CORRIDOR PLAYBOOK

Holding price across currency regimes

The structural decision in the WAEMU-euro corridor: hold price, restructure the price architecture, or concede, when costs and revenue sit in different currency regimes.

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Decision mandate

This playbook serves one decision. A company operating in the WAEMU-euro corridor, with production or distribution in Abidjan or Dakar, sells part of its output to euro-zone and euro-invoiced buyers and the rest into the domestic CFA franc market, while its cost base draws on euro-priced imports, world-priced (largely dollar-invoiced) inputs and CFA franc labour. Its cost base and its revenue therefore sit in different currency regimes. The accountable decision-maker, the chief executive with the board, prepared by the CFO, must choose a standing posture: hold price and absorb the regime mismatch; restructure the price architecture, meaning the currency-of-invoice mix, indexation clauses and currency clauses across the contract book; or concede a structural repricing of the book.

This is a company-level decision, taken on a fixed cadence, at the operating-company or holding level. It is not a negotiation tactic. A companion field briefing in this corridor governs the deal table: the evidence file a seller must hold before any single negotiation. This playbook governs the level above it: the standing architecture that decides which currency regime the company's contribution margin is allowed to be exposed to, who pays to move that exposure, and what happens when the frame itself moves. The two instruments share a corridor and an evidence base; they do not share a decision.

The corridor's three cities mark the decision's geography. Abidjan and Dakar carry the cost base and the domestic books: production, CFA labour, the ports through which the world-priced inputs arrive, and the national tax and customs administrations that shape the import wedge. Paris stands for the euro leg: the distribution hubs, the euro-invoiced counterparties, and the treaty framework, agreed between the French state and the Union, that fixes the rate the whole architecture leans on. The decision is taken in Abidjan or Dakar; part of the frame it depends on is decided in Paris and Dakar together, which is precisely why the frame needs a tripwire rather than trust.

The horizon is the annual budget cycle plus defined trigger events, with the architecture itself living on the 12-to-36-month contract book. The value at stake, quantified in the worked scenario, is material: at the illustrative scale used below, the gap between the best and the worst posture under a single plausible input-cost shock is roughly a fifth to a third of annual operating profit, recurring for as long as the posture stands.

The reader of this playbook should leave able to decide differently in one specific way: to stop treating currency as a solved problem because the exchange rate is pegged, and to stop answering input-cost shocks with deal-level concessions. The posture is set once, at company level, with thresholds, owners and a tripwire, and every deal then inherits it.

> EVIDENCE
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> The WAEMU-euro corridor is the only major African trade corridor where the exchange rate between the operating currency and the main customer currency is fixed by treaty arrangement, at 655.957 CFA francs per euro, with convertibility guaranteed by France.
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> Sources: BCEAO, history of the CFA franc; French Treasury (DG Tresor), monetary cooperation framework. Geography: eight WAEMU member states. Method: institutional record of the issuing central bank and the guarantor treasury. Parity unchanged since the euro's introduction in 1999; the last parity change was the January 1994 devaluation. Grade SEG-6. Caveat: the 2019 cooperation agreement provides for institutional reform and an eventual renaming to the eco; the parity and guarantee mechanism are retained.

The conventional assumption

The conventional assumption, common in boardrooms across the corridor and reinforced by the peg's own longevity, is that currency work is finished here. The CFA franc has not moved against the euro since 1999, so treasurers file currency under solved problems, price lists are written in CFA francs or euros without any currency architecture behind them, and when world input costs rise the response is improvised: a one-off price letter, an ad hoc concession to keep an account, an argument between sales and finance about who absorbs the increase. Currency appears in the risk register, if at all, as a footnote about the peg.

This playbook takes the opposite position, and states it as the house position, an interpretation from operating practice rather than a measured finding, deliberately graded SEG-1 and excluded from the evidence spine: the peg does not remove currency work; it relocates it. It moves the work out of the treasury, where floating-currency firms do it with hedging instruments, and into the contract book, where it must be done with price architecture. A company in this corridor operates across three currency regimes, not two. The euro regime is policy-fixed: no drift, no hedgeable volatility, one large discontinuous risk. The world-price regime, dollar-invoiced inputs, freight and energy, is fully live and is not stabilised by the peg at all. The CFA domestic regime is bound to local demand and near-zero measured inflation, which means domestic prices do not rise by drift and every domestic repricing is a negotiation. The structural decision, hold, restructure or concede, is therefore a capital-allocation decision: which regime the company's contribution is exposed to, and what it is willing to pay, in contracting cost and negotiating capital, to move that exposure.

