Title

Strategies to Build an Affordable Electric Passenger Car Market in Kenya: Insights from Total Cost of Ownership and Market Analysis

Authors

Jamhar, Jameel
Jain, Aakansha
Hwang, Roland
et al.

Publication Date

2026-08-01

DOI

10.7922/G2NZ8628

UCDAVIS Global South Center for Clean Transportation
Institute of Transportation Studies

POLICY BRIEF **August 2026**

Strategies to Build an Affordable Electric Passenger Car Market in Kenya

Insights from Total Cost of Ownership and Market Analysis

Jameel Jamhar, Aakansha Jain, Roland Hwang, Aditya Ramji

Kenya's National E-Mobility Policy, launched in February 2026, provides a timely framework for aligning the country's dual ambitions – clean transportation goals in line with climate targets and economic development goals led by a green industrialization strategy. By setting a long-term direction toward 100% zero-emission vehicle (ZEV) sales by 2050 across vehicle segments, the policy sends an important market signal.

Kenya's EV transition has taken off but largely concentrated in the electric two-wheeler (e2W) segment. The share of e2Ws in annual 2W registrations increased from 3% in 2023 to nearly 15% in 2025. However, the light duty vehicle (LDV) or passenger car segment has not seen a comparable transition – while LDVs account for more than 30% across all annual vehicle registrations, its EV share was only 0.3% in 2025. EV growth in the LDV segment will depend on regulatory design that will deliver affordable and reliable EVs for consumers.

This is particularly important given Kenya's LDV market structure.

LDV Market Constraints

Despite an installed domestic vehicle assembly capacity of approximately 46,000 units but less than one-third of this capacity is currently utilized. At the same time, ***Kenya continues to meet more than 95% of its LDV demand through imported, fuel-inefficient used vehicles, with an average age of 7 years.*** This has significant implications for sectoral emissions, with road transport contributing more than 95% of transport sector emissions,[1] and LDVs accounting for nearly 45% of road transport emissions.[2]

Kenya's dependence on imported refined fuels also makes LDV electrification relevant for energy and economic security. In 2025, imports of petroleum products increased by 12.2%. ***Road transport accounted for 75% of total petroleum fuel sales at retail***, increasing by 14.3% to approximately 4.3 million tonnes.[3] Recent global oil market disruptions have contributed to a ***20% increase in domestic retail fuel prices since early 2026***,[4] directly affecting end users and increasing Kenya's exposure to fuel price volatility.

[1] International Energy Agency, *Greenhouse Gas Emissions from Energy Highlights*, IEA, Paris, 2025, https://www.iea.org/data-and-statistics/data-product/greenhouse-gas-emissions-from-energy-highlights.
[2] Government of Kenya, *Transport Sector Climate Change Annual Report: Performance and Implementation of Climate Change Actions* (Nairobi: Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works, 2019), https://www.kcaa.or.ke/sites/default/files/publication/Transport_Sector_Climate_Change_Annual_Report.pdf.
[3] Kenya National Bureau of Statistics, *Economic Survey 2026* (Nairobi: Kenya National Bureau of Statistics, 2026), https://www.knbs.or.ke/wp-content/uploads/2026/04/2026-Economic-Survey.pdf.
[4] Based on monthly retail pump prices for super petrol from February 2026 to July 2026.

DOI: 10.7922/G2NZ8628

Adoption remains constrained by high EV purchase prices, limited EV model choice, lack of financing options, charging availability, concerns around battery durability, uncertainty around maintenance and safety, and low confidence in resale value. These barriers affect both new and used EVs and are reinforced by Kenya's import cost and vehicle price valuation structure. In addition to import duties, the sales price (Current Retail Selling Price or CRSP) of imported vehicles into Kenya are determined based on a valuation process by the Kenya Revenue Authority (KRA), which issues a price schedule with vehicle make and model, often not comprehensive.

Current duties and taxes increase the cost of an imported electric car by more than 65% above its cost, insurance, and freight (CIF) value. Many lower-cost EV models from global original equipment manufacturers (OEMs) are also not consistently reflected in the CRSP schedule used for import valuation. As a result, importers often undergo manual valuation processes, resulting in delays and higher operational costs.

EV Availability

Affordable new BEV options are increasingly available, including in emerging markets, where EV adoption has started to scale. Across India, Indonesia, Thailand and Vietnam, there are 23 BEV models priced below KES 2.6 million (USD 20,000), including 13 models below KES 1.9 million (USD 15,000). Within this price band, small-car EV models typically have battery capacities of approximately 17-32 kWh, while e-SUVs have larger battery capacities of around 45-60 kWh.[5]

Kenya's imported BEV market, by contrast, remains concentrated in higher price segments, with the lowest-priced imported BEV available at around KES 4 million (USD 31,000), primarily due to high import-duties and landed costs, limited model mix, uncertainty in market demand and policy direction.

Kenya's ability to access affordable EV models will depend on policies that make both new and used EV imports viable for importers and affordable for consumers. The import promoting measures should also be aligned with the longer-term direction set by the National E-Mobility Policy, including support for local assembly and domestic value creation.

The policy challenge is therefore two-fold: enabling access to affordable and reliable used and new EVs in the near term, while aligning market development with industrial policy to support a competitive new EV market in the longer term.

This brief assesses both the total cost of ownership (TCO) of BEVs, alongside a market assessment of current and future EVs in the Kenyan context.

The TCO analysis compares new and used battery electric passenger cars with equivalent ICE vehicles over the ownership period, accounting for vehicle prices, taxes, financing, fuel, maintenance and other recurring costs. While consumers may not base their purchasing decisions on lifetime TCO alone, the analysis shows whether lower charging and maintenance costs can offset higher upfront and financing costs sufficiently early to make BEV ownership financially attractive.

The market assessment complements the TCO by examining Kenya's current BEV portfolio in relation to select emerging EV markets and identifying potential future sourcing channels for new and used vehicles. Together, the findings inform policy priorities for reducing upfront cost barriers, expanding model availability, strengthening used EV import pathways, and supporting domestic market and industry development.

[5] More details in section on ***BEV Model Availability and Pricing***

TCO Findings

The results show that EVs can deliver a net cost advantage to passenger car owners over the ownership period but consumer adoption will depend on whether this advantage is supported by lower upfront costs and competitive financing terms at the time of purchase, signaling the need for implementing targeted policy measures that improve affordability as well as model availability.

