

WORKING PAPER SERIES

---

Numéro #2/2024



**UNIVERSITÉ**  
de **Picardie**

*Jules Verne*



**LEFMI**

LABORATOIRE D'ÉCONOMIE, FINANCE,  
MANAGEMENT ET INNOVATION

# **Towards a common currency for AES countries based on resources: theoretical approaches and practical aspects**

Nikolay NENOVSKY <sup>1</sup>  
Gildas BONDI <sup>2</sup>

---

## Summary:

The aim of this article is to examine the theoretical foundations and practical aspects underlying the creation of a common currency based on natural resources within the Alliance of Sahel States (AES).

On 6 July 2024 in Niamey, the leaders of Mali, Burkina Faso and Niger signed the constitutive act of the Confederation of Sahel States, confirming at the same time the departure of the three countries from the Economic Community of West African States (*ECOWAS*). The new Confederation of the Sahel States has decided, among other things, to set up an investment bank and a stabilisation fund. It is therefore plausible that the confederation will soon adopt a common currency. From a scientific point of view, it is interesting to see how this new currency would be guaranteed by the natural resources of the AES countries.

Key words: Alliance of Sahel States (AES), common currency, natural resources-based currency, Africa

---

<sup>1</sup> LEFMI - Université de Picardie Jules-Verne & Board of Governors of the Central Bank of Bulgaria

<sup>2</sup> CEREGE - ISG, Marien Ngouabi University, Brazzaville & LEFMI - Picardie Jules-Verne University

## **Content**

I- Interest in a resource-based international currency

II- Theoretical and organisational principles of the model

Common currency and regional issuing bank

Stability of prices, supply and effective demand

National currencies and lender of last resort

III- Example of the application of the common resource currency for the ESA zone

Country characteristics

Institutional design of the monetary system

Basket composition and price

On the currency supports and payments instruments

IV- Conclusion and comments on the feasibility of the project.

Appendix 1

Appendix 2

Bibliography

## I- Interest in a resource-based international currency

The idea of launching a resource currency, i.e. giving legal status to a certain basket of strategic commodities, expressed in physical volumes, against which the currency can be issued, is appearing more and more within the BRICS, in Africa, and more specifically in the countries of the Sahel Alliance (Mali, Niger, Burkina Faso). It is part of the general trend towards the de-dollarisation of international monetary relations, and the desire to free themselves from the domination of the dollar and the CFA franc (considered a colonial relic). But the challenge to the international monetary architecture goes further. The aim is to reject fiat money, the currency of debt, and to return to a monetary standard with a real, material, consumption and production value<sup>3</sup>.

The instability of an international monetary system based on pyramids of fiat money, and even more so on dominant national currencies, has strong asymmetric effects whereby resources are redirected from poor countries to rich countries, those with reserve currencies. Geopolitical divisions and the formation of blocs, sanctions and national and regional movements are currently on the increase. The exacerbation of the problem of subsistence, of the rare and strategic resources needed for the ecological and digital transition, is leading to resource wars on which the survival of entire nations and regions depends. In the face of these two major shocks - geopolitical and resource-related - and growing general insecurity, the construction of an international currency based on real values, resources and raw materials is emerging as a key solution.

The idea of a commodity-based currency has a long history and has generally been supported by leading monetary economists of various ideological persuasions<sup>4</sup>. In France, this idea has a strong tradition, one of its main representatives being Pierre Mendès France, head of the French delegation to Bretton Woods, where France proposed a plan to link money to the stabilisation of commodities (this plan has now been forgotten). There has been no shortage of publications on the subject in the past, and they mainly appeared during periods of turmoil in the international monetary system, including in France - during the depression of the 1930s, then after the Second World War, and especially in the final years of the gold-dollar standard. In France, the collapse of the colonial system was also the occasion for a revival of

---

<sup>3</sup> The literature on the functioning and future of the CFA zone is abundant, see for example Nobukpo (2022), and the excellent collection of texts in the collective work *L'Empire colonial français en Afrique*, edited by P. Vermeren (2023).

<sup>4</sup> Among them are the names of S. Jevons, A. Marshall, F. Hayek, B. Graham, J. Tinbergen, N. Kaldor, P. Sraffa, J. De Largentaye, and others, and is viewed with sympathy by J. M. Keynes, M. Friedman, F. Perroux, J. Rueff, R. Cooper, G. Selgin, K. Dowd, etc.). See Nenovsky and Faudot (2024), and in particular Nenovsky (2023/2024) on the history of the idea of commodity money.

the idea, and it was then that the publications of Pierre Mendes France and Gabriel Ardant appeared<sup>5</sup>.

