THE CFA FRANC ZONE: A MODERN REINCARNATION OF A COLONIAL RELIC

PRESENTED TO THE DEPARTMENT OF PUBLIC LAW

UNIVERSITY OF CAPE TOWN

IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF PHILOSOPHY IN INTERNATIONAL LAW

BY MAHLOHONOLO MOHAPI

MHPMAH001

MAY 2020

ACKNOWLEDGEMENTS

Firstly, I would like to extend my utmost gratitude to my supervisor Prof Ada Ordor, who guided me so diligently and was so supportive of my topic by telling me how amazing it is that as a student from Southern Africa, I could be interested in such a topic. Thank you so much for your direction, your constructive comments and constant motivation. I am deeply grateful to have had such a committed supervisor and I couldn't have continued or completed this research without your enthusiasm and vital input.

Moreover, I would like to thank Dr. Aurelien Beko and Mr. Tlohang Sekhamane, who were incredible in assisting me to shape my research and for their invaluable support. I would also like to thank the University of Cape Town as well as the Post-grad funding office for their contribution towards me finishing off the remainder of my Masters program. Finally, I would like to thank the National Manpower Development Secretariat (NMDS) that have funded my entire post-graduate education. I am eternally grateful for this opportunity and greatly appreciate the support that I have received from the scholarship over the years.

DEDICATION

I would like to dedicate this research to my mother (Manthethe Mohapi) for her endless motivation and her constant care in ensuring that I see through the completion of this research. Thank you for your enduring support, as well as your continuous encouragement when I was feeling low. My late father (Sello Mohapi), who has always believed in me and encouraged me to further my studies. I know he is always looking over me and smiling so proudly.

I would also like to dedicate this to my brother (Nthethe Mohapi), who always challenges me intellectually and introduced me to this topic and thus sparked an interest, that made me want to research this issue further. Thank you for the constant motivation. I further dedicate this research to my family and friends who have stood by my side and pushed me when I was starting to feel uninspired. Lastly but most importantly, I would like to dedicate this research to my beloved Africa and her beautiful people.

TABLE OF CONTENTS

THE CFA FRANC: A MODERN REINCARNATION OF A COLONIAL RELIC

1. CHAPTER ONE: INTRODUCTION

1.1 BACKGROUND OF THE RESEARCH

Africa has long had ties with its former colonial masters even after the independence of most African states during the 1960s liberation movement. Examples include the Commonwealth of Nations, which is made up of 54 countries in Asia, Africa, the Americas and the Pacific. Most of these countries are former colonies of the British Empire; and they continue to share many activities with the United Kingdom (UK), and among themselves, under the umbrella of the Commonwealth. Another example is that of the Lusophone (Portuguese-speaking) countries such as Brazil, Angola, Cape Verde, Mozambique, etc, which continue to be attached to Portugal in many ways.

However, France has had a particularly interesting and hands-on relationship with its former colonies, that is not only peculiar but that is also questionable in terms of the economic autonomy and future of these former colonies. A clear example of this hands-on approach is the French Community of Africa, popularly called the CFA Franc zone. The CFA Franc zone is a monetary system, that is used by 14 African countries around the West and Central Africa region. [1] What is interesting about this monetary union is that although it is open to any other African country, it is utilised mostly by former French colonies, which is very suspect.

The stated promises of the CFA franc zone were that it would ensure for its member states a stable and robust currency with low interest rates, access to international markets and wide opportunities for economic growth. However, there are arguments that these advantages are coming at a great and unbearable cost to these fledgling CFA states. Thus, there is dis-contention with regards to this monetary union as it is seen as another form of neo-colonialism disguised as a monetary union that will benefit the CFA states yet it seems to further France's economic interests. This is due to the

[1] The West Africa region of the CFA franc consists of eight countries namely Benin, Burkina Faso, Guinea, Ivory Coast, Mali, Niger, Senegal and Togo. The Central Africa region of the CFA franc consists of six countries namely Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea and Gabon.

arrangements that these CFA states signed with France which were envisaged in the colonial pact and also form the basis of the CFA franc zone. The very inception of the CFA franc zone was one that began on an unequal footing as these arrangements unmistakably indicate France's superiority.

Moreover, this monetary union is quite unique in its nature as it is the only one of its kind in the world that consists of former colonies and its former colonial master. For instance, the Eurozone consists of only European countries and the Eastern Caribbean Currency Union consists of eight island countries that are in the Caribbean. However, the West African Economic Monetary Union (WAEMU) and Economic and Monetary Community of Central African States (CEMAC) which together form the CFA franc zone are not strictly African monetary unions as they have their special arrangements with their former colonial power France.

The continued existence, inclusion and presence of France in a monetary union that consists of mostly former French colonies, along with debates on whether it is beneficial or detrimental to the economic growth and general development of these CFA countries, forms the basis and overall motivation of this study.

1.2 PURPOSE OF THE RESEARCH

The main objective of this research is to assess how the CFA franc zone along with the arrangements made with France through the colonial pact are detrimental the development and the economic interests of the CFA franc states. Thus, this research aims to demonstrate how the presence of France in the monetary union inhibits their economic potential, as well as continue the system of neocolonialism but in a modernized twist. The objective is to also evaluate how the system can be reformed or restructured in a way that it creates an equal bargaining power of both the CFA franc countries and France; In order to ensure that both interests of the parties involved are satisfied and equally prioritized.

1.3 RESEARCH QUESTION

The study asks six potent questions that are essential to understanding the issue of France existing in the CFA franc zone and how it in turn hinders the region from fulfilling its economic potential and also affects its development.

Question one: How is the CFA franc zone problematic presently?

Question two: What attracted the CFA African leaders to consent to be part of such an agreement that set forth the establishment of the CFA franc zone?

Question three: who benefits from the CFA franc zone?

Question four: what is the significance of France in the CFA franc zone and why will it not exit the zone?

Question five: Can this be a matter of international law?

Question six: Is it possible to develop a win-win arrangement?

The research focuses on the CFA franc zone as a template of the continuing recolonisation of Africa that is being carried out by the former colonial master France. This dissertation argues that France's presence in these CFA African states renders them in a modern form of neo-colonialism as they do not have any sovereignty and autonomy due to the arrangements that led to the creation of the CFA franc zone.

The problem with the CFA franc zone is that on the face of it, it appears to be a common monetary union system of African countries. However, the reality is that France is involved in the functioning of the zone in epic proportions. The economic and military arrangements that brought forth the foundation of the zone are very much entrenched in oppression. And, sixty years on, there has been little revision in terms of the original agreements.

Although the peg to the Euro has allowed for greater access to opportunities such as currency stability, low inflation and interest rates; the stringent monetary policies that the zone must adhere to create a situation of non-autonomy and a lack of monetary sovereignty. The money supply and financial policies are defined by a foreign power, which sets the rules and no African country is privy to any decision-making of the

European Union (EU)'s fiscal policies despite, the fact that they have a direct impact on the CFA franc states.

No country can be expected to grow and fulfil its economic interests when it barely has control over its own financial policies and Central banks. France's autonomy in the zone is incredibly problematic and serves as a lingering master overseeing work done on the plantation.

These questions are of great importance, as they address critically the crux of the CFA franc zone and its inner workings with France. It is imperative to ask these questions as by investigating the answers, it will become clear how flawed the CFA franc system is and how its inconsistencies need to be addressed. Moreover, the arrangements with France generate a situation of dependency on its former colonial master and now more than ever, African countries need to spearhead their economic discussions and assert absolute control over their financial institutions. Therefore, the preceding questions will be unpacked further in Chapter five (5.1).

1.4 CONCEPTUAL FRAMEWORK

The central argument of this research is based on the concept of neo-colonialism. This is because the CFA franc zone is an imbalanced international relation between France and the CFA countries and as such, this establishment resembles a form of neo-colonialism. Neo-colonialism is defined as

> 'the economic and political policies by which a great power indirectly maintains or extends its influence over other areas or people'.[2]

When breaking this definition down, the political and economic policies that are referred to with regards to the CFA franc zone is the arrangements found in the colonial pact (see 2.2) that was signed by France and its former French colonies. These policies will be discussed in detail in chapter three as they have had a devastating impact on the economic potential and development of CFA countries.

---

[2] Merriam-webster 'Definition of neo-colonialism' available at: *https://www.merriam-webster.com/dictionary/neocolonialism*, accessed on 01 February 2020

Further dissecting the definition, the great power in this case refers to France, and through the existence of the CFA franc zone. France is able to indirectly maintain its influence over the West and Central Africa region which consists of the CFA franc countries, as on the face of it, the CFA franc zone appears to be monetary union system of African countries. Yet, beneath the surface, the economic and political policies that form the basis of the CFA franc zone are structured in a way that serve France's interests better than that of the CFA countries. The treaties that were concluded with France by former French African colonies as a way to attain independence aided France to 'retain its influence on matters of defence, economic development and educational policy'[3] for these CFA countries. Thus, continuing to uphold France's influence in these territories in spite of them gaining independence and being sovereign states.

This arrangement was also referenced by historian Dieter Rothermund in his book decolonization and cited that 'critics called this neo-colonialism and there was some truth to that'.[4] As such, this research seeks to fortify the notion that the CFA franc zone is indeed a neo-colonialist model and therefore there is a pressing need for decolonisation.

Although these states are fully independent and are no longer colonies of an imperial power, it is true that some form of decolonisation happened for them to get to the sovereign and autonomous status they have. However, this could be identified as the first wave of decolonisation for African states which happened occurred around 1954 to 1969, when most African states that were colonies were freed from imperial rule.[5] Later waves came with the independence of Caribbean states, as well as the handover of power of Hong Kong from British rule to Chinese rule.[6]

Thus, this swift withdrawal of colonial governments from Africa marked the end of imperial European expansion and shaped the dawn of a new age of relations between the newly formed states and the developed world.[7] However, for the CFA countries, of

[3] Dieter Rothermund *Decolonization* (2006) 131.

[4] Ibid.

[5] Martin Shipway *Decolonization and its impact; a comparative approach to the end of the colonial empires* (2008) 1.

[6] Ibid.

[7] Ibid at 2.

which twelve of them were former French colonies. The new relations that were established with their former colonial power France somewhat continued a system of subordination and powerlessness that was prevalent during the era of colonialism. The arrangements that were defined in the colonial pact reinforced France's domination, thus ushering in a model of neo-colonialism. Therefore, as a response to this neo-colonialist dawn, there needs to be a new wave of decolonisation that aims to restructure or reform the CFA franc zone. Decolonization means 'the breaking down of the colonial structures and their replacement with new ones oriented to nationalist interests'.[8] To bring this definition into context, the colonial structure that is prevalent is the policies that are demarcated in the colonial pact. As such, these arrangements need to be broken down and restructured in a way that is beneficial to the interests of the CFA countries and also advances their nationalist course.

1.5 RESEARCH JUSTIFICATION

This research is of great necessity because there is a big movement across the African continent of decolonization. Although, the decolonisation of Africa is not a new notion, it is one that is vital to restoring Africa's true DNA and heritage. Social activist movements such as the Rhodes must fall; which saw the removal of the Cecil John Rhodes statue on the University of Cape Town premises were spearheaded by young people in a quest to fight against lingering remnants of colonisation.

Thus, this research is needed because there is a growing sense of pride amongst young Africans to have African stories and histories being told authentically by Africans and without a Western influenced sense of thought. Furthermore, the foundations of the CFA franc zone, that is how it came to be, is highly problematic as it is a modern reincarnation of a colonial relic. As such, it still contains within it fragments of colonisation and it is imperative that Africans are made aware of this system and its arrangements as they have disadvantageous effects on the development and economic

[8] Daniel Tetteh Osabu-Kle. *African blood for imperialist interests: the first and second scrambles for Africa* (2001) 7.

growth of the respective regions. Thus, this research aims to shed light on the ongoing neo-colonialism that is occurring within the CFA franc zone area.

Also, research is sometimes carried out to satisfy intellectual desires. The general interest and agenda of the decolonisation of Africa is one of great curiosity and of serious importance as a young African. There is a deeper desire to understand and investigate why and how such a system exists today in Africa and how it has continued for so long. As such, there comes a time where the cord must be cut and for the CFA franc countries, that time has never been more apparent.

1.6 METHODOLOGY

The methodology one uses is dependent on the available data as well as the topic that is to be analysed. Thus, the methodology must coincide with the material that has been gathered and collected. For the purpose of this research, the appropriate methodology is the case study approach. This is because a case study is a research method that 'is used to generate an in-depth, multi-faceted understanding of a complex issue in its real-life context'.[9] Therefore, it is a well-recognised research design that is widely used in a number of disciplines such as law and policy, business and social sciences.[10] The essential principle in a case study approach being the necessity to comprehend a phenomenon or event in great depth and in its natural context.

As such, it is essential for this research as it explores in detail the CFA franc zone and its arrangements with France. Thus, this research method is appropriate as this approach is seamless for investigating how the CFA franc zone and its arrangements with France play a significant role in the underdevelopment of the region. Also, it assesses how the arrangements continue a system of neo-colonialism as these counties have no monetary sovereignty and autonomy over vital issues, thus resembling the colonies that were run by their masters without much contribution from the indigenes.

[9] Sarah Crowe, Kathrin Cresswell, Ann Robertson, Guro Huby, Anthony Avery & Aziz Sheikh *The case study approach* (2011) 1.

[10] Ibid at 1

In order to develop an in-depth understanding of the case, it is essential to collect data based on a variety of sources that provide evidence using both qualitative and quantitive information. This is vital for the research as it increases the validity of the study. Thus, the tools of research include primary data such as the Declaration on the Granting of Independence to Colonial Countries and Peoples Secondary resources such as (quotes, speeches from ministers and interviews); as well as scholarly articles and books. Finally, tertiary resources such as journals, internet sources and International Monetary Fund (IMF) reports.

1.7 SIGNIFICANCE OF THE RESEARCH

It is imperative to introduce this issue because some of the expectations and regulations that the CFA countries must adhere to affect their economic, social, political and military wellbeing. Also, because this zone consists of France which is the former colonial master of these CFA countries, the arrangements of the zone have a great element of neo-colonialism. Thus, this research might be useful in pushing forward the agenda of involving the United Nations (UN) to act through its decolonisation framework. This framework encompasses and aims to ensure full sovereignty, autonomy and independence for all states.

The system as it exists places an impractical amount of pressure on the CFA franc zone countries to observe EU fiscal policies. And, no state can be expected to develop exponentially when it has no independence over its monetary policies. Also due to the unequal bargaining power that exists between these countries, there is an imbalance of the big guy exploiting the little guy. As such, the UN should bring this matter to the world stage and advocate for the abolishment of the colonial pact which sustains the colonial impetus it was founded on.

Lastly, this research is significant as currently there are few literatures on the oppressive and unequivocal nature of the CFA franc zone. Most research that is carried out is often based on the performance of the zone such as the World Institute for Development Economics Research by Aloysius Ajab Amin and the Economic Research of BNP Paribas by Stephane Alby. Such research, although it is very significant, does not delve deep into the CFA franc zone's foundations, its political impact and how it is unfavourable to the CFA franc states. Thus, it will contribute to the existing literature that is already centred around the zone and also contribute to the debate around neo-colonialism and decolonisation.

1.8 LIMITS OF THE RESEARCH

This topic of the CFA franc zone and France is one of great contention as there are a multitude of differing opinions that exist about the zone's relations with France. As such, it is bound to stir some feelings of contentment amongst advocates of the zone. Therefore, some of the limits is the lack of commentary from sitting officials as some chose not to give an opinion on the matter, whilst some do not have an issue with the zone's connections with its former colonial master. The lack of accessibility to state officials is also due to the language barrier as these states are French speaking countries.

Additionally, this also limits some of the official state documents which have to be translated to English and thus increasing the possibility of having some meaning lost in translation. As such, this research relies on literature from journals, economists and analysts that are experts who have written extensively on the zone. Also, there is use of official reports from the IMF, as well as newspaper articles which might to some advocates of the zone be viewed as having an agenda and containing an element of bias. Nevertheless, the articles used are from reputable publications and are utilized in a critical and objective manner that puts forth a logical analysis of the CFA franc zone and France.

1.9 ORGANISATION OF THE RESEARCH

This research is divided into five chapters. This chapter is the introduction, which gives background to the topic, research question, the aims, expectations and importance of the research topic. It also gives an overview of what the research entails and its relevance. The second chapter focuses on the CFA franc and details how it was established, the colonial pact that set forth the economic and military arrangements between the CFA countries and France. This chapter also explains the relationship between France and its former colonies and also provides an overview of the zone under a fixed exchange rate system and the economic landscape of the overall CFA countries.

Chapter three delves into the impact that the arrangements have had on the CFA countries economically, politically and socially. This chapter also explores the country of Guinea as it is the only country that voted against the referendum and thus takes a look at how it has survived post-independence.

Chapter four is about the ECO. This is the new currency that is proposed by the ECOWAS and that once it comes into circulation will replace the CFA franc in the Western bloc countries of the zone. This chapter is of great importance as the ECOWAS region also includes the WAEMU bloc and both had agreed to certain reforms which would be instrumental in reducing France's power within the CFA WAEMU bloc. As such, the shift to adopt the ECO would be a vital reform strategy towards decolonisation for the area. Thus, this Chapter will explore how viable this reform strategy is and also highlight the issues that exist which might be a hinderance to the actual fruition of the currency.

The final chapter is the conclusion and consists of the discussion and observations. It also suggests some recommendations that can be adopted to resolve the CFA franc zone and finally the concluding remarks on the research.

2. CHAPTER TWO: THE CFA FRANC ZONE

2.1 HISTORY AND ORIGINS OF THE CFA FRANC ZONE

The CFA Franc zone traces its origins as far back as 1939 when it was created as a currency zone for the French colonial empire, thus pegging French African colonies' currency to the Franc used in Metropolitan France thereby creating a monetary area.[11] The CFA franc however, was established in the aftermath of the Bretton Woods conference on 26 December 1945.[12] The decree that set forth the creation of the CFA franc is Decree No.45·0136, which was co-signed by Rene Pleven who was president of the French provisional government, Charles de Gaulle who was the minister of finance and lastly by the minister of the colonies Jacques Soustelle on 25 December 1945.[13] Initially, when the CFA franc was created in 1945, the decree arbitrarily set the exchange rate at 1 French franc = 1.70 CFA francs.[14]

In 1955, there were two issuing bank institutions established, with distinct aims. The purpose for one was to serve central and equatorial Africa and the other would serve French West Africa.[15] In 1958, the CFA Franc came to be known as the Franc of French community in Africa (FCFA) and on 1 January 1960, with the creation of the new French Franc, the FCFA had a fixed parity of 50 FCFA for one Franc.[16] This

---

[11] Banque de France *The franc zone* (2015) 2.

[12] African business magazine 'a brief history on CFA Franc' Available at *https://africanbusinessmagazine.com/uncategorised/a-brief-history-of-the-cfa-franc/*, accessed on 14 April 2019.

[13] Mamadou Koulibaly 'How france lives off francophone Africa via the cfa franc' *New African magazine* January 2008.

[14] Ibid at 32.

[15] Ibid at 32.