This assessment uses the *Toyota Corolla Axio 1.5L* as the reference ICE vehicle, given its relevance as a common passenger car model in Kenya. It is compared with the BYD Dolphin Surf, one of the lower-cost BEV models currently available in Kenya.[6] The comparison is carried out over a 10-year ownership period, using an 8% discount rate.

The TCO includes upfront costs such as vehicle price, duties, taxes, financing, operating costs such as fuel or electricity, maintenance, insurance, and the residual value recovered at the end of the ownership period. For used vehicles, the analysis applies KRA's depreciation schedule to estimate the value of imported used vehicles.

We also provide a sensitivity analysis to illustrate how fiscal policy and market structure can influence EV affordability.

(i) Kenya's recent import-duty exemption proposal for first 100,000 EVs is used to show the influence of reduced duties on the TCO of new and used BEVs.[7]
(ii) The Rwanda BEV case is used to assess how a more comprehensive tax-relief package, including removal of import duty, excise duty and value-added tax (VAT) can affect EV ownership costs in a regional market.
(iii) A domestic assembly case in Kenya is included to show how locally assembled EVs can reduce upfront costs and improve the cost competitiveness of new EVs.

New EVs: Cost Parity with ICE Vehicles

The new vehicle comparison (**Figure 1** and **Figure 2**) shows that with existing duties and taxes, a low-cost BEV already reaches a lower TCO than a comparable ICE vehicle over the ownership period. Over 10 years, the new BYD Dolphin Surf has a TCO of KES 5.8 million (USD 44,976) compared with KES 6 million (USD 46,785) for the new Toyota Corolla Axio, despite a higher upfront cost for the BEV model.

The BYD Dolphin Surf's electricity consumption from charging costs KES 0.6 million (USD 4,873) over 10 years, compared with KES 2.7 million (USD 21,058) in petrol costs for the Corolla Axio. ***This creates an energy-cost saving of ~KES 2.1 million/USD 16,185 (or KES 0.2 million/USD 1,618 annually),*** which is almost equivalent to the upfront cost gap between the two vehicles. When maintenance cost is included, the EV can save the user over KES 2.19 million (USD 17,000) in operating costs.

The tax structure also affects the relative affordability of the two vehicles. Although BEVs benefit from a lower excise duty rate of 10% compared with 35% for ICE vehicles, the BYD Dolphin Surf still carries a higher absolute tax burden because it has a higher customs value. Over the ownership period, taxes added ~KES 1.26 million (USD 9,741) to the Corolla Axio's TCO compared with ~KES 1.57 million (USD 12,133) for the BYD Dolphin Surf***, leaving the BEV with a KES 0.3 million (USD 2,392) higher tax burden.*** Thus, the preferential excise tax rate reduces the BEV's tax burden but does not fully offset the higher upfront cost differential.

[6] The two models represent functionally comparable everyday passenger cars, with 5-seat capacity, similar luggage space and use cases suited to urban and intercity travel. The BYD Dolphin Surf also offers a WLTP range of around 310 km, which is sufficient for typical daily driving and multi-day use between charges.
[7] "Gov't waives duty on first 100,000 electric vehicle imports," *Citizen Digital*, July 19, 2026, https://citizen.digital/article/govt-waives-duty-on-first-100000-electric-vehicle-imports-n383210.

Since BEVs do not currently receive any preferential financing rates,[8] the ***higher upfront cost of the BYD Dolphin Surf also translates into higher interest payments.*** Under equivalent loan terms, the BYD Dolphin Surf has financing costs of KES 1.02 million (USD 7,936), compared with KES 0.67 million (USD 5,154) for the Corolla Axio.

With the upfront costs (vehicle price + taxes) and financing accounting for a much larger share of the BEV TCO compared to an ICE vehicle, it becomes imperative that policy measures focus on addressing this gap.

The proposed import duty waiver would address this constraint directly. Waiving the 35% import duty on the BYD Dolphin Surf, while retaining all the other applicable taxes and duties, reduces its TCO from KES 5.8 million (USD 44,976) to KES 4.5 million (USD 35,241) (a saving of KES 1.26 million/USD 9,735). ***Under this scenario, the new BEV's discounted TCO would be 25% lower than that of the Toyota Corolla Axio.***