Despite numerous declarations, technical developments and concrete plans to launch the common resource currency, to our knowledge none have been undertaken. Supporters of the commodity currency believe that the main obstacles are political, opposition from interest groups and lobbies, and cost constraints, some of which are linked to the technical difficulties of maintaining the system.

In this article, we show how a resource currency model works, using the Sahel countries as an example. The countries of the Sahel Alliance (AES) are small, open economies, heavily dependent on terms of trade; they produce and export a limited set of products, which are nonetheless strategic in many respects. They currently find themselves in a complex geopolitical context where they have to strike a balance between warring political, military, economic and monetary blocs. At the beginning of this article, we will set out the main theoretical, organisational and technical elements of the model, and then outline a resource currency option for the AES countries. The model we present is only a first approximation of what could be concretely implemented. Our proposal requires considerable technical, legal and communication work before the project can be launched. The political and geopolitical conditions for implementation are not analysed in this document.

## **II- Theoretical and organisational principles of the model**

In our opinion, an effective institutional solution for the countries of the AES (and subsequently for Africa) will be to establish a two-tier monetary system, i.e.: (i) to have a regional currency based on a basket of determined physical strategic resources and (ii) to issue a national currency of the countries participating in the alliance and defined in relation (pegged) to the regional currency. In this way, the stability of trade and payments between countries in the AES and price stability at regional and therefore national level will be guaranteed<sup>6</sup>. At the same time, elements of flexibility will be preserved at national level, making it possible to respond to various asymmetric shocks. However, it is important to ask what are the functions of the two levels of money and how do they fit together?

- ***Common currency and regional issuing bank***

The common currency will be defined in a basket of strategic goods vital to the region. In other words, this basket will have the status of legal tender and the goods it contains will

---

<sup>5</sup> For example, Ardant (1962) and also de Largentaye (1962, 1966, 2022).

<sup>6</sup> See Aman and Nenovsky (2022) for more information on a two-tier regional system.

become "monetary goods"<sup>7</sup>. The regional central bank will issue banknotes against a set of commodities expressed in their physical units of measurement, for example  $x$  grams of commodity 1 +  $y$  grams of commodity 2 +  $z$  tonnes of commodity 3 +  $w$  metres of commodity 4, and so on. The basket of products, the raw materials, *will only be* sold and purchased *in its entirety*. Anyone wishing to receive tickets must prove that they own the entire basket, in specified proportions. The different elements of the basket will have their own prices on the respective exchanges, but only the whole basket has a fixed price at which it will be bought and sold by the regional bank. As a first step, it would be appropriate to start with a few key strategic commodities, and then expand the basket (we will see later what this means specifically for the AES countries).

Full coverage of the regional currency in physical basket volumes will be maintained at all times. The new system can be defined as a *commodity currency board*<sup>8</sup>. The new currency will only be issued and destroyed when commodity reserves increase or decrease accordingly. These reserves, the components of the basket, will be stored in officially designated public warehouses, which will issue warehouse receipts or certificates of deposit<sup>9</sup>. These certificates attest to the ownership of a certain volume of the basket.

Thus, in the balance sheet of the new regional commodities bank, on the liabilities side we will have the new regional banknotes (*Sahel/SHL*), while on the assets side we will have the certificates of deposit, the warehouse certificates, guaranteeing the availability of physical resources in the warehouses. The names of the warehouses (which should not be very numerous) will appear on the bank's assets side, and within them will be declared the stocks of goods, the resources in the basket (see appendix 1). The bank's balance sheet will be totally transparent and will be published either periodically (say every week) or on an ongoing basis. The aim is to ensure confidence in the currency by monitoring its coverage, and the movement of assets will give signals both to the bank and to the users and producers of money. In addition to the fixed price at which the basket will be bought and sold by the common bank (which will be determined by the resource experts), the basket will also have a market price. It will be formed by the movement of the individual prices of its components. At any time, arbitrage will allow the basket to be bought or sold according to the difference between the market price and the set price. The bank will only sell or buy the basket in its

---

<sup>7</sup> The model reproduces the operation of the classical gold standard, with the difference that it does not deal with a single metal, but with a group of commodities, including strategic metals. The gold standard is considerably simpler to understand and adopt, but it is generally deflationary and cannot solve the problem of price stability, due to its constant violations and its supplementation by fiat currency, credit currency etc.

