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Crossed looks n°1: Currencies under attack: Processes and impacts of IMF-driven Monetary reforms in North African Countries

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Sommaire

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Introduction

Over the past decade, countries in North Africa, such as Egypt, Tunisia, and Morocco have all been involved in financial debt arrangements with the International Monetary Fund. As a conditionality to grant its loans and allow these economies to access global financial markets, the IMF has imposed a series of monetary reforms, focusing on currency devaluation and the adoption of more flexible exchange rates. The IMF's rationale for mandating these reforms ostensibly revolves around the need to strengthen the economic competitiveness of these countries and better equip them to navigate the ever-shifting tides of the global market.

These reforms herald profound changes in the objectives, instruments, and operational procedures of monetary policy. They extend its influence to crucial aspects such as central bank operations, auditing processes, transparency measures, and financial controls, including restrictions on exchange systems. [1]

In general, the IMF agenda is neoliberal, in the sense that the reforms are market-oriented policies and austerity measures at the expense of national monetary sovereignty. Including inflation targeting, central bank independence and floating exchange rates for example, IMF policies are generally implementing «the new monetary policy consensus [2]» , through the conditionalities of its loans and technical assistance. The IMF driven reforms are depriving progressively the state of its legitimacy and its policy-making capacity to respond to social and economic needs by financial system regulation and by money supply's control. In this sense, it also appears globally that "in recent decades the trend in monetary policy has been a shift from the objective of achieving "full employment" to the objective of achieving "price stability"" . [3]

This "Crossed Looks" examines IFI-backed policies in Egypt, Tunisia and Morocco, over the past decade, and shows how these policies have striking similarities across North African countries. It then examines on the one hand, how this one-size-fits-all reform approach fails to boost economic competitiveness and has a detrimental effect on economic growth, as austerity measures reduce consumption and investment leading to challenges in managing debt burdens over time. It also demonstrates how such policies drive up the cost of living, consumer prices, and the poverty line, destroys the economic structure and affects people's rights.

I. Shaping local currencies: diverse monetary and financial reforms under IMF pressure

The IMF imposes a range of monetary and financial reforms in North African countries to implement its neoliberal agenda. These measures include exchange rate flexibility, which often leads to currency devaluation. In addition, changes to the status of central bank and banking laws aim to enhance the independence of central banks and the recommendations to liberalise currency convertibility are a prerequisite for the reform process and essential for the pursuit of a neoliberal monetary policies. This aligns with the border objective of liberalizing capital accounts, such as removing capital controls and advocating for currency convertibility.

A. Exhange rate flexibility: first step of destabilization

For the IMF it's important that countries suffering from economic crisis and social malaise establish "an appropriate exchange[4] rate to maintain a viable balance of payments position" . In this regard, the IMF recommends

[1] V. A. Jafarey (1992) , " Structural Adjustment and Macroeconomic Policy Issues", International Monetary Fund.P.58. Retrieved from: https://www.elibrary.imf.org/display/book/9781557753021/ch03.xml?tabs=abstract

[2] Alfredo Saad-Filho, «Monetary Policy and Neoliberalism,» in The SAGE Handbook of Neoliberalism (2018), Chapter 26. Retrieved from : https://eprints.soas.ac.uk/24343/1/Saad-Filho-Monetary%20Policy%20and%20Neoliberalism-.pdf

[4] Center for Economic & Social Rights, «Monetary Policy to Realize Rights,» [Brief 9], COVID-19: Recovering Rights Series (September 2020). Retrieved from: https://www.cesr.org/sites/default/files/Brief9_MonetaryPolicy.pdf

[5] M. Guitiim(1994) , " the Choice of an Exchange Rate Regime", International Monetary Fund,p14.Retrieved from: https://www.elibrary.imf.org/downloadpdf/book/9781557753649/ch003.xml

