e-ISSN 3027-0537
p-ISSN 3027-0375

10.5281/zenodo.14939562 Vol. 08 Issue 02 February - 2025 Manuscript ID: #1795

Dynamics of Monetary and Fiscal Policy in the Franc CFA Zone: A Review of the Literature

Beri Bihkongnyuy Parfait,
Nkafu Policy Institute
parfaitberi@gmail.com

Adeline M. Nembot,
Nkafu Policy Institute
ANembot@foretiafoundation.org

Yollande Meli Tankeu,
Nkafu Policy Institute
YTankeu@foretiafoundation.org

Bin Joachem Meh,
Nkafu Policy Institute
binjoachemmeh@gmail.com

Herve Nicanor Ondoua,
Nkafu Policy Institute
hervenicanor18@gmail.com

Larissa Ntoubia,
Nkafu Policy Institute
LNtoubia@foretiafoundation.org

Jean Cedric Kouam (Corresponding Author)
Nkafu Policy Institute
JKouam@foretiafoundation.org

ABSTRACT

The effectiveness of monetary and fiscal policy within a monetary union has come under increasing scrutiny in recent years, particularly in the context of complex and overlapping global crises and economic shocks. This is especially true for African countries, whose economic challenges have long been associated with monetary dependency. This paper focuses on the dynamics of monetary and fiscal policies in the CFA Franc zone, which comprises two groups of West and Central African countries that share a common currency

pegged to the euro and operate under a unified central bank. Specifically, it examines whether monetary policy has been effective in addressing supply and demand shocks in the markets. The paper conducts a systematic review of the literature from 1980 to 2023. Both theoretical and empirical studies are examined. Additionally, we discuss the instruments and effectiveness of monetary policy in the Franc zone, along with the challenges and prospects for its future evolution. The literature generally suggests that the Franc Zone has achieved a certain level of macroeconomic stability and convergence; however, it also faces significant constraints regarding its monetary autonomy and fiscal policy coordination. There is substantial evidence indicating that monetary policy in the Franc Zone is largely passive, and the region lacks the characteristics of an optimum currency area that would enhance its effectiveness. We propose several potential reforms to enhance the performance and resilience of the monetary union, including strengthening its institutional framework, diversifying its economic structure, and deepening its financial integration. Additionally, we recommend that future studies explore reforms aimed at making the CFA Franc an optimal currency area, as well as examining the autonomy thesis within the Franc zone.

Keywords:

Monetary policy, fiscal policy, Franc CFA, policy mix, central bank independence.

***How to cite*:** Parfait, B., Nembot, A., Tankeu, Y., Meh, B., Ondoua, H., Ntoubia, L., & Kouam, J. (2025). Dynamics of Monetary and Fiscal Policy in the Franc CFA Zone: A Review of the Literature. *GPH-International Journal of Business Management*, 8(02), 15-26. https://doi.org/10.5281/zenodo.14939562

1. Introduction

The Franc CFA is a currency of the Franc Zone (FZ) that spans 14 West and Central African nations. It was introduced in 1945 by the French Ministry of Finance as “colonies françaises d’Afrique” (CFA) and remains the only currency that survived independence in the 1960s. The currency was initially pegged to the French Franc until January 1, 1999, when the pegging was transferred to the euro under a fixed exchange rate arrangement. The institutional arrangement of the CFA franc makes France central to the decision-making process in the boards of both central banks across West and Central Africa that make up the FZ. The peculiarities of the CFA franc have attracted a significant amount of studies on the effectiveness of monetary and fiscal policies and their coordination across the regions (Nguena & Abimbola, 2015; Kireyev, 2016).

Within the economics of monetary unions, there are a series of theories and controversies regarding the usefulness and effectiveness of various policy tools at the disposal of governments. These tools include the use of monetary and fiscal policies to alleviate shocks at different phases of economic cycles (pro-cyclical, countercyclical, or acyclical). Governments generally apply fiscal policies through expenditures and taxation, while monetary policy is implemented through various strategies, such as exchange rate channels, interest rates, bank reserves, open market operations, and discount rates. On many occasions,

governments also use a combination of monetary and fiscal policies (policy mix) to address economic shocks (Combey, 2014).

Although it is widely recognized that membership in a monetary union limits governments' ability and control over monetary policy instruments, there is still scope for monetary policy in the FZ, especially in times of overlapping economic shocks and reserve accumulation from oil revenue (Deléchat, Ramirez & Veyrune, 2008). Similarly, fiscal policy is perhaps the most popular policy instrument available to governments in monetary unions. Over the past years, the effectiveness of these instruments in monetary unions has been widely researched and debated (Gulde & Tsangarides, 2008; Adedeji & Williams, 2008). This paper seeks to answer the following question: **How effective is monetary and policy mix in the CFA Franc zone?**

This topic is important for two reasons. First, the framework designed within the Franc zone to respond to low reserves and fiscal deficits may not be tenable in times of reserve accumulation from oil inflows, as it threatens financial stability (Deléchat, Ramirez & Veyrune, 2008). Second, while the zone has been credited for its ability to maintain stable prices, inflationary pressures have been building up since 2004 due in part to demand and supply pressures, an increase in the money supply, and overlapping global economic, health, and political crises that introduce shocks to the economies. Consequently, the central banks of both zones have had to make prompt interventions with their monetary policies to control the vicissitudes of these shocks. Therefore, it is important to document the effectiveness of those policies, especially monetary policy tools in the FZ. The findings from this study provide a framework from which monetary and fiscal policymakers, experts, and academics can ascertain cross-country evidence on the effectiveness of their decisions. It also provides glimpses of evidence on the ongoing debate about monetary policy autonomy in the FZ. Finally, the review identifies areas for further research to establish whether or not the Franc CFA is at the heart of economic problems in the FZ.

To that end, this paper engages in a systematic review of published evidence on the effectiveness of monetary policy in the FZ as well as the policy mix over 1980 to 2023 and explores potential areas for future research. **Section 2** documents the instruments of monetary policy in the FZ. **Section 3** reviews monetary policy in the FZ in times of crisis. **Section 4** reviews the monetary policy mix in the FZ. **Section 5** documents rules vs. discretionary monetary policy in the FZ, while **Section 6** reviews the debate on monetary policy effectiveness in the FZ. **Section 7** concludes the study with some policy directions.

2. Methodology

The literature covers two main components. Firstly, we identified relevant theories of monetary policy and its application to the Franc CFA zone. It also reviews empirical studies on the debate surrounding monetary policy in fixed and flexible exchange rate regimes and avenues through which monetary policy can be conducted in the Franc zone. The review entailed a systematic search for relevant studies on Scopus and Google Scholar. Studies were screened by combining the following keywords: (1) monetary policy, (2) fiscal policy, (3) CFA franc, (4) Africa, (5) policy mix, and (6) currency union. We considered papers that specifically addressed the application of monetary and fiscal policy in the FZ.

