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REVIEW ARTICLE

West Africa from Franco CFA to Eco: Economic Issues

Palumbo Vincenzo*, Villani Chiara

Universita' di Napoli Federico II Italy.

***Corresponding Author Email: palumbo.vincenzo@gmail.com**

Abstract: Born 73 years ago, exactly on December 26, 1945, the day France ratified the Bretton Woods agreements, the CFA franc is the currency adopted by 14 African states and for years the subject of controversy at the local level as well as in France itself. . For some months the debate has become international and now this often criticized currency will give way to a new common currency called Eco.

Keywords: *West Africa, Economic issue, Franco CFA.*

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Introduction

First of all, we need to take a big step back in time: It was December 1945 when a decree signed by General Charles de Gaulle actually instituted a currency. Thus was born the CFA franc, which at the time when Paris ratified the Bretton Woods accords meant Franco of the French colonies of Africa.

Thus a monetary union was born. The 14 nations that are part of it today are in fact divided into the Economic and Monetary Union of West Africa (UEMOA) and the Economic and Monetary Community of Central Africa (CEMAC). To which are added the Comoros. With the result that the CFA is used today in 14 African countries, in all there are about 155 million people and 235 billion dollars of gross domestic product.

The Italian accusation against the CFA is heavy: France would not allow its former African colonies to develop. Furthermore, opponents and supporters bounce between the colonial legacy as an instrument of monetary slavery and an instrument of guarantee for those who adopt it.

This is combined with the question debated several times, which often takes on ideological connotations, relating to the fact that various currents have always seen in the CFA franc the emblem of neo-colonialism for which, however tiring, the adoption of a new single and independent currency it finally appears to them as a concrete step in the

direction of real autonomy. But the reality is more complex and beyond ideological and political positions there is an objective way in which it is possible to approach the issue: economic science.

CFA: Economic Technicisms between Advantages and Disadvantages

Substantially, the Economic Technical Characteristics on Which the CFA Currency is Based are the Following

- The banknotes are printed in the French capital and then sent thousands of kilometers further south to the central banks of the individual states.
- The currency is pegged to the euro according to a fixed parity decided by France (starting from January 1, 2002, the exchange rate was set at 1 euro for 656 CFA).
- Convertibility of CFA francs only with the euro, so any payment to abroad must pass through Paris
- Centralization of foreign exchange reserves at the French central bank: the countries that adopt it are obliged to deposit 50% of their foreign exchange reserves with the Paris Treasury.

This sum is guarded by the French central bank in order to guarantee monetary stability in times of crisis. The gold reserves of African countries are also held in Paris.

- Every three years, the Banque of France pays interest to the countries in question (at a minimum rate set in 2013 at 0.75%)
- In Africa, it is mainly two regional central banks, BCEAO (based in Dakar, Senegal) and Cemac (in Yaoundé, Cameroon), which supervise the monetary circulation of the CFA franc, but both bodies must reserve seats in the councils of administration to French representatives.
- The member countries of the CFA franc are required to respect the constraint of 3% in the ratio between deficit and GDP, as laid down for economies in France, Germany or Italy. Should African countries exceed this percentage, sanctions would be triggered

Wanting to observe the economic implications deriving from these cardinal principles, we could start by observing that, since the CFA franc is tied to the euro, its monetary stability is guaranteed as it avoids violent swings for African countries, also in terms of inflation. The system guarantees African nations the ability to exchange the franc for any other currency and indexation then makes the currency particularly strong, which facilitates imports, for the nations that use it, as well as allowing France to buy African commodities, generally denominated in dollars, in their own currency.

