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THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT – FIFTH SESSION – 2026

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DIRECTORATE OF DEPARTMENTAL COMMITTEES
DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

REPORT ON:

THE MICRO AND SMALL ENTERPRISES (AMENDMENT) BILL (NATIONAL ASSEMBLY
BILL NO. 25 OF 2025)

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 31 MAR 2026	DAY: TUE
TABLED BY:	HON. MARGARET KITHANYI MP VICE-CHAIRPERSON, KEPT COMM. ON TRADE, INDUSTRY & COOPERATIVES
CLERK-AT-THE-TABLE:	CLETURUM CHEBET

CLERKS CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
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MARCH 2026



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1. Adoption Schedule of the Report
2. Minutes
 - a) Minutes of the 19th Sitting
 - b) Minutes of the 7th Sitting
 - c) Minutes of the 1st Sitting
3. Copy of the Newspaper Advertisement
4. Copies of the Letters Inviting Stakeholders for the Meeting
 - a) Letter Ref: NA/DDC/TIC/2026/001 dated 11th February 2026; and
 - b) Letter Ref: NA/DDC/TIC/2026/004 dated 17th February, 2026
5. A Copy of the Micro and Small Enterprises (Amendment) Bill (N.A. Bill No. 25 of 2025)
6. Matrix of the Bill
7. Witness Attendance Register for the Stakeholder Engagement Meeting

LIST OF ABBREVIATIONS AND ACRONYMS

ANC	-	Amani National Congress
Cap.	-	Chapter
CBS	-	Chief of the Burning Spear
CEO	-	Chief Executive Officer
CS	-	Cabinet Secretary
DDC	-	Directorate of Departmental Committees
Dr.	-	Doctor
GDP	-	Gross Domestic Product
HELB	-	Higher Education Loans Board
Hon.	-	Honourable
IP	-	Intellectual Property
KANU	-	Kenya African National Union
KeNIA	-	Kenya National Innovation Agency
MP	-	Member of Parliament
MSEA	-	Micro and Small Enterprises Authority
MSEs	-	Micro and Small Enterprises
MSMEs	-	Micro, Small and Medium Enterprises
NA	-	National Assembly
No.	-	Number
ODM	-	Orange Democratic Movement
PhD	-	Doctor of Philosophy
PS	-	Principal Secretary
PWDs	-	Persons with Disabilities
REF	-	Reference
SEZ	-	Special Economic Zone
SMEDAN	-	Small and Medium Enterprises Development Agency of Nigeria
SMEs	-	Small and Medium Enterprises
TIC	-	Trade, Industry and Cooperatives
TNT	-	The National Treasury
UDA	-	United Democratic Alliance
WDM-K	-	Wiper Democratic Movement Kenya

CHAIRPERSON'S FOREWORD

This report presents the proceedings of the Departmental Committee on Trade, Industry and Cooperatives on its consideration of the Micro and Small Enterprises (Amendment) Bill (*National Assembly Bill No. 25 of 2025*), which was published on 20th June 2025. The Bill underwent its First Reading on 1st October 2025 and was subsequently committed to the Departmental Committee on Trade, Industry and Cooperatives for consideration and reporting to the House, pursuant to the provisions of Standing Order 127.

The Bill comprises three clauses and proposes amendments to the Micro and Small Enterprises Act, Cap. 499C. It seeks to expand the mandate of the Micro and Small Enterprises Authority to include functions relating to the marketing, branding, and development of products and services offered by micro and small enterprises, with a view to promoting their consumption in the local market. Specifically, the Bill proposes to confer on the Authority functions in respect of national branding initiatives, product development, quality and design improvement, innovation support, and advisory services directed at local farm enterprises and consumers. The Bill further provides for the Authority to collaborate with specialised agencies in the fields of innovation and information in the discharge of these expanded functions.

In accordance with Article 118 (1) (b) of the Constitution and Standing Order 127 (3), the Clerk of the National Assembly placed advertisements in the print media on 7th October 2025 requesting for comments on the Bill from the public and relevant stakeholders. Further, through letters referenced NA/DDC/TIC/2026/001 and NA/DDC/TIC/2026/004 dated 11th and dated 17th February 2026 respectively, the Committee invited stakeholders to a public engagement session on Thursday 26th February 2026. During this meeting, four (4) stakeholders made oral submissions before the Committee.

In its deliberations, the Committee considered the proposed amendments in light of the comments submitted by stakeholders. Most stakeholders that attended the meeting supported the amendments proposed in the Bill and proposed further amendments to other sections of the Micro and Small Enterprises Act, Cap. 499C.

The Committee wishes to extend its sincere appreciation to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support extended throughout its sessions. We also acknowledge the valuable input from Hon. John Gitonga Mukunji, MP in sponsoring the Bill and all the stakeholders that submitted their memoranda and attended the stakeholder engagement meeting. Lastly, I express my gratitude to the Honourable Members of the Committee and the Committee Secretariat for their dedication and contributions to the development and production of this report.

On behalf of the Departmental Committee on Trade, Industry and Cooperatives, and pursuant to Standing Order 199(6), it is my privilege and honour to present to this House the Committee's Report on the Micro and Small Enterprises (Amendment) Bill (*National Assembly Bill No. 25 of 2025*).

Having considered the Bill, the Committee recommends that the Bill be **DELETED IN ITS ENTIRETY**.

Hon. Bernard Masaka Shinali, CBS, MP
Chairperson,
Departmental Committee on Trade, Industry and Cooperatives

CHAPTER ONE

I.0 PREFACE

I.1 Establishment of the Committee

- I. The Departmental Committee on Trade, Industry and Cooperatives is one of the twenty Departmental Committees of the National Assembly established under **Standing Order 216** whose mandate pursuant to **Standing Order 216 (5)** is as follows:
 - i. *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
 - ii. *To study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;*
 - iii. *On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
 - iv. **To study and review all the legislation referred to it;**
 - v. *To study, assess and analyse the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
 - vi. *To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;*
 - vii. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on appointments);*
 - viii. *To examine treaties, agreements and conventions;*
 - ix. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
 - x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
 - xi. *To examine any questions raised by Members on a matter within its mandate.*

I.2 Mandate of the Committee

2. In accordance with the Second Schedule to the Standing Orders, the Committee is mandated to consider trade, including securities exchange, consumer protection, pricing policies, commerce, industrialisation including special economic zones, enterprise promotion & development including micro, small & medium enterprises (MSMEs), and small and medium enterprises (SMEs), intellectual property, industrial standards, anti-counterfeit policies and cooperatives development.
3. In executing its mandate, the Committee oversees the Ministry of Investment, Trade and Industry; and the Ministry of Cooperatives and MSMEs Development.

1.3 Committee Membership

4. The Departmental Committee on Trade, Industry and Cooperatives was reconstituted by the House on 5th March 2025 and comprises the following Members:

Chairperson

Hon. Bernard Masaka Shinali, CBS, MP
Ikolomani Constituency

ODM Party

Vice-Chairperson

Hon. Marianne Jebet Kitany, MP
Aldai Constituency

UDA Party

Hon. Adhe Wario Guyo, MP
North Horr Constituency

KANU Party

Hon. Adams Korir Kipsanai, MP
Keiyo North Constituency

UDA Party

Hon. Anthony Tom Oluoch, MP
Mathare Constituency

ODM Party

Hon. Alfred Kiprono Mutai, MP
Kuresoi North Constituency

UDA Party

Hon. Dr. Beatrice Kahai Adagala, MP
Vihiga County

ANC Party

Hon. Amos Maina Mwago, MP
Starehe Constituency

Jubilee Party

Hon. Joshua Mbithi Mutua Mwalyo, MP
Masinga Constituency

Independent Member

Hon. John Okano Bwire, MP
Taveta Constituency

WDM-K Party

Hon. Joyce Kamene, MP
Machakos County

WDM-K Party

Hon. Samuel Parashina Sakimba, MP
Kajiado South Constituency

ODM Party

Hon. Robert Githinji Gichimu, MP
Gichugu Constituency

UDA Party

Hon. Michael Wainaina Wambugu, MP
Othaya Constituency

UDA Party

Hon. Dr. Wilberforce Ojiambo Oundo, MP
Funyula Constituency

ODM Party

1.4 Committee Secretariat

5. The Committee is facilitated by the following Secretariat:

Ms. Laureen Omusa Wesonga
Clerk Assistant I/Head of Secretariat

Ms. Carolyne Musyoka
Hansard Reporter II (Clerk Assistant)

Ms. Doreen Karani
Principal Legal Counsel II

Ms. Priscilla Wangu
Fiscal Analyst II

Ms. Priscilla Saidi
Research Officer II

Ms. Pauline Sifuma
Hansard Officer II

Mr. Daniel Psirmoi
Media Relations Officer III

Ms. Florence Wanja
Protocol Officer III

Ms. Peris Kaburi
Assistant Serjeant-at-Arms

Mr. Kelvin Lengasi
Audio Assistant

CHAPTER TWO

2.0 BACKGROUND OF MICRO AND SMALL ENTERPRISES IN KENYA

2.1 Introduction

6. The Micro, Small and medium enterprises (MSMEs) dominate Kenya's private sector and labour market. MSMEs account for the vast majority of private enterprises, provide the bulk of new jobs created annually, and contribute a substantial share of GDP.
7. Several government and sector sources indicate that the MSME economy contributes roughly a third to over 40% of Kenya's GDP. The informal sector (where most micro enterprises sit) is responsible for the majority of jobs in Kenya.
8. The following are the key strengths of micro, small and medium enterprises:
 - a) **Job creation and resilience:** The informal/MSME sector is the largest source of non-farm employment and generates most of Kenya's net new jobs in recent years.
 - b) **Entrepreneurial density:** High numbers of graduates and informal entrepreneurs create a large supply of potential start-ups and innovators.
 - c) **Policy momentum:** Recent institutional reform (creation/strengthening of MSEA and new MSME strategic documents) plus initiatives such as Buy Kenya Build Kenya (local content) aim to channel procurement and support to local producers.
9. The following are the key challenges faced by micro, small and medium enterprises:
 - a) **Access to finance:** A persistent and large finance gap remains. Some MSMEs face credit challenges due to small size, lack of collateral, weak credit histories and informality. High interest rates and tighter bank lending (due to fiscal crowding and elevated rates) have worsened credit access.
 - b) **High informality:** A large proportion of micro enterprises are unregistered or informally operated, which limits access to formal services (finance, training, procurement) and constrains their ability to scale.
 - c) **Market access & competitiveness:** Weak market linkages, inconsistent product quality and low branding/value-addition reduce MSMEs' competitiveness in formal public and private supply chains.
 - d) **High cost of doing business/macro headwinds:** Elevated borrowing costs, tight private sector credit growth and fiscal pressures (debt servicing) crowd out credit and investment into MSMEs, reducing expansion and job creation potential. The World Bank and others have noted private sector squeeze and lower credit growth.

2.2 Current Legal and Policy Framework

Some of the legal and policy provisions that touch on MSMEs in Kenya include:

10. **Micro and Small Enterprises Act, Cap. 499C** establishes the legal and institutional architecture for promoting, developing and regulating micro and small enterprises. The Act sets out the object and purpose of MSME policy (an enabling environment, access to business development services, formalisation/upgrading, entrepreneurship promotion and representative associations), creates the office of the Registrar of Micro and Small Enterprises and provides for MSEA as the lead implementing agency.
11. **Draft MSME Policy 2025 and a Strategic Plan (2023 to 2027)** set out an integrated roadmap on the formalisation and registration, aggregation and common user facilities, value-addition and branding, digitalisation, preferential public procurement and access to finance. The draft Policy explicitly links supply-side interventions (skills, standards, technology) with demand-side levers such as public procurement and local content to raise local consumption of Kenyan products.
12. **Kenya Micro and Small Enterprises Policy 2020:** The national policy framework targeting micro and small enterprises (MSEs) sets objectives such as entrepreneurial culture, access to finance, formalisation and a conducive regulatory environment.

2.3 Comparative Analysis

13. In **Kenya**, the Micro and Small Enterprises (Amendment) Bill, 2025 focuses on expanding the scope from micro & small to micro, small & medium enterprises and strengthen formalisation, market access and value addition. It also empowers MSEA for coordination and development of MSMEs.
14. In **Nigeria**, the SMEDAN Act, 2003 (and Amendments); Companies and Allied Matters Act, 2020 CAMA; and the National Policy on MSMEs establishes SMEDAN as a coordinating body for MSMEs which facilitates formalisation and development of micro, small & medium enterprises. It also provides regulatory, capacity-building, and financing frameworks.
15. In **Australia**, the Corporations Act, 2001; the Business Names Registration Act, 2011; the Goods and Service Tax Act, 1999; and the Income Tax Assessment Act, 1997, regulate incorporation, taxation, and compliance for companies and provides tax incentives and simplified reporting for SMEs. The Act also supports business development, dispute resolution, and access to government procurement.
16. Kenya can adopt the following best practices from Nigeria and Australia that have spent decades refining their local content frameworks:
 - a) Strengthening coordination of MSME policies under the Micro and Small Enterprises Authority.
 - b) Ensuring all ministries, counties, and development partners align their MSME programs under one framework.
 - c) Avoid duplication of programs supporting SMEs.

CHAPTER THREE

3.0 OVERVIEW OF THE MICRO AND SMALL ENTERPRISES (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 25 OF 2025)

3.1 Introduction

17. The Micro and Small Enterprises (Amendment) Bill (National Assembly Bill No. 25 of 2025) is sponsored by Hon. John Gitonga Mukunji, MP. It was read a First Time on 1st October 2025 and subsequently referred to the Departmental Committee on Trade, Industry and Cooperatives for consideration and to facilitate public participation pursuant to Standing Order 127.
18. The principal object of the Bill is to amend the Micro and Small Enterprises Act, Cap. 499C to require MSEA to promote the marketing, development and branding of products and services by the micro and small enterprises to enhance their consumption in the local market.

3.2 Regulatory Frameworks

19. The Bill proposes as follows:
- a) The Bill reinforces the mandate of MSEA as the lead agency responsible for implementing marketing, branding, and innovation initiatives for MSEs. It mandates the Authority to advocate, coordinate, harmonize, and implement national branding policies that promote local products and to provide customized advisory services to local enterprises, particularly in agriculture and manufacturing.
 - b) The Authority will collaborate closely with other national institutions such as the Kenya Innovation Agency, Information and Communication Authorities, and relevant regulatory bodies to advance product development, design improvement, and innovation.
 - c) Additionally, the Cabinet Secretary responsible for MSEs, acting on the advice of the Authority, is empowered to make regulations that prescribe mechanisms for product marketing, development, branding, and affirmative action in favour of local enterprises.
 - d) As trade development and regulation fall under the purview of county governments under the Fourth Schedule to the Constitution, the Bill also envisages cooperative engagement between the national and county governments in promoting local enterprise growth and market development.

3.3 Objective of the Bill

20. The objective of the Bill is to:
- a) strengthen the capacity of MSEA to promote the marketing, development, and branding of products and services by MSEs.

- b) enhance the competitiveness and consumption of locally produced goods and services within the Kenyan market.
- c) embed national branding initiatives, provide advisory support for technology upgrading and product innovation, and encourage collaboration among key agencies such as the Kenya Innovation Agency and the Information and Communication Authority to advance product quality and design improvement.
- d) Additionally, the Bill empowers the Cabinet Secretary to make regulations prescribing mechanisms for product development, marketing, and affirmative action measures to promote local consumption of MSE goods and services.

3.4 Clause by Clause Provisions of the Bill

- 21. Clause 1 of the Bill provides for the short title.
- 22. Clause 2 of the Bill proposes to amend section 31 of the Act to require MSEA to collaborate with other agencies to promote the marketing, branding and value addition of local enterprise products and services.
- 23. Clause 3 of the Bill proposes to amend section 74 of the principal Act to require the CS with the advice of the Authority, to make regulations to prescribe the mechanism for development and affirmative action on the local enterprises' products and services to enhance their consumption in Kenya.
- 24. The Bill delegates legislative powers but does not contain any provisions that limit any fundamental rights and freedoms.
- 25. The Bill seeks to amend the Micro and Small Enterprises Act, Cap. 499C to require MSEA to collaborate with other agencies to promote marketing, value addition, branding and local consumption of locally manufactured goods and services. Paragraph 7 of Part 2 of the Fourth Schedule to the Constitution provides that trade development and regulations including markets, is a function of county governments. In view of this, the Bill concerns county governments in terms of Article 110 (1) (a) of the Constitution as it affects functions and powers of county governments recognised in the Fourth Schedule to the Constitution.
- 26. Enactment of this Bill will not occasion additional expenditure of public funds and it is therefore not a money Bill within the meaning of Article 114 of the Constitution.

CHAPTER FOUR

4.0 PUBLIC PARTICIPATION/STAKEHOLDER CONSULTATIONS

27. Following the call for memoranda from the public through placement of advertisements in the print media on 7th October 2025 and vide letters REF: NA/DDC/TIC/2026/001 dated 11th February, 2026 and REF: NA/DDC/TIC/2026/004 dated 17th February, 2026, inviting stakeholders for a meeting, the Committee received memoranda from the following stakeholders on the Micro, Small and Medium Enterprises (Amendment) Bill (*National Assembly Bill No. 25 of 2025*):

- i. The State Department for Micro, Small and Medium Enterprises (MSMES) Development;
- ii. The National Treasury;
- iii. The Kenya National Innovation Agency;
- iv. The Micro and Small Enterprises Authority;
- v. Hon. Moses Cheruiyot Rotich; and
- vi. The African Women Studies Centre.

28. The stakeholders submitted as follows:

4.1 The State department for Micro, Small and Medium Enterprises (MSMES) Development

29. In a letter, REF: MC/SD/MSME/ADM/1/95 (44) dated 20th February 2026, the Principal Secretary, Ms. Susan Mang'eni, CBS stated that the amendments proposed to sections 31 and 74 of the Micro and Small Enterprises Act, Cap. 499C entail functions of the Authority and Regulations which may not cure the emerging issues established by the State Department. There are also some inconsistencies in the amendments with the law and the Executive Order No. 1 of 2023 that establishes the State Department for MSMEs Development that may hamper implementation of the Bill.

30. The State Department submitted additional amendments to the Micro and Small Enterprises Act, Cap. 499C stating that the proposals take into account stakeholder engagement undertaken during the review of the Act and developments in the structure of Government arising from Executive Order No. 1 of 2025 which established the State Department for Micro, Small and Medium Enterprises Development.

Committee Observation/Recommendation

The Committee noted that the State Department is undertaking a comprehensive review of the Act. The Committee recommended that the Bill be deleted in its entirety.

4.2 The National Treasury (TNT)

In a meeting with the Committee held on Thursday, 26th February 2026, Mr. Ronald Inyangala, Director, Financial Sector Affairs informed the Committee that the National Treasury supports the amendments proposed in the Bill and proposed the following further amendments to the Act:

Section 2 of the Act

31. Amend definition of “micro, small and medium enterprises” to provide that where there is conflict between turnover, number of employees and assets, the turnover will prevail in the classification of MSMEs. This will ensure proper classification of MSMEs for impact evaluation of Government led initiatives towards supporting MSMEs’ growth and development.
32. Amend the section to provide for the definition of “medium enterprises” because the enterprises are vital for economic development and are characterised by greater agility, innovation and potential for creating more employment opportunities. Medium enterprises have unique needs, higher capacity for scaling and greater potential for formalisation.
33. Amend the turnover thresholds of MSMEs so that the annual turnover is as follows: Kshs. 5 million for micro enterprises; Kshs. 25 million for small enterprises; and Kshs. 250 million for medium enterprises. The proposed new thresholds reflect the average market turnover for such enterprises and factors in the changes in inflation since 2012.
34. Amend the section to provide that, “the Cabinet Secretary responsible for matters relating to Finance may establish the Micro, Small and Medium Enterprises Development Fund”. This is to align the Micro and Small Enterprises Act, Cap. 499C with section 6 and 24 (4) of the Public Finance Management Act, 2012.

Committee Observation/Recommendation

The Committee noted the submissions of the National Treasury proposing further amendments to the Act, including amendments to the definition of micro, small and medium enterprises, the introduction of a definition for medium enterprises, revised turnover thresholds, and alignment with the Public Finance Management Act, 2012. The Committee however noted that the proposals touch on substantive matters of policy and may appropriately be considered in the context of a comprehensive review of the Act.

4.3 The Kenya National Innovation Agency (KeNIA)

In a meeting with the Committee held on Thursday, 26th February, 2026, Mr. Kwame Chacha, Principal Legal Officer informed the meeting that KeNIA was in support of the amendments proposed in the Bill and proposed insertion of the following new paragraphs in the Act:

35. Amend the Act by inserting a paragraph providing for innovation support, incubation, commercialisation and competition.
36. Amend the Act by inserting a paragraph providing that innovation challenges/hackathons should be compliant to KeNIA standards.
37. Amend the Act by inserting a paragraph providing that advisories on incubation support should adhere to KeNIA advice on incorporation of IP and commercialisation.
38. Amend the Act by inserting a paragraph providing for sharing of innovation related incubation and commercialisation data between MSEA and KeNIA.

Committee Observation/Recommendation

The Committee noted the submissions of KeNIA proposing amendments relating to innovation support, incubation, commercialisation, compliance with KeNIA standards, intellectual property, and data sharing between MSEA and KeNIA.

4.4 The Micro and Small Enterprises Authority (MSEA)

39. In a meeting with the Committee held on Thursday, 26th February 2026, Ms. Mary Chege, Deputy Director for Legal Services informed the Committee that the State Department for MSMEs Development was undertaking a comprehensive review of the Act and therefore requested the Committee to give them more time to finalise. She averred that some proposals in the Bill had already been captured in the State Department's proposals.

Committee Observation/Recommendation

The Committee noted the submission of MSEA indicating that the State Department for MSMEs Development is undertaking a comprehensive review of the Act. The Committee recommended that the Bill be deleted in its entirety.

4.5 Hon. Moses Cheruiyot Rotich

In a meeting with the Committee held on Thursday, 26th February, 2026, Hon. Moses Rotich, Member of the County Assembly of Kericho proposed the following amendments to the Act:

40. Amend the Act by including student entrepreneurs in the mandate of the Micro and Small Enterprises Authority.
41. Amend the Act by providing for the integration of the Higher Education Loans Board (HELB) loan repayment to support student-led enterprises to encourage early HELB loan repayment.
42. Amend the Act to provide for the offering of training in product development, branding and marketing, provide seed funding and facilitate student participation in government procurement.

Committee Observation/Recommendation

The Committee considered the three proposals against the subject matter of the Bill and observed that the Bill's purpose is specific and narrow. None of the three proposals advanced in the memorandum are connected to the subject matter of the Bill. To incorporate any of the said proposals would be to expand the Bill's subject matter unreasonably, contrary to Standing Order 133(5) of the National Assembly Standing Orders.

4.6 The African Women Studies Centre

In a letter dated 23rd October 2025, Dr. Agnes Meroka-Mutua, Senior Lecturer, Department of Private Law and Assistant Coordinator Policy Advocacy Women's Economic Empowerment Hub at the University of Nairobi proposed the following amendments to the Act:

Section 31

43. Amend paragraph 31 (fa) to read as follows, "*Advocate, coordinate, harmonise, implement and promote national branding initiatives and policies to promote the consumption of local enterprises' products, including use of affirmative action and promotion of women-led enterprises within Kenyan markets*". The functions of MSEA should expressly incorporate support for women-led enterprises.
44. Amend paragraph 31 (fb) to read as follows, "*The Authority shall, in collaboration with the Kenya Innovation Agency, the Information and Communication Authority, Standards and Product Development Institutions and other relevant institutions, establish and implement programmes to support micro and small enterprises in: (a) Technology upgrading; (b) Quality and design improvement; (c) Standards and product development; and Innovation and commercialisation of products and services. In exercising subsection (1), the Authority shall: (a) Ensure that such programmes are gender-responsive and inclusive of women-led enterprises; (b) Facilitate equitable access to innovation hubs, digital infrastructure and technical advisory services for women entrepreneurs; (c) Provide targeted outreach, training and capacity-building tailored to the unique needs of women-led micro and small enterprises; and (d) Monitor and report annually on the participation, outcomes and impact of such programmes on women-led enterprises*". To mandate the Authority to design and implement innovation support programmes that are inclusive of women-led enterprises.
45. Amend paragraph 31 (fc) to read as follows, "*Collaborate with relevant agencies to promote the consumption of goods and services produced by local micro and small enterprises including women-led enterprises*". The absence of an explicit provision for women-led enterprises risks their exclusion from marketing and promotion initiatives.
46. Amend the section by deleting paragraph 31 (fd) because it reflects the intent of section 31 (fd), which focuses on delivering advisory services to local enterprises.
47. Amend paragraph 31 (fe) to read as follows, "*Collaborate with other agencies to provide support and advisory services to local farm enterprises including women-led enterprises and consumers on*

the quality produce and products”. To ensure that the provision explicitly recognises the participation of women entrepreneurs who face structural barriers in accessing advisory and support services.

