CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

BUSINESS SUPPORT POLICY (POLICY NUMBER 46489)

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Economic Development and Investment

CITY OF CAPE TOWN
ISIXEKO SASEKAPA
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BUSINESS SUPPORT POLICY

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ABBREVIATIONS/ACRONYMS

BSMS	Business Support Management System
DTI	Department of Trade and Industry
EGS	Economic Growth Strategy
IDP	Integrated Development Plan
MATR	Municipal Asset Transfer Regulations, 2008
MSA	Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)
MFMA	Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
MSME	Micro, Small and Medium Enterprises
NDP	National Development Plan
NGO	Non-Government Organisation
SCM	Supply Chain Management
SEDFA	Small Enterprise Development Finance Agency
SPB	Strategic Policy Branch

DEFINITIONS

For the purposes of this policy, except where clearly indicated otherwise, the terms below have the following meanings:

"business activity"	means any commercial activity conducted by a person for gain as contemplated in the National Small Enterprise Act, 1996 (Act No. 102 of 1996);
"business incubators"	means physical or virtual facilities that support the development of early-stage MSME's through a combination of business development services, funding, and access to the physical space necessary to conduct business;
"City"	means the City of Cape Town, a municipality established by the City of Cape Town Establishment Notice No. 479 of 22 September 2000, issued in terms of the Local Government: Municipal Structures Act, 1998, (Act No. 117 of 1998) or any structure or employee of the City acting in terms of delegated authority;
"City Manager"	means the person appointed as the municipal manager of the City, as contemplated in section 54A of the Local Government: Municipal Systems Act, 2000 (Act No.32 of 2000);
"Council"	means the Municipal Council of the City;

"entrepreneurship"	means any attempt at new business or new venture creation, such as self-employment, a new business organisation, or the expansion of an existing business, by an individual, a team of individuals, or an established business;
"Executive Mayor"	means the person elected in terms of Section 55 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) to be the Executive Mayor of the City;
"historically disadvantaged areas"	means a geographic location within the City that has suffered from systemic discrimination, chronic underinvestment, and socioeconomic marginalisation, rooted in past governmental policies (such as colonialism or apartheid);
"incubation"	means a unique and flexible combination of business development processes, infrastructure, and people designed to nurture new and small businesses by assisting them through the early stages of their development when they are most vulnerable;
"innovation"	means the application in practice of creative new ideas, which may include the introduction of inventions into the marketplace;
"maker spaces"	means a place that provides hands-on, creative ways for students to design, experiment, and invent as they engage with a variety of tools and technology;
"Mayoral Committee"	means the committee appointed by the Executive Mayor to assist the Executive Mayor in terms of Section 60 of the Municipal Structures Act;
"micro factory"	means a compact, highly automated, and modular manufacturing facility designed for localised, small batch, or on-demand production;
"Micro-warehousing"	Means a logistics strategy that utilises small, localised storage facilities positioned close to densely populated urban areas;

"MSMEs *or* small businesses"	Micro, Small and Medium Enterprises (MSMEs) or small businesses are governed by the National Small Enterprise Act, 1996 (Act No. 102 of 1996), which provides the legal framework for their definition, classification, development, and support;
"Municipal Structures Act"	means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);
"necessity-driven entrepreneurs"	means those entrepreneurs who have started a business because they have no other means to fulfil their economic needs and are unable to obtain formal employment;
"opportunity-driven entrepreneurs/businesses"	means those entrepreneurs who start a business because they see an opportunity;
"pilot procurement"	means a small-scale, controlled test run of a new product, software, or supplier relationship before committing to a large-scale or long term-contract;
"property entrepreneurs"	means a business owner who builds, manages and scales business focused on the acquisition, development or rental of real estate;
"Special Purpose Vehicle"	means a legal entity created to support development in a priority sector of the economy;
"Township Economy and Inclusive Economy Plan"	A plan designed to address the requirements for the promotion of a township economy as well as an inclusive economy

"Total Early-stage Entrepreneurial Activity"	means the indicator measuring the percentage of the adult population (18-64 years) who are in the process of starting a business or who have just started a business

1. PROBLEM STATEMENT

The City faces a range of interconnected structural, spatial, and regulatory challenges thatconstrain the growth and sustainability of small businesses.

1.1 Unemployment remains a critical challenge in South Africa. In the first quarter of 2026 more than 30% of the national working population was unemployed and approximately 19.8% of the local population in Cape Town[1].

1.2 The City has therefore resolved to prioritise economic growth as a strategic objective, with the intention of creating an enabling economic environment that attracts investment and supports sustainable job creation.

1.3 Job creation and economic growth rely on the growth and expansion of existing enterprises or the establishment of new businesses[2].
In 2025, South Africa's Total Early-stage Entrepreneurial Activity (TEA) rate was estimated at 14.7%, with only 3.4% of the adult population (18–64 years old) as owner-managers of an established business. These figures highlight persistent structural barriers within the entrepreneurial ecosystem that limit business formation, early-stage business survival, and employment growth.[3]

1.4 MSME's create employment: Across South Africa MSME's account for just over 40% of employment in the formal sector. This is well below the global average of close to 70%[4].

1.5. Limited market access: Despite a large supplier base (more than 14 000 vendors), City procurement opportunities are constrained, and economic activity remains mostly concentrated in established areas, with underserved communities facing weaker local markets.

1.6. Spatial inequality: Legacy planning patterns continue to limit access to well-located economic opportunities, increasing costs and reducing competitiveness for township-based businesses (manifests in limited access to infrastructure and markets, higher transport costs, reduced customer base).

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[1] Stats SA. Quarterly Labour Force Survey, Q4 2025.

