

**CENTRAL BANK INDEPENDENCE IN THE MENA REGION USING THE
JACOME 2001 INDEX:
THE CASES OF MOROCCO, EGYPT, TURKEY, AND TUNISIA**

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Abstract

This article examines central banks independence in the MENA region employing the Jacome (2001) legal index, drawing upon the most recent law of the central banks of Morocco, Egypt, Tunisia, and Turkey.

The findings reveal a substantial strengthening of independence among these central banks following statutory reforms, although notable differences persist regarding their levels of independence. The Moroccan central bank appears to be the most independent in the region, particularly with respect to autonomy from the political regime and procedures surrounding the appointment of governors and council members, criteria that are decisive in determining the degree of central bank independence.

These differences have important implications for monetary credibility and policy effectiveness. Strengthening central bank autonomy can support more transparent and stable governance, contributing to broader economic development objectives. This study also provides an empirical and comparative perspective on central bank independence in the MENA region, offering useful guidance for policymakers and contributing to the underrepresented literature on institutional reforms in developing economies.

Keywords: Central bank independence, Jacome index, legal central bank independence, Mena region Institutional Development Policy Implications

JEL codes: E58, E52



I- Introduction

Central bank independence is widely recognized as a key factor influencing monetary credibility and overall economic stability. While most studies have focused on advanced economies, the MENA region remains underrepresented in empirical research. This paper aims to fill this gap by providing a comparative analysis of central bank independence in four MENA countries, highlighting variations in institutional frameworks and governance mechanisms. By linking institutional reforms to potential development outcomes, the study offers insights relevant for policymakers and practitioners in the region.

Since the late 1970s, central banks' growing interest in their independence has intensified. This pursuit of increased autonomy is justified by the rise in inflation and unemployment, both in industrialized and developing countries, following the end of the post-war economic boom.

As previously noted, the theory of inflationary bias—developed from the work of Kydland and Prescott (1977) on the time inconsistency of economic policy and Barro and Gordon (1982) on the inflationary nature of discretionary monetary policy conducted by governments, has highlighted the importance of autonomous monetary policy and independent central banks for price stability. This theoretical framework, supported by the monetarist school of thought and the new classical economics, has guided the policy choices of central banks since the 1980s, particularly as the stagflation of the 1970s challenged the effectiveness of the inflation-unemployment trade-off as described by the Phillips curve.

In the same vein, a series of empirical studies have sought to examine the existence of a relationship between central bank independence and inflation. Indices measuring central bank independence have also been developed, taking into account various dimensions of independence, notably the relationship with political power, the monetization of public debt, the nature of the central bank's objectives, and the independence of monetary policy instruments.

In this article, after presenting the main indices for measuring central bank independence, we analyze the degree of independence of four central banks in the MENA region, specifically, those of Turkey, Egypt, Morocco, and Tunisia. The choice of these central banks is not coincidental.

In the case of Turkey, amendments to the statutes of the central bank aimed at enhancing its independence were undertaken at the very beginning of the 2000s (2001), following a major financial crisis that erupted in February of the same year. This crisis was the result of challenging economic and financial conditions, characterized by growth rates oscillating between periods of high and low activity, unbearable public debt (104% of GDP between 2000 and 2001), and persistently high inflation over several years (averaging 64% between 1982 and 2002, with a peak of 125% in 1994). In response to this situation, the 2001 financial crisis precipitated a recession of approximately 9.4% and prompted a series of economic and financial reforms, including amendments to the statutes of the central bank.

In Egypt, the economy has undergone substantial transformations since the early 1990s, notably thanks to economic and financial reforms that have facilitated sustained growth and a reduction in inflation from 1997–1998 onward. The independence of the central bank was enhanced through legislative reform in 2003, and subsequently in 2020, granting the central bank greater autonomy in the conduct of monetary policy.

In the case of Morocco, following a severe economic crisis in the 1980s, the country initiated major economic reforms, supported by international institutions, to stabilize the

economy. The initial amendment to the statutes of the central bank took place in 2006, granting Bank Al-Maghrib (BAM) greater independence in the conduct of monetary policy, following a decade characterized by best practices such as the cessation of public debt monetization and effective inflation management. The subsequent reform in 2019 further deepened this independence, while clarifying BAM's macroprudential responsibilities, particularly in the aftermath of the 2008 financial crisis.

Following independence, Tunisia experienced macroeconomic imbalances, which were aggravated by an excessive reliance on monetary financing to fund public investment. The 1986 structural adjustment program, supported by international institutions, facilitated the restoration of macroeconomic equilibrium. The first amendment to the statutes of the Central Bank of Tunisia (BCT) occurred in 2006 to reinforce its independence, followed by a second reform in 2016 that conferred greater authority to the BCT in the management of monetary policy, although it remains subject to political impact.

This study contributes to the literature by combining a theoretical framework on central bank independence with an empirical comparison across multiple MENA countries using the Jácome (2001) legal index. The findings are intended to inform both academic research and policy decisions, demonstrating how institutional differences shape governance and economic development outcomes in the region.