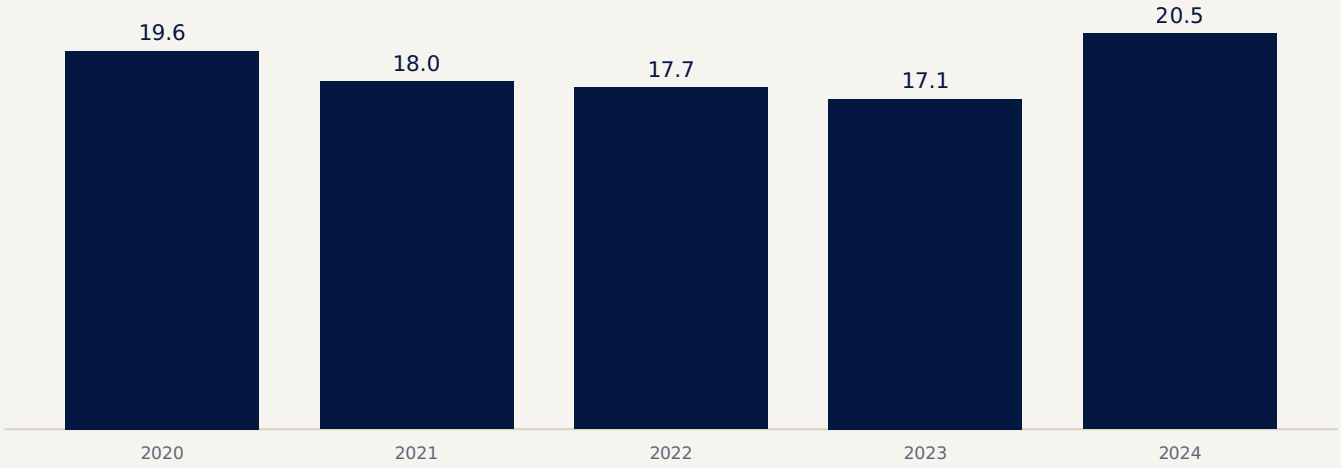
The conventional assumption has observable symptoms, and a board can test itself against them in one meeting. A hedging line, or a standing broker relationship, on the euro-CFA pair. Price lists and contract templates that nowhere state the currency of invoice as a decision rather than a habit. Concessions that cluster in the quarters following world input-cost rises, visible in the discount register if one exists. And the simplest tell: nobody in the room can state, without looking it up, what share of revenue is invoiced in euros and what share of the import bill is dollar-priced. A company showing three of these four is running the conventional assumption, whatever its risk register says.

What follows sets out why the corridor makes this decision different from the same decision in a floating-currency market, and why it belongs to the board rather than the deal team.

The corridor structural difference

Four structural facts distinguish this decision in the WAEMU-euro corridor, and each reshapes one part of the architecture.

EURO-ZONE SHARE OF UEMOA GOODS EXPORTS



Source: SRC-BCEAO-CEXT-2024. Values transcribed from Table 1 of the BCEAO report on UEMOA external trade for 2024 (October 2025); customs data adjusted to balance-of-payments standards (IMF MBP6).

First, the peg converts euro-leg currency risk from a market variable into a policy variable. In a floating market, a mismatch between euro revenue and local-currency cost is a continuous, measurable, hedgeable exposure. Here the rate has stood at 655.957 since 1999; the only euro-leg event that matters is a change to the parity or its guarantee, an event that is rare, political and total, on the model of the January 1994 devaluation. The rational instrument for a rare, discontinuous, unhedgeable policy event is not a hedge; it is a tripwire: a monitored trigger with a pre-agreed governance response, built into the decision sequence below. The December 2019 France-UMOA agreement modernised the framework's institutions while retaining the parity and the convertibility guarantee, which is why the tripwire watches the framework's texts, not the daily rate.

EVIDENCE

The 21 December 2019 cooperation agreement between France and the WAEMU member states replaced the 1973 agreement, ended reserve centralisation at the French Treasury and withdrew France from union governance bodies, while retaining the fixed euro parity and the convertibility guarantee.

Sources: French Treasury (DG Tresor) publication of 23 December 2019; French Senate ratification report No. 289 (2020). Geography: France and eight WAEMU states. Method: official government publication and parliamentary ratification record. Grade SEG-5. Caveat: the agreement's provision renaming the currency to the eco had not been implemented as of mid-2026; BCEAO publications continue to denominate in CFA francs.

Second, the euro leg is a material revenue regime, and it is growing again. The BCEAO's own external-trade accounts show that Europe took 43.8 percent of the Union's goods exports in 2024, the European Union 23.5 percent and the euro zone 20.5 percent, the euro zone's share recovering from 17.1 percent in 2023 to its highest level since 2020. For a corridor exporter, and far more so for a firm like the illustrative manufacturer below whose export book is deliberately euro-invoiced, euro-regime revenue is not a marginal line: it is one of the two legs the architecture must stand on.

EVIDENCE

In 2024, Europe received 43.8 percent of UEMOA goods exports, the European Union 23.5 percent and the euro zone 20.5 percent; the euro zone's share was 19.6 percent in 2020, 18.0 percent in 2021, 17.7 percent in 2022 and 17.1 percent in 2023.

Source: BCEAO, Rapport sur le commerce exterieur de l'UEMOA au titre de l'annee 2024, October 2025, Table 1. Geography: eight UEMOA member states. Method: customs data of member states, adjusted for consistency with balance-of-payments compilation (IMF MBP6). Grade SEG-5. Caveat: union-wide aggregates over goods only; regional aggregation includes intra-union flows and individual firm mixes differ widely from the union average.

