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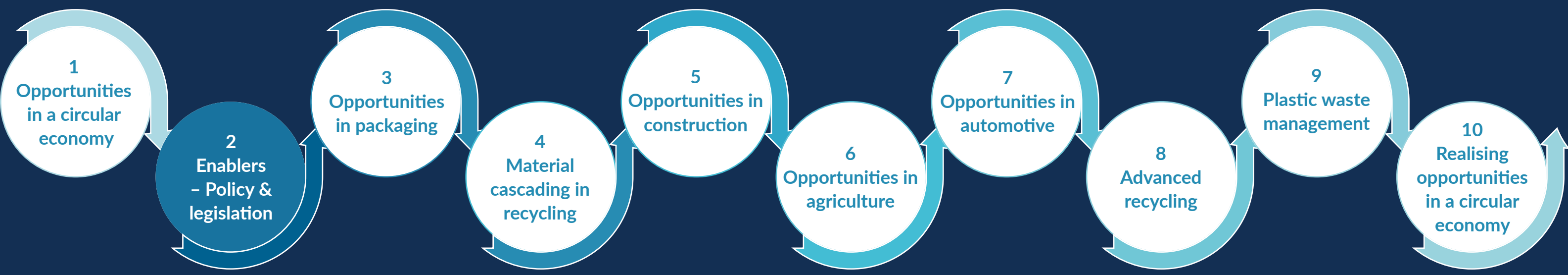
CIRCULARITY IN PLASTICS IN SOUTH AFRICA

Policy and regulatory enablers of a circular economy for plastics in South Africa



A circular economy for plastics has projected net economic and job creation benefits in both developed and developing country settings. South Africa has good potential to realise the benefits in a circular economy for plastics, building on expertise in both the plastics production and recycling sectors. This series of 10 briefs provides the context of the plastics industry in South Africa and highlights opportunities in a circular economy: Part 2 of 10

South Africa can be described as having a nascent circular economy for plastics with some initiatives across the value chain to enable circularity. These include:

- o Reduction in the use of plastics;
- o Substitution of fossil-fuel based plastics with those made from renewable feedstock;
- o Material substitution with materials that can be more readily reused/recycled;
- o Limited uptake of reuse/refill models;
- o Relatively well-established recycling for some plastic streams; and
- o Inclusion of recycled material back into plastic products, including packaging.

The current circular activities have largely been driven by market forces such as light-weighting or plastic reduction to reduce costs, niche applications for a small market segment (such as some reuse/refill models), and inclusion of recycled content only when recycled material is cheaper than virgin.

The exception is the voluntary Extended Producer Responsibility (EPR) schemes which were instituted largely due to consumer pressure to address plastic leakage. These voluntary schemes increased investment into recycling infrastructure, end market development, and to some degree, collection.

In order to intentionally drive a circular economy for plastics in South Africa, enabling policy, and regulations and targeted investment is needed. The national level EPR regulations came into effect in May 2021. This is driving initiatives and investment into enabling greater circularity in the plastics packaging value chain, but there is still room for strengthening the policy and regulatory environment to accelerate the scale and pace at which South Africa can transition from a largely linear to a more circular economy for plastics across all sectors. This document sets out some broad recommendations for policy and regulatory interventions to support and accelerate the development of a circular economy for plastics in South Africa.

Recommendations for the strengthening of an enabling environment for a circular economy for plastics in South Africa

Build on the existing EPR regulations for packaging and institute EPR regulations for other sectors that use plastics. In terms of scale of use, key sectors beyond packaging are construction, agriculture and the automotive industry.

Design for circularity – refine packaging EPR requirements and institute similar design requirements for other sectors

- Strengthen eco-modulation[1] to incentivise design for recycling, reuse and inclusion of recycled content;
- Refine targets into categories that will incentivise better collection, recycling, and recycled content inclusion;
- Add recycled content and reuse targets;
- Include virgin (especially fossil fuel-based) plastic reduction targets.

