Political Feasibility Versus Operational Capacity in Regional Monetary Integration: A Case Study of the ECOWAS Common Currency.

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ABSTRACT

For over two decades, the Economic Community of West African States (ECOWAS) has pursued the establishment of a common currency, the "Eco," as a cornerstone of its regional integration agenda. Despite successive launch targets, 2003, 2005, 2009, 2015, 2020, and now 2027, the project remains unrealised. This paper argues that the persistent failure stems from a fundamental disconnect between political feasibility and operational feasibility. While political declarations have consistently affirmed commitment to monetary union, operational constraints, including structural economic divergences, institutional weaknesses, and sovereignty trade-offs, have rendered implementation impossible within announced timelines. Drawing on Optimum Currency Area theory and employing a qualitative analytical methodology, the paper examines the historical trajectory of monetary cooperation in West Africa, analyses the political and operational dimensions of the common currency project, and identifies the trade-offs that primary actors must confront. The findings reveal that the common currency policy has been politically expedient but operationally infeasible at each proposed launch date, leading to repeated postponements. The paper concludes with recommendations for bridging the gap between political ambition and operational reality, including a phased approach to monetary integration and the leveraging of digital payment systems as an intermediate step.

Keywords: ECOWAS, common currency, Eco, monetary integration, political feasibility, operational feasibility, Optimum Currency Area

INTRODUCTION

Regional integration has emerged as a strategic imperative for the collective economic survival of nations in the contemporary global system. It offers participating states the dual options of cooperation and competition, enabling them to promote areas of comparative advantage while ceding to others the production of goods and services where relative strengths lie elsewhere. According to Baldwin and Venables (2004), the most attractive feature of integration is anchored in the general principle of creating a common market where people, goods, services, and capital enjoy unhindered freedom of movement within the integrated area.

The Economic Community of West African States (ECOWAS), established in 1975, has pursued this integration objective with particular emphasis on monetary cooperation. The pinnacle of this ambition is the creation of a common currency for the fifteen member states. Nzubechi, Oyinmiebi, and John (2022) trace the plan to introduce a common currency in West Africa to the early 2000s, noting that a single currency would ease transactional hurdles, boost intra-regional trade, and accelerate economic development. The currency, named the "Eco," has been pursued consistently by West African countries as a mechanism for monetary advancement, elimination of quotas and tariffs, and removal of obstacles to the free movement of goods and services across the sub-region.

Saka, Onafowokan, and Adebayo (2015) situate monetary integration within the broader context of global economic relations, arguing that it resolves the challenges of currency plurality and exchange rate volatility that frequently impede business flows between countries. The harmonisation of economic and monetary policies, liberalisation of intra-regional trade, supervision of members' balance of payments, and enhanced collective

bargaining power in global forums represent some of the anticipated benefits of a common currency in West Africa.

Yet, despite these compelling rationales and sustained political commitment, the Eco remains unrealised. The launch date has been postponed repeatedly: from 2003 to 2005, then to 2009, 2015, 2020, and most recently to 2027. This pattern of serial postponement raises fundamental questions about the viability of the project and the adequacy of the framework within which it has been pursued.

This paper contends that the current deficiency in the debate on the ECOWAS common currency is the omission of two critical concepts: political feasibility and operational feasibility. Political feasibility refers to the structures of authority and institutions in the West African sub-region—the willingness and capacity of political leaders to commit to monetary union. Operational feasibility encompasses all relevant constraints—social, political, administrative, institutional, technical, and economic—that determine whether a policy can be implemented as intended. The central argument is that the common currency policy has been politically expedient but operationally infeasible at each proposed launch date, and only by understanding this disconnect can we gain better insight into the workings of monetary integration in West Africa.

The paper proceeds as follows: Section 2 reviews the theoretical literature on Optimum Currency Areas. Section 3 outlines the research methodology. Section 4 examines the historical development of monetary cooperation in West Africa. Section 5 analyses political and operational feasibility, including the trade-offs involved. Section 6 discusses the benefits of a common currency. Section 7 presents findings, and Section 8 offers conclusions and recommendations.