Third, the cost base runs through a regime the peg does not stabilise. The same 2024 BCEAO trade report shows where the Union's imported cost base actually comes from: capital equipment arrives mainly from Asia, 53.6 percent, with China alone at 35.9 percent, against 31.4 percent from Europe and 21.8 percent from the euro zone; refined petroleum, 65.5 percent of the Union's energy-product imports, is sourced 75.4 percent from Europe but with Russia the single largest origin at 32.5 percent. These are world-priced, largely dollar-invoiced flows. The comfortable phrase "our costs are euro-linked" is therefore only partly true for most corridor firms: a large share of the import bill is priced in a regime the peg never touches. The BCEAO's mid-2026 policy communique makes the mechanism current: it projects inflation rising to 1.6 percent in 2026 precisely because of higher imported energy and food prices. The unhedged exposure of a corridor firm lives here, in the world-price regime, not on the euro leg.

EVIDENCE

In 2024, UEMOA equipment-goods imports originated 53.6 percent from Asia (China 35.9 percent), 31.4 percent from Europe and 21.8 percent from the euro zone; refined petroleum represented 65.5 percent of the Union's energy-product imports and was sourced 75.4 percent from Europe, with Russia at 32.5 percent the largest single origin.

Source: BCEAO, Rapport sur le commerce exterieur de l'UEMOA au titre de l'annee 2024, October 2025. Geography: eight UEMOA member states. Method: customs data adjusted to balance-of-payments standards. Grade SEG-5. Caveat: category-level union aggregates for 2024; invoicing currency is not directly observed in customs data and is inferred from origin and commodity pricing conventions, a qualification the reader's own ledger must resolve.

Fourth, domestic repricing cannot ride on inflation. Union-wide inflation was negative in the two latest recorded quarters, minus 0.8 percent in Q4 2025 and minus 0.2 percent in Q1 2026, with the BCEAO projecting 1.6 percent for 2026 and holding its main policy rate at 3.00 percent. In an economy printing near-zero or negative inflation, no domestic price list rises by drift; every CFA-regime price increase is an explicit negotiation against a buyer who sees no inflation justification. Repricing must therefore be contractual, agreed in advance through clauses, rather than episodic. The demand backdrop, meanwhile, gives no cover for structural concession: the Union grew 6.5 percent in 2025 on the BCEAO's account, 6.6 percent on the IMF's, with 6.1 percent expected in 2026 and reserves at 7.8 months of imports. Weak pricing power in the CFA regime is a structural feature to be architected around, not a cyclical emergency to concede to.

EVIDENCE

WAEMU inflation was minus 0.2 percent in Q1 2026 after minus 0.8 percent in Q4 2025, with the BCEAO projecting 1.6 percent for 2026 and its main policy rate at 3.00 percent since 16 March 2026; WAEMU real GDP grew 6.5 percent in 2025 per the BCEAO (IMF estimate 6.6 percent), with 6.1 percent expected in 2026 and official reserves at 7.8 months of prospective imports in February 2026.

Sources: BCEAO Monetary Policy Committee communique, Dakar, 10 June 2026; IMF Press Release 26/166, 21 May 2026. Geography: eight WAEMU member states. Method: official CPI aggregation, CPM decision record and regional-consultation staff estimates. Grade SEG-5. Caveat: union-wide averages with material country dispersion; the 2026 inflation figure is a central-bank projection; the two institutions' 2025 growth figures differ by 0.1 point on estimation vintages and both are cited rather than averaged.

The executive consequence of the four facts together: in this corridor the currency question is not "how do we hedge" but "how is the price built". The euro leg needs a tripwire, not a forward book. The world-price leg needs contractual pass-through, because the peg gives no relief there. The CFA leg needs pre-agreed repricing mechanics, because inflation will not do the work. All three are properties of the price architecture, which is why the decision is structural and sits with the board.

Economics and uncertainty

The economics of the posture decision reduce to one quantity and one asymmetry.

The quantity is the **unmatched world-price exposure**: the portion of the cost base priced off world markets, in practice largely dollar-invoiced, that is matched neither by revenue in the same regime nor by a contractual pass-through clause. For a shock of s percent on world input prices, the annual profit impact of holding price is simply s times the unmatched base; divided by revenue, it is the margin compression in points. This is an arithmetic identity on the firm's own ledger, not an estimate, and the worked scenario applies it end to end. The exposure is a stock the board can measure once and manage; the shocks are flows it cannot control.

The asymmetry is the **clause trigger**. A well-drafted indexation clause names an index, sets a trigger, commonly around a 5 percent move, and passes through movement beyond it. Below the trigger, the clause does nothing and the restructured posture behaves exactly like holding price; beyond it, recovery grows with the shock. Architecture is therefore tail insurance: it looks inert in calm quarters, which is precisely when boards are tempted to let it decay, and it carries the margin in the quarters that matter. The sensitivity table in the scenario makes this visible: at a 6 percent shock the restructured posture saves little; at 18 percent it saves roughly half the damage.

