

# **Towards Macro-Economic Convergence in SACU: The Position of Botswana**

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## **Abstract**

In light of recent developments such as the African Continental African Free Trade Area agreement (AfCFTA), incrementalist approaches to regional integration that focus on sub-regions seems to have been pushed to the backburner as more focus puts the entire African continent at the centre of integration processes. With all its potential, gradual macro-economic convergence has accordingly been neglected. Discussions on macro-economic convergence have on the other hand been cast over the broader sub-region such as the Southern African Development Community (SADC) where a number of indicators and targets have been identified and pursued closely. Whilst looking at Botswana as a point of departure, this paper argues that incremental macro-economic convergence is pivotal to broader regional integration and the Southern African Customs Union (SACU) provides an ideal stepping-stone. An incrementalist approach to macro-economic convergence as well as broader regional integration should begin with identifying key formal institutions that serve as custodians of macro-economic policy such as the central banks and departments of finance or treasuries. Using secondary data sources, with Botswana as a case study, this paper foregrounds macro-economic convergence, macro-economic policy making institutions, and SACU as critical building blocks for broader regional integration.

## **1. Introduction**

It has been contended that convergence among countries with significant diversity or at different levels of economic development, as is the case in Africa, presents a platform for least developed countries to catch up (Zyuulu 2014). According to this strand of thought, poorer countries on the continent will attain levels of development that may reduce disparities (Zyuulu 2014). Very intricate convergence goals have been set in the past decade with the criteria contained in the Memorandum of Understanding of 2008 as agreed to by the Ministers of Finance of countries in the Southern African Development Community (SADC) region (Roussouw 2014). These criteria had a sturdy monetarist posture as they

narrowly put emphasis on single-digit inflation rates; a budget deficit of less than 5 per cent of the Gross Domestic Product (GDP); the nominal value of public and publicly guaranteed debt, as a ratio of GDP, should not exceed 60 per cent; foreign reserves should be equal to three months' imports; and central bank credit to the government should be less than 10 per cent of the previous year's tax income (Roussouw 2014). These convergence goals are thus formulated on the assumption that all is well with fundamental institutional arrangements and more attention should be paid towards the adjustments and levels of targets.

This article takes a step back and attempts to interrogate the existence and optimal functioning of institutions such as central banks and departments of finance or treasuries, the macro-economic policy framework in Botswana as a case in point; and examines the potential of looking at convergence beyond the macro-economic epicentre. The long-term goal of macro-economic convergence should, therefore, be more holistic as it takes into consideration every area of socio-economic development. With SACU, in particular, the goal should be developing institutions and policies beyond customs and exploring the possibility of acceleration of regional integration goals in areas where SADC has failed. In other words, full regional integration into an economic and monetary union should be piloted within SACU as SADC has proven to be saddled with numerous intractable challenges in relation to macro-economic convergence.

The failures of SADC have been well documented as a regional economic community that has exhibited the inability to achieve an economic union and sustainable macroeconomic convergence. There has been a lack of activities aimed at promoting policies and strategies through which member countries could work together to ensure monetary co-operation, secure macroeconomic and financial stability, facilitate intra-regional trade, and promote high employment as well as sustainable economic growth (Zyuulu 2014). Macro-economic convergence should accordingly put the Macro-Economic Framework (MEPF) alongside institutional arrangements at the centre of integration processes highlighting policy goals, policy instruments and the actual developmental, political and economic institutions that form the larger policy landscape.

## **2. Macro-Economic Policy Formulation and the Southern African Customs Union (SACU)**

It has been claimed that macro-economic policy is a province of public policy that has traditionally been closely guarded by national politicians, civil servants and central bank officials (Hodson 2015:167). Accordingly, it typically entails the setting of short-term interest rates (monetary policy) and decisions related to

government expenditure and taxation (fiscal policy) and can include measures designed to influence the external value of the currency (exchange-rate policy) (*ibid.*). Moreover, Hodson (2015) asserts that macro-economic policies are closely intertwined with structural reforms and financial market policies. Largely, it has been established that the goal of macroeconomic policy is to provide a stable economic environment that is conducive to fostering strong and sustainable economic growth, on which the creation of jobs, wealth and improved living standards depend (Dolamore 2014). He further concurs that the key pillars of macroeconomic policy are: fiscal policy, monetary policy and exchange rate policy.