[16] Banque de france op cit note 11 at 2

would remain so for the succeeding 36 years without any change to it. However, a series of events occurred during this period as between 1972-73, new monetary cooperation agreements were signed between France and CFA franc member countries. [17] The Comoran Franc is created in 1976 and the central banks of the respective regions were transferred to Africa.[18]

On 11th January 1994, with no warning and at the sole discretion of France, a devaluation of the CFA franc was imposed. This devaluation meant that the 1 French Franc was worth 100 CFA francs which was previously 50 CFA francs the night before.[19] As a result of the devaluation, this caused a major decline in the value of the CFA franc currency and the CFA franc zone economies.

On 1st January 1999, France adopted the Euro. Although the parity remained the same and was adjusted automatically, due to the Euro being a stronger currency than the French Franc (one Euro was worth 6.55957 French francs). This difference resulted in a greater devaluation in the CFA franc as one Euro was now worth 655.957 CFA franc.[20] Currently, 14 African countries use the CFA franc as their shared currency and thus belong to the CFA franc zone.[21] The CFA franc has two currencies which is the Central African CFA franc (XAF) and the West African CFA franc (XOF).[22] Despite the currencies being different, they are nonetheless interchangeable but not convertible and share a fixed exchange rate against the Euro.[23]

The West African Economic and Monetary Union (WAEMU) is made up of eight countries located in West Africa namely: Niger, Togo, Senegal, Cote d'Ivoire, Mali, Guinea-Bissau, Benin and Burkina Faso.[24] Whilst, in the area of Central Africa, six countries form the Economic and Monetary Community of Central African States

---

[17] Koulibaly op cit note 13 at 32.

[18] Banque de france op cit note 11 at 1.

[19] Ibid.

[20] Ibid.

[21] Central bank of western states (BCEAO) 'History of the CFA franc' available at: https://www.bceao.int/en/content/history-cfa-franc, accessed on 14 April 2019

[22] Ibid.

[23] African business magazine op cit note 12.

[24] Central bank of western states (BCEAO) op cit note 21.

(CEMAC) namely; Chad, Gabon, Equatorial Guinea, Cameroon, the Central African Republic and lastly Congo-Brazzaville.[25] Each of these monetary unions have their own respective central banks, the Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO) is the central bank for WAEMU and ; the Bank of Central African States (BEAC) is the central bank for CEMAC. An interesting element of the CFA franc zone is that 12 out of these 14 African countries are former French colonies. This is a point of great interest, as initially, colonies of France had their currency linked to the French franc but post-independence, a number of states left such as Morocco, Tunisia, Guinea, Mauritania, Madagascar and Algeria.[26]

Against this contrast, this pins the question why these specific countries formed this common monetary union as opposed to having their own independent currencies like the latter. The colonial pact France signed with these countries is part of the reason why and thus the preceding section delves into this pact in detail.

2.2 THE COLONIAL PACT AND THE FOUR GOVERNING PRINCIPLES OF THE CFA FRANC ZONE

2.2.1 The colonial pact between France and its Former African colonies

In order to comprehend how the CFA Franc came into existence as it is today, it is important to go back to the colonial pact that was signed by France and its former colonies. The French model of colonisation is quite unique and different to that of the Anglo, as the French had an assimilation plan in place. This plan aimed at absorbing, converting and merging Africans into French culture and ultimately convincing Africans to see themselves as French peoples.[27]

Initially, it was not in France's ambitions to grant independence to its African colonies due to this 'cultural harmony' it built or imbedded in these former Franco-phone states. However, with the growing wave of anti-colonialism, as well as the rise of pan-African

[25] Ibid.

[26] African business magazine op cit note 12.

[27] Zionson Eyo 'France's colonial pact with Africa' *New African magazine* 2 May 2011

ideas of intellectuals like Julius Nyerere and Kwame Nkrumah in the 1950s, France had no choice but to eventually submit to granting independence to its colonies.[28] It is worth noting that France's former African colonies were an economic stronghold for the French. As such, with granting independence, this new-found freedom would pose a great threat to the economic interests of France and thus the colonial pact was signed as a way to maintain France's economic benefits in these countries as well as to continue a paternalistic form of control in these territories.[29]

The establishment of the CFA franc zone can be identified as a way that France continues its control in its former territories. This is because, in the 1960s, just before France agreed to granting independence, in a cunning fashion, it organised wisely for its former colonies to sign a colonial pact which was a system of compulsory solidarity.[30] This colonial pact formulated the principles of monetary cooperation between the member states of the CFA franc zone as well as France.[31]

The convention for monetary cooperation between France and BEAC was reviewed on 23 November 1972, whilst the cooperation agreement between France and BCEAO took place on 4 December 1973.[32] Each of these zones have their own specific and distinct treaty with France. As the colonial pact led to the formation of the CFA franc zone, the proceeding sub-section highlights the governing principles of the CFA franc zone as they were part of the bargain in respect to granting independence to the CFA franc member states.

2.2.2 The Four governing Principles of the CFA Franc Zone

The monetary cooperation between the CFA countries and France is governed by these four fundamental principles mentioned below. Also, the peripheral value of the CFA franc is determined by France and the Central banks of these states through their

[28] Ibid at 4.

[29] Eyo op cit note 27 at 5.

[30] Koulibaly op cit note 13 at 28.

[31] Ibid at 28.

[32] Ibid at 28.

respective mechanisms of monetary cooperation. Thus, the four governing principles of the zone are as follows.

1. France along with the boards of governors of the BCEAO and BEAC set and determine the exchange rate and monetary policies of the member states whilst the state branches of these central banks are responsible for implementing the policies.[33] As such, member states do not have an independent monetary policy or exchange rate.[34] This means that member states do not have a monetary policy of their own because they operate individually under a regime of fixed exchange rate. Moreover, if there is to be a change in policy, such as the parity change, then both the central banks and France must be in complete agreement.[35] However, if France wants to adjust its rate to other international currencies, then it has the liberty to do so unilaterally.[36]

2. The French treasury guarantees unlimited convertibility with no limits to the distributing banks of the CFA franc zone.[37]

3. Within the Franc zone area, transfers are free, thus there is free movement of capital.[38] Furthermore, within the CFA franc zone region, reserves are pooled together with the French treasury and a 'common foreign exchange policy of franc zone with the rest of the world'.[39]

4. Lastly, foreign exchange reserves are pooled by each central bank and there are rules which guide this arrangement.[40] There is an operation account within the French treasury that is responsible for maintaining 50 per cent of each central

---

[33] Aloysius Ajab Amin *long-term growth in the cfa franc zone countries* (2000) 3.

[34] Ibid at 3.

[35] Ibid at 3.

[36] Ibid at 3.

[37] Stephane Alby, 'Cfa franc; a new stress' available *at https://www.economic-research.bnpparibas.com*, accessed on 10 April 2019.

[38] Heiko Korner. 2002 'The Franc Zone of West and Central Africa: A Satellite System of European Monetary Union' 2002 *Intereconomics* at 199.

[39] Amin op cit note 33 at 4.

[40] Korner op cit note 38 at 199.

bank's foreign exchange assets (previously 85 per cent). [41] Also, each central bank must limit credit to its member states to a maximum of 20 per cent of that particular state's overall government revenue of the preceding year.[42] In addition, each central bank should maintain a foreign exchange cover of 20 per cent for its "financial and sight liabilities".[43]

By assessing the governing principles of the CFA franc zone, it really begs forth the question as to how could African leaders be complicit to sign such an agreement? Even though the administration of the CFA franc currency is delegated to the respective African central banks, the sad reality is that they merely exist to give an impression that they are rulers of their own monetary vocation, yet they do not possess any might over their own monetary policies.[44]

Moreover, even after the CFA countries' foreign reserves are deposited into the French treasury, these African countries barely have the information as to how much of those reserves belong to them, as France is the only party privy to that information.[45] Furthermore, this money that is deposited by CFA franc countries is being invested into the French corporate sector at the expense of the CFA countries without any communication whatsoever as to the accounting of the funds, and no knowledge on whether there is a profit or loss accrued.[46]

Also, these foreign reserves have been held in the French treasury since 1961, as such, one can only imagine how much African money France has been harbouring without any report of the funds to their reputed owners.[47] It is hard to comprehend with such preposterous conditions, how African leaders of these CFA countries could possibly

---

41 Amin op cit note 33 at 4.

42 Ibid at 4.

43 Amin op cit note 33 at 4.

44 Koulibaly op cit note 13 at 28.

45 African globe 'How France financially enslaves 14 African countries' available at https://www.africanglobe.net/featured/france-financially-enslaves-14-african-countries/, accessed on 14 June 2019.

46 Ibid.

47 Ibid.

agree to this. However, it's important to note that this colonial pact (Pacte Coloniale) was part of the package that came with the promise of independence.[48]

Therefore, the colonial pact agreement became an important control component to France as it not only locked the former African colonies into a French military and economic embrace; but it also played an instrumental role in creating the CFA franc zone.[49] Additionally, this pact also established a legal mechanism which gave France a seat at the table in the economic and political lives of its former African territories.[50] The preceding section briefly highlights the institutions of the CFA franc zone, which provides an outline of the organisation of the zone.

2.3 THE INSTITUTIONS OF THE CFA FRANC ZONE

The institutions governing these member states play an important role in terms of managing these afore mentioned monetary unions and are imperative to taking into consideration the political and economic objectives of their respective member states. Therefore, this section will breakdown the institutions, their role in economic and regional integration and as well as the function of the respective central banks.

2.3.1 The West African Economic Monetary Union (WAEMU)

WAEMU is a monetary and customs union that was created in Senegal, Dakar in January 1994. It consists of eight countries (see 1.1) with the BCEAO being the central bank that conducts its regional monetary policy.[51] The area is regionally integrated through a common external tariff, a common institutional framework and a common currency (XOF).[52]

48 Ibid.

49 African globe op cit note 45.

50 Ibid.

51 N R Amadou *The role of the CFA franc in the Economic Integration of the West Africa region Second International Conference on Sustainable Development in Africa* (2010) 12.

52 Ibid at 13.

The treaty of WAEMU has four key features:

> 'harmonisation of the legal and regulatory framework, setting up of a common market, multilateral surveillance of macroeconomic policies and coordination of national sectoral policies in the major economic areas'.[53]

Including the BCEAO, other institutions of WAEMU consist of the conference of heads of states and government, the council of ministers, as well as the WAEMU commission.[54] These institutions are imperative to the running of the zone and play a vital role in adopting economic policies with the objective of maintaining regional integration.

The strong arm of the union is the BCEAO. The BCEAO is the central bank that administers a variety of functions for the Western area of the CFA franc zone. Its head office is in Senegal (Dakar), with the governor being the top official of the central bank and serves a six-year renewable term as appointed by the Conference.[55]

Amongst its duties is the responsibility to describe and implement monetary policies within the WAEMU and guarantee the union's stability and that of its financial and banking system.[56] Therefore, its main objective is to safeguard price stability whilst also providing support to the Union's other economic policies. In addition, under the terms as set forth by the council and the Conference, it devices exchange rate policies and manages its member countries' foreign exchange reserves. The central bank also has the power to issue bank notes for member states that are party to the Union.[57]

These various key institutions play a vital role in the functioning of the Union and ensure its stability, whilst also fostering regional and economic integration in the Union's area.

2.3.2 Economic and Monetary Community of Central African States (CEMAC)

[53] Banque de France op cit note 11 at 4.

[54] Banque de France op cit note 11 at 4.

[55] Ibid at 5.

[56] Ibid at 5.

[57] Ibid at 5.

The CEMAC is another bloc that forms part of the CFA franc zone and thus functions within the Central part of Africa in the Zone. It is imperative to note that although both the WAEMU and CEMAC form the CFA franc zone, both have their own currencies that are not interchangeable and therefore have their own respective bodies and institutions that service and fulfil each bloc's own objectives. Moreover, each bloc has its own separate arrangements with France.

On 16 March 1994, a treaty was signed that formed CEMAC which resulted in a monetary cooperation agreement and an economic union, but it also evolved into a union for regional integration amongst its member states and thus has four institutions.[58] These four institutions are the Central African Monetary Union (CAMU), the Central African Economic union (CAEU), the community parliament and lastly the Community Court of Justice. Within the CEMAC's four institutions, there are six main bodies that are instrumental in carrying out various functions in line with CEMAC objectives. These six bodies are the Conference of Heads of State; the Ministerial Committee of the CAMU; the Council of Ministers of the CAEU; the Commission of the CEMAC; the Bank of Central African States (BEAC); the Central African Banking Commission (COBAC).

A strong arm of the union is the BEAC. It is the central bank of the CEMAC and is headquartered in Cameroon (Yaoundé). The bank has a variety of responsibilities that include describing and directing the monetary policy of the Union, as well as managing both the reserves for member states and the exchange rate policy.[59] Just like the BCEAO, the bank also has the executive right to issue bank notes to its member states. The most prominent function is of the BEAC is to maintain the currency's stability whilst also supporting the Union's economic policies.

The bank consists of six members namely the secretary general, the governor, deputy governor and three Director-generals. The conference of the heads of state elect the governor by unanimous decision, through the Ministerial committee's suggestion and

[58] Banque de France op cit note 11 at 5.

[59] Ibid at 6.

the unanimous approval of the board of directors of the bank.[60] The governor will serve a seven-year term that is not renewable, whilst the other governing authorities will serve a six-year term. The board of directors consists of 14 directors, with two from France, and two from each member state, the president of the board of directors is held by the president of the Ministerial Committee of the CAMU.[61] The directors are elected on a three-year term that is renewable and are responsible for administering the bank.

2.4 FRENCH-AFRIQUE: WHY CFA COUNTRIES ARE IMPORTANT TO FRANCE

Now that the origins, governing principles and institutions of the CFA franc zone have been described, it is vital to delve into the relationship of France and these CFA states. It goes without saying that Africa is a continent rich in various natural resources that range from diamonds, coal, gold, oil and metals such as uranium and cobalt amongst other things. As such, because of these precious natural resources, the continent became a target for resource exploration and competition between European powers. As previously mentioned, after France granted independence to its former African colonies, countries such as Tunisia, Morocco and Algeria, went on to form their own currencies and monetary systems.

However, 12 out of the 14 countries in the CFA zone are former French colonies so that puts forth the question as to why these countries did not seek to create their own independent currencies just like other former colonies. In simple terms, these CFA countries have a vast wealth of natural resources and raw materials. Thus, due to this condition, they are a lucrative source of goods for major industries. Therefore, it would not be in France's best interests to fully detach from these former colonies. The following quotes by former French politicians are testament as to why Africa is of grave economic importance to France;

> 'Without Africa, France will have no history in the 21st century.' — Former Prime Minister François Mitterrand, in 1957[62]

---

[60] Ibid at 6.

[61] Banque de France op cit note 11 at 6.

[62] All Africa 'Africa; when France said; long live neo-colonialism' available at *https://allafrica.com/stories/201512070238.html*, accessed on 23 February 2019.

> 'Without Africa, France will slide down into the rank of a third [world] power.' — Former French President Jacques René Chirac, in 2008.[63]

> 'We have to speak the language of truth: African growth pulls us along. Its dynamism supports us, and its vitality is stimulating for us … We need Africa.' — Speech by French Finance Minister Pierre Moscovici, December 2013.[64]

Such words coming from high level French officials are witness to how vital Franco-phone Africa is for France and thus this section explores this relationship. The mention of Africa in the context of the quotes above, refers to Franco-phone African states that are former French colonies. Thus, Franco-phone Africa is important to France for a multiplicity of reasons but mainly for economic and political reasons:

1. Economically, 3% of France's exports are to Franco-phone Africa, this is due to a strong foothold of French companies in markets such as telecoms, banking, logistics, shipping, agriculture and host of other sectors.[65]
2. Niger plays an important strategic role with regards to France's energy security as its uranium reserves are responsible for one-quarter of France's production of electricity.[66]
3. On the political front, France's former colonies are essential in maintaining the French's global power image as these African countries play a crucial role when it pertains to rallying up votes in the United Nations (UN) on international issues that are of great concern for France or its European counterparts such as the issue of climate change.[67]
4. In terms of military presence, France has about 9000 French troops stationed in these countries with the purpose being to thwart and fight off any terrorists and to also train African soldiers.[68] The reality is that the placement of these French

---

63 Ibid.

64 Ibid.

65 Paul Melly and Vincent Darracq. P Melly, P & V Darracq *A new way to engage? French policy in Africa from Sarkozy to Hollande* (2013) 3.

66 Ibid at 3.

67 Ibid.

68 Jens Borchers 'Why are former colonies in Africa so important to France' *Mail and guardian* 6 may 2017, available at *https://mg.co.za/article/2017-05-06-why-are-former-colonies-in-africa-so-important-to-france*, accessed on 13 April 2019.

soldiers is not solely to train African soldiers or fight terrorists but to also secure French interests and keep at bay any potential danger that may pose a threat to France's national interests in the country.[69]

There are several reasons as to why Africa is so important to France, however, the mentioned points are just base reasons that give context as to why it is in France's best interests to maintain a form of hold with its former colonies. Thus, the CFA Franc zone exists in part to fulfil and maintain France's control over its former colonies in a way that it does not appear to be colonialist to the outside world. The following sub-section highlights how France sought to be energy independent through establishing control in Gabon and Cameroon soon after independence.

2.4.1 Securing the oil: the case of Gabon and Cameroon

Despite these CFA countries attaining their independence, this did not mean freedom as post-independence, France was heavily involved in certain countries such as Gabon and Cameroon as it was necessary for the French to be energy-independent. This was due to Algeria gaining its independence in 1962, which resulted in France losing access to the Algerian oil that it needed and thus a new oil strategy was vital, and it was needed in a territory where they could control it.[70] As such, Gabon became the new territory for oil exploration due to its promising oil reserves. As as a result, France sort to be front and centre in its oil policy and strategy in a quest to ensure energy independency for France.

Jacques Foccart (chief adviser on African affairs 1960-1974) was the man responsible for establishing and maintaining good personal relationships with African leaders, who would be instrumental in advancing the French's policy and position in these territories. This began with the appointment of Leon M'ba, Gabon's president (1961-1967) who was approved by the French as he was known to be 'a staunch friend of France'.[71]

[69] Ibid.

[70] Patrick Banquet 'French African connection' available at http://www.aljazeera.com/programmes/specialseries/2013/08/201387113131914906.html, accessed on 8 December 2018.

[71] Rothermund op cit note 3 at 153.

Before the discovery and exploration of oil, the French were attracted to Gabon for its wood, due to it being covered by Equatorial forests.[72] However, interest in Gabon further increased due to the flow of oil in 1956 as well as the presence of uranium. African leaders who were in power in this post-independence era of the 1960s very much preferred and even revelled at having close ties with the French, as this came with great power and the favour to rule unopposed in their country. However, in 1964, the Gabonese military captured M'ba and forced him to resign as the army was fed up with M'ba being a puppet of France.[73] This military coup was unfavourable to France and thus they sort to reinstate M'ba in his position of power to continue to see through France's interests.

Therefore, by having leaders in power that are favourable to France and her interests, this allowed for the signing of secret clauses in military arrangements that empowered France with the liberty to 'protect' some of its former African colonies from 'external attack'.[74] Furthermore, these arrangements gave France primary access to raw materials and natural resources found in these territories such as gas, uranium, manganese and oil.[75]

Additionally, with the reinstatement of M'ba into power, he was guarded by the French and even received protection from the French secret services.[76] With M'ba's health in constant decline, the French sought to find a successor that would continue to reinforce the French course and they found this in Albert Bongo. Bongo had been the director of the President's personal office since 1962 and was elected by M'ba to be his vice president[77], thus making it easy for him to succeed M'ba.