[6] Ben Rouine C., (2016) , " L'indépendance de la Banque Centrale Tunisienne : enjeux et impacts sur le système financier tunisien". Observatoire Tunisien de l'Economie. [Working paper n°1].Retrived from : https://www.economie-tunisie.org/sites/default/files/20190220-workingpaper-ndeg1-bct-fr-bap.pdf

[7] Ben Rouine C. & Louati

the introduction of flexibility in exchange rate determination. This was first imposed on Tunisia as a structural benchmark in the first letter of intent of the Stand-By Agreement in May 2013.[5] In 2016 as part of the conditions of the Extended Fund Facility (EFF), the IMF also required the central Bank of Tunisia to fully liberalize capital flows, in particular short-term capital outflows. In addition, Tunisia was compelled to relinquish control of the dinar exchange rate to market forces. [6]

More recently, in the Letter of intent to the IMF dated 30 November, 2022, the Egyptian government announced a permanent shift to a flexible exchange rate regime. In fact, the IMF encouraged the Egyptian government to implement a more flexible exchange rate regime to increase the reserves and prevent imbalances. [7]

Turning our attention to Morocco, the story takes a different turn :

"Morocco did not jump into the unknown yet, it stills did not shift to a completely flexible currency exchange rate system. The Dirham floats across a range with regards to the basket of currencies it is pegged to." (N. Aksibi) [8]

On 15 January 2018, Morocco initiated a gradual transition from this fixed regime to a more flexible exchange rate regime. The first phase of this reform widened the dirham's fluctuation band from ±0.3% to ±2.5%, with a central rate based on the current reference basket, composed of the euro and the U.S. dollar in a 60%-40% ratio, respectively. [9]

The journey didn't end there; on March 9th, 2020, the Moroccan monetary authorities decided to take the exchange rate reform further. This involved expanding the fluctuation band of the dirham from ±2.5% to ±5%, still tied to a central rate set by Bank Al-Maghrib based on a basket of currencies, while maintaining the 60%-40% EUR-USD ratio. [10] The IMF has consistently outlined its vision for Morocco's exchange rate regime, emphasizing a move towards an inflation-targeting framework and eventually allowing the dirham to float freely.

In October 2022, Morocco's central bank, Bank Al-Maghrib-BAM, rejected an IMF proposal to make the national currency's exchange rate more flexible[11]. In an interview with the Moroccan Central Bank Governor that took place on the 18 October 2022, the Governor justified his decision by stating that this reform "cannot take place while the country is battling with economic crises that are exerting significant pressure on the state budget and the economy as a whole". [12]

B. Devaluation: the IMF killing blow to local currencies

"The devaluation of national currencies is a main conditionality of IMF structural adjustment programs since the 80s" (N.Aksebi) [13]

The approach to currency devaluation by the IMF has evolved over time. Unlike in the80's , the IMF no longer explicitly demands devaluation, instead, it conveys to devaluate the currency through and central banks independence. [14]

Tunisia and Egypt have undergone major currency devaluations in recent years, to comply with the IMF conditionality to adopt a more flexible exchange rate that reflects the state of supply and demand in the market.

" The Egyptian pound Has lost 400% of its value against the USD from 2013 to 2023." (A. Adly) [15]

I. (2021) , " IMF: impact of Tunisia's currency devaluation", Tunisian obsevatory of economy , [Briefing paper n°11]. P.9. Retrieved from : http://www.economie-tunisie.org/sites/default/files/fmi_impact_of_tunisias_currency_devaluation_en.pdf

[9] IMF Executive Board Approves 46-month US$3 billion Extended Arrangement for Egypt.December 16, 2022. Retrieved from : https://www.imf.org/en/News/Articles/2022/12/16/pr22441-egypt-imf-executive-board-approves-46-month-usd3b-extended-arrangement

[10] Ibidem (https://www.bkam.ma/en/Find-information-about/Reform-of-the-exchange-rate-regime/Implementation-of-the-reform)

[11] IntelliNews, October 19, 2022 : "Moroccan central bank rejects IMF proposal to adopt more liberal currency exchange rate

