JUNE 2026

STARTUP POLICY AND GLOBAL COMPETITIVENESS REPORT

SOUTH AFRICA'S REGULATORY AND CAPITAL LANDSCAPE IN A GLOBAL CONTEXT

South Africa STARTUP ACT

Sponsored by

Allan & Gill Gray PHILANTHROPIES

01

INTRODUCTION

SYNOPSIS

This report presents a comparative assessment of South Africa's startup ecosystem, focusing on its ability to generate entrepreneurs, attract global capital, and enable international market participation within the context of the proposed SA Startup Act.

Across leading benchmarks, a consistent pattern emerges. GEM indicates that South Africa has not materially expanded the underlying entrepreneurial pipeline, with persistent weaknesses in enabling conditions such as finance access, support systems, and entrepreneurial participation. StartupBlink, by contrast, reflects a more active ecosystem, but one that has not significantly improved its global positioning; suggesting growth concentrated among already-active startups rather than broad-based entrepreneurial expansion.

Taken together, the evidence points to a system that is strengthening participation within the existing startup cohort, but not yet converting South Africa's broader economic base into a scalable pipeline of new entrepreneurs or globally competitive startups. While recent policy developments including those promulgated across DSBD, DSTI, DTIC, and AU frameworks, signal important institutional progress, these are not yet fully translating into coordinated, system-wide impact.

Within this context, South Africa sits in a mid-tier of global ecosystems: functional and improving in parts, but still lagging structurally behind leading jurisdictions in regulatory efficiency, capital formation, and global integration.

The report invites the reader to engage further with the underlying analysis to unpack two critical dimensions: the distinction between optimising existing startups versus expanding entrepreneurial participation at scale, and the policy shifts required to move from incremental ecosystem support toward a globally competitive, pipeline-driven startup economy.

Introduction

What we set out to answer

- Contrast South Africa's startup ecosystem, specifically its ability to access global markets and global capital, by using readily available entrepreneurial, economic and startup benchmarks, contextualised with available data and research reports.
- Use this to position our current policies and supporting frameworks to assess relevance and suggest adjustments.

Purpose and Scope:

1. Benchmark South Africa's startup ecosystem against selected regional and global peers.
2. Identify systemic policy barriers and enabling factors that affect global market access and investment inflows.
3. Evaluate how core Startup Act reforms (on visas, tax, exchange control) can be integrated into broader government strategies, alongside policy change.
4. Offer actionable, evidence-based recommendations for short, medium, and long-term tactical and policy interventions to enhance startup competitiveness and internationalisation.

The Startup Act Movement Secretariat, SiMODiSA, and our research partner, VS Nova, extend our heartfelt gratitude to the Allan & Gill Gray Philanthropy South Africa for their invaluable support and contribution to this research.

Your commitment has made it possible to advance the important work of promoting the SA Startup Act and advocating for a more enabling environment for startup founders, entrepreneurs, and ultimately, the future of the South African economy.

02

SA START-UPS SNAPSHOT

SA STARTUPS SNAPSHOT

South Africa has a well-developed but emerging startup ecosystem, with diverse early-stage finance interventions using a blend of public and private capital to fund startups. Although a great leap forward in the last two decades, SA still lacks in its efficiency to translate ample capital wealth into startup funding at all levels & scale.

SECTORS COVERED

8+

FINTECH · INSURTECH · RETAIL TECH · HEALTH · EDTECH · MOBILITY · CLIMATE · AGRITECH

VC CONCENTRATION

30%+ in Fintech

65.9% of all VC deals into ICT
20.0% of VC deals into Health

JOB CREATORS

560

VC-funded startups employing **> 11,000 people** (2024)

GEOGRAPHIC SPREAD

88%

of startups based in **Cape Town & Johannesburg**

TOWNSHIP & RURAL UNDER-SERVED

AVERAGE TEAM SIZE

+/- 22

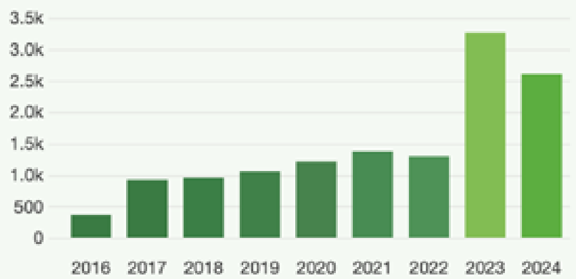
Most tech startups formally registered. Founders are predominantly **urban & male.**

FEMALE FOUNDERS

< 15% +

of startups have a female co-founder. Diversity is **lacking, but evolving**.