Refine and grow investment of EPR fees

- EPR fees should be calculated to cover investment into infrastructure for sorting, aggregation and recycling; paying a collection service fee to waste pickers, as well as for end market development and innovation. Current proposed EPR fees for some packaging streams are unlikely to constitute sufficient investment to achieve the EPR targets.

Collaborate and build inclusivity into South Africa's circular economy

- Informal sector integration – effective monitoring and evaluation of integration required by EPR legislation to improve the livelihoods of the informal sector, and thereby facilitate growth opportunities for informal collectors in a circular economy.

Maximise resource value through incentivising use of "more circular materials": i.e. materials that can be more readily reused/recycled;

- Develop material guidelines, specifications and standards that are inclusive of, and promote circularity. For example, for materials, these could include aspects that improve recyclability, and, for products, these could specify or incentivise the design of reusable products, and/or the inclusion of recycled content.
- Implement circular and preferential public procurement, and supply chain management in the private sector to enable circularity.

Investigate possible bans on single-use plastic products for the most leaked items with limited potential for circularity (after socio-economic assessment on the impacts of such bans).

Fund and financially incentivise the development of a circular economy for plastics

- Develop tax rebates or other incentives to support circular economy activities;
- Strengthen current investment to support establishment and growth of a circular economy:
  - Make funding available to de-risk investment in circular economy infrastructure and business models;
  - Provide financial support to develop an evidence-based pathway for a circular economy for plastics in South Africa, with a strong focus on income opportunities in a circular economy. The skills transition can then be defined, and funding structured to support skills development where needed.

[1] Included in the regulations as the "ease of recyclability" factor which must be included in the design of EPR fees i.e. higher fees would apply to materials that are more difficult to recycle.

Recommendations for the strengthening of an enabling environment for a circular economy for plastics in South Africa

Build on current collaboration and develop new mechanisms for collaboration

- Focus on developing effective collaborative strategising and implementing initiatives to effect a circular economy for plastics across sectors:
  - Build on demonstrated collaboration and impact of private sector initiatives such as the South African Plastics Pact, which brings together government, industry and civil society with influence across the plastics value chain;
  - Embed collaborative planning and implementation for a circular economy in government practice through developing a common vision and pathway for circular economy development across all relevant government departments;
  - Enable public-private partnerships (PPPs) to boost investment into required infrastructure for collection, aggregation and sorting, due to the limited funding available to municipalities.

This summary is an extract from the report "*Market assessment of circular plastics opportunities in packaging, construction, agriculture and the automotive industry*", which forms part of a series "*Circularity in the plastics value chain in South Africa – opportunities and barriers*". The reports in the series are:

- **Part 1:** The Plastics Landscape in South Africa – Mapping value chains and key players.
- **Part 2:** South African enabling environment for a circular economy for plastics – a scan of best practice and current local and international policies and legislation.
- **Part 3:** Market assessment of circular plastics opportunities in packaging, construction, agriculture and the automotive industry.
- **Part 4:** A focus on increasing recycled content in packaging through multi-layer conversion.
- **Part 5:** Advanced recycling technologies in South Africa – status quo and potential.
- **Part 6:** Alternatives to problematic plastic packaging in South Africa.
- **Part 7:** The current state of waste plastics management in South Africa.
- **Part 8:** Realising opportunities for a circular economy for plastics in South Africa: actions for the short, medium- and long-term.

The individual reports and a summary of the entire series can be accessed by contacting the GreenCape Circular Economy team via **circulareconomy@greencape.co.za.**

The series is a product of the staff of the World Bank in collaboration with a research and analysis team comprising of GreenCape, the African Circular Economy Network (ACEN) Foundation, the South African Plastics Recyclers' Organisation (SAPRO), WRAP, and WWF South Africa. Financing for this work comes from the **PROBLUE Trust Fund**.

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