Section 74

48. Amend paragraph 74 (ba) to read as follows, “Prescribing mechanisms for the development, marketing and branding of products by local enterprises and micro and small enterprises including: (i) the formulation of strategies to enhance the visibility, competitiveness, and market access of products developed by micro and small enterprises; (ii) the establishment of programmes and incentives to support product design, packaging, certification and branding in local and international markets; (iii) the development of inclusive and gender-responsive frameworks that promote the participation of women-led enterprises in product development, marketing and branding initiatives; (iv) the facilitation of access by women-led enterprises to digital platforms, innovation hubs and promotional infrastructure; and (v) the provision of targeted training, mentorship and financial linkages to strengthen the capacity of women-led micro and small enterprises in value addition and brand development”. To ensure that women-led enterprises benefit from targeted support in product development, marketing and branding.
49. Amend paragraph 74 (bb) to read as follows, “Prescribing the affirmative action to promote the local consumption of goods and services produced by micro and small enterprises, with priority given to women, youth and persons with disabilities”. The affirmative action is a positive step towards inclusivity. It can however be strengthened by explicitly identifying the marginalised groups intended to benefit, such as women, youth and PWDs. The specification will help ensure that promotional and procurement initiatives effectively target women-led enterprises, youth and PWDs.

Committee Observation/Recommendation

The Committee noted the detailed proposals of the African Women Studies Centre for amendments to sections 31 and 74 of the Act, aimed at mainstreaming gender-responsive provisions and ensuring the explicit inclusion of women-led enterprises in the Authority's mandate, innovation support programmes, marketing and branding initiatives, and advisory services. The Committee observed that section 31(e) of the Principal Act already provides for the promotion of the mainstreaming of youth, gender and persons with disabilities in all MSEA activities and programmes. Section 31(e) therefore applies automatically to this new clause and to every other new clause introduced by this Bill.

CHAPTER FIVE

5.0 COMMITTEE OBSERVATIONS

Having considered the Bill, the Committee made the following observations on the Micro and Small Enterprises (Amendment) Bill (*National Assembly Bill No. 25 of 2025*):

1. The Bill's Long Title states its purpose as amending the Micro and Small Enterprises Act, No. 55 of 2012 to enhance the functions of the MSE Authority. However, the Objects and Reasons do not disclose a policy foundation; no policy paper, Cabinet approval, or sector study is cited to justify the specific amendments proposed. The amendments proposed in the Bill can be addressed at policy level. The Bill has not been preceded by the requisite policy process. A Bill of this nature ought to be anchored on a reviewed MSE Policy or a sector diagnostic report identifying legislative gaps.
2. The Committee finds that each of the functions proposed under the Bill is either already provided for under the Micro and Small Enterprises Act, No. 55 of 2012, or falls within the existing operational mandate of the MSE Authority as constituted. The Bill does not identify with any specificity, a gap or deficiency in the current functions of the Authority that necessitates legislative intervention. The proposed additions including covering branding, technology advisory, farm enterprise advisory, and market promotion do not expand the Authority's functional capacity in any substantive manner. They are, at best, a restatement of functions that the Authority already exercises or ought to exercise under its existing mandate. The Committee is therefore of the view that the Bill, as drafted, adds no discernible legislative value to the MSE Authority's statutory framework.
3. Section 31(fd) proposes advisory services to local farm enterprises and consumers on quality of produce. Section 31(fe) proposes collaboration with agencies on support and advisory services to local farm enterprises on quality produce. The two provisions are substantively repetitive and neither is sufficiently distinct to justify separate clauses.
4. The Bill proposes a power to prescribe affirmative action to promote local consumption of MSE goods and services. While the constitutional basis for affirmative action is sound, the provision does not identify the categories of persons to benefit, the criteria for affirmative action, or how such regulations would interact with the Public Procurement and Asset Disposal Act (PPADA), 2015, which already has Access to Government Procurement Opportunities (AGPO) provisions.
5. The Committee received and considered a memorandum from the University of Nairobi AWSC WEE-Hub, which raised substantive concerns about the gender-responsiveness of the Bill. While the Committee acknowledges the importance and legitimacy of the concerns raised it notes that several of the proposed textual revisions advanced in the memorandum go beyond the scope of an amendment to the MSE Act and are more appropriately addressed through subsidiary legislation, a dedicated gender policy framework, or the Women Enterprise Fund Act.

CHAPTER SIX

6.0 COMMITTEE RECOMMENDATION

The Committee having reviewed the Micro and Small Enterprises (Amendment) Bill (*National Assembly Bill No. 25 of 2025*) recommends that the House **DELETES THE BILL IN ITS ENTIRETY**.

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 31 MAR 2026	DAY: <i>TUE</i>
TABLED BY: <i>HON MARYANNE KITTANY MP</i>	
CLERK-AT THE-TABLE: <i>GERALD CHEGET</i>	

CHAPTER SEVEN

7.0 SCHEDULE OF PROPOSED AMENDMENTS

The Committee proposed the following amendments to be considered by the House in the Committee Stage:

Clause 1

1. THAT the Bill be amended by deleting clause 1.

Clause 2

2. THAT the Bill be amended by deleting clause 2.

Clause 3

3. THAT the Bill be amended by deleting clause 3.

SIGNED.......... DATE..........
HON. BERNARD MASAKA SHINALI, CBS, MP
CHAIRPERSON,
DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

REFERENCES

1. <https://www.knbs.or.ke/wp-content/uploads/2024/05/Facts-Figures-2024.pdf>
2. <https://msme.go.ke/sites/default/files/2025-03/Draft%20MSME%20Policy%202025.pdf>
3. <https://msea.go.ke>
4. https://www.centralbank.go.ke/uploads/banking_sector_reports/1809756600_2024%20Survey%20Report%20on%20MSME%20Access%20to%20Bank%20Credit.pdf
5. <https://new.kenyalaw.org/akn/ke/act/2012>
6. <https://msme.go.ke/sites/default/files/2025-03/Draft%20MSME%20Policy%202025.pdf>



THIRTEENTH PARLIAMENT - FIFTH SESSION - 2026

DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

ADOPTION SCHEDULE

We, the undersigned Honorable Members of the Departmental Committee on Trade, Industry and Cooperatives today, **Thursday, 26th March 2026** do hereby affix our signatures to this **Report on the Micro and Small Enterprises (Amendment) Bill (National Assembly Bill No. 25 of 2025)** to affirm our approval and confirm its accuracy, validity and authenticity:

S/NO.	NAME	SIGNATURE
1.	Hon. Benard Masaka Shinali, CBS, MP - Chairperson	
2.	Hon. Marianne Jebet Kitany, MP - Vice-Chairperson	
3.	Hon. Adhe Wario Guyo, MP	
4.	Hon. Anthony Tom Oluoch, MP	
5.	Hon. (Dr.) Beatrice Kahai Adagala, MP	
6.	Hon. Joshua Mbithi Mutua Mwalyo, MP	
7.	Hon. Joyce Kamene, MP	
8.	Hon. Robert Githinji Gichimu, MP	
9.	Hon. (Dr.) Wilberforce Ojiambo Oundo, MP	
10.	Hon. Adams Korir Kipsanai, MP	
11.	Hon. Alfred Kiprono Mutai, MP	
12.	Hon. Amos Maina Mwago, MP	
13.	Hon. John Okano Bwire, MP	
14.	Hon. Samuel Sakimba Parashina, MP	
15.	Hon. Michael Wainaina Wambugu, MP	



**THIRTEENTH PARLIAMENT - FIFTH SESSION - 2026
DIRECTORATE OF DEPARTMENTAL COMMITTEES**

**MINUTES OF THE 19TH SITTING OF THE DEPARTMENTAL COMMITTEE ON
TRADE, INDUSTRY AND COOPERATIVES HELD ON THURSDAY, 26TH
MARCH 2026 IN BARAZA CONFERENCE ROOM, SAROVA WHITESANDS
HOTEL, MOMBASA COUNTY AT 2.00 P.M.**

PRESENT

- | | | |
|---|---|-------------------------|
| 1. Hon. Bernard Masaka Shinali, CBS, MP | - | Chairperson |
| 2. Hon. Marianne Jebet Kitany, MP | - | Vice-Chairperson |
| 3. Hon. Anthony Tom Oluoch, MP | | |
| 4. Hon. (Dr.) Beatrice Kahai Adagala, MP | | |
| 5. Hon. (Dr.) Wilberforce Ojiambo Oundo, MP | | |
| 6. Hon. Joyce Kamene, MP | | |
| 7. Hon. Robert Githinji Gichimu, MP | | |
| 8. Hon. Adams Kipsanai, MP | | |
| 9. Hon. Alfred Kiprono Mutai MP | | |
| 10. Hon. John Okano Bwire, MP | | |
| 11. Hon. Samuel Sakimba Parashina, MP | | |
| 12. Hon. Michael Wainaina Wambugu, MP | | |

ABSENT WITH APOLOGY

1. Hon. Adhe Wario Guyo, MP
2. Hon. Joshua Mbithi Mwalyo, MP
3. Hon. Amos Maina Mwago, MP

IN ATTENDANCE

A. COMMITTEE SECRETARIAT

- | | | |
|------------------------|---|---------------------------------------|
| 1. Ms. Laureen Wesonga | - | Clerk Assistant I |
| 2. Ms. Carlyne Musyoka | - | Hansard Reporter II (Clerk Assistant) |
| 3. Ms. Doreen Karani | - | Principal Legal Counsel II |
| 4. Ms. Pauline Sifuma | - | Hansard Reporter II |
| 5. Ms. Peris Kaburi | - | Assistant Serjeant-at-Arms II |
| 6. Ms. Moureen Kendi | - | Intern |

AGENDA

1. Prayer
2. Preliminaries/Adoption of the Agenda
3. Confirmation of Minutes
4. Matters Arising
6. **Clause by Clause Consideration of the Micro and Small Enterprises (Amendment) Bill (National Assembly Bill No. 25 of 2025)**
7. **Clause by Clause Consideration of the Local Content Bill (National Assembly Bill No. 45 of 2025)**

- 8. Any other Business
- 9. Adjournment/Date of the Next Sitting

MIN. NO. NA/DDC/TIC/2026/79: PRELIMINARIES/ADOPTION OF THE AGENDA

The meeting was called to order at fourteen minutes past eight O'clock with prayer by Hon. Anthony Tom Oluoch, MP.

MIN. NO. NA/DDC/TIC/2026/80: CONFIRMATION OF MINUTES

This Agenda item was deferred.

MIN. NO. NA/DDC/TIC/2026/81: CLAUSE BY CLAUSE CONSIDERATION OF THE MICRO AND SMALL ENTERPRISES (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 25 OF 2025)

Members deliberated and resolved to delete the Bill in its entirety because it would not add any value to the functions of the Micro and Small Enterprises Authority (MSEA) if enacted in its current form. The amendments proposed in the Bill can be dealt with at policy level.

The Report on the Micro and Small Enterprises (Amendment) Bill (National Assembly Bill No. 25 of 2025) having been proposed by Hon. (Dr.) Wilberforce Ojiambo Oundo, MP and seconded by Hon. (Dr.) Beatrice Kahai Adagala, MP.

MIN. NO. NA/DDC/TIC/2026/82: CLAUSE BY CLAUSE CONSIDERATION OF THE LOCAL CONTENT BILL (NATIONAL ASSEMBLY BILL NO. 45 OF 2025)

Members deliberated and resolved to delete the Bill in its entirety because it contravenes other acts of Parliament. Additionally, the Bill will be difficult to implement if enacted in its current form.

The Report on the Local Content Bill (National Assembly Bill No. 45 of 2025) was adopted having been proposed by Hon. Samuel Sakimba Parashina, MP and Hon. Joyce Kamene, MP.

MIN. NO. NA/DDC/TIC/2026/83: ADJOURNMENT/DATE OF THE NEXT MEETING

There being no other business, the meeting was adjourned at twenty minutes to five O'clock. The next meeting will be held on Tuesday, 31st March 2026 at ten O'clock.

SIGNED: DATE:

**HON. BERNARD MASAKA SHINALI, CBS, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY
AND COOPERATIVES**



THIRTEENTH PARLIAMENT - FIFTH SESSION - 2026

DIRECTORATE OF DEPARTMENTAL COMMITTEES

**MINUTES OF THE 7TH SITTING OF THE DEPARTMENTAL COMMITTEE ON
TRADE, INDUSTRY AND COOPERATIVES HELD ON THURSDAY, 26TH
FEBRUARY 2026 IN COMMITTEE ROOM 12, SECOND FLOOR, BUNGE
TOWER AT 10:00 A.M.**

PRESENT

- | | | | |
|----|--------------------------------------|---|-------------------------|
| 1. | Hon. Bernard Masaka Shinali, CBS, MP | – | Chairperson |
| 2. | Hon. Marianne Jebet Kitany, MP | – | Vice-Chairperson |
| 3. | Hon. Adhe Wario Guyo, MP | | |
| 4. | Hon. John Okano Bwire, MP | | |
| 5. | Hon. Amos Maina Mwago, MP | | |
| 6. | Hon. Joyce Kamene, MP | | |
| 7. | Hon. Joshua Mbithi Mutua Mwalyo, MP | | |
| 8. | Hon. Anthony Tom Oluoch, MP | | |

ABSENT WITH APOLOGY

1. Hon. (Dr.) Wilberforce Ojiambo Oundo, MP
2. Hon. (Dr.) Beatrice Kahai Adagala, MP
3. Hon. Robert Githinji Gichimu, MP
4. Hon. Samuel Sakimba Parashina, MP
5. Hon. Adams Kipsanai, MP
6. Hon. Alfred Kiprono Mutai MP
7. Hon. Michael Wainaina Wambugu, MP

IN ATTENDANCE

A. COMMITTEE SECRETARIAT

- | | | | |
|----|---------------------|---|---------------------------------------|
| 1. | Ms. Laureen Wesonga | - | Clerk Assistant I |
| 2. | Ms. Carolyn Musyoka | - | Hansard Reporter II (Clerk Assistant) |
| 3. | Ms. Peter Wafula | - | Legal Counsel II |
| 4. | Mr. Daniel Psirmoi | - | Media Relations Officer III |
| 5. | Ms. Peris Kaburi | - | Assistant Serjeant-at-Arms II |
| 6. | Mr. Kelvin Lengasi | - | Audio Assistant |
| 7. | Ms. Maureen Kendi | - | Intern |

B. STAKEHOLDERS

1. Mr. Ronald Inyangala - Director, Financial & Sectoral Affairs, TNT
2. Mr. Kwame Chacha - Principal Legal Officer, KeNIA
3. Ms. Mary Chege - Deputy Director, Legal Services, MSEA
4. Hon. Moses Rotich - MCA, Kericho County
5. Mr. Phillip Gondi - Senior Innovation Officer, KeNIA
6. Ms. Sonia Claire Awino - Innovation Officer, KeNIA
7. Ms. Joyce Sanga - Principal Economist, TNT
8. Mr. Steve Omwonga - Administrative Legal Head, KeNIA

AGENDA

1. Prayer
2. Preliminaries/Adoption of the Agenda
3. Confirmation of Minutes
4. Matters Arising
5. **Stakeholder Engagement on the Micro and Small Enterprises (Amendment) Bill (National Assembly Bill No. 25 of 2025)**
6. Any other Business
7. Adjournment/Date of the Next Sitting

MIN. NO. NA/DDC/TIC/2026/26: PRELIMINARIES/ADOPTION OF THE AGENDA

The meeting was called to order at twenty minutes past ten O'clock with prayer by Hon. John Okano Bwire, MP.

The Agenda was adopted having been proposed by Hon. Adhe Wario Guyo, MP and seconded by Hon. Amos Mwago, MP.

The Chairperson requested everyone present in the meeting to introduce themselves before inviting the stakeholders to make their submissions.

MIN. NO. NA/DDC/TIC/2026/27: CONFIRMATION OF MINUTES

This agenda item was deferred.

MIN. NO. NA/DDC/TIC/2026/28: STAKEHOLDER ENGAGEMENT ON THE MICRO AND SMALL ENTERPRISES (AMENDMENT) BILL (N.A. BILL NO. 25 OF 2025)

1. The National Treasury (TNT)

Mr. Ronald Inyangala, Director for Financial & Sectoral Affairs informed the Committee that the National Treasury was proposing the following amendments to the Micro and Small Enterprises (Amendment) Bill, 2025:

- a) Amend definition of the word MSMEs to provide that where there is a conflict between turnover, number of employees and assets, the turnover will prevail in the classification of MSMEs.

- b) Provide definition of medium enterprises.
- c) Amend the turnover threshold of MSMEs as follows: Micro Kshs. 5 million, Small Kshs. 25 million and medium Kshs. 250 million.
- d) Provide that the CS responsible for matters relating to finance may establish the MSME Development Fund.

Members' Deliberations

- a) Mr. Inyangala informed the meeting that the National Treasury had no problem with the amendments proposed in the Bill.
- b) It is important to define MSMEs with their asset base, number of employees and turnover for provision of targeted interventions.
- c) The PFM Act, 2012 provides that all funds have to be established by the National Treasury but that doesn't mean that the funds are domiciled at the National Treasury.

2. The Kenya National Innovation Agency (KeNIA)

Mr. Kwame Chacha, Principal Legal Officer informed the meeting that KeNIA was proposing insertion of the following new paragraphs in the Bill:

- a) A paragraph providing for innovation support, incubation, commercialisation and competition.
- b) A paragraph providing for innovation challenges/hackathons to be compliant to KeNIA standards.
- c) A paragraph providing that advisories on incubation support should adhere to KeNIA advice on incorporation of IP and commercialisation.
- d) A paragraph providing for sharing of innovation related incubation and commercialisation data between MSEA and KeNIA.

Members' Deliberations

Mr. Chacha was requested to provide the specific sections of the Act that they were proposing to amend.

3. Hon. Moses Rotich

Hon. Rotich proposed the following amendments to the Bill:

- a) Include student entrepreneurs in the mandate of MSEA.
- b) Integrate with the HELB loan repayment to support student-led enterprises to encourage early HELB loan repayment.
- c) Offer training in product development, branding and marketing, provide seed funding and facilitate participation in government procurement.

Members Observation

From the presentation, Members observed that the Act does not hinder university students from doing business. University students are supported through the Youth Fund and other funds that are available to them.

4. Micro and Small Enterprises Authority (MSEA)

Ms. Mary Chege, Deputy Director for Legal Services informed the meeting that the State Department for MSMEs Development was undertaking a comprehensive review of the Act and therefore requested the Committee to give them more time to finalise. Some proposals in the Bill had already been captured in the State Department's proposals.

MIN. NO. NA/DDC/TIC/2026/29: ADJOURNMENT/DATE OF THE NEXT MEETING

There being no other business, the meeting was adjourned at eighteen minutes to one O'clock. The next meeting will be held on Tuesday, 3rd March 2026 at 10.00 am.

SIGNED:  DATE: 

HON. BERNARD MASAKA SHINALI, CBS, MP

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES



THIRTEENTH PARLIAMENT - FIFTH SESSION - 2026

DIRECTORATE OF DEPARTMENTAL COMMITTEES

**MINUTES OF THE 1ST SITTING OF THE DEPARTMENTAL COMMITTEE ON
TRADE, INDUSTRY AND COOPERATIVES HELD ON TUESDAY, 10TH
FEBRUARY 2026 IN COMMITTEE ROOM 18/19, THIRD FLOOR, BUNGE
TOWER AT 10:00 AM**

PRESENT

- | | | |
|--|---|--------------------|
| 1. Hon. Bernard Masaka Shinali, CBS, MP | – | Chairperson |
| 2. Hon. Robert Githinji Gichimu, MP | | |
| 3. Hon. (Dr.) Beatrice Kahai Adagala, MP | | |
| 4. Hon. Joyce Kamene, MP | | |
| 5. Hon. Joshua Mbithi Mutua Mwalyo, MP | | |
| 6. Hon. Adhe Wario Guyo, MP | | |
| 7. Hon. Michael Wainaina Wambugu, MP | | |

ABSENT WITH APOLOGY

- | | | |
|---|---|-------------------------|
| 1. Hon. Marianne Jebet Kitany, MP | – | Vice Chairperson |
| 2. Hon. (Dr.) Wilberforce Ojiambo Oundo, MP | | |
| 3. Hon. Anthony Tom Oluoch, MP | | |
| 4. Hon. Parashina Samuel Sakimba, MP | | |
| 5. Hon. Amos Maina Mwago, MP | | |
| 6. Hon. Adams Korir Kipsanai, MP | | |
| 7. Hon. John Okano Bwire, MP | | |
| 8. Hon. Alfred Kiprono Mutai, MP | | |

IN ATTENDANCE

COMMITTEE SECRETARIAT

- | | | |
|-------------------------|---|---------------------------------------|
| 1. Ms. Lauren Wesonga | - | Clerk Assistant I |
| 2. Ms. Carolyne Musyoka | - | Hansard Reporter II (Clerk Assistant) |
| 3. Ms. Doreen Karani | - | Principal Legal Counsel II |
| 4. Ms. Priscilla Saidi | - | Research Officer III |
| 5. Ms. Peris Kaburi | - | Serjeant-at-Arms |
| 6. Mr. Daniel Psirmoi | - | Media Relations Officer III |

AGENDA

1. Prayer
2. Preliminaries/Adoption of the Agenda
3. Confirmation of Minutes

4. Matters Arising
5. **Consideration and Adoption of the Draft Schedule of Activities**
6. **Briefing on the Micro and Small Enterprises (Amendment) Bill (National Assembly Bill No. 25 of 2025)**
7. Any other Business
8. Adjournment/Date of the Next Sitting

MIN. NO. NA/DDC/TIC/2026/01: PRELIMINARIES/ADOPTION OF THE AGENDA

The meeting was called to order at twenty-eight minutes past ten O'clock with prayer by Hon. Michael Wainaina Wambugu, MP.

The Chairperson welcomed Members to the Fifth Session of the Thirteenth Parliament and informed them that Ms. Laureen Wesonga had been assigned to the Committee as the Lead Clerk. Members welcomed Ms. Wesonga to the Committee.

The Agenda was adopted having been proposed by Hon. Michael Wainaina Wambugu, MP and seconded by Hon. Joyce Kamene, MP.

MIN. NO. NA/DDC/TIC/2026/02: CONSIDERATION AND ADOPTION OF THE DRAFT SCHEDULE OF ACTIVITIES

The Committee was taken through the draft schedule of activities where business pending before the Committee, status of the business and timelines for consideration of the business were listed.

COMMITTEE RESOLUTIONS

Members deliberated on the draft schedule of activities and resolved that:

1. The Committee will undertake public participation on the Street Vendors (Protection of Livelihood) Bill (Senate Bill No. 45 of 2025). The public participation will be conducted in three groups in the following regions: Kisumu, Kakamega, Eldoret, Nakuru, Nyeri, Meru, Machakos, Mombasa and Nairobi (KICC).
2. Members should be briefed on the Street Vendors (Protection of Livelihood) Bill (Senate Bill No. 45 of 2025) before public participation.
3. The Senate Amendments to the Cooperatives Bill (National Assembly Bill No. 7 of 2024) were substantive and will require the input of the Ministry before the Committee considers them. The Committee Secretariat was directed to write to the Ministry requesting for their views on the Senate amendments to the Bill.
4. The 2026 Budget Policy Statement should be included in the schedule of activities.
5. The Committee Secretariat should redraft the schedule of activities and present to the Committee in the next meeting for adoption.