<sup>8</sup> They are similar to the currency boards that existed in the British colonies, some of which still exist today. In the latter, however, the cover for the issue is in convertible foreign currency (e.g. Graves, 1953).

<sup>9</sup> They may be private, but for the sake of simplicity we will assume that they are public warehouses. They may be legally independent or part of a regional monetary structure.

entirety, for example - if the arbitrageurs wish to sell the basket to the bank, they will have to procure the goods in the required proportion.

To finance the system, there will be a small margin (say 1-5%) between the buying and selling rates of the basket. With this small margin, the bank will finance its operations, the insurance of the goods, their periodic replacement (if necessary) and the management of the storage of the goods. The warehouses will need to be optimally located in terms of raw material production and potential transport. The aim is to minimise transport costs, although a large proportion of transactions will be carried out through bookkeeping entries. It can be assumed that physical movement to and from the warehouses will not be significant, except in certain periods of volatility.

- ***Stability of prices, supply and effective demand***

Assuming that monetary goods are structurally determinant for the economies of the zone, price controls on the basket of monetary goods should stabilise the general price level in the countries of the zone. The stability, or low fluctuation, of prices is complemented by the control of sharp falls in aggregate demand and the emergence of unemployment due to the market nature of the monetary anchor (of the basket). This is because the items in the basket are directly included in the consumption and production process, exports, and so on. In this sense, monetary goods are very quickly transformed into ordinary goods, and conversely, ordinary goods into monetary goods. In this way, the price target is combined with a direct effect on overall supply and demand, by influencing the supply and demand of monetary goods.

The new currency will serve trade between countries by regulating the final clearing balances, i.e. the purpose of the settlement. It will be in demand not only as a means of payment within the zone (AES) but also outside it, as it will guarantee access to important and irreplaceable resources. Countries in the zone will be able to import the industrial and other goods they need. They will also serve as a means of saving and investment, because the interest rate formed will be very close to the real interest rate (equilibrium rate). The common currency will be used to make large payments, and any banknotes issued will be in large denominations<sup>10</sup>.

Assuming that the rules of the system are respected, we can assume that their sustained external demand will keep their exchange rate stable against the dollar and that they will even appreciate against other fiat currencies.

---

<sup>10</sup> If we move to digital currency (CBDC), it will supplant the national currency because it will have low denominations and the public will have direct access to the regional bank's balance sheet.

- ***National currencies and lender of last resort***

Each country in the zone should retain its central bank and its currency, not only as a symbol of sovereignty and national identity, but also as a means of reacting to specific national problems and financing national projects. The experience of functioning monetary unions (euro zone, CFA zone) shows the limits that appear when the national currency is completely eliminated. In this sense, the national banks of the AES will be able to issue national currency, provided that they are backed, as recommended by the rule, at least 50% by common resource money (and optionally by other precious metals) (see appendix 2). The exchange rate of this currency will be fixed in relation to the common resource currency, and it is advisable to synchronise it between the participants in the model.

Within the limit of the above-mentioned 50%, the national banks will be able to purchase the national debt, make advances to the government, refinance banks, etc. The national currency will be used mainly for domestic circulation and may exist in small denominations. The national currency will be used mainly for domestic circulation and may exist in small denominations. Regional currency (large denominations) will circulate alongside the national currency, and this co-circulation will provide pressure functions. In order to stabilise the demand for both types of currency, the payment of taxes and salaries in the public sector could be settled to a certain extent in common or national currency. Exporters and producers of strategic goods, for example, could pay their taxes in common currency.

The common bank could fulfil the function of lender of last resort vis-à-vis the national central banks, provided that a banking department is created within it (alongside the issuing department<sup>11</sup>), to which the volume of the basket of goods exceeding the banknote issue and the reserves of the three banks would be transferred. In all cases, the need for liquidity under a resource money regime is reduced, and ideally overcome (because the money is directly usable). It is also possible to envisage agreements between the ESA confederation and other organisations and countries, for example China, Russia and other BRICS countries that have the same resources as the basket. In all cases, the bank would also be the "saviour of last resort" because its resources would have a direct consumption and production value. They directly regulate effective demand and support global employment, etc.