[12]" https://intellinews.com/moroccan-central-bank-rejects-imf-proposal-to-adopt-more-liberal-currency-exchange-rate-259753/

Ibidem, https://intellinews.com/moroccan-central-bank-rejects-imf-proposal-to-adopt-more-liberal-currency-exchange-rate-259753/

[13] Intervention of Dr. Najib Aksabi, Moroccan economist, at the Tunisian Observatory and social justice plateforme Webinar 1 : https://www.youtube.com/

Since the conclusion of the IMF agreement in late 2016, the Egyptian government has been pursuing a neoliberal agenda that includes a sharp devaluation of the Egyptian pound. In fact, in November 2016, the Egyptian monetary authorities devalued the Egyptian pound by about half of its external value. [16]

More recently and in the sidelines of new negotiations with the IMF for anotherloan, a second substantial devaluation was undertaken by the Egyptian Central Bank. In March 2022, the Egyptian pound lost almost 18% of its external value. This was followed by another devaluation at the end of October 2022 by 23.5%. [17] It is anticipated that the Egyptian pound's exchange rate against foreign currencies will further decline around the time of the first and second reviews of the IMF. [18]

"The national currency TND has lost, 52% of its value against the US dollar from 2011 to 2022." [19]

Tunisia was also pushed by the IMF, in 2016, into a vicious cycle of currency devaluation in the context of the Extended Fund Facility program. The IMF imposed conditionalities that necessitated the full liberalisation of capital flows particularly short-term capital outflows, effectively ending the BCT's control over the exchange rate policy. The BCT was compelled to relinquish its authority over the dinar's value, allowing market forces to dictate its trajectory. The enactment of the law on the independence of the BCT in April 2016 marked a turning point.[20] Throughout its reviews under the 2016 loan agreement, the IMF consistently advocated for the devaluation of the Tunisian dinar, despite the negative impacts that became increasingly evident. This policy stance, aligned with the IMF's emphasis on exchange rate flexibility, further contributed to the dinar's depreciation.

C. Pushing independence of central banks to dismantle monetary instruments from economic and budgetary policies

Central Bank independence is viewed as a vital prerequisite for the reform process, particularly in facilitating the implementation of the IMF neoliberal monetary policy and playing a pivotal role in financial sector reform.

The independence of North African central banks has undergone a remarkable development after the Arab uprisings and the expansion of the IMF's margin of work following the Deauville partnership in the region. In response to IMF conditionalities and pressures, this development prompted central banks in the region, including those in Egypt, Morocco, and Tunisia, to advocate for constitutional and legal reforms.

In the case of the Central Bank of Egypt, its recent statute enacted in 2020[21] reflects a response to IMF pressure since 2016, addressing the need for independence, particularly after the floating of the Egyptian pound. Similarly, the Central Bank of Morocco solidified its independence through a 2019 law revision [22], despite already having the BAM independence law in 2006 .[23]

In Tunisia, the pressure exerted by the IMF during the negotiations of the EFF2016, as prior action to the loan, resulted in the enactment of the law n°35-2016 [24] reforming the status of the central bank, which enshrines the independence of the Tunisian Central Bank in Tunisian legislation. This measure was aimed at diminishing the central bank authorities in their

[14] Besbes W. (2023) " Controversy over central bank independence: Monetary sovereignty is not limited to state lending ". Retreived from : Inhiyez https://www.inhiyez.com/archives/5827#_ftn1

[15] Intervention by Amr Adly, Researcher and Assistant Lecturer at American University in Cairo, https://www.youtube.com/watch?v=PUL5_

[16] The Guardian , November 2016, "Egypt devalues currency by 48% to meet IMF demands for $12bn loan " Retrieved from :https://www.theguardian.com/world/2016/nov/03/egypt-devalues-currency-meet-imf-demands-loan

[17] Sharaf, M.F. and Shahen, A.M. (2023), «Asymmetric impact of real effective exchange rate changes on domestic output revisited: evidence from Egypt», International Trade, Politics and Development, Vol. 7 No. 1, pp. 2-15. https://doi.org/10.1108/ITPD-09-2022-0020