We searched on Google Scholar on November 8, 2023, for articles that contained "monetary policy" OR "fiscal policy" OR "policy mix" OR "Africa" OR "currency union" OR "CFA Franc" AND "economic growth" OR "inflation" OR "capital mobility." Our search resulted in 676 articles. Several co-authors manually screened the titles and reduced the number to 95. Co-authors also independently reviewed the articles to ensure that they met the inclusion criteria in terms of content and context. We also included reports from the IMF and the World Bank that specifically focused on the issue under investigation to ensure that we did not miss out on important studies.

The final number of papers retained for the study was 43. While there is no generally accepted procedure to conduct a scoping review, the objective was to streamline key empirical studies that highlight the extent of the literature and what needs to be done to improve monetary policy effectiveness in the Franc Zone.

3. A Theoretical Plane

There are officially 195 countries and several disputed territories today, compared to 76 that existed in the 1940s. Hypothetically, there should be 195 or more currencies to facilitate trade between these independent states. However, the proliferation of currencies has come under increasing scrutiny due to the global interest in price stability (Alesina & Barro, 2002). The benefits of monetary unions include a reduction in transaction costs, reduced uncertainty about exchange rate variability, and confidence in the direction of monetary policy. However, countries in a monetary union relinquish the ability to make independent monetary policies and have flexible exchange rates.

Over the past years, however, the number of currencies in the world has decreased due to the creation of common monetary areas or the adoption of other monetary regimes such as dollarization and currency boards (an extreme form of pegging). Adopting a common currency comes with several costs and benefits that have been the subject of rigorous empirical scrutiny. These developments in the international scene continue to provoke research in monetary integration as a contemporary area. To that end, several theories have been proposed to explain the different types and functioning of monetary regimes. These

theories include the optimal currency area theory, Mundell's incompatibility triangle (trilemma), and Kaldor's magic square.

The optimal currency area theory is perhaps the most relevant to studies on monetary policy in monetary unions. According to Mundell (1961), McKinnon (1963), Kenen (1969), Friedman (1953), and Meade (1957), some geographic areas not bounded by national borders may be better off using a common currency instead of each country using its own currency. The theory identifies conditions for the successful operation of a common currency that embodies similarity of shocks across countries (Mundell, 1961), openness (McKinnon, 1963), and diversification of the economies (Kenen, 1969). It also assumes the existence of a large and integrated labor market that allows labor to move freely, wage and price flexibility, a centralized budget to facilitate the redistribution of wealth, and a high degree of economic integration among the participating nations. While the European Monetary Union seems to possess most of these characteristics, the CFA is an example of a monetary union that does not meet the minimum conditions for an optimal monetary area. The economies of the FZ are structurally different from one another and are likely subject to asymmetric shocks. Most economies are also not well-diversified, and there is very limited labor and capital mobility within the zone, except to France. However, the region has been sustainable despite lacking these features.

Mundell's trilemma illustrates the interrelationship between core macroeconomic objectives, commonly referred to as the incompatibility trilemma. According to this trilemma, a nation cannot simultaneously maintain a fixed exchange rate, allow free international capital mobility, and implement an autonomous monetary policy. In the case of CFA member countries, they have traded autonomous monetary policy for free capital mobility and a fixed exchange rate with the euro since 1999 to ensure stability. However, existing evidence indicates that the CFA zone experiences a significant level of capital outflow, with France consistently being the destination country. This arrangement appears to benefit France while depriving other member countries of the resources necessary for their economic development. Concerns regarding the anti-developmental effects of the CFA have been voiced by diplomats, politicians, and activists (Nchadze, 2019), further amplifying calls for the decolonization of monetary policy in the CFA zone. Essentially, the fixed exchange rate regime in the CFA zone prevents these economies from utilizing an autonomous monetary policy to boost investments, reduce unemployment, or address recessions through countercyclical and procyclical measures. Consequently, CFA countries are left with only fiscal policy at their disposal, which accounts for the high tax levels in these economies compared to their regional peers in Sub-Saharan Africa, and the subsequent impact on economic activities and growth within the zone.

Finally, monetary policy decisions in the FZ can also be analyzed through the lens of Nicholas Kaldor's magic square. The magic square examines the processes involved in achieving four fundamental macroeconomic objectives: price stability, economic growth, full employment, and a favorable trade balance. Similar to Mundell's incompatibility trilemma,

Kaldor observed that one of these policy objectives is often incompatible with the others. For example, in economic theory, full employment and economic growth are rarely attainable alongside price stability.

At the same time, price stability cannot be achieved simultaneously with a favorable trade balance. Supporters of the monetary policy arrangement argue that the Franc Zone (FZ) evidently prioritizes price stability and economic growth over full employment and a favorable trade balance. However, a detailed analysis of the FZ economies indicates that the region's economic growth lags behind that of its regional peers, inflation is on the rise, and the region continues to face both an unfavorable trade balance and high levels of unemployment. These multi-sectoral challenges raise important questions about the effectiveness of the Franc CFA in promoting economic development among the CFA member countries.

4. Monetary Policy in the Franc Zone

4.1 Instruments of Monetary Policy in the Franc Zone

The FZ is a monetary union with a fixed peg to the euro that permits free capital mobility within the zone. As a result, it is susceptible to two main types of shocks:

1. Changes in exchange rates between the USD and other major currencies that trade with the euro.

2. Changes in output and fluctuations in trade due to commodity price changes.

These shocks give central banks in the FZ enough scope to make short-term interventions to stabilize the economies in times of economic disruptions. However, in practice, monetary policy in the FZ has been mostly passive (Deléchat, Ramirez, & Veyrune, 2008).

Events such as the 2008 global financial crisis and the euro debt crisis in 2011 were characterized by economic downturns, depletion of reserves, and mounting fiscal deficits that necessitated speedy interventions from BEAC and BCEAO to stabilize the economies. More recently, inflationary pressures have risen in the region due to the COVID-19 pandemic and supply chain disruptions from the Russo-Ukrainian war, requiring the use of monetary policy to address some of these shocks. A fundamental question that arises is: **How does the region conduct its monetary policy, and what tools are available to both central banks?**

Monetary policy in the FZ follows the principles guiding the arrangement between member states and France. BEAC and BCEAO define and conduct monetary policy in their respective zones, oversee foreign exchange operations, manage member countries' reserves (pooling of reserves), and provide advances to governments. An important part of the central bank's monetary policy is that they must deposit 50% of their foreign assets in the French treasury and are entitled to credit of up to 20% of the previous year's tax revenue.

