

E-mobility sector investment opportunity in Kenya



REPUBLIC OF KENYA

MINISTRY OF INVESTMENTS,
TRADE AND INDUSTRY



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Acknowledgements



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Note: The content in this report is
as of September 2025

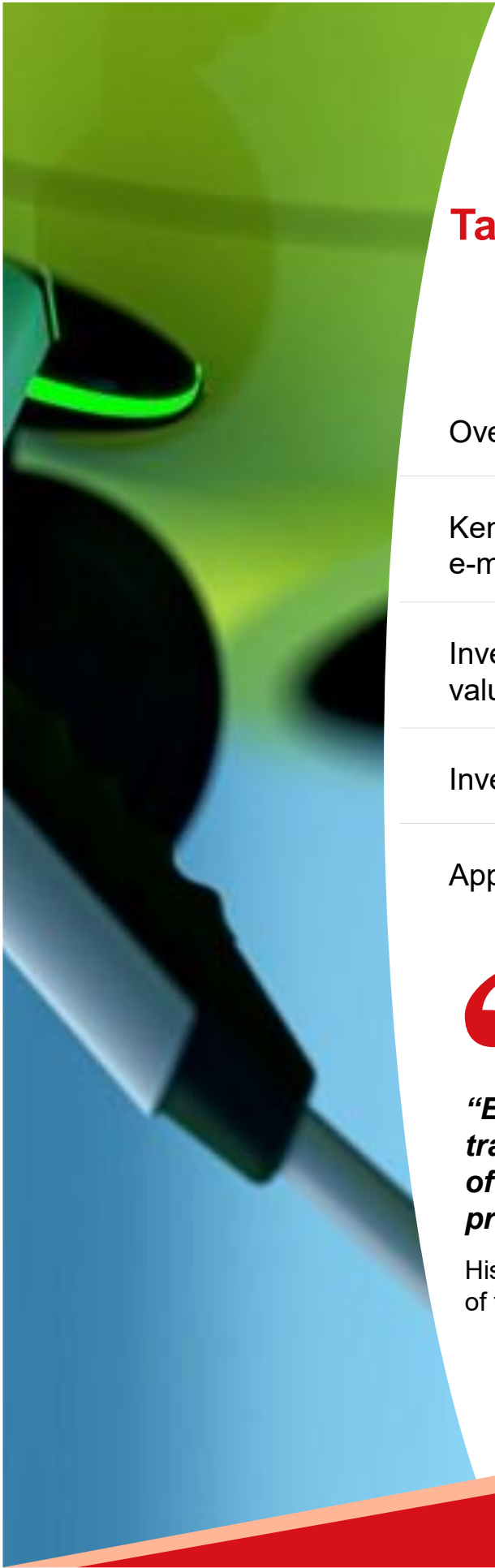


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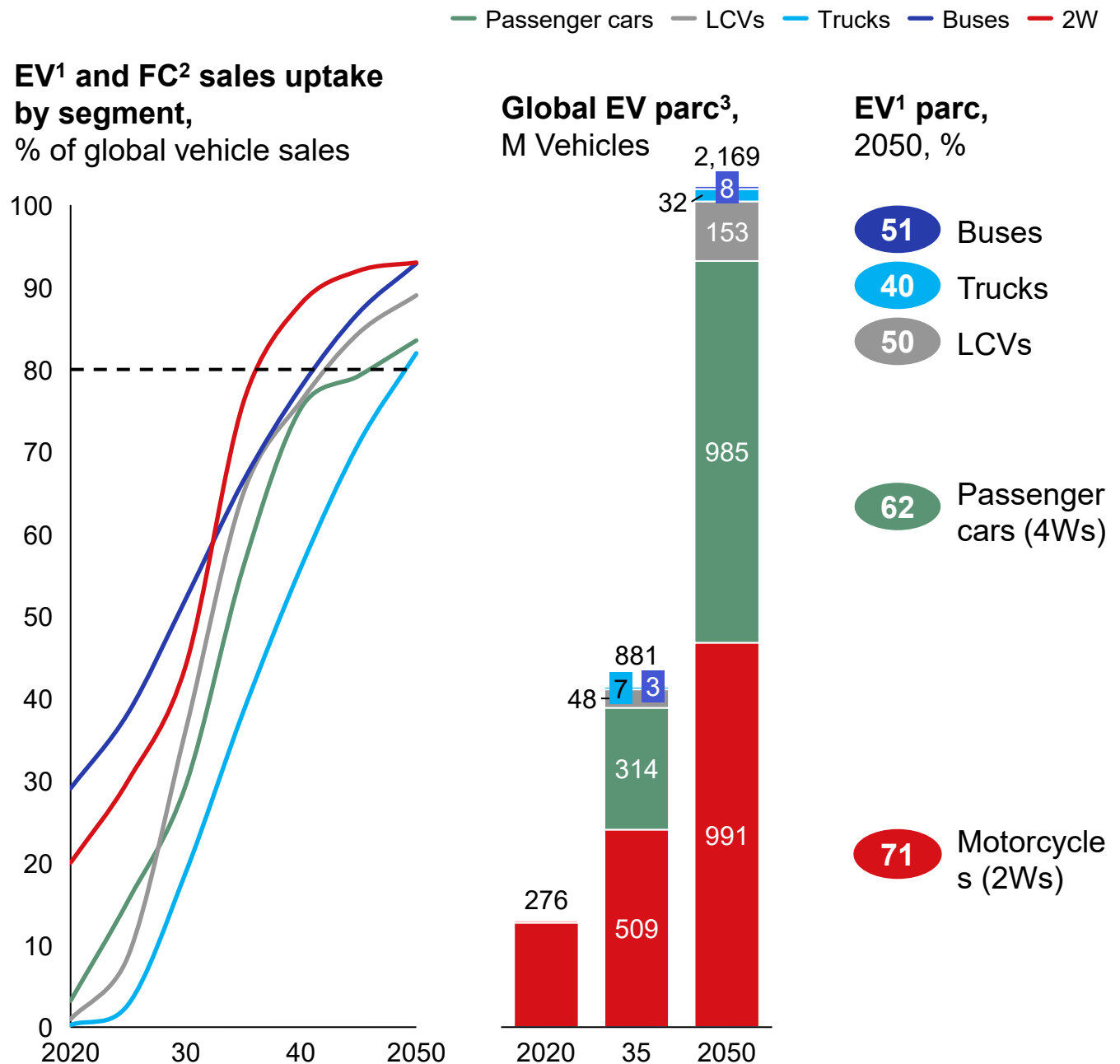
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“Electric vehicles are not just a means of transportation; they are a vital component of our strategy to build a sustainable and prosperous future for all”

His Excellency Dr. William Ruto, C.G.H., President of the Republic of Kenya

The global EV market is growing, and is projected to be >80% of all new vehicle sales by 2050



1 Electric Vehicle including Battery Electric Vehicle (BEV) + Plug-In Hybrid Electric Vehicle (PHEV); assumes that all countries maintain their electrification targets; 2. Fuel Cell; 3. Vehicle parc, also called vehicle population, details the total number of vehicles on the road at a particular moment in time, taking into account how many vehicles get scrapped over the years due to accidents, old age, lack of parts, etc. Note: China accounted for ~70% of e-buses sold and have 100% electrification for city buses

Source: Industry reports; McKinsey Center for Future Mobility (2025, [link](#))

As a result, top manufacturers are transitioning from ICE vehicles to EV production

Car sales by brand, 2023, %

Year of stopping ICE¹ production

 TOYOTA	Toyota	 11	2040 ²
 VW	Volkswagen (VW)	 6	2033 (in Europe)
HONDA	Honda	 5	2040
 Ford	Ford	 5	2030 ³
 HYUNDAI	Hyundai	 5	2040
 NISSAN	Nissan	 4	2030 (in Europe)
 SUZUKI	Suzuki	 4	2030 (20% Japan, 80% Europe, 15% India)
 KIA	Kia	 4	2040
 Chevrolet	Chevrolet	 3	2035
 BYD	BYD	 3	Fully transitioned in 2022
 BMW	BMW	 3	2030 (50% EV target)
Mercedes-Benz	Mercedes-Benz	 3	2030 (50% EV target)
 Audi	Audi	 2	2033 ⁴
TESLA	Tesla	 2	No ICE production
 RENAULT	Renault	 2	2030 (in Europe)



Key insights

- Shift in **consumer preferences for cheaper** and sustainable vehicles (e.g., EVs have lower TCOs compared to ICE)
- **Governments are also incentivising** BEV production, e.g., tax credits and rebates in the US, EU ban on ICE production by 2035
- Most brands are phasing out ICE, **slowly replacing them with hybrid vehicles as they anticipate full transition to BEVs**

¹ Internal Combustion Engine (ICE)

² Target set prior to the announcement that Japan plans to stop the sale of new gasoline-powered cars by the mid-2030s. No new target year has been stated by Toyota

³ Target has been postponed indefinitely

⁴ Target was retracted in 2025 to accommodate additional ICE production

Source: company websites

SSA ex-SA¹ presents a unique vehicle landscape, with implications for the transition to EVs

Market aspects

Insight

1 Vehicle park		2W are a common mode of personal and commercial transport (passenger taxi and delivery), accounting for 40-50% of total vehicle parc
2 Vehicle ownership		Vehicle ownership is relatively low compared to rest of the world² , with ownership limited to middle-to-high income earners
3 Used cars		Majority of 4Ws and LCVs sold in Africa are used (80%+), only 2Ws are dominantly sold new
4 Road infrastructure		Many cities experience heavy traffic and congestion
5 Electricity mix and reliability		Relatively large reliance on renewable electricity , with high electricity access in urban areas , and occasional grid reliability challenges