[18] Egyptian Pound to Be Devalued in September/October: Morgan Stanley,» Egypt Independent, August 2, 2023. Retrieved from: https://egyptindependent.com/egyptian-pound-to-be-devalued-in-september-or-october-as-egypt-faces-several-financial-risks-morgan-stanley/

mission to stabilize the financial system In fact Article 7 of 2016 law states in very bold and clear terms that: «the primary objective of the central bank is to maintain price stability». The BCT statute indicated that among the tasks also authorized is «financial stability» as one of the pillars of coordination between the general economic policies of the state.

Tunisia, before the independence law, one of the most important tasks of the BCT was to provide interest-free loans to the state. However, the new statute has imposed strict limitations, prohibiting any form of loans or facilities to the state, whether with or without interest. Article 25 of the statute (BCT, 2016) explicitly states: «The central bank may not grant the general treasury of the state facilities in the form of overdrafts or credits, nor directly acquire securities issued by the state.»

Even amid a health crisis that has placed significant strain on the Tunisian economy, the BCT Board of Directors, in their meeting on October 27, 2020, affirmed their stance on this matter. They emphasized the Bank's unwavering commitment to its primary mission of ensuring price stability and combating inflation. Consequently, the BCT stands out as the most financially independent bank when compared to its counterparts in other North African countries. This financial independence is underscored by the Bank's refusal to extend financial facilities to the state, even during challenging economic circumstances.

Also, the outcome of this move is that it had no discernible impact on inflation; in fact, inflation rates have risen since the BCT gained independence [25]. This scenario mirrors a global trend where the efficacy of central bank independence in attaining the envisioned price stability remains uncertain.

The observed outcome of IMF recommendation in the Tunisian case presents a contradiction. The intended reduction in inflation proves challenging, exacerbated by the surge in. prices of imported goods due to the devaluation of the local currency therefore influenced by another set of measures. This calls into question the effectiveness of the IMF's strategy in achieving the desired price stability.

D. Currency Convertibility : Losing complete control over money in the name of financial freedom?

From a monetary perspective, currency convertibility refers to the ability of a country's currency to be freely exchanged for other currencies without restrictions. The IMF supports currency convertibility reform as part of broader financial and monetary reforms including the removal of the need for prior authorization for foreign exchange transactions from the central bank.

As a potential "prior action" to the new loan, the IMF is recommending that Tunisia reforms the Foreign Exchange Code. According to the Foreign Trade and Foreign Exchange Code of 1976 the Tunisian Dinar is not fully convertible into foreign currencies, but only commercially convertible for all legitimate trade and investment operations. [26]

In 2023, the Tunisian government has initiated discussions on a new Foreign Exchange Bill that aims to modernization of the currency exchange system and to gradual liberalization of financial relations toward a full liberalization with the outside world. [27]

[19] Ben Sik Ali, A. (2023). «Les Réformes Monétaires sous FMI: La Dévaluation comme Cas d'Étude.» Observatoire Tunisien de l'Économie, Explanatory Paper No. 3. Retrieved from: https://www.economie-tunisie.org/sites/default/files/fiche_reforme_devaluation-fr.pdf

[20] Ben Rouine C. & Louati I. (2021) , " IMF: impact of Tunisia's currency devaluation", Tunisian obsevatory of economy , Briefing paper n°11. P.9. Retrieved from : http://www.economie-tunisie.org/sites/default/files/fmi_impact_of_tunisias_currency_devaluation_en.pdf

[21] CBE (2020). Law No. 194 of 2020 promulgating the Law on the Central Bank and the Banking System. Retrieved from: Banking Laws (cbe.org.eg)

[22] BAM (2019). Law No. 40-17 of 21 June 2019 on the statutes of «Bank AlMaghrib». Retrieved from : https://www.bkam.ma/en/About-us/Statute-andmissions

[23] BAM (2006). Law No. 76-03 on the former statutes of «Bank Al-Maghrib». Retrieved from: https://www.bkam.ma/content/download/302168/2700645/Statut%20BAM%20loi%2076-03_fr.

