



UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

**THE PUBLIC POLICY IMPACT OF THE CHANGING OFFICIAL DEVELOPMENT
ASSISTANCE PROGRAMME IN FINANCING THE HIV/AIDS RESPONSE IN
SOUTHERN AFRICA**

by

Ria Elizabeth Schoeman

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Supervisor: Prof. D.J. Fourie

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List abbreviations

AD	Anno Domini (after Christ)
AEC	African Economic Community
AIDS	acquired immune deficiency syndrome
AMU	Arab Magreb Union
ART	antiretroviral treatment
ARV	antiretroviral (treatment)
AU	African Union
BC	Before Christ
CEMAC	Economic and Monetary Community of Central Africa (from French <i>Communauté Économique et Monétaire de l'Afrique Centrale</i>)
COMESA	Common Market for Eastern and Southern Africa
CPIA	Country Policy and Institutional Assessment (of the World Bank)
DAC	Development Assistance Committee
DOTS	directly observed treatment, short-course
EAC	East African Community
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
EPA	Economic Partnerships Agreement
EU	European Union
FDI	foreign direct investment
FOA	Food and Agriculture Organization of the United Nations
G7	Group of Seven (Canada, France, Germany, Italy, Japan, the United Kingdom and the United States)
G8	Group of Eight (Canada, France, Germany, Italy, Japan, the United Kingdom, the United States and Russia)
GBS	general budget support
GDP	gross domestic product
GFATM or Global Fund	Global Fund to fight AIDS, Tuberculosis and Malaria
GNP	gross domestic product
GNI	gross national income

HIPC	heavily indebted poor country
HIV	human Immunodeficiency virus
IEA	International Energy Agency
ILO	International Labour Organization
IOC	Indian Ocean Commission
IMF	International Monetary Fund
IPU	Inter-Parliamentary Union
ITU	International Telecommunication Union
LDC	least developed countries
MAP	Millennium African Recovery Programme
MDG	Millennium Development Goals
MTEF	medium-term expenditure framework
NAM	Non-Aligned Movement
NEPAD	New Partnership for Africa's Development
NGO	non-government organisation
NIEO	New international economic order
OAU	Organization of African Unity
ODA	official development assistance
ODI	outward direct investment
ODP tons	ozone depleting potential, metric tons
OECD	Organisation for Economic Cooperation and Development
PEPFAR	President's Emergency Plan for AIDS Relief (US)
PPP	public-private partnership
PRSP	Poverty Reduction Strategy Papers
SA	South Africa
SACU	Southern African Customs Union
SADC	Southern African Development Community
SADCC	Southern African Development Co-ordination Conference
STD	Sexually transmitted disease
STI	Sexually transmitted infection
SWAp	sector-wide approach
TB	tuberculosis
UEMOA	West African Economic and Monetary Union (from French <i>Union</i>)

UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
UNFPA	United Nations Fund for Population Activities
UNGASS	United Nations General Assembly Special Session on HIV/AIDS
UNHCR	United Nations High Commission for Refugees
UNHCR or	United Nations Human Settlements Programme
UN-Habitat	
UNICEF	United Nations Children's Fund
UNODC	United Nations Office on Drugs and Crime
UNPAN	United Nations Public Administration Network
UNSD	United Nations Statistics Division
US	United States of America
WCMC	World Conservation Monitoring Centre
WFP	World Food Programme
WHO	World Health Organization
WSSD	World Summit on Sustainable Development
WTO	World Trade Organization
ZAR	South African Rand

With more than 30 million people living with HIV/AIDS and about 2.5 million people infected in 2006 alone, the HIV/AIDS epidemic has become one of the highest priorities on the global development agenda. About 65% of the world population living with HIV/AIDS live in sub-Saharan Africa. Sub-Saharan Africa also lags behind in achieving international development goals and the burden of HIV/AIDS further exacerbates the cycle of poverty and inequality.

Donor aid is often given on the assumption that the recipient country has adequate capacity in the government to manage all aspects of development: planning, fiscal management, programme design, financial control and budgeting, project implementation, accountability and monitoring and evaluation. The multiplicity of funding modalities in the donor field makes the absorption and spending of aid a challenge. The national capacity influences the ability to absorb donor aid and the role of public administration in the national development programmes cannot be over-emphasised.

To attain the Millennium Development Goals (MDG) of the Millennium Declaration of the United Nations, special attention needs to be given to HIV/AIDS. Should the AIDS pandemic not be resolved properly, almost all the MDG might be in jeopardy. The Paris Declaration on aid effectiveness, harmonisation and alignment does not make any provision for safeguarding funds for the mitigation of the impact of HIV/AIDS in recipient countries. The United Nations' UNAIDS has made it clear that to effectively attain any development goals in the developing world, mainstreaming of HIV/AIDS in all development activities needs to be done. Conceptually, mainstreaming HIV/AIDS means to bring HIV/AIDS to the centre of the development agenda, which requires change at individual, departmental and organisational level. From this overview emerges the research question: 'Will the changing international official development assistance environment have an influence on financing the response to HIV/AIDS in the developing countries of southern Africa?'

This is a qualitative and descriptive study, based on a literature survey utilising a deductive approach in the fields of public administration, public financial management, development, development administration, HIV/AIDS and official development assistance (ODA). A model for a sector-based approach to financing the AIDS epidemic in the country was developed. The model is based on the many different mechanisms, best practices and lessons learned of many different organisations. It suggest one overarching body with legal status that can manage a country's HIV and AIDS programme as a cross cutting issue. The Central body will have representation of all sectors, including government, donors and multilaterals. All the role players in the field should be involved in the development, planning and implementation of the programmes.

Key words

Public administration; public financial management; HIV/AIDS; development; role of the state; globalisation; official development assistance

CHAPTER 1: RESEARCH PROBLEM AND RESEARCH DESIGN

1.1 Introduction

With more than 38 million people living with HIV/AIDS and about 4.3 million people infected in 2006 alone, the HIV/AIDS epidemic has become one of the highest priorities on the global agenda. About 65% of the world population living with HIV/AIDS live in sub-Saharan Africa. Sub-Saharan Africa also lags behind in achieving international development goals and the burden of HIV/AIDS further exacerbates the cycle of poverty and inequality. The international community promised large increases in funding as well as further increases in the future. This aid is required to resolve the rising humanitarian crisis and suggests immediate large-scale acceleration in public sector spending. The question is: how well would developing countries respond to the new, sometimes uncertain flows of aid for a single disease? The scaling up of the financing of the AIDS epidemic has also compelled the donor community to review its own donor practices.

This chapter will focus on the character, objectives and purpose of the study. The methodology of the information gathering for the thesis will be discussed. Key concepts and terms associated with public administration, public financial management, HIV/AIDS and aid architecture will be defined. In conclusion, a short overview of the framework of the study will be provided.

1.2 Theoretical framework

In the early 1980s AIDS was for the first time recognised as a disease and since then it has spread throughout the world. The understanding of the drivers and determinants of the epidemic is imperative when undertaking a study of the impact of HIV/AIDS on people. The AIDS epidemic has resulted in exceptional levels of illness and death among the young adult population and has many economic and social implications.

1.2.1 HIV/AIDS - a special problem

Although the major cause of HIV transmission, namely unprotected heterosexual intercourse by infected people, has been known for more than 25 years, people are being infected daily. In the developing world, and especially in sub-Saharan Africa, tuberculosis is a co-infection that often results in death. The AIDS epidemic is not homogenous and there is a difference between the rich and poor countries, and even between sub-Saharan and North Africa. With the onset of antiretroviral treatment (ART) the disease has further been polarised, with rich countries providing ART and AIDS being viewed as a chronic disease, and with people dying in poor countries because of poor nutrition and co-infections.

In the developing world, most infections occur among young adults, people who are sexually, socially and economically active. The importance of this epidemiological attribute is that people who are most susceptible to HIV infection are also most socially and economically active. The severe illness and premature deaths in this age group have a significant bearing on the economic and social impact of the AIDS epidemic.

1.2.2 HIV/AIDS is a long-wave event with stages of impact

HIV infection is not easy to detect and initial symptoms can be flu-like, many people find out they are infected only when they become ill with opportunistic infections. By this time, many years may have passed and many people may have been infected. When a large number of people start presenting themselves at hospitals and clinics for diagnosis and treatment, the probability is that the epidemic was already well advanced. This long latent period that the virus has, is called a long-wave event. The epidemic also presents in stages or waves of impact. The first wave is HIV infection, the second wave is AIDS sickness and death, the next wave is the impact of the first two waves. By the third wave, namely impact, as many as 14 years could have passed. The epidemic hits people hard in the sense that it takes a long time to strike people down, and by that time little can be done to save people's lives. The impact wave often includes issues such as poverty, orphans, inheritance rights,

grandparents that look after grandchildren, children leaving school to take care of their sick parents, and abuse of orphaned children. At macro-economic, health and social level, the health systems are overwhelmed by AIDS-sick people, economically active people dying, leave a gap in the human resources, and the social system buckles under demands for assistance.

1.2.3 Key concepts of susceptibility and vulnerability

The African AIDS epidemic cannot easily be explained by using developing or economic indicators. Richer countries such as South Africa and Botswana have severe epidemics while poorer African countries seem to have the epidemic under control. This discrepancy is an indication that the epidemic is extremely complex with social, economic and cultural reasons for the spread of the epidemic (Barnett & Whiteside, 2006:99).

The concepts of *susceptibility* and *vulnerability* are key in the study of HIV/AIDS. According to Barnett and Whiteside (1999:3), “susceptibility is the term used to describe the individual, group and general social predisposition to infection” and “vulnerability describes those features of a social or economic entity making it more or less likely that excess morbidity and mortality associated with disease will have adverse impacts upon that unit”.

1.2.4 Impact difficult to determine

The socio-economic impact of the HIV/AIDS epidemic cannot be measured with existing economic tools, since it is difficult to determine. The macro-economic impact of the AIDS epidemic on a middle-income country such as South Africa is relatively small and most of the effects of the epidemic are visible at personal and community level. In most of the poorer countries, the number of infected people continues to rise. In countries such as China, India and Russia, the epidemic is expanding but not much attention is given to impact.

1.2.5 The Millennium Development Goals, HIV/AIDS and the new aid architecture

To attain the Millennium Development Goals (MDG) of the Millennium Declaration of the United Nations, special attention needs to be given to HIV/AIDS. Should the AIDS pandemic not be addressed appropriately, all the MDG might be in jeopardy. The Paris Declaration on aid effectiveness, harmonisation and alignment does not make any provision for safeguarding funds for the mitigation of the impact of HIV/AIDS in recipient countries. The United Nations' UNAIDS has made it clear that to effectively attain any development goals in the developing world, mainstreaming of HIV/AIDS in all development activities needs to be done.

1.3 Purpose of the study and problem statement

The HIV/AIDS epidemic in sub-Saharan Africa is both a tragedy to individuals, families and communities and a threat to sustainable development. The AIDS epidemic has reversed many development gains that were made over the past 50 years. During the same period, official development assistance (ODA) has grown into a multi-billion US \$ endeavour of the rich developed countries to assist the poor developing countries to rise from poverty and attain economic welfare. Over the years, the donor community changed the aid modalities often in search of a solution to provide ODA. Since 2001, the funding towards financing HIV/AIDS has increased dramatically, with more bilateral and private sector donors joining in the effort to fight the AIDS epidemic. International goal-setting has created international pressure on both donors and developing countries to achieve the set goals.

For developing countries in sub-Saharan Africa to achieve the Millennium Development Goals, HIV/AIDS must be effectively resolved. Given the history of the problems of dealing with the AIDS pandemic in Africa at political and economic level, it was and is a struggle to secure funds for AIDS activities. The donor community, in conjunction with the developing countries, has developed new aid architecture to make both parties accountable for results.

Aid for HIV/AIDS is mostly going to countries that are dependent on aid to achieve most if not all of their development goals. The multiplicity of funding modalities in the donor field makes the absorption and spending of aid a challenge. The ideal is that aid should be absorbed and spent on the appropriate development programmes. The European Commission and Group of Eight (G8), the largest donors to HIV/AIDS initiatives have a total of 40 different agencies to channel funding, and adding up the other bilateral donors and private sector donors, the situation for the recipient of aid can be overwhelming. The new aid architecture, which is based on harmonisation, co-ordination, alignment and managing for results, is difficult to implement with vertical initiatives such as the President's Emergency Plan for AIDS Relief (PEPFAR), the Global Fund to fight AIDS, Tuberculosis and Malaria (Global Fund) and the World Bank's Multi-country HIV/AIDS Programme (Saasa, 2007). The challenge is to make the available money work effectively for recipient countries.

Donor aid is often given on the assumption that the recipient country has adequate capacity in the government to manage all aspects of development: planning, fiscal management, programme design, financial control and budgeting, project implementation, accountability and monitoring and evaluation (United Nations Secretariat, 1995: Section 4). The national capacity influences the ability to absorb donor aid and the role of public administration in the national development programmes cannot be over-emphasised.

To attain the Millennium Development Goals of the Millennium Declaration of the United Nations, special attention needs to be given to HIV/AIDS. Should the AIDS pandemic not be dealt with properly almost all the MDG might be in jeopardy. The Paris Declaration on aid effectiveness, harmonisation and alignment does not make any provision for safeguarding funds for the mitigation of the impact of HIV/AIDS in recipient countries. The United Nations' UNAIDS has made it clear that to effectively attain any development goals in the developing world, mainstreaming of HIV/AIDS in all development activities needs to be done.

Conceptually, mainstreaming HIV/AIDS means to bring HIV/AIDS to the centre of the development agenda, which requires change at individual, departmental and organisational level:

- What is the impact of AIDS-related illnesses on society's capacity to achieve development goals? Therefore, what measure can be put into place to minimise these impacts?
- What is the impact of AIDS-related deaths on the society's capacity to achieve development goals? Therefore, what measure can be put into place to minimise these impacts?

In terms of donor agencies mainstreaming of HIV/AIDS in development work can be rephrased in the following questions:

- What are the possible impacts of HIV/AIDS on the attainment of the Millennium Development Goals?
- What possible effects can the new aid architecture have in the national response to HIV/AIDS?

From this overview emerges the research question:

Will the changing international official development assistance environment have an influence on financing the response to HIV/AIDS in the developing countries of southern Africa? The topic of the thesis flows from the research question:

The public policy impact of the changing official development assistance programme in financing the HIV/AIDS response in southern Africa

1.4 Research design and methodology

This is a qualitative and descriptive study, based on a literature review utilising a deductive approach in the fields of public administration, public financial management, development, development administration, HIV/AIDS and official development assistance (ODA). Through the deductive methodology, with a clear conceptual framework in mind, the gathering of data has been systematised and meaningfully interpreted through analysis (Mouton & Marais, 1996:103).

1.5 Benefits, limitations and assumptions

This study has the possibility to deliver some academic input into the field of public administration, specifically in policy analysis in public financial management and sustainable development. The study also has the potential to make a contribution to the method of financing HIV/AIDS programmes at national level. History has shown that there is very little evidence of southern African governments succeeding in managing the response to AIDS, both from their own budgets and donor funds, in a manner to 'make the money work' for the epidemic. Should policies be implemented effectively, the ultimate beneficiaries are the people of southern Africa whose lives will be improved.

Nine southern African countries, namely Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe, and the donors working with HIV/AIDS were investigated in terms of the HIV/AIDS epidemic, human development indicators and political and financial status. The developing countries in southern Africa are struggling to manage donor funding and donors are struggling to co-ordinate funding efforts among themselves.

Some of the assumptions made, are:

- Donors would be keen to align their financial and programmatic processes with their partner countries;
- Donors do not have their own agendas but support the partner countries' development goals;
- Development is good for people living in underdeveloped countries;
- Partner countries want to fight the AIDS epidemic at all levels of society;
- Partner countries would be keen to welcome donor funds and donor input in their programmes; and
- Information gathered from the United Nations is correct.

There are many limitations to this study but only a few will be discussed. The fields of public administration, development and official development assistance are wide and this study does not claim to cover all aspects of these topics. It is also not

possible in a broad study like this to go into any depth in individual countries' development and public financial issues.

1.6 Data collection

1.6.1 Literature review

The literature review consists of books, journal articles, legislature, reports, conference papers and websites. The literature review forms the theoretical foundation of the study from which empirical interpretations will be developed. Information gained from personal participation in national and international forums will also form part of the literature review.

1.6.2 Conferences

A paper titled *An analysis of the fiscal issues of HIV/AIDS as an epidemic: A South African Perspective* based on findings from the literature review was presented at the 6th annual conference of the South African Association for Public Administration and Management in 2005. Another paper titled *The environment in which public administration functions in sub-Saharan Africa* was presented at the 7th annual conference of the South African Association for Public Administration and Management in 2006. This paper was also included in the conference proceedings edition of the *Journal of Public Administration* (September 2006).

1.6.3 Legislation

By promulgating the bill *Shared responsibility - Sweden's policy for global development*, Sweden was the first country in the world to present an integrated policy for global development. Since the implementation of this bill, the Swedish government has decided to revitalise Swedish policy towards Africa for the 21st century by focusing on sub-Saharan Africa for a period of 5-15 years. Issues such as natural resources, human resources, demography, economy, and migration, as well as cross-cutting issues such as HIV/AIDS, gender, peacekeeping and business co-

operation were investigated. Contributions were made to the draft policy framework on demography, economy and HIV/AIDS

1.6.4 2006 High-level Meeting on AIDS – Uniting the world against AIDS

UNAIDS, consisting of UNHCR, UNICEF, WFP, UNFPA, UNODC, ILO, UNESCO, WHO and the World Bank, conducted a high-level meeting at the United Nations in New York from 31 May to 2 June 2006. The deliberations among the participants, consisting of AIDS ambassadors and decision-makers, were on universal access to treatment of AIDS, scaling up HIV prevention, treatment and care and support. The author contributed to the Norwegian AIDS ambassador's notes by researching and providing information on the HIV/AIDS situation in southern Africa.

1.6.5 Meetings of the Joint Norwegian and Swedish Regional HIV/AIDS Team for Africa

The author contributed to and participated in meetings of the Joint Norwegian and Swedish Regional HIV/AIDS Team for Africa during the research period. These regional meetings take place at least once a year and was joined by the Royal Netherlands and Irish Aid HIV/AIDS regional advisors in 2005 (Embassy of Sweden, 2007:25). Topics such as updates on recent developments in the region, mainstreaming, donor harmonisation and co-ordination and the relations between global, regional and national levels in the AIDS field are usually on the agenda.

1.6.6 High-level meetings with UN organisations

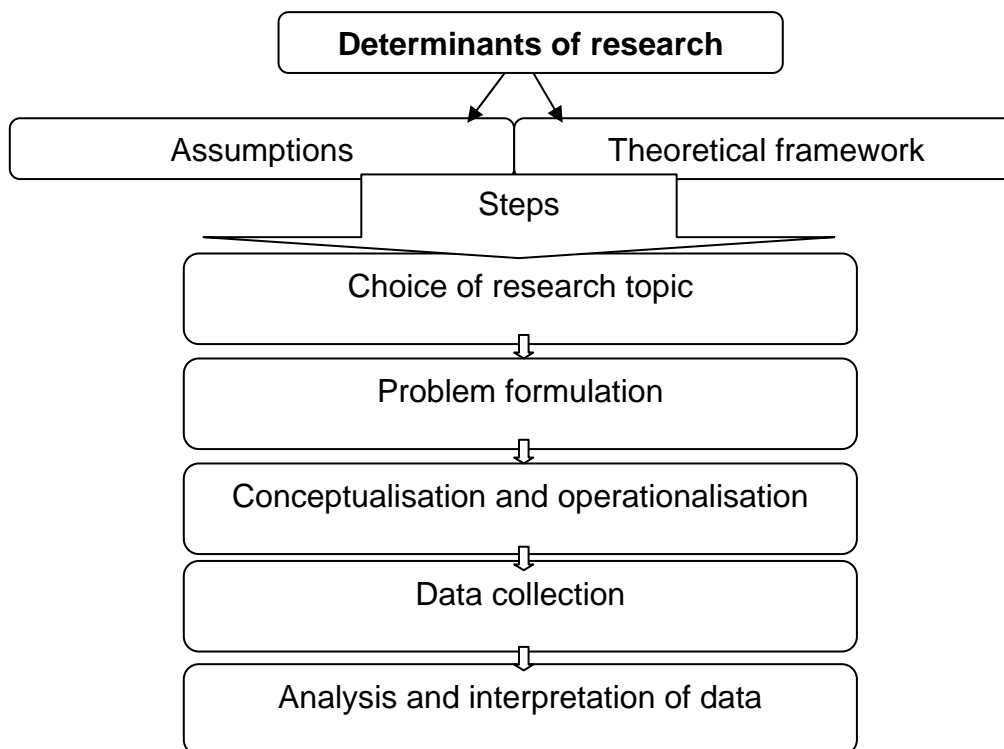
The researcher contributed and participated in the Joint Sida/Norad/UNDP/UNAIDS training on the changing development environment and UN reform in support of national responses to HIV/AIDS in eastern and southern Africa from 22-24 November 2005 (Swedish International Development Co-operation Agency 2005). The aim of the training was to learn and share experiences and lessons learnt on the new aid architecture. Furthermore, the implications of and opportunities for the HIV/AIDS response within the new aid architecture were explored.

1.6.7 Donor Co-ordination Forum on AIDS and the EU+ working group on HIV/AIDS

Information gathered through participation and convening various national and international forums on HIV/AIDS contributed to the study. The Donor Co-ordination Forum on HIV/AIDS is a forum which is convened by the South African Department of Health, and consists of bilateral donors, multilateral agencies, private sector donors and government. Topical issues on HIV/AIDS are discussed with the government and with donors among themselves.

The European Union+ (EU+) working group on HIV/AIDS, which includes the EU member states, other interested bilateral donors, multilateral organisations and UNAIDS is being convened by the Embassy of Sweden on a monthly basis. The main objective of the group is donor harmonisation in the field of HIV/AIDS. In conclusion to the section dealing with the research process, a schematic overview is provided to demonstrate the flow of the process (Figure 1.1). This diagram shows that the whole process of research is interlinked and related.

Figure 1.1 A schematic overview of the research process



Source: Mouton, J. & Marais, H.C. 1996. *Basic concepts in methodology of the social sciences*. Pretoria: HSRP Publishers.

1.7 Clarification of key concepts and terms

Before the summary of the thesis is presented, it is important to define the terms and terminology that will be used to eliminate uncertainty, as follows:

Adult mortality: the probability of dying between the ages of 15 and 60 years (Barnett & Whiteside, 2002:169).

