Business Climate Survey Kenya

Business Climate Survey for Swedish companies in Kenya 2026

A report from Team Sweden in Kenya

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Key contributors to this report

Business Sweden in Kenya
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Embassy of Sweden in Kenya
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30 respondents

(total +2,250 respondents for 41 markets)

Current business climate

73%

of Swedish companies perceive the current business climate as neutral or positive

Industry turnover

73%

of Swedish companies expect their industry turnover to increase

Future investments

52%

of Swedish companies plan to increase their investments slightly or significantly in the next 12 months

Globally valued success factors

1. Cost efficiency
2. Partnerships/relationships
3. Brand awareness

Brand Sweden

81%

of Swedish companies abroad consider Brand Sweden beneficial for business

Local conditions with high satisfaction

1. Specialists and key personnel
2. Service providers
3. Work culture/business mindset

Local conditions with least satisfaction

1. Customs
2. Corporate taxation
3. Transparency/equal treatment

Environmental considerations

65%

of respondents believe the environment is a considerable factor in their customers' purchasing decisions

Corruption

Public institutions remain the primary corruption risk for Swedish companies in Kenya

Human rights violation and labour rights abuse

Low direct exposure, but limited visibility

Foreword

Kenya stands at a pivotal moment in its economic journey. The fourth largest economy in Sub-Saharan Africa, with a domestic market of over 50 million people, Kenya is widely recognised as a leading economic, commercial, ICT, financial, and logistics hub of the East African region. Its young, educated, and entrepreneurial population represents a compelling talent base for international businesses. Add to this an energy sector where more than 90 per cent of on-grid electricity comes from renewable sources, and Kenya's credentials as a forward-looking, sustainable economy become clear. Swedish companies have been part of this story for decades, contributing technology, expertise, and a commitment to responsible business practices that aligns closely with Kenya's own development ambitions.

This report presents the findings of the 2026 Business Climate Survey for Swedish companies in Kenya, conducted by Team Sweden in Kenya, a collaboration between Business Sweden and the Embassy of Sweden in Kenya. Now in its second edition, the survey gathers direct insights from Swedish businesses operating across sectors including industry, professional services, and consumer goods. With 30 respondents representing a 71 per cent response rate, the findings offer a credible and timely snapshot of how Swedish companies experience and navigate the Kenyan market.

The results reveal both opportunity and complexity. A majority of Swedish companies are optimistic about the year ahead, with 73 per cent expecting industry turnover to increase and 52 per cent planning to grow their investments in Kenya over the next 12 months. At the same time, respondents highlight the need for continued progress on regulatory clarity, labour market conditions, and the business licensing environment, areas where improvements would unlock even greater potential for trade and investment.

Encouragingly, Swedish companies in Kenya continue to demonstrate that doing business responsibly and successfully are not competing goals. Brand Sweden remains a valued asset: 81 per cent of respondents consider it beneficial for their business.

We are proud to present this report as a resource for Swedish companies operating in or considering entry into Kenya, as well as for policymakers, partners, and stakeholders who share our interest in strengthening the Sweden-Kenya business relationship. We hope the insights gathered here will inform better decisions, open new conversations, and contribute to a business environment in Kenya that is more transparent, more competitive, and more inclusive.

We extend our sincere gratitude to all the companies that took the time to participate in this survey. Your voices shape this report, and your continued engagement in Kenya is what makes this work worthwhile.

Håkan Åkesson
Ambassador of Sweden to Kenya

Madeleine Fries Martinelle
Trade Commissioner Kenya, Business Sweden

Executive summary

Swedish companies in Kenya remain broadly optimistic, with many anticipating increased turnover and investment in the coming year. Yet this optimism coexists with real structural challenges, and the findings of this survey point to clear priorities for businesses, policymakers, and Team Sweden.

Regulatory environment and taxation top the list of concerns. Rising labour costs driven by new levies, slow VAT refunds, inconsistent licensing processes and unpredictable customs clearance are eroding competitiveness. Corruption and a lack of stakeholder consultation in policymaking add further uncertainty.

Sustainability presents both opportunity and friction. Climate change, poor waste management and regulatory inconsistencies such as bans on single-use plastics alongside taxes on paper alternatives create operational complexity. Price sensitivity remains a barrier, with Swedish companies struggling to compete against lower-cost Asian rivals even when offering superior lifecycle value. Despite this, respondents are finding ways forward through renewable energy investment, circular supply chains and community engagement.

Policy priorities identified by respondents are clear: regulatory clarity, infrastructure investment, stronger legal systems, workforce development and stable tax incentives. Predictability, above all, is what foreign investors need to commit to Kenya for the long term.

Team Sweden's role is seen as pivotal. Companies want sharper market intelligence, stronger advocacy with government on taxation and licensing, facilitated access to funding, and more active networking between Swedish businesses and local partners, government and NGOs.

The overall picture is of a resilient and committed Swedish business community that sees Kenya's long-term potential clearly and is asking for a partner that matches that ambition.

> **"The cost of doing business is constantly increasing, which reduces our profitability and, in some cases, companies opt to leave the market and operate from outside Kenya.**
>
> **Manager**
> Consumer company

> **"Team Sweden is well placed to engage proactively with policy development and legislation providing information, guidance and a forum for discussion with the government.**
>
> Manager
> Consumer company

About the survey

Established Swedish business presence in Kenya

This is the second year that Team Sweden, through its Business Climate Survey, has gathered information from Swedish companies in Kenya to enable a more informed understanding of the local commercial environment. This survey captures the pertinent issues influencing trade of goods and services between Sweden and Kenya.

The Business Climate Survey draws on direct input from Swedish companies, capturing their views on Kenya's economic outlook, market conditions, key success factors, and sustainable business practices. The report reflects how Swedish companies perceive the local business environment and growth prospects, and explores how these perceptions differ across industries, company sizes, and target customer segments.

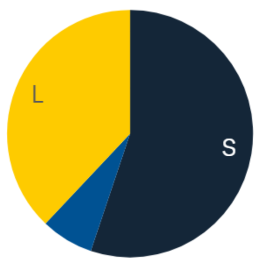
The survey was conducted in Q1 2026 and sent out to 42 company representatives with a total of 30 respondents, yielding a 71 per cent response rate. Currently, there are around 43 Swedish companies operating in Kenya. The respondents consisted of a mix of small, medium and large companies.

More than half of the respondents represented small companies, defined as having fewer than 249 employees globally. Large companies (over 1,000 employees globally) accounted for 38 per cent of respondents, while medium-sized companies (250–1,000 employees) made up the remaining 7 per cent. In terms of industry representation, 58 per cent of the respondents operate in the industrial sector, 32 per cent in professional services, and 11 per cent in the consumer sector.

In terms of years of operations in Kenya, 31 per cent of respondents have operated in Kenya for more than two decades, while 45 per cent established their business between 2005 and 2020, and the final 24 per cent established operations within
the last six years.

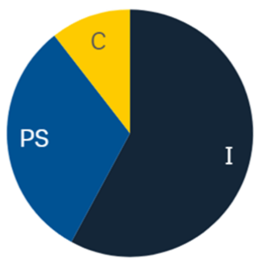
The statistics presented in this report reflect the experiences of our respondents in the Kenyan market and should be considered indicative rather than definitive.

Size of companies



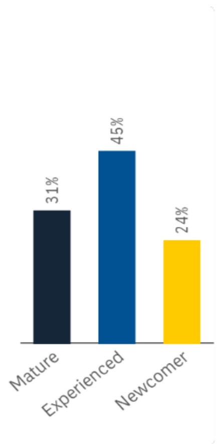
NOTE: Global employees. Large >1,000. Medium 250-1,000. Small 0-249.

Main industry



NOTE: Industrial 67%. Professional services 19%. Consumer 15%.