In order to understand the policy formulation processes, it becomes critical to explore how social and political institutions of the sort associated with labour and capital could structure interactions so as to generate distinctive national trajectories (Hall and Taylor, 1996). Botswana attained independence on 30 September 1966 (Turner, 1971:270). For Botswana the new constitution came into effect on 30 September 1966, when Bechuanaland became the independent Republic of Botswana (Proctor, 1967:69). Within SACU, Botswana has an almost similar history with Lesotho and the Kingdom of Eswatini (formerly Swaziland) in that the three are all former British Protectorates whilst Namibia was occupied by South Africa and became an extension of this polity up until 1990.

In addition to their slightly similar history, Botswana, Lesotho, and the Kingdom of eSwatini have been in a customs union with South Africa since 1910. According to Kirk and Stern (2005), the Southern African Customs Union (SACU) dates back to 29 June 1910, when South Africa, Basutoland, Swaziland and Bechuanaland signed at Potchefstroom. Only Britain and South Africa were involved in the 1910 negotiations (*ibid.*). This Agreement lasted until the British protectorates received independence in the mid-1960s (Kirk and Stern 2005:170-171). Following their independence in 1966 and 1968, Botswana, Lesotho, and Swaziland (BLS or BLK as from 2018) renegotiated the customs union agreement with South Africa (Leith 1992). This renegotiation with apartheid South Africa culminated in the 1969 agreement (Kirk and Stern 2005). The 1969 treaty, with some amendments since, is one of the key elements of the international economic environment of the BLS (Leith 1992). Needless to say, throughout its history SACU has been characterised by severe divergences in policies, levels of development, political systems and administrative capacity (Kirk and Stern 2005).

Brown et al (2008) point out that the SACU countries differ significantly in terms of their levels of economic scale, structure, and development. Botswana and South Africa are upper middle-income countries, Namibia and Swaziland are lower middle-income countries, and Lesotho is the least developed country (Brown *et al* 2008: 462). Moreover, the three countries have continuously been

characterised by distinctive politics and levels of economic development. The arrangement of the three countries has, *inter alia*, been labelled as an integration of unequals (Cobbe 1980). The three countries are also members of the Southern African Development Community (SADC). The Southern African Development Community (SADC) was formed in 1992 from what was then called the Southern African Development Coordination Conference (SADCC) (Bank of Botswana 2012).

SADCC was originally formed by six front-line states but grew in number to the current 15 members when it assumed the new name, mission and objectives (Bank of Botswana 2012). Thus, the objectives of the organisation changed over time to address different challenges facing the region (*ibid*). SADC comprises 15 states and seeks to promote peace, security, and economic integration in the region (Burgess 2009). SADC is one of eight regional economic communities formally recognised by the African Union as building blocks toward achieving an African Economic Community (Burgess, 2009). SADC established the Regional Indicative Strategic Development Plan (RISDP), a document that chartered the direction for SADC policies, projects, programmes and activities (Bank of Botswana 2012). The original RISDP was all-encompassing, with member states committing themselves to “promote common political values, systems and other shared values which are transmitted through institutions that are democratic, legitimate and effective”, according to Article 5 of the SADC Treaty (Bank of Botswana 2012). The SADC’s regional economic integration agenda includes a macroeconomic convergence (MEC) programme intended to achieve and maintain macroeconomic stability in the region, thereby contributing to faster economic growth and laying the basis for eventual monetary union (Burgess, 2009).

Burgess (2009) further highlights that regional economic integration and macroeconomic stability are preconditions to sustainable economic growth and for the creation of a monetary union in the region. Thus, in order to achieve and maintain macro-economic stability within the region, member states shall converge on stability-oriented economic policies implemented through a sound institutional structure and framework (*ibid*). As Burgess (2009: 4) reports, stability-oriented policies include, but are not limited to, restricting inflation to low and stable levels, maintaining a prudent fiscal stance based on the avoidance of large budget deficits, monetization of deficits, and high or rising ratios of public and publicly guaranteed debt to GDP; avoiding large financial imbalances in the economy; and minimizing market distortions.