Set against these two is the cost of the architecture itself: legal drafting, renegotiation time, and the negotiating capital spent asking buyers to accept clauses, plus the commercial risk that a buyer refuses. Those costs are real, firm-specific and mostly one-off; the exposure is recurring. The posture decision is the comparison of the two, made explicit and signed. Timing lowers the cost materially: clauses introduced at natural renewal, when terms are open anyway, spend far less negotiating capital than clauses demanded mid-contract, which is why the decision sequence ties the contract work to the renewal cycle rather than to the shock that finally makes the exposure visible. A firm that waits for the shock pays twice, once in the absorbed cost and once in the weaker bargaining position from which it then asks for the clause.

The postures also differ in reversibility, and the asymmetry runs the same way as at the deal table, only larger. A held price can be restructured next cycle; an installed clause can be allowed to lapse; but a structural concession resets reference prices across the book and, through procurement benchmarking, travels. Reversibility is why the sequence below treats concession as a board-only decision and never a default, and why the restructured posture, which preserves optionality in both directions, is where prepared companies usually land.

One more reason the decision must sit at company level is that nobody below that level owns the mismatch. Sales owns the revenue currency, because invoicing follows the customer. Procurement owns the cost currency, because sourcing follows the supplier. Treasury, in a pegged zone, owns a rate that never moves. Each optimises its own regime locally and rationally, and the mismatch between them appears on no one's objectives until it appears on the income statement. The exposure statement exists to give the mismatch an owner; the posture decision exists to give it a policy.

The macro backdrop calibrates the decision without deciding it. A union growing at more than 6 percent with reserves at 7.8 months of imports is not a demand environment that forces structural concession; a zone printing near-zero inflation is not an environment where holding nominal prices quietly erodes real ones. Both facts favour the disciplined postures. Neither belongs to the firm: they are the corridor's numbers, cited for calibration, and they expire with the publications that carry them.

Counter-case. The house position would be wrong, or badly weakened, in three identifiable conditions. One: a realignment of the parity or a restructuring of the guarantee framework. That event would turn the euro leg back into a live market exposure, invalidate this playbook's treatment of the euro regime as policy-fixed, and require a full treasury policy this playbook deliberately is not; the tripwire in the decision sequence is the bridge from this architecture to that response. Two: a cost base with little world-price content, for instance a services firm whose costs are overwhelmingly CFA labour. For such a firm the mismatch is immaterial, clauses add contracting cost for nothing, and the correct posture is hold-with-monitoring by default; the falsification condition below is the test. Three: an anchor buyer with decisive power who refuses clauses outright. Against such a buyer the architecture still prices what is being given away, but the binding decision becomes customer concentration, not pricing, and belongs in a different instrument.

Falsification condition. If a 10 percent world input-price shock, applied to the measured unmatched exposure, would move annual operating profit by less than about 5 percent, the structural decision is immaterial at that firm and this playbook's central recommendation loses its economic force there. The test requires only the regime exposure statement described below and is executable within ninety days by any finance function that can assign its cost ledger to currency regimes.

Highest-leverage unknown. The firm's own regime assignment. Currency of pricing, currency of invoice and currency of settlement can differ on the same purchase line, and published data cannot resolve them; the whole architecture stands on the firm's ledger being assigned honestly, which is why the exposure statement is the first action and carries a data-integrity escalation.

What this playbook is not valid for is listed in the failure-modes movement and must travel with any internal circulation.

Instruments: the price architecture

Two governed STREDGELAB frameworks structure this playbook, both at maturity F3: validated designs whose logic is reference-tested, with field validation pending. Neither is presented as field-proven, and neither supplies external benchmarks.

Margin Leakage Architecture (F3) supplies the diagnostic layer. Its regime application traces where stated margin differs from collected margin across the three currency regimes, and its output here is the **currency-regime exposure statement**: one page, CFO-signed, that assigns every material revenue and cost block to the euro, world-price or CFA regime and nets each regime.

REGIME	REVENUE ASSIGNED	COST ASSIGNED	NET POSITION	GOVERNING INSTRUMENT
Euro (policy-fixed by the peg)	Euro-invoiced exports and contracts	Euro-priced imports	Typically long	Peg tripwire; currency clause for framework events
World-price (dollar-invoiced inputs, freight, energy)	Usually none	World-priced imports	Typically short and unmatched	Indexation clauses with named index and trigger; matching where feasible
CFA domestic	Domestic sales	Labour, local inputs, overhead	Firm-specific	Pre-agreed repricing mechanics; tenor limits

The exposure statement is not a treasury FX report, and the difference is the point. It deliberately excludes marked-to-market positions, forward valuations and hedge accounting, because in this corridor those instruments address the leg that does not move. It includes what treasury reports omit: the currency of pricing behind each cost line, the pass-through terms of each material contract, and the gap between invoiced currency and economic exposure. It is a pricing document that happens to be denominated in currencies, not a currency document that mentions prices.

