



South Africa

Hands-off regulation creates room to run for up-and-coming tech

Debuting as an Innovation Adopter, South Africa leads other countries on the African continent, thanks in part to a lack of restrictions on emerging technologies like ridesharing and short-term rentals. The country ranks in the top 10 of countries when it comes to Tax Friendliness, with a modest corporate tax rate of 28 percent and no taxes on digital streaming services.

The country is one of Africa’s largest markets for short-term rentals, and in a novel public-private agreement, the city of Cape Town partnered with Airbnb to promote tourism. Rentals on the company’s platform brought nearly 300,000 new visitors to Cape Town last year. Ridesharing services are also very popular in the country, and operate relatively freely.

Other developing technologies do not fare as well. Pilots of drones — classified as “remotely piloted aircraft” according to South African rules — must receive a license to fly. Commercial operations are even more strictly limited. When it comes to self-driving vehicles, poor infrastructure is a roadblock for testing and development.

South Africa has the slowest fixed and mobile internet speeds of any country on the Scorecard — a major challenge for tech entrepreneurs in any field.

Sources: (Capetown.gov) (CAA) (CNN) (CAA) (Science) (SKA)

WHAT DID WE DO RIGHT?

South Africa supports a flourishing short-term rental market, with more than 43,000 Airbnb listings and an agreement between the government of Cape Town and Airbnb to allow the rentals without occupancy taxes. Ridesharing, which is wildly popular in South Africa, also operates without burdensome federal restrictions.

WHAT CAN WE DO BETTER NEXT YEAR?

The country can improve inadequate infrastructure that limits testing of self-driving vehicles, and lift strict regulations that hamper drone use.

Diversity	B-
Freedom	C+
Broadband	C+
Human Capital	C
Tax Friendliness	B+
R&D Investment	C-
Entrepreneurial Activity	C
Drones	D
Ridesharing	A
Short-Term Rentals	A
Self-Driving Vehicles	F
Environment	C-



Diversity

With an above-average level of diversity and strong showing in gender parity, South Africa earned a 'B-' in Diversity.



Human Capital

More than 27 percent of South Africa's workforce is highly-skilled, a proportion several times higher than other countries in the region, and nearly 20 percent of all degrees in the country go to STEM graduates.



Entrepreneurial Activity

Rideshare operations are not regulated at the federal level.



Freedom

South Africa shows middling levels of personal and political freedom, but nevertheless performs better than its regional competitors.

CAPE TOWN

After years of a sluggish economic growth and high unemployment, South Africa lags behind other African innovation powerhouses like Nigeria. On the country's western coast, however, Cape Town has taken steps to become nationwide hub for entrepreneurs.

The local government set aside \$16.9 million to develop broadband infrastructure over three years. Locally-built technology ventures include Luno, a bitcoin wallet developed at Stellenbosch University to simplify the process of moving funds from one point to another, to the benefit of innovators looking for funding.

Stellenbosch and the University of Cape Town are ranked among the best institutions in Africa. Both have taken steps to foster innovation among students and graduates.

In 2011, the University of Cape Town inaugurated the Bertha Centre for Social Innovation and Entrepreneurship to support social innovation ventures. On the other side of the city, Stellenbosch is home to Innovus, a program that helps students and staff bring their ideas to commercial markets.

Sources: (Red Herring) (Times Higher Education) (World Bank)



Home to some of the best-ranked universities in Africa, Cape Town has begun developing its role as an entrepreneurial hub in South Africa. Programs like the Bertha Centre for Social Innovation and Entrepreneurship at the University of Cape Town support local business ventures.

