

ICC Report: Integrating the voice of MSMEs for an effective global plastics treaty

Regional Dialogues: Africa, Asia and Latin America | 12, 27 March and 12 April 2024

Background

The International Chamber of Commerce (ICC), as institutional representative of 45 million companies of all sizes and sectors, in 170 countries, is deeply committed to work with all countries and stakeholders to secure an ambitious, effective and workable internationally legally binding instrument by the end of this year – one that addresses the full lifecycle of plastics and that charts a clear path and direction for business action and innovation.

It is critically important that the treaty ensures the broadest possible outreach, awareness, and uptake among the broader business community, including micro, small and medium sized enterprises (MSMEs). MSMEs represent 90% of businesses globally, and it is crucial that their perspectives are considered in developing global rules and measures that bring everyone along a common path with a workable trajectory to achieve the broader objectives of the treaty, and can be applied and implemented effectively at national level to accelerate the transition to a circular economy for plastics and to end plastic pollution.

Against this backdrop, ICC organised a series of Regional Dialogues in Africa, Asia and Latin America, aimed at integrating the voice of MSMEs in the development of an effective global plastics treaty. The dialogues provided platforms for invaluable and open exchange between MSMEs, supply chain leaders, government and UNEP representatives, ahead of the fourth negotiating session scheduled to take place in Ottawa from 23-29 April 2024 where the [revised draft text](#) of the treaty will be considered.

Building on the different exchanges and views expressed, ICC would like to present the following key recommendations for consideration.

Recommendations

1. Specific reference to MSMEs

- Parties could consider including specific reference to MSMEs in the treaty text in similar instances where developing countries, national circumstances and capabilities have been outlined, which will be helpful in prioritising support and incentives for concrete action and successful implementation of the instrument, given that MSMEs constitute a substantial portion of the global economy (e.g. Preamble, Part II 12. Just Transition Sub Option 1.1)

2. Well-calibrated /flexible financial instruments

- Implementing well-calibrated fiscal interventions that reduce the costs associated with MSMEs' transition to a circular economy for plastics will be key. Further it is important to enable MSMEs better access sustainable finance products and make sure they can access the capital they need to enable their transition and support them in scaling existing initiatives, leveraging new innovative technologies and for infrastructure development. Dedicated funding/flexible financial instruments for MSMEs could be explored. Streamlining and simplifying processes for access to finance through new and/or existing instruments would help catalyse action and impact.

3. MSMEs' potential as drivers of innovation

- Establishing policies that genuinely incentivize MSMEs to invest in innovation and technologies will be critical to ensure that the treaty is a key enabler of the development and deployment of breakthrough and existing technologies to address plastic pollution. Setting clear standards that specify criteria will encourage innovation by providing the goalposts against which companies can innovate.

4. Sufficient flexibility & support measures

- As MSMEs have limited capacity and resources, it will be useful to consider sufficient flexibility and necessary support measures to help them in the implementation of the treaty provisions. A phased approach to help MSMEs adapt their operations to new legal requirements, supported by clear communications, financial and capacity building support at national level could be explored.

5. Capacity-building, education and awareness

- Capacity building initiatives can help MSMEs acquire the necessary knowledge and skills to transition to more sustainable production, consumption and waste management practices. Training and best practice and information sharing sessions at local (including community) level will also be key for a collective understanding of the challenges and solutions to address plastic pollution and to enhance broader action.
- Reference could also be made to MSMEs in Part IV. 7. (a) Awareness raising, education and research [and development]
- a. *[Developing a communication and education strategy on the objective of the instrument*, involving [all][relevant] [partners and] stakeholders [as appropriate], including educational and awareness-raising programmes and [citizen][public] campaigns [with a view to creating behavioural change]; [NEW ICC: particularly for those with limited knowledge and capacity, such as micro, small and medium enterprises]*

6. Shared infrastructure and partnerships

- Facilitating collaboration between stakeholders across the supply chain is crucial for developing and implementing shared infrastructure solutions. Leveraging existing infrastructure and solutions by supply chain leaders will also be key to accelerating collective action. The Treaty should encourage both public and private collaboration to address plastic pollution in a collective and coordinated manner.
- Reference could also be made to MSMEs in Annex X 3f. regarding effective measures at each stage of the life cycle.
- *“Supporting the development of skills and infrastructure [NEW ICC: and increased collaboration across the value chain, including with micro, small and medium enterprises] for reuse, recycling, repair, repurposing and refurbishment of plastic products”*

7. Harmonized standards and systems

- Providing harmonized standards and systems for product design, reduction, reuse and repair can help strengthen global coordination and accelerate the transition, including for MSMEs, to a more circular economy for plastic. It would, also be useful to consider national contexts and circumstances for example where waste management and reuse/refill infrastructures are insufficiently developed, including context-specific models, to ensure that MSMEs have access to systems and frameworks that enable effective circular approaches and action, as well as access to waste infrastructure systems as well as affordable recycled materials and/or alternative sustainable products and materials.

