BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN KENYA 2025

A REPORT FROM TEAM SWEDEN IN KENYA

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KEY CONTRIBUTORS TO THIS REPORT

Business Sweden in Kenya
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FOREWORD

In a world marked by rapid geopolitical shifts and economic interdependence, the partnership between Kenya and Sweden stands out as both resilient and forward-looking. What began in 1963, shortly after Kenya's independence, has grown into a multifaceted relationship spanning trade, development cooperation, and innovation. As nations recalibrate their alliances in response to climate change, inflationary pressures, and global supply chain challenges, Kenya and Sweden have continued to strengthen their ties. Trade remains a cornerstone of this collaboration, fuelling not only commerce but also technology transfer and sustainable practices. Sweden's key exports to Kenya include telecommunication equipment, paper, machinery, manufactured goods, medical equipment, and vehicles, while Kenya's main exports to Sweden are coffee, cut flowers, fruits, and vegetables.

We are pleased to present the 2025 edition of the Business Climate Survey for Swedish Companies in Kenya, developed jointly by Business Sweden and the Embassy of Sweden in Nairobi. This survey presents insights from Swedish companies operating in Kenya, shedding light on their experiences, perceptions, and outlook for doing business in one of Africa's most dynamic markets.

This report serves as a valuable tool for both Swedish companies and local stakeholders by providing an evidence-based overview of the opportunities and challenges facing businesses in Kenya. It highlights market trends, investment intentions, and key operational concerns, offering practical insights that can inform strategic decisions, policy discussions, and efforts to improve the ease of doing business. By capturing the voice of Swedish enterprises on the ground, the report supports deeper collaboration between the private sector and public institutions and helps identify areas where reforms and partnerships can drive sustainable growth.

Kenya continues to hold a central role in East Africa as a commercial and logistical hub, offering Swedish companies a strategic base for expansion across the region. With a diversified economy, a dynamic consumer market with a growing middle class, and a strong entrepreneurial spirit, Kenya remains an attractive destination for Swedish enterprises seeking long-term partnerships and sustainable growth. In 2025, Kenya's economic prospects are buoyed by easing inflation and improved access to credit. Yet, this progress unfolds amid persistent concerns around Kenya's debt vulnerability, cost of doing business, climate shocks, and shifting global trade realities. This year's Business Climate Survey shows that Swedish businesses remain optimistic about Kenya's potential, with strong intentions to increase turnover and invest further. At the same time, challenges such as regulatory complexity and cost of operations continue to impact business performance. By presenting these findings, we aim to support informed decision-making by both policymakers and business leaders and to foster an open dialogue on how to create a more conducive and competitive business climate.

We thank all the Swedish companies that took the time to share their perspectives. Your contributions are vital to shaping a clearer understanding of the market and strengthening the partnership between Sweden and Kenya in the years to come. We hope this report will serve as a useful resource to all stakeholders whether already active or those exploring opportunities to engage in and contribute to Kenya's growth and Swedish Kenyan business ties.

Madeleine Fries Martinelle
Trade Commissioner Kenya, Business Sweden

Winfred Wanjiru Kiarie
Consultant, Business Sweden

+22 respondents in Kenya

Current business climate

14%

of respondents indicate a good climate, 48% neutral, 33% poor, 5% very poor

Industry turnover

50%

of Swedish companies expect their industry turnover to increase

Future investments

54%

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

Globally valued success factors

Partnerships/relationships
1. Cost efficiency
2. Sales competence

Brand Sweden

86%

of Swedish companies in Kenya consider Brand Sweden beneficial for business

Local conditions with high satisfaction

1. Service providers
2. Distributors
3. Market access

Local conditions with least satisfaction

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

Environmental considerations

45%

of respondents believe environmental considerations are a factor in their customers' purchasing decisions

Corruption

38%

of respondents indicated that they have mostly encountered corruption from public entities

Human rights violations and labour rights abuse

Human rights violations: Primarily reported by small companies and mostly occurring with partners/collaborators

ABOUT THE SURVEY

Diverse company response contributes to a detailed view of Kenya's Business climate

Kenya's strategic location makes it a key trade hub and an attractive base for companies expanding across East Africa. Through our Business Climate Survey, we seek to capture insights from Swedish companies operating in Kenya to better understand their experiences and perspectives on the local business environment.

To create a knowledge base on the perception of the business climate in Kenya among Swedish companies present in the market, Business Sweden, together with the Embassy of Sweden in Nairobi, carried out a Business Climate Survey in February and March 2025. The study consisted of an electronic survey with 23 questions, which were sent out to Swedish companies.

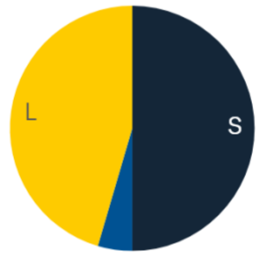
This year, the survey was sent out to 32 company representatives. Responses were collected in February and March 2025, and a record of 22 respondents provided answers, yielding a 69 per cent response rate. Currently, there are an estimated 40 Swedish companies operating in Kenya. When non-profit institutions and NGOs with Swedish affiliation are included, the total number of Swedish-associated entities in the country rises to approximately 70.

Half of the respondents represented small companies, defined as having fewer than 249 employees globally. Large companies (over 1,000 employees globally) accounted for 45 per cent of respondents, while medium-sized companies (250–1,000 employees) made up the remaining five per cent. In terms of industry representation, 57 per cent of the respondents operate in the industrial sector, 33 per cent in professional services, and 10 per cent in the consumer sector.

In terms of company age, most respondents were from experienced companies (53 per cent) established between 2003 and 2019. Newcomers, founded after 2020, accounted for 37 per cent of the respondents, indicating growing recent interest in the Kenyan market. The remaining 11 per cent were mature companies established before 2003, reflecting a long-standing Swedish presence in the country.

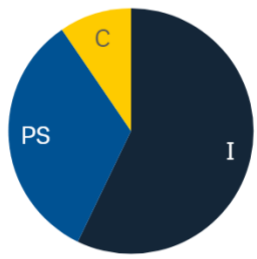
Finally, it should be noted that the statistics presented in this report reflect the experiences of our respondents in the Kenyan market and should be considered indicative rather than definitive.