Instead, however, it is local products exported abroad that are penalized as the high value of the euro plays a negative role on the competitiveness of export prices of African countries (especially in the agricultural and mining sectors that have suffered decades of lack of competitiveness). On the monetary level, there is no doubt that the countries that adopt the CFA franc therefore remain structurally linked to the European economy, with the French Treasury in the role of guarantor of this relationship, very often perceived as a colonial legacy. In addition, the countries of the franc zone are required to have half of their foreign exchange reserves in a special account opened in the accounting registers of the French Treasury. It is from this account, called the "operating account", that most of their foreign operations go through. In return for these reserves, the Treasury has to lend to the central banks in the franc zone as many euros as they need to restore their operating accounts, should they become debtors. In this way, the French Treasury ensures that the level of exchange reserves of the countries of the franc zone is always positive, also allowing to maintain the fixed parity of the CFA franc in relation to the euro.

The obligation to transfer half of the reserves to the French Treasury prevents the structural transformations that would be necessary on the Continent, but many economists also recall a certainly not secondary fact: Paris does not earn money thanks to 50% of the reserves and above all it is only the custodian of these sums, the government of Paris, in other words, cannot dispose of them. Furthermore, the fact that it periodically pays an interest rate to African countries certainly represents a considerable gain today, since the market rate is currently much lower than the minimum established. Other evidence is that the central banks of the franc zone (BCEAO and BEAC) can claim statutory "independence" from African governments.

In practice, they are placed under the administrative and financial protection of the French Treasury. In other words, they are more "issuing institutes", as in the colonial period, than real "central banks". Their powers are rather limited, given that it is the French Treasury that decides on the parity of the CFA franc and on the production of money.

The very fact that the banknotes are not manufactured directly in Africa is a mechanism that undoubtedly makes the system not very dynamic and unable to respond to the global economic system but which at the same time allows you to enjoy insurance against the defects of African economic governance. Another issue that raises many doubts is the imposition on these countries of the budgetary discipline in force in the European Union. Objectively, this limit to be respected reduces the ability to intervene and also the political, economic and social weight of public power. In fact, the 3% constraint tends to curb funding for government policies, which are already low, and was conceived for highly developed nations such as Germany (328.7 billion euros in public spending in 2017). It is difficult to think that it can be applied in an identical way to macro-economically almost polar opposites [1].

While it is therefore necessary to accept that the entire system as a whole may in part represent a brake on the development of the economy of African countries, it is also necessary to accept that the same system allows to guarantee a secure framework by facilitating investments by French companies in Africa and finally it acts as a factor of stability, helping the economies of the countries of the area not to be overwhelmed by inflation.

In conclusion, while on the geopolitical front the imbalance that the system implies in terms of freedom in monetary policies is undeniable (even if it is natural to dwell on the fact that African countries retain, at least in theory, the freedom to leave the system as it actually happened for Mauritania and Madagascar) in terms of economic effects, the balance cannot be tipped only by one of the two sides. The CFA franc, in short, can be viewed from multiple angles. And it has advantages as well as disadvantages. And even the accusation of representing only a colonial legacy is not correct.

Entrance and Exit from the CFA Franco

In the CFA franc there are also nations that have never been colonized. And there are those who have gone out and back. In fact, it must be said that not all the former colonies or the former French protectorates have concluded monetary cooperation agreements with Paris. Since its independence in 1958, Guinea has created its own franc, for example. So too did Morocco in 1959 and Algeria in 1963.

Mali also made the same choice, using a national currency for 22 years. In 1984, however, as its economy was collapsing, the Bamako government decided to revert to the CFA franc. Just in order to protect themselves and avoid meltdown. Mauritania and Madagascar remained in the monetary union only until 1972 and 1973. While two states that have never been colonized by France have decided to join the currency freely. These are Equatorial Guinea, which did so in 1985, and Guinea-Bissau, in 1997. In fact, chronologically, we can see:

1960: Guinea exits and begins issuing Guinean francs;

1962: Mali exits and starts issuing the Malian franc;

1973: Madagascar exits and begins issuing the Malagasy franc, later replaced by the Malagasy ariary (1 ariary = 5 Malagasy francs);

1973: Mauritania leaves and starts issuing Mauritanian ouguiya (1 ouguiya = 5 CFA francs);

1974: Saint Pierre and Miquelon (France) comes out and uses the French franc, then replaced by the euro;

1975: Réunion (France) comes out and uses the French franc, then replaced by the euro;

1976: Mayotte (France) comes out and uses the French franc, then replaced by the euro;

1984: Mali takes over the CFA Franc (1 CFA Franc = 2 Malian Francs);

1985: Equatorial Guinea adopts the CFA franc (1 franc = 4 bipkwele);

1997: Guinea-Bissau adopts the CFA franc (1 franc = 65 pesos).