Age of companies



NOTE: Mature (-2004). Experienced (2003-2020). Newcomer (2021-).

Economic outlook

Swedish companies report stronger profitability

Across the board, Swedish companies in Kenya performed better in 2025 compared with 2024. A higher share of companies reported profitability in 2025 compared with previous years, with 48 per cent reporting profits in comparison to 45 per cent in 2024. This reflects more stable macroeconomic conditions and stronger domestic demand, among other factors.

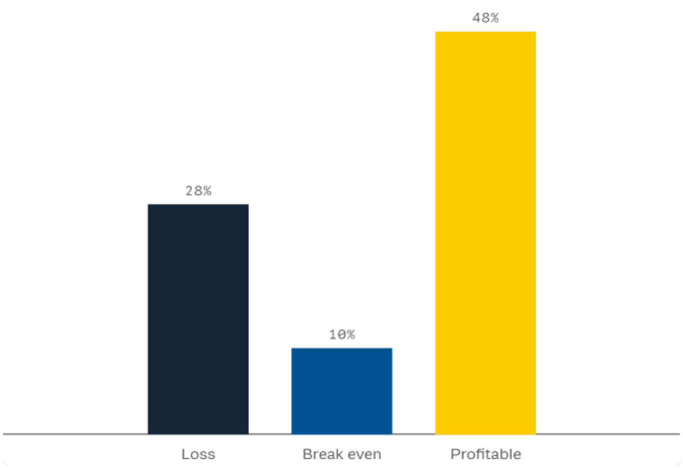
Industry-level results show improvement in two of the three industry categories covered in the survey. Forty-eight per cent of respondents reported profits in 2025, 10 per cent broke even, and 28 per cent recorded losses.

By sector, consumer companies struggled the most, with 100 per cent of companies reporting losses. In contrast, industrial companies performed strongest, with 82 per cent reporting profits. The professional services industry showed a more balanced distribution, with 40 per cent making profits, 20 per cent breaking even, and 20 per cent incurring losses.

Company size also influenced outcomes. Medium-sized companies were the most profitable, with 100 per cent reporting profits. Large companies showed mixed performance, with 60 per cent reporting profits, 10 per cent breaking even, and 30 per cent reporting losses. Small companies reported more mixed results with 38 per cent reporting profits, 6 per cent breaking even, and 31 per cent reporting losses.

In terms of market presence, mature companies showed stable and strong outcomes with 67 per cent reporting profits and 11 per cent reporting losses. Experienced firms showed mixed results, with 46 per cent profitable, 31 per cent reporting losses, and 15 per cent breaking even. New entrants faced higher volatility, with 17 per cent reporting profits, 50 per cent reporting losses, and 17 per cent breaking even.

How would you describe your company's financial performance in Kenya in 2025?



NOTE: The number of respondents for this question was 29. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Kenya 2026.

Growth holds amid structural and external pressures

According to Oxford Economics, Kenya's GDP is projected to grow by around 4.05 per cent in 2026, slightly outperforming the Sub-Saharan Africa average of approximately 3.95 per cent. Growth is supported by inflation remaining within target, improved agricultural output following favourable weather conditions, and continued strength in the services sector, specifically fintech and mobile money. This has enabled a shift toward a more accommodative monetary stance, supporting credit conditions and domestic demand, while foreign exchange reserves have reached record highs.

Despite these positive developments, growth prospects remain constrained by persistent macroeconomic pressures. According to the World Bank, public debt remains elevated at around 68 per cent of GDP at the end of 2025, with debt servicing costs weighing on fiscal space and limiting the scope for expansionary policy. Kenya is assessed as being at high risk of debt distress, with fiscal vulnerabilities remaining a key challenge. Annual inflation as of March 2026 was 4.39 per cent and remains sensitive to food price fluctuations linked to climate variability.

The current account deficit widened in 2025, driven by stronger domestic demand and increased imports, particularly in construction, reflecting a sharp rise in imports of industrial machinery, iron and steel, and road motor vehicles, according to the Kenya National Bureau of Statistics. The International Monetary Fund (IMF) emphasises the need for continued fiscal consolidation and stronger domestic revenue mobilisation to maintain macroeconomic stability and ensure debt sustainability. The World Bank highlights that reducing regulatory barriers and reforming state-owned enterprises are critical to improving competition, productivity, and formal employment, while noting that the approaching 2027 elections could slow reform momentum and affect policy credibility.

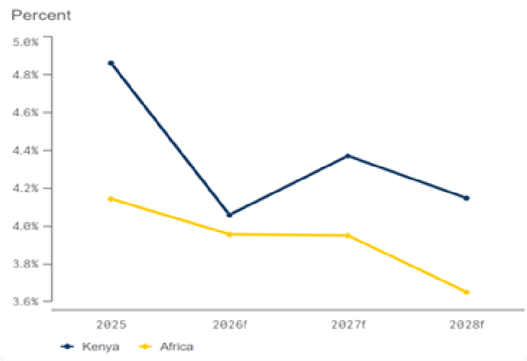
Sub-Saharan Africa faces a challenging external environment marked by tight financial conditions, elevated borrowing costs, and exposure to supply disruptions and commodity price volatility. The IMF highlights constrained access to external financing, while geopolitical tensions linked to the Strait of Hormuz and tensions involving Iran, Israel, and the United States continue to affect global energy markets and investor confidence. This has contributed to higher energy prices and import costs, placing pressure on prices and economic activity.

Kenya's external sector remains central to the outlook. The European Union (EU) is the largest export market, accounting for around 21 per cent of total exports, particularly for agricultural and horticultural products. The EU and Kenya signed the Economic Partnership Agreement in December 2023, with the agreement entering into force in July 2024, marking a significant step toward deepening bilateral trade and investor relations. However, the application of a 35 per cent East African Community common external tariff on selected EU imports including wine, spirits, edible oils and other perishables has remained a point of friction in EU–Kenya trade relations, as it is inconsistent with the EU–Kenya Economic Partnership Agreement's (EPA) 25 per cent tariff cap.

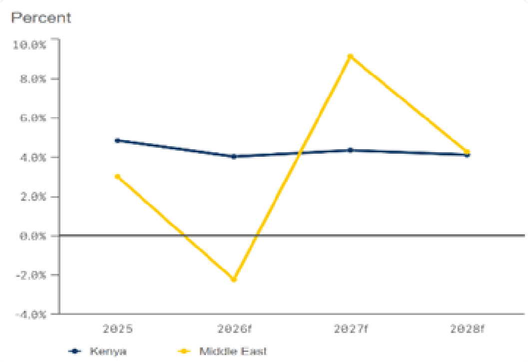
Beyond its trade relationship with the EU, Kenya's market access position is shaped by several other key partnerships. The African Growth and Opportunity Act (AGOA) has been reauthorised through December 2026, maintaining duty-free access to the U.S. market, though uncertainty remains due to its limited time horizon. Kenya has also expanded partnerships by finalising a bilateral agreement with China in early 2026 granting duty-free access for most exports and signing a Comprehensive Economic Partnership Agreement (CEPA) with the United Arab Emirates in 2025. Strengthening market access, regional integration, and export diversification remains key to improving the current account balance and reducing external vulnerability.

Kenya enters 2026 with resilient growth and signs of improving macroeconomic stability, offering a favourable outlook for investors. Stable inflation, stronger external buffers, and continued sectoral strength support a favourable near-term outlook, even as fiscal pressures persist. The approach of the 2027 elections may slow reform momentum, but is unlikely to alter Kenya's underlying economic trajectory, though it may affect the sequencing of reforms. Continued engagement with the IMF remains a key anchor for policy credibility and external financing. Overall, Kenya remains a dynamic and attractive market, with investors well positioned to benefit from growth while monitoring evolving fiscal and political developments.