The statement carries its own evidence discipline. A regime assignment read directly off supplier invoices and contract terms is observed; an assignment inferred from a supplier's country or a commodity's usual quotation currency is an inference and is marked as one; an assignment resting on a category manager's recollection is an interpretation and cannot, alone, carry a block above the 10 percent materiality line. The same grading that governs this playbook's published claims governs the reader's internal artifact, because a posture decided on unlabelled guesses inherits their quality without inheriting their honesty.

Cash-Margin-Growth Triangle (F3) frames the posture choice the statement feeds. Holding price defends margin but leaves cash and volume exposed to the shock and to buyers who defect over rigidity. Conceding defends volume and near-term cash but spends margin permanently, because a structural reprice resets reference prices. Restructuring moves the trade-off into contract terms: it defends margin against the tail at a known cost in contracting effort and negotiating capital. The triangle does not decide; it forces the board to name which corner is being spent, in numbers, before signing the posture.

The architecture levers themselves are ordinary and require no proprietary tooling: the currency-of-invoice mix, set as policy in a board-approved band rather than left to sales incentives; indexation clauses tied to a named

public index with a stated trigger and pass-through share; a currency clause specifying what happens to price and settlement if the peg framework changes; tenor limits where counterparties refuse clauses; and settlement terms priced explicitly. What makes them an architecture is that they are decided together, at company level, against the exposure statement, and reviewed on a cadence.

At each posture review, the board asks five questions, in order, and the review does not proceed past a missing answer:

1. Is the exposure statement current, signed, and reconciled to the ledger within one accounting cycle?
2. What is the unmatched world-price exposure, in currency and as a share of operating profit under a 10 percent shock?
3. What is the indexation coverage ratio, and which named indices stand where against their triggers today?
4. Is the invoiced currency mix inside the board band, and if not, who decided the drift and where is that recorded?
5. What has the tripwire log recorded since the last review, and does anything in it touch the parity, the guarantee or the eco transition's monetary terms?

Five answers fit on one page. A board that cannot fill the page does not have a posture; it has an exposure.

Decision sequence

Five actions, each with owner, threshold, timing and escalation. The order matters: the statement precedes the posture, the posture precedes the contract work.

#	ACTION	OWNER	TRIGGER / THRESHOLD	TIMING	EVIDENCE PRODUCED	ESCALATION
1	Build the currency-regime exposure statement covering the full cost and revenue ledger	CFO	Any block above 10 percent of revenue that cannot be assigned to a regime within one accounting cycle	Within 90 days of adopting this playbook; refreshed half-yearly	CFO-signed exposure statement	Unassignable block raised to the audit committee as a data-integrity finding

#	ACTION	OWNER	TRIGGER / THRESHOLD	TIMING	EVIDENCE PRODUCED	ESCALATION
2	Decide the posture, hold, restructure or concede, at board level	Chief executive with the board, prepared by CFO	If a 10 percent world input-price shock would move operating profit by more than 15 percent, "hold" is available only with a recorded board acceptance of the quantified downside	Annually at budget, and within 30 days of any trigger event	Signed posture record with the quantified alternatives	Posture lapses after 12 months unrenewed; an expired posture blocks new multi-year contracts
3	Rebuild the contract book to the posture: indexation and currency clauses at every renewal	Commercial director with legal	Indexation coverage below 60 percent of the unmatched world-price base	Each renewal cycle from adoption	Clause register; coverage ratio reported quarterly	Counterparty refusal: tenor shortened to 12 months or less, or the retained risk priced and recorded
4	Govern the currency-of-invoice mix as policy	CFO with commercial director	Invoiced mix drifting more than 5 points from the board-set band without a recorded decision	Quarterly review	Mix report against the band	Drift returned to the executive committee; sales incentives may not set the mix
5	Operate the peg-framework tripwire	CFO	Any official BCEAO or French Treasury announcement altering the parity, the guarantee or the eco transition's monetary terms	Continuous monitoring; board convened within 5 working days of a trigger	Monitoring log citing the official texts	New multi-year mixed-currency commitments suspended until the posture is re-decided

A firm that starts at action 3, writing clauses before measuring exposure, produces clauses it cannot defend when a counterparty asks what the trigger protects; a firm that skips action 2 leaves every renewal to be argued case by case, which is the deal-table trap this playbook exists to close.

The first-year cadence follows from the order. Days 1 to 90: the exposure statement is built and the falsification test is run; if the test shows immateriality, the sequence stops at hold-with-monitoring and only action 5 remains live. Days 90 to 120: the board takes the posture decision against the quantified alternatives. From day 120: the contract book is rebuilt at each renewal, the mix is reviewed quarterly, and the tripwire runs continuously. From year two, the whole sequence compresses into the annual budget cycle plus trigger events.

