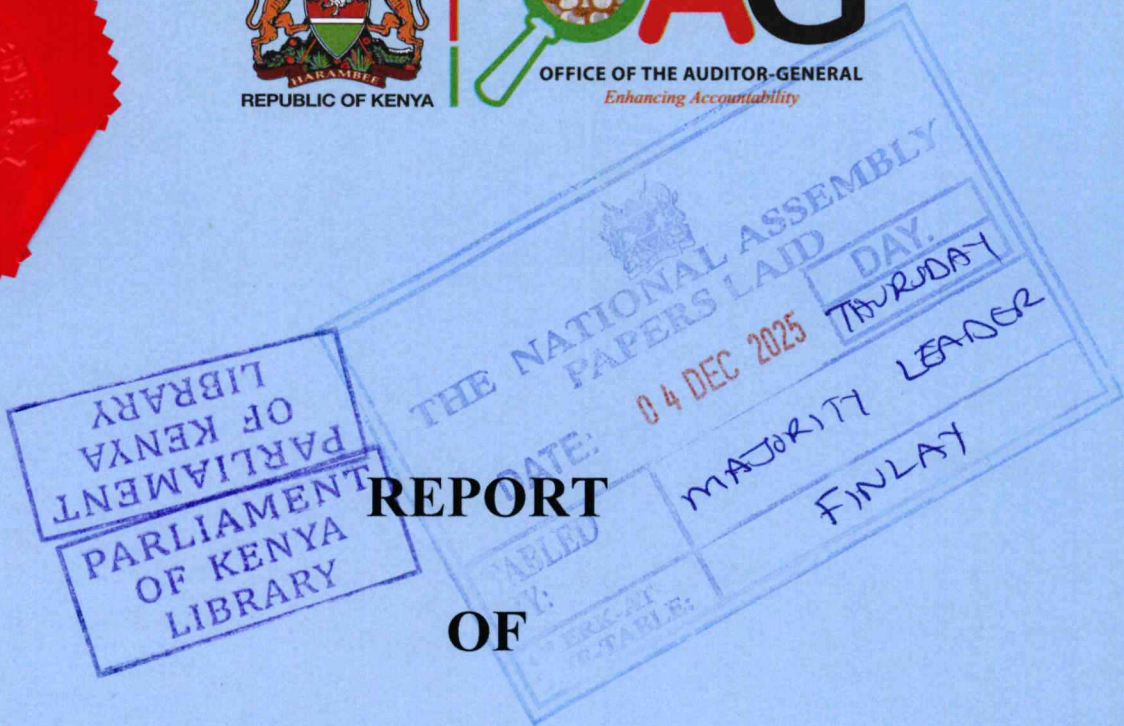


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



**REPORT
OF
THE AUDITOR-GENERAL
ON
MICRO AND SMALL ENTERPRISES
AUTHORITY
FOR THE YEAR ENDED
30 JUNE, 2025**

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
RECORDS OFFICE
30 OCT 2025
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MICRO AND SMALL ENTERPRISES AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2025**

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

Micro and Small Enterprises Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

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1. ACRONYMS AND DEFINITION OF KEY TERMS

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
DG	Director General
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MSE	Micro and Small Enterprises
MSEA	Micro and Small Enterprises Authority
MSMEs	Micro, Small and Medium Enterprises
PFM	Public Finance Management.

B: Definition of Key Terms

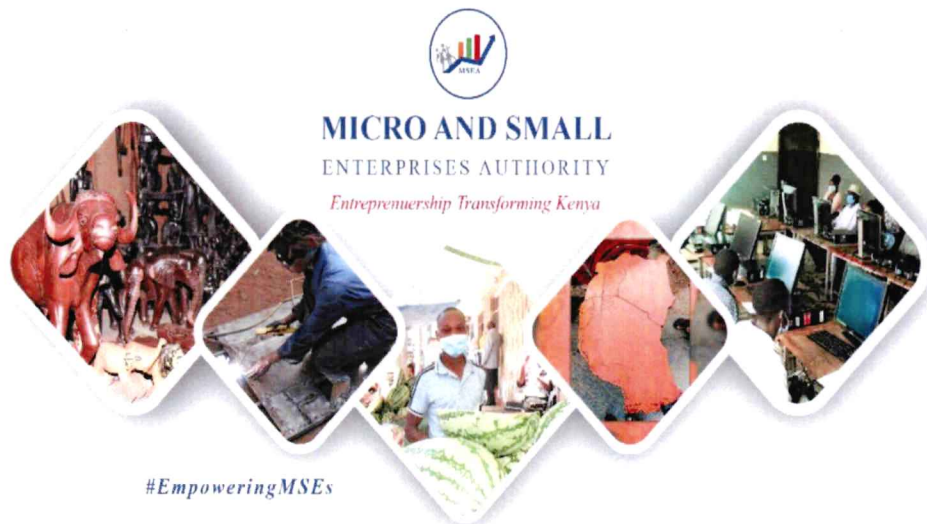
Fiduciary Management – Members of Management directly entrusted with the responsibility of financial resources of the organisation.

Comparative Year –Means the prior period

2. KEY ENTITY INFORMATION AND MANAGEMENT

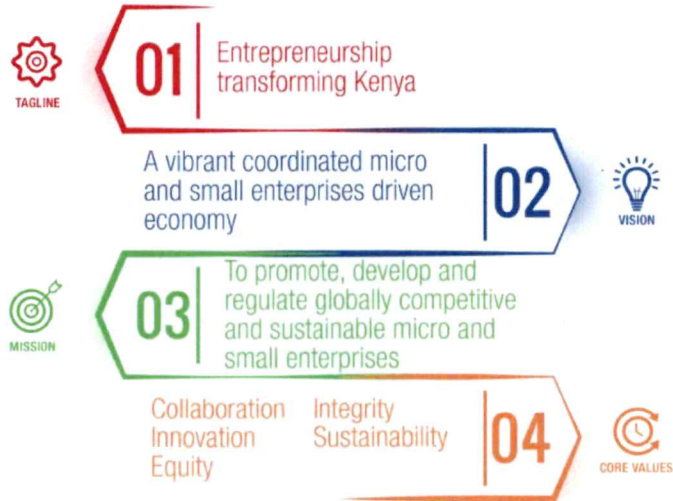
(a) Background information

The Micro and Small Enterprises Authority (MSEA) is a State Corporation established under the Micro and Small Enterprise Act No. 55 of 2012. The Authority is established by law to support development and regulation of Micro and Small Enterprises. The Authority's mandate as indicated by the Micro and Small Enterprise Act No. 55 of 2012 is to Regulate, Promote and Develop the Micro and Small Enterprise Sector. The Authority focuses on the following sectors: Manufacturing, Agribusiness, Trade and Services. At Cabinet level, the Authority is represented by the Cabinet Secretary for Co-operatives and Micro Small and Medium Enterprises Development, who is responsible for the general policy and strategic direction of the Authority.



Micro and Small Enterprises Authority
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TAGLINE, MISSION, VISION:



CORE VALUES:

The MSEA shall uphold the following core values:

- 1) Collaboration
- 2) Innovation:
- 3) Equity
- 4) Integrity
- 5) Sustainability



CORE VALUES:

1) Collaboration:

Micro and Small Enterprises Authority is committed to Collaboration as it enables individuals to work together to achieve a defined and common business purpose.



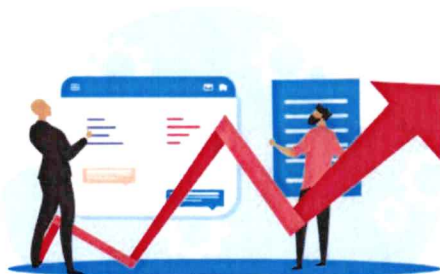
2) Innovation:

MSEA is committed to innovativeness, inventiveness, resourcefulness and visionary planning and service delivery.



3) Equity:

MSEA shall conduct its business and provide services under the state, quality and ideal of being just, impartial and fair.



4) Integrity:

MSEA is committed to integrity as a foundation on which coworkers build relationships and trust, and it is one of the fundamental values.



5) Sustainability:

MSEA will persistently pursue Sustainability focusing on meeting the needs of the present without compromising the ability of future generations to meet their needs.



OUR FOUR STRATEGIC PILLARS

Strategic Pillars

REGULATION

MSEA is focused on developing/ reviewing/ harmonizing laws, regulations, policies and strategies relevant to MSEs to ease coordination and intergranition of sector.



REGULATION

PROMOTION

Under this pillar, MSEA will provide a conducive operating environment for MSEs and increase their market access.



PROMOTION

DEVELOPMENT

MSEA will provide adequate common users facilities for MSEs, adequate funding and capacity building of MSEs



DEVELOPMENT

INSTITUTIONAL CAPACITY

MSEA is focused on the corporate governance structure, human and financial resource requirements that will be necessary to actualize the Strategic plan.



INSTITUTIONAL CAPACITY

CORE MANDATE



(b) Principal Activity and Functions of the Authority

The principal activity of the Authority is to facilitate the Promotion, Development and Regulation of Micro and Small Enterprises Sector with the following functions;

1. Formulate and review policies and programs for Micro and Small Enterprises.
2. Monitor and evaluate the implementation of existing policies and programmes related to, or affecting the micro and small enterprises and advise the Government on appropriate policies and course of action to be taken.
3. Coordinate, harmonize and facilitate the integration of various public and private sector activities, programmes and development plans relating to Micro and Small Enterprises.
4. Promote and facilitate research, product development and patenting in the Micro and Small Enterprises sector.
5. Promote the mainstreaming of youth, gender and persons with disabilities in all micro and small enterprises activities and programs.
6. Mobilise resources for development of the micro and small enterprises sector.
7. Promote access to markets by micro and small enterprises.
8. Promote innovation and development of products by micro and small enterprises.
9. Formulate capacity building programmes for micro and small enterprises.
10. Facilitate technology development, acquisition and transfer by micro and small enterprises
11. Develop mechanism, 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.

(c) Key Management

The Authority's day-to-day management is under the following key organs:

- Board of Directors
- Director General / Chief Executive Officer
- Senior Management Team

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Chief Executive Officer	Henry Rithaa
2	Director, Corporate Services	Simon Nyamolo upto 8 th February 2025
3	Director Internal Audit	Gladys Waithira Hugo
4	Director, Infrastructure Development, Technology and Innovation	Eng. Edward Karani
5	Director, Business Development, Marketing and Trade	Dr. Caroline Kaua
6	Ag. Director Planning, Partnership and Advocacy	Reynold Njue
7	Deputy Director, Supply Chain Management	Willy Sigei
8	Registrar of Micro and Small Enterprise	Grace Maureen Chogo
9	Corporate Secretary	Ruth Bikambo
10	Head of Finance	Elsie Thambu
11	Head of Human Capital Development	Marsela Tumo
12	Chief Legal Officer	Mary Chege
13	Head, Corporate Communication	Elizabeth Mulae

(e) Fiduciary Oversight Arrangements

The primary organ responsible for fiduciary oversight arrangements is the Board of Directors. Other Government bodies also provide oversight. The Board exercised this oversight through Board Committees. These were the Finance, Human Resource and Administration Committee, Strategy and Business Development Service Committee, Development and Infrastructure Committee, Audit and Risk Management Committee. The key function of the Board is to guide and control the performance and management of the affairs of the Authority.

**Micro and Small Enterprises Authority
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For the year ended June 30, 2025**

(f) Headquarters

Micro and Small Enterprises Authority
P.O. Box 48823 - 00100
10th Floor, Utalii House
Nairobi, Kenya

(g) Contacts

Office of the Chief Executive Officer
Telephone: (254)020-3340006/0700-666000
E-mail: info@msea.go.ke
Website: www.msea.go.ke

(h) Bankers

Kenya Commercial Bank, Milimani Branch | P.O Box 69695-00400, Nairobi
Kenya Commercial Bank, University Way Branch | P.O Box 7206-00300, Nairobi
National Bank of Kenya, Harambee Avenue Branch | P.O Box 72866-00200, Nairobi
Housing Finance Group | Rehani Branch | P.O Box 30088-00100, Nairobi


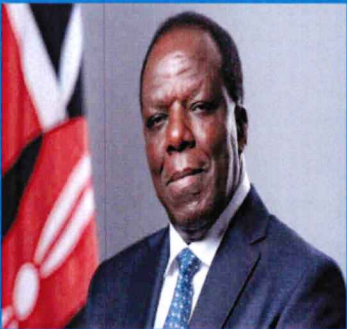
(i) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

3. THE BOARD OF DIRECTORS

Directors	Details
 <p data-bbox="284 1137 512 1167">Mr. James Mureu</p>	<p data-bbox="595 577 922 607">Chairperson of the Board</p> <p data-bbox="595 618 1420 734">Born in 1960, Mr. James N. Mureu holds a B.Sc degree in Business Management from Hartford University, USA, Australia Melbourne campus.</p> <p data-bbox="595 786 1420 947">He is the Managing Director of Prolong Kenya Ltd, a firm involved in construction and farming, Chairman of Mastrade Holdings Ltd with interests in telecommunication and Afrinol Holdings Ltd involved in large-scale farming of Sorghum.</p> <p data-bbox="595 999 1420 1279">He is the immediate past National Vice Chairman of the Kenya National Chamber of Commerce & Industry (KNCCI), and Chairman of the Economic Diplomacy committee of KNCCI. He is also the joint Chairman of the Kenya/India Joint Business Council as well as a member of both the Nigeria and South Africa Joint Business Councils. He has interests in telecommunications, real estate and farming.</p>
 <p data-bbox="244 1821 550 1888">Hon. FCPA Wycliffe A. Oparanya, EGH</p>	<p data-bbox="595 1373 1420 1440">Cabinet Secretary: Ministry of Cooperatives and Micro, Small and Medium Enterprises (MSME) Development</p> <p data-bbox="595 1451 1420 1697">Hon. FCPA Wycliffe A. Oparanya, EGH is the Cabinet Secretary, Ministry of Co-operatives, and Micro, Small and Medium Enterprises Development. He holds a master's degree (MSc) In Finance, Investment & Strategic Management, and Bachelor of Commerce Degree from the University of Nairobi, Kenya.</p> <p data-bbox="595 1749 1420 1906">He has also been extensively trained in Corporate Governance. He has over twenty-five years of work experience in corporate governance, Policy Formulation among others He has worked directly with different Government institutions.</p>



**Hon. Susan Auma
Mang'eni**

Principal Secretary: State Department of Micro Small and Medium Enterprises (MSME) Development

Hon. Susan Auma Mang'eni is the Principal Secretary of Micro Small and Medium Enterprises Development. Hon. Susan Mang'eni holds an MA in Entrepreneurship Development and a BA in Political Science and Public Administration both from the University of Nairobi.

She is also, an alumnus of the 2011 International Visitors Leadership Programme (IVLP) a US State department Exchange programme. She is a network member of the Mandela Institute for Development Studies. She is a governance and development expert with close to 15 years' experience in both the private and public sectors.




Mrs. Margaret Gitonga

Director:



Margaret Gitonga holds a Master's in Business Administration from Strathmore University and a Bachelor of Commerce with first-class honors from the University of Nairobi. She is a certified Business Advisor/Coach through Goldman Sachs/USIU, a Corporate Leadership Competence Facilitator (DDI, South Africa), a specialized business performance management moderator (McKinsey), and an Executive Customer Service Trainer of Trainers (DDI/KPMG).

With over 30 years of leadership experience, Margaret's career spans various sectors, including Finance and Banking, Non-Governmental Organizations, USAID/World Bank programs (notably the 10,000 Women in Business initiative), and Academia. She specializes in SME Development and Financing, and is actively involved as a trainer and coach for women in business.

	<p>A published scholar, her latest work, "The Effect of Banking Services on the Business Performance of Bank Agents in Kenya," was released in 2019 by Cogent Business & Management (CC-BY 4.0).</p> <p>Margaret has served as a council member at Zetech University and the University of Eldoret, where she chaired the Finance and HR committees and was involved with ARISAC and Audit committees. She has also been a Board Member of LOLC Micro Finance PLC and the Federation of Women Entrepreneurs' Association (FEWA).</p> <p>Currently, she is a council member at Kirinyaga University, Secretary of the Kenya Association of Travel Agents, and Treasurer of the Kenya Tourism Federation, among other roles on private sector boards. In addition, Margaret is a practicing Paul Harris Rotarian and The Charter President of the Rotary Club of Karen Green-Nairobi. Her mantra is: "Inspired to Inspire." She serves as the Committee Chair for Finance, HR, and General Purpose, and is a member of the Strategy Committee of the Board.</p>
 <p>Mr. James Sitiency</p>	<p>Representative of the Inspector- General of State Corporations</p> <p>Mr. James holds a Masters of Arts in Public Policy and Administration (MPPA) From Kenyatta University, a Bachelor's degree in Economics and Business from the University of Nairobi, Senior management course & Leadership and Development Programme from Kenya School of Government.</p> <p>He also has a certificate in leadership and Policy implementation from ESAMI –Arusha; Effective Audit and Oversight (Institute of Directors); Transformative Leadership and Organisation Culture Change: Computer Applications and Proficiency from African Institute of Research and Development Studies.</p>

	<p>Having worked in the Public Sector in various departments and agencies for over twenty eight years his experience ranges from corporate governance to policy implementation. He is a member of the Kenya Association of Public Administration and Management (KAPAM) and is currently working at the Inspectorate of State Corporations- Cabinet Affairs office- Executive Office of the President.</p>
 <p>Mr. Billy Baltazar</p>	<p>Director: Mr. Baltazar has had diverse experience in different fields including Health Policy, Health Financing and management of teams both in private and public sector. He holds a Bachelor of Commerce degree in Management from Catholic University of Eastern Africa and currently pursuing Master of Science in Human Resource Management from the University of Nairobi.</p> <p>He also has a Diploma in Computer Programming and Human Resource Management. Mr. Baltazar has attended short courses in Leadership and Governance, Quality Management Systems, Statistical Methods among others. Currently he is working with NASCOP CDC under Ministry of Health. Previously he has worked with Kenya Medical Supplies Agency.</p>
 <p>Mr. Timothy Biwott</p>	<p>Director: Mr. Biwott has over 33 years of experience in commercial MSME banking, agricultural lending, and financial consultancy. He holds a Master's in Development Finance from Stellenbosch University, a Bachelor's in Business Administration from Kenya Methodist University, and multiple diplomas in management and banking.</p> <p>His career includes leadership roles such as Head of Retail Banking & Special Projects at Credit Bank Kenya, where he oversees business development, deposit stability, and special projects related to agricultural value chains. He also serves as Director at Royal Avila Consultants, offering financial training and</p>

	<p>consultancy services, and has led projects across Kenya, South Africa, Ghana, Nigeria, and Uganda, focusing on microfinance, SME development, and corporate banking.</p> <p>His expertise spans credit policies, risk management, loan portfolio management, and corporate governance. He has worked with international development partners like AGRA, IFAD, and USAID on various financial projects, and has been instrumental in setting up microfinance institutions and specialized banking departments.</p> <p>He is a member of the Association of African Bankers and MSME experts and is highly skilled in project management, agricultural lending, financial product structuring, and strategic business planning.</p>
 <p>Mr. Antony Mwangi</p>	<p>Director:</p> <p>Antony holds a Master’s in Public Policy & Management (MPPM) from Strathmore Business School, Nairobi, a diploma in Sales & Marketing Management from Kenya Institute of Management (KIM) and a degree in Sociology, Geography, Mathematics (Minor) from University of Nairobi.</p> <p>He has more than 20 years of experience in; Government & Regulatory Affairs, Public Policy, and Public Affairs, Communication, Stakeholder Management & Business Development, cutting across ICT, Aviation, Oil & Gas industries and Mobility.</p> <p>Currently working as a Chief Executive Officer at Kenya Association of Manufacturers (KAM) he has not only provided leadership in developing and implementing the KAM Strategic Plan but also sphere headed the process of developing annual work plans, their budgets and monitoring and evaluating their implementation.</p>

 <p>James Kaburu</p>	<p>Director:</p> <p>Mr. James holds a Master’s in Business Administration with a special emphasis in strategic management from United States International University. He is a CPAK and a member of ICPAK as well as a Certified Engagement & productivity Coach Diploma.</p> <p>With over 25 years of progressive experience, he has provided strategic and financial solutions in highly paced environment. He has managed teams to achieve detrimental financial and other company functional targets, dealing with key stake-holders, ie funders, investors, regulators and board in pursuing the various companies’ vision & missions.</p>
 <p>Adams Sospeter</p>	<p>Director:</p> <p>Mr. Adams holds over fifteen years of increasing responsibilities in Public Relations and International Labour & Political advisory assignments. He holds a Master’s Degree in International Labour & Trade Union Studies from Ruskin College, Oxford University and a Bachelor of Arts Degree in Languages and Literary Studies (Linguistics) from Moi University.</p> <p>He is a self-motivated professional adept to working on own initiatives and determined to work skilfully and strategically as an administrator exploiting his full potential to benefit the society. He currently works at International Labour & Political Advisor to the Secretary General / International Labour Specialist at Central Organization of Trade Unions, COTU (K).</p>



Bernard Kiragu

Director:

Bernard's areas of expertise include: ESG and Sustainability consulting, Corporate Governance consulting, Design of Board Structures and processes, Board evaluations, Board and Committee charters. He holds a Masters in leadership from Pan African Christian University, an Executive Masters in Business Administration from JKUAT, is an Accredited Governance Auditor among others.

