



PAN-AFRICAN PROGRESSIVE FRONT

REPARATIONS BRIEF

Colonial Debt, the CFA Franc, and the Case for Reparations

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1. Executive Summary

The CFA franc, imposed by France on its former colonies in 1945, is not a relic. It is an active architecture of dependency binding 14 African nations to French monetary control and, through that control, enabling the continuous extraction of wealth from the continent. Two mechanisms drive this extraction: the structural constraints of the CFA system itself, and the illicit financial flows (IFFs) it facilitates through the freedom of capital transfer embedded in the monetary agreements.

The United Nations Economic Commission for Africa estimates that Africa loses between **US\$50 billion and US\$80 billion annually** to illicit financial flows (UNECA, 2015). The CFA zone is disproportionately represented in these figures. Cote d'Ivoire alone lost an estimated **US\$66.2 billion** in illicit flows between 1970 and 2008, six times its total external debt for that period (Tax Justice Network, 2011).

These losses are not accidents of underdevelopment. They are structural consequences of monetary arrangements designed in Paris, administered through institutions under French influence, and defended by a diplomatic and military architecture that France has maintained across the continent for eight decades. The case for reparations rests on this architecture.

2. The CFA Franc System: Mechanisms and Impact

The CFA franc was created by French decree on 26 December 1945. It currently operates through two central banks: the BCEAO (West Africa, covering Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo) and the BEAC (Central Africa, covering Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea, and Gabon). Both currencies are pegged to the euro at a fixed rate of **655.957 CFA francs per euro**, a parity unchanged since 1999 (Pigeaud and Sylla, *Africa's Last Colonial Currency*, 2021).

Three structural features define the CFA system's role as an instrument of French imperial control:

The Operations Account (Compte d'Operations)

Under the original monetary cooperation agreements, CFA member states were required to deposit **50% of their foreign exchange reserves** into an account held at the French Treasury in Paris. At various points the effective requirement reached **65% of reserves plus 20% for**

financial liabilities, leaving governments with access to as little as 15% of their own national savings (Pigeaud and Sylla, 2021). Member states that needed to access their own reserves beyond permitted limits were required to borrow back from the French Treasury at commercial interest rates.

A partial reform in 2021 eliminated the mandatory deposit for BCEAO (West Africa) member states. For **BEAC (Central Africa)** member states, the 50% reserve deposit requirement **remains in force as of 2026**, unchanged by any reform. The promised successor currency, the Eco, has missed four successive target launch dates. Its fifth target is July 2027 (Pigeaud and Sylla, 2021; Grokipedia, 2026).

Fixed Peg and Loss of Monetary Policy

The fixed peg to the euro means CFA member states cannot devalue their currency to respond to economic shocks, cannot adjust monetary supply to finance public investment, and effectively outsource their monetary policy to the European Central Bank. Pigeaud and Sylla (2021) document how this rigidity has suppressed industrial diversification and locked CFA economies into primary commodity export dependence, a structural condition that directly enables trade misinvoicing and capital flight.

Freedom of Capital Transfer

The monetary cooperation agreements guarantee the free movement of French capital in and out of CFA member states without restriction. This clause, a condition of France's convertibility guarantee, has functioned as the legal infrastructure enabling systematic profit repatriation and illicit capital flight from the region (Tax Justice Network, 2021).

3. Illicit Financial Flows from Africa

The UNECA High-Level Panel on Illicit Financial Flows from Africa (the Mbeki Panel) defines illicit financial flows as money that is illegally earned, transferred, or utilised across a border. The three principal categories are: proceeds of crime and corruption; tax evasion and abusive transfer pricing by multinational corporations; and trade misinvoicing (UNECA, *Report of the High Level Panel on Illicit Financial Flows from Africa*, 2015).

The Mbeki Report found that Africa loses a minimum of **US\$50 billion per year** to illicit financial flows, with some estimates placing the figure as high as **US\$80 billion annually**. The Panel estimates that since the 1970s, Africa has lost more in illicit outflows than it has received in official development assistance over the same period (UNECA, 2015).

Trade misinvoicing is the dominant channel. It involves the deliberate misreporting of the value, quantity, or type of goods in cross-border trade to move money outside the banking system. In Africa's context, this predominantly involves the undervaluation of commodity exports, particularly in oil, mining, and agricultural sectors, allowing the difference to be captured offshore. The UNECA

methodology draws on trade data comparisons between African countries and their trading partners, identifying systematic discrepancies that cannot be explained by transport costs or statistical error.

Global Financial Integrity (GFI) reported that over the period 2013 to 2022, **Cote d'Ivoire lost US\$47.7 billion** in trade-related value gaps, while **Cameroon lost US\$9.8 billion** in the same period (GFI, 2026). Both are CFA franc zone members. These are not inherited debts or historical losses: they are current, recurring, annual outflows.

