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Sustainable Supplier Development Programme (SSDP)

Public-private partnership to increase safe and sustainable sourcing and business linkages between suppliers in Malaysia and Japanese retailers



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Contents

1. What is the Sustainable Supplier Development Programme (SSDP)?
2. SSDP with AEON in Malaysia:





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Sustainable Supplier Development Programme

Rationale

New form of pro-poor Public-Private Partnership, which integrates CSR objectives with business objectives and operates as an inclusive development scheme

Objectives

- ✓ Enable **clusters of suppliers** in developing countries to **gain access to profitable new market opportunities** and **establish long-lasting business linkages with potential buyers**
- ✓ Increase **availability of sustainable and safe products** and generate **new jobs and income opportunities** in developing countries.

Scope:

- (1) Market Access and SMEs development
- (2) food and product quality and safety
- (3) Sustainability: social, ethical and environmental





UNIDO - AEON SSDP Partnership



- **Core of the programme: Provision of joint technical assistance, awareness and competency-building programmes** on supplier upgrading and compliance
- It responds to the need of farms and **MSMEs** in developing countries and economies in transition to **access profitable new market opportunities** and be **accepted as reliable suppliers** and establish **long-lasting business linkages** with potential buyers such as the AEON.
- UNIDO-AEON joint activities will be guided by an **“inclusiveness” principle to integrate “less-developed businesses” into “formal” trade**, which in turn can positively impact the livelihood of producers, workers and their families and increase the availability of safer, higher quality and more affordable products for consumers and create new job opportunities.



UNIDO - AEON SSDP Partnership

- **Businesses are under pressure** from regulators and consumers **to adopt environmental, ethical and social principles** in their supply chains in addition to complying with **quality and safety requirements**;
- **Individual MSMEs are often unable to enter formal supply chains**, so there are opportunities to achieve **collective efficiencies and economies of scale** and respond to market requirements.
- Integration and inclusiveness process should lead to establishing solid business linkages between buyers and suppliers, can **generate new business opportunities and increase income** for many less developed enterprises,
- MSMEs have a strong **demand for capacity building** but require to invest in human and technological capacity





Benefits of the Sustainable Supplier Development Programme

For suppliers:

- Suppliers gain access to profitable new market opportunities and are accepted as **reliable suppliers to establish long-lasting business linkages with potential buyers.**
- Increase both job and income opportunities** for developing countries' suppliers
- Increase availability of safe products** to achieve higher **consumers' protection.**
- Image** improved as supplier of higher quality, safe and sustainable products
- Able to profitably respond to consumers and buyers demand for **ethical, social and environmental sustainability** (through adaptation of UNIDO REAP) and quality and safety requirements
- Buyers address also **CSR** (social, economic and environmental)
- Export opportunities** through the global buyers
- Value creation for customers;**
- Buyers **invest in distribution and storage**

For AEON:

- Increase safe and sustainable local sourcing;**
- Long-term partnerships with suppliers and supplier base is expanded**
- Pro-poor and inclusive PPP development scheme** developed and implemented
- Better buyers/supplier relation (price, negotiation...)
- AEON up in the **Sustainability index.....**
- More effective risk management





Situation analysis

Problem assessment:

Malaysian suppliers (MSMEs and small farms) face a **number of challenges**, which relate to:

- the disappearance of their traditional customers/outlets;
- Competition from other suppliers/traders;
- access to finance and new technology to meet market demands;
- inadequate volume/quantity to meet buyers/customer demands;
- Knowledge/Good Practices to ensure continued compliance with legal and market requirements in areas such as quality, safety and social, ethical and environmental sustainability;
- knowledge and ability to meet buyers/customers requirements regarding reliability, consistency of supply, logistical systems and competitive pricing.

Project framework:

- **In line with the policies of the Government of Japan** related to the programme “*Public-Private Cooperation for Accelerated Growth*” and the *New Growth Strategy (2010)*, recognizing the importance of utilizing official development assistance in the overseas deployment of integrated infrastructure systems.
- **In line with OECD countries policies**, which now **focus on both PPP and sustainable production** and trade encompassing environmental, social and ethical issues.
- **In line with Malaysia policies and MDGs**, namely MDG1 Eradicate Extreme Poverty and Hunger, MDG3 Promote Gender Equality and Empower Women, MDG7 Ensure environmental Sustainability & MDG8 Develop a Global Partnership for Development.
- **AEON sustainability, quality and safety objectives**



Situation analysis

Developing the supply-side through clustering and upgrading of MSMEs to foster networking and collective and individual actions to improve management, quality, safety, production and sustainability practices with an impact on their overall business and social performance and reliability.

