



The voice of Kenyan agriculture

Kenya's Agricultural Business Environment & Supportive Measures for Market Entry



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- ASNET is the umbrella body of the private sector actors in the agriculture sector in Kenya

Key objectives

- Policy advocacy for an enabling business environment in Kenya
- Consolidation/coordination of private sector actors in agriculture
- Trade and investments facilitation
- Development of agriculture value chains

Membership

- Corporates, Associations, SMEs, Academia and research institutions

Why Kenya Is the Choice destination for Investment



- Population: Projected at 57M(2025), one unitary government with 47 County government
- Strategic location, well developed business infrastructure
- ***Preferential Market access;*** Kenya is a signatory to tax treaties and investment promotion and protection agreements-*Multilateral & Bilateral Trade Agreements, ACP Cotonou Agreement, AGOA, member of WTO making Kenyan products access more than 90% of world markets etc*
- Political Stability, freedom of expression
- **Regulatory reforms:** Wide range of fiscal incentives for investors; *tax exemptions, rapid project approval and licensing, wear and tear allowances, investment deduction, industrial building deduction*
- ***Fully liberalized economy-no exchange controls, no price controls etc***
- *Access to a large pool of highly educated and skilled workforce.*
- Youthful demographics and high-tech literacy; 18-34 years, 22.3M, 95.73% literacy level
- Kenya is the regional ICT hub; ideal gateway for businesses targeting the African market.
- *Fast growing digital economy, rapidly growing online transactions*
- *Well established and vocal private sector : ASNET, KEPSA, KAM etc*

- Economic Importance and Potential: Agriculture is the dominant sector. *Contributes 20% to GDP and employing 40% of population; 70% of rural population*
- Export Opportunities: Kenya is a major exporter of tea, coffee, cut-flowers, fruits and vegetables. Accounts for 65% of total exports
- Food security: Investing in agriculture crucial for food security & exports
- Economic growth: Stimulates economic growth by creating jobs, generating incomes and supporting related industries and transportation-provides more than 60% and 18% of employment in the informal and formal sectors respectively
- Poverty Reduction, especially investing in smallholder agriculture development.

Specific Investment Opportunities in Agriculture

- Modernization:
- Value Addition
- Sustainable Practices
- Climate Change adaptation tech
- Specific crops

Agricultural Environment	Opportunities
1. Small scale farmers accounting for 78% with 0.2-3ha using manual labour methods; in rice, maize, sorghum, millet, potatoes,	- Small machinery to mechanize small scale farming – from land preparation, tilling, planting, harvesting, drying and milling.
2. Low productivity as a result of poor seeds, and low usage of agro-inputs (fertilizers &	- Supply of certified high yielding seeds, high quality inputs like fertilizers (basal and foliar feed), insecticides, herbicides
3. <u>Post-harvest</u> losses estimated at 40% of harvested crops annually leading losses to farmers	- Moisture meters, driers and storage technologies
4. Low value-addition – most produce sold in raw form leading to low returns to the farmers	- Processing and value addition investments (eg. Driers, mills, oil-pressing machines etc)
5. Food production deficit resulting to importations of 30 - 40%	- Adoption of technology and innovation to increase efficiency and production

Items	INCOME TAX INCENTIVES (Investment Deduction Allowance ¹ & Exemptions from Income Tax)	VAT INCENTIVES (Exempted/Zero-rated)
Farm works ²	100% investment deduction allowance on capital expenditure on buildings and machinery	-
Milk, eggs, meat, rice, maize, bread, beans, fruits and nuts, unprocessed vegetables, tubers, infant food formula, unprocessed green tea, Oil seeds, Pyrethrum flower, Sugarcane, live animals.	-	Exempted
Agricultural pest control products	-	Zero-rated
Raw materials for manufacturers of agricultural pest control products and fertilizers	-	Zero-rated
Tea and coffee locally purchased for the purpose of value addition before exportation.	-	Zero-rated
Supply of coffee/tea for export to coffee/tea auction centers.	-	Zero-rated
The supply of flour from maize, cassava, wheat or meslin	-	Zero-rated
Inputs or raw materials locally purchased or imported for the manufacture of animal feeds.	-	Zero-rated



Thank You!

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