### **III- Example of the application of the common resource currency for the ESA zone**

Let us now see how this model would work in the configuration of the three ESA countries where nationalist and anti-colonialist governments have come to power in the last two or three years (Mali/May 2021, Niger/July 2023, and Burkina/September 2022 and possibly

---

<sup>11</sup> This is the model of the Currency board in Bulgaria, for example (Nenovsky and Hristov, 2002).



Senegal and Chad<sup>12</sup>), and which have declared themselves ready to leave the CFA zone. The three countries are subject to sanctions of varying degrees of severity and fluctuation on the part of the monetary authorities of the CFA zone and ECOWAS.

In this context, official declarations have been made and publications have appeared in the media which, without being very precise, speak of plans for a common currency linked to gold, the creation of a common monetary fund, etc. (Amaizo, 2024). Criticisms of the separation of the countries in the zone and the construction of an independent system have been raised by economists; they are presented, for example, in the interesting article by Giovalucchi and Raffinot (2024). We will not discuss here the choice of monetary regime in comparative terms but focus instead on the resource currency option.

- ***Characteristics of the countries in the zone***

The three AES countries are relatively small economies, with low nominal GDP (in dollars) and very open economies. They depend on international market prices for their exports, which are mainly commodities, and on the prices of the foodstuffs (mainly pulses) and manufactured goods they import. Fluctuations in the balance of payments lead to changes in the monetary sector, deflation or inflation and, ultimately, unemployment and poverty. Capital inflows, including FDI, depend essentially on the stability of the currency and the banking system (quite apart from political factors).

Table 1: Public debt and debt servicing - economic indicators

	<b>Total public debt as % of GDP</b>	<b>Public debt servicing as % of revenue (excluding grants)</b>	<b>GDP (US\$ billions) (2023)</b>	<b>Population (2023)</b>	<b>Inflation in % p.a. (2023)</b>
Burkina Faso	61.3	46.9	20,32	23 251 485	0,7
Mali	55.8	47.7	20,9	23 293 698	2,1
Niger	57.6	71.3	16,82	27 202 843	3,7
UEMOA	56.6	41.6			

Source: authors and after Giovalucchi and Raffinot (2024, 14/IMF, report on the WAEMU)

<sup>12</sup> In Senegal, following the election of anti-system president Bassirou Diomaye Faye in March 2024, Chadian president Mahamat Idriss Déby paid an official visit to Moscow in January 2024.

Table 2: Main resources in the AES area

	<b>Mali</b>	<b>Niger</b>	<b>Burkina Faso</b>
<b>Strategic commodities</b>			
Gold	X	X	X
Oil		X	
<b>Precious and strategic metals</b>			
Manganese	X		X
Iron	X		X
Lithium	X		
Uranium	X	X	
<b>Agricultural raw materials and commodities</b>			
Cotton	X	X	X
Maize	X	X	X
Rice	X	X	X
Peanut	X	X	X

Source: the authors

- ***The institutional design of the monetary system***

The national monetary architecture will be based on the infrastructure of the existing BCEAO branches, which will become fully-fledged national central banks<sup>13</sup>. As for the new institution, the regional bank, its capital will be made up of contributions from the three (or more) countries, in proportion to their GDP and population. Similarly, the initial contribution to the monetary fund, i.e. the stock of monetary raw materials, will be determined (producers of monetary raw materials can contribute these volumes in the form of advance import payments, for one or two years in advance, as a kind of start-up aid). The Board of Governors will be made up of five people, one representative from each country, a Governor and a Deputy Governor (rotations will be provided for, on a national basis), with non-renewable terms of office of 7 years. The detailed organisational structure of the Bank will be specified

---

<sup>13</sup> There will be a transition period during which the CFA will circulate alongside the new currency until the population gets used to it and prefers it.

at a later date. The headquarters of the Bank will be determined during the negotiations, as will the location of the official warehouses for monetary goods.

Warehouses should be located close to production sites (mines, etc.) and convenient transport hubs. It is desirable to have at least one warehouse in each country.<sup>14</sup> Since the AES countries have no direct access to water, a warehouse in a port in Morocco, whose stated geopolitical strategy is to serve as an outlet for the Sahel countries from the Atlantic, *West Africa Free Zone* (see interview with Mohammed Loulichki, 2024). (It is crucial that these warehouses are not only located in optimal locations from a transport point of view, but also from a safety and security point of view. In our opinion, this is a major problem. Let's see who will guard them, Russia and China, a BRICS mission or the Shanghai Organisation).

