



PAFO-COLEAD INNOVATIONS SERIES: Innovations and successes of African farmer-led businesses and SMEs

SESSION N°23

Opportunities in cross-border value chains for entrepreneurs

Tuesday 3 June 2025 - 12:00-14 :00 UTC

Online ([Zoom](#))

English-French-Portuguese interpretation available

1. Context

Agriculture remains the backbone of many African economies, employing over 60% of the continent's labour force and contributing significantly to GDP in most countries. Despite this, Africa is a net importer of food, and intra-African trade in agricultural products remains low. Increasing intra-regional trade in agriculture offers a strategic opportunity to boost food security, enhance rural incomes, reduce dependence on external markets, and drive economic transformation. It can open up new markets for smallholder farmers and agro-based micro, small, and medium enterprises (MSMEs), enabling them to scale their operations and invest in improved productivity and quality standards.

Developing regional value chains can help African countries rebound from the socio-economic shocks of the COVID-19 pandemic and accelerate productive transformation.¹

Agricultural products play a crucial role in intra-African trade. Africa's agricultural sector is a major contributor to the continent's GDP and employs a large portion of its population. Intra-African trade in agricultural goods has been growing steadily, driven by increasing demand for food products within the continent and efforts to enhance food security through regional cooperation. In 2023, agricultural products constituted approximately 25 percent of intra-African exports, with key commodities including grains, fruits, vegetables, and livestock.²

Cross-border value chains offer opportunities for entrepreneurs to move up the value ladder by engaging in processing, packaging, and branding. Cross-border trade enables African

¹ AUC/OECD (2022), *Africa's Development Dynamics 2022: Regional Value Chains for a Sustainable Recovery*, OECD Publishing, Paris, <https://doi.org/10.1787/2e3b97fd-en>.

² FAO, IFAD, UNICEF, WFP, and WHO. 2023. *The State of Food Security and Nutrition in the World 2023*. Urbanization, agrifood systems transformation and healthy diets across the rural–urban continuum. Rome: FAO.

producers and MSMEs to access larger regional markets, reducing dependency on overseas exports and improving competitiveness through scale and diversification.

2. Challenges to cross-border trade in Africa

Several barriers persist, making it difficult for African countries to capitalise on the potential of intra-regional trade fully. These obstacles are multilayered, encompassing infrastructure deficits, tariff and non-tariff barriers, weak institutional frameworks, and limited industrial capacity.

A major barrier is Africa's severe infrastructure shortfall. **Limited road, rail, and border infrastructure**, storage, and cold chains significantly hampers the movement of goods. Poor logistics increase the cost and time of doing business. Landlocked nations face even greater challenges, relying heavily on neighbouring countries' infrastructure to access international markets. The African Development Bank estimates that bridging this gap will require between US\$68 billion and US\$108 billion annually.³

Despite tariff reductions, **Non-Tariff Barriers (NTBs)**⁴ such as customs delays and complex procedures, duplicative inspection requirements, and inconsistent regulations remain major bottlenecks to trade. Inefficient **customs procedures**, border controls, and varying standards can significantly slow the movement of goods. It can take several days to clear goods at African borders, compared with just a few hours in more developed regions.⁵

An estimated 30–40% of cross-border trade in Africa is informal. Traders—mostly women—face harassment, bribes, and a **lack of legal protection**. There is a need to introduce incentives and protections to encourage informal traders to transition into the formal sector, including simplified border procedures and trade licensing.

Small traders and SMEs often lack the **capital, trade finance instruments, and market data** needed to navigate cross-border operations effectively.

Tariff barriers remain a significant obstacle, with average tariffs on intra-African trade around 6.9 percent, compared to 2.5 percent in other developing regions.⁶ High tariffs raise business costs, making local goods less competitive than imports outside Africa. Regional blocs must accelerate efforts to harmonize sanitary and phytosanitary (SPS) measures, packaging, and labelling standards, while streamlining customs procedures.