II- Literature review of central bank independence measurement indices

The initial attempts to measure central bank independence were proposed by Grilli, Masciandaro, and Tabellini, and subsequently by Alesina and Summers, who paved the way for a systematic evaluation of this concept. These approaches were further refined by Cukierman, Webb, and Neyapti, whose index, covering a broader sample of both developed and developing countries, rapidly became a reference point in literature. Subsequently, Jácome (2001) proposed a modified version of this index, the Cukierman Modified Index (CMI), by incorporating new dimensions, such as the accountability and transparency of central banks, in order to better capture institutional developments. More recently, after several decades during which the works of Cukierman et al. (1992, 1995) and Jácome (2001) dominated empirical research, Khan et al. (2024) introduced a new index designed to update and enhance the measurement tools for monetary independence in a context characterized by profound transformations in economic and financial governance.

II-1 The Work of Cukierman:

II-1 1-The Cukierman Legal Index

The legal index developed by Cukierman et al. (1992) suggests an evaluative framework composed of sixteen different criteria, with each criterion assigned a score of 0 for the lowest level of independence and 1 for the highest.

The significance given to each criterion in terms of its contribution to the legal independence of central banks is indicated by the weight allocated to each criterion (Cukierman et al., 1992).

According to Cukierman et al. (1992), these criteria may be grouped into four subcategories for assessing central bank independence by reference to their statutes: (i) appointment and tenure of governors; (ii) formulation of monetary policy and resolution of conflicts between the central bank and government objectives; (iii) objectives of the central bank; and (iv) limitations on the capacity of the central bank to grant credit to the public sector, including restrictions, volume

limits, maturity, percentages, and the conditions of direct advances and secured loans by the central bank to the public sector.

Cukierman et al. (1992) define best practices for central banks with respect to each sub-criterion. Accordingly, a central bank in which the council's term is long, and the executive has minimal authority over the dismissal of the governor is considered the most independent.

In the same vein, a central bank that holds the final authority in the formulation of monetary policy and resists the executive in the event of conflict is regarded as the most independent according to this criterion.

With respect to central bank objectives, Cukierman et al.¹ (1992) state that a central bank for which price stability is the primary or exclusive objective is considered more independent than a central bank that pursues other objectives, even if those objectives are compatible with price stability, such as the stabilization of the banking system. The latter is considered even more independent than a central bank that pursues, alongside price stability, objectives that are contradictory, such as employment or economic growth. Finally, the least independent central bank is one whose statutes do not mention the objective of price stability.

Concerning lending to the government and the public sector, the most independent central bank is one that establishes limits on its lending to the public sector, or does not extend loans at all, whether in the form of advances. In this regard, the independence of the central bank also depends on the basis for granting loans, whether tied to the monetary base, the central bank's capital, government revenues or expenditures, or the interest rates applied to such lending.

That said, while emphasizing the importance of independence of the governor of central banks, Cukierman et al. (1992), nevertheless, specify that the actual independence of central banks depends not only on statutory provisions but also on several other factors, including the nature of the Policy-mix implemented, the quality of the research output of the central bank's research department, and the degree of inflation aversion among key central bank and government officials.

In this context, Cukierman et al. (1992, 1995) developed, in addition to the legal independence index, indices of de facto central bank independence, notably the turnover rate of central bank governors, the political vulnerability index, and a questionnaire addressed to central bank officials and executives with the objective of identifying discrepancies between the statutes of the central bank and their implementation in practice.

II-1-2. De facto independence indices

II-1-2-a Turnover of the central bank governor

Cukierman et al. 1995 argue that when political authorities have frequent opportunities to appoint a new central bank governor, they tend to select individuals who will implement their policy orientations and preferences in cases of conflicting objectives, which is detrimental to price stability.

Thus, rapid turnover of the central bank governor, where the governor's term is shorter than that of the government, makes the governor more susceptible to political pressures and discourages the establishment of a long-term monetary policy, as there is a risk of removal from office before the end of the electoral cycle.

¹ Cukierman et al. (1992)

In the same vein, when the shift in governorship takes place concurrently with, or immediately following, a change in government, this indicates a lower level of independence than a turnover occurring at another time², particularly when the governor remains in office for several years after a change in the executive. A long mandate for the central bank governor signifies the capacity to withstand political pressures aiming to utilize monetary policy for objectives other than price stability. Cukierman et al. (1992) nevertheless point out that less frequent rotation of the governor does not always reflect a high degree of central bank independence, insofar as political power may be inclined to retain, over an extended period, a governor who strictly implements the government's preferences³.

II-1-2-b The Political Vulnerability of the Central Bank Governor

Political vulnerability (V_i) refers to the number of changes in the central bank governor occurring within a six-month interval following a change in the executive. If a change of governor takes place within this interval, it indicates sensitivity to political authority and reflects a low level of central bank independence. The vulnerability index differs from the frequency of central bank governor turnover in that the rotation of the governor concerns the entire period, whereas political vulnerability pertains solely to the six months following a change in the executive, and is largely influenced by the nature of the political regime.