SIZE OF COMPANIES



NOTE: Global employees. Large >1000. Medium 250-1000. Small 0-249

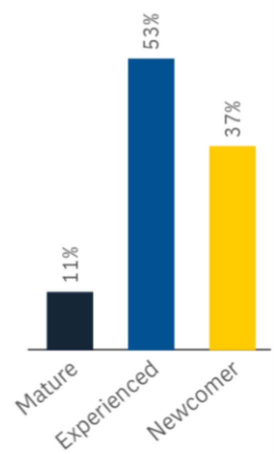
MAIN INDUSTRY



I: Industrial sector, PS: Professional Serves, C: Consumer Sector

NOTE: Professional services:33%, Consumer:10%, Industrial:57%

AGE OF COMPANIES



Mature: (-2003), Experienced (2004-2019), Newcomer (2020-)

ECONOMIC OUTLOOK

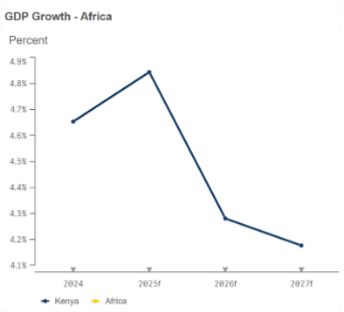
Kenya’s growth prospects and shifting trade realities amid global shocks

According to the World Bank, Kenya’s economy is expected to grow by 5.3 per cent in 2025, outpacing the regional average of 4.2 per cent. This growth is fuelled by easing inflation, accommodative monetary policy, and improved access to credit factors that are helping both households and businesses regain footing. Yet, beneath the optimism lies a fragile recovery. The aftershocks of a severe liquidity crunch and the unrest of June 2024 have left investor confidence shaken. Climate-related shocks, droughts, floods, and erratic rainfall pose ongoing threats to food security and inflation stability. Geopolitical tensions and elevated global commodity prices could also tip the scales, tightening financial conditions and challenging Kenya’s resilience.

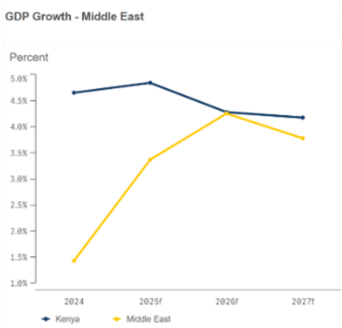
Sub-Saharan Africa is navigating a wave of disruptions that threaten its economic stability and growth prospects. The winding down of key development partnerships, such as USAID’s reconfiguration, has created uncertainty around continued support for social and economic programs. At the same time, newly imposed U.S. trade tariffs have cast doubt on the future of the African Growth and Opportunity Act (AGOA), a critical trade framework that has allowed duty-free access to the U.S. market for exports from 32 eligible Sub-Saharan countries.

According to the 2024 Economic Survey by the Kenya National Bureau of Statistics, the European Union (EU) remained a vital export market for Kenya in 2023. The EU accounted for approximately 14 per cent of Kenya’s total exports, reaffirming its position as the country’s largest regional trading bloc partner. This figure places the EU ahead of individual trading partners such as Uganda, which accounted for 9.5 per cent of Kenya’s exports. The data underscores the EU’s continued role as a strategic destination for Kenya’s agricultural and horticultural products, particularly flowers, vegetables, tea, and coffee. The strong trade ties reflect both long-standing preferential access under the EU’s trade frameworks and Kenya’s increasing efforts to diversify export markets within the bloc. As Kenya deepens its integration with the EU through the Economic Partnership Agreement signed in 2023, this relationship is expected to further bolster export performance and attract investment into value-added sectors.

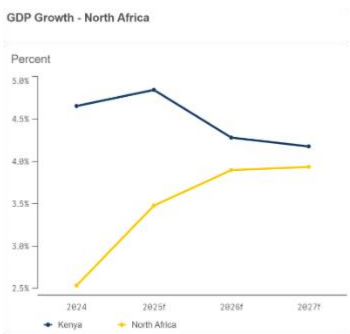
PROJECTED GDP GROWTH IN KENYA



Source: Oxford Economics, GDP, constant prices and exchange rate, US$. Last update: 12 March 2025



Source: Oxford Economics, GDP, constant prices and exchange rate, US$. Last update: 12 March 2025



Source: Oxford Economics, GDP, constant prices and exchange rate, US$. Last update: 12 March 2025

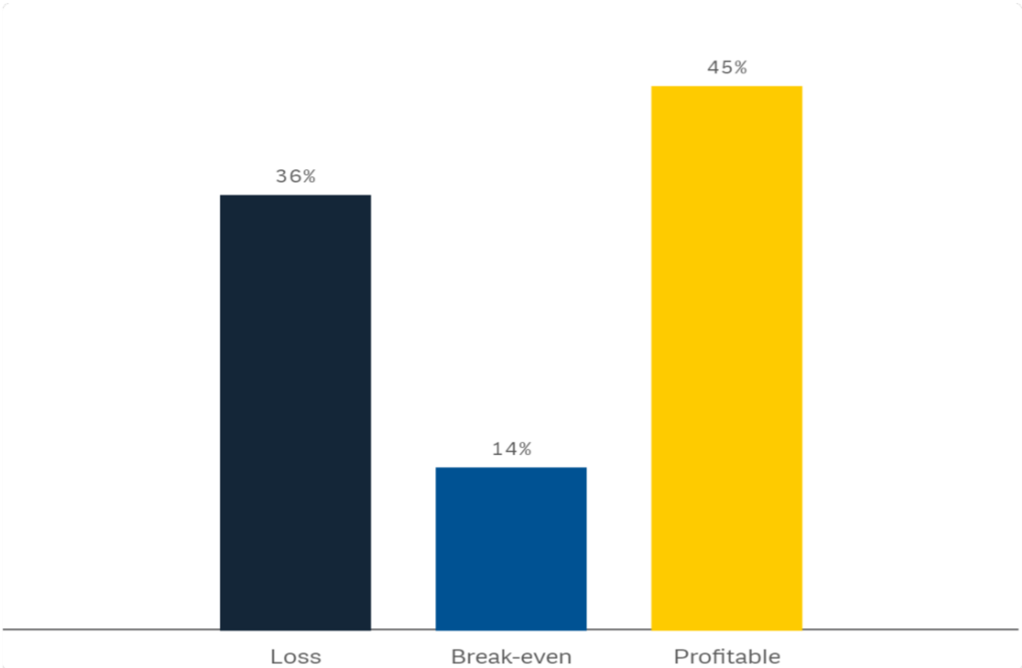
Swedish companies' financial performance varied by size and industry

In terms of financial performance, 45 per cent of respondents reported profits in 2024, 14 per cent broke even, and 36 per cent recorded losses. By sector, consumer goods struggled the most, with 100 per cent of companies reporting losses. In contrast, industrial firms performed best, with 67 per cent reporting profits. The professional services industry showed a balanced spread, with 29 per cent making profits, 29 per cent breaking even, and 29 per cent incurring losses.

Company size also influenced outcomes. Large companies were the most profitable, with 70 per cent reporting profits, 10 per cent breaking even, and 20 per cent making losses. Medium-sized companies faced the most challenges, with 100 per cent reporting losses.

In terms of market presence, mature companies showed varied outcomes, with half reporting profits and the other half losses. Experienced firms also had mixed performance: 40 per cent were profitable, another 40 per cent reported losses, and 10 per cent broke even. New entrants faced more volatility, with 29 per cent reporting profits, 42 per cent losses, and 29 per cent breaking even.

HOW WOULD YOU DESCRIBE YOUR COMPANY'S FINANCIAL PERFORMANCE IN KENYA IN 2024?



NOTE: The number of respondents for this question was 22. "Don't know/Not applicable" responses are included but not shown in the figure.
SOURCE: Business Climate Survey for Swedish companies in Kenya 2025.