THEORETICAL FRAMEWORK: OPTIMUM CURRENCY AREA THEORY

The theoretical foundation for analysing monetary unions is provided by the Optimum Currency Area (OCA) theory, first articulated by Mundell (1961) and subsequently refined by McKinnon (1963) and Kenen (1969). This framework establishes the criteria for determining when a group of regions or countries would benefit from adopting a common currency.

Mundell's Contribution

Mundell (1961) posited that an "optimum currency area" is defined by internal factor mobility and external factor immobility. In essence, when capital and labour move freely within a particular region, that region could be considered an optimum currency area. The presence of high factor mobility substitutes for exchange rate flexibility as an adjustment mechanism to asymmetric shocks. If labour can move from a depressed region to a booming region, and capital can flow in the opposite direction to exploit higher returns, the need for independent monetary policy is reduced.

Mundell's insight was that the domain of a currency should correspond to the domain of factor mobility, not necessarily to existing national boundaries. This logic underpins the argument for monetary unions among countries with integrated factor markets, even if they retain political sovereignty in other domains.

Extensions and Refinements

McKinnon (1963) introduced the criterion of economic openness, arguing that highly open economies benefit more from fixed exchange rates (or common currencies) because exchange rate changes in such economies have rapid and direct effects on domestic prices. Kenen (1969) added the criterion of product diversification, suggesting that well-diversified economies are better candidates for monetary unions because diversification provides insulation against idiosyncratic shocks to particular sectors.

Yuceol (2006), in his investigation of the European Union, inferred that the main element of achieving monetary union is the attainment of the OCA criteria by member countries. The theory postulates that it is optimally possible to use a common currency if countries are exposed to similar symmetric shocks and business cycles, or if they possess mechanisms for absorbing asymmetric shocks. Evidence shows that convergence among trading

countries is promoted by economic integration. Monetary integration, as a subset of economic integration, is expected to improve transactions and increase benefits accruing from trade.

However, Yuceol (2006) also noted that nations find it difficult to achieve effective economic integration due to differences in economic structures, financial liberalisation, and trading systems. These structural divergences impede the synchronisation of business cycles and the symmetry of shocks that OCA theory identifies as prerequisites for successful monetary union.

Endogeneity of OCA Criteria

A significant development in OCA theory is the endogeneity argument advanced by Frankel and Rose (1998). They contend that OCA criteria are not exogenously given but can be fulfilled ex post through the process of monetary integration itself. Even if countries do not satisfy OCA criteria before forming a monetary union, the union may intensify trade and synchronise business cycles, thereby creating the conditions for its own success. This "endogeneity hypothesis" has been influential in justifying monetary unions among countries with questionable ex ante convergence.

Eshun (2024) provides empirical evidence relevant to this debate in the West African context. Using wavelet-based methods, his doctoral thesis examined the integration of exchange rates between the West African Monetary Zone (WAMZ) and the West African Economic and Monetary Union (WAEMU). The findings suggest low degrees of integration at higher frequencies (short-term horizons), but the level of integration gradually becomes stronger at lower frequencies (long-term horizons). This implies that while ex ante convergence of exchange rates is difficult to achieve in the short run, convergence becomes possible over longer time horizons. This finding lends qualified support to the endogeneity hypothesis in the West African context.

Application to West Africa

Nkwatoh (2018) appraised the preparedness of ECOWAS for a common currency by analysing the degree of symmetry and sizes of identified shocks across member countries. Situated within the OCA framework and employing structural vector autoregressive (SVAR) models on data from 1975 to 2015, the findings revealed that external supply shocks across ECOWAS countries are asymmetric, suggesting that the region does not constitute an optimum currency area. This empirical evidence corroborates the theoretical expectation that the structural heterogeneity of West African economies poses significant challenges to monetary integration. Appiah and Badasu (2025), drawing on OCA theory and employing qualitative analytical tools, analysed the forces shaping the implementation of the ECOWAS single currency project. Their results are mixed: implementation has been menaced by a lack of political will, the prevalence of heterogeneous blocs revealing sharp colonial attachments and influence, and structural deficiencies in the single currency framework. Yet, they identify prospects leaning on the natural resource utilisation school that could potentially offset the resource deficiency burden on member states. The theoretical framework adopted in this paper synthesises these perspectives. It recognises that while OCA theory provides essential criteria for assessing the viability of monetary unions, the political economy dimensions—particularly the distinction between political and operational feasibility—are equally critical in explaining the trajectory of the ECOWAS common currency project.