II-1-2-c The Questionnaire Addressed to Monetary Policy Officials

The questionnaire developed by Cukierman et al. (1992) augments their array of indices for assessing central bank independence. This index is based on responses to a questionnaire distributed to a representative sample of monetary policy specialists in different central banks.

The criteria considered in the questionnaire are seven in total and pertain to: (i) the degree of independence of the governor and the central bank board with respect to political power. The greater the turnover of the central bank coincides with that of the government, the less independent the central bank is, and vice versa; (ii) the effective limits imposed on lending. The lowest level of central bank independence is observed when there are no restrictions on lending and when the government can easily adjust these limits; (iii) the procedures for resolving conflicts between the government and the central bank (whether or not they are decided in favor of the central bank); (iv) financial independence, particularly regarding the determination of the bank's budget and the remuneration of its senior officials; (v) the degree of emphasis placed on monetary aggregates or interest rate targets (a central bank that targets the money supply is considered more independent, as this target allows it to withstand government pressure once the target is achieved, whereas a bank that targets the nominal interest rate is considered less independent because such a target contains price increases only indirectly); (vi) the priority given to price stability; and (vii) the ability of the central bank to refuse government objectives of granting subsidized credits to support economic development.

The various responses attempt to identify the discrepancies between legal and effective independence, particularly when this divergence is substantial. It should be noted, however, that responses to questionnaires constitute the subjective interpretation of monetary authorities. These actors may influence the conclusions regarding the independence of their central banks, either intentionally or through interpretive bias; therefore, their opinions should be treated with considerable caution.

² Cukierman (1995)

³ Cukierman et al 1992

II-2. The works of Jácome

Drawing on the works of Cukierman et al. (1992) and Cukierman (1995), Jácome (2001) develops an index of the legal independence of central banks, which accounts for (i) the legally assigned objective of the central bank, (ii) the political independence of the central bank, (iii) the economic independence of the central bank, (iv) financial independence, and (v) the accountability and transparency of the central bank.

The Jácome (2001) index distinguishes itself from that of Cukierman et al. (1992) by incorporating new criteria, notably: (i) the role of the central bank as lender of last resort is included as an element of central bank economic independence⁴; (ii) still in relation to economic independence, the index challenges government participation in exchange rate policy, particularly when the law does not clearly specify how to resolve conflicts of objectives between the government and the central bank; (iii) it similarly takes into account the financial autonomy of the central bank; and (iv) it considers the degree of accountability and transparency of the central bank⁵.

That said, the weights assigned by the index to the various criteria differ from one criterion to another. The objective of monetary policy and its formulation, the economic independence of the central bank, and the limits on credit extended to the government carry decisive weight in the index. Political independence, notably the appointment of governors and the conditions of their dismissal, is accorded comparatively less weight. Nevertheless, these criteria remain significant insofar as they reflect the nature of the relationship between the central bank (the governor and members of the council) and political power.

II-3 The works of Khan et al. (2024)

The works of Khan et al. (2024) is premised on challenging the indices that dominate the assessment of central bank independence, notably those of Cukierman et al. (1992) and Jácome (2001).

The index developed by Khan et al. (2024) exhibits a fundamental distinction from those of Cukierman (1992) and Jácome (2001), specifically concerning the inclusion of government members on the central bank board. The index posits that the presence of a government representative on the central bank board, even in a consultative role without voting rights, renders the central bank dependent on political power and undermines the autonomy of monetary policy.

Similarly, Khan et al. (2024) diverge from prior indices with respect to the formulation of monetary policy. Their contribution consists in prohibiting the presence of government representatives on the central bank board, thereby ensuring that the bank is genuinely regarded as independent in the formulation of monetary policy. In other words, even when the central bank possesses sole authority to formulate monetary policy objectives, the presence of a government representative, even without voting rights, undermines its independence.

⁴ In Latin American countries, the subject of Jácome's (2001) work and where the frequency of financial crises has been relatively high, central banks have played an important role in restoring macroeconomic balance

⁵ The index does not merely consider the responsibility of the central bank as a facet of its independence, but as an essential component of its autonomy.

Similarly, Khan et al. (2024) render a decision regarding the objectives of monetary policy. When the central bank operates under dual mandates with objectives that contradict price stability and are not subordinate to it, it cannot be considered independent.

Another important distinction introduced by the index developed by Khan et al. (2024) pertains to the authorization of lending to the State. The index prohibits even short-term lending in any form and considers that central banks which provide credit to the State solely in cases of force majeure or emergency cannot be regarded as independent.

In their article, Khan et al. (2024) contend that the criteria for financial independence have been absent from existing indices, in that they have only been marginally considered in previous measures.