Implications for e-mobility

Current vehicle owners are mostly in **urban areas** and typically have **access to electricity**, which **supports EV adoption**

However, **adoption likely to be constrained** by two factors in the near-term

- **Affordability of EVs** given current car market is dominated by older, low-priced used vehicles
- **Supply of used EVs** (that might match this price point), which is likely to be low until post-2035

Over the long term, **investment** will be required to **strengthen electricity reliability and supply**

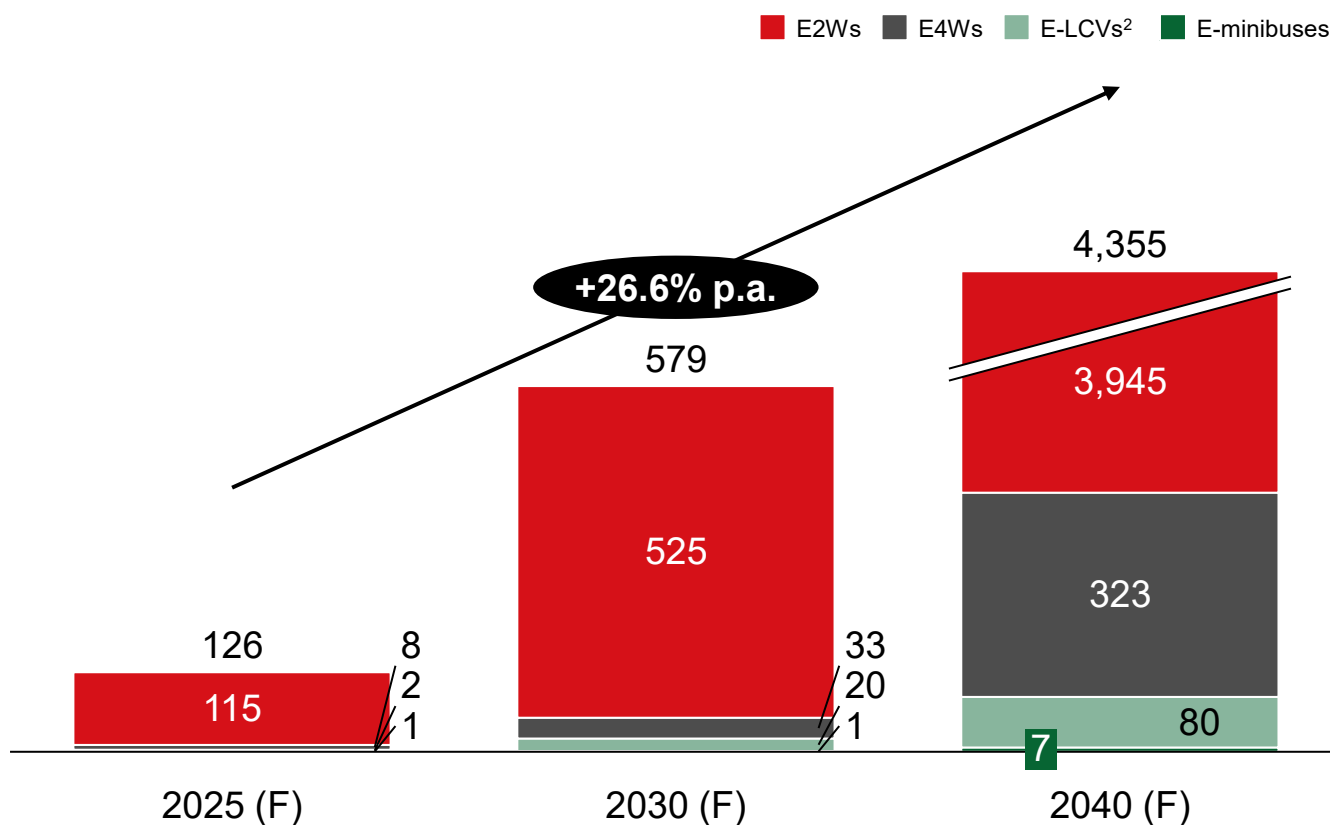
1. Sub-Saharan Africa, excluding South Africa

2. >30 per 1,000 people compared to ~80 for developing Asia and Middle East

Source: Stakeholder and expert interviews

The EV market is expected to grow by ~27% in the next 15 years across major African markets

Annual expected sales of electric vehicles by segment in 5 countries¹, units, 000



Key insights

- **Ethiopia, Kenya, Nigeria, Rwanda, Uganda** make up to 60% of EV sales in sub-Saharan Africa
- **E2Ws lead and will continue** to lead the EV market in Africa, especially for commercial purposes
- **E4Ws are forecasted to grow in 2040**; this could potentially be driven by consumer uptake, supporting infrastructure (e.g., charging) and government policies
- **E-LCVs and e-minibuses have limited uptake** but are expected to grow over time

1. The 5 countries represented include Ethiopia, Kenya, Nigeria, Rwanda and Uganda

2. Electric light commercial vehicles

Source: Shell Foundation, Financing the transition to electric vehicles in sub-Saharan Africa, 2022, Dalberg

Kenya's unique strengths strategically position it as a key regional e-mobility hub

DETAILED AHEAD

- | | |
|--|--|
| <p>1 Growing demand for EVs</p> | <p>High sales potential at 42K – 70K units sold by 2030, primarily driven by lower Total Cost of ownership (TCO) vs. ICE</p> |
| <p>2 Supporting economic indicators</p> | <p>Favourable indicators for EV adoption through key indicators, e.g., high degree of EV market activity</p> |
| <p>3 Abundant and reliable renewable energy</p> | <p>Reliable renewable energy as baseload with 93% green energy from hydro, geothermal and wind</p> |
| <p>4 Wide regional market access</p> | <p>Regional export market access, e.g., through EAC's one tariff union</p> |
| <p>5 Vibrant EV ecosystem</p> | <p>Different types of EV players along the value chain, attracting investments and partnerships</p> |

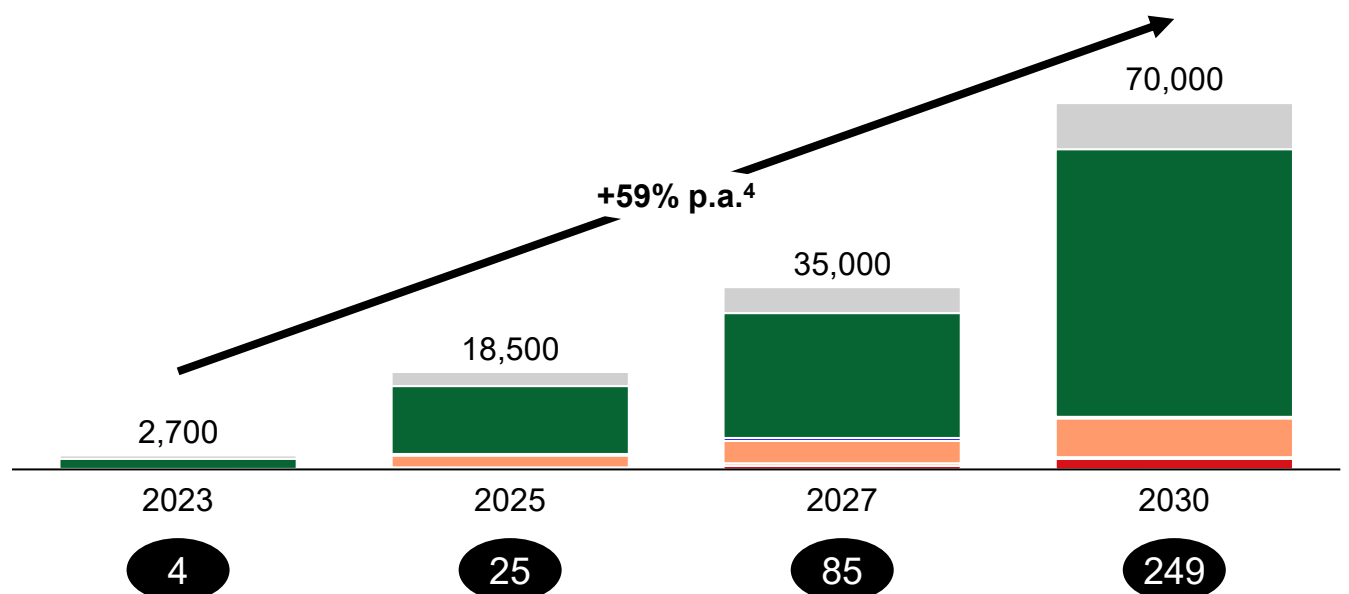


1 Strong EV demand in Kenya could accelerate local production, with the potential of establishing the country as a regional assembly center