Therefore, with the threat of any political instability sustained and eradicated, the French was assured and moved forward with the exploration and extraction of oil without any worry of political interference. ELF (France's public oil company) was

[72] Banquet op cit note 70.

[73] Banquet op cit note 70.

[74] Ibid.

[75] Ibid.

[76] Ibid.

[77] Rothermund op cit note 3 at 153.

expectedly given most of the oil concessions.[78] The company by paying royalties to the government, contributed seventy per cent of Gabon's budget and also produced 20 million tonnes of oil for France; thus, Gabon has clearly been very important to French interests.[79]

Against this background, it is clear how important a role Gabon plays towards fulfilling France's interests. In present day, current leaders also continue to maintain certain relations with France by reinforcing the very same policies, thus French interference was never drastically reduced.

The case of Cameroon is quite similar to that of Gabon. This is because Cameroon became an avid oil producer just after attaining independence. With the discovery of oil and the newly independent country facing its first elections, it became an objective of France to similarly control the political dynamics in order to guarantee that oil concessions are once again to the interest of France.

Considering the oil discovery, France once again had to ensure political stability in the country and sort to have a President that was favourable to their course. As such, the French ambassador to Gabon was sent to Cameroon to keep tabs on the developments in the country. Ahmadou Ahidjo proved a worthy candidate to carry out France's interests in Cameroon, and thus the task began to get him elected and thus becoming the first president of Cameroon.[80]

In France's quest to ensure political stability, any opposition that posed a threat to French interests and policies was eliminated. This was the case for Felix Moumie, who was the leader of the Union of the people of Cameroon (UPC).[81] Moumie was assassinated in Geneva in 1960 by a member of the French secret service by poisoning his coffee with thallium.[82] Felix's UPC predecessor Ruben Um Nyobe (Nyobe) was also killed 2 years prior.

[78] Ibid at 154.

[79] Ibid at 154.

[80] Banquet op cit note 70.

[81] Ibid.

[82] Ibid.

Nyobe was the founding member of the UPC and the French were angered by his radicalism as he would openly and bravely advocate for the independence of Vietnam and Algeria.[83] Due to Nyobe's outspoken nature he became a target for the French and thus the French made sure to discredit his party leading to the party being prohibited and ultimately forcing its members to operate underground.[84] As Nyobe struggled to participate in political life, he was arrested in 1958 and murdered before he could even stand trial.[85]

Nyobe's successor unfortunately endured the same fate as his Marxist ideology was beginning to become popular in Cameroon. This greatly intimidated French powers, as Moumie himself was anti-colonialist and if he were to become president, he would not have been within the influence of French control. As a result, those who were put in power were leaders that were favourable to France's interests. The insidious nature in which France sought to secure its energy ambitions speaks to how France needs to maintain some form of control in its former African colonies, as the French economy is dependent on these resources and raw materials.

Thus, with such a history filled with brutality and bullying, it is difficult to comprehend how the arrangements that created the CFA franc zone could be in the best interests of the 12 former African colonies of France. This is because the very principles that govern the CFA franc zone can be somewhat repressive, backward and tyrannical in their nature. Nonetheless, at this stage of the research, it is too early to give a concrete verdict on the CFA franc zone. Henceforth, the proceeding section will assess the CFA franc zone under the fixed exchange regime and assess the economic landscape of the zone.

2.5 OVERVIEW OF CFA FRANC ZONE UNDER FIXED EXCHANGED REGIME

A noteworthy point to keep in consideration is that one of the reasons this system of a common monetary union can exist or even function is due to the sheer size of these CFA franc countries. Most former French colonies that are party to the CFA franc zone

---

[83] Rothermund op cit note 3 at 150.

[84] Ibid at 150.

[85] Rothermund op cit note 3 at 151.

are relatively small, landlocked countries and in the case of countries that maybe big in size, the population hardly exceeds 5 million people.[86]

Therefore, because of their rather small economies, these countries often must rely on the currencies of developed nations for their international trade, finance and commercial transactions. Thus, due to the nature of their small economies, the decision to have an appropriate exchange rate regime is of great importance as it can influence financial markets, trade and monetary policy, as well as fiscal policy.[87] An exchange rate regime refers to members belonging to a currency or monetary union in which

> 'The same legal tender is shared by the members of the union. Adopting such regimes implies the complete surrender of the monetary authorities' control over domestic monetary policy.'[88]

Since its introduction, the CFA franc has been pegged to the Euro on a fixed rate regime and questions have been raised as to whether if this has been beneficial or detrimental for the CFA franc zone. This section will focus on the realities of the CFA franc being pegged to the Euro.

Despite being pegged to the Euro, the CFA franc zone has had its fair share of recurrent shocks in terms of trade and even shock absorbers such as fiscal transfers, capital and labour mobility have not been able to effectively absolve the zone from its shocks.[89] Due to this, there is belief that perhaps an adjustable peg or a fluctuating exchange regime would probably have lessened the output costs caused as a result of external shocks.[90] This begs the question as to why would the CFA franc countries choose to have a fixed exchange rate regime despite still incurring major price fluctuations?

---

[86] Tamar Golan 'A Certain Mystery: How Can France Do Everything That It Does in Africa--And Get Away with It*?'* (1981) 80 *African Affairs* 318

[87] Etienne B Yehoue 2006 '*The CFA arrangements: more than just an aid substitute?'* 2006 *Dans Economie internationale* 107.

[88] IMF 'De Facto Classification of Exchange Rate Regimes and Monetary Policy Framework' available at *https://www.imf.org/external/np/mfd/er/2006/eng/0706.htm*, accessed on 20 February 2020.

[89] Ibid at 108.

[90] Ibid at 108.

A possible reason is that France acts as a shock absorber by providing aid even though it is not a part of the arrangements to do so. Therefore, whenever the zone is hit by trade shocks, France increases its monetary support.[91] As a result, this aid acts as a cushion that keeps these countries in the CFA franc zone. As without such support, there would be no incentive for the countries to stay in the zone when they are hit by trade shocks or other adverse external shocks, thus this aid keeps the zone sustainable to a certain degree.[92]

Nevertheless, the CFA franc being pegged to the euro might have had great benefits for the CFA countries, as the very introduction of the Euro was to foster a stable currency, keep inflation and interest rates low and to also boost and improve members' growth rates.[93] However, this notion can be counter argued by the reality that although inflation rates in the zone have been lower than the African average (see graph 1,pg 89), this hasn't stimulated much economic growth in the region, as job creation is still very low.[94]

However, the reality is that "no single currency regime is right for all countries or at all times."[95] This is because States must indicate which exchange rate arrangement is the best trade of between credibility and stability on one hand, and flexibility on the other.[96] By having a fixed exchange rate policy and pegging to a foreign currency, the benefit can be to boost credibility as a way to fight inflation and to keep it significantly low. Also, exchange rate volatility is greatly eliminated by having a fixed exchange rate regime. Yet, this also comes with the compromise of flexibility, which is what a fixed

---

[91] Ibid at 109.

[92] IMF op cit note 88 at 109.

[93] Issiaka Coulibaly 'Competitiveness and growth within the CFA franc zone: Does the switch to the Euro matter?' 2014 *CEPII research center* 139.

[94] Samba Ndongo 'The cfa franc; French monetary imperialism in Africa' available at https://blogs.lse.ac.uk/africaatlse/2017/07/12/the-cfa-franc-french-monetary-imperialism-in-africa/, accessed 15 September 2019.

[95] Jeffrey A Frankel 'No single currency regime is right for all countries or at all times' 1998 *Essays in International Finance* 215.

[96] Yehuoe op cit note 87 at 4.

exchange rate policy requires as governments have to forfeit their ability to adjust the nominal exchange rate as a response to economic external shocks.[97]

Rewinding back to the 1970s and 1980s, the fixed exchange rate regime was widely applauded for assisting the CFA zone in achieving low inflation and macroeconomic stability at far greater margins than other sub-Saharan countries.[98] In spite of this, the CFA franc was devalued in 1994 and this was considered to be a positive for the region as it was linked to increased economic gains, policy transparency and robust institutions.[99]

The reason for this devaluation was due to the snowballing effect of CFA countries' high labour costs, constant deterioration of the terms of trade and nominal appreciation of the French franc against the United States Dollar (USD). Consequently, this greatly overvalued the exchange rate.[100] This devaluation also brought about much needed reforms as both unions (CEMAC and WAEMU) sought to prioritize financial integration in their respective regions through institutions and laws modelled on those of the European Union.[101]

As part of their financial agreements with France, the CFA franc zone must also conform to the rigorous fiscal policies as set fourth by the EU. These include adhering to the notion that 'public debt must not exceed 1.5 per cent of the average of the most performing states. The fiscal deficit ceiling was set to 3 per cent of the Gross Domestic Product (GDP). The interest rate must not exceed 1.5 per cent of the three countries having the most stable prices and government debt must not be more than 60 per cent of the GDP'.[102] These targets as implemented by the EU must be fulfilled by the CFA countries in order to continue to guarantee the peg to the Euro.

---

97 Ibid at 4.

98 Gulde, Anne-Marie & Tsangarides, Charalambos *The cfa franc zone, common currency, uncommon challenges* (2008) 16.

99 Gulde & Tsangarides op cit note 98 at 16.

100 Ibid at 30.

101 Ibid at 18.

102 Amin op cit note 33 at 5.

Moreover, CFA countries like other members of the EU are expected to not only observe these measures but to also maintain good governance and discipline. If they are unable to live up to these principles, then they stop being part of the monetary union.[103]

Although there are no conclusive studies that confirms the costs and benefits of the CFA franc arrangement, the overall consensus found in the literature is that there is a systematic variance between floaters and peggers with regards to economic performance. By assessing the real effects of nominal exchange rate regime, there is a widespread accord that fixed exchange rate regime usually leads to low levels of inflation and tight controls on the fiscal policy thus resulting in good fiscal discipline.[104]

Since, the collapse of the 1973 Bretton woods arrangements, there has been various discussions about the benefits and costs of different exchange rate regimes especially for low-income countries. As it stands, three-quarters of non-CFA African countries have opted for money anchors and a floating, flexible exchange rate regime.[105] This is due to the premise that a fluctuating exchange rate policy is able to adjust to real shocks. Although this might be a widely perceived benefit of having an adjustable exchange rate regime, the reality that lurks is that most African states do not have the suitable financial and monetary infrastructure to sustain a flexible exchange rate regime. As such, the growing efforts of monetary unions in Africa can be a reflection that a fixed exchange regime with its vigorous policies seems to be a more advantageous solution.

Despite the supposed advantages of having a fixed exchange regime, the underlying issue with this fixed exchange parity with the Euro is that these countries cannot devalue their currency. As a result, this renders CFA franc countries to become less competitive to exports. Furthermore, as previously highlighted, France decides on this devaluation unilaterally (see 2.2.2). This is a great issue as it can be understood to be a great limit to the national sovereignty of the states especially because the currency of a country is a great part of its economic policy.

Nonetheless, the CFA franc is widely considered to be a strong, stable currency due to its peg to the Euro. However, the problem with this is that it is a strong currency that

[103] Amin op cit note 33 at 5.

[104] Amin op cit note 33 at 18.

[105] Ibid.

exists in a generally underdeveloped economic area, which lacks the suitable financial structures needed to support it. Thus, leading to the aphorism that not all that glitters is gold.

2.6 ECONOMIC LANDSCAPE OF THE CFA FRANC ZONE AND COMPARATIVE ASSESSMENT OF WAEMU AND CEMAC

At first glance and on the face of it, both WAEMU and CEMAC have strong financial institutions which would elude one to think both zones are performing exceptionally well. Even though there has not been conclusive evidence with regards to the economic benefit of the zone. What is clear though is that, with the peg to the Euro, stringent EU fiscal policies that both unions have to adhere to and solid banking institutions; the CFA franc zone clearly has the right ingredients to produce a stellar economy. However, the economic reality of the zone is bleak.

Approximately 158,6 million people live within this zone thus accounting to 13 per cent of Africa’s population and contributing roughly to 15 per cent of the GDP. The zone is filled with resource rich countries that mostly produce and trade in raw materials. For instance, Senegal and Mali have cotton, the Ivory Coast, Togo and Burkina Faso have cacao and these countries are also the world’s leading producers of coffee, bananas, palm oil, mines and oils amongst other resources.

Adding to the aforementioned resources, Mali also has gold, Togo and Senegal have phosphates, Niger has the world’s fifth largest uranium reserves. The Central African Republic has diamonds, Gabon has manganese and uranium, whilst Chad has oil. The downside of being a manufacturer of predominantly raw materials is that often they have a low added value as their prices are greatly determined by world markets and thus are very volatile.

Also, most of these raw materials are mostly exported from three major ports within the zone which is in Abidjan Ivory Coast, Dakar Senegal and lastly in Douala Cameroon. In terms of average growth rate, most of the CFA franc zone region between the periods of 1994-2004 had a 1.5 per cent growth rate, excluding Chad which was 3.4 per cent, Equatorial Guinea (6.4 per cent) and Burkina Faso (3.1 per cent).[106] However, as a result of the growing agricultural prices in the world, states like Senegal had a growth rate of 6.5 per cent, whilst Mali was 6 per cent and Ivory coast was 8.9 per cent.[107]

Although CEMAC and WAEMU together form part of the CFA franc zone, it is important to note that both unions have their own definitive arrangements with France. Also, the very fact that both unions' currencies are not interchangeable shows a great disconnect within the zone. Furthermore, WAEMU in comparison to CEMAC is more successful and generally performing better than the CEMAC countries, further showing a great disparity between the two.[108]

The low level of intra-zone trade and also poor labor mobility as well as capital markets integration are a major problem that prevail within the CFA franc zone of which are vital to the sustainability of the zone. The only two major developments where the zone can be attributed to having strong performance is in the areas of fiscal discipline and price stability.[109] As such, in comparison to other non-CFA franc countries, the zone seems to outdo its African counterparts only with regards to low inflation and price stability and credibility.

Nonetheless, in terms of macroeconomic performance, oil exporters have seen great developments within their sector. Thus, five out of the six CEMAC countries being oil producers have seen their regional GDP double to 41 per cent from a mere 18 per cent in 1994.[110] This greatly benefits the CEMAC regional bloc as when oil prices rise and production increases, which it has, it profits the region as a whole. As good as this maybe, what profits one bloc does not necessarily benefit the other regional bloc.

According to the recent International Monetary Fund (IMF) report on the regional bloc released in March 2019, the economic reality in the bloc continues to remain challenging.[111] With regards to economic growth, the region has been on a slump due

---

106 Alby op cit note 37 at 6.

107 Ibid at 6.

108 Ibid at 7.

109 Yehuoe op cit note 87 at 4.

110 Gulde & Tsangarides op cit note 98 at 20

111 IMF *Central African Economic and Monetary Community (CEMAC): Common Policies of Member Countries– Staff Report. IMF country report 19/1* (2019)

to the fall of oil prices that began to deteriorate in 2014. As a result of the non- oil growth, approximately 2/3 of CEMAC's budget revenues which is oil-dependent was lost as well as the great majority of its exports.[112] Since the fall of oil prices globally, the region has been struggling to sustain its economic growth. As a consequence of this, non-oil growth recovery is not picking up at levels satisfactory enough to provide jobs and income to accommodate the increasing population.[113]

The heavy reliance of oil goes to show the rapid need to diversify the economy so as to have other industries act as macroeconomic buffers when there is a hit in a certain sector. There are a variety of factors that prevail which have hindered the pace of diversifying the economy. These ranges from poor public services and infrastructure, low financial markets and inclusion, weak governance, an insufficient business environment, high level of corruption and very low levels of regional integration.[114] Nevertheless, within CEMAC countries, inflation still remains low averaging about two percent in recent years.

Another major woe within the CEMAC is high levels of public debt, with the banking sector owing greatly to government arrears. This caused the budget deficit to rise to six per cent of the GDP in 2016, up from 4.5 per cent in 2014; also, the current account deficit also soared to around ten per cent of the GDP in 2016.[115] As a result of any eternal financial support, CEMAC members had to dip into their BEAC deposits.[116] As problems of liquidity persisted, this resulted in an accumulation of government arrears with suppliers.

Furthermore, non-performing loans kept on rising (seventeen percent in 2018) and banks were failing to meet their provident ratios. Due to this, BEAC has sought to keep tight fiscal policies and it did so by eradicating statutory advances, providing refinancing via competitive auctions and also by launching an emergency liquidity assistance system.[117] Moreover, COBAC began implementing supervision that is risk-

112 Alby op cit note 37 at 4.

113 IMF op cit note 108 at 5.

114 IMF op cit note 108 at 5.

115 Alby op cit note 37 at 4.

116 Ibid at 4.

117 Ibid at 7.

based, strengthening the implementation of foreign exchange regulations and also taking control of assisting distressed banks.[118]

Nevertheless, promising projections done by the IMF forecast that with the repayment of government arrears, this would contribute significantly to the eventual recovery of non-oil growth by 2021 to around four percent.[119] Further projections include a significant decrease in public debt to about forty-four percent at the end of 2020, as well as a decrease in the current account deficit (1.5 per cent by 2020) which would boost the steady accumulation of reserves.[120]

So far Cameroon and Gabon have signed financing agreements with Central African Republic and Chad having previously been in similar programmes. Through this arrangement BEAC was able to rebuild its foreign reserves to approximately US$1 billion by the second half of 2017. This was due to a slight increase in oil prices as well as external help from the IMF and other external donors.[121] Currently, approval on financial arrangements is still lingering from the republic of Congo and Equatorial Guinea.[122]

On the other hand, WAEMU has been performing way better than its counterpart CEMAC. Looking at chart 1(pg 89),[123] from 2012-2017 WAEMU has been growing at a significantly stable rate, which is higher than most oil producing countries, which mainly consist of CEMAC countries and other Sub-Saharan non-CFA franc countries. The average regional growth rate as evidenced in the chart is well above 6 percent and this has been the case for six consecutive years. The region's growth has been influenced greatly by the Ivory Coast and Senegal which are the two major economies in the WAEMU bloc. What further fuelled this sustainable growth has been the low

[118] Ibid at 7.

[119] Ibid at 4.

[120] Ibid at 4.

[121] Alby op cit note 37 at 4.

[122] Ibid at 5.

[123] See appendix 1.

inflation rate within the area, heavy public investment, high fiscal discipline and an increase in private investment (chart 2, pg 90).[124]

One great advantage of the CFA franc zone that has been highlighted is their high fiscal discipline. WAEMU's macroeconomic performance shows how maintaining great discipline on the fiscal policies has benefitted the area significantly. Chart 3 (pg 90) shows the fiscal accounts of the WAEMU area from 2005-2017. The chart shows how the current receipts were higher than the current spending. This is a good effort, as it shows that the revenue exceeded the expenditure. Thus, showing how tightly controlled the spending was kept.

The overall economic landscape of the CFA franc zone is riddled with both good and poor performance. Furthermore, the zone still has its fair share of woes that continue to exist. As previously mentioned, the 1994 devaluation of the CFA franc was considered to be a great initiative that would benefit the zone immensely. However, the member states were unable to increase their world market share for goods as well as their export market (chart 4, pg 91). Another hindrance that exists within the zone is the excessive reliance on trading raw materials and natural resources which are determined by world markets.