The index is based on ten composite criteria, which consider multiple aspects of central bank independence and capture the interrelations among these aspects⁶, thereby providing a comprehensive assessment of central bank independence.

III- Methodology

As noted before, numerous indices have been developed to measure the legal independence of central banks, most notably the Cukierman Index (1992) and the Jacome Index (2001). We employ the Jacome Index (2001) (Appendix 1), as it constitutes an extension of the Cukierman Index by introducing additional and decisive criteria for central bank independence (transparency, accountability), and by taking into consideration aspects related to the central bank's function as lender of last resort (unlike the Khan Index (2024)), which allows for an assessment of central bank independence that also evaluates their practices during major financial crises, when support of the financial system via the lender of last resort function is required. Safeguarding the flexibility of central banks during severe and global financial crises reinforces the legitimacy of their independence.

As previously indicated, the index is based on ten criteria (aspects) of central bank independence, namely: the objective of the central bank; the appointment and tenure of members of the board of directors; the structure of the board of directors; the rotation of board members; central bank lending to the state; the lender of last resort function; independence in the use of instruments for the conduct of monetary policy; financial independence; accountability, transparency, and the publication of financial statements.

The weight assigned by the index to the various criteria differs from one criterion to another. The objective of monetary policy and its formulation, the economic independence of the central bank, and the limits on credit extended to the state are the most decisive criteria of independence. Next, the analysis addresses aspects of political independence, notably the relationship between the central bank and political authorities, particularly with respect to the appointment of governors and the conditions for their dismissal, which are, however, no less significant.

For each criterion, three levels of independence are delineated, with corresponding scores of 1, 0.5, and 0.

⁶ Khan et al. (2024)

IV- Assessment of the independence of the central banks of Morocco, Tunisia, Turkey, and Egypt according to the Jácome (2001) index

With regard to the first criterion, the objective of the central bank, for the Moroccan central bank BAM), Article 6 of the statutes stipulates that price stability is BAM's primary objective. In the same vein, Article 25 specifies that the council defines the objective of price stability. It is therefore clear that, with respect to this criterion, the highest level of independence is attained.

For the same criterion, with regard to the Central Bank of Tunisia (BCT), it can be observed that, according to Article 2 of the statutes, the Bank is entirely independent in formulating its objective. Article 7 further demonstrates that the primary objective of the Central Bank of Tunisia is the maintenance of price stability. This objective is pursued while supporting the economic policy of the State, as stated in the same article.

Article 63 further stipulates that the BCT board defines the Bank's strategy and policies in the fields of monetary policy and financial stability.

It may therefore be concluded that CBT conducts its monetary policy with full autonomy, in accordance with a dual mandate in which price stability constitutes the principal, but not exclusive, objective. This attests to a moderate level of independence with respect to this criterion.

With regard to the Central Bank of the Republic of Turkey, the primary objective of the bank is to maintain price stability. According to Article 4, the bank determines monetary policy and the instruments to be employed, and supports the objectives of the government provided that this does not prejudice the objective of price stability.

Similarly, the Central Bank of the Republic of Turkey determines the inflation target jointly with the government and is exclusively authorized and responsible for ensuring price stability.

The monetary policy strategy is defined by the Monetary Policy Committee, and the inflation target is determined jointly by the government. According to Article 22, the bank board is vested with the authority to determine the monetary policy to be implemented.

Accordingly, it can be observed that the independence of the objective is incomplete, as the government participates in defining the inflation target. This confers upon the Central Bank of Turkey a moderate level of independence.

Regarding the Central Bank of Egypt (CBE), Article 6 of its statutes stipulates that price stability constitutes one of the central bank's objectives within the framework of the State's economic policy. The statutes do not specify that price stability is the sole or primary objective of the central bank; rather, the bank pursues this aim alongside other objectives (Articles 6 and 7) without prioritization, and it is entrusted with both the formulation and implementation of monetary policy. We are thus confronted with a moderate level of independence.

As far as the second criterion, which concerns the appointment and terms of office of the members of the bank board, in the case of the Moroccan central bank, the governor is appointed (following Article 49 of the Constitution) by the Council of Ministers, presided over by the King, on the proposal of the head of government, for a term of six years, renewable only once.

The other members of the board are appointed by the head of government, upon the recommendation of the 'Wali' (governor) of BAM (three members) and the Minister of Finance

(three members), for a non-renewable six-year term. One third of the members' seats are renewed every two years by means of a random draw. It may thus be observed that the appointment of bank board members, whether the Wali or the other members, is conducted in a single stage, which reflects the influence of the executive over the central bank board and implies a modest level of independence for BAM, even if the board's term exceeds that of the government.

In the case of the Central Bank of Tunisia, the governor of the BCT is appointed for a six-year term, which exceeds the duration of the governmental mandate in Tunisia, and is appointed by the president in a two-stage process: on the proposal of the government and with confirmation by the legislature.

Regarding the vice-governor, the appointment is made in a single stage by the government, on the proposal of the governor, also for a six-year term.