Most SADC member states have recorded solid macro-economic performance in recent years, in general coming close too, and in many cases surpassing, the convergence targets specified for 2008 (Burgess

2009). Rossouw (2006) reveals that SADC has agreed to macroeconomic convergence criteria and goals for countries of the region. The SADC Macroeconomic Peer Review Mechanism was launched in May 2013 in Maputo, Mozambique (SADC 2016). The purpose of the peer review process is to review progress made by individual member States towards the achievement of agreed SADC Macroeconomic Convergence (MEC) targets as well as to identify risks to economic outlook and policy actions to mitigate them (SADC, *ibid.*). This entails a set of indicators that will allow monitoring of progress towards convergence (*ibid.*). In this regard, the arrangement involves a single monetary area, encompassing a common currency and a common central bank for Africa by the year 2021 (Mboweni 2003 cited in Rossouw 2006). According to Maleleka (2007), the development of SADC convergence seemed to be based on a structural framework that was developed for the European Union. The development of the EU's Maastricht Treaty that came into force in 1992 was to establish the stability pact, with emphasis on the economic and monetary union in Europe (*ibid.*). Accordingly, this therefore involved taking the monetary policy sovereignty from individual country central banks to the European Central Bank (ECB), thus implying that countries only had independence on fiscal policy (Maleleka 2007).

Progress towards the achievement of these goals is monitored by the Committee of Central Bank Governors (CCBG) in SADC (Rossouw 2006: 157). It is clear that the BLS countries have overlapping memberships within the domain of regional integration initiatives. It has been argued that the African continent is characterised by numerous co-operation initiatives between countries in different regions, but explicit currency arrangements or convergence criteria and goals have been set only for the Common Monetary Area (CMA), the two CFA franc zones, the Economic Community of West African States (ECOWAS) and SADC (Rossouw 2006). Accordingly, the CMA comprises South Africa, Lesotho, Namibia and Swaziland (Metzger 2004 cited in Rossouw 2006). The CMA was initially established as the Rand Monetary Area (RMA), with South Africa, Botswana, Lesotho and Swaziland as members (*ibid.*). Botswana left the CMA in 1976 and Namibia joined after its independence in 1990. Although member countries have their own currencies, these currencies trade at par and these countries also apply similar exchange control regulations, implying that capital flows freely between the CMA countries (Nielson *et al.* 2005: 711 cited in Rossouw 2006).

Rossouw (2006: 155) asserts that the South African Rand serves as an anchor for the currencies of the CMA owing to the dominating role of the South African economy in the CMA, and the South African Reserve Bank serves as *de facto* (albeit not *de jure*) central bank of the CMA. Consequently, South Africa's gross domestic product (GDP) *per capita* is, for instance, 1,5 times that of

Namibia and nearly six times larger than that of Lesotho (Masson *et al.* 2005 cited in Rossouw, 2006). In addition, South Africa's GDP comprised some 95 per cent of the GDP of the CMA in 2002 (*ibid*). Apparently, no macro-economic convergence criteria have been set for CMA countries, owing to the fact that these countries all adhere to the criteria set for SADC (Rossouw 2006).

### 3. Policy and Institutional Arrangements within Botswana

It has been argued that before the establishment of the Protectorate over Bechuanaland by Britain in 1885, no unified government existed in that territory (Proctor 1968). It is shown that the British governed Bechuanaland initially through a form of 'parallel rule' and later through 'indirect rule', allowing a great deal of autonomy to eight separate tribal administrations (Proctor 1968:59). With a population of just over two million spread across a landmass comparable in area to that of Texas, Botswana has been identified as one of the most sparsely populated countries in the world (Kojo 2010:1). Botswana had an estimated total population of 2.3 million people in 2014 (ECA 2015: vii). In all, 34 per cent of the population was below the age of 15, while 60 per cent of the population was between the ages of 15 and 64 (ECA *ibid*). As 70 per cent of its land surface is covered by the Kalahari Desert, water is precious in Botswana, and their currency, the Pula, literally means rain in the seTswana language (*ibid*). It has been reported that when Botswana gained independence from the United Kingdom in 1966, it was rural, tribal and agriculture-based, and was one of the poorest countries in Africa (Kojo 2010).