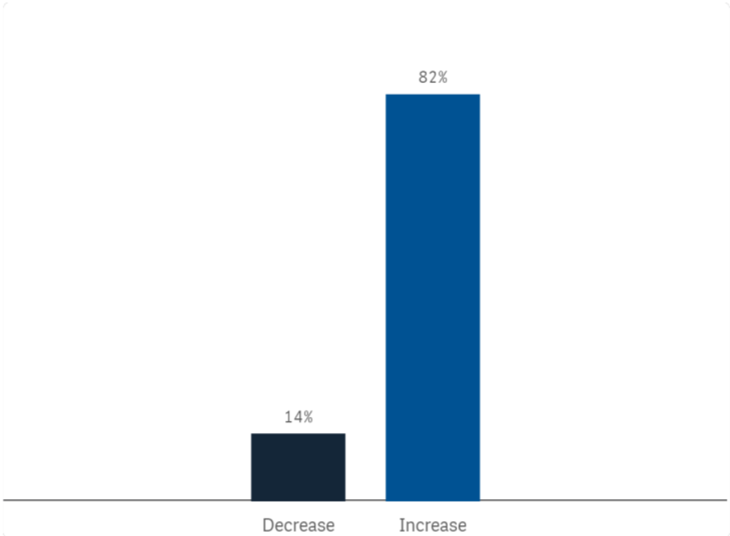
Businesses are optimistic about the future

Respondents' expectations for turnover in the coming year reflect the overall positive business sentiment in Kenya. A strong 82 per cent anticipate an increase in turnover, while 14 per cent expect a decline over the next 12 months.

This optimism is fairly consistent across company size and industry. The industrial sector is the most confident, with 100 per cent of respondents projecting higher turnover. In professional services, 71 per cent expect an increase. However, the consumer goods sector is more cautious—50 per cent anticipate growth, while the remaining 50 per cent foresee a decline.

Experience in the Kenyan market also shapes expectations. Companies with the longest presence are the most optimistic, followed by those that have operated in Kenya for six to 20 years, 80 per cent of whom expect increased turnover. Among newer entrants, 71 per cent remain hopeful about future growth.

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 22. “Don’t know/Not applicable” responses are included but not shown in the figure.
SOURCE: Business Climate Survey for Swedish companies in Kenya 2025.

Companies signal strong investment intentions

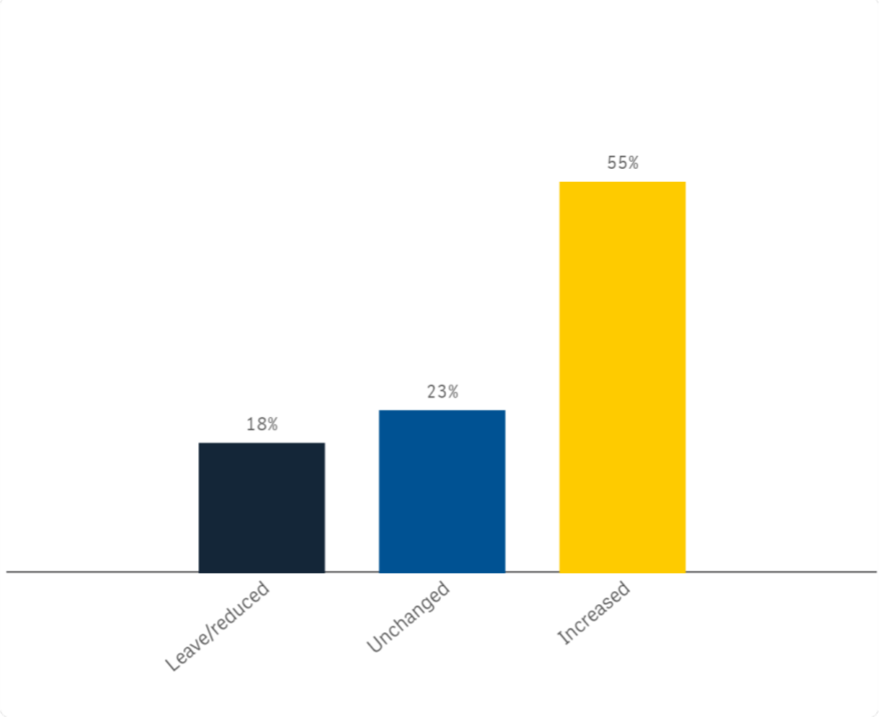
Aligned with positive turnover expectations, a significant number of respondents indicated plans to increase investments in 2025. Specifically, 55 per cent plan to scale up investments, 23 per cent intend to maintain current levels, and only 18 per cent expect to reduce their investments. This reflects ongoing confidence in the Kenyan market and underscores the strength of Swedish-Kenyan business ties.

When looking at investment plans by company size, all medium-sized companies indicated they would maintain their current investment levels over the next 12 months. In contrast, the majority of large and small companies plan to scale up their investments. Specifically, 60 per cent of large firms and 55 per cent of small firms expect to increase investments. However, 27 per cent of small firms also anticipate reducing their investments in the region.

Despite facing the most financial strain, the consumer goods sector is the most optimistic about future investments, with 100 per cent of companies in the sector planning to increase investment in Kenya. This compares to 58 per cent of industrial firms and 43 per cent of those in professional services who intend to do the same.

In terms of market presence, experienced companies are the most positive, with 70 per cent planning to increase their investments. Mature companies are evenly split, with 50 per cent planning to increase and 50 per cent choosing to maintain current levels. Among newcomers, 43 per cent plan to increase investments, while 29 per cent will maintain their current level, and another 29 per cent are considering exiting the market altogether.

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 22. "Don't know/Not applicable" responses are included but not shown in the figure.
SOURCE: Business Climate Survey for Swedish companies in Kenya 2025

THE MARKET

Kenya's dynamic investment landscape is a gateway for Swedish companies

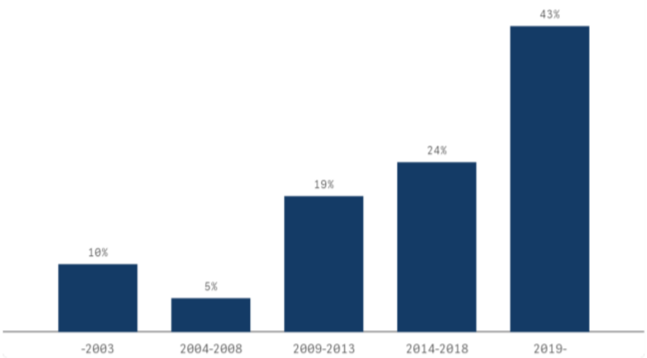
In 2024, trade between Kenya and Sweden reached SEK 600 million in Swedish exports and SEK 284 million in imports from Kenya. Kenya's main exports to Sweden included coffee, cut flowers, and processed fruits and nuts, while imports from Sweden consisted of telecommunications equipment, medical devices, machinery, vehicles, and paper.

Kenya continues to serve as a strategic hub for Swedish companies looking to scale across East Africa. Its dynamic business environment, strong infrastructure, and role as a regional commercial capital make it an ideal base for coordinating operations in Kenya and beyond. As trade and investment links deepen, emerging opportunities in sectors such as renewable energy, ICT, and infrastructure offer a promising pathway for expanding Sweden's footprint in the region.