MIN. NO. NA/DDC/TIC/2026/03: BRIEFING ON THE MICRO AND SMALL ENTERPRISES (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 25 OF 2025)

The Chairperson invited the Legal Counsel and the Research Officer to provide legal and policy briefs on the Micro and Small Enterprises (Amendment) Bill (National Assembly Bill No. 25 of 2025).

LEGAL BRIEF

The Legal Counsel informed the Committee that the Bill is sponsored by Hon. John Gitonga Mukunji, MP and it seeks to amend the Micro and Small Enterprises Act, Cap. 499C to require the Micro and Small Enterprises Authority to promote the marketing, development and branding of products and services by the micro and small enterprises to enhance their consumption in the local market. The amendment aims at strengthening the statutory mandate of the Micro and Small Enterprises Authority to support market development and domestic consumption of goods and services produced by local micro and small enterprises.

The Committee had received memoranda from the University of Nairobi African Women Studies Centre and Hon. Moses Cheruiyot Rotich from the Kericho County Assembly.

POLICY BRIEF

The Research Officer informed the Committee that the Micro and Small Enterprises Act, Cap. 499C; the draft MSME Policy, 2025; and the Kenya Micro and Small Enterprises Policy, 2020 are the legal provisions touching on the MSME sector in Kenya.

She provided a comparative analysis of legislations in the MSME sector in Kenya, Nigeria and Australia where she outlined the objectives, institutional frameworks, classification of MSMEs, registration of MSMEs, financing of MSMEs, innovation in the sector, trade and market access and challenges experienced by MSMEs in the three countries.

COMMITTEE RESOLUTIONS

Members deliberated on the legal and policy briefs on the Micro and Small Enterprises (Amendment) Bill (National Assembly Bill No. 25 of 2025) and resolved that:

1. The Committee Secretariat should invite stakeholders for a meeting to discuss the Bill on Thursday, 19th February, 2026.
2. The Research Officer should find out the functions of the bodies regulating the MSME sectors in Nigeria and Australia. This will guide the Committee when considering the Bill clause by clause.

MIN. NO. NA/DDC/TIC/2026/04: ADJOURNMENT/DATE OF THE NEXT MEETING

There being no other business, the meeting was adjourned at eleven minutes past twelve O'clock. The next meeting will be held on Thursday, 12th February 2026 at 10.00 am.

SIGNED:  **DATE:** 24/02/2026
HON. BENARD SHINALI, CBS, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES



REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY
 THIRTEENTH PARLIAMENT - FOURTH SESSION (2025)

IN THE MATTER OF ARTICLES 118(1)(b), 230(2)(b)(ii) AND 250(2)
 OF THE CONSTITUTION

AND

IN THE MATTER OF THE PUBLIC APPOINTMENTS (PARLIAMENTARY
 APPROVAL) ACT, CAP. 7F

AND

IN THE MATTER OF THE SALARIES AND REMUNERATION COMMISSION ACT,
 CAP. 412D

AND

IN THE MATTER OF APPROVAL BY THE NATIONAL ASSEMBLY OF A PERSON
 NOMINATED FOR APPOINTMENT AS A MEMBER OF THE SALARIES AND
 REMUNERATION COMMISSION

**NOTIFICATION OF APPROVAL HEARING AND INVITATION
 TO SUBMIT MEMORANDA**

WHEREAS, in accordance with provisions of Articles 230(2) and 250(2) of the Constitution and section 7(10) of the Salaries and Remuneration Commission, Cap. 412D, His Excellency the President is empowered to nominate and, with the approval of the National Assembly, appoint a Member of the Salaries and Remuneration Commission (SRC). In exercise of the said powers, His Excellency the President has nominated **Eng. Michael Thoyah Kingi** for appointment as a Member of the SRC, to represent the Public Service Commission;

AND WHEREAS, following receipt of the nomination from H.E. the President, the Hon. Speaker of the National Assembly vide a Communication made on **Tuesday, 7th October, 2025** conveyed the Message to the National Assembly and referred the name and *curriculum vitae* of the nominee to the **Departmental Committee on Labour** for consideration and reporting to the House;

IT IS NOTIFIED to the general public that pursuant to **Article 118(1)(b) of the Constitution and section 6(4) of the Public Appointments (Parliamentary Approval) Act, Cap. 7F**, the Departmental Committee shall conduct the Approval Hearing (Vetting) of the nominee on **Tuesday, 21st October, 2025** in the **Mini-Chamber, 1st Floor, County Hall, Parliament Buildings at 11:00 am**;

AND WHEREAS, section 6(9) of the Public Appointments (Parliamentary Approval) Act, Cap. 7F provides that **"any person may prior to the approval hearing and by written statement on oath, provide the Clerk with evidence contesting the suitability of a candidate to hold the office to which the candidate has been nominated"**;

IN COMPLIANCE with Article 118(1)(b) of the Constitution and section 6(9) of the Public Appointments (Parliamentary Approval) Act, Cap. 7F, the Clerk of the National Assembly hereby invites members of the public to submit any representations they may have, by way of **written statements on oath (affidavits) with supporting evidence contesting the suitability of the candidate** for appointment to the aforementioned office.

The memoranda may be forwarded to the **Clerk of the National Assembly, P.O. Box 41842-00100, Nairobi**; hand-delivered to the **Office of the Clerk, Main Parliament Buildings, Nairobi**; or emailed to cna@parliament.go.ke to be received on or before **Thursday, 16th October, 2025 by 5.00 p.m.**

IT IS FURTHER NOTIFIED THAT the nominee is required to:

(1) Appear for the approval hearings with his original identity card, academic and professional certificates and other relevant testimonials; and

(2) Obtain letters/certificates of compliance from the following institutions:

- (a) The Ethics and Anti-Corruption Commission;
- (b) The Kenya Revenue Authority;
- (c) The Higher Education Loans Board;
- (d) The Directorate of Criminal Investigations;
- (e) The Office of the Registrar of Political Parties;
- (f) The Commission for University Education;
- (g) A Credit Reference Bureau.

S. NJOROGE, CBS
CLERK OF THE NATIONAL ASSEMBLY

Thursday, 9th October, 2025

For the Welfare of Society and the just Government of the People



REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY
 THIRTEENTH PARLIAMENT - FOURTH SESSION (2025)

IN THE MATTER OF ARTICLE 118(1) (b) OF THE CONSTITUTION
 AND

IN THE MATTER OF CONSIDERATION BY THE NATIONAL ASSEMBLY OF—

- (1) **THE MICRO AND SMALL ENTERPRISES (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL No. 25 OF 2025);**
- (2) **THE NATIONAL ADDRESSING BILL (NATIONAL ASSEMBLY BILL No. 31 OF 2025); AND**
- (3) **THE HARM REDUCTION BILL (NATIONAL ASSEMBLY BILL No. 37 OF 2025)**

INVITATION TO SUBMIT MEMORANDA

WHEREAS, Article 118(1) (b) of the Constitution requires Parliament to facilitate public participation and involvement in the legislative and other business of Parliament and its Committees and Standing Order 127(3) of the National Assembly Standing Orders requires House Committees considering Bills to facilitate public participation;

AND WHEREAS the **Micro and Small Enterprises (Amendment) Bill (National Assembly Bill No. 25 of 2025)**; the **National Addressing Bill (National Assembly Bill No. 31 of 2025)**; and the **Harm Reduction Bill (National Assembly Bill No. 37 of 2025)** were read a First Time on 1st October, 2025 and referred to the relevant Departmental Committees for consideration and reporting back to the House;

IT IS NOTIFIED that—

(1) **The Micro and Small Enterprise (Amendment) Bill (National Assembly Bill No. 25 of 2025)**

is sponsored by **Hon. John Gitonga Mukunji, MP**. The Bill seeks to amend the Micro and Small Enterprises Act, Cap. 499C to require the Micro and Small Enterprises Authority to promote the marketing, development, and branding of products and services by the micro and small enterprises to enhance their consumption in the local market. The Bill also seeks to ensure collaboration with other agencies to promote the marketing and branding value addition of local enterprise products and services.

(2) **The National Addressing Bill (National Assembly Bill No. 31 of 2025)** is sponsored by **Hon. John Machua Waitthaka, MP** which seeks to—

- (a) Provide for the development, regulation and use of the National Addressing System by giving effect to paragraphs 18 (1) and 21 of Part 1 and paragraphs 8 (b) and (c) of Part 2 of the Fourth Schedule to the Constitution of Kenya;
- (b) Establish the National Addressing Council and the County Addressing Committees whose functions include creating and managing the Addressing System for the naming, numbering and allocation of addresses to streets and properties at the national and county level; and
- (c) Facilitate seamless identification and location of places which will subsequently improve the country's economy in terms of trade and revenue generation through e-commerce and enhanced tax collection.

(3) **The Harm Reduction Bill (National Assembly Bill No. 37 of 2025)** is sponsored by **Hon. Esther Muthoni Passaris, MP**. The Bill seeks to provide a framework for the delivery of harm reduction services within public health facilities in order to minimize drug-related deaths, drug overdose and transmission of infectious diseases through provision of harm reduction services including access to healthcare, social services, treatment and management of persons with substance-use disorders.

NOW THEREFORE, in compliance with Article 118(1) (b) of the Constitution and National Assembly Standing Order 127(3), the Clerk of the National Assembly invites the public and stakeholders to submit memoranda on the Bills to the respective Departmental Committees listed below—

S/No.	BILL	DEPARTMENTAL COMMITTEE
1.	The Micro and Small Enterprises (Amendment) Bill (National Assembly Bill No. 25 of 2025)	Trade, Industry and Co-operatives
2.	The National Addressing Bill (National Assembly Bill No. 31 of 2025)	Communication, Information and Innovation
3.	The Harm Reduction Bill (National Assembly Bill No. 37 of 2025)	Health

Copies of the Bills are available at the National Assembly Table Office, Main Parliament Building, and on www.parliament.go.ke/the-national-assembly/house-business/bills.

The memoranda may be forwarded to the **Clerk of the National Assembly, P.O. Box 41842-00100, Nairobi**; hand-delivered to the **Office of the Clerk, Main Parliament Building, Nairobi**; or emailed to cna@parliament.go.ke to be received on or before **Thursday, 23rd October, 2025 at 5.00 p.m.**

S. NJOROGE, CBS
CLERK OF THE NATIONAL ASSEMBLY

9th October, 2025

For the Welfare of Society and the just Government of the People



**THE NATIONAL ASSEMBLY
OFFICE OF THE CLERK**

P. O. Box 41842-00100
Nairobi, Kenya
Main Parliament Buildings

Telephone: +254202848000 ext. 3300
Email: cna@parliament.go.ke
www.parliament.go.ke/the-national-assembly

When replying, please quote

Ref: NA/DDC/TIC/2026/001

11th February, 2026

Dr. Chris Kiptoo, CBS
Principal Secretary
The National Treasury
The National Treasury &
Economic Planning
Treasury Building, Harambee Avenue
NAIROBI

Ms. Susan Mang'eni, CBS
Principal Secretary
State Department for Micro, Small and Medium
Enterprises Development
Ministry of Cooperatives and MSMEs
Prism Tower, Third Ngong Avenue
NAIROBI

Mr. David Mugonyi
Director General
Communication Authority of Kenya
CA Centre, Waiyaki Way, Westlands
NAIROBI

Dr. Tonny K. Omwansa, PhD
Chief Executive Officer
Kenya National Innovation Agency (KeNIA)
2nd Floor, Rainbow Towers, Westlands
NAIROBI

Dr. Agnes K. Meroka-Mutua
African Women Studies Centre
Women's Economic Empowerment Hub
University of Nairobi
University Way
NAIROBI

Hon. Moses Cheruiyot Rotich
Kericho County Assembly
P.O. Box 112 – 20200
KERICHO

Dear *Ms Mang'eni*

**RE: MEETING WITH THE DEPARTMENTAL COMMITTEE ON TRADE,
INDUSTRY AND COOPERATIVES TO DISCUSS THE MICRO AND
SMALL ENTERPRISES (AMENDMENT) BILL (NATIONAL ASSEMBLY
BILL NO. 25 OF 2025)**

The Departmental Committee on Trade, Industry and Cooperatives is established pursuant to Standing Order 216 of the National Assembly Standing Orders, and mandated *inter alia* 'to study and review all the legislation referred to it'.

Pursuant to the cited mandate, the Committee is in the process of considering the Micro and Small Enterprises (Amendment) Bill (National Assembly Bill No. 25 of 2025) (*copy attached*).

The Bill seeks to amend the Micro and Small Enterprises Act, Cap. 499C to require the Micro and Small Enterprises Authority to promote the marketing, development, and branding of products and services by the micro and small enterprises to enhance their consumption in the local market.

In compliance with the provisions of Article 118(1)(b) of the Constitution, the Committee invites you to a meeting to discuss the said Bill. The meeting will be held on **Thursday, 19th February 2026** at **10.00 am** at a venue to be communicated within the precincts of Parliament.

You are requested to submit electronic copies of your submissions to the Committee through the Office of the Clerk via email address cna@parliament.go.ke by **Wednesday, 18th February, 2026** and provide twenty (20) hard copies of the submissions during the meeting.

The liaison officers for this meeting are **Mr. Benjamin Magut, Head of Department (Economic Sector)** who may be contacted on tel. no. **0712974966** or email address: benjamin.magut@parliament.go.ke and **Ms. Lauren Wesonga, Clerk Assistant I** who may be contacted on tel. no. **0710820442** or email address: laureen.wesonga@parliament.go.ke.

Yours



JEREMIAH W. NDOMBI, MBS
For: CLERK OF THE NATIONAL ASSEMBLY

Copy to:

Hon. FCPA Wycliffe Ambetsa Oparanya, EGH
Cabinet Secretary
Ministry of Cooperatives and MSMEs
NSSF Building, Bishop Road
NAIROBI

Hon. FCPA John Mbadi Ng'ong'o, EGH
Cabinet Secretary
The National Treasury and Economic Planning
Treasury Building, Harambee Avenue
NAIROBI

CPA Dr. Aurelia C. Rono, CBS
Principal Secretary
State Department for Parliamentary Affairs
Office of the Prime Cabinet Secretary
Kenya Railways, Block A, Haile Selassie Avenue
NAIROBI



**THE NATIONAL ASSEMBLY
OFFICE OF THE CLERK**

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www.parliament.go.ke/the-national-assembly

When replying, please quote
Ref: **NA/DDC/TIC/2026/004**

17th February, 2026

Dr. Chris Kiptoo, CBS
Principal Secretary
The National Treasury
The National Treasury &
Economic Planning
Treasury Building, Harambee Avenue
NAIROBI

Mr. David Mugonyi
Director General
Communication Authority of Kenya
CA Centre, Waiyaki Way, Westlands
NAIROBI

Dr. Agnes K. Meroka-Mutua
African Women Studies Centre
Women's Economic Empowerment Hub
University of Nairobi
University Way
NAIROBI

Dear *PS,*

**RE: MEETING WITH THE DEPARTMENTAL COMMITTEE ON TRADE,
INDUSTRY AND COOPERATIVES TO DISCUSS THE MICRO AND
SMALL ENTERPRISES (AMENDMENT) BILL (NATIONAL ASSEMBLY
BILL NO. 25 OF 2025)**

Our letter, Ref: No. **NA/DDC/TIC/2026/001** dated **11th February 2026** on the above subject refers (*copy attached*).

This is to inform you that due to unavoidable circumstances, the Committee has rescheduled the meeting to **Thursday, 26th February, 2026** at **10.00 a.m.** at a venue to be communicated within the precincts of Parliament. We regret any inconvenience caused.

The liaison officers for this meeting are **Mr. Benjamin Magut, Head of Department (Economic Sector)** who may be contacted on tel. no. **0712974966** or email address: benjamin.magut@parliament.go.ke and **Ms. Laureen Wesonga, Clerk Assistant I**

who may be contacted on tel. no. **0710820442** or email address:
laureen.wesonga@parliament.go.ke

Yours

Sincerely,


Samuel Njoroge, CBS
For: CLERK OF THE NATIONAL ASSEMBLY

Copies to:

Hon. FCPA Wycliffe Ambetsa Oparanya, EGH
Cabinet Secretary
Ministry of Cooperatives and MSMEs
NSSF Building, Bishop Road
NAIROBI

Hon. FCPA John Mbadi Ng'ong'o, EGH
Cabinet Secretary
The National Treasury and Economic Planning
Treasury Building, Harambee Avenue
NAIROBI

CPA Dr. Aurelia C. Rono, CBS
Principal Secretary
State Department for Parliamentary Affairs
Office of the Prime Cabinet Secretary
Kenya Railways, Block A, Haile Selassie Avenue
NAIROBI

SPECIAL ISSUE

Kenya Gazette Supplement No. 93 (National Assembly Bills No. 25)



REPUBLIC OF KENYA

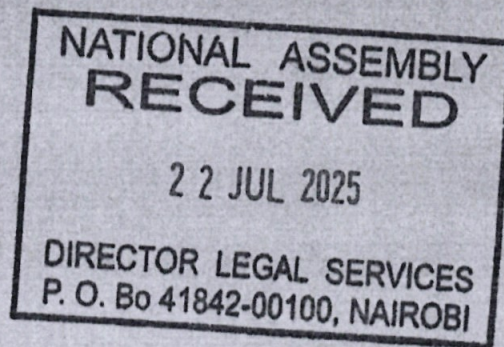
KENYA GAZETTE SUPPLEMENT

NATIONAL ASSEMBLY BILLS, 2025

NAIROBI, 20th June, 2025

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NATIONAL ASSEMBLY
RECEIVED
17 MAR 1975
DIRECTOR LEGAL SERVICES
P. O. Box 41842-00100 NAIROBI

**THE MICRO AND SMALL ENTERPRISES
(AMENDMENT) BILL, 2025**

A Bill for

**AN ACT of Parliament to amend the Micro and Small
Enterprises Act, and for connected purposes**

ENACTED by the Parliament of Kenya, as follows—

1. This Act may be cited as the Micro and Small Enterprises (Amendment) Act, 2025. Short title.

2. The Micro and Small Enterprises Act, (in this Act referred to as the "principal Act") is amended in section 31 by inserting the following new paragraphs immediately after paragraph (f)— Amendment of
section 31 of Cap.
499C.

“(fa) advocate, coordinate, harmonize, implement and promote national branding initiatives and policies to promote the consumption of local enterprises products in Kenyan markets;

(fb) advise local micro and small enterprises on technology upgrading, quality and design improvement, standards and product development, and innovation in consultation with the Kenya Innovation Agency, Information and Communication Authorities and other relevant agencies;

(fc) collaborate with relevant agencies to promote the consumption of goods and services produced by local micro and small enterprises;

(fd) provide customized advisory services to local farm enterprises and consumers on the quality of produce and products upon request.”

(fe) collaborate with other agencies to provide support and advisory services to local farm enterprises on the quality produce and products;”

3. Section 74 of the principal Act is amended in subsection (2) by inserting the following new paragraphs immediately after paragraph (b)—

Amendment of
section 74 of Cap.
499C.

- “(ba) prescribing the mechanism for the development, marketing and branding of products by local enterprises and micro and small enterprises;
- (bb) prescribing affirmative action to promote the local consumption of goods and services produced by micro and small enterprises;”

MEMORANDUM OF OBJECTS AND REASONS

Statement of objects and reasons

The principal object of the Bill is to amend the Micro and Small Enterprises Act, Cap. 499C to require the Micro and Small Enterprises Authority to promote the marketing, development, and branding of products and services by the micro and small enterprises to enhance their consumption in the local market.

Clause 2 of the Bill, proposes to amend section 31 of the principal Act to require the Micro and Small Enterprises Authority to collaborate with other agencies to promote the marketing and branding value addition of local enterprise products and services.

Clause 3 of the Bill proposes to amend Section 74 of the Principal Act to require the Cabinet Secretary with the advice of the Authority, to make regulations to prescribe the mechanism for development, and affirmative action on the local enterprises' products and services to enhance their consumption in Kenya.

Statement on the delegation of legislative powers and limitation of fundamental rights and freedoms

The Bill delegates legislative powers but does not contain any provisions limiting any fundamental rights or freedoms.

Indication of whether the Bill concerns county governments

The Bill seeks to amend the Micro and Small Enterprises Act, Cap. 499C to require the Micro and Small Enterprises Authority to collaborate with other agencies to promote marketing value addition, branding and local consumption of locally manufactured goods and services.

Paragraph 7 of Part 2 of the Fourth Schedule to the Constitution provides that trade development and regulations including markets, is a function of county governments.

In view of this, the Bill does concern county governments in terms of Article 110(1)(a) of the Constitution as it does affect the functions and powers of county governments recognized in the Fourth Schedule to the Constitution.

Statement as to whether the Bill is a money Bill within the meaning of Article 114 of the Constitution

The enactment of this Bill will not occasion additional expenditure of public funds.

Dated the 4th June, 2025

MUKUNJI JOHN GITONGA,
Member of Parliament.

Section 31 of Cap. 499C which it is proposed to amend—

Functions of the Authority

The functions of the Authority shall be to—

- (a) formulate and review policies and programs for micro and small enterprises;
- (b) monitor and evaluate the implementation of existing policies and programmes related to, or affecting, micro and small enterprises and advise the Government on appropriate policies and course of action to be taken;
- (c) coordinate, harmonize and facilitate the integration of various public and private sector activities, programmes, and development plans relating to micro and small enterprises;
- (d) promote and facilitate research, product development and patenting in the micro and small enterprises sector;
- (e) promote the mainstreaming of youth, gender and persons with disabilities in all micro and small enterprises activities and programs;
- (f) mobilize resources for the development of micro and small enterprise sector;
- (g) promote access to markets by micro and small enterprises;
- (h) promote innovation and development of products by micro and small enterprises;
- (i) formulate capacity building programmes for micro and small enterprises;
- (j) facilitate technology development, acquisition, and transfer by micro and small enterprises;
- (k) develop mechanisms, tools and programs for collection of comprehensive data disaggregated by sex, region and age among others, in collaboration with key stakeholders, to enable proper planning for the micro and small enterprises sector.