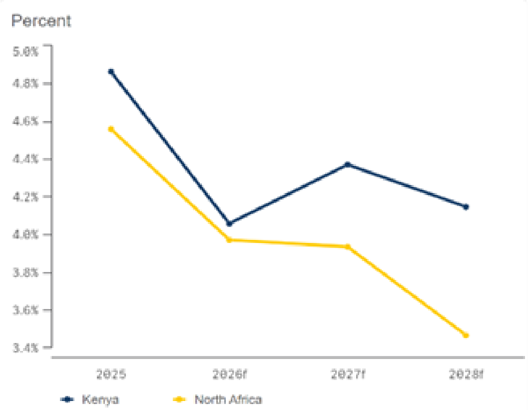
Projected GDP growth in Kenya



Source: Oxford Economics, GDP, constant prices and exchange rate, US$. Last update: 12 March 2026



Source: Oxford Economics, GDP, constant prices and exchange rate, US$. Last update: 12 March 2026



Source: Oxford Economics, GDP, constant prices and exchange rate, US$. Last update: 12 March 2026

Businesses remain optimistic despite softer expectations than last year

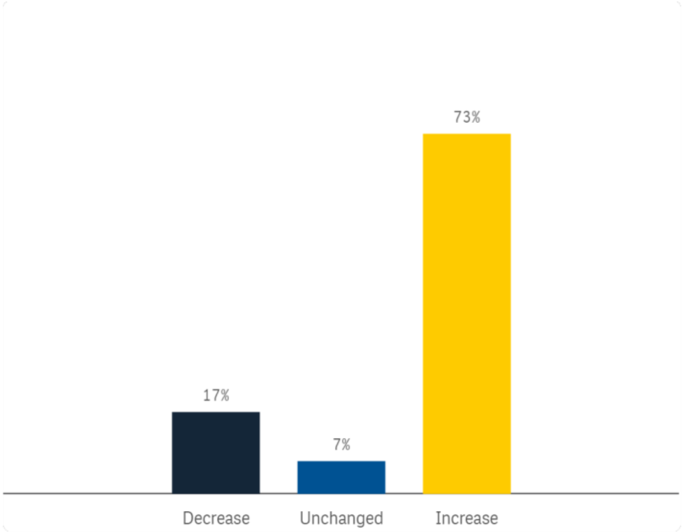
Expectations for turnover in the year ahead continue to signal a broadly positive business outlook in Kenya. In total, 73 per cent of respondents anticipate an increase in turnover over the next 12 months, 7 per cent expect turnover to remain unchanged, and 17 per cent foresee a decline. Despite this favourable outlook, confidence has softened compared with the 2025 report, when 82 per cent of companies expected turnover growth.

While optimism remains, it is uneven across sectors and company sizes. The industrial sector stands out as the most upbeat, with 100 per cent of respondents projecting higher turnover. The consumer goods sector presents a more divided picture, with 50 per cent expecting an increase and 50 per cent anticipating a decline. In contrast, the professional services sector appears the most cautious, where only 33 per cent expect growth, while 50 per cent anticipate declining turnover.

Company size also influences expectations. Large companies are the most optimistic, with 82 per cent expecting turnover growth and the remaining 18 per cent anticipating a decline. Among medium-sized companies, expectations are evenly split, with 50 per cent forecasting an increase and 50 per cent expecting turnover to remain unchanged. Small companies report the highest share of negative expectations, though at a relatively modest level, with 19 per cent predicting a decrease. Meanwhile, a majority of 69 per cent expect increased turnover, while 6 per cent anticipate no change.

Market presence continues to shape outlooks. Newer entrants are the most confident, with 100 per cent reporting positive turnover expectations for the year ahead. Mature companies, with the longest operating history in Kenya, follow closely behind: 67 per cent expect growth, while 11 per cent foresee unchanged turnover and 11 per cent anticipate a decline. Experienced companies with an intermediate market presence are the least optimistic overall, with 62 per cent expecting increased turnover, 8 per cent anticipating no change, and 31 per cent predicting a decline.

Compared to the development in the past 12 months, what are your expectations for the coming 12 months for your industry in Kenya regarding turnover?



NOTE: The number of respondents for this question was 29. “Don’t know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Kenya 2026

Investment sentiment softens slightly

Despite generally positive turnover expectations, respondents express a slightly more cautious stance when it comes to investment plans for 2026. Just over half, 52 per cent, plan to increase their investments, while 28 per cent intend to maintain current levels and 17 per cent expect to scale back. This represents a slight decline compared with the previous year's report, when 55 per cent of companies planned to increase investments over the following 12 months.

Overall, the results point to continued confidence in the Kenyan market, while also indicating a need to further strengthen investment sentiment to support and deepen Swedish-Kenyan business ties.

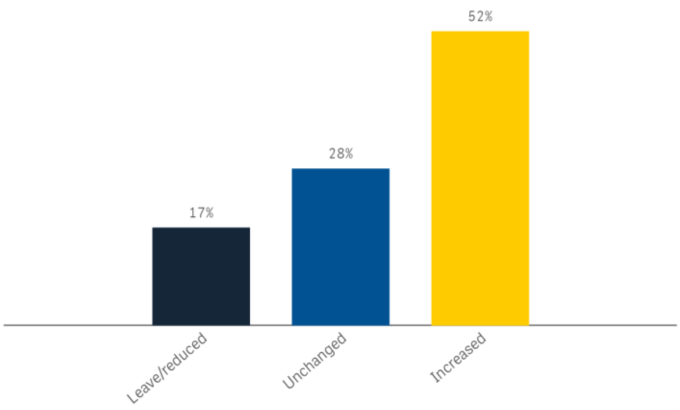
Investment intentions differ notably by company size. Large companies show the strongest inclination toward expansion, with 60 per cent planning to increase investments, 20 per cent maintaining current levels, and 10 per cent reducing investments. Medium-sized companies signal a more stable approach, evenly split between expansion and consolidation, with 50 per cent planning to increase investments and 50 per cent opting to keep investment levels unchanged over the next 12 months.

By contrast, small companies appear more restrained. While 44 per cent plan to scale up investments, 31 per cent expect to maintain current levels, and 25 per cent anticipate reducing investments, reflecting greater caution among smaller firms.

Sectoral differences mirror patterns seen in turnover expectations. Industrial firms are the most forward-looking in terms of investment, with 73 per cent intending to increase investments. In comparison, both the consumer goods sector and professional services report that 50 per cent of companies plan to increase investments. As for the professional services sector, the majority (60 per cent) expect to keep investment levels unchanged. Within consumer goods, outlooks are more divided, with 50 per cent planning to reduce investments or exit the market.

Market experience further shapes investment behaviour. Newcomers emerge as the most optimistic, with 67 per cent planning to increase investments. Mature companies show a more divergent outlook: 56 per cent plan to increase investments, while as many as 33 per cent anticipate reducing investments or exiting the market, and 11 per cent intend to maintain current levels. Among experienced companies, investment sentiment appears similar, with 46 per cent planning to increase investments, an equal 46 per cent maintaining current levels, and only 8 per cent considering exiting the market.

What are your company's investment plans for the coming 12 months in Kenya, compared to the past 12 months?



NOTE: The number of respondents for this question was 29. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Kenya 2026

The market

Kenya’s hub position creates opportunities for Swedish businesses

Trade between Kenya and Sweden in 2025 totalled SEK 766 million, with Swedish exports to Kenya reaching SEK 454 million and imports from Kenya amounting to SEK 312 million. While Swedish exports declined from SEK 557 million in 2024, imports grew from SEK 284 million, reflecting a gradual strengthening of Kenyan exports to Sweden. Kenya's exports to Sweden consisted mainly of fruits, coffee, cut flowers and other food products, while Swedish imports to Kenya were largely composed of kraft paper, kaolin coated paper and packaging materials, machinery, and industrial equipment.