Affected person(s): people whose lives have been changed, directly or indirectly, due to infection and/or the broader impact of the epidemic (Smart, 2004:226).

Aid: aid and assistance refer to funding flows which qualify as official development assistance (ODA) or official aid (OA).

Aid modality: the method a donor uses to provide funding to a recipient or partner country.

AIDS: acquired immune deficiency syndrome (Evian, 2003:3).

Alignment: the commitment of donors to base their development assistance on partner countries' national strategies, institutions and processes (DAC Task Team on Harmonisation and Alignment, 2005:15).

Audit: an inspection of the accounting procedures and records of an organisation by an independent and trained accountant.

Basket fund: a funding mechanism which is an instrument shared by two or more parties for the disbursement, management and accounting of donor funds.

Bilateral agency: organisation working for relations between two states.

Budget support: a method of financing a recipient country's budget by transferring resources from a donor to the government's national treasury.

Confidence interval or range: a statistical range with a specified probability that a given parameter lies within the range (Answers.com, 2005). The term *95% confidence interval (CI)* is often used in HIV prevalence and behavioural surveys. Confidence intervals show how precise an estimate is. For example, the HIV prevalence of 15-19-year-olds might be estimated to be 13%, but it needs to be known how precise that estimate is. The 95% CI shows the range in which one is 95% certain that the true value lies.

Decentralisation: in this thesis used in the context of the spread of power away from the national branch of government.

Demographic impact: demography looks at populations and their dynamics. It is concerned with the numbers, growth rates and structure of populations. Demographic analysis must be part of impact studies, as information such as premature deaths, number of orphans, number of old people, number of people to seek hospital treatment and expected life expectancy, can assist with projections and planning (Barnett & Whiteside, 2002:167).

Developing country: low- and middle-income countries in which most people have a lower standard of living with access to fewer goods and services than do most people in high-income countries. There are currently about 125 developing countries with populations over 1 million; in 1997, their total population was more than 4.89 billion (UNESCO, 1998).

Direct budget support: a method of financing a recipient country's budget through a transfer of resources from an external financing agency to the recipient country government's national treasury.

Discrimination: when people acting on a pre-existing stigma.

Economic growth/development: the process by which a country increases its ability to produce goods and services (Barnett & Whiteside, 2002:271).

Economic impact: that which causes the diversion of resources to uses that would not have been necessary in the absence of HIV/AIDS, and decreased production due to the disease (Barnett & Whiteside, 2000:44).

Effectiveness, efficiency and economy: effectiveness is an activity's overall success producing desired outcomes and reaching its overall objectives. A public institution exists for and on behalf of the community (Cloete, 1998:110). The efficiency of a public institution should be measured against its effective way of achieving objectives with the most economical utilisation of resources. *Efficiency* is used in the sense of to what extent a need has been satisfied as indicated in the original plans that were made. *Economy* is how frugal the resources have been used to best serve the community where the plans are implemented. *Efficiency's* basic meaning is the capacity to produce desired results with a minimum expenditure of energy, time and resources. The Constitution of the Republic of South Africa, 1996 (Section 195) clearly states that the efficient, economic and effective use of resources must be promoted.

Epidemic: a disease that spreads quickly through a population. It is often an infectious disease.

Epidemiological impact: assists with the identification of risk groups, the trend of the epidemic, core transmitters, morbidity and mortality (Barnett & Whiteside, 2002: 46).

EU+: member states of the European Union and other active donors such as the US, Canada and Norway

Foreign direct investment: happens when an investor based in one country acquires an asset in another country with the intent to manage that asset (United Nations Department of Economic and Social Affairs, 2001:15).

Fungibility: the quality and capability of exchange, in other words interchangeability.

Gender: the different roles and relations between males and females.

Globalisation: worldwide connectivity, integration and interdependence in all spheres of life.

Global Fund to Fight AIDS, TB and Malaria (GFATM): the Global Fund was established in response to perceived failures of previous 'big aid' to mobilise fast and far enough against global threats, such as epidemics (Rogerson, Hewitt, & Waldenberg 2004:20).

Governance: the traditions and institutions by which authority in a country is exercised for the common good. This includes (i) the process by which those in authority are selected, monitored and replaced, (ii) the capacity of the government to effectively manage its resources and implement sound policies, and (iii) the respect of citizens and the state for the institutions that govern economic and social interactions among them (World Bank, 2002).

According to the Webster's Online Dictionary (2005) the term *governance* refers to the decision-making processes in the administration of an organisation. Different nations and different organisations within a nation may approach governance concerns (who makes decisions? who pays the bills?) in very different ways.

In 1996, the Governance Working Group of the International Institute of Administrative Sciences (1996) defined *governance* as:

- (i) the process whereby elements in society wield power and authority, and influence and enact policies and decisions concerning public life, and economic and social development.

- (ii) a broader notion than government, whose principal elements include the constitution, legislature, executive and judiciary. Governance involves interaction between these formal institutions and those of civil society.
- (iii) having no automatic normative connotation. However, typical criteria for assessing governance in a particular context might include the degree of legitimacy, representativeness, popular accountability and efficiency with which public affairs are conducted.

The Institute for Democracy in South Africa (Idasa) subscribes to the definition of *governance* as “a set of values, policies and institutions by which a society manages its economic, political and social processes at all levels through interaction among government, civil society and private sector” (Strode & Barrett Grant, 2004:1).

Harmonisation: the commitment by donors to rationalise their multiple activities to maximise aid efficiency under country ownership (DAC Task Team on Harmonisation and Alignment, 2005: 20).

Heavily indebted poor countries (HIPC): a group of least-developed countries with the highest levels of poverty, which is eligible for special assistance from the World Bank and the International Monetary Fund (Worldwebonline, 2007).

HIV: human immunodeficiency virus (Evian, 2003:3).

Human capital: people’s accumulated life experiences, their human and job skills and their knowledge and insights built up over a period of years (Economic Commission for Africa, no date).

Impact in general: a slow but complex set of changes to a social and economic system, attributable to the effect of an identifiable set of causes (Barnett & Whiteside, 2000:9).

Incidence: the number of new infections occurring over a given time among previously uninfected people. The incidence can be expressed as a number of a particular population – for example, it is estimated that there are 600 new infections occurring per day – or as a percentage of the uninfected population (Barnett & Whiteside, 2002:49).

International financing facility: the acceleration of the availability of funding for development by securing future aid expenditure through bond markets (Rogerson et al., 2004:21).

Life expectancy: a single index describing the level of mortality in a given population at a particular time measured in years of life (Barnett & Whiteside, 2002:174).

Mainstreaming HIV/AIDS: the process of analysing how HIV/AIDS impacts on all sectors now and in the future, both internally and externally, to determine how each sector should respond based on its comparative advantage. The specific organisational response may include:

- putting in place policies and practice that protect staff from vulnerability to infection and support staff who are living with HIV/AIDS and its impacts, while also ensuring that training and recruitment take into consideration future staff depletion rates, and future planning takes into consideration the disruption caused by increased morbidity and mortality;
- refocusing the work of the organisation to ensure those infected and affected by the pandemic are included and able to benefit from their activities;
- ensuring that the sector activities do not increase the vulnerability of the communities with whom they work to HIV/STIs, or undermine their options for coping with the effects of the pandemic (Elsley & Kutengule, 2003:13).

Managing for results: a process that focuses on results in every aspect of management, thus aiding public policy and administrative organisations to focus on their goals and objectives.

Medium-term expenditure framework (MTEF): a policy framework for medium-term budget planning; the process of a multiyear budgeting system that allows a government to plan expenditures in advance for a number of years.

Millennium Challenge Account: established by the USA, using a challenge funding mechanism for which developing countries can become eligible only if they meet certain good governance criteria (Rogerson et al., 2004:19).

Mortality: the number of deaths in a given period (Barnett & Whiteside, 2002: 169).

Morbidity: incidence of a disease in a specific locality (RERF Glossary, 2005).

Multilateral agency: in international relations, multiple countries working together on a specific issue.

Pandemic: an epidemic that occurs in many countries at the same time.

0.7 pledge: developed countries of the OECD pledged to provide assistance to developing countries which equals 0.7% of their GNI.

Poverty Reduction Strategy Papers (PRSP): a country's macroeconomic, structural and social policies and programmes to promote growth and reduce poverty, as well as associated external financing needs. PRSPs are prepared by governments through a participatory process involving civil society and development partners, including the World Bank and the International Monetary Fund (World Bank, 2007).

Prevalence: the estimated percentage of the adult population living with HIV at a specific time, regardless of when infection occurred. Prevalence rates always apply to a particular population (region, age or other group) at a point in time, and can be monitored over time for trends (Barnett & Whiteside, 2002:50).

Public administration: particular functions of the public institutions, with the public sector as one of the operational areas of the administrative process (Hanekom, Rowland & Bain, 1992:9). Public administration consists of the work of government

or, more specifically, the management of public affairs, the enforcement of law and the fulfilment of public policy.

The activity of public administration in government is much wider in scope and nature than management in government institutions (Fox, Schwella & Wissink 1999:2). Managers in the public administration must have a policy with the objectives of the institution concerned to fulfil their managerial functions. This policy is normally in the form of legislation, for example, the National Health Bill of 2003. It is through the process of public administration that institutions are created in which people work to achieve objectives (Du Toit & Van der Waldt, 1997:45). It is also through the process of public administration that funds are made available to do the work.

Public administration empowers managers in government institutions to perform their managerial functions (Van der Waldt and Du Toit, 1999:46). The generic public administrative processes are policy-making, organising institutions to implement policy, making funds available to implement policy, providing and utilising staff for the institutions, determining suitable work procedures and prescribing controls. All these functions should be carried out in such a way that resources are used efficiently and effectively to promote the general welfare of the public (Van der Waldt and Du Toit, 1999:13).

Range or confidence interval: a statistical range with a specified probability that a given parameter lies within the range (Answers.com, 2005). The term *95% confidence interval (CI)* is often used in HIV prevalence and behavioural surveys. Confidence intervals show how precise an estimate is. For example, the HIV prevalence of 15-19-year-olds might be estimated to be 13%, but one needs to know how precise that estimate is. The 95% CI shows the range in which one is 95% certain that the true value lies.

Sector-wide approach (SWAp): a procedure between governments and development partners to co-ordinate support to public programmes to improve the efficiency and effectiveness in a particular sector.

Social impact: the effect of illness and death, social support and where to find it, the influence of cultural views on age, gender and ethnicity, and ethical or religious beliefs are some of the factors that will have an impact on the social systems (HIV/AIDS Survey Indicators Database, 2005).

Statistical data and information: a *statistic* is a number that is achieved through applying a scientific method. As a product of the notion that statistics and science are interlinked, it is assumed that such numbers are beyond reproach. A *statistic* is an abstraction – an estimate of a proportion (e.g. %) or an actual number (people, infections, etc.). A statistic is seldom exact – sometimes close to reality, sometimes a poor reflection of the real situation. Statistics aggregate and proportionalise individual level findings and are *only* useful in that way (Cadre, 2005).

Statistics provide insight into lived realities and material conditions, but at the same time they mask the lived experiences that they represent – statistics dehumanise. Statistics can be meaningful or meaningless, depending on how they are contextualised and what they inform or misinform.

Common HIV/AIDS statistics are (Cadre, 2005):

- (i) HIV *prevalence* – the proportion of HIV positive people at any given time – usually expressed as a percentage (usually derived from testing pregnant women at public sector clinics; antenatal; from testing all or nearly all employees in a workplace; context/site-specific prevalence; population-based - e.g. country, province, community); and
- (ii) HIV *incidence* – the number of infections over a given time – usually expressed as a whole number with frequency; e.g. number of new infections per day, month, year; not easily measured.

STD: sexually transmitted diseases are infections that can only be transmitted from one person to another through sexual intercourse or contact with the genitals of an infected person. Synonym for STI (Evian, 2003: 14).

STI: sexually transmitted infections are infections that can only be transmitted from one person to another through sexual intercourse or contact with the genitals of an infected person.

Stigma: the display of negative, hostile and derogatory attitudes or beliefs towards a certain individual or groups of people.

Subsistence agriculture: farming and activities that form part of a livelihood strategy where the produce is being consumed by the household and only a small proportion of output is marketed (Barnett, 2000).

Susceptibility and vulnerability: the particular features of society that make its structures and processes contribute to increased levels of susceptibility and more vulnerable to the impact of the epidemic (Barnett & Whiteside, 2002: 47).

Unsafe sex: sexual intercourse without the protection of a condom/condoms not being used correctly and consistently.

Virus: extremely small particles that are infectious and responsible for numerous diseases in humans.

1.8 Framework of the study

This study comprises 11 chapters. Chapter 1 provides the research problem and research design was discussed. The frame of reference explores why HIV/AIDS is a special problem and what the relationship is between HIV/AIDS and the Millennium Development Goals. The purpose of the study and the problem statement were considered. Attention has been given to the research methodology and design outlining benefits, limitations and assumptions. Key concepts and terms in public administration, development, HIV/AIDS and aid architecture were defined.

Chapter 2 will be devoted to the contextualisation of public administration both as a subject and as an action. The chapter explores the historical perspectives on public administration and also considers the development of administrative theories and schools of administrative theories. The chapter concludes with the functions of public administration: policymaking, financial administration, human resources, organisation, methods and procedures, control and management.

Chapter 3 will describe development theory and development administration. A short history of development contextualises the development arena into the developed, developing and underdeveloped worlds and the dynamics between them. The origins of development administration will be discussed with reference to the administration of underdevelopment and the building of a theory of administrative development.

Chapter 4 will describe and explain globalisation in the context of the role of the state and public administration. The overview of globalisation will aim to inform on a new era for globalisation with new markets, new actors, new roles and norms and new tools. The rest of the chapter is dedicated to the role and function of the state. A short history of the changing concepts of the role of government will provide some insight on how the role of the state has changed over time. Presently, the role of the state is changing under the impact of globalisation and other developments such as demographic changes. The role of the state as regulator, enabler and facilitator will be discussed to illustrate how the role of modern government has changed.

Chapter 5 will analyse the environment in which public administration functions in sub-Saharan Africa. The region's political, economic, social, health and developmental challenges will be explored. Mention will be made of the impact that various international and regional organisations have on sub-Saharan Africa. Lastly, the unique challenges facing the region will be discussed.

Chapter 6 deals with HIV/AIDS as an epidemic. The global AIDS epidemic will be described with special emphasis on sub-Saharan Africa. The epidemic as a long-wave effect will be discussed and the impact of AIDS on population and population structure will be dealt with. The impact of the AIDS epidemic on governments, society and individuals will be described. HIV/AIDS and the impact on the Millennium Development Goals will be discussed. Lastly, the chapter will look at the mainstreaming of AIDS in development work.

Chapter 7 will scrutinise the impact of the AIDS epidemic on development and sustainable development and the impact it has on the quest for sustainable development. A brief history of sustainable development and the major international landmarks as well as the international legislative framework will be put into the context of the AIDS epidemic. The purpose of this chapter is to show that the AIDS epidemic has a direct influence on sustainable development. The Millennium Development Goals and how the AIDS epidemic is already impacting on achievements will be highlighted.

The changing face of official development assistance will be considered in Chapter 8. A history of the drivers of official development assistance and the origins of the new aid architecture will be discussed. The Paris Declaration on Aid Effectiveness will be discussed. Lastly, the effectiveness of official development assistance for HIV/AIDS is considered.

Chapter 9 will deal with public financial management and the financing of the HIV/AIDS epidemic. The role of the state budget process as a democratic institution as well as the objectives of public financial management will be discussed. The influence that donor financing has on a government's public financial management will be investigated. The disparities between AIDS funding and other relief efforts will show that the epidemic does not receive the funding it warrants. The global call for funding for the AIDS epidemic is discussed and attention will be given to the challenges of scaling up funding to developing countries. Two existing aid modalities will be assessed and considered for suitability to South Africa. Finally, a financing

and programming model based on the UN's Three Ones (one agreed HIV/AIDS action framework, one national AIDS coordinating authority and one agreed monitoring and evaluation system), the Paris Declaration and the sector-wide approach will be put forward for consideration.

The last chapter will be dedicated to conclusions and recommendations. The findings of the study will be considered and recommendations will be made for consideration by governments and donors in the global HIV/AIDS arena.

1.9 Conclusion

The theoretical framework provided the positioning of the research within the discipline of public administration in general and public financial management and development in particular. Attention has been given to the research methodology and design, outlining benefits, limitations and assumptions. The foundation and need for the study were emphasised by focusing on the impact of the changing international financial environment on the national response to HIV/AIDS in southern Africa. Key concepts and terms in public administration, HIV/AIDS and aid architecture were defined. Lastly, a brief description of the thesis was presented.

The next chapter is devoted to the contextualisation of public administration both as a subject and as an action. The chapter explores the historical perspectives on public administration and also considers the development of administrative theories and schools of administrative theories. The chapter concludes with the functions of public administration: policymaking, financial administration, human resources, organisation, methods and procedures, control and management.

CHAPTER 2: CONTEXTUALISATION OF PUBLIC ADMINISTRATION

2.1 Introduction

Public administration, like the sciences, is a process, not a product. Public administration has changed through the years with changing practices, changing ideologies in government and the global change of the perception of human rights. To attain a degree of validity in this study, the scientific foundations of public administration will have to be examined. The chapter starts off with a historical perspective of public administration and how the earlier scholars have influenced administrators from the classic up to the modern era. The chapter will briefly touch on the development of administrative theories and schools of administrative thought to highlight the discipline's crisis of academic construct and significance in society. Next is a discussion of the role and functions of public administration. Financial aid to implement HIV/AIDS programmes is mostly going to developing countries that are dependent on aid to achieve their development goals. Donor aid is often provided on the assumption that the recipient country has adequate capacity in the government to manage all aspects of development. The role and functions of public administration has a direct bearing on the developing country's ability to manage aid so that the money reaches the people for whom it is intended. The conclusion gives a short overview of why public administration is important in the development arena.

2.2 Historical perspectives on public administration

The history of social and political concepts plays a considerable role in the study of public administration. Public administration has on occasion drawn on the history of political and social thought for knowledge. Public administration, as other subjects in the social and political world, has become completely absorbed with technical rationality. During the 17th century, the enlightenment philosophy as a physical science emerged as a controlling power and epistemology became completely engrossed with a quest for evidence of existence.

Through all the ages, ideas had, and do have, a significant effect on one's way of thinking and reasoning ability. The way one expresses oneself, and the meaning of words such as *public administration*, *constitution*, *government*, *democracy* and *legislation* which is never precise or neutral in any scientific sense, as well as one's own mental framework that one has come to use over time and thinks about, make sense of these words. The study of the history of social and political ideas is important if the scholar wants to study and comprehend public administration. In the developing world, the study and implementation of public administration have emerged as an important aspect in the international arena of donor funding, direct foreign investment and loans.

It is often stated that public administration is as old as modern man himself. Public administration can be traced as far back as 3000 before Christ (B.C.) when priests in Iraq have left written documentation of their transactions (Pindur, Rogers &, Kim 1995:59). In literature from as far back as 1491 B.C., for example, the *Bible*, Exodus Chapter 18, Verses 13-27, reference is found to public administration when Moses, during the exodus of the Israelites from Egypt, on his father-in-law's advice, delegated authority over the tribes of Israel along hierarchical lines (Cornerstone Evangelical Association, 2006). It can be said that Moses utilised Jethro (his father-in-law) as a management consultant to help him with ruling the Hebrews in the desert.

2.2.1 Introduction to public administration

In later history, Aristotle, who lived from 384-322 B.C., described the life of a citizen as the highest expression of humanity. Aristotle said man was a 'political animal' and people who avoided politics displayed their ignorance (Bagby & Franke, 2001:623). The ancient philosophers wanted government to develop in citizens a concern for the common good and a willingness to make decisions on the basis of fairness and justice. The public official should serve as an example of virtue and should lead the people as his/her servant, with only their wellbeing in mind. This was referred to as the idealist view.

Socrates and Plato (*circa* 400 B.C.) are both credited for defining *management* as a skill separate from knowledge and experience, while Plato also promoted principles of specialisation (Pindur, Rogers & Kim 1995:59). Alexander the Great, who lived around 325 B.C., successfully used the principle of line and staff in his quest to conquer the world. Alexander's politics relied on an involved rationality that had its origins in Macedonian military principles (Ashworth, 2003:2). Many of Alexander the Great's ideas, such as specialised departments, competence as a power base and a clear chain of command, are reflected in modern public administration (Ashworth, 2003:16). Two other ancient 'public administrators' worth mentioning are Diocletian and Pacioli. Diocletian who was a Roman emperor in 284 A.D., ruled through delegation of authority and chain of command when he divided the Roman Empire into 101 provinces and grouped the provinces into 13 dioceses (Pindur, Rogers & Kim, 1995:59). Pacioli was an accountant who described the double-entry bookkeeping in order for a person to gauge the loss or gain upon each article that he deals with (Chambers, 1989:7). He described the conduct in which public financial affairs should be managed and touched on economy, efficiency and effectiveness.

2.2.2 Realism and Enlightenment philosophy

Niccolo Machiavelli, who lived at the end of the 15th, beginning of the 16th century is occasionally referred to as the first modern political philosopher. In his famous work *The Prince*, he broke away from the ancient worldviews. He rejected the ancient idealism and embraced 'what works', which became the modern perspective in political thought and was called realism (Bagby & Franke, 2001:624). Machiavelli's realism was based on government as the provider of safety, power and prosperity, where the leader's primary concern was the security of the state.

The rejection of idealism and turning towards realism provided the basis for the Enlightenment philosophy, with Thomas Hobbes (1588-1679) and John Locke (1632-1704), the most prominent philosophers of the 17th century. The Enlightenment philosophy was important in the development of thoughts on public administration. Both Hobbes and Locke initiated the theories about individualism and self-interest, which postulated that government was not about producing virtuous citizens, but that

government was a means to an end (Bagby & Franke, 2001:625). Locke held that government was there to create an enabling environment for the growth of private enterprise and should not hamper these enterprises by too much taxation or regulation. The Enlightenment philosophy is reflected in the emphasis on individual rights and the division between the public and private domains (Bagby & Franke, 2001:625). The Enlightenment philosophy is also reflected in the 'new public management' not only in the separation of politics from administration, but also in the idea of the impartial value system that government should operate from. For public administration this means the ultimate escape from politics, where administration is viewed as a science where the demands of the public are satisfied through rational inputs and outputs (Bagby & Franke, 2001:628).