xx EV parc, '000

E2W charge E3W BEV PHEV – Cons.² E-Bus
E2W swap BEV PHEV - GoK¹ BEV LCV

EV sales, annual, total number of units³



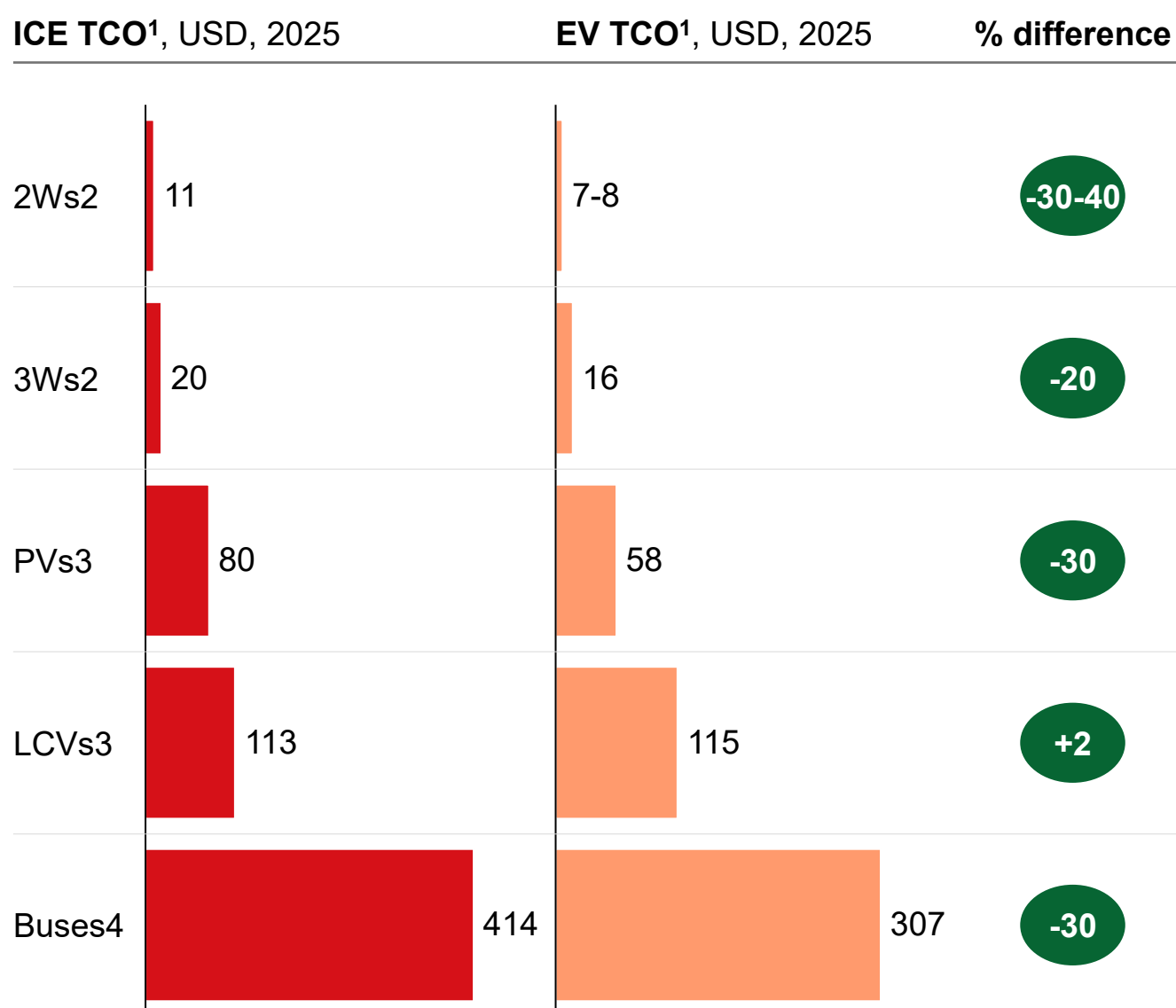
Key insights

- Kenya is **best positioned for E2Ws**, with a ready commercial market anticipating further transition
- Government interventions could drive scale up of BEV-PHEV** if government buys pure EV fleet, and could support deployment of **e-Buses** across urban fleets
- E3Ws and BEV LCVs have limited uptake out of all EVs

1. Public sector fleets
2. Consumer fleets
3. Sales scenarios aligns with "high scenarios" of FCDO EV financial model; and assumes tax exemptions across all tax categories-import duty, VAT and excise duties for first 3 years and revert to current rates after
4. Compounded Annual Growth Rate (CAGR)

1 Lower total ownership costs could drive rapid adoption of Kenyan-made EVs over ICE models

Total cost of ownership (TCO) in Kenya¹, USD 000, 2025



1 TCO analysis assumes current/existing EV policy measures are applied (i.e., it is the low-case policy scenario)

2 Across useful life of 5 years, EV TCO includes swap and charge

3 Across useful life of 10 years

4 Across useful life of 8 years – aligned with the expected lifetime of an E-bus battery

Source: E-mobility taskforce (date accessed: 20 June 2024)

2 Kenya has an edge over peers with favorable economic indicators for EV production

As of 2024

■ Beneficial for EV adoption ■ Moderately beneficial for EV adoption ■ Slightly unfavourable for EV adoption

	Electricity supply reliability ¹ (0-8)	Electricity price (industry tariffs) ² \$/kWh	Age restriction for used imports Years	Presence of automotive assembly/ manufacturing	Degree of EV market activity	Electrification target
 Kenya	5	0.06 - 0.12	8	Yes	High	Aim for 5% of all imported vehicles to be electric in 2025 ³
 Rwanda	6	0.08 - 0.1	None	Yes	High	9% of vehicles to be electric with 20% being buses by 2030
 Uganda	4	0.08 - 0.12	15	Yes	Medium	N/A
 Nigeria	0	0.03 - 0.13	15	Yes	Medium	Complete EV adoption by 2060
 Ethiopia	0	0.007 - 0.02	8	Yes	High	2024 ban on importing ICE vehicles

1 Latest data as of 2020, Reliability of supply and transparency of tariff index

2 E-mobility electricity tariff prices applied for Rwanda and Kenya (KES 16 in peak hours); industrial tariffs applied for the rest of the countries that have not implemented e-mobility tariffs

3 National Energy Efficiency and Conservation Strategy (2020)

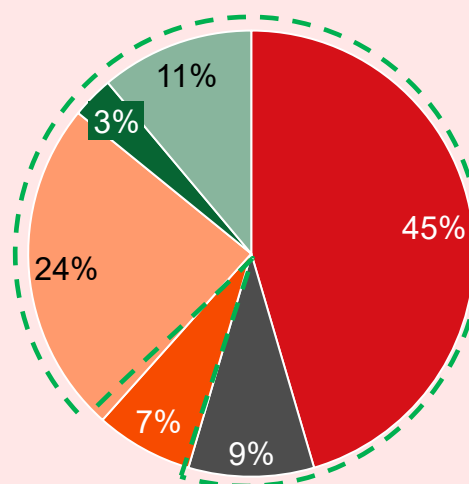
Source: World Bank, ICCT, UNECE, Global Petrol Prices, Africa E-mobility Alliance

3 Kenya's 93% renewable energy mix offers a sustainable power base for EV production and use with a 100% goal by 2030

Consumed as of 2024,
GWh

Renewable Geothermal Wind Thermal Hydro Solar Imports

Total = 13,658 GWh
Renewable energy = ~93%¹



Kenya has significant installed renewable capacity

Geo-thermal

- Current installed capacity is **940 MW**, i.e., <10% of projected potential
- **258 MW commissioned by KenGen in the last 5 years** in Olkaria I and V geothermal power plants
- **Kenya is projected to have the potential to produce 10,000 MW** of geothermal power from the Rift Valley Basin²

Wind

- Current installed capacity is **436 MW** – <15% of projected potential
- The United Nations Environment Programme (UNEP) estimates **Kenya's wind capacity could be as high as 3,000 MW**

Solar

- Current installed capacity is **210 MW**
- Annual market in Kenya for solar PV panels estimated at 500 kW and projected to **grow at 15% annually**³

Hydro

- Current installed capacity is **838 MW**

1. Breakdown is based on national generation data by energy source as of June 20-22, 2025; as reported by EPRA

2. According to the IMF publication on Kenya's geothermal potential

3. According to USAID publication on Kenya's power sector development

Source: EPRA; Kenya Power, KenGen Annual Report 2023; IMF Country Case 2022; USAID Kenya Power Sector Report (2015)

4 Kenya's EAC membership provides wide regional market access and enables significant scaling opportunities for local EV production



Duty-Free Intra-EAC Trade

Zero tariffs on industrial products such as EV batteries, charging equipment, or assembly parts



Preferential market access

Common External Tariff (CET)¹ **imposes higher tariffs (10-35%) on non-EAC countries** incentivising buyers to source from Kenya



Reduced non-tariff barriers (NTBs)

Removal of non-tariff barriers (e.g., arbitrary inspections), **expediting cross-border EV supply chains**

