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The circular economy transition in South Africa: Untapped opportunities in the waste sector

The South African waste economy shows that the potential contribution of waste to gross domestic product (GDP) is significant if the materials currently being lost to landfills can be recovered and used. Emphasis on transitioning to the circular economy is therefore crucial to encourage the minimizing and managing of waste using resource efficiency in the materials value chain, including in materials flow. The circular economy approach provides a means of stimulating the production economy, creating employment and addressing resource efficiencies while at the same time protecting the environment.

ADVANCING THE CIRCULAR ECONOMY IN SOUTH AFRICA

- ▶ With the support of SWITCH Africa Green, the Department of Environmental Affairs has developed circular economy guidelines for the waste sector.
- ▶ The guidelines provide a process for stimulating the transition to a circular economy.
- ▶ The guidelines are based on the understanding that the current policy and regulatory environment, in broad terms, can support the implementation of a circular economy in South Africa.
- ▶ The guidelines are premised on the use of waste created along the entire materials value chain and on principles of sustainable production and consumption.

OPPORTUNITIES IN THE WASTE SECTOR IN SOUTH AFRICA

- ▶ The informal waste sector in South Africa plays an important role in circular economy initiatives, with waste pickers responsible for recovering 80 to 90 per cent of post-consumer recyclables.
- ▶ Ninety per cent of all general, hazardous and unclassified waste generated is disposed of at landfills, controlled sites or illegal dumpsites with associated open burning. For the South African economy, this represents a huge loss of viable secondary resources, estimated to be worth more than R17 billion.
- ▶ The estimated contribution of the waste economy to the South African gross domestic product in 2016 was R24.3 billion. A total of 36,000 formal jobs were created, with an estimated 80,000 informal jobs/livelihoods existing within the waste sector in 2016.
- ▶ The diversion of 20 million tonnes of waste could unlock a further R11.5 billion per year, create 45,000 additional formal jobs and 82,000 indirect jobs, and lead to the development of an estimated 4,300 small and medium-sized enterprises by 2023.
- ▶ Considering the high cost of disposal to landfills, there is an urgent need for an enabling policy environment for the diversion of waste from different waste streams.



Gaps: Barriers to the development of a circular economy



- ▶ **Legislative and regulatory gaps:** Challenges associated with the existing policy frameworks include weak and inconsistent compliance and enforcement, which leads to confusion in the marketplace and a tendency for waste operators to bypass legal requirements by staying below the regulatory limits or thresholds.
- ▶ **Data, research and development gaps:** Poor data undermine the potential of data- and research-driven circular business practices and innovation.
- ▶ **Technical skills gaps:** Circular economy capacity and skills development are lacking despite the many technical processes, tools and instruments available to assist in the transition to circularity.
- ▶ **Gaps in public awareness and capacity:** Vast gap exist in awareness and understanding of the circular economy, calling for ongoing awareness-raising and capacity-building of the many actors along the entire value chain.
- ▶ **Access to finance:** Significant private-sector investment and new business models are needed. The circular economy must be incentivized and policy tools must be developed to encourage access to green financing by the private sector.



What should Governments and stakeholders do to promote and advance the circular economy?



- ▶ Strengthen the policy and legislative environment to enable the implementation of circular economy initiatives.
- ▶ Create fiscal instruments, including taxes on materials and waste disposal, extended producer responsibility fees, waste service tariffs and subsidies that encourage demand for circular economy products and innovative technologies.
- ▶ Identify skills development opportunities, such as reskilling and retooling the current workforce, to enhance the adoption of the circular economy agenda.
- ▶ Develop business support schemes to support micro-, small and medium-sized enterprises, which may lack the internal capacity, capabilities and financial resources to take advantage of new opportunities related to the circular economy.
- ▶ Establish social impact funding mechanisms to finance small and medium-sized enterprises seeking to introduce innovative technologies and products in a circular economic system.
- ▶ Strengthen the capacity of the existing industrial symbiosis programmes across the country by establishing a national industrial symbiosis platform.
- ▶ Raise consumer awareness about circular economy practices to encourage markets for circular economy products.
- ▶ Develop indicators and metrics to monitor and measure the effectiveness of the circular economy.

SWITCH Africa Green is funded by the European Union and provides policy support to Burkina Faso, Ethiopia, Ghana, Kenya, Mauritius, South Africa and Uganda in promoting sustainable consumption and production patterns in their transition to an inclusive green economy. The programme provides financial and technical support for the development of policy frameworks that support the greening of four key sectors: agriculture, integrated waste management, manufacturing and tourism.