The problem that continually persists is that CFA franc countries do not have a diversified economy and thus their exports are dominated by natural resources that are raw and not even semi-processed. Chart 5 (pg 91) shows that most of the exports in the WAEMU region are dominated by natural resources, as a consequence of this heavy reliance on trading raw materials, the zone has failed to benefit from the trade boom that was prevalent in the last two decades.[125] This makes the economies of these countries highly prone to trade fluctuations as some states are mono-exporters. Moreover, these CFA franc countries are lagging significantly in terms of external competitiveness. WAEMU countries as a collective ranked 150 out of 190 states in the recent 2018 World Bank doing business survey whilst for CEMAC as a regional group they poorly as four of the six countries ranked among the bottom fifteen.[126]

[124] Alby op cit note 37 at 6.

[125] Alby op cit note 37 at 7.

[126] Ibid at 8.

With regards to attracting Foreign Direct Investment (FDI), both regions have been struggling immensely. Chart 6 (pg 91) shows how FDI flows of both regions have been significantly low, with WAEMU just reaching three percent of their GDP and CEMAC barely reaching six percent. The reason for CEMAC's better performance against WAEMU is due to the fact that they are predominantly oil producing countries and thus there has been great foreign investment in that particular sector. Chart 5 also shows how generally oil-producing countries as well as sub-Saharan countries have a higher investment rate than the WAEMU countries. This disparity is the result of the structural issues that persist within the region due to the lack of infrastructure and poor quality of the institutional environment.[127]

One of the greatest setbacks for CFA franc countries is the high level of public debt. Chart 7 (pg 92) shows WAEMU's public debt and it was almost half the GDP by reaching 49.5 percent in 2017, whilst chart 8 (pg 92) shows CEMAC's public debt and its worse off as it has sky-rocketed to well over sixty percent. This is quite alarming as year in, year out, it keeps on rising more especially for the CEMAC countries which are already vulnerable. Such high debt has tremendous consequences in terms of the macroeconomic stability of the CFA franc countries as this places a huge burden on their external accounts and the overall budget which becomes dedicated to servicing debt.[128]

The reality is that the CFA franc zone has a lot of systematic problems that lie rampant within the zone. Nevertheless, the governments of the participating states are set on sustaining the peg, despite suggestions that it would be better off to have a floating, adjustable exchange regime. With the macroeconomic situation of the CEMAC countries being in constant decline, an overhaul will require all the members to be on board in order to sustain the zone as a whole.

It is also vital to acknowledge the evolvement of the supervisory bodies that lie within both the BCEAO and BEAC (check institutions of the CFA franc zone) and also their ability to ensure monetary stability in their own monetary unions.[129] Also, in comparison to the 1990s, the zone seems to be more stable. However, there are still

[127] Ibid at 8.

[128] Alby op cit note 37 at 9.

[129] Ibid at 9.

major issues that are a great cause for concern such as the high public debt, undiversified economies, poor competitiveness, low FDIs, financing constraints and the lack of regional integration within the zone. With such inconsistencies and great fundamental problems, it is difficult to recognise the advantage or benefit of sustaining the peg to the Euro or of the fixed exchange rate regime when there is so much that limits the zone's functionality.

Against this background, it can be argued that the zone is failing or rather its effectiveness is highly questionable. The reasoning for this assumption is that the CFA countries are not complementary to each other. CEMAC has five out of six countries being oil producers, whilst on the one hand most cotton producing countries are part of the WAEMU block. As such, depending on the market prices across the world, one country or bloc may perform better than the other due to favourable developments in their particular sector (as shown with oil producing countries when it came to attracting FDI flows). This may result in positive economic growth for one state or a group of states, thus tipping the scale and leaving the entire zone unbalanced, as evidenced in the better performance of WAEMU as opposed to CEMAC.

Another issue is the low intra-trade within the zone which ultimately defeats the purpose of regional integration which is supposed to be an objective of the zone. The very aim of a single currency is to bolster and favour trade amongst the participating states of the zone, but within the CFA franc zone, intra-zone trade is so low, as in WAEMU it was 19 per cent whilst in CEMAC it was 7 per cent in 2014. This is exceptionally low considering that in the EU it is around 60 per cent. In addition, within both unions, there are numerous physical problems such as non-trade barriers despite the presence of free trade zones and also there are already few transportation links between member states which in turn greatly hinder integration between both unions.[130]

In addition, the economies of the CFA franc countries are not diversified as they rely heavily on trading raw materials and other industries are highly underdeveloped. Taking into consideration that 97 per cent of the cotton that is produced by CFA countries is traded unprocessed and in its rawest form, this is greatly problematic as it

[130] Gulde and Tsangarides op cit note 98 at 19.

results in goods that can easily be produced locally being imported as a result of not having a booming textile industry.

As highlighted previously, the CFA franc is a strong and stable currency. As good a trait this maybe, it in turn works against these countries as it becomes cheaper to import t-shirts from countries like China and Pakistan instead of them being locally produced. The dilemma this creates is that there is no investment into developing industries that could create jobs due to financial constraints and a lack of financial will and capacity to build competitive industries that can easily manufacture these everyday consumer goods.

Moreover, ten out of the fourteen CFA franc countries are listed on the UN's least developed countries (LDCs). If the zone was highly effective, surely, there would be a smaller number of countries listed as LDCs and not having over half of them fall under that spectrum. Furthermore, even after sixty years of being a part of the CFA franc zone, most countries are still largely underdeveloped, and poverty struck. In terms of the human development index (HDI), sixteen of the bottom ranked countries in the world consists of six CFA franc zone countries.

Such disparities really leave a huge shadow of doubt as to the viability of the CFA franc zone and puts forward the question for its necessity. The question of monetary sovereignty is also a vital point as due to the countries' inability to set their own monetary policies and to adjust their currency; it really poses a threat to their monetary autonomy and mobility. Thus, due to this, it's hard to imagine a country that can achieve economic development when it does not have any control over its monetary policies.

The aim of this chapter was to answer questions one, two and three that are stipulated earlier in the problem statement (see 1.3). The first question which asks how the CFA franc zone is presently problematic is addressed through the birth and the origins of the CFA franc zone. This section highlights how unequivocal the relations between France and the CFA countries are. As from inception, the other was an imperial power, while the latter are former French colonies.

Hence, highlighting how the zone was an extension of the French colonial monetary system that was present before the creation of the French community of Africa. Thus, the problem that stands out is that the bargaining power was already distorted, as the CFA countries were looking to gain independence; therefore, signing the colonial pact along with the arrangements that came with it seemed to be the only way towards achieving that goal of independence. This question is explored further in chapter five (see 5.1).

Question two ponders on how these CFA African leaders could agree to such an arrangement. A plausible reason for agreeing to such an arrangement was that these now newly independent CFA states probably saw it fit to still maintain good relations with France. However, beyond maintain good relations, France also played a hand in making sure that the leaders that came into power were favourable to their interests as is highlighted in the case of Cameroon and Gabon. Thus, they made sure to put into power individuals that would follow their lead. Also, this was done by France in order to ensure political stability and to guarantee French companies an in into exploring natural resources such as oil in Gabon. Moreover, the support that these leaders attained from France gave them leeway to run their respective countries unopposed, which meant more power and control for them. This question will also be explored further in the last chapter (5.1).

The final question that this chapter addresses is that of who benefits? Section 2.5 and 2.6 present an economic picture of the CFA franc zone so as to try and assess if there are any benefits. What is clear though is that the CFA franc region benefits by maintaining price stability and credibility and a low inflation in comparison to other non-CFA franc Sub-Saharan countries. Also, the strength of the currency can be considered to be another benefit. However, the structural problems that exist within the CFA franc zone seem to far outweigh the benefits.

The low intra-zone that persists within both blocs of the zone as well as the differing performances of both blocs really shows how imbalanced the zone is. Furthermore, the poor infrastructure creates for a situation where integration is further hindered. Another major problem is the high public debt and the inability to attract FDI to both blocs is testament to the immense issues that linger within the CFA franc zone as a whole. As such, considering such factors, it is hard to acknowledge if the CFA franc countries truly benefit from being party to this zone.

As highlighted above, the issues that are prevalent within the CFA franc zone are not solely related to France; hence it would be utterly inaccurate to blame France for the problems and inadequate growth that these CFA states are experiencing. In order for the CFA countries to rip the benefits of the zone, it is imperative that the operational issues are resolved so as to create opportunities for economic growth and stability. Nonetheless, as much as the CFA franc zone has its own structural problems, this doesn't diminish the reality that France greatly contributes to the hindrance of economic growth. As such, the succeeding section explores the impact that the CFA arrangement with France has had on the states that are party to the CFA franc zone.

3. CHAPTER THREE: HOW THE CFA FRANC COUNTRIES' ARRANGEMENTS WITH FRANCE AFFECTS THEIR DEVELOPMENT.

This section will focus on how the arrangements between France and the CFA countries affect their development and it will be broken down into three sub-sections. These are economic impact, social impact and finally political and military impact. Thus, the premise of this section is to assess the impact that this historical tie between France and its former African colonies have had on the CFA countries; that is to weigh whether this association has hindered or advanced their progress.

3.1 ECONOMIC IMPACT

One of the major issues with the CFA franc zone is the arrangement that requires member states to deposit 50 per cent of their foreign reserves into the French treasury.[131] This principle is debilitating and can be understood to be a great hindrance to the economic capacity of member states, as the money deposited could be used to fulfil other state interests or even used to develop infrastructure and improving transportation systems such as roads and railways.

[131] Amin op cit note 33 at 4

It is not known officially how much these countries have in reserves kept by the French treasury, however, there are rough estimates of $500 billion.[132] Also, the amount of money that these countries have potentially lost out on due to the existence of this monetary agreement with France is insurmountable. This arrangement definitely serves as a milk cow for France and without a doubt robs these African countries from their fortune.

Furthermore, these CFA countries are obliged to send France an annual balance and reserve report. Without the report the CFA countries cannot get money from the reserves of the France central bank**.** Considering the fact that this money belongs to the citizens of these states, it is mindboggling to think of how much red tape they need to go through in order to access their funds. Of which, they can only access a certain percentage of it and when the money is accessed by these states, it is charged at market interest rates.

For example, in 2008, during the economic crisis, the CFA countries were unable receive access to their reserves because they were held by the French treasury. Also, if they wanted to gain access to the money, they had to borrow it at fixed commercial rates, therefore giving this country credit and therefore contributing to their debt unnecessarily.[133] To further exacerbate this issue, France in some instances dictates how and where the money is spent. This could range from buying exclusively from French companies or buying French equipment or goods.[134]

In addition, France claims the right to exploit any natural resource discovered in the country and through this arrangement, France has a claim to the first right to buy any natural resources found on the territory of the CFA countries.[135] This allows for French Multi-National Corporations (MNCs) to have unparalleled access to diamonds,

---

[132] Eyo op cit note 27.

[133] Gulde and Tsangarides op cit note 98 at 19.

[134] Golan, Tamar 'A Certain Mystery: How Can France Do Everything That It Does in Africa-And Get Away with It*?'* (1981) 80 *African Affairs* 318.

[135] Siji Jabbar 'How France loots its former colonies' available *at https://thisisafrica.me/politics-and-society/france-loots-former-colonies/*, accessed 15 august 2019.

uranium, natural gas, gold, etc. Furthermore, without the approval of Paris, these CFA countries cannot sell these raw materials to the international market.[136] This is unfortunate, as they are likely to get better deals internationally and even foster future relationships for the growth and development of their own countries.

These CFA countries are also not allowed to seek other partners freely. France forces CFA countries to give preference to French interests and companies in the field of public procurement and public biding. According to government contracts, French companies must be considered first. Only after that can Africans connect with other foreign companies.[137] It does not matter if the CFA countries would benefit from a partner outside of France. As a consequence, in many French ex-colonies all the major economic assets are in French hands.

To conclude, this arrangement is highly repressive as with French firms and companies receiving concessions to these huge contracts, this severely harms the development of the country, as the wealth is deliberately taken out of the country and enriching another foreign state. Thus, there is no reinvestment going into the country because most of the businesses are foreign owned. This not only affects the economic development of the country, but it also affects the local people on the ground as they are not beneficiaries of these developments. When a contract is given to a local or a national company, it creates job and wealth opportunities for the citizens of the country. Consequently, reinvesting the money back into the country unlike when it is awarded to a foreign company, that takes the funds to its home country and will not even invest a dime in the country where it attained the contract.

Furthermore, the inability for these countries to devaluate their currency as a way to attain better export prices, has greatly hindered their GDP growth. Such policies hurt their growth as their economy mainly depends on exporting unprocessed raw materials that are define by world markets. As such, when prices fall on the global market for these commodities, their respective economies take a huge blow. This is even worsened by the reality that these countries' economies are not even diversified.

[136] Ibid.

[137] Ibid.

In conclusion, with this arrangement, there is no denying that CFA countries' wealth and prosperity has been greatly hindered, as well as its economic capacity.

3.2 SOCIAL & CULTURAL IMPACT

In terms of the social and cultural impact, almost everything is in French, the supermarket chains, the gas station and even the media and television stations are French. Also, the CFA countries are obliged to make French the official language of the country and of education. Therefore, nationals of CFA countries are pressured into speaking French instead of their own native languages which is extremely limiting. Moreover, the "Francophone" cultural and educational system, with several satellites and their affiliates, are supervised directly by the French minister of foreign affairs.[138]

Thus, with such proximity to French culture, one would think that this French assimilation comes with the ability for free movement of people from these African Franco-phone states into France. However, this is sadly not the case. Citizens from the CFA franc zone struggle to attain citizenship status, and this were further worsened by France's admission to the EU. Hence, with its accession, France had to adopt the EU's immigration policies. This made it a lot more difficult for citizens of the CFA countries to attain French citizenship, as previously, the laws were a bit more lax as opposed to now. Furthermore, even travelling to France is a hassle as they are still bound to the same visa requirements for foreign African visitors. This begs the question as to why keep such a close cultural tie to the former colonial power, when there are not even any benefits that citizens can get from this attachment.

3.3 POLITICAL AND MILITARY IMPACT

Historically, the French political system was different to that of the English. Whilst the English would allow for strong regional and local groups with distinct national groups, the French way was more centralised. Therefore, when transported to Africa, the same system applied, which translated to giving power to a specific, minor group of

[138] Jaffar op cit note 130.

individuals, with a well-placed French native in close proximity, so as to influence certain developments that are favourable to French interests.[139]

As previously mentioned, in Gabon, President M'ba was guarded by the French secret service and president Bongo during his tenure had a personal security chief and secretary that were French.[140] Furthermore, the French ambassador would at times attend cabinet meetings under the guise that his presence is a show of good relations between France and its former colonies.[141] The very notion of an ambassador of a foreign country attending the cabinet meetings of another country sounds preposterous and really makes one wonder how could such a situation be allowed to prevail. Surely this could be understood to be an infringement of a country's autonomy and sovereignty, as foreign nationals should have no parts in the inner workings of a government.

Moreover, due to the small nature of some franco-phone countries, this renders them incapable of funding telecommunication links because of their small economies. Consequently, France took advantage of this and installed these life-line links and provided the necessary, expensive equipment thereby securing them future contracts to supply such equipment. Unfortunately, this also grants France access to some very important, secretive and sensitive governmental information, which no other foreign state should know about or be privy to.[142] With the French operating these lines, there clearly can be no privacy, as France will have access to whatever information is transmitted through these telecommunication links. This is detrimental to a state's security, as itwill not be in a state's best interests to have such information lurking about with another foreign power.

It is important to note that military arrangements were signed with France and its former colonies, as previously highlighted in (section 2.1.1), and with regards to the military, France's influence is quite prominent. For instance, in the Ivory Coast, military intelligence as well as the coding and radio systems of the military are completely in the hands of French technicians. France claims an exclusive right to supply military equipment and training to African military officers. Through a sophisticated scheme of

[139] Golan op cit note 129 at 7.

[140] Ibid at 8.

[141] Ibid at 7.

[142] Golan op cit note 129 at 8.

scholarships, grants and “defense agreements” attached to the Colonial Pact (the document that sets up the common currency for all Francophone countries – the CFA Franc), African countries send their senior military officers for training in France. The situation in Africa now is that France has trained and nourished hundreds, even thousands of ‘potential traitors’ who will be on the back and call of France. They are activated when France needs them to commit another coup d’état or create a disturbing political situation inside Africa.

France claims a right to deploy troops and intervene in the African country to defend France’s interests. Under the conditions of the defence agreements and the Colonial Pact, France claims a legal right to intervene militarily in the African countries and also deploy its troops permanently on their military bases.[143] Moreover, France forbids CFA countries from looking for any form of military cooperation and protection outside of that offered by the French government.[144] The CFA countries are obliged to ally only with France during a situation of war or global crisis. More than a million African soldiers contributed to the defeat of Nazism and fascism in World War II. However, this contribution is often ignored or underestimated. Since World War II, France has taken into consideration the fact that Africans may be used in the case of any military threat or war expectation.

In conclusion, it could be argued that through the CFA franc zone, these CFA countries are denied basic political institutions that are vital to managing their own political, social and economic goals. Their sovereign and political will is threatened through this zone as due to their peg to the Euro, they can’t even set their own interest rates. Furthermore, agreements set forth in the military arrangements leave little room for liberty, autonomy and state sovereignty. No other West and Eastern country would be caught in such arrangements, yet this exists in present day through the CFA Franc Zone.

3.4 THE CASE OF GUINEA-CONAKRY

---

143 Gary K. Busch ‘*A Travesty of Justice; Delivered By France And Her African Puppets’* available at: *https://www.academia.edu/10001581/A_Travesty_of_Justice_Delivered_By_France_And_Her_African_Puppets,* accessed 8 January 2020.

144 Busch op cit note 138..

As previously mentioned, the CFA franc zone can be understood to be an offshoot of the monetary system that was in place during the colonial era for France's African colonies. Thus, the CFA franc zone came to be through a series of arrangements between France and its former colonies as stipulated in the colonial pact. There are other former French colonies that opted not to join the zone such as Morocco, Tunisia and in this case Guinea-Conakry. After attaining its independence, Guinea-Conakry was a state that fiercely fought to sever ties with its former colonial master and for that, it paid a harsh price. The following quote was made by Maurice Robert and it sums potently France's ambitions to statesman that failed to follow through on French interests.

> 'We were directly involved in Africa's affairs. I gathered intelligence from Africa for the president of the Republic. Our policy was clear. To defend existing political regimes and to avoid political instability. I had authority to recommend people for certain positions both French and African people. The people who were useless to the French policy, we would get rid of'- Maurice Robert, former French secret service.[145]

In 1958, the then president of France, Charles de Gaulle offered its former African colonies a choice by voting in a referendum to join in a partnership with France which would ultimately put the African states in a subordinate position. The other option was to vote no in the referendum in order to attain independence but without French aid, and eventually break all links with France.[146] Ahmed Sekou Touré (Touré) being the first president of Guinea-Conakry (Guinea) was very vocal about wanting no parts in joining any zone or community that included its colonialist as part of the arrangement.

By him voting no, he had hoped to rather negotiate with France from a strong position[147] and from a somewhat sovereign, independent state that would also look out for its

[145] Banquet op cit note 70.

[146] Gerits, Frank 'The postcolonial cultural transaction: rethinking the Guinea crisis within the French cultural strategy for Africa1958–60' (2019) 19 *Cold War History* 4.

