SiMODiSA Research: Entrepreneurship Visa

May 2014
Special Entrepreneurial Visa: Challenge Overview

• Attracting & retaining entrepreneurs to establish business in SA.

• Create jobs, innovation, revenue, & “economic dynamism”.

• Other countries are pulling hard to get the people we’re discouraging.

• Is SA open for business?
Status Quo: Current Business Permit (BP)

24 Month BP if:

• Entrepreneur invests R2.5M in a South African Business
• Submits comprehensive business plan
• Undertakes to employ 5 South Africans
• Same requirements at 24 months to extend.
Status Quo: Limitations

• Application mechanism is unpredictable, and frustratingly complex.
• This uncertainty is crippling in business decisions as big as immigration & relocation.
• Application is through foreign embassies, in person.
• Marketing – Poor awareness, and reputation.
Status Quo: Advantages

• Current business permit is well-structured, if it works.

• Applicants can apply for permanent residency at 5 years.

• We are English-speaking, time-zoned with Europe, & on Africa’s doorstep, with a climate that people want to live in.
International Precedent:

Defining features of other programs:

• Applications handled by a single Govt. Designated Organisation
• Documentation: Business Plans, Funds, Points Ratings.
• Requirements always job-creation and capital/funding.
• Process which determines viability: Through Chamber of Commerce, a panel of judges, or a transparent, tick-box system.
• Sector targeting: Reduced criteria for high-tech, export-orientated, or job-creating sectors, and foreign graduates.
International Precedent
Post-immigration support:

• Chile subsidises rent, due diligence costs, & even import of skilled labour.

• Peru, Chile & UK give loans to start-ups.

• Canada grants permanent-stay even if company fails, & subsidises wages of Canadian employees.

• Most offer a “soft-landing” through incubators & links with VC/Angels.
Economic benefit is a function of:
- Job creation
- Revenue generation
- Innovation
- Ecosystem growth
- Pipeline Potential

Time of renewal is pivotal, and is often multi-phase.
Pilot Program Recommendations

5 year Pilot– grow employment, innovation and productivity.

- One co-ordinator, supported by DoHA, DTI & DoL.
- Minimise subjectivity of application process & maximise transparency & predictability.
- Local jobs: 30% in 2 years, 60% in 5, skilled local wage subsidies.
- Multiple entrepreneurs, and 5 year visa allows second-chance.
- Reduced funding for foreign graduates of SADC tertiary institutions
- R2.5M investment includes loans, and reduced figure for ICT.
Thank you

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