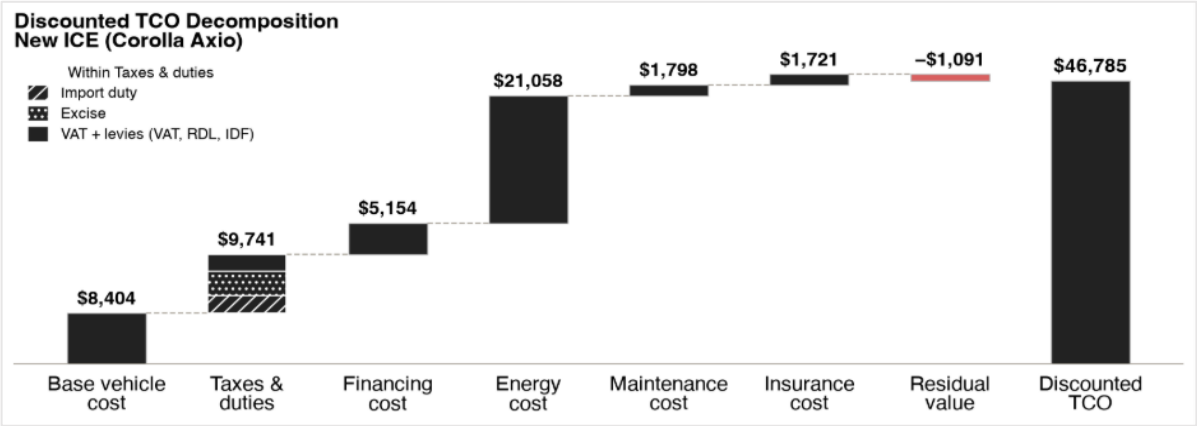

Figure 1. *Discounted TCO decomposition of a new ICE car*

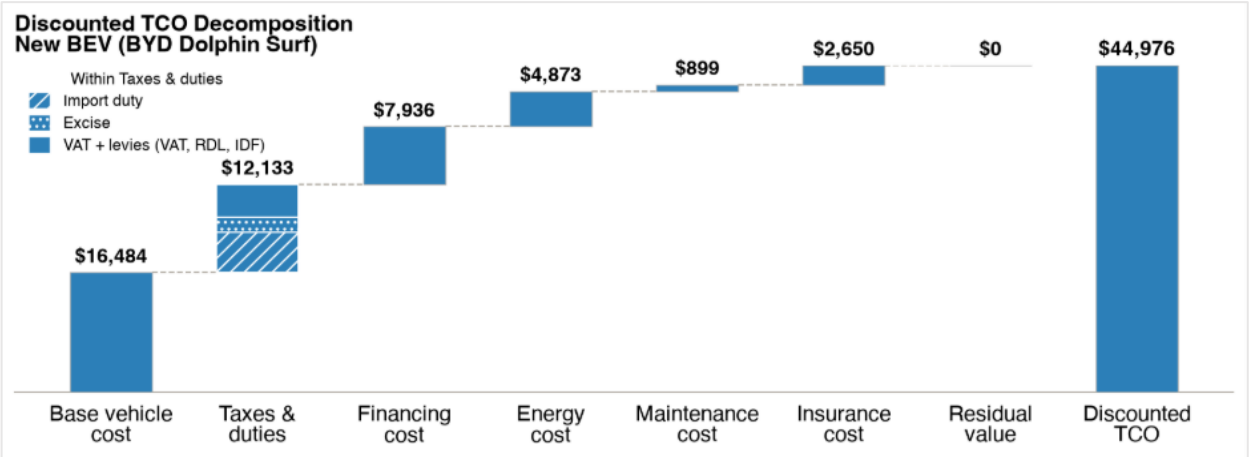

Figure 2. *Discounted TCO decomposition for a new BEV car*

[8] The analysis assumes 80% loan-to-value ratio and an annual interest rate of 14% with a 4-year loan tenure period

Rwanda Case: Impact of Fiscal Reforms on EV Affordability

Rwanda provides a useful regional comparison as it has adopted a more comprehensive incentive package to reduce the upfront cost of EVs. BEVs are fully exempt from import duty, despite the 25% EAC Common External Tariff, and EVs also remain exempt from excise-duty and VAT.[9, 10] BEVs are still required to pay certain other levies and fees.[11]

Under this policy environment in Rwanda, a new BEV (BYD Yuan)[12] has a 10-year TCO of KES 4.1 million (USD 31,748), compared with KES 5.8 million (USD 44,976) for the Kenya new BEV (**Figure 3**) – a 29% more competitive TCO than Kenya.

The difference is mainly explained by the upfront cost structure. Rwanda's tax exemptions remove import duty, excise duty, and VAT on BEVs, while Kenya continues to apply these. In Kenya, taxes add KES 1.57 million (USD 12,133) to the BYD Dolphin Surf's ownership cost over the analysis period. The lower upfront cost in Rwanda also reduces the financing burden. Even with the same 80% loan-to-value ratio and 14% interest rate as Kenya, the financing costs in Rwanda are KES 0.42 million (USD 3,231) lower than Kenya, reflecting the cascading benefits of ensuring lower cost BEV availability in the market.

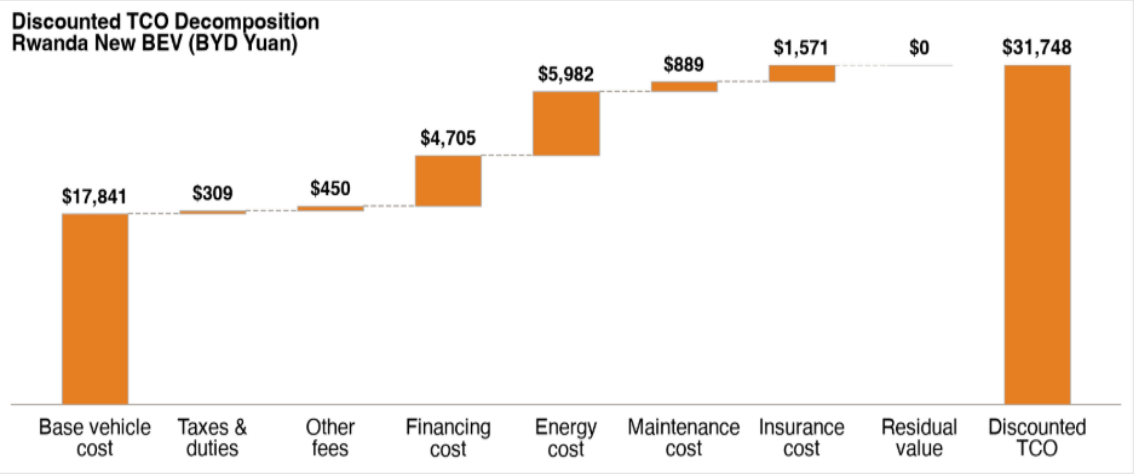

Figure 3. *Discounted TCO decomposition for a new BEV car in Rwanda*

[9]U.S. Department of Commerce, International Trade Administration, "Rwanda - Import Tariffs," *Trade.gov*, September 20, 2020, https://www.trade.gov/country-commercial-guides/rwanda-import-tariffs.

[10]Rwanda Revenue Authority, "News & Updates," *RRA.gov.rw*, accessed July 27, 2026, https://www.rra.gov.rw/en/details?tx_news_pi1%5Baction%5D=detail&tx_news_pi1%5Bcontroller%5D=News&tx_news_pi1%5Bnews%5D=2789&cHash=d919addfd339027c7fc50e47008a070e.

[11] Includes Infrastructure Development Levy (IDL), African Union Levy (AUL), one-time vehicle registration fee of RWF 285,000 and an annual road-maintenance levy of RWF 50,000

[12] The Rwanda case uses BYD Yuan instead of BYD Dolphin Surf, as Dolphin Surf is not currently offered in the Rwandan market. Both are BYD battery-electric models with comparable energy consumption (13.5 kWh/100 km) and battery capacity (38.88 kWh for the Yuan, 43.2 kWh for the Dolphin Surf), though the Yuan is positioned in the compact SUV segment.