The other members of the board are likewise appointed in a single stage by the government, without any legislative approval, for a three-year term, which is shorter than the governmental mandate. This indicates a modest degree of independence with respect to this criterion.

With respect to the Central Bank of Turkey, the appointment of board members is undertaken by the general assembly for a three-year term. According to Articles 15 and 16, the general assembly is composed of shareholders and is responsible for electing the governor and the members of the central bank board. Conversely, the mandate of the Monetary Policy Committee is five years, matching that of the government, which attests to a markedly low degree of central bank independence.

With respect to the Central Bank of Egypt, the President of the Republic is responsible for appointing the governor, following Articles 17 and 18 of the statutes. This appointment is made following parliamentary approval and is for a four-year term (a duration equal to or shorter than that of the government).

The terms of the council members are also four years and may be renewed; appointments are made based on the proposal of the governor and upon the recommendation of the head of government. It is thus evident that only the central bank governor is appointed following legislative confirmation, whereas the appointment of other council members does not require parliamentary approval.

The appointment of the governor and the members of the central bank board is for a renewable four-year term, aligning the tenure with that of the President of the Republic and the government. Consequently, the governor and the board of the central bank remain subject to the political cycle, which denotes a modest degree of independence according to this criterion.

With respect to the third criterion, which pertains to the structure of the bank board, the statutes of the Moroccan central bank (BAM) reveal that neither private sector nor public sector representatives sit on the BAM board, with the exception of the representative from the Ministry of Finance (the Director of Treasury); the latter does not participate in voting on monetary policy issues. This demonstrates the highest degree of independence according to this criterion.

Regarding the Central Bank of Tunisia, Private sector members are included on the BCT board, public sector representation is not limited to the representative from the Ministry of Finance, and there is no provision in the statutes specifying that government representatives are excluded from voting on monetary policy decisions. Thus, the level of independence is low.

With respect to the Turkish central bank, the representative of the Ministry of Finance sits on the Monetary Policy Committee but does not hold voting rights concerning monetary policy decisions. Committee members are appointed from among the members of the bank board.

The board is composed of the governor and six members elected by the general assembly, who must not hold any other responsibility outside the bank, unless this is stipulated by specific legislation. This reflects a substantial degree of independence according to this criterion.

Regarding the Central Bank of Egypt, the structure of the CBE board, as outlined in Article 21, indicates the absence of government and private sector representatives on the board. It is clearly evident that the CBE board possesses autonomy with respect to decisions concerning monetary policy. Consequently, this corresponds to the highest level of independence with respect to this criterion⁷.

Regarding the fourth criterion, specifically the rotation of central bank board members, for the Moroccan central bank, Article 26 of the statutes states that dismissal is determined by decision of the board on legal grounds (serious misconduct). This corresponds to an intermediate level of independence according to this criterion.

The law governing the Central Bank of Tunisia, in contrast, only addresses the conditions for dismissal of the central bank governor but does not specify the conditions for dismissal of the other council members. This ambiguity concerning the rotation of the other members results in a low level of independence for the BCT with respect to this criterion.

The dismissal of council members of the Turkish central bank is similarly decided by the general assembly without any indication of the reasons for dismissal. Moreover, one third of the council members must be replaced each year, indicating a very high rate of council member turnover and a correspondingly low level of independence.

Article 24 of the statutes of the Central Bank of Egypt stipulates that decisions concerning dismissal are made on legal grounds by the President of the Republic, which reflects a moderate level of independence for the Central Bank of Egypt with respect to this criterion.

As far as the fifth criterion is concerned and which pertains to credits granted to the government, in the case of BAM, Article 69 of the statutes stipulates that the bank may not be considered as guaranteeing the government's commitments, nor may it systematically purchase Treasury bills or provide financial assistance except within the framework of a facility amounting to 5% of the previous year's fiscal revenues, for a duration not exceeding 120 days. The Treasury financing rate corresponds to BAM's policy rate. The central bank reserves the right to revoke this facility whenever prevailing circumstances and the state of monetary liquidity necessitate it. This constitutes the highest degree of autonomy based on this criterion.

Regarding the Central Bank of Tunisia, According to Article 22 of its statutes, the BCT is prohibited from extending overdraft or credit facilities to the State General Treasury, as well as from directly acquiring securities issued by the State. This attests to the highest level of central bank independence and the absence of any form of seigniorage at the BCT.

⁷ For a high level of independence, dismissal is carried out by the legislature or the judicial court

In the case of the Turkish central bank, Article 50 of the statutes prohibits advances to the Treasury and the guarantee of state credits. This reflects a complete absence of seigniorage and a high degree of independence from the monetization of state debt.

The Central Bank of Egypt particularly in Article 47 stipulates that the CBE may extend financial assistance to the state only up to a limit of 10% of the average tax revenues realized over the previous three fiscal years, and solely in the form of overdraft facilities. The total duration of use of such a facility may not exceed three consecutive, renewable months within a fiscal year, and must be repaid within twelve months. This, therefore, constitutes a high level of independence.