8. Different capabilities between large businesses and MSMEs

- It would be useful to distinguish between MSMEs and large and multinational businesses for specific requirements and obligations arising from the treaty, as the speed of their transformation will depend on their size and financial resources. Larger businesses may be better equipped to implement or comply with new systems, requirements and obligations. Special considerations could be made for MSMEs with respect to any minimum recycled content requirements, as they may not have equal opportunities/capacities to adapt their operations or may have limited access to recycled plastic or alternative sustainable materials, as well as be adversely impacted by the prohibitive costs of these materials.

9. Administrative burden and complexity for MSMEs

- MSMEs in particular will need extensive support, clear information and tools to help them in the transition to a circular economy.
- Any measures arising from the instrument should not create an undue administrative burden and increased complexity for MSMEs and global supply chains, as well as not hinder international trade and access to markets. In this regard, it may be useful to adapt standards and reporting requirements and provide built-in flexibility for reporting requirements for MSMEs to facilitate improvement in reporting over time and avoid unnecessary administrative complexities and burdens.
- While reporting and disclosure requirements will be important to achieve the goals of the Treaty, prioritising support and incentives for concrete action from MSMEs are even more essential. Furthermore, leveraging and incorporating learnings from existing monitoring mechanisms into future frameworks should be preferred to building new structures.
- Tailored guidance and training, as well as fostering the use of digital technologies and self-assessment tools could also be of benefit.

10. Just transition considerations

- It is critical for the Treaty to be both ambitious and implementable, through the inclusion of pragmatic solutions that leave no one behind. Addressing plastic pollution requires a comprehensive approach that includes all actors of society, including MSMEs and waste pickers, recognizing their important contribution. SMEs will require targeted and effective support for their transition journeys. In order to ensure a fair and just transition, proper and structured consultation with MSMEs at all levels and stages of the implementation of the Treaty should be considered.

Key Outcomes

- **Importance of addressing plastic pollution throughout the entire life cycle of plastics:** Effectively addressing plastic pollution is not solely a waste management issue but will require a comprehensive approach across the full life cycle with actions across entire value chain. To effectively tackle plastic pollution, interventions are needed at each stage of the life cycle, including sustainable production and consumption practices and improved waste management.
- **Strengthening education, awareness and capacity building for MSMEs:** The discussions highlighted the importance of strengthening capacity-building initiatives for MSMEs. This includes providing support and resources to enable MSMEs to play an active role in the global transition to a circular economy for plastics.
 - Knowledge of the global plastics treaty and its implications are quite varied amongst MSMEs – **education and awareness campaigns at local level** will be key to ensuring there is a collective understanding of the challenges and solutions to address plastic pollution.
 - Capacity building for MSMEs will be particularly important, as well as enabling frameworks that support initiatives by supply chain leaders to galvanise the required shift and transition to a circular economy for plastics.
 - Capacity building initiatives can help MSMEs acquire the **necessary knowledge and skills** to transition to more sustainable production, consumption and waste management practices. Funding should be directed not only towards infrastructure, but also towards capacity development through **training and best practice sharing** sessions at local (including community) level.
 - To optimize the circularity of plastic, it is necessary to enable markets. Governments can enable MSME **access to markets for products made from sustainable materials**, research and development funding.
- **Importance of partnerships and shared infrastructure:** The transition to a circular economy, including the adoption of reuse-refill systems, may require significant investments in infrastructure. This includes collection, cleaning, and distribution networks for refillable containers.
 - The discussions emphasised the importance of **partnerships and shared infrastructure to enable required access and active participation across value chains**.
 - The global plastics treaty will need to guide the development of the necessary infrastructure and frameworks to enable effective action by all stakeholders and will need to prioritise actions to be taken.
 - **Collaboration between stakeholders across the supply chain** is crucial for developing and implementing shared infrastructure solutions. **Leveraging existing infrastructure and solutions** by supply chain leaders will be key to accelerating collective action.