- **UNIDO's role is to provide technical know-how on upgrading clusters of suppliers and supply chains and on quality, safety, productivity and sustainability and conformity assessment issues and project management**
 - Specifically, the project will **focus on PPP with AEON** in Malaysia, with a **focus on food/non-food sector**;
 - Actions, responsibilities and resources: **identification and diagnostics of clusters and supply chains**, addressing issues related to local community-based awareness on quality, pricing and sustainability and assessment of schemes for managing unsold but fit-for-use items from the supermarket chains, in addition to possibly developing a “social retailing/waste minimization” concept in the country.
 - Achievable by **matching the demand of buying clusters** (supermarkets, manufacturers and government procurement entities) **and the offer of the selling clusters** (local producers) taking into account the needs of local and global consumers.
 - UNIDO in-depth knowledge of the **GFSI Global markets Protocol** (involved in the design and testing) and available expertise (training material, assessment tools, HR);
 - Through **REAP tool** UNIDO will upgrade suppliers in terms of ethical, social and environmental sustainability and will assist them in implementing international CSR best practices.
 - Special attention will be given to **integrating business objectives with sustainable social development at enterprise, cluster and country level.**



Situation analysis

Counterpart Absorptive Capacity Assessment :

- AEON Japan** has indicated **strong interest in partnership with UNIDO on SSDP** (primary production, food and non-food), similar to ongoing UNIDO cooperation with METRO Group.
- The **Consumer Goods Forum** through its Global Food Safety Initiative GFSI and the Global Social Compliance Programme, GSCP is also associated to the process as AEON is active member of both initiatives
- The project with **AEON in Malaysia** will deal with current and potential suppliers.

National counterpart institutions:

1. Ministry of International Trade and Industry (MITI) through **Small and Medium Enterprise Corporation Malaysia (SME Corp)**: central point of reference for information and advisory services for all SMEs in Malaysia;

- As the main counterpart of the project, SME Corp will be the chair of the Steering Committee which has an important responsibility of setting the direction of the project;
- SME Corp will promote the project with selected sectors of SMEs in Malaysia and mobilize their participation in the project.
- SME Corp will also help in promoting any policies introduction or adjustments arising/recommended by the project.

2. **Federation of Malaysian Manufacturers (FMM)**: key focal point for those seeking links with Malaysian manufacturers for investment, trade and services

-3. Other **key institutions** (**HDC, MPC, SIRIM..**) will be also integrated in the project to ensure full capacity building and sustainability



SSDP in Malaysia: 1. Basic information

Development objective: implement a **Sustainable Supplier Development Programme following a pro-poor and inclusive PPP scheme** to enable clusters of suppliers (MSMEs and farms) in Malaysia to gain access to profitable new market opportunities (AEON and other retailers).

Target beneficiaries:

- **Malaysian suppliers** (MSMEs and small farms) receiving support in conformity assessment & upgrading through the GFSI Global Market Protocol, sustainable development by GSCP/REAP/CSR and business linkages with AEON;
- **Local communities** through awareness raising and training enabling them to improve handling of purchased products and increase consumer protection and durability.

Origin of proposal:

Following the successful cooperation on SSDP with METRO Group and projects implemented in Egypt, Russia and India, MOFA (Japan) has endorsed UNIDO concept to implementing a SSDP in Malaysia in cooperation with AEON.

Budget and funding:

- MOFA has allocated **USD 500,000** to implement a **joint project with UNIDO and AEON** initiating with their suppliers in Malaysia with possibility to expand to other countries/partners
- National counterparts will contribute to the project in-kind, office space, staff and logistics.

Duration: 18 months starting 1 September 2012 – 28 February 2014





Project Management: time frame and steering committee

Activity	Months																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1.1.1.	X																	
1.2.1	X	X																
1.2.2	X	X																
1.2.3	X	X																
1.2.4	X	X																
1.2.5		X																
1.2.6		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
1.3.1			X															
1.3.2			X															
1.3.3				X														
1.3.4				X	X	X	X	X	X	X	X							
1.3.5											X							
1.4.1			X															
1.4.2			X															
1.4.3				X														
1.4.4				X	X	X	X	X	X	X	X							
1.4.5								X	X	X								
1.4.6											X							
2.1.1			X	X														
2.1.2			X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

Members of the Steering committee: SME Corp (Chair), MITI, FMM, AEON Malaysia, UNIDO and Japanese selected institutions

- Halal Industry Development Corporation (HDC)
- Malaysia Productivity Corporation (MPC)
- SIRIM: National Standards and Certification Institution



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Sustainability and Upscaling