METHODOLOGY

Research Design

This study adopts a qualitative research design anchored in documentary analysis and case study methodology. The qualitative approach is appropriate for examining complex socio-economic phenomena where contextual understanding is paramount and where the research seeks to interpret the meanings and motivations underlying policy decisions (Yin, 2018). The ECOWAS common currency project constitutes a single case study of regional monetary integration, allowing for in-depth exploration of the political and operational dimensions that have shaped its trajectory.

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Data Sources

The study relies on secondary data drawn from multiple sources:

Academic Literature: Peer-reviewed journal articles, doctoral theses, and working papers examining monetary integration in West Africa, including recent contributions from Eshun (2024), Nkwatoh (2018), and Appiah and Badasu (2025).

Official Documents: ECOWAS treaties, protocols, and convergence criteria frameworks; reports from the West African Monetary Agency (WAMA) and the West African Monetary Institute (WAMI); and policy documents from member states' central banks.

Media and Policy Reports: Contemporary news coverage and policy analyses from reputable sources, including the BBC, LSE Blogs, and trade finance publications, providing up-to-date information on the current status of the Eco project.

Historical Records: Documents tracing the evolution of monetary cooperation in West Africa, including the establishment and transformation of the West African Clearing House (WACH) and the West African Monetary Agency.

Analytical Framework

The analysis is guided by the conceptual distinction between political feasibility and operational feasibility, derived from Headey's (1978) work on policy analysis. Political feasibility refers to the capacity to secure and sustain political commitment for a policy initiative, encompassing leadership dynamics, coalition building, and interest group management. Operational feasibility refers to the practical implementability of a policy given existing constraint—institutional, technical, economic, and social.

The analytical process involves:

1. **Tracing the historical trajectory** of monetary cooperation in West Africa to identify patterns of policy formulation and implementation.

2. **Assessing convergence performance** against the ECOWAS criteria to evaluate operational readiness.

3. **Analysing political dynamics** among member states, including the anglophone-francophone divide and the role of Nigeria as the dominant economy.

4. **Identifying constraints** that have impeded implementation at each proposed launch date.

5. **Evaluating trade-offs** that primary actors must confront in any viable path to monetary union.

LIMITATIONS

The study's reliance on secondary data means that it cannot access internal decision-making processes within ECOWAS institutions or member governments. However, the triangulation of multiple sources—academic, official, and media—provides a robust basis for identifying the principal factors shaping the common currency project. The analysis is current as of February 2026, incorporating recent developments, including the withdrawal of Burkina Faso, Mali, and Niger from ECOWAS.

Review of Developments in Monetary Cooperation in West Africa

The West African Clearing House (WACH)

The pursuit of monetary cooperation in West Africa predates the common currency project by several decades. Following the establishment of ECOWAS in 1975, it became apparent that intraregional trade could not be stimulated effectively without addressing monetary and payment challenges. Consequently, the West African

Clearing House (WACH) was established to provide a multilateral clearing mechanism for trade within the sub-region. Under this arrangement, the use of foreign exchange was to be curtailed through the application of an artificial currency unit, the West African Unit of Account (WAUA).

Ofori-Adebrese (2006) investigated the WAUA as a means of providing a firm basis for monetary cooperation in ECOWAS and improving intraregional trade. The WACH, which commenced operations in July 1976, aimed to promote the use of member countries' currencies in sub-regional trade and to encourage members to liberalise trade and promote monetary and economic consultation. The WAUA was linked to the Special Drawing Right of the International Monetary Fund and served as the benchmark for determining the relative strength of currencies in the WACH payment and clearing mechanism.