[2] GEM (Global Entrepreneurship Monitor) (2026). Global Entrepreneurship Monitor 2025/2026 Global Report: From Uncertainty To Opportunity. London: GEM

[3] GEM (Global Entrepreneurship Monitor) (2026). Global Entrepreneurship Monitor 2025/2026 Global Report: From Uncertainty To Opportunity. London: GEM.

[4] The Top 10 Micro, Small, and Medium Enterprises Trends for 2026 | ICSB | International Council for Small Business

1.7. Shortage of business premises: There is a significant under-supply of affordable, compliant workspaces, particularly for light manufacturing and micro-enterprises, forcing many businesses to operate informally.

a) Regulatory and administrative burdens: Lengthy and complex approval processes increase the cost and difficulty of doing business, threatening viability, especially for small and emerging enterprises.

b) Enforcement without alternatives: Law enforcement shut down home-based enterprises, particularly in light manufacturing sectors, without providing viable relocation options, resulting in loss of livelihoods. These businesses often operate in residential areas due to lack of alternative workspace options.

c) Low investment in underserved areas: Private sector investment is limited due to crime, extortion, and infrastructure constraints, reinforcing spatial and economic exclusion.

d) Housing and development constraints: The City cannot meet housing demand alone, yet property entrepreneurs face regulatory barriers, limiting their ability to contribute to supply.

e) Policy misalignment: There is insufficient coordination between key City instruments (e.g., land release, planning, and business support), reducing the overall effectiveness of interventions.

Overall, these challenges highlight the need for a coordinated, enabling, and reform-oriented policy approach to unlock MSME growth and support inclusive economic development.

1.8 It is, therefore, crucial that MSME's and entrepreneurs within the City are given the full support of the City to establish themselves and develop upon an upward growth path, through available incentives packages and administrative support.

1.9 Published local economic development studies highlight these following challenges for MSME's in South Africa:

a) Small enterprises spend an average of eight (8) working days a month dealing with red tape and regulatory burden which accounts for R1 in every R20 spent by small enterprises[1].

b) A national study by Finmark Trust showed that 74.5% of small business owners had no awareness of the available support programmes[2].

c) The DTI incubation handbook indicates that 62% to 80% do not survive their first 2-5 years trading.[3]

[1] Small Business Institute.Tackling the "Disabling Environment" to boost Economic Growth, Small Business and Jobs, March 2021
[2] Finmark Trust. 2018. SMMEs in South Africa: Understanding the constraints on growth and performance.
[3] South Africa Business Incubator Establishment Handbook, DTI, November 2014

d) MSME's complain about the complexity of transacting with the City of Cape Town[1].

1.10 The 2015 Cost of Doing Business Report highlights various areas where the City can support MSME establishment and growth by reducing red-tape and enabling faster turnaround time with compliance requirements, namely, electricity connections, construction permits, rates clearance certificates, business license registration and enforcement of contracts. Additionally, and within the bounds of the MFMA, the City can utilise its supply chain management policy to target small and local businesses to leverage their growth, such as the Community Based Vendors provision. The City has however shown significant improvement in its Ease of Doing Business reforms since 2022. Measurable improvements include an 85% reduction in wayleave approval times (from 40 days to around 6 days) and an overall 15% improvement across key business-facing indicators.

1.11 An additional obstacle to business incubation for entrepreneurs is the locality of affordable facilities from which to support and launch their initial operations. The City should explore the City-owned properties across the municipality which are capable of being repurposed to establish new business incubators in accordance with the guidelines of the South Arica Business Incubator Establishment Handbook.

1.12 Furthermore, the City recognises that ease of communication between the City and business is important to the successful incubation of a business. A number of informal businesses are unaware of the procedures necessary to formalise their business. The City must, therefore, look to guide and support entrepreneurs through the early phases of the development of their businesses so that they might formally establish themselves and qualify for further development and funding.

2. PURPOSE OF POLICY

The purpose of the Business Support Policy is to establish a coherent, enabling, and outcome-driven framework through which the City will support the establishment, growth, competitiveness, and formalisation of Micro, Small and Medium Enterprises (MSMEs), entrepreneurs, and innovators.

The Policy seeks to position the City as an entrepreneur-friendly, facilitative and responsive institution, leveraging its regulatory, spatial, and institutional levers to reduce barriers to business activity and unlock economic opportunities.

[1] City of Cape Town, 2014. State of Cape Town 2014. Cape Town: Development Information and GIS Department

The City recognises the critical role of Micro, Small and Medium Enterprises (MSMEs) in driving inclusive economic growth, job creation, innovation, and spatial transformation.

This Policy sets out the City's commitment to creating an entrepreneur-friendly environment through the strategic use of its levers, including land and assets, planning and regulation, service delivery, and partnerships.

2.1 The purpose of the Business Support Policy is to—

a) Enable the growth, sustainability, and formalisation of MSMEs;

b) Reduce systemic barriers to doing business;

c) Expand access to affordable and compliant workspaces;

d) Promote an integrated and coordinated entrepreneurship ecosystem;

e) Establish mechanisms to identify, review, and reduce administrative and regulatory constraints that inhibit the establishment, operation, and expansion of MSMEs, including streamlining processes, improving regulatory clarity, and enhancing ease of compliance;

f) Outline and consolidate the City's business support services and programmes available to MSMEs, entrepreneurs, and innovators, including; business advisory and support services, access to information, networks, and markets and enterprise support. This Policy shall ensure that such services are accessible, coordinated, and responsive to the needs of small businesses;

g) Provide for the strategic utilisation of City-owned land and facilities, not required for core municipal service delivery, to support (business incubation and acceleration, development of affordable workspaces for MSMEs etc.); and

h) Define and promote clear, accessible pathways for the formalisation of informal businesses, enabling (progressive compliance with regulatory requirements, improved access to finance, infrastructure, and markets etc.).