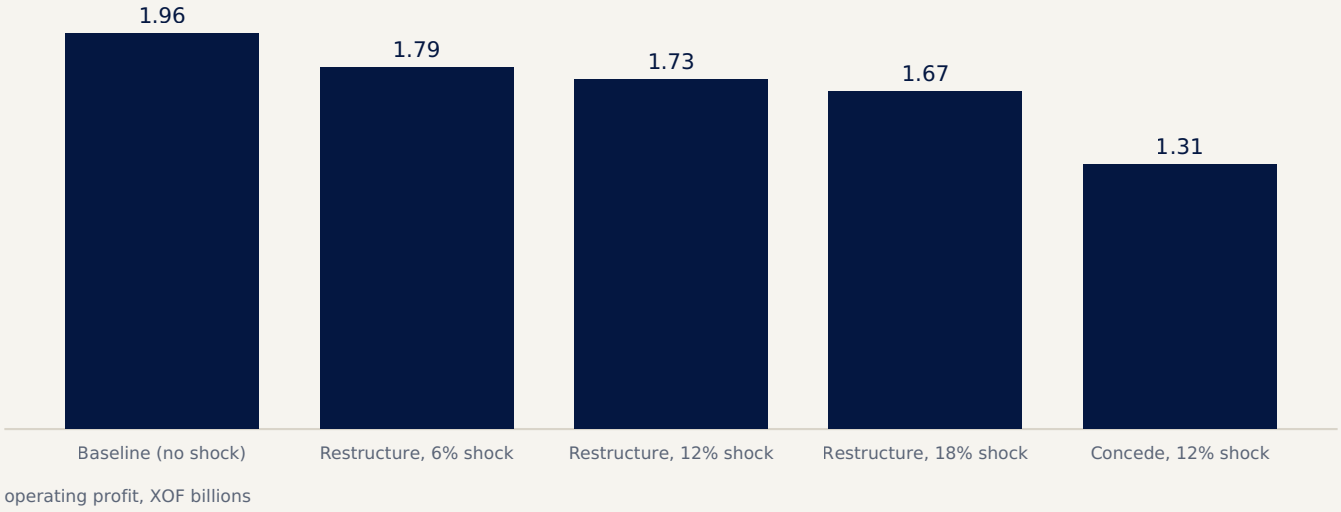
The posture also sets delegation limits, which is how it reaches the deal table without being renegotiated there. Under a held or restructured posture, account teams may trade term, scope and volume within their evidence files; they may not waive a clause, move an invoice currency across the band, or price below the structural floor, each of which escalates by name. The limits travel with the posture record, so a counterparty who asks whether the seller's negotiator can drop the indexation clause receives the true answer: no, and by design.

The signed posture record, the artifact action 2 produces, contains six entries and nothing else: the posture chosen; the exposure statement version it was decided against; the quantified alternatives considered, in the sensitivity-table format of the worked scenario; the thresholds that would force re-decision before the annual cycle; the named owners of actions 3, 4 and 5; and the date the posture lapses. One page, board-signed, filed with the minutes. Its brevity is deliberate: a posture that needs ten pages to state has not been decided.

Worked scenario: an illustrative Abidjan manufacturer

All figures in this scenario are ILLUSTRATIVE and synthetic. They describe no client and no real company; they are chosen to be representative of a mid-sized corridor manufacturer and to make the arithmetic reproducible. Basis: synthetic; every input is a scenario assumption.

ILLUSTRATIVE: OPERATING PROFIT BY POSTURE UNDER WORLD INPUT-PRICE SHOCKS



Source: SRC-ILLUSTRATIVE-SCENARIO-M. Shock cost = 3.28bn unmatched base x shock; clause recovery = 2.29bn covered base x max(shock - 5% trigger, 0); concede adds a 252m domestic concession. Synthetic inputs, labelled ILLUSTRATIVE.

Inputs. Manufacturer M, Abidjan, exporting to euro-zone buyers through Paris-based distribution and selling the balance domestically in Cote d'Ivoire.

INPUT	VALUE (ILLUSTRATIVE)
Annual revenue	XOF 14.0 billion, approximately EUR 21.3 million at the fixed parity of 655.957
Revenue mix	55 percent euro-invoiced exports (XOF 7.7 billion), 45 percent CFA domestic (XOF 6.3 billion)
Imported inputs	36 percent of revenue (XOF 5.04 billion), of which 65 percent world/dollar-priced (XOF 3.28 billion) and 35 percent euro-priced (XOF 1.76 billion)

INPUT	VALUE (ILLUSTRATIVE)
Domestic materials and energy (CFA)	26 percent of revenue (XOF 3.64 billion)
CFA labour	18 percent of revenue (XOF 2.52 billion)
Other local overhead (CFA)	6 percent of revenue (XOF 0.84 billion)
Operating profit	14 percent of revenue (XOF 1.96 billion)
Shock examined	12 percent rise in world prices of the dollar-priced input base
Clause design (restructure posture)	Named-index clauses, 5 percent trigger, full pass-through above trigger, covering the export book and one third of the domestic book

The exposure statement. One page, in the form action 1 prescribes:

REGIME	REVENUE (XOF BN)	COST (XOF BN)	NET (XOF BN)	READING
Euro (policy-fixed)	7.70	1.76	+5.94	Long; stable under the peg; exposed only to a framework event
World-price (dollar)	0.00	3.28	-3.28	Fully unmatched before clauses; 167 percent of operating profit
CFA domestic	6.30	7.00	-0.70	Mildly short; operationally matched

Calculation 1, the shock. A 12 percent world-price rise on the unmatched base costs 3.28 billion x 12 percent = XOF 394 million a year, 2.8 points of revenue: operating margin falls from 14.0 to 11.2 percent if prices are static.