Ojo (2001) studied the functioning of the WACH, noting that its smooth operation was contingent on member countries undertaking to generate unrestricted conversion of their national currencies into the WAUA for eligible transactions. This undertaking was intended to eliminate the problem of currency inconvertibility in the sub-region, a phenomenon that had hindered intraregional trade and necessitated the use of foreign exchange as the primary means of settlement.

Transformation to the West African Monetary Agency (WAMA)

Ojo (2003) documented that to strengthen the multilateral settlement and clearing system, make the sub-regional payment system more efficient, and eventually pave the way for a single monetary zone, the WACH was transformed into the West African Monetary Agency (WAMA) in 1996. This transformation was necessitated by the operational inadequacies of the WACH, which had hindered the attainment of its objectives after more than two decades.

The factors constraining WACH's performance included delays in crediting exporters' accounts owing to cumbersome documentation requirements by central banks; the absence of a short-term financing facility; and the absence of trade promotion instruments like bills of exchange and traveller's cheques. The most dismal aspect of WACH's performance, according to Ojo (2001), was its inability to promote the use of national currencies in intraregional trade.

Other schemes supporting monetary cooperation included the ECOWAS exchange rate mechanism, designed to facilitate the achievement of a single monetary zone; ECOWAS traveller's cheques; and a credit guarantee fund scheme. The exchange rate mechanism was to be implemented by the Monetary Agency to ensure rapid regional integration.

Convergence Criteria and Institutional Framework

Nzubechi et al. (2022), in evaluating monetary cooperation, noted that central banks in the sub-region were expected to: ensure the timely implementation of stipulated convergence criteria (market-determined exchange and interest rates, and single-digit inflation); remove all non-tariff barriers of a monetary nature; establish a credit guarantee fund; introduce ECOWAS traveller's cheques; develop an integrated regional capital market; resolve settlement arrears in the clearing system; and promote currency convertibility. However, these objectives have not been realised.

The convergence criteria themselves comprise primary and secondary indicators. The primary criteria include:

- Budget deficit/GDP ratio (excluding grants) less than or equal to 4%
- Inflation rate less than or equal to 5%
- Central bank financing of the budget deficit is not more than 10% of the previous year's tax revenue
- Gross external reserves providing import cover for at least three months

Secondary criteria include prohibition of new arrears, tax receipts/GDP ratio greater than or equal to 20%, salary mass/total tax receipts ratio less than or equal to 35%, public investment financed from internal resources/tax receipts ratio greater than or equal to 20%, positive real interest rates, and real exchange rate stability.

The Fast-Track Approach and the Second Monetary Zone

Based on the Lomé Agreement of December 1999, Nigeria and Ghana entered into a bilateral strategic cooperation arrangement at a meeting in Accra in December 1999. This initiative, referred to as the "fast-track approach" to integration, was meant to quicken the pace of integration through cooperation in four critical areas: creation of a second monetary zone; free trade and borderless zone; development of common infrastructures; and promotion of private sector participation (Ojo, 2001).

The rationale behind a second monetary zone was that it would be easier to merge two currencies (those of WAEMU and the proposed West African Monetary Zone) than to merge the eight existing currencies in the sub-region. The West African Monetary Institute (WAMI), which commenced operations in Accra in March 2001, was established to prepare member countries for monetary union. Its mandate included undertaking technical preparations for a common central bank and the introduction of a common currency, monitoring macroeconomic performance and convergence, harmonising laws governing financial institutions, and sensitising stakeholders.

The Persistent Challenge: Serial Postponements

Despite these institutional developments, the common currency has remained elusive. The launch date has been postponed repeatedly: 2003, 2005, 2009, 2015, 2020, and now 2027. Jean-Claude Kassi Brou, then President of the ECOWAS Commission, announced in 2021 that due to the shock of the COVID-19 pandemic, heads of state had decided to suspend implementation of the convergence pact for 2020-2021, adopting a new roadmap covering 2022-2026 with a launch date of 2027.

The persistence of these postponements, despite sustained political commitment at the highest levels, suggests fundamental obstacles that cannot be overcome through institutional tinkering or extended timelines alone. It is this observation that motivates the central distinction of this paper: between political feasibility and operational feasibility.