He is Managing Partner at Scribe Services, and the Chief Trainer at Leading Edge Governance Consult, the firm's training division. He is also Executive Directorate Traction School of Governance and Business Limited a leading training institution on governance and sustainability matters.

Bernard has previously served as a member of the Membership and Advocacy committee of the Institute of Certified Secretaries. He has been providing Corporate Services to major international companies with subsidiaries or branches registered in Kenya.



Felix Chege

Director:

Felix is an experienced strategic information systems management professional and consultant with a record of success in aligning IT strategy with business objectives. He is currently a patron member at the Kenya National Chamber of Commerce and Industry –KNCCI, an international Private Sector organization mandated by the government of Kenya to advocate for, promote and protect the interest of the business communities in Kenya.

He holds Bachelor Degree in Commerce – Operations and Information Systems Management from Masinde Muliro University and is pursuing a Master's in Business Administration as the same University.

	<p>He also sits in the KNCCI Economic Diplomacy Committee, which oversees trade and investment related issues across the organization and within its membership both locally and internationally as well as a member of the Kenya- South Africa Business Council and Kenya-Turkey Business Council.</p>
 <p>John Wambugu Kihonge</p>	<p>Director</p> <p>Mr. John Wambugu Kihonge is a highly skilled and results-driven professional with over 25 years of experience in accounting, strategic management, and human resource development. He has honed expertise in MSME development, financial management, and leadership across various sectors, particularly in public service and financial management.</p> <p>He holds academic background, including a Bachelor of Commerce, Master’s in Business Administration, and ongoing PhD in Business Administration, with a focus on Strategic Management and MSME development</p>
 <p>Ms. Florence Benta Were</p>	<p>Alternate to the Principal Secretary State Department for Trade.</p> <p>Ms. Florence Benta Were is a holder of a masters degree of arts in economics and a bachelors degree on the same. She has extensive experience in the public sector.</p> <p>She has worked in various departments and organisations such as;The Kenya Investment Authority (KenInvest), The National Treasury and Economic Planning, Ministry of Foreign and Diaspora Affairs, Ministry of Devolution and Planning, Ministry of State for Planning, National Development and Vision 2030 among others before joining The State Department for Trade where she currently serves as a chief economist.</p>



Mr. Ronald Inyangala

Alternate Director to Cabinet Secretary the National Treasury and Planning

Mr Ronald Inyangala is the Director in the Financial Sectoral Affairs department & the Scheme Manager of the Credit Guarantee Scheme for the Micro Small and Medium Enterprises (MSMEs) at the National Treasury. He chairs a number of Task Forces on various reforms like the Inter Agency Task Force on the Formation of the Kenya Credit Guarantee Company for MSMEs among others.

He is an innovative development economist and a public sector policy expert with 20+ years' experience. Previously, he worked with Ministry of East African Community on Regional & Economic Integration matters and the Ministry of Trade in the area business development and capacity building of MSMEs.

Ronald holds an M.A. in International Development Studies (Comparative Development) from Hankuk University of Foreign Studies, Republic of South Korea, a Master of Business Administration from Moi University and a Bachelors degree - Mathematics and Economics from Egerton University. He is currently pursuing a Doctor of Philosophy in Development Studies at Jomo Kenyatta University of Agriculture and Technology.





Mr. Joseph Mbeva

Alternate to the Principal Secretary State Department for Industrialization.

Mr Mbeva holds a bachelor of Science degree from University of Nairobi (1990). He has masters on Intellectual Property from Franklin Pierce Law Cent, USA (2002).

He's currently the Director of Industries since 2018 where he's in charge of Promoting Industrialization at the County Level; Coordinating Inter-governmental linkages, projects and programmes; Collaborating with stakeholders in the counties on industry, enterprise; investment matters; Carrying out resource

	<p>surveys and endowment mapping in the counties and identifying Industrial Investment opportunities; Linking innovators and entrepreneurs to potential investors, financiers and markets; Coordinating Collection and dissemination of county investment and industrial intelligence, Providing Business Development Services and Business Information to target beneficiaries in the counties; Liaising with other directorates on information on county industrial development; Oversee disciplining, training and development of departmental staff; Guide in preparation and implementation of the Performance Contracts; Represent the Department/Ministry in various committees and meetings; Provide technical input to stakeholders on entrepreneurship and industrial matters; Oversee staff deployment, disciplining, training and development in the directorate.</p> <p>He has served in several Boards as Alternate Director including Micro and Small Enterprises Authority (2014-2017); Kenya Bureau of Standards KEBS (2015-20210); Kenya Industrial Property Institute (KIPI) (2016-2018); Industrial Development Bank 2021). Kenya Shipyard limited (2021); Scrap Metal Council (SMC) (2022-2023)</p>
 <p>Mr. George Mbogo</p>	<p>Alternate to Principal Secretary State Department for Youth Affairs</p> <p>Mr. Mbogo is an experienced professional with Over 30 years of progressive work in Teaching, Youth work and management engagements.</p> <p>He is currently the Director, Youth Development in charge of Entrepreneurship and Skills Development, State Department for Youth Affairs and the Arts.</p> <p>He has served in various senior level positions in Government such as, High School teacher climbing up to the level of Deputy Principal; Lecturer in a Technical Training Institute up to the level of Head of Department in Business Studies; Director, Department of Education and Youth and Ag. Chief Officer in Nyeri County</p>

	<p>Government; Regional Youth Coordinator- Nyanza and Deputy Director Youth Development.</p> <p>He holds an MBA in Finance from the University of Nairobi, BED (A) from Kenyatta University, Certified Public Accountant of Kenya, Higher Diploma in Human Resource Management and Certificate in Guidance and Counselling both from Institute of HRM, Certificate in E- Learning from Namibia Open Learning Network and Kenya e-learning Centre, Certificate in Sexual Health and AIDS Prevention for Adolescents from Aharon Ofri International Training Center- Israel, Certificate in Strategic Leadership Development Program and Certificate in Research Proposal and Consultancy Skills both from Kenya School of Government. He is a member of Kenya Institute of Management (KIM).</p>
 <p>Mr. Henry M. Rithaa</p>	<p>Director General / Chief Executive Officer:</p> <p>Mr. Rithaa holds an MBA (Strategic Management), Master of Arts in Regional Integration and Bachelor’s degree in Finance.</p> <p>He is a Certified Risk Professional (GARP), a member of the Institute of Risk Management and Certified in Regional Integration and Trade. He has worked in Banking, Micro Finance and Corporate Strategy for over 17 years in both private financial institutions and the Public Sector.</p> <p>He is also a trained in Advanced Leadership and Management Development Program from Kenya Institute of Management and has done Strategic Leadership Development Program from Kenya School of Government. He is a member of the Kenya Institute of Management (MKIM) and Secretary to the Board of Directors. Henry has served in various Directorship positions in both Private and Public institutions.</p>



Ms. Ruth Bikambo

Corporate secretary of Micro and Small Enterprises

Ms. Bikambo is a highly qualified Advocate of the High Court of Kenya with over 13 years of experience in legal practice across both the private and public sectors. Born in 1986, she holds a Bachelor of Laws (LL.B) degree from Moi University and is currently pursuing a Master of Laws (LL.M) at Jomo Kenyatta University of Agriculture and Technology (JKUAT).

She is a Certified Corporate Secretary with a strong passion for corporate governance, and a Certified Professional Mediator committed to the advancement of alternative dispute resolution (ADR) mechanisms. Ms. Bikambo has served diligently as a public officer, leveraging the law to promote transformative societal change.

Before joining the Authority, she served as a Principal Legal Officer at the Salaries and Remuneration Commission.

Beyond her formal roles, she has actively provided pro bono legal services to various non-governmental organizations, including the Federation of Women Lawyers (FIDA-Kenya) and Kituo Cha Sheria. Her work has focused on public interest litigation, where she has been a dedicated advocate for women's rights and the rights of vulnerable groups in society.

4. KEY MANAGEMENT TEAM

 <p>Mr. Henry M. Rithaa</p>	<p>Director General / Chief Executive Officer</p> <p>Born in 1977, Mr. Rithaa holds an MBA (Strategic Management), Master of Arts in Regional Integration and Bachelor's degree in Finance.</p> <p>He is a Certified Risk Professional (GARP), a member of the Institute of Risk Management and Certified in Regional Integration and Trade. He has worked in Banking, Micro Finance and Corporate Strategy for over 17 years both in private financial institutions and in the Public Sector.</p> <p>He is also a trained in Advanced Leadership and Management Development Program from Kenya Institute of Management and has done Strategic Leadership Development Program from Kenya School of Government. He is a member of the Kenya Institute of Management (MKIM) and Secretary to the Board of Directors. Henry has served in various Directorship positions in both Private and Public institutions.</p>
 <p>Mr. Simon Nyamolo</p>	<p>Director, Corporate Services/ Registrar of Micro and Small Enterprises (Upto 8thFebruary 2025)</p> <p>Born in 1976, Mr. Nyamolo holds a Master's Degree in Strategic Management from Jomo Kenyatta University of Agriculture and Technology, Bachelor of Business Administration (Finance) from Maseno Univeristy and is currently pursuing a PhD in Business Administration (Strategic Management) from the Jomo Kenyatta University of Agriculture and Technology.</p> <p>He is a member of the Kenya Institute of Management, Institute of Human Resource Management of Kenya and Institute of Certified Public Secretaries of Kenya. Simon's experience in corporate administration and management spans seventeen years prior to joining the Authority. He previously held senior positions at JKUAT, Kenya Forest Service and Kenya Institute of Mass Communication.</p>



DR. Caroline Kaua

Director, Business Development, Marketing and Trade

Dr. Caroline Kiende Kaua is a PHD holder in Entrepreneurship from Jomo Kenyatta University, masters in Entrepreneurship and a bachelor's of science in Agriculture. She also has professional certifications in foundation for Clusters competitiveness – IESE Business School; FSSC 22000 Lead Auditor – SGS Academy; Finance for Non-Finance Managers – Strathmore University and Monitoring & Evaluation – Kenya School of Agriculture

With over 13 years of experience in agribusiness, trade development, and MSME support across both public and private sectors she is a dynamic and results-oriented development professional with over 13 years of experience in agribusiness, trade development, and MSME support across both public and private sectors. Her expertise spans export development, food processing, food safety management systems, manufacturing operations, value chain development, and public-private partnerships.



Eng. Edward Karani

Director, Infrastructure Development, Technology and Innovation

Born in 1989, Mr. Karani holds a Master's Degree in Project Management from Jomo Kenyatta University of Agriculture and Technology. He is also a graduate of Bsc Electrical and Electronic Engineering and a Double degree in Bsc Telecommunication and Information Engineering from the same University.

Edward has extensive experience in Project Management both in Private and Public sector. He is a member of Institute of Engineers Kenya and Engineers Board of Kenya in addition he has undergone training on Young leaders SME Development and Promotion.



Ms. Ruth Bikambo

Corporate secretary of Micro and Small Enterprises

Ms. Bikambo is a highly qualified Advocate of the High Court of Kenya with over 13 years of experience in legal practice across both the private and public sectors. Born in 1986, she holds a Bachelor of Laws (LL.B) degree from Moi University and is currently pursuing a Master of Laws (LL.M) at Jomo Kenyatta University of Agriculture and Technology (JKUAT).

She is a Certified Corporate Secretary with a strong passion for corporate governance, and a Certified Professional Mediator committed to the advancement of alternative dispute resolution (ADR) mechanisms. Ms. Bikambo has served diligently as a public officer, leveraging the law to promote transformative societal change.

Before joining the Authority, she served as a Principal Legal Officer at the Salaries and Remuneration Commission. Beyond her formal roles, she has actively provided pro bono legal services to various non-governmental organizations, including the Federation of Women Lawyers (FIDA-Kenya) and Kituo Cha Sheria. Her work has focused on public interest litigation, where she has been a dedicated advocate for women's rights and the rights of vulnerable groups in society.



Mrs. Marsela Tumo

Head, Human Capital Development

Born in 1981, Ms. Tumo holds a Master of Science in Human Resource Management from University of Nairobi (UON), Bachelor Degree in Business Administration (Human Resource Management) from Presbyterian University of East Africa (PUEA), Post Graduate Diploma (College of Human Resource Management), Diploma in Business Management (KIM). She has undertaken courses in Senior Management and Strategic Leadership Development among others.

She is also a Certified Human Resource Professional (CHRPk) and a member (practicing) of the Institute of Human Resource Management.

Her experience in Human Resource Management and Administration spans over twelve years having risen through ranks in private and public sectors.



Ms. Grace Maureen Chogo

Registrar of Micro and Small Enterprises

Born in 1982, CS Grace Maureen Chogo holds a Bachelor of Laws (LLB) degree from Moi University, a Postgraduate Diploma from the Kenya School of Law, and a Master of Business Administration from the University of Nairobi.

She is an Advocate of the High Court of Kenya and a member of the Law Society of Kenya. She is also a Certified Public Secretary, a member of the Institute of Certified Secretaries, and a Commissioner for Oaths.

Her experience in the legal profession spans over 17 years in both the private and public sectors, where she has served in various roles including, but not limited to, Head of Legal Services, Corporation Secretary, and currently, Registrar of MSEs. These roles have entailed providing legal advisory services, supporting corporate governance frameworks, and now overseeing the formalization and governance of the MSE sector. She joined the Authority in October 2024





Ms. Gladys Hugo

Director, Internal Audit

Born in 1983, MS. Gladys Hugo holds a Master of Business Administration (Finance) from the University of Nairobi and Bachelor of Commerce (Business Administration & Accounting) from Daystar University. She has also done Strategic Leadership Development Program from Kenya School of Government.

She is a Certified Public Accountant of Kenya and a Member of the Institute of Certified Public Accountants of Kenya. Her experience in accounting, finance & audit spans over ten years working in various institutions including banking, dairy, Non-Government Organization and Audit prior to joining the Authority in April 2025.

 <p>Mr. Reynold Njue</p>	<p>Acting Director Planning, Partnership and Advocacy</p> <p>Born in 1985, Mr. Njue Holds a Master of Science in Economics from Jomo Kenyatta University of Agriculture and Technology and Bachelor of Arts (Economics and Mathematics) from Egerton University. He is a member of the Economist Society of Kenya.</p> <p>Mr. Njue, is an experienced professional with Over 10 years of progressive work in the public sector as an economist, policy and strategy expert. He has served in various positions in Government in the former ministry of planning, County Government of Kitui and the Commission for University Education, where he has been in charge of policy formulation, budgeting, strategy development, research and M&E.</p>
 <p>Ms. Mary Chege</p>	<p>Chief Legal Officer</p> <p>Born in 1979, Ms. Mary Chege holds Bachelor of Laws (2nd class upper) Degree from the University of Nairobi, Certified Public Accountant, Certified Public Secretary, Certification in Training of Trainers for Financial Inclusion and Negotiation of Financial Instruments by UNITAR/AGFUND. She is currently writing project papers in pursuit of Masters of Laws and Master of Business Administration studies at the University of Nairobi.</p> <p>She is a certified Governance Auditor, Member of the Law Society of Kenya, Institute of Certified Secretaries of Kenya and Chartered Institute of Arbitrators. She has over fifteen years of legal practice working in senior management positions in the banking, capital markets, IT, conveyance and micro finance sectors. She is passionate about financial inclusion.</p>

 <p>Mr. Willy Sigei</p>	<p>Deputy Director Supply Chain Management</p> <p>A seasoned supply chain professional with over 20 years of expertise in strategic leadership, procurement, and process optimization. He has a track record of managing high budgets and enhancing operational efficiency.</p> <p>He has held various leadership roles in the supply chain in other institutions including health care financing and banking where he managed procurement management, process improvement and risk mitigation.</p> <p>He has successfully implemented Enterprise resource planning systems, negotiated high value contracts, and led significant cost saving initiatives. He holds an MBA in finance, Bachelors in Accounting, Certifications in MCIPS, PRINCE2 for project management and a Kenya Institute of supplies (KISM) practitioner license, demonstrating a comprehensive skill set and leadership capabilities.</p>
 <p>Ms. Elsie Thambu</p>	<p>Head, Finance and Accounts</p> <p>Born in 1987, Ms. Elsie Thambu holds a Master of Business Administration (Finance) from United States International University-Africa (USIU) and Bachelor of Business Management (Finance & Banking) from Moi University. She also holds an Advanced Diploma in Tax Administration from Kenya School of Revenue Administration (KESRA).</p> <p>She is a Certified Public Accountant of Kenya and a Member of the Institute of Certified Public Accountants of Kenya. Her experience in accounting and finance spans over ten years working in various institutions both in private and public sectors including Health, Real Estate & Microfinance prior to joining the Authority in December 2019.</p>



Ms. Elizabeth Mulae

Head, Corporate Communication

Born in 1982, MPRSK Elizabeth Mulae is a Communication & Public Relations Professional with over 15 years 360 % experience in the communication field. Her experience has holistically exposed her to Journalism, Reporting, Sales, Marketing and Advertising, Publications management, Public relations and development communication in general.

She is currently a full member of Public Relations Society of Kenya where she serves in the Editorial Panel of Experts; also a member of the Partnership & Resource Mobilization committee and the Association of Media women in Kenya where she serves in the publicity committee. She has previously worked in the mainstream media, several publications production companies, The Land management, Surveying and Property sector and The Kenya Export Promotion and Branding Agency.

Ms. Mulae Holds a Masters in Development Communication, Bachelor of Arts in Communication & Public Relations and Diplomas in Marketing & Advertising.

5. CHAIRMAN'S STATEMENT

The Financial Year 2024/2025 marked a significant phase in the continued growth and positioning of the Micro and Small Enterprises Authority (MSEA) as a catalyst for enterprise development in Kenya. During this period, the Authority prioritized interventions that not only responded to the immediate needs of Micro and Small Enterprises (MSEs) but also laid a foundation for long-term transformation of the sector.

A key highlight of the year was the facilitation and coordination of MSE participation in the Annual Regional Trade Fair held in Juba, South Sudan. This event served as a critical platform for showcasing the ingenuity of Kenyan enterprises and linking them to regional markets. By supporting our entrepreneurs to participate beyond our borders, the Authority continued to open new avenues for trade and cross-cultural exchange, positioning Kenyan products and services on a broader stage.

This year also saw the operationalization of two major national projects; Kenya Jobs and Economic Transformation Project (KJET) and the National Youth Opportunities Towards Advancement (NYOTA) Project, both designed to strengthen the capacity of MSEs while addressing structural challenges that limit their growth. KJET, which focuses on driving inclusive job creation, is anchored on enhancing productivity within key value chains and improving access to quality business development services. Through this project, the Authority is working to link MSEs with larger markets, build sectorial competitiveness, and facilitate innovation, particularly among youth and women-led enterprises.

NYOTA, on the other hand, is designed to reach underserved and vulnerable youth, including those in refugee and host communities. It is focused on empowering youth to pursue self-employment and business pathways by equipping them with practical skills, start-up capital, and mentorship. By supporting both the entrepreneurial and employment journeys of the youth, NYOTA plays a crucial role in bridging the gap between potential and opportunity.

Strategic partnerships have been a key approach of the Authority's throughout the year. Collaborations with organizations such as SNV Netherlands Development Organization enhanced our ability to deliver more targeted support to MSEs, through entrepreneurship support, policy awareness, and access to resources.

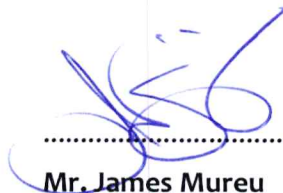
The Authority has made strides in decentralizing services through the Enterprise Development Centers that have been equipped with common user facilities. These centers have improved access to shared equipment, reduced production costs for MSEs, and enhanced the quality and competitiveness of locally made goods.

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Nevertheless, the MSE sector continues to face persistent challenges, including limited access to affordable financing, low technology uptake, and weak linkages to markets and industry networks. Rising production costs and external economic shocks have further strained the operational environments for many small businesses.

Despite these challenges, the Authority remains focused on building a stronger, more resilient MSE ecosystem. Going forward, priority will be given to scaling up the implementation of the projects, expanding partnerships, and ensuring that the support provided reaches MSEs in all corners of the country. Particular attention will also be given to enhancing capacity development, enabling access to capital, and supporting innovations that respond to market demands.