ECO: The New Currency Between Ambitious Challenges and Feasibility Assessments

Actually, the Eco project was born several years ago, it was already talked about in the late nineties and then talked about it again in the early 2000s. Its implementation has been postponed several times. This was then decided by the majority of Ecowas Finance Ministers, who met in Ivory Coast and the announcement of the end of the Franco Cfa era was made by the President of the French Republic, Emmanuel Macron on 21 December 2019 [2]. About 385 million people will be affected by this monetary revolution.

In detail, for now, eight African countries will renounce the CFA franc, those of the Economic and Monetary Union of West Africa (Uemoa) or Benin, Burkina Faso, Ivory Coast, Guinea-Bissau, Mali, Niger, Senegal and Togo. To then be gradually extended (at least in theory) to the entire area of the Economic Community of West African States (Cedeao), that is, the Uemoa countries plus Cape Verde, Gambia, Ghana, Guinea, Liberia, Nigeria, Sierra Leone . Nothing changes, at least for now, for the states of

Central Africa Cameroon, Chad, Gabon, Equatorial Guinea, the Central African Republic and the Republic of Congo, which are part of Cemac. In addition to the name change, the reform provides that:

- The currency remains pegged to the euro (therefore the fixed exchange rate remains, i.e. 1 euro = 655.96 CFA francs)
- The Bank of France will continue to print, transport and insure the Eco, a service offered for almost 41 million euros per year, paid directly by the BCE Ao, as revealed by Mediapart.
- The obligation for African countries to deposit 50% of the reserves in the French Treasury is removed. In fact, the Bank will be able to recover the monetary reserves of these countries from the coffers of the French Treasury.
- Withdrawal of the French representatives from the technical control bodies of the Central Bank of West African States (BCEAO), specifically from the composition of the board of directors and the monetary policy committee, as well as from the EMOA banking commission.

France therefore passes from “co-manager” to “fiduciary guarantor” of the African currency in the event of a monetary crisis, even if the modalities of this guarantee have not yet been clarified. It also follows that the EMU countries will remain under the indirect supervision of the Eurozone authorities as they will monitor the "guarantee" of convertibility provided by France, which will continue to ensure their liquidity in the event of external payment problems. In particular, whenever the BCEAo finds itself in a situation of zero foreign exchange reserves, the French Treasury will be able to continue lending it the desired amounts in French currency.

Furthermore, a transition period is now opening: France will withdraw its representatives from the BCEAo, therefore vacant posts will have to be redistributed. The membership standards established in Abuja must also be taken into account: the deficit must not exceed 3%, the annual inflation rate must not be less than 10%, the countries must have gross reserves capable of financing at least three months of imports and the central bank budget deficit should not exceed 10% of the previous year's tax revenues.

Conclusions

How will the two currencies interact and what economic consequences are expected for the countries involved? A salvation or a leap in the dark? The conditional is a must. To the many positive aspects it is necessary to consider the possibility of double-digit inflation and also that the economic and political instability of several member countries could affect others.

The concern from a purely economic point of view also concerns the feasibility of a monetary union in a context as difficult as that of most of the African states involved. For ECO to work, specific conditions must exist, such as the existence of a large and integrated labor market that enables workers to move easily according to employment needs, greater flexibility in prices and wages and greater mobility of employees.

Capital, necessary elements to eliminate trade imbalances in the region. Furthermore, such a project requires that the countries involved have similar business cycles to avoid shocks. But the economy is not everything. In fact, thinking that Eco alone can solve the economic problems of the region is wrong. In short, there are many open challenges and it is not certain that the single currency alone can bring about an improvement in the region.

