

THE ENTREPRENEURIAL ECOSYSTEM OF SOUTH AFRICA:

A STRATEGY FOR GLOBAL LEADERSHIP 2017

South Africa:

33% Overall GEI score

61% Individual score

33% Institutional score

Improving the conditions for entrepreneurship by 10% could add **\$176 billion** to the economy

#55
of 137 countries globally

#2
of 30 in the sub-Saharan Africa region

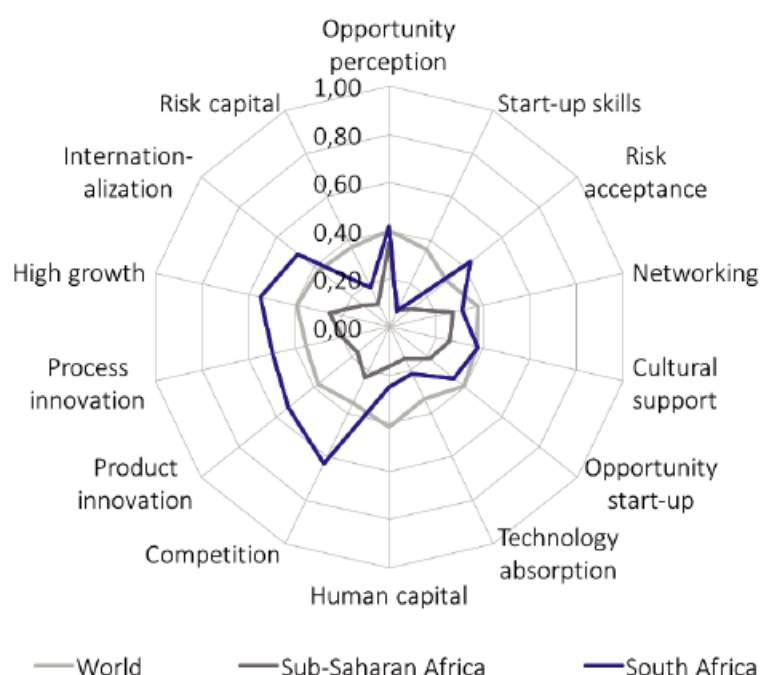


Strongest area:
Competition



Weakest area:
Start-up Skills

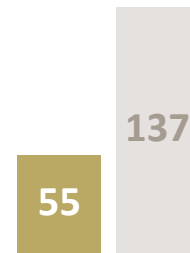
| | |
|------------------------|------|
| Opportunity perception | 0.42 |
| Start-up skills | 0.07 |
| Risk acceptance | 0.43 |
| Networking | 0.31 |
| Cultural support | 0.38 |
| Opportunity start-up | 0.34 |
| Technology absorption | 0.21 |
| Human capital | 0.25 |
| Competition | 0.63 |
| Product innovation | 0.54 |
| Process innovation | 0.50 |
| High growth | 0.55 |
| Internationalisation | 0.49 |
| Risk capital | 0.18 |



South Africa is an **entrepreneurial leader** in sub-Saharan Africa. The country has made significant progress to overcome structural factors and produce some of the most innovative and successful enterprises on the continent. The country provides the institutional support necessary for high-growth businesses to emerge and thrive, while government policies work to close historical gaps. With the addition of targeted, coordinated policies to address remaining bottlenecks, the country is poised to achieve greater growth through entrepreneurship.



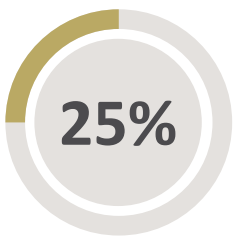
South Africa ranks **second** in the **sub-Saharan African** region, just behind Botswana, and on par with many middle-income countries.



South Africa ranks **55th** out of **137** countries globally



South Africa **scores better** on **entrepreneurial aspirations** pillars than many of its **peers**, and well above the rest of the region.



The country is in the **top 25%** of countries **globally** in:

- **Competitors** (53% of new businesses are competitively positioned ie. they started in markets where not many businesses offer the same product). The **global average is 43%**
- **New products** (52% of new businesses offer products that are new to at least some customers). The **global average is 40%**
- **New technology** (57% of new businesses are using new technology that is less than 5-years old on average). The **global average is 47%**
- **Depth of the capital market** (South Africa's score is 75). The **global average is 41**. Deep capital markets provide the highest tier of financing, while improving access to finance at lower levels could improve the country's conditions considerably¹



South Africa provides **better conditions** for **entrepreneurship** than 20 countries that have higher per capita GDP, including Russia, Mexico, Brazil and Thailand



South Africa's three most critical bottlenecks are **start-up skills, risk capital** and **technology absorption** (these are **weaknesses**)



Top actions that could strengthen the ecosystem include:

- **helping** more **entrepreneurs** get the skills and education they need
- **expanding access** to banking, particularly mobile banking, to empower traditionally excluded entrepreneurs
- **accelerating technology absorption** with a focus on digital technology

1. **Technical note** – There are two components to the “Risk Capital” pillar (on which South Africa scores relatively poorly. The first is Depth of Capital Market (on which the country performs very well), and the second is informal investment (angel investment etc., on which the country performs poorly).