The initial balance sheets of the joint bank and the national bank are important. They should be very simple and clear for the general public, particularly the balance sheet of the common bank. In the opening balance sheets of the national banks, it is desirable to minimise the transfer of previous public liabilities; it is preferable to transfer them for amortisation to a separate institution or to cancel them (if negotiable, see debt dynamics in table 1).

- ***The composition of the basket and its price***

The basket must be made up of raw materials and goods that are of strategic and vital importance to the countries in the zone, both in times of peace and in times of crisis (natural disasters, sanctions, blockade, war, etc.). The AES countries are rich in raw materials, particularly gold and strategic resources (see Table 2). There are gold deposits in all three countries, oil in Niger (in Senegal if we also consider this country), uranium in Mali and Niger, and lithium in Mali. All four countries are rich in agricultural raw materials, particularly cotton, groundnuts, maize and rice. The weights in the basket, as well as being expert, have a political significance; they must reflect the profile of the three countries in the zone. The weights must be determined according to a clear and economically sound methodology, an algorithm, but the model can be simplified from the outset, with fewer elements and rounded weights. For example, three or four groups could be distinguished for the ESA<sup>15</sup> :

- (i) basic strategic raw materials - gold and oil
- (ii) strategic metals and rare earths - manganese, iron, lithium and uranium
- (iii) exports of strategic products - cotton, maize, rice and groundnuts
- (iv) strategic foods for survival - agricultural products, wheat, etc.

---

<sup>14</sup> Islah (2024), Koslowski (2024) and Bahri (2024).

<sup>15</sup> In past models, different numbers of basket elements were offered, from 3-4 to 15 and even 25.

To begin with, we can assume that the weights of the groups are identical, or in some other simplified form. For example :

Option 1: gold (50%); lithium and uranium (25%); cotton and maize (25%)

Option 2: gold (25%); lithium and uranium (25%); cotton and groundnuts (25%); maize and rice (25%)

The initial value, the price of the basket, i.e. the physical volumes of goods that the notes will cover, can be determined by the following procedure.

The new regional currency will be defined as follows:

1000 SHL = 500 SHL (expressed in grams of physical gold)

+ 250 SHL (expressed in equal parts in physical volumes: kg. of lithium and lb. of uranium)

+ 250 SHL (also expressed in pounds of cotton and pounds/ton of corn).

In order to set the initial physical volumes of the basket, it is also necessary to know the market price of these raw materials, as well as certain forecasts of their trajectory in the future (based on *contracts futures on commodity exchanges*). This will determine, by experts, the volumes of the initial stock to be stored, as well as the long-term price of the basket, which will be revised at certain periods<sup>16</sup> .

For purely practical reasons, we can assume that 1000 SHL = 1000 USD. Let's look at option 2. For example, if we take the beginning of July 2024, the price of gold quoted in USD, then 500 USD or 500 SHL represent approximately, and for the purposes of the example, about 7 grams of standard gold. The other components would be defined in the same way. For example, at the beginning of July, USD 250 (or SHL 250) represents 10 kg of lithium and 1.5 lb of uranium<sup>17</sup>. The remaining USD 250 (or SHL 250) in the basket represents 1.5 pounds of cotton and 0.5 tonnes of maize.

In this market and weighting configuration, if, for example, the new system was launched today, the definition in the Regional Banks Act would read roughly as follows:

*"The SHL is the new currency of the ESA member countries. The ESA Central Bank undertakes to buy and sell SHL against a basket containing gold, lithium, uranium, cotton and maize, at the following rate (price) and in the following proportions:  
1000 SHL = 7 g of gold + 10 kg of lithium + 1.5 lb of uranium + 1.5 lb of cotton + 0.5 t of maize".*

---

<sup>16</sup> In the past, durations of 1 to 10 years have been proposed, but most often 3 to 5 years.

<sup>17</sup> Lithium is quoted in CNY.

Consequently, each amount of SHL issued is calculated on the basis of the above-mentioned proportions of the physical volumes of the five basic products. For example, for 1 million SHL, documents will have to be filed for the possession of 700 grams of gold + 1 tonne of lithium + 150 pounds of uranium + 150 pounds of cotton + 50 tonnes of maize. Conversely, for 1 million SHF, the bank will have to provide certificates of access to 700 grams of gold + 1 tonne of lithium + 150 lbs of uranium + 150 lbs of cotton + 50 tonnes of maize. Beneficiaries can then transfer these certificates to their customers via accounting entries, or physically take the goods from the warehouses in order to consume them or use them in production. In exchange for these certificates, which are property rights, they go to the warehouse and receive the volumes given. In this way, there will always be cover for the issue of the new regional currency.

