Transforming Plastic Consumption: Fostering Business Engagement for a Circular Economy Paradigm Shift

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1 This report is the outcome of a stakeholders consultation (Appendix 1) organized by Sustainable Development Policy Institute (SDPI) in collaboration with the Network on Circular Economy (NCE) under the title: Rethinking Plastics: Engaging Business Sector for a Circular Economy on 24 May, 2023. The report also reflects glimpses from the existing literature.
Abstract

Plastic waste is a global issue, as it is polluting our rivers, seas as well as air. Its repercussions are alarming. With its hundreds years of life, plastic waste is not only causing pollution, but also resulting in resource depletion, and severe environmental damage. This report emphasizes the critical need to address the challenge and foster a circular economy. The discussion in this report mainly revolves around the relevance of research collaboration, legislative and regulatory frameworks, behavioural change, finance and funding, and capacity building. It is critical to establish relationships and synergies among businesses, SMEs, startups, universities, and development partners in order to achieve a significant change. The report highlights the importance of incorporating business perspectives into long-term policies, developing a national circular economy strategy, promoting green procurement and extended producer responsibility, establishing compliance and standard accreditation systems, engaging local governments, supporting digital innovation, and developing a reporting mechanism for corporate sector initiatives. A collective action is the need of hour to minimise plastic pollution and encourage sustainable business, green growth, and social evolution in Pakistan.

Keywords: Plastic waste, Pollution, Environmental damage, SMEs, Startups
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INTRODUCTION

Plastics, renowned for their versatility and widespread use in various industries, have transformed our lifestyle. However, the escalating global plastic waste seeks an urgent solution to the crisis. According to the United Nations Environment Program (UNEP), plastic consumption is projected to be doubled by 2040 compared to 2016, generating approximately 400 million tonnes of plastic waste annually. Shockingly, only a small fraction, i.e. 12%, is incinerated, and a mere 9% is recycled (United Nations Environment Program 2021).

The repercussions of plastic waste are alarming. It causes pollution, resource depletion, and severe environmental damage. It can take hundreds of years for a simple plastic bag to degrade, while a plastic bottle can persist for approximately 300 years. In the face of this crisis, a paradigm shift towards a sustainable circular economy becomes imperative.

A circular economy approach that focuses on recycling, reuse, and waste reduction offers a compelling solution to the plastic challenge. It necessitates a fundamental reassessment of the prevailing linear model of plastic production and consumption, which revolves around extraction, manufacturing, and disposal. By embracing a holistic circular economy approach, we can engage key stakeholders to establish closed-loop systems, promoting the continuous flow of materials and enhancing resource efficiency while minimizing waste generation.

To address the urgency of the issue, the UNEP’s International Negotiating Committee (INC), has convened its second session with the objective to develop an internationally legally binding instrument on plastic pollution, including marine environments through stakeholder negotiations. This collaborative effort seeks to pave the way for an effective global action in combatting plastic pollution and fostering a sustainable future.

By reimagining our relationship with plastics and adopting a circular economy mindset, we can forge a path towards a more sustainable and resilient world, mitigating the adverse impact of plastic waste and embracing a more sustainable future for generations to come.

The study aims to identify and address the key policy and regulatory barriers hindering the achievement of plastic circularity in Pakistan. Additionally, it aims to highlight the issues related to capacity building, specifically focusing on supporting SMEs and startups in their efforts to achieve plastic circularity. The objectives of this consultation were:

- To create awareness among the participants regarding the plastic waste crises and to promote a shared understanding of the urgency and relevance of reconsidering plastic usage by highlighting the harmful effects of plastic pollution.
• To share knowledge, experiences and best practices related to the principles of plastic circularity.
• To discuss and develop policy recommendations for incentivizing and enabling businesses to adopt circular economy concepts, and to contribute to the creation of appropriate regulatory frameworks and supportive measures that can facilitate the transition to circularity by involving participants in policy discussions.
• To foster collaborations and synergies that can drive collective action by engaging corporations, SMEs, startups, development partners and academia.

a) Status of Plastic Pollution in Pakistan

In South Asia, Pakistan takes lead in terms of the highest percentage of mismanaged plastic waste with 3.3 million tonnes produced every year (Mukheed, and Alisha 2020). In Pakistan, plastics accounts for almost 65% of the waste stream, which is being produced by individual consumers and households, retail and commercial sectors, industries, construction and building sectors. Also, plastic waste produced in Pakistan is equivalent to the height of two K-2 mountains as it can, if piled up in one place can go as high as 16,500 meters (United Nations Development Programme 2021). In 2019, the Ministry of Climate Change (MoCC) presented a Statutory Regulatory Order (SRO) to put a ban on single use plastic (polythene) bags (Khan et al. 2022). Through this SRO, manufacture, purchase, sale and use of single use bags was banned in the federal capital and the suit was followed by few cities of the Punjab and Khyber Pakhtunkhwa provinces. However, due to lack of alternatives and low-cost solutions, the implementation of this SRO became a challenge for the local governments (Jehangir, Imtiaz, M & Salman 2022). In 2022, the MoCC also announced the hazardous waste management policy to address the issue of waste management in Pakistan. Furthermore, private sector is also engaged in reducing plastic waste through different innovative solutions as part of their corporate social responsibility (CSR) and extended producer responsibility (EPR), however, due to the lack of effective regulatory frameworks, the scalability of these solutions is a challenge for the private sector, including corporations and small and medium enterprises (SMEs).