4. Combined Economic Impact

The relationship between the CFA franc system and illicit financial flows is structural, not coincidental. The CFA's freedom of capital transfer clause provides the legal and financial infrastructure through which illicit flows move unimpeded. The fixed peg suppresses exchange rate competitiveness, deepening commodity dependence and the conditions under which trade misinvoicing is most profitable. The reserve deposit requirement drains the capital that governments would otherwise use to finance the regulatory institutions capable of detecting and preventing IFFs.

Pigeaud and Sylla (2021) describe this as a system of double extraction: first, through the structural appropriation of reserves by the French Treasury; second, through the facilitated outflow of private capital by French and European corporations operating under the convertibility guarantee. African governments are simultaneously deprived of the resources to develop and deprived of the monetary tools to respond.

On aggregated losses, the UNECA Mbeki Panel's minimum estimate of US\$50 billion per year, applied over the five decades since 1970, yields a cumulative outflow from Africa exceeding **US\$2.5 trillion** in current flows alone, before accounting for compounding. The Panel notes explicitly that this figure is conservative and that data limitations mean the true scale is likely higher (UNECA, 2015). These figures are estimates derived from trade and financial data comparisons and should be presented as indicative of order of magnitude rather than precise forensic totals.

For the CFA zone specifically, the Tax Justice Network (2021) documents that the Operations Account arrangement is directly associated with the financial bleeding observable in resource-rich member states. Reserves deposited in Paris reduce the domestic monetary base, constraining credit and investment. The convertibility guarantee attracts French corporate capital that repatriates profits freely. The fixed peg prevents the exchange rate adjustments that would otherwise make such repatriation less attractive.

5. Reparations Framing

The case for reparations rests on a claim of unjust enrichment: that France has benefited materially and measurably from arrangements imposed on its former colonies by force and maintained through political and military leverage. International law recognises that a state which unlawfully causes damage to another is under an obligation to make reparation (Article 31, ILC Articles on State Responsibility, 2001).

The strongest contemporary precedent is the CARICOM Reparations Commission's ten-point reparations plan, which frames reparations not as charity but as a legal and moral obligation grounded in the documented, quantifiable consequences of slavery and colonialism (CARICOM, *Ten Point Reparation Plan*, 2014). The African Union's Agenda 2063 framework explicitly includes reparations as a continental objective. The United Nations General Assembly Resolution 77/247 (2022) affirmed the right to reparations for victims of slavery and the transatlantic slave trade, and the associated call for successor state accountability.

The CFA case adds a dimension that the historical reparations debate does not always feature: the extraction is ongoing. The Operations Account requirement for BEAC member states is active in 2026. The trade misinvoicing flows documented by GFI occurred between 2013 and 2022. This is not a claim against history alone but against present arrangements that continue to transfer wealth from African nations to France and its financial system.

PPF's demand at the Nairobi Summit is structured on three pillars: immediate structural reform (abolition of the Operations Account and an independently governed successor currency); accountability (an independent audit of illicit financial flows from all African nations over five decades, disaggregated by destination country and corporate actor); and reparation (formal recognition by France of its obligation, with negotiations on the terms of redress to be conducted under African Union and UN auspices).

6. Key Figures

KEY FIGURES AT A GLANCE

1. **US\$50 to US\$80 billion** lost by Africa annually to illicit financial flows (*UNECA Mbeki Panel, 2015*)
2. **Up to 65% of foreign exchange reserves** historically required to be deposited at the French Treasury; 50% requirement persists for BEAC (Central Africa) as of 2026 (*Pigeaud and Sylla, 2021*)
3. **US\$66.2 billion** lost by Cote d'Ivoire in illicit flows, 1970 to 2008, equivalent to six times its total external debt (*Tax Justice Network, 2011*)
4. **US\$47.7 billion** lost by Cote d'Ivoire in trade-related value gaps, 2013 to 2022; US\$9.8 billion by Cameroon in the same period (*Global Financial Integrity, 2026*)
5. **14 African nations, 210.4 million people**, with a combined GDP of US\$313.7 billion, remain bound to the CFA franc system as of 2026 (*Pigeaud and Sylla, 2021; AfDB, 2023*)
6. **US\$2.5 trillion** conservative cumulative estimate of illicit outflows from Africa since 1970, based on UNECA's minimum annual figure applied over five decades (*UNECA, 2015; PPF calculation*)

7. **655.957 CFA francs per euro**: the fixed parity unchanged since 1999, set without negotiation by African states (*Pigeaud and Sylla, 2021*)

Sources

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