Kenya's FDI landscape has seen experienced fluctuations over the years, with inflows standing at USD 728.7M in 2023. Europe remains the largest contributor, accounting for 48 per cent of FDI stock driven by investments from the UK and the Netherlands. African countries, particularly Mauritius and South Africa, contributed 25 per cent. To scale FDI to USD 10B by 2027, Kenya is prioritising regulatory and legislative reforms aimed at improving transparency and consistency. The strategy includes expanding Special Economic Zones with quality infrastructure to attract investment, especially in manufacturing.

The fact that 90 per cent of the companies in our sample entered the Kenyan market after 2004 indicates a growing interest in Kenya, likely driven by improved market conditions and the rise of key sectors like renewable energy, ICT, health tech, and sustainable transport. Over the past two decades, Kenya has made significant strides in strengthening its business environment through regulatory reforms and enhanced infrastructure, making it an attractive destination for foreign investment. This period also saw the emergence of new opportunities aligned with Swedish companies' expertise, particularly in sectors where Kenya offers strong growth potential. The 10 per cent entering before 2000 likely represents companies with a long-standing presence in more traditional sectors like manufacturing and telecoms.

IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN KENYA?

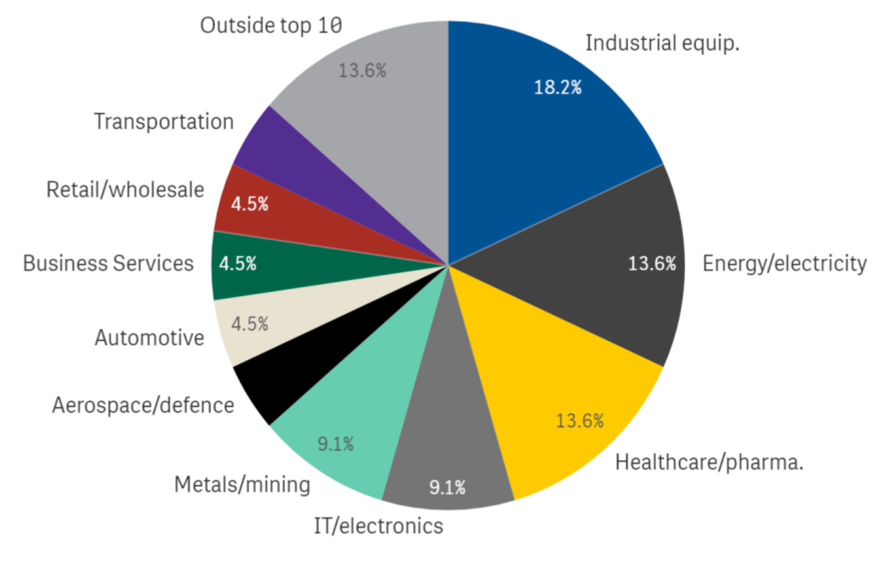


NOTE: The number of respondents for this question was 21. "Don't know/Not applicable" responses are included but not shown in the figure.
SOURCE: Business Climate Survey for Swedish companies in Kenya 2025.

Our survey respondents span a wide range of industries, highlighting the diverse presence of Swedish companies in Kenya. This variety aligns with Sweden's main exports to the country, namely machinery, vehicles, telecommunications equipment, paper and medical devices. The largest representation came from the industrial equipment sector, making up 18 per cent of the surveyed companies. This was followed by the energy and healthcare sectors, each accounting for 14 per cent. The metals & mining and IT/electronics sectors contributed nine per cent each. Other sectors represented, such as forestry and paper products, beverages and food, business services, automotive, transportation, and retail and wholesale, each accounted for five per cent of the responses.

This wide distribution illustrates not only the versatility of Swedish firms operating in Kenya but also reflects the country's dynamic business environment and openness to diverse expertise. Swedish companies are actively engaging across both traditional industries and emerging sectors like ICT and renewable energy, positioning themselves strategically in Kenya's evolving economy.

WHAT IS YOUR COMPANY'S MAIN INDUSTRY IN KENYA?

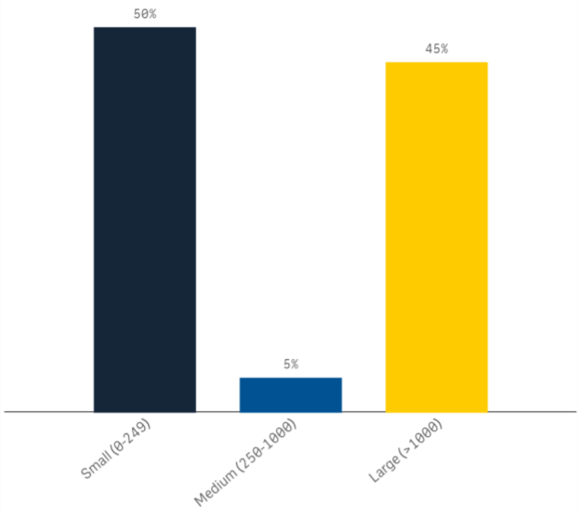


NOTE: The number of respondents for this question was 22. Don't know/Not applicable" responses are included but not shown in the figure.
SOURCE: Business Climate Survey for Swedish companies in Kenya 2025.

Small and Medium Enterprises (SMEs) and Micro, Small, and Medium Enterprises (MSMEs) are the backbone of Kenya's economy. They play a critical role in driving socio-economic development by creating jobs and generating income. SMEs make up 98 per cent of all businesses in Kenya, with approximately 7.4 million enterprises employing nearly 15 million people. However, despite their scale, they contribute only three per cent to Kenya's GDP, largely due to challenges such as limited access to capital, constrained market access, inadequate business knowledge, and underdeveloped infrastructure. A majority of these businesses operate within the informal sector.

Given this context, it's not surprising that more than half of the Swedish companies in Kenya are small enterprises, each employing fewer than 250 people. Additionally, 5 per cent of Swedish firms are medium-sized, while 45 per cent are large companies. This distribution reflects both the local business environment and the global structure of Swedish firms expanding into emerging markets like Kenya.

SWEDISH FIRMS' LOCAL NUMBER OF EMPLOYEES IN KENYA IN 2025



NOTE: The number of respondents for this question was 22. "Don't know/Not applicable" responses are included but not shown in the figure.
SOURCE: Business Climate Survey for Swedish companies in Kenya 2025.

Tempered optimism: How Swedish companies are viewing Kenya's business climate

A small percentage of Swedish respondents, 14 per cent, rated the current business climate in Kenya as very good. Nearly half (48 per cent) viewed it as fair, while 38 per cent held a negative impression. Given the current context of geopolitical tensions, trade disputes, tax reforms, and ongoing fiscal uncertainty, it's not surprising that positive sentiment remains limited. Kenya's business environment is navigating a challenging landscape shaped by both global economic shocks and domestic policy pressures that continue to impact investor confidence.

