

A proposal for a common currency based on resources of the Alliance of Sahel States. Theoretical and practical issues

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Abstract

On 6 July 2024 in Niamey, the leaders of Mali, Burkina Faso and Niger signed the constitutive act of the Confederation of Sahel States, at the same time confirming the departure of these 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. This issue is of utmost importance for many countries so it is worthwhile to see how the proposed new currency will be guaranteed by the natural resources of the Alliance of Sahel States (AES). 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 AES.

Keywords

Alliance of Sahel States (AES), common currency, natural and strategic resources-based currency, Africa.

Аннотация

6 июля 2024 года в Ниамее лидеры Мали, Буркина-Фасо и Нигера подписали учредительный акт Конфедерации государств Сахеля, одновременно подтвердив выход этих трех стран из Экономического сообщества западноафриканских государств (ЭКОВАС). Новая

Конфедерация сахельских государств решила, в частности, создать инвестиционный банк и стабилизационный фонд. Поэтому вполне вероятно, что в скором времени конфедерация примет общую валюту. С научной точки зрения было бы интересно посмотреть, как эта новая валюта будет обеспечена природными ресурсами Альянса сахельских государств (AES). Цель данной статьи — рассмотреть теоретические и практические аспекты создания общей валюты на основе природных ресурсов в рамках АЕС.

Ключевые слова

Альянс сахельских государств (AES), общая валюта, валюта, основанная на природных и стратегических ресурсах, Африка.

JEL: F15, F45, F55, E42.

1. Resource-based international currency in today's world

The idea of launching a resource currency, i.e. giving legal status to a certain basket of strategic commodities expressed in physical quantities, against which the currency can be issued, is becoming more and more popular not only within the BRICS, but also in Africa, specifically in the countries of the Sahel Alliance (Mali, Niger, Burkina Faso). It is part of the general trend towards de-dollarisation of international monetary relations and the desire to free themselves from the domination of the dollar and the CFA franc that is considered a colonial relic (see Amaizo, 2024). However, the challenge to the international monetary architecture goes further: the aim is to reject the fiat money and return to a monetary standard with a real, material, consumption and production value¹.

Instability of the international monetary system based on pyramids of fiat and debt currencies, and even more so on dominant national currencies (principally USD and EURO, but also CNF, JPY and CYN) has strong asymmetric effects whereby resources are redirected from poor countries to the rich that have reserve currencies. Economic imbalances are aggravated by increasing geopolitical fragmentation and formation of geopolitical blocs, various sanctions and confiscations of foreign reserves, and rising national and regional nationalistic movements. Exacerbated problems of food sovereignty and competition for strategic resources necessary to make ecological and digital transition lead to resource wars, the outcomes of which may determine the survival of entire nations and regions. In the face of these two major shocks — geopolitical and resource-related — and growing general insecurity, the construction of an international currency based on material values including resources and raw materials is emerging as a key solution.

¹ 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).

The idea of a commodity-based currency has a long history. It has generally been supported by leading monetary economists of various ideological persuasions². In France, this idea has a strong tradition, one of its main proponents being the PM Pierre Mendes 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 — 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 an occasion for the revival of the idea, and it was the time when the publications of Pierre Mendes France and Gabriel Ardant appeared³.

Despite the recent numerous declarations, technical preparations and concrete plans to launch a common resource currency, to our knowledge, no practical measures have been undertaken. Supporters of the commodity currency believe that the main obstacles are either political, i.e. opposition from interest groups and lobbies, or financial, namely, the high costs of technically maintaining the system.

In this paper, 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. The paper presents the main theoretical, organisational and technical elements of the model and outlines a resource currency option for the AES countries. This model is only a first approximation of what could be actually implemented and our proposal requires considerable technical, legal and communication work before the project can be launched. The political and geopolitical conditions for its implementation are not analysed in this document.