3. DESIRED OUTCOMES

3.1 An efficient and business-friendly regulatory environment that lowers the cost and complexity of doing business and supports MSME growth.

3.2 An accessible and well-coordinated Cape Town entrepreneurship support ecosystem, enabling MSMEs to identify and access appropriate business development and small business workspaces (for e.g. incubation etc.) opportunities, including those linked to municipal resources.

3.3. Increased growth and sustainability of MSMEs. Expanded supply of affordable, compliant workspaces.

3.4. Growth in employment and income-generating opportunities.

3.5. Strengthened light manufacturing, agri-preneurship, knowledge, and digital sectors.

3.6. Enhanced private sector investment in MSME infrastructure.

3.7. Increased digital adoption and competitiveness of small businesses.

3.8 Improved alignment across City Directorates and ecosystem stakeholders.

4. POLICY PARAMETERS

4.1 This Policy applies to Micro, Small and Medium Enterprises (MSMEs), as defined in Annexure A, that:

a) Operate within the jurisdiction of the City of Cape Town; or

b) Seek business support, incubation, or enterprise development services from the City.

This Policy is specifically focused on small business development and support, and does not extend to the City's investment promotion and large-scale development facilitation mandate, which primarily targets large and strategic investors.

The City's Investment Incentives Policy governs the provision of incentives to businesses within designated sectors and geographic areas. While that policy is primarily targeted at investment attraction, certain incentives may be accessible to qualifying MSMEs.

The policy does not regulate informal trading activities.

Where overlap exists, this Policy shall:

a) Facilitate referral and coordination; and

b) Direct qualifying MSMEs to the appropriate administrative structures responsible for various services such as investment incentives, informal trading permitting etc.

4.2 This policy is intended to assist MSMEs with—

a) Their issues regarding Ease of Doing Business within the identified municipal compliance areas via the BSMS.
b) Their request for appropriate facilities, within the City, for business incubation and establishment.

4.3 Support for developmental needs. This policy applies to all levels of business including informal traders. Note that although the support provisions of this policy may be applied to informal traders, this policy does not regulate informal trading and developing markets which would be governed by the City's Informal Trading Policy, 2013 and Informal Trading By-law, 2009.

5. STRATEGIC ALIGNMENT

This Policy gives effect to, and aligns with—

a) The National Development Plan (NDP) 2030, which identifies small business development as a key driver of employment and inclusive growth.
b) The National Small Enterprise Act, 1996 (Act No. 102 of 1996), which mandates the promotion and development of small enterprises and coordination of support mechanisms.
c) The National Integrated Small Enterprise Development (NISED) Framework, which provides an outcomes-based, coordinated national framework for accelerating MSME growth.
d) National policies and programmes of the Department of Small Business Development (DSBD) and its entities (e.g. SEDFA), which seek to reduce barriers and expand support to MSMEs.
e) Relevant Western Cape Government economic strategies, which prioritise enterprise development, investment promotion, and innovation-led growth.
f) The City's own Economic Growth Strategy (EGS) and Spatial Development Frameworks.

5.1 National Development Plan (NDP)

a) In the NDP, the National Planning Commission argues that job creation is South Africa's most important challenge; that the majority of jobs will be created in the private sector; and that private sector growth is reliant on the development of and support for an entrepreneurial ecosystem that can identify and seize business opportunities.
b) This policy aligns with the priorities outlined in the NDP regarding support for entrepreneurs as potential job-creators, the need to create an enabling environment for entrepreneurs to thrive and recognises the role of entrepreneurs and enterprise development in transforming ownership in the economy.

The policy also supports the proposals of the NDP to develop a culture of entrepreneurship, lower the cost of doing business and reduce barriers to entry in various value chains.

5.2 City of Cape Town's Integrated Development Plan (IDP)

The Business Support Policy aligns with the City's Integrated Development Plan's (IDP) Strategic Focus Areas, particularly in relation to:

a) **Ease-of-doing-business (1.1):** Reducing administrative burdens and red tape for MSMEs.

b) **Investment and partnership development (1.2):** Collaborating with stakeholders to remove barriers to growth.

c) **Inclusive economic development (1.3):** Providing specific support for informal traders and township-based enterprises.

d) **Targeted urban development and Land release (1.4 & 1.5):** Repurposing underutilised City assets and land to achieve inclusive economic growth.

5.3 City of Cape Town's Economic Growth Strategy (EGS)

a) This policy draws its strategic thrust from the City's Inclusive EGS (2021), particularly with a focus on—

- Creating a resilient and inclusive environment for entrepreneurship and business development by prioritising quality service delivery as the essential foundation for economic activity and fostering transversal collaboration across all City departments.
- Accelerating regulatory modernisation through the Ease of Doing Business (EoDB) reform programme to reduce the time, cost, and complexity of municipal processes, thereby cultivating Cape Town's reputation as a globally competitive and supportive business hub.
- Facilitating business formalisation by lowering barriers to entry for the informal sector and providing targeted support to transition enterprises from informal practices to compliant operations, enabling them to access formal value chains and financing.
- Optimising City-owned assets by leveraging the City's immovable property portfolio – specifically vacant or underutilised land and buildings – to stimulate economic activity, clustering, and entrepreneurial incubation through an integrated property management system.

5.4 The City of Cape Town's Social Development Strategy

a) The Social Development Strategy is closely connected to the Integrated Economic Growth Strategy as social development interventions promote people's ability to engage in economic productive activity. Similarly, economic growth is essential for facilitating social development. The Business Support Policy supports the following levers of the Social Development Strategy:

- Maximising income generating opportunities for those who are excluded or at risk of exclusion specifically in respect of supporting entrepreneurship activity in the formal and informal sector; and

- Supporting skills provision and growth to enable a productive and skilled workforce.