2.2.3 The cameralists

During the 18th century, a sophisticated tool of public administration was designed by the cameralists to serve the monarchs of Austria and Germany (Spicer, 1998:149). The most prominent cameralist was Johan Heinrich Gottlob von Justi and his writings have a modernist and secular vein of the age of Enlightenment. The cameralists assigned three major roles to government: fiscal management; regulating the economy and the exploitation of all natural resources (Jackson,2005:1297). Writers such as Max Weber and Woodrow Wilson were influenced by the cameralist doctrines (Jackson 2005:1293). Cameralists can be viewed as the first real public administrators because they contended that government should implement the functions of the state, that there was scientific knowledge to assist administrators in carrying out these tasks and lastly that there should be a competent chief executive to oversee the process (Spicer, 1998:157).

2.2.4 The positivists

Modern debates on positivism refers to a broad attitude about philosophy and science that has its origins in the theories of Henri Saint-Simon (1760-1825) and Auguste Comte (1798-1857) and the philosophical doctrines of the logical positivists

(Babbie & Mouton 2001: 20). There is no consensus among the positivists on whose doctrines were essential to their position and how those ideas should be interpreted. Although the original ideas on positivism were used, positivism in its contemporary form varies to some extent from those. An important feature of all positivist thinking is the emphasis on the naturalistic scientific method of distance between subject and object, while the observation of the phenomenon is free of any value system.

The central position of positivism is simply put that it is possible to have correct knowledge of the part without knowing the nature of the whole. The success of empirical science has tended to validate this as truth and has encouraged the development of positivist thinking in other fields, especially the social sciences. Comte expressed the core of positivism as the discovery of natural laws that logically replaced earlier ancient explanations. *Positivism* refers to scientific claims 'posited' or 'postulated' on the basis of empirical evidence instead of claims based on religion or superstition (Babbie & Mouton, 2001:22). Science and technology, that can be observed and logical deductions made from the observations, appeared to provide rational grounds for the establishment of a new social, moral and political order (Dobuzinskis, 1997:299).

August Comte is known as the father of positivism and his major work was on the theory of human and scientific progress (Babbie & Mouton, 2001:21). Although Comte coined the term *positive philosophy*, he was not the only scholar to contribute to the movement. Most of the 19th-century philosophers such as John Stuart Mill, Herbert Spencer, Emile Durkheim, Max Weber and to an extent Karl Marx, shared the view that social realities can be known objectively, meaning that the separation of fact from values is both possible and beneficial (Dobuzinskis, 1997:299). Positivism was especially embraced by the psychologists of the 19th century in the application of the positivism philosophy in research. Emile Durkheim made a considerable contribution to positivism with his insistence on treating social facts as similar to natural science facts and his use of positivism in investigations where observation as a method is used (Wikipedia, 2006b).

During the middle of the 19th century until about the 1920s, the European positivistic movement gained momentum in Latin America, where it became a social philosophy

which characterises an alternative to romanticism, eclecticism, Catholicism and traditional Hispanic values (Marti, 1998). The positivist movement emerged as the result of the liberal ideas, which followed the independence wars against the United States and Spain, and the necessity of educational reforms to solve the continent's problems. By the end of the 19th century, positivism in Latin America became more conservative, in favour of gradual change. In public administration, Herbert Simon favoured the scientific, technical and factual information above any other knowledge (Raadschelders, 2003:11). His studies in public administration; political science; organisation theory; decision theory; economics; social and cognitive psychology; computer science and artificial intelligence had its foundation in objectivity, scientific and factual knowledge.

One of the major contributions of positivism to the social sciences is that it gave philosophy and the philosophy of social sciences an empirical, scientific foundation. In social sciences, positivism has supported the emphasis on quantitative data and precisely formulated theories (Kincaid, 1998). Woodrow Wilson applied the positivist dogma when he proclaimed that facts must be separated from values, therefore politics and administration belong in different spheres (Dobuzinskis, 1997:300). This application of positivism assisted in the emergence of public administration as a discipline. The scientific management movement of Frederick Taylor started during the Industrial Revolution and his ideas of a scientific and objective way of studying human relations did not last very long. The rise of the behaviourists effectively put an end to the scientific management movement.

2.2.5 The classicists

Although attempts to view administration as a science began in the times of Aristotle; the handling of administration and later public administration as a separate science is a modern development (Masani, 1997:341). Max Weber's description of public administration, especially his view of the bureaucratic system, is conveniently used to provide a framework for the beginning of modern public administration and it is often used as an outline for comparison of earlier and later developments in the field (Masani, 1997:341). Although Max Weber (1864-1920) left no school of followers as

he lectured for about five years at five different universities, his influence on public administration with his bureaucratic model and basic concepts such as domination, authority and rationality has left its mark on the literature (Marais, 1991:226). Weber was not much interested in the civil service, he studied authority as an instrument of domination and demonstrated that his legal-rational form of authority was best expressed in the civil service. His negative attitude towards civil servants was evident in his writings, and he is also the best critic ever of bureaucracy. In his article on Weber, Marais (1991:235) states that Weber's concept of bureaucracy is misunderstood and often quoted out of context. This misplacement gave Weber a place as one of the contributors to the early study of public administration (Marais 1991: 235).

Lorenz von Stein's (1815-1890) work at the University of Vienna is believed to form the foundation of international public administration (Wikipedia, 2005b). As an economist and sociologist, he applied Hegel's dialectic to the field of public administration and public finance in order to advance the systematics of these disciplines. He argued that the science of public administration was at the interface between practice and theory and also urged scholars of the discipline to adopt a scientific method. Another European that has influenced modern public administration was Henri Fayol (1841-1925), a French mining engineer. His work in the field of management, especially the five functions of management, namely planning, organising, commanding, co-ordinating and controlling, can be found in modern public administration (Piano, 2005). His work was only recognised in the United States (US) after it was translated and printed in 1949.

Most scholars refer to Woodrow Wilson (1856-1924) as the father of modern public administration and his work *The study of administration* (Shafritz & Hyde, 1997:11) is the beginning of self-conscious study of public administration in the United States. Wilson is known for putting forward the dichotomy of politics and administration, when he wrote "The field of administration is a field of business. It is removed from the hurry and strife of politics; it at most points stands apart even from the debatable ground of constitutional study" (Gildenhuis, 1988:12). Wilson maintained that "the object of administrative studies is to rescue executive methods from the confusion and costliness of empirical experiment and set them upon foundations laid deep in

stable principle” (Gildenhuis, 1988:12). His insistence that public administration should have its foundation in the science of management and should be separate from political politics became the dogma of the discipline until after World War 2. Wilson’s main themes are still influential and indispensable when studying the development of public administration. He also urged the development of the science of administration that would assist administrators to perform their duties (Fry, 1989:3).

Frank J. Goodnow (1895-1939) took the politics and administration dichotomy further when he argued that politics is the expression of the will of the government and administration is the implementation of that will (Shafritz & Hyde, 1997:2). Frederick W. Taylor (1856-1915), a contemporary of Wilson, conducted experiments in a Philadelphia steel plant on the development of time and motion. He is considered the father of scientific management and his ideas of finding the “one best way” of executing a task to enhance production methods were the foundation of the classical organisational theory (Shafritz & Hyde, 1997:3). Another early scholar in public administration worth mentioning is William F. Willoughby (1867-1960), who produced literature and ideas on a wide variety of issues in public administration. He is well known for his reasoning that public administration had common features that were applicable to all branches of government, as well as for his work on budgetary reform (Shafritz & Hyde, 1997:4). A contemporary of Goodnow and Willoughby was Luther Gulick (1892-1992), an expert on public administration who was one of the founders of the American Society for Public Administration (Piano, 2005). He is well known for POSDCORB, his acronym that depicts seven activities: planning, organising, staffing, directing, co-ordinating, reporting and budgeting.

The first textbook that was completely devoted to public administration, *Introduction to the study of Public Administration*, by Leonard D. White, was published in 1926 in the United States (Henry, 1980:30). Through his long and illustrious career, White researched and wrote prolifically on public administration. Many of his ideas and thoughts on public administration are as valid today as they were in his lifetime. White stated that the practice of administration is the same regardless of the level of government, he started the ideas of efficiency, effectiveness and economy when he wrote that the purpose of administration is the most efficient utilisation of

government's resources (Weber, 1996:61). Mary Parker Follett, also a contemporary of White, is well known for her groupthink process and her creative exercises such as brainstorming, which are still being used in modern management. (Fry, 1989:98). Nicholas Henry argued that public administration has progressed as a discipline through the succession of five overlapping paradigms and that each of these five paradigms can be typified according to its locus or focus, where the locus is the institutional "where" of the field and the focus is the specialised "what" of the field (Henry, 1980:27). Other scholars in the classics of public administration such as Elton Mayo, Chester I. Barnard, John Gaus, Abraham H Maslow, Robert A. Dahl, Herbert A. Simon, Dwight Waldo and Aaron Wildavsky have all contributed widely and have defined and refined the discipline over the years.

2.2.6 New public administration and new public management

During the late 1960s and early 1970s, the new public administration surfaced as a reaction to various factors such as the turmoil in the discipline in terms of its intellectual basis, and a change of emphasis in the social science disciplines (Frederickson, 1980:13). Issues like social equity, inequality and participation have irrevocably changed the study of public administration. The client-centred approach and service delivery have become the focus of public administration. The models of reform in the new public administration, reinventing government, business process reengineering and the new public management of the Organisation for Economic Cooperation and Development (OECD) have all shaped the discipline and provided a framework for analysis of ideas and lessons learnt (UNPAN, 1999: 248).

Since the 1980s, neo-liberalism has emerged where the impact of globalisation, the role of markets, privatisation, corporatisation and outsourcing of services have become the new terminology of the new public management approach. The focus shifted to the balancing of economic policy with social and environmental policies, client-centred service delivery and the participation of the community in government decision-making. The new public management of the 21st century focuses on adding public value, which refers to the value created by government by means of its actions, legislation and service delivery (O'Flynn, 2004:16). Economics plays a

significant role in the new public management and the model for political and administrative relationships in the public sector is the economic market (Kaboolian, 1998:190). The changing role of the government is illustrated in Table 2.1.

Table 2.1: The changing role of government

	Public administration	New public management	Public value management
Model of accountability	Departments report to politicians who report to Parliament.	Officials report through performance contracts to politicians who report to Parliament.	Government is overseen by citizens. Taxpayers see themselves as funders of services.
Service delivery	Departments are hierarchical and do self-regulation.	Sourced out to private sector or public sector agencies.	Mixed group, PPP, government, community interest companies, public sector agencies.
Public participation	Citizens vote and can also pressurise representatives.	Limited. Citizens can contribute through customer satisfaction surveys.	Unlimited role for participation.
Aim of managers	React to political direction.	Managers achieve performance targets.	User preferences play an important role. Trust and good service delivery is used as criteria for renewal of managers.

Source: Adapted from Harmsworth, P. 2005. *Effectiveness in Public Administration*. [Online] Available at: http://www.ipaa.org.au/_dbase_upl/PeterHarmsworth.ppt [Accessed: 16 March 2006].

In the developing world, public administration and development are closely related. Therefore the study of public administration is also a study of development theory and development administration.

2.3 The development of administrative theories and schools of administrative theories

The question whether Public Administration is a science or not will not be discussed in this thesis. An attempt is made to understand the development of an administrative theory and the schools of administrative theories that developed in the study of public administration through time.

2.3.1 Introduction

Since public administration was first practised and acknowledged as a discipline, there have been many debates on whether Public Administration is an academic science, as it did not have its own theories. This resulted in many criticism of the discipline which caused many administrative scientists to withdraw from the field, leaving the practitioners to draw from more related disciplines of business administration (Botes, Brynard, Fourie, & Roux, 1997/8:272). Henry Fayol (in Gulick & Urwick, 1937:101) contended that there is one administrative science that can be applied to private and public affairs alike and that the principle elements can be summarised in the administrative theory Fayol also stressed the great importance of the successful management of an organisation. This debate on public administration is ongoing. Raadschelders (1999:282) argues that “public administration suffers from so many crises of identity that normal adolescence seems idyllic”. Raadschelders maintains that public administration in general and as a discipline is in a crisis about its academic construct and its significance in society. The crisis can be summarised as follows:

Table 2.2: Identity crisis of public administration

	public administration	Public Administration(PA)
Theoretical crisis	<ul style="list-style-type: none"> ❑ The definition of public administration and how to differentiate between the public and private. ❑ Where does public administration fit in between society and government? 	<ul style="list-style-type: none"> ❑ Epistemological foundations of PA ❑ The acquisition of knowledge in the field. ❑ Is this acquired knowledge scientific or analytical?
Existential dilemma	<ul style="list-style-type: none"> ❑ There is a need for moral authority. 	<ul style="list-style-type: none"> ❑ P.A. is a discipline among others or a sub-field within e.g. business administration, political science and law.

Source: Adapted from Raadschelders, J.C.N. 1999. A coherent framework for the study of public administration. *Journal of Public Administration Research and Theory*, 9(2):281-294.

The ever-changing ideological, political, economic, legal and social environments to which practitioners of public administration must respond makes Public Administration a vibrant discipline among scholars studying theory, method and practice (Raadschelders, 1999:289). The increased intricacy of the functioning of a modern government has made the application of scientific methods in preparing reports, memoranda, plans and submissions a necessity.

2.3.2 Approaches and schools in Public Administration

Public Administration has been influenced by many disciplines, such as Political Science (originally of which it was an extension), Law, Sociology, Psychology, History and Business Management. The main approaches of Public Administration is normativism, empiricism, behaviourism and behaviouralism (Botes *et al.*, 1997/8:279), where *normativism* describes the ideal, what should be or be striven to, *empiricism* is the view that all knowledge is based on or derived from experience (Mautner, 2000:166). *Behaviourism* is a method of psychological investigation that studies what an organism says and does in order to establish correlation between

stimuli and reactions (Mautner, 2000:64), whereas *behaviouralism* determines the influence of the system on the overall behaviour of individuals within a given group context (Botes *et al.*, 1997/8:280). These approaches in Public Administration can be found in the different schools of administrative theory. Gladden (1966:20) states that there are many books on public administration, but not one accepted approach. Leonard D. White (in Storing 1965:50) says that “there are many ways to study the phenomenon of public administration “(A)ll these approaches are relevant and from all of them come wisdom and understanding”. As part of the historical perspective of Public Administration and to further expand on administrative theory a short summary of the schools of Public Administration will be provided.

The empirical school of Public Administration is of the view that all knowledge is based on or derived from experience (Mautner, 2000:166). The study of administration in practice will assist practitioners to make informed decisions based on the written history of administration. Although this school can be useful in the study of the history of public administration, in a rapidly changing world practitioners are required to adapt their work methods accordingly. The school of human behaviour studies the behaviour of people in their workplace and how they interact with other people in a group setting. This school has first been extensively applied to the industrial settings of the private sector and these theories were later utilised in the public sector (Botes *et al.*, 1997/8:281). The application of this school to public administration can be useful if used in correlation with other methods. The bureaucratic model is attributed to Max Weber, who described *bureaucracy* as a control system based on rules which regulate the government’s arrangements and procedures through highly qualified and efficient people (Botes *et al.*, 1997/8:281). Weber’s bureaucratic principles have influenced many scholars in Public Administration and issues such as hierarchical authority, specialisation and a merit system of appointments and promotions can be found in modern governments.

The social system school can be attributed to Chester I. Barnard, who viewed organisations as co-operative systems in which the “functions of the executive” is supposed to sustain a balance between the needs of the individual and the needs of the organisation and also to develop communication between the parties (Fry, 1989:156). Herbert A. Simon was influenced by Barnard and supported a systems

approach to public administration and the study of decision-making. According to the decision-making school, the organisation must develop methods of coping with the limitations of human decision-making by providing decision rules that can be applied to deliver a correct or desirable outcome (Fry, 1989:181). The mathematical school used the systems approach to analyse administrative problems and developed models to assist with almost all aspects of administration. This idea that administration is a logical process that can be mathematically calculated and explained does not have many applications in the rapidly changing public service of the present day. Modelling is useful in quantifiable entities such as money, logistics, stock, predictions and planning, but the human element is always a huge factor in the practice of public administration.

The public service has been trying to introduce the business management approach in the public service. Public administration is, however, far more comprehensive than business management. Business management techniques are being utilised by practitioners, but with the caution that the principles and normative guidelines of Public Administration must not be ignored (Botes *et al.*, 1997/8:283). Henri Fayol and Frederick Taylor made a considerable contribution to the administrative process school with the classification of the universal principles which are found in any organisation's activities, namely organising, co-ordinating, commandeering, control and vision (Botes *et al.*, 1997/8: 283).

2.4 The role of public administration

Public administration is, broadly speaking, the implementation of policy within a state framework. *Public administration* can be defined as taking care of the state's business by civil servants within the executive branch of government. *Public administration* is the term both for the subject matter and for the academic study of the same.

2.4.1 Defining public administration

One of the earliest definitions of *public administration* is by Woodrow Wilson, who wrote “The field of administration is a field of business...The object of administrative studies is to rescue executive methods from the confusion and costliness of empirical experiment and set them upon foundations laid deep in stable principle... Public administration is the detailed and systematic execution of public law. Every particular application of general law is an act of administration” (Gildenhuis, 1988:12). Frank J. Goodnow argues that *politics* is the expression of the will of the government and *administration* is the implementation of that will (Shafritz & Hyde, 1997:2). Gladden described administration as a process with three stages, namely the stage of decision, the stage of administration and the stage of fulfilment (Gladden, 1966:12).

Pauw defines *public administration* as the organised non-political executive state function (Pauw, 1995:28), while Gildenhuis, (1988:14) describes *public administration* as the detailed and systematic execution of public law. Every particular application of general law is an act of administration. *Public administration* has also been defined in terms of its generic functions of public administration, namely policy-making; organising; financing; staffing; determining work methods and procedures and controlling (Cloete, 1998:22). The Constitution of South Africa of 1996 (Section 197) states that within public administration there is a public service for the Republic, which must function, and be structured, in terms of national legislation, and which must loyally execute the lawful policies of the government of the day. The process of public administration can be described as a number of related activities that need to be performed in public institutions. The tenets of public administration include accountability to the voters; the body politic playing a role, the importance of community values and service delivery.

2.4.2 The functions of public administration

As early as the beginning of the 20th century, Henri Fayol defined the field of management to have five functions, namely planning, organising, commanding, coordinating and controlling (Piano 2005). Cloete (1998:22) provides the functions of

public administration in terms of the generic functions, namely: policy-making; organising; financing; staffing; determining work methods and procedures, and controlling. In the South African context, this classification is being regarded as a rational analytical model that distinguishes the relationship between the functions (Hanekom, Rowland & Bain, 1992:21).

Cloete (1994:58) describes *organising* as the establishing of task lists for sections and individuals within a department, and also to develop communications systems. The work of the public administration practitioner is being done within the framework of certain work procedures and methods and controlling in the format of monitoring and evaluation needs to be done. The function through which public funds are obtained, spent and controlled is called financing. Government receives its funds through the collection of taxes, the charging of levies, tariffs and fees, as well as interest gained from loans. As the custodian of the money of the people of a country, the government is responsible for the appropriation of funds to ensure service delivery for all. The functions of public administration are interrelated and interdependent and one function cannot be effective without the others. A seventh function, management of administration, was added to the generic functions. Management as a leadership phenomenon should be present in the execution of all six generic administrative functions.

2.4.2.1 Policy-making

The literature on public administration has a large amount of information on the elements of policy-making, such as planning, determination of goals/objectives and decision-making. Botes *et al.* (1997/8:304) state that in public administration there should be a distinction between the concepts of planning of administration, goal determination and policy-making and provide guidelines to do so.

Policy-making incorporates many actions that can ultimately lead to public policy. No administrative action can take place if explicit aims and objections have not been put in place (Kuye, Thornhill, Fourie, Brynard, Crous, Mafunisa, Roux, van Dijk, & van Rooyen, 2002:71). These aims and objectives should be based on the concrete

needs of society. During the process of objective identification the 'what', 'how' and by 'what means' will be considered to determine the best way to proceed. The parliamentary portfolio committees and the joint standing committees of parliament play an important role at this stage of policy-making (Hanekom & Thornhill, 1993:63). The legislator then decides on public policy and the public institutions are tasked to implement the legislator's policy decisions (Hanekom & Thornhill, 1993:63). The legislator also stipulates the degree to which the public institutions will be involved in matters concerned. Policy becomes important for the public administration practitioner after the legislation has been passed.

2.4.2.2 Financial management in public administration

In order for a government to render services to its citizens, it needs money to finance the government and deliver the services. The state uses public money and receives this public money from the public in the form of taxes, tariffs, levies, fees, fines and loans (Botes *et al.*, 1997/8:314). Public money belongs to the community of citizens in a state, called 'the people' (Pauw *et al.*, 2002:6) and not to the government. Generic administrative procedures also form part of financial administration in the form of policy-making, staffing, organisation, procedures, control and management of the financial system. Financial management is based on the model of value for money measured in terms of the 3Es: effectiveness, which relates to the outputs, economy, which relates to input costs and efficiency, which relates to the relationship between inputs and outputs (Woodhouse, 1997:47).

2.4.2.3 Human resources

Human resource management or personnel administration is a multifaceted function that includes the generic administrative functions of policy-making, financing, staffing, organisation, procedures and control, as well as social and labour issues. Just as no government department can function without money, it cannot function without people to carry out its work. Public institutions generally have a division that deals with human resource management based on legislation of the government of the day

(Van Dijk, 2003:41). As mentioned above, the human resource management functions not only include all the generic administrative functions but also social and labour issues. The stresses of the modern working environment, the many changes in the southern African working situation and especially the advent of HIV/AIDS has compelled the government to implement a wellness strategy for employees which includes an employee assistance programme, occupational health and safety, infection control and HIV/AIDS services.

2.4.2.4 Organisation

Organisation and organisational theories have been prolifically researched and described in the literature, but the question arises: what is it that public administration practitioners really do when they are working? The work includes practical judgements, the everyday, taken-for-granted routines and practices, the specific and implied knowledge applied to situations, the day-to-day working in the legal-moral environment of bureaucracies, the mastering of demanding human emotional interactions and the give and take with colleagues (Wagenaar, 2004:648). The process of organisation involves, among others, different structural arrangements, line and staff units, span of control, delegation of authority, centralisation and decentralisation and co-ordination of activities (Botes *et al.*, 1997/8:346). Wagenaar (2004:651) describes the key task of the administrator as follows “Confronted with the complexity and overwhelming detail of everyday work situations, administrators have to turn the partial descriptions of such situations, as exemplified in formal rules and procedures, into concrete practical activity with acceptable and predictable outcomes”.