- The Treaty should encourage both **public and private collaboration** to address plastic pollution in a collective and coordinated manner. Such collaboration is essential to improve training and skills development.
- It would also be beneficial to translate the legal language of the Treaty into more understandable terms for businesses.
- **Access to finance:** Financial barriers often hinder MSMEs from adopting more sustainable practices and technologies.
 - The discussions emphasised the need for discussions on possible funding mechanisms to support initiatives aimed at reducing plastic pollution.
 - There is a strong need for financial mechanisms to support MSMEs in the transition. This may involve exploring **financial support, grants, subsidies, or tax incentives** to assist MSMEs in transitioning to more sustainable practices.
 - Given MSME's limited resources, governments could consider **dedicated funding/flexible financial instruments** to support MSMEs to scale existing initiatives, leverage new innovative technologies and support infrastructure development. Financial instruments and funding arrangements established within the treaty could make special provisions to provide dedicated support for MSMEs to enable their transition.
- **Circular approaches, including context-specific circular economy models**
 - The treaty should **enhance circularity throughout the entire plastics life cycle**, particularly with respect to **product design and performance** to ensure that products and materials are designed for circularity and are circulated in practice.
 - Many plastic products are currently designed without considering their recyclability, making recycling difficult or inefficient.
 - **Providing harmonized standards and systems** for product design, reduction, reuse and repair can help strengthen global coordination and **accelerate the transition**, including for MSMEs, **to a more circular economy for plastic**.
 - Similarly effective Extended Producer Responsibility schemes will be key to accelerating the creation of markets for circular and sustainable products.
 - Each region has unique challenges and opportunities when it comes to plastic pollution. In this regard, developing **context-specific circular economy models that align with the region's specific circumstances** will be key to effective implementation.
 - These models should consider factors such **as local infrastructure, economic conditions, and cultural and social aspects** to ensure effective implementation and maximum impact in addressing plastic pollution.
- **Innovation and Design:** Innovation and design were highlighted as important factors in addressing plastic pollution.
 - MSMEs, in particular in emerging and developing economies will be the lynchpin in any economy-wide transition to a circular economy for plastics and can play a **crucial role in driving the innovation needed to tackle the plastic**

pollution crisis. Effective government **policies that genuinely incentivize MSMEs to invest in innovation and technologies** will be critical.

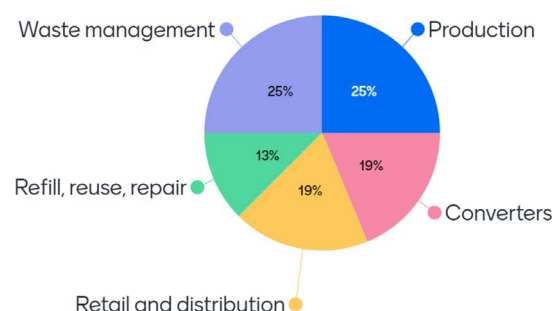
- The instrument should be a **key enabler of the development and deployment of breakthrough and existing technologies.**
 - Setting clear standards that specify strict criteria will encourage innovation by providing the goalposts against which companies can innovate.
 - Currently many of the technologies capable of addressing plastic pollution are still at a relatively early stage of development and require financial support to develop and to be deployed at scale. It is integral to **support these innovative new technologies to help drive action at all levels** across the value chain towards a plastic pollution free economy.
 - The global plastics treaty is seen as an opportunity to **promote and encourage innovation, and to leverage and scale innovative solutions.** MSMEs have a key role to play with innovative ideas and solutions including for sustainable alternatives such as biodegradable materials, reusable products, and recycling technologies. Targeted financial incentives are essential to stimulate innovation, research and development, thereby reducing dependence on plastics.
- **Effective means of implementation, including phased implementation for MSMEs**
 - The transition to a circular economy for plastics should be one that **supports all actors in the journey to a plastic pollution free economy**, including MSMEs, recognising that they may not be as far along as larger, more progressive businesses, given their limited capacities and resources, and may require more time to adapt their operations and processes for the required systems change.
 - It is vital to **distinguish between MSMEs, since the speed of their transformation will depend on their size and financial resources.**
 - The treaty will need to establish strong global rules that are underpinned by effective means of implementation for the real economy that can drive real business action and innovation, and that take into account the needs of MSMEs, in particular in developing and emerging economies.
 - As MSMEs have limited capacity and resources, it will be useful to consider **phased implementation of the treaty provisions for MSMEs** to give them sufficient time to adapt their operations to new legal requirements, supported by **clear communications at national level.**
 - **Emphasising national action plans and engagement:** The discussions highlighted the importance of national action plans as the backbone of implementing the provisions of the global plastics treaty.
 - Active engagement and collaboration between MSMEs and governments are crucial to ensure effective implementation of the treaty and drive sustainable change in the region.