As we reflect on the milestones of this past year, we remain encouraged by the resilience, creativity, and entrepreneurial spirit of Kenya's MSEs. The Board remains committed to working closely with government, development partners, and the private sector to unlock new opportunities and deliver on our collective mandate of building an inclusive and sustainable enterprise sector.



**Mr. James Mureu
Chairman of the Board**

29/10/2025

**Date
Nairobi**

6. REPORT OF THE CHIEF EXECUTIVE OFFICER

Over the past year, MSEA has continued to make significant strides in fostering a dynamic and inclusive entrepreneurial ecosystem that supports business growth, formalization, and sustainability across the country. Through targeted programs, policy interventions, and strategic partnerships, we remain committed to unlocking the potential of MSEs as a cornerstone of Kenya's economic transformation.

In the Financial Year 2024/2025, the Micro and Small Enterprises Authority (MSEA) made significant strides in strengthening Kenya's micro and small enterprise (MSE) ecosystem. Guided by its mandate to promote, develop, and regulate MSEs, the Authority implemented a series of high-impact initiatives across capacity building, infrastructure development, market linkages, and employment creation aimed at driving innovation, productivity, and competitiveness in the MSE sector.

Strengthening MSE representation and formalization

A total of 3,339 MSE associations were registered during the year, reflecting ongoing efforts to formalize and organize small businesses across the country. These associations serve as vital vehicles for collective bargaining, improved governance, access to funding opportunities, and capacity-building initiatives. By strengthening these grassroots structures, MSEA continues to enhance coordination between the government and the MSE sector, ensuring that policies, programs, and resources are more effectively targeted and delivered.

Revitalization and equipping of Constituency Industrial Development Centres

To address the need for modern, accessible infrastructure for small enterprises, MSEA refurbished eight Constituency Industrial Development Centers (CIDCs) and equipped thirteen centers with new machinery tailored to priority value chains such as agro-processing, textile and apparel, metalwork, and carpentry. These industrial hubs play a critical role in enhancing productivity, supporting value addition, and enabling small businesses to access high-quality, shared production facilities. The upgrades also aim to foster innovation, improve product standards, and reduce production costs for MSEs operating within these centers.

Building entrepreneurial skills and technical capacity

During the reporting period, 410 MSEs were trained to enhance their operational and entrepreneurial capabilities. Of these, 269 MSEs received specialized training on machine operations, equipping them with hands-on technical skills necessary to operate and maintain modern industrial equipment. Additionally, 141 MSEs were trained on identifying and exploiting opportunities in key value chains, thereby improving their ability to integrate into larger supply chains, scale operations, and compete more effectively in local and regional markets. These capacity-building efforts are a core component of MSEA's strategy to enhance the competitiveness and sustainability of MSEs.

Expanding market access through linkages

Market access remains a key challenge for many small enterprises. To address this, MSEA facilitated 1,747 MSEs to access markets through a two-pronged approach: 787 MSEs participated in trade fairs, providing them with direct exposure to buyers, investors, and partners, while 678 MSEs were linked to subcontracting opportunities. Of these, 512 MSEs secured contracts under the Access to Government Procurement Opportunities (AGPO) framework, enabling them to supply goods and services to public sector entities. These interventions not only boosted sales and visibility for participating businesses but also supported business formalization and sustainability through increased revenue streams.

Employment creation through industrialization and subcontracting

The operationalization of upgraded CIDs and expanded subcontracting engagements led to the creation of 2,027 jobs, significantly contributing to Kenya's job creation agenda. These employment opportunities were realized across multiple sectors, including light manufacturing, agro-processing, and service industries. By equipping small businesses with the tools, training, and platforms needed to grow, MSEA is not only supporting entrepreneurship but also enabling job creation for youth and marginalized groups, in line with national development goals such as the Bottom-Up Economic Transformation Agenda (BETA).

Flagship programs and strategic partnerships

The Authority has commenced the implementation of two flagship initiatives—the Kenya Jobs and Economic Transformation (KJET) project and the National Youth Opportunities Towards Advancement (NYOTA) program. The KJET project focuses on enhancing the competitiveness of MSME clusters by offering tailored Business Development Services (BDS) training to eligible organizations operating within priority value chains. In specific cases, beneficiaries may also receive co-investment support to acquire productive assets that improve their operational efficiency and market reach.

Under the NYOTA program, MSEA is spearheading a component aimed at expanding employment opportunities through entrepreneurship support. This includes providing start-up capital to youth entrepreneurs and working through results-based financing partnerships with social enterprises to stimulate job creation and enterprise growth.

In addition, MSEA has broadened its development reach through a strategic partnership with SNV Netherlands Development Organization under the Investing in Young Businesses in Africa – Supporting Entrepreneurship Ecosystem Development (IYBA-SEED) program. This six-month initiative focuses on strengthening the entrepreneurship ecosystem in Nakuru, Uasin Gishu, and Kericho counties, targeting MSEs operating within the Agriculture, Blue Economy, Infrastructure Development, Digital Economy, Manufacturing, and Financial Services value chains. Key areas of intervention include the development of policy monitoring and evaluation

tools, entrepreneurship and policy awareness forums, and capacity building for ecosystem actors such as policymakers, county governments, and business support institutions on effective policy implementation and evaluation.

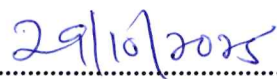
Strategic focus over the medium term

MSEA's medium-term strategy prioritizes the formalization and growth of MSMEs by eliminating barriers to registration and working with counties and agencies to improve the business environment. The Authority will strengthen Business Development Services (BDS) to support MSMEs in scaling from micro to small and medium enterprises through training, advisory, mentorship, and enhanced market access.

Key interventions include facilitating MSME participation in trade fairs, subcontracting linkages, product aggregation, and export market promotion. To improve access to finance, MSEA will provide start-up capital and co-investment opportunities through the NYOTA and KJET projects. Additionally, the establishment of Common User Facilities will support innovation, technology transfer, and productivity enhancement across various sectors.

On behalf of the Management, I extend my gratitude to the Board of Management, the Cabinet Secretary Hon. Wycliffe A. Oparanya, FCPA, EGH and the Principal Secretary Ms. Susan Mang'eni, CBS for their direction and contributions. I also thank the National Treasury for its continued support. To our stakeholders and the public, thank you for your trust and belief in us. I wish to once again assure the board, my colleagues and partners in the MSE Sector of my utmost commitment to serve you with diligence expediency and passion to realize effectively revamp the MSME sector as envisioned by the government under the Bottom- Up Economic Transformation Agenda and more so actualize the Vision 2030.


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Henry M. Rithaa
Director General / CEO


.....
Date

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/2025

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

The Micro and Small Enterprises Authority has four (4) strategic pillars and objectives within the current Strategic Plan for the implementation years 2023-2027. These strategic pillars are as follows:

- Pillar 1: Development of Micro and Small Enterprises
- Pillar 2: Promotion of Micro and Small Enterprises
- Pillar 3: Regulation of Micro and Small Enterprises
- Pillar 4: Building Institutional Capacity

The Authority develops its annual work plans based on the above four pillars. Assessment of the Authority's performance against its annual work plan is done on a quarterly basis. The Authority achieved its performance targets set for the FY 2024/2025 period for its four strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Development of Micro and Small Enterprises	To create conducive working environment for MSEs	No. of CIDCs refurbished	Construction and refurbishment of CIDCs	The Authority mapped out and refurbished 8 CIDCs to provide decent workspaces and common user facilities provided in the respective value chains.
		No. of equipment installed in Kariobangi Centre of excellence and CIDCs	Equipping and installing of equipment's at Kariobangi Centre of Excellence and CIDCs.	During the FY 2024/25, 13 CIDCs were operationalized and equipped with machines in the priority value chains surpassing the target.

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Promotion of Micro and Small Enterprises	To promote growth from Micro to Small, Small to Medium, and Medium to Large enterprises	No. of MSEs facilitated to Markets	Facilitation of MSEs to markets through local, regional and international shows and exhibitions	The Authority facilitated 1,124 MSEs to access markets through local shows, trade fairs and exhibitions
		No. of youth accessing grants	Provision of grants to youths for job creation	Call for application is done. Continuous sensitization of the NYOTA project is ongoing. BDS and disbursement of Start-up Capital will be done once the on-boarding of the youth is complete.
		No. of employment Created in MSE sector.	Operationalize CIDCs, Market access and linkages and KYEOP project	During the financial year, The Authority operationalized 13 CIDCs creating 910 jobs (1:70
Regulation of Micro and Small Enterprises	To initiate and implement formalization of the MSE sector	No. of MSEs, associations and umbrella bodies registered	Registration of MSEs, Associations Umbrella bodies and	During the period of July 2024 to June 2025, the Authority registered 254 MSE groups and associations. The Authority also registered 24 individual MSEs during the period under review

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Building Institutional Capacity	To build a strong Institution capable of supporting the growth of MSE sector.	No. of Staff Recruited	Recruitment and Deployment of Staff	During the FY 2024/25 5 staff were recruited and 29 staff trained to address skills gap.
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These achievements were in line with the performance contract signed between the Board and the Ministry of Cooperatives in the financial year 2024/25. The programmes under review included incubation and provision of decent workspaces for MSEs, Enhancement of MSE contribution to employment, facilitation of market access and implementation of the National Youth Opportunities Towards Advancement (NYOTA) and the Kenya Jobs and Economic Transformation (KJET) Projects.

PERFORMANCE REVIEW FOR THE FINANCIAL YEAR 2024-2025

Constituency Industrial Development Centres (CIDs)

The Construction of Constituency Industrial Development Centres (CIDs) was an Economic Stimulus project which was initiated in 2009/2010FY. The project aimed at expanding economic opportunities in rural areas for employment creation and regional development by facilitating youth participation as artisans and entrepreneurs in value added activities. It targeted construction and equipping of one CID in each Constituency.

During the financial year 24/25, The Authority successfully operationalized 13 constituency industrial development centres in line with the priority value chains: Leather, Textile, Edible Oils, Building and Construction, and Dairy. A total 910 jobs was created as a result bringing the ratio of job creation during the year to 1:70.

The main efforts included mapping the most viable value chain to each centre and providing well-serviced industrial sheds. Through these initiatives, The Authority has integrated cutting-edge science, technology, and innovation to enhance productivity and efficiency. Additionally, the authority was able to train and sensitize a total of 683 MSEs so far surpassing the target, ensuring that Micro and Small enterprises stay ahead in their industries. During the Financial year, the Authority received and absorbed fully a development grant amounting to Kshs 326 million.



Machine distribution in different counties

MSE Registration

The Authority is responsible for formalization of the MSE sector through the Office of the Registrar of MSEs established under section 4 of the MSE Act. The Office of the registrar of MSEs is responsible for registering Individual MSEs, MSE groups, MSE Associations and MSE umbrella Organization. The Office of the registrar has designed programmes to strategically educate and sensitize MSEs on formalization to support their transition to formal status.

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Formalization provided MSEs with various government incentives such as benefitting from government initiatives, access to affordable credit and business development services.

In the period under review, the registrar of MSEs integrated its registration portal to the government e-citizen platform including provisions for change of particulars and Annual returns as a way of enhancing the registration process. 3,990 MSE groups and associations were registered in the FY. 24/25 and 194 individual MSEs were also registered. The Authority had a database of 2,347,320 MSEs as at June, 2025.



Sensitization on MSEA's mandate, MSEs registration and initiatives

National Youth Opportunities Towards Advancement (NYOTA) Project

The National Youth Opportunities Towards Advancement (NYOTA) project is a landmark 5-year initiative, funded by the World Bank, focused on empowering young people through employment opportunities, entrepreneurship support, and encouraging a savings culture. The project aims to improve employment outcomes, increase income generation, and promote financial security among vulnerable youth. The Authority as one of the implementers will be supporting the Project through business start-up and incubation through seed capital, mentorship through establishment of micro franchising thus supporting social enterprises and businesses already working with vulnerable youth.

During the 24/25 FY The Authority received a total of Ksh 1.032 Billion for NYOTA and was able to absorb 100 % of the amount on administrative activities and consultancy services. Call for applications has already been closed, screening of beneficiaries and continuous sensitization of the NYOTA project is ongoing.

Kenya Jobs and Economic Transformation (KJET) Project

Kenya Jobs and Economic Transformation (KJET) is 5-year Government of Kenya project funded by the World Bank The project targets to create and improve productivity of select MSME clusters based on priority value chains envisioned under the Bottom-Up Economic Transformation Agenda. The Authority is charged with the implementation of component 2 which is Enhancing MSME cluster competitiveness. This component aims to strengthen

competitiveness and market access of the MSMEs through provision of Generalized and Value Chain Specific Business Development Services as well as co-investment in viable MSME clusters. During FY 24/25, The Authority received Ksh. 500,000,000 for KJET and absorbed 100% of allocated budget. BDS curriculum has already been developed for capacity building and training. MSEs Sensitization, training and capacity development has also been undertaken for 70 MSME clusters.

MSEs Training

The Authority conducts capacity-building and sensitization programs for MSEs to enhance their resilience and improve overall business operations. These programs focus on upgrading and re-skilling MSEs with innovative approaches to business management, promoting technology acquisition, and facilitating the adoption and transfer of new technologies to boost efficiency and productivity. During the review period, the following capacity-building and sensitization trainings were undertaken:

During FY 2024/25 the Authority was able to train and sensitize a total of 683 MSEs in the priority value chains surpassing the target. 554 MSEs were sensitized on product quality and standardization at Busia, Garissa, Kiambu, Karaini, and Kariobangi North in collaboration with KEBS. In addition, the Authority strengthened collaborations and partnerships in Science, Technology, and Innovation (STI), leading to the implementation of various capacity-building and sensitization initiatives targeting Micro and Small Enterprises (MSEs). Notable programs during the reporting period included the ‘Enhancing Entrepreneurship Support Policies for Effective MSME Participation’ training, conducted in collaboration with SNV in Uasin Gishu, which benefited 167 MSEs. Similarly, an ‘Entrepreneurship and Technical Skills Training’ was carried out in partnership with the Youth Fund in Narok, reaching 26 MSEs. In Nandi, a ‘Capacity Building on Entrepreneurship Skills and the MSEs Mandate for Group Leaders’ was held, training 20 MSEs, alongside Entrepreneurship and Technical Skills Training sessions in Kobujoi and Kilibwoni, which trained 16 and 53 MSEs respectively. A Technical Skills Training in collaboration with the Uwezo Fund was also conducted in Nandi, benefitting 94 MSEs.

Additionally, the Authority, in partnership with NSDCC, engaged both the informal and formal sectors in Embu, where 40 participants were trained, complemented by a Sensitization Forum for Women, Youth, and Persons with Disabilities (PWDs) on Business Engagement, reaching 31 participants. In Garissa, 13 MSEs participated in a specialized Sensitization Training on Detergents, Soaps, and Shampoo Production. Further, an SME Loop Entrepreneurship Training was held in Nairobi, benefitting 42 MSEs. In Mombasa, a series of programs were conducted, including Entrepreneurship and Technical Skills Training, AfCFTA Sensitization in collaboration with the Competition Authority (62 participants), a Value Addition and AfCFTA Sensitization

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Forum (17 participants), and another Entrepreneurship and Technical Skills Training which trained 27 MSEs.

Market Access

In the 2024/2025 Financial Year, the Authority registered a total of 3,990 MSE Groups and Associations and 194 individual MSEs, bringing the total registrations to 4,184 for the reporting period.

Exhibitions targets/MSE market linkages for FY 2024/25

	Project output	Activity	Performance indicator	location	Annual target	Target achieved
1	MSEs Facilitated to access local markets (County and National markets)	Organize and facilitate annual trade fairs and exhibitions at the County and National level (Local ASK shows, county expos, exhibitions)	No. of MSEs participating/linked to markets	Q1: Nairobi (Jamhuri ASK), Mombasa (Mukomani), KICC (Complast), Embu (Manyatta Farmers) Q2: Nairobi (KICC), Bungoma (Kanduyi Stadium), Busia (Alupe), Kilifi (Matsongani), KICC (Complast, Changamka) Q3: Eldoret ASK (Uasin Gishu), Kilifi Town (KWECCOS), Garissa (Mandera Bus Park), Embu (Women's Day), Mandera (Bus Park), Nairobi (KICC),	1200	1218

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				Bungoma (Kabula), Kitui (Kanyonyoo), Kisumu (Ciala Resort) Q4: Uasin Gishu (Ainabkoi), Tana River (Chanani), Nakuru (Rift Valley Club), Kirinyaga (Kutus), Meru, Marsabit, Nairobi (KICC – World MSMEs Day)		
2	MSEs Facilitated to access regional and international markets	Organize and facilitate the annual EAC MSME Trade fairs exhibition	No. of MSEs facilitated	Q2: EAC Annual Exhibition at Juba, South Sudan	300	356
3	MSEs Facilitated to access regional and international markets	Participate in cross-border bilateral, multilateral trade arrangements	Reports	Q2: Migori (Sensitization and Training on Cross-Border Trading) Q4: Garissa, Kiambu, Migori, Marsabit (Cross-border trade sensitization & AfCFTA training)	1	446

Automation

The registration of MSE Associations, Groups, and individual MSEs has been fully automated. Initially, registration services were provided through the Registrar Management System. In May 2024, this process transitioned to the eCitizen platform — the government’s integrated portal for accessing public services.

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In addition to registering MSE Associations, Groups, and individual MSEs, the following services were automated during the 2024/2025 Financial Year:

- a) Application for official searches
- b) Name search and registration of Umbrella Organizations

Additionally, the World Bank, through the National Treasury, advertised consultancy services to support the implementation of an ICT-based MSME registration system and back-office automation for the Authority. This consultancy was awarded within the 2024/2025 Financial Year and will be rolled out in the 2025/2026 Financial Year. The system is expected to significantly strengthen data collection and management capabilities, resulting in a robust national MSME database.

Internal audit controls

The Authority has an internal audit department that abides by the International Internal Audit (IIA) Standards and Codes of ethics incorporated in the International Professional Practice Framework (IPPF) of internal audit. The function has dual reporting, functionally to the audit committee of the board and administratively to the CEO to ensure independence and objectivity. The activities of the department are guided by the approved internal audit charter, policies and procedures and the annual audit plan. Risk based audit are conducted regularly to offer value addition, insight, advise and reasonable assurance to governance, risk management and internal controls in the operations of the Authority. Co-ordination and concise communication is done with various departments within to ensure optimum coverage, assurance mapping and the stakeholder's management.

Recruitment

The Authority in the financial year recruited five (5) staff to meet the staff gaps and to partly implement the newly approved structure. Twelve interns (12) were also on-boarded, seven of which are deployments from Public Service Internship Program by Public Service Commission in order to enhance the Authority's human resource capacity in realization of its mandate.

Staff Training

In the financial year 2024/2025, twenty-nine (29) staff were trained and acquired various skill sets through various programs. This was achieved in partnerships with various Institutions to realize this.

Deployment

The Authority in the financial year 2024/2025 deployed the officers recruited to the respective units of operation in order to enhance the Authority's operations capacity.

Staffing Levels

The Authority is progressively implementing the approved Human Resource (HR) Instruments with a staff establishment of 393 sanctioned for implementation in March 2023. While the Authority has commenced implementation of the new approved structure, it has not fully transitioned staff to the new approved organizational structure. The Authority progressively implements this structure and aims to apply all interventions and mechanisms possible to accommodate all staff within the new structure as it implements the organizational structure progressively.

In the reporting for the financial year ended 30th June 2025, the Authority had a staff capacity of two hundred and thirty-seven (237) against an authorized establishment of three hundred and ninety-three (393). The current establishment in post comprises of the Chief Executive Officer, thirteen (13) senior managers, fifty-four (54) middle level Management, one hundred and fifty seven (157) technical staff and twelve (12) support services staff as analysed below;

Cadre	Approved Establishment	In Post	Variance
Policy Level	1	1	0
Senior Management	29	13	16
Middle Management	121	54	67
Technical	230	157	73
Support	12	12	0
Total	393	237	156

Policy Environment

The Authority obtained in the year 2023 approval of the HR Instruments; Human Resource Policy and Procedures Manual 2023, Organizational Structure and Staff Establishment 2023 and Career Guidelines 2023 which guides its operations among other policy documents.

Mainstreaming of Cross Cutting Issues:

Asset Management

The Authority maintains a record of all assets within the Authority's Headquarter offices and in the regions. Repairs and maintenance on the same are done continuously to meet the staffing needs. However, the Authority still faces challenges in allocation of assets to all staff to enable their productivity, reason being that the Assets are fewer than the staff capacity demands.

Prevention of Alcohol and Drug Abuse

The Authority having contracted performance indicators on prevention of Alcohol and Drug abuse implemented some initiatives. The initiatives undertaken by the Authority are on sensitization and awareness by use of posters and webinars to reach out to staff, their family members and MSEs.