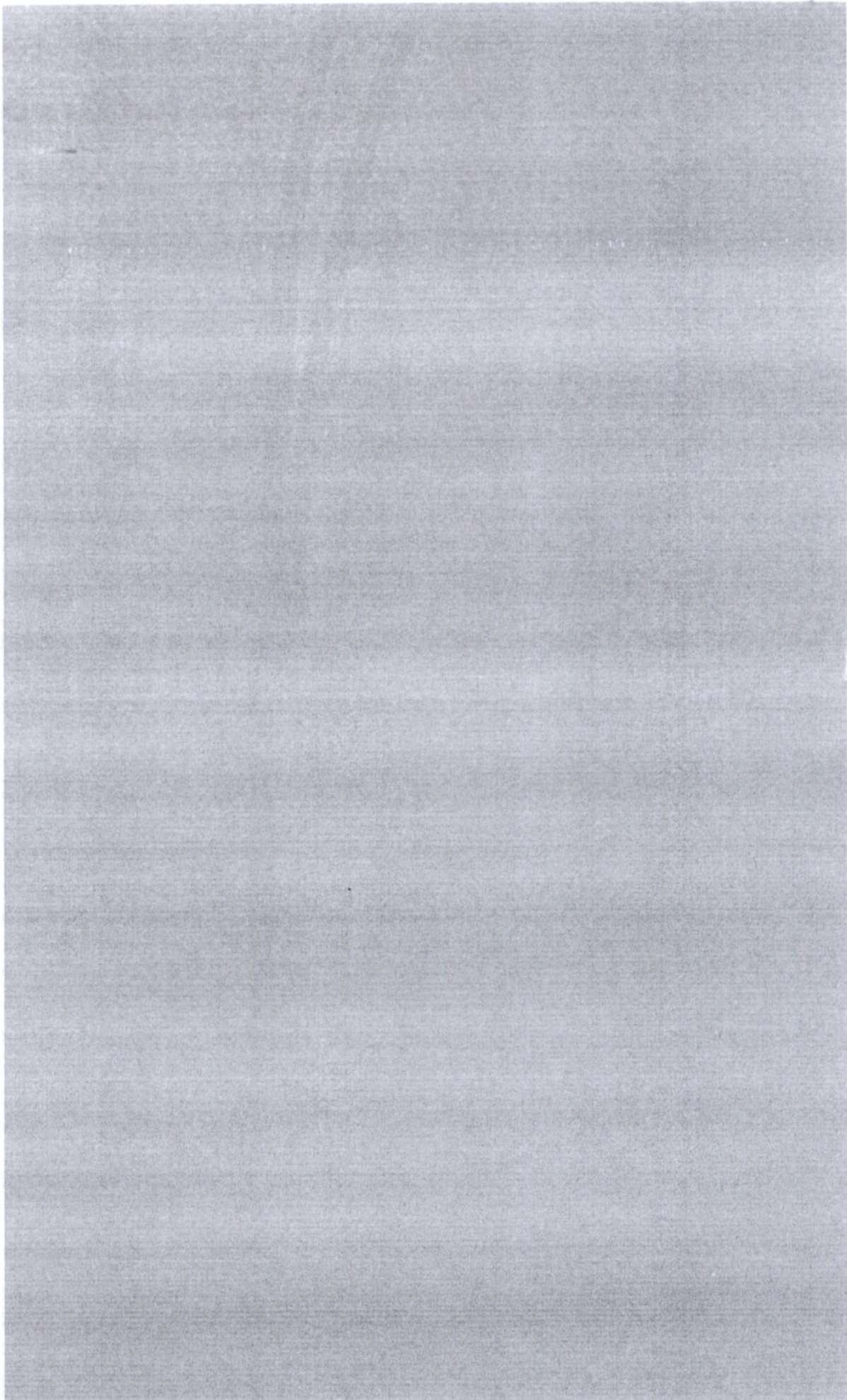
Section 74 of Cap. 499C which it is proposed to amend—

Regulations

74. (1) The Cabinet Secretary may, in consultation with the Authority, make Regulations for prescribing anything which under this Act may be prescribed, and generally for the better carrying into effect the provisions of this Act.

(2) Without prejudice to the generality of subsection (1), Regulations made under this section may provide for all or any of the following matters—

- (a) forms and fees or any levies to be used under this Act;
- (b) regulation and licensing of business development service providers;
- (c) access of loans granted under section 53(2) by micro and small enterprises;
- (d) prescribing the form of accounts to be used by associations or umbrella organization;
- (e) securing the submission to the Registrar of periodical returns relating to the constitution, rules, membership and management of associations or umbrella organization;
- (f) prescribing penalties for the breach of any such regulations.



Micro and Small Enterprises (Amendment) Bill, 2025- Departmental Committee on Trade, Industry and Cooperatives
MICRO AND SMALL ENTERPRISES (AMENDMENT) BILL, 2025
PUBLIC PARTICIPATION MATRIX

Submitted to: Departmental Committee on Trade, Industry and Cooperatives, National Assembly

Scope Note: *The Bill's purpose is to promote consumption of goods and services produced by local MSMEs. All proposed amendments have been tested against this purpose. Standing Order 133(5) prohibits amendments that go beyond the subject matter of the Bill or expand the bill unreasonably. This principle has been applied consistently throughout.*

CLAUSE	PRINCIPAL ACT (Original Provision)	AMENDMENT BILL (Proposed Provision)	STAKEHOLDER VIEWS & OBSERVATIONS	COMMITTEE OBSERVATIONS
<p>Proposed Section 31(fa) [NEW CLAUSE]</p> <p>National Branding</p>	<p>NOT IN PRINCIPAL ACT</p> <p>Nearest equivalent:</p> <p>s.31(g): Promote access to markets by micro and small enterprises.</p> <p>s.31(f): Mobilize resources for the development of micro and small enterprise sector.</p>	<p>advocate, coordinate, harmonize, implement and promote national branding initiatives and policies to promote the consumption of local enterprises products in Kenyan markets</p>	<p>AWSC-WEE Hub:</p> <p>The provision should expressly incorporate promotion of women-led enterprises within national branding initiatives. Women-led MSEs face structural barriers including limited market access and weak market linkages. Without explicit inclusion, the clause risks benefiting only well-resourced enterprises.</p> <p><i>Proposed insertion: "...including use of Affirmative Action and promotion of women-led enterprises, within Kenyan markets."</i></p>	<p>DRAFTING AMENDMENT:</p> <p>The clause as drafted by the Bill referred to "local enterprises' products." The Committee recommends this be amended to read "goods and services produced by local enterprises" for consistency with commercial law usage and clarity of scope.</p> <p>ON AWSC'S GENDER PROPOSAL:</p> <p>The clause addresses a genuine gap in the Principal Act. While section 31(g) covers market access, it does not provide for active branding promotion. The new clause is constitutionally grounded in Article 43 (economic rights) and aligns with Vision 2030 enterprise competitiveness goals.</p> <p>The Committee observes that section 31(e) of the Principal Act already provides for the promotion of the mainstreaming of youth, gender and persons with disabilities in ALL MSEA activities and programmes. Section 31(e) therefore applies automatically to this new clause and to every other new clause introduced by this Bill.</p> <p>The Committee further observes that AWSC's submission is evidence that section 31(e) is being ignored in implementation — not that it is insufficient as law. The solution to poor implementation of section 31(e) is</p>

CLAUSE	PRINCIPAL ACT (Original Provision)	AMENDMENT BILL (Proposed Provision)	STAKEHOLDER VIEWS & OBSERVATIONS	COMMITTEE OBSERVATIONS
				<p>not to repeat the gender obligation in every new subsection but to enforce section 31(e) properly.</p> <p>Section 31(e) names youth and persons with disabilities equally alongside gender. There is no principled basis for requesting the inclusion of women without equally requesting the inclusion of youth and PWDs. AWSC has not advanced such a case. Adding women alone would be internally inconsistent with section 31(e).</p> <p>The AWSC gender mainstreaming proposal, while legitimate in spirit, is outside the scope of this Bill. Standing Order 133(5) prohibits amendments that go beyond the subject matter of the Bill or expand it unreasonably. This Bill has a specific and narrow purpose — to promote consumption of goods and services produced by local MSMEs. AWSC's proposal is accordingly declined.</p> <p>MSEA should be directed to ensure full and effective implementation of section 31(e) of the Principal Act in executing this function.</p>
<p>Proposed Section 31(fb) <i>[NEW CLAUSE]</i> Technology, Innovation & Advisory</p>	<p>s.31(h): Promote innovation and development of products by micro and small enterprises.</p> <p>s.31(j): Formulate capacity building programmes; facilitate technology development,</p>	<p>Advise local micro and small enterprises on technology upgrading, quality and design improvement, standards and product development, innovation in consultation with the Kenya Innovation Agency, Information and Communication</p>	<p>AWSC–WEE Hub: Proposes the clause be expanded to—</p> <ul style="list-style-type: none"> • Ensure programs are gender-responsive and inclusive of women-led enterprises; • Facilitate equitable access to innovation hubs and digital infrastructure for women entrepreneurs; • Provide targeted capacity-building tailored to women-led MSEs; 	<p>This clause has attracted the most contentious submissions in the Bill.</p> <p>ON AWSC'S PROPOSALS</p> <p>The proposals go well beyond what is intended in this clause which provides only for advisory services to small businesses on technology upgrading and product improvement. AWSC proposes establishing full innovation support programmes, mandating gender-responsive monitoring and facilitating access to innovation hubs and digital infrastructure- all of which are physical and institutional resources that go beyond advisory services.</p>

CLAUSE	PRINCIPAL ACT (Original Provision)	AMENDMENT BILL (Proposed Provision)	STAKEHOLDER VIEWS & OBSERVATIONS	COMMITTEE OBSERVATIONS
	<p>acquisition and transfer by micro and small enterprises.</p>	<p>Authorities and other relevant agencies.</p>	<ul style="list-style-type: none"> • Mandate annual monitoring and reporting disaggregated by gender. <p>KeNIA — Coordination Clause: <i>"In implementing programmes relating to innovation support, incubation, commercialization, technology transfer or innovation challenges, the Authority shall collaborate and coordinate with the Kenya National Innovation Agency within the framework of the National Innovation System established under the STI Act."</i></p> <p>KeNIA — Advisory Alignment: <i>"Advisory, incubation and commercialization support provided under this Act shall incorporate intellectual property awareness and protection, commercialization readiness assessment and guidance, technology validation support, in alignment with guidelines issued under the STI Act."</i></p>	<p>Targeted capacity building for women-led MSEs is already within MSEA's existing mandate under section 31(j) of the Principal Act. Data disaggregated by sex is already required under section 31(k). Section 31(e) already mandates gender mainstreaming across all MSEA functions. These asks are redundant in law and are outside the scope of this Bill contrary to Standing Order 133(5).</p> <p>ON KeNIA'S COORDINATION CLAUSE:</p> <p>The Bill already requires consultation with KeNIA within the clause itself. The proposed coordination clause invents functions (incubation, commercialisation, innovation competitions) that the Bill does not assign to MSEA. MSEA is advising small businesses on technology upgrading and product improvement while already being required to consult KeNIA. KeNIA's proposed clause responds to functions that do not exist in the Bill. Inserting an additional mandatory collaboration obligation for functions the Bill does not assign to MSEA would introduce those functions into MSEA's mandate through the back door.</p> <p>ON KeNIA'S ADVISORY ALIGNMENT</p> <p>MSEA is a creature of the MSE Act, not the STI Act. Guidelines issued under the STI Act bind KeNIA. Guidelines are also not law. They are internal administrative documents, not subject to parliamentary scrutiny, and are changeable entirely at KeNIA's discretion. Subjecting MSEA's statutory advisory functions to such guidelines without express parliamentary authorisation would be legally irregular. Furthermore the Bill does not assign MSEA incubation or commercialisation functions and the proposed clause therefore misstates MSEA's mandate. When MSEA advises a small manufacturer on product upgrading, that is MSEA performing its enterprise development function. It happens to involve innovation and that does not give KeNIA authority to supervise it.</p>

CLAUSE	PRINCIPAL ACT (Original Provision)	AMENDMENT BILL (Proposed Provision)	STAKEHOLDER VIEWS & OBSERVATIONS	COMMITTEE OBSERVATIONS
			<p>KeNIA — Data Sharing: <i>"The Authority shall share innovation-related incubation and commercialisation data with the Kenya National Innovation Agency for purposes of coordination, monitoring and evaluation of the National Innovation System."</i></p> <p>KeNIA — Hackathon Governance: <i>"Any innovation challenge, hackathon, or competitive innovation programme conducted under this Act shall comply with national innovation governance standards as prescribed by the Kenya National Innovation Agency."</i></p>	<p>ON KeNIA'S DATA SHARING</p> <p>MSEA does not have incubation functions under this Bill and therefore holds no incubation data to share. The obligation is entirely one-directional, positioning KeNIA as a monitoring body over MSEA without any statutory basis for that relationship. Even if MSEA were to share data, small businesses share commercially sensitive information with MSEA expecting it to remain within MSEA. The proposal makes no provision for the protection of such data in accordance with the Data Protection Act, 2019. The purpose stated for sharing of data, that is, monitoring and evaluation of the National Innovation System, is KeNIA's own internal function under the STI Act and cannot create mandatory obligations on a separate statutory body. Any data sharing between MSEA and KeNIA may be governed by a Memorandum of Understanding negotiated between the two agencies, based on mutual exchange and subject to the Data Protection Act, 2019.</p> <p>ON KeNIA'S HACKATHON GOVERNANCE</p> <p>The Bill does not give MSEA the function of conducting innovation challenges, hackathons or competitive innovation programmes. Those words do not appear in the clause being amended. KeNIA has invented a function, attached it to MSEA, and proposed to regulate it all in the same breath. The proposed safeguard clause has no basis in the Bill as drafted. Furthermore, requiring compliance with standards "as prescribed by the Kenya National Innovation Agency" without those standards being published, debated or made through proper regulation does not meet the standard of legal certainty required for binding obligations on a statutory authority.</p>
<p>Proposed Section 31(fc) <i>[NEW CLAUSE]</i></p>	<p>s.31(g): Promote access to markets by micro</p>	<p>Collaborate with relevant agencies to promote the consumption of goods and services produced</p>	<p>AWSC-WEE Hub: The clause should explicitly name women-led enterprises as a beneficiary category. The absence of</p>	<p>The clause is a logical extension of section 31(g) of the Principal Act and reflects inter-agency coordination principles consistent with the Constitution's whole-of-government approach.</p>

CLAUSE	PRINCIPAL ACT (Original Provision)	AMENDMENT BILL (Proposed Provision)	STAKEHOLDER VIEWS & OBSERVATIONS	COMMITTEE OBSERVATIONS
<p>Market Promotion — Agency Collaboration</p>	<p>and small enterprises.</p> <p>s.31(c): Coordinate, harmonize and facilitate integration of various public and private sector activities relating to MSEs.</p>	<p>by local micro and small enterprises.</p>	<p>express mention risks their exclusion from marketing and promotion initiatives, since implementing agencies tend to default to general or male-dominated enterprise groupings.</p> <p><i>Proposed insertion: "...including women-led enterprises."</i></p>	<p>ON AWSC'S GENDER PROPOSAL</p> <p>Section 31(e) of the Principal Act already mandates mainstreaming of youth, gender and persons with disabilities across all MSEA activities including this clause. AWSC's gender mainstreaming ask, while legitimate in spirit, is outside the scope of this Bill and unnecessary in law for the same reasons stated at section 31(fa) above.</p>
<p>Section 31(fd) <i>[NEW CLAUSE]</i> Farm Advisory Services</p>	<p>NOT IN PRINCIPAL ACT</p> <p>Nearest equivalent: s.31(j): Facilitate technology development, acquisition and transfer by MSEs.</p>	<p>Provide customized advisory services to local farm enterprises and consumers on the quality of produce and products upon request.</p>	<p>AWSC–WEE Hub:</p> <p>This section should be deleted in its entirety. It duplicates section 31(fe) of the Amendment Bill which already covers the delivery of advisory services to local farm enterprises. Retaining both creates unnecessary redundancy and potential interpretive conflict in implementation.</p>	<p>AWSC's proposed deletion is well-reasoned. Sections 31(fd) and 31(fe) substantially overlap as both deal with advisory services to local farm enterprises on quality of produce. The differences between them are minor and insufficient to justify two separate paragraphs. Such legislative redundancy will create confusion about which clause applies and which department leads implementation.</p> <p>However, section 31(fd) contains the word "consumers" which section 31(fe) does not. The deletion of section 31(fd) is therefore conditional on the simultaneous amendment of section 31(fe) to absorb the reference to consumers. The two amendments are inseparable and must be effected together.</p>
<p>Section 31(fe) <i>[NEW CLAUSE — revised]</i> Farm/Consumer Advisory</p>	<p><i>[No direct farm advisory provision in Principal Act]</i></p> <p>Nearest equivalent: s.31(g): Promote access to markets by</p>	<p>Collaborate with other agencies to provide support and advisory services to local farm enterprises on the quality of produce and products.</p>	<p>AWSC–WEE Hub:</p> <p>The section should be amended to—</p> <p>(1) Include the word "consumers" to preserve advisory access for end consumers from the deleted section 31(fd);</p>	<p>Addition of "consumers":</p> <p>This is a necessary consequential amendment in the event of deletion of section 31(fd). Section 31(fd) contained an explicit reference to consumers which must be preserved in section 31(fe) to avoid a gap in protection. The two amendments are inseparable.</p> <p>On the proposal to include women led enterprises-</p>

CLAUSE	PRINCIPAL ACT (Original Provision)	AMENDMENT BILL (Proposed Provision)	STAKEHOLDER VIEWS & OBSERVATIONS	COMMITTEE OBSERVATIONS
	micro and small enterprises.		<p>(2) Add "women-led enterprises" to guarantee that advisory functions extend equitably to women entrepreneurs in the agricultural sector.</p> <p><i>Proposed wording: "Collaborate with other agencies to provide support and advisory services to local farm enterprises, including women-led enterprises and consumers on the quality produce and products."</i></p>	<p>Section 31(e) of the Principal Act already mandates mainstreaming of youth, gender and persons with disabilities across all MSEA functions including this clause. The AWSC gender mainstreaming ask is outside the scope of this Bill contrary to Standing Order 133(5), and unnecessary in law for the same reasons stated at section 31(fa) above.</p> <p>DRAFTING CORRECTION:</p> <p>The Bill text reads "quality produce and products" the word "of" is missing and the punctuation is defective. The clause shall be amended to read:</p> <p><i>"Collaborate with other agencies to provide support and advisory services to local farm enterprises and consumers, on the quality of produce and products."</i></p>
<p>Section 74(ba) [NEW REGULATION] Branding & Marketing Mechanisms</p>	<p>s.74(2): Regulations may provide for—</p> <p>(a) forms and fees;</p> <p>(b) regulation and licensing of BDS providers;</p> <p>(c) access of loans under s.53(2);</p> <p>(d) form of accounts for associations;</p> <p>(e) periodical returns to the Registrar;</p> <p>(f) penalties for breach.</p>	<p>Prescribing the mechanism for the development, marketing and branding of products by local micro and small enterprises.</p>	<p>AWSC–WEE Hub:</p> <p>The regulation should include gender-responsive mechanisms. AWSC proposes expanding the clause to include:</p> <p>(i) Strategies to enhance visibility and competitiveness of MSE products;</p> <p>(ii) Programs supporting product design, packaging, certification and branding;</p> <p>(iii) Gender-inclusive frameworks promoting women-led enterprises in product development, marketing and branding;</p>	<p>The current regulation is appropriately drafted in general terms, providing the Cabinet Secretary with necessary flexibility to prescribe mechanisms suited to evolving market conditions. Regulations under section 74 are enabling and operational in character and they are not the appropriate vehicle for programme-defining obligations.</p> <p>AWSC's proposed expansion converts a single regulatory prescription into a five-part policy programme. Elements such as digital platforms, financial linkages and mentorship are better placed in operational guidelines rather than primary regulation or its enabling clause.</p> <p>Furthermore, elements (iii), (iv) and (v) introduce women-only provisions yet internally section 31(e) of the Principal Act covers youth, gender and persons with disabilities equally.</p> <p><i>The Cabinet Secretary may be directed to, in making regulations under this clause, ensure that such regulations are consistent with section 31(e) of the Principal Act and provide for the participation of women, youth and persons with disabilities in branding and marketing initiatives.</i></p>

CLAUSE	PRINCIPAL ACT (Original Provision)	AMENDMENT BILL (Proposed Provision)	STAKEHOLDER VIEWS & OBSERVATIONS	COMMITTEE OBSERVATIONS
	[No branding or marketing regulation in Principal Act]		<p>(iv) Access to digital platforms and promotional hubs for women-led enterprises;</p> <p>(v) Targeted training, mentorship and financial linkages for women-led MSEs.</p>	
<p>Section 74(bb) [NEW REGULATION] Affirmative Action — Local Goods Consumption</p>	<p>NOT IN PRINCIPAL ACT Nearest equivalent: s.31(e): Promote the mainstreaming of youth, gender and persons with disabilities in all MSE activities and programs.</p>	<p>AS DRAFTED: Prescribing affirmative action to promote the local consumption of goods and services produced by micro and small enterprises.</p>	<p>AWSC–WEE Hub: The regulation is a positive step but should be strengthened by explicitly naming the groups intended to benefit. Without specificity, implementing agencies may interpret "affirmative action" narrowly or inconsistently.</p> <p><i>Proposed wording: "Prescribing Affirmative Action to promote the local consumption of goods and services produced by micro and small enterprises, with priority given to women, youth, and persons with disabilities."</i></p> <p>Rationale: Explicit identification ensures promotional and procurement initiatives effectively target women-led enterprises, youth-owned businesses and PWD-owned enterprises.</p>	<p>The regulation is constitutionally grounded in Article 27 (equality and non-discrimination), Article 55 (youth empowerment) and Article 54 (rights of persons with disabilities). Without naming specific groups the Cabinet Secretary retains unlimited discretion as to who benefits defeating the purpose of an affirmative action clause.</p> <p>This submission names women, youth AND persons with disabilities together, which is fully consistent with section 31(e) of the Principal Act and does not create the internal inconsistency that affects AWSC's other proposals. The Committee may therefore accept this amendment. To ensure the list remains inclusive rather than exhaustive, the Committee may recommend the addition of the words "and other marginalised groups" after persons with disabilities.</p> <p>The clause may be amended to read:</p> <p><i>"Prescribing Affirmative Action to promote the local consumption of goods and services produced by micro and small enterprises, with priority given to women, youth, persons with disabilities, and other marginalised groups."</i></p>

OTHER SUBMISSIONS

I. THE NATIONAL TREASURY

The Committee notes the submission dated 19th February 2026 by the Principal Secretary, National Treasury, Ref. TNT/CONF/321/02/B/TYIII/(81). Treasury's four proposals are —

- a) that turnover shall prevail in classification conflicts between turnover, employees and assets. The MSME Bill No. 25 of 2025 **does not touch the definition** section or classification criteria at all. This is completely **outside the Bill's scope**.
- b) that medium enterprises be defined in the MSE Act. Again the Bill does not touch definitions.
- c) revised turnover thresholds for Micro, Small and Medium enterprises. The Bill **does not touch thresholds**.
- d) The Cabinet Secretary for Finance to establish an MSME Development Fund by amending section 51. The Bill does not touch section 51 or the Fund.

All four Treasury proposals fail to comply with Standing Order 133(5) in their entirety. The Committee notes, however, that the concerns raised by the National Treasury are substantive and administratively significant, particularly the implementation difficulties arising from conflicting classification criteria under the MSE Act and the PFM Act, Cap. 412A, which have impeded accurate reporting on government financial inclusion initiatives including the Credit Guarantee Scheme. These are matters that warrant dedicated legislative attention.

2. THE STATE DEPARTMENT FOR MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT

The Committee notes the submission dated 20th February 2026 by the Principal Secretary, State Department for Micro, Small and Medium Enterprises Development, Ref. MC/SD/MSME/ADM/1/95 (44). The State Department's expression of **support for the amendments proposed under the Bill** relating to national branding, marketing, consumption promotion and county government collaboration in trade fairs is noted. Those proposals fall squarely within the subject matter of the Bill and require no further examination on grounds of scope.

However, the Committee observes that appended to the said submission is a document titled "The Micro, Small and Medium Enterprises (Amendment) Bill, 2026" (hereinafter referred to as "the Ministry Draft") which the State Department has presented as additional proposals for the Committee's consideration.

The Committee may consider -

1. the Ministry Draft is **not a submission on the Bill**. It is a self-contained legislative instrument with its own long title, objects and reasons, and operative provisions. It proposes amendments to at least thirty sections of the Micro and Small Enterprises Act, Cap. 499C, the overwhelming majority of which are not touched by the Bill under review. These include, without limitation, amendments to definitions under section 2, the registration framework under sections 4, 6 and 7, the governance and composition of the Authority under section 30, the infrastructure mandate under sections 46 and 47, the establishment of a single MSME portal under a proposed new section 48D, procurement preferences under a proposed new section 48F, risk management under a proposed new section 48H, and the reconstitution of the Fund under section 51. **None of these matters are subjects of the Bill before the Committee.**
2. The subject matter of the Bill before the Committee is specific and narrow, being the addition of functions to section 31 and regulation-making powers to section 74 of the Principal Act for the purpose of promoting national branding and the consumption of locally produced MSME goods and services. To incorporate the Ministry Draft's proposals into the Bill would be to **fundamentally alter the character, scope and purpose of the Bill**. This is precisely the **mischief that Standing Order 133(5)** of the National Assembly Standing Orders **is designed to prevent.**

Standing Order 133(5) prohibits the introduction of amendments that go beyond the subject matter of the Bill or that expand it unreasonably. The Ministry Draft does not merely expand the Bill but it replaces it with an entirely different legislative agenda.