For a holistic approach of circularity of plastics, engaging the business sector is important for achieving plastics circularity because of business sector substantial influence on production and consumption patterns. Moreover, businesses influence innovation, manufacturing processes, and distribution networks, giving them the ability to shape the whole lifecycle of plastic products. Hence, we can harness businesses’ experience and resources to encourage sustainable practices, promote eco-friendly alternatives, and develop creative solutions for plastic waste management by integrating them in the transition to circularity. Furthermore, through product design, marketing, and price tactics, corporations have a direct impact on consumer behaviour. Their ability to sway customer preferences and choices is critical in boosting demand for circular products and promoting responsible consumption.
POLICY RECOMMENDATIONS

After a threadbare discussion, following recommendations were drawn.

i) Research Collaboration

- There is a need to invest in research on low-cost solutions as an alternative approach to the plastics. This can be made effective through collaboration between academia and private sector, including corporations. Moreover, collaboration within the industries and corporations will enhance these efforts.
- Innovative and sustainable entrepreneurship should be promoted in the country by recognizing the work of business sector, including corporations, SMEs, startups as well as researchers,

ii) Policy and Regulatory Framework

- There is a lack of effective legislation and regulatory framework, which can help develop a behavioural shift within consumers. There is a need to adopt a long-term policy to address plastic pollution by integrating the perspectives from business sector. Also, there is a need to develop an integrated approach which incorporates the entire value chain from users to consumers to recycling.
- There is a need to develop a holistic approach or an action plan on circular economy which can help bring about a social evolution in the country. Besides, it can offer green jobs, address challenges faced by the informal sector involved in waste management, recycling, etc. Moreover, it can foster new collaborative approach between public and private sector for achieving green growth and reducing plastic pollution.
- A clear-cut policy on green procurement and extended producer responsibility (EPR) is missing, hence the government devise a holistic policy for the business sector to promote circularity.
- Compliance and standard accreditation systems should be established for the sustainable products from industries and businesses, which could also improve exports. Furthermore, to map the lifecycle assessment of products, there is a need to devise research-based strategy.
- There is a need to engage Local governments and private sector may be engaged for effectively implementing solutions to plastics in the communities. Similarly, the local governments should also be actively engaged in policy making process in order to understand the problem
- A partnership between local governments and development partners should be evolved to engage with the business sector for effectively implementing the solutions of plastics and circular economy.
• The SMEs and startups engaged in waste collection and recycling are working in silos, so there is a need to develop collaborative strategy with the help of public sector ownership.

• There is no waste sorting/segregation mechanism in the country which might be developed with the help of business sector.

• There is a need to support digital innovation and technology which promotes circular economy transition in the country. This can also be made possible through public private partnership, however, there is a need to engage with the SMEs, startups, academia and the development partners.

• There is a need to develop a reporting mechanism for the corporate sector through which their initiatives for circular economy and plastics circularity can be mapped and monitored. Since circular economy and plastics circularity is directly linked with the SDG-12, hence, it can help to map the progress.

• The Government needs to initiate a national dialogue on the issue of plastics and also on the transition to circular economy in order to gather the data and for developing effective policies. This needs to be initiated by the MoCc, Ministry of Commerce, Ministry of Finance, Economic Affairs Division jointly with the industries, business sector and the consumers.

iii) Awareness and Behavioural Change

• For reducing plastic waste, the corporations and business sector needs to engage with educational institute to create awareness campaigns regarding reducing, reusing and recycling of plastics. Through advocacy campaigns, consumer behaviour can be shifted towards eco-friendly solutions. These campaigns can be made effective by engaging with teachers to develop youth clubs in schools, colleges and universities which promote the 4Rs (reduce, reuse, recycle, reorient) for achieving plastic circularity. Social entreprenuers who operate at a local level can perform this task more efficiently (Nazir et al 2021).

• There is a need to develop an outreach strategy through which the ideas and solutions provided by the business sector are shared through mass media so that the consumers can make informed choices. In this regard, the government can offer capacity building to improve the marketing skill set of the entreprenurs specifically those who own SMEs and startups. After the pandemic, it has become increasingly important to demonstrate to private investors the important link between hazardous inputs and health (Javed, Ahmed & Cheema 2021).
iv) Financing and Funding

- There is a need to provide financial incentives, tax breaks, reward systems, market access, technology to private sector and industries to take on more sustainable practices. This can be done through surveys to assess the user behaviour and need of the business sector. Moreover, the business sector should offer concessions, discounts and incentives for the consumers who are purchasing eco-friendly products and reducing plastics. Businesses who are exporting from Pakistan using responsibly sourced inputs also deserve a tax treatment which should encourage competition to also behave responsibly (Ahmed et al. 2020).

- For SMEs and startups, there is a challenge in terms of access to finance, the public private sector can provide that access through mentoring and capacity building (Ahmed 2019).

- There is a need to develop a plan through which corporate sector can provide direct support to the SMEs and startups regarding registration, funding and scalability of the ideas (Ahmed et al. 2023).

v) Capacity Building

- There is a need to develop a plan for conducting capacity building/ skill development within the private sector and the business sector in particular. Through capacity building, necessary green skills and even other responsible/ sustainable business related skills including design thinking can be developed to promote circularity of plastics and the circular economy transition in general. This can be made possible through need assessment surveys, accelerator programs for startups and SMEs which could be made possible through public private partnership. The costs of capacity building can come down drastically if regional cooperation for discovering eco-friendly alternatives to plastic is pursued (Ahmed, Suleri & Javed 2015).
References


## Annexure 1

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<th>No</th>
<th>Name of Speaker</th>
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