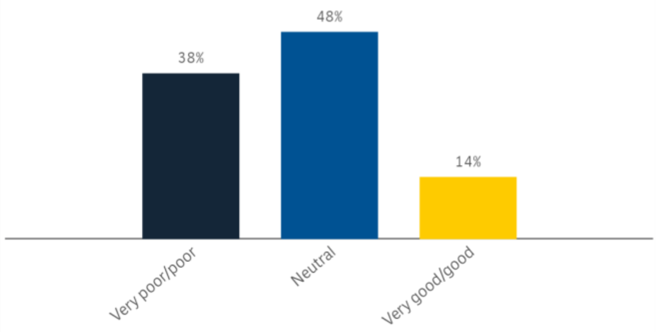
A closer look at the results by company size shows varying perceptions of Kenya's business climate. Among medium-sized companies, 100 per cent rated the business climate as poor. For small-sized companies, 40 per cent viewed it as poor, 40 per cent as neutral, and 20 per cent as good. Among large companies, 30 per cent considered the climate poor, 60 per cent rated it as neutral, and 10 per cent viewed it as good.

From an industry perspective, it is unsurprising that 100 per cent of respondents in the consumer goods sector rated the business climate as poor, reflecting their struggling financial performance. In the professional services sector, 29 per cent perceived the climate as poor, 57 per cent considered it neutral, and 14 per cent viewed it as good. For the industrial sector, 36 per cent rated the climate as poor, 45 per cent as neutral, and 18 per cent as good.

When comparing perception based on the age of the company, only experienced companies reported a positive view of the business climate, with 33 per cent rating it as good, 56 per cent as neutral, and 11 per cent as poor. Mature companies were evenly split, with 50 per cent perceiving the climate as poor and 50 per cent as neutral. Among newcomers, the outlook was more pessimistic 71 per cent rated the climate as poor, while 29 per cent considered it neutral.

These findings reflect a conservative sentiment among Swedish companies operating in Kenya. Addressing the factors affecting Kenya's business climate will be key to improving perceptions and unlocking the country's full business potential. It also underscores the importance of the hands-on support that Business Sweden and the Embassy already provide helping companies navigate challenges, strengthen networks, access reliable market insights, and identify emerging opportunities. It is critical that we continue to deepen this support.

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN KENYA?



NOTE: The number of respondents for this question was 21. "Don't know/Not applicable" responses are included but not shown in the figure.
SOURCE: Business Climate Survey for Swedish companies in Kenya 2025.

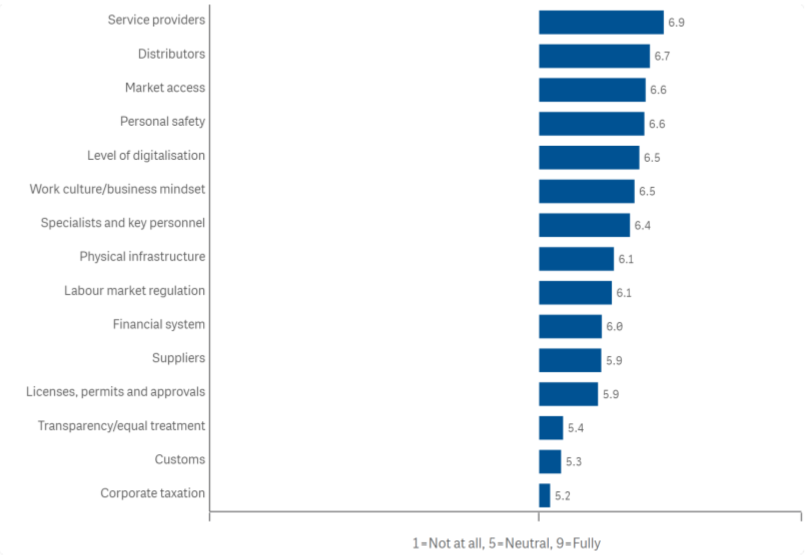
Kenya's corporate tax and customs present a challenge to Swedish businesses

When evaluating Kenya's market conditions, Swedish companies generally view the conditions as favourable, with all assessed factors receiving positive ratings, each scoring above five, signalling overall satisfaction and alignment with business needs.

However, some conditions in the market remain less favourable. Chief among these are customs procedures and corporate taxation, which businesses consider significant hurdles. Kenya's high tax rates have been criticised for eroding competitiveness, with local firms taxed at 30 per cent and non-resident firms at 37.5 per cent, compared to Sweden's lower rate of 20.6 per cent as of January 2021. While rates in Tanzania and Uganda are similar, Rwanda stands out with a lower rate of 28 per cent. Other areas of concern include transparency, equal treatment, and the process for acquiring licenses and permits. These are often marred by bureaucratic delays, regulatory complexity, and the risk of corruption factors that increase operational costs and slow down business activities.

Service providers and distributors emerged as the highest-rated categories, reflecting the crucial role they play in supporting Swedish businesses operating in Kenya. Many Swedish companies have benefited from working with reliable local distributors who understand the Kenyan market dynamics, whether it's navigating regulatory requirements, identifying customer needs, or managing last-mile delivery in urban and rural areas. Service providers, such as logistics firms, IT support, and marketing agencies, have also been instrumental in helping companies scale by offering tailored solutions that align with local conditions. This local expertise has allowed Swedish businesses to operate more efficiently, reduce delays, and respond quickly to market demands, making Kenya not just a market but a viable regional hub for growth.

HOW WELL DO THE FOLLOWING CONDITIONS MEET THE NEEDS OF YOUR COMPANY IN KENYA?



NOTE: The number of respondents for this question was 22.
SOURCE: Business Climate Survey for Swedish Companies in Kenya 2025.

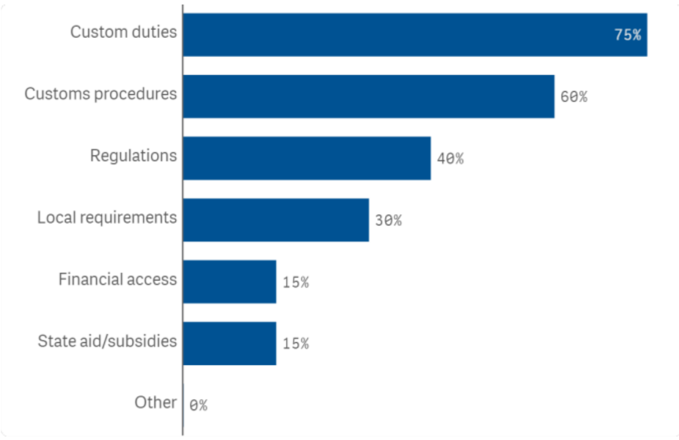
Customs inefficiencies continue to undermine business operations in Kenya

Swedish companies operating in Kenya have flagged customs duties and procedures as persistent trade barriers negatively impacting their operations. While Kenya has made strides in improving trade facilitation, customs processes are still plagued by inefficiencies such as arbitrary valuations, manual documentation, and prolonged clearance delays. These challenges not only raise the cost of doing business but also create unpredictability in supply chains, undermining the competitiveness of Swedish firms in sectors that rely on the timely delivery of goods and equipment.

A major concern is the bureaucratic nature of customs processes, which slows down the release of goods and often results in logistical bottlenecks. The integration issues between KRA's iTax platform and the Integrated Customs Management Systems further complicate matters, making compliance difficult and time-consuming. Moreover, the presence of multiple non-tariff barriers, including unreasonable packaging and labelling standards, complex certificate of conformity rules, and mandatory use of pre-export verification partners, Chas added a layer of procedural hurdles that Swedish businesses must navigate with significant resource investment.