VC DEALS 2016–2024 — COURTESY SAVCA 2025 VC SURVEY



Peak: 3,279 deals in 2023 | >35 VC-backed acquisitions since 2015

FUNDING STATUS

> 90%

of startups remain **self-funded or informally capitalised**

EXTERNAL FUNDING RAISED (2020–24)

525

startups secured VC funding | **951 deals** in 5 years | **R13.5 bn** assets YE 2024

INCLUSION OPPORTUNITIES

Leverage **procurement mechanisms** to scale market access. Diversity M&E mechanisms evolving, fuelled by ESD & Impact targets. Insufficient # of **gender-targeted accelerators**. Township & rural areas need more capital and networks.

ACTIVE VCS

R13.5bn

assets under management YE 2024 — but most startups **self-funded**

CAPITAL GAP

Under-scaled

SA struggles to translate **capital wealth** into startup funding at scale

03

START-UP FUNDING

STARTUP FUNDING IS NOT ONLY VC FUNDING

Getting external capital, especially in the form of early-stage risk capital, is an avenue open to only a very small minority of firms, anywhere in the world. This is important to appreciate, as Venture Capital is suited to a very specific type of business, and should therefore not be seen as an option for all the capital needs of startup enterprises.

VC penetration is structurally low globally: Only 1–2% of new firms in the United States receive VC funding annually, a ratio that has remained stable over the past five years.

- Europe shows a slightly higher but still narrow funnel: Around 4% of startups in the United Kingdom receive VC, while the European Union accounts for 5% of global VC investment; indicating limited overall penetration.
- Latin America has growing capital but limited reach: Brazil attracted $1.8bn in VC (2023), yet only 2–4% of startups receive institutional funding, with most relying on bootstrapping or angel support.
- Chile combines strong early-stage support with low VC penetration: Less than 5% of startups receive VC funding, with programmes like Start-Up Chile playing a key role in founder support.
- India's VC ecosystem is expanding but still selective: An estimated 3–5% of startups receive VC funding, with improving trends despite limited data transparency.

Region	VC-funded %	Non-VC[2]
AVCA (Africa)	VC deals 68% of PE activity but only 487 total VC deals among millions of startups — likely 1–2% VC-funded	**98–99%**
Brazil	Latin America leader, US $1.8B VC in 2023, but % of startups funded estimates 2–4%	**96–98%**
Chile	Not publicly quantified; strong public seed accelerator (Start-Up Chile) but likely <5% VC-funded	**>95%**
Europe (EU-wide)	5% (EU accounts for 5% of global VC funding)	**95%**
India	No direct figure; strong VC flow but ratio likely 3–5% of startups	**95–97%**
UK	4% of British investment is VC	**96%**
RSA	525 startups funded 2020–24; ~90%+ remain self-funded or bootstrapped	**98–99%**
USA	1–2% (600–800 funded annually among 2 million new U.S. firms)	**98–99%**

[1] *Table based on data from AVCA, PitchBook and the World Bank*

[2] *Self-funded, bootstrapped, unfunded*

STARTUP CAPITAL AND ACCESS

South Africa's startup-finance ecosystem (2025), is measured at roughly R 3.3 billion in fresh VC, a R 200 million-plus angel market (continent-wide), R 1.6 billion of crowdfunding globally, and several hundred-million-rand government vehicles, appears UNDER-SCALED RELATIVE TO NEED.

R13.5bn	525	951
ASSETS UNDER MANAGEMENT YE 2024	STARTUPS SECURED EXTERNAL FUNDING 2020–24	VC DEALS IN 5 YEARS (2020–24)

VENTURE CAPITAL (VC)

- Equity deployed to startups: **R 2.62 bn**
- Venture debt: **R 670 m**
- Total new deployments: **R 3.29 bn**
- Active VC portfolio under management: **R 13.35 bn**
- Cumulative investment (14 years): **R 10.73 bn**

PRIVATE EQUITY (PE)

- Assets under management (SAVCA members): **> R 213 bn**
- Annual deal flow: majority into buy-outs, but **growth in late-stage tech & deep-tech**