Its adoption, as well as its non-adoption, from an exclusively economic point of view, entail benefits but also have evident negative repercussions. Economic science itself has advantages of analysis but at the same time limits in the overall view. In fact, the adoption of Eco is in any case an important geo-political step in the revolution underway on the continent.

Not to mention the necessary political stability, difficult to guarantee due also and above all to the worsening of the terrorist threat throughout the Sahel region. Indeed, in recent years the danger of international terrorism has slowed down the process of development and union of the various economies. In Africa, nothing is easy. Within the Ecowas, the differences are abysmal.

There are countries that have a more stable and less corrupt economy and at the same time there are countries that have a weak economy and very much affected by rampant corruption. There are states that have a good percentage of the population with schooling and others where the majority of the population has a very low level of education. A purely economic analysis therefore has the advantages of obtaining objective information but suffers the limits of these profound differences.

Appendix

Brief history and political debate for the political establishment of the ECO currency

Wami

He West African Monetary Institute (WAMI) has established ten criteria that every state applying for admission to the Eco must meet in order to join the single currency. These criteria are divided into four primary convergence criteria and six secondary convergence criteria. Until fiscal 2011, only Ghana was able to meet all the main criteria.

CED

In February 2018, (Cedeao) states its intention to restart the process with a presentation in 2020 which is strictly impossible: therefore, it is a declaration of intent. As of February 23, 2018, according to economist JeanJ Joseph Boillot, no serious work has yet been done on the technical aspects of this implementation, either at the university or at the state level. A new currency (whose name would not necessarily be green) would be much less stable than the CFA free zone, but monetary instability is destructive to the economy.

But this stability has a severe blow, the limitation of public deficits that moderate the possibilities of state investment. It is this balance which, with the help of the European Union, is at the center of reflections on enlargement and on the possible reform of the CFA and of the project, which dates back to the 1980s, of a common currency for all of Western Africa. (The extended CFA franc or other currency)

Ecowas

In June 2019, key funders from the 15 ECOWAS countries stressed the importance of strengthening the macroeconomic convergence of the 15 countries. Compliance with the timetable for implementation of the single currency will depend on each country's "efforts" in this area, said ECOWAS Commission President Jean-Claude Brou. "Performance in terms of macroeconomic convergence is a sine qua non" for the single currency, insisted Adama Koné, adding that it was necessary "to strengthen multilateral surveillance mechanisms". A single currency "will bring a lot to our savings. This is an integration opportunity that must be grasped for African countries, because markets are [currently] fragmented."

Single Currency ECO

On 29 June 2019, the leaders of the Economic Community of West African States (ECOWAS) formally adopted the name "Eco" for their single currency project they wish to create from 2020. 11 July 2019 French President Emmanuel Macron said the sensitive issue of the future of the CFA franc could be discussed "peacefully" and "without taboos", while West African countries confirmed their intention to have a common currency.

"This is a topic that we must be able to open and that we have decided to open together with our African partners, in a peaceful way, without the cult of symbols, without taboos or totems", declared Emmanuel Macron at the end of a debate at the Elysée with 400 representatives of African diasporas in France, attended by the Ghanaian president Nana Akufo-Addo. "I am very fond of the fact that there is a success for ECOWAS regional integration," said Emmanuel Macron.

CFA Franc

The CFA franc "has a usefulness", insisted the French president. "We need to maintain the stability it brings, but we need to allow the entire region to integrate fully into an integrated monetary area.

"L'adozione Del

The Name ECO

ECOWAS leaders will meet in Abuja on 21 December 2019, six months after the adoption of the name "Eco" for the future single currency project. The meeting comes after the meeting of the Committee of Finance Ministers and Governors of the Central Bank of the Community Space held a few days ago in the Nigerian capital.