- **UNIDO has the capacity to implement this SSDP in Malaysia**, which follows the same approach implemented by UNIDO with METRO Group in Egypt, Russia and India and now being expanded to H&M, IKEA.....
- The project will deal with AEON current and potential suppliers in Malaysia and with the local communities where the supplier operate
- The project will **build on and utilize the international capacities expertise of UNIDO, AEON and the Japan government and explore opportunities to work with other buyers** and it will identify synergies with other initiatives such as the GEF project, which is currently under implementation in Malaysia.
- **Strong emphasis will be placed on strengthening Malaysian human and institutional capacities**
- At a later stage the project could be expanded to other countries in the region and also to other Japanese retailers and manufacturers members of the Consumer Goods Forum and of other business associations



外務省
MOFA Japan

AEON



Members from Japan



The Global Network Serving Shopper & Consumer Needs

The Consumer Goods Forum (CGF) is a global, parity-based industry network, driven by its members. It brings together the CEOs and senior management of over 400 retailers, manufacturers, service providers and other stakeholders across 70 countries and reflects the diversity of the industry in geography, size, product category and format. Forum member companies have combined sales of EUR 2.5 trillion. Their retailer and manufacturer members directly employ nearly 10 million people with a further 90 million related jobs estimated along the value chain.

AEON	Retailer
AJINOMOTO	Manufacturer
AKITA	Retailer
ARATA CORPORATION	Retailer
ASAHI BREWERIES	Manufacturer
DOLE JAPAN	Manufacturer
EBARA FOODS	Manufacturer
EZAKI GLICO	Manufacturer
FWJI BAKING	Manufacturer
FWJITSU	Service Provider
HIKARI MISO	Manufacturer
HITACHI TRANSPORT SYSTEM	Service Provider
HITACHI ZOSEN	Service Provider

NIPPON ACCESS	Retailer
NIPPON MEAT PACKERS	Manufacturer
NIPPON SUISAN KAISHA	Manufacturer
NISSEI	Manufacturer
NISSHIN OILIO	Manufacturer
NISSIN FOODS	Manufacturer
OHAYO DAIRY PRODUCTS	Manufacturer
PALTAC CORPORATION	Retailer
S&B FOODS	Manufacturer
SAPPORO HOLDINGS	Manufacturer
SEICOMART	Retailer
SENKO	Service Provider
SHIKISHIMA BAKING	Manufacturer
SHINMEI	Retailer
SHISEIDO	Manufacturer
SUNTORY	Manufacturer
TABLEMARK	Manufacturer
TERAOKA SEIKO CO., LTD	Service Provider
TOA	Service Provider
TOKYU STORE CHAIN	Retailer
TOYO REIZO	Retailer
TOYO SUISAN KAISHA	Manufacturer
UNICARM	Manufacturer
UNY	Retailer
VINCULUM JAPAN	Service Provider
YAMABOSHIYA	Retailer
YAMAMOTO TRANSPORT	Service Provider
YAMAZAKI BAKING	Manufacturer

HOUSE FOODS	Manufacturer
ITO EN	Manufacturer
ITOCHU-SHOKUJIN	Retailer
ITOHAM FOODS	Manufacturer
ITO-YOKADO CO	Retailer
IZUMIYA	Retailer
JAPAN CHAIN STORES ASSOCIATION	Association
JAPAN TRANSCITY CORPORATION	Service Provider
JAPANESE CONSUMERS' CO-OPERATIVE UNION	Retailer
KAGOME	Manufacturer
KAMEDA SEIKA	Manufacturer
KANTOUYA MATANO SHOKUJIN	Retailer
KAO	Manufacturer
KATO SANGYO	Retailer
KEWPIE	Manufacturer
KIKKOMAN	Manufacturer
KIRIN	Manufacturer
KOKUBU	Retailer
LION	Manufacturer
MARUBENI CORPORATION	Retailer
MARUDAI FOODS	Manufacturer
MEGMILK SNOW BRAND	Manufacturer
MEIJI	Manufacturer
mitsubishi corporation	Retailer
MITSUBISHI SHOKUJIN	Retailer
MIZKAN	Manufacturer
MORINAGA	Manufacturer
MORINAGA MILK INDUSTRY	Manufacturer
NCR	Service Provider
NICHIREI FOODS	Manufacturer
NIHON SHURUI HANBAI	Retailer
NIKKOHREN	Service Provider

A young boy is standing on a large pile of green leafy plants, likely coffee or tea, which is being transported on a red truck. The boy is smiling and looking towards the camera. The background is a clear blue sky.

**THANK YOU FOR YOUR
ATTENTION!**



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