To enhance trade efficiency and boost investor confidence, it is critical that Kenya undertakes systemic reforms in customs administration. This includes providing regular training for customs officials and business operators, promoting full automation of clearance processes, and strengthening the integration between the Kenya Revenue Authority's tax and customs systems. Resolving these procedural challenges will not only reduce delays and compliance costs but also create a more predictable and supportive environment for Swedish companies looking to invest and scale 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 22.
SOURCE: Business Climate Survey for Swedish companies in Kenya 2025.

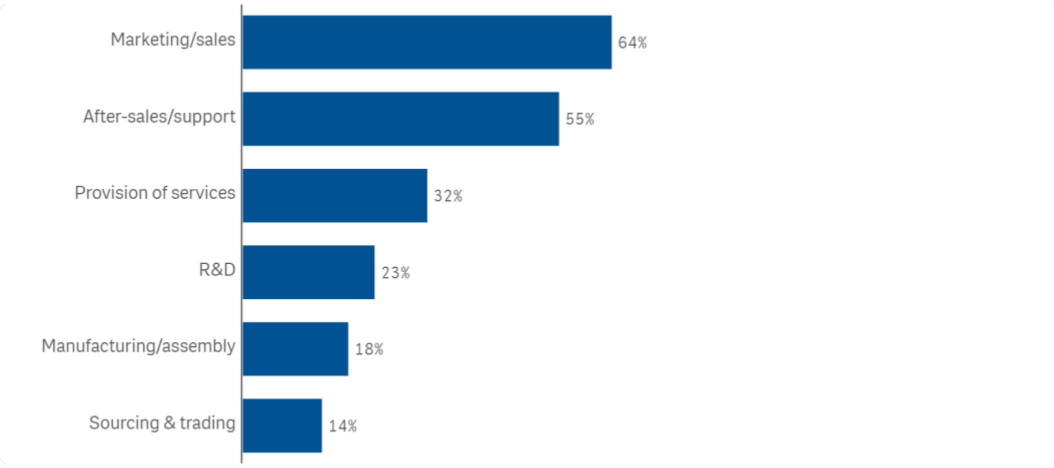
HOW SWEDISH COMPANIES SUCCEED IN KENYA

Sales and marketing remain a focus in local operations

For over 60 per cent of respondents marketing and sales form a key focus of their local operations in Kenya, other target areas include after sale/support (55 per cent) and provision of services (32 per cent). Scoring much lower are sourcing and trading (14 per cent), manufacturing/assembly (18 per cent) and research & development at 23 per cent. This is understandable given that 50 per cent of the Swedish companies in the survey are small on a global scale; hence, their current strategies are geared towards establishing a market presence and building customer bases before committing to heavier investments such as local manufacturing or R&D.

With regard to sourcing and trading, given that the majority of the companies are in industrial and professional services sectors, their business models may not align with sourcing activities.

OPERATIONS OF SWEDISH FIRMS IN THE MARKET



NOTE: The number of respondents for this question was 22. “Don’t know/Not applicable” responses are included but not shown in the figure.
SOURCE: Business Climate Survey for Swedish companies in Kenya 2025.

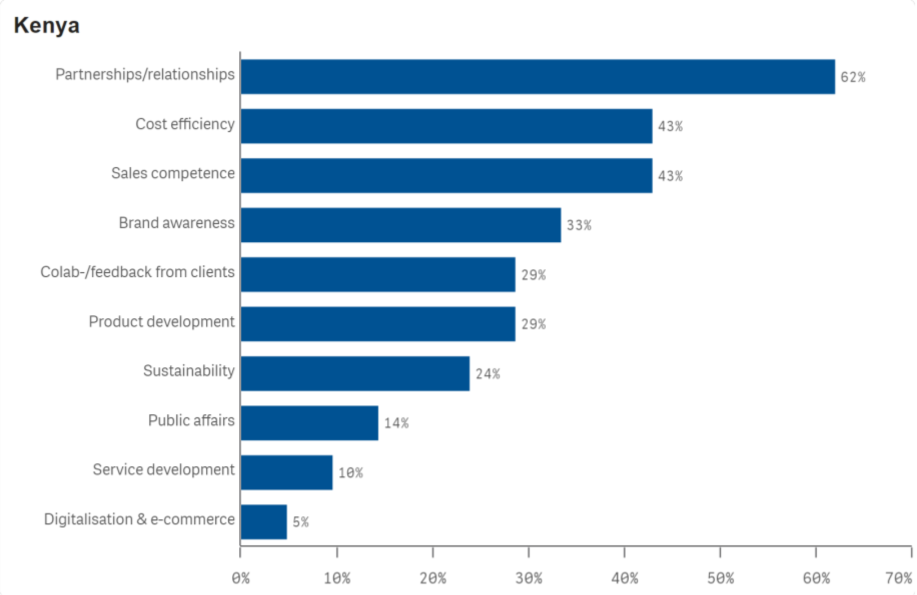
Partnerships/relationships are key drivers for Swedish competitiveness in Kenya

The fact that partnerships and relationships rank highest (62 per cent) as key to maintaining competitiveness in Kenya underscores the importance of local networks and trust-based collaboration in the Kenyan business environment. In many African markets, Kenya included strong relationships with local stakeholders whether government agencies, suppliers, distributors, or clients can significantly ease market entry, reduce operational friction, and create access to opportunities that may not be available through formal channels alone. Swedish companies that invest in building these relationships are often better positioned to navigate regulatory complexity, resolve issues more quickly, and gain market intelligence.

Cost efficiency, ranking second at 43 per cent, reflects the ongoing concern about the high cost of doing business in Kenya, from energy prices to taxes and logistics. Companies that find ways to streamline operations, localise supply chains, or adopt efficient technologies are more likely to remain competitive. This is especially relevant in sectors where pricing pressure is high and customers are cost-sensitive.

In essence, success in Kenya requires both strategic relationship-building and a laser focus on operational efficiency; one opens doors, and the other keeps you in the game.

TO DATE, WHICH OF THE FOLLOWING AREAS HAVE BEEN IMPORTANT IN MAINTAINING COMPETITIVENESS IN KENYA?



NOTE: The number of respondents for this question was 22. “Don’t know/Not applicable” responses are included but not shown in the figure.
SOURCE: Business Climate Survey for Swedish companies in Kenya 2025.