[24] BCT (2016). Law n°2016-35 of 25 April 2016, on the status of the Central Bank of Tunisia. available at: https://www.bct.gov.tn/bct/siteprod/page.jsp?id=81&la=AN

This reform could lead to increased volatility in exchange rates implying a potential loss of control over the monetary policy and leading to speculative capital inflows, exchange rate instability, and vulnerability to financial crises. This could open the way to replicate, in Tunisia what happened in Egypt in 2016, when the IMF-backed reform opened the way for dependency on short-term flows of capital or hot money using very high real interest rates on the Egyptian pound.

II. Currencies freefall consequences on economy and people

The shift to a flexible exchange rate regime and the devaluation of currencies in Egypt and Tunisia had several adverse effects such like a swollen debt, an increased inflation, and a deepened commercial deficit, and deeply impacted the performance and sustainability of public enterprises.

In Tunisia, the devaluation of the Tunisian dinar had significant macroeconomic impacts. The debt ratio increased substantially, reflecting an overall increase exceeding 30.5% of GDP between 2013 and 2018.[28] The «exchange effect» played a pivotal role in this increase, contributing to 18.84% of the total rise observed over 2016 to 2018.[29] This macroeconomic transformation also had far-reaching implications for public enterprises, which have faced challenges, including over-indebtedness and inefficiency.

A poignant illustration of the impact on rights can be seen through the cases of the central pharmacy of Tunisia (PCT) and Cereal Offices, two state-owned enterprises responsible for importing two vital products for the Tunisians.

The devaluation of the dinar has had a direct and negative impact on the availability of essential medicines. The central Pharmacy, which is the only importer of medicines in Tunisia and main regulator of the country's pharmaceutical supply system, was particularly vulnerable to changes in the exchange rate. Indeed, the dwindling value of the Tunisian dinar has undermined its financial stability. Consequently, it is struggling to maintain its ability to import essential medicines, which has disrupted the supply chain to the extent that international laboratories are refusing to supply the Tunisian market due to financial uncertainties.[30] The shortage of essential medicines has had a tangible impact on the health of citizens, particularly those with chronic diseases for which some medicines are vital.[31] The overmatching result is that access to health care and essential medicines has been compromised due to the financial challenges caused by currency devaluation, directly infringing upon citizens' right to health and well-being. [32]

The free fall of the dinar is also the cause of the increase in the cost of cereal imports, which has contributed to the deterioration of the financial situation of the Cereals Office.[33] This has left the office unable to correctly pay its suppliers[34] and forced it to accumulate debt with local and international banks.[35] This situation has had a significant impact on the right to food of the Tunisians. [36]

The devaluation of the Egyptian pound in November 2016 led to a spike in inflation, particularly in food prices, with inflation rates soaring above 30%. The high increase in the cost of living affected the poor the most, as they spend over 50% of their incomes on food. According to the findings of Alazzawi. (Sh) and Hlasny, (V.), about 4% of changes in the Egyptian pound

[25] Ben Rouine, C. (2018, June 14). «Inflation et taux d'intérêts: l'échec du FMI.» Datanalysis, No. 18, Observatoire Tunisien de l'Économie. Retrieved from https://www.economie-tunisie.org/fr/observatoire/inflation-et-taux-interets-echec-du-fmi

[26] «Tunisia, Currency and Banking: Foreign Currency Control.» Info-Prod Research (Middle East) Ltd. Website, https://www.infoprod.co.il/country/tunis2c.htm. Visited in September 2023.