[147] Rothermund op cit note 3 at 136.

interests. As such, Guinea under Toure single-handledly voted no and therefore; the French left the African country in masses. The French's departure left the country destitute, as it not only destroyed infrastructure and tore out phone lines, but they also confiscated crucial government files, left with all its staff and essentially left the country without any know-how and technical workforce.[148]

Touré refused for Guinea to be a part of the French community as well as the currency that France had envisioned for its former African colonies. His famous quote stated that,

> 'We prefer poverty in freedom than wealth in slavery'- Ahmed Sekou Toure[149]

This was a great indication of resisting French intimidation and not falling prey to any of its propositions. To him independence meant exactly that, a state that is sovereign and with no interference from its colonialist enforcing policies that might be destructive to the economic interests of the state. Touré's resistance could be attributed to his envisaged dream of a United States of Africa by Africans, for African of Africans. He embraced Marxism which he felt closely resembled the traditional African system of community and was very much anti-colonial and sought to challenge pro-West systems of rule that dominated African states. Touré was against the dependency that saw African states rely on its former colonial power and advocated for a liberated Africa that would not depend on Western imperialists.

His contempt for colonialism is evidenced by his explicit disdain for the Apartheid system that was in South Africa and even went as far as to criticise Western powers that traded with South Africa. Toure condemned France for selling weapons to South Africa and even cut diplomatic relations with Britain for its very visible failure to found a majority based rule in Zimbabwe.[150] Touré stood out for shining a light in African unity and speaking out in spaces where oppression of Africans was prevalent. Amongst other Francophone leaders of his time, Touré was brave and bold unlike the likes of Senegal's Senghor, Cameroon's Ahidjo and Gabon's Bongo, who symbolised an almost puppet-like stereotype of African leaders that have a history of upholding Western interests over African benefits.

[148] Ibid at 493.

[149] Ibid at 136.

[150] Harshe, Rajen 'Guinea under Sekou Toure' (1984) 19 *Economic and Political Weekly* 15 at 625.

In response to this resistance, the French sought to destabilize Guinea-Conakry as they perceived Touré to be a great threat to French interests. In 1960, Guinea established its own currency known as the Guinean franc. France saw this as a display of defiance against its monetary policy and thus sought to weaken the Guinean franc. As such, Maurice Robert along with other members of the French intelligence printed counterfeit Guinean franc notes and distributed them across Guinea to disrupt the country's currency.[151] Due to this, the economy of Guinea was greatly affected as it was already in a bad state, and thus because of this, it struggled to recover immensely.

Furthermore, France, post Guinea's independence completely snubbed the country as a result of voting no by even threatening to leave NATO should the United States answer the call to Guinea's requests for assistance.[152] As a consequence, the US did not respond to Guinea's call for help due to the influence France had over then US President Eisenhower. This insidious move by Charles de Gaulle was a clear indication of the efforts that were put by France to try and destabilize Guinea for refusing to join the French-Afrique community.

The next stage was to destroy Touré by making him unpopular amongst his people. The French's strategy was to train and arm the opposition leader in order to create a hostile climate of instability and insecurity that would ultimately overthrow Touré.[153] Assassination attempts were also tried, but Touré was able to find out before it happened and thus resulting in a failed operation. Such activities show the extent which France was prepared to go to in order to secure its interests and eliminate any person that they deemed as a threat.

Nonetheless, Toure looked to the Eastern bloc and found refuge in the Soviet as France and some of its Western allies supported France in disregarding Guinea. Unfortunately, the supplies provided by the Soviets were nowhere near the levels of France, of which the people of Guinea were accustomed to. In addition, some business practices and models of the Soviets were exploitative which ultimately led to ties being cut with the

[151] Banquet op cit note 70.

[152] The World Today 'Guinea after Five Years' (1964) 20 *Royal Institute of International Affairs 3* 115.

[153] The world today op cit note 146.

Eastern bloc in 1961 and the eventual dismissal of the then Soviet Ambassador to Guinea Daniel Solod.[154]

Following the dismissal of the Soviets, in order to keep afloat; Guinea found a new trade partner in West Germany and also the US under the Presidency of John F. Kennedy assisted a little.[155] In spite of the dismissal of the Soviet, Russian aid and trade agreements still continued, however that was not enough to sustain the Guinean economy. Due to the overly state controlled economy and mismanagement of funds; this led to the state failing to earn revenue and thus resulting in food shortages which led to the importation of food items.[156]

So the question lies, what has Toure achieved for Guinea by opting to not join the French-Afrique community? Well, it can be argued that the legacy that Toure left was of "poverty in freedom rather than riches in slavery".[157] Although Guinea has its fair share of under development problems, poverty and other socio-economic issues; It is by any standard no different from some other CFA franc countries that chose to stay with their former Colonial power France. The very fact that Guinea exists today, it is still afloat with a government and is not considered a failed state is testament to its resilience and resistance of the French whip, which by many standards was quite brutal and detrimental to its very survival.

Toure through opposing the colonial pact showed that an African country can very much survive without ties to its former imperial power. The vision that Toure had was one bigger than the state of Guinea but was of a liberated Africa, to which the African child does not feel like a stranger in their own land. It was of developing an African DNA that was not influenced nor controlled by Western powers. Guinea today could be seen as a blueprint for other African states willing to leave the enclaves of the CFA franc zone. In that regard, state leaders can use its existence as a lesson in what to do and what not to do when opting to leave the CFA franc zone.

[154] Ibid at 116.

[155] Ibid at 116.

[156] Harshe op cit note 144 at 625.

[157] James Brookes 'Conakry Journal; Francs and Fromage: French Are Friends Again' *The New York Times* 7 October 1987 at 4.

Nevertheless, there is still great hope for Guinea as it is a potentially rich country like most African countries. Although it is poor by many economic standards and indicators, Guinea is a resource rich country as it holds some of the World's largest bauxite reserves. Moreover, it has not only gold and diamonds but also the largest unexploited iron ore reserves that are of high grade.[158] Furthermore, the country has very rich soil and enjoys abundant rainfall, which in turn is a great source of various rivers in West Africa such as Niger, the Gambia and Senegal.[159] Also, Guinea has very low unemployment rates in the world and great potential in terms of being a major electricity supplier due to its hydro power and its agricultural might.

Unfortunately, like most African states, Guinea is plagued by poverty, lack of infrastructure, corruption, political instability and inadequate government transparency. This is a big reason for it's under development and the status of least developed country today. With the right leader, Guinea has enormous potential to be an African tiger, in contrast it really is a lion waiting to roar. By improving its governance, Guinea can grow to exponential heights and cement itself as a great African nation, one that would not have any lingering ties to its former colonial power.

3.5 GLOBAL RESPONSE

The existence of the CFA franc as well as the presence of France in the zone have caused great debates, discussions and critique with regards to the realities of the zone. As of recent times, now more than ever, there has been overarching questions about the need for the zone whilst France is still a part of its lifecycle. As such, this section will highlight some of the thoughts and viewpoints of political officials such as President Emmanuel Macron, economists and up and coming revolutionaries that are opposed the currency and the CFA franc zone.

It is imperative to consider the viewpoints of these individuals because their views regarding the CFA franc zone carry much weight due to the important positions they

158 CIA 'The world fact book; guinea' available at *https://www.cia.gov/library/publications/the-world-factbook/geos/gv.html,* accessed on 01 December 2019.

159 Ibid.

hold within Franco-phone Africa and because they are renowned economists and high-level state officials within the CFA franc zone. As such, their views regarding the CFA franc zone are worthy of consideration. These include President Idriss Deby of Chad, Alassane Outtarra of Ivory Coast, former AU ambassador to the US Dr. Arikana Chihombori Quao and prominent economists of African descent such as Kabo Nubukpo of Togo, Cheickna Bounajim of Mali and Mamadou Koulibali of the Ivory Coast.

There have been several critiques from scholars and political officials regarding the existence of the CFA franc in the modern day and how it is detrimental to Africa's overall economic growth and development. Professor Mamadou Koulibaly who is the former president finance minister and former member of the national assembly of the Ivory Coast has once referred to the CFA franc arrangements with France as;

> 'financially repressive, unfair and morally indefensible. It has become vital today for the CFA franc to acquire its own existence, free of colonial stranglehold'.[160]

With such remarks, it is clear that France's presence in the CFA franc is highly problematic and contentious due to the unequal playing field amongst the parties involved. France is the stronghold and the CFA franc countries the 'weak links'. As such, the 'partnership' is unequal in nature, seeing that France is its former colonial power and thus any agreement that was established or agreed upon was bound to be unequal in nature. Therefore, the establishment of the CFA franc was not set on a level footing as France had greater power and resources to dictate the terms of the agreement.

The reality is, in recent times there have been great discussions regarding the removal of France's presence in the CFA franc zone or the reformation of the zone in totality. This is exemplified by Chad's president Idriss Deby who in 2015 was of the view that the CFA arrangements as they exist today create a difficulty to the progress and expansion of the CFA zone member states and thus called for the amendment of the monetary cooperation clauses with France.[161] With this view coming from a sitting president, it can be derived that the current arrangements as they stand are to a certain extent detrimental to the development of CFA franc zone states. Thus, a revision of the CFA arrangements with France is paramount to the growth of CFA countries.

[160] Koulibaly op cit note 13.

[161] Issiaka Coulibaly Costs and benefits of the CFA franc *World Policy* 28 February 2017 at 2.

Despite such statements from high level political executives, there still exists differing opinions as the sitting President of the Ivory Coast Alassane Outtarra has stated that 'the CFA currency is solid, appreciated and well managed' he went on to further state that 'If it's the term 'CFA franc' that bothers us, then we should change it.'[162] As previously mentioned, the CFA franc zone works best for certain countries than it does for others. The Ivory Coast is one of the benefactors of the zone and thus it would not support the disbanding of the union as it benefits greatly from its existence. Due to this, it might be the reason why President Outtarra might hold the view point that he does.

Nevertheless, this is not the case for some of the inhabitants of countries like Senegal where they also experience a greater benefit of being a part of the CFA zone. The activist Kemi Seba is one of the great protesters that is against the CFA currency. In 2017, Seba burned a 5000 CFA note in Dakar proclaiming that it is a symbol for colonialism. This prompted the BCEAO to file a suit claiming destruction of property due to the fact that they print the notes for the CFA West Africa region. As such, Seba was arrested based on this but was released due to a minor detail in Senegalese law that punishes on the destroying of bank notes and not one bank note; however, had he been found guilty, Seba would have likely served five years in prison.[163]

Amongst the young revolutionists against the CFA, in 2018, there was a group consisting of West African Musicians who used their musical talents to protest against the currency by releasing a rap song entitled "seven minutes against the CFA" which contained lyrics that referred to the currency as an 'instrument of repression'.[164] Statements like these further reinforce the discontentment for the currency and how it does not make sense for its existence in the modern world.

Kabo Nubukpo, an economist of Togolese descent solidifies this view by asserting that

---

[162] DW 'Africa's cfa franc: colonial relic or stabilizing force?' available at *https://www.dw.com/en/africas-cfa-franc-colonial-relic-or-stabilizing-force/a-48908889*, accessed on 12 August 2019.

[163] Lamine Konkobo 'African protests over cfa colonial currency' *BBC Africa* 30 August 2017 at 2.

[164] DW op cit note 156 at 2.

> '60 years after independence, young Africans are calling for the emancipation of their countries, I understand the enormous passion for this topic because even the name of the currency refers to the franc of the African colonies.'[165]

Through such comments there is a vibrant spirit amongst economists and political affiliates that there needs to be a serious reconstruction of the CFA franc zone. Moreover, the foreign exchange reserves that CFA countries deposit into the French treasury need to be clarified as the deposit of fifty percent does not make any sense according to Cheickna Bounajim who is an economist from Mali.[166] Thus, the accounting that goes into the operations account need to be demystified; so as to enable satisfactory level of transparency for CFA franc members and citizens. Another prominent African economist Ndongo Samba of Senegalese descent who argues greatly for the reformation of the zone asserts that

> 'France agreed to grant independence to its sub-Saharan Africa colonies provided they accept to use the CFA franc and France retained a monopoly on their raw materials; and French companies today still have a strong presence in the CFA currency zones.'[167]

The concerns raised by Samba relate to the limits that France imposes amongst CFA franc countries as they can't even set their very own interest rates and monetary policies. This renders them with the inability to spearhead their economic advances and ambitions.

On the international front, Italian Prime Minister Luigi DiMaio severely critiqued the French's presence in Africa and even went on to blame the growing European migration crisis to France's interference with its former African states. Di Maio stated that

> 'France is one of those countries that by printing money for 14 African states prevents their economic development and contributes to the fact that the refugees leave and then die in the sea or arrive on our coast.'[168]

---

[165] Ibid at 2.

[166] Ibid at 2.

[167] Christopher Giles and Jack Goodman Jack 'Is the cfa franc forcing people to leave?' *BBC* 25 January 2019, available at *https://www.bbc.com/news/world-africa-46960532,* accessed on 04 April 2019.

[168] Ibid.

Although DiMaio might be saying such as a result of the burden Italy has been confronted with due to the increasing numbers of migrants on their shores. His view nonetheless exposes how France's presence in the CFA franc zone is to a degree detrimental to the economic advancement of most of the CFA party states.

This outrage from DiMaio signifies the colossal disruption that France's presence in the CFA franc zone has on the economic abilities of its member states which inhibits them from focusing on their own domestic issues. DiMaio's reference to France's involvement in the zone also builds on the unequivocal 'partnership' between the zone member states and thus this affects their ability to provide for its citizens or fulfil their national interests due to the ties and arrangements these states have with France. As such, DiMaio's statements reveal the treacherous and unbalanced affiliation between France and the CFA franc zone states.

This unbalanced affiliation is further solidified by the remarks that were said by Dr. Arikana Chihombori Quao (Dr. Quao). Dr. Quao was the African Union (AU) representative to the United States of America (USA) from 2017-2019 when her contract was abruptly terminated on 7 October by the present chairman of the AU commission Moussa Faki.[169] A few days before the termination of her contract, Dr. Quao had released a video in which she stated

> 'today France is taking out of Africa, out of Franco-phone over US$500 billion. We the Africans, the poor countries we are giving France over US$500 billion a year. Year in, year out and no one is talking about it'.[170]

Dr Quao's comments signify the frustration she has with the existence of the CFA franc zone and how it is detrimental to the progress and growth of African territories so long as there is an affiliation between these states and their former imperial power. Dr Quao further references her disgust with regards to the colonial pact (see 2.2) to which she proclaims

[169] AU 'Communique on the end of tenure of ambassador Arikana Chihombori-Quao, AU permanent representative to Washington, DC' available at *https://www.au.int/en/pressreleases/20191015/communique-end-tenure-ambassador-arikana-chihombori-quao-au-permanent,* accessed on 01 November 2019.

[170] Arikana Chihombori-Quao 'the legacy of colonisation' available at: *https://www.youtube.com/watch?v=r_FzXO8I3gQ*, accessed 20 September 2019.

> 'France made African leaders to sign the colonial pact in order to get independence, I urge you all to read it and if that does not disgust you, I don't know what will.'[171]

For a high ranking diplomatic official of Dr Quao's calibre, who used to work for the AU in such a high position to be saying such remarks goes to show how destructive this zone is for the economic development of its member states.

Despite the benefits that the CFA franc zone may bring to its member states, there are grave inconsistencies that cannot be ignored. The depositing of foreign reserves into the French treasury in order to ensure convertibility makes it increasingly difficult for these countries to grow especially when there is another entity that is monitoring the monetary supply as well as the financial banking principles. These conditions become a breeding ground for illicit activities and corruption which in turn hinders economic development.

The commentary mentioned above goes to show the discontentment that Africans have towards the presence of France in the CFA franc zone and solidifies the feelings that it is still very much a repressive union that greatly stalls economic growth of the member states party to the union.

Now that the thoughts of the African have been put forward, it is also imperative to acknowledge and hear from France how it perceives the CFA franc zone as well as its presence in its former colonies. In 2017 at the G5 summit in Mali, current French president Emmanuel Macron stated

> 'If you feel unhappy in the franc zone, you leave it and create your own currency as Mauritania and Madagascar did," the 39-year-old president said. "If you stay there [in the franc zone], you must stop demagogic statements, making the CFA franc the scapegoat of your political and economic failures and France the source of your problems. *'*[172]

By this statement, President Macron posits that if a country is unsatisfied with being in the zone, they are free to exit. However, this is a very oversimplified rationale as the

---

171 Ibid.

172 Pape Samba Kane 'Macro's franc Afrique' *Aljazeera* 23 July 2017. Available at: *https://www.aljazeera.com/indepth/opinion/2017/07/macron-francafrique-170721190500965.html*, accessed on 04 April 2019.

realities and complexities of leaving are not so rosy. The colonial ties that prevail would make it exceptionally costly if a unilateral decision to withdraw was enacted.

Another issue with the CFA arrangements is the military agreements that were signed between France and some member states that guaranteed French military presence in their territories. With regards to this system, Macron still holds a firm stance about the presence of the French military in these states as it is protecting its former colonies from 'terrorism' and assisting in the fight against organized crimes such as human and drug trafficking. Macron stated at the same G5 summit that

> 'I will have a stronger demand from the states of the Sahel and Algeria," he said, before stressing that "we cannot show any weakness whatsoever with regard to terrorist groupings, regardless of domestic political reasons.'[173]

This statement was in reference to the 4000 strong military presence of French troops in Mali following French intervention in 2013 on the premise to fighting Al-Qaeda which had overtaken crucial Northern towns.[174] As Macron's comments suggest, French military presence will not be decreasing or going away anytime soon. To conclude, this section has emphasized how the general consensus amongst economists of African descent is that the CFA franc is a colonial relic that still very much symbolizes French hold in Africa.

3.6 A MATTER OF INTERNATIONAL LAW?

Prior to delving into how France's arrangements with its former colonies form a plausible matter for international law. It is imperative to define and describe briefly what international law is. International law can be defined as "a body of rules and principles which are binding upon states in their relations with one another."[175] These set of rules can be divided into particular and general; which general rules of international law are binding on all states such as the general rule that "the high seas

[173] Ibid.

[174] Ibid.

[175] John Dugard *International law; a South African perspective* 4 ed (2012) 1.

are open to the shipping of all nations."[176] Particular rules of international law "are created by a treaty establishing a relationship between two or a few states only".[177] An example could be an extradition agreement between two nations in which that will be binding amongst those particular states.

Another example could be a regional trade agreement which is binding to the states party to it and affords member states certain privileges over other non-party states and an example of this could be entities like SADC, NAFTA, ECOWAS, etc. Monetary union systems also fall under the spectrum of particular rules as they are binding to the states within that union. As such, a monetary union system like the CFA franc zone is an agreement that is binding to its member states which are the countries in both the CEMAC and WAEMU regional blocs. Furthermore, the states within the zone are also bound by the rules and regulations of the EU's monetary policies due to their currency being pegged to the Euro.

Therefore, because of this fact, they are legally bound to abide by the monetary regulations as stipulated and set out by the EU. When they cannot, they will be in contravention of the agreement, thus they will be subject to the consequences of not adhering to the rules, which as previously mentioned can result in a termination of the peg to the Euro. As highlighted previously, the CFA franc was initially pegged to the French franc and automatically became pegged to the Euro once France adopted the Euro as its currency. Thus, its imperative to note that the reason for the CFA franc zone to adhere to the stringent monetary regulations of the Euro, is due to France being part of the EU and thus by France being party to the EU it has to observe those regulations, hence by default, this meant that the CFA countries had to also conform to those rules as well.