Prevention of HIV Infections

The Authority is committed to ensuring that necessary information and mitigation measures are enhanced in prevention of HIV and Aids. In this respect, the Authority facilitated the employees with a Health cover which enables staff to access medical health services as well as counselling.

The Authority sensitized its staff members on HIV prevention and management and Communicable and non-communicable diseases through a Universal Health Coverage programme that incorporated screening and testing for these diseases.

Safety and Security Measures

The Authority endeavours to provide a good working environment for its employees. In the financial year, the Authority provided preventive measures to address staff health and welfare. In addressing health and safety measures, the Authority had two officers trained as fire marshals. Fire extinguishers are maintained within the Authority's offices which are well serviced as required in order to curb any fire emergency.

In the same breadth, the Authority maintains an up to date Medical Scheme for all staff and the Board of Directors. It further has a twenty four hour security surveillance in the Authority's Head quarters and Kariobangi Centre of excellence.

National Cohesion and Values

During the 2024/2025 period, the Authority implemented key measures aligned to the Bottom-Up Economic Transformation Agenda (BETA) pillars, with a strong focus on supporting Micro and Small Enterprises (MSEs). This included refurbishing 8 County Industrial Development Centres (CIDCs) to provide decent workspaces and common user facilities, distribution of assorted machinery and technology in priority value chains, and operationalization of cold storage facilities in Kisii, Ol Kalou, and Meru. Over 4,000 MSMEs were trained and capacity built on new technologies, modern equipment, and value addition, while 2,000 MSMEs were sensitized on MSME policies in collaboration with partners like SNV, Uwezo Fund, GIZ, and KEBS. Market access initiatives facilitated 3,020 MSMEs to participate in trade fairs and linkages, creating an equivalent number of jobs, with 1,325 MSMEs connected to subcontracting and franchising opportunities. Science, Technology, and Innovation (STI) mainstreaming was enhanced through quarterly NACOSTI meetings, an annual STI conference, and digital skills training for 450 youth under the “Future Ni Digital” program. Partnership with Trademark Africa advanced green technology adoption.

In the period under review, Digitization and automation of services progressed significantly, with over 3,000 MSE groups and associations registered progressively representing 2.35 million MSMEs registered via e-Citizen, enabling easier verification for access to finance. Systems such as the KJET Intake and Grievance platforms were developed, MSE group registrations were digitized, and an ERP system deployed for performance and payroll management. The Authority also partnered with AJIRA Digital to train 96 MSMEs on e-commerce, secured a cloud services agreement with KoTDA. The Authority Collaboration with county governments strengthened devolution through equipment distribution, joint sensitization forums, and support for the EAC MSME Trade Fair. Environmental sustainability was promoted through ESG staff training and planting of 63,657 trees nationwide in line with the presidential directive which were tracked on the Jaza Miti App. Tree nurseries were also established at Kariobangi COE in partnership with community groups.

Road Safety Mainstreaming

The Authority is committed to promotion of Road Safety mainstreaming and implemented activities yielding to that. Activities undertaken are; disseminating Information, and Sensitization done to staff on Road safety using fliers via social media.

Corruption Prevention

The Authority endeavours to promote values supportive to the eradication of corruption. In the financial year of reporting MSEA maintained a gift register, undertook a Corruption Risk Assessment and developed a corruption Risk Mitigation plan. It also implemented the measures emanating from Corruption Risk Mitigation Plan and submitted to EACC the quarter reports on measures taken. During the planning period EACC staff held a meeting with the management to review the implementation of the corruption Risk Mitigation strategies.

Health and Safety

The Authority endeavours to provide a good working environment for its employees. In the financial year, the Authority provided preventive measures to address staff health and welfare. There was also a provision of fire extinguishers within the Authority's offices which were serviced as required in order to curb any fire emergency.

In the same breadth, the Authority maintains an up to date Medical Scheme for all staff and the Board of Directors. It further has a twenty-four-hour security surveillance in the Authority's Headquarters and Kariobangi Centre of excellence.

Strategic Partnerships and Collaborations

During the Period under review, The Authority has entered into partnerships with various development partners such as World Bank, SNV Netherlands Development Organisation, and The Oxford University. These partnerships are to provide capacity building and easy access to affordable finance for the micro and small enterprises across the country. Below are the detailed descriptions of these Partnerships.

1. World Bank: National Youth Towards Advancement Project (NYOTA)

The National Youth Opportunities Towards Advancement (NYOTA) Project is a flagship initiative co-designed and implemented by the Government of Kenya (GoK), through the Micro and Small Enterprises Authority (MSEA), in collaboration with the World Bank. The project is aimed at unlocking the economic potential of youth across Kenya by enhancing employability, entrepreneurship, and self-reliance, especially among vulnerable and underserved youth groups.

Objectives of the Project include;

- To enhance access to economic opportunities for youth aged 18–29, particularly those not in education, employment, or training.
- To provide entrepreneurial and vocational skills development.

- To link youth with financing, mentorship, and markets to support self-employment and business growth.
- To strengthen the institutional capacity of MSEA and other implementing partners to deliver youth economic empowerment interventions.

Role of the Micro and Small Enterprises Authority (MSEA)

As implementing agency for Component 2 of the project, MSEA plays a critical role in the operationalization of the NYOTA Project. Its responsibilities include Project Implementation through: Grant disbursement, business development services(BDS), incubation, market linkages for youth-led enterprises and Monitoring & Evaluation.

The project is currently completing the eligibility screening phase after over 1 million applications were received in the first call for applications, after which qualified applicants will sit for an Entrepreneurship Aptitude Test as the basis for selection into business development training, mentorship, and start-up capital support. Concurrently grassroots sensitization forums have been rolled out.

2. World Bank: Kenya Jobs and Economic Transformation Project (KJET)

The Kenya Jobs and Economic Transformation (KJET) Project is a World Bank-financed initiative implemented by the Government of Kenya (GoK) aimed at creating quality jobs and supporting economic transformation through increased private sector participation and improved productivity. The project is anchored on Kenya's goal of achieving inclusive, job-rich growth, especially for youth and women. KJET supports interventions that address constraints to job creation, promotes enterprise development, and enables investment in key sectors. The project aligns with the Bottom-Up Economic Transformation Agenda (BETA) and Kenya Vision 2030. Objectives of the Project include-;

- To catalyse the creation of decent jobs, especially for youth and women.
- To strengthen the performance and competitiveness of Micro, Small and Medium Enterprises (MSMEs).
- To enhance access to finance, markets, and infrastructure for enterprises.
- To support value chain development and private sector-led investments.

Role of the Role of the Micro and Small Enterprises Authority (MSEA)-;

As the implementing agency for Component 2, MSEA's role in the KJET Project includes: Enterprise Support Services, including BDS and Incubation services, Market Access and Aggregation, Access to Finance Facilitation and Support to Women and Youth Entrepreneurs.

3. SNV – Netherlands Development Organization

In collaboration with SNV – Netherlands Development Organization, the Micro and Small Enterprises Authority (MSEA) received technical and financial support to strengthen policy implementation and awareness among entrepreneurs. Specifically, SNV committed to assist MSEA in the development of policy implementation monitoring tools equipped with clear and measurable performance indicators, as well as to support awareness creation forums on existing entrepreneurship support policies. As a result of this partnership, a proposal was successfully developed, leading to the attraction of Kshs 10,570,000 in funding to implement these activities across Kisumu, Uasin Gishu, and Nakuru counties during the 2024–2026 period. A detailed work plan has been developed and is currently awaiting implementation.

4. Oxford University through Innovations for Poverty Action (IPA)

The Micro and Small Enterprises Authority (MSEA) is collaborating with Innovations for Poverty Action (IPA) on the Entrepreneurship Innovations Project, a research initiative aimed at deepening the understanding of how Kenyan micro and small enterprises (MSEs) generate innovative ideas and improve their business practices. The study specifically explores the role of WhatsApp groups as a platform for innovation diffusion and entrepreneurial learning among MSEs. A draft partnership agreement is currently pending approval. As part of the project, a budget of \$250,000 has been approved for the consenting phase, while the main implementation budget of \$2,170,000 is under review and awaiting approval.

8. CORPORATE GOVERNANCE STATEMENT

The Board of Management of Micro and Small Enterprises Authority is responsible for the governance role of the Authority. Both the Board and senior management of the Authority are committed to the highest levels of corporate governance, which it considers critical in achieving the Authority's mandate. Accordingly, the Authority therefore fosters a culture that values and rewards the highest ethical standards, personal and corporate integrity.

1. The Board

A. Board Composition

The Board of Directors oversee the Authority's Corporate Governance framework by ensuring that the best practices in corporate governance are adhered to.

An effective board must comprise of highly qualified and competent directors capable of exercising objective, independent judgment to guide strategy development and monitor management. The board must have a proper understanding of the role and responsibilities of the board to ensure that the board has appropriate autonomy, authority and accountability in exercising its functions. More over an effective board follows operating practices such as creating board committees and providing specialized training and evaluation for directors that improve board's functioning and decision making.

The Authority's board is headed by a non-executive chairman appointed by the President, the fifteen (15) directors in the board are appointed by the Cabinet Secretary responsible for Co-operatives and MSME Development as per the Micro and Small Enterprises Act No. 55 of 2012, four (4) are alternate directors to Principal Secretaries for Industrialization, Trade, Youth and National Treasury respectively, one (1) director who is the Chief Executive Officer sits in the board as the Secretary, while four (4) members sit in the board as independent directors. The rest represent the subsectors of trade, services, and manufacturing.

The Board is composed of directors with a diverse mix of experience in various industries and competencies in various fields such as Insurance, Banking, Law, Accounting and Human resources. The unique experiences provide the Board with a mix of skills in discharging its responsibilities and providing a strategic vision and direction for the Authority by bringing in the element of independent judgment and risk assessment in the decision-making process.

All directors have a tenure of three years with a provision for re-appointment once subject to a favourable performance evaluation by the appointing authorities.

B. Roles and responsibilities of the Board.

The roles of the board is to provide overall strategic direction of the Authority, monitor the Authority's performance, set policy guidelines for management and ensure that the business of the Authority is conducted in compliance with relevant laws and regulations. To achieve continued prosperity for the Authority, the Board exercises leadership, enterprise, integrity and good judgement and shall always act in the best interest of the Authority.

The roles and responsibilities of the Board broadly include the following;

- i. Establishing the Authority's strategic direction and priorities and adopting business Plans proposed by management for the achievement of strategic objectives
- ii. Monitoring and evaluating the implementation of strategies, policies, management Performance criteria and business plans
- iii. Providing oversight in financial reporting to government agencies and key stakeholders
- iv. Ensuring availability of adequate resources for the achievement of the Authority's Objectives.
- v. Safeguarding the Authority's assets by instituting appropriate internal control systems.
- vi. Reviewing succession planning for management and making senior management Appointments, organizational changes and remuneration issues.
- vii. Overseeing business affairs of the Authority considering emerging risks and Opportunities.

- viii. Ensuring the Authority complies with all relevant laws, regulations and codes of best Business practices.

C. Committees of the Board

The Board has the authority to establish committees and to delegate powers to such committees. The purpose of the committees is to assist the Board in advancing its functions efficiently. The Board, while recognizing that certain powers can be delegated to the committees, reaffirms that the ultimate accountability for such matters remains with the Board.

Each committee meet at least four times in a year to prepare for Board meetings and file appropriate reports to be considered by the Board. Necessity for additional meetings is considered and if appropriate, approved by the Board with due regard to the mutual responsibility and accountability of the Board.

The Committee elect the Chair from among the Committee member on their first meeting. It is expected that each Board member will serve on at least two Board Committees.

Ad hoc committees of the Board may be appointed from time to time to address particular issues. The Terms of Reference of such a committee shall be determined by the Board.

In furtherance of its mandate, a Committee may propose to the Board for approval the use of external expertise whose work will be directed by the Committee but ultimately submitted to the Board for approval.

The Board may, by resolution either generally or in any particular case, delegate to any Committee of the Board, or to any member thereof, or to any officer, employee or agent of the Authority the exercise of any of the powers or the performance of any of the functions or duties of the Board to the extent permitted by the MSE Act or any other written law.

Currently, there are four (4) committees constituted by the Board: Audit and Risk Management Committee, Finance, Human Resources and Administration Committee, Strategy and Business Development Services Committee and Development and Infrastructure Committee.

Membership to these committees is based on relevant skills, expertise and experience required to handle respective functions. The Committee execute their functions in accordance with terms of reference which defines its mandate, roles and responsibilities.

The roles of the various Board Committees are as below:

I. Audit and Risk management Committee

The committee comprises of five Board members with Head of Internal Audit providing secretarial services as required by the Public Finance Management Act Regulations. The committee assists the Board in fulfilling its corporate governance responsibilities and in particular to strengthen the effectiveness of the internal audit function; maintaining oversight on internal control systems; provision of general oversight in risk and compliance matters; and ensuring implementation of audit reports and recommendations.

The terms of reference for the Committee are highlighted below;

- ✓ Formulating Internal control systems
- ✓ Reviewing the internal control policies and procedures
- ✓ Analysing internal and external Audit reports
- ✓ Ensuring implementation of recommendation of Audit reports
- ✓ Developing/implementation Risk Management policy

The committee held four (4) meetings during the year.

i. Finance, Human Resources and Administration Committee

The committee comprises of seven Board members and it's responsible for providing advice to the Board on MSEA's financial and human resource management, performance and their financial implications.

The terms of reference for the Committee are highlighted below;

- ✓ Resource mobilization
- ✓ Work planning and Budgeting
- ✓ Reviewing the Authority's ICT policies and systems
- ✓ Overseeing procurement processes and procurement plan
- ✓ Reviewing human resources policies and procedures
- ✓ Performance contracting
- ✓ Performance Appraisal
- ✓ Reviewing financial policy and procedures
- ✓ Ensuring compliance with legal and statutory requirements

The committee held four (4) meetings during the year.

ii. Development and Infrastructure Board Committee

The committee comprises of six board members and it's responsible for the Acquisition and documentation of land for MSE use, Infrastructure Development, MSE Centres of Excellence development and equipping, facilitating access to Markets and Exhibition centres for MSEs and Jua Kali sheds and work sites acquisition and development.

The terms of reference for the Committee are highlighted below;

- ✓ Acquisition and documentation of land for MSE use
- ✓ Infrastructure Development
- ✓ Developing and equipping of MSE Centres of Excellence and CIDCs
- ✓ Markets and Exhibition centres
- ✓ Developing Jua Kali sheds and work sites

The committee held four (4) meetings during the year.

iii. Strategy and Business Development Services Board Committee

The committee comprises of eight board members and deals with Policy formulation and review, Strategy Planning, Research and Product Development, Protection of Intellectual property, Marketing and Access to markets, Technology development, acquisition and transfer, Training and capacity building for MSEs and Monitoring and Evaluation systems.

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The terms of reference for the Committee are highlighted below;

- ✓ Policy formulation and review
- ✓ Strategy Planning
- ✓ Research and Product Development
- ✓ Protection of Intellectual property
- ✓ Marketing and Access to markets
- ✓ Technology development, acquisition and transfer
- ✓ Training and capacity building for MSEs
- ✓ Monitoring and Evaluation systems

The committee held four (4) meetings during the year.

D. Board Almanac and Meetings

The Board almanac contains a schedule of meetings of the Board and its committees for the year. The agenda for each Board meeting is prepared and circulated to members in advance. The Board holds its regular meetings at least once every three (3) months and special meetings may be called when necessary. During the year under review, the Board held six (6) meetings.

i. Board and committee membership

Analysed below is the Board and Committee membership during the reporting period.

Name of the Director	Board Position	Board Committees			
		Finance, HR & Admin	Infrastructure and Business Development Services	Strategy and Resource Mobilization	Audit & Risk
Mr. James Mureu	Chairman	-	-	-	-
Mr. Henry Rithaa	Director General/ Chief Executive Officer	✓	✓	✓	-
Hon. Susan Auma Mang'eni	Principal Secretary: State Department of Micro Small and Medium Enterprises (MSME) Development	-	✓	✓	-
Mrs. Margaret Gitonga	Member	Chair	✓	-	-
Mr. Timothy Biwott	Member	✓	-	Chair	-

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Mr. Billy Baltazar	Member	-	Chair	-	√
Mr. Felix Chege	Member	-	√	-	Chair
Mr. Anthony Mwangi	Member	-	√	√	-
Mr. James Kaburu	Member	√	-	√	-
Mr. John Wambugu Kihonge	Member	√	-	√	
Mr. Benard Kiragu	Member	-	√	-	√
Mr. Adams Sospeter Barasa, OGW	Representative of the Kenyan Workers	√	-	√	-
Mr. Joseph Mbeva	Alternate to Principal Secretary, State Department for Industrialization	-	√	-	√
Mr. George Mbogo	Alternate to Principal Secretary, State Department for Youth	√	-	√	-
Ms. Florence Benta Were	Alternate to Principal Secretary, State Department for Trade	-	√	-	√
Mr. Ronald Inyangala	Alternate Board Member to P.S National Treasury.	√			√
Mr. James Sitiency	Inspector General - Corporations Representative	√	√	√	√

II.) Board Evaluation

The Board undertakes an annual evaluation of its performance facilitated by an independent governance specialist from the State Corporation Advisory Committee (SCAC) which results to a report with recommendations on areas that require improvement. The annual self-assessment is aimed at improving members' individual and collective performance for continuous growth and sustainability of the Authority.

III.) Board Charter

The Board has in place a charter which outlines powers and responsibilities of the Board and its members, appointment, remuneration, term of the Board members, conduct of meetings, committee terms of reference, conflict of interest among others. The charter is premised on the Mwongozo Code and best Corporate Governance Practices.

IV.) Board Capacity Development

The Authority has put in place a formal induction programme for new Board members and continuous training for the directors to acquaint them with their responsibilities as well as keep them abreast of the Authority's strategy and operations.

V.) Policies

The Authority has in place the following policies for effective management of the organisation:

- Corporate Governance Policy
- Board Charter
- Declaration of Interest Policy
- Risk Management Policy
- Information Communication Technology Policy
- Procurement Manual and Procedures
- Human Resource Policy
- IT Policy
- Financial Policy and Manual
- Communication policy

VI.) Accountability and Audit

Each financial year, Directors are required to prepare annual financial statements which reflect a true and fair view of the financial position of the Company as per the regulations of Public Finance Management Act 2012. The Board ensure that suitable accounting policies are consistently applied, supported by reasonable and prudent judgments, and estimates. The

Board also ensure financial statements are audited each financial year. The Office of the Auditor General is the external auditor of MSEA.

VII.) Board Effectiveness

The independence of the Board from the MSEA's corporate management is ensured by the separation of the functions of the Chairperson and Director General and a clear definition of their responsibilities.

The Chairperson is a non-executive Director and is primarily responsible for providing leadership to the Board while the Director General is responsible for the day-to-day management of the Authority. This achieves an appropriate balance of power, increased accountability and improved capacity for decision making.

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VIII.) Board Appointment and Removal

The Board is headed by the Chairman who is appointed by the President through a gazette notice on 3 years renewable terms. The rest of the members are appointed by Cabinet Secretary in charge of Cooperatives and Micro, Small and Medium Enterprises (MSME) Development through a gazette notice for a period of 3 years term renewable once. The Board appointment is governed by MSE Act no.55 of 2012.