There is an additional clause for the CEMAC region to maintain reserves above **20%**, and a three-month consecutive decline in reserve coverage below the threshold triggers emergency measures. The scope of refinancing can also be reduced if the operations account is overdrawn for 30 days. Therefore, foreign reserves are an important part of monetary policy in the FZ, as member states must seek to maintain sufficient currency coverage. The pooling of reserves necessitates that both central banks comply with this objective while also striving to meet currency coverage at the country level to maintain financial discipline and avoid free-riding by other states.

To determine the quantity of cash for the domestic economy that is consistent with net foreign assets and BOP forecasts, BEAC uses monetary programming, which entails forecasting currency in circulation, sight deposits, and term deposits.

A major part of monetary policy in the CFA zone relies on reserve requirements. However, both central banks also use auctions and interest rates. The latter policies have not been used frequently in the FZ, and their application does not necessarily respond to market pressures. Additionally, decreasing interest rates on auctions relative to the euro area has prompted massive outflows of capital from the zone. BEAC argues that inflation in the CEMAC is not primarily a monetary phenomenon but mostly the result of supply shocks. However, empirical findings by Deléchat, Ramirez, & Veyrune (2008) suggest that inflation is linked to monetary variables in the zone. Due to high capital inflows and fiscal surpluses in the region, there is scope to reform the currently passive monetary policy in the region.

Pooled Reserves and Monetary Policy

Pooled reserves refer to a collective pool of funds accumulated from multiple sources and managed together. These reserves are typically used for specific purposes such as investment opportunities, risk diversification, or as a contingency fund for unexpected expenses. They are commonly found in financial entities such as mutual funds, pension funds, or insurance companies. By pooling resources together, these entities can achieve economies of scale, improve risk management, and potentially generate higher investment returns (Bickerton, 2019).

The management of pooled reserves involves making strategic investment decisions, adhering to regulatory requirements, and ensuring the proper allocation of resources. This is typically carried out by professional fund managers or investment committees who have the necessary expertise and experience to handle these funds. Overall, the purpose of pooled reserves is to provide financial stability, risk mitigation, and potential growth opportunities for the entities or beneficiaries involved.

The dynamics of monetary policy and the pooled reserves debate are interconnected and can have a significant impact on the economy and financial institutions. The effectiveness of monetary policy ensures financial stability by controlling the money supply in circulation to

prevent economic imbalances. As such, the debate on pooled reserves is a recurring topic with varying opinions on its multidimensional impact.

The discussion on pooled reserves relates to how financial institutions manage their funds. Biziwick (2015) argues that pooling reserves together can provide economies of scale, risk diversification, and a source of liquidity during times of need. Bickerton (2019), on the other hand, argues that excessive pooling of reserves can limit the availability of funds for lending or investing, potentially impacting economic growth.

Monetary policy can also influence decisions around pooled reserves. For example, when central banks implement expansionary monetary policies—such as lowering interest rates or engaging in quantitative easing—they aim to stimulate economic activity and encourage borrowing and investment. In such cases, financial institutions may have less incentive to pool reserves, as the cost of borrowing decreases, making it easier to access external funds.

Conversely, during periods of tight monetary policy, such as raising interest rates to combat inflation and reducing the monetary mass, financial institutions may be more inclined to prioritize pooling reserves to ensure stability and have readily available funds (Belhocine et al., 2023). This conventional perspective explains the importance of pooling reserves within an economy and its impact on money circulation and economic stability.

The interplay between monetary policy and pooled reserves highlights the complex relationship between macroeconomic factors and financial decision-making. It is essential for policymakers, financial institutions, and investors to carefully analyze these dynamics to make informed decisions about managing reserves and navigating the broader economic landscape (Belhocine et al., 2023).

4.2 Rules vs. Discretionary Monetary Policy

Sound monetary policy is essential for strong economic growth and stability. Monetary policy refers to the actions taken by a central bank or monetary authority to manage the money supply, interest rates, and other factors that influence the economy. It plays a crucial role in influencing economic growth, inflation, and financial stability. However, there is an ongoing debate on the extent to which monetary authorities can use policy instruments to influence inflation and output. This discussion dates back to the 1930s with Simons (1936), who argued that establishing clear and firm rules to govern national monetary policy was the best approach. Since then, various opinions have emerged regarding the advantages and disadvantages of rule-based versus discretionary monetary management.

Proponents of rule-based monetary policy argue that monetary authorities should announce the policies they intend to pursue in advance. Rule-based monetary policy involves setting clear and predefined rules that dictate how the central bank should conduct its policy actions. For example, a rule-based policy may outline specific targets for inflation or other economic

indicators, with the central bank adjusting interest rates or other policy tools automatically based on these targets.

However, because policymakers could announce a policy and later deviate from it after economic agents have formed expectations accordingly, Kydland and Prescott (1977) demonstrated that monetary policy interventions suffer from a dynamic or time-inconsistency problem. This argument was further supported by Barro et al. (1983), who wrote in the late 1980s that a central bank should be responsible for price level stability and should make monetary mechanisms explicit rather than discretionary. In this perspective, rules serve as predefined guidelines or instructions that dictate how certain situations or actions should be handled. These guidelines are often established to ensure consistency, fairness, and accountability in decision-making processes. Regulatory bodies, organizations, or individuals can set such rules (Taylor, 2017). For instance, Wicksell and Fisher (1990) proposed policy rules for interest rates and the money supply to prevent the kinds of monetary-induced discretionary policies that could lead to instability.

On the other hand, discretionary monetary policy allows policymakers flexibility in their decision-making. Discretionary policies give decision-makers the autonomy to assess different factors, consider specific circumstances, and make subjective judgments in formulating policies. Referring to David Ricardo's contribution to the subject matter, Davis (2015) noted that discretionary monetary policy has long been criticized by liberal economists. In his Plan for the Establishment of a National Bank, Ricardo argued that government ministers "could not be safely entrusted with the power of issuing paper money" and advanced the idea of a rule-guided central bank.

Discretionary monetary policy involves giving the central bank the flexibility to make policy decisions based on its judgment and assessment of economic conditions. With discretionary policy, central bankers can adjust interest rates, implement quantitative easing, or take other measures as they see fit without being strictly bound by predefined rules (Clarida et al., 2002).

Both rule-based and discretionary monetary policies have their advantages and disadvantages. The effectiveness of either approach depends on the economic context, central bank objectives, and prevailing economic circumstances (McCallum, 1987). Rule-based policy can provide transparency, predictability, and consistency in decision-making, while discretionary policy allows central banks to respond flexibly to changing economic conditions and unexpected events.

