

How can organisations in developing countries support waste pickers for increased recycling in low-income communities? A South African product responsibility organisation uses subsidies and administrative support in a business model approach

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Key Points

- Recycling can be promoted in low-income communities through a business model framework
- Business models for recycling efforts in low-income communities need financial and administrative support for sustainability in the short to medium term.
- There is no one-size-fits-all approach to such a business model framework. The model must be adapted to fit the community's needs

Waste pickers play a huge role in the recycling industry of developing countries. The flaws of central waste management systems and high unemployment make room for waste pickers to contribute to the supply of recyclables. However, recycling in low-income communities remains inefficient. Studies show a need for support for the informal waste sector. This study explores a business model involving mobile buy-back centres in low-income communities which is funded by a plastic Product Responsibility Organisation (PRO) in partnership with a major retail chain in South Africa. Findings suggest that the success of this approach is dependent on continued financial and administrative support beyond the initial launch of the programme. Furthermore, the model must be adaptable across different host communities.

Analysing the business model enhances an understanding of how the potential of the informal waste sector can be harnessed in helping to mitigate the waste crisis. This will be helpful for PROs as it explores an approach to informal sector engagement. It will also contribute to informed policy making on waste management by governments in developing countries.

The objective of this paper is to evaluate a PRO-initiated business model involving waste pickers to understand its operations and effectiveness and identify key learnings to support the implementation of similar models in developing countries. We interviewed entrepreneurs across five provinces of South Africa and analysed their responses.

The dataset used for this study comes from entrepreneur interviews and weekly recycling volume data across two years.

The study shows that the business model has been relatively successful in terms of maintaining significant monthly recycling volumes. There is considerable monitoring and administrative oversight of the entrepreneurs following the financial support to subsidize their costs. However, safety within the host communities and instability in the price of recyclables are challenges faced by the entrepreneurs running the recycling business. Ultimately, we find that a supportive policy environment and political goodwill, model adaptability to suit community nuances, trust, entrepreneur capacity and sustained business support are crucial for the success of the business model.

Conclusions

This study shows that there is potential for business models of recycling in low-income communities. However, there is a need for sustained significant support to assist entrepreneurs in coping with the conditions within recycling markets. Additionally, conditions within these communities can create safety concerns for entrepreneurs. This paper recommends increased policy support to facilitate the establishment of similar business models in more communities as well as subsidies for the businesses.

About this brief

This brief is based on *Producer responsibility for Packaging waste management: Case Study of a South African Extended Producer Responsibility (EPR) initiative* Idoko E, Visser M, Daniels R, EfD Discussion Paper.

Further reading

Gall, M., Wiener, M., de Oliveira, C. C., Lang, R. W., & Hansen, E. G. (2020). Building a circular plastics economy with informal waste pickers: Recyclate quality, business model, and societal impacts. *Resources, Conservation and Recycling*, 156, 104685.

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Godfrey, L., Strydom, W. and Phukubye, R. (2016). Integrating the informal sector into the South African waste and recycling economy in the context of extended producer responsibility. CSIR Briefing Note: Pretoria, South Africa.

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