
**CREATING SHARED VALUE:
A FORCE TO DRIVE COMPETITIVE ADVANTAGE
AND NATIONAL DEVELOPMENT**

**Speech by Mr. Alexander Kofi-Mensah Mould
Ag. Chief Executive of GNPC**

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Accra Academy 85th Anniversary Founders' Lecture

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Salutations and Courtesies

- **Mr. Chairman – Bleoobi Felix Nyarko-Pong**
- **Mr. Speaker – Rt. Hon. Edward Doe Adjaho**
- **Ministers of State**
- **Nii Mei and Naa Mei**
- **Colleagues from the oil and gas industry, and other industries**

- **The Board of Governors of the School**
- **The Headmaster and Staff of the School**
- **Bleobii of all year groups, with a special one for Bleoo**
78 – of which I am honoured to serve as the President
- **Invited guests**
- **The Media**
- **Ladies and Gentlemen**

Good evening.

Background on Memorial Lecture

It was in 1931, when Ghana was deep in colonial rule, that four ambitious and visionary young men, with a mission, sowed a seed: The mission was to create the opportunity for Ghanaians to get quality but affordable education; the seed was Accra Academy.

That seed would germinate and flourish into what is – without a doubt in our minds – the best secondary school in Ghana; the first private academy in the then Gold Coast! Combining academic excellence with sporting prowess. And that mission – and their vision – would inspire generations of Ghanaians in diverse fields of endeavour to change their society.

Sixty years later, in 1991, the Konua, Halm-Addo, Awuletey, Alema Memorial Lecture series was instituted to commemorate this perpetual vision of the Founding Fathers. It is the vision that would see the School, with humble beginnings, go on to produce:

- **Heads of State like Lt. General Ankrah, and many more to come – may be the next one is sitting right here;**

- **Speakers of Parliament like the Rt. Hons. D.F. Annan, Peter Ala Adjetey, as well as the current Speaker – Rt. Hon. Edward Doe Adjaho;**
- **Chief Justices including their Lordship Justices Samuel Azu Crabbe, Fred Kwasi Apaloo, and Edward Kwame Wiredu;**
- **Several Supreme Court Judges including Justices George Commey Mills-Odoi, the venerable V.C.R.A.C Crabbe, as well as Hon. Justice Walter Samuel Nkanu Onnoghen of Nigeria;**
- **Several traditional leaders, Ministers of State, Public Servants, Business Men, Sports Icons**
- **And many more distinguished personalities in various fields.**

This Lecture has been given by distinguished Bleoobii over the past 24 years. I am particularly honoured and privileged to have my second opportunity to speak to you tonight on the 25th anniversary of the Lectures; which also marks the 85th anniversary of the founding of our dear Alma mater.

The topic of my speech – **Creating Shared Value: A Force to Drive Competitive Advantage and National Development – is one that resonates with the vision of our Founding Fathers, and demonstrates how this vision remains important to our lives and our society today. This vision has guided me in my personal life and professional career. It has shaped my worldview about the role of business in society, and I would want to share this with you tonight.**

In the 25 years since this lecture series was started, we have seen many changes in Ghana and in the world. Twenty-Five (25) years ago, cell phones were new and not many had heard of the internet or email, let alone social media - FaceBook, Twitter, SnapChat,WhatsApp - and who knows how many other things we are learning about from our children.

Changing Role of Business in Society

The role of business in society has changed as much as technology during this time, although it may not always be as evident, or as consistent across all businesses. The role of business in society has traditionally been defined within the context of maximizing profit for its shareholders/ owners. With this conception, business may only donate to worthy social causes as a way to contribute to society.

Over time, increasing pressure from society for improved social outcome of business operations, led to the wide adoption of the concept of Corporate Social Responsibility (CSR). A good CSR programme was deemed enough for businesses to self-congratulate themselves with the accolade: *good corporate citizen*.

But with time, again, CSR is proving inadequate to meet the ever growing public expectation about the role of business in society. Businesses are realizing that the social license to operate cannot be secured with a half-hearted, feel-good notion of CSR. Despite spending billions on CSR programmes, businesses fail to prove their legitimacy in society by just complying with the rules and regulations, and using sophisticated branding techniques to embellish the value and impact of CSR programmes.

Therefore, many businesses are embracing a larger role in society and all that it entails. The push for this has come from individual businesses, entire industries, civil society organisations, and through international agreements and structures.

I am proud to say that one of the early and most important structures was the establishment of the United Nations Global Compact with Business. This was launched by none other than our own Kofi Annan, when he was Secretary-General of the United Nations.