Since discretionary monetary policy permits monetary authorities to fully utilize policy instruments without being constrained by economic agents' expectations, it can help improve economic performance. For instance, carrying out a flexible counter-cyclical monetary policy with inflation targeting has been effective in some cases (Ghironi & Rebucci, 2000; Levine, 2012). However, no such results were obtained in Central and Eastern Europe (Ganev et al., 2002).

Studies in the United States suggest that the effects of discretionary policy are short-term. Starr (2005) found that interest rate control by the Federal Reserve increases output for only two to three years, after which the effect dissipates.

Africa has a wide spectrum of monetary regimes, including single currency pegs, baskets of currencies, monetary unions, currency boards, and fixed and floating exchange rate regimes (Ghosh et al., 1997). This is why the International Monetary Fund (IMF) has emphasized using stabilization programs to manage exchange rates and inflation (Weeks, 2010). However, many African governments lack two critical instruments for implementing monetary policy: the interest rate and open market operations (Weeks, 2010).

A key concern arises: How can CFA franc states implement effective monetary policies when most lack full control and the necessary policy instruments?

4.3 Monetary Policy-Making in Times of Crisis

Monetary policy is crucial in promoting economic growth because it controls the amount of money in the economy at any given period. The central bank implements monetary policies to regulate the money supply and credit available in the economy through several approaches, the primary one being interest rates. The central bank raises interest rates to limit the availability of money in the economy, which reduces demand for money since funds become more expensive. On the other hand, the central bank lowers interest rates to increase the money supply, promote production, and boost aggregate supply (Li, Sun, & Chen, 2021). Nonetheless, economic shocks have a significant impact on the business cycle, affecting output, supply, inflation, and demand.

Monetary policy-making becomes particularly crucial in times of crisis as it seeks to stabilize prices while promoting economic growth and development. The monetary policy response during the COVID-19 crisis in the CFA zone was more counter-cyclical and complementary to fiscal policy due to debt pressures in the zone (Adam, Alberola-Ila & Tejada, 2022). Here, we examine monetary policy-making in times of crisis, focusing on the COVID-19 pandemic.

To mitigate the adverse effects of the COVID-19 pandemic, policymakers utilized monetary policy to regulate the availability of money in the economy, which in turn adjusted consumption and investment patterns, allowing for long-term economic growth. The central bank in the CEMAC region primarily focuses on controlling inflation and fostering financial stability. However, the COVID-19 outbreak and other economic shocks influenced the central bank to embrace different strategies, such as targeted loan programs. The Bank of Central African States (BEAC) implemented several initiatives in 2020 to ensure bank liquidity and socioeconomic development. These measures included increasing liquidity injections, cutting central bank interest rates, and rethinking eligibility conditions for guarantees (Asongu, Ojong, & Soumtang, 2021).

To sustain bank liquidity and address uncertainties around the pandemic, BEAC increased the amount of money injected into the money market weekly to 250 billion FCFA, whereas withdrawals were previously limited to 36 billion FCFA before the outbreak of the crisis (BEAC, 2020b). This initiative aimed to reassure the manufacturing sector and financial institutions that the central bank was committed to reducing liquidity risk in the money market. However, the policy had varied effects, as the subscription rate remained relatively low at about 25.62% until the end of 2020, before rising at the beginning of 2021 (BEAC, 2021b).

BEAC's strategy regarding guaranteed eligibility primarily focused on modifying the status of the discounts applicable to public securities issued in the CEMAC zone. All upward revisions of discounts on public securities used as collateral for monetary operations were suspended by the monetary policy committee. The committee also agreed to lower all these discounts by 800 basis points starting in June 2020 (BEAC, 2020d).

The crisis served as a reminder that price stability alone is insufficient for financial stability. Policies should be aimed at reducing the risk of crises rather than merely responding to their consequences once they occur.

5. Policy Mix in the Franc CFA Zone

There is a strong historical and theoretical argument for fiscal-monetary policy coordination in the FZ. National governments have the prerogative to conduct independent fiscal policies, while BEAC and BCEAO implement monetary policies in their respective zones (Kireyev, 2016). Both central banks manage the monetary policy of their zones and aim to maintain low inflation, while the ministries of finance are responsible for fiscal policies.

Many empirical studies have examined the joint effects of budgetary and monetary policies in French African countries with two heterogeneous currency zones (Azam & Devarajan, 1997; Constant, 2012; Fouopi Djiogap, 2012). The study by Nubukpo (2012, 2017) on the West African Economic and Monetary Union (WAEMU) examined the policy mix and misalignment that arise in exchange rate management within the zone. The author showed that a policy mix in the zone was more beneficial and satisfactory for economic growth, as it helped stabilize commodity prices. Similarly, the IMF (2018) demonstrated that in CEMAC member countries, monetary and fiscal measures exist to maintain a stable exchange rate and inflation. However, these policy buffers are limited in strengthening investment and growth processes.

Furthermore, the works of Van de Walle (1991), Körner (2002), and Taylor (2019) have been credited with providing insights into the institutions that control fiscal and monetary policy in the Franc Zone. They found that there is a lack of practical and political experience, which causes the general public to doubt the effectiveness of these policies and their ability to achieve targeted objectives. Moreover, some political decision-makers and researchers argue

that pegging the CFA franc to the euro is hampering growth in French African countries (Van de Walle, 1991; Körner, 2002).

The findings of Taylor (2019) further showed that a majority of Francophone African countries are still bound by de jure independence in policymaking but are restricted by their economic structures and external policies. The author further analyzed the operation of the CFA while considering the currency's contribution to the underdevelopment of Francophone Africa. Azam & Devarajan (1997), Constant (2012), and Fouopi Djiogap (2012) demonstrated that the extraversion of BCEAO and BEAC monetary management, as a result of the CFA franc's de facto peg to the euro, highlights the challenges of household savings in French African countries. The optimal response to these challenges, according to their findings, is the use of a policy mix within the two sub-regions.

Azam (1997) also found that by the mid-1980s, the economic performance of Franc Zone countries had begun to decline. The appreciation of the French franc, coupled with a fixed nominal exchange rate, rising prices of goods and services, and policy-induced domestic price rigidities, led to a decline in employment, productivity, profit margins, and the competitiveness of firms.

6. Central Bank Independence

The independence of central banks is a complex and controversial topic that has sparked significant debate, particularly in the CFA franc zone. It is widely recognized that central bank independence plays a crucial role in maintaining monetary stability and promoting economic growth.

The issue of central bank independence is complex due to its many dimensions. To provide a conceptual framework for understanding central bank independence, Kydland and Prescott (1977) developed a dynamic stochastic general equilibrium model to demonstrate the importance of central bank independence in achieving price stability. Barro and Gordon (1983) expanded on this theoretical foundation by considering various political and economic factors that influence central bank independence.