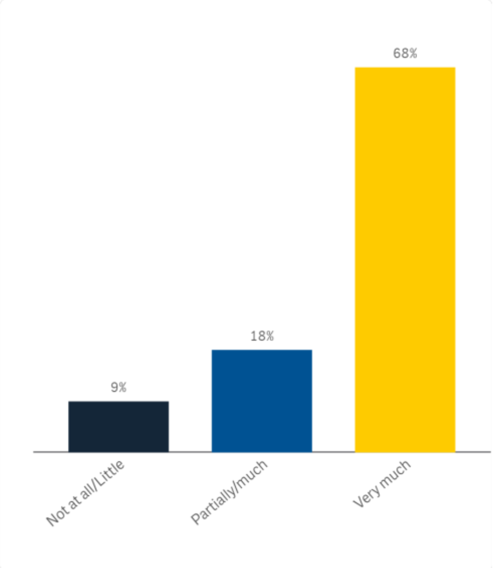
Being Swedish is a great advantage for companies in Kenya

A significant 68 per cent of respondents believe the Swedish brand plays a major role in influencing their business operations, while 18 per cent consider it somewhat influential, and 9 per cent deem it less important. This high percentage likely reflects the global reputation of Swedish products and services, which are renowned for their innovation, sustainability, and quality. According to the Good Country Index 2024, Sweden ranks 2nd out of 174 nations for its contribution to the global good, while Kenya has dropped 42 places to 114th. Furthermore, in terms of soft power and brand strength, Sweden holds the 11th position, maintaining its status as the highest-ranked Nordic country in this category.

When analysing the results further, medium-sized companies appear to value the Swedish brand most highly, with 100 per cent of these businesses indicating that the Swedish brand contributes to their success. Small companies follow, with 73 per cent acknowledging the Swedish brand’s positive impact. For large companies, 60 per cent believe the Swedish brand contributes to their operations, while 10 per cent do not perceive any impact. In terms of industry sectors, the consumer goods sector holds the Swedish brand in the highest regard, with 100 per cent of respondents affirming its importance. This is followed by 71 per cent of respondents in professional services and 67 per cent in the industrial sector.

Regarding the age of the companies, experienced companies show the strongest appreciation for the Swedish brand, with 80 per cent of respondents viewing it positively. Newcomer companies also express strong support, with 57 per cent recognising the brand's contribution, while 50 per cent of mature companies acknowledge its impact.

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 22. "Don't know/Not applicable" responses are included but not shown in the figure.
SOURCE: Business Climate Survey for Swedish companies in Kenya 2025.

ACTING SUSTAINABLY

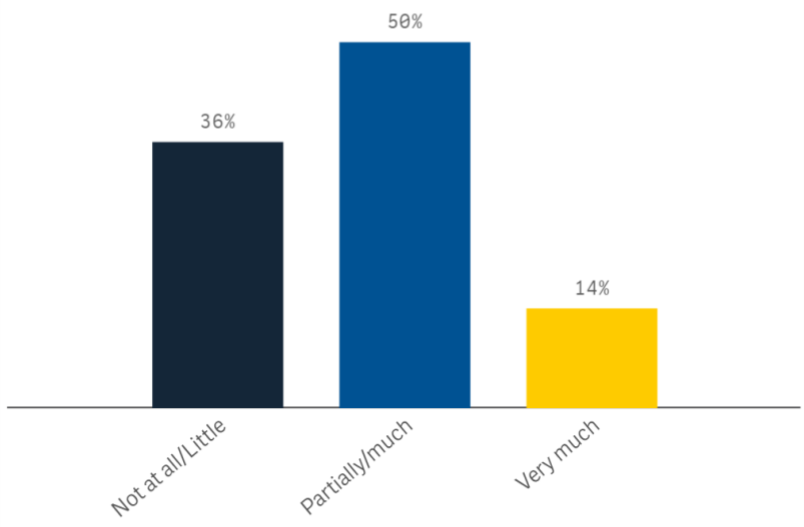
Diverging views on environmental considerations in Kenyans purchasing decisions

In the findings of the survey, 64 per cent of respondents reported that their customers take environmental considerations into account, with 14 per cent deeming the environment to have a high impact on customers when making purchasing decisions. Kenya has made some progress in promoting sustainability, with initiatives such as the 2017 ban on plastic bags and the growing adoption of eco-friendly alternatives like reusable bags, electric motorcycles, and solar energy products. However, many consumers, especially in low-income areas, still prioritise cost over sustainability. The environmental impact of climate change in Kenya has been severe, marked by increasingly extreme weather events. Prolonged droughts have caused significant agricultural losses and worsened food insecurity, while intense flooding has led to the loss of lives and the destruction of infrastructure.

Further analysis shows that 100 per cent of medium-sized companies reported their customers consider environmental aspects, compared to 70 per cent of large companies and 54 per cent of small ones. By industry, 84 per cent of industrial firms said environmental considerations significantly influence their customers, while 57 per cent of respondents in professional services reported the same. Notably, none of the consumer goods companies indicated that their customers consider environmental aspects, suggesting that sustainability currently has little to no influence in this sector. When analysed by company age, 100 per cent of mature companies and 57 per cent of newcomers said their customers consider environmental factors, compared to 50 per cent of experienced companies.

Industrial firms show the strongest alignment with environmentally aware customers, which could be due to increasing global pressure on industries to decarbonise and comply with green regulations. In contrast, consumer goods companies report no customer interest in environmental factors, indicating a potential gap in awareness or a market that remains highly price-sensitive with low demand for sustainable products.

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 22. “Don’t know/Not applicable” responses are included but not shown in the figure.
SOURCE: Business Climate Survey for Swedish companies in Kenya 2025.

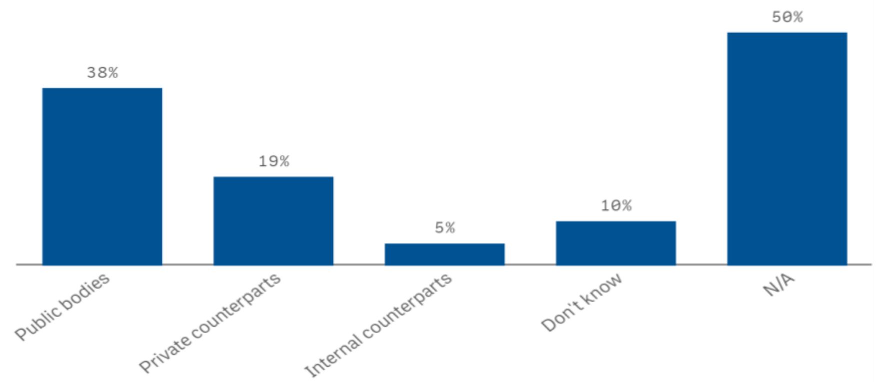
Public bodies lead in reported corruption cases by

Kenya scored 32 out of 100 on the Corruption Perceptions Index, ranking 121st out of 180 countries. Reports from the Ethics and Anti-Corruption Commission, Transparency International Kenya, and the Kenya National Audit Office highlight county governments as corruption hotspots involving practices such as bribery, nepotism, patronage, embezzlement, and mismanagement of public resources. Corruption remains deeply entrenched in Kenya’s political and public service systems, where it has become normalised in institutional operations. While Kenya has introduced anti-corruption frameworks, including relevant laws and the establishment of the Ethics and Anti-Corruption Commission implementation remains weak due to limited political will.

Survey respondents reported experiencing corruption in Kenya primarily through public institutions, with 38 per cent citing exposure via public bodies, 19 per cent through private sector counterparts, and 5 per cent internally within their organisations.