ANGEL INVESTMENT

- Pan-Africa H1 2024: **US $200 m committed**
- South Africa: among **top 3 destinations** alongside Nigeria & Kenya
- No consolidated national figure available

CROWDFUNDING

- Global market size: **US $1.60 bn**
- SA domestic rounds typically **R 5–50 m** per campaign
- No official national breakdown available

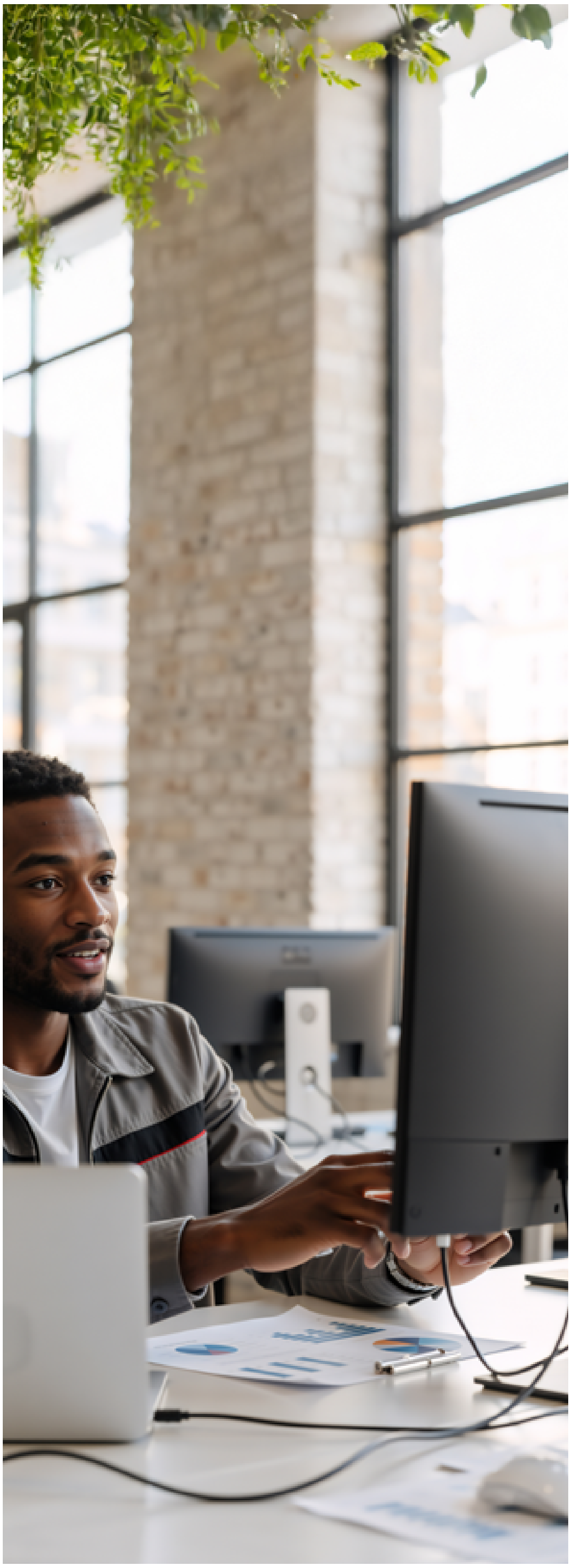
GOVERNMENT & DEVELOPMENT FINANCE

- **TIA:** R 170 m disbursed via Industry Matching Fund since 2019; R 300 m High-Impact Fund launched end-2024
- **IDC:** R 18.7 bn total FY 2023/24; SME-Connect R 954 m
- **SA SME Fund:** R 1.4 bn mandate; ~R 725 m committed to partner funds
- **UTF II:** targeting R 400 m for deep-tech commercialisation

DEVELOPED MARKETS — US, UK & EUROPE	DEVELOPING MARKETS — AFRICA, BRAZIL, INDIA
38–42 yrs	**30–35 yrs**
Average age of startup founders getting VC. **Higher VC penetration (2–5%)**, older and more experienced founders, advanced ecosystem maturity with predictable deal flow and multiple exit options.	Average age of startup founders getting VC. **Lower VC access (1–3%)**, younger first-time founders relying more on business development support including accelerators and government-backed programmes.