Regarding the sixth criterion, which concerns the role of lender of last resort, Article 6 of the statutes of BAM stipulates that BAM regularly consults with the Ministry of Finance to ensure macroprudential policy. Article 25 stipulates that, among the mandates of the bank, is the definition of the various instruments necessary for addressing exceptional situations, notably the provision of necessary liquidity to financial institutions facing temporary difficulties, provided there is no systemic risk. For institutions encountering solvency issues, a state guarantee is required to cover such operations (Article 67). This represents a moderate level of independence with respect to this criterion, as the statutes do not define limits for the amounts guaranteed.

Article 19 of the statutes of the Central Bank of Tunisia stipulates that the BCT may provide financial assistance to financial institutions whose solvency is compromised, and which are important for the stability of the financial system (too big to fail) for a period of three months, renewable at an interest rate higher than that applied in refinancing operations. There are no limitations on the guaranteed amount; however, assistance is provided on a regulated basis, which indicates a moderate level of independence according to this criterion.

In contrast, Article 4 of the statutes of the Central Bank of the Republic of Turkey acts as a lender of last resort. It conducts credit extension operations to banks, determines the interest rates applied to these credits, and monitors financial markets to prevent systemic risks. The statutes do not specify any limits regarding the guaranteed amounts. Thus, it can be observed that the regulation of financial market financing exists, but without limits on amounts, which indicates a moderate level of independence.

In the case of Egypt, Articles 10 and 11 of the central bank's statutes state that, through its board of directors, the central bank may authorize emergency refinancing for any bank facing a liquidity shortage, with clearly defined limits as set out in Article 10.

Article 11 further indicates that, in exceptional financial circumstances, the central bank may finance banks with low levels of solvency by providing a government guarantee, under clearly defined conditions in Article 11 (including duration of financing, renewal, and applicable interest rates). The statutes do not specify any limits regarding the amount guaranteed; therefore, this reflects a moderate level of independence.

Regarding the seventh criterion, which is the instrumental independence of the central bank with respect to the conduct of monetary policy, Article 7 of the statutes of BAM indicates that the central bank intervenes in the money market through the use of monetary policy instruments. Similarly, Article 66 clearly establishes that BAM defines the instruments of monetary policy, while Article 25 stipulates that BAM determines all instruments to be utilized and decides upon any measures to be taken under exceptional circumstances, particularly the provision of emergency liquidity and advances as set forth in Article 67. It is therefore evident

that BAM possesses full autonomy concerning the selection and deployment of monetary instruments, indicative of a high degree of independence.

The Central Bank of Tunisia (BCT) in Article 8 of the BCT's statutes implements monetary policy with complete autonomy. Article 10 further indicates that the BCT undertakes any operation it deems necessary for the conduct of monetary policy. This indicates that the central bank enjoys full independence in the utilization of its instruments.

According to Article 22 of its statutes, the council of the Central Bank of the Republic of Turkey makes decisions concerning the monetary policy instruments to be employed and determines their usage. The Central Bank of Turkey thus enjoys full independence in the use of its instruments to achieve its mandate of price stability.

About the Central Bank of Egypt, Article 8 specifies that the Central Bank of Egypt employs all necessary measures to achieve its objectives, including the formulation and implementation of monetary policy. This reflects a high level of independence with respect to this criterion.

With reference to the eighth criterion, namely the financial independence of the central bank, in the case of BAM, Articles 22, 25, and 48 of the statutes clearly indicate that the bank board determines the manner in which BAM's own funds (capital and reserves) are to be utilized. Article 2 also states that 'The capital of the Bank is set at 500,000,000 dirhams.' It is fully paid up and held by the State. The capital of the Bank may be increased through the incorporation of reserves upon the decision of the bank board, following the opinion of the government commissioner, up to a limit of fifty percent of the capital. In the event of insufficient bank capital, the Government is obliged to make a cash contribution to cover the shortfall under the same conditions, subject to regulatory approval.' According to Article 48, 'The Bank's net profit, adjusted as necessary by the carryforward of results from the previous fiscal year, shall be allocated, in an amount of at least ten percent (10%), to the establishment of a general reserve fund until the latter reaches an amount equal to the Bank's capital. Upon the proposal of the Wali of Bank Al-Maghrib and with the agreement of the governmental authority responsible for finance, the council may decide to allocate a portion of the profits to the establishment of special reserve funds.' The balance of the net profit available, after the deductions specified in the preceding paragraphs of this article and in the agreements concluded between the State and the Bank, shall be paid to the Treasury. The financial independence of the bank is therefore fully preserved.

Regarding the Central Bank of Tunisia, its capital is entirely constituted by a state shareholding, and the remaining amount is paid to the general treasury of the State. This demonstrates a high level of best practices in this domain.

