

Cape Town tops African tech ecosystems rankings for direct foreign investment

Cape Town has ranked as one of the world's fastest-growing regions for foreign direct investment, according to the *African Tech Ecosystems of the Future 2021/22* report from fDi Intelligence.



Photo by Rohan Reddy on Unsplash

Eight countries from across the African continent, including South Africa (Cape Town), Nigeria (Lagos), Egypt (Cairo), Rwanda (Kigali), Kenya (Mombasa), Tunisia (Tunis), Tanzania (Dar es Salaam) and Zambia (Lusaka) submitted their entries and were judged according to their ability to actively sculpt their tech ecosystems with supportive regulation, funding and infrastructure.

South Africa came on top of the ranking, achieving not only first place overall but first place for Economic Potential, Start-Up Status and Business Friendliness. In addition to receiving the largest number of foreign direct investment (FDI) projects in the software and IT services sector, South Africa also recorded the second-highest number of start-ups, after Nigeria.

Cape Town was awarded second place after Cairo for FDI strategy after displaying impressive initiative in creating the necessary infrastructure for a thriving tech ecosystem.



Why global investors should invest in Africa's tech startups

Kashira Naidoo & Zach George 26 Jun 2020



The Mother City prides itself on its tech startup scene, crediting its vibrant coffee culture with helping the startup ecosystem evolve. Over and above its startup incubators, Cape Town also has a nationally-funded 'Innovation District', which aims to build a strong technology innovation community.

Extending beyond Cape Town, the Western Cape boasts a robust tech ecosystem. The Cape Town - Stellenbosch corridor contains 450 tech firms employing more than 40 000 people, making the ecosystem bigger than Nairobi and Lagos combined.

Key government partners along with private sector tech enablers launched the 'Cape Town Tech Capital of Africa' brand to cement the growth of the tech sector in Cape Town and the Western Cape. This will be achieved through creating an enabling environment for technology companies from across the continent to open business locally, access clients, funding and institutional support.

Other key aspects that make Cape Town the tech capital of Africa include:

- **Tech startups:** At the end of 2020, there were 550 tech companies and over 40,000 people employed in the tech sector in Cape Town.
- **Investments:** In 2020, a total of \$88m (R1.2bn) disclosed investments were injected into tech startups in Cape Town across 46 deals, the highest investments made in South Africa.
- **Venture capital firms:** The Western Cape has the highest number of venture capital firms, which makes it easy for startup's to access funding.
- **Co-working spaces:** The Western Cape has over 30 co-working spaces, the highest in Africa and 715 free WiFi spots in Cape Town alone.
- **Developer talent:** Cape Town hosts 38% of the total developers in South Africa, the highest concentration of developers in the country.
- **Coffee culture:** Cape Town boasts a deep and diverse coffee culture across 100s of stylish outlets.
- **Edtech hub of Africa:** Cape Town has a high density of digital skills training academies and is the location of choice for edtech businesses that are building content for entities and educational institutions across the globe.
- **Home to four world-class universities:** The University of Cape Town retained its spot as Africa's top university, with Stellenbosch University ranked the third best University in the 2021 Times Higher Education World University Rankings. Students from across the globe come to study in Cape Town, with many being attracted to the growing tech ecosystem.
- **Ease of doing business:** According to the latest World Bank research report on Doing Business in South Africa, Cape Town ranked the top metropolitan municipality in the country when it comes to the ease of doing business.