5.5 Evaluation of Implementation Performance

- 2026 assessments indicate strong Business Support Policy integration into City systems, with positive performance on 72% of monitored indicators.

6. REGULATORY CONTEXT

This Policy gives effect to applicable national, provincial, and local legislative and policy frameworks, including—

a) Constitution of the Republic of South Africa, 1996 – mandates local government to promote social and economic development;
b) National Development Plan (NDP) 2030 – identifies small business development as key to employment and inclusive growth;
c) National Small Enterprise Act, 1996 (Act No. 102 of 1996), – provides for small business promotion, the institutional support framework, and the National Integrated Small Enterprise Development (NISED) Framework for MSME growth;
d) Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) – requires municipalities to promote local economic development (LED) through integrated development planning;
e) Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998)
f) Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003)(MFMA) – governs effective, efficient, and transparent use of municipal resources;
g) Spatial Planning and Land Use Management Act, 2013 (Act No. 16 of 2013)(SPLUMA) – promotes spatial justice, sustainability, and efficient land use;
h) National policies of the Department of Small Business Development (DSBD) and its entities (SEDFA,);
i) The Companies Act, 2008 (Act No. 71 of 2008) including updates of the Companies Amendment Act 16 of 2024 and the Companies Second Amendment Act 17 of 2024.
j) Businesses Act, 1991 (Act No. 71 of 1991)
k) Deeds Registries Act, 1937 (Act No. 47 of 1937)
l) Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)
m) Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003).
n) Broad-Based Black Economic Empowerment Regulations, 2016 (Gazette no. 40053), 6 June 2016
o) Relevant Western Cape Government economic and enterprise development strategies; and
p) The City's Integrated Development Plan (IDP), Economic Growth Strategy (EGS), and Spatial Development Framework (MSDF).

q) Amended Codes of Good Practice (Gazette no. 36938), 11 October 2013

7. STAKEHOLDERS AND ROLEPLAYERS

Internal Stakeholders	Roles
City of Cape Town Internal Departments	Provide efficient services and information from a cost of doing business perspective aimed at reducing time it takes to process requests, cost and complexity. Periodic review of business processes. Participate or undertake regulatory impact assessments.
Enterprise Development	Custodians of the Business Support Policy and responsible for transversal implementation. Custodians of the City's Business Support Management System to assist MSME's and entrepreneurs with— a) Enterprise and Supplier Development Regulatory processes that create red tape navigating City services; b) Implementing enterprise development programmes such as business incubators; and c) Implementing a workforce development programme to enable MSMEs to meet their workforce needs through speeding up their recruitment and selection processes and ensuring skills matching/ development meet their needs.
Area Economic Development	Informal Trader management and business development (micro enterprise development). Local Tourism Business Development.
Supply Chain Management (SCM)	Implement the City's SCM Policy which empowers MSMEs through preferential procurement and the community-based supplier's initiative.
Health Department	Processing applications for trade licences for business activities covered by the Businesses Act, 1991 (Act No. 71 of 1991) prior to commencement of operations.
Planning and Building Development Management	Provide a supportive land use and building development service to facilitate development of small business infrastructure, etc.
Property Management Department	Facilitate property transactions and assist with surplus property identification for business incubation.
Urban Investment and Development Portfolio	Advisory services, spatial planning for industrial parks, business incubators, markets, etc.

Social Development and Early Childhood Development	Implement youth development entrepreneurship programmes such as the "YouthStart" competition and business in a box for disabled entrepreneurs.
Economic Development and Investment Department	Implement the investment incentives programme and the Catalytic Sector Branch supports the SPVs.

External Stakeholders	**Roles**
Micro, Small and Medium sized Enterprise (MSME's); Non-profit Companies; opportunity-driven entrepreneurs/ businesses; necessity-driven entrepreneurs	Transact with the City. Notify the City of red-tape constraints. Apply to utilise City facilities/ land. Propose economically innovative proposals.
Public agencies such as: Small Enterprise Development and Finance Agency (SEDFA); National Youth Development Agency (NYDA); Department of Trade, Industry and Commerce (DTIC); Western Cape Government's Department of Economic Development and Tourism (DEDAT); Western Cape Government's Department of Agriculture etc.	Public Agencies and other spheres of government who collaborate with the City's Enterprise Development branch to offer business development services and financing to Entrepreneurs and MSMEs.
Furniture Technology Business Incubator (FurnTech); UVU Africa; Special Purpose Vehicles such asCraft and Design Initiative, Cape Clothing and Textile Cluster, Cape Town Fashion Council, etc.; Accelerate Cape Town; Various Chambers of Commerce/ Business; Representative Organisations.	Business development services supported by the City, and through which engagement is sought to place MSMEs and entrepreneurs within appropriate incubation sites. Support the development of identified SMME stakeholders.

8. POLICY PRINCIPLES

8.1 The following general principles will guide the provision of business support services by the City :

8.1.1 Inclusivity and redress
The City shall prioritise historically disadvantaged areas and enterprises, addressing spatial and economic inequalities.
8.1.2 Economic transformation and job creation
Interventions shall support structural transformation and maximise employment, particularly in labour-absorbing sectors.
8.1.3 Entrepreneur-centric approach
Policies, systems, and services shall be designed around the needs and realities of small businesses.
8.1.4 Enabling regulation
The City shall adopt proportionate, flexible, and enabling regulatory approaches that reduce compliance burdens while maintaining standards.
8.1.5 Spatial efficiency and accessibility
Workspaces and economic opportunities shall be located in accessible, well-connected areas. The City commits to making information about procurement, procedures and support opportunities available and accessible on the City's website and other related platforms.
8.1.6 Partnership and co-delivery
The City shall act as an enabler and facilitator, leveraging private sector and ecosystem collaboration.
8.1.7 Innovation and future readiness

The City shall support digital transformation, new business models, and emerging sectors.