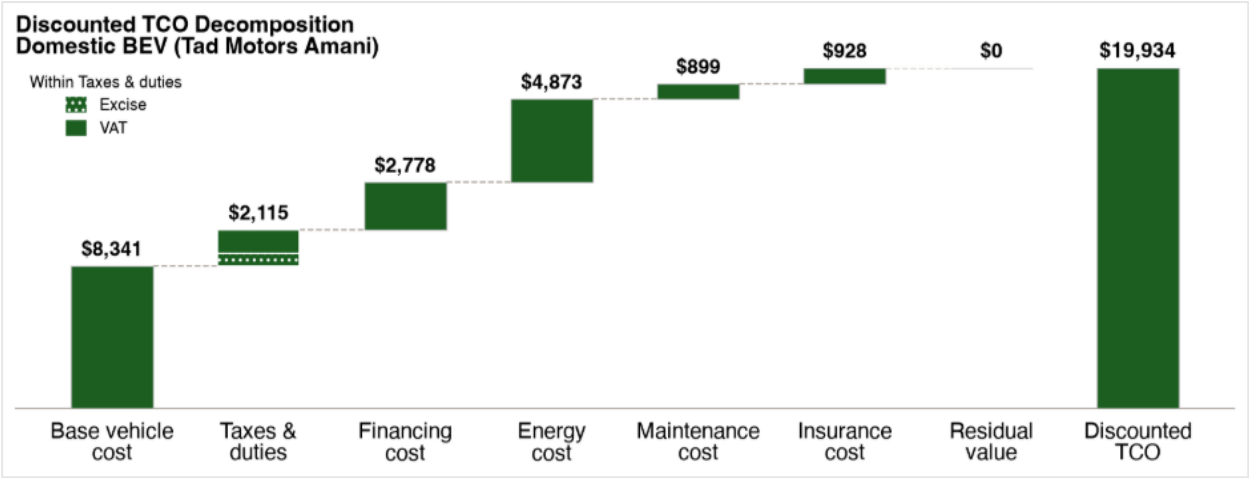

Figure 4. *Discounted TCO decomposition for a locally assembled BEV in Kenya*

Local Assembly for New Market Development in Kenya

Kenya's passenger car market is largely used vehicle import dependent. Scaling local assembly therefore provides an alternative pathway for the country to develop a market for affordable new EVs, while also supporting its industrial policy goals.

TAD Motors illustrates this potential as one of Kenya's first domestic EV assembly cases.[13] The company assembles EVs from completely knocked down (CKD) kits, and its Amani model, a budget family e-SUV listed at KES 1.5 million (USD 11, 619), represents a lower-cost locally assembled EV option in the Kenyan market.

Unlike fully imported EVs, locally assembled vehicles by registered assemblers are exempt from the 35% import duty, significantly reducing their upfront cost. Over a 10-year ownership period, the TAD Motors Amani has an estimated TCO of KES 2.57 million (USD 19,934), compared with KES 5.8 million (USD 44,976) for the imported BYD Dolphin Surf. The lower TCO is driven mainly by Amani's lower vehicle price, lower tax burden and lower financing costs. Taxes make up 10.6% of the Amani's TCO, compared to ~27% for the newly imported BYD Dolphin Surf. The financing costs account for ~14% of Amani's TCO compared to 17.6% for BYD Dolphin Surf. Operating costs for Amani are estimated using the BYD Dolphin Surf's energy consumption as a proxy,[14] resulting in the same estimated electricity cost of KES 0.63 million (USD 4,873) over 10 years (**Figure 4**).

This suggests that ***Kenya's existing local assembly incentives can play an important role in improving new EV affordability,*** provided lower-cost models can be assembled at sufficient scale and supported by after-sales service and improved consumer confidence in the new technology.

Used EVs as an Affordable Entry Point

The used vehicle comparison remains particularly important for Kenya. The analysis compares a 4-year-old BYD Dolphin Surf with a 4-year-old Toyota Corolla Axio to assess whether used BEVs can provide a lower-cost pathway to electric passenger car ownership (**Figure 6** and **Figure 5**).

A 4-year-old BYD Dolphin Surf has a TCO of KES 3.7 million (USD 28,736), compared with KES 4.84 million (USD 37,481) for the 4-year-old

[13] https://tadmotors.com/

[14] TAD Motors reports an energy-consumption value of 4.32 kWh/100 km for the Amani. As this figure appears inconsistent with the performance of comparable vehicles and may not reflect real-world energy use, the analysis applies the BYD Dolphin Surf's energy consumption value as a proxy.

Toyota Corolla Axio. This makes the used BEV KES 1.13 million (USD 8,745), or 23%, cheaper over the vehicle ownership period.

This cost advantage is partly linked to Kenya's KRA depreciation schedule. After 4 years of registration age, both ICE and EVs receive the same 40% depreciation allowance. However, since the BYD Dolphin Surf has a higher customs value, the same depreciation rate reduces its value by a larger absolute amount. The depreciation structure reduces the Dolphin Surf's customs value by KES 0.96 (USD 7,460), compared with KES 0.51 (USD 3,966) for the Corolla Axio, helping lower the upfront cost of the used BEV for the second owner.

The used BEV still has a higher upfront cost than the used ICE vehicle once price, taxes and financing are included. However, this difference is more than offset by lower operating costs. The used BYD Dolphin Surf's electricity consumption results in an estimated energy cost of KES 0.64 (USD 4,970) over the ownership period, compared with KES 2.8 million (USD 21,690) in petrol costs for the used Corolla Axio. Maintenance costs are also lower for the BEV, at KES 0.12 million (USD 899), compared with KES 0.23 million (USD 1,798) for the ICE vehicle.[15]