The **lack of industrial diversification** and dependence on a thin array of export commodities, primarily raw materials and agricultural products, hampers intra-regional trade in the continent.⁷ **Conflicts and economic crises** disrupt supply chains and deter investment, further hindering intra-African trade.

³ AFDB. [Public-private partnerships needed to bridge Africa's infrastructure development gap](#). 2023.

AFDB. Infrastructure. <https://www.afdb.org/en/topics-and-sectors/sectors/infrastructure>

⁴ The African Continental Free Trade Area (AfCFTA)'s Non-Tariff Barriers online reporting, monitoring and eliminating mechanism is a facility developed to enhance trade through removal of non-tariff barriers to trade (NTBs). <https://www.tradebarriers.africa/>

⁵ World Bank. 2025. [Transport and Food Security in Sub-Saharan Africa: Strengthening Supply Chains](#).

⁶ Afreximbank. 2024. [Regional Value Chains and Intra-African Trade Promotion](#). Afreximbank Research and University of Development Studies, Ghana.

⁷ The International Finance Corporation estimates that the financing gap for small and medium-sized enterprises (SMEs) in Africa is around \$331 billion, a significant blockade to industrialisation and the production of manufactured goods essential for intra-African trade (IFC 2021). [IFC, African and European Partners Launch Alliance to Support Private Sector Growth in Africa](#). 2022.

3. Opportunities of cross-border trade for entrepreneurs

Cross-border trade and regional value chains increase intra-African trade, allowing African countries to maximise each other's potential, resources, and capabilities. This also render African economies more resilient to external shocks and thus stabilise their economies. The proportion of manufacturing value-added in intra-African trade is a mere 9 percent, compared to 18 percent and 45 percent, respectively, in Latin America and Asia. Africa's participation in global value chains trade as a percentage of GDP is about 8 percent, compared to Asia's 14 percent (OECD 2022).⁸

The establishment of the **African Continental Free Trade Area (AfCFTA)** is seen as a game-changing opportunity for entrepreneurs and a step towards building strong regional value chains.⁹ The AfCFTA is the world's largest free trade area bringing together the 55 countries of the African Union (AU) and eight (8) Regional Economic Communities (RECs). The overall mandate of the AfCFTA is to create a single continental market with a population of about 1.3 billion people and a combined GDP of approximately US\$ 3.4 trillion.¹⁰ For small and medium-sized enterprises (SMEs), this creates incentives to develop cross-border business relationships and source inputs or sell products in neighbouring countries without prohibitive trade barriers. The AfCFTA has the potential to increase intra-African trade by 45 per cent in 2045, with significant gains in manufacturing, agro-processing, and services. This will also reduce Africa's dependence on manufactured imports, with agrifood and industry expected to gain the most from this initiative.¹¹

By **reducing import duties**, ensuring the implementation of trade facilitation measures, facilitating intercontinental infrastructure projects and enabling access to technology and e-commerce the AfCFTA can yield large gains for agricultural producers on the African continent. The harmonization of SPS regulations and mutual recognition of food standards will also be crucial to facilitate export growth in the sector. At the continental level, the African Organization for Standardization (ARSO) plays a crucial role in harmonizing standards, including those related to agricultural and food products.¹² Investment in transport and trade corridors are gradually improving regional connectivity and trade logistics.¹³ Initiatives like the Pan-African Payment and Settlement System (PAPSS)¹⁴ are **simplifying cross-border transactions**, reducing dependency on foreign currencies, and improving liquidity.

Digital connectivity, e-commerce platforms, mobile money, and logistics innovations now allow African entrepreneurs to connect with suppliers, customers, and service providers across borders with minimal infrastructure. Investing in infrastructure is also linked to developing a skills-based economy that prioritises technical and vocational training. Key to participating in global value chains is digitization and workforce skilled in information and

⁸ OECD. 2022. "[Value Chains in Africa: What Role for Regional Trade?](#)" OECD Development Matters.

