

Open SA for Business with Startup and Remote Worker Visas: A much-needed step for economic growth.

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By The SA Startup Act Movement

Recent [research](#) by the Western Cape Government highlights the detrimental impact of the current South African visa system on businesses. With 133 responses from a range of businesses, 78% noted the immigration application system as “very poor” compared to other countries the businesses had operations in. Businesses noted time delays, cost implications as well as an inability to employ the required skilled workers needed as the most pertinent problems caused. Importantly, for more than a quarter (26%) of respondents, it meant moving their operations abroad because of difficulties with work visas, impacting much-needed foreign investment into the country, as well as jobs and tax revenue.

For high-growth entrepreneurs, especially those involved in the Fintech space, access to skilled foreign talent is important for global competitiveness, brought about by an international demand for digital skills and a shortage of local talent. Due to the difficulties in obtaining work visas, companies wanting to employ international staff experience significant problems in doing so, while global startup founders looking to open businesses in South Africa are impeded from localisation.

Since publishing SiMODiSA’s Policy White Paper recommendations for enhancing the startup ecosystem in South Africa back in 2014, we have been clear that an influx of diverse, highly skilled, innovative and dynamic entrepreneurs would offer the country significant gains.

Indeed, the SA Startup Act Position Paper 2021, lists the removal of barriers that inhibit access to skilled talent as one of the policy relaxations the government can implement to drive the growth of the local startup ecosystem.

Opportunity Missed

President Cyril Ramaphosa has publicly announced changes to South Africa’s Business Visa three or more times over the past two years, the most recent one being at the 5th South Africa Investment Conference, where he provided a glimmer of hope for those supporting the implementation of the South Africa Startup Act. While not referring to the Act per se, the president did note an “overhaul” of the work visa system, which he, like the SA Startup Act Steering Committee, believes will offer a boost to foreign investment. However, the June 2023 deadline has since passed and the startup ecosystem is yet to see the much-needed reforms being enacted, although its implementation offers a boost in local economic growth, long-stay tourism, skills transfer and ultimately job creation.

New visa categories important for startups

The introduction of new visa categories for remote workers and startups is particularly appealing to the SA Startup Act Movement, which has been advocating for a startup visa from the start. Such a visa will allow entrepreneurs with an innovative business and resources to easily set up shop in South

Africa, thereby boosting the attractiveness of South Africa to international entrepreneurs who bring with them skills, innovations and importantly, startup capital.

This ties in with making the South African business visa more appealing to foreign entrepreneurs, and by doing so strengthening the local economy. The SA Startup Act Movement believes foreign entrepreneurs can contribute tax flows to the fiscus, create jobs for local workers and provide capital investment into the domestic economy. More indirect benefits could include a multiplier effect through increased innovation and competition within industries, a much-needed enhancement of skills, and the fostering of supply networks that will ultimately boost the capacity of the domestic ecosystem.

Given that South Africa is a developing nation, it would be beneficial if the duration of the current three-year business visa could be extended to at least five years. This will allow recipients sufficient time to 'settle-in' and familiarise themselves with the local startup environment. Doing so will improve the attractiveness of SA's business visa compared to other countries, such as Canada, which, for example, offers permanent residence after five years.

Skills will be needed

President Ramaphosa recently announced the National Skills Fund, which is set to provide R800 million to fund training for unemployed young people in digital skills. Once again, this is good news, with the Startup Act Movement already working with private sector organisations, such as the CollectiveX, to ensure that we develop demand-led digital skills, which would be needed by an increase of digital nomads and international entrepreneurs in the country. According to [CollectiveX](#), South Africa currently outsources offshore over R10 billion per year worth of digital skills not available in the country to meet increasing demand. Having a Remote Worker Visa would open the country to allow startups local access to international citizens who bring with them scarce skills, which would close our current skills gap, lead to an increase in skills transfer to youth and women, increase employment and bring over R300 billion into our economy.

While the President's announcement provides a sense of hope, the SA Startup Act Steering Committee remains mindful of the fact that the implementation of these reforms to the work visa system will take some time. With government departments, civil society and the private sector still set to provide input on the new work visa system, patience will indeed be a virtue.

However, as can be seen in the research done by the Western Cape Government, the sooner the country can introduce a Startup Visa and make the business visa more appealing, the sooner we can reap the economic benefits, bolstering the fight against the growing unemployment in the country.

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