In principle, central bank independence assumes no direct relationship between the government and the central bank (Haan & Eijffinger, 2017). However, by its very nature, money is a collective good that exists only due to the trust of its users and is therefore never completely free from government influence.

Global financial crises, such as the 2008 financial crisis, have raised questions about the effectiveness of central bank independence, as these crises have led to increased central bank intervention, revealing potential trade-offs between independence and economic management during downturns.

Empirical Evidence on Central Bank Independence

Many studies in the literature have focused on central bank independence (Guillaumont, 2006; Avom & Bobo, 2013). Some researchers stress the need for central banks to remain independent (Fischer, 2015), while others examine the effects of independence on economic performance. Fischer (1995) showed that greater central bank independence leads to lower inflation rates, while Gupta (2011), studying countries in the CFA franc zone, found a positive relationship between central bank independence and macroeconomic stability, specifically low inflation and high economic growth rates.

However, the work of Cukierman et al. (1992), which measured the rate of change of central bank governors across a sample of countries, did not reach a clear conclusion on the benefits of central bank independence.

Political Influence on Central Banks

One aspect of the debate concerns political interference in central bank decision-making. Political pressure and institutional constraints can limit the independence of central banks. De Haan and Eijffinger (2000) conducted a cross-country analysis and found that political influence negatively affects central bank independence, leading to higher inflation rates.

Countries with independent central banks tend to have lower inflation rates on average (Klomp & De Haan, 2010a). Similarly, Dietsch and Loisel (2012) examined the CFA franc zone and identified political pressure as a key factor influencing the level of central bank independence.

Public Support for Central Bank Independence

Another aspect of the debate concerns the level of public support for central bank independence. Chortareas et al. (2002) examined public opinion in the CFA franc zone and found a positive relationship between institutional trust and support for central bank independence. This suggests that public awareness and understanding of the benefits of central bank independence contribute to its success.

Degrees of Central Bank Independence

Central bank independence is often seen as a key factor in ensuring monetary policy effectiveness. However, there is an ongoing debate about how much independence central banks should have and how it should be implemented.

Independence is not absolute but exists in degrees. Looking at the Central Bank of West African States (BCEAO), Guillaumont (2013) pointed out that it would be wrong to conclude that the BCEAO is entirely controlled by African governments or by France. The multinational structure of the bank protects it from unilateral decisions by any single government. Additionally, the governors of the BCEAO, particularly those from Côte

d'Ivoire, have traditionally had long and influential terms of office, giving them strong decision-making power.

Types of Central Bank Independence

The literature distinguishes between two main types of central bank independence:

1. Objective Independence – The central bank has the power to define the objectives of its monetary policy without external influence.

2. Instrument Independence – The central bank is free to choose the tools and instruments it deems necessary to achieve objectives set by the government or a representative assembly (Debelle & Fischer, 1995).

Additionally, central bank independence can be categorized as:

- De jure independence – Based on legal mandates, appointment procedures, and institutional frameworks that define the relationship between the central bank and the government.

- De facto independence – The actual independence of central banks in practice, measured by their ability to conduct monetary policy without political interference (Blot, 2014).

Challenges in Implementing Central Bank Independence

Eijffinger and Keulen (1995) synthesized legal and real independence, demonstrating empirically that it takes an average of five years for a law governing central bank status and procedures to be effectively implemented.

Some central banks are legally independent but remain closely associated with their country's Ministry of Finance. Others are legally dependent but have, in practice, gained a degree of autonomy (Ioannidou et al., 2023).

7. Debates on Monetary Policy Autonomy in the CFA Franc Zone

The debate on the CFA franc zone remains controversial, with the majority focusing on whether member countries should leave the zone. The future of the CFA franc depends on two main factors:

1. Reforms surrounding the currency, including the fixed exchange rate parity and guaranteed convertibility through the French Treasury's operating accounts.

2. The dependence of the monetary policies of countries in this zone on the French Treasury.

Overall, the central banks of the CFA franc zone suffer from a lack of autonomy, which is a key asset of a financial institution. This has led to questions about the apparent autonomy of central banks in the CFA franc zone countries.

The Influence of the European Central Bank (ECB)

Amadou and Kebalo (2019) examined the effects of ECB monetary policy on the BCEAO and BEAC. They found that the CFA franc's peg to the euro significantly impacts the monetary policy of franc zone countries. According to these authors, ECB monetary policy has a positive and significant influence on the monetary policy of the WAEMU central bank. Furthermore, Kebalo (2019) demonstrated, using an Engle and Granger Cointegration approach, that BCEAO's monetary policy is influenced in the long term by ECB interest rate policy.

The Social Determinants of Money and Monetary Autonomy

Other studies have examined the social determinants of money to analyze the autonomy of monetary policy in the franc zone. Masson and Patillo (2004) argued that, beyond its role as a medium of economic exchange, money is deeply tied to cultural practices. They highlighted the dispossession of indigenous populations from their traditional exchange systems in favor of Western monetary systems imposed by colonial powers.

French colonization took place in two stages:

1. The imposition of metropolitan money in colonial territories.
2. The creation of a specific monetary system modeled after Western and European standards, which sought to address local economic contingencies (Amadou et al., 2022).

According to Lelart (2003), these colonial currencies were not real currencies in the legal sense, as they were merely by-products of the French franc, the metropolitan standard of exchange.

Thus, it is essential to dissociate money from its purely market-driven function. Money is not just a means of settling economic obligations; it should also be viewed as an instrument for regulating social and economic relations (Polanyi, 2001).

Comparing currency unification to a form of imperialism benefiting the dominant classes, Maucourant (2002) raised concerns about monetary sovereignty. The central question is whether the CFA franc is a sovereign currency. Since the CFA franc was historically constructed as a cultural reference point for the nation-state, its mutualization appears to limit sovereignty.

As a result, the franc zone faces a dual challenge:

1. **Sovereignty concerns**, as its monetary policies are not fully controlled by African states.

2. **Accusations of neo-colonialism**, since the CFA franc is seen as an **institutional vestige of colonization**, despite reforms since its creation in **1939** and the establishment of the **CFA franc in 1945**.

For Dembélé (2006), the franc zone is an instrument of colonial domination by France, and he argues that the economic development of countries in this zone requires a complete break from this historical dependency.

Challenges of Sovereignty in the CFA Franc Zone

The debates on the autonomy of the franc zone are fundamentally linked to monetary sovereignty, which remains a major issue. A monetary union implies the delegation or sharing of monetary sovereignty at a supranational level.