Analysed below is MSEA Board of Directors tenure of service

S/No.	Name	Gender	Ethnicity	Title	Sector represented	Date of Birth	ID/Pass port No.	Date of Appointment	Expiry of term
1.	Mr. James Mureu	Male	Kikuyu	Chairman	S. 30(1)(a)	3 rd April 1960	0997841	6 th October 2021 – 1 st Term 4 th October 2024 – 2 nd Term	2 nd October 2027
2.	Hon. Susan Auma Mang'eni	Female	Luhya	PS: State Department of Micro Small and Medium Enterprises (MSME) Development	PS: The Ministry of State Department of Micro Small and Medium Enterprises (MSME) Development	1978		2 nd December 2022	
3.	Mr. Timothy Biwott	Male	Kalenjin	Independent Director	S. 30(1)(j)	1 st January 1963	4257146	1 st September 2023	1 st September 2026
4.	Mrs. Margaret Kathambi Gitonga	Female	Meru	Independent Director	S. 30(1)(g)(ii)	7 th June 1968	9215486	1 st September 2023	1 st September 2026
5.	Mr. Anthony Mwangi	Male	Kikuyu	Independent Director	S. 30(g)(i) (aa)	6 th April 1974	12465964	1 st September 2023	1 st September 2026
6.	Mr. James Kaburu	Male	Meru	Independent Director	S. 30(1)(h)	2 nd May 1969	10381869	5 th September 2023	5 th September 2026

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7.	Mr. George Mbogo	Male	Embu	Alternate Director, PS Public Service & Youth	S. 30(1)(f)	3 RD December 1967	9063941	9 th November 2022	9 th November 2025
8.	Mr. Adams Sospeter Barasa, OGW	Male	Luhya	Representative of Kenyan Workers	S. 30(1)(k)	18 th March 1978	20345272	5 th September 2023	5 th September 2025
9.	Mr. Ronald Inyangalah	Male		Alternate Director, PS National Treasury	S.30(1)(c)			20 th March 2020- 1 st Term	
10	Mr. Billy Baltazar	Male	Samburu	Independent Director	S.30(1)(h) – 1 st Term S.30(1)(g)(iii) – 2 nd Term	4 th October 1981	22440730	11 th July 2019- 1 st Term 1 st September 2023 – 2 nd Term	1 st September 2026
11.	Ms. Florence Benta Were	Female	Luhya	Alternate Director, PS State Department for Trade	S. 30(1)(e)	22 nd April 1982	22605773	13 th May 2025	13 th May 2028
12.	Mr. Felix Chege	Male	Kikuyu	Independent Director	S. 30(1)(g)(i)(dd)	8 th May 1997	33665394	1 st September 2023	1 st September 2026
13.	Mr. Benard Kiragu	Male	Kikuyu	Independent Director	S. 30(1)(g)(i)(cc)	22 nd June 1976	21527118	5 th September 2023	5 th September 2026
14	Mr. John Wambugu Kihonge	Male	Kikuyu	Independent Director	S. 30(1)(g)(i)(bb)	1 st January 1961	3413545	7 th March 2025	7 th March 2028
15	Joseph Mbeva	Male	Kamba	Alternate Director, PS, State Department for Industrialization	S. 30(1)(d)	2 nd September 1966	7258194	27 th April 2023	27 th April 2026
16	James Sitiency	Male		Inspector General- Corporations Representative				16 th July 2021	

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17.	Mr. Henry Mwenda Rithaa	Male	Meru	Chief Executive Officer / Board Secretary	S. 30(1)(l) Chief Executive Director	10 th June 1977	20678302	20 th March 2024	19 th March 2029
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IX) Performance Contract

The Board annually signs a performance contract with the Government as well as setting Corporate Performance Strategies with Management and continues to perform an annual self-evaluation exercise to review and audit its role and success or otherwise to meet the challenges envisaged at the beginning of each year.

X) Training and Development

The Authority recognizes the importance of having a well informed and fully empowered Board and Management. In this regard, relevant training and capacity development opportunities are organized to equip Directors and staff with skills and knowledge necessary to effectively perform their responsibilities.

XI) Conflict of Interest

The Directors are required to make written disclosures of any transaction in which they have interest and which would constitute a conflict of interest and abstain from voting when such matters are being considered. The board maintains a conflict-of-interest register, where any member with an interest in any matter for discussion during board meetings registers it.

XII) Directors Emoluments

The Board of Directors are entitled to a sitting and other allowances (where applicable) for every meeting attended, within the set Government guidelines. The Chairman is also paid a monthly honorarium. The emoluments paid to the Directors during the financial year for services rendered are disclosed in the financial statements under Board Expenses.

9. MANAGEMENT DISCUSSION AND ANALYSIS

The Authority's operational and financial performance

Revenue trend over the last five years

Revenue has increased from Kshs. 1.166 billion in financial year 2022/2023 to Kshs 2.118 billion in the current year under review. This is attributable to the implementation of NYOTA and KJET world bank projects. Development grant has also increased through the introduction of grants for the centre of excellence, construction of cold storage facilities and an increase in the CIDC allocation in the current year as compared to the past 4 years period. Recurrent grant has also recorded increment over the last three years following a successful delinking exercise and approval of the new organisational structure and staff establishment.

The figure below shows revenue trend by stream over the last five years;



Figure 2: Five-year revenue trend

Expenditure trend over the last five years

Over the last five years, the expenditure for the period grew exponentially to the same rate as revenue as the Authority continued to implement the approved Annual Work Plans, Budget and Procurement Plans for both the Government Grants and World Bank Projects. The financial year 2023/24 recorded the lowest expenditure over the last five years with 2024/25 registering the highest.

The figure below shows expenditure trend over the last five years;

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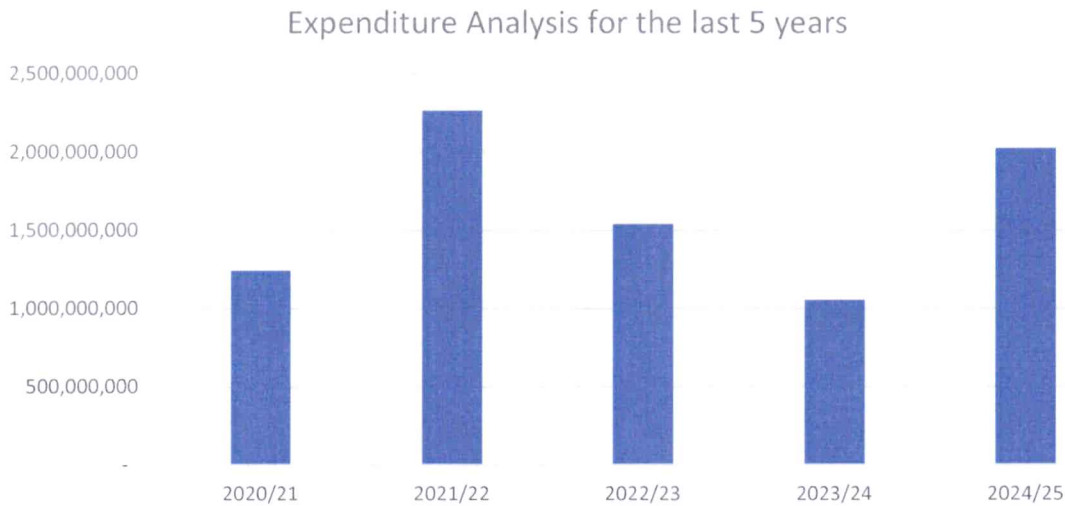


Figure 3: Five-year expenditure trend

Current period financial performance review

During the period under review, the Authority received a recurrent grant of Kshs 488.4 million compared to Kshs 440.9 million received in the previous period marking a 12% increment. The Authority also received development grant amounting to Kshs 476 million compared to Kshs 332.9 million received in the last financial year for refurbishment and operationalization of Constituency Industrial Development Centres and Cold storage.

Development partners disbursed Kshs. 1.5 billion against a budget of 1.5 billion through National Youth Opportunities Towards Advancement (NYOTA) and Kenya Jobs and Economic Transformation (KJET) Projects. Internally generated revenue amounted to Kshs 4.4 million compared to Kshs 3.9 million in the previous year. The Authority was able to carry out its mandate and achieved activities as planned for.

The pie chart below shows revenue received by stream;

Revenue Analysis By Stream FY2024/25

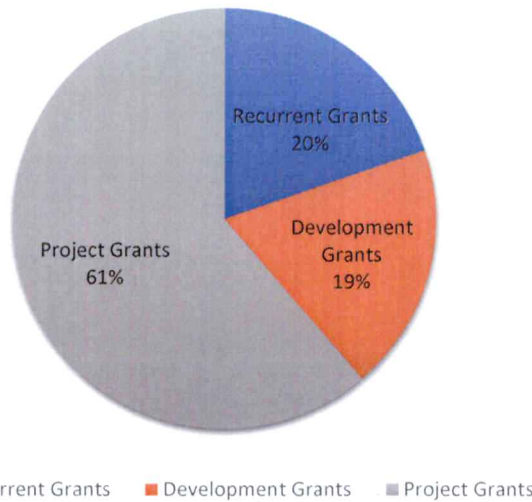


Figure 4: Revenue Analysis by stream FY2024/2025

Operating and administration expenditure accounted for 3% of the total expenditure. Project expenses accounted for 75% being the highest spending category during the period relating to NYOTA and KJET Project costs. Staff costs accounted for 20%, while board and depreciation expense accounted for 1% of the total expenditure.

The pie chart below shows expenditure incurred during the period by categorisation;

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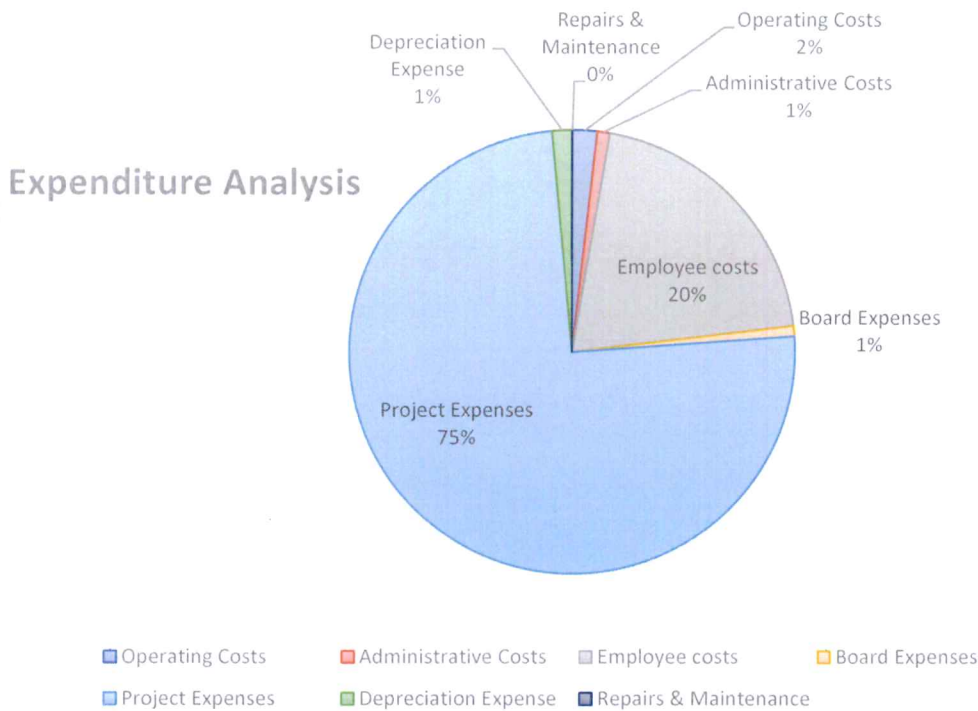


Figure 5: Expenditure Analysis by category FY2024/2025

During the period, the Authority was able to reduce its current recurrent pending bills by settling staff pension and gratuity amounting to Kshs 14.1 million bringing down the total amount of pending settlement to Ksh. 60.8 Million.

Authority’s compliance with statutory requirements

The Authority has complied with its establishing Act, that is, MSE Act no. 55 of 2012. It has also complied with other legal requirements such as submission of statutory deductions to Kenya Revenue Authority among others and its internal policies and procedures. There are no instances of non-compliance that would lead to financial loss.

Key projects and investment decisions the entity is implementing

The Authority was implementing component II of the NYOTA and component II of KJET, World Bank funded projects. The Projects initial duration of five years from December 2023 to December 2028 with an approved budget of Euros 79.3 M for component two (2) equivalent to Kshs 11.4 billion for NYOTA project and Euros 79.7 M for component two (2) equivalent to Kshs 11.1 billion for KJET project.

Major risks facing the Authority

The Authority has a structure and process to help identify, assess and manage risks. All risks facing the Authority are reviewed, assessed and evaluated for an appropriate action. Some of the major risk facing the Authority as at the end of reporting period include financial risk as the Authority had a pending bill of Ksh 60.8 million due to budgetary constraints.

Material arrears in statutory / financial obligations

During the period, there were no material arrears in relation to statutory commitments. During the same period, staff pension/gratuity amounting to Kshs 14.189 was settled.

The Authority's financial probity and serious governance issues

The Authority has not experienced any major financial improbity or any serious governance issues during the period under review.

THE MICRO AND SMALL ENTERPRISES (MSE) SECTOR

MSE Sector Performance

In 2024, the Kenyan government intensified its support for Micro, Small and Medium Enterprises (MSMEs), recognizing their vital role in job creation. According to the 2025 Economic Survey Report launched by the Cabinet Secretary for National Treasury and Economic Planning, Hon, FCPA John Mbadi, the informal sector was responsible for creating 703,000 out of the 782,000 jobs generated that year.

The Kenyan economy expanded by 4.7% in 2024, a growth trajectory in which the Micro, Small and Medium Enterprises (MSMEs) sector, as the backbone of the economy, played a significant role. The government's increased support for MSMEs, particularly through initiatives like the Hustler Fund, is a deliberate response to the sector's significant contribution to employment.

The Authority's initiatives to empower MSMEs have yielded tangible results, as evidenced by the "County Business Environment for Micro and Small Enterprises in Kenya 2024" report from the Kenya Institute for Public Policy Research and Analysis (KIPPRA). The report highlights a significant improvement in the business environment, with the average overall score rising from 17.16 in 2022 to 24.49 in 2024. This notable progress is primarily attributed to enhanced access to worksites and electricity, highlighting the Authority's commitment to providing the foundational resources that are essential for MSEs to thrive.

Ease of Decent Infrastructure Access

MSMEs access to a decent, safe and affordable workplace is a critical factor in achievement of inclusive growth and decent work. A major challenge is that many MSEs operate from unapproved sites, leaving them vulnerable to demolition by government authorities. There is also a shortage of suitable land for building new worksites, and many existing facilities are not equipped to meet the growing demand. Additionally, a significant number of MSE workshops are inadequate and lack essential safety equipment, which prevents them from fully utilizing shared manufacturing facilities. Furthermore, providing adequate and affordable utilities—such as water, electricity, and sanitation—is essential.

The majority of MSEs (over 60%) operate from rented premises, a stark contrast to large enterprises, where about 70% own their facilities. This disparity highlights the need for better infrastructure to support the growth and stability of the MSE sector. To bridge this gap, the Authority facilitates development of adequately equipped worksites to provide additional opportunities for incubation, knowledge and skills transfer and exchange as well as enhancing survival rate of MSEs particularly those owned by youth. Although most Micro and Small Enterprises (MSEs) operate from temporary worksites, there has been notable progress in providing them with better infrastructure. Despite this, gaps remain in the availability of key amenities such as shared manufacturing facilities, reliable electricity, clean water, public toilets, and internet access.

Performance

However, all infrastructure indicators recorded progress. Across the board, it became easier to get worksites, with fewer steps and less travel time needed. Leading counties, in particular, saw significant gains. They reduced the procedures to get worksites and shortened the distance to public toilets (KIPPRA, 2024).

Ease of Market Access

MSEs face a complex market environment influenced by several factors: government procurement, road infrastructure, market accessibility, fair competition, the quality of market facilities, product certification, and trade participation. Therefore, access to markets remains one of the most significant hurdles for Micro, Small, and Medium Enterprises (MSMEs) in Kenya.

Surveys indicate that 33% of micro enterprises, 27% of small enterprises, and 11% of medium enterprises identify limited market access as their primary barrier to growth. Only a small fraction—around 3% of micro enterprises and 7% of small and medium enterprises—secure

opportunities in public procurement. Challenges include meeting specific market standards, inadequate trade-related infrastructure such as transport links, and limited production capacity or competitiveness.

In response, the government has introduced several initiatives to improve domestic market opportunities for MSMEs. These include the Access to Government Procurement Opportunities (AGPO) program, which reserves 30% of public contracts for youth, women, and persons with disabilities, and the Buy Kenya, Build Kenya policy, which mandates that at least 40% of government procurement be sourced from local producers. Also, to expand international trade opportunities, Kenya continues to engage in bilateral, regional, and global trade negotiations, offer technical and financial assistance to MSMEs within priority value chains, promote compliance with market-specific and product-specific standards, and encourage investment in export-oriented sectors.

Performance

While there has been progress in some areas, in 2024, there was a slight decline in market access and trade participation. This was attributed to high average county levies and a low percentage of MSEs with certified products, which impacted their ability to engage in both cross-county and international trade.

On a positive note, government initiatives to include MSEs in public contracts through the Access to Government Procurement Opportunities (AGPO) program are showing results. The number of pre-qualified MSEs has improved in leading counties, with government project, like ring-fencing parts of Affordable Housing contributing to this success (KIPPRA, 2024).

Ease of Access to Finance

This section reviews the state of financial inclusion for Micro and Small Enterprises (MSEs), with a focus on access to credit, innovative financial products, public funding mechanisms, and credit guarantee schemes. Despite policy interventions, access to traditional savings and credit facilities has largely stagnated, underscoring persistent challenges for MSEs in securing loans—most notably the inability to meet collateral requirements (KIPPRA, 2024).

The financing gap for the sector remains substantial, estimated at over USD 18 billion. This shortfall is partly driven by the risk-averse nature of traditional lenders and the mismatch between available financial products and the actual needs of MSEs. Many of these enterprises operate on a small scale, prioritizing day-to-day survival rather than rapid expansion, making them less appealing to conventional lending models. As a result, most continue to rely on

informal sources—such as personal savings, family contributions, and community-based lending groups—for working capital.

The growth of digital payments and fintech solutions has played a transformative role in bridging this gap, improving access to credit and broadening financial services to previously underserved businesses. However, despite the emergence of such platforms and the introduction of government-backed financing initiatives, bureaucratic bottlenecks and administrative delays have limited their full effectiveness. The need for further policy reforms, targeted financial innovations, and more inclusive credit assessment frameworks remains critical for sustainable sector growth.

Since the COVID-19 pandemic, MSE adoption of digital financial services has grown considerably, with increased uptake of solutions such as the Hustler Fund, M-Shwari, and M-Akiba. While awareness of credit guarantee schemes and other public financing programs has improved, usage rates remain modest—with the Hustler Fund emerging as the most widely accessed facility (KIPPRA, 2024).

Performance

According to the 2024 FINACCESS Household Survey by the Central Bank of Kenya, overall formal financial access rose from 83.7% in 2021 to 84.8% in 2024. This improvement—largely fueled by mobile and digital technologies—has also contributed to narrowing the gender gap in financial inclusion. Nevertheless, 9.9% of Kenyan adults remain financially excluded. A significant proportion of this group (45.5%) comprises rural youth, with the most common barriers being lack of access to a mobile phone (64.1%) and absence of a national identity card (51.5%).

Ease of Acquiring and Developing Technical Capacity by MSMEs

Technical capacity refers to the skills, knowledge, technology, infrastructure, and processes that enable enterprises to produce goods and services competitively, efficiently, and in line with market demands. For Micro and Small Enterprises (MSEs), technical capacity is not just a support function—it is the very backbone of their productivity, innovation, and sustainability. Strong technical capacity empowers MSEs to improve product quality, reduce production costs, comply with industry standards, adopt new technologies, and respond effectively to shifting consumer preferences.

In Kenya, MSEs account for the majority of businesses, employing millions and contributing significantly to GDP. However, despite their central role in economic development, many MSEs

face notable technical capacity gaps. These include outdated production techniques, limited access to modern machinery, inadequate skills in specialized areas, weak research and development (R&D) capabilities, and low adoption of digital and green technologies. Such limitations often translate into reduced competitiveness in both local and export markets.

Building technical capacity among MSEs is critical for several reasons:

- **Competitiveness.** Enterprises with modern equipment, skilled personnel, and efficient processes can produce higher-quality products at competitive prices.
- **Market Access.** Compliance with local, regional, and international standards often requires specific technical know-how and facilities.
- **Innovation & Value Addition.** Technical skills and infrastructure enable businesses to develop new products, improve existing ones, and move up the value chain.
- **Sustainability.** Adoption of climate-smart and resource-efficient technologies enhances environmental stewardship while reducing operational costs.
- **Job Creation & Skills Transfer.** Well-equipped enterprises can expand operations, creating employment and opportunities for skills development.

Recognizing this, the Authority have initiated programs to strengthen technical capacity, such as upgrading Constituency Industrial Development Centres (CIDs), establishing common user facilities, offering technical training, and promoting technology adoption through incubation hubs. The goal is to transition MSEs from low-productivity operations to competitive, innovation-driven enterprises that can thrive in domestic and international markets.

Ultimately, enhancing the technical capacity of MSEs is a strategic investment in Kenya's industrial growth, economic diversification, and inclusive development. Without this foundation, other interventions—such as market linkages or financing—cannot achieve their full impact, as MSEs would lack the operational capability to seize emerging opportunities.

Performance under Technical Capacity

The review of technical capacity considered several factors, including training and capacity building, innovation, patenting, adoption of new technology, skills gaps, MSE survival rates,

and access to incubation services. While some training areas have improved, MSEs still face significant challenges in gaining essential technical and business skills, such as financial management and entrepreneurship.

On a positive note, the ability to keep up with new technology has slightly improved. However, most MSEs continue to rely on outdated technology, which negatively impacts their efficiency and competitiveness. Also, access to incubation services, which are crucial for developing new ideas, has improved. The average time and cost to join these programs have decreased. While innovation appears to be declining after the COVID-19 pandemic, the rate of patenting is on the rise (KIPPRA, 2024).