1. Rwanda has zero import duties on EVs, Kenya and Uganda have 25% import duty on EVs

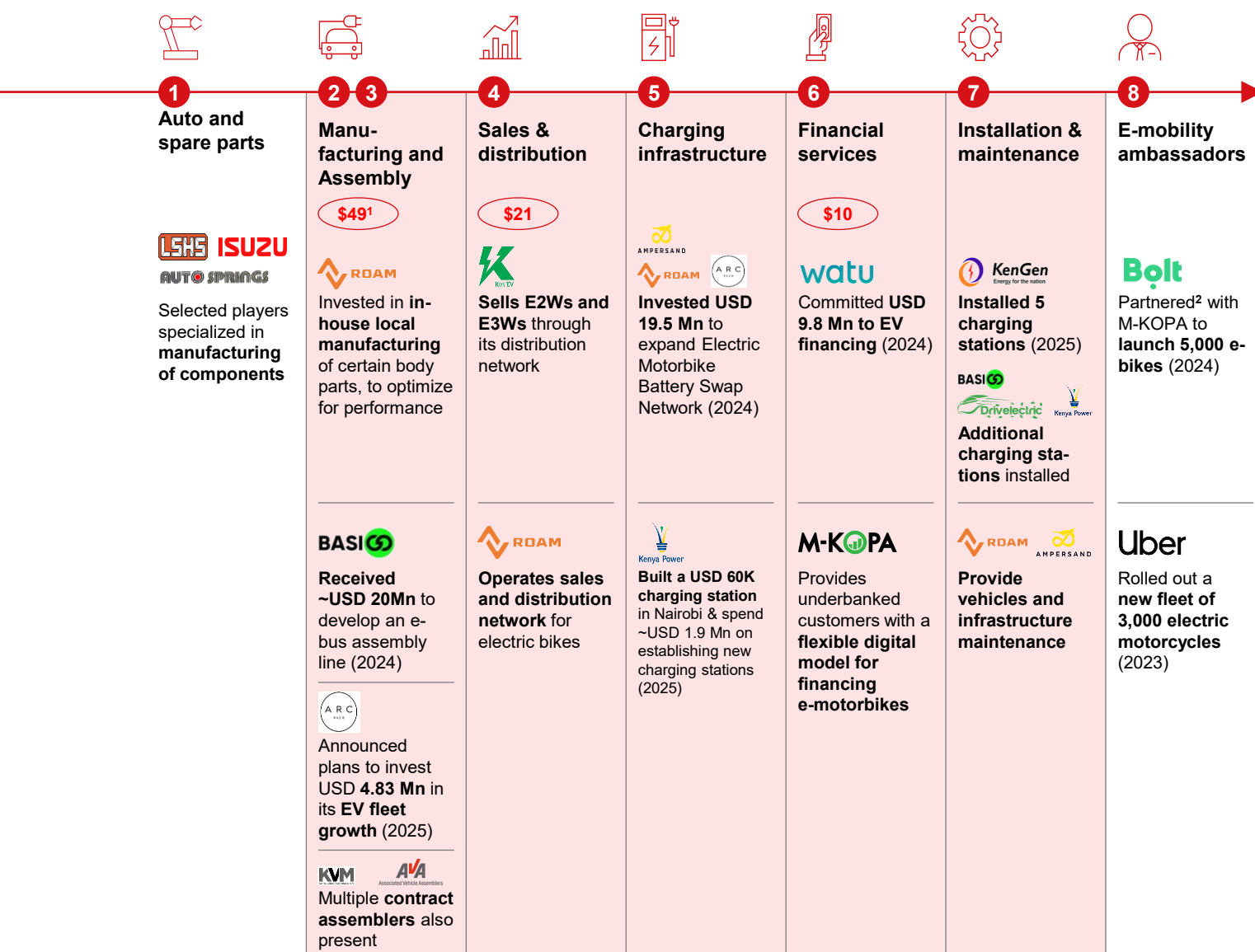
5 Across the e-mobility value chain, Kenya offers a vibrant ecosystem, with partnership and scale-up opportunities

#1 and #2 are medium to long-term investment opportunities, while others in the supply chain are immediate

NOT EXHAUSTIVE, SELECT INVESTMENTS - PLANNED AND EXISTING

X E2W + E4W + E-Bus + LCVs investments in USD Mn, rounded

Detailed next



1. Amounts represent selected investment announcements and are not exhaustive

2. Bolts investment is based on a proportion of M-KOPA's total 250 million USD investment, this number was left out as Bolts exact investment could not be determined

5 There are numerous success stories in the e-mobility sector in Kenya: Roam Electric



A Nairobi-based electric mobility company, which **designs, assembles and delivers** electric mobility solutions which are made for the regional market

Roam's core offering includes **electric motorcycles¹, buses, charging and after sales services**, and a **Telemetry** platform



Facility size

10,000 sqm, currently expanding from **100 to 1,000** vehicles per month

53+ parts made locally for motorcycles

227 full time employees, **~40%** female, **97%** East Africa Nationality

Aiming to mitigate **2.2M tons** of CO₂ cumulatively by 2023²

How Kenya supported Roam's expansion



Early Engagement & Advocacy: As Chair of the EV subsector at KAM, Roam co-developed key policies (e.g., Legal Notices 112 & 84) supporting local manufacturing and reduced import tariffs



Operational & Regulatory Support: Working closely with NTSA, KRA, and KEBS to streamline registrations and standards, boosting efficiency and scalability



International Collaboration & Visibility: Special Climate Envoy Amb Ali Mohamed and H.E. President Ruto opened Roam Park, the largest EV facility in East Africa



Carbon Market Opportunities: Bilateral deals with countries like Switzerland and Sweden open access to high-value compliance carbon credits for Kenyan green industries



Working closely with the Government of Kenya has been instrumental in our journey, significantly accelerating our growth and enabling substantial market impact. Kenya offers a **dynamic and thriving innovation ecosystem**, uniquely combining **talent, investment, and industry engagement** to accelerate business growth

Hans Van Toor,
Strategy & Innovation Lead



1. Locally referred to as boda-bodas

2. Roam's internal projection, pending third-party validation

Source: Company interviews

5 There are numerous success stories in the e-mobility sector in Kenya: BasiGo



E-mobility company bringing the future of clean, electric public transport through **affordable, locally assembled electric buses** and innovative **pay-as-you-drive financing**



100+ employees, with the ambition to generate 300+ jobs as operations scale

76 buses, **29** charging stations deployed to date

2,108+ tons of CO₂ emissions avoided, carried more than 7.5 million passengers, and driven over 4.5 million kilometers¹

How Kenya supported Roam's expansion



Early engagement with the Ministry of Investment, Trade and Industry and the Kenya Vehicle Manufacturing (KVM) assembly plant in Thika

Other key collaborations



Kenya Power – Collaborated on grid-readiness and charging infrastructure planning



EPRA – Helped define charging tariffs and regulatory standards for electric mobility



NTSA – Ensured electric buses meet national safety and compliance requirements



KRA – Supported local assembly through tax guidance and proper classification of EV components

“Kenya offers a **compelling entry point into East Africa**, combining a **dynamic entrepreneurial ecosystem** with a **strong policy push** for innovation and sustainability. The market is young, tech-savvy, and increasingly urban, creating **genuine demand for solutions in e-mobility**”

Moses Nderitu
MD Kenya and group CRO

Source: Company interviews

5 There are numerous success stories in the e-mobility sector in Kenya: M-KOPA

M-KOPA

Launched in 2022, M-KOPA provides underbanked customers with a flexible digital model for financing e-motorbikes, including life insurance, medical cover, income protection, free returns and charging vouchers



3,000+

e-bikes financed since 2022

~30%

lower daily cost incurred by e-bike users

2,000+

employees and 30,000+ agents

How Kenya supported M-KOPA's expansion



CAK – supported with licensing



KEBS – provided product certification



NTSA – provided authorization as a dealer



CBK – supported with licensing as a digital credit provider



ODPC – supported with registration

“Kenya isn't just piloting electric mobility, we're living it. When forward-looking policy meets pay-as-you-go finance, clean transport moves fast. With local assembly lines humming and home-grown tech talent in place, Kenya is the launchpad for Africa's next generation of electric vehicles and proof that growth can be both inclusive and green.”

Brian Njao,
General Manager – Mobility, M-KOPA

1. As of June 2025

Source: Company interviews

Kenya offers investors a variety of opportunities



**Stable economy and
leading vibrant
democracy**

6th

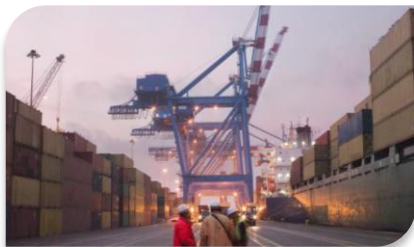
largest
economy
in Africa



**Leading Africa's green
transition**

~93%

renewable
energy at
competitive
rates



**Logistics and innovation
hub of the region**

4

international
airports

2

seaports



**Young, trainable, and
productive workforce**

>80%

literacy rate



**Robust digital and tech
ecosystem aligned with
EU regulations**

50+

active
tech hubs
countrywide



**Incentives for
investment
and investor protection**

100%

repatriation
of profits or
interests

Note: As of July 2025

Source: IMF 2024, Kenya Ports Authority 2025, Genesis Analytics 2024, KenGen, World Bank 2023, Kenya Investment Authority 2025

Kenya has received endorsements

Kenya is rated...

Number 1



Greatest investment momentum in Africa in 2024¹



Funding to start-ups in Africa (~ \$638M in 2024)²



Greenfield projects in East Africa in 2023³

Number 3



On Ease of Doing Business in sub-Saharan Africa⁴



Women's financial and economic inclusion in Africa⁵



Fastest-growing economy in Africa in 2023⁶

1. fDi Intelligence 2024

2. Africa: The Big Deal Report 2024

3. UNCTAD

4. World Bank 2020 2023

5. African Center for Economic Transformation

6. World Bank 2023

Note: As of September 2025

EV production presents significant opportunities across the value chain, with strong ESG returns