3. The Committee's mandate is to consider the current Bill as introduced and such amendments as are germane to its subject matter. The institutional weight of the submitting body cannot override the procedural constraints applicable to this stage of the legislative process.

The Committee may not treat the Ministry Draft as proposals for amendment of the Bill under review. The Committee however recognises that the Ministry Draft contains substantive policy proposals that merit legislative attention in their own right. The Committee may recommend that the State Department formally introduce the Ministry Draft as a distinct government-sponsored Bill through the appropriate legislative process for full consideration on its own merits. The two instruments may thereafter be reconciled by Parliament as it deems appropriate.

3. MR. MOSES CHERUIYOT ROTICH

The Committee notes the memorandum submitted by Mr. Moses Cheruiyot Rotich, a member of the Kericho County Assembly, received by the Clerk of the National Assembly on 13th October 2025, proposing amendments to the Bill to provide for three items namely: the inclusion of university and college students in MSEA's mandate; the establishment of a partnership between MSEA and the Higher Education Loans Board; and the creation of university-based business incubation programmes.


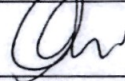
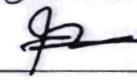
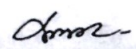
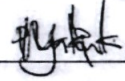


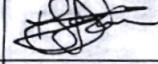
The Committee has considered the three proposals against the subject matter of the Bill. The Bill's purpose is specific and narrow. None of the three proposals advanced in the memorandum are connected to that subject matter. The proposals go to MSEA's capacity building mandate, inter-agency collaboration with institutions established under separate legislative frameworks, tax policy, and enterprise incubation. To incorporate any of the said proposals would be to expand the Bill's subject matter unreasonably, contrary to Standing Order 133(5) of the National Assembly Standing Orders.

WITNESS ATTENDANCE REGISTER

AGENDA: STAKEHOLDER ENGAGEMENT ON THE MICRO AND SMALL ENTERPRISES (AMENDMENT) BILL
(NATIONAL ASSEMBLY BILL NO. 25 OF 2025)

DATE: 26TH FEBRUARY 2026

VENUE: COMMITTEE ROOM 12, BUNGE TOWER

NO.	NAME	INSTITUTION	DESIGNATION IN FULL	CELLPHONE	SIGNATURE
1.	Kwame Chacha	KenIA	Principal legal officer	0712749498	
2.	Mary chape	MSEA	D/Director legal services	0710603571	
3.	Ronald Inyangah	The National Treasury	Director of F&A	0712668976	
4.	MOSES RUTUA	KEA	MC A	0724638533	
5.	PHILIP GONDI	KenIA	SNR INNOVATION OFFICER	0712037601	
6.	SONIA CLAIRE AWIND	KenIA	INNOVATION OFFICER	0707222936	
7.	Joyce Sanga	TNT	Principal Economist	0726534402	
8.	Steve Omwonga	KenIA	Adminstr legal lead	0727665808	
9.					



REPUBLIC OF KENYA
MINISTRY OF CO-OPERATIVES AND MICRO, SMALL & MEDIUM ENTERPRISES
(MSMES) DEVELOPMENT
STATE DEPARTMENT FOR MICRO, SMALL & MEDIUM ENTERPRISES (MSMES)
DEVELOPMENT
Office of the Principal Secretary

Telephone: 020-2731531-9
 Email: ps@msme.go.ke
 Fax: 273511
 When replying please quote:

PRISM TOWERS
 4TH NGONG AVENUE
 P.O. Box 30547-00100
 NAIROBI

D/DC
Please deal
24/02/26

Ref. MC/SD/MSME/ADM/1/95 (44)

20th February 2026

Mr. Samuel Njoroge, CBS
 Clerk of the National Assembly
 Parliament Buildings
NAIROBI

Benjamin Magut, HOD
pls deal
24/2/26

Laureen Wesley
pls TNA
Awasne
24/02/26

Dear *Clerk,*

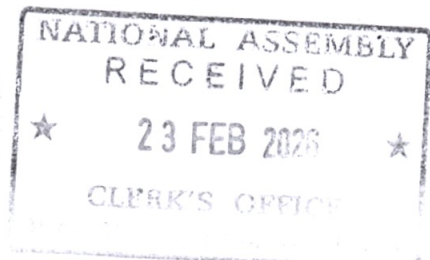
RE: MEMORANDUM ON THE MICRO AND SMALL ENTERPRISES (AMENDMENT) BILL, 2025

Reference is made to the above subject matter and your letter Ref. **NA/DDC/TIC/2026/001** dated 11th February 2026.

The State Department supports the proposed amendments to the Micro and Small Enterprises Act, Cap 499C, having reviewed and understood them. It acknowledges that the amendments will positively impact the MSME sector by strengthening collaboration between County and National Governments to promote the branding, marketing and consumption of locally produced MSME products. Additionally, the proposal under sub-paragraph (f) will establish a legal framework for County Governments' support of MSME participation in local and international trade fairs.

Further, the State Department submits additional proposals for amendments to the Micro and Small Enterprises Act, Cap. 499C (copy attached).

These proposals take into account extensive stakeholder engagement undertaken during the review of the Act, as well as recent developments in the structure of Government arising from Executive Order No. 1 of 2025, which established the State Department for Micro, Small and Medium Enterprises.




Received on 24/02/2026
[Signature]

We remain committed to supporting legislative measures that enhance the MSME sector and align with the Government's development agenda.

Thank you for your continued support.

Yours

Sincerely


Susan Mang'eni, CBS
PRINCIPAL SECRETARY

Copy To: **Dr. Aurelia Chepkirui Rono, CBS**
Principal Secretary
State Department for Parliamentary Affairs
NAIROBI

Encl.

**THE MICRO AND SMALL AND MEDIUM ENTERPRISES
(AMENDMENT) BILL, 2026**

**AN ACT of Parliament to amend the Micro and Small
Enterprises Act; and for connected purposes.**

ENACTED by the parliament of the Republic of Kenya as follows—

PART I— PRELIMINARY PROVISIONS

- Short title. 1. This Act may be cited as the Micro, Small and Medium Enterprises (Amendment) Act, 2025.
- Amendment of the long title of Cap. 499C. 2. The Micro and Small Enterprises Act, hereinafter referred to as “the principal Act” is amended in the long title by deleting the word “and” appearing immediately after the words “regulation of Micro” and inserting the words “and Medium” immediately before the word “Enterprises”.
- Amendment of section 1 of Cap. 499C. 3. The principal Act is amended in section (1) by deleting the word “and” appearing immediately after the word “Micro” and inserting the words “and Medium” immediately before the word “Enterprises”.
- Amendment of section 2 of Cap. 499C. 4. The principal Act is amended in section 2—
- (a) in the definition of the word “association”, by deleting the words “thirty-five micro and small enterprises” and substituting therefor the words “ten micro, small and medium enterprises”;
 - (b) in the definition of the word “Authority”, by deleting the word “and” appearing immediately after the word “Micro” and inserting the words “and Medium” immediately before the word “Enterprises”;
 - (c) in the definition of the words “Cabinet Secretary” by deleting the word “and” appearing immediately

- after the word “Micro” and inserting the words “and Medium” immediately before the word “Enterprises”;
- (d) in the definition of “farm enterprise” by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium” appearing immediately before the word “scale”;
 - (e) in the definition of the word “Fund”—
 - (i) by deleting the word “and” appearing immediately after the word “Micro” and inserting the words “and Medium” immediately before the word “Enterprises”;
 - (ii) by deleting the words “established under section 51”;
 - (f) in the definition of “micro enterprise” in paragraph (a) by deleting the words “five hundred thousand” and substituting therefor the words “five million”
 - (g) in the definition of the word “Registrar”, by inserting the word cluster and association appearing immediately before the word “of” and deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium” immediately before the word “enterprises”;
 - (h) in the definition of “small enterprise”, in paragraph (a) by deleting the words “ five hundred and five million shillings” and substituting therefor the words “five million shillings and below twenty-five million shillings”;
 - (i) in the definition of the word “Tribunal” by deleting the word “and” appearing immediately after the word “Micro” and inserting the words “and Medium”, immediately before the word “Enterprises”; and
 - (j) in the definition of the word “umbrella body” by—
 - (i) deleting the word “and” appearing immediately after the word “micro” and

inserting the words “and medium” immediately before the word “enterprise”; and

(ii) by inserting the words “registered under this Act” immediately after the word “associations”.

(k) by inserting the following new definitions in the proper alphabetical order—

“Board” means the Board of the Micro, Small and Medium Enterprises established under section 30;

“Business development service” means non-financial support to micro, small and medium enterprises including but not limited to training, consultancy, mentorship, market linkage facilitation, technology transfer and capacity building programs;

“County Executive Committee Member” means the member of the County Executive Committee responsible for matters relating to micro, small and medium enterprises;

“infrastructure facilities” include common user facilities, digital infrastructure, incubation facilities, model centers of excellence, business information centers, social amenities, worksites, industrial development centers, warehouse, cold storage facilities and other facilities necessary for the development of micro, small and medium enterprises;

“medium enterprise” means a firm, trade, service, industry or business activity whose annual turnover ranges between twenty-five million shillings and one hundred million shillings and meets any of the following criteria—

(a) employs between fifty-one and one hundred people; or

(b) has total assets and financial investment as shall be determined by the Cabinet Secretary from time to time, and includes—

(i) the manufacturing sector, where the investment in plant and machinery as well as the registered capital of the enterprise, is between fifty million and one hundred million shillings; and

(ii) service and farming enterprises, where the equipment investment, as well as registered capital of the enterprise, is between twenty million and fifty million shillings;

“organisation” means any micro, small or medium enterprise cluster, an association, an umbrella body, or a group seeking registration or registered by the Registrar.

Amendment to the title of Part II of *Cap. 499C*.

5. The principal Act is amended in the title of Part II by deleting the word “AND” appearing immediately after the word “MICRO” and inserting the words “AND MEDIUM”, immediately before the word “ENTERPRISES”.

Amendment to section 4 of *Cap. 499C*.

6. The principal Act is amended in section 4—

(a) in the marginal note by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”

(b) in sub section (1) by deleting the word “and” appearing immediately after the word “Micro” and inserting the words “and Medium”, immediately before the word “Enterprises”

- (c) in sub section (2) by deleting the word “and” appearing immediately after the word “Micro” and inserting the words “and Medium”, immediately before the word “Enterprises”
- (d) in sub section (3) deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”
- (e) by inserting the following new subsections immediately after subsection (3)—
 - (4) The Registrar shall be responsible for registration of micro ,small and medium enterprises clusters associations, umbrella bodies and groups in accordance with the provisions of this Act.
 - (5) The Registrar shall keep and maintain a register of micro, small and medium enterprises clusters, associations, umbrella organisations and groups.
 - (6) The register under subsection (5) shall comprise—
 - (a) certificates of registration issued by the Registrar;
 - (b) annual turnover of the enterprise;
 - (c) county sub-county and ward
 - (d) data on micro, small and medium enterprises, associations, umbrella organizations and groups in each county;
 - (e)disaggregate data per sector on sex, region, age, the products and services offered and the target market; and
 - (f) any other data as the Registrar may find necessary to keep in the register.
 - (7) The Registrar shall in coordination with the County Executive Committee Member oversee the integration of the database of micro, small and medium enterprises operating in each county under this section.
 - (8) The Registrar shall register organisations under this Act, on such terms as directed by

the Cabinet Secretary in writing from time to time.

Amendment of section 6 of Cap. 499C.

7. The principal Act is amended by renumbering section 6 as subsection (1) and inserting therefor the following subsection —.

(2) In the classification of the micro, small and medium enterprises and where the turnover, number of employees and the assets are inconsistent, the turnover shall be considered in the classification of the micro, small and medium enterprises.

Amendment of section 7 of Cap. 499C.

8. The principal Act is amended by renumbering section 7 as subsection (1) and inserting therefor the following subsections —.

(2) The certificate of registration shall be conclusive evidence that the requirements of this Act relating to registration have been complied with and that the organisation is duly registered under the Act;

(3) An organization registered under this Act shall be duly recognised as a cluster or an association of micro, small or medium enterprise for purposes of access to government programs and initiatives targeting micro, small and medium enterprises;

(4) An association or umbrella organization registered under this Act shall be a body corporate with perpetual succession and a common seal and shall, in its corporate name, be capable of—

(a) suing and being sued;

(b) taking, purchasing or otherwise acquiring, holding, charging or disposing of movable and immovable property;

(c) borrowing money or making investments;

(d) entering into contracts; and

(e) doing or performing all other acts or things for the proper performance of its functions which may lawfully be done or performed by a body corporate.

Amendment of section 28 of Cap. 499C.

9. The principal Act is amended in section 28—

- (a) in the marginal note by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”
- (b) in paragraph (a) of subsection (1) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”
- (c) in subsection (2) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”.

Amendment to the title of Part III of Cap. 499C.

10. The principal Act is amended in the title of Part III by deleting the word “AND” appearing immediately after the word “MICRO” and inserting the words “AND MEDIUM”, immediately before the word “ENTERPRISES”.

Amendment to section 29 of Cap. 499C.

11. Section 29 of the Principal Act is amended in subsection (1) by deleting the word “and” appearing immediately after the word “Micro” and inserting the words “and Medium” immediately before the word “Enterprises”.

Amendment to section 30 of Cap. 499C

12. Section 30 of the principal Act is amended in sub section (1)—

(a) in subsection (1)—

(i) in the marginal note by deleting the word “composition” and replacing therefor the word “management”;

(ii) by deleting the words “The Authority shall consist of” and replacing therefor the words “The management of the Authority shall vest in a Board, which shall consist of—”;

(iii) in paragraph (b) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”;

(iv) by repealing paragraph (d);

(v) by inserting the following new paragraphs immediately after paragraph (d)—

(da) one person nominated by the Council of Governors with experience in matters relating to trade and micro, small and medium enterprises;

(vi) by repealing paragraph (e);

(vii) by repealing paragraph (f);

(viii) in paragraph (g) by deleting sub paragraph (i);

(ix) in sub paragraph (ii) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”;

- (x) in sub paragraph (iii) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”;
 - (xi) in sub paragraph (iv) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”;
 - (xii) in paragraph (h) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”;
 - (xiii) by repealing paragraph (i)
 - (xiv) in paragraph (j) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”;
 - (xv) in paragraph (l) by deleting the words “chief executive officer” and replacing therefor the words “ the Director-General who shall be an *ex officio* member with no right to vote at any meeting of the Board;
- (b) by inserting the following new subsection immediately after subsection (1)—
- (1A) In selecting, nominating, approving or appointing the chairperson and members of the Board, the appointing authority shall ensure that—

- (a) the nominees to the Board reflect the interests of all sections of the society;
 - (b) equal opportunities are accorded to persons with disabilities and other marginalized groups; and
 - (c) not more than two-thirds of the members shall be of the same gender.
- (c) in subsection (3) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”.

Amendment to
section 31 of
Cap. 499C.

13. The principal Act is amended in section 31—

- (a) by repealing paragraph (a)
- (b) In paragraph (b) by deleting the word “monitor and evaluate the” and “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”;
- (c) By repealing paragraph (c)
- (d) in paragraph (d) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”;
- (e) in paragraph (e) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”;
- (f) by repealing (f)

- (g) in paragraph (g) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”;
- (h) in paragraph (h) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”;
- (i) by repealing paragraph (i)
- (j) in paragraph (j) replace facilitate with promote and deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”;
- (k) in paragraph (k) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”;
- (l) by inserting the following new paragraphs immediately after paragraph (k)—
 - (l) advocate, coordinate, harmonize, implement and promote national branding initiatives and policies to promote the consumption of local enterprises products in Kenyan markets;
 - (m) advise local enterprises on technology upgrading, quality and design improvement, standards and products development, and innovation;
 - (n) collaborate with county governments, non-governmental organizations and the private sector to promote the consumption of goods

and services by local enterprises and micro and small enterprises; and

- (o) collaborate with county governments to facilitate the participation of local enterprises and micro and small enterprises in promotion events including trade fairs.

Amendment to
section 32 of
Cap. 499C.

14. The principal Act is amended in section 32 by inserting the following new paragraphs immediately after paragraph (h)—

- (ha) have title over micro, small and medium enterprises organizations public land, registered in its name;
- (hb) enter into joint ventures, investing in and co-investing with micro, small and medium enterprises; and

Amendment to
section 35 of
Cap. 499C.

15. Section 35 of the principle Act is amended—

- (a) by deleting the marginal note and substituting therefor the words “Director-General”;
- (b) by deleting subsection (1) and replacing therefor the following new subsection—

(1) There shall be a Director-General of the Authority who shall be competitively recruited and appointed by the Board, on such terms and conditions as the Board shall determine;

- (c) in subsection (2) by deleting the words “Chief Executive Officer” and substituting therefor the words “Director-General”;

- (d) in subsection (3) by deleting the words “Chief Executive Officer” and substituting therefor the words “Director-General”; and
- (e) by deleting subsection (4).

Insertion of a new section to Cap. 499C.

16. The principle Act is amended by inserting the following new section immediately after section 35—

Functions of the Director-general

35A. The Director-General shall be the chief executive officer of the Authority and shall—

- (a) be responsible for the day-to-day management of the Authority;
- (b) manage the funds, property and affairs of the Authority;
- (c) be responsible for the management of the staff of the Authority
- (d) implement the policies, programmes and objectives of the Authority;
- (e) cause to be prepared for the approval of the Board, the strategic plan and annual plan of the Authority; and
- (f) perform such other duties as may be assigned by the Board.

Amendment to section 36 of Cap. 499C.

17. The principal Act is amended in section 36—

- (a) in the marginal note by deleting the words “Chief Executive Officer” and substituting therefor the words “Director-General”;
 - (b) by deleting the words ““Chief Executive Officer” and substituting therefor the words “Director-General”;
-

(c) by renumbering the paragraphs and inserting the following new paragraph as paragraph (a)—

(a) a degree from a university recognised in Kenya; and

(d) in paragraph (a) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”.

Insertion of a new section to *Cap. 499C.*

18. The principle Act is amended by inserting the following new section immediately after section 36—

Removal of Director-General.

36A. The Board may terminate the appointment of the Director-General in accordance with the terms and conditions of service, where the Director-General is—

- (a) unable to perform the functions of the office arising out of physical or mental incapacity;
- (b) guilty of gross misconduct or misbehaviour;
- (c) incompetent or has neglected duties; or
- (d) any other ground that would justify removal from office under the terms and conditions of service.

Amendment of section 38 of *Cap. 499C.*

19. Section 38 of the principle Act is amended---

- (a) in subsection (1) by deleting the words ““Chief Executive Officer” and substituting therefor the words “Director-General”; and

(b) in sub section (3) deleting the words “Chief Executive Officer” and substituting therefor the words “Director-General”.

Amendment of section 41 of Cap. 499C.

20. Section 41 of the principal Act is amended in subsection (1) by inserting the following new paragraph immediately after paragraph (a)—

(aa) such monies as may be appropriated by Parliament for purposes of the Authority;

Amendment of the title to Part V of Cap. 499C.

21. The principal Act is amended in the title of Part V by deleting the word “AND” appearing immediately after the word “MICRO” and inserting the words “AND MEDIUM”, immediately before the word “ENTERPRISES”.

Amendment of section 46 of Cap. 499C.

22. The principal Act is amended by repealing section 46 and replacing therefor the following new section—

46. The Authority shall liaise with National Government Ministries and County Governments for earmarking and zoning out of land for the development of micro, small and medium enterprises.

Amendment of section 47 of Cap. 499C.

23. The principal Act is amended by repealing section 47 and replacing therefor the following new section—

Development of infrastructure. 47. The Authority shall—

(a) develop, refurbish and manage infrastructure facilities for micro, small and medium enterprises and may partner with other

stakeholders in the development of the infrastructure facilities;

- (b) implement management policies for micro small and medium enterprises infrastructure facilities including levies and charges to be imposed on users; and
- (c) take necessary action including instituting legal proceedings to reclaim and safeguard land earmarked for micro, small and medium enterprises.

Amendment of section 48 of Cap. 499C.

24. The principle Act is amended in section 48—

- (a) in the marginal note by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”.
- (b) in paragraph (b) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”.
- (c) in paragraph (c) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”.

Application for grant or revocation of patents.

48B. The Authority shall facilitate micro, small and medium enterprises in the—

- (a) application for registration, grant, revocation and institution of legal action for infringement of intellectual property rights; and

- (b) filing and registration of intellectual property at the international level.

Fiscal incentives.

48C. The Cabinet Secretary shall, in consultation with the Cabinet Secretary for finance, put in place measures for the granting of fiscal incentives including tax incentives as shall be considered necessary for the development of the micro, small and medium enterprises sector in the country.

Establishment of a single micro, small and medium enterprises portal.

48D (1). The Cabinet Secretary shall, in consultation with county governments, establish a single micro, small and medium enterprises portal.

(2) The single micro, small and medium enterprises portal shall—

- (a) provide an integrated single window portal for the simplified licensing, approvals and registration of micro, small and medium enterprises by the national and county governments;
- (b) facilitate the registration of micro and small enterprises, associations and umbrella organizations representing micro and small enterprises;
- (c) provide details of all registered micro and small enterprises, associations and umbrella organizations representing micro and small enterprises;
- (d) provide a platform for interaction among the micro and small

enterprises, associations and umbrella organizations representing micro, small and medium enterprises and the national and county governments, private institutions, investors, and other relevant institutions;

- (e) provide access to finance, information, innovation, and investments for the micro, small and medium enterprises sector;
- (f) provide information on licensing, clearances, approvals and registration requirements;
- (g) receive complaints and recommendations from industry stakeholders and the general public; and
- (h) serve as a gateway to all micro, small and medium enterprises services by the national and county governments.

Role of the
Cabinet Secretary

48 E. The role of the Cabinet Secretary shall be to—

- (a) develop policy on Micro, Small and Medium Enterprises (MSMEs).
- (b) Coordinate research and impact evaluation relating to the development, competitiveness and sustainability of MSMEs
- (c) Coordinate collaborations on MSMEs research with research

- institutions, universities, and development partners;
- (d) issue policy directives to the Authority in line with national goals;
- (e) oversee the implementation of this Act and ensuring national policy coherence;
- (f) establish a Fund to be known as the Micro and Small Enterprises Development Fund

(2) The Cabinet Secretary may at any time and on any matter direct the Registrar as to the exercise of his powers and duties under this Act.

(3) The Authority shall be the primary implementing agency of the policies formulated by the Cabinet Secretary under this Act.

Preferences and
reservations in
procurement.

48F (1). The Cabinet Secretary for finance shall, in consideration of the micro, small and medium enterprises sector, prescribe preferences or reservations in public procurement and asset disposal.

(2) An accounting officer of a procuring entity at the national and county levels of government shall, when processing procurement, reserve a prescribed percentage of its procurement budget, which shall not be less than thirty per cent, to the micro, small and medium enterprises and comply with the provisions of the Public Procurement and Asset Disposal

Cap. 412C. Act and the regulations therein, in respect of preferences and reservations.

Standardization of micro, small and medium enterprises products. 48G. The Authority shall in collaboration with relevant institutions including the Kenya Bureau of Standards established under section 3 of the Standards Act, facilitate standardization and product development for different micro, small and medium enterprises sectors.

Cap. 496.

Risk Management. 48H. The Authority shall support micro, small and medium enterprises in development of risk management frameworks which shall include—

- (a) fraud prevention mechanism;
- (b) internal controls that build robust business operations;
- (c) fiscal risk management; and
- (d) climate change adaptation and mitigation strategies.

Amendment of section 49 of *Cap. 499C.*

25. The principle Act is amended in section 49 by—

- (a) deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”.
- (b) in paragraph (b) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”.
- (c) in paragraph (c) by deleting the word “and” appearing immediately after the word “micro”

and inserting the words “and medium”,
immediately before the word “enterprises”.

Amendment of
section 50 of
Cap. 499C.

26. The principle Act is amended in section 50—

- (a) in paragraph (a) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”.
- (b) in paragraph (b) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”.
- (c) in paragraph (c) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”.
- (d) in paragraph (d) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”.
- (e) in paragraph (f) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”.
- (f) in paragraph (g) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”.
- (g) in paragraph (i) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”.