[27] Reuters. (2023, February 8). «Tunisia tackles law to modernise foreign exchange.» Reuters. Retrieved from : https://www.reuters.com/world/africa/tunisia-tackles-law-modernise-foreign-exchange-2023-02-08/

[28] Ben Rouine C. & Louati I. (2021) , " IMF: impact of Tunisia's currency devaluation", Tunisian obsevatory of economy , Briefin paper n°11. P.9. Retrieved from : http://www.economie-tunisie.org/sites/default/files/fmi_impact_of_tunisias_currency_devaluation_en.pdf

[29] Ben Rouine C. & Louati I. (2021) , " IMF: impact of Tunisia's currency devaluation", Tunisian obsevatory of economy , Briefin paper n°11. P.9. Retrieved from :http://www.economie-tunisie.org/sites/default/files/fmi_impact_of_tunisias_currency_devaluation_en.pdf

exchange rate are immediately reflected through to consumer prices. Over the first six months after devaluation, approximately 9% of changes in the exchange rate are cumulatively passed through to consumer prices. The pass-through is highest for highly tradable goods such as food,[37] apparel, and equipment. It is also highest in the Rural Upper, Rural Lower, and Urban Lower regions of Egypt. [38]

As a result of this pound devaluation, Egypt experienced a spike in inflation rates, peaking at 31.95% in June 2017. This reform also led to a notable increase in the poverty line, which was at 482 EGP in 2015, escalated to a range of 700-800 EGP by 2017. Consequently, the proportion of people living below the poverty line rose from almost 27.8% in 2015 to 35% in 2017. [39] The cash received by families benefiting from the "Takafol" program ranges from 325 EGP to 625 EGP or the equivalent of $40-$78 before the devaluation and $18-$35 after. [40]

Due to the last pound devaluation in 2022, Egypt's annual inflation rate reached its highest records. Consumer prices rose 38.2% year-on-year, up from 36.8% in June 2023.[41] Average food and beverage prices, the main drivers of inflation, rose 68.2% in June 2023 over the previous 12 months. [42]

In the context of currency fluctuations and their impact on economies it's worth noting Morocco's cautious reform of its exchange rate regime may have played a role in mitigating the adverse effects experienced in Tunisia and Egypt. Unlike its counterparts, Morrocco's approach has provided flexibility for navigating through shocks, like increased interest rates, on the dollar and higher prices of food and fuel. As a result, Morocco has potentially avoided some of the challenges faced by Tunisia and Egypt.

III. Monetary reform resistances in North African countries

Some resistance and alternative perspectives have emerged in response to proposed monetary reforms in North African countries.

"The governor of the central bank (which is independent) announced the first phase of moving towards a floating system in 2017 by extending the floating band. The government resisted and rejected this because the economic situation does not allow it." N. Aksebi [43]

In Morocco, the announcement of a possible transition from a fixed exchange rate regime to a flexible one has raised concerns among the public and experts alike.[44] Critics see the dirham's potential flexibilization as a risky endeavor that could have detrimental effects on the kingdom. Morocco's Finance Minister, Nadia Fettah Alaoui, has emphasized that there are no immediate plans to alter the country's currency exchange regime. [45] She insists that tampering with the national currency to address specific sectoral challenges is not on the agenda. Similarly, Abdellatif Jouahri, the central bank governor, has expressed his commitment to maintaining the current exchange rate regime, asserting that currency adjustments should not be made solely to address sectoral difficulties. [46]

In Tunisia, the active participation of civil society organizations and economists in the critique of the monetary reforms has played an important role in demonstrating and highlighting the negative impacts of these reforms for the public. Seven years after the adoption of the Law of

[30] Ben Rouine C. & Louati I. (2021) , " IMF: impact of Tunisia's currency devaluation", Tunisian obsevatory of economy , Briefin paper n°11. P.9. Retrieved from : http://www.economie-tunisie.org/sites/default/files/fmi_impact_of_tunisias_currency_devaluation_en.pdf

[31] Business News. (2023, April). «Naoufel Amira: la pénurie concerne 250 à 300 médicaments.» Business News. Retrieved from https://www.businessnews.com.tn/naoufel-amira--la-penu