- **Just transition to more sustainable practices:** The concept of a just transition was highlighted, emphasising fairness and inclusivity when transitioning to more sustainable practices.
 - It is critical for the Treaty to be both ambitious and implementable, through the inclusion of pragmatic solutions that leave no one behind.
 - Addressing plastic pollution requires a comprehensive social approach that includes MSMEs. Plastic pollution not only presents an environmental challenge, but also involves social complexities. Plastic pollution is also particularly relevant to waste pickers who often rely on collecting and sorting recyclable materials for their livelihoods.
 - The discussions stressed the importance of involving waste pickers in formal waste management systems, recognising their contribution, and ensuring that their livelihoods are not negatively impacted by the transition to sustainable practices.
- **Prioritising industries where plastics play a significant role:** The discussions touched upon the need to prioritise industries where plastics play a significant role.
 - The medical industry, for example, heavily relies on plastics due to their unique properties and requirements. It was acknowledged that not all industries can easily transition to alternative materials.

Additional reflections from online surveys

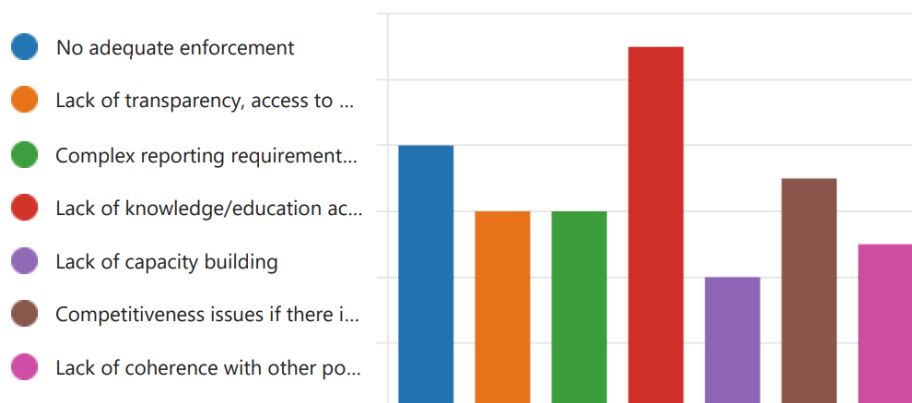
As a part of the regional dialogues, participants were invited to share their insights and recommendations for an effective global plastics treaty **through live interactive questions** as well as **an online survey**.

- To understand **participants' level of knowledge about the plastics treaty**, they were asked to rate their understanding on a scale of 0 to 10. The responses varied significantly, showcasing a diverse range of familiarity among the group. Some individuals indicated limited knowledge, scoring themselves closer to 0, while others expressed a deep understanding, assigning themselves higher scores.
- To gain further insights into the **representation across the value chain**, participants were asked to identify their activities within specific categories. With a great representation across the value chain, the "waste management" and the production sectors emerged as the most prominent, with participation also noted



from converters, “retail and distribution”, and those involved in “refill, reuse, and repair” activities.

- When asked about the **barriers and hurdles hindering their ability to effectively reduce plastic pollution**, participants provided valuable insights.



- **Several key obstacles were highlighted**, including:
 - Lack of access to financial support and incentives;
 - Insufficient knowledge and education;
 - Lack of support from larger players in the value chain;
 - Inadequate waste management infrastructure (this issue was commonly raised, but particularly emphasised in the African Regional Dialogue, where participants cited deficiencies in waste management systems as a major challenge);
 - Lack of existing support mechanisms and tools to help the implementation of the treaty;
 - Limited access to sustainable or recycled plastic materials;
 - Prohibitive costs of alternative plastic products;
 - Plastic reduction not being a priority;
 - Inadequate enforcement;
 - Competitiveness issues if there is lack of a level playing field for all actors in value chain;
 - Lack of transparency, access to clear information and guidance, along with complex reporting requirements and administrative burden for compliance;
 - Lack of coherence with other policies.
- Regarding **types of drivers that would encourage them to take further effective action to reduce plastic pollution**, the answers comprised four main challenges’ categories, represented by:
 - **Regulatory**: governmental pressure
 - **Reputational**: societal awareness and consumer pressure
 - **Operational**: costs savings

- **Strategic:** long term business strategy improvement



- Finally, participants were asked to share their perspectives **on helpful ways to engage MSMEs' perspectives** in international processes such as developing the global plastics treaty. The results show that participants value actions focused on capacity building, education and awareness projects in-country, followed by targeted community dialogues in-country, and information sharing and exchange sessions. Further helpful ways were identified as collaboration with global value chains, public consultations and surveys.

