



NEW DIGITAL NOMAD VISA: MANAGING UNINTENDED CONSEQUENCES FOR SOUTH AFRICA

South Africa's Department of Home Affairs finally gazetted the much-awaited digital nomad visa (DNV) in May 2024. With the new visa, South Africa joins a growing list of tourist destination countries – including Spain, Mexico and Thailand – who have begun issuing DNVs to attract remote workers from abroad. These professionals, who tend to work for technology firms in high-income countries, choose to temporarily relocate to lower-income tourist destinations where their currency has greater purchasing power, thus extending their disposable income and quality of life.

The City of Cape Town has praised the DNV's arrival, describing it as a “game-changer for our visitor economy”. By spending more time in South Africa, digital nomads contribute significantly to the local tourism economy. However, while this benefits various local businesses, labour market experts have warned that the DNV could contribute to the displacement of local tech talent.

An influx of digital nomads is likely to drive up prices of rent as well as food and recreation. This could result in the marginalisation of local technology workers, especially early-career professionals, who may be priced out of trendy centres in places like Cape Town, forcing them to move to less desirable neighbourhoods on the periphery. The decline in their quality of life, experts warn, might lead these youngsters to seek employment via remote work for foreign firms, or even move abroad in search of better opportunities.



Photo by [Windows](#) on [Unsplash](#)

Cost-of-living increases appear to be an inevitable consequence of gentrification implemented in the interest of tourism, more so in our post-pandemic age of remote work. However, the ensuing risk of displacing local tech talent can be offset. In fact, handled correctly, the digital nomad boom could have a nett positive impact on South Africa's technology ecosystem. Efforts to integrate nomads into the local tech scene through leveraging co-working spaces, global conferences for knowledge-



sharing, and even start-up incubation projects could boost the country's performance as a tech hub, and balance out the potential downsides of increased gentrification.

A 2021 study ranked South Africa as the #1 tech ecosystem on the continent, owing to its high levels of venture capital investment and business friendliness, as well as the volume of start-up companies produced in the country. However, while South Africa ranked first overall, it lagged behind many of its African peers – like Kenya and Ghana – in terms of its human capital. According to the report, Kenya has more coding schools than any other African country, and in Ghana, information and communication technology (ICT) was made a compulsory subject at primary school, helping to cultivate a large pool of young, digitally savvy workers.

Conversely, South Africa has an acute shortage of tech talent. In 2021, a skills survey found nearly 10 000 hard-to-fill positions in the country's ICT sector. This talent shortage underscores the importance of preventing the digital nomad boom from displacing local technology workers. South African companies can help mitigate the risk of talent flight by increasing their attractiveness to local jobseekers through offering more compelling remuneration and benefits like mentorship and on-the-job training opportunities. Ultimately, there is a need for incentives that encourage foreign techies to make use of our wonderful tourist activities while getting involved in the local tech ecosystem.

Crouth, G. (2024, 22 May). Updated Immigration Act rules open to freelance digital nomads. Daily Maverick.

<https://www.dailymaverick.co.za/article/2024-05-22-game-changer-updated-immigration-act-regulations-now-open-to-freelance-digital-nomads/>

fDi Intelligence. (2021). African Tech Ecosystems of the Future 2021/22.

https://mcit.gov.eg/upcont/Documents/Reports%20and%20Documents_572021000_African%20Tech%20Ecosystems%20of%20the%20Future%202021.pdf

Hlophe, M. (2024, 6 May). South Africa's digital nomad visa has downsides, too. TechCentral.

<https://techcentral.co.za/south-africa-digital-nomad-visa-downsides/244099/>

Immigrant Invest. (2024, 16 Feb). 41 countries with Digital Nomad Visas: Complete List in 2024.

<https://immigrantinvest.com/blog/countries-digital-nomad-visa-en/>

Investec. (2021). The Tech War is Here - Finding & Retaining Tech Talent.

https://www.investec.com/en_za/focus/innovation/opening-up-new-fronts-in-the-war-for-tech-talent.html

Jonas, K. (2024, 6 Mar). Digital Nomads: The Impact on South Africa's Economy and People. Vantage; Vantage Debt Management.

<https://www.vantagedebtmanagement.co.za/exploring-the-impact-of-digital-nomads-on-south-africas-local-economy/>

South Africa: The Good News. (2023, 11 Apr). TransUnion's Virtual GCC Africa Prevails over South Africa's Challenges to Maintain Employment Growth.

<https://www.sagoodnews.co.za/transunions-virtual-gcc-africa-prevails-over-south-africas-challenges-to-maintain-employment-growth/>

The Economist. (2024, 23 May). Global firms are tapping India's workers like never before.

<https://www.economist.com/business/2024/05/23/global-firms-are-tapping-indias-workers-like-never-before>