Despite the contraction in export volumes, the Kenyan market continues to offer substantial opportunities for Swedish businesses. Kenya's position as a regional hub, ongoing investment in key sectors, and deepening regional integration remain strong structural drivers that support long-term trade and business engagement.

Kenya's import growth during this period was partly driven by construction-related demand, reflecting continued public and private sector investment in infrastructure. Swedish exports to Kenya declined over the same period, though the data available does not allow for a definitive explanation of this shift. Changes in trade volumes are typically shaped by a combination of currency pressures that made Swedish goods more expensive, a gradual procurement shift towards lower-cost suppliers such as China, India, and the UAE, the conclusion of major infrastructure and industrial projects that had driven demand for capital goods, and tighter financing conditions that prompted Kenyan businesses to delay capital expenditure.

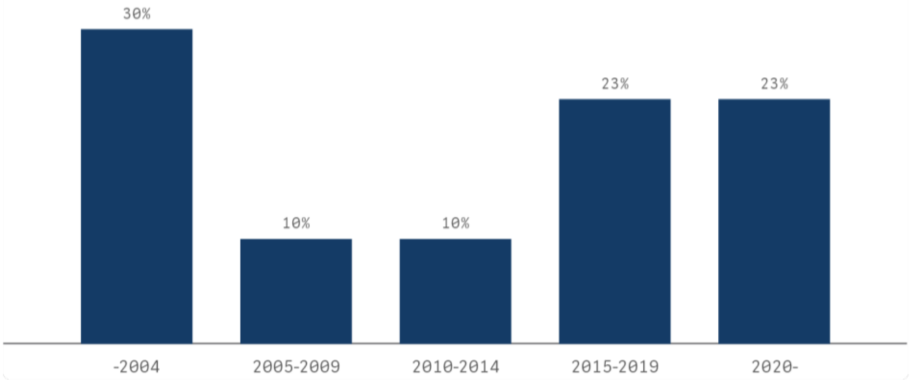
These shifts reflect broader regional trends, with trade in Sub-Saharan Africa shifting towards emerging partners and becoming more diversified. These changes are driven by global developments including geopolitical tensions, higher interest rates, and supply chain disruptions alongside a stronger focus on cost competitiveness, availability, and reliability.

In 2025, Kenya continued to strengthen its policy and investment framework to support long-term economic growth and attract private capital. The country advanced its Special Economic Zones framework and public–private partnerships, particularly in energy, transport, and housing. The National Infrastructure Fund, adopted in March 2026 and pending enactment, is expected to mobilise significant investment into large-scale infrastructure.

For businesses, this signals expanding opportunities in infrastructure, industrial development, and the green and digital economy, although outcomes will depend on implementation and macroeconomic conditions. Kenya serves as a strong base for Swedish companies operating in East Africa, supported by its role as a regional logistics hub, anchored by Mombasa Port, advanced telecommunications, and a robust financial sector. Ongoing investments in infrastructure, digitalisation, and cleaner energy are shaping the investment landscape and creating opportunities in sectors where Swedish firms are well positioned.

Foreign Direct Investment (FDI) inflows remained broadly stable at around USD 1.5 billion in 2025, unchanged from 2024. Europe continues to account for the largest share of FDI stock (according to the latest available data, 2024) followed by African investors, particularly from Mauritius and South Africa. Investment is increasingly shifting towards the digital economy, reflecting evolving market dynamics and new growth areas. Swedish companies in Kenya reflect both long-standing engagement and renewed momentum.

In what year did your company establish operations in Kenya?

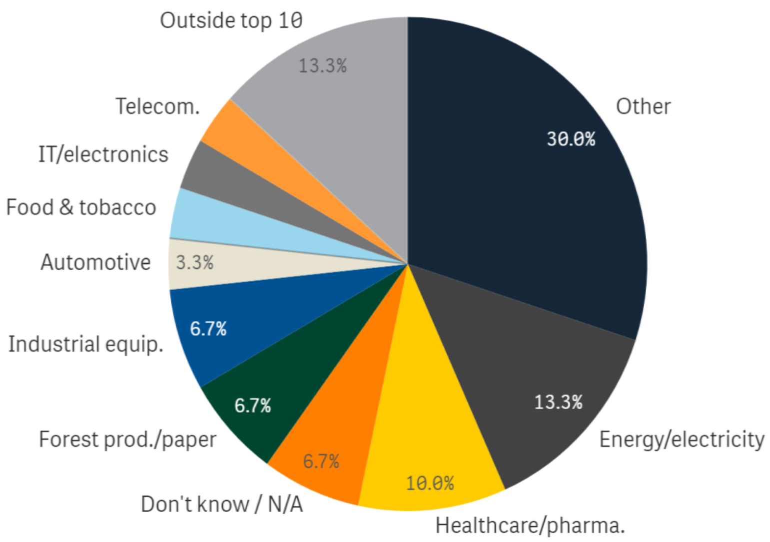


NOTE: The number of respondents for this question was 30. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Kenya 2026

Swedish companies in Kenya demonstrate a diverse and evolving market presence. While 23 per cent of surveyed companies entered the market after 2020, signalling renewed investor interest, a further 30 per cent have been established since before 2004, reflecting enduring business ties and accumulated market experience. Together, these trends indicate a market characterised by both sustained confidence and continued entry, suggesting that Kenya remains attractive to new investors while retaining long-standing firms with deep local knowledge.

While no single sector dominates, representation is strongest in energy, healthcare, and a range of smaller or emerging categories captured under "Other" and sectors outside the top ten. More traditional sectors such as industrial equipment, forest products and paper, and automotive remain well-represented, alongside smaller shares in ICT, telecommunications, and food-related industries. This distribution reflects both the versatility of Swedish firms and Kenya's evolving economic landscape. Companies are active across established sectors while also positioning themselves in emerging areas, suggesting a balanced approach that combines long-standing capabilities with new growth opportunities.

What is your company's main industry in Kenya?

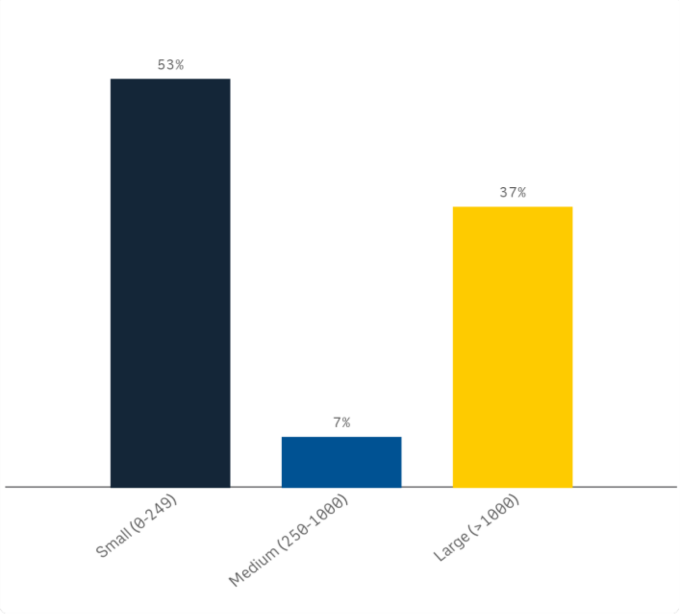


NOTE: The number of respondents for this question was 30. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Kenya 2026

Small and Medium Enterprises (SMEs) and Micro, Small, and Medium Enterprises (MSMEs) remain the backbone of Kenya's economy, accounting for approximately 98 per cent of all businesses and playing a key role in employment creation and income generation. Despite their scale, their contribution to GDP remains relatively modest due to persistent challenges such as limited access to finance, constrained market access, and high levels of informality.