- (h) in paragraph (j) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”.
- (i) in paragraph (l) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”.
- (j) in paragraph (m) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”.

Amendment
section 51 of
Cap. 499C.

27. The principal Act is amended by deleting section 51 and substituting therefor the following new section—

Micro, Small and
Medium
Enterprises
Development
Fund.

Cap. 412A.

51 (1). There may be established the Micro, Small and Medium Enterprises Development Fund pursuant to section 24(4) of the Public Finance Management Act.

- (2) The purpose of the Fund shall be to—
- (a) finance the promotion and development of micro, small and medium enterprises in accordance with this Act;
 - (b) provide affordable and accessible credit to micro, small and medium enterprises;
 - (c) finance capacity building of micro, small and medium enterprises; and
 - (d) finance research, development, innovation and transfer of technology.

Amendment of
section 52 of
Cap. 499C.

28. Section 52 of the principle Act is amended in subsection (2)—

- (a) in paragraph (a) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”; and
- (b) in paragraph (b) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”.

Amendment of
section 53 of
Cap. 499C.

29. The principal Act is amended in section 53—

- (a) in subsection one by—
 - (i) inserting the words “Any person, group, small, micro and medium enterprise,” at the beginning of the subsection; and
 - (ii) deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”; and
- (b) in subsection (2) by deleting the words “association or umbrella” and substituting therefor the words “small, micro and medium enterprise,”.

Amendment of
section 54 of
Cap. 499C.

30. Section 54 of the principle Act is amended—

- (a) in subsection (1) by deleting the word “and” appearing immediately after the word “Micro” and inserting the words “and Medium” immediately before the word “Enterprises”.

(b) in subsection (2)—

- (i) in paragraph (c) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”; and
- (ii) in paragraph (d) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”.

Amendment of
section 55 of
Cap. 499C.

31. Section 55 of the principle Act is amended—

(a) in subsection (1) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium” immediately before the word “enterprises”.

(b) in subsection (2)—

- (i) in paragraph (a) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”;
- (ii) in paragraph (d) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”; and
- (iii) in paragraph (e) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”.

Amendment of section 61 of *Cap. 499C.* **32.** The principle Act is amended in section 61 by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”.

Amendment of section 73 of *Cap. 499C.* **33.** Section 73 of the principle Act is amended in subsection (2)—

(a) in paragraph (b)—

(i) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises” and

(ii) by deleting the word “various” appearing immediately before the words “Government” and substituting therefor the word “National”;

(b) in paragraph (c) by deleting the word “and” appearing immediately after the word “micro” and inserting the words “and medium”, immediately before the word “enterprises”.

Amendment of section 74 of *Cap. 499C.* **34.** Section 74 of the principal Act is amended in subsection (2)

35. by inserting the following new paragraphs immediately after paragraph (b)—

(ba) prescribing the mechanism for the development, marketing and branding of products by local enterprises and micro and small enterprises; and

(bc) prescribe the affirmative action on products by local enterprises and micro, small and medium enterprises to promote their consumption within the borders of Kenya;

MEMORANDUM OF OBJECTS AND REASONS

Statement of the Objects and Reasons for the Bill

The principal object of this Bill is to amend the Micro, small and medium Enterprises Act (*Cap. 499C*) to provide for deeper involvement of the national and county governments in the growth and development of the micro, small and medium enterprises sector.

The Bill seeks to—

- (a) enhance compliance, financing, business development services coordination mechanisms, and institutional frameworks for the micro, small and medium enterprises sector;
- (b) promote targeted fiscal and business incentives for micro, small and medium enterprises;
- (c) strengthen governance in micro, small and medium enterprises sector associations and umbrella organizations;
- (d) enhance data and knowledge management in the micro, small and medium enterprises sector;
- (e) establish a single window portal for the simplified licences/approvals/registration of micro, small and medium enterprises;
- (f) encourage the use of simplified and alternative dispute resolution mechanisms for micro, small and medium enterprises;
- (g) strengthen and promote the linkages between the learning and research institutions, technology developers and micro, small and medium enterprises for skills transfer;
- (h) strengthen and integrate entrepreneurship programs into the existing education curriculum;
- (i) promote acquisition and use of intellectual property rights;
- (j) promote the adoption of digital technologies to enhance business operations and market reach;
- (k) enhance access to decent and affordable infrastructure for micro, small and medium enterprises;
- (l) enhance access to diversified and affordable financial products and services for micro, small and medium enterprises;
- (m) enhance market access and economic opportunities for micro, small and medium enterprises products and services;
- (n) support and enhance innovation and development of the micro, small and medium enterprises sector and promote innovation by micro, small and medium enterprises; and

- (o) enhance micro, small and medium enterprises resilience and adaptability.

The amendments are also intended to review the membership of the Micro, Small and Medium Enterprises Authority.

Statement on the delegation of legislative powers and limitation of fundamental rights and freedoms

This Bill delegates legislative powers to the Cabinet Secretaries for micro, small and medium enterprises and finance to make regulations for better carrying out of the provisions of the Bill.

Statement on whether the Bill concerns County Governments

The Bill concerns county governments as it has provisions that touch on the functions of county governments under paragraph 7 of Part 2 of the Fourth Schedule to the Constitution.

Statement on whether the Bill is a money Bill within the meaning of Article 114 of the Constitution

This Bill is a money Bill within the meaning of Article 114 of the Constitution as it contains provisions on: the imposition of charges on a public fund or the variation or repeal of any of those charges and the appropriation, receipt, custody, investment or issue of public money.

Dated the, 2026

.....
Senator or Member of National Assembly.

The Long Title to Cap. 499C which it is proposed to amend

An Act of Parliament to provide for the promotion, development and regulation of micro and small enterprises; to provide for the

establishment of the Micro and Small Enterprises Authority, and for connected purposes.

Section 1 of Cap. 499C which it is proposed to amend

1. Short title

This Act may be cited as the Micro and Small Enterprises Act.

Section 2 of Cap. 499C which it is proposed to amend

2. Interpretation

In this Act, unless the context otherwise requires –

"association" means a group of not less than thirty-five micro and small enterprises registered under this Act for the purpose of accessing common services and mobilizing resources for the development of the aforementioned enterprises;

"Authority" means the Micro and Small Enterprises Authority established under section, 29;

"Cabinet Secretary" means the Cabinet Secretary of the Ministry for the time being responsible for matters relating to micro and small enterprises;

"enterprise" means an undertaking or a business concern whether formal or informal engaged in production of goods or provision of services;

"factoring" means buying of invoices at a discount and taking the responsibility of collecting the payment due on them;

"farm enterprise" includes micro and small scale agricultural, livestock and fishing enterprises;

"Fund" means the Micro and Small Enterprises Development Fund established under section 51;

"manufacturing sector" means enterprises that add value to basic raw material to produce an enhanced product;

"micro enterprise" means a firm, trade, service, industry or a business activity –

(a) whose annual turnover does not exceed five hundred thousand shillings;

(b) which employs less than ten people; and

(c) whose total assets and financial investment shall be as determined by the Cabinet Secretary from time to time, and includes—

(i) the manufacturing sector, where the investment in plant and machinery or the registered capital of the enterprise does not exceed ten million shillings;

(ii) the service sector and farming enterprises where the investment in equipment or registered capital of the enterprise does not exceed five million shillings;

"Registrar" means the Registrar of micro and small enterprises designated as such under section 4;

"small enterprise" means a firm, trade, service, industry or a business activity –

(a) whose annual turnover ranges between five hundred and five million shillings; and

(b) which employs between ten and fifty people; and

(c) whose total assets and financial investment shall be as determined by the Cabinet Secretary from time to time, and includes—

(i) the manufacturing sector, where the investment in plant and machinery as well as the registered capital of the enterprise is between ten million and fifty million shillings; and

(ii) service and farming enterprises, where the equipment investment as well as registered capital of the enterprise is between five million and twenty million shillings;

"Tribunal" means the Micro and Small Enterprises Tribunal established under section 54; and

"umbrella organization" means an organization of micro and small enterprise associations.

Section 4 of Cap. 499C which it is proposed to amend

4. Registrar of micro and small enterprises

(1) There shall be an office of the Registrar of Micro and Small Enterprises which shall be an office in the public service.

(2) The office of Registrar shall be headed by an officer who shall be designated the Registrar of Micro and Small Enterprises.

(3) The Registrar shall be responsible for the registration of micro and small enterprises in accordance with the provisions of this Act.

Section 6 of Cap. 499C which it is proposed to amend

6. Consideration of application

The Registrar shall, within sixty days after receiving an application under this Act—

(a) consider the application and any further information provided by the applicant; and

(b) if satisfied that the application meets the requirements of this Act, register the association or umbrella organisation.

Section 7 of Cap. 499C which it is proposed to amend

7. Certificate of registration

Upon registering an association or umbrella organisation, the Registrar shall issue a certificate of registration in the prescribed form.

Section 28 of Cap. 499C which it is proposed to amend

28. Determination of micro and small enterprises

(1) The Cabinet Secretary may, in consultation with the Authority, by regulation, prescribe measures for—

(a) determining categories of micro and small enterprises to be assisted subject to section 31 of this Act;

(b) determining the kind of assistance to be rendered.

(2) In determining the categories of micro and small enterprises to be assisted, the Cabinet Secretary shall consider the potential and viability of the enterprise.

Section 29 of Cap. 499C which it is proposed to amend

29. Establishment of the Authority

(1) There is established an authority to be known as the Micro and Small Enterprises Authority.

(2) The Authority is a body corporate with perpetual succession and a common seal and shall, in its corporate name, be capable of—

- (a) suing and being sued;
- (b) taking, purchasing or otherwise acquiring, holding, charging or disposing of movable and immovable property;
- (c) borrowing money or making investments;
- (d) entering into contracts; and
- (e) doing or performing all other acts or things for the proper performance of its functions under this Act which may lawfully be done or performed by a body corporate.

Section 30 of Cap. 499C which it is proposed to amend

30. Composition of the Authority

(1) The Authority shall consist of—

(a) a non-executive Chairperson, who shall be a person with knowledge, and at least ten years' experience, in business and entrepreneurship development or a related field, appointed by the President;

(b) the Principal Secretary of the Ministry for the time being responsible for matters relating to micro and small enterprises development or his or her representative appointed in writing;

(c) the Principal Secretary of the Ministry for the time being responsible for finance or his or her representative appointed in writing;

(d) the Principal Secretary of the Ministry for the time being responsible for matters relating to industrialization or his or her representative appointed in writing;

(e) the Principal Secretary of the Ministry for the time being responsible for matters relating to trade or his or her representative appointed in writing;

(f) the Principal Secretary of the Ministry for the time being responsible for matters relating to the youth or his or her representative appointed in writing;

(g) seven persons nominated as follows and appointed by the Cabinet Secretary—

(i) four persons nominated by the umbrella organization from the following national sectoral associations—

(aa) manufacturing;

(bb) traders;

(cc) services;

(dd) agri-business;

(ii) one person nominated by the most representative association of women engaged in micro and small enterprises;

(iii) one person nominated by the most representative association of youth engaged in micro and small enterprises;

(iv) one person nominated by the most representative association of persons with disability engaged in micro and small enterprises;

(h) one person nominated by the most representative private sector organization with national membership and having micro and small enterprise support programs;

(i) one person nominated by the most representative umbrella organization of micro finance institutions;

(j) one person, not being a public officer, with knowledge and at least ten years' experience in micro and small enterprise development;

(k) one person nominated by the umbrella association of workers;

(l) the Chief Executive officer.

(2) The Authority may co-opt to serve on it for such length of time as it deems necessary any number of persons whose assistance or advice it may require, but a person so co-opted shall neither be entitled to vote in a meeting of the Authority nor be counted as a member thereof for the purpose of forming a quorum.

(3) A person shall not qualify for appointment as a member of the Authority unless such person is the holder of a minimum Kenya Certificate of Secondary Education or an equivalent qualification and has at least five years practical experience in matters related to micro and small enterprises.

Section 31 of Cap. 499C which it is proposed to amend

31. Functions of the Authority

The functions of the Authority shall be to—

(a) formulate and review policies and programs for micro and small enterprises;

(b) monitor and evaluate the implementation of existing policies and programmes related to, or affecting, micro and small enterprises and advise the Government on appropriate policies and course of action to be taken;

(c) coordinate, harmonize and facilitate the integration of various public and private sector activities, programmes and development plans relating to micro and small enterprises;

(d) promote and facilitate research, product development and patenting in the micro and small enterprises sector;

(e) promote the mainstreaming of youth, gender and persons with disabilities in all micro and small enterprises activities and programs;

(f) mobilize resources for the development of micro and small enterprise sector;

(g) promote access to markets by micro and small enterprises;

(h) promote innovation and development of products by micro and small enterprises;

(i) formulate capacity building programmes for micro and small enterprises;

(j) facilitate technology development, acquisition and transfer by micro and small enterprises;

(k) develop mechanisms, tools and programs for collection of comprehensive data disaggregated by sex, region and age among others, in collaboration with key stakeholders, to enable proper planning for the, micro and small enterprises sector.

Section 32 of Cap. 499C which it is proposed to amend

32. Powers of the Authority

The Authority shall have all powers necessary for the proper performance of its functions under this Act and in particular, but without prejudice to the generality of the foregoing, the Authority shall have power to—

(a) enter into contracts;

(b) manage, control and administer the assets of the Authority in such manner and for such purposes as best promote the purpose for which the Authority is established;

(c) determine the provisions to be made for capital and recurrent expenditure and for the reserves of the Authority;

(d) receive any grants, gifts, donations or endowments and make legitimate disbursements therefrom;

(e) enter into association with such other bodies or organizations within or outside Kenya as it may consider desirable or appropriate and in furtherance of the purposes for which the Authority is established;

(f) open such banking accounts for its funds as may be necessary;

(g) invest any funds of the Authority not immediately required for its purposes;

(h) offer services to any person upon such terms as the Authority may from time to time determine;

(i) undertake any activity necessary for the fulfilment of any of its functions.

Section 35 of Cap. 499C which it is proposed to amend

35. Chief Executive Officer

(1) There shall be a Chief Executive Officer of the Authority who shall be appointed by the Authority through a competitive process.

(2) The Chief Executive Officer shall hold office for a period of five years, on such terms and conditions of employment as the Authority may determine, and shall be eligible for re-appointment for a further and final term of five years.

(3) The Chief Executive Officer shall be an ex officio member of the Authority but shall have no right to vote at any meeting of the Authority.

(4) The Chief Executive Officer shall—

(a) subject to the direction of the Authority, be responsible for the day-to-day management of the Authority;

(b) in consultation with the Authority, be responsible for the direction of the affairs and transactions of the Authority, the exercise, discharge and performance of its objectives, functions and duties, and the general administration of the Authority;

(c) be the Secretary of the Authority.

Section 36 of Cap. 499C which it is proposed to amend

36. Qualifications for appointment as Chief Executive officer

A person shall not be appointed the Chief Executive officer of the Authority unless that person has—

(a) experience in micro and small enterprise development and entrepreneurship;

(b) proven leadership ability;

(c) management experience in the areas of both personnel and budget control.

Section 38 of Cap. 499C which it is proposed to amend

38. Common seal

(1) The common seal of the Authority shall be kept in the custody of the Chief Executive officer or of such other person as the Authority may direct, and shall not be used except upon the order of the Authority.

(2) The common seal of the Authority, when affixed to a document and duly authenticated, shall be judicially and officially noticed, and unless the contrary is

proved, any necessary order or authorisation by the Authority under this section shall be presumed to have been duly given.

(3) The common seal of the Authority shall be authenticated by the signature of the chairperson of the Authority and the Chief Executive officer, but the Authority shall, in the absence of either the chairperson or the Chief Executive officer, in any particular matter, nominate one member of the Authority to authenticate the seal of the Authority on behalf of either the chairperson or the Chief Executive officer.

Section 41 of Cap. 499C which it is proposed to amend

41. Funds of the Authority

(1) The funds and assets of the Authority shall consist of—

(a) such monies or assets as may accrue to or vest in the Authority in the course of the exercise of its powers or the performance of its functions under this Act;

(b) such moneys as may be payable to the Authority pursuant to this Act or any other written law;

(c) such gifts as may be given to the Authority; and

(d) all moneys from any other source provided, donated or lent to the Authority.

(2) All the funds of the Authority and the balance at the end of each financial year shall be retained for the purposes for which the Authority is established and shall, for that purpose, establish a reserve account.

Section 46 of Cap. 499C which it is proposed to amend

46. Authority to advise on zoning, etc, of land

The Authority shall advise and liaise with the relevant authorities for the earmarking and zoning out of land for the development of micro and small enterprises.

Section 47 of Cap. 499C which it is proposed to amend

47. Development of infrastructure

The Authority shall advise and facilitate the relevant Government Ministries and other agencies in developing worksite management policy, provide suitable

infrastructure, including worksites, social amenities, business information centres, model centres of excellence, common usage facilities and other facilities necessary for development of micro and small enterprises.

Section 49 of Cap. 499C which it is proposed to amend

48. Capacity building programmes for micro and small enterprises

The Authority shall, in partnership with the relevant Government Ministries, agencies and public and private training institutions, as the Authority may deem necessary—

(a) develop and administer certified demand-driven capacity building and entrepreneurship programmes;

(b) promote the technological modernization and development of micro and small enterprises;

(c) promote and provide business development services for the micro and small enterprises.

Section 49 of Cap. 499C which it is proposed to amend

49. Development of markets and provision of marketing services

In order to promote the development of market for goods and services from micro and small enterprises, the Authority shall, in partnership with the relevant Government Ministries and agencies and other stakeholders—

(a) provide technical assistance in the development of products;

(b) identify markets for products generated by micro and small enterprises and provide linkages between the micro and small enterprises and potential markets;

(c) organize trade fairs and shows in order to promote products generated by micro and small enterprises;

(d) conduct market research, survey and analysis.

Section 50 of Cap. 499C which it is proposed to amend

50. Technology transfer, acquisition, etc.

The Authority shall, in order to promote technology transfer, acquisition and adaptation of new and modern technologies—

- (a) mobilise funds and resources for the development of appropriate technology in relevant research institutions and enterprises that develop technology for the micro and small enterprises sector;*
- (b) encourage innovation and transfer of technology in order to increase competitiveness of micro and small enterprises products and services;*
- (c) facilitate the registration and protection of intellectual property rights for micro and small enterprises;*
- (d) provide incentives to encourage invention and innovation by micro and small enterprises;*
- (e) establish regional and other centres of excellence to enhance utilization of locally available knowledge, skills and resources;*
- (f) establish technology parks for graduating micro and small enterprises;*
- (g) identify, collect, develop, modify, package and disseminate technology and products to the micro and small enterprises;*
- (h) develop in collaboration with relevant institutions, programmes in standardization and product development for different sectors;*
- (i) facilitate micro and small enterprises to access relevant equipment either through, purchasing, leasing or franchising;*
- (j) develop programmes to enable micro and small enterprises comply with environmental legislation;*
- (k) conduct research on available technologies with a view to improving them;*
- (l) import modern and appropriate technologies for use by micro and small enterprises;*
- (m) develop, in collaboration with relevant institutions, programmes for improving credit access and other financial services by micro and small enterprises.*

Section 51 of Cap. 499C which it is proposed to amend

51. Micro and Small Enterprises Development Fund

(1) There is hereby established a Fund to be known as the Micro and Small Enterprises Development Fund.

(2) The purpose of the fund shall be to—

(a) finance the promotion and development of micro and small enterprises in accordance with this Act;

(b) provide affordable and accessible credit to micro and small enterprises;

(c) finance capacity building of micro and small enterprises;

(d) finance research, development, innovation and transfer of technology.

(3) The Cabinet Secretary may, by notice in the Gazette, fix the size of the Fund sufficient to facilitate the promotion and development of micro and small enterprises.

(4) The Fund shall consist of—

(a) such monies or assets as may accrue to or vest in the Fund under this Act;

(b) such moneys as may be payable to the Fund pursuant to this Act or any other written law;

(c) interest accruing on the Fund;

(d) such gifts as may be given to the Fund; and

(e) all moneys from any other source provided, donated or lent to the Fund.

(5) The monies constituting the Fund shall be placed in an account to be used for the promotion and development of micro and small enterprises, and the surplus monies of the fund shall be invested by the Authority in treasury bills, treasury bonds or other securities issued by the Government and any income from the investments shall be credited to the Fund.

Section 52 of Cap. 499C which it is proposed to amend

52. Management of the Fund

(1) The Authority shall administer the Fund.

(2) In administering the Fund, the Authority shall be responsible for—

(a) entering into agreements with financial institutions for the purpose of administering affordable and accessible credit to micro and small enterprises;

(b) approving of all micro and small enterprises development and financing proposals;

(c) entering into agreement with persons for purposes of providing services to the Fund;

(d) opening and managing a bank account for the Fund;

(e) supervising and controlling the administration of the Fund;

(f) causing to be kept books of accounts and other records in relation to the Fund, and preparing, signing and transmitting to the Auditor- General in respect of each financial year and within three months after the end thereof, a statement of accounts relating to the Fund, in such details as the Treasury may direct in accordance with the Public Audit Act (Cap. 412B).

Section 53 of Cap. 499C which it is proposed to amend

53. Accessing the Fund

(1) Any community-based organisation, non-governmental organisations, association, umbrella organization, or any other institution involved in the promotion and development of the micro and small enterprise sector activities may, on application to the Authority, access funds for various micro and small enterprise programmes

(2) Any association or umbrella organization registered under this Act may, on an application to the Authority, access funds by way of loan, factoring, guarantee and micro-insurance from the Fund for the benefit of its members.

(3) The Cabinet Secretary may, in consultation with the Authority, by Regulations make provision for—

(a) the procedure to be followed by a person seeking to access funds from the Fund;

(b) forms to be used while making an application under this section;

(c) the amounts that may be accessed;

(d) the kind of securities that may be given by an applicant under this section;

(e) the rates of interest on the loan; or (f) the maximum period of loan repayment.

(4) The organization of the management and the Regulations governing the Fund receipts and expenses, custody and use shall be drawn up by the Authority.

Section 54 of Cap. 499C which it is proposed to amend

54. Establishment of the Tribunal

(1) There is hereby established a Tribunal to be known as the Micro and Small Enterprises Tribunal to deal with claims enumerated in section 56 of this Act.

(2) The Tribunal shall consist of the following members—

(a) a chairperson and vice-chairperson nominated by the Judicial Service Commission, who shall be persons qualified for appointment as Judges of the High Court, and appointed by the Cabinet Secretary;

(b) an advocate of High Court of Kenya, with experience of not less than seven years, nominated by the Law Society of Kenya and appointed by the Cabinet Secretary;

(c) two advocates with expertise in micro and small enterprises matters one of whom shall be the secretary, appointed by the Cabinet Secretary; and

(d) two persons who have demonstrated exemplary competence in the field of micro and small enterprises management appointed by the Cabinet Secretary in consultation with the Authority.

(3) All appointments to the Tribunal shall be notified through a Gazette Notice.

(4) The chairperson, vice-chairperson and members of the Tribunal shall hold office for a term of five years and shall be eligible for reappointment for one further and final term of five years.

(5) The office of a member of the Tribunal shall become vacant—

(a) at the expiration of five years from the date of his or her appointment;

(b) if he or she accepts any office the holding of which, if he or she were, not a member of the Tribunal, would make him or her ineligible for appointment to the office of a member of the Tribunal;

(c) if he or she is removed from office by the Cabinet Secretary for failure to discharge the functions of his or her office (whether arising from infirmity of body or mind or from any other cause) or for misbehaviour; and

(d) if he or she resigns the office of a member of the Tribunal.

Section 55 of Cap. 499C which it is proposed to amend

55. Jurisdiction of the Tribunal

(1) If any dispute concerning the micro and small enterprises arises—

(a) among members, past members and persons claiming through members, past members of associations and or administrators of estate of deceased members of the associations;

(b) between members, past members or administrators of estate of deceased members of the association, and the Authority, or any of their officers or members;

(c) between the Authority and an association, it shall be referred to the Tribunal for determination.