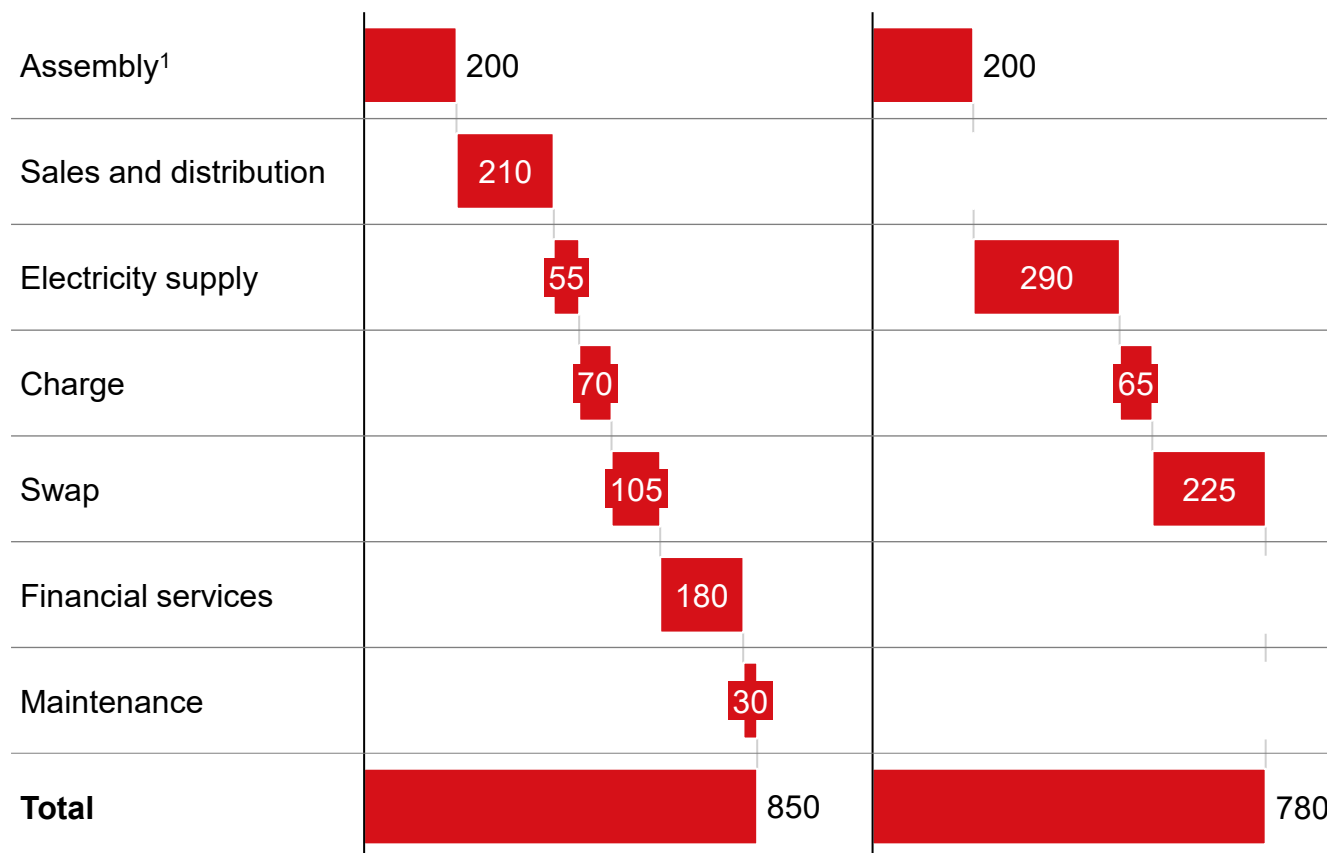
X Detail ahead XX High scenario ■ Additional value from more incentives

1

Opportunities across the EV value chain

2030 revenue pool, USD Mn

2025-30 Investment required², USD Mn



The EV revenue pool could grow...

From ~USD
45-80Mn
in 2025³...



... to ~USD
~850Mn
by 2030

Associated ESG returns

2

~1.5 Mt
CO₂e avoided
emissions

3

~100K
Direct and indirect
jobs in the sector

- Revenue from sales and distribution are estimated assuming it includes the cost of purchase from assembly, so at an integrated value chain level we would only see revenue from the sales segment onwards (hence figures from Manufacturing/assembly and Sales/distribution are better understood in aggregate); Rounded numbers;
- Only includes CAPEX;
- Rounded figures. The lower bound assumes minimum sales of 9,000 E2W in 2025 (and total parc of 15,000 E2W), associated with a revenue pool of ~21Mn across manufacturing, assembly, sales and swapping (~60% of revenue) + additional ~15Mn across other stages in the value chain (remaining ~40% of revenue) = USD ~36Mn. The upper limit assumes 2X sales in E2W and other vehicle segments, as per page 11.

1. Revenue potential and investment opportunity are greatest in E2W and bus assembly and charging

INVESTMENT OPPORTUNITIES WITHIN THE VALUE CHAIN

E2W E3W PV Bus LCV

Low scenario numbers

EV value chain **2030 revenue pool (USD Mn)** **2025-30 Investment required (USD, Mn)**



Assembly presents a more **immediate opportunity**, while **manufacturing** demands scale, specialized labor and a well-developed ecosystem; *detailed in appendix*

Total 850 780

Margin and IRR²

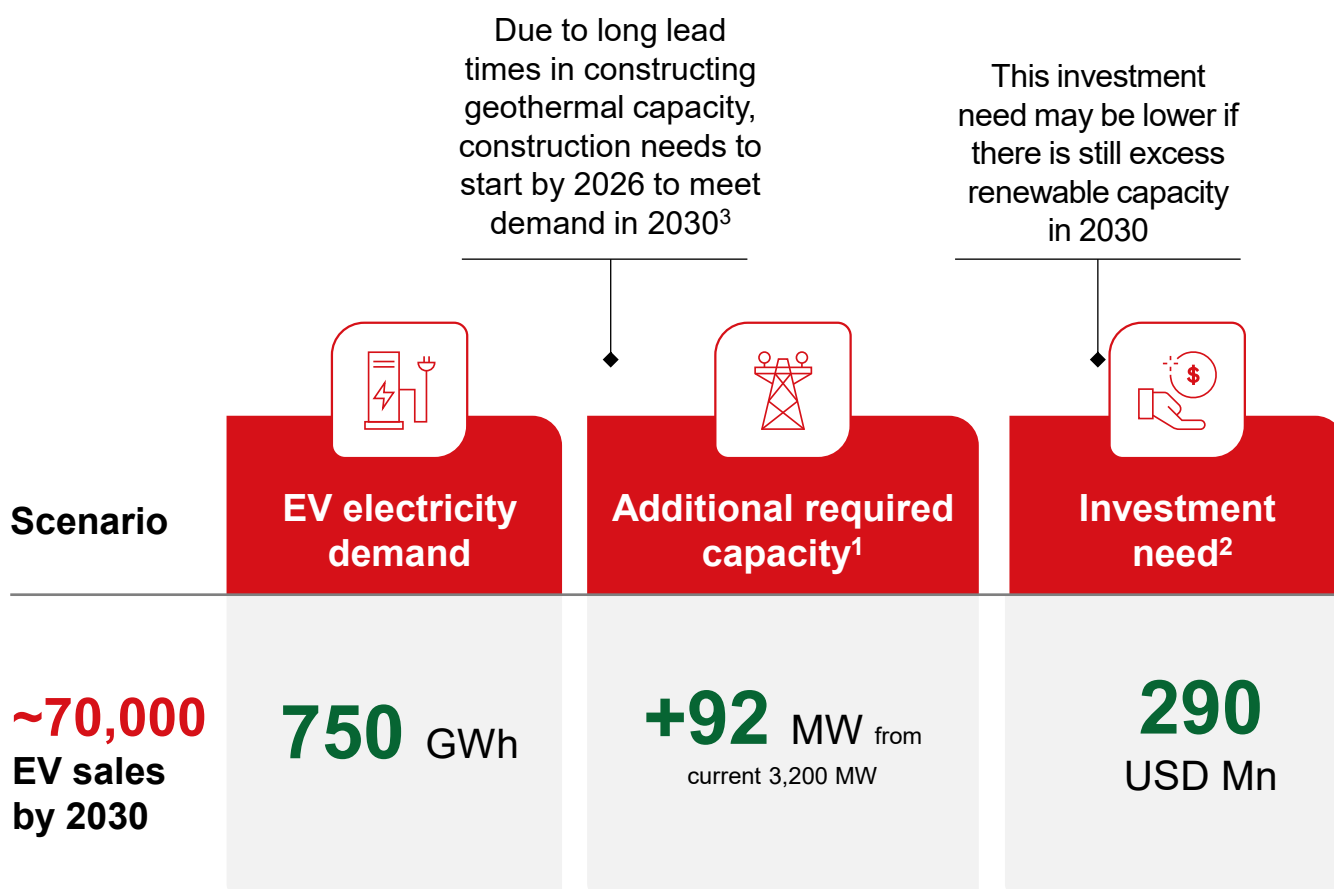
10-20%
net income
margin in year 5

~20%
IRR after
10 years³

1. Including charge and swap
2. Margin and IRR figures calculated for E2W investment case across manufacturing/assembly, sales and distribution, charging infrastructure and financial services
3. Assumes a "best case" or aggressive scenario. Under a moderate scenario, IRR is estimated at 10%