⁹ 17th PAFO and COLEAD session on "[Potential of African regional markets: Successes from SMEs and Smallholders](#)". Recording: <https://www.youtube.com/watch?v=v-sRCFN4KZ8>

¹⁰ ACFTA. <https://au-afcfta.org/about/>

¹¹ UNECA. Advancing the implementation of the African Continental Free Trade Area: Proposing transformative Strategic Actions. Economic Report on Africa. Summary. 2025.

¹² Odjo, S., F. Traoré, and C. Zaki, eds. 2024. [Africa Agriculture Trade Monitor 2024](#). Kigali and Washington, DC: AKADEMIYA2063 and International Food Policy Research Institute.

¹³ [2025 Annual Meetings: Regional corridors as drivers of continental integration](#).

¹⁴ [Pan-African Payment and Settlement System \(PAPSS\)](#)

communication technology.¹⁵ It is important that African governments and private partners increase investments in ICT infrastructure to support real-time market information.¹⁶

4. The way forward

Cross-border value chains represent a dynamic frontier for African entrepreneurs aiming to scale their businesses, add value to local resources, and contribute meaningfully to regional economic transformation. As the continent advances toward deeper economic integration, those who can effectively navigate cross-border dynamics, leverage digital tools, and cultivate collaborative networks will be well-positioned to lead Africa's inclusive and sustainable growth.

Realizing the full potential of these opportunities demands more than entrepreneurial ambition—it requires supportive ecosystems, robust infrastructure, and enabling policies that empower businesses, especially small and medium-sized enterprises (SMEs), to thrive beyond national borders. African entrepreneurs are emerging as key drivers of value addition, innovation, and inclusive growth through their engagement in cross-border value chains. Their contributions are not only enhancing productivity but also generating employment, improving incomes, and reducing poverty across communities.

The success of the African Continental Free Trade Area (AfCFTA) and other regional initiatives will depend on the implementation of inclusive, practical solutions to cross-border trade barriers. With the right policy frameworks and targeted interventions, cross-border trade can become a powerful lever for sustainable development, job creation, and shared prosperity across the continent.

To unlock the full potential of cross-border trade, strategic investments, regulatory reforms, and targeted support for small-scale traders are essential. When effectively supported, cross-border value chains can become a cornerstone of Africa's sustainable and inclusive economic future.

Key points for discussion:

- What are the opportunities for African SMEs in cross-border trade?
- What innovations are required to meet those markets?
- What challenges and opportunities do entrepreneurs see in cross-border value chains?

More information, including the programme, is available on Agrinnovators.org, the platform that consolidates all the information related to the Innovations Sessions and provides a [forum](#) for exchange and networking.

¹⁵ [Infrastructure Financing Trends in Africa – 2016](#). The Infrastructure Consortium for Africa Secretariat c/o African Development Bank. 2017.

¹⁶ AFDB 2018. [Capturing Africa's niche in the global value chains](#).

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Agenda

Moderator: *Isolina Boto, Head of Networks and Alliances, COLEAD*

12:00-12:10 Introduction

- *Babafemi Oyewole, CEO, PAFO (represented by Aimable Twagira YEZU, Program Officer)*

12:10-12:45 Panel: successes of enterprises in cross-border trade

- *Wezi Mzumara, Managing Director, Kwanza Cocoa, Malawi*
- *Saran Keita, AmiDjor Agribusiness, Guinea*
- *Aïssata Diakité, Founder, Zabbaan Holding, Mali*
- *Lesley Marange, Founder and CEO, Gyltime Foods, Zimbabwe*

12:45-13:20 Discussants

- *Anthony Egeru, Manager Skilling, Engagement for Community Development, RUFORUM*
- *Ousseini Ouedraogo, Executive Secretary, ROPPA*

13:20-13:50 Debate

13:50-14:00 Key takeaways and conclusion