Performance of Key MSME Sectors

According to the KNBS Economic Survey 2025, most sectors of the MSME economy recorded positive growth in 2024. Manufacturing expanded by 2.8%, while trade grew by 3.8% in wholesale and retail activities and 5.3% in real estate. Within the services sector, transport and storage registered a 4.4% increase, and financial and insurance activities grew by 7.6%. In agribusiness, agriculture, forestry, and fishing posted a growth rate of 4.6%. These trends highlight the diverse contribution of MSMEs across multiple sectors, reinforcing their role as a key driver of economic activity.

Increased Level of MSE Formalization

Formalization refers to the process through which enterprises obtain the necessary licenses, register with the Registrar of MSEs, and comply with statutory obligations such as taxation, social security, and labor laws. This process is a critical pathway for MSEs to unlock opportunities such as expanded market access, improved access to finance, and the ability to benefit from business development services.

Currently, it is estimated that only about 21% of MSEs operate with county government licenses, and within this group, merely 27% are registered with the Registrar of Companies. The situation is even more stark among micro enterprises—only 4% are registered with the Registrar of Companies, compared to 67% of small enterprises. This reflects the highly informal nature of the sector, with the majority of MSEs still operating outside formal regulatory structures.

The Micro and Small Enterprise Authority has prioritized the formalization agenda by establishing and operationalizing the Office of the Registrar of MSEs, Associations, and Umbrella Organizations. This office plays a central role in registering MSE associations and

umbrella bodies, thereby supporting structured organization, representation, and advocacy within the sector.

Performance of MSEs Formalization

Since its launch in April 2021, the Office of the Registrar of MSEs has made significant strides in formalizing the sector. The office has registered a total of 51,327 associations, and as of June 30, 2025, has compiled a database of 2,350,839 MSEs. This success is attributed to a robust outreach strategy that informed 208,749 MSEs about the registration process. The most impactful method was a social media campaign that reached 155,778 MSEs. This was supplemented by direct, one-on-one sensitization forums that engaged an additional 52,971 MSEs. This achievement reflects a strong partnership between the Registrar's office, county administrators, and the communications team, working together to bring MSEs into the formal economy nationwide.

Employment Creation

Globally, Micro, Small, and Medium Enterprises (MSMEs) are a vital source of productive employment, income, and poverty reduction. They are more labor-intensive than large corporations, so they need more workers for every unit of output. It's estimated that MSMEs employ over 2.2 billion people worldwide, which is about half of the total global workforce. In Kenya, this trend is particularly strong, with an estimated 7.4 million MSMEs providing jobs for approximately 14.9 million Kenyans across various economic sectors, according to a Kenya National Bureau of Statistics.

Performance under employment creation

In 2024, the Kenyan economy generated a total of 782,300 new jobs, with the informal sector—which is primarily composed of Micro, Small and Medium Enterprises (MSMEs)—accounting for a significant 90% of this growth. This highlights the crucial role of MSMEs as the main source of employment and income for most Kenyans, second only to small-scale farming and pastoral activities.

In terms of employment, the informal sector is the dominant employer in Kenya. Approximately 17.4 million people, representing 83.6% of the total workforce, are engaged in informal employment. In contrast, formal employment accounts for only 3.4 million people, or 16.4% of the workforce. This data further underscores the critical role that the informal sector, primarily driven by MSMEs, plays in providing livelihoods for the majority of Kenyans.

MSEA VISIBILITY INITIATIVES

The Authority has been actively implementing activities and initiatives to enhance its visibility through a variety of activities. Listed are some of the activities conducted:

The 23RD EAC MSMES Trade Fair, Bujumbura, Burundi

The 24th East African Community (EAC) Micro, Small, and Medium Enterprises (MSMEs) Trade Fair held at Freedom Square in Juba, South Sudan themed “Promotion of Unique Innovations and Skills Development Amongst EAC MSMEs,” draw together 1,500 MSMEs from the eight EAC partner states: Kenya, Uganda, Burundi, Rwanda, South Sudan, Tanzania, Somalia, and the Democratic Republic of Congo. The event aimed at fostering regional integration and strengthen intra-regional trade.



CS Ministry of Cooperatives and MSMEs Development Dr. Wycliffe A. Oparanya, EGH together with MSEA Board Chairman James Mureu and MSEA CEO Henry Rithaa during the EAC Trade Fair in Juba, South Sudan



Kenya MSEs showcasing the products at the EAC Trade Fair in Juba, South Sudan

MSEA AND SNV SIGN 2 YEARS PARTNERSHIP TO EMPOWER KENYA'S MSES

MSEA and SNV signed a strategic two-year partnership aiming to empower young businesses, particularly those owned by women and youth across the MSME sector. This collaboration is set to drive sustainable economic growth through targeted, impactful initiatives.



MSEA CEO Henry Rithaa and SNV Kenya Burundi Country Director Rebecca Hallam signing two-year agreement

ENHANCING INTRA EAC TRADE

MSEA CEO Mr Henry Rithaa held a meeting with a team from the State Department for East African Community Affairs led by the Integration Secretary Dr. Alice Yalla MBS and Director Economic Affairs Edward Owango. The team discussed increasing the number of MSMEs engaging in intra EAC trade while positioning Kenya to benefit from the Africa Continental Free Trade Area (AfCFTA) under the proposed PIMEAC project. The proposed project seeks to develop regional linkages in identified agricultural and trade value chains, policy coherence and business networks for MSMEs in the EAC region.



MSEA CEO Mr Henry Rithaa meeting with the State Department for East African Community Affairs led by the Integration Secretary Dr. Alice Yalla MBS and Director Economic Affairs Edward Owango

OPERATIONALIZATION OF COLD STORAGES

MSEA Board Chairman Mr. James Mureu and CEO Mr. Henry Rithaa met with a delegation from the International Finance Corporation (IFC) and Warehouse Receipt Council (WRC), led by Taneem Ahad and Lucy Komen, to discuss the operationalization of cold storage facilities. The cold storage facilities aim to reduce post-harvest losses during peak production periods, offering sustainable solutions for MSMEs in agriculture and contributing to food security. The meeting focused on developing an action plan for the sustainability, commercialization, and capacity building of MSEs, with an emphasis on adding value to agricultural produce.



MSEA Board Chairman James Mureu, MSEA CEO Henry Rithaa and a delegation from the International Finance Corporation (IFC) and Warehouse Receipt Council (WRC)

THE ELDORET MSE'S EXPO

Principal Secretary for MSMEs Development, Madam Susan Mang'eni, visiting and engaging with MSEs at the Eldoret MSE Expo at Zion Mall to celebrate the innovation and creativity of MSEs. The event featured over 150 participants from diverse sectors including health, textiles, hospitality, crafts, and Juakali products. It offered a platform for sales, networking, and knowledge sharing. The Expo marked a key event ahead of Eldoret's official transition to city status on 8th August 2024.



PS State Department of MSMEs Development together with Director Infrastructure Eng. Edward Karani and Uasin Gishu Regional Head CPA Alton Kogo interacting with MSEs

MSE POLICY REVIEW STAKEHOLDER ENGAGEMENT WORKSHOP

The Ministry of Cooperatives and MSMEs Development, in partnership with MSEA, GIZ, and other stakeholders, officially launched the MSE Policy Review. This workshop brought together key public and private sector players, including Kenya SBDC, SNDBX, University of Nairobi (UON), Kenya Industrial Estates (KIE), Uwezo Fund, Hustler Fund, KEPISA, and ASSEK, among others. Participants provided policy recommendations and discussed necessary changes to shape the future of the Micro and Small Enterprises (MSE) sector.



PS State Department of MSMEs Development Susan Mangeni, CEO MSEA Henry Rithaa and GIZ SED Cluster Coordinator Christoph Zipfel among others at the MSE policy review stakeholder engagement workshop

EMPOWERING LOCAL ARTISANS THROUGH THE AFFORDABLE HOUSING PROJECTS

As part of Kenya's Bottom-Up Economic Transformation Agenda (BETA), the Affordable Housing Project addresses the nation's housing deficit while creating job opportunities, particularly in construction. Supported by the Micro and Small Enterprises Authority (MSEA), the project enables Micro and Small Enterprises (MSEs) to participate actively. At the groundbreaking in Kisii County, President Dr. William Ruto and former Deputy President Rigathi Gachagua highlighted the project's potential to empower youth and boost local economies.



President Dr. William Ruto at the affordable housing groundbreaking ceremony in Kisii County

AGENCIES GEAR UP FOR NYOTA PROJECT ROLLOUT DURING IMPLEMENTATION SUPPORT MISSION

The National Youth Opportunities Towards Advancement Project key stakeholders meeting, including @MSEA, @the Ministry of Youth Affairs, and @the World Bank, @NEA @Labour @NITA for an Implementation Support Mission. This mission brings together project implementing agencies to review progress and fine-tune plans of rolling out the project.



PS State Department of MSMEs Development meeting with stakeholders implementing the NYOTA project

KENYA PUBLIC-PRIVATE SECTOR MSMES DIALOGUE DUBBED MSMES CONNECT OFFICIALLY LAUNCHED

The Cabinet Secretary for the Ministry of Cooperatives and MSME Development, Hon. FCPA Dr. Wycliffe Ambetsa Oparanya, EGH, officially launched the Kenya Public-Private Sector MSMEs Dialogue dubbed MSMEs Connect on 14th March 2025. This initiative marks a new chapter of collaboration between the government and the private sector, acknowledging the private sector's vital role in driving MSME growth.



Cabinet Secretary for the Ministry of Cooperatives and MSME Development, Hon. FCPA Dr. Wycliffe Ambetsa Oparanya, EGH launches MSME Connect

CS OPARANYA LEADS GRASSROOTS SENSITIZATION OF MSEA PROJECTS IN KAKAMEGA COUNTY

Cabinet Secretary for Co-operatives and MSMEs Development, Hon. Wycliffe Oparanya, has reinforced the government’s commitment to Micro and Small Enterprises growth by leading a series of grassroots sensitization forums on Micro and Small Enterprises Authority (MSEA) programs across Kakamega, Vihiga, and Nandi counties and later continued to other counties.



Cabinet Secretary for Co-operatives and MSMEs Development, Hon. Wycliffe Oparanya leading the sensitization forums

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i. Sustainability strategy and profile

The Authority recognizes the importance of integrating our corporate values and services to improve the Authority's image and meet the expectations of stakeholders. We are also cognizant of our social, economic and environmental responsibilities to the stakeholders who are integral to our sector.

ii. Environmental Performance

The Authority did not manage biodiversity and waste management policy.

iii. Employee Welfare

The Authority did not carry out any employee welfare activities.

iv. Market place practices

a) Responsible competition practice

The Authority ensures responsible competition practices by ensuring there is fair competition among bidders/suppliers when tendering and adhering to the already set out evaluation criteria

b) Responsible Supply chain and supplier relations

The Authority maintains good business practices by adhering to the Public Procurement and Asset Disposal Act (PPADA) 2015. The Authority also treats its suppliers responsibly by honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement

The Authority did not carry out marketing and advertisement during the year under review.

d) Product Stewardship

The Authority did not carry out product stewardship

v. Corporate Social Responsibility/ Community Engagements:

MSEA remains committed to corporate social responsibility (CSR), with a strong focus on environmental conservation as part of its broader sustainability goals. From July 2024 to June 2025, MSEA in collaboration with various stakeholders, actively engaged in environmental conservation initiatives aimed at promoting environmental awareness, reducing ecological impact, and fostering sustainable business practices among MSEs. These efforts are in line with the Presidential directive to plant 15 billion trees over ten years to foster environmental sustainability and combat climate change. MSEA has contributed to this national agenda while ensuring that MSEs adopt environmentally friendly practices.

**Micro and Small Enterprises Authority
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For the year ended June 30, 2025**

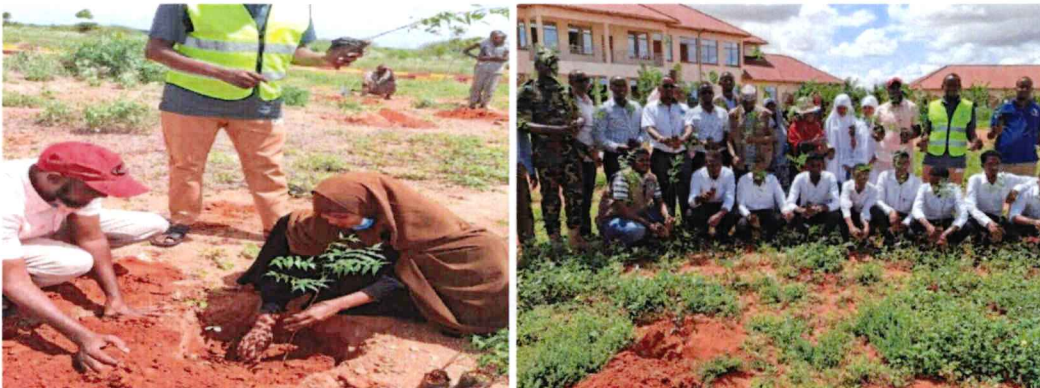
Total No. of Trees Planted in the FY 2024-2025 – 63,657.



Cabinet Secretary for Cooperatives and MSME Development, FCPA H.E Dr. Wycliffe Ambetsa Oparanya during the tree planting activity in Uasin Gishu County.



Mangroove Trees restoration in Lamu County



Moments captured during the tree planting activity in Marsabit County.

MSEA CHAMPIONS COMMUNITY OUTREACH IN MATHARE

The Micro and Small Enterprises Authority, led by Nairobi Regional Head Janet Kamotho and Head of Corporate Communications Elizabeth Mulae, donated essential food items including rice, green grams, beans, and washing powder to the Good Samaritan Home in Mathare Valley, Nairobi. This initiative, inspired by the 2023 floods, was supported by staff through a voluntary WhatsApp group and reflects MSEA's continued commitment to giving back to the community. The Authority aims to make this a biannual outreach every Easter and Christmas.

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Moments captured at Good Samaritan Children Home during the charity drive.

11. REPORT OF THE DIRECTORS

The Directors submit their annual report together with the financial statements for the year ended June 30, 2025 which show the state of the Authority's affairs.

i. Principal activities

The principal activities of the Authority are to Promote, Develop and Regulate Micro and Small Enterprises Sector.

ii. Results

The results of the Authority for the year ended June 30, 2025 are set out on page 1 to page 5.

iii. Directors

The directors who held office during the year and to the date of this report are set out on in earlier sections of the report.

iv. Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

v. Auditors

The Auditor General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. The Auditor General continues in office in accordance with the constitution of Kenya.

By Order of the Board



.....
Name:

Corporation Secretary

12. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and the Micro and Small Enterprises Act, 2012 section 44(1) require the Directors to prepare financial statements in respect of the Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial period and the operating results of the Authority for that period. The Directors are also required to ensure that the Authority keeps proper accounting records, which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

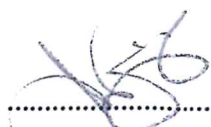
The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2025, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Authority's financial statements were approved by the Board on 21.08 and signed on its behalf by:



James Mureu

Chairperson of the Board



Henry M. Rithaa

Accounting Officer

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MICRO AND SMALL ENTERPRISES AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Micro and Small Enterprises Authority set out on pages 2 to 32, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the

Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Micro and Small Enterprises Authority as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Micro and Small Enterprises Act, 2012.

Basis for Qualified Opinion

Undisclosed Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.2,396,081,674 which includes work in progress for Constituency Industrial Training Centres (CIDs) of Kshs.1,869,309,811 and cold storage facilities of Kshs.237,452,918 both amounting to Kshs.2,106,762,729 as disclosed in Note 18 to the financial statements. However, as previously reported, this balance excludes undetermined value of two hundred and seventy-nine (279) parcels of land the Authority owns across the Country where most of the Constituency Industrial Training Centres (CIDs) and cold storage facilities have been erected. Further, the Authority does not have title documents for two hundred and fifty-two (252) out of the two hundred and seventy-nine (279) parcels of land.

In the circumstances, the existence, accuracy and completeness of the property, plant and equipment balance of Kshs.2,396,081,674 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Micro and Small Enterprises Authority Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Trade and Other Payables

The statement of financial position reflects payables from exchange transactions balance of Kshs.84,775,928 as disclosed in Note 20 to the financial statements. The balance includes trade payables amounting to Kshs.30,075,725 which further includes an amount of Kshs.11,230,775 relating to rent owed to Kenya Development Corporation (KDC) that has been outstanding for a period of more than one (1) year. Further, included in the balance of Kshs.84,775,928 is retention payable balance of Kshs.23,199,836 out of which Kshs.10,989,057 and Kshs.3,797,997 relates to retention for the FY2020-2021 and FY2021-2022 respectively both totalling Kshs.14,787,054 or 64% of total retention. Management explained that the trade and other payables were not settled during the year they occurred due to persistent budget shortfalls.

The Authority may incur significant interest and penalties with the continued delay in settlement of the payables.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effects of the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. The issues as detailed in Appendix 1 remain unresolved as Parliament has not deliberated on the same.

Other Information

The Directors are responsible for the Other Information set out on page iv to lxxxiv which comprise of Key Entity Information and Management, the Board of Directors, Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Micro and Small Enterprises Authority financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Non-Operationalization of Micro and Small Enterprises Development Fund

Review of records provided for audit revealed that the Authority did not create a Micro and Small Enterprises Development Fund. The purpose of the Fund shall be to finance the promotion and development of micro and small enterprises in accordance with this Act and provide affordable and accessible credit to micro and small enterprises, however, there is no specific legislation in place. This was contrary to Section 51(1) of Micro and Small Enterprises Act, 2012.

In circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 November, 2025

Appendices

Appendix I: Unresolved Prior Year Matters 2023-2024

No.	Observation
	Basis of Qualified Opinion
1	Undisclosed Property, Plant and Equipment
2	Material Uncertainty Related to Sustainability of Services
	Emphasis of Matter
3	Pending Accounts Payable
4	Budgetary Control and Performance

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14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025


	Notes	2024/2025	2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Government grants	6	488,400,000	440,900,000
Development partners	7	1,538,718,850	298,660,000
		2,027,118,850	739,560,000
Revenue from exchange transactions			
Internally generated revenue	8	9,795,234	3,921,544
Total revenue		2,036,914,084	743,481,544
Expenses			
Use of goods and services	9	64,085,736	79,329,037
Employee costs	10	418,845,162	362,596,677
Board expenses	11	14,652,916	10,684,296
Project expenses	12	397,516,782	589,587,005
Depreciation expense	13	30,605,090	35,606,708
Repairs and Maintenance	14	116,800	506,180
Total Expenditure		925,822,486	1,078,309,904
Surplus / (deficit) for the period		1,111,091,598	(334,828,360)

The notes set out on pages 6 to 25 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:



Name: Henry M. Rithaa
Accounting Officer

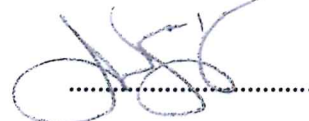
Date: 29/10/2025



Name: Elsie Thambu
Head of Finance

ICPAK M/ No.16628

Date: 29/10/2025



Name: James Mureu
Chairman of the Board

Date: 29/10/2025

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15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	Notes	2024/2025	2023/2024
ASSETS		Kshs	Kshs
Current assets			
Cash and cash equivalents	15	1,344,275,819	117,694,277
Grants receivable	16	13,490,136	164,109
Prepayments		2,000,000	-
Consumable stocks	17	2,297,435	420,924
		1,362,063,390	118,279,310
Non-current assets			
Property, plant and equipment	18	2,396,081,674	1,898,505,167
Intangible Assets	19	6,398,775	6,955,191
		2,402,480,449	1,905,460,357
Total assets		3,764,543,839	2,023,739,667
LIABILITIES			
Current liabilities			
Payables from exchange transactions	20	84,775,928	116,084,510
Provisions	21	296,154,759	141,367,982
Total liabilities		380,930,687	257,452,493
Net assets		3,383,613,152	1,766,287,174
Equity			
Capital fund		2,482,140,104	1,975,905,724
Accumulated surplus		901,473,049	(209,618,550)
Total net asset and liabilities		3,383,613,152	1,766,287,174

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:



Name: Henry M. Rithaa
Accounting Officer

Date: 29/10/2025



Name: James Mureu
Chairman of the Board

Date: 29/10/2025



Name: Elsie Thambu
Head of Finance

ICPAK M/ No.16628
Date: 29/10/2025

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16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025

	Surplus Reserve	Capital Grants / Reserves	Total
	Kshs	Kshs	Kshs
At 1st July 2022	497,954,394	1,528,005,724	2,025,960,118
Surplus/(Deficit) for the period	(372,744,585)		(372,744,585)
Development grant (CIDC)		115,000,000	115,000,000
At 30th June 2023	125,209,810	1,643,005,724	1,768,215,534
At 1st July 2023	125,209,810	1,643,005,724	1,768,215,534
Surplus/(Deficit) for the period	(334,828,360)		(334,828,360)
Development grant (CIDC)		332,900,000	332,900,000
At 30th June 2024	(209,618,550)	1,975,905,724	1,766,287,174
At 1st July 2024	(209,618,550)	1,975,905,724	1,766,287,174
Surplus/(Deficit) for the period	1,111,091,598	-	1,111,091,598
Development grant (CIDC)	-	476,000,000	476,000,000
Capital acquisition (NYOTA & KJET Projects)	-	30,234,380	30,234,380
At 30th June 2025	901,473,049	2,482,140,104	3,383,613,153

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17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities:			
Receipts			
Government grants		488,400,000	440,900,000
Development partners -NYOTA		-	298,660,000
Development partners -NYOTA		1,032,696,450	-
Development partners -KJET		499,162,400	-
Development partners -SNV		1,860,000	-
A-I-A		4,460,207	3,921,544
Total Receipts		2,026,579,057	743,481,544
Payments			
Use of goods and services		64,085,736	63,812,113
Employee Cost		418,845,162	353,626,064
Board Expenses		14,652,916	10,684,296
Project Expenses		278,282,874	497,660,860
Repairs and maintenance		116,800	506,180
Total Payments		775,983,488	926,289,513
Net cash generated from operating activities	22	1,250,595,569	(182,807,969)
Cash flows from investing activities			
Purchase of property, plant and equipment		530,248,405	395,898,540
Purchase of intangible assets		-	0
Net cash generated from investing activities		530,248,405	395,898,540
Cash flows from financing activities			
Capital fund- Development Grant		506,234,380	332,900,000
Net cash generated from financing activities		506,234,380	332,900,000
Increase (decrease) in cash and cash equivalents		1,226,581,544	(245,806,509)
Cash and cash equivalents at beginning of year		117,694,277	363,500,784
Cash and cash equivalents at end of year		1,344,275,819	117,694,277

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18. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE YEAR ENDED
30 JUNE 2025

Category	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	
Revenue						
Recurrent grant	348,400,000	140,000,000	488,400,000	488,400,000	-	100%
Development partner-NYOTA	1,040,000,000	-	1,040,000,000	1,032,696,450	7,303,550	99%
Development partner-KJET	800,000,000	(300,000,000)	500,000,000	499,162,400	837,600	100%
Development partner-SNV	-	1,860,000	1,860,000	1,860,000	-	100%
Dev't Partners & Donors -ILO	-	5,000,000	5,000,000	-	5,000,000	0%
Fees and charges	4,500,000	5,335,027	9,835,027	4,460,207	5,374,820	45%
Total revenue	2,192,900,000	(147,804,973)	2,045,095,027	2,026,579,057	18,515,970	99%
Expenditure						
Operating expenses	-	64,131,570	64,131,570	64,085,736	45,834	100%
Staff costs	352,900,000	66,095,088	418,995,088	418,845,162	149,926	100%
Board expenses	-	14,656,492	14,656,492	14,652,916	3,576	100%
Project expenses-NYOTA	1,040,000,000	-	1,040,000,000	208,668,848	831,331,152	20%
Project expenses-KJET	800,000,000	(300,000,000)	500,000,000	187,482,554	312,517,446	37%
SNV Expenses	-	1,860,000	1,860,000	1,365,380	494,620	73%
Depreciation expense	-	-	-	30,605,090	(30,605,090)	0%
Repairs & Maintenance	-	116,850	116,850	116,800	50	100%
Total expenditure	2,192,900,000	(153,140,000)	2,039,760,000	925,822,487	1,113,937,515	45%
Surplus for the period	-	5,335,027	5,335,027	1,100,756,571	(1,095,421,544)	

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Budget Notes

- i) Adjustments were as a result of supplementary 2 budget allocation.
- ii) Internally generated revenue consists of cold storage deposit and rent for the FY 2024/25 as well as fees from registrar's office. However, Ksh. 5,335,027 remains unpaid as at the end of the financial year.
- iii) The variance in budgeted and actual expenditure was as a result of contingent liabilities for both NYOTA and KJET projects.

- iv) The original approved budget for NYOTA for Fy 2425 was Ksh. 1.24 Billion. This amount was for both MSEA and the State Department, MSEA budget at Ksh. 1.04 Billion and 200 Million for The State Department.

19. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Micro and Small Enterprises Authority is established by and derives its authority and accountability from Micro and Small Enterprise Act No. 55 of 2012. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is to Regulate, Promote and Develop the Micro and Small Enterprise Sector in Kenya.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION - IPSAS 1

The financial statements have been prepared on a historical cost basis except where stated otherwise. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Notes.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Authority*.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. New and amended standards and interpretation in issue effective in the year ended 30 June 2025.

There were no new and amended standards issued in the financial year.

ii. **New and amended standards and interpretation in issue effective in the year ended 30 June 2025.**

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The standard has no Impact to the Authority.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>The standard has no Impact to the Authority.</p>
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>The standard has an Impact to the Authority.</p>
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across</p>

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Standard	Effective date and impact:
	<p>IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. iv. The standard also introduces a public sector specific measurement bases called the current operational value. <p>The standard has an Impact to the Authority.</p>
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>The standard has an Impact to the Authority.</p>
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>The standard has no Impact to the Authority.</p>
IPSAS 49- Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>The standard has an Impact to the Authority.</p>
IPSAS 50: Exploration For &	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p>

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Standard	Effective date and impact:
Evaluation of Mineral Resources	<p>Limited improvements to existing accounting practices for exploration and evaluation expenditures.</p> <p>Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</p> <p>Disclosures that identify and explain the amounts in the entity’s financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</p> <p>The standard has an Impact to the Authority.</p>

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The authority recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the authority and the fair value of the asset can be measured reliably.

The Authority currently collects revenue from services it renders to MSEs at its Kariobangi Centre of Excellence and Registrar of MSEs. This includes service fee on use of common user machine facility, incubation services, and registration fees among others.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the authority and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Development partner funds

The donor development funds are recognised by the Authority when received.

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

b) Budget information

The original budget for the current FY was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Authority upon receiving the respective approvals in order to conclude the final budget.

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts

c) Taxes

Withholding Tax

Withholding Tax relates to;

- Value Added Tax (VAT) held by the Authority at 2% and 3% from the suppliers ,
- Withholding tax on supply of goods to a public entity at 0.5% for residents and 5% for non-residents suppliers,

The taxes are later submitted to Kenya Revenue Authority (KRA) by 20th of every month. The taxes recognized as a liability, and offset in books of accounts when remitted to KRA.

Levy Order

Capacity Building Levy Order refers to a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes and later submitted to Kenya Revenue Authority (KRA).

d) Investment Property

There was no investment property for the stated period.

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in

surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation

Depreciation is calculated on a reducing balance method to write off property, plant and equipment over their estimated useful lives. The annual rates used are as here below;

Category	Percentage
Land	nil
Building	10
Furniture and fittings	12.5
Computer	33.3
Software	8
Motor vehicle	25
Office equipment	12.5

Apportioned depreciation will apply to assets bought/acquired during the year of acquisition. Full depreciation will be applied to assets disposed in the year of disposal.

f) Leases

There were no leases for the stated financial period.

g) Intangible assets - IPSAS 31

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

h) Research and development costs

The Authority expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Authority can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential

- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development.

i) **Financial instruments**

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Authority determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Impairment of financial assets

The Authority assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i) The debtors or Authority of debtors are experiencing significant financial difficulty
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization

- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Authority determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

j) Inventories – IPSAS 12

Inventories of consumable nature are stated at the lower of cost and net realizable value. Cost comprises the purchase price and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of selling the item. Consumable stock balance is disclosed as part of current assets in the financial statements.

k) Provisions – IPSAS 19

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

The Authority has recognized provisions of refurbishment of CIDC's during the period and charged the same to capital work in progress in the Property Plan and Equipment since contractual obligation existed as at the end of reporting period.

l) Social Benefits

There were no social benefits for the year under review.

m) Contingent liabilities

The Authority does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

The Authority discloses contingent liability with relation to disputed historical rent with Tourism Finance Corporation dating back to the periods before the Authority was incorporated when the Authority used to be a department under State Department for Labour.

n) Contingent assets

The Authority does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

o) Nature and purpose of reserves

The Authority creates and maintains reserves in terms of specific requirements as disclosed in statement of changes in net assets. The Authority maintains Development grants and assets as reserves through adopting IPSAS 3.

p) Changes in accounting policies and estimates – IPSAS 3

The Authority recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

q) Employee benefits – IPSAS 25

Retirement benefit plans

The Authority provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. The Authority contributes to a defined contribution staff retirement benefit scheme for its permanent and pensionable employees. The assets of this scheme are held in a separate trustee administered fund. The company's contributions to the defined contribution retirement benefit scheme is charged to the income statement in the year to which they relate. The scheme is funded by contributions from both the employees and employer. Benefits are paid to retiring staff in accordance with the scheme rules.

r) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

s) Borrowing Cost

There were no borrowing costs for the current financial period.

t) Related parties

The Authority regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

u) Service concession arrangements

The Authority analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Authority recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial

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entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Authority also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

v) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

w) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

x) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Authority's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Authority based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- i) The condition of the asset based on the assessment of experts employed by the Authority
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- iii) The nature of the processes in which the asset is deployed
- iv) Availability of funding to replace the asset
- v) Changes in the market in relation to the asset

Provisions

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Additional disclosure of these estimates of provisions is included in Note 21.

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	2024/2025	2023/2024
6 Government grant	Kshs	Kshs
Government grant - recurrent	488,400,000	440,900,000
	488,400,000	440,900,000

7 Development partner	2024/2025	2023/2024
IDA-KYEOP World Bank	-	298,660,000
IDA-NYOTA World Bank	1,032,696,450	-
IDA-KJET World Bank	499,162,400	-
Devt Partners & Donors -SNV	1,860,000	-
Devt Partners & Donors -ILO	5,000,000	-
	1,538,718,850	298,660,000

8 Internally generated revenue

Charges from Kariobangi CoE	3,529,785	3,184,169
Fees from Registration Services	595,570	391,815
Miscellaneous Income	334,852	131,559
Mse Market Exhibition	-	214,001
Cold Storage Deposit and Rent	5,335,027	-
	9,795,234	3,921,544

Note:

Internally generated amount had a rise due to the introduction of collectable rent and deposit from the use of cold storage facilities

9 Use of Goods and Services

a) Operating costs		
Communication supplies and services	703,000	659,000
Domestic travel and subsistence	2,531,240	2,151,470
Foreign travel and subsistence	167,956	982,736
Printing, advertising and information services	-	24,600
Trade shows and exhibitions	-	473,500
MSEs regional and international	32,585,576	44,630,886
Hospitality supplies and services	3,377,616	4,131,997
Legal expenses	-	1,013,595
ILO Expenses	4,992,000	-
	44,357,388	54,067,784

Note:

- Foreign travels for the financial year were mostly undertaken at the project level causing a decrease in the figures

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- MSE Regional and International relates to EAC Trade fair conducted in the Fy2425

b) Administrative costs

Utilities (water and electricity)	-	6,303
Rent - non residential	15,134,300	15,516,924
Office general supplies and services	711,150	318,838
Fuel and lubricants	-	1,848,500
Security	576,000	1,819,472
Cleaning Services	1,959,650	2,745,141
Bank charges	637,798	687,125
Provision for audit fee	450,000	900,000
Internet connectivity	250,000	1,409,500
Courier and Postal Services	9,450	9,450
	19,728,348	25,261,253
	64,085,736	79,329,037

Note:

There was a general decline in administrative costs as most of the costs were absorbed by the projects

10 Employee costs

Basic Salary Expense	206,120,148	171,788,207
House Allowance Expense	77,368,465	63,430,672
Commuter Allowance Expense	34,508,349	29,411,446
Entertainment Allowance	780,277	634,667
Extraneous Allowance	2,284,553	1,691,333
Hardship Allowance	-	78,090
Airtime Allowance	5,729,790	4,573,569
Salary Arrears	1,060,031	209,148
Transfer Allowance	411,300	492,400
Leave Allowance	5,383,329	4,160,742
Other Allowances	-	831,944
Acting Allowance	2,088,866	1,592,250
Disability Allowance	240,000	240,000
Gratuity Expense	6,971,842	8,333,993
Pension Expense	36,379,104	28,704,411
National Social Security Fund	8,446,339	3,942,601
National Industrial Training Authority Levy	144,700	127,650
Housing Levy	4,942,785	3,783,655
Medical Insurance Cover	25,985,284	38,569,900
	418,845,162	362,596,677

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Note:

Employee cost rise was due to implementation of 3rd phase of NSSF rates, employment of new directors, confirmation of acting SEDOs and reinstatement of Staff increments.
Costs for staff training undertaken during the year were absorbed by the projects.

11.

	2024/2025	2023/2024
Board Expenses	Kshs	Kshs
Sitting allowance	5,454,000	3,882,705
Subsistence allowance and travel expenses	3,575,100	3,500,600
Board Lunch allowance	334,200	172,000
Honoraria	960,000	960,000
Transport reimbursement/Mileage	1,239,655	1,514,451
Board Training	2,662,000	60,000
Medical insurance	343,961	510,540
Board Airtime	84,000	84,000
	14,652,916	10,684,296

Note:

General increase in Board expenses was due to board training and the incoming of new board members

	2024/2025	2023/2024
KYEOP Project expenses	-	589,587,005
NYOTA Project expenses	208,668,848	-
KJET Project expenses	187,482,554	-
SNV Expenses	1,365,380	-
	397,516,782	589,587,005

13 Depreciation and Amortization

	2024/2025	2023/2024
Furniture & fittings	595,395	680,452
Computer & accessories	1,935,118	2,901,227
Motor vehicles	3,490,588	4,654,117
Office equipment	1,808,257	2,066,580
Software	556,415	604,799
Equip Cold Storage/CIDC	22,219,316	24,699,533
	30,605,090	35,606,708

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14 Repairs & maintenance

	2024/2025	2023/2024
Motor vehicles	60,100	294,980
Equipments	9,200	157,200
Computers	47,500	54,000
	116,800	506,180

15 Cash and cash equivalent

	2024/2025	2023/2024
National Bank - recurrent account	6,328,869	587,208
KCB - development account	42,193,416	116,979,839
KCB - project account	-	16,583
KCB -Revenue Collection account	112,489	110,647
HFC - Project Account - NYOTA	915,103,260	-
HFC - Project Account - KJET	380,537,785	-
	1,344,275,819	117,694,277

Note:

The high amounts held in our banks relate to pending payments of already committed expenses whose payments were yet to be finalised as at close of the financial year.

16 Receivable from non-exchange transactions

	2024/2025	2023/2024
Prepayments	2,000,000	-
Income Receivable	13,490,136	164,109
	15,490,136	164,109

Note:

Income receivable is rent and deposit of cold storage not paid at close of financial year and ILO grants not received at as close of the period.

	2024/2025	2023/2024
17 Inventory	2,297,435	420,924
Consumable stocks	2,297,435	420,924

Note:

Consumable stocks includes stock held by KJET project and MSEA office

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18 Property, Plant and Equipment

	Office Equip	Computers	Motor Vehicle	Fittings	Work in Progress CIDC	Work in Progress Cold Storage	Equipments	Work in Progress COE	Work in Progress Cold Storage works	Totals
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs			Kshs
	12.5%	33.3%	25%	12.5%	0.0%	0.0%	12.5%			
COST										
30th June 2024	42,003,469	61,658,587	80,980,100	16,948,864	1,543,309,811	143,295,888	197,596,263			2,085,792,982
Additions	-	-	-	-	326,000,000	19,157,030	4,857,795	75,000,000	75,000,000	500,014,825
Disposal	-	-	-	-	-	-	-	-	-	-
30th June 2025	42,003,469	61,658,587	80,980,100	16,948,864	1,869,309,811	162,452,918	202,454,058	75,000,000	75,000,000	2,585,807,807
ACCUMULATED DEPRECIATION										
30th June 2024	27,537,411	55,847,421	67,017,749	12,185,703	-	-	24,699,533			187,287,815
Charge for the Year	1,808,257	1,935,118	3,490,588	595,395	-	-	22,219,316	-	-	30,048,675
30th June 2025	29,345,668	57,782,539	70,508,336	12,781,098	-	-	46,918,849	-	-	217,336,490
NET BOOK VALUE										
30th June 2024	14,466,058	5,811,166	13,962,351	4,763,161	1,543,309,811	143,295,888	172,896,730			1,898,505,167
30th June 2025	12,657,801	3,876,048	10,471,764	4,167,766	1,869,309,811	162,452,918	155,535,209	75,000,000	75,000,000	2,368,471,317
PROJECT ASSETS										
Cost –NYOTA	6,130,000	3,613,500	-	-	-	-	-	-	-	9,743,500
Accumulated Depreciation	383,125	342,033	-	-	-	-	-	-	-	725,158
Net book value 30th June 2025	5,746,875	3,271,467	-	-	-	-	-	-	-	9,018,342
Cost –KJET	-	5,936,880	-	14,553,200.00	-	-	-	-	-	20,490,080
Accumulated Depreciation	-	988,491	-	909,575.00	-	-	-	-	-	1,898,066

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Net book value 30th June 2025	-	4,948,389.48	-	13,643,625.00	-	-	-	-	-	18,592,014.48
GRAND NBV TOTALS 30TH JUNE 2025	18,404,676	12,095,905	10,471,764	17,811,391	1,869,309,811	162,452,918	155,535,209	75,000,000	75,000,000	2,396,081,674

Note:

- I. Increase in computers was due to laptops and printers bought by the KJET and NYOTA projects
- II. Increase in value for the office equipment was attributed to purchase of office cabinets, desks and chairs for both projects offices

Notes to the Property Plant and Equipment

i. The Property Plant and Equipment (PPE) does not include valuation for land and Constituency Industrial Development Centres the Authority owns across the county. Authority is in the process of valuing its properties to have an updated PPE.

- ii. W-I-P for CIDC & Cold Storage relates to capitalized Development grant received towards construction and refurbishment of CIDCs and Cold storage facilities.
- iii. CIDC & Cold storage Equipment amount was transferred from W-I-P and depreciated in the current financial year.

19. Intangible Assets

		Software	Totals
		Kshs	Kshs
		8.0%	
COST			
1st July 2021		9,246,702	9,246,702.10
Additions		-	-
30th June 2022		9,246,702	9,246,702
Additions - Navision ERP System		-	-
30th June 2023		9,246,702	9,246,702
Additions		-	-
30th June 2024		9,246,702	9,246,702
Additions		-	-
30th June 2025		9,246,702	9,246,702
ACCUMULATED DEPRECIATION			
1st July 2021		314,767	314,767.00
Charge for the Year		714,555	714,555
30th June 2022		1,029,322	1,029,322
Charge for the Year		657,390	657,390
30th June 2023		1,686,712	1,686,712
Charge for the Year		604,799	604,799
30th June 2024		2,291,512	2,291,512
Charge for the Year		556,415	556,415
30th June 2025		2,847,927	2,847,927
NET BOOK VALUE			
30th June 2022		8,217,380	8,217,380
30th June 2023		7,559,990	7,559,990
30th June 2024		6,955,191	6,955,191
30th June 2025		6,398,775	6,398,775

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	2024/2025	2023/2024
20 Trade and other Payables	Kshs	Kshs
Trade payables	30,075,725	42,675,904
Staff payables	31,500,367	32,648,535
Gratuity and pension payable	-	14,189,481
Retention Payable	23,199,836	26,570,589
Accruals	-	-
	84,775,928	116,084,510

Note:

The decrease in payable was due to settlement of outstanding gratuity and pension payable as well as payment of retentions.

21 Provisions

	2024/2025	2023/2024
Audit fee	450,000	900,000
Refurbishment of CIDC & Worksites	103,835,888	140,467,982
Project Provisions - NYOTA	103,085,000	-
Project Provisions- KJET	88,783,871	-
	296,154,759	141,367,982

Note:

There was a decrease in outstanding CIDCS and worksites as most payments were made during the financial year

Capital Commitments	2024/2025	2023/2024
	Kshs	Kshs
Opening balance	140,467,982	47,722,952
Utilization during the period	(133,302,963)	(15,062,137)
	7,165,019	32,660,815
New provision during the period	96,670,869	107,807,167
Closing balance	103,835,888	140,467,982



22. Cash Generated from Operations

	2024/2025	2024/2025
Description	Kshs	Kshs
Surplus for the period	1,111,091,598	(334,828,360)
Adjust for:		
Depreciation	33,228,313	35,606,708
Working capital adjustments		
Increase in inventory	(1,876,511)	2,659,704
Increase Receivable	(13,326,027)	215,891
Increase in prepayments	(2,000,000)	-
Decrease in payables	(31,308,582)	20,793,058
Increase in Provisions	154,786,778	92,745,030
Cash generated from (used In) operations	1,250,595,569	(182,807,969)

22. Construction of cold storage facility

Through a presidential directive in January 2020, the Authority was allocated Kshs 300 million in supplementary budget II of 2019/2020 financial year to cater for construction and equipping of three cold storage facility in Nyandarua, Kisii and Meru with each facility expected to cost Kshs 100 million. The funds were disbursed to the Authority's KCB development account. As at the end of the period, Kshs 257,251,638 had been cumulatively spent on the project in terms of payments leaving unspent cash balance of Kshs 42,733,537 at the end of the financial year.