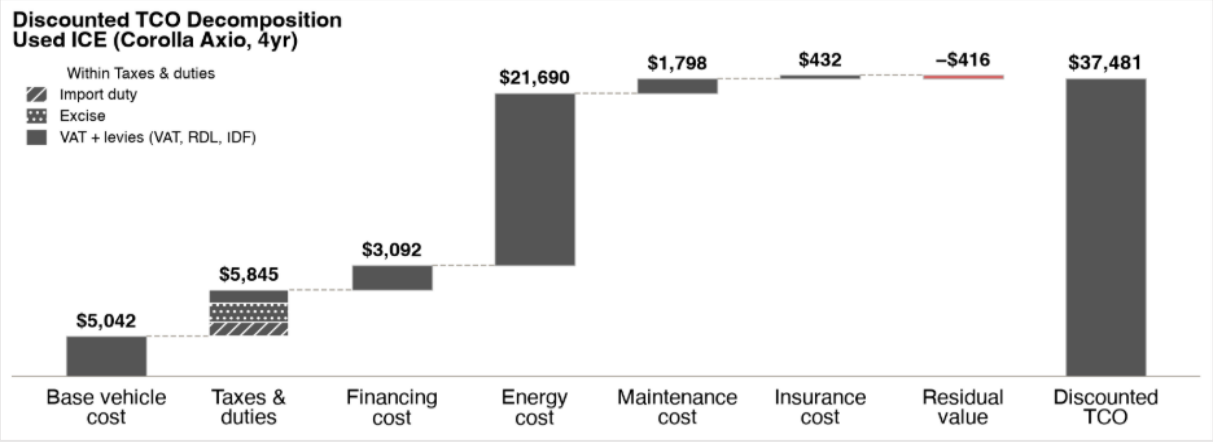

Figure 5. *Discounted TCO decomposition of a 4-year old used ICE car*

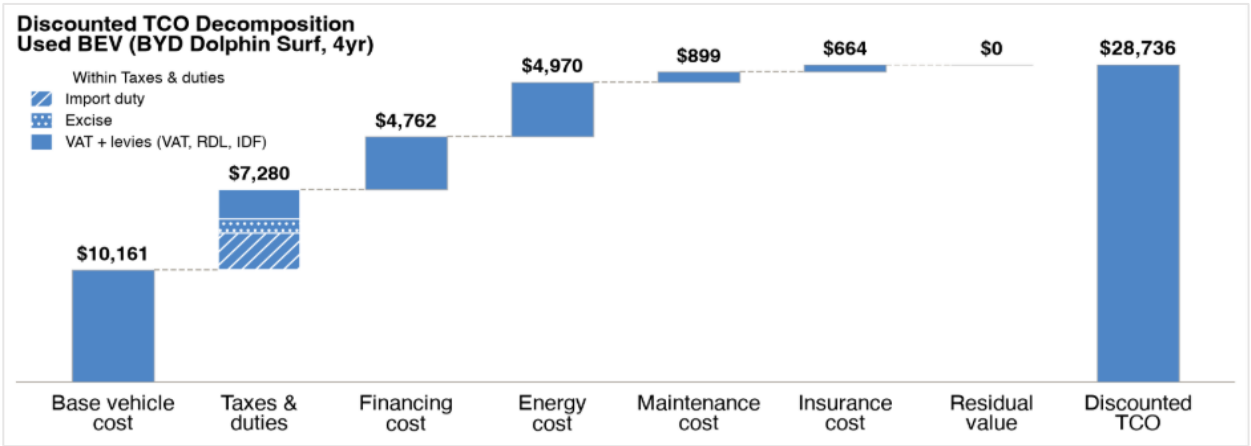

Figure 6. *Discounted TCO decomposition for a 4-year old used BEV car*

[15] Battery replacement is excluded from the used BEV case as real-world evidence indicates that fewer than 1% of modern EVs require a battery replacement outside of recalls, and approximately 90% of replacements that do occur are covered under the standard 8-year warranty at no cost to the owner. The expected out-of-pocket cost over the ownership period is therefore immaterial.

The used BEV also compares favorably with a new BEV. Its total TCO of KES 3.7 million (USD 28,736) is 36% lower than the new BEV case, and its down payment of KES 0.5 million (USD 3,956) is also lower than the KES 0.85 million (USD 6,593) required for a new BEV. Waiving the import duty would further reduce the used BEV's TCO by 19.5% to KES 2.9 million (USD 23,130), a saving of KES 0.7 million (USD 5,606). The direct tax reduction accounts for 75% of this saving, while the remainder comes from lower financing and insurance costs linked to lower vehicle value.

BEV Model Availability and Pricing

The TCO analysis shows that both new and used BEVs have a clear economic advantage over comparable ICE vehicles in Kenya. Used BEVs could provide a more accessible entry point to electric passenger car ownership in Kenya. In either case, as the TCO analysis has shown, providing reliable and affordable EV models both used and new, with targeted reforms on lowering upfront prices, as well as expanding partnerships with key emerging markets that can serve as suppliers and eventually help expand the industrial base will be critical.

The market analysis therefore examines 193 distinct BEV models across Kenya and 5 selected EV markets to compare model availability, price levels and identify potential future sourcing opportunities for used EV imports into Kenya.

New BEV Models Across Kenya and Emerging Markets

Kenya's imported BEV market is still at an early stage but is beginning to attract interest from global OEMs **(Figure 7)**. At present, BEV models available in Kenya are largely supplied by China, with at least 6 major Chinese OEMs already selling in the country. This is consistent with global trends in EV sales where China has been exporting competitively priced BEVs to major markets across Asia, Africa, Europe and Latin America.

Kenya is therefore a potential market for several Chinese OEMs aiming to expand their presence in African EV markets, but the current model portfolio remains limited and concentrated in higher price segments, as seen with nascent markets.

Beyond the limited models for sale currently, the same Chinese BEVs are available at a price premium in Kenya relative to other markets where these OEMs sell, a function of lower sales volume, limited competition and higher landing costs – an aspect examined in detail further in this analysis (**Figure 8**). The comparison with selected emerging EV markets shows that in markets where EV adoption has scaled faster, consumers have access to a wider range of BEV models at competitive prices.

In India, around 15 OEMs, including domestic and Chinese manufacturers, offer 32 EV models as of 2025. Thailand and Indonesia have also implemented policy measures to support domestic BEV production, attract OEM investment, and increase local EV demand. This has expanded the range of BEV models available in these markets, with around 60 models in Thailand and around 40 in Indonesia. The UK, a mature Right-Hand Drive (RHD) market, currently offers BEVs from more than 20 OEMs and has over 150 models available indicating the level of model diversity that can emerge as EV markets mature with the right policy mechanisms.[16, 17]

[16] Estimates based on data as of June 2026.
[17] Number of models included in analysis by country: Kenya:17, India: 32, Vietnam: 14, Thailand: 58, Indonesia: 38, and UK: 155