In addition to the fixed-price exchange rate, the basket will also have a market rate, which will be formed by the price movements of the various components of the basket. Depending on whether the market price deviates upwards or downwards from the fixed price, arbitrageurs will buy, sell, disassemble and reassemble the basket. This will reduce or increase the volume of regional currency accordingly. A minor technical drawback is that these commodities are quoted on international markets mainly in USD and some in CNY (e.g. lithium), and the calculation of the market basket will depend on the exchange rate of the SHL against the USD and CNY<sup>18</sup>. In general, however, it can be assumed that the SHL will have a stable exchange rate because there are real resources behind it. In any case, modern technology makes it possible to constantly monitor all the information flows linked to the prices and volumes of commodities and the components of the basket of commodities. These flows will be concentrated in the new bank and all participants will be able to monitor them.

- ***Technical support of the new currency***

The most logical thing to do is to issue the new currency in *banknotes* in order to boost public confidence. Banknotes can be issued in denominations of SHL 50, SHL 100, SHL 1,000 and SHL 10,000, i.e. large denominations. With a digital version of the new common currency (CBDC, for example), and in the form of small denominations, it will become a more serious threat to the national currency, as it will compete with it in the area of retail payments. The public will have direct access to the new bank's balance sheet. These are technical details that will be discussed separately.

In any case, given the low nominal level of incomes, the new currency will be used mainly for large payments and for savings and investment. Conversely, the national currency (banknotes and coins) will be domestic in nature and will serve the consumer market. The denominations

---

<sup>18</sup> In the past, most models assumed that prices would be quoted directly in the new resource currency, but this was because the model was considered to be global and adopted by the major powers.

of the national currency (they will have their own name) will be placed, at a fixed rate of 1:1 to the SHL, in the series 1 SHL, 2 SHL, 5 SHL, 10 SHL and 20 SHL, and their names will be chosen at national level (One could imagine the regional currency, the "SHL AES" and for the national currencies, "SHL Mali; SHL Burkina and the SHL Niger"). The difference is that, while the large SHLs will have total coverage of commodities, the national currency will have a minimum coverage of 50% of SHLs and the rest will be made up of government debt securities, advances and refinancing from commercial banks. It is assumed that small-denomination notes, the national currency, will not give rise to conversions, given that the reasons for their demand are essentially transactional (and probably also the fight against inflation, due to control of issuance).

The start of the project is delicate and crucial to its success, i.e. the accumulation of the initial stock in the warehouses. It is natural to start with a small basket volume, which will increase as demand for the money grows. As we have pointed out, in order to stabilise demand, it could be announced from the outset that a certain proportion of the taxes of large producing companies (including the goods in the basket) would have to be paid in new money. In return for the sums, they owe (this could be in the form of advances for one or more years), they would have to leave the combination of goods in the official warehouses, or they would present the titles to these goods. As mentioned above, the bank will take a commission, based on the difference between the sale rate and the purchase rate, which can be respectively SHL 1050 for the sale and SHL 9950 for the purchase (i.e. +/- 5%). This commission will be used to finance the operation of the system.

With a different approach to stabilising the basket price, and therefore the general price level, it is possible to replicate the system of modern central banks for controlling the interbank rate (e.g. the ECB). In this case, the bank would organise regular auctions to buy the basket (at the official fixed rate), and there would be two ceilings and limits (deposit and credit) at which economic agents could deposit or receive the basket. In this way, the market rate for the basket would fluctuate within a narrow range around the official rate. Of course, the three exchange rate levels, the basket price (deposit, base and credit) will be constant over long periods (several years).