[32] Bagneris L. (2023), "La pénurie de médicaments est une crise aggravée par la dévaluation du dinar et la dépendance du secteur pharmaceutique tunisien aux importations" : http://www.economie-tunisie.org/fr/La_penurie_de_medicaments

[33] Ben Rouine C. & Louati I. (2021) , " IMF: impact of Tunisia's currency devaluation", Tunisian obsevatory of economy , Briefin paper n°11. P.10. Retrieved from : http://www.economie-tunisie.org/sites/default/files/fmi_impact_of_tunisias_currency_devaluation_en.pdf

[34] الفرج والمخزون الاستراتيجي في خطر تونس.. بواخر قمح في عرض البحر تنتظر

https://arabic.rt.com/middle_east/

[35] Business News. (2023, April). «Naoufel Amira: la pénurie concerne 250 à 300 médicaments.» Business News. Retrieved from :" https://www.ilboursa.com

Central Bank Independence and the development of critical research and advocacy on this reform, newly elected Tunisian parliament worked on a draft to review the status of the BCT in 2023 . [47]

A growing number of national stakeholders, such as the pharmacists' union have also joined the chorus of voices, denouncing the deleterious impacts of the Dinar devaluation. Within the framework of public debates around the new Foreign Exchange Code [48], economists and organizations are advocating for a holistic approach to this reform, which in fact includes a rejection of the full liberalization of the Dinar, with the BCT Governor also expressing reservations. [49]

Finally, a new unconventional form of resistance [50] has emerged in Egypt through a digital campaign recently, using humor and satire [51]. This reflects a growing awareness among the Egyptian population about the impact of monetary policies on their daily lives.

IV. Road to Monetary sovereignty in MENA

An alternative approach to the monetary and financial challenge faced by north African countries, could involve pursuing more tailor-made monetary policies that consider the unique circumstances and needs of each nation. Rather than adopting a one-size-fits-all reform model imposed by external entities like the IMF.

It becomes evident that redefining the mission of central banks is a pivotal alternative. The urgency lies in shifting the focus of these institutions away from the IMF's ideology. This includes rethinking the central banks independence and exploring a more developmentalist approach to central banks constructions, which emphasizes active collaboration between the monetary institution and the government, ensuring alignment with national development objectives and promoting sustainable economic growth. Options such as the possibility of lending directly to their state becomes paramount. Centrals Banks should provide liquidity facilities meaning it can offer term loans to the state budget. This multifaceted approach aims to address the disconnect between monetary policy and boarder economic [52]. Key characteristics of this model include coordinated efforts with the government, mobilizing domestic resources for development, and direct intervention through measures like incentivized savings and subsidized loans for strategic sectors. [53]

They need to reclaim control over the currency creation process by directing loans to developmentalist sectors, avoiding speculative activities, and preventing the whitewashing of funds, especially in sectors like real estate. [54] This includes supporting food sovereignty[55] and a just energy transition.

Furthermore, redefining the mission of central banks implies that they must regain direct control over the exchange rate. In this sense, Central banks should not entirely cede their power to set exchange rates, especially when confronted with external pressures for extreme liberalization. Instead, a controlled and gradual adjustment of exchange rates should be considered, potentially with conditional authorizations for specific economic actors.

Finally, in addressing the reform of currency convertibility, it is imperative to strictly regulate the exchange between private and public money. Implementing measures that fragment the potentially borderless market for private money producers through robust regulation is essential. The underlying argument advocates for challenges to the largely unsatisfactory

[36] Tunisian Observatory of Economy. «تخفيض قيمة الدينار: سوسة ديوان الحبوب وتهديد للحق في الغذاء» [Reduction of the Dinar Value: Sousse Grain Board and Threat to the Right to Food]. June 32, 2023. http://www.economie-tunisie.org/ar/Cereales-FMIhttp://www.economie-tunisie.org/ar/Cereales-FMI

