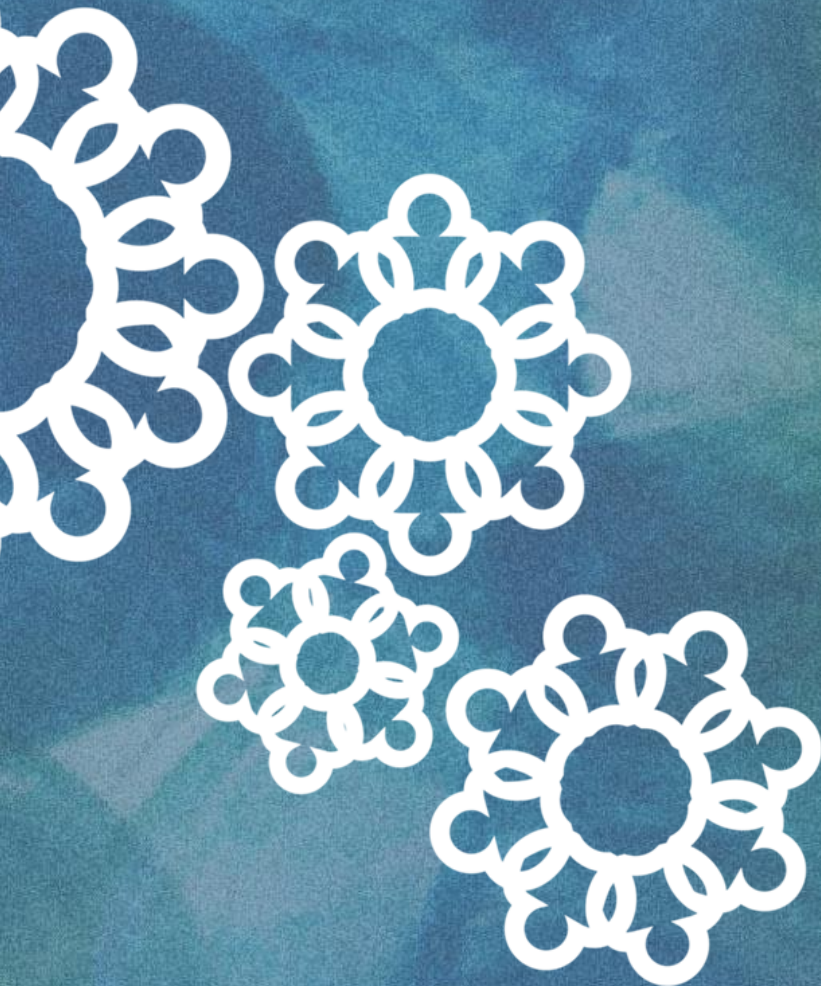
REINFORCES PERU'S
ROLE IN PROMOTING
SUSTAINABLE
EXTRACTIVE
INDUSTRIES

8

DELIVERS ON ITS
SOCIAL AGENDA

NEXT STEPS





CONTACT

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