Building on his vision and leadership, the Global Compact now includes nearly 15,000 businesses worldwide and provides a

platform where businesses, civil society organisations, governments and international organizations come together to address important global issues.

Globally, concerned citizens, like all of us Bleoobii gathered here, are demanding more of business; demanding that business creates social value and be good environmental stewards AT THE SAME TIME as they are creating shareholder value.

The technological changes I mentioned earlier have helped to drive that change. Twenty-Five (25) years ago something could happen at a mine site or isolated business location and could easily be kept on the quiet and dealt with locally.

Today, with smartphones and social media, anyone can launch a global campaign from anywhere. Hence, the pressure on business to do better at meeting society's expectations.

The Context in Ghanaian Businesses

Ladies and gentlemen, despite the traditional Ghanaian values of *charity, philanthropy and solidarity*, it has taken long for Ghanaian businesses to embrace the concept of CSR. Individual philanthropy has been a part of life for many Ghanaians, but CSR has not been as popular. However, the emergence of multinationals has increased CSR adoption. Now we are seeing many businesses from all sectors including oil and gas, power, finance, manufacturing, communications, and mining, step up and try to do more for and with society, at the same time as they tried to do more for and with their customers.

While it is far from perfect, I think most of you would agree that Ghanaian businesses of all types are trying to do more than they did ten or twenty years ago.

For instance, in my industry, oil and gas, millions of dollars have been invested in health, education, sports, local content development and livelihood development. We are working individually and as an industry to drive more local content and participation, and to find better ways of training and engaging local workers. The same can be said of other industries which have contributed to society through their business activities and social investments.

Why the need for change?

Much of what GNPC and our industry, and indeed the entire Ghanaian business community have done to date is, essentially, taking resources from the business, and

investing those resources in “worthy social causes” to earn the accolade *good corporate citizen*. It has been about gratuitous philanthropy or plain charity.

However, as forward thinking businesses, we can be more engaged in the efforts to tackle the complex problems facing our communities, our countries and our world. As Companies, we know that charitable donations are important. However, we should expand our engagement with society so that our core business models, by themselves, improve the well-being of people and the planet, manage negative externalities, and at the same time earn decent profit.

I therefore believe that business can do more. I believe our Founding Fathers would say that we must do more. Not at the expense of our business, but to support our business, and society **AT THE SAME TIME.**

Yes, we can move from a philanthropy- driven CSR to one that focuses on Creating Shared Value. That would better integrate social values, business values and environmental stewardship into a more cohesive and mutually beneficial relationship. But this requires a change in mindsets. And, I must admit, this does not come easy.

On to Creating Shared Value

When our Founding Fathers established the Academy, they were guided by the tenets of Creating Shared Value; even if this concept as it is known today did not exist in the 1930s.They created a private academy that would, first and foremost, thrive as a business.But at the same time, the Academy would lower the financial barriers to quality education; so more Ghanaians could afford quality education;

and by higher enrolment, the educational system would benefit. This is central to the concept of Creating Shared Value in business.

By this concept, businesses move away from the narrow objective of creating shareholder value– and by that, giving to society in an act of gratuitous philanthropy – to a wider, more effective proposition of Creating Shared Value. This creates opportunities that align business and society interests and integrate environmental stewardship.

The first order principle in Creating Shared Value is that: *do not destroy value for society in creating value for business.* But it is not enough to just be ambivalent; “Do no evil” is not enough. The overarching goal must be to Create Shared Value, so that both business and society benefit.

Creating Shared Value also means that business does more. It means that business uses its commercial tools to direct its investments into ventures and opportunities where there is clear shared value with society, and there is a clear alignment of interests. These are the foundations of a sustainable competitive advantage.

Our nation expects that the development of the oil and gas industry would accelerate economic growth, reduce poverty and increase general prosperity of the people of Ghana. The active involvement of Ghanaians in the oil and gas sector, through local content and local participation, has become a major national policy issue. And our industry is driving this vigorously.

Available data from the Petroleum Commission shows that as at third quarter 2015, the oil and gas sector had provided direct high quality jobs for more than 5000Ghanaians in the sector. The data further shows that between 2010 and third quarter 2015, the value of contracts for services, awarded to Ghanaians amounted to over US\$1 billion (out of a total of US\$6.3billion). GNPC's ultimate aim is to getGhanaians to own a part ofthe expanding oil and gas industryand domesticate a significant amount of the revenue generated by the sector.