In simple terms, if France was not a part of the EU, the CFA countries would not be bound by the monetary regulations set by the EU. However, because the CFA franc zone has monetary and military agreements with France, when France adopted the use of the Euro currency, this indirectly meant that the zone had to obey the EU's monetary regulations as France was bound by them. The motive for mentioning this background is because this thesis argues that the CFA franc zone is a modern reincarnation of a

[176] Ibid at 1.

[177] Ibid at 1.

colonial relic. Thus, so long as France is party to the zone and is associated with the CFA franc countries, then there hasn't been true independence as it is still repressive due to the arrangements that give France such power in those countries.

The impact of the CFA arrangements on the member states of the zone have been identified (see 3.1) and thus there is no need to regurgitate them. However, what is clear is that no country can be expected to achieve economic development, when their sovereignty is highly challenged as well as their inability to control or set their own monetary policies. The system as it exists is unjust and is frankly destructive to the potential growth of the CFA states. What is even more appalling about the existence of this zone is how the world's silence is so loud with regards to the conditions these countries have to adhere to due to their arrangements as set forth by France.

From the start, these arrangements were not negotiated on an equal footing as France was the colonial master while the CFA countries were the colonies. Thus, due to this unequivocal standing, the CFA countries essentially had no bargaining power and in order for them to attain their independence they had to sign the colonial pact which included the monetary and military arrangements followed by these states today. Among the requirements of the arrangements is that CFA franc countries deposit 50 percent of their foreign reserves into the French treasury, of which these states also need to send annual reserves and balance reports.

This greatly affects their economic capacity and stagnates economic growth. What's worse is when these countries borrow money it is loaned to them at commercial rates thus creating unnecessary debt. Also, the arrangements in them included military agreements which gave France the right to intervene and deploy French troops in these African states. These arrangements also meant that they cannot forge a military alliance with any other state except for France and only France could offer it protection. Moreover, they had to be allies of France in a situation of war. These arrangements clearly disrupt the political and military will of the CFA franc countries and thus greatly put their sovereignty under threat.

Against this background, is this not a matter of international law seeing that these arrangements greatly infringe upon the sovereignty of the state? Surely a state that is independent, autonomous and sovereign should not be subject to such arrangements that render the officials and citizens powerless with regards to the associations they desire, as well as the freedom to set their own monetary policies and interest rates. What is even more baffling is the global silence of the international community when it comes to this matter. How is the UN not involved in calling out France on this issue and demanding it to be a matter of international attention? The arrangements that these countries signed can be likened to a modern-day system of oppression as it is ethically wrong and unjust to let such agreements exist, considering how they came to exist in the first place.

It is the UN's mandate to promote and somewhat maintain international peace and security and to also encourage friendly relations amongst countries. However, the UN's silence speaks volumes as by not addressing the elephant in the room. France continues to run its dodgy, oppressive dealings with its former French colonies and it is not being held accountable and put on the spotlight about its tyrannical arrangements with its former colonies. Under the UN's banner of issues and campaigns, these range from rule of law, the holocaust, refugees and migrants, democracy, decolonisation and other multitudes of global issues. The one that relates to this thesis is the issue of decolonisation.

By acknowledging decolonisation as an issue, it means that the UN recognises the need to have states be fully independent and thus the campaign to have them known as such. The existence of the Declaration on the Granting of Independence to Colonial Countries and Peoples exemplifies the necessity for states to have territorial integrity and self-determination. The system to which the CFA countries are party to as it exists is greatly detrimental to their nation's territorial sovereignty due to the inability to have power over very vital stately duties.

The Declaration on the Granting of Independence to Colonial Countries and Peoples was approved by the United Nations General Assembly on 14 December 1960.[178] This declaration was voted for in the UN General Assembly instead of the UN Security Council so as to prevent a veto from one of the five permanent members, who may still have lingering 'colonial' ties.[179] The timing of the voting for the declaration known as resolution 1514 (XV) was strategically proposed during this period due to the

178 UN General Assembly, *Declaration on the Granting of Independence to Colonial Countries and Peoples*.

179 UN 'Declaration on the Granting of Independence to Colonial Countries and Peoples' available at *https://legal.un.org/avl/ha/dicc/dicc.html?r=1&l=ri&fst=0*, accessed on 02 March 2020.

decolonisation wave that was happening in most of the colonized African and Caribbean states.[180] Thus, the declaration was able to be adopted as the General Assembly was transforming as a result of the representation that had occurred because of the addition of sixteen new states in 1955 and nineteen new states in 1960.[181]

This representation is what made it possible for the declaration to pass and be adopted by the UN. Moreover, this declaration is imperative as it supports the full independence and sovereignty of all states, due to it mirroring the General Assembly's own explicit mandate under Article 13, paragraph 1 (a), of the Charter of the United Nations:

> 1. 'that all peoples have the right to self-determination, but that this necessarily includes the right freely to determine their political status and freely to pursue their economic, social and cultural development (art. 2)';
>
> 2. 'that immediate steps shall be taken, in United Nations Trust and Non-Self-Governing Territories or all other territories which have not yet attained independence, to transfer all powers to the peoples of those territories (art. 5).'[182]

This Declaration in a way can be understood to be somewhat of a call for legislative activism. As such, it was referred to in other UN agencies such as the International Court of Justice in its Advisory Opinion on Namibia in 1971. Thus, elevating the declaration's juridical status to the rank of imperative principles of international law (jus cogens), 'binding, as such, on the United Nations as authoritative interpretation of the Charter's norms and entering into general international law in the result'.[183]

Furthermore, this Declaration was instrumental in the inception of other legislative acts which in definition are closely linked to resolution 1514 (XV): these include

> 'Resolution 1515 (XV) of 15 December 1960, on the sovereign right of States to dispose of their own wealth and natural resources and resolution 1803 (XVII) of

[180] E McWhinney, Edward *United Nations Law Making: Cultural and Ideological Relativism and International Law Making for an Era of Transition* (1986) ch 9.

[181] Ibid.

[182] UN op cit note 173 at 2.

[183] Ibid.

> 14 December 1962, on States' permanent sovereignty over those natural resources.'[184]

Against this background, it is essential for the UN as an international peacekeeping body to bring this matter to the world stage and have France terminate the arrangements stipulated in the colonial pact, as they are very repressive, out-dated and infringe upon the sovereignty of the CFA countries. As mentioned previously, that France has first rights of exploring natural resources that are found in these CFA countries, and that goes against resolution 1803 (XVII) which allows states permanent sovereignty over their natural resources.

Furthermore, the inability of CFA states to set their monetary policies, interest rates, devalue their currency and even having France involved in staging military interventions in their states is unjust. This also highlights that there is a clear and obvious unbalanced relation between CFA countries and their former colonial master France. The UN must take responsibility as an inter-governmental organization to confront France and have it abolish the colonial pact and stay out of African affairs by exiting or restructuring the terms of CFA franc zone.

As such, the UN should bring this matter to the international stage and have France take responsibility for the carnage that it has been subjecting its former colonies through its repressive colonial pact. Hence, the abolishing of the colonial pact would be a fair and just thing to do on France's end, but international pressure must be exerted so that France's exit is brought to fruition and hopefully it could lead to a better restart to the CFA franc zone without the presence of its former imperial power.

Chapter three sought to answer questions four and five. Question four asks what the significance of France in the CFA franc zone is and why will it not exit. Sections 3.1 to 3.3 addresses this by highlighting how the arrangements contained in the colonial pact gave France so much reign over the economic, cultural and political organisations of the CFA countries. These range from the obligation to have France be the national language to having the French ambassador attend cabinet meetings of the CFA countries. These are just some of the ways in which France's presence has impacted these CFA countries and thus contribute to the lack of economic development in some

[184] Ibid at 2.

of these CFA countries. Thus, it could be stated that its significance is to maintain control in the CFA countries and that is part of the reason that it will not exit because of the economic benefits that have been highlighted and also the power that France retains through the military arrangements.

The significance for section 3.4 which focuses on Guinea, being the only country that voted no in the referendum is because Guinea somewhat depicts a picture of what some of the CFA countries would look like. Although, Guinea has a lot of problems, it is not a failed state and it has an immense amount of potential and if guided right can become a powerhouse African state. Thus, these CFA states can use Guinea as a blueprint should they decide to exit the zone.

Section 3.5 highlights the viewpoints of African economists and political leaders with regards to the CFA franc zone. The general consensus is that there is serious need to restructure the zone as the way it stands now is very detrimental to the economic ambitions of the CFA states. The final section 3.6 addresses the question if whether this can be a matter of international law. The section makes the argument that it is a matter of international law and that the UN must make use of the Declaration and bring this matter to the international stage.

This leads to the question six (see 1.3) and the following chapter which focuses on the ECO, will address that question.

4. CHAPTER FOUR: FROM THE CFA FRANC TO ECO; MOVING TOWARDS THE FUTURE?

As this research argues, the historical ties that the CFA franc has with its former colonial power France create a host of thorny issues due to the lack of monetary independence that the CFA arrangements describe. As such, moving towards a new single currency union that is created by Africans for Africans might just be the reformation the CFA franc zone needs. This chapter will focus on the currency ECO that is proposed by the Economic Community of West African States (ECOWAS).

ECO: HISTORY AND ORIGINS

The ECO as a common currency is the original brainchild of the founding fathers of the ECOWAS. As this currency union is set to also merge the existing CFA franc with the ECO. It is imperative to assess whether the ECO would be a great alternative or a lucrative move for the CFA franc countries to abandon the CFA association with France. The ECO is set to start rolling out in July 2020 but the main question is whether the currency union is ready to take on that fleet. The main goals of the establishment of the common monetary union are to boost trade within the region, promote growth, lower transaction costs and to increase integration as well as unity in the region of West Africa.[185]

The goals are great and admirable but considering the criteria set forth by the ECOWAS for its member states willing to join the currency. It seems highly ambitious if the ECO

[185] Louis Dewast 'west Africa's eco; what difference does a single currency do?' *BBC* 6 July 2019, available at *https://www.bbc.com/news/world-africa-48882030 accessed 08 August 2019*, accessed on 8 December 2019.

will come to fruition and if it will be a success seeing that currency union has been postponed so many times. The expectation is far from the reality as there are four main issues that seem to pose a great hurdle towards the fulfilment of the currency.

4.1 THE ISSUE OF THE CRITERIA

Currently, the measures for joining the common currency union has four main criteria that the members need to fulfil in order to meet the July 2020 deadline, these are:

1. 'A budget deficit of not more than 3 per cent,
2. An average annual inflation rate of less than 10 per cent,
3. Central Bank financing of budget deficits should be no more than 10 per cent of the previous year's tax revenue,
4. Gross external reserves worth at least three months of imports must be available'.[186]

These are the four main criteria that need to be met by members of ECOWAS. The main problem with these criteria is that although they are great on paper, most of the member states are unable to meet these requirements.

So far only Liberia had managed to achieve all six in a single fiscal year (2016). But the other issue is that they are incapable of upholding this status. Thus, if a country is able to meet the criteria in a said year, it might not be the same for the next year, as such this inconsistency is highly problematic as it is bound to create issues within the union.[187]

Another problem with the criteria is that so far, most countries have not managed to fulfil all four main measures. Also, the ECOWAS should probably look into making the entrance criteria a lot more realistic for its member states in order to reach the dream of actually having the ECO up and running by the end 2020.

4.2 THE ISSUE OF NIGERIAN DOMINANCE

[186] Dewast op cit note 179.

[187] Ibid.

An important issue to consider is the domineering force of Nigeria. Already in ECOWAS, Nigeria is responsible for 65 percent of the region's GDP and has a population of 200 million out of the total 385 million that reside within the ECOWAS bloc. As such, it is hard to imagine Nigeria being a part of the common currency without it being in charge. Ndongo Samba an economist at the Rosa Luxemburg foundation denotes that 'It is difficult to see Nigeria agree to be in a monetary union if it is not the boss'.[188] Thus, it is very likely that Nigeria would be the superpower in this common monetary union.

Another question this poses is whether Nigeria will give up its Naira in favour of the ECO or will it still hold on to its currency just like when the United Kingdom kept its pound sterling and decided not to adopt the Euro. If Nigeria does join the monetary union it would have to give up its monetary autonomy to the institutions of West African monetary authority. This request seems unlikely to happen as Nigerians would possibly not take well to the idea of forgoing the Naira.

These are all important factors that need to be considered. Furthermore, the question of sovereignty is one of great importance as many states have a fear of having to lose their monetary independence. As Nigerian President Muhammadu Buhari stated that 'As Africa's largest economy and most populous country, we cannot afford to rush into such agreements without full and proper consultation with all stakeholders'.[189] Therefore, Nigeria will most likely want to tread lightly when joining a common monetary union that may require the forfeiture of its Naira.

On the other hand, Economists liken Nigeria's dominance to be like Germany in the Eurozone with Nigeria wielding more power than Germany. Research that has been conducted over Africa's monetary unions projects that Nigeria might be the net benefactor with moderate benefits going to the Ivory Coast.[190] Nonetheless, as with most unions, there is always a leader and with the ECO it will be no different as Nigeria will most definitely take the lead.

---

[188] Ibid at 5.

[189] Ibid.

[190] Aloysius Uche Ordu 'An evaluation of the single currency agenda in the ECOWAS region' *Brookings institute* 24 September 2019 at 1.

This could be a positive and not much of a threat as Martial Belinga, an economist and author of liberate Africa from monetary slavery states that

> 'There's always a leader in a union and I think we should hope Nigeria will play that role positively. When you look at what they've done for their economy, I see that as a positive signal of good leadership, Nigeria must see that this is an opportunity for them to access a massive market'.[191]

Also, the security and violence challenges that continue to plague Nigeria cannot be ignored as it is faced with threats from Boko Haram. This is an issue that even Nigerian president Muhammadu Buhari acknowledged at the summit of leaders by stating that

> 'Despite the overall appreciable progress, we have made, particularly in the field of political governance, our sub-region continues to face considerable security challenges.'[192]

Therefore, such matters need to be taken into account when proposing the idea of a common monetary union especially from a country like Nigeria that is meant to be the stronghold of the region.

4.3 THE ISSUE OF SCEPTICISM FROM ECONOMISTS

If a common African monetary union is a great idea, surely economists would rally strongly behind this notion if they foresee that it will be a successful venture and one of immense benefit to the parties. However, the ECO has been met with such scrutiny and critique that very much question its validity and even necessity. Economists from various backgrounds have great doubts about the functionality of the ECO as there are still some serious concerns regarding the proposition of a common monetary union.

As mentioned previously, one of the goals of a common monetary union is the ability to boost trade intra-regionally. Yet, economists are sceptical to the establishment of a

---

[191] Dewast op cit note 179 at 8.

[192] Aljazeeera 'West Africa bloc currency eco to launch in 2020' available at *https://www.news24.com/Africa/News/west-africa-bloc-currency-eco-to-launch-in-2020-20190630,* accessed on 11 December 2019.

single currency union in order to fulfil this goal as from the start the states do not have much to trade due to their lack of diversified economies. West African countries do not have much to trade amongst themselves due to their heavy reliance on commodities. The head of Alpha African Advisory Sanyade Okoli stated

> ‘we struggle in Nigeria alone to get produce from the north to Lagos, and to other southern parts where it can be consumed, if goods can't move freely, how can we even talk about a single currency?’ she continued. "We need to address poor infrastructure, bureaucracy - the lower-hanging fruits first.’[193]

The goal as envisioned by the ECOWAS to boost trade is not feasible as the infrastructure is lacking to see through this goal. African economies need to focus on diversifying their economies and building service industries which will help to absolve them of external shocks and volatility as commodities are highly volatile due to them relying on international market prices and demand.

Moreover, Andrew Nevin, the chief economist at PWC West Africa is of the view that

> ‘you should first improve the implementation of existing ECOWAS trading agreements, then improve the physical infrastructure,’ Nevin reiterated that ‘to me what's more important than a possible single currency is that there is an ability to trade between countries in their native currency’.[194]

Another issue that is of grave concern to analysts is the 2020 deadline that has been set by the ECOWAS. The deadline regarding the issues that remain is highly ambitious and somewhat unrealistic due to the very fact that so far only five countries (Guinea, Togo, Ivory Coast, Cape Verde and Senegal) out of the fifteen states meet one of the four main criteria.

The deadline that exists currently is impractical as there has been no considerable advancement in designing, producing and testing of bank notes.[195] Furthermore, ECOWAS nations have very different economies, with complex, distinct debt and

---

[193] Dewast op cit note 179 at 5.

[194] France24 ‘West African 'single currency' dream gives economists nightmares’ available at *https://www.france24.com/en/20190628-west-african-single-currency-dream-gives-economists-nightmares,* accessed on 10 December 2019.

[195] Yomi Kazeem ‘West Africa’s eco single currency ambition has slim chance of success’ available at *https://qz.com/africa/1657000/will-west-africas-eco-currency-succeed/,* accessed on 18 September 2019.

development levels which will make it very hard to merge them into a single currency that will be successful. Chief global economist at Renaissance global Charlie Robertson reiterates

> 'You've got very different levels of debt, interest rates and budget deficits. Trying to align these countries to operate as one is extremely difficult', thus, 'What currency policy is right for two such divergent countries like say Ghana and Burkina Faso?'[196]

These are very valid concerns that seem to have not being considered when devising the idea of a single currency union. Also, such complexities are probably the reason why it has taken so long to bring the ECO to fruition. However, rushing the process by pushing up the deadline with such structural problems still existing will only make matters worse and would not bring about any benefit for the ECOWAS states. The reality is, in order to have a fruitful single currency, ECOWAS states need to fix the prevailing issues that exist currently such as the insufficient supply chain infrastructure, the appalling corruption, security and arbitrary tariff and non-tariff barriers.[197] Once these issues are addressed and eliminated, then the notion of a common monetary union will be more feasible and have a great chance at being successful.

It's hard to envision how incredibly difficult and what mammoth of a task this single currency will be for the ECOWAS; and currently its lacking the right pre-conditions that favour its success. With how the situation is right now, the initial goals that ignited the need for the common monetary union won't be fulfilled.

4.4 THE ISSUE OF THE CFA FRANC COUNTRIES

ECOWAS is made up of fifteen countries of which eight of the countries are part of the WAEMU which together with CEMAC forms the CFA franc zone. Thus, due to WAEMU countries being a part of ECOWAS, the establishment of a single currency union affects them, therefore, if and when the ECO comes into circulation, it would

[196] Ibid.

[197] Ibid.

ultimately replace the CFA franc in the WAEMU. Now this would be a great move as it would end the over sixty years that the region has had with its former colonial power France.

Fortunately, there is already a growing movement that supports the removal of France's ties to its former colonies. This is evident in the anti-CFA franc protests that are prevalent in Togo, Senegal and Benin. Also, in 2018, in an effort to bolster up support and gain attention from the public, Seven artists from ten countries released a hip-hop song deliberately titled "7 minutes against the CFA franc" which was meant to denounce the currency and call for its removal.[198]

Also, Patrice Talon, the President of Benin on November 14, 2019 stated that 'We are all agreed, unanimously, that we should put an end to this model,'.[199] Such a statement from a sitting president speaks volumes as it goes to show that it is about time that the CFA franc zone's reserves be pulled from the Bank of France.