8.1.8 Evidence-based decision making
Policy and programme design shall be informed by data, monitoring, and continuous learning.

9. POLICY DIRECTIVES

9.1 Ease of Doing Business Programme

The integration of Ease of Doing Business reforms and Mayoral Priority Projects shifts the City's role to a *proactive facilitator of economic growth,* ensuring that both everyday business interactions and high-impact investments are enabled through efficient, coordinated, and customer-centric municipal processes.

In order to limit regulatory red tape and create an enabling environment for businesses to thrive, the City will:

a) With the support of City departments, periodically review the "Ease of Doing Business Indicators" in relation to time, cost and complexity, with a specific focus on reducing the regulatory burden on MSMEs, entrepreneurs, and investors. For example—

(i) Business licence registration;

(ii) Land use approvals; or

(iii) Building plan approvals;

b) Develop and annually implement a Directorate-wide EoDB Index to measure performance across relevant Directorates (e.g. Spatial Planning and Environment, Economic Growth, Urban Mobility, Safety and Security) on regulatory efficiency,

responsiveness, and ease of doing business. Results shall inform regulatory reform, be reported to Council annually, and set performance targets and accountability measures across Directorates.

c) Augment the scope of the "Ease of Doing Business Indicators" over time so that additional business-facing processes are proactively brought within the monitoring framework, with particular attention to processes that disproportionately affect small, micro, and informal businesses. Introduce process simplification targets for each indicator, including maximum permissible turnaround times, digital application requirements where feasible, and continuous customer journey reviews to identify friction points.

d) Establish a digital tracking system which monitors the real-time progress of applications across all identified indicators, making performance data available to applicants and publishing aggregated performance metrics at least annually so that progress is transparent and publicly accountable.

e) Conduct annual or bi-annual Ease of Doing Business assessments, including structured surveys and engagement with MSMEs, entrepreneurs, and business representative bodies, to understand business sentiment and the operational challenges facing businesses.

f) Establish formal communication and facilitation mechanisms between the City's Enterprise and Investment Department and all relevant City departments, so that regulatory blockages identified through the tracking system or business assessments can be escalated, unravelled, and resolved in a coordinated manner.

g) Provide proactive facilitation and coordinated, transversal support for high-impact economic development projects and catalytic investments that are material to Cape Town's economic growth, ensuring that such projects receive streamlined, multi-departmental engagement to reduce delays and improve investor confidence.

h) Pilot new models (e.g. micro-warehousing, shared manufacturing, digital platforms) with temporary regulatory flexibility (subject to approval).

9.2 Small Business Support Service

The City shall implement targeted, evidence-based interventions to systematically remove key constraints to small business growth and improve enterprise performance.

9.2.1 Identification of Priority Barriers

9.2.1.1 The City shall, on an annual basis, identify the top 10 barriers to small business growth, drawing on—

a) Business surveys and stakeholder engagement;
b) Ecosystem partner inputs;
c) Administrative and regulatory data; and
d) Sector-specific analysis.

9.2.1.2 These barriers may include (but are not limited to)—

a) Access to finance;
b) Access to affordable workspace;
c) Regulatory compliance burden;
d) Access to markets;
e) Access to infrastructure and services; or
f) Access to skills and talent.

9.2.1.3 The City shall design and implement targeted interventions to address identified barriers, including measurable outcomes and implementation timelines.

9.2.1.4 The City shall establish or support initiatives to address skills and talent constraints, including a "Jobs Connect" or equivalent platform, aimed at—

a) Connecting small businesses with appropriately skilled talent; and
b) Facilitating access to entry-level, technical, and specialised skills.

9.2.2 Private Sector Collaboration and Property Entrepreneur Support

The City shall—

9.2.2.1 actively partner with the private sector to scale the delivery of small business infrastructure and support the growth of local property entrepreneurs.

9.2.2.2 develop a Small Business Workspaces framework to co-develop and manage with the private sector and non-profit sector; small-scale industrial parks, co-working and innovation hubs and micro-factories and micro-warehousing facilities.

9.2.2.3 actively support emerging property entrepreneurs and small-scale developers, including through access to City land and development opportunities, streamlined approvals and technical support.

9.2.2.4 utilise and expand existing instruments such as the Development Charges Subsidy Programme to improve project viability.

9.2.2.5 introduce targeted incentives to encourage private sector delivery of affordable SMME workspaces.

9.2.2.6 promote build-to-rent and managed workspace models to improve affordability and access for small enterprises.

9.2.3 The City is committed to ensuring that relevant information and support requested by MSMEs and entrepreneurs is available by providing information services such as advisory on—

a) City procedures, business assistance programmes and regulatory compliance;
b) Appropriate City officials and resources;
c) Suitable external and internal sources of funding;
d) Support Organisations and programmes;
e) Economic trends and market opportunities; and
f) Industry-specific information for targeted sectors.

9.2.4 The City will provide enterprise development support (for entities that do business with the City as well as for entities that don't do business with the City) in the form of—

a) Business enablement support. This includes—
   i. Programmes designed to support the entrepreneur and business manager to understand the mechanics of their business and the supply of tools to advance that understanding.

b) Capacity building and access to market. This includes—
   i. Training programmes;
   ii. Workshops and conferences to support interactions intended to facilitate business transactions; and
   iii. The supply of content aimed at developing entrepreneurs and business leaders.

c) Ecosystem support. This includes—
   i. The management of relationships with stakeholders within as well as those outside of the City's organisational structure who are important to facilitate access to the support and resources required to grow their businesses; and

ii. The management of City infrastructure that is intended to be used to support the development of MSME's.