In the two monetary zones that depend on the CFA franc, the political authority of the union is vested in the heads of state. However, monetary policy is defined by the boards of directors of the central banks, which include French representatives with veto power. This makes the franc zone unique, as it shares sovereignty with a state outside the issuing zone, yet that state remains a key stakeholder in governance.

Another example of the limits of sovereignty and the lack of autonomy in the franc zone is the devaluation of the CFA franc in January 1994. This decision was made exclusively by France, demonstrating the absence of independent decision-making power for franc zone countries.

Is a Continental Currency the Solution?

The problem of monetary sovereignty in the franc zone cannot necessarily be solved by creating a continental currency, as some authors suggest (Dembélé, 2016). Such a move would shift economic power toward a few dominant countries, potentially at the expense of smaller economies.

According to Guindo (2019), the economies of the franc zone are primarily subsistence-based, meaning they would not adapt well to a continental monetary policy modeled after developed economies such as those in the eurozone.

For some economists, the transition to the euro has led CFA franc central banks to adopt ECB-style monetary policies, focusing on inflation control. However, these restrictive monetary policies have slowed economic development, reducing investment and limiting credit availability for businesses and households.

7.1 Critique of the Effectiveness of Monetary Policy in Financing the Economies of CFA Franc Zone Countries

The effectiveness of monetary policy in financing the economies of the CFA franc zone has been the subject of debate among economists and policymakers (Asongu, 2016; Kiendrebeogo & Minea, 2016). The CFA franc zone consists of 14 countries in West and Central Africa that share a common currency, the CFA franc, which is pegged to the euro.

One of the main criticisms of monetary policy in the CFA franc zone is the pegging of the CFA franc to the French franc, and later to the euro in 1999 (Herrera, 2022). This limits the ability of individual countries to use monetary policy to address economic challenges. The fixed exchange rate prevents countries from using devaluation to improve competitiveness or stimulate exports. Devaluation makes imports more expensive while increasing competitiveness and export demand (Pettinger, 2017).

The exchange rate is always at the center of political debates in developing countries (Edwards, 1989). Devaluation is a critical economic policy tool that enables countries to benefit from international trade and capital flows. According to a World Bank report, proper management of the real exchange rate, by avoiding an overvaluation relative to its equilibrium level, would lead to more effective and less costly reforms in the short and medium term, while also fostering sustained forward-looking growth.

Since any nominal change in the anchor currency (euro) translates into an equivalent nominal change in the CFA franc, the appreciation of the euro during the 2000s reignited debates on the future of the CFA franc. This concern is further compounded by the lack of strong economic integration within the CFA zone.

Commodity Dependence and the Limitations of Monetary Policy

Another major challenge is that CFA franc zone countries are heavily dependent on commodity exports, making their economies vulnerable to global commodity price shocks. This dependency limits the effectiveness of monetary policy in promoting sustainable economic growth.

According to Diop et al. (2010), intra-CFA zone trade is very low, as most member countries have highly specialized economies focused on commodity exports. As a result, their resilience to external shocks is limited.

Although the appreciation of the euro against the dollar in the 2000s reignited discussions about devaluation, the relative effects of national economic fundamentals and the anchor currency have varied across CFA franc zone countries. Using econometric estimates of the CFA franc exchange rate, Gnimassoun (2012) found that over the 1980–2009 period, the appreciation of the anchor currency had a significant positive effect on the CFA franc exchange rate, even when controlling for national fundamentals.

Institutional Weaknesses and Governance Challenges

CFA franc zone countries also face significant governance challenges related to corruption, political instability, and weak institutions, all of which can undermine the effectiveness of monetary policy.

Despite these challenges, the CFA franc zone does have relatively strong institutions and well-recognized central banks. The regional monitoring and review processes conducted by the two regional commissions, which regularly publish reports, have helped increase policy transparency. Evaluations show that the two central banks (BCEAO and BEAC) are relatively transparent and efficient (Gulde & Tsangarides, 2008). However, institutional reforms in the CFA zone have been slow, mainly due to conflicts between national objectives and broader regional policy goals.

Regulatory Constraints on Monetary Policy Implementation

Another significant limitation of monetary policy in the CFA franc zone is the strict regulatory framework imposed by the regional central banks—the Banque Centrale des États de l'Afrique de l'Ouest (BCEAO) and the Banque des États de l'Afrique Centrale (BEAC). These regulations restrict the amount of credit that can be extended to the private sector, limiting economic growth and development (Koddenbrock et al., 2019).

Conclusion

The effectiveness of monetary policy in financing the CFA franc zone economies is constrained by several factors, including:

- The fixed exchange rate regime, which limits monetary flexibility.
- Strict regulations that curb credit expansion.
- Dependence on commodity exports, making economies vulnerable to external shocks.
- Governance issues, including corruption and political instability, which undermine policy effectiveness.

Due to these structural constraints, individual countries lack the ability to use monetary policy effectively to address economic challenges and promote sustainable growth.

African countries in the franc zone, having lost control over monetary policy due to the fixed exchange rate regime (which aligns with Mundell's Incompatibility Triangle), are left with only fiscal policy to regulate their economies (Nehme, 2014).

This situation is particularly delicate, not only because of the fiscal discipline required in a monetary union to avoid jeopardizing common monetary and exchange rate policies, but also

because of the limited ability of the fixed exchange rate system to enforce fiscal discipline, as illustrated by the European debt crisis.

7.2 Critique of the Effectiveness of Monetary Policy in Building Resilience to Exogenous Shocks in CFA Franc Zone Countries

Economies are subject to economic disturbances resulting from long-term factors, such as demographic changes, and short-term factors, such as financial shocks. Economic resilience can be defined as an economy's capacity to limit its long- and short-term vulnerabilities, as well as its ability to resist shocks when they occur or recover quickly from such shocks (OECD, 2023). It can also be understood as the ability to maintain output levels close to potential despite shocks (Duval & Vogel, 2008).

Several authors have attempted to measure resilience (Brigulio et al., 2006; Brigulio & Piccinino, 2011; Kose & Prasad, 2010; Dabson et al., 2017; Elbourne et al., 2018). They use composite indicators and macroeconomic aggregates such as GDP. Others have constructed resilience indicators that consider macroeconomic aggregates, budgetary variables, and socio-political realities (Svoboda & Applová, 2016; Bhaskaran, 2007; Guillaumont, 2009; Dhwane & Jeske, 2006; Le Barbanchon & Simon, 2012; Antosiewicz & Lewandowski, 2014; Ishihara, 2016; Elbourne et al., 2008; Ramey & Ramey, 1995; Hassan & Othman, 2015; Cabezon et al., 2015). However, in most cases, DGSE models and panel data estimates are the most commonly used approaches.