1. Meeting EV electricity demand presents a ~USD 130–290 Mn investment opportunity in power generation by 2030

Electricity requirements of EVs by 2030



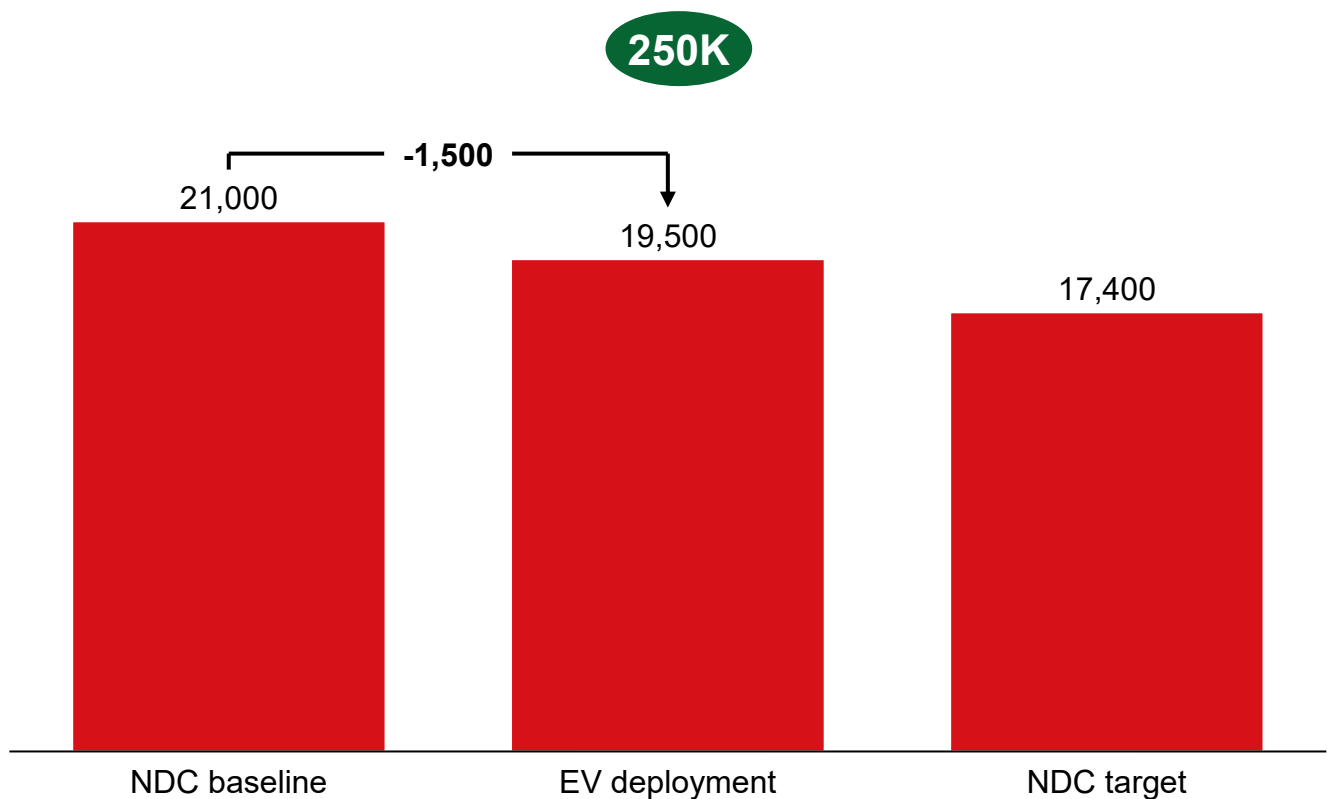
1. Assuming an availability rate of 93% based on average availability in Kenya's Olkaria geothermal power plant. If regulations change, it is possible that some of this demand can be fulfilled using cheaper electricity imports from neighbouring countries
2. Assuming an investment need of USD 2,900-3,100/kW of geothermal electricity
3. Assuming development on already existing geothermal wells, otherwise development takes up to 7 years

2. Scaling Kenya's EV fleet to 250K by 2030 could avoid ~1.5 MtCO₂e in emissions

Electricity requirements of EVs by 2030

 Total EV parc

Total emissions 2030, 000 tonnes CO₂e



Key insights

An EV **parc** of ~**250K** by 2030 is projected to **reduce emissions by 1.5MtCO₂e** relative to the NDC baseline – ~40% of the sector's 3.46MtCO₂e reduction target for 2030

EV adoption will reduce pollution from combustion of petrol and diesel, improving air quality and reducing related health issues

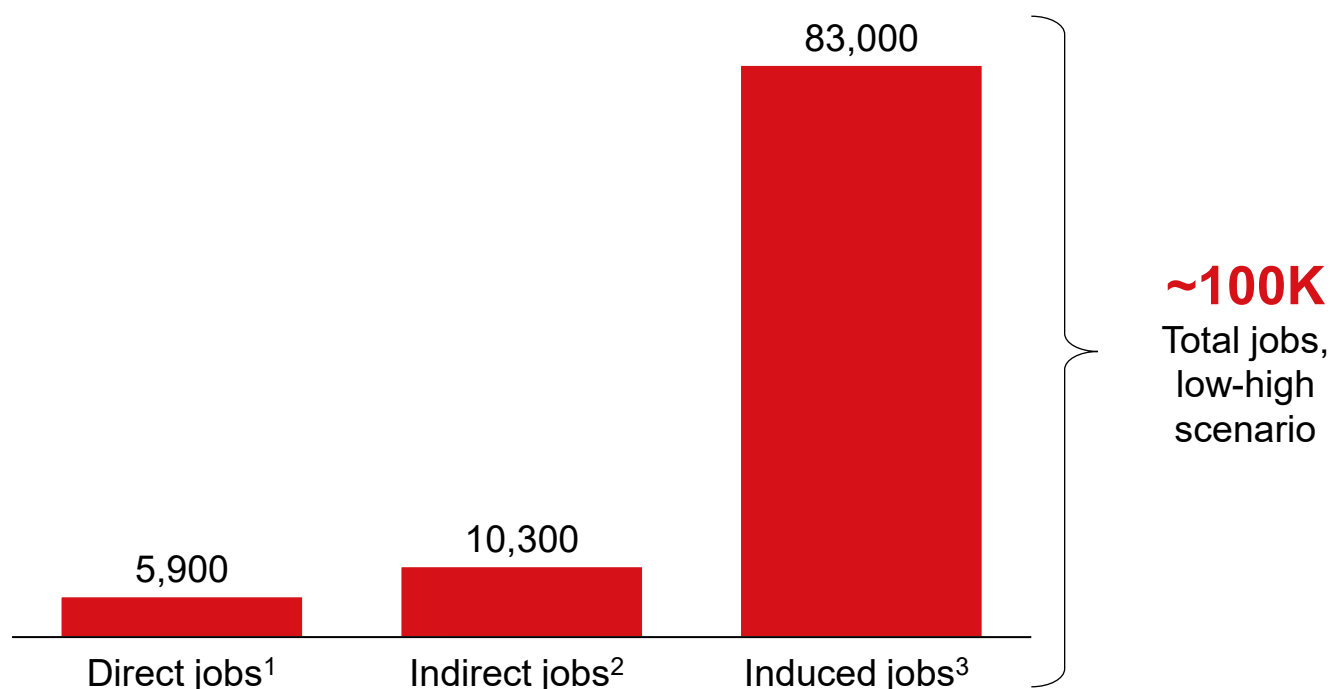
1 Nationally Determined Contributions

Source: EPRA, EMAK, EPA, Transport Sector Climate Change Annual Report (GIZ), IQ Air, Greenhouse gas emissions from the transport sector (GIZ TraCS)

3 Additionally, the shift to EVs could generate close to 100k jobs by 2030

Electricity requirements of EVs by 2030

Jobs created across the EV sector, lower and upper bound in 2030



Key insights

The EV sector is projected to generate up to **~100K jobs by 2030**, depending on government incentives in place

Charging and assembly are expected to create the most jobs along the EV value chain in the short term

However, the growth of the industry is expected to drive **increased manufacturing activity**, creating **higher-value jobs** that require more specialized and skilled labor

1. Direct jobs refer to the impacts generated in the tier-1 direct suppliers of the impacted sector; Average multiplier: ~7.5 jobs/\$Mn investment

2. Refers to impacts generated in tier-2 to tier-nth impacts, that is, suppliers of suppliers; Average multiplier: ~13 jobs/\$Mn investment

3. Impacts generated due to increased household spending by the employees in the supply chain. Average multiplier: ~104 jobs/\$Mn investment

Source: Industry analysis

There are 3 critical enablers for investment in Kenya's e-mobility sector

- 1 Policies supporting the EV industry**

Green-focused strategies create a supportive framework for accelerating EV adoption

Targeted EV policies ranging from higher excise duties on ICE vehicles (2018) to the proposed National E-mobility policy (2024)
- 2 Sector-specific incentives**

Combination of fiscal and non-fiscal incentives, e.g., zero-rated VAT on EVs and quality and safety standards for imports
- 3 Special Economic Zones**

Naivasha Special Economic Zone (1,000 acres) and **Tatu City** (5,000 acres) provide efficient and cost-effective access to geothermal power and other key infrastructure



1. Proactive green economy and EV strategies in Kenya create a supportive investment climate

Kenya's strategies and policies relating to green and EVs

NOT EXHAUSTIVE



National Energy Efficiency and Conservation Strategy Increase uptake of EVs to 5% of all imported vehicles annually by 2025



Green Economy Strategy and Implementation Plan (GESIP) Increase resource efficiency in manufacturing



National Climate Change Action Plan (NCCAP): outlines the adoption of E-Mobility as a Priority Transport Action



Updated Nationally Determined Contribution (NDC) Commits to 32% reduction in CO₂e emissions by 2030 relative to business-as-usual scenario



Kenya Vision Launch environment-related projects including forest and river rehabilitation, wildlife conservation and water management



National e-mobility policy Outlines comprehensive framework to shift from ICE to EVs (pending Cabinet approval)

Source: GoK strategies and policies

1 There has been a positive journey in Kenya towards promoting EV adoption

NOT EXHAUSTIVE

Policies in place that support local EV assembly

2018		Increased excise duty on petrol- and diesel-powered engine motor vehicles
2019		Collaborative pilot programme for 50 E2Ws (Kenya Power, Kisumu County, UNEP, TAILG, Powerhive, Friends of Karura Forest)
2020		Locally-assembled motor vehicles are excluded from excise duty
2021		Kenya Power announced plans to build a nationwide network of public EV charging points
		KEBS established dedicated committee (KEBS TC 199 Electric Mobility) mandated to develop e-mobility standards
2022		National Automotive policy – Sessional Paper no.1 of 2022
2023		Kenya Finance Act: zero rated VAT and exempted excise duty on electric bicycles, motorcycles, buses, and lithium-ion batteries
		Establishment of the E-Mobility Taskforce to develop National Electric Mobility Policy, Strategy and Regulations
2024		Building Code 2024 mandates that all commercial buildings must incorporate EV charging infrastructure, and KPLC Introduced new EV Power Tariff
		The carbon market legal framework - under Climate Change Act and the Carbon Markets Regulations – provides the opportunity for E-mobility carbon projects from charging
		Legal notice 84 and 112 – tax procedures for unassembled motor vehicles and trailers, and motorcycles, respectively (reviewed to incorporate electric mobility)
2025		National e-mobility policy: comprehensive framework to shift from ICE to EVs (<i>pending Cabinet approval</i>); Automotive bill (2023), <i>currently under discussion</i>