Calculation 2, the three postures at the 12 percent shock. Hold: absorb 394 million; operating profit 1.96 falls to 1.57 billion, down 20 percent. Restructure: clauses cover the input cost attributable to the export book (55 percent of the unmatched base, 1.80 billion) and one third of the domestic book (0.49 billion), a covered base of 2.29 billion; recovery above the 5 percent trigger is 2.29 billion x 7 percent = 160 million, leaving 234 million absorbed; profit 1.73 billion, down 12 percent, before a one-off contracting cost assumed at roughly 15 million. Concede: cut domestic CFA prices 4 percent to defend volume while also absorbing the shock; 252 million of contribution surrendered on the domestic book plus the full 394 million, profit 1.31 billion, down 33 percent, with domestic reference prices reset for future cycles.

WORLD INPUT-PRICE SHOCK	HOLD (PROFIT, XOF BN)	RESTRUCTURE (PROFIT, XOF BN)	CONCEDE (PROFIT, XOF BN)
6 percent	1.76	1.79	1.51
12 percent	1.57	1.73	1.31

WORLD INPUT-PRICE SHOCK	HOLD (PROFIT, XOF BN)	RESTRUCTURE (PROFIT, XOF BN)	CONCEDE (PROFIT, XOF BN)
18 percent	1.37	1.67	1.12

Calculation 3, the natural hedge and the falsification test. The euro leg nets itself: 7.7 billion of euro-invoiced revenue against 1.76 billion of euro-priced cost leaves the euro regime long by 5.94 billion, and under the peg that length carries no market volatility; it is the reason M's board spends nothing hedging EUR/XOF and everything governing the world-price leg. The falsification test from the economics movement confirms materiality: a 10 percent shock on the 3.28 billion unmatched base is 328 million, 16.7 percent of operating profit, far above the 5 percent immateriality threshold, so the structural decision is live for M and the posture may not default to hold without a recorded board acceptance, which is exactly the threshold in action 2.

Sensitivity. Below the 5 percent trigger the clauses are silent and restructure tracks hold, minus contracting cost; the architecture's value grows with the shock, from 23 million recovered at 6 percent to 298 million at 18 percent. The spread between best and worst posture runs from roughly 280 million at a 6 percent shock to 550 million at 18 percent, against 1.96 billion of baseline profit. All values scale linearly with the unmatched base, which is the quantity action 1 measures.

Calculation 4, the second year. The concede posture's cost does not end with the year of the shock. The 4 percent domestic cut resets reference prices, so year two starts 252 million lower even if world input prices fully revert; recovering the old level requires winning back in negotiation what was surrendered by policy, against buyers now anchored on the lower number. Held and restructured postures carry no such tail: when the shock reverts, their baselines return. Priced over two years with the shock persisting, concession at 12 percent costs roughly 1.29 billion against restructure's 480 million; if the shock reverts after one year, concession still costs roughly 900 million against restructure's 250 million, because the 252 million surrender repeats while the other postures' baselines return. Either way the gap is the reversibility argument in figures, before any volume response.

Result. For Manufacturer M the defensible posture is restructure: hold headline prices, install named-index clauses across the export book and the top domestic accounts at renewal, set the invoice-mix band at 55 percent euro plus or minus 5 points, and reserve concession for the board alone. Holding without architecture is a recorded bet that shocks stay under the trigger; conceding is the only posture that loses in every row of the table.

The negative branch, for contrast. Run the same method on a Dakar professional-services exporter with the same 14.0 billion revenue but a cost base that is 78 percent CFA salaries and 6 percent world-priced inputs, and the exposure statement returns an unmatched base of roughly 0.84 billion: a 10 percent shock moves operating profit by about 4 percent, under the immateriality threshold. The falsification condition binds, the sequence stops at hold-with-monitoring, and the only standing obligations are the half-yearly statement refresh and the tripwire. The method's ability to conclude "do nothing structural here" is part of its value; an instrument that always recommends architecture is selling clauses, not judgment.

Interpretation. The scenario is not a prediction. It demonstrates that the posture choice, made once at company level, moves an amount comparable to a fifth of operating profit under a single plausible shock, which no sequence of deal-level saves can recover. Readers must rebuild every number from their own exposure

statement before acting; the sensitivity table is the template, and the synthetic figures must never be quoted as market data.