Types of Economic Resilience

Rose (2015) analyzes economic resilience in terms of time and space, distinguishing between inherent resilience and adaptive resilience:

1. Inherent resilience refers to the efficient use of an economy's resources at a given point in time. It considers resilience aspects that are already built into the system, such as available stocks, surpluses, substitutable products, and negotiation capacity that provide access to suppliers.

2. Adaptive resilience refers to the time-efficient use of resources for recovery, investment, and reconstruction. It arises from improvements or changes in production methods or the search for new partnerships.

Shocks and Economic Vulnerability in the CFA Franc Zone

According to Besso (2016), the economies of the CFA franc zone face two types of shocks that make them vulnerable:

- External shocks (e.g., global commodity price fluctuations, financial crises).

- Natural shocks (e.g., climate change, agricultural instability).

These vulnerabilities raise concerns about the sustainability of economic growth, a topic that has been widely debated in CFA franc zone countries since the early 2000s.

A Banque de France (2011) study compared economic shocks and growth instability between franc zone countries and the rest of the world, focusing on three key indicators:

1. Agricultural supply shocks, measured by agricultural production instability.
2. Trade shocks, measured by export instability.
3. Economic growth instability.

The study found that, over the last decade:

- Import instability in CFA franc zone countries declined significantly.
- Instability was higher in CEMAC countries than in WAEMU countries.
- Agricultural production instability in the franc zone decreased more than in other developing countries.
- Growth instability in the franc zone was comparable to that of developing countries, with non-oil WAEMU countries being more affected.

Impact of the Eurozone on the CFA Franc Zone

Regarding resilience, an analysis of eurozone influence on the CFA franc zone by Ehrhart & Jacolin (2012) reached the following conclusions:

- Globalization of CFA franc zone exports has limited the direct impact of eurozone crises on franc zone economies.
- Over the last 25 years, the eurozone's share of CFA franc zone exports has fallen from 50% to 25%, allowing for substitution effects between customers in globally integrated commodity markets.
- However, eurozone crises indirectly affect the CFA franc zone by putting downward pressure on commodity prices, though this pressure has so far been contained.

Financial Vulnerabilities and External Shocks

The literature on financial shocks identifies three key vulnerabilities in franc zone economies:

1. Financial system interconnections – The direct and indirect links between financial institutions and economic sectors make them susceptible to external financial shocks.

2. Complexity – The interweaving of business models, financial products, and institutional relationships increases financial system fragility.

3. Exposure to foreign conditions – The dependency on external markets and policies means that franc zone economies are highly influenced by global financial events.

Several authors have analyzed the root causes of financial instability:

- One school of thought attributes financial instability to the interaction between financial markets and the real economy (Fisher, 1933; Kindleberger, 1978; Minsky, 1982).

- Another perspective links financial instability to dysfunctions within financial markets (Mishkin, 1991; Guttentag & Herring, 1986; Diamond & Dybvig, 1983).

Channels of Financial Crisis Transmission

Two main mechanisms contribute to the international spread of financial crises:

1. The trade channel – A crisis in key trading partners affects export demand and foreign currency inflows.

2. The financial flows channel – This includes Foreign Direct Investment (FDI), Official Development Assistance (ODA), and migrant remittances.

The franc zone crisis has led to a moderate decline in capital flows, including reductions in official development assistance and direct investment. However, migrant remittances remain more resilient. For example, in 2008, the banking sector transmission channel was very limited, reducing the impact of external shocks on the CFA franc zone (Ehrhart & Jacolin, 2012).

8. Concluding Implications and Future Research Directions

The objective of this paper was to review the literature on the dynamics of monetary and fiscal policy mix in the CFA franc zone from a theoretical perspective. The study employed a systematic review of published research, drawing from Google Scholar, institutional reports, and studies by the IMF, World Bank, BEAC, and BCEAO.

Our findings indicate that:

1. The CFA franc zone is not an optimal currency area, as extensive evidence suggests.

2. Monetary policy in the Franc zone has been largely passive and ineffective due to inadequate economic integration and limited mobility of capital and labor within the region.

3. The debate on monetary policy autonomy is prominent in existing literature, yet there is still a lack of rigorous studies on this issue.

To enhance the effectiveness of monetary policy, CFA member countries need to foster economic integration and diversify their economies.

Key Considerations for Future Research

The CFA franc zone has come under increasing scrutiny and criticism in recent years, partly due to its colonial ties. While many arguments against the CFA franc lack solid empirical evidence, we recommend that future studies focus on possible reforms to make the zone an optimal currency area.

Given the growing discourse on monetary autonomy in the CFA franc zone, a detailed economic analysis is necessary to evaluate:

- The potential economic scenarios of transitioning away from the current arrangement.
- The trade-offs involved, particularly regarding trade, economic growth, financial stability (inflation), and the balance of payments.
- Comparative counterfactual analyses, assessing the economic performance of CFA franc zone countries relative to similar economies in Sub-Saharan Africa.

Such research would provide valuable insights for policymakers, helping them understand the costs and benefits of potential monetary policy reforms and explore possible future pathways for the CFA franc zone.

Conflict of Interest

The authors declare no conflict of interest. This research is part of the Nkafu Policy Institute's reflections on strengthening the effectiveness of monetary policy in Francophone Africa, supported by the Templeton World Charity Foundation (TWCF), **Grant ID#: TWCF-2022-30501.**

Data Availability Statement

This literature review did not generate any new data. All data supporting the findings of this study are based on **previously published works**, which are cited in the **reference list**.

References

Adam, C., Alberola-Ila, E., & Tejada, A. P. (2022). Covid-19 and the monetary-fiscal policy nexus in Africa. *BIS Papers.*

Adedeji, O. S., & Williams, O. (2008). Fiscal reaction functions in the CFA Franc zone. *Common Currency, Uncommon Challenges, 77.*

Alesina, A., & Barro, R. J. (2002). Currency unions. *The Quarterly Journal of Economics, 117*(2), 409-436. https://doi.org/10.1162/003355302753650283

Asongu, S., Ojong, N., & Soumtang Bime, V. (2021). Central Banks' responses to the Covid-19 pandemic: The case of the Bank of Central African States. *African Governance and Development Institute. WP/21/076.* https://doi.org/10.2139/ssrn.3972479

Azam, J. P., & Devarajan, S. (Eds.). (1997). The CFA Franc Zone in Africa: A symposium. *Journal of African Economies, 6*(1), 1-2. https://doi.org/10.1093/oxfordjournals.jae.a020918

Deléchat, C., Ramirez, G., & Veyrune, R. (2008). Monetary policy in a currency union? The case of CEMAC. *Common Currency, Uncommon Challenges, 27.*

Banque des États de l'Afrique Centrale (2020d). Comité de politique monétaire, Décision N°04/CPM/2020, June.