[37] Alazzawi, Shireen and Hlasny, Vladimir, «Disparities in the Cost of Living Changes after a Large-Scale Devaluation: The Case of Egypt 2016». Topics in Middle Eastern and North African Economies, electronic journal, 21, 2, Middle East Economic Association and Loyola University Chicago, 2019. Retrieved from: http://www.luc.edu/orgs/meea/

[38] Ibidem

[39] Egypt Today. (2017). Egypt's poverty line to increase to LE 800 monthly per person. Retrieved from https://www.egypttoday.com/Article/3/13326/Egypt-s-poverty-line-to-increase-to-LE-800-monthly

[40] El Baradei , L." Egypt's Currency Devaluation & Impact on the Most Vulnerable", International Relations and Diplomacy, July 2019, Vol. 7, No. 07, 303-316 doi: 10.17265/2328-2134/2019.07.002

[41] Central Bak of Egypt (2023, July 10). CPI Press Release" Retrieved from: https://www.cbe.org.eg/en/news-publications/news/2023/07/10/12/18/cpi-press-release-june-

[42] Ibidem

[43] Intervention of Dr. Najib Aksabi, Moroccan economist, at the Tunisian Observatory and social justice plateforme Webinar 1 : https://www.youtube.com

[44] Guillaumont Jeanneney, S. (2019). « Les enjeux de la réforme du régime de change du Maroc ». Retrieved from https://hal.science/hal-02287908/document

[45] Reuters. (2023, April 25). Morocco not planning currency band changes in near term - finance minister.

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status quo to emerge from democratic and participative processes, rather than relying on private entities as deus ex-machina promoting their own interests.

V. Path forward: What else can be done?

The call for change resonates strongly as we seek to challenge the IMF's neoliberal agenda and pave the way for fairer monetary policies that uphold the sovereignty of nations and the rights of populations. In our pursuit of economic developpement, social justice and human rights must serve as the North Star guiding any monetary reform, policy recommendations, or collective initiative.

A. Bridging the gap on the impacts of the policy on rights:

The power of information lies in its accessibility and that can only be done by embracing modern mediums such as infographics, videos, podcasts and dynamic social media platforms. In fact, neoliberal monetary reforms are inherently complex, often detached from the realities of everyday citizens that is why by making our narrative accessible and knowing how to effectively convey our research findings to a broader audience and organize creative campaigns leveraging these tools can bring our narrative to life in a relatable manner. These tools serve to bridge the gap between the intricate world of monetary reforms and the understanding of the public.

B. Engage Academia to back local resistances

Given the complex nature of subjects like monetary reform, which often reside in the realm of technocrats and experts, we must advocate for the establishment of collaborative relationships between movements and academic institutions. Such partnerships can yield a treasure trove of comprehensive studies, papers, and policy proposals that could further demonstrate the ineffectiveness of these neoliberal policies and support political demands with technical arguments for well-articulated alternatives. Indeed, leveraging academic expertise not only enhances the credibility of our cause but also gives our movement a depth of knowledge that translates into actionable change. That's why in our quest to advocate for alternative approaches to IMF monetary reforms, working with academic institutions emerges to be a crucial bridge between the intricate world(s) of economic theory and the tangible impacts on society and the economy.

C. Joint campaigns for change : a form of soft power advocacy at a regional level

Create a joint regional campaign that unites different networks and stakeholders by focusing our advocacy efforts on specific, common goals, such as adopting common narratives for instance on issues of the status of central banks, exchange rates systems, changing banking laws and fostering a collective refusal of IMF policies. Such campaigns can help us reshape the legislative landscape to reflect our vision of sovereign and equitable monetary policies. Campaigns can also create cross-cutting thinking about alternatives and orchestrate regional campaigns during significant events.

Advocate for the use of more effective state lobbying and engaging in strategic economic diplomacy to safeguard and strengthen monetary sovereignty and assert independence over financial and monetary policies.

Cooperate at a regional level to promote monetary integration, facilitating the harmonization of financial systems, currency exchange mechanisms and monetary policies among neighboring states.

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