Political Feasibility Versus Operational Feasibility

Conceptual Distinction

The notion that ECOWAS, given sufficient ingenuity and resources, could have established and launched a common currency in 2003 in a manner consistent with announced policy objectives and acceptable global institutional frameworks has been a major source of frustration and failure. This assumption—that political commitment alone suffices for successful implementation—has led to the continuous shifting of the goalposts from 2003 to 2007, 2009, 2015, 2020, and now 2027. Each postponement reflects a policy that was politically expedient but operationally infeasible at the time of announcement. Headey (1978) provides the analytical foundation for this distinction. Operational feasibility takes into consideration all relevant constraints—social, political, administrative, institutional, technical, and economic. The decision to pursue a common currency as of 2003 was not just suboptimal; on closer examination, it was not operationally feasible at the time it was scheduled to take off. Only by understanding the reasons why, under certain circumstances, a given goal cannot be achieved, can we gain better knowledge about the workings of common currency in the West African sub-region.

Political Feasibility in the West African Context

Political feasibility in the ECOWAS common currency project refers to the structures of authority and institutions in the West African sub-region that enable leaders to commit to monetary union. At this level, the project has enjoyed considerable success. Heads of state have repeatedly affirmed their commitment, summit communiqués have endorsed timelines, and institutional frameworks have been established. The political logic is compelling: a common currency symbolises African unity, reduces dependence on former colonial powers, and enhances the region's collective bargaining power in global forums.

However, Niang (2025) identifies three political complications that have undermined the project: differences in economic realities, the current use of different currencies, and the role of France in the future currency. These complications manifest in the misalignment between francophone and anglophone countries regarding the design of the Eco. Broadly, English-speaking countries want the Eco to be detached from France, while French-speaking countries, led by Côte d'Ivoire, envisage it replacing the CFA franc while retaining key institutional ties with France.

The withdrawal of Burkina Faso, Mali, and Niger from ECOWAS in January 2025 further weakens the organisation and places a major question mark over the alignment of these three countries with the Eco project. This development underscores the fragility of political consensus and the vulnerability of region-wide projects to geopolitical shifts.

Operational Feasibility: The Constraints

Operational feasibility encompasses the practical implementability of the common currency, given existing constraints. These constraints are numerous and deeply entrenched.

Structural Economic Divergences: The fifteen ECOWAS countries differ considerably in economic structure and performance. They can be divided into three types: Sahelian economies (Burkina Faso, Mali, Niger), whose agricultural activities depend mainly on climate conditions and specialise in raw material production; coastal industrialised economies (Côte d'Ivoire, Senegal) with more diversified economic bases; and coastal trading economies (Benin, Togo) that rely heavily on import-export trade. These structural differences affect economic priorities and preferences regarding currency design.

Macroeconomic Convergence Failure: Despite repeated deadlines, member states have consistently failed to meet the convergence criteria. Nigeria, which accounts for approximately 70% of ECOWAS's GDP, has not undertaken the major economic initiatives needed to reduce its inflation rate and fiscal deficit. The divergence in inflation rates between Nigeria, Ghana, and the CFA franc countries makes it difficult to find a common interest rate suitable for all members.

Institutional Weaknesses: The operational inadequacies that plagued WACH, cumbersome documentation, absence of short-term financing facilities, and lack of trade promotion instruments have not been fully resolved in subsequent institutional arrangements. The West African Monetary Agency and the West African Monetary Institute have made progress, but the institutional infrastructure for a common currency remains incomplete.

Currency Convertibility Challenges: The existence of two currency regimes, the CFA franc zone with its guaranteed convertibility through the French Treasury, and the national currencies of other member states with varying degrees of convertibility, creates asymmetric conditions that complicate the transition to a single currency.