By all measure impact, this is a worthy goal.But guess what? Achieving this goal, will not benefitlocal businesses;GNPC will benefit too. Our industry will benefit as well. When the oil and gas industry is successful in promoting local content and local participation,the industry also benefits from reduced costs, reduced taxes and import logistics, and from being closer to

our suppliers. This is a true win-win scenario and a clear example of creating shared value.

Mr. Chairman, this is not to say that there aren't challenges, however. Experience of other oil producing countries shows that, meeting industry needs from local sources is difficult, to say the least. Like many countries in similar stage of socio-economic development, we are faced with limited capital, and skills, and indeed local fronting. Investment requirements are huge in the sector; risks are high; requisite skill sets are sophisticated. So there is generally lack of local capacity to meaningfully participate in the early years. Yet the industry is expected to turn these challenges into opportunities. That's why businesses are created, in the first place; to solve society's problems at a profit.

But I must say, Mr. Chairman, that in Ghana, we have made significant progress on local content, only six years into oil production. The data I referred to earlier confirms this.

Ladies and gentlemen, let's bring our minds home. As a country, what are our biggest challenges today and how can business help solve them, in a manner that will create shared value? Think about "dumsor", which has been recurring for more than a decade. Think about traffic jams in our urban centres during peak hours. Think of flooding in our low lying areas when we have heavy rains. What of the cry from industry that our universities and training institutions churn out graduates with no practical experience? What can we – as individuals and businesses – do to help society solve these problems whilst, at the same time, solving our own problems and making profits?

One way to help end “dumsor” is to invest in energy saving schemes; using less energy saves money for business and frees up power for distribution to others. One way to help solve the traffic jam is to minimise commuting during peak hours; using flexible working hours would take a chunk of workers off the road during peak hours; and they spend less on fuel. Engaging educational institutions, and fostering strategic partnerships between industry and academia would help give students the needed exposure to industry.

Our Founding Fathers sought to provide a solution to a national problem in education, whilst at the same time building a thriving business. Thus, creating shared value in education. This is the value they bequeathed us and that should guide us build and sustain competitive businesses in a better society.

GNPC Today

As Ghana's National Oil Company, GNPC has dual mandate: to be the commercial vehicle for State participation in the oil and gas sector, whilst at the same time leading the development of a vibrant oil and gas industry in Ghana. To fulfil this dual mandate, the Corporation is pursuing the vision of becoming a leading global oil and gas company, whose operations have a profound impact on the quality of life of the people of Ghana. GNPC is transitioning from a CSR to a CSV-focused engagement with our society.

The reason is simple: we do recognize that every developmental challenge in our society creates impediments, and indeed costs for our business, and so we must contribute to eliminating those challenges and making society more efficient and effective. By adopting the concept of Creating

Shared Value, we are taking the boldstep towards moving societal problems from the periphery of our thinking to the core of our business goals, investments and actions; and doing so profitably. We must not leave society's problems to Government or NGOs alone.

GNPC's overarching strategic goal is to become a stand-alone operator by 2019 and a world-class operator by 2027. At the core of this strategy is our commitment to catalyzing local content development in Ghana. This is because GNPC recognises that to achieve our corporate strategic goal we need to create an eco-system that nurtures Ghanaian businesses to thrive along with us locally, and to support our internationalization ambitions, at the right time. We therefore actively support local Ghanaian companies in their bid to win contracts in the oil and gas sector. Also, through the

Enterprise Development Centre (EDC), the Corporation is working with other stakeholders in the industry to enhance opportunities for Ghanaian Small and Medium Scale Enterprises (SMEs) in the oil and gas sector.

To this end, the passing of the Petroleum (Local Content and Local Participation) Regulations by Parliament has been helpful. However, as is always the case, legislation only sets the minimum requirement. We use commercial rationale to exact more value from our partners in the area of local content, because local content of comparable quality is cheaper and results in a win-win for everybody. So you have Ghanaian companies like Seaweld, Belmet, Harlequin, and Orsam among others, that are able to do fabrication of critical parts of offshore infrastructure. These Ghanaian companies supply our industry Module Stools, Jumpers, Suction Piles,

Sleepers, Risers, Manifolds, and Mud Mats. And you have Zeal Environmental, Zoil, and OMNIEnergy handling the industry's waste management. By giving these Ghanaian companies the opportunity and supporting them, the industry gains long term as the companies develop. And by this, we will be creating shared value.

Consistent with our mandate as well as our role as industry ENABLER, we are making significant investments in the gas-to-power value chain to ensure that the nation's gas resources are reproduced and used, in line with current national priorities, to generate electricity for the benefit of Ghanaians. For example, we supported national efforts to construct roads and bridges in the oil and gas enclave of the Western region to ensure safe and efficient evacuation of Liquefied Petroleum Gas (LPG) from the Atuabo Gas Processing Plant.