2.4.2.5 Methods and procedures

Methods and procedures relate to administrative practices that are designed to make it possible for administrators to carry out their daily work (Howard & McKinney, 1998:109). These methods and procedures are not law, but they are derived from a combination of the many agreed authorisations the institution gives to the

administrators to do their work. Methods and procedures are usually put in writing in the form of manuals or managerial policies and need to be revised regularly to ensure improvement and control (Botes *et al.*, 1997/8:332). The 3Es, namely efficiency, effectiveness and economy are the pillars of not only financial administration, but also administrative practices as incorporated in methods and procedures (Woodhouse, 1997:47). Over the years, a change took place in focus from procedural correctness to the efficiency and performance methods that are concerned with customer satisfaction rather than process rights (Woodhouse, 1997:221). Many of the new public management methods and procedures have been adopted from the private sector.

2.4.2.6 Control over the administration

As early as 1932, Mary Parker Follett said that “the object of organisation is control, or we might say that organisation is control” (Gulick & Urwick, 1937:161). She described the fundamental principles of organisation as co-ordination of all related factors in a situation, co-ordination of people concerned, co-ordination in the early stages of the situation and co-ordination as an on-going process (Gulick & Urwick, 1937:161). According to Follett, these principles form the foundation and process of control, but also indicate that control is a process.

The ultimate aim of control over the administration is accountability and transparency of government. Control is applicable to financing, staffing, procedures and methods and organising, as well as control itself. The control process normally starts by the setting of standards and then measuring the performance against the set standards (Botes *et al.*, 1997/8:364). Control is also linked to governance, as governance can be defined in terms of openness, participation, accountability effectiveness and coherence (Pina, Torres, & Acerete, 2006:3).



2.4.2.7 Management

In the past, there has been some confusion about the study of management in public administration, a field that studies government institutions which are service-oriented (Botes *et al.*, 1997/8:353). Public management refers to the study of management as a unit of administration. Management revolves around the personal characteristics of a manager which make him a leader. Administration uses policy, finance, personnel, procedures and control for goal attainment, whereas management is concerned with the mobilisation of the individual skills of good managers to make administrative tools operational by applying intellectual activities (Botes *et al* 1997/8: 354). The main functions of a manager are to plan, execute and control the execution of the planned activity.

2.5 Conclusion

This chapter was devoted to the contextualisation of public administration. The historical development of the discipline and the practice of public administration were discussed to put modern public administration or new public management into the context of the 21st century. The development of administrative theories and schools of administrative theories were briefly discussed to give a broader picture of the different disciplines that influenced public administration. An attempt was made to define public administration and explain its role in government and the state. The last part of the chapter expanded on the generic functions of public administration, policy-making, financial administration, human resources, organisation, methods and procedures, control and management.

The next chapter will expand on development theory and development administration. The history and origins of development will be discussed, as well as the creation of the First, Second and Third worlds. The importance of development in the developing world, or absence thereof, will be considered.

CHAPTER 3: DEVELOPMENT THEORY AND DEVELOPMENT ADMINISTRATION

3.1 Introduction

Development is one of the most contentious issues in the world. Development is a multidimensional and multifaceted concept, linked to globalisation, economics, politics, as well as social and cultural issues. Development has a language of its own that describes the focus and locus of the term. One is used to the geographical and descriptive way of development 'speak', such as 'Lesotho is a small, developing country, completely land-locked by South Africa'. Terminology such as the Third World, the south, underdevelopment and developing countries evokes images of poverty, squalor, famine, illness and Africa, while the developed world, the north, the industrialised world and the western world relates to modernisation, progress and wealth.

Many scholars have tried to define development and there are many different ways of interpreting the concept. The United Nations Development Programme describes *development* as giving people more choices. Other definitions include giving the ordinary people a say in the decisions that shape their lives, giving people the opportunity to develop to their fullest potential and to carry out a nation's development goals by promoting economic growth, equity and self-reliance, to mention but a few. The reality of development is that it is one of the central organising concepts of the time. The United Nations has development agencies, hundreds of thousands of people are employed in development work and billions of US dollars are spent each year on development. Almost every government, if not all, has development plans and development budgets and the rich countries have official development assistance as an important part of their foreign policies.

This chapter provides a short overview of the phenomenon of development theory and administrative development. The emergence of development theory as well as the major trends in development and development theory will be discussed. The influence

of development and administrative theory on public administration and international development goals and targets will be examined.

3.2 Trends in development theory

Development as a concept has its origins in the beginning of capitalism in the 15th and 16th centuries, when the social, economic, cultural and political development of the lives of people were thrust in the limelight (Lyes, 1996:4). Hegel and Marx are hailed as the true originators of development theory with their view that capitalism and social change changed the way universal history is seen as a process of development, “a progression to the better’ (Lyes, 1996:4). Development has had different meanings to different people over time (Nederveen Pieterse, 2001:5). The modern term *development* only came into being after World War 2. The exploitation of poor countries was out of fashion and ‘development theory’ took its place (Cowan & Shenton, 1996:7). The post-war development discourse plan shows that development has an almost overwhelming need to reinvent or erase the past (Crush, 1995:). The predecessor of the present-day economic development is colonial economics, with the colonies’ management going through different stages, from resource management and trusteeship where the colonial economies were managed not only for the benefit of the colonial power, but also to set up viable economies for colonies (Nederveen Pieterse, 2001:5).

Table 3.1 Meanings of development over time

Period of time	Perspectives	Meanings of development
1870+	Late-comers	Industrialisation, catching-up
1850+	Colonial economics	Resource management, trusteeship
1940+	Development economics	Economic growth – industrialisation
1950+	Modernisation theory	Growth, political and social modernisation
1960+	Dependency theory	Accumulation - national
1970+	Alternative development	Human-focused
1980+	Human development	Capacitation, enlargement of people’s choices
1980+	Neo-liberalism	Economic growth – structural reform, deregulation, liberalisation, privatisation
1990+	Post-development Alternative development	Authoritarian engineering, disaster

Source: Nederveen Pieterse, J. 2001. *Development theory: Deconstructions/reconstructions*. London: Sage.

In post-war development theory, development economics was equated to economic growth. The United Nations played an important role in putting the economic development of underdeveloped countries in the spotlight as described in the United Nations Department of Economics and Social Affairs' 1951 policy document (Escobar, 1995:4). According to this report, the goal was to attain material prosperity and economic progress for all underdeveloped societies. During the 1950s, development theory was broadened to include modernisation. Modernisation of political, social and economic systems to embrace nation building and entrepreneurship was advocated. The next decade was dominated by the dependency theorists, where development equals economic growth which led to accumulation and eventually to dependent accumulation, which in turn led to the development of underdevelopment and an intermediate form of "associated dependent development of underdevelopment" (Nederveen Pieterse, 2001:6).

From the 1980s, the focus of development had changed to human development, making it possible for people to have more choices, as described in the human development reports of the United Nations Development Programme's definition of development. During this period, two different perspectives of development came to the fore, neo-liberalism and post-development. The neo-liberals believed that capitalists were only interested in their own expansion in the Third World, therefore the neo-liberals thought that what is important is to let market forces do their work (Leys, 1996:6). The main objective, economic growth, was to be attained through structural reform, deregulation, liberalisation and privatisation, all of which were to curb government intervention (Nederveen Pieterse, 2001:6). The post-development theorists felt that the concept of development was obsolete and that the practice of development did more harm than good (Matthews, 2004:373).

3.3 The emergence of development theory

The end of colonialism on the one hand and the semi-colonial state of the former Latin American countries on the other hand, called for a new theoretical development framework. The new development theory had a strong practical foundation and was formulated by economists, influenced by an American economist, John Maynard Keynes (Keynes's views are discussed in the following section) and the wartime and post-war practices of state intervention (Leys, 2005:111).

3.3.1 Development theory in the period after World War 2

In 1944, the Allied countries attended a meeting at Bretton Woods, New Hampshire, to discuss world economy and possible post-war strategies (Brettonwoods Project, 2005). At this meeting, the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development, which became known as the World Bank, were established (Rapley, 2002:5). These institutions are known as the Bretton Woods institutions. During 1947, the General Agreement on Tariffs and Trade (GATT) was established and together with the IMF and the World Bank its aim was to create a secure and freely flowing international trade milieu. The World Bank was established to assist with the reconstruction of post-war Europe, and when this was done it started to focus on the development of the Third World.

One of the foremost economists of that era was John Maynard Keynes and his influence at the Bretton Woods Conference and beyond helped to shape development theory (Rapley, 2002:7). Keynes's vision of economic development, where the state plays a larger role than that which the classical and neoclassical models of development allowed, had a profound impact on international and domestic economies. The classical political economic theory emphasises the free market, with a very small role for the state for defence, protection of people's rights and provision of public goods (Virtual

Economy, 1999). Keynes's idea that governments should borrow money to stimulate economic growth was difficult to sell. It was only during the war between 1939 and 1944, that the American president tried Keynes's idea to pull the nation out of the depression (Reich, 1999:3). It worked very well and unemployment went down and the nation's output went up. The economic and political climate that prevailed after World War 2 in developed capitalist countries has become known as the Keynes consensus (Rapley, 2002:9).

The Third World was 'born' into the political, economic and intellectual frame of mind of post-World War 2 developed, capitalist countries. There was a definite split between the capitalist west and the communist Soviet block and all the countries that could not be classified as advanced capitalist (First World) or communist (Second World) were called the Third World (Rapley, 2002:10). The cold war between the First and Second Worlds activated decolonialisation and the subsequent programme of developing the Third World (Baeck, 1996:400). These Third World countries more or less shared the same attributes: low *per capita* income; and because of poverty, a shorter life expectancy; a high infant mortality rate and a low education uptake. The economy centred on agriculture while manufacturing did not play an important role in the economy.

After decolonialisation, the First World countries started with great enthusiasm to develop the Third World at social and economic level. The two superpowers, the United States and the Soviet Union, entered the development arena with westernisation and communism their respective paths of development. The term *development* has become popular and many definitions were coined of which *modernisation* became the most popular at that time (Baeck, 1996:401). From the post-war period up to the 1960s, development theories were profusely generated and many different schools of thought produced impressive theories. Most of these theories were criticised as they were seen as idealistic and abstract, devoid of the reality in which the developing countries found themselves (Baeck, 2000:9).

The modernisation theory searched for the reasons why the First World was successful in development and why the Third World did not have the right conditions for development to take place. The modernisation theorists prescribed many different recipes for development to flourish, such as capital injection and a new value system for the indigenous people. They were convinced that underdevelopment was only a stage in the development of the country and eventually the country will overcome this stage (Rapley, 2002:15). The modernisation theory appeared to be similar to structuralism by also giving prominence to physical-capital formation, but it had a different view on capitalism, imperialism and the influence they had on Third World development. Structuralists in Latin America criticised the development theories that were proliferated by the modernisation and economic growth theories, counterbalancing it with the dependency and neo-Marxist schools of thought. The structuralists only saw the negative side of dependency, which disadvantages the developing country (Baack, 2000:8). The dependency theorists emphasised that as long as the Third World economies were linked with that of the First World, the Third World would stay dependent and poor. The solution would lie in the Third World countries' implementing their own national development strategies, cutting their ties with the First World and becoming self-sufficient.

3.3.2 The first 30 years of development: 1950s – 1970s

During the 1950s, the measure for development was economic growth, and more accurately GNP (gross domestic product) growth, with a heavy emphasis on investment in modern activities. Development was equated with growth, and the solution for less developed countries was a large injection of investment (Tarp, 2000:19). Industrialisation was seen as the main thrust of growth, which would lift the economy of the country. Foreign aid was in the form of capital resource transfer to trigger the economy to higher growth rates, until at least the recipient country would be able to

sustain itself. Security also played an important role in foreign aid, in particular the United States used aid as a counteract to deal with the security threat of the spreading communism (Tarp, 2000:23).

During the next decade, a spirit of optimism prevailed throughout the world and this optimism spilled over to the development of the Third World countries. The belief was that with sufficient foreign aid, modernisation and new administrative systems, the countries of the Third World would not only match the First World, but eventually overtake them (Dwivedi, 1994:8). During the 1950s and 1960s, multilateral and bilateral aid programmes were established with the conviction that the world was entering a utopia of new societies, national integration and global development through technical co-operation. This utopia did not materialise, and indeed there was a rude awakening to the serious flaws of the developmentalist paradigm of public administration to cope with important issues. It became evident in the early 1970s that development administration is not playing out as envisaged with disease, poverty and hunger increasing in the developing world. The administrative environment was plagued by decline and lower expectations, both in the developed and developing countries. Many of the international and domestic development attempts failed with a simultaneous questioning of western social science, especially administrative and development theories (Dwivedi, 1994:9). The disintegration of development theory created an intellectual crisis in development administration. The failure of development efforts called for a different concept and understanding of development. The initial idea that development would spread from the developed to the underdeveloped countries in an orderly and almost contagious manner had been contradicted on logical and empirical grounds (Dwivedi, 1994:12).

3.3.3 The next three decades of development: 1980 – 2000

The basis of the development administration theory was questioned. The Third World, or developing world, doubted the effectiveness of development and scholars were in an intellectual crisis about development administration. In this era of crisis, the new international economic order (NIEO) became an important symbol in the development field (Dwivedi, 1994:13). NIEO demanded a repositioning of the world economy through radical changes in trade, aid and technological transfer. Although the World Bank supported the idea, the expected change in the world economy never happened. Other problems that the developing world faced were the declining of the communist hold of the Soviet Union, and the entry of some of the east block communist countries and Central Asia into the developing world.

It became evident that development administration cannot be separated from either political economy or a theory of development. The general development doctrine was that to achieve development, a country should subscribe to the same standards as the most advanced industrial countries. The traditional way of working needed to be changed to a new way and with the assistance of foreign experts, the public service in the developing world was rigorously modernised. The developing world, and specifically Africa, was unable to mobilise adequate financial resources to carry out development with the consequence that these developing countries needed to get assistance in the form of foreign aid and/or loans (Hope, 1996:53).

3.4 Development administration

Development administration as it is known today has mostly evolved from the restructuring programme of war-torn Europe after World War 2. Nineteenth-century and early 20th-century development was mostly in the form of colonialism of the poor,

underdeveloped countries. There are some examples of development administration in South Africa dating as far back as 1896 when Sweden developed a country plan for its relationship with South Africa. The development plan covered the 'civilisation' of the country, as well as industrial and commercial links with import and export of items such as wool, wine, gold and precious stones (Swedish government, 1896).

3.4.1 Development theory and administration

The practice of public administration in the developing world cannot be studied without looking at development, development theory and development administration. Development and official development assistance have been closely linked to one another from the onset of the notion that there are some poor, backward countries that needed development. The story of aid and development has been one of the rich, capitalist, industrial nations of the west against the poor, underdeveloped nations of the south. After World War 2 the world was divided into the First and Third world, with the rich counties in the northern hemisphere the First World and the under-developed counties in the southern hemisphere and the African continent the Third World. The terminology *third world* became unpopular and politically incorrect and was replaced with poor, undeveloped countries and later with developing countries. For more than 50 years, developing countries have been subject to development strategies of the developed world. It has not been a success because the poor has become poorer, debt has increased, preventable diseases have increased and malnutrition and hunger have increased; all this in the light of billions of aid dollars being spent over the years. Aid has been mostly conditional, unpredictable, donor-driven and with high transaction costs on the side of the recipient country.

3.4.2 The nature of development administration

The term *development administration* came into use in the late 1950s, early 1960s, when the developmental community referred to the developing nations of Africa, Asia, the Middle East and Latin America. The concept has its origins in the west and was formulated when two streams of administrative thought came together: the scientific management and administrative reform thought and the notion after World War 2 that government intervention in development is accepted, played a considerable role in defining the concept (Dwivedi, 1994:1). Before World War 2, the perception of the role of the state had already started to change in the in the form of Keynesianism. Government intervention on a big scale also resulted in big central governments.

The United States made aid totalling US \$13 billion available for the reconstruction of Europe after World War 2 (Ritschl, 2004:1). The programme became known as the Marshall Plan and its aim was to bring accelerated and sustained economic growth to Europe. The terms *reconstruction* and *development* were almost used interchangeably in the Marshall Plan. During this post-war period, a fundamental transformation occurred in the international system. The age of imperialism came to an end and decolonialisation followed rapidly. The establishment of the United Nations brought a fundamental change in the international co-operation and by the middle 1950s, the United Nations began to play an important development role. The newly independent countries embraced economic growth as the main policy objective and together with modernisation it was hoped that the inequities would be reduced (Tarp, 2000:19). Growth was equated to development and prosperity was seen as a solution to the looming threat of communism (Dwivedi, 1994:4). Development administration was seen as a Marshall Plan-type intervention to ensure economic growth, sustainability and modernisation.

3.4.3 The administration of underdevelopment: building a theory

Development as a concept was entrenched in public administration by the early 1950s. Public administration was seen as the vehicle to accomplish development goals; public administration provided the resources to convert development goals to outputs (Dwivedi, 1994:5). Stone (in Dwivedi, 1994:5) sums it up as follows:

Development Administration is the blending of all the elements and resources (human and physical)...into a concerted effort to achieve agreed upon goals. It is the continuous cycle of formulating, evaluating and implementing interrelated plans, (policies, programmes, projects, activities and other measures) to reach established development objectives in a scheduled time sequence.

The role of government and its administration was highlighted in the implementation of development, especially activities such as change management, resource mobilisation and creating an interface between the developers and the recipients of development. Development administration was seen as an action- and goal-orientated activity that utilised the administration to achieve its objectives. There was no common understanding of the theory of development; however, some identifiable paradigm came into being (Dwivedi, 1994:6). Five themes can be distinguished in the theory of development administration:

- ❑ Development can only be reached through modernisation;
- ❑ Economic development, especially economic growth, is necessary for development;
- ❑ Economic change will result in qualitative changes, in turn economic growth will result in social change, and that will lead to political development;
- ❑ Development will create the conditions for traditionally agrarian communities to move spontaneously to industrialisation; and
- ❑ Development administration will facilitate orderly and stable change.

Development administration was mostly based on the modernisation or westernisation of institutions and the way they operated. A developed and modern society was seen as one which was democratic, literate, open, urbanised and industrial (Barnett & Riggs, 1970:173). With this theory in mind, the rich, industrialised countries of the west set out to develop the poor, Third World countries of the south.

3.4.4 The new millennium and development

Towards the end of the last century, development remained a challenge for the developing and developed worlds. Fifty years of development did not attain much to show, the developing world was poorer with preventable diseases and famine on the increase. Developing countries have come to realise that they have to make the best use of their own resources, while the developed nations and international organisations have realised that a new framework for equitable and sustainable development needs to be found.

At the beginning of the new millennium, the international donor agencies, multilateral organisations and the developing world set international development targets. These development targets have its conception in the Organization for Economic Cooperation and Development's document *Shaping the twenty-first century* (Organisation for Economic Co-operation and Development (OECD), 1996), and in the Millennium Declaration of 2000 (United Nations, 2000b) the Millennium Development Goals were set. These targets and goals were a set of quantifiable goals against which international development agencies and donors could measure their development successes.

The International Development Targets are divided into three distinctive fields, namely economic well-being, social development and environmental sustainability, and regeneration aimed at poverty reduction (Black & White, 2003:3). These targets show

that the idea of development practice has started to change. For development to take place, there needs to be human development, and not only poverty reduction by the injection of funds. It has become clear that poverty is not only about income or the lack thereof, but about other aspects of well-being, such as health and education.

Table 3.2: The International Development Targets

Target	Indicator	Origins of target
Economic well-being	By 2015, the number of people living in extreme poverty should be halved	1995 – Copenhagen Declaration and Programme of Action
Social development	By 2015, the following should be attained: <ul style="list-style-type: none"> ❑ Universal primary education for all ❑ Elimination of gender disparity in primary and secondary education ❑ Infant mortality and child mortality rates decreased by two thirds ❑ Maternal mortality rate reduced by three quarters ❑ Access to reproductive health services for all 	<ul style="list-style-type: none"> ❑ 1990 – Jomtien Conference on Education for All ❑ 1994 – Cairo Conference on Population and Development ❑ 1995 – Endorsed at Copenhagen Summit on Social Development ❑ 1995 – Beijing Conference on Women
Environmental sustainability and regeneration	<ul style="list-style-type: none"> ❑ Every country should have a strategy for sustainable development ❑ This strategy should ensure the reversal of the loss of environmental resources 	1992 – Rio Conference on Environment and Development

Source: Adapted from Black, R. & White, H. (Eds.) 2003. *Targeting development: Critical perspectives on Millennium Development Goals*. New York: Routledge.

These targets were designed in such a way that they were quantifiable and the results were the expected outcomes of development. This is different from previous target setting that was always done in terms of monetary resources. For the first time, governance became part of the target outputs, and the importance of democratic accountability and anti-corruption in development became a precondition for attaining

targets. These targets were not fixed and as new challenges such as HIV/AIDS presented themselves, they were added to the targets. From 5 to 7 May 1996, at the 34th high-level meeting of the Development Assistance Committee (DAC), the International Development Targets were officially adopted (Black & White, 2003:4). Although the targets were based on resolutions at various international conferences that were also attended by the developing world, they were met with some resistance because they were set by a group of developed countries. The feeling was that the International Development Targets symbolised an imposition by the views on development of the members of the Development Assistance Committee.

From 6 to 8 September 2000, at the Millennium Summit in New York, the Millennium Declaration was made. The Millennium Declaration contained a new set of targets, the Millennium Development Goals, which replaced the International Development Targets. The Millennium Development Goals overlapped some of the International Development Targets, but they were not the same. The Millennium Development Goals form a blueprint agreed to by the whole world and all the leading development institutions to help meet the needs of the world's poorest people. The United Nations Secretary-General at the time, Kofi Annan, said the following (United Nations, 2000a):

We will have time to reach the Millennium Development Goals – worldwide and in most, or even all, individual countries – but only if we break with business as usual. We cannot win overnight. Success will require sustained action across the entire decade between now and the deadline. It takes time to train the teachers, nurses and engineers; to build the roads, schools and hospitals; to grow the small and large businesses able to create the jobs and income needed. So we must start now. And we must more than double global development assistance over the next few years. Nothing less will help to achieve the Goals.



Table 3.3: The United Nations Millennium Development Goals, targets and indicators.