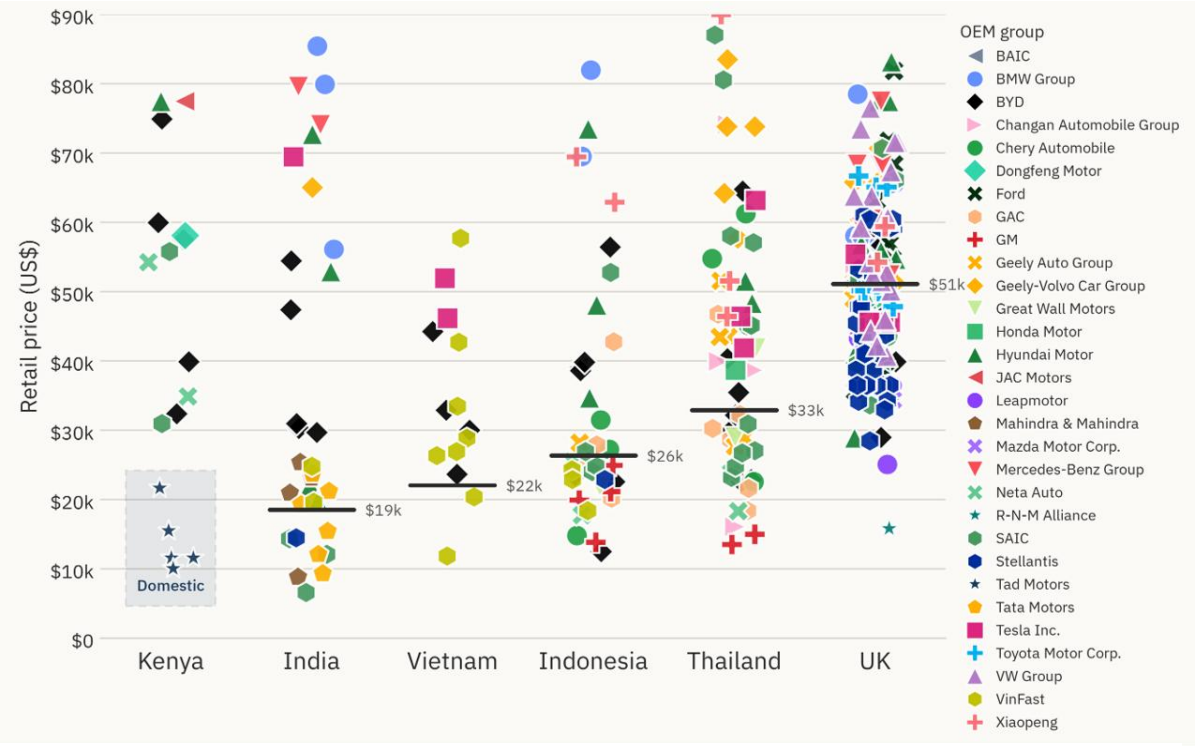

Figure 7. *Retail price (in USD) of BEV models by market in 2025 (Note: Each marker is one BEV model offered for sale, colored and shaped by OEM group. The black bar marks the 2025 sales-weighted average price.)*

Figure 7 also shows that model availability in these markets extends across a wider range of price points. Several comparable BEV models in India, Thailand and Indonesia are priced below KES 2.6 million (USD 20,000), including some below KES 1.9 million (USD 15,000). In Kenya, however, lower-cost BEV options are not yet widely available in the imported vehicle market. The lower-priced models identified in this analysis are mainly from TAD Motors, with prices ranging from around KES 1.3-2.8 million (USD 10,000 to USD 22,000). Although TAD Motors is yet to begin retail operations at scale, its pricing indicates the potential for local assembly to support a lower-cost new EV segment in Kenya.

Used EV Market Development

The used-BEV TCO results show that used EVs could become an important pathway for improving EV affordability in Kenya. However, this will depend on whether used vehicle importers have visibility on the range of EV models available globally, the markets that are likely to generate suitable used EV stock, and the criteria to determine their reliability when entering the Kenyan market.

As EV adoption expands globally, Kenya's future used EV sourcing need not remain limited to those countries that have been traditionally a source of used ICE vehicles. Markets that are scaling EV adoption today[18] could become relevant sourcing partners. Several emerging markets[19] could support Kenya's used EV market development over time. In 2025, electric LDV sales in key Asian markets observed a 112% annual growth. Thailand reached around 140,000 electric car sales, accounting for ~30.5% of new car sales, while Indonesia's electric car sales reached around 19% of new car sales.[20]

[18] Global South Center for Clean Transportation, *Majority Mobility*, no. 2 (2026), https://doi.org/10.7922/G2CZ35K6.
[19] Emerging markets refers to markets experiencing early-stage growth in EV sales
[20] Global South Center for Clean Transportation, *Majority Mobility*, no. 2 (2026), https://doi.org/10.7922/G2CZ35K6.

The UK is also relevant because it is a RHD market, like other emerging markets. Kenya already accounts for around 6% of the UK's used LDV exports.[21] Over the past five years, Kenya has imported cars worth an average of £38 million annually from the UK.[22] With more than 450,000 annual electric car registrations, accounting for over 20% of total car sales, the UK could become a potential source of used EV imports.[23]

The selected RHD markets, including India, Indonesia, Thailand and the UK, are expected to sell around 4.5 million EVs annually by 2030.[24] As these markets grow, they may begin to generate a larger pool of 3-to-8-year-old used EVs that could be a potential market for Kenya, subject to vehicle condition, price, battery health, and compliance with Kenyan import requirements. This provides an opportunity for Kenyan regulators, used vehicle dealers and importers to track these markets early and assess whether they can become viable sourcing channels over the medium to long term.

Retail Price Differences and Implications for EV Imports

The price comparison of BYD Atto 3 (**Figure 8**) shows how differently the same China-built BEV can be priced across markets.[25] In Kenya, the estimated retail price is around ~KES 7.5 million (USD 58,000), compared with around KES 3.9 million (USD 30,000) in India and Vietnam, KES 3.5 million (USD 27,000) in Indonesia and ~KES 3 million (USD 23,000) in Thailand.

The estimated landing price plus dealer margin component is almost double in Kenya at around KES 4.26 million (USD 33,000), compared with around KES 2.2 million (USD 17,000) in India and KES 2 million (USD 16,000) in Vietnam, respectively.[26] Kenya's combined duties, taxes and import levies raise the effective tax burden on imported BEVs to around 77%.

This suggests that Kenya's early-stage EV market is affected by both fiscal tax measures and market-structure factors.

In Thailand and Indonesia, lower prices are linked to policy frameworks that support a mix of imports and domestic production. Thailand's EV policy reduces tax burden for locally assembled BEVs, including CKD vehicles, while maintaining higher duties on imported CBUs. Indonesia's lower consumer retail price also reflects the impact of time-bound tax incentives linked with local production commitments.

These price differences highlight the importance of policy certainty for Kenya to grow its EV market, meet its industrial ambitions and deliver affordable EVs to its consumers. Lower new-vehicle prices in other markets can improve the future supply of used BEVs, but this will only support Kenya's market if importers and dealers have confidence in the rules governing EV imports and that there will be a growing EV market. Predictable import costs, transparent valuation processes and clear technical requirements on battery health, vehicle condition and charging compatibility will be important for enabling importers to test new sourcing channels.