Trade-Offs and Sovereignty Costs

Establishing a monetary union inevitably entails trade-offs. Primary actors, the member states, must be prepared to cede significant elements of national sovereignty. These trade-offs include:

- **Loss of independence** over monetary policy to a supranational body
- **Loss of control** over the central bank and essential instruments of economic policy
- **Loss of devaluation or revaluation rights** as adjustment mechanisms
- **Loss of control** over interest rates and exchange rates

Okafor (2012), in a comprehensive analysis of costs and benefits for the WAMZ, found that fiscal policy distortion and loss of seigniorage were the main cost indicators of monetary union, rather than asymmetric shocks. Fiscal policy distortion accounted for 72.4% of costs, while loss of seigniorage contributed 18.4%.

Ghana recorded the highest costs for both indicators, while The Gambia had the lowest seigniorage cost. These findings underscore that the sovereignty costs of monetary union are not uniformly distributed but vary considerably across member states.

The political feasibility of the common currency project has often been assessed without adequate attention to these trade-offs. Leaders have been willing to commit to monetary union in principle, but less willing to accept the concrete sovereignty losses that union entails. This gap between political commitment and operational acceptance of trade-offs helps explain the pattern of serial postponements.

The Political-Operational Gap: An Analytical Synthesis

The trajectory of the ECOWAS common currency project can be understood as a recurring cycle: political commitment is announced with an ambitious timeline; operational constraints become apparent as the deadline approaches; the deadline is postponed; and the cycle repeats. This pattern reflects what might be termed the "feasibility gap"—the discrepancy between politically desirable outcomes and operationally achievable results.

Just as the systematic method is the critical analysis and refutation of theories rather than the accumulation of evidence in favour of preferred solutions, the most important task for ECOWAS policymakers is submitting plans and objectives to the most rigorous test of feasibility. In the analytic case of the ECOWAS common currency, the search for constraints that were ignored by decision-makers has considerable heuristic value. If the common currency is to become a reality, policymakers must be ready for trade-offs between what is politically feasible and what is operationally feasible.

Benefits of a Common Currency

Despite the feasibility challenges, the potential benefits of a common currency remain substantial and continue to animate political commitment to the project.

Trade and Transaction Cost Reduction

Masson (2004) critically examined the gains from wider regional integration, arguing that it could help West Africa negotiate favourable trading terms both bilaterally (with the US and EU) and globally (in the WTO context). Integration offers broader opportunities for West African producers, traders, and consumers within a globalising world that favours larger trading blocs, enabling effective competition for inward investment and foreign trade.

A common currency eliminates transaction costs associated with currency conversion and exchange rate uncertainty. For the nearly 400 million people in the ECOWAS region, this would facilitate trade, reduce costs, and simplify payments across borders. Okafor's (2012) empirical analysis confirmed that trade creation accounted for 89% of the total benefits of monetary union for the WAMZ, ranging between 41% and 3% among member countries, with Sierra Leone and Nigeria recording the highest and lowest gains, respectively.

Investment and Economies of Scale

A larger West African market under one currency could stimulate more foreign direct investment (FDI) in Africa. Many West African economies have historically been unable to attract substantial FDI due to their small size. Where FDI exists, it has been largely concentrated in mineral mining and petroleum. A single West African market could open the continent to FDI opportunities in semiconductors, nanotechnology, and robotics. More FDI would spur industrialisation, as transnational corporations seek business opportunities in a larger, homogenous market offering economies of scale and production efficiency.

Under a unified currency, regional nations could pool resources and enjoy the stability that a common

monetary union and central bank can offer through more reliable fiscal control mechanisms and anti-inflationary measures.

Policy Discipline and Credibility

Pattillo (2002) suggested that improvement could come through fiscal prudence that would engineer better macroeconomic stability, elevating member states' international credibility. Common currency-induced peer competition could lead to more efficient resource allocation, economic policies stimulating growth and job creation, higher productivity through business competitiveness, and greater pricing transparency across regions.

Enhanced Collective Bargaining

Debrun, Masson, and Pattillo (2002) noted that monetary unions in West Africa could enhance members' collective bargaining power in international forums. A unified West Africa would be better positioned to negotiate with major trading partners and international financial institutions, potentially securing more favourable terms than individual countries could achieve separately.