Goals	Targets	Indicators and UN institutions
Goal 1: Eradicate Extreme Hunger and Poverty	Target 1. Halve, between 1990 and 2015, the proportion of people whose income is less than \$1 a day	1. Proportion of population below \$1 per day (World Bank) 2. Poverty gap ratio [incidence x depth of poverty] (World Bank) 3. Share of poorest quintile in national consumption (World Bank)
	Target 2. Halve, between 1990 and 2015, the proportion of people who suffer from hunger	4. Prevalence of underweight children under five years of age (UNICEF-WHO) 5. Proportion of population below minimum level of dietary energy consumption (FAO)
Goal 2: Achieve Universal Primary Education	Target 3. Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	6. Net enrolment ratio in primary education (UNESCO) 7. Proportion of pupils starting grade 1 who reach grade 5 (UNESCO) 8. Literacy rate of 15-24 year-olds (UNESCO)
Goal 3: Promote Gender Equality and Empower Women	Target 4. Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015	9. Ratio of girls to boys in primary, secondary and tertiary education (UNESCO) 10. Ratio of literate women to men, 15-24 years old (UNESCO) 11. Share of women in wage employment in the non-agricultural sector (ILO) 12. Proportion of seats held by women in national parliament (IPU)
Goal 4: Reduce Child Mortality	Target 5. Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate	13. Under-five mortality rate (UNICEF-WHO) 14. Infant mortality rate (UNICEF-WHO) 15. Proportion of 1 year-old children immunized against measles (UNICEF-WHO)
Goal 5: Improve Maternal Health	Target 6. Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio	16. Maternal mortality ratio (UNICEF-WHO) 17. Proportion of births attended by skilled health personnel (UNICEF-WHO) 16. Maternal mortality ratio (UNICEF-WHO) 17. Proportion of births attended by skilled health personnel (UNICEF-WHO)
Goal 6: Combat HIV/AIDS, Malaria and other diseases	Target 7. Have halted by 2015 and begun to reverse the spread of HIV/AIDS	18. HIV prevalence among pregnant women aged 15-24 years (UNAIDS-WHO-UNICEF) 19. Condom use rate of the contraceptive prevalence rate (UN Population Division) 19a. Condom use at last high-risk sex (UNICEF-WHO) 19b. Percentage of population aged 15-24 years with comprehensive correct knowledge of HIV/AIDS (UNICEF-WHO) 19c. Contraceptive prevalence rate (UN Population Division) 20. Ratio of school attendance of orphans to school attendance of non-orphans aged 10-14 years (UNICEF-UNAIDS-WHO)
	Target 8. Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases	21. Prevalence and death rates associated with malaria (WHO) 22. Proportion of population in malaria-risk areas using effective malaria prevention and treatment measures (UNICEF-WHO) 23. Prevalence and death rates associated with tuberculosis (WHO) 24. Proportion of tuberculosis cases detected and cured under DOTS (internationally recommended TB control strategy) (WHO)
Goal 7: Ensure Environmental Sustainability	Target 9. Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources	25. Proportion of land area covered by forest (FAO) 26. Ratio of area protected to maintain biological diversity to surface area (UNEP-WCMC) 27. Energy use (kg oil equivalent) per \$1 GDP (IEA, World Bank) 28. Carbon dioxide emissions per capita (UNFCCC, UNSD) and consumption of ozone-depleting CFCs (ODP tons) (UNEP-Ozone Secretariat) 29. Proportion of population using solid fuels (WHO)



	<p>Target 10. Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation</p>	<p>30. Proportion of population with sustainable access to an improved water source, urban and rural (UNICEF-WHO)</p> <p>31. Proportion of population with access to improved sanitation, urban and rural (UNICEF-WHO)</p>
	<p>Target 11. Have achieved by 2020 a significant improvement in the lives of at least 100 million slum dwellers</p>	<p>32. Proportion of households with access to secure tenure (UN-HABITAT)</p>
<p>Goal 8: Develop a Global Partnership for Development</p>	<p>Target 12. Develop further an open, rule-based, predictable, non-discriminatory trading and financial system (includes a commitment to good governance, development, and poverty reduction both nationally and internationally)</p> <p>Target 13. Address the special needs of the Least Developed Countries (includes tariff- and quota-free access for Least Developed Countries? exports, enhanced program of debt relief for heavily indebted poor countries [HIPC] and cancellation of official bilateral debt, and more generous official development assistance for countries committed to poverty reduction)</p> <p>Target 14. Address the special needs of landlocked developing countries and small island developing states (through the Program of Action for the Sustainable Development of Small Island Developing States and 22nd General Assembly provisions)</p> <p>Target 15. Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term</p>	<p>Official development assistance (ODA)</p> <p>33. Net ODA, total and to LDCs, as percentage of OECD/Development Assistance Committee (DAC) donors' gross national income (GNI)(OECD)</p> <p>34. Proportion of total bilateral, sector-allocable ODA of OECD/DAC donors to basic social services (basic education, primary health care, nutrition, safe water and sanitation) (OECD)</p> <p>35. Proportion of bilateral ODA of OECD/DAC donors that is untied (OECD)</p> <p>36. ODA received in landlocked developing countries as a proportion of their GNIs (OECD)</p> <p>37. ODA received in small island developing States as proportion of their GNIs (OECD)</p> <p>Market access</p> <p>38. Proportion of total developed country imports (by value and excluding arms) from developing countries and from LDCs, admitted free of duty (UNCTAD, WTO, WB)</p> <p>39. Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries (UNCTAD, WTO, WB)</p> <p>40. Agricultural support estimate for OECD countries as percentage of their GDP (OECD)</p> <p>41. Proportion of ODA provided to help build trade capacity (OECD, WTO)</p> <p>Debt sustainability</p> <p>42. Total number of countries that have reached their Heavily Indebted Poor Countries Initiative (HIPC) decision points and number that have reached their HIPC completion points (cumulative) (IMF - World Bank)</p> <p>43. Debt relief committed under HIPC initiative (IMF-World Bank)</p> <p>44. Debt service as a percentage of exports of goods and services (IMF-World Bank)</p>
	<p>Target 16. In cooperation with developing countries, develop and implement strategies for decent and productive work for youth</p>	<p>45. Unemployment rate of young people aged 15-24 years, each sex and total (ILO)</p>
	<p>Target 17. In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries</p>	<p>46. Proportion of population with access to affordable essential drugs on a sustainable basis (WHO)</p>
	<p>Target 18. In cooperation with the private sector, make available the benefits of new technologies, especially information and communications technology</p>	<p>47. Telephone lines and cellular subscribers per 100 population (ITU)</p> <p>48. Personal computers in use per 100 population and Internet users per 100 population (ITU)</p>

Sources: United Nations. 2000a. *UN Millennium Development Goals*. [Online] Available at: <http://www.un.org/millenniumgoals/> [Accessed: 27 June 2006].
Millennium Project 2006. *Goals, Targets and indicators*. [Online] Available at: 2008. <http://www.unmillenniumproject.org/goals/gti.htm> [Accessed: 7 April 2008].

The setting of international targets and goals create a sense of common purpose in the development community. The targets were developed by all the role-players who assisted with accountability and responsibility. The Millennium Development Goals aim to resolve extreme poverty, basic human rights and environmental sustainability. Because these goals are the most broadly supported, comprehensive and specific poverty reduction targets that the world has ever established they are of extreme importance (United Nations Millennium Project, 2005:2). The international political system uses the Millennium Development Goals as the core on which development policy is based. For the billion people living in abject poverty, the Millennium Development Goals give a glimmer of hope for a productive life and economic growth. At global justice and human rights level, the goals are important for international and national security and stability.

Many countries in the developing world are to some or other degree dependent on overseas development assistance (ODA) or foreign aid to deliver services and alleviate poverty. Almost all funds that enter a country as donor funding or aid, are being handled by governments. In Africa, and especially sub-Saharan Africa, donor funds play an important role in countries' budgets and the way these funds are administered has a direct influence on policy and administration. Most of the donors and their partners follow the United Nations' guidelines on aid and mainstreaming of HIV/AIDS in their development work. Mainstreaming of HIV/AIDS, aid effectiveness, harmonisation and alignment have become the key issues in the donor community.

3.5 Conclusion

This chapter provided a background to development and development theory. In order to understand the concepts of development and development theory, the origins, history and trends of these phenomena were examined. The link between public administration

and development and development administration was explained with regard to the developing world. The chapter touched on the development of administrative theories and the important role that the state plays in the development process.

The concept of development, conceptualised after the World War 2, has changed over time. The notion that the rich, developed countries of the north must develop the poor, backward countries of the south does no longer dominate the international development arena. It has been acknowledged that development means more than economic growth and the many different development reports of the development agencies of the United Nations can attest to this. Development as a field of study is still in crisis, as is development as a practice. Scholars are not agreeing on what is the ideal development theory and neither is development in practice making any headway. After being subjected to more than 60 years of development, Africa is still poor, if not poorer, and the illusive development targets are still to be attained.

The next chapter will describe and explain globalisation in the context of the role of the state and public administration, an overview of globalisation, and the role and function of the state. A short history of the changing roles of governments will provide some insight on how the role of the state has changed over time. Currently, the role of the state is changing due to globalisation and other developments such as demographic changes. The role of the state as regulator, enabler and facilitator will be analysed to illustrate how the role of modern governments has changed.

CHAPTER 4: GLOBALISATION AND THE ROLE OF THE STATE

4.1 Introduction

This chapter will describe and explain globalisation in the context of the role of the state and public administration. It is not the intention of this study to give a complete account of globalisation, but rather to highlight the most important issues for public administration, government and development. The overview of globalisation aims to inform on a new era for globalisation with new markets, new actors, new roles and norms and new tools. The role and function of the state will be explored. The AIDS epidemic in sub-Saharan Africa is threatening development initiatives such as poverty reduction and economic growth. The state's ability to contribute in the mitigation of the AIDS epidemic depends largely on the optimal function of its institutions. Bilateral donors and multinational institutions' mitigation strategies are based on the state's ability to deliver the necessary services. The success of interventions depends on the ability of the state not only to take the lead, but also to provide the political will, leadership and commitment. A short history of the changing concepts of government's role will provide some insight on how the role of the state has changed over time. Presently, the role of the state is changing under the impact of globalisation and other developments such as demographic changes. The role of the state as regulator, enabler and facilitator will be discussed to illustrate how modern government's role has changed.

4.2 The nature of globalisation

The term *globalisation* has been used to describe many worldwide occurrences, sometimes with positive and sometimes with negative connotations. *Globalisation* has been described as "a new, complex, dynamic, multidimensional, and worldwide phenomenon, which means different things to different people and different things to the same people across time and space" (Kiggundu, 2002:3). The study of globalisation

requires a holistic approach and since globalisation affects all governments, nations, businesses, communities and individuals it needs to be managed on the basis of ethics, equity, inclusion, human security, sustainability and development (United Nations Development Programme, 1999:2).

4.2.1 Overview of globalisation

Globalisation is one of the most debated issues of our time and many scholars have attempted to define the phenomenon. Globalisation is also a complex phenomenon involving a variety of global trends and tendencies and as an expression can be used in terms of reference to a historical era, a process, a theory or a new paradigm. There is also no general agreement whether it has contributed quantitatively or qualitatively to change in the global economic and political structures (United Nations Department of Economic and Social Affairs, 2001:7).

The United Nations Development Programme defines *globalisation* as the growing “interdependence of the world’s people...integrating not just the economy but culture, technology and governance. People everywhere are becoming connected – affected by events in far corners of the world” (United Nations Development Programme, 1999:1). Globalisation is not a new concept and has been linked with the idea of a new world order after World War 2 (Farazmand, 1999:510), a new world order where states and people can live at peace with each other while fostering collective security interests and respecting each other’s borders. The concept of a new world order fell to the wayside after the fall of the Union of Soviet Socialist Republics (USSR) and globalisation became the new phenomenon of debate and investigation with phrases such as ‘global village’, ‘global citizenship’ and ‘borderless world’ as commonplace. Although globalisation is not new, this era of globalisation is different with new markets, new tools, new actors and new rules (Table 4.1). Governments need to find rules and institutions for stronger governance at local, national, regional and international levels to ensure that globalisation is beneficial to all, especially the developing countries.

Table 4.1 A new era for globalisation

New markets	<ul style="list-style-type: none"> • Markets in services: banking, insurance, transport • Deregulated financial markets, 24 hours per day • Deregulation of competition laws • Global markets with global branding
New actors	<ul style="list-style-type: none"> • Multinational corporations • World Trade Organization • International criminal court • International NGOs • Regional blocks, e.g. European Union, North American Free Trade Organisation, Southern African Development Community • Policy co-ordinating groups G8, G77, OECD
New rules and norms	<ul style="list-style-type: none"> • Market economic policies • Adoption of democracy as choice of political regime • Human rights conventions • Environmental conventions • Multinational agreements in trade • Multilateral service, intellectual property and communications • Multinational agreement on investment
New tools	<ul style="list-style-type: none"> • Powerful computers and home computers • Internet and electronic communications • Fax machines • Cellular telephones • Computer-aided design • Cheaper and faster transport by rail, air, sea and road

Adapted from: United Nations Development Programme (UNDP). 1999. *Human Development Report 1999*. New York: Oxford.

Although globalisation seems to create greater interconnections and interdependence among states and people, there seems to be little consensus on the extent of integration it causes and its pervasiveness (United Nations Department of Economic and Social Affairs, 2001:7). There are different views on the effect of globalisation; the first view is that of increasing worldwide integration within the global system which will lead to assimilation. The second view is that there will be enough of a change in the global system to merit the term *globalisation*, while the third position is that changes at global level have not ushered in a distinctly new era in human affairs. The fourth and

last perspective is to reject globalisation, that nothing of any great irreversible significance has taken place.

In the *World Public Sector Report: Globalization and the State*, the United Nations acknowledges that it is not easy to define *globalisation* and refers to it as “increasing and intensified flows between countries of goods, services, capital, ideas, information and people, which produce national cross-border integration of a number of economic, social and cultural activities” (United Nations Department of Economic and Social Affairs, 2001:8). Globalisation is depicted as a combination of different processes, which includes a variety of trends and tendencies with a multidimensional character (Table 4.2).

Table 4.2 The characteristics of globalisation

Not a new phenomenon	<ul style="list-style-type: none"> • Date back to Roman, Hellenistic and Persian empires • More modern times in the 19th and 20th centuries through new technologies such as telegraph, railways, steam engine • It is a local concept, should be described to people in a way that make sense to them
Increased global integration and interdependence	<ul style="list-style-type: none"> • Little consensus about degree of integration • Uncertainty about pervasiveness • It is asymmetrical and imperfect, needs commitment to improve
Multidimensional character	<ul style="list-style-type: none"> • It is about transformational change with adverse effects • Economic • Political • Social • Cultural
Characterised by	<ul style="list-style-type: none"> • Unprecedented rapid flows of goods and service • Circulation of ideas and tendencies • Emergence of new social and political movements • Associated by extremes: 'Winners take it all' exacerbates inequities
Key actors	<ul style="list-style-type: none"> • Predominantly the United States, western Europe and Japan • Main actors part of G8 account for more than 80% of capital, for technology and markets which drive globalisation • Nation-state and role of government critical

Sources: Adapted from United Nations Department of Economic and Social Affairs. 2001. *World Public Sector Report. Globalisation and the state*. New York: United Nations.

Kiggundu, M.N. 2002. *Managing globalisation in developing countries and transition economies. Building capacities for a changing world*. Westpoint CT: Praeger.

4.2.2 The drivers of globalisation

There are many drivers of globalisation and only four of the most prominent forces which have interacted in producing greater interdependence and integration will be discussed: policies to liberate trade and investment, technological innovation and the reduction of transport and communication costs, entrepreneurship and global social networks.

4.2.2.1 Liberation of trade and investment

Technological innovation and entrepreneurship are, together with national governments, the main reason for economic integration. Governments played a pivotal role by allowing greater economic integration through the adoption of market-oriented policies and regulation (Bertucci & Alberti, 2001:1). These policies and regulations allowed for the removal of controls over foreign exchange, the progressive elimination of capital controls, the removal of controls over interest rates and the lifting of barriers to entry to banking and financial services (United Nations Department of Economic and Social Affairs, 2001:9). The General Agreement on Trade and Tariffs (GATT) established the World Trade Organization (WTO) through a negotiation process. The WTO's aims are to remove barriers to trade in goods, liberalise services and capital flows and facilitate international policies and regulations. The effect of globalisation on trade and investment, foreign exchange and capital markets is that they are linked globally and operating 24 hours per day. The result is trade at global level at a distance in real time (United Nations Development Programme, 1999:1).

4.2.2.2 Technological innovation and the reduction of transport and communication costs

Through the development of computers and the internet, the globalisation of information flows has escalated dramatically. Previously, the computer was mainly used by the state and businesses, but today it is a household appliance used for information retrieval and processing, for education, for entertainment and for communication (Bertucci & Alberti, 2001:3). Communication through telephones and cellular phones has made it possible for even the most remote of the people of the world to be in communication with the outside world. In turn, these technological innovations have created a market for multinational corporations who have taken full advantage of the open global markets to spread their production processes. Modern transportation methods and computerised booking systems have made it possible for people and goods to be transported to faraway destinations and thus to contribute to the globalisation of production and services.

4.2.2.3 Entrepreneurship

As mentioned above, technological innovations have created a market for multinational corporations and the opening up of these economic opportunities made it possible for the movement of foreign capital, technology and management to host country entrepreneurs and corporations (Bertucci & Alberti, 2001:3). Large transnational corporations are not new, but the way in which they operate around the world has changed significantly.

4.2.2.4 Global social networks

The way in which people and organisations operate, co-operate and interface has been changed by new technology in communication, telecommunication and transportation. Social networks across the borders of countries have influenced democracy, human rights, the environment and poverty (United Nations Department of Economic and

Social Affairs, 2001:13). A distinctive characteristic of globalisation is the influence of global civil society organisations on the international policy agenda and processes especially on the protection of human rights. Global transnational corporations, due to their growing economic power, are also becoming a force to be reckoned with in the international arena.

4.2.3 Economic and social dimensions of globalisation

Economic globalisation is mainly represented by the rapid expansion of global trade, foreign direct investment and capital market flows. This includes flows of labour, goods and capital across borders and the emergence of globally integrated markets for goods, services and capital (United Nations Department of Economic and Social Affairs, 2001:14). The reduction in transportation and communication costs has greatly facilitated economic globalisation by speeding up transaction times and methods in service delivery. More people are travelling and the mobility of people directly contributes to tourism and migration of workers, which in turn lead to economic globalisation.

As in the case of social globalisation, the reduction in communication and transport costs contributed to economic globalisation it is with the case of social globalisation. Cheap, instantaneous communication and dispersion of information on a massive scale have affected politics, culture and social establishment. People have become aware of their rights and form pressure groups to demand better services and higher standards of behaviour from their governments. Due to cheap and accessible transportation, people have become more aware of international issues and social problems. Social protests have also changed appearance with people from many countries participating, for example, the protests at G8 and WTO meetings the last couple of years.

International and regional organisations are being formed based on their shared interests rather than on geopolitical similarities, for example, Save the Children (United

Nations Department of Economic and Social Affairs, 2001:16). Global NGOs dealing with, for example, human rights issues are increasingly being invited to United Nations conferences and global economic meetings. The exposure they receive at these conferences increases their political leverage to fight for their causes.

4.2.4 Globalisation and its effect on public administration

Economic globalisation offers the potential for economic growth through greater economic openness, foreign direct investment and transfer of technologies. Competitive trade is beneficial to all countries because it increases the choices of the consumer and the quality of products (Bertucci & Alberti, 2001:5). Economic globalisation has opened the doors for developing countries through new markets for export, attracting foreign capital which in turn enhances development. According to the *World Public Sector Report*, (2001:17) evidence is strong that real GDP growth is related mainly to domestic productivity growth, not to balance of trade or to productivity relative to competitors. Developed countries have not lifted their protective barriers for developing countries in many of the crucial sectors such as textiles and agriculture.

Social globalisation has created greater social awareness of human rights violations, child labour abuses and corruption. As mentioned above, the reduction in transport and communication costs has provided people with new tools of information dissemination on human rights, democracy, poverty alleviation and transparency.

Despite the many achievements in all spheres of humanity, the world still faces many challenges. These challenges in turn affect public administration and the role of government. The major change in the configuration of the public-private spheres in favour of globalising the corporate sector, has changed the leading role of government in the allocation of resources, the distribution of wealth, the stabilisation of the economy and economic growth (Farazmand, 1999:511). Public administrations have been shrinking, leaving fewer officers to do more, which can create stress and burnout.

4.3 The impact of globalisation on the state

The increased significance of non-state organisations such as international NGOs and transnational corporations has set in motion a discussion about the role of the state and whether the state can cope in an atmosphere of a diverse range of pressures. Due to globalisation, the state and state institutions are increasingly subjected to pressure from both the domestic and global arena. The state, especially in developing countries, needs to be strengthened and innovations in public administration are needed to deal with the threats of poverty, HIV/AIDS, inequality and disease. It has been suggested that globalisation undermines the role of the state and advances the private sector, but this notion has been discredited; globalisation or not, the nation-state shall survive (Kiggundu, 2002:30). The state remains a key actor in both domestic and international arenas and some scholars are of the opinion that the state can be strengthened through creating a more stable international environment (Bertucci & Alberti, 2001:9).

During the 1980s and 1990s, several countries implemented a number of reforms in their public administrations and with the help of the Bretton Woods institutions a new public administration paradigm and macroeconomic policy framework were introduced aiming to reduce the role of the state in production and service delivery, and to encourage the deregulation of public enterprises (United Nations Department of Economic and Social Affairs, 2001:32). This new public administration paradigm has been called 'redesigning of the state', 'reinventing government' and 'new public management'. The new public management has been hailed as a good example of globalisation at work, with its promotion of the technological revolution and the spread of ethics and values among governments in nation-states, sub-national units, international and supranational institutions (United Nations Department of Economic and Social Affairs, 2001:36). This new public management and reinvention of government have not only changed public administration, but also changed the terminology used to describe management, for example, using the term *rightsizing* rather than 'downsizing', *empowering* rather than 'service', *lean and mean*, *results over process*, *contracting out*, *offloading* and *outsourcing* (Table 4.3).