2. Theoretical and organisational principles of the resource-based monetary system

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 introduce a regional currency based on a basket of certain physical strategic resources and (ii) to issue national currencies of the countries participating in the alliance that will

² Among them are the names of S. Jevons, A. Marshall, F. Hayek, B. Graham, F. 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.

³ For example, Ardant (1962) and de Largentaye (1962, 1966).

be related, fixed or pegged to the regional currency. In this way, the stability of trade and payments between the countries in the AES and price stability at the regional and national levels will be guaranteed⁴. At the same time, a degree of flexibility will be preserved at the national level, making it possible to respond to various asymmetric shocks. Next, it is important to determine the functions of the two levels of monetary system and explain how they fit together.

Common currency and regional issuing bank

The common currency will be based on a basket of strategic goods vital to the region. This basket will have the status of legal tender and the goods it contains will become “monetary, currency goods”⁵. 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 get such banknotes must prove that they own the entire basket in specified proportions. The different elements of the basket will have their own prices at the respective exchanges, but only the whole basket has a fixed price at which it will be bought and sold by the regional bank. It would be appropriate to start with a few key strategic commodities, and then expand the basket. Later, we will see what this means specifically for the AES countries.

Full coverage of the regional currency in physical basket quantities will be maintained at all times. The new system can be defined as a *commodity currency board*⁶. The new currency will only be issued and destroyed when commodity reserves increase or decrease accordingly. These reserves, i.e. the components of the basket, will be stored in officially designated public warehouses, which will issue warehouse receipts or certificates of deposit⁷. These certificates attest to the ownership of a certain amount of the basket. In the balance sheet of a new regional commodities bank, we will have the new regional banknotes (*Sahel/SHL*) on the liabilities side, and certificates of deposit, i.e. warehouse certificates guaranteeing the availability of physical resources

⁴ See Aman and Nenovsky (2022) for more information on a two-tier regional monetary system.

⁵ 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.

⁶ They are similar to the currency boards that existed in the British colonies, some of which still exist today. The cover for their issue, however, is in convertible foreign currency (e.g. Greaves, 1953).

⁷ They may be private, but for the sake of simplicity we will assume that they are public warehouses. They may be legally independent or become part of a regional monetary structure.

in the warehouses, on the assets side. The names of the warehouses (which should not be very numerous) will appear on the bank's assets side; they will declare the stocks of goods that are the resources in the basket (see table 1, on the composition of the basket see below).

On the liability side of the regional bank, in addition to the issued resource backed banknotes, the three national central banks will keep their reserves (statutory and free), similar to the modern practice of commercial banks holding their reserves (required and free) in the central bank. National governments and leading national, regional and supranational and foreign institutions will also be able to open different accounts in the resource currency.

Table 1. Simplified balance sheet of the regional commodities bank (commodity currency board)

Assets (in physical amounts)	Liabilities (millions of SHL)
<i>Gold (50%)</i>	<i>Bank notes</i>
Warehouse 1	
Warehouse 2	<i>Deposits (reserves) of national central banks</i>
Warehouse 3	
Warehouse 4	
Total gold	<i>Deposits by general government and other national institutions</i>
<i>Lithium (12.5%)</i>	
Warehouse 1	
Warehouse 2	<i>Deposits by supranational and regional institutions</i>
Warehouse 3	
Warehouse 4	
Total lithium	
<i>Uranium (12.5%)</i>	
Warehouse 1	
Warehouse 2	
Warehouse 3	
Warehouse 4	
Total uranium	
<i>Cotton (12.5%)</i>	
Warehouse 1	
Warehouse 2	
Warehouse 3	
Warehouse 4	
Total cotton	
<i>Maize (12.5%)</i>	
Warehouse 1	
Warehouse 2	
Warehouse 3	
Warehouse 4	
Total maize	<i>Capital</i>
Grand Total	Grand Total

Source: the authors

The bank's balance sheet will be transparent and published either periodically, e.g. every week, or on an ongoing basis. The aim is to ensure confidence in the currency

by monitoring its coverage: 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 (these will be determined by the resource experts), the basket will also have a market price. It will be formed by the movement of 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 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 (1-5%) between the buying and selling rates of the basket. With this small margin, the bank will finance its operations, insurance of the goods, their periodic replacement (if necessary) and management of the storage of the goods. The warehouses will need to be optimally located in terms of raw material production and necessary 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 periods of volatility.