9.2.5. The City will facilitate industry forums to coordinate business support for MSME's and entrepreneurs with the intention of leveraging industry specific business support.

9.2.6 The City is committed to providing business support using the relevant tools and systems, as a communication channel through which MSMEs and entrepreneurs can contact the Economic Development and Investment (ED&I) department to raise the obstacles that hinder their business development at a local scale. In return, ED&I department will seek to increase the Ease of Doing Business by steering MSMEs and entrepreneurs in the direction of the correct department or liaising with the department. The Enterprise Development Branch will further develop the BSMS tool to track the electronic submission of support requests.

9.3 Business support through City procurement and Supplier Development

Recognising that procurement is one of the major levers for business development, the City will—

a) Implement Enterprise and Supplier Development programmes targeted at improving the competitiveness of City vendors and offering access to new markets through the supplier database;

b) Form partnerships with support organisations to develop suppliers to meet entry and contractual obligations for City procurement opportunities;

c) Investigate options to encourage businesses that secure large contracts to form joint ventures with small businesses in order to support value chain linkages and ensure business growth; and

d) Utilise the City's SCM Policy to support MSME development through transparent, fair and efficient procurement practices.

9.4 MSME Infrastructure Planning and Small Business Workspaces

The City shall develop a MSME Infrastructure Plan.

The City shall, where feasible and subject to approval by delegated authority, utilise its surplus immovable assets, including land and buildings, as strategic instruments to expand access to affordable, well-located workspaces for small businesses.

Where feasible, the City shall—

a) establish a dedicated Small Business Land Release Programme, prioritising the release of suitably located City-owned land for MSME workspace development.
b) prioritise leasehold models over land disposal to ensure long-term affordability and strategic control.
c) require, where feasible inclusion of affordable MSME workspace in developments on City-owned land and incentivise similar provision in private developments.
d) repurpose underutilised City properties into incubators, micro-industrial hubs, co-working facilities, and micro-warehousing sites.
e) actively use surplus City-owned land and buildings to provide affordable workspace and support innovation districts.

In order to promote and support sustainable MSMEs the City is committed to—

a) Periodically identifying opportunities for using facilities or land not required for municipal service provision, for business incubation;
b) Ring-fence City-owned land for MSME workspaces (industrial, hybrid, co-working);
c) Prioritise well-located sites near transport and economic nodes;
d) Require a proportion of new developments, where feasible (especially on City-owned land) to include affordable MSME workspace;
e) Introduce inclusionary zoning for economic space (not just housing);
f) Repurposing underutilised assets;
g) Convert vacant City buildings into—
    a Business incubation environments;
    b Maker spaces;
    c Micro-industrial hubs;
    d Micro-warehousing facilities; or
    e Lease-Based Access (Not Sale).
h) Provide long-term, affordable leases to ensure sustained access and prevent speculation;
i) Develop framework to leverage partnerships to scale workspace provision and innovation ecosystems (industrial parks for small manufacturers, co-working and innovation hubs, micro warehousing facilities);
j) Develop an incentives process to incentivise private developers in exchange for inclusion of affordable MSME workspaces (de-risk investments in underserved areas, etc.);
k) Partner with experienced operators to manage shared workspaces, industrial clusters and innovation hubs;
l) Design and make a case for investment in MSME digital infrastructure and startup ecosystems (support integration of small businesses into digital marketplaces, connectivity to small business workspaces);

m) Similarly, upon approach from business incubation or support organisations, the Enterprise Development Branch will investigate the use of vacant City facilities for use as incubation hubs or business development centres;

n) Advertising underused City facilities or land for business incubation, through the Municipal Asset Transfer Regulations (MATR) disposal programme;

o) Dedicated Small Business Land Release Programme

p) Seek to support innovative methodologies of MSMEs by calling for innovative solutions through a competitive public tender process to undertake pilot projects which aim to solve localised or unique problem sets.

9.5 MSME support through township and inclusive economy focus

The City will:

9.5.1 develop a targeted Township Economy and Inclusive Economy Plan.

9.5.2 Prioritise historically underserved areas for: workspace provision, infrastructure upgrades, integrated enterprise support.

9.5.3 Facilitate integration of informal businesses into formal systems through gradual **transition** models by for instance—

a) supporting informal and home-based businesses to transition into compliant spaces.

b) Advocate for provision of entry-level, low-cost spaces with simplified compliance requirements (where feasible).

9.5.4 With consideration for promotion of economic inclusion, informal and formal business development and growth the City will—

a) Identify area-based enterprise development programmes focussed on informal, micro enterprises and local tourism development.

b) Facilitate workforce development opportunities for residents.

9.6 Sector support for MSMEs

9.6.1 The ED&I shall provide additional support for MSMEs based on the following Development Criteria—

a) SPVs and NGOs are required to demonstrate how City-funded initiatives will contribute to a high growth economic sector or sub-sector, clustering or a regulatory environment which is conducive to such growth;

b) Preference will be given to SPVs and NGOs who facilitate collaboration and market opportunities for, and between, MSMEs and are focused on creating new competitive advantages together;
c) SPV and NGO proposals must clearly show how it will contribute to workforce development and attraction of investment;
d) SPV and NGO funding or support should complement or attract private sector investment by enabling private sector partnership potential;
e) Deliver outcomes which are sustainable beyond the funding period; and
f) City-funded initiatives should build on and contribute to inclusive and cost sharing, resource commitment partnerships between all the players within a particular sector and sub-sector.

9.6.2 There are several organs of state and private sector business support organisations that provide leverage incentives for MSME development in Cape Town.