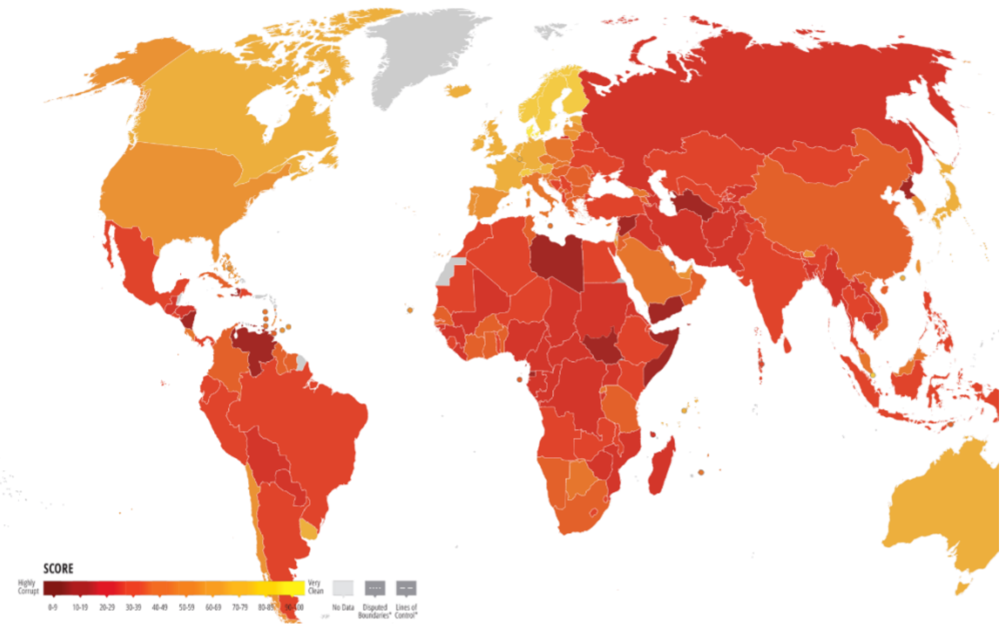
Seventy per cent of small companies reported exposure to corruption through public bodies. In contrast, 10 per cent of large companies indicated such exposure, while medium-sized companies reported no corruption experience. By sector, 100 per cent of corruption cases in the consumer goods sector originated from public institutions. In the industrial sector, 25 per cent of respondents cited exposure via public bodies. In the professional services sector, exposure was evenly split 50 per cent through public bodies and 50 per cent through private counterparts. Looking at company age, 56 per cent of experienced companies reported exposure to corruption through public bodies, followed by 43 per cent of newcomers. Mature companies reported no corruption exposure.

HAS YOUR COMPANY IN KENYA BEEN EXPOSED TO CORRUPTION SUCH AS, BUT NOT LIMITED TO, ATTEMPTS OF BRIBERY OR FRAUD IN CONTACTS WITH ANY OF THE FOLLOWING AREAS?



NOTE: The number of respondents for this question was 22. "Don't know/Not applicable" responses are included but not shown in the figure.
SOURCE: Business Climate Survey for Swedish companies in Kenya 2025.

CORRUPTION PERCEPTION INDEX 2024

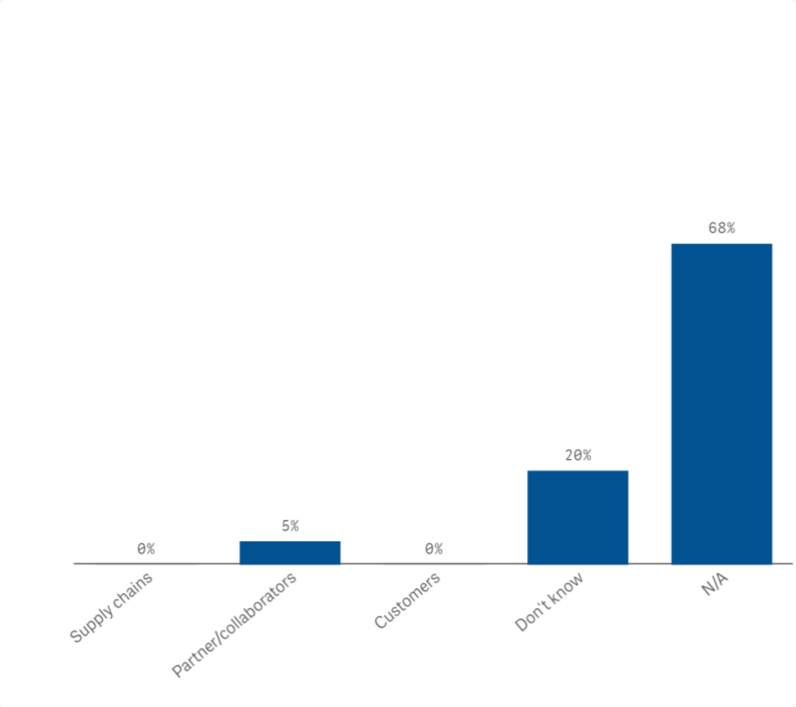


SOURCE: Transparency International.

Low perceived risk of human rights abuse by businesses

The perceived level of human rights abuse is low among Swedish companies, with only 5 per cent of respondents indicating any contact with such abuse, and even then, only through partners or collaborators. However, it is important to note that human rights abuses are a broad issue, and this result contradicts other recent reports of violations. For instance, in recent years, both local and international bodies have reported serious violations by police and security forces, including extrajudicial killings. Notably, during the June 2024 Finance Bill demonstrations, there were widespread reports of police brutality against peaceful protestors.

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 22. Don't know/Not applicable" responses are included but not shown in the figure.
SOURCE: Business Climate Survey for Swedish companies in Kenya 2025.

CONCLUSION

The 2025 Business Climate Survey, published by Team Sweden in Kenya (the Embassy of Sweden in Nairobi and Business Sweden), aims to deepen our understanding of the Swedish business experience in one of Africa's most dynamic economies. Through the valuable insights shared by participating companies, as well as in-depth qualitative inputs, we have gained a comprehensive view of the opportunities and challenges that define the current business environment.

This year's report comes at a time of both change and resilience. While Kenya continues to position itself as a commercial hub for East Africa, businesses have had to navigate a volatile macroeconomic climate characterised by fiscal pressures, shifting policies, and rising costs. These realities have tempered some perceptions of the local business environment, particularly among smaller and newer entrants, yet the long-term outlook remains largely positive.

The results of the 2025 survey reflect a cautiously optimistic business community. A majority of Swedish firms reported improved financial performance in 2024 and anticipate further growth in 2025, with increased turnover and investment plans signalling confidence in Kenya's market potential. Key sectors such as renewable energy, health, ICT, and industrial solutions continue to offer opportunities for sustainable value creation. In addition, Kenya's efforts to strengthen regional integration and its commitment to ongoing regulatory reforms are viewed as important signals for the future.

Perhaps the most important insight from this year's survey is the resilience and adaptability of Swedish companies operating in Kenya. Despite external and internal headwinds, firms continue to leverage the strength of the Swedish brand associated with innovation, quality, and sustainability to maintain relevance and competitiveness in the local market. As Team Sweden, we remain committed to supporting these efforts and fostering a robust partnership that contributes not only to business growth but also to Kenya's broader development aspirations.

We are confident that the enduring relationship between Sweden and Kenya will continue to flourish, built on mutual respect, shared values, and a common commitment to sustainable economic progress.

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