According to the African Economic Outlook for 2012, Botswana's economy remains one of Africa's success stories, having transformed itself from a Least-Developed Country at the time of independence in 1966 to a Middle-Income Country within three decades (AEO, 2012). Sound macro-economic policies and prudent use of diamond revenues have arguably made Botswana one of the fastest-growing countries in the world over the last 25 years, and it has now achieved middle-income status (AEO 2006: 139). However, due to her comparatively small population, somewhat ethnic homogeneity, and large revenues from diamond exports, one is forced to ask whether the country is so 'exceptional' that it has little to offer by way of example to other African countries wishing to establish a democratic system (Danevad 1995: 382). Credit has gone to the acquisition of sound macroeconomic policies, good governance, well-functioning institutions and judicious management of diamond resources are the hallmarks of Botswana's remarkable economic performance (AEO *op cit.*). The per capita income which stood at around US\$ 70 in 1966 is currently at about US\$6 500, bolstered by the discovery of diamonds (AEO 2012:2). Kojo (2010)

attests that Botswana has since transformed itself, becoming one of the fastest growing economies in the world. Over the past four decades, Botswana's GDP grew on average of 9 percent per year, which allowed per capita income to rise impressively from US\$300 in 1966 to US\$4,400 in 2011 (both in constant 2000 US dollar) (Kojo 2010). The main driver of Botswana's remarkable growth has been the abundance of mineral resources, in particular, diamonds, which were first discovered in 1967 (Kojo 2010:2). Accordingly, since the mid-1970s, Botswana's economy has been heavily dependent on diamonds as a source of growth, exports and fiscal revenue (*ibid.*). Due to progress made, Botswana graduated from the list of 24 least developed countries in 1992 (Mogae 2005). According to research, the country introduced sound macro-economic and sectoral policies and also established institutions to service a modern-day economy, such as the Stock Exchange in 1994 (Mogae 2005:34). The African Economic Outlook states that Botswana's political environment has been registered as amongst the most stable in Africa and has been supportive of prudent macroeconomic and poverty reduction policies (AEO 2012). Moreover, it is reported that Botswana's political framework is based on a parliamentary representative democratic republic, whereby the President is both head of state and government (*ibid.*). What has also been a major subject of interest amongst scholars has been multipartyism in this small African country (Stevens and Speed 1977; Wiseman 1977, Mogae 2005). Botswana has consequently maintained an extremely stable governmental system against a background of considerable economic development (Wiseman, 1977:71). Wiseman (1977) further contends that there seems to be every possibility that these patterns will continue in the foreseeable future. According to Wiseman (1977) multipartyism in Botswana is far from being fragile and ephemeral.

Botswana certainly has an impressive track record of peaceful succession through free and fair elections held every five years as a multi-party democracy with a parliamentary system of government (AEO 2006). Stevens and Speed (1977: 381) once posed the question "why multipartyism has continued to function as a fundamental feature of the relatively stable political system of Botswana?". Indeed, a multiparty constitutional democracy prevails, where each of the elections since independence in 1966 have been freely and fairly contested and held on schedule (AEO 2012). From the attainment of independence from Britain in 1966 to the present, the Botswana Democratic Party (BDP) has been the dominant party and they have consistently been re-elected as the governing political party ever since (*ibid.*). In the election of 2004, for example, the ruling BDP won 44 out of the 57 parliamentary seats, with the remainder going to the opposition parties (AEO 2006:146). The opposition parties are weak, fragmented and unable to co-operate, and as a result many voters have lost confidence in

them (*ibid.*).

A number of observers have however noted and underscored the elitist and paternalistic nature of politics in the country (Danevad 1995). Whilst the politics have been reported to have recognisably become more pluralistic in the 1980s, a nearly mythical picture has been painted in recent analyses, depicting politics and policy-making as dominated by senior civil servants, government politicians, and cattle owners (*ibid.*). Stevens and Speed (1977:381) observed that differences between chiefs and government have not formed the key conflict in Botswana, at least not if the term ‘conflict’ implies a trial of strength between or more sides. It has been noted that politicians managed to take away many of the traditional leaders’ powers without creating serious open conflict (*ibid.*). Stevens and Speed (1977) argue that the first step towards the post-independence arrangement was the establishment of the House of Chiefs as an advisory rather than a legislative body and it was followed in 1965 by the Chieftainship Law and the Law establishing District Councils. These early manoeuvres stripped the chiefs of all their legislative powers and most of their executive authority and established the chieftainship as a branch of the civil service (Stevens and Speed 1977).