Startup Capital & Access — Key Figures

Factor	Developed Markets	Developing Markets
Ecosystem maturity	**Advanced VC ecosystems, predictable deal flow, multiple exit options**	Emerging VC markets, limited exits, government-backed accelerators
Startup profiles	**Scalable SaaS, deep tech, health tech**	Consumer platforms, fintech, marketplaces
Founder demographics	**Older, serial entrepreneurs, ex-corporate or ex-academic**	Younger, often first-time founders
Access to capital	**Broad VC availability, angel networks, family offices**	Few large funds, reliance on seed programs, fewer local VCs



HOW DOES SOUTH AFRICA COMPARE TO OTHERS?

South Africa was benchmarked against eight peer countries spanning high-performing ecosystems, mid-tier peers with targeted reforms, and emerging African comparators. The comparison draws on a combination of global entrepreneurship indices to assess both ecosystem conditions and output.

INDICES USED IN THIS COMPARISON

- GEM NECI
- GEDI
- ECONOMIC FREEDOM
- WGI GOVERNANCE
- EASE OF DOING BUSINESS
- OPINIUM SSA
- AFRICAN ECOSYSTEM INDEX
- UNCTAD / WIPO

SAMPLE SPANS THREE TIERS

High-performing: Singapore, Chile

Mid-tier with targeted reforms: Brazil, Egypt, Morocco, Tunisia

Emerging African comparators: Kenya, Nigeria

Country comparison — NECI score & GEM rank

Country	NECI Score	GEM Rank (of 50)	Comments
Brazil	**4.0**	20th to 25th	Mid-tier; innovation support strong, but bureaucracy and regulatory burdens weigh.
Chile	**4.9**	12th to 13th (Level B)	Top 13 globally; robust across infrastructure, ease of entry, and entrepreneurial programs.
Egypt	**4.2**	17th to 20th	Decent structural support, though education and funding areas need improvement.
Kenya	**N/A**	N/A (global)	Not measured in global NECI. 2.24/5 regionally, around #15 in Africa — solid progress but room to grow.
Morocco	**3.9**	25th to 30th	Lower tier but showing upward momentum, particularly in government support.
Nigeria	**N/A**	N/A (global)	Not measured in global NECI. 2.33/5 regionally, around #12 in Africa, suggesting moderate ecosystem maturity.
Singapore	**N/A (GEM)**	5th globally	Recognised separately in global innovation rankings. Strong indicators across VC, governance and policy.
South Africa	**3.9**	39th to 51st	Among lowest in GEM; experienced decline driven by weaker social norms & program support.
Tunisia	**4.0**	20th to 25th	Moderate ecosystem; improvements in finance and policy can help.

[6] *Benchmarked SA against eight peer countries spanning high-performing ecosystems (e.g., Singapore, Chile), mid-tier peers with targeted reforms (e.g., Brazil, Egypt, Morocco, Tunisia), and emerging African comparators (e.g., Kenya, Nigeria).*

South Africa sits in the **lower tier of global entrepreneurship indices** — despite having functional institutions, a developed IP regime, and moderate economic freedom. Chile leads the peer group with near-ideal conditions, while SA underperforms even some African peers on key programmatic indicators. **The gap is not structural potential — it is policy execution.**

BENCHMARKING INDICATORS & INDICES

Combining multiple global indices provides a rigorous comparative overview. South Africa performs better than some peers on inclusion and governance but underperforms globally and even regionally across most indicators.

SA relative position across key indices

Index	SA Relative Position	Leading Countries	Notes
NECI (GEM)[7]	**Low: 39th to 51st**	Chile, Egypt	SA shows programmatic decline, weak social norms and declining support structures.
Economic Freedom	**Mid: 64/100**	Singapore, Chile	Rated 'Moderately Free' — better than Brazil and Tunisia, but lags on business freedom.
Ease of Doing Business	**Low: Ranked 100–180**	Singapore (#2), Chile	Regulatory burdens remain high. Bureaucracy, admin delays and compliance costs are barriers to entry.
GEDI[8]	**Low: 24–30/100**	Singapore, Chile	Indicates weak governance and access. Scores reflect limited access to finance and poor infrastructure.
Opinium SSA Region	**Low: 26/100**	East Asia, MENA	Reflects gaps in infrastructure and support. Far behind Singapore and Chile, even compared to rising MENA countries.