"The report of the recommendations is ready to be presented to the Heads of State", assures the Nigerian Minister of Finance, Budget and Planning, Zainab Ahmed, president of the ministerial committee. Quoted by the Nigerian news agency NAN, the chairman of the ministerial committee said that only Togo, among the ECOWAS countries, would meet the main requirements or criteria for the adoption of a single currency. These criteria include convergence, the flexible exchange rate regime, the fight against insecurity and interstate collaboration.

Uemoa

He CFA franc will disappear from West Africa. The Ivorian president Alassane Ouattara announced it on December 21, 2019, "With an agreement with the other UEMOA heads of state, we have decided to reform the CFA franc". The eight countries that use the CFA franc will adopt a new currency which will be called eco. This echo of eight countries will then become the core of the future ECOWAS currency. Technical ties with France are largely broken, meaning that Paris will no longer manage the currency of these eight countries.

Foreign exchange reserves will no longer be centralized by France and the obligation to pay 50% of these reserves to the famous operating account of the French Treasury disappears. Furthermore, France is withdrawing from the management bodies of the CFA. So far, Paris has had one representative at the BCEAO, the Central Bank of West African States, another on the Banking Commission and one on the Monetary Policy Council.

However, it is the Banque de France that will remain the guarantor of the convertibility between the Eco and the Euro with which it will maintain a fixed parity. On December 22, 2019, the chief executive officer of the International Monetary Fund (IMF) welcomed the major reform of the CFA franc decided by eight West African countries and France. For Kristalina Georgieva, these changes "constitute an essential step in the modernization of long-term agreements between the West African Economic and Monetary Union and France".

On 28 December 2019, the President of Equatorial Guinea, Teodoro Obiang Nguema, visited Abidjan in the Ivory Coast. During the press point after this meeting between the two heads of state, Alassane Ouattara and Teodoro Obiang Nguema, the two heads of state also discussed the reform of the CFA franc in the Uemoa area. According to the Chinese press agency Xinhua (pro-government), in 2019 China was the first trading partner of the African continent for the ninth consecutive year, with an exchange of 100 billion in the face of previous infrastructure reinvestments for 60 billion, made in the decade of 2006 -2017. [2] as well as a considerable repurchase of arable land.

Cemac

The president of Equatorial Guinea would like to see the same reform in the Cemac area and considers the CFA franc "obsolete". In January 2020, according to several articles citing local media, Nigeria would require five "non-negotiable terms" before joining the single currency. Some mention in particular the deposits in the French Treasury of part of the foreign exchange reserves of the future common currency. On this point, the end of this guarantee is already mentioned in the reform proposed on 21 December. Also according to the Nigerian press, Abuja would also require the management of the echo by ECOWAS itself, without forgetting its impression in Africa and not in France.

Sierra Leone announced on Thursday 9 January 2020 that it will very soon announce its decision on the future ECOWAS single currency, Eco. The Bank of Sierra Leone (BSL) announced on Thursday 9 January 2020 that the country will continue with its legal tender status Leone until the ECOWAS Board of Governors meeting scheduled for January 16, 2020.

On 14 January 2020, the central banks of the ECOWAS sub-region launched an extraordinary general meeting to deliberate on issues related to the introduction of the single currency, the ECO, scheduled for 2020. The committee of central bank governors is also expected to discuss the implications of the recent announcement by the French-speaking ECOWAS countries on the proposal to introduce the single currency, the ECO, to replace the CFA franc.

The talks will also determine the way forward for West African Monetary Zone (WAMZ) member states in accordance with the roadmap for the introduction of the single currency - the EEC. The ECOWAS technical team, however, is expected to present proposals from the West African Monetary Institute regarding the CEE.

Wamz

Governors should also send their recommendations to the region's heads of state to find out if the region is ready for the introduction of the single currency. On January 16, 2020, Nigeria and several West African countries, especially the English-speaking ones, denounced in Abuja the decision to replace the CFA franc with Eco, stating that it "did not comply" with the program recently adopted by the whole region to establish a single currency.