[21] Based on UC Davis analysis.
[22] Office for National Statistics, "Dataset Trade in Goods: Country-by-Commodity Exports," *ONS*, accessed July 27, 2026, https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/datasets/uktradecountrybycommodityexports.
[23] Zapmap, "UK EV Market Share 2026: Latest Electric Car Registration Stats," *Zapmap*, accessed July 27, 2026, https://www.zapmap.com/ev-stats/ev-market.
[24] Based on UC Davis analysis.
[25] BYD Atto 3 is chosen for this analysis as it is the only common comparable model available in all the selected markets.
[26] Price reflects estimated vehicle landing cost plus dealer margin and is not sales weighted.

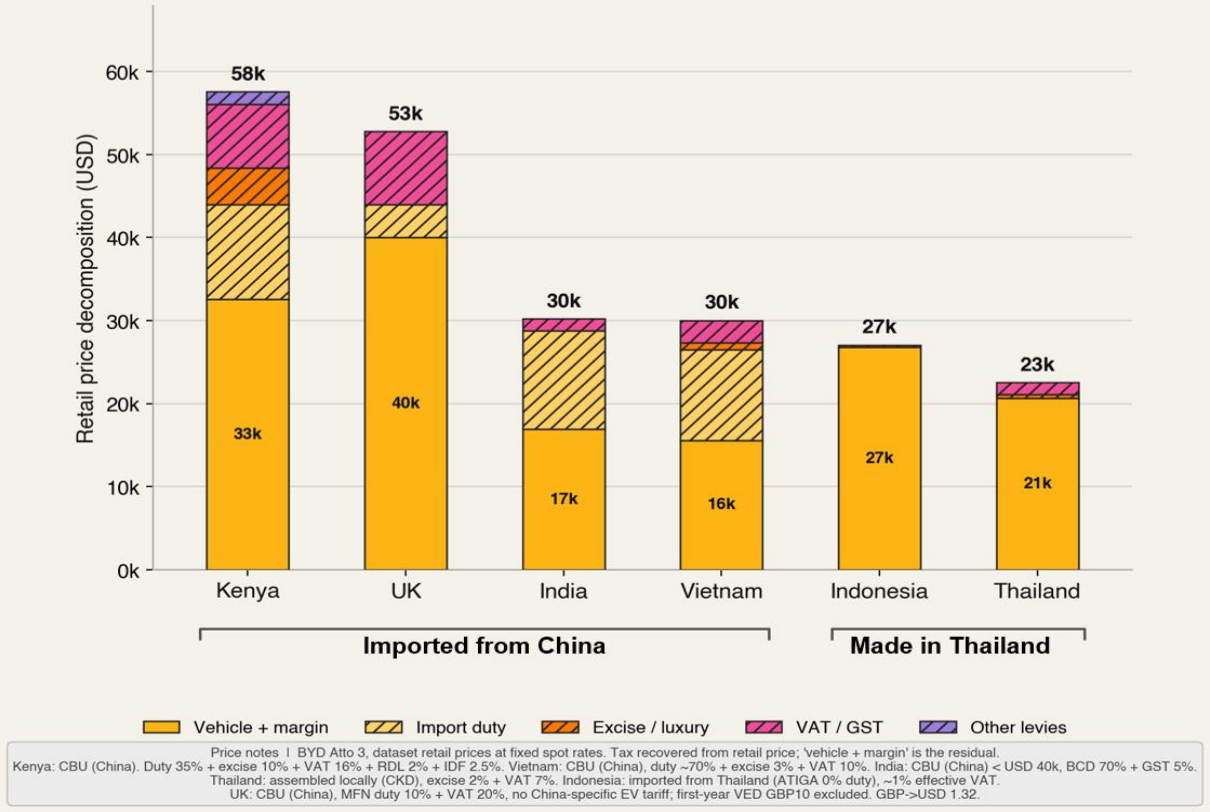

Figure 8. *Comparison of BYD Atto 3 pricing in different markets*

Enabling the Development of an Affordable Electric Passenger Car Market

Taken together, the TCO and market analysis show that BEVs have a clear operating-cost advantage over comparable ICE vehicles in Kenya. However, this operating-cost advantage does not automatically address affordability at the point of purchase. Policy priorities should therefore focus on reducing upfront cost barriers, improving import and valuation procedures, expanding access to finance and increasing the availability of affordable BEV models. Emerging investments in local assembly also need to be linked with a longer-term policy framework that supports market certainty and domestic value creation.

The country needs a three-pronged strategy:

i. A market development policy (vehicle efficiency regulations or ZEV sales requirements) to create market certainty and de-risk capital;
ii. Import pricing reforms through duty and tax adjustments for early years (import duty adjustments);
iii. Vehicle import pricing CRSP reform (treat EVs as consumer goods and not as luxury items, ensuring price benchmarks are aligned to global markets).

Vehicle Efficiency Regulation to Create Long-term Market Certainty and Align EV Industrial Policy

Kenya should implement a vehicle efficiency regulation to provide long-term policy certainty, encouraging suppliers to expand the availability of ZEV models, and support investment in local assembly. Global evidence has shown that

vehicle efficiency regulations are not only an environmental regulation but a strategic industrial policy measure - shaping auto manufacturer investment, accelerating electrification, and strengthening domestic competitiveness in the global shift toward ZEVs.[27]

In India, the implementation of Corporate Average Fuel Efficiency (CAFE) Phase II standards reinforced and accelerated EV market development. In the first year, after the standards became effective, total electric passenger car sales increased by about 150%. Sales by global OEMs such as MG Motors more than doubled, while BYD and BMW recorded increases of more than 20x from relatively low initial volumes. [28]

In Chile, following the introduction of fuel economy standards, the share of BEV models among all available LDV models increased from 2.5% in 2023 to 10% in 2025.[29]

Given the market certainty that vehicle efficiency regulations provide, they should form part of a strategic EV roadmap that aligns fiscal measures, EV import policies, local assembly incentives and domestic value-addition objectives.

Adopt Targeted, Time-bound, Fiscal Measures to Reduce the Upfront Cost of Electric LDVs

Kenya should consider targeted fiscal measures to improve the affordability and availability of electric LDVs, including both new and used vehicles, during the early stages of market development.

The proposed exemption for the first 100,000 EVs provides an important opportunity to reduce import costs. Building on this proposal, the government could consider a dedicated import-duty exemption or reduced duty rate for electric LDVs, providing more targeted support for the passenger-vehicle market.

Regional experience in Africa provides relevant precedents for differentiated fiscal treatment of electric vehicles. Rwanda currently provides a full import-duty, excise duty, and VAT exemption for CBU EVs, while Tanzania has recently applied a reduced 10% duty rate on CBU EVs under a stay of application of the EAC Common External Tariff rate of 25%.[30] Kenya could consider a similar combination of import-duty relief and adjustments to other taxes that materially affect the final vehicle price, while reflecting the country's fiscal capacity and domestic industrial-development objectives.