Table 4.3 The tenets of new public management

Let the managers manage	<ul style="list-style-type: none"> • Results-based performance • Monitoring and evaluation • Cost reduction • Shrink government and promotion of privatisation • Focus on core competencies • Devolution of decisional responsibilities • Client-orientation service • Empowerment of end-users • Participatory management
Empowering of the citizens	<ul style="list-style-type: none"> • Relieve citizens from the burden of bureaucratic rules • Encourage privatisation which will lead to customer satisfaction, more freedom and enhance democracy • Results-oriented management enhances services • The term public administration is being replaced by public management
New responsibility mechanisms	<ul style="list-style-type: none"> • Public officials were assigned direct responsibility for their conduct • Accountability for failure to act • New mechanisms to review and correct decisions of public officials • Responsibility of public management goes beyond public administration into field of governance
Introduction of business principles in government	<ul style="list-style-type: none"> • Public affairs to be conducted on business principles • The economic philosophy behind management has obscured the importance of law, psychology, political theory, ethics and other social sciences in public administration • Governments should adopt techniques and values of business
Playing down the concept of 'public service'	<ul style="list-style-type: none"> • The rejection of concepts like 'public service' and 'public spirit' has led to major reforms in many countries • This led to the separation of political advice from policy implementation, again entering into the policy administration dichotomy • The boundaries and purpose of civil service were redefined
Promotion of ethics and principles in government	<ul style="list-style-type: none"> • Develop policies that will deliver results that matter • Public services to meet the needs of citizens • Delivering of efficient high quality public services • Use new technology to meet the needs of citizens and business • Public service will be valued
Performance management	<ul style="list-style-type: none"> • Encourage a systems approach by improvement of effectiveness and value for money of a whole system • Efficient management of government resources • Government will take action if necessary but will also give freedom to innovate in service delivery • Government uses the correct information at the right level by using new technology to streamline information management in the public sector • Focus on monitoring and evaluation



Performance budgeting	<ul style="list-style-type: none">• Linking performance information with budget• Plans linked with budgets must involve legislative branches• Performance budgeting is an evolving concept• It is not a simplistic term as budgets cannot mechanically be linked to results
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Source: United Nations Department of Economic and Social Affairs. 2001. *World Public Sector Report. Globalisation and the state*. New York: United Nations.

Since its inception about 150 years ago (Stiglitz, 2003:3) the nation-state has guaranteed internal and external security, strengthened the law, funded national social welfare, provided the structures of democracy, established public accountability, and provided the framework for economic and social pursuits (Bertucci & Alberti, 2001:10). The role of the state has expanded to include the need to supply collective public goods and provide for minority groups. Globalisation will strengthen the relevance of these functions.

The *Human Development Report* of 1999 argues that the challenge of globalisation is not to stop the expansion of global markets, but to find rules and institutions for stronger local, national, regional and global governance (UNDP, 1999:2). Globalisation has, however, created a system of global governance without global government. At present, the need for global institutions has never been greater, but the confidence in global bodies such as the International Monetary Fund and the World Trade Organisation has never been less (Stiglitz, 2003:4). National and global governance need to be managed with human development and equity at its centre.

4.4 The role and function of the state

In order to understand the possible impact of issues such as poverty, sustainable development, HIV/AIDS and other communicable diseases on governments in the developing world, the role of the state needs to be scrutinised. Botes *et al.* (1997/8: 5) define *a state* as “...an internationally recognised demarcated territory with a self-governing permanent population, which enjoys independent political sovereignty and international recognition”. Democracy places the sovereignty of the state in the people and people expect the state to act as a social mechanism in accordance with the dictates of the people (Baltodano, 1997:621). The state has the accepted function to define and implement collectively binding decisions and can claim sovereignty over all other institutions and must be recognised as such by other states (Monteiro, 2002:1).

Max Weber defines *a state* as that organisation that has a ‘monopoly on the legitimate use of physical force within a given territory’, which may include the armed forces, civil service, courts of law and police (Wikipedia, 2007). The terms *country*, *nation* and *state* are often used as if synonymous, but for the purposes of this thesis *country* will be used to describe a geographical area; *nation* indicates a people who share common customs, origins and history; and *state* refers to a collection of governing institutions that has sovereignty over a specific territory (Wikipedia, 2007).

Gildenhuys (1988:4) states that the role of the state is based on four ideologies, namely the *laissez-faire* capitalism, socialism, the notion of the social welfare state and the notion of an economic welfare state. One of the primary goals of the state, according to the *laissez-faire* view is to provide an enabling environment for free competition among the citizens. The government protects its citizens by regulating through enforcement of contracts by the courts of law, the protection of the individuals and their property, and the defence of the national community from aggression from across its borders. Within this framework, the government promotes free and unregulated competition (Gildenhuys, 1997:6).

Table 4.4: Changing concepts of the role of the state

Type of state	Role	Administration
The classical state	<ul style="list-style-type: none"> • Providing a social contract that defined the rules of the political game • Application of the rule of law • Provision of policy framework for operation in market 	<ul style="list-style-type: none"> • Structured by aristocracy, people of standing • Later shifted to those who had wealth • Classic state was a city state that came to incorporate a nationally defined territory
Interventionist state	<ul style="list-style-type: none"> • Popular demand for increased state intervention in provision of social welfare • Intervention by government to build an industrial economic base • Socialist role through state ownership of the means of production 	<ul style="list-style-type: none"> • Social democracies • Regime-driven industrialising states • Hierarchically structured bureaucratic organisations • Officers professionally trained at universities in basic public administration run public service
Neo-liberal state	<ul style="list-style-type: none"> • Redefining the role of the state • Minimising its role in the economy and social service delivery, the so-called Washington Consensus 	<ul style="list-style-type: none"> • New public management • Managers influenced by private sector perceptions of organisational design and development • Service delivery focus • Value for taxpayers money, lean administration
Neo-Keynesian state	<ul style="list-style-type: none"> • State as regulator • Developmental role • State as facilitator 	<ul style="list-style-type: none"> • End user of services seen as paying customers • Performance management • Strategic governance • Inclusion of civil society in governance issues • Participatory decision-making

Sources: Swilling, M. 1999. Changing concepts of governance. *Africanus* 29(2):20-40.
Crous, M. 2006. Quality service delivery through customer satisfaction. *Journal of Public Administration*, 41(2.2):397-407).

Socialism differs from the *laissez-faire* capitalism in that it does not acknowledge private ownership and free enterprise. Socialism makes provision for the redistribution of income and social benefits such as free medical services, pensions and free education. The role of the state is the control of markets, redistribution of income and provision of welfare services for all citizens (Gildenhuys, 1988:8). The role of the social welfare state is to ensure minimum standards for a good life to all its citizens through providing

education, pensions, medical care, housing, and protection against loss of employment or business (Table 4.4). The social welfare state creates an enabling environment to ensure its citizens have equal opportunities to a good life (Gildenhuys, 1988:9).

The economic welfare state emphasises the economic welfare of the individual and is based on democratic values and free enterprise, with minimum government intervention in the activities of the individual. The aim of the economic welfare state is to create an environment in which an individual is free and left to develop his/her personal economic welfare according to his/her own abilities. This will enable the individual to look after his/her own personal welfare. The government regulates the relationships between individuals through an independent judicial system based on common law principles (Gildenhuys, 1997:16). The role of the modern state can be seen as a combination of the positive aspects of all the above approaches. The goals of the modern state, or according to Swilling, the neo-Keynesian state, are therefore to create an enabling environment for all its citizens to enjoy a good life in a democracy with a free market system (Swilling, 1999:32). The state regulates relationships through independent courts of law and promotes individual freedom to personal economic welfare.

4.4.1 The state as regulator, enabler and facilitator

Globalisation, the emergence of new public management, the collapse of the communist states and the subsequent end of the cold war, as well as the enormous increases of inequities within and between developing and developed countries have all contributed to the debate of the changing role of the state (Swilling, 1999:21). The classic functions of the state are nation building, defence, maintaining law and order, creating conditions for wealth accumulation, and some core functions such as taxation and monetary issues, security, environment, education, health, investment and trade and infrastructure (Monteiro, 2002:13). Functions such as taxation, security and policy formation have been outsourced to private companies, but certain core services such as health services and education remain with the state. The state can also play a role in

the promotion of technology, marketing, the creation of financial incentives, and the management of policies. The primary goal of the state is to promote the general welfare of society. Aristotle said that the state exists not only to make life possible, but also to make life good (Strong, 1963:17). The state's primary role is not only a political one, it also has moral obligations towards its citizens by providing services in making life good (Chambliss, 1954:197).

The role of the state as regulator differs from its role as participant in providing services, being a producer and a sponsor. In its capacity as regulator, it develops a system of rules designed to resolve conflicting ideologies and protect the rights of individuals and institutions (Otobo 1997:44). The state as regulator uses coercive powers to permit or forbid certain activities in the private sector (Schoeman, 2007:128). The state as regulator of different sectors of society also ensures that the public service attains the goals of the state (Department of Public Service Administration, 2005:3). In a globalised world, the state has an important role to play in the establishment and maintenance of a fair competition base and also an enabling environment for private enterprise, individual creativity and social action (Bertucci & Alberti, 2001:14).

Through the provision of a supportive environment for economic growth and social stability, government plays the role of a facilitator. Eventually all these roles and functions would add up to the government's role as enabler for private sector development (Otobo, 1997:1). As the state diminishes its operational role, a partnership relationship with the private sector should emerge where the private sector should play a leading role in development and service provision; and government in turn should create an enabling environment for the private sector to deliver services and to grow its operations. As facilitator, the government could unify different spheres of the public service to ensure good governance (Department of Public Service Administration, 2005:3). Improved governance requires that the role of the state be that of a facilitator and a mediator, therefore the state's endeavours are being directed to basic services in health, education and social safety nets. Ultimately, government will be evaluated through the effectiveness of its role of regulator, facilitator and enabler (Otobo, 1997:2).

4.4.2 The new role of the state

While many roles such as facilitator, enabler, regulator, activator and provider were assigned to government, it should not automatically be considered that the state should be the provider of goods such as health services, education and social welfare services (Hart, 2004:1). The role of the state should be confined to what individuals cannot do for themselves, such as provide security, put in place the necessary legal framework, act as mediator between supranational institutions with regard to trade, provide a clean and safe environment, economic stability, provide public transport, provide social welfare and develop a framework to enable people to take responsibility for their own lives (Hart, 2004:2). The role of government could be defined in terms of whatever role the electorate decided to give it. The role of the modern state would ideally be based on a democratic political system, and the creation of a good quality of life for all citizens through protected human rights, the application of the rule of law, and minimum interference by government in the social and economic life of the individual (Crous 2006:398). One of the roles of government in the 21st century will be to react appropriately to many challenges such as the changing demography in countries; the dwindling and ageing population of western Europe and the changes that HIV/AIDS has made and will make in the demographic structures of sub-Saharan African countries.

The economic role of the state has increasingly become vital in the successful implementation of a country's development strategy (Stiglitz, 1998:2). The notion that government involvement in the economy is unnecessary and ineffective has been dispelled with the idea of partnerships between the public and private economic sector. Government and the private sector can act together utilising each sector's unique attributes, with government acting as the regulator of financial institutions to ensure competition and maintain safety and soundness of financial systems (Stiglitz, 1998:8). The World Bank has identified four principles to reflect the overall range of the role of government: mandating, facilitating, partnering and endorsing when creating an enabling environment for corporate social responsibility (World, Bank 2003:9). The

lines between public sector instruments and interventions are often blurred as outlined in the diagram below.

Table 4.5: Public sector roles in corporate social responsibility

Public sector roles			
Mandating	Command and control legislation	Regulators and inspectorates	Legal and fiscal rewards and penalties
Facilitating	Enabling legislation	Creating incentives	Capacity building
	Funding support	Raising awareness	Stimulating markets
Partnering	Combining resources	Stakeholder engagement	Dialogue
Endorsing	Political Support	Public procurement and public sector practices	Publicity

Source: World Bank. 2003. *The World Bank Group's Social Responsibility (CSR) Practice's Technical Assistance to business and education in El Salvador*. [Online] Available at: <http://siteresources.worldbank.org/INTPSD/Resources/El-Salvador/EISalOverview.pdf> [Accessed: 31 December 2007].

4.5 Conclusion

Globalisation has opened the boundaries of the state and the causes and consequences of its political, social, health and economic decisions are not contained by its borders. Globalisation affects everyone; individuals, communities, countries, regions and institutions. The impact of HIV/AIDS on countries, their neighbours and indeed, the world is a point in case. Globalisation tends to shape not only the organisational character of the administrative state, but also the managerial dimension of public administration. It is increasingly recognised that good governance is significant in a country's developmental processes to ensure that globalisation benefits all. The state, in partnership with business and civil society, has a key role to play in attaining a good life for all its citizens. Globalisation has also promoted a universal protection of human rights and a higher quality of life.

The role of the state has changed with the advance of globalisation and the focus has shifted to the ability of the state to strengthen its capacity to effectively manage in a changing and complex situation. The state's role has changed from a hands-on management and direct deliverer of service and goods to facilitator of an enabling environment and framework for private sector participation. The economic role of the state has shifted to that of regulator of financial institutions to ensure fair competition and maintain safety and soundness of financial systems. It has been increasingly clear that the success of a country's development programmes hinges on the country's effective economic policies and good governance.

The next chapter aims to demonstrate the challenging environment in which public administration is being implemented in developing countries. Governments and public administrations in developing countries play a pivotal role in responding to changes emerging from globalisation. Governments in developing countries face daunting challenges such as developing essential infrastructure, reducing socio-economic inequality, combating poverty, supporting social and private sector development, and protecting the environment. The many challenges of developing countries such as national debt, corruption, human rights violations, poverty, conflict, HIV/AIDS and other infectious diseases, and food security all impact on the ability of governments and their administrations to perform effectively. This chapter will look at the political, economic, social, health and development environment in which governments have to practise public administration. The international and regional environments in which public administration must function are also considered.

CHAPTER 5: THE ENVIRONMENT IN WHICH PUBLIC ADMINISTRATION FUNCTIONS IN SUB-SAHARAN AFRICA

5.1 Introduction

The purpose of this chapter is to demonstrate the challenging environment in which public administration is being implemented in developing countries. Governments and public administrations in developing countries play an important role in responding to the new responsibilities emerging from the quest for sustained economic growth and sustainable development. Among other things, governments have to develop essential infrastructure, reduce socio-economic inequality, combat poverty, support social and private sector development and protect the environment. Governments also have the responsibility to strengthen public administrations in order to ensure effective service delivery. The environment in which public administration functions in sub-Saharan African countries is complex and affected by challenges such as national debt, corruption in governments, human rights violations, poverty, conflict, HIV/AIDS and other infectious diseases, and famine, to name but a few. It is expected of governments to perform and conform to standards that are set in the global arena. This chapter considers the political, economical, social, health and development environment in which governments have to practise public administration. The international and regional environments in which public administration must function are also scrutinised.

5.2 Political environment in which public administration functions

One of the greatest threats to human security in Africa is violent conflicts and war. Wars have displaced millions of people, disrupted lives, killed and maimed many people and destroyed the infrastructure of countries. Violent conflicts and wars can also roll back the human development gains built up over many years (United Nations Development Programme, 2005:151). The World Bank estimates that wars and violent conflict cost Africa at least 2% loss of economic growth during the 1990s (Institute for Security Studies, 2006b). During the past 10 years various violent conflicts and war have disrupted the lives of the people of sub-Saharan Africa. In

conflict, the principles of democracy are not adhered to and corruption in what is left of a government is rife. The Democratic Republic of the Congo (DRC) is one example where the whole government has virtually been paralysed, infrastructure destroyed and disrupted. For the rich countries to support developing countries with aid, peace and security, which is closely linked to development, is a prerequisite.

Table 5.1 Political issues in southern African countries – 2006

	Form of state	Head of state	National government	Domestic politics	International relations
Botswana	Unitary republic	President chosen by national assembly	President and appointed cabinet	Political tensions due to unconstitutional relocation of the Basarwa from Central Kalahari Game Reserve	Good relations with major trading partners
Lesotho	Monarchy	Monarch	Prime minister and appointed cabinet	Elections were called earlier as scheduled created tensions among political parties	Good relations with donors
Malawi	Unitary republic	President elected by universal suffrage	Cabinet, chaired by the president	Constitutional court ruling against floor-crossing in parliament. Treason case against vice-president creates tension	Good relations with main trading partners, EU and SA
Mozambique	Unitary republic	President elected by universal suffrage	President, appointed prime minister and council of ministers	Frelimo to hold party congress in 2007. Provincial elections could be postponed. Renamo protests over ongoing detention of activists	Donors concerned about style of leadership, corruption. Close links with SA
Namibia	Unitary republic	President elected by universal suffrage	President and appointed cabinet	Tension in ranks rises towards 2007 SWAPO congress	Relations with the Angolan and South African governments are close
South Africa	Federal National government, nine provinces	President elected by national assembly	President and appointed cabinet	Succession debate. Arms deal scandal. Jacob Zuma corruption case. Weak opposition parties	Shaped by objectives of NEPAD. Quiet diplomacy towards Zimbabwe
Swaziland	Absolute monarchy	Monarch, succession governed by custom	Monarch and appointed cabinet	Minor reshuffling of cabinet due to death of deputy prime minister. Constitution cases against government delayed due to lack of judges	US and EU will monitor implementation of new constitution Courts Middle Eastern and Asian countries.
Zambia	Unitary republic	President elected by universal suffrage	President and appointed cabinet	Recent elections created tension starts to stabilise	Focus on building relations with key donors
Zimbabwe	Unitary republic	President elected by universal suffrage	President and appointed cabinet	Mugabe is firmly in political control. Succession debate. Deepening economic collapse. Lack of transparency and corruption	Mugabe rejects efforts of international mediation, isolate country. Cultivate relations with East Asia

Sources: Economic Intelligence Unit. 2006. *Country Reports 2006*. [Online] Available at: <http://www.eiu.com> [Accessed: 07 March 2007].

International Labour Office. 2007. *Global employment trends: Brief 2007*. [Online] Available at: <http://www.ilo.org/public/english/employment/strat/download/getb07en.pdf> [Accessed: 25 April 2007].

Economic Commission for Africa. 2006. *Economic report on Africa 2006. Capital flows and development financing in Africa*. Addis Ababa: UNECA.

With the exception of Zimbabwe, the macro-political climate in the countries under investigation is relatively calm in terms of political issues (Table 5.1). Except for

Lesotho and Swaziland, all the countries are function in a democratic order. At domestic level, events such as elections almost always create some tensions. The Jacob Zuma corruption trial and the succession struggle for the presidency of the African National Congress create apprehension and uncertainty in South Africa at national level. Corruption and governance issues are challenges that almost all the sub-Saharan countries face and this makes the practice of public administration a challenging process.

5.3 Economic environment

Poverty in Africa, and particularly sub-Saharan Africa, is significantly higher than in other developing regions, with poverty increasing in the region. Almost half of Africa's population live on less than US \$1 per day in spite of the considerable growth of the African gross domestic product (GNP) in recent years (Economic Commission for Africa, 2005:1). The question arises: what is the reason for the lack of Africa's response to economic growth and poverty? The growth rate is not high enough, as most African countries need to grow by an average of 7% per year just to reach the millennium development goals (MDG), and some countries in sub-Saharan Africa need to do even better than that. The estimated average unemployment rate of 34,5% and the inequalities in wealth distribution are also factors of low economic growth (Table 5.2). For sub-Saharan Africa to have economic growth to attain the MDG targets, massive investment is needed to break down the internal barriers that hold the region back (Economic Commission for Africa, 2005:15). There is a strong link between income growth and poverty reduction, therefore growth is central to poverty reduction (International Bank for Reconstruction and Development/World Bank, 2005:18).

More than 90% of sub-Saharan Africa lies within the tropics with the accompanying high disease burden of tropical diseases, such as malaria and cholera, which reduce life expectancy, human capital development and labour force participation (Ndulu, 2006:214). In sub-Saharan Africa there are 48 small economies with a median gross domestic product of US \$3 billion. The sovereign, ethnic and linguistic fragmentation makes the region more difficult to develop and the development is slower than in

other developing regions (Ndulu, 2006:215). The lack of good infrastructure, especially in the rural areas, impedes growth even further. Most of the countries are landlocked, which relates to high transport costs and higher prices of commodities, which in turn slows down growth.

Table 5.2: Economic situation in Southern African countries in 2006

	Botswana	Lesotho	Malawi	Mozambique	Namibia	South Africa	Swaziland	Zambia	Zimbabwe
Fiscal policy	Underspending a concern. Revenue inflows high, budget in surplus of 5% of GDP.	Surplus due to revenue and under-spending. Plans to boost education, health, transport infrastructure.	Increased donor aid. Large savings on debt servicing due to debt cancellation.	Government increased fiscal spending on public sector wages and social sectors financed by donors. Fiscal deficit of 4,5% of GDP.	Increase in revenue. Fiscal deficit of 0,2% of GDP.	Fiscal deficit expected to shrink to 0,4% of GDP.	Country is facing a fiscal crisis. Governance poor in fiscal management.	Fiscal deficit of 2,4% of GDP. Heavily dependent on donor aid.	Fiscal deficit expected to 8,3 of GDP. High negative real interest rates on domestic debts. No access to substantive foreign lending.
Monetary policy	Key focus on decreasing inflation.	Benefits from SA's low inflation. Loti fixed at parity with ZAR.	Reserve Bank lowered bank rate by 5 percentage points to 20%. Focus on lowering inflation.	Focus on reform initiatives. Focus on containing inflation.	N\$ fixed at parity with ZAR.	Focus on containing inflation	Currency at par with ZAR.	Key focus on decreasing inflation.	Adjust exchange rate policy. Focus on reducing inflation.
Economic growth	Mining sector plays important role in growth.	Real GDP growth estimated 3% in 2006.	Average growth of 8,4% in 2006.	Average growth of 8,4% per year from 1996-2005.	Real GDP growth estimated 4,5% in 2006.	Real GDP growth is revised upwards. Rate of about 5% in 2006.	Average growth of 1,2% in 2006.	Real GDP growth estimated 6% in 2006 due to expansion of copper production..	Declined past 5 years to - 4.4% in 2006.
Inflation	Year-on-year inflation declined to 8.5% at end of 2006.	Average inflation rate of 5%, linked to SA.	Average inflation rate of 14,1%.	Average inflation rate of 10,6%.	Average inflation rate of 5%.	Measured by CPIX. Trends lower. Rate of about 5% in 2006.	Following trends in SA, averaging 5,4% in 2006.	Average inflation rate of 8,8%.	Average inflation rate in 2006 1,034%
Unemployment	About 24%.	Estimated at 45% in 2002.	No figures available.	Estimate of 21% in 1997.	Above 30%	Rate - 26% Rates fell slightly 2006	Estimated at 40% in 2002.	10.3% in 2003.	Estimated at 80%.
Infrastructure	Lack of essential infrastructure. Government is refocusing its policies and strategies to build up infrastructure.	Poor infrastructure in rural areas.	Development of infrastructure necessary.	Lack of adequate infrastructure in rural areas.	Well-maintained network of all weather roads.	Hosting of 2010 World Football Cup expand infrastructure	Looks at Middle Eastern countries for loans to upgrade infrastructure.	Need to upgrade infrastructure in rural areas.	Deals with Chinese to upgrade electricity company. Shortage of fuel decrease tourism.
Foreign trade and payments	Chaired the Kimberley Process to discuss conflict or blood diamonds.	FDI and ODI will be dictated by the new government elected in 2006.	Poor FDI, well below its neighbours.	Signed final agreement with Portuguese transferring Cahora Bassa dam to Mozambique.	Exports growing faster than imports. Foreign debt stabilises.	Current account eased slightly in 2006 Pressure remains on current account FDI tops African rankings	Launched the National Export Strategy to boost exports.	Increase of inflows of FDI. China cancels US\$211m debt.	There was a pickup of inflows of FDI, but still low in comparison with other African countries. External debt rose due to poor payment.