Therefore, because of the historical ties, it would be admirable for the CFA states to sever ties with France by first pulling the foreign reserves and depositing them in an African central bank. Congolese economist and former dean of faculty of economic sciences in Brazzaville Noel Magloire Ndoba expressed that

> 'Changing the location of where reserves are held is above all a political and symbolic issue; why not deposit these reserves with an African central bank? We are in the 21st century, Africa must take over management of its own central bank and currency'.[200]

Due to the existing pushback towards the CFA franc currency, it would be a viable option and solution for the Western bloc of the CFA franc zone to adopt the ECO as it would be an African currency created, managed and controlled by Africans. However, as mentioned above, the ECO has serious issues that do not provide a feasible option for the WAEMU countries. The reality of the ECO is one riddled with uncertainty and structural problems that need to be resolved before the move towards a single currency

[198] Aljazeera op cit note 186 at 2.

[199] Ibid.

[200] Africa news 'Reform of west Africa CFA, analysts speak on risks and benefits' available at *https://www.africanews.com/2019/11/19/reform-of-west-africa-cfa-analysts-speak-on-risks-and-benefits/*, accessed on 10 December 2019.

can occur. So, such inconsistencies do not give the WAEMU countries any good reason to forfeit the CFA franc. Furthermore, WAEMU members might not be willing to risk the advantages of being in the CFA such as stability and low inflation; to join a currency that is unproven, and has higher inflation and interest rates than theirs.[201]

Additionally, economist Charlie Robertson adds

> 'What's been driving growth and investment in Cote d'Ivoire and Senegal in the last 10 years has been high investment because of low interest rates which come from a stable currency guaranteed by France.'[202]

This doesn't give WAEMU states much of an incentive to leave the CFA franc, as there are no guarantees that the ECO will function better and be successful. Perhaps a better enticement would be for the non-WAEMU ECOWAS states to adopt the ECO on their own, and once it has proved to be a success, then the WAEMU would join at a later stage once it has observed the performance and sustainability of the ECO.

In conclusion, although the notion of an African single currency is a lauded feat and one that would bring about great unity, boost intra-Africa trade and progress the African continental free trade area; the sad reality is that the ECO will not be a panacea for the numerous, structural issues that prevail in West Africa. Also, putting forth a highly ambitious deadline will not push the states to reach the criteria any faster as there is a myriad of bureaucratic, economic and social issues that prevent the ECOWAS states from attaining the desired criteria.

And, even though there is great appeal from some WAEMU states to sever colonial ties, and with Bruno le Maire the French Finance Minister stating that

> 'If a majority of CFA zone member states wish to advance towards an ambitious reform we would say yes'.[203]

Until those issues are resolved, the ECO will continue to be a distant dream with a never-ending postponement date. Nevertheless, it is still essential to either reform the CFA franc zone or disconnect the CFA franc from France.

---

[201] Simplice Asongu 'Can a west African union work?' *Project syndicate* 15 October 2019 at 2.

[202] Yomi Kazeem op cit note 189 at 3.

[203] Aljazeera op cit note 186 at 3.

This chapter sought to answer question six which asks if it is possible to develop a win-win arrangement. The ECO currency could be a formidable winning arrangement for the Western bloc (WAEMU) of the CFA franc zone. However, as this chapter has highlighted, the ECO still has a multitude of issues that need to be addressed before the CFA countries can consider it to be a resolve to the CFA franc zone. However, the answer to this question is unpacked further in chapter five (see 5.2) with the recommendations.

5. CHAPTER FIVE: CONCLUSION

The final chapter of the paper seeks to give a summary of the arguments presented in this paper. Thus, the questions that were posed in the introduction (see 1.3) will be deliberated based on the points highlighted throughout the paper. Furthermore, recommendations will be proposed as to how the future of the CFA franc may look.

5.1 DISCUSSION AND OBSERVATIONS

In the introduction, there were questions that were posed which this research aims to address. As the title states, this paper argues that the CFA franc zone is a modern reorganisation of an imperial institution. As such, this section shall address the questions as highlighted in the introduction.

Question 1: How is the CFA franc zone problematic presently?

Although the CFA franc zone system has incredible financial institutions intact and is by some standards a strong currency. It is also by some measure highly problematic due to the CFA arrangements the country has with France and the monetary policies it is to adhere to which are set forth by the Eurozone. Firstly, the arrangements as they stand cannot be identified as independent as they were drawn long ago when these countries wanted to attain independence. Although, the arrangements might have been amended such as the amount that is to be deposited into the French treasury has been lowered from 85 per cent to 50 per cent now; it still does not make the central banks any more independent or autonomous. Furthermore, these arrangements were imposed on these countries and were not negotiated, thus the arrangements by their very nature are still somewhat colonialist.

As it stands, there are arguments that a flexible exchange rate regime would be a better option instead of a fixed exchange rate. Furthermore, the problem that exists is that the peg to the Euro is entrenched in colonialism seeing that in the first case, the peg to the French franc was colonialist in nature. The existence of French managers in their respective central banks is seen as a threat to the autonomy of the central banks. Also, the consulting and approval of France in certain matters is retrograde and obdurate.

Secondly, the peg to the Euro brings forth European monetary policies that the CFA franc zone must observe or else the peg to the Euro will be obliterated. Even though, the peg to the Euro does have its own benefits, however, focusing on adhering to the stringent monetary policies as defined by the Eurozone should not be the main priority for these countries as they have several pressing socio-economic issues that need to be addressed.

Moreover, the issue of sovereignty is one of great importance as through these arrangements, these countries do not have monetary sovereignty. So, this begs the question of whether they are truly free when they do not have the liberty to set their own interest rates as they are bound to follow the rigorous EU fiscal policies. Additionally, as a result of having their currency pegged to the Euro, the fixed exchange rate leaves them with the inability to devalue their own currency as the peg is not adjustable. Also, France unilaterally has the power to decide when to devalue the currency as it did in 1994.

Thirdly, the issue of depositing fifty percent of their foreign reserves into the French treasury is not only absurd but also quite oppressive. As much as this guarantees free convertibility, the reality is that these countries have to jump through hoops to get access to those funds. Keeping in mind that even when they want access to the funds, they must borrow the money at commercial interest rates and there is also a limit on how much they can get access to. What is worse is that this arrangement has been going on for sixty years, so one only wonders how much these countries have contributed throughout the existence of this arrangement and how much they have received from this condition as well.

In addition, the economic, social and political impact that these countries have endured as a result of this association with France is really unsettling. Economically, it affects their international trade due to France having first right of refusal on raw materials. This means that if they have the option of attaining a better deal elsewhere, they have to consider French companies first before other foreign businesses can be entertained.

The presence of French troops in most of these CFA countries, leaves France ready to launch an attack on the 'terrorists' it deems to be a threat to French interests. What the colonial pact also provided for France was the exclusive right to train and provide military equipment to the armed forces of CFA countries. Also, what is disconcerting is the prohibition that CFA countries cannot enter any other military alliance besides the one they have with France. Their former colonial power is the only one that can intervene and offer 'protection' in times of crisis.

As such, based on the highlighted points above, the CFA franc zone and the arrangements with France are highly problematic. The zone's very inception exists from colonial ties and was formed through authoritarianism as opposed to a mutual partnership where the parties involved exist on an equal footing to form a jointly beneficial partnership. By virtue of its inauguration, the CFA franc zone has never been a balanced partnership agreement between France and the CFA countries.

This unequal 'partnership' is further evidenced by how CFA countries are not included in the decisions that govern the EU fiscal policies, yet they have a direct impact on these states but do not have a seat at the table. However, French officials have seats on the boards of the Zone, giving them access to all sorts of information and an influence in the decision-making process of the two blocs. Therefore, the CFA franc zone is a system that has a plethora of inconsistencies which in turn affect their development and impact their economic growth. As such, it is a very problematic system that greatly contributes to the suppression of CFA countries and ultimately affects their economic potential and ultimate rise.

Question two: What attracted the CFA African leaders to consent to be part of such an agreement that set forth the establishment of the CFA franc zone?

Seeing how these arrangements are detrimental to the economic growth and development of these countries. The question lingers as to what attracted these CFA African leaders to allow for the existence of such a pact. Initially when Charles de Gaulle proposed the referendum of the colonial pact, it came with the choice of whether to opt for independence whilst still maintaining a relationship with France. Or opt for independence without any association with France. As previously highlighted, Guinea was the only country that opted to attain independence without any lingering ties to its former colonial master.

For this, Guinea payed a heavy price and it probably dissuaded other CFA African countries from following suit. For these countries that voted to gain independence whilst still upholding the historical ties with France, the problem that exists with this is a psychological one. This is because the idea of having a state without reliance on its former imperial power is not only novel to them but highly unconceivable.

Most of these CFA African leaders most likely could not fathom how a state would function without the presence of its 'father'. As such, leaving the nest was not a viable option as these CFA African leaders also did not have experience of governing these newly formed modern states. Also, it probably felt like a win-win situation for some of these CFA states that chose to stay. These CFA states probably thought that they could get their independence without the necessity of war and bloodshed and still get to maintain their ties with France. Unfortunately, independence came with being subservient to the interests of the colonial power and adhering and upholding to the desires of France.

In the case of African leaders of former French colonies that had the guts to stand up to France; unfortunately they would either end up dead or suddenly become the victim of a coup. Thus, France would strategize meticulously to ensure that the leaders that are in power are the ones that are favourable to its interests. Therefore, this monetary union system continued for so long due to the selfish interests and non-courageous spirit of the governing elites who would receive protection from France for maintaining the interests of the colonial master.

Also, following the findings and analysis of this research, it can be assumed that these African leaders continued to be a part of this zone because of the fear of the unknown. The reality is that these CFA countries know nothing else besides being in this zone. As such, the networks that have been created by the CFA franc zone further make it difficult to idealise exiting the zone, as the cost of leaving is unknown. In addition, the economic ties and arrangements with the EU make it tricky to fathom the prospects of leaving. Business relationships and trade might be threatened and to foster and negotiate new deals will prove to be a mammoth undertaking.

Nonetheless, the divided spirit within the region and a conflicted direction is also a big issue as until the continent of Africa comes together as one people and enters the international stage as one united voice then nothing will change. If the governing African elites of these former French colonies stood in solidarity with Ahmed Sekou Toure when he voted no in the referendum, then France's control and hold in Africa would have come to an end or at the least been minimized. After all, united we stand and divided we fall!

Question three: who benefits from the CFA franc zone?

This is a tricky question as it is difficult to quantify and put into numbers the benefits of the existence of this zone. What is clear though, is that the peg to the Euro has provided low inflation, a stable currency and access to opportunities for growth. Also, the benefits throughout the zone are very uneven as the WAEMU bloc against the CEMAC bloc seems to be the better economic performer overall. Moreover, the benefits are also at times country specific due to the heavy reliance on trading raw materials. Therefore, when the markets are favourable to a certain commodity, the country which supplies it is more likely to have a better economic performance in that particular fiscal year due to the favourable market prices.

Consequently, France is a clear winner as the provisions of the CFA arrangements created conditions that are highly favourable to French interests and French companies. French businesses have considerable interests in these African countries as they have a foothold in markets such as shipping, agriculture, banking, logistics and others. The zone in general suffers from low intra-zone trade and a lack of infrastructure also greatly affects its economic potential. Also, the lack of a diversified economy hinders its growth, as they constantly have to rely on world markets in order to have a favourable fiscal year. Nevertheless, WAEMU experienced good GDP growth during the 2014-2015 fiscal year as a result of maintaining high fiscal discipline. This benefitted the region greatly as the macro-economic performance of the area improved significantly.

Despite this, the zone is still perforated with high public debt. The high debt does a great disservice to the CFA countries as the government budget is spent towards overhauling debt and not channelled to creating opportunities for economic growth. Furthermore, the inability of the zone to attract desirable FDI flows can be attributed mainly to the undiversified economy.

With no definitive way to conclude on quantifiable benefits, what is clear though is that the zone is eroded with a multitude of structural problems which hinder its ability to stimulate economic growth and bear great fruits from this system. The effectiveness of the CFA franc zone is unsteady and because of these variations, it is difficult to conclude that the CFA states actually benefit from their association with France.

Question four: What is the significance of France in the CFA franc zone and why will it not exit the zone?

This is a question of great importance as the foundations of the CFA franc zone are very much entrenched in a colonial past. Thus, if France insists that it is not enforcing its way through the zone, why can't it just leave African countries to run the zone independently free of its former colonial master's presence? The reality is that France has major interests in these CFA countries and the material benefits it generates from continuing these arrangements is extremely lucrative to the French.

As highlighted previously, France benefits a great deal from the existence of this zone. The most rewarding benefit out of this is the ability for France to be energy independent. The uranium reserves in Niger are responsible for generating a staggering one-quarter of France's electricity. Also, it has been highlighted how resource rich these countries are. Most of these CFA states have an abundance of raw materials that range from diamonds, gold, phosphates, manganese, oil and agricultural products such as bananas, coffee, etc. So, because of the immense wealth of natural resources, it is for France's own best interests to keep a stronghold in these territories.

After all, it was some of France's top-notch political officials that acknowledged the significance of CFA Africa to France. Hence, keeping close ties and a certain control over a region that is so resource rich greatly secures France's economic and energy interests. Therefore, it is not by sheer goodwill that the former colonial power is keeping such close tabs with its former colonies. There is a lot that is at stake on France's end;

hence the reason to maintain such a paternalistic role even after sixty years of independence.

It is no wonder that in times that the zone experiences external shocks, that France acts as a shock absorber by providing funds for the zone. France gains tremendously from keeping such a close tie to its former colonies because having the backing of CFA countries plays a major role in upholding its global power image on the international stage.

However, the upset is that this loyalty is very much one sided. For, if the choice ever came for France to side with either Europe or its former colonies, it will most likely side with its geographic neighbour without any hesitation. If France had minimal or no benefit whatsoever from keeping these arrangements; there would be no need for 9000 French troops lingering about in African states. Besides, there is a consequential need for France's presence and tie to these CFA states as it can be argued that its survival today, is closely linked to the continued repression of these countries. Thus, to a certain extent, the CFA franc zone's bondage to these arrangements is pivotal to France's subsistence and its economic flourishing.

Question five: Can this be a matter of international law?

This brings us to the next question of why this has not gained global attention. Despite the numerous research that has been done by economists on the CFA franc zone. The world has not caught on to the carnage that is happening in these territories. Although there is no human bloodshed that France is caused by France, but the shear daylight robbery of its autonomy and sovereignty is a factor that cannot be ignored. This is not to say that France alone is responsible for the problems that exist in these regions because it is not.

However, the arrangements that exist create for a situation where the boots are pulled from the countries, thus leaving a condition of having no bootstraps to pull from. No country can be expected to attain economic growth and development if it is not in charge of its monetary policy. Hence, it is increasingly difficult to grown when there is another power that is responsible for the money supply and the financial banking regulations. In such an environment, economic development is hindered greatly.

Furthermore, it is a fallacy to perpetuate the notion that these arrangements don't affect these countries yet there is such heavy French presence in these states' affairs. This presence includes having French troops in the countries, the official language of instruction being French, contracts being awarded to French companies such as the provision of military equipment and even French managers in the central banks.

The argument for claiming that the existence of this monetary union is a human rights violation is due to the impact that it has onto the party states' economy, social and political systems. Furthermore, the union can be understood to be an infringement on the sovereignty and autonomy of these countries as they do not have the luxury to set their own monetary policies.

The international community, particularly the UN needs to spearhead the movement of calling out France for its dubious dealings in these African territories just as Italian Prime Minister Di Maio did. The UN as part of its mandate maintain international peace and foster good relations amongst states must see this as an infringement of state sovereignty and thus must be vocal in calling out France. After all, is it not time the world got involved in stopping this continuing inhumanity and hypocrisy?

5.2 SUGGESTIONS AND RECOMMENDATIONS

The above section highlights why the CFA franc zone is problematic. As such, it is vital to idealise solutions that can be put into place to create a system that is not only free of colonial ties but also is beneficial to the overall economic growth and development of the CFA franc countries. This section also addresses question six which asks whether if it is possible to develop a win-win arrangement. Thus, there are two main recommendations and resolutions that this paper proposes. The first is the absolute removal of France from the zone and the second is the complete reformation of the CFA franc zone system.

THE ABSOLUTE REMOVAL OF FRANCE

The complete removal of France from the CFA franc system might seem ambitious and highly unlikely. However, it is a very viable option and one with immense potential if executed jointly by all the participating states. Mamadou Koulibaly (economist and former finance minister of the Ivory Coast) also notes the importance of France's removal from the zone and the need for the CFA franc zone to spearhead its own existence. Post the exit of France, the zone can work towards building itself in a way that is conducive to the economic interests of the parties.

The zone can start by drawing a new set of rules that are simple and cater to the member states' interests. Without France in the picture, the zone can have access to international markets directly without having to bypass any other alternate power.[204] Also, the zone can establish their own fiscal policies, which would allow for simplified tax codes. Additionally, the zone can open itself up to a basket of other currencies by having an adjustable, flexible peg with other currencies. It is essential that the monetary unions become independent so as to enable the central banks the freedom they need to perform duties that are conducive the member's states economic interest, growth, fiscal discipline and long-term development.

Alternatively, the countries could opt to have their own national currencies just as former French colonies such as Guinea, Madagascar, Algeria and others decided to do. However, it is worth noting that this approach is one that would be costly and most likely take time to come into place due to the complexities of breaking out of such an agreement. Just as the ECO has taken several years to come to fruition and to take flight, this will be a mammoth of a task to follow through for some of the small countries in the CFA franc zone.

<u>REFORMATION OF THE CFA FRANC ZONE</u>

This alternative resolution would involve reforming the entirety of the zone and forging new arrangements between the zone and France. This approach would be a more realistic notion as the ghost of what happened to Guinea-Conakry still lingers vividly and this has intrinsically made it hard for the countries to leave the zone. As such, a more practical idea would be to have a new series of arrangements between the CFA franc countries and France. This will enable for an equal footing of both parties where the arrangements serve the interests of both and not one over the other.

[204] African globe 'How France financially enslaves 14 African countries' available at *https://www.africanglobe.net/featured/france-financially-enslaves-14-african-countries/,* accessed on 14 June 2019.

Hypothetically, if the UN acts and there is growing international pressure exerted on France, it would be best to renegotiate the arrangements as France has vested interest in these countries. Thus, it also wouldn't be feasible for it to just exit the zone and reforming the zone to suit both parties would be the better, feasible and viable option. A reformation of the zone is a very real possibility as previously the foreign reserves that the states had to deposit were reduced from 100 percent, to sixty-five percent in 1973 and finally to fifty percent in 2005. Furthermore, following the criticism given by the then Togolese President Gnassingbe Eyadema in 1973 about the central banks' headquarters, this outcry was heard, and they were moved from France to Africa with the role of France in the board of directors also being reduced.[205]

Revisions of the arrangements are more plausible as they have happened before and so more needs to be done to reduce France's power in order to establish a fair, just and equivocal monetary union. These revisions could include eradicating certain irregularities in the system such like the non-convertibility of the two CFA franc currencies.[206] Also, the operations account's management needs to be made transparent, which for a long time has been very muddy and not crystal clear in terms of its accounting. Moreover, the French treasury must ease the use of the surpluses from the reserves as well as the interest rates charged when lending the money.