1. Both KenGen and Kenya Power have commissioned and operationalised public charging stations in Nairobi, Nakuru, Kisumu etc

Source: GoK strategies and policies

2 Incentives in place to promote EV adoption

Dimensions	Initiative	Incentive options in place/ proposed
 Comprehensive and flexible framework	① Bans/phase-out plans for ICE vehicles	✓ 8-year car age limit (Provided for within KS 1515)
	② Taxation	✓ Excise duty reduced to 0% for EVs (E2W, e-buses) and Lithium-Ion batteries; Zero-rated for VAT E2W (bicycles and motorcycles), e-buses and Lithium-Ion batteries ¹ ; Zero import duty on Lithium-Ion batteries
 Fiscal and non-fiscal incentives	③ Subsidies/ subsidy removal	✓ “E-mobility” tariff by Kenya Power reduced vs general domestic tariff (KES 16/KES 8 per kWh in peak/off-peak times up to 15K kWh monthly)
	④ Local manufacturing incentives	✓ Duty remission for component manufacturers, e.g., seats
 Local manufacturing, assembly and infrastructure capacity	⑤ Local assembly incentives	✓ Locally assembled EVs and E2Ws exempt from 20% excise duty and 25% import duty² ; Select components imported as part of CKD enjoy the privileges accorded to CDK status ³
		✓ Enhanced tax incentives proportional to the level of local value addition through assembly – e.g., more favorable incentives for KD3 assembly vs. KD1 – <i>detailed in annex</i>
	⑥ Infrastructure guidelines	✓ EPRA ⁴ released guidelines for EV charging and battery swapping infrastructure (2023) and regulates power tariffs
 Quality and assurance	⑦ Safety standards	✓ Standards by KEBS ⁵ covering specifications and testing procedures for safety aspects
	⑧ End-of-life/ E-waste standards	✓ Extended producer responsibility for e-waste streams
Exports	⑨ Export incentives	✓ Multiple incentives facilitating exports , including corporate and withholding tax holidays, import duty and VAT exceptions, investment deduction, custom facilitation, etc.

1. Based on 2023 Finance Act; 2. Current import duty 35% applicable for 1 year for 4-wheelers; 3. Local sourcing mandated for 21 components for 4 wheelers, 14 for 2 wheelers (9 applicable for E2W); 4. Energy and Petroleum Regulatory Authority; 5. Kenya Bureau of Standards

Source: IEA, EPRA, KIPPRA, Draft National e-mobility policy

3 Special Economic Zones in Kenya provide critical infrastructure supporting the e-mobility sector



Naivasha Special Economic Zone (SEZ), Nakuru County

~70 km from Nairobi, Kenya's Capital

1,000-acre multi-sector industrial hub supporting manufacturing

90MW installed capacity, home to **TAD Motors** – establishing an **EV assembly plant** within the zone

Uniform electricity tariffs of KES 10 per kWh alongside government incentives

“ ”

Naivasha SEZ will be a game-changer in the region. We encourage local investors, SMEs, to take advantage of this opportunity and apply for space at the SEZ

Hon. Lee Kinyanjui,
Cabinet Secretary MITI



Tatu City (SEZ), Kiambu

<20 km from Nairobi, Kenya's Capital

5,000-acre mixed-use SEZ with **attractive incentives** including zero-rated VAT and withholding tax relief

World-class infrastructure providing reliable power, water, transport links, and ICT connectivity

Growing E-mobility and related **ecosystem**

“ ”

Tatu City's uptime is currently above 99%, given an unprecedented private investment in East Africa

Alex Kahu, Head of Utilities at Tatu City

Source: EPZA, SEZA

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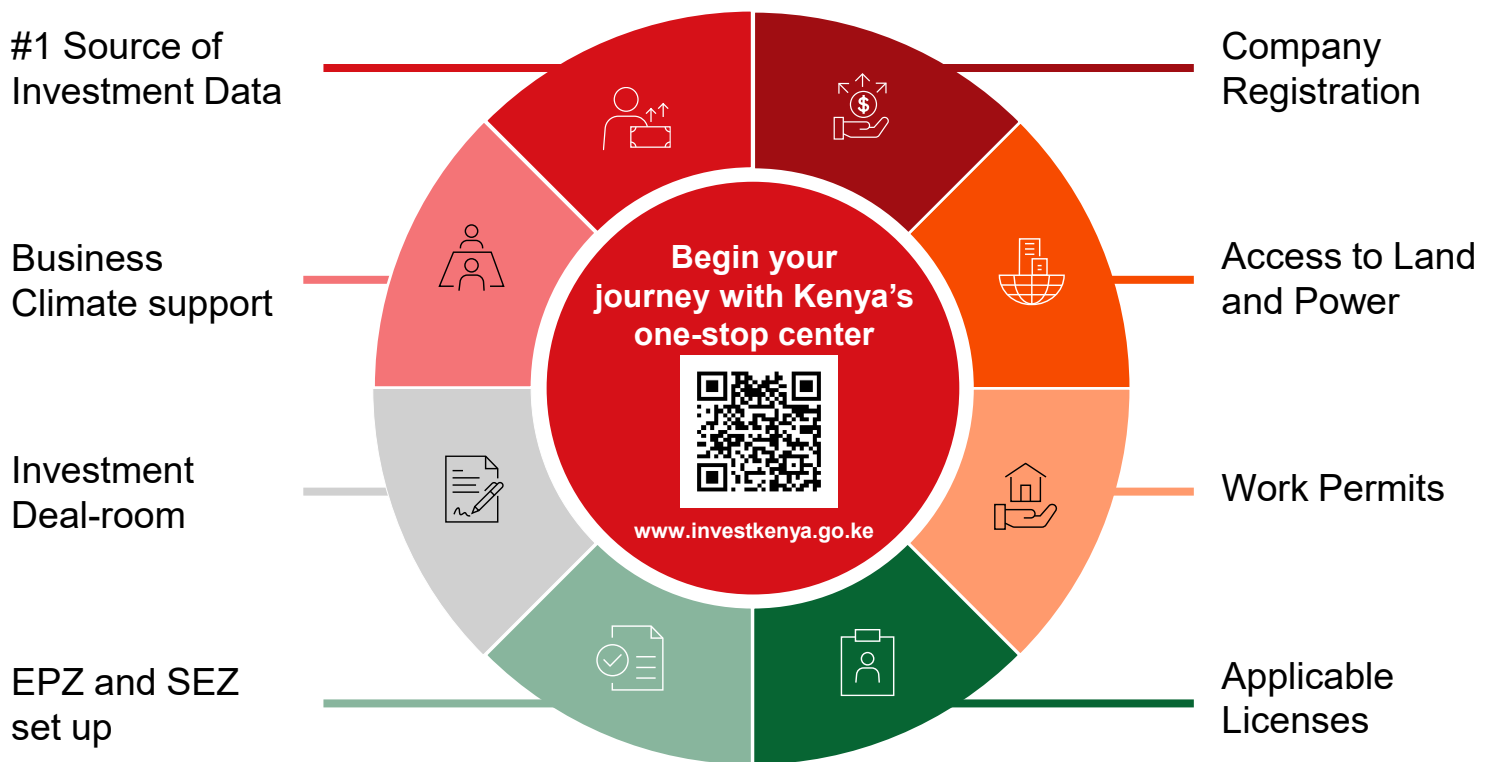
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Appendix

CKD and disaggregated assembly present short-term opportunities in Kenya, relative to manufacturing, which requires substantial scale

Short-term opportunity offering the greatest estimated cost savings for mid-sized market participants

Localization stages	Description	Typical scale, units per year	Considerations
SKD	Components partially assembled by overseas supplier; final assembly locally	<500	Increased dependency on SKD exporter
CKD	Full assembly happens locally	>500-10,000	- Optimized shipping space/cost - Increased complexity in assembly (machinery, processes)
Disaggregated assembly , with minimum local production	Components procured by local assembler; assembly happens locally Disaggregation can be partial (e.g., only battery is assembled, rest is CKD); or full	>10,000-50,000	CAPEX intensive Technical expertise/specialized labor Procurement and inventory optimization - Localization dependent on component category: Build-to-print components, highly customized parts, requiring releasing access to design and strong local manufacturing ecosystem Proprietary/complex parts: highly specialized components produced at scale
Partial manufacturing , with substantial local production	Some components procured, others manufactured by the local player	>100,000	Typical large-scale in-house manufacturing includes welding of body parts into the final body, painting, and assembly

Key insights



For smaller players (<10k units), disaggregated assembly or partial manufacturing usually only happens due to one of the following reasons: vehicle performance modifications (requires in-house engineering), ensuring IP protection of any unique specs, accessing tax exemptions

Source: Expert input based on Indian market experience, cost estimates based on illustrative 2/3W player in East Africa

Current 2W regulation enforces local sourcing of components, with existing suppliers able to scale production for E2W

Example for 2W

Details follow

Category	Component	Relevant to E2W	Examples of existing supplier in Kenya	
Components required to be sourced locally under current regulation ¹ 	Non-structural metal parts e.g., main and kick stands, crash guards, handle-bar, footrest, brakes rod or stopper, headlight stay, may stay or bar-step			Kenya is the only African country having enforced a regulation¹ on motorcycle assembly, offering a 0% CKD² excise duty if specified components are locally sourced, compared to 25% if they are not. As a result, 100% of specified components are effectively sourced locally Cost competitiveness with imports is not a consideration, as local sourcing is mandatory given the regulation Suppliers operate at ~36% capacity on average, leaving room to scale production for new E2W entrants
	Wiring harness			
	Seats			
	Battery and battery liquid, acid or fluid – related to traditional batteries, not specific electric vehicles' batteries			
	Air cleaner filter			
Additional components with localization potential 	Tires		NA	Deep-dive on opportunity on next page
	Shock absorbers		NA	
	Plastic components		NA	
	Rubber components		NA	
	Chassis frame		NA	
	Battery pack		NA	