[6] *Benchmarked SA against eight peer countries spanning high-performing ecosystems (e.g., Singapore, Chile), mid-tier peers with targeted reforms (e.g., Brazil, Egypt, Morocco, Tunisia), and emerging African comparators (e.g., Kenya, Nigeria).*

Start-up Funding

WHERE SA HAS RELATIVE STRENGTHS

- **Economic Freedom:** Score 64/100 — rated Moderately Free, ahead of Brazil and Tunisia
- **OECD Inclusive Entrepreneurship:** Frameworks exist, especially for under-represented founders
- **Governance (WGI):** Stronger than many African peers — Nigeria, Kenya, Tunisia
- **IP System:** Strong and developed, better than many African counterparts
- **R&D Incentives:** 150% R&D tax deduction — more generous than Brazil's Lei do Bem

WHERE SA LACKS GLOBAL COMPETITIVENESS

- **Entrepreneurial Support (NECI):** Among lowest ranked globally (39th of 50) — decline driven by weak programmatic support
- **Startup Ecosystem Maturity:** GEDI & Opinium reflect limited access to finance and poor infrastructure
- **Ease of Doing Business:** Bureaucracy, admin delays and compliance costs are barriers to entry
- **Innovation & Connectivity:** Far behind Singapore and Chile, even compared to rising MENA countries

BUT HOW DOES SA COMPARE?

Compared to leading ecosystems, South Africa lags significantly in capital mobility, founder visas, and targeted startup incentives. The country must shift from small fixes to bold reforms — cutting friction, attracting talent, and driving a digital-first, inclusive startup policy distinct from generic SME support.

SA POSITIONING — STRENGTHS VS AFRICAN PEERS

- Better than Kenya (on inclusion), Tunisia and Nigeria across most indicators
- **IP systems:** strong and developed vs African counterparts
- **Funding & DFI ecosystem:** broader and better funded than most SSA peers
- **R&D support & incentives:** more generous than most African peers

SA POSITIONING — WEAKNESSES VS GLOBAL PEERS

- Underperforms globally and even regionally **across most indicators**
- **Exchange Control:** one of the most restrictive globally — limits foreign IP and capital flows
- **Immigration policy:** no dedicated startup visa unlike Chile, Brazil, Singapore, Kenya
- **Tax & incentives:** R&D incentive is re-imbursive — unsuited to pre-revenue startups

What peers do well — and what SA can learn

Country	What they do well	Applicability to South Africa
Singapore	**World-class in governance, ease of business, innovation and VC access**	Adopt agile policy + Digital Administration approach
Chile	**Strong entrepreneurship programmes, infrastructure and inclusion via Start-Up Chile**	Incentivise startup hubs, simplify entry for founders
Egypt	**Improving inclusion, focused innovation policy, government-backed accelerators**	Prioritise education & financial access for underserved founders
Morocco	**Upward momentum in government support and regulatory reform tracking**	Invest in consistent regulatory reform tracking and reporting

NARRATIVE SHIFT NEEDED

From optimising for **existing startups** to expanding the entrepreneurial pipeline and strengthening global competitiveness.

PRIMARY SUA QUESTION

Advocate for **organic strength** (StartupBlink 19.5% growth) — or expand SUA focus to advocate for **systems-wide fundamental change** to build pipeline?

STARTUPBLINK MESSAGE

SA ranks **#52 globally** with +19.5% growth — but stagnant in ranking. **The system is not enabling entrepreneurs effectively.**

GEM & STARTUPBLINK — SA ASSESSMENT

Two complementary indices tell the same story from different angles. GEM measures how enabling the environment is; StartupBlink measures how active the ecosystem is. Together they confirm SA as a mid-performing ecosystem operating despite weak enabling conditions.

GEM (AND SIMILAR INDICES) — MEASURES ENTREPRENEURIAL CONDITIONS

NECI: 3.9 (low) | Rank: Bottom tier (39th–51st)

ASSESSMENT

- Key weakness: social norms toward entrepreneurship
- Weak programme effectiveness
- Declining support structures

STRENGTHS

- Reasonable physical infrastructure (telecoms, urban hubs)
- Presence of financial institutions, though not always accessible
- Growing policy awareness of entrepreneurship as a priority

WEAKNESSES

- Weak entrepreneurial education, especially at school level
- Limited effectiveness of government support programmes
- Access to early-stage and informal finance remains constrained
- Low social norms and cultural support for entrepreneurship
- Fragmented ecosystem coordination and support mechanisms