Furthermore, the fixed parity should be flexible and floating so that it eliminates the rigidity of the fixed peg. Another revision should be of the removal of the first right of refusals to natural resources arrangement as well as the military agreements that were contained in the colonial pact. France's military presence in these countries is too much and the liberty they enjoy in terms of being the sole provider of 'protection' in cases of emergency still maintains colonialist ties. Thus, the CFA franc countries should aim to have freedom over which state supplies their military equipment and not have France have free reign over military interventions.

5.3 CONCLUDING REMARKS

[205] Coulibaly op cit note 155.

[206] Ibid.

In the current climate of the world at large, it is for a country's best national interest to have great partnerships and agreements with other countries for the success of the state and the wellbeing of its citizens. As such, a state must negotiate deals and agreements that are best for it whilst not compromising its sovereign power and autonomy.

Numerous studies have been conducted on the economic performance of the CFA franc zone and there haven't been conclusive arguments as to whether it hinders or elevates economic performance in the countries party to the zone. What is doubtful however, is the presence of France in the zone. The very fact that the CFA zone is a relic of the former colonial Franc zone is problematic; and through that, it leaves the countries powerless in the running of certain operations in their states.

The remnants of colonialism that linger in the zone and its arrangements cannot be ignored despite the benefits that the existence of the zone has afforded to some of these countries. To compare the CFA franc zone to the EU zone would be completely repugnant as their history, inception, function and even performance are nowhere near similar. Nonetheless, it is a worthy point to note that intra-zone trade in the EU is much higher than the intra-zone trade in the CFA franc zone; thus, showing the inconsistencies that exist within the zone.

The legalities for the French monetary system are without a doubt dubious. As such, due to the economic situation of these countries and their small-scale economies, they are unable to file a legal lawsuit against this model due to insufficient funds. Nevertheless, this monetary policy couldn't have come to fruition if not for the governing elites signing these agreements into power for which in turn, they received political, economic and military gains from their association with France.

However, it could be argued that both need each other, as France has economic interests at stake and the CFA countries also benefit to some extent with the association with France. But what is clear though, is that, the zone needs to be reformed. The arrangements that currently exist with France are detrimental to the future and economic development of the CFA countries.

To show how vested France is in the existence of this zone, rewinding back to the 1960s right after independence. Leaders that were for the removal of this currency and attempted to even exit the zone were immediately assassinated or suddenly a coup happens in their country. And for the country that was able to exit, France showed its wrath and showed no mercy by destroying the country as is the case with Guinea-Conakry.

What is more alarming is the silence of the world in all of this; Particularly the UN as an international peacekeeping body, which has a stake to ensure the ultimate autonomy of these CFA states. How can Africa be totally free when it still has such significant ties to its former colonial master? Consequently, a reform of the CFA franc zone is a more realistic resolution instead of proposing for the countries to leave the zone altogether. A review is needed as currently, WAEMU seems to be the better performing bloc than the CEMAC area. Thus, if the zone is to succeed, then the entire zone needs to perform correspondingly.

Nevertheless, WAEMU's performance shows the great potential that the CFA franc zone possess. Whether if these developments or high economic growth can be attributed to the arrangements with France is inconclusive, but the growth rate along with low inflation and currency stability exhibit the enormous potential the zone has.

Unfortunately, the ECO with its fair share of problems won't be the knight-in-shining armor the Western bloc of the zone requires. There a lot of structural problems that need to be addressed before the CFA franc countries can adopt the ECO. As such, it does not provide a resolve for WAEMU. It remains to be seen if the ECO will come into fruition and be a successful monetary union that unites Western Africa and hopefully sets an example that could be followed by other regions in the continent.

In conclusion, the CFA franc zone is a trojan horse. On the surface, it is a monetary union that proposes to bring forth currency stability and low inflation. However, at the core, it is another modernized continuation of a system of oppression and colonization. The presence of France should be reduced significantly or removed completely. Furthermore, the CFA franc countries need to seriously address the power of France and demand a revision of the arrangements as until then; it will know no real independence and will continue to be France's doormat.

BIBLIOGRAPHY

Africa news 'Reform of west Africa CFA, analysts speak on risks and benefits' available at *https://www.africanews.com/2019/11/19/reform-of-west-africa-cfa-analysts-speak-on-risks-and-benefits/*, accessed on 10 December 2019.

African business magazine 'a brief history on CFA Franc' Available at *https://africanbusinessmagazine.com/uncategorised/a-brief-history-of-the-cfa-franc/,* accessed on 14 April 2019.

African globe 'How France financially enslaves 14 African countries' available at *https://www.africanglobe.net/featured/france-financially-enslaves-14-african-countries/,* accessed on 14 June 2019.

Alby, Stephane 'Cfa franc; a new stress' available *at https://www.economic-research.bnpparibas.com,* accessed on 10 April 2019.

Aljazeeera 'West Africa bloc currency eco to launch in 2020' available at *https://www.news24.com/Africa/News/west-africa-bloc-currency-eco-to-launch-in-2020-20190630*, accessed on 11 December 2019.

All Africa 'Africa; when France said; long live neo-colonialism' available at *https://allafrica.com/stories/201512070238.html,* accessed on 23 February 2019.

Amadou N. R. *The role of the CFA franc in the Economic Integration of the West Africa region Second International Conference on Sustainable Development in Africa* (2010) Africa Growth Initiative, Brookings institute.

Amin, Aloysius A *long-term growth in the cfa franc zone countries* (2000) United nations University, World institute for development economics research, Helsinki.

Asongu, S., A 'Can a west African union work?' *Project syndicate* 15 October 2019.

AU 'Communique on the end of tenure of ambassador Arikana Chihombori-Quao, AU permanent representative to Washington, DC' available at *https://www.au.int/en/pressreleases/20191015/communique-end-tenure-ambassador-arikana-chihombori-quao-au-permanent,* accessed on 01 November 2019.

Banque de France *The franc zone* (2015).

Banquet, Patrick 'French African connection' available at *http://www.aljazeera.com/programmes/specialseries/2013/08/201387113131914906.html,* accessed on 8 December 2018.

Borchers, Jens 'Why are former colonies in Africa so important to France' *Mail and guardian* 6 may 2017, available at *https://mg.co.za/article/2017-05-06-why-are-former-colonies-in-africa-so-important-to-france,* accessed on 13 April 2019.

Brooke, James. 1987. *Conakry Journal; Francs and Fromage: French Are Friends Again.* The New York times. October 7.

Busch, G. K. 2015. *A Travesty of Justice; Delivered By France And Her African Puppets .available at:https://www.academia.edu/10001581/A_Travesty_of_Justice_Delivered_By_France_And_Her_African_Puppets, accessed 8 January 2020.*

Central bank of western states (BCEAO) 'History of the CFA franc' available at: *https://www.bceao.int/en/content/history-cfa-franc*, accessed on 14 April 2019.

Chihombori-Quao, Arikana 'colonization in Africa by France' available at:

CIA 'The world fact book; guinea' available at *https://www.cia.gov/library/publications/the-world-factbook/geos/gv.html,* accessed on 01 December 2019.

Coulibaly, Issiaka 'Competitiveness and growth within the CFA franc zone: Does the switch to the Euro matter?' 2014 *CEPII research center* 139.

Coulibaly, I ‘Costs and benefits of the CFA franc zone’ *World policy*. 28 February 28 2017.

Dewast, Louis. ‘west Africa’s eco; what difference does a single currency do?’ *BBC* 6 July 2019, available at *https://www.bbc.com/news/world-africa-48882030 accessed 08 August 2019,* accessed on 8 December 2019.

Dugard, John *International law; a South African perspective* 4ed (2012) Juta & Co Ltd, Claremont, Cape Town.

DW ‘Africa’s cfa franc: colonial relic or stabilizing force?’ available at *https://www.dw.com/en/africas-cfa-franc-colonial-relic-or-stabilizing-force/a-48908889,* accessed on 12 August 2019.

Eyo, Zionson. ‘France’s colonial pact with Africa’ *New African magazine* 2 May 2011.

France24 ‘West African 'single currency' dream gives economists nightmares’ available at *https://www.france24.com/en/20190628-west-african-single-currency-dream-gives-economists-nightmares,* accessed on 10 December 2019.

Frankel, Jeffrey A ‘No single currency regime is right for all countries or at all times’ 1998 *Essays in International Finance* 215.

Gerits, Frank ‘The postcolonial cultural transaction: rethinking the Guinea crisis within the French cultural strategy for Africa1958–60’ (2019) 19 *Cold War History* 4.

Giles, Christopher & Goodman, Jack ‘Is the cfa franc forcing people to leave?’ *BBC* 25 January 2019, available at *https://www.bbc.com/news/world-africa-46960532,* accessed on 04 April 2019.

Golan, Tamar ‘A Certain Mystery: How Can France Do Everything That It Does in Africa-And Get Away with It*?’* (1981) 80 *African Affairs* 318.

Gulde, Anne-Marie & Tsangarides, Charalambos *The cfa franc zone, common currency, uncommon challenges* (2008) IMF, Washington DC.

Harshe, Rajen ‘Guinea under Sekou Toure’ (1984) 19 *Economic and Political Weekly* 15.

IMF 'De Facto Classification of Exchange Rate Regimes and Monetary Policy Framework' available at *https://www.imf.org/external/np/mfd/er/2006/eng/0706.htm*, accessed on 20 February 2020.

IMF *Central African Economic and Monetary Community (CEMAC): Common Policies of Member Countries–Staff Report. IMF country report 19/1* (2019) International monetary fund, Washington.

Jabbar, S. 2013 'How France loots its former colonies' available at: *https://thisisafrica.me/politics-and-society/france-loots-former-colonies/,* accessed 15 august 2019.

Kane, S. P 'Macro's franc Afrique' *Aljazeera* 23 July 2017. Available at: *https://www.aljazeera.com/indepth/opinion/2017/07/macron-francafrique-170721190500965.html,* accessed on 04 April 2019.

Kazeem, Y 'West Africa's eco single currency ambition has slim chance of success' available at *https://qz.com/africa/1657000/will-west-africas-eco-currency-succeed/,* accessed on 18 September 2019.

Konkobo, L 'African protests over cfa colonial currency' *BBC Africa* 30 August 2017.

Korner, Heiko 'The Franc Zone of West and Central Africa: A Satellite System of European Monetary Union' 2002 *Intereconomics*.

Koulibaly, Mamadou. 'How France lives off francophone Africa via the cfa franc' *New African magazine* January 2008.

McWhinney, Edward *United Nations Law Making: Cultural and Ideological Relativism and International Law Making for an Era of Transition* (1986) ch 9.

Melly, Paul & Darracq, Vincent *A new way to engage? French policy in Africa from Sarkozy to Hollande* (2013) Chatham House, London.

Merriam-webster 'Definition of neo-colonialism' available at: *https://www.merriam-webster.com/dictionary/neocolonialism,* accessed on 01 February 2020.

Ordu, A. U. *An evaluation of the single currency agenda in the ECOWAS region*. Brookings institute 24 September 2019.

OSABU-KLE, Daniel Tetteh *African blood for imperialist interests: the first and second scrambles for Africa* (2001) Carleton University; Department of political science.

Rothermund, Dieter *Decolonization* (2006) Routledge, New York.

Samba, Ndongo 'The cfa franc; French monetary imperialism in Africa' available at *https://blogs.lse.ac.uk/africaatlse/2017/07/12/the-cfa-franc-french-monetary-imperialism-in-africa/*, accessed 15 September 2019.

Sarah Crowe, Kathrin Cresswell, Ann Robertson, Guro Huby, Anthony Avery & Aziz Sheikh *The case study approach* (2011) The University of Nottigham, Nottingham.

Shipway, Martin *Decolonization and its impact; a comparative approach to the end of the colonial empires* (2008) Blackwell, Malden, Massachusetts.

The World Today 'Guinea after Five Years' (1964) 20 *Royal Institute of International Affairs 3.*

UN General Assembly, *Declaration on the Granting of Independence to Colonial Countries and Peoples*, 14 December 1960, A/RES/1514(XV),

UN 'Declaration on the Granting of Independence to Colonial Countries and Peoples' available at *https://legal.un.org/avl/ha/dicc/dicc.html?r=1&l=ri&fst=0*, accessed on 02 March 2020.

Yehoue, Etienne B 2006 '*The CFA arrangements: more than just an aid substitute?'* 2006 *Dans Economie internationale* 107.

APPENDICES
APPENDIX A:

GRAPH 1: AVERAGE AFRICAN INFLATION RATE

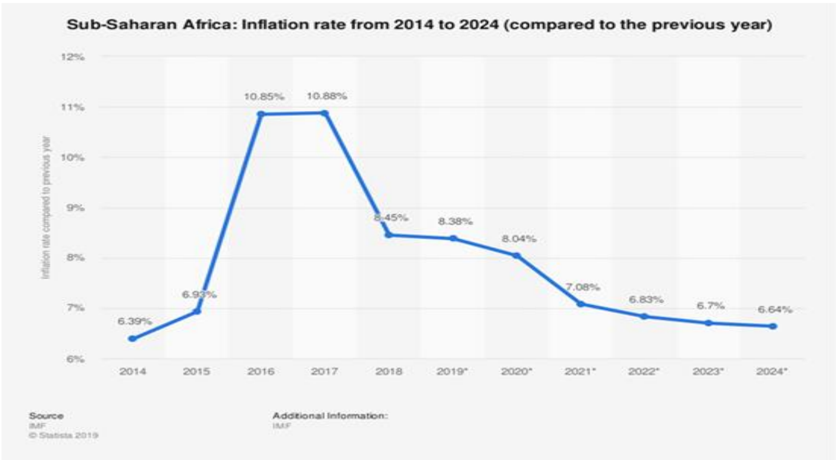


CHART 1: GROWTH RATE

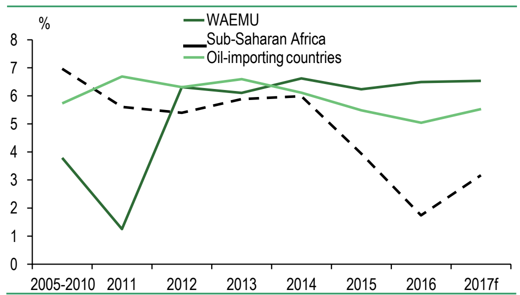
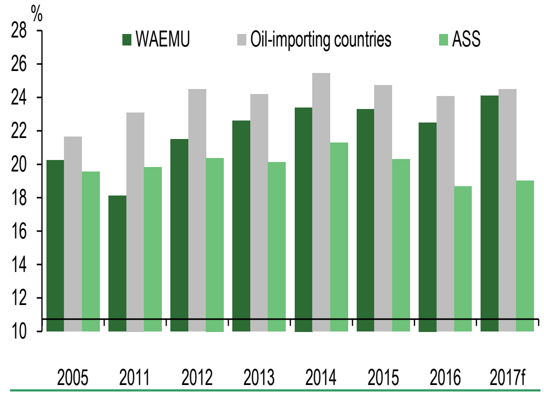


Chart 1 Sources: BCEAO, IMF, BNP Paribas calculation

APPENDIX B:

Chart 2: Investment rate



Sources: BCEAO, IMF, BNP Paribas calculations

Chart 3: Fiscal accounts in % of GDP

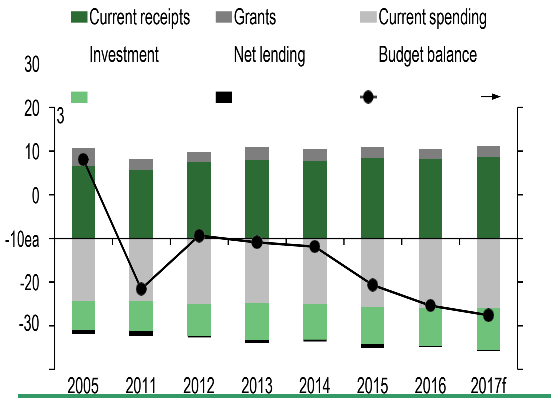
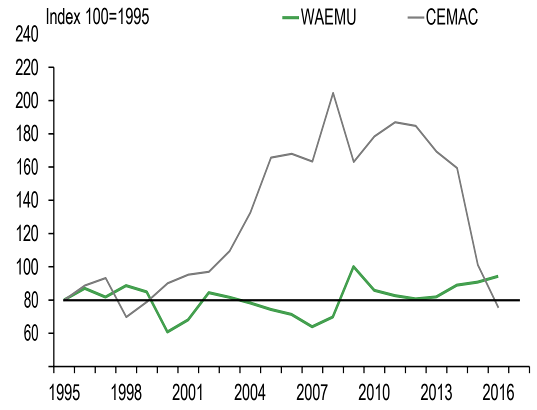


Chart 4: World market share of exports



Sources: WTO, BNP Paribas calculations

Chart 5: WAEMU exports (2010-2016)

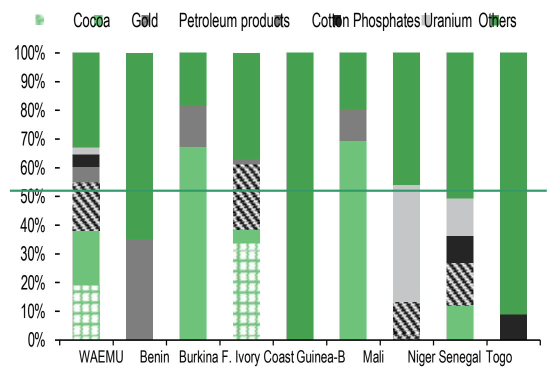
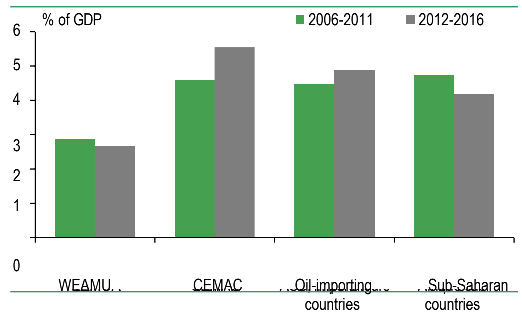


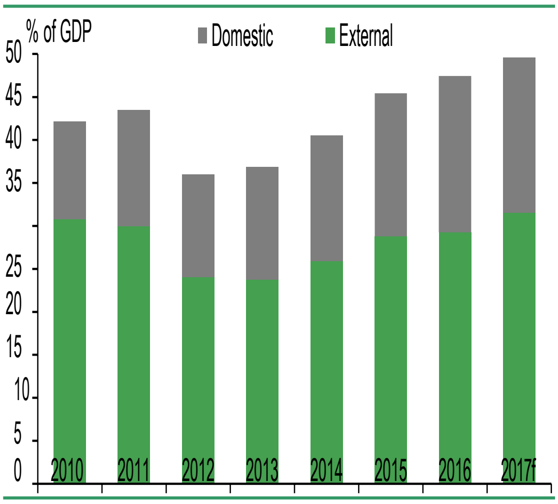
Chart 6: Foreign direct investments



Sources: UNCTAD, BNP Paribas calculations

APPENDIX D:

Chart 7: WAEMU: public debt



Sources: BCEAO, IMF, BNP Paribas calculations

Chart 8: CEMAC:
public debt