9.7 Overlay Zoning for MSME Development

The City's Development Management Scheme (DMS) shall provide for the use of innovative planning instruments, including overlay zoning, to give effect to Council-approved economic development policies and strategies aimed at stimulating inclusive economic growth and supporting Micro, Small and Medium Enterprises (MSMEs).

Establishment of MSME Overlay Zones

The City shall establish one or more MSME-focused overlay zones within the Development Management Scheme.

1. Such overlay zones may be applied to specific geographic areas, corridors, precincts, or on a citywide basis, as determined by Council.
2. The purpose of these overlay zones shall be to—
   a) Enable a broader range of land use rights, including hybrid and mixed-use economic activities;
   b) Reduce regulatory constraints that limit small business operations;
   c) Facilitate intensification of economic activity along targeted routes and nodes; and
   d) Support sectors such as light manufacturing, micro-enterprises, and local service economies.

9.7.1 The City's Development Management Scheme (DMS) provides for innovative tools to assist the City to give effect and implement policies and strategies specifically to stimulate economic growth. The overlay zoning techniques is one such tool and can

be applied in specified areas or City-wide if so informed by Council approved policies.

9.7.2 The City's intention is to adopt an overlay zone in its Development Management Scheme that will provide incentives for MSMEs along certain routes. The intention with such an overlay will be to provide a bigger basket or land use activities to stimulate economic activities and growth in designated areas.

9.7.3 Council may, within its resources, designate land units to form part of an overlay zone if it is consistent with approved Council Policy and there are service networks available to support such designation.

9.7.4 After the approval of the overlay zones and a land unit has been designated to form part of the overlay zone the rights applicable to such overlay zone will remain in perpetuity until such a time that Council reviews and amends its approval.

9.7.5 In cases where the overlay zone does not apply (e.g. the area does not have particular zoning provisions or restrictions) but a landowner still considers using land for some or other economic activity such owner may consult with the local planning office for guidance or suggestions on available options and its associated requirements.

9.7.6 City officials must only play an advisory role in such consultations.

9.8 Ecosystem Coordination and Institutional Leadership

9.8.1 The City shall play a central coordinating role in the Cape Town entrepreneurship ecosystem to improve alignment, reduce fragmentation, and maximise impact.

9.8.2 The City shall establish and maintain a formal coordination platform including the following stakeholders, for the Cape Town entrepreneurship ecosystem:

a) National and provincial government;
b) Private sector stakeholders;
c) Financial institutions;
d) Universities and training providers; and
e) Incubators, accelerators, and enterprise support organisations.

9.8.3 The City shall—

a) Map and regularly update the entrepreneurship support ecosystem;
b) Facilitate partnerships and referrals between ecosystem actors;

c) Align public programmes with private sector initiatives; and
d) Promote Cape Town as an entrepreneur-friendly and investment-ready city.

9.8.4 The City shall act as a convenor, ensuring that interventions in land, infrastructure, and regulation are aligned to support enterprise growth.

9.9 Promoting Business Innovation

9.9.1 The City is committed to transition from traditional business support toward an innovation-led enterprise ecosystem, where entrepreneurs are enabled to develop, test, scale, and commercialise new solutions across value chains by embedding entrepreneurial innovation as a core driver of enterprise growth, competitiveness, and economic transformation.

9.9.2 The City shall:

9.9.2.1 Establish a structured innovation support framework to enable enterprise experimentation, product development, and scaling.

9.9.2.2 Position the City as a facilitator of innovation-driven enterprise development, focused on—

a) Scaling high-impact business models;
b) Enabling technology adoption;
c) Supporting transition from informal/pilot-stage enterprises to commercially viable firms;
d) Support business model innovation, and
e) Promote cluster-based and cooperative business models.

9.9.2.3 Develop Innovation-Linked Enterprise Development Programmes and innovation-friendly procurement mechanisms, including
Pilot procurement (testing new solutions)

9.10 Regulatory modernisation

9.10.1 The City of Cape Town is committed to positioning itself as a proactive facilitator of economic growth rather than a reactive service provider. This requires an ongoing, transversal effort to reduce the time, cost, and complexity of interacting with the City as a regulatory authority. The City's vision as a City of hope, drives a focus on economic growth and job creation, and this is only realisable if businesses – from emerging micro-enterprises to

catalytic investors – experience the City as an enabling, transparent, and responsive institution.

9.10.2 Regulatory modernisation is therefore not a single-department responsibility. It is a cross-cutting reform programme that requires coordinated action across all City directorates whose processes directly affect the business environment.

9.10.3 The City shall implement a responsive, enabling regulatory environment that reduces barriers to entry and supports diverse forms of enterprise activity, while maintaining appropriate compliance standards. The City shall actively identify and reform regulatory constraints that inhibit small business growth.

9.10.4 The City shall establish a structured regulatory reform and policy advocacy programme to identify by-laws, legislation, and regulatory provisions that constrain small business growth. The City shall address such City by-laws by amending its own by-laws or lobbying for third party entities to make the requisite amendments. This programme shall—

a) Prioritise high-impact regulatory constraints affecting MSMEs, including (but not limited to) zoning restrictions, licensing regimes, development charges, trading regulations, and sector-specific City by-laws;
b) Develop evidence-based reform proposals for consideration by Council;
c) Where constraints fall outside municipal competence, undertake intergovernmental advocacy to Provincial and National Government.

9.10.5 The City shall publish and maintain a priority reform agenda, updated annually, detailing—

Identified regulatory barriers, proposed amendments or reforms and implementation status and timelines.

10. REPORTING

10.1 The Economic Development and Investment Department will provide annual policy implementation progress reports to the relevant portfolio committee for monitoring of progress. These will include re-costed operational models based on observed demand.