Stability of prices, supply and effective demand

Assuming that monetary, or currency, goods are structurally determined by the economies of the zone, price controls over 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 marketable nature of the monetary anchor (the basket). This is because the items in the basket are directly included in the consumption and production process and export and other operations. 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 the 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 AES zone but also outside it because 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. It 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 denominations⁸.

⁸ If we move to central bank 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.

Assuming that the rules of the system are observed, we can expect that the sustained external demand will keep these currencies' exchange rates stable against the dollar and, moreover, that they will appreciate against other fiat currencies.

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 contemporary monetary unions (euro zone, CFA zone) has shown the limits imposed by complete elimination of the national currencies. Taking account of this experience, the national banks of the AES will be able to issue national currencies, provided that they are backed at least 50% by common resource money and optionally by other precious metals, as recommended by the rule (see table 2). The exchange rates of these currencies will be determined in relation to the common resource currency; it is advisable to synchronise them between the participants.

Table 2. Simplified balance sheet of a national central bank

Assets	Liabilities
<i>Raw materials reserves</i> (min 50%)	National notes and coins
Banknotes in SHL (cash)	Deposits (reserves) of commercial banks and other financial institutions
SHL reserves (deposits and current accounts with the Regional Bank)	
Other precious metal options	National government current accounts and deposits
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	<i>Capital</i>
Grand Total	Grand Total

Source: the authors

In addition to the national banknotes and coins, the liabilities on the balance sheets of the national central banks will also include accounts of the national commercial banks and financial institutions. These will help maintain the required reserves and store the free funds. The national governments will also keep their funds in their countries' national banks and have the right to hold part of their funds in regional banks (see previous balance sheet). Their accounts, mainly of the Ministries of Finance, will reflect the dynamics of budget receipts: tax and other internal receipts, the external

ones, such as transfers, aid and loans, and budget payments including salaries and debt service. It means that the national bank will be the main treasurer of the government, with the possibility to open accounts in the regional banks, too. The government will thus have more opportunities to optimize the management of its funds.

Within the above-mentioned limit of 50%, the national banks will be able to purchase the national debt, make advances to the government, refinance banks and perform other functions. The national currency will be used mainly for domestic circulation and may exist in small denominations. The regional currency in large denominations will circulate alongside national currency, and this co-circulation will provide competitive pressure and checking functions. In order to stabilise the demand for both types of currency, the payment of taxes and salaries in the public sector to a certain extent could be settled 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 it had a “banking department” together with the “issuing department”⁹, 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 decreased and, ideally, eliminated because the money is directly usable. It is also possible to envisage agreements between the AES confederation and other organisations and countries, for example China, Russia and other BRICS countries that have the same resources in the basket. The bank would also be the “saviour” of last resort because its resources would have real consumption and production value, directly regulating effective demand and support global employment.

3. Example of the application of the common resource currency for the AES zone

Let us now see how this model would work in the configuration of the three AES 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 Senegal and Chad¹⁰), 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.

⁹ This is the model of the Currency board in Bulgaria, for example (Nenovsky and Hristov, 2002).

¹⁰ 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.

Official declarations have been made and publications have appeared in the media which, without being very precise, speak of certain plans for a common currency linked to gold, creation of a common monetary fund or some such intentions. (Amaizo, 2024). Economists, such as Giovalucchi and Raffinot (2024), have criticised the separation of the countries of the zone and the construction of an independent system. We will not discuss here the choice of monetary regime in comparative terms but focus instead on the resource currency option.