Against this backdrop, the size distribution of Swedish companies operating in Kenya reflects both local market conditions and the structure of Swedish outward investment. In 2025, 53 per cent of surveyed Swedish firms were small enterprises, 7 per cent were medium-sized, and 37 per cent were large companies.

Swedish firms' local number of employees in Kenya in 2026



NOTE: The number of respondents for this question was 30. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Kenya 2026

Cautious improvement in business sentiment

Overall, perceptions of the business climate in Kenya have improved. Twenty-one per cent of respondents rated the current business climate as very good/good, while 52 per cent viewed it as neutral and 24 per cent viewed the climate as poor/very poor. This compares with the previous year, when 14 per cent expressed a positive view and 38 per cent a negative one.

Against a backdrop of continued global and domestic uncertainty, it is notable that sentiment among Swedish companies improved compared with the previous year. This may reflect an adjustment following the shocks and unrest of 2024–2025, alongside a perception of slightly greater short-term predictability. However, the predominance of neutral responses indicates that confidence remains cautious, as fiscal pressures, election-related uncertainty, and heightened geopolitical volatility continue to shape the operating environment.

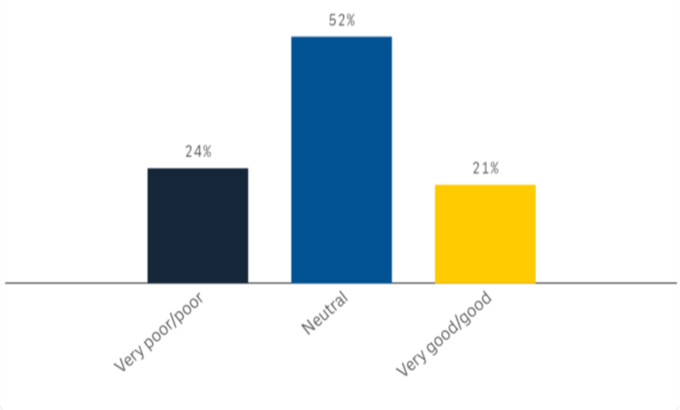
Perceptions of Kenya's business climate vary by company size. Among medium-sized companies, 100 per cent rated the climate as very good/good. For small companies, 20 per cent viewed the climate as very poor/poor, 53 per cent as neutral, and 20 per cent as very good/good. Among large companies, 27 per cent considered the climate very poor/poor, 64 per cent rated it neutral, and 9 per cent viewed it as very good/good.

From an industry perspective, perceptions of the business climate vary markedly. Sentiment was weakest in the consumer goods sector, where all respondents rated the business climate as very poor/poor. This pattern is consistent with other findings in the survey, which point to weaker turnover performance and more subdued investment expectations in the consumer goods sector compared with other industries. In professional services, perceptions were more balanced, with 17 per cent rating the climate as very poor/poor, 67 per cent as neutral, and 17 per cent as good/very good. By contrast, the industrial sector reported comparatively stronger sentiment, with only 9 per cent viewing the climate negatively, 55 per cent rating it as neutral, and 36 per cent assessing it as good/very good.

Market experience also shapes perceptions of the business climate. Experienced companies reported the most favourable views, with 33 per cent rating the climate as very good/good and 50 per cent rating the climate as neutral. Mature companies were predominantly neutral, with 67 per cent rating the climate as neutral and few positive assessments. By contrast, new entrants reported a more pessimistic outlook, with 43 per cent assessing the climate as poor/very poor.

Taken together, the findings point to a cautious improvement in sentiment among Swedish companies operating in Kenya. While perceptions have strengthened compared with the previous year, confidence remains restrained, as reflected in the predominance of neutral assessments and persistent sectoral and firm-level differences.

How do you perceive the current business climate in Kenya?



NOTE: The number of respondents for this question was 29. “Don’t know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Kenya 2026

Structural challenges continue to weigh on business climate

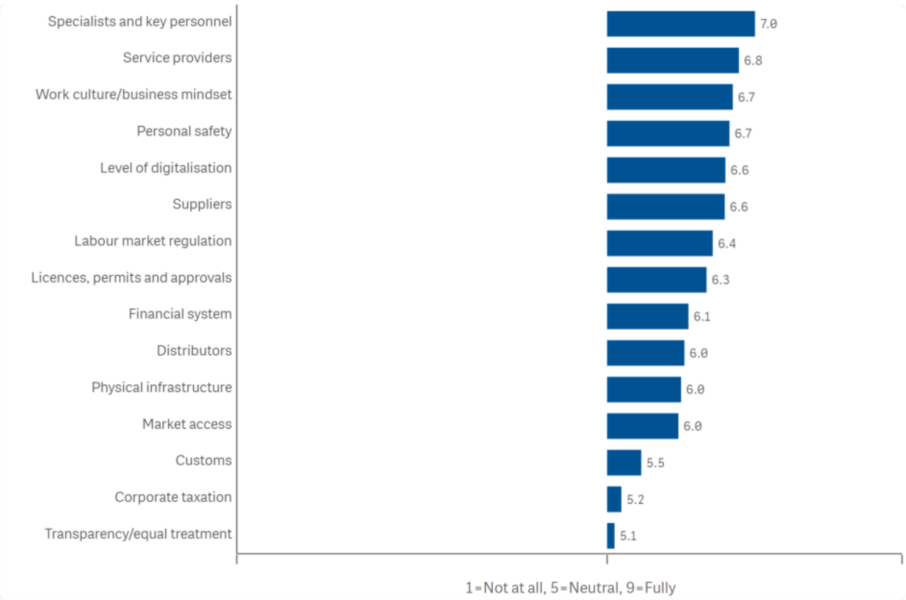
When evaluating Kenya’s market conditions, Swedish companies generally assess the operating environment as moderately favourable. Consistent with last year’s findings, all assessed factors scored above five. The median score increased to 6.3, from 6.1 in the previous year, indicating slightly improved alignment with business needs despite a generally cautious outlook.

Despite this overall assessment, several aspects of the market continue to be viewed as less favourable. Transparency and equal treatment, corporate taxation, and customs procedures were the most frequently cited challenges, consistent with last year’s findings. This shows that these constraints remain structural features of the operating environment and continue to weigh on business perceptions. Areas such as access to specialists and key personnel, service providers, work culture, and business mindset were among the more positively assessed aspects of the operating environment.

Compared with last year’s report, however, market access and distributors declined in the rankings, moving from the top three to the lower half of assessed factors. This shift in the strongest aspects of the business climate may reflect greater uncertainty affecting market-facing conditions such as logistics, costs, and distribution dynamics which tend to be more sensitive to macroeconomic, policy, and geopolitical factors. By contrast, top-rated aspects such as access to skills, service providers, and business culture largely reflect firm-level or relational strengths. However, the specific reasons for the change in relative rankings cannot be confirmed based on the available survey data.

Overall, the findings point to a modestly strengthening but still cautious business environment, where favourable conditions outweigh negative ones, even as structural challenges continue to influence firm perceptions.

How well do the following conditions meet the needs of your company in Kenya?



NOTE: The number of respondents for this question was 30.
SOURCE: Business Climate Survey for Swedish Companies in Kenya 2026

Trade conditions improve despite customs challenges

Survey results show that trade-related barriers remain a relevant operational challenge for Swedish companies operating in Kenya, although reported impacts have eased compared with the previous year. Customs duties continue to be the most frequently cited barrier, followed by customs procedures and regulatory requirements. While these remain the main concerns identified last year, the share of companies experiencing negative impacts has declined markedly. Reports of customs duties fell from 75 per cent to 50 per cent, customs procedures from 60 per cent to 43 per cent, and regulatory issues from 40 per cent to 33 per cent, indicating a clear year-on-year improvement. Other barriers were less prominent.