#### **IV- Conclusion and comments on the feasibility of the project**

In the past, the criticisms levelled at the system were mainly of two kinds - technical difficulties and political unrealism. Added to this are two features of the project's history. Firstly, despite a few attempts at empirical illustration, the model has rarely been technically simulated, mathematically modelled or programmed<sup>19</sup>. On the other hand, it was envisaged as the realisation of a global and coordinated solution, at the level of the world monetary community, or at least as an agreement between the main countries, including the United States. In cases where it was aimed at a particular region or group of countries, these were considered to be part of the global system in which the developed countries were at the origin of the plan. This is the case with stabilisation and assistance plans for developing countries that produce and export agricultural products and raw materials (price stabilisation for their products),

Today, the technical difficulties can be overcome, with information and communication technologies and the processing of large databases making it possible to minimise the model's transaction costs. In addition, today's strategic metals, which will become a major component of commodity baskets and are used in the production of cutting-edge technologies, have small, high-value physical volumes (i.e. inventory volumes are partially reduced). However, other obstacles remain, in our view.

First of all, the political and geopolitical aspects. It is clear that any attempt to disrupt the modern architecture and even the philosophy of the current international monetary system, whether within the BRICS and especially, as in our case, the AES countries, will meet with political, ideological and possibly military resistance. The creation of a commodity currency will be seen as part of a geopolitical, monetary and resource war, and small states and regions will have to seek support and protection from a powerful geopolitical bloc to bring the project to fruition. Failing that, the countries that would initiate such an initiative could face attempts at destabilisation that could lead to political change. However, it should be clear that, although monetary processes go hand in hand with political processes, the introduction of a sound currency will sooner or later be accepted by the population, and political regimes supported by the population will therefore be difficult to destabilise. The enlargement of the AES Confederation to include other countries alongside the three founding members will provide a critical mass to discourage any attacks on the common resource currency project.

The second danger is closely linked to the first. It concerns the problems of system security and the threat of sabotage, speculation, etc. by the main monetary and financial centres. For example, the security and insurance of warehouses is of particular importance. We all know how important it is to ensure that gold reserves are safely stored and evacuated in the event of military conflict. As speculation is not to be underestimated, it is not necessary to set a

---

<sup>19</sup> In addition to the pioneers B. Graham and J. Goudriaan, we might mention Hart (1966, 1976)

realistic price for the purchase of the basket in the long term, based on expert estimates of the development of demand and the use of the commodities that make up the basket. It is also necessary to establish precise conversion conditions to prevent speculative attacks and panics.

Aware of the difficulties, we would like to conclude with a summary by the great French economist and translator of Keynes, Jean de Largentaye. He makes a prophetic observation about the resource currency project:

*"Assuming that fiat money is the real cause of the present disastrous situation, then we must get rid of it as soon as possible. Gold and credit, as monetary standards, must be replaced by an aggregate of storable goods, having a real utility, a utility which is not based mainly or exclusively on their monetary use. I am convinced that a reform of this nature will have to take place one day. one day this order will have to be reformed. But let's not kid ourselves. It is not as easy as it seems. Apart from the practical difficulties involved, there are powerful interests and deep-rooted prejudices. In truth, there is little chance that it will be achieved in our lifetime. Let us hope, however, that our children, or our grandchildren, will be able to see it come to fruition, and that at last, equipped with a real currency that ensures full employment and price stability, they will rediscover, with classical theory, the intellectual comfort of our youth<sup>20</sup>" (de Largentaye, 2022 [1965], 576).*

---

<sup>20</sup> If there is a sharp fall in the world prices of primary products, and especially if this fall is accompanied by a general slowdown in economic activity, it is almost certain that the project will be revived in one form or another" (Rosenson, 1948, 135).





## Appendix 2: Simplified balance sheet of a national bank

Assets	Liabilities
<i>Raw materials reserves</i> <i>(min 50%)</i> Tickets in SHL (cash) SHL reserves (deposits and current accounts with the Regional Bank) Other precious metal options Total <i>Claims on the State</i> Securities (treasury bills and others) Advances to the government Total <i>Due from banks</i> Securities Refinancing Total	National notes and coins  Deposits (reserves) of commercial banks and other financial institutions  National government current accounts and deposits          <i>Capital</i>
Grand Total	

Source: the authors

## Bibliography

### *Official documents*

ESA Heads of State Summit - Final Communiqué of the Assembly 06-07-24 : 1-5

Treaty establishing the AES Confederation, Niamey, 6 July 2024: 1-10

Amaizo, Y. (2024). A common currency for the Sahel Alliance soon?