Macro characteristics of the AES countries

Table 3. Public debt and debt servicing as economic indicators

	Total public debt as % of GDP	Public debt servicing as % of revenue (excluding grants)	GDP (US\$ billions) (2023)	Population (2023)	Inflation in % p.a. (2023)
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 West African Economic and Monetary Union (WAEMU).

Table 4. Main resources in the AES area

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

Source: the authors.

The three AES countries are relatively small but very open economies with low nominal GDP measured in dollars¹¹. They depend on international market prices for their exports, mainly commodities, on the prices of pulses and some other foodstuffs and those of manufactured goods they import. Fluctuations in the terms of trade and balance of payments affect the monetary sector leading to deflation or inflation and, ultimately, unemployment and poverty. Capital inflows, including FDI, depend essentially on the stability of their currencies and banking systems and on political factors¹².

The institutional design of the monetary system

The national monetary architecture will be based on the infrastructure of the existing branches of Banque Centrale des États de l'Afrique de l'Ouest (BCEAO), which will become fully-fledged national central banks¹³. 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. In a similar way, it will be possible to determine the initial contribution to the common monetary (resource) fund, i.e. the stock of monetary raw materials: producers of monetary raw materials can contribute the agreed amounts 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 persons, one representative from each country, a Governor and a Deputy Governor with non-renewable terms of office of 7 or 9 years; rotations will be provided for on the national basis. The detailed organisational structure of the Bank will be specified at a later date. The place of the Bank's headquarters will be determined in the course of the negotiations, as will the location of official warehouses for monetary goods storage.

Warehouses should be close to production sites (mines, etc.) and convenient transport hubs. It is desirable to have at least one warehouse in each country. Since the AES countries have no direct access to water, a warehouse should be located in a port of Morocco, whose stated geopolitical strategy is to serve as an outlet for the Sahel countries from the Atlantic, *West Africa Free Zone* (Loulichki, 2024; Islah, 2024, Koslowski, 2024). It is crucial that these warehouses are built in optimal locations not only in terms of transport, but also from the point of view of safety and security. In our opinion, this is a major problem¹⁴.

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 to understand, particularly

¹¹ Measured by PPP the countries are richer, they are richer also as national wealth.

¹² L'Union économique et monétaire ouest-africaine (UEMOA)

¹³ 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.

¹⁴ The guarding of the monetary reserves could be delegated to a BRICS mission (or to China and Russia), or to a mission of the Shanghai Organisation.

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, probably move them for amortisation to a separate institution or even cancel them.

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 crises, such as natural disasters, sanctions, blockade, or war. The AES countries are rich in raw materials, particularly gold and strategic resources (see Table 4). There are gold deposits in the three countries, oil in Niger and Senegal that can also be considered, 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 have political significance as they must reflect the profile of the countries in the zone. The weights must be determined according to a clear and economically sound methodology or 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 AES¹⁵ :

- (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.

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 or the price of the basket, i.e. of the physical amounts of goods that the notes will cover, can be determined by the following procedure: first, the new regional currency will be defined as

1000 SHL = 500 SHL (expressed in grams of physical gold)
 + 250 SHL (expressed in equal parts in physical amounts: kg. of lithium and lb. of uranium)
 + 250 SHL (also expressed in pounds of cotton and pounds/ton of corn).

¹⁵ In previous models, different numbers of basket elements were offered, from 3-4 to 15 and even 25.

In order to set the initial physical amounts of the basket, it is necessary to know the market prices of the raw materials included and to predict their movements in the future based on *futures contracts on commodity exchanges*. This will enable experts to determine the amounts of the initial stock to be stored, as well as the long-term price of the basket, which will be revised at certain intervals¹⁶.

For purely practical reasons, we can assume that 1000 SHL = 1000 USD. In Option 2, for example, if we take the beginning of July 2024 and the price of gold quoted in USD, then 500 USD or 500 SHL represent approximately 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 uranium¹⁷. 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 weight 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”.