This was necessary and urgent, not only to provide Ghanaians with valuable cooking fuel; but even more crucially, to eliminate an austere bottleneck tool and gas production, and boost our business. By this, we are creating shared value.

At the peak of the energy crisis, when businesses bore the brunt of the power cuts, Government devised smart emergency solutions – among others, the deployment of the Karpowerhip barges. GNPC supported this national initiative by providing the guarantees needed to bring the power barges to Ghana. Through this intervention, GNPC achieved multiple objectives: contributing to alleviate the “dumsor”; ENABLING the deployment of the barges that will ultimately buy gas from GNPC to generate electricity – replacing heavy fuel oil; and GNPC is making profit supplying the Heavy Fuel Oil the barge is currently using. This is creating shared value.

The concept of creating shared value also guides our support to the Intensive Care Unit (ICU) of the Burns Centre at the Korle Bu Teaching Hospital, where, we have provided US\$1.6 million to help complete the facility, and to build the capacity of medical staff who will work in the facility when completed. Similarly, GNPC supported the Noguchi Memorial Institute for Tropical Medicine with a \$2 million financial support, towards Ghana's preparedness for Ebola – during the regional outbreak – as well as other similar medical emergency situations. We have committed also, US\$4.5 million, for the construction of a Centre of Excellence for Sickle Cell Treatment and Research at the Komfo Anokye Teaching Hospital in Kumasi. We are helping to create a society of healthy people from whom GNPC will recruit. And indeed, you need a healthy workforce for competitiveness and national development.

In the area of education and training, GNPC is seeking to create shared value by investing in educational infrastructure and national capacity building as well as partnering with key tertiary institutions. We have built school infrastructure in frontline communities of our operational areas in the Western Region, and we are in the process of furnishing and equipping them with ICT infrastructure.

We have established the GNPC Oil and Gas Learning Foundation, since 2012, to focus on our objective of ensuring the training of Ghanaians and the development of national capabilities in all aspects of petroleum operations.

The Foundation provides scholarships to Ghanaians for postgraduate research and studies in geosciences, petroleum engineering and petro-business in leading institutions around

the world. In this academic year (2015/2016) alone, the Foundation provided scholarships to 46 Ghanaians, to bring the total number of beneficiaries to 135, and counting.

Also, GNPC is partnering with the University of Ghana, Kwame Nkrumah University of Science and Technology, University of Mines at Tarkwa and Takoradi Polytechnic in various ways to bridge the national skills gap in oil and gas management. Among other things, we are helping them design their curriculum, sending our experienced staff to teach their students, and taking their students for internships. These initiatives are helping develop the next generation of engineers, and geoscientists, and technicians and economists that will take GNPC and our industry to the next level. That, is creating shared value.

Ladies and gentlemen, we believe that our transition from CSR to CSV will make us a more constructive and responsible player in the energy sector, delivering greater value to Ghanaians. Moreso, we hope it would become a catalyst to encourage others in our industry and the wider Ghanaian business community to do the same.

Our way forward - A Call to Action

Ladies and Gentlemen, we don't claim to have finished this journey, but we have started it. And we are excited about where it is leading us. We have developed a policy that will help guide GNPC to embrace the concept of Creating Shared Value as a core aspect of our business.

Further, we are working to finalize the Strategy as well as an Implementation Plan and Framework that will guide the

operationalization of our commitment to Creating Shared Value.

Mr. Chairman, GNPC will continue to work with our partners to deepen and broaden local content and local participation in our industry. I would encourage all our partners to come along with us on this, because it is a win-win proposition.

Even as GNPC leads the oil and gas industry in this transition, we call for champions in other sectors of the economy. I challenge all *Bleobiito* embrace CSV and lead the transformation of the role of business in national development; from one that is passive or ambivalent in the society, to one that places solving societal problems at the core of business goals, decisions and actions.

That is how businesses will create and share value. And that is how we will contribute to our nation's development, without compromising our core objective of creating sustainable value to our shareholders.

I know that adopting this revolutionary concept of CSV, will have both opportunities and risks. But I believe we can be guided by the vision of our Founding Fathers to capitalize on the opportunities, whilst managing the risks. This is necessary for our survival as businesses in a fast changing world. *Charles Darwin* rightly said "It is not the strongest or the most intelligent who will survive but those who can best manage change."

I thank you for your attention.

