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THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT – FIFTH SESSION – 2026

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

REPORT ON:

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

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

CLERKS CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
PARLIAMENT BUILDINGS
NAIROBI

MARCH 2026



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

LIST OF ABBREVIATIONS AND ACRONYMS

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

CHAIRPERSON'S FOREWORD

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

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

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

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

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

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

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

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

CHAPTER ONE

I.0 PREFACE

I.1 Establishment of the Committee

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

I.2 Mandate of the Committee

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

1.3 Committee Membership

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

Chairperson

Hon. Bernard Masaka Shinali, CBS, MP
Ikolomani Constituency

ODM Party

Vice-Chairperson

Hon. Marianne Jebet Kitany, MP
Aldai Constituency

UDA Party

Hon. Adhe Wario Guyo, MP
North Horr Constituency
KANU Party

Hon. Adams Korir Kipsanai, MP
Keiyo North Constituency
UDA Party

Hon. Anthony Tom Oluoch, MP
Mathare Constituency
ODM Party

Hon. Alfred Kiprono Mutai, MP
Kuresoi North Constituency
UDA Party

Hon. Dr. Beatrice Kahai Adagala, MP
Vihiga County
ANC Party

Hon. Amos Maina Mwago, MP
Starehe Constituency
Jubilee Party

Hon. Joshua Mbithi Mutua Mwalyo, MP
Masinga Constituency
Independent Member

Hon. John Okano Bwire, MP
Taveta Constituency
WDM-K Party

Hon. Joyce Kamene, MP
Machakos County
WDM-K Party

Hon. Samuel Parashina Sakimba, MP
Kajiado South Constituency
ODM Party

Hon. Robert Githinji Gichimu, MP
Gichugu Constituency
UDA Party

Hon. Michael Wainaina Wambugu, MP
Othaya Constituency
UDA Party

Hon. Dr. Wilberforce Ojiambo Oundo, MP
Funyula Constituency
ODM Party

I.4 Committee Secretariat

5. The Committee is facilitated by the following Secretariat:

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

**Ms. Carolynne Musyoka
Hansard Reporter II (Clerk Assistant)**

**Ms. Doreen Karani
Principal Legal Counsel II**

**Ms. Priscilla Wangu
Fiscal Analyst II**

**Ms. Priscilla Saidi
Research Officer II**

**Ms. Pauline Sifuma
Hansard Officer II**

**Mr. Daniel Psirmoi
Media Relations Officer III**

**Ms. Florence Wanja
Protocol Officer III**

**Ms. Peris Kaburi
Assistant Serjeant-at-Arms**

**Mr. Kelvin Lengasi
Audio Assistant**

CHAPTER TWO

2.0 BACKGROUND OF MICRO AND SMALL ENTERPRISES IN KENYA

2.1 Introduction

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

2.2 Current Legal and Policy Framework

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

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

2.3 Comparative Analysis

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

CHAPTER THREE

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

3.1 Introduction

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

3.2 Regulatory Frameworks

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

3.3 Objective of the Bill

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

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

3.4 Clause by Clause Provisions of the Bill

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

CHAPTER FOUR

4.0 PUBLIC PARTICIPATION/STAKEHOLDER CONSULTATIONS

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

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

28. The stakeholders submitted as follows:

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

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

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

Committee Observation/Recommendation

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

4.2 The National Treasury (TNT)

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

Section 2 of the Act

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

Committee Observation/Recommendation

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

4.3 The Kenya National Innovation Agency (KeNIA)

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

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

Committee Observation/Recommendation

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

4.4 The Micro and Small Enterprises Authority (MSEA)

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

Committee Observation/Recommendation

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

4.5 Hon. Moses Cheruiyot Rotich

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

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

Committee Observation/Recommendation

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

4.6 The African Women Studies Centre

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

Section 31

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

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

Section 74

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

Committee Observation/Recommendation

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

CHAPTER FIVE

5.0 COMMITTEE OBSERVATIONS


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

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

CHAPTER SIX

6.0 COMMITTEE RECOMMENDATION

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

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 31 MAR 2026	DAY: TUE
TABLED BY: HON MARYANNE KUTTANAMP	
CLERK-AT-THE-TABLE: GERBUSE CHEDET	

CHAPTER SEVEN

7.0 SCHEDULE OF PROPOSED AMENDMENTS

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

Clause 1


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

Clause 2

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

Clause 3

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

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

REFERENCES

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THIRTEENTH PARLIAMENT - FIFTH SESSION - 2026

DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

ADOPTION SCHEDULE

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

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