In all cases, the six countries in the West African Monetary Zone (WAMZ) "have noted with concern the statement aiming to unilaterally rename the CFA franc to Eco by 2020," according to a press release released after this extraordinary meeting. between various finance ministers and central bank governors. WAMZ is made up of Nigeria, Ghana, Liberia, Sierra Leone, Gambia and Guinea (Conakry), which is not part of the CFA zone. These countries believe that "this action is not in accordance with the decisions" of the Economic Community of West African States (ECOWAS) to "adopt Eco as the name of the single currency" of the entire region.

They reaffirm the importance for all ECOWAS members to adhere to the decisions of the authority of the ECOWAS Heads of State and Government regarding the implementation of the revised roadmap for the single currency program." A summit that brings together the heads of state of the WAMZ is scheduled "soon" to decide what to do, the final press release specifies.

Their January 16 statement also highlighted the battle for leadership between Côte d'Ivoire and Nigeria. In publicly criticizing the West African Economic and Monetary Union (Uemoa) decision to rename the CFA franc "eco" by 2020, the finance ministers and central bank governors of Gambia, Ghana, Guinea, Liberia, Nigeria and Sierra Leone did not disclose only the divisions of ECOWAS.

On January 31, 2020, Ivorian President Alassane Ouattara clarified the alleged rejection of the Eco by the 7 countries of the West African Monetary Zone (WAMZ). "This is pure intoxication and There are only five countries that ended up in Abuja among the fifteen of the Economic Community of West African States [ECOWAS]," he smoked, cutting the grass under his feet CFA anti-francs, many of which shout "white cap and white cap". "Most of the countries did not attend this meeting. It was not a meeting of heads of state, but of ministers and governors," Ouattara said.

"What we have decided at the level of heads of state, our will is to bring the echo in 2020", he insists, on the basis of "conditions" The first condition is to satisfy the 5 performance criteria: deficit below 3%, debt below 70%, low inflation, etc. (...). For the moment, there are only four or five countries, including Ivory Coast, that meet these criteria, "he added, noting that the process should be" gradual. "" Five, eight, ten countries [that meet the criteria] can come together, "he said, adding that others could join them as the euro zone started at eleven and encompassing ten nine countries today.

"We want to do it in stages. We don't want to rush, but we also don't want countries that don't meet the convergence criteria to agitate the process," he concluded. On 14 February 2020, the Finance Ministers of the English-speaking countries of ECOWAS and Guinea, gathered in the West African Monetary Zone (WAMZ), will meet in Freetown (Sierra Leone).

Objective, to define the behavior to follow in the process of adopting the Eco. This meeting follows the one on January 16, 2020 in Abuja on the subject with the central bank governors of the six states, following the announcement of the reforms.

Cee Currency

In February 2020, the Nigerian Foreign Minister revealed that the meeting attended by President Muhammadu Buhari and chaired by ECOWAS President, President Mahamadou Issoufou of Niger, also discussed West Africa's new single currency, the CEE. On this specific point, Minister Onyeama announced that "Nothing has changed with respect to Nigeria's position".

He explained that, according to Nigeria, the convergence criteria are not met by most countries and that it is therefore necessary to extend the deadline for the launch of the ECOWAS single currency. In February 2020, an extraordinary summit of the Economic Community of West African States (ECOWAS) was held. Many points have been raised.

In particular, the establishment of the single currency (Eco). As for the single currency, the final communiqué sanctioning this meeting mentions that the Conference of Heads of State and Government of the sub-regional organization is satisfied with the important developments initiated by the West African Economic and Monetary Union (Uemoa) in the creation of the single currency.

"The Conference was briefed by Alassane Ouattara, President of the Republic of the Ivory Coast, President of the Conference of Heads of State of Uemoa on the reform of the CFA franc. This reform is a step towards the realization of the echo as foreseen by the table of march adopted by the Conference of Heads of State of ECOWAS The Conference expressed satisfaction with these important developments and the insights provided by the President of the Conference of Heads of State of Uemoa on this issue, read the press release.