(2) A dispute for the purpose of this Act shall include—

(a) commercial disputes involving micro and small enterprises;

(b) failure to comply with the terms and condition of allocation of worksites;

(c) election and management of associations;

(d) failure to comply with the constitution or rules of a micro and small enterprise association or umbrella organisation;

(e) unprocedural and illegal allocation, subdivision, subletting of a micro and small enterprise worksite;

(f) mismanagement and misappropriation of funds;

(g) any other dispute acceptable by the Tribunal.

Section 61 of Cap. 499C which it is proposed to amend

61. Power to appoint assessors

The chairperson of the Tribunal may appoint any persons with special skills or knowledge on micro and small enterprises issues which are the subject matter of any proceedings or inquiry before the Tribunal to act as assessors in an advisory capacity in any case where it appears to the Tribunal that such special skills or knowledge are required for proper determination of the matter.

Section 73 of Cap. 499C which it is proposed to amend

73. Annual report

(1) The Authority shall, within three months after the end of each financial year, prepare and submit to the Cabinet Secretary a report of the operations of the Authority for the immediately preceding year.

(2) *The annual report shall provide information regarding the activities and plans of the Authority during the year to which it relates sufficient to impart an accurate understanding of the nature and scope of its activities and its plans and priorities and, without limitation, shall include—*

(a) details of the performance of the Authority against its key performance indicators;

(b) report on the overall status, progress, impact and challenges or impediments in the implementation of the micro and small enterprises development policies and programmes as well as the appropriate measures to address any challenges that should be taken by the various Government Ministries or Departments, including the Authority's projections;

(c) a report on the growth and development of micro and small enterprises in the country;

(d) such information and other material as the Authority may be required by this Act or regulations made thereunder to include in the annual report; and

(e) such additional information or other material as the Cabinet Secretary may request in writing.

(3) In addition to what is required under subsection (2), the annual report shall include the financial statements of the Authority for the year to which the report relates.

(4) The Cabinet Secretary shall, within three months after receiving the annual report, transmit it to the Clerk of the National Assembly for tabling before the National Assembly.

Section 74 of Cap. 499C which it is proposed to amend

74. Regulations

(1) The Cabinet Secretary may, in consultation with the Authority, make Regulations for prescribing anything which under this Act may be prescribed, and generally for the better carrying into effect the provisions of this Act.

(2) Without prejudice to the generality of subsection (1), Regulations made under this section may provide for all or any of the following matters—

(a) forms and fees or any levies to be used under this Act;

(b) regulation and licensing of business development service providers;

(c) access of loans granted under section 53(2) by micro and small enterprises;

(d)prescribing the form of accounts to be used by associations or umbrella organization;

(e)securing the submission to the Registrar of periodical returns relating to the constitution, rules, membership and management of associations or umbrella organization;

(f)prescribing penalties for the breach of any such regulations.

Matrix on Proposed Further Amendments to the Micro and Small Enterprises Act (CAP.499C)

S/No.	Section in Bill	Issue/Gap identified	Proposed Amendment/Insertion	Rationale
1.	Part I: Preliminary provisions	The definition of organization means any micro, small or medium enterprise , an association, an umbrella body or a group seeking registration or registered by the registrar. Retain the definition of umbrella body as herein proposed and drop the definition of organization separately (page 4 of Amended Act) being that Micro, Small and Medium Enterprises have been adequately defined.	Organization should refer to: an association, an umbrella body or a group seeking registration or registered by the registrar.	Inclusion of any micro, small or medium enterprise in this definition overlaps with the definition of a "business" and mandate of BRS to register such as stipulated under Under Sect. 4(1) of BRS Act No. 15 of 2015 4. Functions of the Service (1) The Service shall, under the general supervision of the Cabinet Secretary, be responsible for the implementation of policies, laws and other matters relating to the registration of Companies, partnerships and firms, individuals and corporations carrying on business under a business name, bankruptcy, hire-purchase, and security rights
		Definition of Registrar	Means the registrar of associations of Micro and Small Enterprises designated under Section 4	Overlaps with the definition of a "business" and mandate of BRS to register such as stipulated under Sect. 4(1) of BRS Act No. 15 of 2015
2.	Object and Purpose of Act	a) Providing an enabling business environment	Subsection e should be retained and a) dropped	Subsection a) squarely lies with the State Department within the context of

S/No.	Section in Bill	Issue/Gap identified	Proposed Amendment/Insertion	Rationale
		e) Promote representative associations		regulatory policy in removing barriers to business for MSMEs e) highlights what intention of the Act was from the beginning in that MSEA is to promote representative associations.
3.	Part II Title	Regulation of Micro and Small Enterprises	Regulation of Micro and Small Enterprises Associations or Umbrella Organizations	Overlaps with the definition of a "business" and mandate of BRS to register such as stipulated under Sect. 4(1) of BRS Act No. 15 of 2015
4.	Proposed New Section on the Powers and Role of the Cabinet Secretary.	Functions of the Cabinet Secretary	Insertion of new sections to CAP 499C: "Roles of the Cabinet Secretary " The Cabinet Secretary shall be responsible for- (a) Micro, Small and Medium Enterprises (MSMEs) policy development. (b) Coordinate research and impact evaluation relating to the development, competitiveness and sustainability of MSMEs (c) promote collaborations on MSMEs research with research institutions, universities, and development partners; (e)issuing policy directives to the Authority in line with national goals;	To Align with Executive Order No. 1 of 2025

S/No.	Section in Bill	Issue/Gap identified	Proposed Amendment/Insertion	Rationale
			<p>(f) overseeing the implementation of this Act and ensuring national policy coherence;</p> <p>(2) The Cabinet Secretary may at any time and on any matter direct the Registrar as to the exercise of his powers and duties under this Act.</p> <p>(3) The Authority shall be the primary implementing agency of the policies formulated by the Cabinet Secretary under this Act.</p>	
5.	Proposed New Section on the Establishment of a single Micro, Small and Medium Enterprises portal	The Authority shall, in consultation with the county governments, establish a single Micro, Small and Medium Enterprises portal.	The Cabinet Secretary in consultation with county governments to establish the portal	The portal has to be managed at the national level to facilitate the digital interoperability between the two levels of government.
6.	Proposed New Section on the role of the County Government	To be deleted entirely	Delete	County government roles are well spelt out under paragraph 7 of Part 2 of the Fourth Schedule to the Constitution.
7.	Part II: (4) and (5) Registrar of Micro and Small Enterprises	The registrar shall be responsible for the registration of micro, small and Medium Enterprises...	Registrar of associations of Micro and Small Enterprises	To avoid overlaps with BRS mandate in registering businesses. The Micro and Small Enterprises Act CAP.499C states under the Application for Registration 5 (1)

S/No.	Section in Bill	Issue/Gap identified	Proposed Amendment/Insertion	Rationale
		If it is retained as is then there is no distinction with the Registrar of Companies under the Companies Act no.17 of 2015		"Every association or umbrella organization which intends to be registered under this Act shall, within twenty-eight days after its formation, make an application to the Registrar for registration under this Act."
8.	Part II (4)	4(1) There shall be an office of the Registrar of Micro and Small Enterprises which shall be an office in the public service. The Registrar of associations of Micro and Small Enterprises under MSEA	The Registrar of associations of Micro and Small Enterprises be domiciled within the State Department of MSMEs	Drawing from the precedent of the Registrar of Cooperatives who is established as the Directorate of Cooperative registration and receivership under the State Department for Cooperatives and Office of the Registrar of Trade Unions under the State Department for Labour and Skills Development.
9.	Part 8 (3) of the Amended Bill	An organization registered under this Act...	An association, an umbrella body or a group	To comply with Application for Registration 5 (1) "Every association or umbrella organization which intends to be registered under this Act
10.	Part III: 30 (Composition of the Board)	The Amendment proposes additional members of the Board to include: da) a representative from the Office of the Attorney-General; db) one person nominated by the Council of Governors with experience in matters relating	The Board membership be between seven and nine members. Board as currently constituted has more than 10 members.	As per the Mwongozo Code of Governance for State Corporations

S/No.	Section in Bill	Issue/Gap identified	Proposed Amendment/Insertion	Rationale
		to trade and micro, small and medium enterprises		
11.	Part III: 31 (Functions of the Authority)	<p>(a) formulate and review policies and programs for micro and small enterprises;</p> <p>(b) monitor and evaluate the implementation of existing policies and programmes related to, or affecting, micro and small enterprises and advise the Government on appropriate policies and course of action to be taken;</p> <p>(c) coordinate, harmonize and facilitate the integration of various public and private sector activities, programmes and development plans relating to micro and small enterprises;</p> <p>(d) promote and facilitate research, product development and patenting in the micro and small enterprises sector;</p> <p>(e) promote the mainstreaming of youth, gender and persons with disabilities in all micro and small</p>	(a, c, d, f, l & j) should be at the purview of the ministry.	The State Department for MSMEs role is Policy Development, Leadership (in Research, Resource Mobilization and Market Access) and Coordination for the MSMEs sector.

S/No.	Section in Bill	Issue/Gap identified	Proposed Amendment/Insertion	Rationale
		<p>enterprises activities and programs;</p> <p>(f) mobilize resources for the development of micro and small enterprise sector promote access to markets by micro and small enterprises;</p> <p>(h) promote innovation and development of products by micro and small enterprises;</p> <p>(i) formulate capacity building programmes for micro and small enterprises;</p> <p>(j) facilitate technology development, acquisition and transfer by micro and small enterprises;</p> <p>(k) develop mechanisms, tools and programs for collection of comprehensive data disaggregated by sex, region and age among others, in collaboration with key stakeholders, to enable proper planning for the, micro and small enterprises sector.</p>		
12.	Part III:(35) The Director General	There shall be a Director General of the Authority who	Replace Authority with Board	The appointing of the DG is the role of the Board

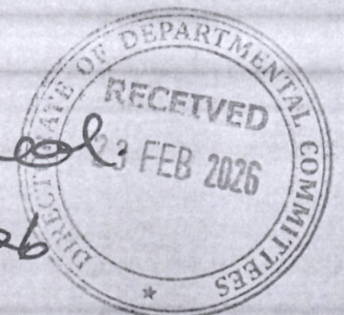
S/No.	Section in Bill	Issue/Gap identified	Proposed Amendment/Insertion	Rationale
	(from the Amended Bill	shall be appointed by the Authority...		
13.	Part V: (47) Development of infrastructure	In the proposed amendments part 23 (b) indicates that the Authority shall develop management policies for micro small and medium enterprises infrastructure facilities including levies and charges to be imposed on users	The Authority will promote the implementation of management policies...	The State Department for MSMEs role is Policy Development
14.	In the amended Bill Section 25: Credit Guarantee Scheme	Introduces 48(1) The Cabinet Secretary responsible for matters relating to finance shall, in consultation with the Cabinet Secretary, establish a credit guarantee scheme for the development and growth of the micro, small and medium enterprises sector.	This subsection is not valid and should be deleted entirely	On 8th December 2020, the Government of Kenya (GoK), through the National Treasury, rolled out the Credit Guarantee Scheme to respond to the identified challenges, in order to enhance access by MSMEs to quality and affordable credit. The CGS is anchored in the Public Finance Management (Amendment) (No.2) Act, 2020, and the Public Finance Management (Credit Guarantee Scheme) Regulations, 2020. The Cabinet Secretary/TNT appointed a secretariat on 9th December 2020 , to among other things, monitor, evaluate and report the performance of the CGS.
15.	In the amended Bill Section 25: 48(B)	Application for grant or revocation of patents.	The Authority shall facilitate Association of Micro, Small and Medium enterprises in the–	As per the objects of the Micro and Small Enterprises Act (CAP.499C)

S/No.	Section in Bill	Issue/Gap identified	Proposed Amendment/Insertion	Rationale
		The Authority shall facilitate Micro, Small and Medium enterprises in the–		
16.	Section 74: Regulation	(b) regulation and licensing of business development service providers	Delete (b)	This falls under the role of Kenya Institute of Business Training (KIBT) under the State Department for MSMEs Development.

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REPUBLIC OF KENYA
THE NATIONAL TREASURY

Telegraphic Address: 22921
Finance - Nairobi
FAX NO. 310833
Telephone: 2252299
When replying please quote:

Lauren Nesonga
pls. facilitate consideration
by the Committee
24/02/2026

THE NATIONAL TREASURY
P.O. Box 30007 - 00100
NAIROBI

Ref: **TNT/CONF/321/02/B/TY^{III}/(81)**

19TH FEBRUARY, 2026

Mr. Samuel Njoroge, CBS
Clerk of the National Assembly
NAIROBI

Benjamin magut, HOD
to facilitate the trade
committee to deal with
the matter. 23/2/26

Dear *Samuel*

**COMMENTS ON THE MICRO AND SMALL ENTERPRISES (AMENDMENT) BILL
NO. 25 OF 2025**

I refer to your letter Ref. NA/DDC/TIC/2026/001 dated 11th February, 2026 on the subject above.

The National Treasury appreciates the Departmental Committee on Trade, Industry and Cooperatives for the timely review of the Micro and Small Enterprises (MSE) Act Cap 499C to support the growth and development of Micro and Small Enterprises.

We have reviewed the draft amendment Bill and propose additional amendments to Section 2 of the MSE Act Cap 499C on the definition of Micro and Small Enterprises and Section 2 of the Public Finance Management (PFM) Act, CAP 412A on the definition of Medium Enterprises. One key aspect noted by the National Treasury during implementation of the Credit Guarantee Scheme is the definition of Micro, Small and Medium Enterprises (MSMEs). Most of the enterprises do not fully fulfil the definition criteria provided for in the MSE Act, CAP 499C and the PFM Act, CAP 412A. Both Acts provide for the definition of MSMEs by turnover, number of employees and value of assets. However, an enterprise could be classified as Micro based on the number of employees while according to turnover it should be classified as either small or medium enterprise.

In this regard, we propose that the draft Bill provides guidance on the classification of MSMEs that turnover prevails in case there is conflict between turnover, assets and number of employees. We further propose revised thresholds for the turnover limits for the purpose of MSME classification, for consideration by the Committee.

The purpose of this letter, therefore, is to forward our comments on the draft Micro and Small Enterprises (Amendment) Bill for your further action.

Yours

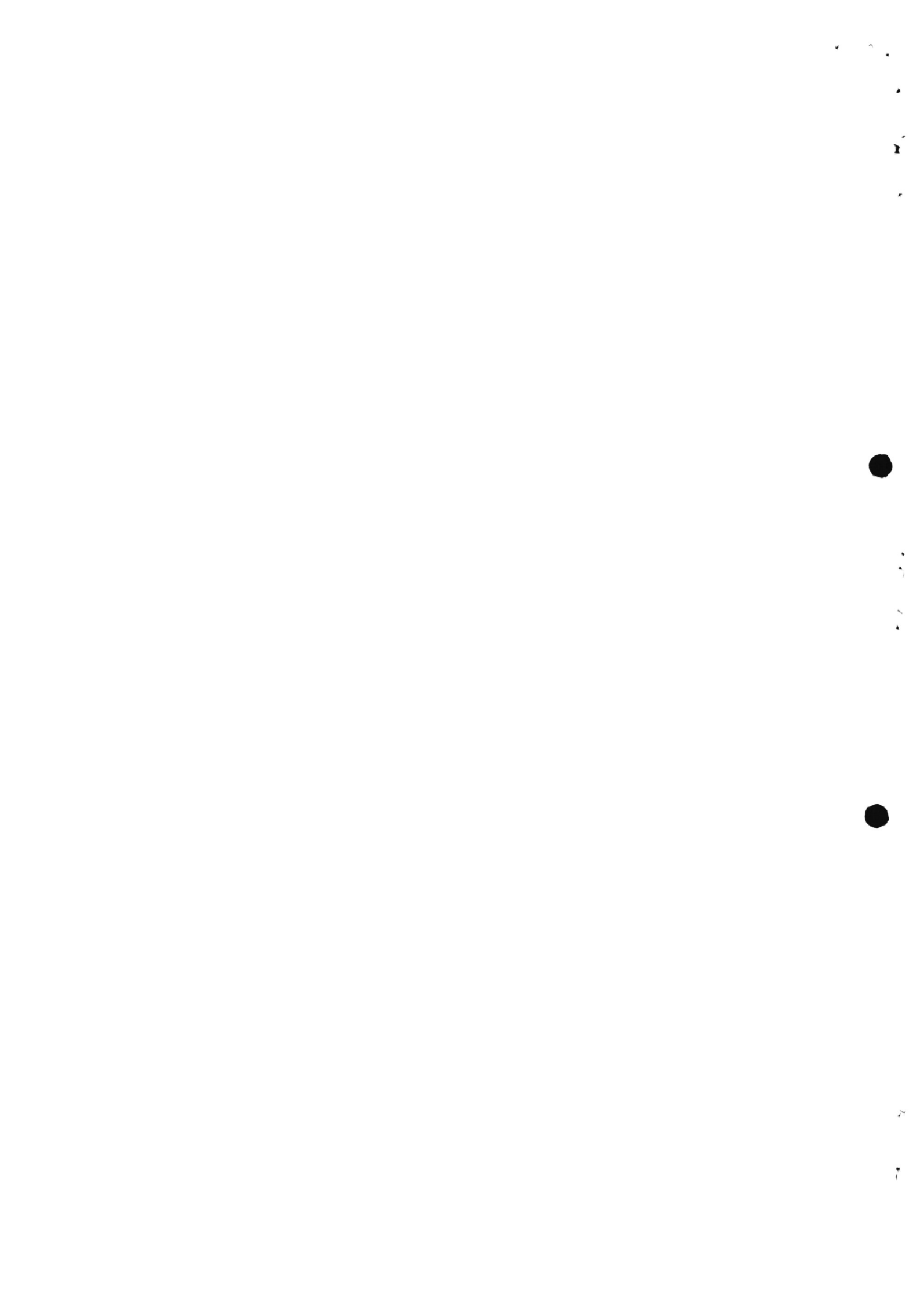
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Chris

DR. CHRIS KIPTOO, CBS

SECRETARY GENERAL/NATIONAL ASSEMBLY



received
on 24/2/26
CS





REPUBLIC OF KENYA
THE NATIONAL TREASURY

**PS BRIEF FOR THE DEPARTMENTAL COMMITTEE MEETING
ON TRADE, INDUSTRY AND COOPERATIVES TO DISCUSS
MICRO AND SMALL ENTERPRISES (MSE) ACT CAP 499C
(AMENDMENT) BILL NATIONAL ASSEMBLY BILL NO 25 OF
2025 ON THURSDAY 19TH FEBRUARY, 2026**

Definition of MSMEs

The National Treasury appreciates the Departmental Committee on Trade, Industry and Cooperatives for the timely review of the Micro and Small Enterprises (MSE) Act Cap 499C to support the growth and development of Micro and Small Enterprises.

We have reviewed the draft Bill and have made the suggestions that:

The definition of Micro, Small and Medium enterprises as anchored in both the MSE Act and PFM Act is challenging to implement, especially in cases where there is conflict between '**number of employees**' '**annual turnover**' and '**assets**'. This poses difficulties in the classification of enterprise by size during reporting of outreach and impact on Government financial inclusion initiatives, especially in the Credit Guarantee Scheme.

We propose that the Bill be amended accordingly to provide in the MSE Act that, ***in the event of any conflict between turnover, number of employees, and asset value, turnover shall take precedence in the classification of MSMEs.*** This approach will promote accurate classification and facilitate effective impact assessment of government initiatives aimed at supporting MSME growth and development.

Additionally, the MSE Act, Cap 499C, should expressly provide for the **definition of Medium Enterprises**. These enterprises are critical to economic development, as they demonstrate greater agility, innovation, and capacity to generate employment opportunities. They bridge the gap between small, informal businesses and large corporations, thereby playing a pivotal role in driving economic growth, job creation, and innovation.

Furthermore, medium enterprises have distinct needs, enhanced potential for scaling, and a stronger capacity for formalization.

We propose amendment to the **turnover thresholds of Micro, Small and Medium Enterprises**. We propose a maximum annual turnover of:

- i. Ksh. 5 million for Micro enterprises;**
- ii. Ksh. 25 million for Small enterprises; and**
- iii. Ksh. 250 million for Medium enterprises.**

The MSE Act currently provides a maximum annual turnover of:

- i. Ksh. 500,000 for Micro enterprises; and
- ii. Ksh. 5 million for Small enterprises.

The PFM Act currently provides a maximum turnover of Ksh. 100 million for Medium enterprises. Consequently, this amendment will therefore repeal the definition of Medium enterprises as provided for in the PFM Act.

The proposed new thresholds will reflect the average market turnover for such enterprises and **factors in the changes in inflation rate since 2012**.

The proposed threshold of Ksh. 250 million for Medium Enterprises will facilitate value chain development and financing so that the medium enterprises who may be aggregators, processors, manufacturers or exporters can in turn support a network of micro and small enterprises along key value chains such as agriculture, manufacturing and building and construction.

Further on Section 51 of the Micro and Small Enterprises Act CAP 499C- We propose the following amendment: **“the Cabinet Secretary responsible for matters relating to Finance may establish the Micro, Small, and Medium Enterprise Development Fund.”** This will align the MSE Act section 6 and 24 (4) of the Public Finance Management Act.

In conclusion, the Committee may consider the proposal to define MSMEs, revise the turnover thresholds for MSME classification, and grant the Cabinet Secretary responsible for Finance the authority to establish an MSME Development Fund.



REPUBLIC OF KENYA
THE NATIONAL TREASURY

COMMENTS ON THE DRAFT MICRO AND SMALL ENTERPRISES ACT CAP 499C

	Section	Proposed Amendments	Additional remarks on the Explanatory Memorandum
1	Section 2 of the Micro and Small Enterprises Act CAP 499C and the Public Finance Management Act CAP 412A.	<p>Definition of MSMEs</p> <p>The definition of Micro, Small and Medium enterprises as anchored in both the MSE Act and PFM Act is challenging to implement, especially in cases where there is conflict between 'number of employees' 'annual turnover' and 'assets'. This poses difficulties in the classification of enterprise by size during reporting of outreach and impact on Government financial inclusion initiatives.</p> <p>We suggest that the Bill consequentially amends the MSE Act to guide that in case of a conflict between turnover, number of employees and assets, the turnover will prevail in the classification of MSMEs.</p>	<p>This will ensure proper classification of MSMEs for impact evaluation of Government led initiatives towards supporting MSME s growth and development.</p>
2		<p>We propose the MSE Act CAP 499C to provide for the definition of Medium Enterprises. These enterprises are vital for economic development and are characterized by greater agility, innovation, and potential for creating more employment opportunities.</p>	<p>Medium enterprises serve as a link between small, informal businesses and large corporations and hence play a significant role in economic growth, employment, and innovation.</p> <p>Further, Medium enterprises have unique needs, higher capacity for scaling, and greater potential for formalization.</p>

3.	Section 2 of the Micro and Small Enterprises Act CAP 499C	<p>We propose amendment to the turnover thresholds of Micro, Small and Medium Enterprises. We propose a maximum annual turnover of:</p> <ul style="list-style-type: none"> i. Ksh. 5 million for Micro enterprises; ii. Ksh. 25 million for Small enterprises; and iii. Ksh. 250 million for Medium enterprises. <p>The MSE Act currently provides a maximum annual turnover of:</p> <ul style="list-style-type: none"> i. Ksh. 500,000 for Micro enterprises; and ii. Ksh. 5 million for Small enterprises. <p>The PFM Act currently provides a maximum turnover of Ksh. 100 million for Medium enterprises.</p> <p>Consequently, this amendment will therefore repeal the definition of Medium enterprises as provided for in the PFM Act.</p>	<p>The proposed new thresholds reflect the average market turnover for such enterprises and factors in the changes in inflation rate since 2012.</p> <p>The proposed threshold of Ksh. 250 million for Medium Enterprises will facilitate value chain development and financing so that the medium enterprises who may be aggregators, processors, manufacturers or exporters can in turn support a network of micro and small enterprises along key value chains such as agriculture, manufacturing and building and construction.</p>
4	Section 51 of the Micro and Small Enterprises Act CAP 499C	We propose the following amendment: “the Cabinet Secretary responsible for matters relating to Finance may establish the Micro, Small, and Medium Enterprise Development Fund.”	This is to align the MSE Act with section 6 and 24 (4) of the Public Finance Management Act.