1. The Tax Procedures (Unassembled Motorcycles) Regulations (Legal Notice 112 of 2020), 2. Completely Knocked Down (CKD) kits

Source: The Tax Procedures (Unassembled Motorcycles) Regulations (Legal Notice 112 of 2020), Sessional Paper 1 of 2022 on National Automotive Policy – February 2022, Interviews with KAM, APMA, Ampersand, Roam, Toyota CFAO, ARC Ride, MCI, Boda+, press research

Locally producing additional 2W components could be technically feasible

Example for 2W

 Criteria fully aligned
  Criteria partly aligned
  Short term
  Medium term
  Long term

		Opportunity assessment				Rationale and timeline
Category	Component	Manageable process complexity and precision	Low set up cost	Labor intensive and not highly skilled	High shipment cost	
Additional components with potential opportunities 	Tires					 High process complexity and precision to ensure quality for safety and performance, and specialized machinery required for mixing, molding and curing
	Shock absorbers					 Moderate complexity with precision required , would require a partnership with another African player that already has the knowledge (e.g., SIA in Tunisia)
	Plastic components e.g., side panels, wire house					 Injection molding capabilities exist in Kenya, mostly for after sales parts but the same machinery could be used with investments in new molds (ongoing discussion)
	Rubber components e.g., handlebar grip, foot peg					 Small-scale rubber factories exist in Kenya and would require investments to scale and adapt to automotive sector
	Chassis frame					 Metalworking capabilities exist in Kenya for 2W non-structural parts, existing local player is developing it , but higher precision and quality required as structural components are critical
	Battery pack assembly					 Assembly is the easiest step in the battery manufacturing but still requires technology transfer from experienced partner, likely from China, skills exist



Key insights

International investors and suppliers have shown interest to set up production in Kenya if the regulations are updated

Source: Interviews with KAM, APMA, Ampersand, Roam, Toyota CFAO, ARC Ride, MCI, Boda+

Players can leverage the strong local manufacturing ecosystem in Kenya for sourcing of additional components

Example components for 3 and 4 wheelers

NON-EXHAUSTIVE

Category	Component	Capabilities required	Existing suppliers
Build to print 	Front face	Stamping press and welding	   ISUZU Associated Vehicle Assemblers
	Passenger cabin	Stamping press and welding	Large scale metal work capabilities (including standardized processed and machinery) Customization for B2B available  Used to make body parts locally – TBD going forward³ KVM Body building, surface branding
	Canopy	Other metal work	<i>Likely available from suppliers above</i>
Other parts 	Windshield & side mirrors		 Provides side mirror and windshield solutions



Key insights

Kenya has an **active manufacturing ecosystem** for non-complex components, including build to print and other spare parts; which EV assemblers could leverage to localize of supply

1. Original Equipment Manufacturer, 2. Car and General, 3. Mobius Motors discontinued operations recently

Source: Expert interviews; company website

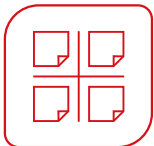
Legal Notice 84 – CKD Breakdown & Duties

KD LEVE	Passenger	Commercial	Description	Applicable duties and taxes
CBU	Age limit 8 year	KS 1515 is seeking to limit age to 0 years on buses and Prime movers	Imported built units	Import Duty – 35% Excise Duty – 20% VAT - 16% IDF – 2.0% RDL – 2.5%
DKD	✗ Not Allowed	✗ Not Allowed	Disassembled fully built units – Bumpers, engine, transmission & rear-axle adrift	
DK1	✓ Allowed	✓ Not Allowed	- Body & Drivetrain adrift, body fully painted & trimmed. - Allowable for 2 years, then must be transitioned to KD2.	Import Duty – 0% Excise Duty – 00% VAT - 16% IDF – 2.0% RDL – 2.5%
KD2	✓ Allowed	✓ Allowed	- Painted welded cab, rear body and chassis devoid of trim, electrical and mechanical attachment. - Side members supplied loose for riveted or bolted truck or bus chassis frame. Pick-ups and SUV - Chassis to come welded and painted. - Other components in condition available from OEM & part suppliers. Including monocoque mono-construction chassis/bodies for mini-buses.	
KD3	✓ Allowed	✓ Allowed	- Cab, rear body and chassis supplied in sub-assemblies for welding and painting; Untrimmed. - Side members supplied loose for riveted or bolted truck or bus chassis frame. Pick-ups and SUV - Chassis to come welded and painted. - Other components in condition available from OEM & part suppliers. Including monocoque mono-construction chassis/bodies for mini-buses.	
KD4	Not Yet	Not Yet	Pressed panels, forged components etc. in Country	

Source: Legal Notice 84

Additional enablers as proposed by stakeholders (1/3)

Provisions in the national e-mobility policy

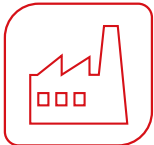
Dimensions	Initiative	Proposed incentive options
Comprehensive and flexible framework 	① Government targets	✓ 5% of all registered vehicles to be EVs¹ ; COP26 Declaration – work intensely towards accelerated proliferation and adoption of zero-emission vehicles
	② Bans/phase-out plans for ICE vehicles	✓ Only new ICE vehicles to be allowed
	③ Public-private partnerships	✓ 3 PPP rail electrification projects supported by a PPP framework
Fiscal and non-fiscal incentives 	④ Government preferential procurement	✓ Number of EV GoK fleet to reach 3,000 – 2% locally sourced
	⑤ Taxation	✓ Reduced stamp duty for EV infrastructure projects; VAT exemption for EVs
	⑥ Access benefits	✓ Special number plates to give access to designated parking spaces and noise-level-controlled areas; Green traffic zones and parking bays , expedited access to green channels for import & export

1. National Energy Efficiency and Conservation Strategy (2020)

Source: IEA, EPRA, KIPPRA, Draft National e-mobility policy

Additional enablers as proposed by stakeholders (2/3)

Provisions in the national e-mobility policy

Dimensions	Initiative	Proposed incentive options
Local manufacturing/ assembly and infrastructure capacity 	⑦ Local manufacturing requirements	 KenGen to recycle lithium-ion batteries²  80% local assembly of EVs
	⑧ Local enablers	 Investments in R&D of commercially viable EVs, batteries and charging stations; SEZs and industrial parks , EV-accredited curriculum/module at TVET/universities
	⑨ Energy infrastructure	 Energy generated from 100% renewable sources
	⑩ Charging infrastructure	 1,000 charging stations mostly for E4Ws (700 in urban areas, 300 along highways)  Concessional land rates for public charging stations , allocation/identification of public spaces

¹ KenGen is planning to recycle lithium-ion batteries as part of its efforts to support the Kenyan government's goal of increasing the number of EVs, with a research project initiated to explore the feasibility of recycling or reusing these batteries.

Source: IEA, EPRA, KIPPRA, Draft National e-mobility policy

Additional enablers as proposed by stakeholders (3/3)

Provisions in the national e-mobility policy

Dimensions	Initiative	Proposed incentive options
Quality and assurance 	11 Technical standards, including interoperability	 Standards by KEBS ¹ covering specifications and testing procedures for performance and power consumption elements
		 Charging stations to have variety of connectors for different EVs
		 Only qualified personnel to operate and maintain stations (EPRA)
		 All charging and battery swapping stations to display prices
	12 ESG standards	 Regular inspections of motor vehicles to ensure control of emissions ; also through the proposed Traffic (Motor Vehicle Inspection) Rules of 2025 ²
		 Develop affirmative action programs targeting disadvantaged groups in e-mobility
	13 Registration benefits	 Waived fees for EVs

¹ Kenya National Bureau of Standards

² The proposed Kenyan Traffic (Motor Vehicle Inspection) Rules of 2025 introduce mandatory vehicle inspections to enhance road safety and reduce emissions

Source: IEA, EPRA, KIPPRA, Draft National e-mobility policy

Terminology



“Parc” refers to the total stock of vehicles on the road



2Ws go by different names in different countries and are referred to here as boda *bodas*, *bodas*, or *okadas*



Minibuses (14-seater passenger vehicles) go by different names in different countries & are referred to here as danfos or matatus



4Ws typically denote a passenger car/SUV/station wagon; occasionally, these are referred to generically as “cars”



LCVs are vehicles less than 3.5 tons, including panel vans, utility vans, and pick-ups



“Used” refers to used vehicles (vehicles that have already been driven and then re-sold)



EVs here typically refer to BEVs unless otherwise specified

Abbreviations

2W	Two-wheeler
3W	Three-wheeler
4W	Four-wheeler
BEV	Battery electric vehicle
CAGR	Compound annual growth rate
CO₂e	Carbon dioxide
E2W	Electric two-wheeler
E4W	Electric four-wheeler
E-LCV	Electric light commercial vehicle
E-minibus	Electric minibus
EV	Electric vehicle
FCEV	Fuel cell electric vehicle
FDI	Foreign direct investment
g	Gram
GDP	Gross domestic product
HEV	Hybrid electric vehicle
ICE	Internal combustion engine
KES	Kenyan Shilling
km	Kilometer
Kwh	Kilowatt hour
LCV	Light commercial vehicle
LPG	Liquified petroleum gas
MHEV	Mild hybrid electric vehicle
PC	Passenger car
PHEV	Plug-in hybrid electric vehicle
SSA	Sub-Saharan Africa
TCO	Total cost of ownership
\$	US Dollar
VAT	Value-added tax

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