Compared with last year, access to finance and state aid or subsidies remained less significant concerns, showing little change, while reports related to local requirements declined sharply from 30 per cent to 10 per cent. Overall, these trends point to a more favourable trade barrier environment than last year. At the same time, the rise in responses under “other” barriers, from 0 to 17 per cent, is notable and merits further attention.

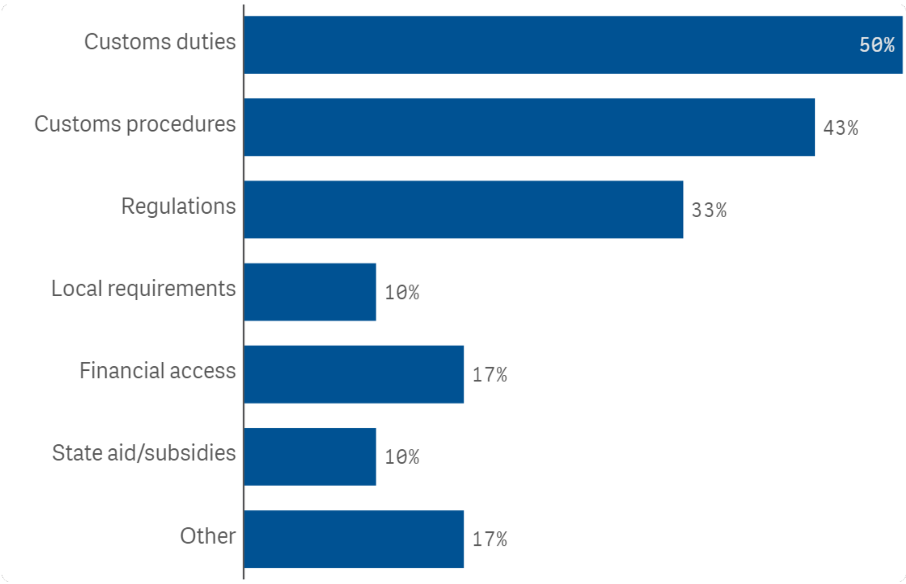
Differences also emerge across company size. Both large and small firms ranked customs duties and procedures among their top challenges. However, more than half of large companies reported regulatory challenges, compared with 19 per cent of small firms. By contrast, access to finance was more frequently cited by small companies (31 per cent), while no large firms reported this as a constraint.

There are considerable variations across sectors. All consumer sector companies cited customs duties, procedures, and regulations as key challenges, with at least 50 per cent reporting other barriers, signalling substantial operational pressure. While professional services and industrial firms also identified these barriers, incidence was lower and more dispersed. In professional services, 33 per cent cited each category, compared with 55 per cent (customs duties), 36 per cent (customs procedures), and 9 per cent (regulations) in the industrial sector. This mirrors broader survey findings showing more challenging operating conditions in the consumer sector.

Company experiences influence perceptions to some extent. Experienced and new entrant firms reported higher incidences of customs-related challenges, with 62 per cent and 43 per cent, respectively, citing customs duties, and 46 per cent and 57 per cent citing customs procedures. Mature firms reported fewer negative impacts overall; among them, customs-related barriers were still the most common (33 per cent), while no other category exceeded this level.

Taken together, the findings suggest that trade barriers facing Swedish companies in Kenya are mainly procedural and administrative, rather than direct market access restrictions. Although conditions have improved compared with the previous year, persistent customs-related frictions continue to affect operations. Further progress in these areas would enhance predictability and ease of doing business for Swedish firms in the Kenyan market.

Has your company in the past year encountered trade barriers in Kenya with a noticeably negative impact on operations, in any of the following areas?



NOTE: The number of respondents for this question was 30.
SOURCE: Business Climate Survey for Swedish Companies in Kenya 2026

How Swedish companies succeed in Kenya

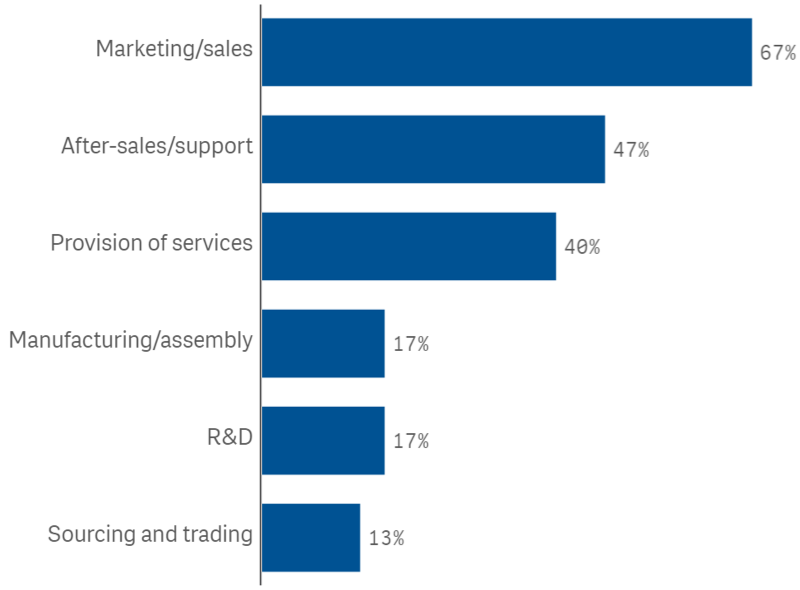
Sales and services drive Swedish businesses in Kenya

Marketing and sales remain the primary focus for Swedish companies operating in Kenya. A clear majority, 67 per cent of respondents, identify marketing and sales as their key local focus. After-sales support follows at 47 per cent, while 40 per cent emphasise the provision of services. By contrast, manufacturing, assembly and research and development (R&D) are each prioritised by 17 per cent of respondents, and sourcing and trading by 13 per cent, indicating more limited emphasis on these areas. These findings suggest that Swedish businesses see Kenya largely as a consumer market rather than a place to manufacture or source from.

Compared with the previous year, there is a slight increase in emphasis on the provision of services, while after-sales/support, R&D, manufacturing/assembly and sourcing and trading all record a marginal decline. This distribution remains broadly in line with the structure of Swedish companies in the survey, many of which operate on a relatively small global scale. As a result, their strategies continue to prioritise establishing and consolidating a market presence and building customer relationships in Kenya, rather than committing to more capital-intensive activities such as local manufacturing or expanded R&D.

The relatively low focus on sourcing and trading is consistent with the sectoral profile of respondents. Most companies operate within industrial and professional services sectors, where business models are less focused on sourcing activities.

Operations of Swedish firms in the market



NOTE: The number of respondents for this question was 30. “Don’t know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Kenya 2026

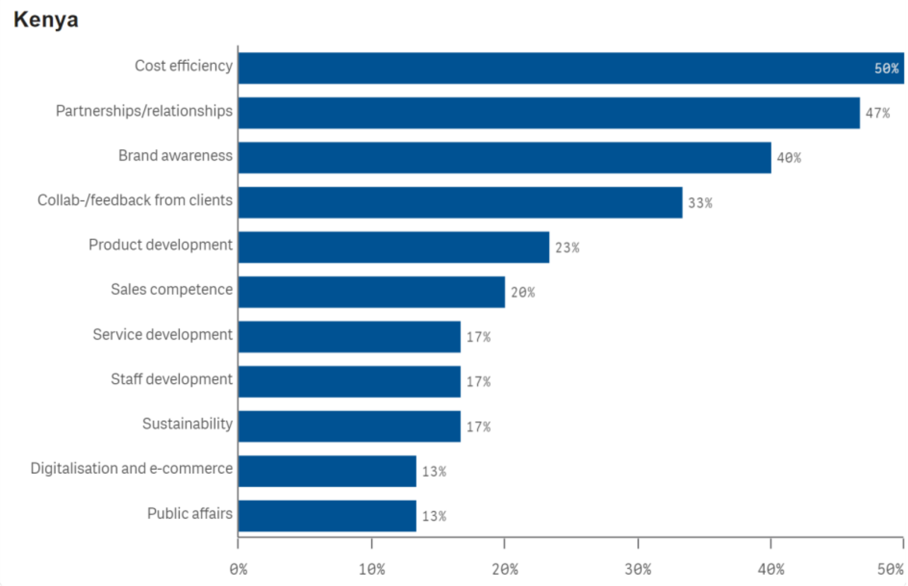
Cost efficiency becomes a stronger priority

Cost efficiency and partnerships and relationships remain central to maintaining competitiveness in Kenya, though the relative emphasis has shifted compared with the previous year. Cost efficiency now ranks highest at 50 per cent, overtaking partnerships/relationships, which have declined to 47 per cent from 62 per cent in the previous year. This suggests greater focus on operational efficiency and cost management in response to continued pressures related to the cost of doing business.