Sources: Economic Intelligence Unit. 2006. *Country Reports 2006*. [Online] Available at: <http://www.eiu.com> [Accessed: 07 March 2007].

International Labour Office. 2007. *Global employment trends: Brief 2007*. [Online] Available at: <http://www.ilo.org/public/english/employment/strat/download/getb07en.pdf> [Accessed: 25 April 2007].

Economic Commission for Africa. 2006. *Economic report on Africa 2006. Capital flows and development financing in Africa*. Addis Ababa: UNECA.

In African politics the focus is on corruption and good governance. Corruption and governance in governments are increasingly being used by international financial institutions and donors as criteria for grant aid. Although the two concepts are related, they are separate. *Corruption* can be described as the abuse of power for private gain, while *good governance* characterises the customs and institutions by which authority in a country is applied for the common good. No state can achieve its political, economic and social objectives without good governance and prevention of corruption.

Underspending is a particular concern when taking into consideration that service delivery is poor in the region (Table 5.2). This bears down to the issue of capacity in government, not only to manage the public service, but also to render services to the citizens of the country.

5.4 Social, health and developmental environment

HIV/AIDS is potentially one of the most serious threats to sustainable development in Africa. Sub-Saharan Africa, with just over 10% of the world population, remains the region most affected by the global AIDS epidemic with more than two thirds of all HIV-positive people living in the region (UNAIDS, 2007:15). Unlike other regions, 61% of all HIV-positive people are women. Three quarters of the estimated 2,1 million (1,9 – 2,4 million) deaths occurred in sub-Saharan Africa in 2007 (UNAIDS, 2007:15). Life expectancy at birth has dropped below 40 years in nine African countries: Botswana, Central African Republic, Lesotho, Malawi, Mozambique, Rwanda, Swaziland, Zambia and Zimbabwe (UNAIDS, 2005a). As AIDS affects the most productive sector of the population on a continent where four out of 10 people live on less than US \$1 per day, HIV/AIDS needs to be taken seriously and need to become a priority (Bond, 2003:16).

According to the Global Monitoring Report, there have been some success with achieving the Millennium Development Goals in sub-Saharan Africa, but it also stresses that bold actions are urgently needed if the development agenda that was envisaged is to be realised (International Bank for Reconstruction and Development/World Bank, 2005:xvii). The Millennium Development Goals Report

(United Nations, 2005) is comprehensive and shows the gains that have been made, but also points out the lagging behind of many regions, especially sub-Saharan Africa. In sub-Saharan Africa, which already had the world's highest poverty rate, the situation deteriorated further instead of getting better. The poorest region has fallen far behind in the goal to halve the proportion of people living on less than US \$1 per day, in fact the very poor are getting poorer (United Nations, 2005:7). Conflict, disease and disasters exacerbate poverty and hunger in the region further.

Table 5.3: Measurement of the Millennium Development Goals in sub-Saharan Africa in 2005

Goal		Target	2005 Report for sub-Saharan Africa
Goal 1	Eradicate extreme poverty and hunger	Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day	The number of people has risen from 227 million in 1990 to 271 million in 1996 to 131 million in 2001
		Halve, between 1990 and 2015, the proportion of people who suffer from hunger	Number of hungry people in the region has grown with tens of millions from 1990 to present
Goal 2	Achieve universal primary education	Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	The region has made some progress, but still have one third of its children out of school
Goal 3	Promote gender equality and empower women	Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015	There is still an alarming gender gap in primary education, with the effects of HIV/AIDS in the region exacerbating the situation
Goal 4	Reduce child mortality	Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate	Sharp increases in infant and child mortality rates
Goal 5	Improve maternal health	Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio	The region has the highest maternal mortality rate in the world
Goal 6	Combat HIV/AIDS, malaria and other diseases	Have halted, by 2015 and begun to reverse the spread of HIV/AIDS	The region has the highest number of people living with HIV/AIDS in the world, 25.8 million out of 38.6 million
		Have halted, by 2015, and begun to reverse the incidence of malaria and other major diseases	<input type="checkbox"/> Tuberculosis increasing because of high HIV-positive rates <input type="checkbox"/> TB multidrug resistance increases <input type="checkbox"/> Drug resistance created a market for mosquito nets
Goal 7	Ensure environmental sustainability	Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation	There have been some gains, but the region still lags behind
Goal 8	Develop a global partnership for development	Upliftment of poorest countries	Aid was increased, but the region still needs external financing to attain its development goals

Source: United Nations. 2005. *The Millennium Development Goals Report 2005*. New York: United Nations Department of Public Information.

Gender equality is still a substantial problem in sub-Saharan Africa. It is being feared that women will be affected the hardest when African economies are liberated as women are found in mostly vulnerable sectors such as textile, clothing, food and leather. The same applies when a girl child is taken out of school to assist at home when difficulties start. It is well known that microcredit may assist in poverty alleviation, but experience has shown that women are not usually the ones benefiting from the mechanism (Naledi & Alrn, 2003:61). Education is not only a vehicle that gives people more choices in life; it is also a way for women to be empowered and uplifted. Children out of school are mostly from poor households, where the mothers often have no formal education. In a region such as sub-Saharan Africa, where poverty and disease rates are high, girl children are often taken out of school to help with the caring of sick parents or younger siblings. There is also a serious concern for the gender gap in primary and secondary school enrolment in the region. Overall, women have the smaller share of paying jobs than men, they are being paid less than men and have more low-status jobs.

Sub-Saharan Africa has lost almost all the gains it made in the 1980s on infant and child mortality due to the out-of-control HIV/AIDS epidemic. Some countries in the region are back to the rates they recorded in the 1950s and 1960s. The region will require drastic action to reduce these rates. The risk of dying during pregnancy or childbirth is 1 in 3 800 in the developed world and 1 in 16 in sub-Saharan Africa. HIV/AIDS, poverty, lack of education, infectious diseases and the status of women in the region are all contributing factors to this tragic situation. More than a quarter of the adult population in the region is HIV-positive. The consequences of the epidemic are many with the cost to human life the worst and the saddest. Other diseases like tuberculosis and malaria are also increasing because of the AIDS epidemic.

HIV/AIDS is potentially one of the most serious threats to sustainable development in Africa. Sub-Saharan Africa is severely affected with approximately 25,4 million people living with HIV, representing about 60% of all HIV-positive people worldwide (UNAIDS, 2005a). Life expectancy at birth has dropped to below 40 years in nine African countries, namely Botswana, Central African Republic, Lesotho, Malawi,

Mozambique, Rwanda, Swaziland, Zambia and Zimbabwe (UNAIDS, 2005a). In Africa, AIDS mostly affects the economic and social productive sector of the population. On a continent where almost half of the people live in poverty, HIV/AIDS needs to be taken seriously and be prioritised (Bond, 2003:16).

Other major challenges such as food security, education, empowerment of women and poverty are closely linked to HIV/AIDS. The region has 34 of the world's 50 least-developed countries and it will need a special effort from both the continent and the developed countries to make major progress towards reaching the Millennium Development Goals (UNFPA, 2005). Africa is the poorest region in the world, with the sub-Saharan Africa per capita GNP one-tenth of that of Latin America (Mboweni, 2003). Although Africa has a positive growth rate, it will not be enough to meet the Millennium Development Goals by 2015. The International Monetary Fund (IMF) has estimated that the sub-Saharan region should have a growth rate of about 7% per year if the MDGs are to be achieved (Mboweni, 2003).

Gender equality is still a massive problem in Africa. It is being feared that women will be affected the hardest when African economies are liberated as they are mostly found in vulnerable sectors such as textile, clothing, food and leather. With the threat of HIV/AIDS it is the woman and girl child who will be affected the worst, as they are the natural care-givers of the young and ill. It is also the girl child who is taken out of school to assist at home when difficulties start. It is well known that micro-credit may assist in poverty alleviation, but experience has shown that women are not usually the ones benefiting from the mechanism (Naledi & Alrn, 2003,:61).

Table 5.4: Development and Millennium Development Goals information in 10 sub-Saharan African countries close to South Africa

Country	Total population in millions	Human development index rank	Human poverty index rank	Life expectancy at birth - years	Infant mortality rate (per 1 000 live births)	Maternal mortality rate (per 100 000 live births)	MDG - % population below \$2per day	Estimated national HIV prevalence 15-49 years	Estimated children HIV+	Estimated number of orphans	GDP per capita (PPPUS \$ 2003)
Angola	15,94	160	83	40.8	153	1,700	no data	3.7	35,000	160,000	2,344
Botswana	1.765	131	94	40	no data	100	50.1	24.1	14,000	97,000	8,714
Lesotho	1.795	149	91	41.5	no data	550	56.1	23.2	18,000	100,000	2,561
Malawi	12.88 4	165	85	41.5	131.5	1,800	76.1	14.1	91,000	550,000	605
Mozambique	19.79 2	168	96	45.0	187.7	1,000	78.4	16.1	140,000	510,000	1,117
Namibia	2.031	125	60	53.5	35.8	300	55.8	19.6	17,000	85,000	6,180
South Africa	47.43 2	120	56	48.0	61.6	230	34.1	18.8	240,000	1,200,000	10,346
Swaziland	1.032	147	97	37.5	no data	370	no data	33.4	15,000	63,000	4,726
Zambia	11.66 8	166	90	40.0	115.2	750	87.4	17.0	130,000	710,000	877
Zimbabwe	13.01	145	89	35.5	59.1	1,100	83.0	20.1	160,000	1,100,000	2,443

Total out of 177 countries

Sources: United Nations Development Programme. 2005a. *Human Development Report 2005*. New York: UNDP.

PlusNews. 2004. *Country profiles*. [Online] Available at: <http://www.plusnews.org> [Accessed: 29 May 2006].

UNAIDS. 2006. *Report on the global AIDS epidemic. An UNAIDS 10th anniversary special edition*. Geneva: UNAIDS.

The impact of HIV/AIDS on sub-Saharan African governments will most probably directly affect fiscal policy on some key areas of government spending, such as the health and social budgets. Some of the indirect effects will come from the collective economic impacts, the increase of poverty, distorted development spending, and the increased demands on government to alleviate poverty (De Waal, 2003b:4). Table 3 gives a view of some human development indicators, poverty and gross domestic product (GDP) *per capita* figures of the southern part of sub-Saharan Africa. It is clear from the figures that, although some of the countries have a high GDP *per capita*, the overall low ranking of human development index and poverty, high HIV prevalence rates, high infant and mortality and maternal mortality rates will have a huge impact on governments' spending.

5.5 International environment in which public administration functions and the impact of international goal-setting

The incredible development of telecommunications technology has created a global village effect around the world, with the result that news of events which in the past may have taken days or even weeks to reach the international arena, now reaches the world much faster. Globalisation depicts a world that is interconnected and smaller because of interrelated trends and conditions such as communication, transport economics, violence, war, natural disasters, epidemics and climate change to name some. Governments' decisions have far-reaching consequences, especially if decisions infringe on the rights of its own citizens or those of neighbouring countries. The globalisation of events has also created a platform for international goal-setting and reporting, especially in the development field. Globalisation as a phenomenon has far-reaching implications for public administration and forever changed the international, political, economic, social, technological and developmental environment in which it operates. The globalisation of events has also created a platform for international goal-setting, especially in the development field (Whiteside, 2006:328). The nations of the world have created several forums to deal with goal-setting and its implementation. Of these, the United Nations was one of the first organisations to be established.

5.5.1 United Nations system

In September 2000 the General Assembly of the United Nations adopted Resolution 55/2: the **United Nations Millennium Declaration** (United Nations, 2000b:1). World leaders agreed at the subsequent United Nations Millennium Summit on the Millennium Development Goals, a set of time-bound and measurable goals for fighting hunger, poverty, illiteracy, disease, discrimination against women and environmental degradation. During 2002, at the International Conference on Financing for Development in Monterrey, Mexico, developed and developing countries committed to these **Millennium Development Goals** (MDG) by corresponding these commitments with resources and action. These MDG gave recognition to the world's collective responsibilities as well as to nations' individual

responsibilities to uphold the principles of human dignity, equality and equity at global level (United Nations, 2000b:1).

There are a number of United Nations reports that feed into the millennium development goals reporting mechanism of which the most important are the Human Development reports, the Regional Economic Commission reports and the Secretary-General's MDG reports. The Millennium Development Report (2005) is the most comprehensive and updated of these reports (Whiteside, 2006:332). This report emphasises the importance of the MDGs and states that it is the most broadly supported, all-inclusive and explicitly poverty-focused targets that the world has ever established (United Nations Millennium Project, 2005:2). These goals represent a fruitful existence for the billion-plus people living in severe poverty worldwide. The report provides overall figures of progress worldwide, such as the average income increase by about 21%, a declined number of people living in extreme poverty, declined child mortality rates and a rise in the average life expectancy from 63 to 65 years (United Nations Millennium Project 2005: 8). This progress is not uniform across the world. Sub-Saharan Africa in particular is feeling the brunt of the development crisis with food insecurity, a rising HIV prevalence rate, rising numbers of people living in abject poverty, a rising child mortality rate and a decline in life expectancy.

The report identifies a number of reasons for the underperformance in achieving the MDGs. One of the reasons is that delays in development occur with the failure of governance when governments do not uphold the rule of law, manage sound public administration, respect human rights and follow good economic policy. Another reason is that many countries fall into the poverty trap and are so poor that they cannot lift themselves out of severe poverty. The discrepancy in one country can be so large that there are pockets of poverty that urgently need investment in infrastructure, human capital and public administration. The last reason is policy neglect, where policy-makers are not aware of what to do, or neglect public issues (United Nations Millennium Project, 2005:22).

One of the core issues in sub-Saharan Africa is the effect that HIV/AIDS will have on development and the MDGs. With more than half of the world population living with AIDS in the region, many of the MDGs will not be met due to the impact of HIV/AIDS. The first six goals, namely to eradicate extreme poverty and hunger; achieve universal primary education; promote gender equality and empower women; reduce child mortality; improve maternal health; and combat HIV/AIDS, malaria and other diseases are all in the balance should the AIDS epidemic not be dealt with and given the attention it deserves. Recommendations are made in the report, and AIDS is mentioned as a bullet point under the Quick Wins section (United Nations Millennium Project, 2005:xv). The question is: is this enough?

One of the organs of the UN that have a substantial impact on developing countries is the **Organisation for Economic Cooperation and Development**, and its sub-committee, the **Development Assistance Committee** (OECD – DAC). The Organisation for Economic Co-operation and Development (OECD) was established in 1961 with 20 original members, mostly west European countries, the United Kingdom, Canada and the United States (Organisation for Economic Co-operation and Development (OECD), 2003). Since then, many countries have joined the OECD and even South Africa is contemplating membership. The OECD has set up several specialised committees to achieve its goals of which the Development Assistance Committee (DAC) was established to oversee aid, aid effectiveness and also to harmonise aid.

The goal of the **United Nations Development Programme** (UNDP) is to accelerate sustainable development, secure social support and attract foreign direct investment to Africa. UNDP is assisting in the simultaneous development of NEPAD and the AU by supporting the involvement of African civil society in NEPAD and encouraging the industrialised world to support the programme (Bekoe & Landsberg, 2002:14). The UNDP also assisted with the development of the OAU's legal and political tools in its transformation into the AU, thus supporting the integration of NEPAD into the AU. NEPAD's objectives are in alignment of the United Nation's Millennium Development Goals and in most cases they overlap. The UNDP is actively involved in securing investment from non-G8 countries. The organisations also assist African countries to

obtain sovereign country credit ratings to help attract private investors (Bekoe & Landsberg, 2002:15).

During the **2005 World Summit**, the promotion of international security and ways in which to achieve the Millennium Development Goals were discussed. The main discussion points were: freedom from want, freedom from fear, freedom to live in dignity and the strengthening of the United Nations (United Nations General Assembly, 2005). The World Summit should have been used to measure progress and achievements of internationally set development goals. Concern was voiced that the summit did not deal with important economic and social issues in the developing world (Rizvi, 2005). Development needs resources and if the necessary resources are not made available to achieve the MDG, poverty reduction will not take place.

5.5.2 Bretton Woods institutions

The World Bank has adopted a more consultative approach to African countries, especially where development is concerned. The development of the programme to reduce debt for heavily indebted poor countries (HIPC) and the Poverty Reduction Strategy Papers (PRSP) were done in consultation with governments in partnership with civil society organisations (Bekoe & Landsberg, 2002:15). The World Bank has adopted a regional approach to Africa and NEPAD is the ideal platform from which it can support regional issues such as poverty, HIV/AIDS and debt reduction. The World Bank welcomed the African peer review process, which will help assessment of Africa's own programmes.

5.5.3 Group of Eight (G8)

The Group of Eight (Canada, France, Germany, Italy, Japan, the United Kingdom and the United States) is the heads of state or government of the major industrial democracies who meet every year to deal with economic and political concerns facing their own societies and the global community (G8, 2005). The G8 summits are also attended by heads of international organisations and some heads of state of developing countries. This provides the heads of state of developing countries an

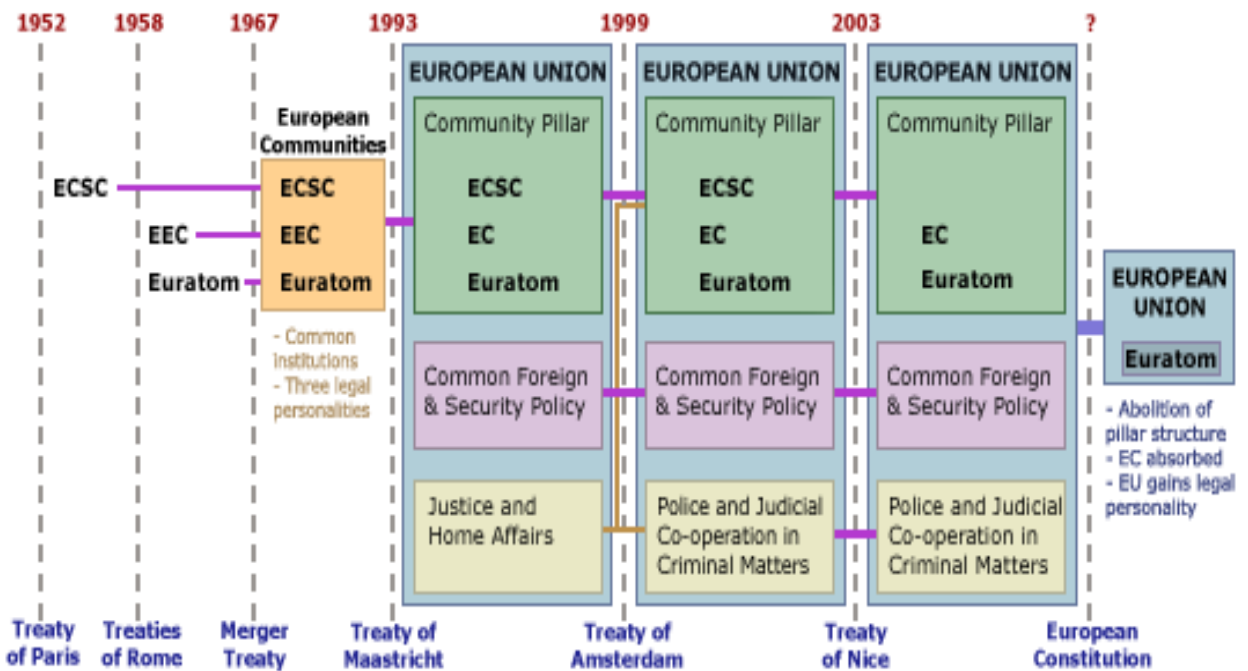
opportunity to influence the G8 leaders on developmental, political and economic issues. The agenda of the July 2005 summit in Scotland was dominated by the Millennium Development Goals, development challenges facing sub-Saharan Africa and debt relief for the world's poorest countries (G8, 2005). The G8 leaders, together with the leaders of Algeria, Ethiopia, Ghana, Nigeria, Senegal, South Africa, Tanzania as well as the heads of the African Union Commission, the International Monetary Fund, United Nations and the World Bank discussed Africa and its development issues (G8, 2005). Other issues that were discussed are peace and security, democracy, growth and action to combat HIV/AIDS and other diseases, as well as the promise to double aid for Africa by 2010 and write off the debt of the eligible heavily indebted poor countries. The summit stated that a comprehensive plan is needed to support Africa's progress where issues such as peace and security, democracy, growth and action to combat HIV/AIDS and other diseases, were given special attention. The G8 agreed to double aid for Africa by 2010 and write off the debt of the eligible heavily indebted poor countries. The G8 was criticised because most of the aid was earmarked for emergency relief rather than the development aid needed for investment in growth (Lake & Whitman, 2006:105).

The G8 plays an important role in setting the international economic and political environment. At the 2002 G8 summit in Kananaskis in Canada, the G8 adopted the Africa Action Plan in response to the New Partnership for Africa's Development (NEPAD) (Institute for Security Studies, 2005). The Africa Action Plan is interlinked with NEPAD and together they form a partnership based on African priorities for the African people.

5.5.4 European Union

As the European Union (EU) changed its name from the European Economic Community (established in 1957 with the Treaty of Rome) and then the European Community, so it has changed from an initial economic union to a more political one (Europe Cares, 2006).