STARTUPBLINK (AND STARTUP GENOME) — MEASURES ECOSYSTEM OUTPUT & DYNAMISM

Rank: #52 globally | Growth: +19.5% | Change: Stagnant in rank

ASSESSMENT

- Better than GEM suggests — above African peers, +/- 20% growth
- Strong private sector and SU hubs compensating for policy gaps
- Still continental leader, but losing momentum advantage
- Outpaced in growth by Egypt (22%) and Kenya (33.5%)

STRENGTHS

- Regional hub status — Cape Town and Johannesburg
- Corporate innovation activity and fintech platform startups
- International connectivity better than most of Africa

WEAKNESSES

- Limited late-stage funding depth
- Talent constraints and emigration
- Policy and regulatory friction
- Slower ecosystem scaling vs emerging peers

A **mid-performing startup ecosystem** operating despite weak enabling conditions — now at risk of being **outpaced by faster-growing, more agile emerging ecosystems**. Challenge is fundamentally structural and systemic: foundational conditions required to enable entrepreneurship at scale remain underdeveloped or ineffective.

STARTUP ACT ALIGNMENT WITH GEM

The Startup Act is mostly aligned with GEM's general and SA-specific recommendations. But don't ignore the fundamentals — the basis on which business thrives goes beyond red tape reduction and requires addressing the full operating environment.

Strategic Area (GEM)	GEM Recommendation for SA	Startup Act (current position)
1. **Enabling Infrastructure for Scale**	Prioritise reliable energy, logistics and digital infrastructure to reduce cost-to-export and enable participation in global value chains.	Mostly silent on basic infrastructure as a key enabler of startups.
2. **Regulatory & Policy Environment**	Reduce bureaucratic complexity, tax friction and compliance costs; shift procurement toward innovation- and export-oriented SMEs.	Policy simplification at the core of the SUA. But insufficient focus on targeting procurement as a lever for startup opportunities.
3. **Access to Finance**	Expand access to early-stage and scale-up finance, including VC and blended finance mechanisms.	SUA mainly focused on VC and early-stage equity. Needs to address the blended-finance gap.
4. **Global Market Access**	Move beyond local support toward structured export pathways: trade facilitation, cross-border partnerships, global supply chain integration.	SUA focusses on internationalisation mainly from a regulatory position. Needs to address export pathways and soft-landing platforms.
5. **Coordinated Support Systems**	Improve the effectiveness — not just the presence — of government entrepreneurship programmes.	SUA includes ecosystem support calls, but fragmentation remains. Needs stronger NGO/private sector delivery models.
6. **Capability & Networks**	Strengthen mentorship, international networks and sector-specific skills with targeted inclusion of women and youth.	Address shortcoming in post-policy support and enablement of international networks, including Diaspora.

GEM INPUTS TO STRENGTHEN SUA

The following recommendations draw on GEM's analysis to identify where the Startup Act should be expanded, reframed or strengthened to move from presence to impact — and from local support to global competitiveness.

ADDRESS OPERATIONAL ENABLERS

GEM emphasises weak scale-up conditions. The SUA should include policy advice and **mechanisms to advocate for operational enablers** beyond red tape reduction.

OUTLINE DEMAND-SIDE LEVERS

Strong alignment on policy simplification and high-growth startup demarcation (NB! DSBD). More emphasis on use of **procurement beyond ESD/compliance as a demand-side lever**.

REFRAME THE FINANCE GAP

Expand SUA funding focus **beyond VC and early-stage equity**, advocating blended finance and addressing GEM's caution on systemic funding gaps limited to a narrow VC-only segment.

ACTIVATE MARKET ACCESS

Broaden SUA focus on regulatory access to global capital. Align with GEM for **active market access** — export pathways, trade facilitation, soft-landing platforms and diaspora networks.

BEYOND PRESENCE TO EFFECTIVENESS

Expand SUA ecosystem support calls to require **stronger alignment and non-state (NGO/private) delivery models**, addressing GEM and World Bank concerns on fragmented, poorly coordinated public systems.

FROM INCLUSION TO CAPABILITY

Beyond inclusion, align with GEM on **international networks, skills and post-policy enablement** as critical to unlocking globally competitive startups.

CAPITALISE ON POLICY ALIGNMENT OPPORTUNITY

Leverage GEM's internationalisation emphasis, reinforced by the **African Union Startup Model Law**, as a mandate to deepen collaboration with trade actors and embed startups into global value chains. SUA to coordinate more with DTIC.

