

Abstract

Kenya's informal sector remains excluded from formal trade due to fragmented regulation, complex standards, and the significant expansion of digital marketplaces. Drawing on market data, legislative review, and reputable literature, we identify regulatory gaps that impede compliance by informal Micro, Small, and Medium Enterprises (MSMEs), as well as significant behavioural obstacles, including elevated perceived compliance costs, information asymmetries, and limited trust. We propose a framework featuring informal MSME-specific, graduated standards, digital market surveillance, and platform-based seller verification, all aimed at fostering trust and reducing compliance friction. By addressing both behavioural and regulatory gaps, this approach seeks to enhance consumer protection, empower informal MSMEs, and promote inclusive growth in Kenya. Future research should evaluate the framework's effectiveness and scalability in Kenya and similar contexts across Africa and beyond.