With respect to the Central Bank of the Republic of Turkey, the private sector holds shares in the capital of the Central Bank of the Republic of Turkey, which does not conform to best practices regarding the preservation of the financial independence of central banks and reflects a low level of central bank independence according to this criterion.

Regarding the Central Bank of Egypt, according to Articles 4 and 48 of the statutes, the capital of the central bank is entirely subscribed by the State, and the CBE transfers its profits to the government after allocating its own provisions. The decision to increase the bank's capital falls within the competence of the board of directors. It may be asserted that the Central Bank of Egypt is financially independent.

With respect to the ninth criterion pertaining to the accountability of the central bank, the statutes of BAM specify that the central bank determines the way decisions concerning monetary policy are made public; the statutes do not require the central bank to report to the government or parliament. Article 45 of the statutes stipulates that the Wali of BAM may be heard by parliamentary financial committees, at their initiative, on matters relating to monetary policy. There is no requirement in the statutes to report periodically to parliament or the government. Bank Al-Maghrib limits itself to an annual report addressed to the King, which reflects a low degree of accountability on the part of the central bank.

With respect to the Central Bank of Tunisia, in addition to its annual report, the bank reports to the government and parliament every six months, provides parliament with the data and indicators necessary for the execution of its mandates, and submits quarterly statistics to the government. This demonstrates a high level of accountability and responsibility thereby legitimizing the independence of the central bank.

In the Turkish case, the central bank prepares periodic reports on the objectives of monetary policy and makes them public; however, the regularity and nature of these reports are not defined by the statutes of the central bank, which indicates an opacity vis-a-vis central bank accountability. The Central Bank of the Republic of Turkey is accountable solely to the government, with no reporting obligations to the legislative branch. This reflects a moderate degree of central bank independence.

Regarding the Central Bank of Egypt, according to Article 41, the governor of the CBE informs the House of Representatives about the framework of monetary policy during the presentation of the finance law and the general economic and social development plan and notifies the House of any amendments to the monetary policy framework. Article 42 further stipulates that the central bank governor submits quarterly reports to the President of the Republic and the head of government, providing an analysis of the economic, financial, and banking situation, as well as developments in public debt, following approval by the board of directors.

An annual report is also approved by the board of directors and submitted to the President of Parliament, the President of the Republic, and the Head of Government regarding the economic, financial, and banking situation of the Republic. This demonstrates a high level of independence according to this criterion.

As for the tenth and final criterion, namely the transparency of the central bank, the statutes of BAM, particularly Article 43, stipulate that the bank's accounts are subject to an annual audit, conducted under the responsibility of an external auditor, a legal entity appointed for a non-renewable term of ...? Article 44 specifies that the central bank is also subject to annual oversight by the Court of Auditors. This reflects a high level of transparency on the part of BAM.

Similarly, in the central bank of Tunisia, under Article 68 of its statutes, the accounts of the BCT are subject to external audit conducted by two auditors, in accordance with a transparent procedure (calls for tenders). Article 70, for its part, requires that the two auditors have no other relationship of any nature whatsoever with the BCT. This therefore denotes a high degree of independence.

For the Central Bank of the Republic of Turkey, the measures concerning the publication of the financial statements of the Central Bank of the Republic of Turkey are not clearly defined, and under no circumstances are the procedures for reviewing the bank's financial statements specified. Thus, the level of independence is low.

On the other hand, the Central Bank of Egypt, pursuant to Article 25 of the statutes, prepares a monthly report on its financial status, which must be approved by the bank board and made public. The bank's accounts are also subject to an annual audit by two independent auditors: one appointed by the central accounting body (of which it is a part), and the other appointed by the board of directors from among those listed in the register of central bank experts (Article 26). Since one of the auditors is drawn from the private sector, this criterion reflects a relatively substantial degree of independence.

Accordingly, the overall score assigned to BAM is 14.5/19 (0.76) for the 2019 statutes. This attests to the progressive enhancement of BAM's independence following the adoption of each statute, culminating in a substantial degree of autonomy. The principal achievements of the 2006 and 2019 statutes include the explicit restriction of loans to the State, increased independence from political power in the formulation of monetary policy (with the Ministry of Finance representative no longer possessing voting rights), operational autonomy, and the strengthening of both transparency and the processes of accountability and reporting for BAM. Remaining areas for improvement pertain to the procedures governing the appointment and dismissal of council members, as well as the mechanisms for reporting to both the executive and legislative branches on monetary policy matters.

In Tunisia, the Central Bank exhibits a moderate level of independence (0.63). This moderate level of independence reflects the failure of the BCT's statutes to adhere to best practices concerning key criteria of central bank independence, notably the procedures for the appointment and dismissal of council members, as well as the structure of the council. The significant weight assigned to these criteria by the Jacome (2001) index accounts for the BCT's overall independence score.

The evaluation of the Central Bank of Egypt reveals a relatively considerable degree of independence, with a score of 14.5/19 (0.76). Areas requiring improvement include the emphasis placed on price stability in the statutes, particularly in cases of conflicting objectives, as well as the procedures governing the appointment and dismissal of council members, and the level of transparency with respect to the bank's financial statements.