The key lesson: shift from optimising existing startups to expanding the entrepreneurial pipeline. This requires clearer policy separation between high-growth startup support and broader entrepreneurship activation.

POLICY PROGRESS & PARTNERS

South Africa's startup policy framework is increasingly converging around high-growth firms as a distinct segment, with growing momentum from the Startup Act movement and emerging policy instruments across government. Key developments include DSBD's High-Growth Startup Policy formulation, DSTI's Innovation Fund and early-stage Fund-of-Fund approach, and enabling reforms such as visa facilitation, exchange control pilots and evolving IP policy.

NATIONAL TREASURY

Primary driver of fiscal and funding mechanisms

- Advocate for tax relief and financial incentives for startups
- Influence the design of government-backed VC or co-investment funds
- Support the proposed **Exchange Controls Reforms outlined by the SA Startup Act**

DSTI

Supports technology-driven and intensive startups

- Address the **transformation and inclusivity** of early-stage finance in SA
- **De-risk early-stage investment** to rapidly scale the pool of capital through Fund-of-Funds
- Support IP development and commercialisation

DSBD

Focuses on grassroots support and inclusive entrepreneurship

- Promote mentorship, training and incubation programs
- Facilitate inclusion of women, youth and historically disadvantaged groups
- Coordinate on defining a **Startup policy specific to high-growth enterprises**

DTIC

Drives industrial policy and market access

- Facilitate **market access programmes for startups**
- Align startup support with sectoral priorities (fintech, Greentech, manufacturing)
- Co-develop policy briefs showing how **startup scaling contributes to national economic policy**

Benchmarking against global indices is reinforcing a **shift in policy focus toward creating a step-change in ecosystem performance** — with increasing recognition that a resilient and inclusive startup ecosystem depends not only on headline growth, but on deepening access, participation and capacity across regions and demographic groups.

SHIFT THE NARRATIVE

SHIFT THE NARRATIVE from optimising for existing startups to expanding the entrepreneurial pipeline and strengthening global competitiveness. This requires clearer policy separation between high-growth startup support and broader entrepreneurship activation, alongside structural reforms to reduce regulatory friction, mobilise early-stage and international capital, and enable internationalisation. It rests on better coordination across DSBD, DSTI, DTIC and National Treasury to build a coherent, **private-sector-enabled system focused on pipeline development and global market integration.**

TAKE AWAY

- SA early-stage VC at **R3.3 billion in 2024** (SAVCA, 2025)
- Capital supply is **under-scaled for demand**
- The Startup Act aims to position SA for **global market access**
- High-growth startups drive **innovation, jobs and tax revenue**
- Focus on scalable, tech/innovation-enabled startups — **not SMEs in general**

ALIGNMENT ON SUA POSITIONING TO TARGET

- Diversify beyond fintech into **climate tech, agritech and health**
- Broaden participation **geographically and demographically**
- Expand access to **early-stage and international capital**
- Embed policy support for startups in **national economic strategy**
- Adopt structural reforms that ease capital flows and **integrate startups globally**

SHIFT THE NARRATIVE

Align all efforts to increase the pipeline of startups. Influence national discourse to reflect the **global nature of startup trade** and the need to enable internationalisation.

SIMPLIFY MARKET ACCESS

Focus on early-stage finance, diaspora VC engagement and international partnerships to **position South Africa's startups globally**.

STRATEGIC RECOMMENDATIONS

1. **Differentiate policy focus clearly** between supporting high-growth startups and expanding the broader entrepreneurial pipeline.
2. **Prioritise pipeline development**, addressing GEM-identified gaps in entrepreneurial participation and enabling conditions.
3. **Improve access to early-stage and international capital** including co-investment structures and fund-of-funds mechanisms.
4. **Strengthen private-sector-led VC mobilisation**, ensuring DSTI and Innovation Fund mechanisms de-risk capital without crowding out private investment.
5. **Advance regulatory and exchange control reforms** to reduce friction in capital flows and enable easier global scaling.
6. **Coordinate institutional policy efforts** across DSBD, DSTI, DTIC and AU frameworks into a coherent, startup-specific growth strategy.
7. **Embed internationalisation as a core policy objective**, enabling startups to operate globally by default rather than as an exception.

Building a resilient, inclusive and globally competitive startup ecosystem will require more than incremental support. It demands **bold, coordinated reforms that recognise high-growth startups as a distinct and strategic driver of South Africa's economic future.**

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