



Cameroon Economic Policy Institute

HENRI KOUAM
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How Can the AfCFTA Boost the Informal *Agriculture Sector?*

Why Cameroon's Informal Agripreneurs Must Be at the Centre of AfCFTA Implementation

\$450B

Potential rise in
African incomes

+2.5%

Cameroon GDP boost
from AfCFTA by 2030

55%

of workers employed
in agriculture

EXECUTIVE SUMMARY

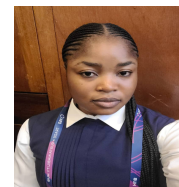
- The AfCFTA could boost Cameroon's GDP by 2.5% by 2030 and raise agricultural exports by \$6.5 million — but only if the informal sector, which drives 100% of cash crops, is actively integrated.
- 55% of active-age workers are in agriculture. 9 out of 10 work informally. Average income (~\$98/month) is far below the FCFA 135,729 living wage, underlining the urgency of value chain integration.
- Nigeria — Cameroon's 2nd largest informal trading partner — accounts for 30.8% of informal trade flows. The AfCFTA will unlock this corridor more than any other, creating concrete opportunities for agripreneurs.



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Introduction

Signed in 2018 by 44 African Union member states, the African Continental Free Trade Area (AfCFTA) is a flagship project of the African Union designed to reduce tariff and non-tariff barriers across Africa, accelerate industrialization, integration and boost standards of living. The World Bank estimates that African incomes could rise by \$450 billion, while CEPI's flagship Trade Report finds that the AfCFTA could boost Cameroon's GDP by 2.5% by 2030, while exports of agricultural products could rise by \$6.5 million during this period.

However, it is not clear how informal sector workers and production units in the agricultural sector will benefit from the AfCFTA. Agriculture employs over 55% of active-age workers, 2 million households, and 60% of women who produce 90% of Cameroon's food crops — cassava, tomatoes, yams, beans, and potatoes. The sector contributes 20% of GDP and constitutes an important part of exports, driven by cocoa, coffee, banana, rubber, and timber.

This policy brief analyses the potential implications of the AfCFTA on the informal agriculture sector and its ability to integrate formal value chains. It is divided into four sections covering the structure of the informal sector, the development of informal agripreneurs, pathways to formal value chains, and policy recommendations.

Section 1: Cameroon's Informal Agriculture Sector

The informal sector employs nearly 9 out of 10 workers, the majority of whom are young people and women (ILO, 2021). Over 53.5% of informal sector workers are in agriculture, while 46.5% operate in the non-agriculture sector. The agriculture sector as a whole employ 43.4% of workers, with 94.1% of workers in rural areas operating informally.

Sector Profile	Key Constraints
<ul style="list-style-type: none">● 9 out of 10 workers in the informal sector● 53.5% of informal workers are in agriculture● 94.1% of rural workers operate informally● 36.6% of working-age women in agriculture● Average income: ~59,520 CFA (~\$98/month)● Living wage: FCFA 135,729/month	<ul style="list-style-type: none">● Only 12% of farmers access agricultural guarantees● 9 out of 10 IPU's employ only 1.2 people● Limited access to finance and modern inputs● Deficient infrastructure in rural areas● 100% of cash crops produced by informal sector● Majority of operators located in rural areas

Section 2: The Development of Informal Sector Agripreneurs

Cameroon's informal agro-sector continues to focus more on local development and rarely on external trade. Informal agripreneurs farm food crops that are sold at local markets, with few connections to continental value chains. Previous programs to help informal agro-entrepreneurs transition to the formal economy have not yielded significant benefits.

PIAASI and other Integrated Support Programs aimed at encouraging formalization have not boosted production. 1,000 tractors and 200 community-funded workshops between 2021–2024 benefited formal actors, not informal ones. However, recent initiatives — reduced SME taxes and suspended income tax for employees under 35 — show more promise.

Nigeria: The Key AfCFTA Opportunity

Nigeria is Cameroon's second-largest informal trading partner, accounting for 30.8% of trade flows driven by illegal exports of cocoa beans (63.9% of informal revenues). The AfCFTA will likely boost two-way trade with Nigeria more than any other partner — as Nigeria is not part of the CEMAC customs union, it offers the greatest new market access under the AfCFTA framework. 88% of informal trade happens at the Ekok border post and the Guéli Bridge.

Barriers to Formalization

Lack of knowledge of administrative procedures	72%
Preferential tax rates not communicated	65%
Ill-adapted business formalization sites	58%
Limited digital access (45% smartphone rate)	52%
High cost of formal registration	48%
Distance to registration offices	44%

Section 3: Integrating Formal Value Chains

The agro-processing sector in Cameroon is developing fast, driven by its import substitution strategy. This has created demand for food crops, giving informal sector workers in agriculture opportunities to integrate formal value chains. However, only 45% of Cameroonians have access to a smartphone, limiting digital marketplace platforms like E-buy for many rural producers.

Value Chain Opportunities Under AfCFTA

Crop / Product	Buyer / Processor	AfCFTA Opportunity
Eru / Bush Mango	Nigerian traders (Ekok gateway)	4,000 tons/yr → FCFA 4B; planters, harvesters, logistics
Maize & Soybeans	Nalmaco, OABL (\$700M Kribi)	Lower tariffs stimulate cross-border processing
Soybeans	SOPROICAM (Far North)	New buyers for Cameroonian production
Cassava	Pafic Sarl, Niji Foods	Import substitution demand, formal value chains
Palm Oil	Exportex	Stable supply chains to Nigerian markets
Plantains & Yams	Nigerian agri-entrepreneurs	Local currency AfCFTA payments enabled

Policy Recommendations

01: Link Inputs to Formal Registration

Make the receipt of seeds, fertilizer, and other inputs contingent on the formal registration of entities. Commercialization of agricultural outputs should be done through cooperatives and business registrations coordinated through these cooperatives.

02: Leverage Tax Incentives for Formalization

Educate and sensitize informal sector workers on the benefits of formalization. Leverage the 30% tax relief for agropastoral investments and the 5-year business license exemption (Advocated by CEPI in 2023–2024) to incentivize IPU formalization.

03: Simplify Cross-Border Trade Cards

Cross-border trade should simplify formalization by providing informal traders and transporters with cards that ensure a minimum contribution for cross-border trade — reducing administrative barriers at key border posts like Ekok and Guéli Bridge.

04: Match Agripreneurs to Agro-Processors

Greater efforts to match local informal sector workers with agro-processing companies are warranted to ensure that the gains of free trade are spread across the formal and informal sector.

The AfCFTA offers Cameroon a historic opportunity to boost GDP and agricultural exports, but success depends on integrating the informal sector — the backbone of food security and female employment.

By simplifying cross-border regulations at gateways like Ekok and linking inputs to formal registration, policymakers can empower informal agripreneurs and ensure free trade drives inclusive industrialization.

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