Consequently, every sum of SHL issued is calculated on the basis of the above-mentioned proportions of the physical amounts 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. Or, 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 of property rights, they go to the warehouse and receive the amounts 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 basket components. 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 amount 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

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

¹⁷ Lithium is quoted in CNY.

on the exchange rate of the SHL against the USD and CNY¹⁸. 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 amounts 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.

Physical forms 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 greater threat to the national currency, as it will compete with it in retail payments. The public will have direct access to the new bank's balance sheet. These are technical details that will need special discussion.

In any case, given the low nominal level of income, the new currency will be used mainly for large payments and for savings and investment. Conversely, the national currency (banknotes and coins) will remain domestic in nature and will circulate on the consumer market. The denominations of the national currency that 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 can imagine the regional currency "SHL AES" and for the national currencies, "SHL Mali; SHL Burkina and the SHL Niger", with some national symbols on the coins. 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 of the national currency will not give rise to conversions because the reasons for their demand are essentially transactional. These will probably help in the fight against inflation thanks to the control of issuance.

The initial stage of the project, i.e. the accumulation of the initial stock in the warehouses, needs a delicate touch and is crucial to the success of the whole. It seems best 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 companies, including those producing the goods in the basket, would have to be paid in new currency. In return for the sums they owe to the budget, that could be in the form of tax anticipations for one or more years, they would have to leave a combination of goods in the official warehouses or they present the certificates to these goods. As mentioned above, the bank

¹⁸ 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.

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. that with the ECB. In this case, it will be possible to organise regular auctions to buy the basket at the official fixed rate; there will be two ceiling rates 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. The three exchange rate levels, the basket price (deposit, base and credit) will certainly remain constant over long periods of several years.

4. Conclusion and comments on the feasibility of the project

The debate on the currency in sub-Saharan Africa, in particular on the abandonment of the CFA franc, arouses much concern and a lot of passions. The CFA franc, designed to govern monetary relations of the African countries, mainly the former colonies of France, with the metropolitan country and the rest of the world, is now called into question with the rise of sovereigntist vision in the Confederation of Sahel States. At the same time, some observers think that leaving the current monetary system will harm the countries of the AES Confederation because the CFA franc zone is not only an exchange system, but also an economic cooperation zone: WAEMU for West Africa and CEMAC for Central Africa. For others, however, abandoning the CFA franc could be a lever for the States of the AES Confederation to adopt an autonomous approach to monetary policy, different from the trajectory of the euro zone. Changing the monetary system or leaving the franc zone has never been inevitable. It should be remembered that in 1973 Mauritania and Madagascar left the franc zone to adopt their own system. Well before these two countries, Mali left the franc zone in 1962 to join it again 22 years later. Today, it is a question of the exit of several countries together to adopt a common monetary system based on the natural resources of the AES countries.

In the past, the criticisms levelled against the system mainly concerned technical difficulties and lack of political realism. Today they also involve two other features of the project.

Firstly, despite a few attempts at empirical illustration, the model has rarely been technically simulated, mathematically modelled or programmed¹⁹. It was envisaged as realisation of a global and coordinated solution at the level of the world monetary community or at least as an agreement between the major countries, including the United States. When 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 played the main role. This is the case with stabilisation and assistance plans for developing

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

countries that produce and export agricultural products and raw materials, which requires stable prices of 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 should become a major component of commodity baskets, are used in the production of cutting-edge technologies in small, high-value physical amounts, i.e. inventory volumes are partially reduced. However, other obstacles remain, such as political and geopolitical aspects.

It is clear that any attempt to introduce changes in the modern architecture and even the philosophy of the current international monetary system by the BRICS or 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, in which the smaller 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 steps could face attempts at destabilisation and then 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 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 and other destructive activities by the major monetary and financial centres. Indeed, 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 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 terms to prevent speculative attacks and panics.

Aware of the difficulties, we would like to conclude our article with a summary by the great French economist and translator of Keynes, Jean de Largentaye. Jean de Largentaye 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 youth²⁰ " (de Largentaye, 1966, 476).

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²⁰ 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" (Rosensen, 1948, 135).

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