<https://blogs.mediapart.fr/francois-fabregat/blog/150224/afrique-aes-bientot-une-monnaie-commune-au-sein-de-lalliance-des-etats-du-sahel>

Aman, M., N. Nenovsky (2022). Monetary Stability and Regional Currency Board: towards a two-tier system to accelerate regional integration in the Horn of Africa (A Policy Proposal), *MPRA Paper* No. 115605 (<https://mpra.ub.uni-muenchen.de/115605/>)

Ardant, G. (1962). La réforme des échanges internationaux par la création d'un fonds de stabilisation des matières premières, *Tiers-Monde*, 3 (9-10): 115 - 138.

Balogh, Th. (1963). L'influence des institutions monétaires et commerciales sur la structure africaines, *Revue économique*, 14(2): 177-195.

Boris, G. (1931). *Problèmes de l'or et crise mondiale*, Librairie Valois, Paris.

de Brunhoff, S. (1976). Les matières premières et le système monétaire international, *Tiers-Monde*, 17 (66): 515-537.

Cooper, R. (1989). Toward an International Commodity Standard? in: *Dollars, Deficits and Trade*, Eds. Dorn, J. and W. Niskanen, Kluwer Academic Press, Norwell, Massachusetts: 111-34.

Dowd, K. (1995). A Rule to Stabilize the Price Level, *Cato Journal*, 1995, 15 (1) : 39-63

Islah, F. (2024). A la conquête de *mare tenebrarum*, *Jeune Afrique*, N 3137 (June): 64-65

Fizaine, L. (1933). *Crise et monnaie*, published by L'Union industrielle et Commerciale de l'Est, Nancy.

Hart, A. (1976). The Case as of 1976 for International Commodity-Reserve Currency, *Weltwirtschaftliches Archiv* 112 (1): 1-32.

Giovalucchi, F., M. Farffinot (2024). Le Franc CFA, le zébu et la kalachnikov Questions sur la création d'une monnaie commune au Mali, Burkina Faso et Niger, *LEDA Working Paper* DT/2024-05

Graham, B. (1944). *World Commodities and World Currency*, McGraw-Hill, New York.

Greaves, I. (1953). *Colonial Monetary Conditions*, Her Majesty's Stationery Office, London.

Hayek, F. (1937), *Monetary Nationalism and International Stability*, London, Longmans Green.

IEA (2021). *The role of critical minerals in the transition to clean energy*, International Energy Agency.

Kaldor, N. (1981). The Role of Commodity Prices in Economic Recovery, *World Development*, 15(5): 551-558.

Koslowski, N. (2024). A grand projet, grands moyens, *Jeune Afrique*, 3137 (June): 62-63

de Largentaye, J. R. (1966). De la liquidité internationale, *Tiers-Monde*, 7(27): 463-480.

de Largentaye, J. R. (1962). Observations on the previous article, *Tiers-Monde*, 3 (9-10) : 139 - 141

- Loulichki, M. (2024). Interview given to Fadwa Islah, in *Jeune Afrique*, N 3137 (June): 56-60
- Mendes France, P. (2007 [1974]) *Choisir. Une certaine idée de la gauche (Conversation with Jean Bothorel)*, Fayard, Paris
- Nenovsky, N., A. Faudot (2024). Hayek et l'ordre monétaire international: idées et projets des années 1930 et 1940, (2024), in: L. Desmedt, B. Quiriny (Eds), *Regards croisés sur Hayek. Droit, philosophie, économie*, Editions Matériologiques, Paris, 125-154
- Nenovsky, N., K. Hristov (2002). New Currency Boards and Discretion. The Empirical Evidence from Bulgaria, *Economic Systems*, 26 (1): 55-72
- Nobukpo, K. (2022). *A solution for Africa. Du néoprotectionnisme aux biens communs*, Odile Jacob, Paris
- Pitron, G. (2023). *La guerre des métaux rares, la face cachée de la transition énergétique et numérique*, Ed. Les Liens qui Libèrent, Lonrai.
- Rosensen, A. (1948) International Commodity Reserve Standard Reconsidered, *Review of Economics and Statistics*, 30 (2): 135-40.
- Selgin, G. (2015), Synthetic commodity money, *Journal of Financial Stability*, (17): 92-99.
- Vermeren, P. (sub-director) (2023). *L'Empire colonial français en Afrique (métropoles et colonie, sociétés coloniales, de la conférence de Berlin (1884-1885 à la fin de la guerre d'Algérie (1962)*, Armand Colin, Paris.



Contact : [www.lefmi.fr](http://www.lefmi.fr)

2022 - Université de Picardie Jules Verne - Tous droits réservés  
Laboratoire d'Economie, Finance, Management et Innovation

