

JUNE 2026

STARTUP POLICY AND GLOBAL COMPETITIVENESS REPORT

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

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.



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

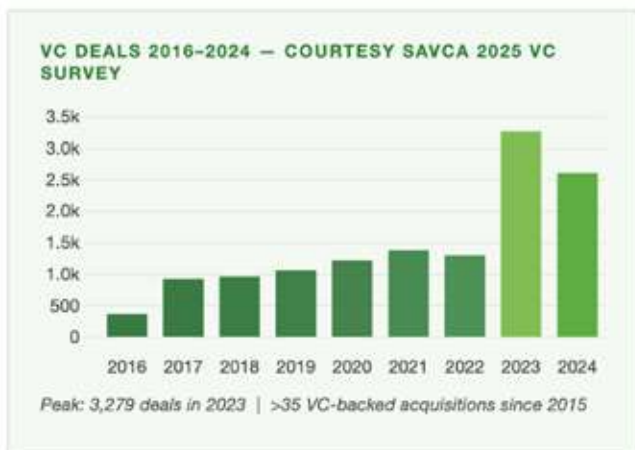
+/- 22

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.



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 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**.



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

38–42 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.

DEVELOPING MARKETS — AFRICA, BRAZIL, INDIA

30–35 yrs

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



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.

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THEIR ONGOING SUPPORT



WITH THANKS TO OUR SPONSOR

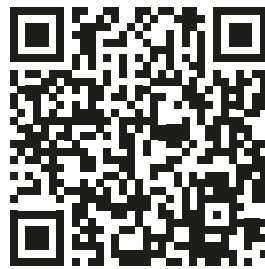


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JOIN THE SA STARTUP ACT MOVEMENT

Calling all owners of high impact technology driven, innovative and scalable startups, investors, capacity building providers, incubators, accelerators, governments agencies, civil society organisations, and other organisations that provide assistance and aid startups in South Africa, to Join the Movement and raise their voice to government for much-needed policy reform in the high growth startup space.



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