On February 17, 2020, the Economic and Monetary Union of West Africa (Uemoa, eight countries) and its planned extension to the entire Economic Community of African States (Cedeao, 15 countries) was published. Entitled Entering the Echo Era: Implications of Reform in West Africa, it aims to address the uncertainties arising from the announcement of this replacement by Presidents Ouattara and Macron on December 21, 2019.

The first conclusion is that parity maintained with the euro and France's unlimited convertibility guarantee will maintain confidence in the new currency. This guarantee helped to contain inflation from 2000 to 2019 with an average of 2% in the Uemoa region, against almost 10% in Cedeao and around 16% in sub-Saharan Africa.

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This guarantee helped to contain inflation from 2000 to 2019 with an average of 2% in the Uemoa region, against almost 10% in Cedeao and around 16% in sub-Saharan Africa. "No immediate effect" on the sovereign rating of the states. The end of the deposit of half of the exchange reserves of the member states of the Union with the French Treasury does not worry S-P, because the fixed exchange rate is maintained. "That is why we believe this reform should not have an immediate effect on our sovereign ratings," the authors conclude. In other words, investors don't have to worry right now.

The second conclusion is that the project to extend the echo to the fifteen members of the Cedeao seems a long way off. "Material barriers remain, which leads us to consider this project unlikely in the medium term," the report reads. Firstly due to the weight of Nigeria, because Nigeria accounts for two thirds of Cedeao's GDP and three times more than Uemoa's. But also because of its protectionist policies, the report says.

"Accepting a common monetary policy between Nigeria and its Cedeao partners therefore seems difficult, especially since Nigeria recently decided to close its borders with Benin and Niger to reduce smuggling and support local agricultural production. An extension outside the French Uemoa guarantee would also require the approval of the Council of the European Union after consultation with the European Central Bank, which is not automatic. Finally, the adoption of a Flexible exchange rate desired by Cedeao would increase the significant risks in terms of monetary shocks for the uemoa economies, especially those that in recent years have increased their use of credit in foreign currency.

Years. years ", says SP, recalling the conclusion of a of its 2017 reports on the dangers of devaluation: in the event of a currency crisis and without the French guarantee, the Ivory Coast, the Se negal and Togo, which have borrowed Eurobonds, see their debt heavily embedded and the S-P would be forced to downgrade their ratings. The report concludes with a recommendation to sharply improve tax revenues and a warning: "Whichever exchange rate regime uemoa members choose, be it the keeping of the euro, the option of a basket of (...) or a floating rate. Exchange rate, fiscal discipline and strong economic policy will be all the more important for the economic stability of the monetary union. In March 2020, the President-in-Office of the Economic Community of West African States (CEDEDEAO), Nigerien Mahamadou Issoufou, called on the deputies of the 5th legislature of the sub regional parliament to encourage their different countries to adopt macroeconomic policies that will allow to reach the convergence criteria for the adoption of the eco-currency for the region.

In the hope that the ECO project will materialize, he declared that "the parliaments, which control the action of governments, must encourage the states to implement macroeconomic policies that make it possible to achieve the convergence criteria necessary for the realization of this ambition. In September 2020, Alassane Ouattara, President of the Ivory Coast, announced the decision of the 57th ordinary session of the ECOWAS Conference of Heads of State and Government to proceed with the implementation of the "ECO" Within three to five years. In December 2020, French MPs are calling for the abolition of the CFA franc in Africa. MEPs also denounce the CFA franc which serves as a colonial currency.

The Ten Criteria

The Four Main Criteria Are

Single digit inflation rate at the end of each year Budget deficit of no more than 4% of GDP Funding of the state deficit by the central bank not exceeding 10% of the previous year's tax revenues Gross external reserves that can cover imports for a minimum of three months.

The Six Secondary Criteria Are

Ban on new national defaults. Tax revenue equal to or greater than 20 percent of GDP Wage bill to be taxed at or below 35 per cent Public investment deriving from tax revenues equal to or greater than 20 percent Stable real exchange rate Positive real interest rate [3-18].

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