



## PRESS RELEASE

### PROMOTING SUSTAINABILITY OF SMES THROUGH INNOVATIVE CAPITAL MARKET FINANCING

**Nairobi, 11<sup>th</sup> November 2022...** The Micro and Small Enterprises Authority (MSEA) in collaboration with the Capital Markets Authority (CMA) participated in the third National Capital Markets SME Forum to discuss challenges and opportunities for SMEs in the capital markets.

Data from the Kenya National Bureau of Statistics (KNBS) shows that the SME sector contributes about 85 per cent of non-farm employment, which translates to 15 million out of the 18 million total workforce in Kenya

Some of the challenges faced by MSEs include access to affordable credit, market access, infrastructure and logistical challenges. The Micro Small Enterprises require capacity building in product development to improve quality and standards. Digitization of businesses is crucial to adoption of e commerce, which most of the MSE's are not able to adapt thus missing out on the available opportunities.

A large proportion of MSEs in Kenya are informal with limited financial resources and face tremendous barriers in accessing conventional financial institutions for start-up businesses due to lack of collateral. This financial challenge is common in Kenya particularly affecting entrepreneurs among rural women and other socially disadvantaged groups.

'The SME Forum brought together key players in the SME and capital markets sector to explore sustainable and innovative financing options that support the micro enterprises sector, said Mr. Henry Rithaa, Chief Executive Officer, Micro and Small Enterprises Authority (MSEA)''.

He noted the need to mainstream capital markets financing through capacity building, policy aligned strategies and other incentives to deepen capital markets in the MSE's sector.

The CMA CEO, Mr. Wyckliffe Shamiah said, "The key challenges of SMEs are lack of access to capital, high cost of capital, and the failure of successful business to scale up their operations. Stakeholder engagement within and outside the capital markets fraternity is pivotal in converting the MSME sector into a vibrant player, as the capital markets becomes the new focal point for catalysing the envisaged transformation''.

Mr. Shamiah observed that CMA has overhauled the Public Offers, Listings and Disclosures (POLD) Regulations and developed Investment Crowdfunding Regulations to facilitate MSMEs



raise cheaper long-term funds from the capital markets by allowing them to raise both debt and equity capital.

**-ENDS-**

## **NOTES TO EDITORS**

### **ABOUT THE MICRO AND SMALL ENTERPRISES AUTHORITY (MSEA)**

The Micro and Small Enterprises Authority (MSEA) is a state corporation under the Ministry of Industrialization, Trade and Enterprise Development mandated to promote, develop and regulate micro and small enterprises (MSEs) in Kenya. MSEA is implementing key Government programmes aimed at mainstreaming the contribution of MSEs sector and developing the economy from Bottom up. For more information, Contact **Elizabeth Mulae** on [emulae@msea.go.ke](mailto:emulae@msea.go.ke). website <https://msea.go.ke/> Twitter @ MSEA\_ Kenya FB Micro and Small Enterprises Authority

### **BACKGROUND INFORMATION ON THE CAPITAL MARKETS AUTHORITY**

The Capital Markets Authority was set up in 1989 as a statutory agency under the Capital Markets Act Cap 485A. It is charged with the prime responsibility of both regulating and developing an orderly, fair and efficient capital markets in Kenya with the view to promoting market integrity and investor confidence. The regulatory functions of the Authority as provided by the Act and the regulations include; Licensing and supervising all the capital market intermediaries; Ensuring compliance with the legal and regulatory framework by all market participants; Regulating public offers of securities, such as equities and bonds & the issuance of other capital market products such as collective investment schemes; Promoting market development through research on new products and services; Reviewing the legal framework to respond to market dynamics; Promoting investor education and public awareness; and Protecting investors' interest. For more information, please contact: Antony Mwangi, Manager, Corporate Affairs & International Relations on [amwangi@cma.or.ke](mailto:amwangi@cma.or.ke)