

# Positioning MSEs as a bedrock for industrialization

### a) MSEs characterization



Micro and Small Enterprises (MSEs) comprise enterprises employing less than 50 persons.

MSEs account for a large share **(98.0%) of the** industrial sector enterprises in Kenya.



MSEs are usually semi-organized, unregistered and engage in unregulated labour-intensive small-scale activities.



Industrial sector

(Formal and

informal)

Within the industrial sector, **95.0 per cent of the MSEs operate in the manufacturing sector.** About **2.2 per cent are in mining and quarrying**, **1.4 per cent in the construction industry**, and a further **1.4 per cent in the utilities sectors** (electricity and water supply, and sewerage and waste management).

b) MSEs Industrial activities and employment distribution in formal and informal sector

Formal industrial sector

- 2.6% of the total industrial sector enterprises
- 21.8% of the total industrial sector jobs

# Informal industrial sector

- 97.4% of the total industrial sector enterprises
- 78.2% of the total industrial sector jobs

#### **Key activities**



Manufacturing: Food & beverages processing, textile and apparel manufacture, leather and leather products, furniture/wood products and chemical products



Mining & quarrying: Stone quarrying, stone crashing, making of building slabs/blocks



**Electricity supply:** Electricity generation, gas manufacture, manufacture/supply of air conditioning



Water supply: Water treatment, mineral water plant, waste treatment and disposal



**Construction:** Civil engineering in building construction, water works and roads infrastructure; electrical engineering and installations, wells and borehole drilling, masonry activities.

## c) Priorities in unlocking the potential of MSEs in the industrial sector:

- Modern and fully equipped worksites and related infrastructure
- · Quality formal finance services including savings and credit services
- Reliable supply of raw materials
- Access to domestic and export markets, and business development services.
- Modern production technologies
- Relevant technical skills and other supporting skills
- Formalisation