Generally speaking, Botswana’s overall performance has been commended as phenomenal in Africa since independence. It has been argued that although many countries on the continent are well-endowed with both renewable and non-renewable natural resources, it is by no means assured that these endowments will automatically translate into broad-based social and economic development (ADB 2016). Thus, resource-based economies face particular challenges, arising from price and market volatility, the fiscal challenges of capturing resource rents, macro-economic impacts of real exchange rate appreciation and governance challenges that often result in planning failures and corruption (ADB 2016:7). Mineral resources are also finite and therefore raise issues of intergenerational fairness – how the proceeds of mineral exploitation should be shared between current and future generations (*ibid.*). Botswana is accordingly one exceptional country that has managed its mineral resources excellently. The country is often cited as an example of a nation that has avoided the adverse impacts of the “resource curse” through appropriate policy and governance choices (ADB 2016).

Botswana has certainly been acclaimed for the resilience of her democratic institutions, a prospering private sector, and healthy public finances whilst also attention has been drawn to problematic aspects of the country’s economic growth, notably widespread rural poverty and insufficient diversification (Danevad, 1995:381). According to the 2013/14 annual report of Statistics Botswana, the poverty head-count ratio at the national poverty line is 19.3 per cent, down from 30.6 per cent in 2003 (ECA 2015: vii). Poverty is higher in rural



areas, with 8.4 percent of the rural population living in extreme poverty, compared to 2.7 percent in urban areas (*ibid.*). It has been noted that despite the government's efforts, however, the economy remains highly dependent on diamond exports, and the country continues to suffer from one of the highest HIV/AIDS infection rates in the world (AEO 2006:139). Former Botswana President Festus Mogae stated categorically that he does not agree with the characterisation of the country's development experience as a miracle, somehow suggesting some divine intervention or in explicable reason for what was achieved (Mogae 2005). He however maintains that natural resources, no matter how lucrative, cannot develop a country without political stability, sound economic management and prudent financial husbandry. This confluence of historical factors has been attested for by Danevad (1995:386) who concurs that after prospecting operations had revealed a potential for diamond and copper-nickel mining, the BDP government understandably allocated a major share of public spending and administrative capacity to stepping development of the mineral industry.

Additionally, with the availability of resources there was an expansion of the government apparatus, construction of the capital Gaborone, improvement of roads, a renegotiated customs union with South Africa and an increase in development aid and revenue (*ibid.*). The turning point in Botswana's history has been registered around 1972-3 and this was when the country ceased to rely on support from the United Kingdom to finance recurrent spending, and this was dubbed as 'the achievement of second independence' (Danevad 1995). Botswana had a keen discernment of her geopolitics. Former President Mogae (2005) indicates that they pursued pragmatic economic policies due to their geolocation as such despite their fundamental disagreement with the racist posture of the then apartheid South Africa, South West Africa and Rhodesia, trade and business relations were maintained.

Honde and Abraha (2015) have highlighted that as a land-locked country with a small domestic market, Botswana has taken many initiatives to foster bilateral and regional economic integration in order to spur economic growth. It is a member of the Southern African Development Community (SADC) and SACU and is participating in the negotiations to create the Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC) and SADC tripartite trade-free area (*ibid.*). Mogae (2005) asserts that due to the country's open market economic system, Botswana has been a member of SACU, SADC, the European Union/ African, Caribbean, and Pacific Group of countries under the Lome Convention, now the Cotonou Agreement. As an example, under the Cotonou Agreement Botswana beef enters the European Union market with a 90% rebate of the EU import levy (Mogae 2005:35).

## 4. Macroeconomic Policy

Macroeconomic goals are reflected in a series of five-year National Development Plan, these plans continuously stress macro-economic stability and financial discipline as necessary conditions for long-term growth and poverty reduction (AEO, 2006). The African Development Bank (ADB) confirms that the frame work for public spending in Botswana is based around National Development Plans (NDPs) and the annual budgeting process (ADB 2016). These NDPs run for five or six years and have been in place since just before independence in 1966. The current plan, NDP10, ran until March 2017 (ADB 2016:10). The expenditure side of the government budget is divided into two main components, recurrent spending and development spending (ADB 2016). The development budget in principle covers one-off capital items, such as roads, schools, other building projects, purchases of capital equipment, equity injections to government-owned companies, etc. (ADB, *ibid.*). The implementation of many development projects (and the associated expenditure) is spread over a number of years (ADB 2016).