10.2 The Economic Development and Investment Department, along with relevant line departments and partners, will host policy dialogues with the business sector and support

agencies to share progress with regards to implementation of this policy and to gain insight into potential improvements required.

11. MONITORING, EVALUATION AND REVIEW

11.1 Monitoring and evaluation of this policy will be undertaken by the Economic Development and Investment Department in conjunction with the SPB and submitted to the relevant portfolio committee for monitoring.

11.2 The following evaluation targets are set:

11.2.1 Regulatory Modernisation and business support services—

a) Systematic incorporation of business feedback into City programmes and reform priorities;

b) Measurement—

b.1 Business Satisfaction Survey completed and analysed;

b.2 Top 5 business constraints identified and communicated to Directorates;

b.3 The evaluation targets must be described as:

b.3.1 EoDB index improvements;

b.3.2 regulatory agenda; or

b.3.3 improvement plans;

c) Tracking EoDB: Annual EoDB Index published, Regular performance reporting to: Executive structures and Mayoral Priority Programme

d) Regulatory barriers reduced;

e) Digital adoption rates;

f) Number of red-tape constraints unblocked following receipt of a complaint from MSMEs and entrepreneurs;

g) Number of enquiries responded to and completed by the City business enquiry service within a 48-hour period;

h) Quarterly reports produced by the City Business Enquiry Service indicating business types and service requests to determine Entrepreneur and MSMEs needs within the market place;

i) Number of City vendors supported through Enterprise and Supplier Development programmes implemented;

j) Results of representative surveys undertaken with MSMEs and entrepreneurs supported through implemented Enterprise and Supplier Development programmes to identify further needs;

k) Number of partnerships formed with support organisations to offer access to markets and opportunities;

l) The development of a tracking system to measure progress with compliance applications; and

m) Number of organisations connected through business-to-business programs.

11.2.2 Promoting access to infrastructure and Small Business Workspaces—

a) Number of City facilities identified/maintained for Small Business Incubation business incubation;

b) Number of businesses supported through Business Incubators; and

c) Number of successful incubation partnerships facilitated.

11.2.3 MSME Support through the City's one-stop-shop—

a) Number of issues raised by MSMEs;

b) Number of unblocked issues; and

c) Number of informal business registered on the City's system.

11.2.4 Sector support for MSME's

a) Number of MSMEs and entrepreneurs assisted through SPVs; and

b) Number of residents assisted through workforce development initiatives by SPVs.

11.3 City departments must advise the Economic Development and Investment Department in writing of any constraints, blockages or factors that impact negatively on the implementation of this policy.

11.4 The Economic Development and Investment Department will use tools such as the Social Accounting Matrix, E-Camp portal and Business Management Tracking System (BMTS) to further monitor and measure, in real time, departmental performance, economic impacts of the policy and its actions.

11.5 The review of the policy is to take place at least every five (5) years or as the need arises.

ANNEXURE A: MSME CLASSIFICATION

Sector or subsectors in accordance with the Standard Industrial Classification	Size of class	The total full time equivalent of paid employees	Total turnover	Total gross asset value (fixed property excluded)
Agriculture	Medium	100	R5.00 m	R5.00 m
	Small	50	R3.00 m	R3.00 m
	Very Small	10	R0.50 m	R0.50 m
	Micro	5	R0.20 m	R0.10 m
Mining and Quarrying	Medium	200	R39.00 m	R23.00 m
	Small	50	R10.00 m	R6.00 m
	Very Small	20	R4.00 m	R2.00 m
	Micro	5	R0.20 m	R0.10 m
Manufacturing	Medium	200	R51.00 m	R19.00 m
	Small	50	R13.00 m	R5.00 m
	Very Small	20	R5.00 m	R2.00 m
	Micro	5	R0.20 m	R0.10 m
Electricity, Gas and Water	Medium	200	R51.00 m	R19.00 m
	Small	50	R13.00 m	R5.00 m
	Very Small	20	R5.10 m	R1.90 m
	Micro	5	R0.20 m	R0.10 m
Construction	Medium	200	R26.00 m	R5.00 m
	Small	50	R6.00 m	R1.00 m
	Very Small	20	R3.00 m	R0.50 m
	Micro	5	R0.20 m	R0.10 m
Retail and Motor Trade and Repair Services	Medium	200	R39.00 m	R6.00 m
	Small	50	R19.00 m	R3.00 m
	Very Small	20	R4.00 m	R0.60 m
	Micro	5	R0.20 m	R0.10 m
Wholesale Trade, Commercial Agents and Allied Services	Medium	200	R64.00 m	R10.00 m
	Small	50	R32.00 m	R5.00 m
	Very Small	20	R6.00 m	R0.60 m
	Micro	5	R0.20 m	R0.10 m
Catering, Accommodation and other trade	Medium	200	R13.00 m	R3.00 m
	Small	50	R6.00 m	R1.00 m
	Very Small	20	R5.10 m	R0.90 m
	Micro	5	R0.15 m	R0.10 m
Transport, Storage and Communications	Medium	200	R26.00 m	R6.00 m
	Small	50	R13.00 m	R3.00 m
	Very Small	20	R 3.00 m	R0.60 m
	Micro	5	R 0.20 m	R0.10 m
Finance & Business Services	Medium	200	R26.00 m	R5.00 m
	Small	50	R13.00 m	R3.00 m
	Very Small	20	R 3.00 m	R0.50 m
	Micro	5	R 0.20 m	R0.10 m
Community, Social and Personal Services	Medium	200	R13.00 m	R6.00 m
	Small	50	R 6.00 m	R3.00 m
	Very Small	20	R1.00 m	R0.60 m
	Micro	5	R0.20 m	R0.10 m