Brand awareness emerges as a stronger factor this year, at 40 per cent, followed by collaboration and feedback from clients at 33 per cent and product development at 23 per cent. Sales competence stands at 20 per cent, while service and staff development, as well as sustainability, are both at 17 per cent. Digitalisation and e-commerce, alongside public affairs, remain the lowest-ranked areas at 13 per cent each.

Overall, while partnerships/relationships continue to play a key role in enabling market access and operational effectiveness, there is a clearer emphasis on cost efficiency and brand positioning. At the same time, areas such as sustainability and digitalisation remain comparatively less prioritised among respondents, indicating that firms continue to prioritise immediate operational competitiveness over longer-term transformation agendas.

To date, which of the following areas have been important in maintaining competitiveness in Kenya?



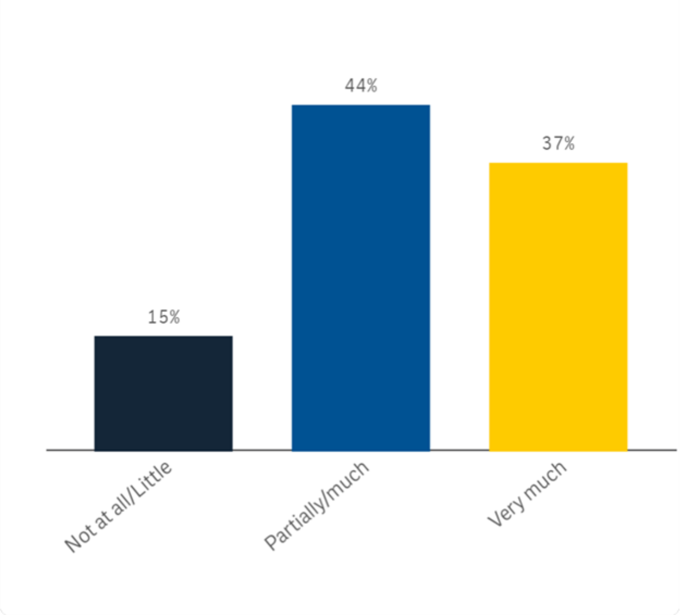
NOTE: The number of respondents for this question was 30. “Don’t know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Kenya 2026

The Swedish brand remains a differentiator in Kenya, but competing on brand alone is no longer enough to maintain and grow market position. A clear majority of respondents continue to view the Swedish brand as an asset in their business operations in Kenya. In total, 81 per cent of respondents state that the Swedish brand contributes to their business, with 37 per cent indicating that it contributes very much and 44 per cent that it contributes partially/much. At the same time, 15 per cent of respondents report that the Swedish brand contributes little or not at all.

While the Swedish brand therefore remains broadly positive, the distribution suggests a more balanced assessment compared with the previous year, with fewer respondents rating its impact as very strong. The continued relevance of the Swedish brand is linked to its associations with quality, reliability and innovation, which respondents continue to recognise as differentiating factors in the Kenyan market. However, as reflected in responses to the question on what drives competitiveness, the brand alone is increasingly seen as insufficient. Instead, respondents point to the growing importance of complementary factors such as cost efficiency, pricing, local presence, operational effectiveness and customer relationships in sustaining competitiveness.

Overall, the results suggest that being Swedish remains an advantage in Kenya, but that companies increasingly view the brand as one factor among several, rather than a decisive driver of success on its own.

To what extent would you estimate that the "Swedish brand" contributes to your business in Kenya?



NOTE: The number of respondents for this question was 30. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Kenya 2026

Acting sustainably

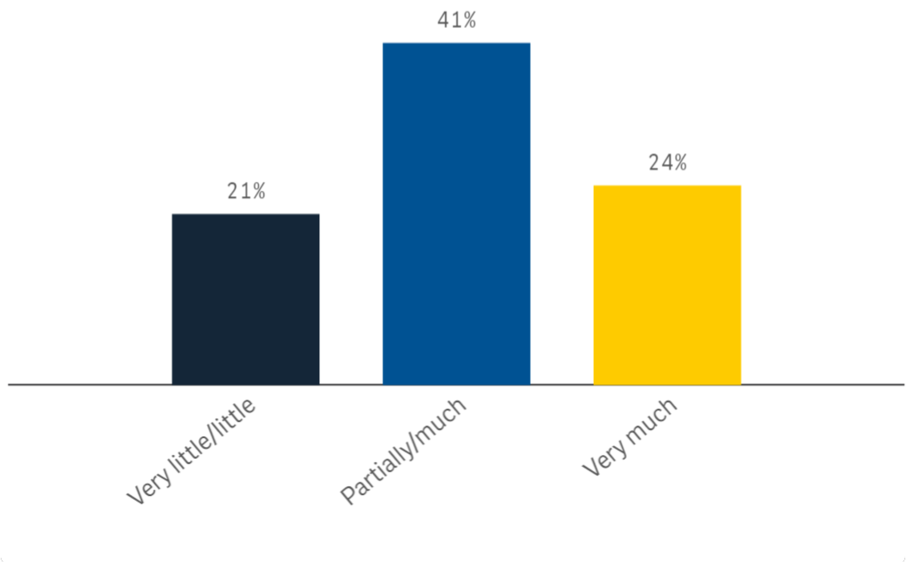
Environmental considerations are gaining ground in Kenyan purchasing decisions

Findings from this year's survey indicate that 65 per cent of respondents report that their customers take environmental considerations into account to some extent, with 24 per cent stating that environmental factors have a very strong influence on purchasing decisions and 41 per cent indicating a partial/much influence. Meanwhile, 21 per cent of respondents report that these factors play very little/no role in their customers' purchasing decisions. Compared with the previous year, this represents a clear shift towards stronger environmental awareness, driven primarily by a growing share of customers placing strong importance on sustainability.

Kenya continues to face significant environmental challenges, including recurrent droughts, food insecurity and destructive flooding, which have heightened public and corporate awareness of climate risks. These issues are increasingly reflected in government priorities, with sustainability and climate action featuring prominently in national development agendas under President William Ruto's administration, alongside strong political backing for renewable energy, green growth and climate resilience. Against this backdrop, the continued uptake of renewable energy solutions, electric mobility and other environmentally conscious products reflects both evolving market dynamics and a policy environment that increasingly supports sustainable investment.

Survey results indicate that while price sensitivity remains decisive for many consumers, environmental considerations are becoming more prominent in purchasing decisions, particularly in segments more exposed to climate impacts or sustainability standards. Overall, the findings point to a gradual strengthening of sustainability considerations in the Kenyan market, suggesting a shift from a peripheral concern towards a more established, though still secondary, factor in purchasing decisions.

To what extent do customers in Kenya consider environmental aspects of a product or service in their purchasing decision?