### 4.1 Fiscal policy

Botswana's fiscal policy aims to ensure macroeconomic stability (Honde and Abraha 2015). According to Honde and Abraha (*ibid.*), the Botswana government abides by a fiscal rule that, *inter alia*, does not allow its expenditure to exceed 40% of GDP. The United Nations Economic Commission for Africa (ECA) concurs that Botswana maintains a prescribed limit for public debt and debt guarantees of 40 per cent of GDP (ECA 2015). It has been reported that the ratio of expenditure to GDP exceeded the limit in 2009/10 against the backdrop of adverse external shocks arising from the effects of the 2008 global economic crisis (Honde and Abraha 2015). Total expenditure has since been contained and consistently declined to an estimated level of about 31% in 2014/15, reflecting efforts by the government to rebalance some spending priorities, including reigning in unproductive elements of current expenditure (Honde and Abraha 2015:5).

Honde and Abraha (2015:6) indicate that the country's fiscal position turned around to a surplus from a huge deficit recorded in the aftermath of the global economic crisis. The 2015/16 financial year is projected to result in a fourth consecutive budget surplus, of 3.8% of GDP, up from 3.2% for 2014/15, attributable to higher mineral revenue and further expenditure restraint (Honde and Abraha, *ibid.*). Total government revenue (including grants) is projected at 33.9% of GDP in 2015/16. Mineral revenues accounted for 34.4% of total re

venue, Southern African Customs Union (SACU) for 29.5% and non-mineral income tax for 17.5% in 2015/16. Mineral revenues are projected to increase on account of a more positive outlook for diamond exports (Honde and Abraha, 2015:6).

## 4.2 Monetary Policy

Monetary policy in Botswana aims to achieve both low inflation and a stable real exchange rate to enhance international competitiveness (AEO 2006). The overarching objective of Botswana's monetary policy is to achieve price stability, keeping inflation within the medium-term objective range of 3-6%, as well as to safeguard financial stability (Honde and Abraha 2015:6). It is recounted that in 2005, the Bank of Botswana (BoB) lowered its target range for inflation to 3-5 per cent, from 3-6 per cent in 2004, in part because of lower inflation in Botswana's trading partners, mainly South Africa (AEO 2006). Botswana's inflation tracks that of South Africa because of the strong trade ties between the two countries, South Africa being the source of about two-thirds of Botswana's imports. Inflationary pressures have eased significantly since 2012 (Honde and Abraha 2015). Honde and Abraha (2015) documented that annual inflation closed at 4.4% in 2014, lower than 5.8% in 2013. Key factors that have helped to drive down inflation include the general slowdown in costs mainly of food and transport, as well as base effects of the increase in some of the prices dictated by the government in 2012 (*ibid.*). Inflation is expected to remain within the BoB's objective range of 3-6% in the medium term owing to weak domestic demand and favourable foreign price developments (Honde and Abraha, 2015).

## 5. Conclusion

This article has demonstrated that Botswana has a policy infrastructure and institutional arrangements necessary for macro-economic convergence with the rest of her counterparts within SACU. The successful functioning of SACU over the years provides a sound case for exploring effecting macro-economic convergence across not only macro-economic policy and its attendant institutions but also into other socio-political and cultural policy domains. As indicated earlier, SADC as a regional body has failed to deliver macro-economic convergence. The discrepancies amongst member states especially with regards to domestic politics and levels of economic development have encumbered the realisation of numerous milestones towards full regional integration. For example, SADC's regional economic agenda as outlined in its Regional Indicative Strategic Development Plan (RISDP), adopted by member states in 2003 has failed to yield

successful implementation. Whilst the RISDP established a roadmap for deepening regional integration over a 15-year period, targets and milestones such as the stated economic goals which include the creation of a free trade area by 2008, a customs union by 2010, a monetary union by 2016, and a single currency by 2018, have all been missed. It is thus against this backdrop that this article argues for macro-economic convergence that is based on SACU as a platform.

There seems to be harmony and very cordial relations amongst SACU members and these positive factors should be exploited to realise successful macro-economic convergence as a step towards other stages of regional integration such as a monetary union, single currency, free trade area. A Common Market Area (CMA) should be enhanced once there is better functioning of all domestic markets and the rand (ZAR) could be piloted as the single currency for the regional body. It is the contention of this article that SACU provides a lot of low hanging fruits towards the realisation of new sub-regional union that could serve as an example for the entire continent.

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