Failure modes and invalid uses

Four recurring failure modes, each with its trigger and owner; the trigger, not the mood of the quarter, forces the escalation.

FAILURE MODE	ESCALATION TRIGGER	OWNER	RESPONSE
Peg complacency: the euro leg treated as riskless forever, tripwire unstaffed	Monitoring log empty for two consecutive quarters	CFO	Tripwire ownership reassigned and reported to the audit committee
Hedging theatre: financial cover bought against the pegged pair while the world-price leg stays naked	Any hedging spend on EUR/XOF without a framework-event rationale	Board	Spend suspended; exposure statement re-run; posture re-decided
Architecture rot: clauses drop out at renewals, coverage decays unnoticed	Coverage ratio below 60 percent, or a named index past its trigger with no repricing action within 30 days	Commercial director	Renewal freeze on multi-year contracts until coverage is restored, or a reasoned exception recorded
Mix drift: currency-of-invoice mix set by sales convenience, not policy	Mix more than 5 points outside the board band without a recorded decision	CFO	Mix decision returned to the executive committee within one month
Posture theatre: a posture signed at board level that deal teams have never seen	Any concession or clause waiver granted without reference to the posture record	Chief executive	Posture record circulated with delegation limits; the waiver treated as a control breach, not a commercial misjudgment

The modes compound. Architecture rot plus mix drift is the quiet pair: coverage decays while the invoiced mix wanders, and each makes the other harder to see because the exposure statement that would reveal both is the artifact nobody refreshed. The half-yearly refresh in action 1 is the single control that catches every mode on this list, which is why its lapse is the first thing an auditor should check.

NOT VALID FOR

This playbook must not be used as: a treasury or FX hedging policy, which it deliberately is not; a forecast of, or speculation guide on, the future of the CFA franc peg or the eco transition; a guide to price coordination with competitors, which is unlawful; pricing of regulated or administered tariffs; legal drafting of indexation or currency clauses, which requires OHADA counsel; a substitute for deal-level negotiation preparation, which the companion field briefing governs; application to floating-currency markets, including immediately adjacent ones, without full rework of the currency reasoning; or any use of the illustrative scenario figures as market data.

Transferability, limits and sources

What transfers. The three-regime decomposition, the exposure statement, the posture triad and the trigger-asymmetry economics transfer to any corridor where the operating currency is pegged to the customer currency, most directly the CEMAC-euro corridor, subject to re-verifying every institutional fact against that zone's own texts.

What does not transfer. The treatment of the euro leg as policy-fixed is peg-specific and fails entirely in floating-currency markets, where the same mismatch is a continuous treasury problem. The trade-share calibration is UEMOA-wide and 2024-vintage; firm-level mixes differ widely, and the figures expire with the next BCEAO external-trade report. The macro calibration expires with the mid-2026 BCEAO and IMF publications cited. The scenario is synthetic and transfers as method only.

Relation to the companion instrument. The companion field briefing on pricing defensibility and this playbook divide one corridor between two decision levels. The briefing arms a seller for a named negotiation: evidence file, walk-away floor, field checks, deal by deal. This playbook sets the standing policy those negotiations inherit: the posture, the clause architecture, the invoice-mix band, the tripwire. Read together, the sequence is architecture first, evidence file second; a concession that survives both filters is a decision, not a leak. Neither document substitutes for the other, and each says so.

Adaptation protocol. Any transfer of this playbook, to another corridor or another firm, follows four steps in order: re-verify every institutional fact against the destination zone's own primary texts, starting with the parity instrument and its guarantor; rebuild the exposure statement from the destination firm's ledger, never from this document's illustrative figures; re-run the falsification test before recommending any architecture; and re-derive the thresholds, which are house policy calibrated to this corridor's contract tenors and are not portable as numbers. A transfer that skips the first step imports institutional claims across a treaty boundary, which is the one error this document's method cannot survive.

Refresh conditions. Re-run the exposure statement half-yearly; re-decide the posture annually and at any tripwire event; refresh the trade and macro calibration at each BCEAO external-trade report and CPM communique; withdraw the playbook for rework if the peg framework changes.

Data gaps stated plainly. Invoicing currency is not directly observed in the customs data behind the 2024 trade report; the world-price assignment of each firm's import bill must come from its own ledger. No official union-wide statistic on contract indexation practice met the evidence standard used here, so coverage thresholds are stated as house policy, not benchmarks.

Sources. BCEAO: history of the CFA franc; Monetary Policy Committee communique of 10 June 2026; monetary policy objectives; Rapport sur le commerce exterieur de l'UEMOA au titre de l'annee 2024 (October 2025). IMF: Press Release 26/166 of 21 May 2026. French Treasury (DG Tresor): publication of 23 December 2019 on the reform of monetary cooperation; French Senate ratification report No. 289 (2020). All anchors verified against the official texts on 2 August 2026; full source and claim detail in the evidence register accompanying this playbook. The two governed frameworks named in this playbook are STREDGELAB Signature IP at maturity F3, validated designs with field validation pending; no external benchmark or field-proven claim is made for either.