These incentives should be designed as temporary market-development instruments to support initial adoption and market scaling in combination with vehicle efficiency regulations.

Their effectiveness could be reviewed periodically against indicators such as vehicle prices, model availability and market uptake, with support gradually reduced or phased out as the market becomes more established and the cost differential between electric and comparable ICE vehicles narrows.

Targeted Financing for High Utilization Segments

Fiscal measures should be complemented by targeted financing support, particularly for high-utilization LDV segments such as taxis, ride-hailing vehicles, corporate fleets and government fleets. These users can realize greater savings from the lower operating costs of EVs but may still face significant upfront financing barriers.

---

[27] Roland Hwang, Aakansha Jain, and Aditya Ramji, *A Necessary and Sufficient Condition for ZEV Transitions in Mexico* (2025), https://escholarship.org/uc/item/38p3m0f2.
[28] EV Reporter, "India EV Sales for FY 2022–23 (April 2022–March 2023)," *EV Reporter*, March 15, 2024, https://evreporter.com/india-ev-sales-for-fy-2022-23-april-2022-march-2023/.
[29] Centro Mexicano de Sostenibilidad, *Second Monitoring Report of Energy Efficiency Law*, 2026, https://cmsostenible.org/wp-content/uploads/2026/07/Second-Monitoring-Report-of-Energy-Efficiency-Law.pdf.
[30] *Speech of the Government Budget for 2026/27* (Dar es Salaam: Ministry of Finance, United Republic of Tanzania, 2026), PDF.

Recent market developments suggest that financial institutions are beginning to test EV-specific products. NCBA Bank, a leading commercial lender in Kenya, has a partnership with ePure Motion that includes financing for private EV buyers and PSV SACCO members,[31] while SBM Bank Kenya has launched a KES 1 billion Green Finance Facility for EVs.[32] Kenya could strengthen these initiatives by supporting dedicated green credit lines, leasing models and risk-sharing facilities for electric LDVs, in high utilization segments.

Improve Valuation and Import Procedures for Used BEVs

Administrative reform will be particularly important as many lower-cost EV models are not consistently reflected in the CRSP schedule used for import valuation. The KRA and relevant agencies should regularly update the CRSP schedule to include a wider range of BEV models, especially lower-cost models from emerging EV markets. For models not yet listed, the valuation process should be time-bound, reflect actual market prices, and be based on clear documentation requirements. This would reduce delays for importers while making it easier to bring affordable used BEVs into the Kenyan market.

Leverage Emerging EV Investments

Kenya should leverage recent investment momentum in e-mobility to strengthen local EV assembly encouraging CKD and semi-knocked down (SKD) EV assembly, increasing domestic value addition. Associated Vehicle Assemblers (AVA), one of Kenya's leading vehicle assemblers, has the capacity to produce around 10,000 EVs per year and already serves as a contract assembly platform for electric LDVs.[33] Rideence Africa is using AVA's facility to assemble Henrey electric hatchbacks and Joylong electric vans.[34] Building on this existing activity, Simba Corporation, which owns AVA, has announced an investment of around USD 7.7 million in a dedicated EV assembly line.[35]

This investment momentum is also supported by broader automotive-sector financing. Kenya has mobilized around KES 20 billion (USD 160 million)[36] in Japanese Samurai financing, part of which is expected to support local vehicle assembly, parts manufacturing, supplier development, machinery and tooling finance, and skills development.[37]

International experience provides examples of how temporary import support can be linked with domestic production commitments. Thailand's EV 3.5 package allows companies to benefit from EV import incentives while requiring them to offset imports through local production, with the requirement increasing from 2

[31] NCBA Bank Partners ePureMotion to Expand Electric Vehicle Financing in Kenya," *EcoNews*, July 17, 2026, https://econews.co.ke/2026/07/17/ncba-epuremotion-partner-to-expand-ev-financing-in-kenya/.
[32] SBM Bank Kenya Announces KES 1 Billion Green Finance Facility to Accelerate Nationwide EV Adoption," *SBM Bank Kenya*, April 29, 2026, https://www.sbmbank.co.ke/newsroom/11-press-release/155-sbm-bank-kenya-announces-kes-1-billion-green-finance-facility-to-accelerate-nationwide-ev-adoption
[33] Mobility Rising, "Q&A: AVA Boss Speaks on Electric Car Assembly in Kenya," *Mobility Rising*, accessed July 27, 2026, https://www.mobility-rising.com/p/q-a-ava-boss-speaks-on-electric-car-assembly-in-kenya.
[34] R. Kuhudzai, "Rideence to Start Local Assembly of Electric Vehicles at AVA Plant in Mombasa, Kenya," *CleanTechnica*, February 13, 2026, https://cleantechnica.com/2026/02/13/rideence-to-start-local-assembly-of-electric-vehicles-at-ava-plant-in-mombasa-kenya/.
[35] R. Kuhudzai, "Rideence to Start Local Assembly of Electric Vehicles at AVA Plant in Mombasa, Kenya," *CleanTechnica*, February 13, 2026, https://cleantechnica.com/2026/02/13/rideence-to-start-local-assembly-of-electric-vehicles-at-ava-plant-in-mombasa-kenya/.
[36] The original financing amount is JPY 25 billion. The KES and USD figures are approximate values based on exchange rates in first week of August 2026.
[37] Government of Kenya, "National Automotive Sector Development Project," *State Department for Industry*, accessed July 27, 2026, https://industrialization.go.ke/national-automotive-sector-development-project.

locally produced EVs for every imported vehicle in 2026 to 3 in 2027. [38] India's Scheme to Promote Manufacturing of Electric Passenger Cars similarly permits eligible manufacturers to import electric passenger cars at a reduced customs-duty rate of 15% for five years, subject to minimum investment, local manufacturing and phased domestic value-addition requirements.[39]

These developments suggest that Kenya has an emerging investment pipeline that could support a lower-cost new EV market as demand grows.

[38] Board of Investment of Thailand, "BOI Event Detail," *BOI Thailand*, accessed July 27, 2026, https://www.boi.go.th/un/boi_event_detail?language=en&module=news&topic_id=136261.
[39] Ministry of Heavy Industries, Government of India, "Gazette Notification of Electric Mobility Promotion Scheme-2024," *Heavy Industries*, https://heavyindustries.gov.in/sites/default/files/2025-06/gazette_notification_spmepci.pdf.