NOTE: The number of respondents for this question was 30. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Kenya 2026

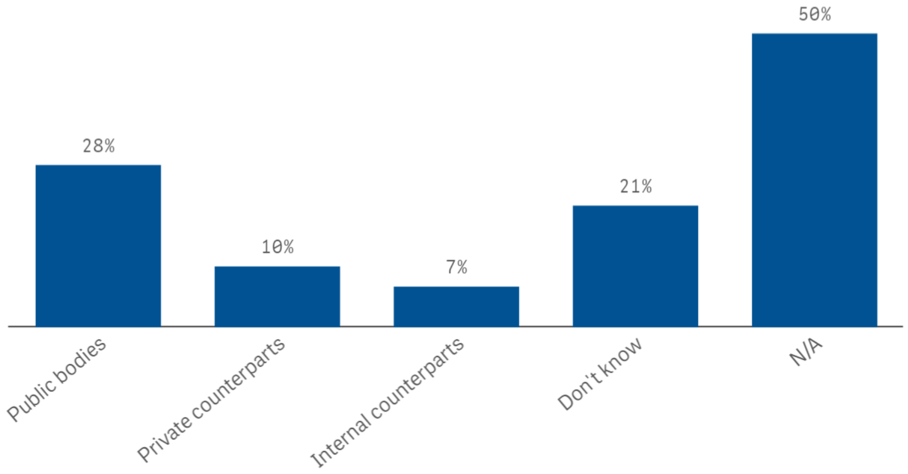
Public sector corruption remains a key concern

Kenya continues to face persistent challenges related to corruption, particularly within the public sector. According to Transparency International's Corruption Perceptions Index, Kenya's corruption levels remain high, with Kenya ranking 130th out of 182 countries in 2025 (from 121 in 2024) and scoring 30 out of 100, where 0 represents the most corrupt and 100 represents the cleanest. A score of 30 therefore indicates a high level of perceived corruption, and the declining trend signals that anti-corruption progress has stalled rather than improved. Despite a robust legal and institutional framework, including the Ethics and Anti-Corruption Commission, enforcement is often perceived as uneven. Political interference and selective enforcement of anti-corruption measures have limited the credibility and impact of these institutions.

Survey results for this year indicate that public institutions remain the most common source of corruption exposure, with 28 per cent of respondents stating that their company has encountered corruption involving public bodies. Exposure through private sector counterparts is reported by 10 per cent of respondents, while 7 per cent indicate internal exposure.

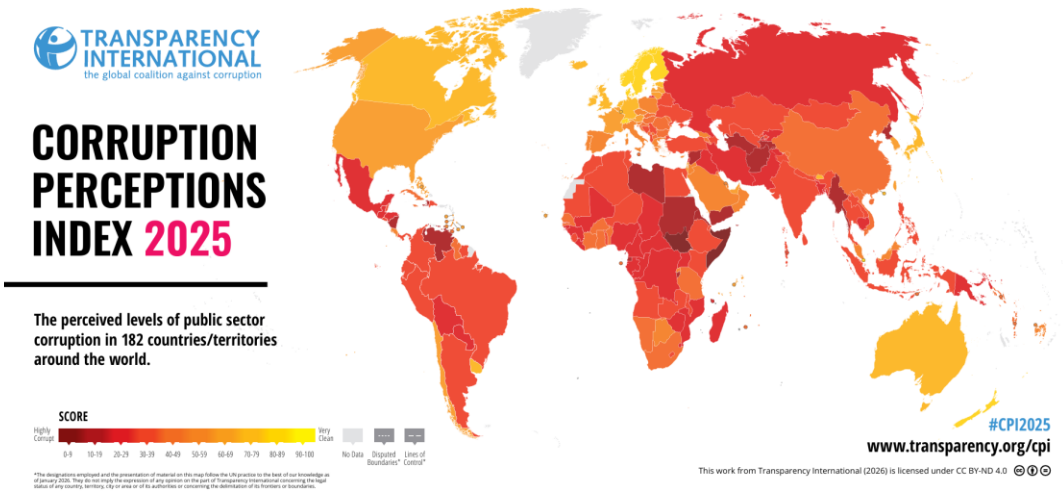
Overall, while fewer respondents report direct exposure compared with the previous year, the findings underline that public bodies continue to represent the primary area of corruption risk for Swedish companies operating in Kenya. The results also highlight the uneven nature of corruption exposure across firms, reinforcing the importance of robust compliance systems, cautious engagement with public institutions and continued efforts to strengthen transparency and accountability in public sector interactions.

Has your company in Kenya been exposed to corruption, such as, but not limited to, attempts at bribery or fraud in contacts with any of the following areas?



NOTE: The number of respondents for this question was 30. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Kenya 2026

Corruption perception index 2025



SOURCE: Transparency International

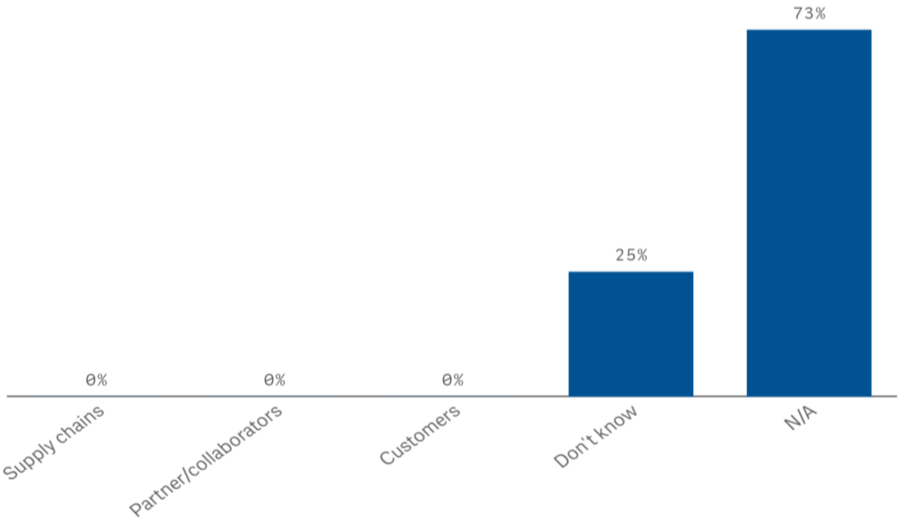
Low reported exposure to human rights abuses

Consistent with last year, this year's survey results continue to indicate that Swedish companies report very limited direct exposure to human rights violations or labour rights abuses in Kenya. In the survey, 73 per cent of respondents state that the question is not applicable to their operations, while a further 25 per cent indicate that they do not know whether such abuses have occurred in their business contacts. Notably, no respondents report confirmed encounters with human rights or labour rights violations, suggesting a low perceived risk within companies' direct operational sphere.

At the same time, these findings should be interpreted with caution. Human rights abuses remain a documented concern in Kenya, particularly in relation to law enforcement and public order management. In recent years, both local and international organisations have continued to report incidents involving police and security forces, including the use of excessive force during periods of heightened public tension. These patterns show that human rights risks remain present, even if most respondents do not encounter them directly.

Looking ahead, the build-up to the next general elections in 2027 may further increase scrutiny of civil and political rights, as election periods in Kenya have historically been associated with heightened risks related to public demonstrations, security responses and political contestation. Overall, while Swedish companies operating in Kenya report minimal direct exposure to human rights or labour rights abuses, the high share of "not applicable/don't know" responses suggests limited visibility of risk rather than its absence. This highlights the importance of continued due diligence, awareness-raising and responsible business conduct to identify and manage indirect risks in value chains and partnerships.

Has your company in Kenya encountered any form of human rights violations and/or labour rights abuse in contacts with any of the following areas?



NOTE: The number of respondents for this question was 30. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Kenya 2026

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