FINDINGS

The analysis yields several key findings regarding the ECOWAS common currency project:

Finding 1: Persistent Political Commitment Amidst Implementation Failure

ECOWAS heads of state have maintained political commitment to the common currency project for over two decades, as evidenced by repeated affirmations in summit communiqués and the establishment of supporting institutions. However, this political commitment has not translated into successful implementation, as evidenced by the serial postponements of launch dates from 2003 to 2027.

Finding 2: Structural Economic Divergences Constrain Convergence

The fifteen ECOWAS member states exhibit significant structural economic differences—between Sahelian, coastal industrialised, and coastal trading economies—that affect their economic priorities and preferences regarding currency design. These divergences make it difficult to achieve the macroeconomic convergence necessary for a viable monetary union.

Finding 3: Institutional Weaknesses Persist Despite Institutional Evolution

The transformation from WACH to WAMA to WAMI represents institutional evolution, but operational inadequacies identified in the clearing house era—cumbersome documentation, absence of short-term financing facilities, lack of trade promotion instruments—have not been fully resolved in subsequent arrangements.

Finding 4: Sovereignty Costs Are Unevenly Distributed

The costs of monetary union, particularly fiscal policy distortion and loss of seigniorage, are not uniformly distributed across member states. Ghana faces disproportionately high costs, while The Gambia faces lower seigniorage costs. This uneven distribution complicates consensus-building and commitment to the necessary trade-offs.

Finding 5: The Anglophone-Francophone Divide Remains Unresolved

Differences between English-speaking and French-speaking countries regarding the design of the Eco—particularly the role of France and the relationship with the CFA franc—constitute a persistent source of misalignment that has not been adequately addressed in the political feasibility calculations.

Finding 6: The Feasibility Gap Explains Serial Postponements

The common currency project has been politically feasible but operationally infeasible at each proposed launch date. This feasibility gap—the discrepancy between politically desirable outcomes and operationally achievable results—explains the pattern of repeated postponements and the continued failure to meet announced timelines.

Finding 7: Nigeria's Ambivalent Leadership Undermines Progress

As the dominant economy accounting for approximately 70% of ECOWAS's GDP, Nigeria's commitment is essential for the common currency's success. However, Nigeria has not undertaken the major economic initiatives needed to reduce its inflation rate and fiscal deficit, and its ambivalent leadership weakens the project's prospects.

Finding 8: Recent Geopolitical Developments Pose New Challenges

The withdrawal of Burkina Faso, Mali, and Niger from ECOWAS in January 2025 introduces new uncertainties regarding the alignment of these countries with the Eco project and weakens the regional consensus underpinning the common currency initiative.

CONCLUSION AND RECOMMENDATIONS

Conclusion

The ECOWAS common currency project represents one of the most ambitious regional integration initiatives in the developing world. For over two decades, West African leaders have pursued the dream of a single currency that would unite the region's economies, reduce transaction costs, enhance collective bargaining power, and symbolise African monetary sovereignty. Yet, despite this sustained political commitment, the Eco remains unrealised, its launch date postponed repeatedly from 2003 to 2027.

This paper has argued that the persistent failure stems from a fundamental disconnect between political feasibility and operational feasibility. While political declarations have consistently affirmed commitment to monetary union, operational constraints—including structural economic divergences, institutional weaknesses, unevenly distributed sovereignty costs, unresolved anglophone-francophone differences, and inadequate leadership from the dominant economy—have rendered implementation impossible within announced timelines. The common currency policy has been politically expedient but operationally infeasible at each proposed launch date.

The serial postponements are not merely technical adjustments but symptoms of a deeper malaise: the failure to subject ambitious political objectives to rigorous feasibility testing before announcing timelines. As Headey (1978) observed, only by understanding why, under certain circumstances, a given goal cannot be achieved, can we gain better knowledge about policy implementation. In the West African context, this understanding requires confronting the trade-offs that political leaders have been reluctant to acknowledge.