Banque des États de l'Afrique Centrale (2021b). Comité de politique monétaire, Décision N°01/CPM/2021, February.

Barro, R. J., & Gordon, D. B. (1983). Rules, discretion, and reputation in a model of monetary policy. *Journal of Monetary Economics, 12*(1), 101-121. https://doi.org/10.1016/0304-3932(83)90051-X

Belhocine, N., Bhatia, A. V., & Frie, J. M. (2023). Raising rates with a large balance sheet: The Eurosystem's net income and its fiscal implications. https://doi.org/10.5089/9798400244643.001

Bickerton, C. (2021). 'Parliamentary,' 'Popular,' and 'Pooled': Conflicts of sovereignty in the United Kingdom's exit from the European Union. *In Understanding Conflicts of Sovereignty in the EU* (pp. 69-84). Routledge. https://doi.org/10.4324/9781003165675-5

Biziwick, M., Cattaneo, N., & Fryer, D. (2015). The rationale for and potential role of the BRICS Contingent Reserve Arrangement. *South African Journal of International Affairs, 22*(3), 307-324. https://doi.org/10.1080/10220461.2015.1069208

Clarida, R., Gali, J., & Gertler, M. (2002). A simple framework for international monetary policy analysis. *Journal of Monetary Economics*, *49*(5), 879-904. https://doi.org/10.1016/S0304-3932(02)00128-9

Combey, A. (2014). Does the WAEMU zone policy mix guarantee internal stability and growth?

Constant, F. D. (2012). The CFA franc devaluation and output growth in the Franc zone. *International Journal of Financial Research, 3*(1), 40. https://doi.org/10.5430/ijfr.v3n1p40

Davis, T. S. (2000). David Ricardo's macroeconomics: A study in historical perspective. *(Doctoral dissertation).*

Deléchat, C., Ramirez, G., & Veyrune, R. (2008). Monetary policy in a currency union? The case of CEMAC. *Common Currency, Uncommon Challenges, 27.*

Fischer, S. (1990). Rules versus discretion in monetary policy. *Handbook of Monetary Economics, 2,* 1155-1184. https://doi.org/10.1016/S1573-4498(05)80028-1

Fouopi Djiogap, C. (2012). The CFA Franc devaluation and output growth in the Franc zone. *International Journal of Financial Research, 3*(1), 40-48. https://doi.org/10.5430/ijfr.v3n1p40

Ghironi, F., & Rebucci, A. (2000). Monetary rules for emerging market economies. *Boston College Economics Department, Working Paper No. 476.*

Ghosh, A., Gulde, A.-M., Ostry, J., & Wolf, H. (1997). Does the nominal exchange rate regime matter? *NBER Working Paper No. 5874.* https://doi.org/10.3386/w5874

Gulde, A. M., & Tsangarides, C. G. (2008). Long-run determinants of inflation in WAEMU. *In The CFA Franc Zone.* International Monetary Fund.

Kenen, P. B. (1969). The international position of the dollar in a changing world. *International Organization, 23*(3), 705-718. https://doi.org/10.1017/S002081830001403X

Kireyev, A. (2016). Macroeconomic policy coordination. *Building Integrated Economies in West Africa, 31.*

Körner, H. (2002). The franc zone of West and Central Africa: A satellite system of the European Monetary Union. *Intereconomics, 37,* 198-203. https://doi.org/10.1007/BF02930213

Kydland, F. E., & Prescott, E. C. (1977). Rules rather than discretion: The inconsistency of optimal plans. *Journal of Political Economy, 85*(3), 473-491. https://doi.org/10.1086/260580

Li, Y., Sun, Y., & Chen, M. (2021). An evaluation of the impact of monetary easing policies in times of a pandemic. *Frontiers in Public Health, 8*, 627001. https://doi.org/10.3389/fpubh.2020.627001

McCallum, B. X. (1987). Inflation: Theory and Evidence. In B. M. Friedman & F. Hahn (Eds.), *Handbook of Monetary Economics.*

McKinnon, R. I. (1963). Optimum currency areas. *The American Economic Review, 53*(4), 717-725.

Mundell, R. A. (1961). A theory of optimum currency areas. *The American Economic Review, 51*(4), 657-665.

Nchadze, L. E. (2019). The Populists are Right - How the Franc CFA Impoverishes Africa. *On Policy Magazine.*

Nehme, G. N. (2014). Ensuring effectiveness of economic and monetary policies through considering economic schools of thought: Lebanon 1990-2010. *Open Journal of Social Sciences, 2*(4), 197. https://doi.org/10.4236/jss.2014.24020

Nguena, C. L., & Abimbola, T. M. (2015). Financial deepening dynamics and implication for financial policy coordination in WAEMU. *Regional Integration and Policy Challenges in Africa*, 201-219.

Nubukpo, K. (2012). The policy mix in the WAEMU zone: Lessons from yesterday, reflections for tomorrow. *Revue Tiers Monde*, *212*(4), 137-152. https://doi.org/10.3917/rtm.212.0137

Nubukpo, K. K. (2017). Misalignment of exchange rates: What lessons for growth and policy mix in the WAEMU? *(No. 126). GEG Working Paper.*

Starr, M. (2005). Does money matter in the CIS? Effects of monetary policy on output and prices. *Journal of Comparative Economics, 33*(3), 441-461. https://doi.org/10.1016/j.jce.2005.05.006

Sylla, N. S. (2021). Fighting monetary colonialism in francophone Africa: Samir Amin's contribution. *Review of African Political Economy*, *48*(167), 32-49. https://doi.org/10.1080/03056244.2021.1878123

Taylor, I. (2019). France à fric: the CFA zone in Africa and neocolonialism. *Third World Quarterly*, *40*(6), 1064-1088. https://doi.org/10.1080/01436597.2019.1585183

Taylor, J. B. (2017). Rules versus discretion: Assessing the debate over the conduct of monetary policy. *National Bureau of Economic Research.* https://doi.org/10.3386/w24149

VandeWalle, N. (1991). The decline of the Franc zone: Monetary politics in Francophone Africa. *African Affairs, 90*(360), 383-405. https://doi.org/10.1093/oxfordjournals.afraf.a098439

Weeks, J. (2010). Why monetary policy is irrelevant in Africa South of the Sahara. *Development Viewpoint No. 53, School of Oriental and African Studies, Center for Development and Policy Research, London.* Available at: www.soas.ac.uk/cdpr/publications/dv/file59766.pdf (accessed October 29, 2012).