Regarding the Central Bank of the Republic of Turkey, it exhibits a moderate level of independence, evaluated at 10.5 out of 19 (0.55) according to the Jácome (2001) index. The Central Bank of the Republic of Turkey is entirely dependent on political power with respect to the formulation of monetary policy, the appointment and dismissal of the governor and council members, as well as the presence of government representatives on the bank board. Moreover, the capital of the Central Bank of the Republic of Turkey is not fully owned by the state, thereby rendering it susceptible to potential interference from the interests of its shareholders, particularly from the private sector.

V-Conclusion

This article examines de jure central bank independence in four MENA countries: Morocco, Tunisia, Egypt, and Turkey, with particular emphasis on the legal frameworks governing their institutional autonomy. The analysis reveals notable differences in the degree of formal independence established by national legislation. Morocco and Egypt exhibit the highest levels of legal independence among the countries considered, whereas Tunisia and Turkey display comparatively lower levels. These differences reflect the diversity of institutional arrangements and legal provisions designed to define the relationship between central banks and political authorities across the region.

The findings confirm that legal independence constitutes a fundamental component of credible, transparent, and predictable monetary policy. By establishing clear rules governing central banks' mandates, decision-making processes, and relationships with government authorities, legal frameworks help strengthen institutional autonomy and provide a foundation for consistent monetary governance. Nevertheless, de jure independence should not be interpreted as a guarantee of complete freedom from political influence. The effective implementation of legal provisions and the broader institutional environment remain important factors in determining the extent to which central banks can exercise their autonomy in practice.

Overall, this article highlights the diversity of legal frameworks governing central bank independence in the MENA region and contributes to a deeper understanding of the institutional foundations of monetary policy in these countries. By comparing the formal independence of Morocco, Tunisia, Egypt, and Turkey, it emphasizes the importance of examining legal arrangements as a key dimension of central bank autonomy, while recognizing that legislation alone cannot fully eliminate political pressures. The analysis therefore reinforces the significance of well-defined legal frameworks in supporting credible and predictable monetary policy and promoting transparent and stable central bank governance.

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Appendix A. Index of Central Bank Independence and Accountability

This appendix presents the criteria, values, and weights used to construct the Index of Central Bank Independence and Accountability from Jácome (2005).

Table 1. Index of Central Bank Independence and Accountability (Criteria, values, and weights)

Criteria (weight)	1	0.5	0
Central bank objective (2)	Preserving price stability is the single objective. If more than one conflicting objective, price stability has priority.	Multiple conflicting objectives without establishing that preventing price stability has priority.	Multiple objectives, including growth, an orderly development, or economic development, without priorities.
Appointment and term of office of the Central Bank Board (2)	Nominated (appointed) by government and appointed (confirmed) by Congress. Term in office exceed or overlap government period.	Nominated and appointed in a two-step process for the same term in office as the government without overlap, or directly for a longer term.	Appointed directly by the government for the same or shorter period than the government.
Structure of Central Bank Board (2)	No private sector and government representatives, except Min. of Finance without vote.	Direct government representation, including Minister of Finance with vote.	Direct government plus private sector representatives (bankers, entrepreneurs, etc).
Removal of Board members (2)	Two-step process, with qualified majority under strictly legal grounds. Final decision by	Directly by the Executive branch under strictly legal grounds, or in a two-	Removal by the Executive branch for subjective or political—not legal—grounds, or

	Congress or Judicial Court.	step process under non-legal basis.	by the private sector.
Central Bank credit to government (3)	No direct credit, except in clearly regulated emergency situations. Or through the secondary market, with limitations.	Direct credit with limits, via secondary market without limits, through overdrafts, or indirectly via public banks.	Direct or indirect credit without limits.
Lender-of-last-resort (2)	Emergency loans legally regulated, including limits to the amount to be granted.	Emergency loans legally regulated, without limits to the amount to be granted.	Discretionary policy for emergency loans and provisions for bank resolution.
Instruments independence in the conduct of monetary policy (3)	Total independence in the use of monetary instruments.	Government involvement in formulation of monetary and exchange rate policy.	Limitations on the use of monetary instruments (reserve requirements, interest rates).
Financial independence (1)	Government assures central bank capital integrity. Central bank transfers profits to the government after proper provisioning.	Government not required to assure integrity of central bank capital. External approval of central bank budget.	Central bank conducts quasi-fiscal operations. No government capitalization required.
Accountability (1)	Central bank Governor appears before Congress and reports to government. Report disclosed on a timely basis.	Reports only to the government on a regular basis or when there are monetary disturbances, plus an annual report.	Central bank only publishes an annual report.
Transparency and disclosure of financial statements (1)	Publishes periodically financial statements certified by an external auditor.	Publishes financial statements with the approval of a public sector auditor.	Inappropriate accounting procedures. Publishes financial statements with the seal of internal auditor.