Recommendations

Based on the findings, the following recommendations are offered:

Recommendation 1: Conduct a Comprehensive Feasibility Assessment

Before announcing any further timelines, ECOWAS should commission an independent, comprehensive feasibility assessment that systematically evaluates both political and operational dimensions. This assessment should identify specific constraints, quantify the resources required to address them, and propose realistic timelines based on demonstrated implementation capacity rather than political aspirations.

Recommendation 2: Address Structural Divergences Through a Phased Approach

Given the significant structural differences among member economies, a phased approach to monetary integration is warranted. Rather than pursuing a region-wide currency launch, ECOWAS should consider a variable geometry approach that allows countries meeting convergence criteria to proceed while others catch up. The original rationale for the "fast-track approach" remains valid, but its implementation requires greater flexibility.

Recommendation 3: Strengthen Institutional Capacity

The operational inadequacies identified in successive institutional arrangements must be addressed systematically. This includes streamlining documentation requirements, establishing short-term financing facilities, developing trade promotion instruments, and ensuring that central banks have the technical capacity to operate effectively within a monetary union framework.

Recommendation 4: Resolve the Anglophone-Francophone Divide

The unresolved differences between English-speaking and French-speaking countries regarding the design of the Eco must be addressed through sustained dialogue at both political and technical levels. This includes clarifying the relationship with France, the future of the CFA franc, and the institutional architecture of the proposed monetary union. Without consensus on these fundamental design questions, operational feasibility will remain elusive.

Recommendation 5: Strengthen Nigeria's Commitment

As the dominant economy, Nigeria must demonstrate a stronger commitment to the convergence criteria and provide leadership in advancing the monetary union agenda. This requires undertaking the necessary macroeconomic adjustments to reduce inflation and fiscal deficits, and engaging constructively with other member states to build consensus on the path forward.

Recommendation 6: Acknowledge and Address Sovereignty Trade-Offs

Political leaders must acknowledge the sovereignty trade-offs that monetary union entails and prepare domestic constituencies for the loss of independent monetary policy instruments. This requires transparent communication about the costs as well as the benefits of the union, and the development of compensatory mechanisms for countries bearing disproportionate costs.

Recommendation 7: Leverage Digital Payment Systems as an Intermediate Step

Given the persistent challenges in achieving macroeconomic convergence for a physical common currency, consideration should be given to leveraging digital payment systems as an intermediate step. The Pan-African Payment and Settlement System (PAPSS) offers a mechanism for instant settlements in local currencies without compromising national sovereignty.

As Kalu (2026) argued, "Why should the sub-region wait in perpetuity for a shared banknote when we can solve the problem today with a digital switch?" This approach could deliver many of the benefits of monetary integration—reduced transaction costs, enhanced trade facilitation, decreased dollar dependence—while allowing more time for the structural convergence necessary for a full monetary union.

Recommendation 8: Develop Contingency Plans for Geopolitical Shifts

The withdrawal of Burkina Faso, Mali, and Niger from ECOWAS underscores the need for contingency planning. The common currency project must be resilient to geopolitical shifts, with clear protocols for managing the participation or non-participation of member states in various stages of integration.

Recommendation 9: Strengthen Enforcement of Convergence Criteria

The repeated failure to meet convergence criteria suggests inadequate enforcement mechanisms. ECOWAS should strengthen its surveillance and enforcement capacity, including the possibility of sanctions for non-compliance and technical assistance for countries facing particular challenges.

Recommendation 10: Maintain Realistic Timelines Based on Demonstrated Progress

Future timelines should be based on demonstrated progress in meeting convergence criteria and addressing

operational constraints, rather than politically convenient dates. The serial postponements have damaged credibility and may have reduced the urgency with which member states approach the necessary adjustments. A more realistic approach, even if it extends the timeline further, would restore credibility and provide a more reliable foundation for planning.

In conclusion, the ECOWAS common currency remains a vision worth pursuing, but its realisation requires bridging the gap between political feasibility and operational feasibility. This demands rigorous analysis of constraints, honest acknowledgement of trade-offs, sustained commitment to institutional strengthening, and realistic timelines based on demonstrated implementation capacity. Only by confronting the operational realities that have frustrated the project for two decades can West African leaders transform the political dream of a common currency into an operational reality.

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