**SUBMISSIONS BY THE KENYA NATIONAL INNOVATION AGENCY TO THE
DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND
COOPERATIVES ON THE MICRO AND SMALL ENTERPRISES
(AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 25 OF 2025)**

FEBRUARY, 2026

1.0. INTRODUCTION

1.1 **Hon Chair, and Distinguished Members:** It is my great pleasure to submit to the National Assembly Standing Committee on Trade, Industry and Cooperatives, as requested in the letter reference number NA/DDC/TIC/2026/001 dated 11th February 2026, and subsequent letter reference number NA/DDC/TIC/2026/004 dated 17th February 2026 concerning the Micro And Small Enterprises (Amendment) Bill, 2025 (the Bill). The areas of discussion include:

- i. The collaborative approach needed to align the mandates of the Micro And Small Enterprises Authority (MSEA) and the Kenya National Innovation Agency (KeNIA);
- ii. The areas which may need legislative clarity;
- iii. Policy and Constitutional Alignment;
- iv. Key inputs and proposals for the Micro And Small Enterprises (Amendment) Bill to ensure it addresses the unique needs of MSMEs, fosters innovation, and aligns with Kenya's Vision 2030 goals.

These submissions are made in the spirit of strengthening coherence, avoiding duplication, and ensuring protection of innovators while preserving the central role of the Micro and Small Enterprises Authority (MSEA).

2.0. APPRECIATION

Hon. Chair, Distinguished Members, On behalf of KeNIA, we express appreciation for the invitation and give thanks to the committee for joining hands to advance the work that we've done for a few years to get Kenya's innovation agenda on the global map.

KeNIA fully supports the objectives of the Bill, particularly the strengthening of enterprise development, incubation, and competitiveness of micro and small enterprises (MSEs). A significant proportion of MSEs are innovation-driven, and therefore enterprise legislation naturally intersects with the national innovation framework.

We do trust that this process will generate a framework that will help deliver greater impact, transformation, jobs, enterprises and enhance our competitiveness.

3.0. STATUTORY CONTEXT AND RECOGNITION OF COMPLEMENTARY MANDATES

3.1. Hon. Chair, Distinguished Members, KeNIA is established under the Science, Technology and Innovation (STI) Act Cap 511 whereby it is mandated, under Section 29, to:

- Develop and manage the National Innovation System (NIS);
- Coordinate and assure innovation activities in Kenya;
- Promote protection and commercialization of innovations;
- Safeguard the interests of innovators; and
- Establish standards and guidelines for innovation support mechanisms.

3.2. KeNIA recognises and respects the statutory role of MSEA in:

- Enterprise formalisation and development;
- Capacity building and advisory services;
- Business incubation and market linkage facilitation

- 3.3.** The expanded functions proposed in the Bill enhance Kenya's enterprise ecosystem. KeNIA's interest is not jurisdictional expansion but ensuring that innovation-related functions operate within a harmonized national framework, as contemplated under Section 29 of the STI Act.

4.0. AREAS REQUIRING LEGISLATIVE CLARITY

4.1. Structured Coordination on Innovation Functions

- 4.1.1 Hon. Chair, Distinguished Members,** the Bill introduces or strengthens functions relating to Incubation, Technology transfer, Commercialization support as well as Innovation challenges and competitions. These activities fall within the broader National Innovation System architecture.

- 4.1.2** We recommend the following legislative refinement:

“In implementing programmes relating to innovation support, incubation, commercialization, or innovation competitions, the Authority shall collaborate with relevant national innovation system actors, including the Kenya National Innovation Agency.”

- 4.1.3** Section 29 of the STI Act vests KeNIA with authority to coordinate and assure innovation activities nationally. Legislative clarity prevents jurisdictional overlap and ensures harmonized standards

4.2. Governance of Innovation Challenges and Hackathons

- 4.2.1.** Innovation competitions are increasingly used as tools to identify and accelerate enterprise talent. While valuable, they may expose early-stage innovators to risks such as:
- Unclear intellectual property ownership;
 - Data appropriation;
 - Unbalanced commercialisation terms; and
 - Limited post-competition protections.

4.2.2. To strengthen protection of innovators in these programmes, we recommend a safeguard clause as follows:

“Any innovation challenge, hackathon, or competitive innovation programme conducted under this Act shall comply with national innovation governance standards as prescribed by the Kenya National Innovation Agency.”

4.2.3. This does not impose burdensome regulation but ensures innovators, particularly youth and early-stage founders, are protected within a predictable governance framework. Such clarity enhances public trust and investor confidence.

4.3. Intellectual Property and Commercialization Support

4.3.1. Hon. Chair, Distinguished Members, The Bill strengthens advisory services but may benefit from explicitly incorporating:

- Intellectual property awareness and protection guidance;
- Commercialization readiness assessments;
- Linkages to research institutions and innovation hubs; and
- Technology validation and standards advisory

4.3.2. These elements reinforce Kenya’s transition toward knowledge-driven enterprise growth. KeNIA stands ready to support technical implementation through guidelines and capacity building.

4.4. Innovation Data Sharing and Policy Coherence

4.4.1. Effective management of the National Innovation System requires reliable data on innovation-driven enterprises. A provision encouraging structured data-sharing between MSEA and KeNIA would:

- Support national and global innovation reporting;
- Strengthen policy evaluation;
- Reduce duplication of public investment; and
- Improve international competitiveness benchmarking.

4.4.2. This would be an operational coordination mechanism, not an expansion of authority.

5.0. POLICY AND CONSTITUTIONAL ALIGNMENT

5.1. **Hon. Chair, Esteemed Committee Members,** Legislative clarity now prevents administrative ambiguity later. In particular, the proposed refinements advance:

- Whole-of-government coordination principles;
- Industrialization and value addition strategies;
- Protection of intellectual property as an economic asset;
- Youth empowerment; and
- Efficient utilization of public resources.

5.2. Without this alignment:

- Innovation competitions may operate under inconsistent governance standards;
- Publicly funded incubation programmes may apply divergent IP frameworks;
- National innovation data may remain fragmented; and
- Emerging innovators may lack predictable safeguards.

5.3. These risks can be mitigated through modest drafting refinements that reinforce institutional complementarity.

6.0. CONCLUSION

Hon. Chair, Esteemed Members, KeNIA supports the Micro and Small Enterprises (Amendment) Bill, 2025 and commends its intent to strengthen Kenya's enterprise ecosystem. The Agency respectfully recommends targeted refinements to:

- Anchor structured coordination on innovation functions;
- Protect innovators participating in enterprise-linked competitions;
- Strengthen IP and commercialization advisory components; and
- Enhance inter-agency data coherence.

These proposals preserve MSEA's central role while reinforcing national innovation system integrity as mandated under Section 29 of the Science, Technology and Innovation Act. KeNIA remains available to provide technical assistance and to work collaboratively with the Committee and MSEA to ensure seamless implementation.

KENYA NATIONAL INNOVATION AGENCY

FEBRUARY, 2026

PROPOSED AMENDMENTS TABLE

Clause	Provisions of the Clause	Proposed Amendment	Justification For / Comments On The Proposed Amendment
Part II – Functions of the Authority (Innovation Support, Incubation, Commercialization & Competitions)	The Bill introduces or strengthens functions relating to incubation, technology transfer, commercialization support and innovation challenges but does not expressly provide for coordination within the National Innovation System.	<p>Insert a new subsection as follows:</p> <p><i>“In implementing programmes relating to innovation support, incubation, commercialization, technology transfer or innovation competitions under this Act, the Authority shall collaborate and coordinate with the Kenya National Innovation Agency within the framework of the National Innovation System established under the Science, Technology and Innovation Act.”</i></p>	<p>Section 29 of the Science, Technology and Innovation Act mandates KeNIA to develop and manage the National Innovation System and coordinate innovation activities in Kenya. Innovation incubation and commercialization fall within that mandate. This amendment ensures statutory alignment and prevents fragmentation of innovation governance.</p>
Innovation Challenges / Hackathons	The Bill permits innovation competitions but does not provide intellectual property or governance safeguards.	<p>Insert provision as follows:</p> <p><i>“Any innovation challenge, hackathon or competitive innovation programme conducted under this Act shall comply with national innovation governance standards as prescribed by the Kenya National Innovation Agency.”</i></p>	<p>Section 29 of the STI Act mandates KeNIA to promote protection and commercialization of innovations and safeguard the interests of innovators. Innovation competitions often expose early-stage technologies and intellectual property. Compliance with prescribed standards protects innovators and ensures predictable governance.</p>

<p>Advisory & Incubation Support Provisions</p>	<p>The Bill strengthens advisory and incubation services but does not expressly incorporate intellectual property guidance, commercialization readiness or technology validation components.</p>	<p>Insert provision as follows: <i>“Advisory, incubation and commercialization support provided under this Act shall incorporate intellectual property awareness and protection guidance, commercialization readiness assessment and technology validation support, in alignment with guidelines issued under the Science, Technology and Innovation Act.”</i></p>	<p>Section 29 of the STI Act mandates KeNIA to establish standards and guidelines for innovation support mechanisms and promote commercialization of innovations. Incorporating IP and commercialization readiness components strengthens enterprise competitiveness and supports Kenya’s transition to a knowledge-driven economy.</p>
<p>Monitoring, Evaluation and Data</p>	<p>The Bill does not provide for structured innovation-related data sharing at national level.</p>	<p>Insert provision as follows: <i>“The Authority shall share innovation-related incubation and commercialization data with the Kenya National Innovation Agency for purposes of coordination, monitoring and evaluation of the National Innovation System.”</i></p>	<p>Effective management of the National Innovation System under Section 29 of the STI Act requires reliable national data on innovation-driven enterprises. Structured data sharing enhances policy coherence, reduces duplication of public investment and strengthens international competitiveness benchmarking.</p>

Outlook



Carol Musyica
Make copies for
Legal Counsel, ASG
Analyst & Research
Awarice #1/15/2

Submission of memorandum

From Bachelors Clinicalmedicineup <bcmupg2024@gmail.com>

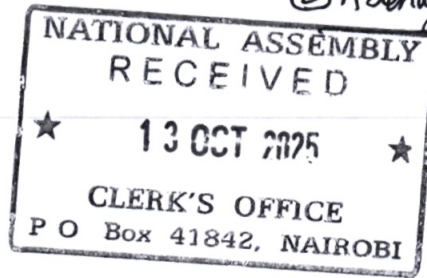
Date Thu 10/09/2025 2:14 PM

To Clerk of the National Assembly Kenya <cna@parliament.go.ke>

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13/10/25

To:
The Clerk of the National Assembly
P.O. Box 41842-00100,
Nairobi, Kenya
Email: cna@parliament.go.ke

Abenayo Wasike, HoD



To place before the
Dept. Comm. on Trade
Dm 14/10/25

Date: 9/10/2025

REF: Memorandum on the Inclusion of University and College Students in the Micro and Small Enterprises (Amendment) Bill (Bill No. 25 of 2025)

I hereby submit this memorandum on behalf of my self and youths of tendeno/sorget ward and Kenya at large in response to the public invitation to provide views on the Micro and Small Enterprises (Amendment) Bill (Bill No. 25 of 2025), sponsored by Hon. John Gitonga Mukunji.

I welcome and support the Bill's intention to promote marketing, development, and branding of products and services by micro and small enterprises (MSEs). However, I propose that the Bill be expanded to explicitly include university and college students as a target group for MSE support programs. since many of them are taken through project as a unit and entrepreneurship before their graduation as an opening octave into what do they intend to do after completing their education incase they fail or before they secure employment, this course units are done theoretically and defended in board roads supervised by qualified lecturers and marks are awarded, it's high time that we anchor this into its practicability nature.

II. Proposed Amendments

1. Inclusion of Student Entrepreneurs in the Mandate of the Authority

Amend the Bill to require the Micro and Small Enterprises Authority (MSEA) to design and implement programs specifically targeting university and college students, enabling them to start and grow businesses while still in school or immediately after graduation.

2. Integration with HELB Loan Repayment Strategy

Create a partnership between MSEA and the Higher Education Loans Board (HELB) to support student-led enterprises as a pathway to early loan repayment. This may include:
Offering tax incentives for student entrepreneurs.

Linking enterprise success to HELB repayment plans (e.g., % of profits go to HELB).

Entrepreneurship mentorship and incubation centers in institutions of higher learning.

3. University-Based Business Incubation Programs

Require MSEA to collaborate with universities and TVETs to establish business incubators that:

Offer training in product development, branding, and marketing.

Provide seed funding or access to affordable loans and grants.

Companies may contract students for design on branding expedition as a locum or practicum

Facilitate participation in government procurement (Access to Government Procurement Opportunities – AGPO).

III. Rationale

1. Youth Unemployment

According to available statistics, youth (18–35 years) face the highest unemployment rates in Kenya. Integrating students into the MSE ecosystem will address this challenge from the root.

2. Early Financial Responsibility

Students involved in entrepreneurship can begin repaying their HELB loans soon after graduation or even while in school, reducing defaults.

3. Skill Development

Starting and managing businesses will help students develop real-world skills, making them more competitive in the job market.

4. National Economic Growth

A culture of entrepreneurship among youth will boost innovation, create jobs, and expand the tax base.

IV. Conclusion

I recommend that the National Assembly considers amending the Bill to incorporate mechanisms that promote and support student entrepreneurship as part of the broader effort to grow the MSE sector. Doing so will not only empower the youth but also support HELB's sustainability and national economic growth.

Thank you for the opportunity to submit this memorandum.

Sincerely,

Hon Moses cheruiyot rotich

ID 2366815

Tel 0724638533

Kericho county assembly



Abenayo Wasike
Deal

27/10/25
25000
27/10/25

Received on
31/11/2025



UNIVERSITY OF NAIROBI
AFRICAN WOMEN STUDIES CENTRE
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African Women Studies Centre (AWSC)

October 23, 2025

Mr. Samuel Njoroge, CBS
Clerk National Assembly,
P.O. Box 41842-00100,
Nairobi.

REF: SUBMISSION OF COMMENTS ON THE THE MICRO AND SMALL ENTERPRISES (AMENDMENT) BILL, 2025

Greetings,

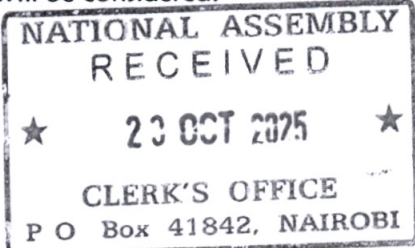
The African Women's Studies Centre (AWSC) is a multi-disciplinary institution of the University of Nairobi (UoN) that focuses on bringing African women's knowledge on development, and socio-political and socio-economic issues to visibility. This is realized through action-oriented research and academic discourse.

The UoN Women Economic Empowerment (WEE) Hub is a program of the AWSC. The WEE Hub aims to contribute to evidence-based decision making and implementation of policies and programs informed by what works for WEE in Kenya. One of the WEE Hub's projects is the Networking and Alliance building for Women's Economic Empowerment (NABWEE). NABWEE is a platform of women entrepreneurs, women's organizations, relevant state departments, and women's business leaders working in the WEE sector to support the implementation of policy reforms to improve women's access to economic opportunities across various sectors in Kenya. Thus, through NABWEE, the WEE Hub promotes women's self-advocacy.

NABWEE works closely with researchers at the UoN WEE Hub to consolidate the evidence-based research which the Hub has produced over the last five years. This research provides important findings on various aspects of women's economic empowerment, highlighting the areas where progress has been made and the areas which still need to be addressed.

Following an Invitation for comments from the public on the Protocol on the Micro and Small Enterprises (Amendment) Bill, 2025, AWSC – WEE Hub hereby submits its comments on the same.

It is our prayer that our recommendations will be considered.



Yours Sincerely

MA Kemuma

Dr. Agnes K. Meroka-Mutua,
Senior Lecturer, Dept. of Private Law, &
Assistant Coordinator Policy Advocacy Women's Economic Empowerment Hub,
University of Nairobi.
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THE MICRO AND SMALL ENTERPRISES (AMENDMENT) BILL, 2025

PUBLIC PARTICIPATION MEMORANDUM

SUBMITTED BY:

University of Nairobi WEE-Hub, African Women Studies Centre.

DATE: 23/10/2025

S/No	Section No.	Provisions of the Bill	AWSC Recommendation	Proposed Revision to the Bill	Rationale
1.	Amendment of Section 31 on Functions of the Micro and Small Enterprises Authority	Section 31 (fa) Advocate, coordinate, harmonize, implement and promote national branding initiatives and policies to promote the consumption of local enterprises' products in Kenyan markets	This provision should expressly incorporate the promotion of women-led enterprises within national branding initiatives and policies to enhance visibility and competitiveness.	Amend as follows: <i>"Advocate, coordinate, harmonize, implement and promote national branding initiatives and policies to promote the consumption of local enterprises' products, including use of Affirmative Action and promotion of women-led enterprises, within Kenyan markets."</i>	The function assigned to the MSE Authority to promote MSE through national branding initiatives should expressly incorporate support for women-led enterprises, which continue to face structural barriers such as limited market access and weak market linkages. Such a provision would enable women-led enterprises to compete on an equal footing by enhancing their access to branding and marketing platforms.
2.	Amendment of Section 31 on Functions of the Micro and Small Enterprises Authority	Section 31 (fb) Advise local micro and small enterprises on technology upgrading, quality	The current provisions of the Act do not explicitly address the unique challenges faced by women entrepreneurs in the	Amend as follows: <i>The Authority shall, in collaboration with the Kenya Innovation Agency, the Information and</i>	To mandate the Authority to design and implement innovation support programs that

	Enterprises Authority	and design improvement, standards and product development, and innovation in consultation with the Kenya Innovation Agency, Information and Communication Authorities and other relevant agencies.	<p>innovation ecosystem. These include limited access to digital infrastructure, gender bias in financing and procurement, and underrepresentation in technical training and advisory programs. By embedding gender-responsive language and obligations into the Act, this amendment seeks to:</p> <ul style="list-style-type: none"> • Promote inclusive economic development by empowering women-led MSEs. • Align with Kenya’s commitments under Vision 2030, the Constitution (Article 27 on equality and non-discrimination), and international frameworks such as the Sustainable Development Goals (SDG 5 and SDG 8). 	<p><i>Communication Authorities, Standards and Product Development Institutions, and other relevant institutions, establish and implement programs to support micro and small enterprises in—</i></p> <ul style="list-style-type: none"> <i>a. Technology upgrading;</i> <i>b. Quality and design improvement;</i> <i>c. Standards and product development; and</i> <i>d. Innovation and commercialization of products and services.</i> <p><i>In executing subsection (1), the Authority shall—</i></p> <ul style="list-style-type: none"> <i>a. Ensure that such programs are gender-responsive and inclusive of women-led enterprises;</i> <i>b. Facilitate equitable access to innovation hubs, digital infrastructure, and technical advisory services for women entrepreneurs;</i> 	<p>are inclusive of women-led enterprises.</p> <p>To ensure equitable access to technology upgrading, design improvement, and commercialization services.</p> <p>To institutionalize gender-responsive monitoring and reporting mechanisms within the MSE development framework.</p>
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			<ul style="list-style-type: none"> Enhance the competitiveness and sustainability of MSEs through equitable access to innovation and product development support. 	<p><i>c. Provide targeted outreach, training, and capacity-building tailored to the unique needs of women-led micro and small enterprises; and</i></p> <p><i>d. Monitor and report annually on the participation, outcomes, and impact of such programs on women-led enterprises.</i></p>	
3.	Amendment of Section 31 on Functions of the Micro and Small Enterprises Authority	<p>Section 31 (fc)</p> <p>Collaborate with relevant agencies to promote the consumption of goods and services produced by local micro and small enterprises</p>	This provision should explicitly provide for the promotion of the consumption of goods and services produced by women-led enterprises, thus prioritizing their inclusion in market promotion initiatives.	<p>Amend as follows:</p> <p><i>“Collaborate with relevant agencies to promote the consumption of goods and services produced by local micro and small enterprises, including women-led enterprises.”</i></p>	The absence of an explicit provision for women-led enterprises risks their exclusion from marketing and promotion initiatives.
4.	Amendment of Section 31 on Functions of the Micro and Small Enterprises Authority	<p>Section 31 (fd)</p> <p>Provide customised advisory services to local farm enterprises and consumers on the quality of produce</p>	This section should be deleted as it is a repetition of section 31 (fe).	Delete section 31 (fd)	Section 31 (fe) reflects the intent of section 31 (fd), which focuses on delivering advisory services to local farm enterprises.

		and products upon request			
5.	Amendment of Section 31 on Functions of the Micro and Small Enterprises Authority	Section 31 (fe) Collaborate with other agencies to provide support and advisory services to local farm enterprises on the quality produce and products	This section should be amended to include the word ‘consumers’ so as to appropriately capture the substance of section 31 (fd) (when deleted) as well as add ‘women-led enterprises to guarantee that advisory and support functions extend equitably to women entrepreneurs who remain underrepresented in the sector.	Amend as follows: <i>“Collaborate with other agencies to provide support and advisory services to local farm enterprises including women-led enterprises and consumers on the quality produce and products.”</i>	The inclusion of the term “consumer” ensures alignment with section 31(fd), which addresses the provision of advisory services to local farm enterprises and consumers. To ensure that the provision explicitly recognizes the participation of women entrepreneurs who face structural barriers in accessing advisory and support services
6.	Amendment of Section 74 on Regulations	Section 74 (ba) Prescribing the mechanism for the development, marketing and branding of products by local enterprises and micro and small enterprises;	Women entrepreneurs often face structural barriers including limited access to capital, digital platforms, branding expertise, and market networks. These constraints hinder their ability to scale, compete, and innovate. By revising Section 74(ba) to include	Amend as follows: <i>Prescribing mechanisms for the development, marketing, and branding of products by local enterprises and micro and small enterprises, including—</i>	To embed gender-responsive language and obligations within the regulatory framework. To ensure that women-led enterprises benefit from targeted support in product development, marketing, and branding.

			<p>gender-responsive mechanisms, the amendment seeks to:</p> <ul style="list-style-type: none"> ● Promote inclusive economic growth by ensuring equitable access to branding and marketing support. ● Align with Article 27 of the Constitution of Kenya on equality and non-discrimination. ● Operationalize Kenya’s commitments under Vision 2030, the Gender Policy, and the Sustainable Development Goals (SDGs), particularly SDG 5 (Gender Equality) and SDG 8 (Decent Work and Economic Growth). 	<p>i. <i>the formulation of strategies to enhance the visibility, competitiveness, and market access of products developed by micro and small enterprises;</i></p> <p>ii. <i>the establishment of programs and incentives to support product design, packaging, certification, and branding in local and international markets;</i></p> <p>iii. <i>the development of inclusive and gender-responsive frameworks that promote the participation of women-led enterprises in product development, marketing, and branding initiatives;</i></p> <p>iv. <i>the facilitation of access by women-led enterprises to digital platforms, innovation hubs, and promotional infrastructure; and</i></p> <p>v. <i>the provision of targeted training, mentorship, and financial linkages to strengthen the capacity of</i></p>	<p>To enhance the competitiveness and visibility of products from women-led MSEs in local and global markets.</p>
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				<i>women-led micro and small enterprises in value addition and brand development.</i>	
7.	Amendment of Section 74 on Regulations	Section 74 (bb) Prescribing affirmative action to promote the local consumption of goods and services produced by micro and small enterprises	This section could be revised to include the words “with priority given to women, youth and persons with disability”	Amend as follows: <i>“Prescribing Affirmative Action to promote the local consumption of goods and services produced by micro and small enterprises, with priority given to women, youth, and persons with disabilities.”</i>	This affirmative action section is a positive step towards inclusivity. It can, however, be strengthened by explicitly identifying the marginalized groups intended to benefit, such as women, youth, and persons with disabilities (PWDs). Such a specification will help ensure that promotional and procurement initiatives effectively target women-led enterprises, youth, and PWDs.