23. Capital Commitment

The Authority had authorised and contracted capital commitment amounting to Kshs. 68,493,716 as at the end of reporting period with relation to construction of cold storage facilities.

24. Financial Risk Management

The Authority's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Authority's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Authority does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Authority's financial risk management objectives and policies are detailed below:

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(i) Credit risk

The Authority has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment. The amount that best represents the Authority's maximum exposure to credit risk as at 30th June is made up as follows;

	2024/2025	2024/2025
Description	Kshs	Kshs
Bank balances	1,344,275,819	117,694,277
Receivable from exchange transactions	10,499,136	0
	1,354,774,955	117,694,277

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, who have built an appropriate liquidity risk management framework for the management of the Authority's short, medium and long-term funding and liquidity management requirements. The Authority manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The Authority's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Authority's reputation.

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the Authority on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Authority's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign Currency Risk

The Authority's transactions are denominated in Kenya Shillings and in cases of foreign currency payments, sufficient negotiations are carried out to obtain better foreign currency exchange rates.

Capital Risk Management

The objective of the Authority's capital risk management is to safeguard the Board's ability to continue as a going concern. The entity capital structure comprises of the following fund:

	2024-2025	2023-2024
	Kshs	Kshs
Accumulated fund	901,473,049	(209,618,550)
Capital reserve	2,482,140,104	1,975,905,724
Total funds	3,383,613,153	1,766,287,174
Total borrowings	-	-
Cash and bank balances	1,344,275,819	117,694,277
Gearing	0%	0%

25. Prior year adjustments

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that: (a) Was available when financial statements for those periods were authorized for issue; and (b) Could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts.

There was no prior year adjustment with relation to change in accounting treatment of development grants during the period under review.

26. Related Party Disclosure

Nature of related party relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The entity is related to;

Government of Kenya

The Government of Kenya is the principal shareholder of the entity, holding 100% of the entity's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other Related Parties Include:

- i. The Ministry of Co-operatives and Micro, Small and Medium Enterprises Development
- ii. The Board of directors
- iii. Key management

27. Events after the reporting period

There were no material adjusting and non-adjusting events after the reporting period.

28. Ultimate and Holding Entity

The Authority is a Semi-Autonomous Government Agency under the Ministry of Trade and Industrialization. Its ultimate parent is the Government of Kenya.

29. Currency

The financial statements are presented in Kenya Shillings (Kshs).

APPENDIX I: Implementation Status of Auditor –General’s Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Issue / Observations from Auditor	Management comments	Status:	Timeframe:
<p>As reported previously, the property, plant and equipment balance of Kshs 1,898,505,167 as at 30 June 2024 excludes undetermined value of properties in 158 Constituency Industrial Development Centers. Further, some other non-current assets of undetermined value are held by the Authority for transfer to various Constituency Industrial Development Centers (CIDCs). Also, the management has not taken stock of all its land, buildings and other properties and valued them to establish their accounting treatment in the Authority’s books of account.</p>	<p>Management is in the process of valuing the 158 CIDC handed over by the Ministry in January 2015 in the 2022/23 financial period. With the revalued amounts, the authority will be in a good position to adjust the books and correctly state the figure for property, plant and equipment as required by International Public Sector Accounting Standards.</p>	<p>Not resolved. Revaluation process on-going with National Lands Commission. However, the exercise has been affected by budget cut.</p>	<p>30th June 2026</p>



 Director General / CEO

Date: 29/10/2025

APPENDIX II: Projects implemented by the Authority

Projects implemented by the Authority Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
National Youth Towards Advancement Project	IDA Credit No.73560/73550- KE	World Bank	5 Years	Kshs 11.4 billion	Yes	Yes
Kenya Jobs and Economic Transformation Project	IDA Credit No.- KE	World Bank	5 Years	Kshs 11.1 billion	Yes	Yes

APPENDIX III: Status of Project Completion

Project title	Total Project Cost	Total Expenditure to date	Completion % to date	Budget	Actual	Source of Funds
National Youth Towards Advancement Project	Kshs 11.4 billion	Kshs 1.03 billion	9%	Kshs 11.4 billion	Kshs 11.4 billion	World Bank
Kenya Jobs and Economic Transformation Project	Kshs 11.1 billion	Kshs 499 million	4%	Kshs 11.1 billion	Kshs 11.1 billion	World Bank

APPENDIX IV: Transfers from Other Government Entities

Name of MDA / Donor Transferring the funds	Date Received as per bank statement	Nature: Recurrent / Development / Others	Total Amount -KES	Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others	Total Transfers during the Year
State Department for MSME	06/08/2024	Recurrent	28,616,667	28,616,667					28,616,667
State Department for MSME	13/09/2024	Recurrent	29,033,333	29,033,333					29,033,333
State Department for MSME	14/10/2024	Recurrent	29,450,000	29,450,000					29,450,000
State Department for MSME	25/10/2024	Recurrent	29,033,333	29,033,333					29,033,333
State Department for MSME	27/11/2024	Recurrent	29,033,333	29,033,333					29,033,333
State Department for MSME	02/01/2025	Recurrent	29,033,333	29,033,333					29,033,333
State Department for MSME	28/01/2025	Recurrent	29,033,333	29,033,333					29,033,333
State Department for MSME	27/02/2025	Recurrent	29,033,333	29,033,333					29,033,333
State Department for MSME	02/04/2025	Recurrent	29,033,333	29,033,333					29,033,333
State Department for MSME	29/04/2025	Recurrent	40,700,000	40,700,000					40,700,000
State Department for MSME	19/05/2025	Recurrent	11,666,667	11,666,667					11,666,667
State Department for MSME	19/05/2025	Recurrent	93,333,336	93,333,336					93,333,336
State Department for MSME	19/05/2025	Recurrent	40,700,000	40,700,000					40,700,000
State Department for MSME	23/06/2025	Recurrent	40,699,999	40,699,999					40,699,999

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State Department for MSME	22/08/2024	Development	1,500,000		1,500,000				1,500,000
State Department for MSME	16/10/2024	Development	1,500,000		1,500,000				1,500,000
State Department for MSME	28/10/2024	Development	30,000,000		30,000,000				30,000,000
State Department for MSME	30/10/2024	Development	30,000,000		30,000,000				30,000,000
State Department for MSME	27/02/2025	Development	63,000,000		63,000,000				63,000,000
State Department for MSME	08/05/2025	Development	200,000,000		200,000,000				200,000,000
State Department for MSME	08/05/2025	Development	75,000,000		75,000,000				75,000,000
State Department for MSME	08/05/2025	Development	75,000,000		75,000,000				75,000,000
World Bank-IDA	09/12/2024	Development Partners	400,000,000		400,000,000				400,000,000
World Bank-IDA	06/01/2025	Development Partners	200,000,000		200,000,000				200,000,000
World Bank-IDA	29/01/2025	Development Partners	447,162,400		447,162,400				447,162,400
World Bank-IDA	24/03/2025	Development Partners	232,696,450		232,696,450				232,696,450
World Bank-IDA	09/04/2025	Development Partners	200,000,000		200,000,000				200,000,000
World Bank-IDA	09/06/2025	Development Partners	52,000,000		52,000,000				52,000,000
Total			2,503,118,850	488,400,000	2,014,718,850	0	0	0	2,503,118,850

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APPENDIX V – Inter-Entity- Confirmation Letter



**Micro And Small Enterprises
Authority**

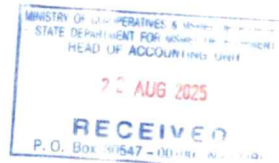
Tel: 020-340006
Cell:+254 700 666 000
+254 770 666 000
Email: mseakenya@gmail.com
When replying, Please quote:

Utalii House, 10th Floor Left Wing
Utalii Lane, Along Uhuru Highway
P.O. Box 48823 – 00100
Nairobi
Kenya

Ref: MSEA/10/05/ (178) Vol V

Date:22nd August 2025

Susan Mang'eni,CBS
Principal Secretary
State Department for MSMEs Development
Ministry of Co-operatives and MSMEs Development
NAIROBI



ATT: STEPHEN GAKANGA
HEAD OF ACCOUNTING UNIT

RE: CONFIRMATION OF FUNDS PAID IN FINANCIAL YEAR 2024/2025

Reference is made to your letter Ref No: MSME/ACC /EXC/1/ Vol. II/61 dated 31st July 2025 on the above subject matter.

The Authority received **Ksh 488,400,000** from the State Department for MSME(s) Development in respect to Recurrent Grant, **Ksh 476,000,000** Development Grant, NYOTA Project Grant **Ksh 1,032,696,450** and KJET Project Grant **Ksh 499,162,400** as at 30th June 2025 for the financial year 2024/2025 as per the table below.

RECURRENT EXCHEQUERS

DATE	FUNDS RECEIVED	REF. NOs
19-06-25	40,699,999.00	FT25170JVMV3
16-05-25	40,700,000.00	FT25136TCVTV
16-05-25	93,333,336.00	FT25136BZX78
16-05-25	11,666,667.00	FT25136BDCJL
29-04-25	40,700,000.00	FT25118ZPYCY

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02-04-25	29,033,333.00	FT25092MYGLW
27-02-25	29,033,333.00	FT25058GVHTO
28-01-25	29,033,333.00	FT25028MJ22G
24-12-24	29,033,333.00	FT2435942VB8
27-11-24	29,033,333.00	FT24332VWQ20
25-10-24	29,033,333.00	FT24299B65TD
04-10-24	29,450,000.00	FT24276K22CT
13-09-24	29,033,333.00	FT24257CZQGQ
02-08-24	28,616,667.00	FT24215BK8L8
TOTAL	488,400,000.00	

DEVELOPMENT EXCHEQUER

DATE	FUNDS RECEIVED	REF. NOs
08-05-25	75,000,000.00	INWARD SWIFT STATE DEPT
08-05-25	75,000,000.00	INWARD SWIFT STATE DEPT
08-05-25	200,000,000.00	INWARD SWIFT STATE DEPT
20-02-25	63,000,000.00	INWARD SWIFT STATE DEPT
22-08-24	1,500,000.00	INWARD SWIFT STATE DEPT
16-10-24	1,500,000.00	INWARD SWIFT STATE DEPT
28-10-24	30,000,000.00	INWARD SWIFT STATE DEPT
28-10-24	30,000,000.00	INWARD SWIFT STATE DEPT
TOTAL	476,000,000.00	

PROJECTS	DATE	FUNDS RECEIVED	REF NOs
KJET	09-06-25	52,000,000.00	RTGS
	08-01-25	447,162,400.00	RTGS
TOTAL		499,162,400.00	

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NYOTA	09-04-25	200,000,000.00	RTGS
	21-03-25	232,696,450.00	RTGS
	24-12-24	200,000,000.00	RTGS
	02-10-24	400,000,000.00	RTGS
TOTAL		1,032,696,450.00	

Yours


DR. CAROLINE KAUA
FOR: DIRECTOR GENERAL/CEO

Micro and Small Enterprises Authority
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APPENDIX VI- ACCOUNTS PAYABLE

NAME SUPPLIER	NATURE OF SERVICES	AMOUNT	< 1 YEAR	>1 YEAR
RECURRENT				
Staff Payables				
Salaries	Staff salaries Deductions April to June 2025	31,500,367	31,500,367	
Sub-Total		31,500,367		
Trade Payables				
Kenya Development Corporation Ltd	Cumulative arrears 2021/2022-Q1, Q2, Q3 & Q4 24/25	26,365,075	15,134,300	11,230,775
OAG	Audit Fees July- June 2021/2022 - June 2024	450,000	450,000	
Edge Court Limited	Cleaning Services at MSEA Headquarters FY 24/25	1,959,650	1,959,650	-
Pelt Securities	Security services for FY2425 - Aug 2024 to June 2025	576,000	576,000	
INSTITUTE OF DIRECTORS KENYA	Provision of board training	725,000	725,000	
Sub-Total		30,075,725		
TOTAL RECURRENT		61,576,092	50,345,317	11,230,775

Notes:

Salaries payables of 31.5 million relates to statutory deductions of gratuity, pension, welfares among others from the period April 2025 to June 2025 which have now been cleared.

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APPENDIX VII: AGED RETENTION PAYABLE

NO	FY	CONTRACTOR	RETENTION 10%	BELOW ONE YEAR	ABOVE ONE YEAR
1	2020/2021	Tund Construction Limited	231,771.00		231,771.00
2	2020/2021	Sairera Limited	210,950.00		210,950.00
3	2020/2021	Dadelwa Ventures	492,908.00		492,908.00
4	2020/2021	Arsanga Construction Co. Ltd	547,158.00		547,158.00
5	2020/2021	Kalma Investment Ltd	348,116.90		348,116.90
6	2020/2021	Mbiu and Mumbua Holdings Ltd	324,116.80		324,116.80
7	2020/2021	Continental Radiant Company	251,537.71		251,537.71
8	2020/2021	Marine Construction Limited	318,580.00		318,580.00
9	2020/2021	Wante Construction Limited	543,800.00		543,800.00
10	2020/2021	ModernRivaz Investments Limited	307,778.70		307,778.70
11	2020/2021	Muzna Transporters and Distributers Ltd	221,280.08		221,280.08
12	2021/2022	Diamond Nature Limited	314,210.00		314,210.00
13	2021/2022	Mongasud General Enterprises	242,966.50		242,966.50
14	2021/2022	Barasho Kenya Limited	465,103.86		465,103.86
15	2021/2022	Hikmat Construction Ltd	459,998.00		459,998.00
16	2021/2022	Fasali Investment Ltd	503,365.55		503,365.55
17	2021/2022	Powa Enterprises Ltd	706,404.00		706,404.00
18	2021/2022	Jomaki Enterprises	635,362.93		635,362.93
19	2021/2022	Muga electronics	237,356.83		237,356.83
20	2021/2022	Techwin limited	101,524.00		101,524.00
21	2021/2022	Westview plumbers and general	296,269.00		296,269.00
22	2021/2022	Abbey Construction	1,766,539.03		1,766,539.03
23	2021/2022	Wallace international ltd	205,132.07		205,132.07
24	2021/2022	Muga electronics	421,719.55		421,719.55
25	2021/2022	Plan & trend east africa limited	2,635,123.50		2,635,123.50
26	2021/2022	Skyvil Enterprises	130,206.25		130,206.25
27	2021/2022	Muga electronics	166,820.80		166,820.80
28	2021/2022	Westview plumbers and general	100,762.60		100,762.60
29	2021/2022	Techwin limited	162,961.80		162,961.80
30	2021/2022	Mayford Investments	499,623.90		499,623.90
31	2021/2022	Mestive Enterprises	392,630.00		392,630.00
32	2021/2022	Erikim Ventures	310,964.00		310,964.00
33	2021/2022	Hillylinks Construction Company	243,013.00		243,013.00
34	2022/2023	Pelucier Kenya Limited	493,100.00		493,100.00
37	2023/2024	Kenma Real Auto Ltd	250,856.00		250,856.00

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38	2023/2024	Startech Investment	262,288.00		262,288.00
39	2023/2024	Paramount Marine Expo Ltd	469,789.00		469,789.00
40	2023/2024	Durac Africa Ventures Limited	495,930.00		495,930.00
41	2023/2024	Valyrick Enterprises Limited	487,525.00		487,525.00
42	2023/2024	Fapeha	499,460.50		499,460.50
43	2023/2024	Top Choice Surveillance	417,001.00		417,001.00
44	2024/2025	Rockwell Limited	951,892.00	951,892.00	
45	2024/2025	Gad Ventures	275,892.50	275,892.50	
46	2024/2025	Tripple Front Line	497,845.00	497,845.00	
47	2024/2025	Spine Engineering	498,082.00	498,082.00	
48	2024/2025	Redroots Investment Ltd	495,112.00	495,112.00	
49	2024/2025	Austech Solutions	495,025.00	495,025.00	
50	2024/2025	Durac Africa Ventures	379,925.00	379,925.00	
51	2024/2025	Variance Techno Enterprises	170,000.00	170,000.00	
52	2024/2025	D & B Civil Works Limited	335,725.00	335,725.00	
53	2024/2025	Valyrick Enterprises Limited	437,985.50	437,985.50	
54	2024/2025	Mahe-Faire Logistics Limited	290,623.60	290,623.60	
55	2024/2025	Mitabel Business Solutions	199,724.54	199,724.54	
		GRAND TOTAL	23,199,836.00	5,027,832.14	18,172,003.86

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APPENDIX VIII: PROVISIONS -CIDC COMMITMENT AND WORKS ISSUED AND NOT PAID AS AT 30.06.2025

CIDC COMMITMENT AND WORKS ISSUED AND NOT PAID AS AT 30.06.2025 (PROVISIONS)	DATE	SUPPLIER NAME	CIDC/MSE WORKSITE	GROSS BALANCE AS AT 30TH JUNE, 2025
1	2019/2020	Tamata Suppliers	Tigania West	1,085,428.00
2	2019/2020	Chelin Contractors Ltd	Sigor West Pokot	1,060,600.00
3	2019/2020	Itimali Enterprises Co. Ltd	Malindi Kilifi	845,050.00
4	2020/2021	Diamond Nature Limited	Manyatta Cidc	611,110.00
5	2021/2022	Bloomerg Africa Limited	Eldas Cidc	2,401,600.00
6	2023/2024	Kubali Solutions	Re-Roofing Works- Runyenjes Cidc	186,326.00
7	2023/2024	Newajay General Construction Ltd	Construction Of Toilets- Olkalau Cidc	974,905.00
8	2024/2025	African Boreholes Initiative Limited	Proposed Drilling & Equiping Of Boreholes At Timau Cold Storage	4,733,264.00
9	2024/2025	Spine Engineering	Refurbishment At Gatunga Mse Site	4,980,820.00
10	2024/2025	Pamaina Enterprises	Supply And Delivery Of Knitting Machines	2,603,600.00
11	2024/2025	Redroots Investment Ltd	Refurbishment At Marimanti Mse Site	4,950,052.00
12	2024/2025	Rinca Limited	Refurbishment- Yatta Cidc	2,297,345.00
13	2024/2025	Mk Elite Company	Supply And Delivery Of Car Wash Machines	2,760,000.00
14	2024/2025	Norwood Interior Design Contractors	Wamba Cidc Construction	4,229,010.00
15	2024/2025	Alfu Technical Investment	Migori Suna Cidc Construction	4,699,600.00
16	2024/2025	Jemos Construction	Fencing Works Eldoret Town	4,780,400.00
17	2024/2025	Nawia Kenya	Ngong Town Cidc Refurbishment	4,861,800.00
18	2024/2025	Demaals E.A Company Limited	Nandi Hills Cidc Works	4,489,300.00
19	2024/2025	Millida East Africa Limited	Murang'a Cidc Rehabilitation Work	4,910,560.00
20	2024/2025	Mother Nature Limited	Vihiga/Kisumu & Kisii Cidcs	4,984,500.00
21	2024/2025	Idea Africa Solutions	Mobile Trader Trolley	2,910,000.00
22	2024/2025	Pelucier Kenya	Kajiado Town	3,997,500.00
23	2024/2025	Feihab Construction	Rongo Cidc	4,903,784.00
24	2024/2025	Ysh Dynamic Limited	Banisa Cidc	4,885,874.00
25	2024/2025	Fairoz Construction Limited	Mandera East Cidc	4,725,003.00
26	2024/2025	Alamuwafaq Limited	Kakamega Cidc	4,876,400.00
27	2024/2025	Hindisa Investments	Kyumvi Cidc	4,499,000.00
28	2024/2025	Doorstep Ventures	Refurbishment At Kariobangi Coe	2,866,397.00
29	2024/2025	Sanisphere Limited	Hire Of Sanitazation In Marsabit County	2,056,660.00
30	2024/2025	Io Technologies Limited	Provision Of Transport And Logistics During Empowerment Event In Marsabit County	2,960,000.00

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31	2024/2025	Clover Arc Investments Limited	Provision Of Carpet Flooring And Videography For An Empowerment Event -Marasabit County	2,710,000.00
			TOTAL	103,835,888.00