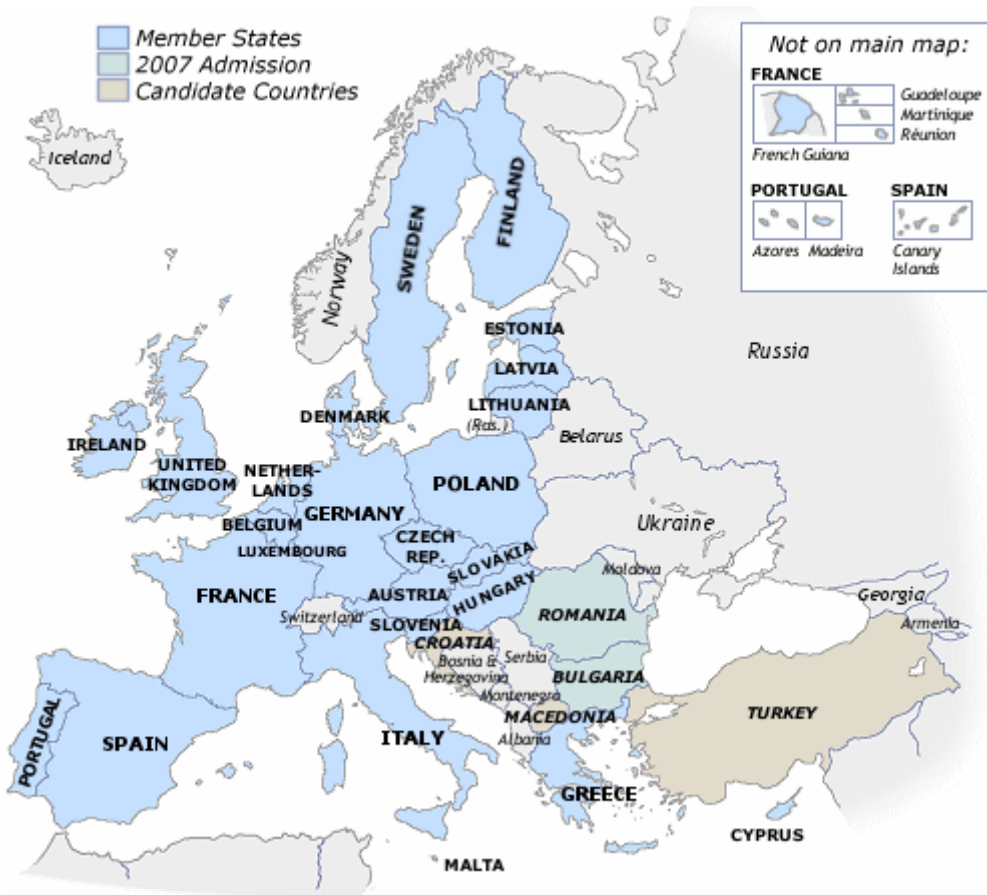
Figure 5.1: A graphic representation of the history of the European Union



Source: Wikipedia. 2006b. *The European Union*. [Online] Available at: http://en.wikipedia.org/wiki/European_union [Accessed: 8 August 2006].

The European Union (established in 1992 with the Maastricht Treaty) consists of 25 member states, with tree countries joining in 2007 and Turkey as a candidate country. The euro is the official currency, but 12 other currencies are also in use.

Figure 5.2: The member states of the European Union



Source: Wikipedia. 2006b. *The European Union*. [Online] Available at: http://en.wikipedia.org/wiki/European_union [Accessed: 8 August 2006].

The relationship between Africa and Europe is deeply rooted in history, with Europe one of Africa’s major colonialisers (Commission of the European Communities, 2005). The EU is the world’s largest donor in Africa, especially sub-Saharan Africa with over €14 billion in aid in 2004, and it is the African continent’s main trade and economic partner. Because of its specific challenges, sub-Saharan Africa receives additional funding from the Revision of the Cotonou Partnership Agreement (Europe Cares, 2006). With the onset of the United Nation’s Millennium Development Goals project, the EU decided to increase funding for Africa and also developed an EU strategy for Africa (Commission of the European Communities, 2005:2). The overall goals of the strategy are to support Africa’s efforts to achieve the Millennium Development Goals and also provide a comprehensive, integrated and long-term

framework for its relations with Africa. Good governance and peace and security are essential prerequisites for Africa's sustainable development (Commission of the European Communities, 2005:4).

5.5.5 Africa Commission

The Africa Commission stated in 2005 by means of a comprehensive report *Our common interest* (Commission for Africa, 2005) that poverty and stagnation in Africa are the greatest tragedy of modern times, which demands a forceful response. Although Africa has made some improvements in economic growth and governance, the continent needs accelerated reform, both from the developed world and Africa to pull itself out of the cycle of poverty. The commission proposed a 'coherent package' for Africa's upliftment, including governance and capacity building, peace and security, education, public health, HIV/AIDS, growth, poverty reduction and, more and fairer trade. The report called for an additional US \$25 billion per year, in aid to implement the package (Commission for Africa, 2005).

5.5.6 Commonwealth of Nations

Queen Elizabeth II is the Head of States of the Commonwealth of Nations, an alliance of 53 independent sovereign states, almost all of which are former territories of the British Empire (Wikipedia, 2005a). The Queen does not have political power over member states and the states do not automatically belong to the British Monarch. The Commonwealth Secretary-General is the chief executive of the organisation and is elected by the heads of states (Commonwealth of Nations, 2006). The main goal of the Commonwealth is to create an environment of economic co-operation between the members, as well as the promotion and support of democracy, human rights and governance in the member nations. Except for the economic co-operation, the member states also discuss social, environmental, health and developmental issues. HIV/AIDS, sustainable development and security issues are regular items on the agenda. Although this is not a political union, matters that have a political impact are discussed and resolutions that emanate from them may

have an influence on a member state. This may create an atmosphere of peer pressure among member states to improve their administrations for better service delivery.

5.5.7 Non-Aligned Movement

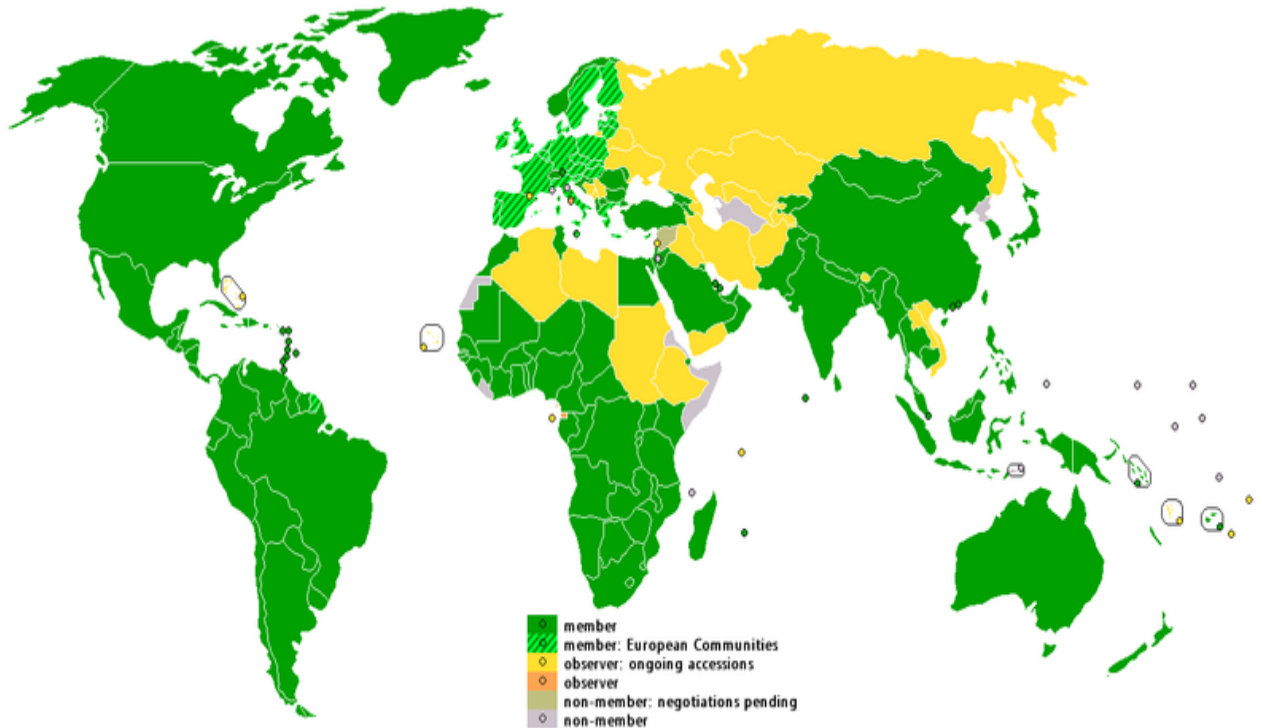
The Non-Aligned Movement was established in 1961 to express concern that the acceleration of the arms race between the Soviet Union and the United States (US) might result in war between the two world powers (Non-Aligned Movement, 2004a). During the 1964 Cairo conference, the movement condemned western colonialism and the retention of foreign military installations (Non-Aligned Movement, 2004a). Subsequently, the focus moved from political matters to the support of global economic and other problems. Today, the Non-Aligned Movement has about 115 members, representing the developing countries' priorities and interest. The Non-Aligned Movement tried to create and follow an independent path in world politics that will put them on the same platform as the big powers. Another focus of the movement is to work towards the restructuring of the global economic order. The movement works towards the G8 and European Union to exercise influence on these organisations to make decisions benefiting the developing world. The non-aligned countries also endeavour to unify their actions towards the United Nations and other international discussions to form an effective pressure group. During a meeting in 2002, the chair of the Non-Aligned Movement said that the movement today faces a situation that is completely different from its establishment 40 years ago and encouraged member countries to enter into dialogue with developed countries to ensure the developed countries fully understand the situation in the developing countries (Non-Aligned Movement, 2004b).

5.5.8 World Trade Organization

One of the most controversial international, multilateral organisations is the World Trade Organization (WTO), the only global organisation dealing with the regulations

of trade between nations. The WTO's main goals are to decide on rules for the international trading system and resolve disputes between its member states (Wikipedia 2004).

Figure 5.3: Members of the World Trade Organisation.



Source: Wikipedia. 2004. The World Trade Organisation. [Online] Available at: http://en.wikipedia.org/wiki/World_Trade_Organization [Accessed: 26 July 2006].

One of the most important agreements which originated from the establishment of the WTO in 1995 is the Agreement on Agriculture (AoA) (Wikipedia, 2004). The AoA is based on three concepts, namely domestic support, market access and export subsidies. A criticism of the AoA is its allowing rich countries to continue to pay their farmers subsidies which developing countries cannot afford. Developing countries have become significantly more involved in WTO discussions, especially in the field of agriculture. They also were actively involved in the ministerial declarations and decisions issued in Doha, Qatar, in November 2001 (Wikipedia, 2004). There has been criticism that the WTO does not run the global economy without bias, and that it has a regular bias towards rich countries and multinational corporations. An example

is rich countries being able to carry on levying high import duties and quotas for particular products, hindering imports from developing countries such as clothing. The protection of agriculture in developed countries, market access and domestic support were a direct consequence of the suspension of negotiations on the Doha Development Agenda on 24 July 2006 (World Trade Organisation, 2006).

5.6 Regional environment in which public administration must function

During the last five years, African leaders have renewed efforts at uniting Africa to face the challenges brought on by globalisation and trade liberalisation. The Millennium Africa Recovery Programme and the Omega Plan which were merged to form the New Africa Initiative and later the New Partnership for Africa's Development, as well as the newly remodelled African Union are the most important of these initiatives. While the African Union (AU) calls on self-sustaining Africa, the New Partnership for Africa's Development (NEPAD) looks at the industrialised world for partnerships to sustain its programme.

These new initiatives face many challenges. On the economic side, there are many economic groupings such as the Southern African Development Community (SADC) in the south, the Economic Community of West African States (ECOWAS) in west Africa, the Maghreb Union of North Africa, the Common Market for Eastern and Southern Africa (COMESA) and the Intergovernmental Authority for Development (IGAD). It may be difficult to bring all these economic groupings together in a single block as some of the economic groups feel they are better off alone. The language issue is still a contentious one and many African leaders fail to see the challenges facing Africa from a wholly African perspective. They see it rather from the Francophone versus Anglophone perspective.

5.6.1 African Union

On 25 May 1963, 32 African government representatives established the Organisation of African Unity (OAU) in Addis Ababa with the signing of the OAU Charter. The main objectives of the OAU were to rid Africa of colonialism, promote unity and sovereignty among African states, promote development, ensure sovereignty and territorial integrity, and promote international co-ordination within the setting of the United Nations (African Union, 2005: Introduction). The OAU has, through the years, embarked on various initiatives to unify the states and to enhance economic and social development. The Lagos Plan and the Final Act of Lagos of 1980 mentioned self-reliant development and co-operation among African countries. Many programmes, charters, agendas and declarations followed, always with the OAU's determination to place the African citizen at the centre of development and decision-making (African Union, 2005). One of the most important treaties established the African Economic Community (AEC), commonly known as the Abuja Treaty, seeking to create the AEC through six stages culminating in an African common market (Leshaba, 2004:5). The OAU has laid a solid and firm foundation for the unity and solidarity of Africa.

The African Union (AU) was established through four summits of the OAU: the Sirte Extraordinary Session in 1999 which decided to establish the AU, The Lome Summit in 2000, which adopted the Constitutive Act of the Union, the Lusaka Summit in 2001, which drew the road map for the implementation of the AU and finally, the Durban Summit in 2002, where the AU was launched and the first Assembly of the Heads of States was convened (African Union, 2005). With the establishment of the AU, the OAU and the AEC were unified into one institution. During the celebrations of the 40th anniversary of the Organisation of African Unity on 23 May 2003, the South African President and the President of the African Union, Mr. Thabo Mbeki, stated that the new issues on the continent's agenda are issues of democracy, peace and stability, good governance, sustainable development, human rights, health, gender equality and computer and information technology (Mbeki, 2003). These issues are quite different from the ones that the OAU had to face 40 years ago. The HIV/AIDS epidemic as one of the most important and daunting challenges that sub-Saharan Africa faces, had not been not singled out.

5.6.2 Millennium Africa Recovery Programme, the Omega Plan and the New Partnership for Africa's Development

In Africa, leaders developed their own development goals for Africa. During the past five years, African leaders have renewed efforts at uniting Africa to face the challenges brought on by globalisation and trade liberalisation. The Millennium Africa Recovery Programme (MAP) and the Omega Plan which were merged to form the New Africa Initiative and later the New Partnership for Africa's Development, as well as the newly remodelled African Union are the most important of these initiatives. While the African Union (AU) calls on self-sustaining Africa, the New Partnership for Africa's Development (NEPAD) looks to the industrialised world for partnerships to sustain its programme.

African leadership has taken various steps towards the development of the continent. The Lagos Plan of Action for the Economic Development of Africa and the Final Act of Lagos of 1980 acknowledged that underdevelopment had to be tackled. The major objectives of the Lagos Plan of Action were the promotion of self-reliance, the acceleration of growth, the democratisation of the development process, the eradication of poverty and the acceleration of regional economic integration (Adejumobi, 2002:17). The Lagos Plan of Action (LPA) failed firstly, because the western nations viewed the LPA as a radical choice that must be stalled and secondly, because of the economic crisis that Africa faced during that period. In a sense, the LPA was the predecessor of NEPAD.

NEPAD is the end product of three initiatives that started in 2000 in Africa and ended in 2001 with the inception of the New Partnership for Africa's Development. The Millennium Partnership for Africa Recovery Programme (MAP) was the first of these initiatives. The Organisation of African Unity (OAU) gave a mandate to presidents Thabo Mbeki of South Africa, Olusegun Obasanjo of Nigeria and Abdelaziz Bouteflika of Algeria to investigate ways in which Africa can deal with, and beat its large debt situation (De Waal, 2002:466). The OAU also mandated the three presidents to approach Africa's creditors on the abolition of all of Africa's external debt. They were also given the task to prepare the Millennium Africa's Recovery Programme (Melber, 2003:3). President Mbeki was the inspiration behind MAP, as

he was already promoting his 'African Renaissance' vision where Africa will regenerate economically, culturally, socially and politically to take pride of place in the world. The motivation behind the idea of the African Renaissance is the self-reliance of Africa and African ownership over African affairs (Melber, 2003:2). Many of the MAP ideas were later integrated into the NEPAD documents.

NEPAD is a framework of interaction between Africa and the rest of the world, and is based on an agenda set by Africans for Africa. The primary objectives of NEPAD are to end poverty; place African countries on a path of sustainable development; end the marginalisation of Africa in the global scenario; fully integrate the continent into the global economy; and accelerate the empowerment of women (NEPAD, 2005: Objectives). Although HIV/AIDS is one of the most important issues facing sub-Saharan Africa with potential disastrous consequences, it is not adequately dealt with in strategic plans (De Waal, 2003:3). The rest of Africa is also not immune to HIV/AIDS, but the AIDS issue takes a backseat to other, mostly economic, issues. *Debt AIDS Trade Africa* lists Africa's most pressing issues as being debt, AIDS, trade, development assistance, democracy, accountability and transparency (Debt AIDS Trade Africa, 2004:3). NEPAD mentions HIV/AIDS in its plans, but the lack of political will to implement these plans is evident in the lack of political will of some of the most influential countries that are driving NEPAD. The AIDS epidemic is an opportunity for African leaders to find a uniquely African solution to the problem, but instead it is mostly ignored with token lip service being paid from time to time. Shisana and Letlape (2004:65) argue that, given that NEPAD is the policy framework through which the international community supports Africa's development, it is important that NEPAD should receive all the support it needs to include HIV/AIDS in all its strategies.

During the 2005 Gleneagles G8 Summit, the industrial countries re-affirmed debt cancellation for 14 African countries that have reached the heavily indebted poor countries (HIPC) completion point, but the disappointment of this action is that it seems that most of the promised new aid to these countries will go towards the debt cancellation for the said countries (Landsberg, 2005:9). The G8 committed itself to universal access to antiretroviral drugs for people living with AIDS as well as funds

for peacekeeping. Yet again these pledges were vague, without concrete plans and budgets.

The goal of the United Nations Development Programme (UNDP) is to accelerate sustainable development, secure social support and attract foreign direct investment to Africa. UNDP assists in the simultaneous development of NEPAD and the AU by supporting the involvement of African civil society in NEPAD and encouraging the industrialised world to support the programme (Bekoe & Landsberg, 2002:14). The UNDP also assisted with the development of the OAU's legal and political tools in its transformation into the AU, thus supporting the integration of NEPAD into the AU. NEPAD's objectives are in alignment with the United Nation's Millennium Development Goals and in most cases they overlap. The UNDP is actively involved in securing investment from non-G8 countries. The organisations also assist African countries to obtain sovereign country credit ratings to help attract private investors (Bekoe & Landsberg, 2002:15).

The World Bank has adopted a more consultative approach to African countries, especially where development is concerned. The development of the programme to reduce debt for heavily indebted poor countries (HIPC) and the Poverty Reduction Strategy Papers (PRSP) were done in consultation with governments in partnership with civil society organisations (Bekoe & Landsberg, 2002:15). The World Bank has adopted a regional approach to Africa and NEPAD is the ideal platform from which it can support regional issues such as poverty, HIV/AIDS and debt reduction. The World Bank welcomed the African peer review process, which will help assessment of Africa's own programmes.

5.6.3 Southern African Development Community

The Southern African Development Co-ordination Conference (SADCC) was established in 1980 as a free alliance of nine countries in southern Africa with the goal of co-ordinating development projects to assist these countries with reducing the economic dependence on the then apartheid South Africa (Southern African Development Community, 2006). In 1992 the transformation from a co-ordinating conference to a development community took place with the signing of the declaration and treaty at the summit of heads of state of fourteen southern African countries which gave legal status to the Southern African Development Community (SADC). The headquarters are in Botswana.

The main objectives of the SADC are economic growth, poverty alleviation, promotion of peace and security, promotion of democracy, enhancement of the standard and quality of life of the peoples of southern Africa, sustainable development and support of the socially disadvantaged through regional integration (Southern African Development Community, 2006). The SADC programme of action was developed to assist the organisation to attain its goals.

5.6.4 United Nations Economic Commission for Africa

The Economic Commission for Africa was established in 1958 and is under the administrative direction of the United Nations (UN) headquarters (United Nations Economic Commission for Africa, 2006). It has 53 member states, including sub-Saharan African states, and its mandate is to support economic and social development, encourage regional integration and promote international co-operation for Africa's development. UNECA's main activities include policy analysis, advocacy, enhancing partnerships, technical assistance, communication and knowledge sharing. The organisation annually produces a report on Africa, called the Economic Report on Africa (United Nations Economic Commission for Africa, 2006), which gives an overview of the economic status of the member countries.

5.6.5 Common Market for Eastern and Southern Africa

The Common Market for Eastern and Southern Africa succeeded the Preferential Trade Area for Eastern and Southern Africa in 1993 (Institute for Security Studies, 2006). COMESA has 20 members and its overarching goal is to strengthen the process of regional economic integration. Issues such as sustainable growth, joint development in all economic activity, cross-border co-operation and investment, peace, security and stability are high on COMESA's agenda. Most of the sub-Saharan African countries are members of COMESA.

5.7 The challenges facing sub-Saharan Africa

The African continent faces some daunting challenges in the new millennium, such as crippling national debt, corruption in governments, human rights violations, poverty, conflict and famine. Sub-Saharan Africa is no stranger to these challenges, and with the world's largest number of people living with HIV/AIDS in the region it faces a potential disaster. The UNDP report on development, planning and HIV/AIDS in sub-Saharan Africa states in its introduction that HIV/AIDS is one of the most critical development challenges in the region (Van Donk, 2005:5). The report further argues that it is widely recognised that HIV/AIDS overturns the successes in human development in sub-Saharan Africa with the end result of undermining development and economic growth. The epidemic also creates grave challenges to public sector management and governance (Van Donk, 2005:5).

HIV/AIDS is potentially one of the most serious threats to sustainable development in Africa. As mentioned before, Sub-Saharan Africa is severely affected with approximately 25,4 million people living with HIV, representing about 60% of all HIV-positive people worldwide (UNAIDS, 2005c). Life expectancy at birth has dropped to below 40 years in nine African countries, namely Botswana, Central African Republic, Lesotho, Malawi, Mozambique, Rwanda, Swaziland, Zambia and Zimbabwe (UNAIDS, 2005c). As AIDS affects the most productive sector of the population on a continent where four out of ten people live on less than US \$1 per day, HIV/AIDS needs to be taken seriously and become a priority (Bond, 2003:16).

Other major challenges such as food security, education, empowerment of women and poverty are closely linked to HIV/AIDS. The region has 34 of the world's 50 least-developed countries and it will need a special effort from both the continent and the developed countries to make major progress towards reaching the Millennium Development Goals (UNFPA, 2005). Africa is the poorest region in the world, with sub-Saharan Africa per capita GNP one-tenth of that of Latin America (Mboweni, 2003). Although Africa has a positive growth rate, it will not be enough to meet the Millennium Development Goals by 2015. The International Monetary Fund (IMF) has estimated that the sub-Saharan region should have a growth rate of about 7% per year if the MDGs are to be achieved (Mboweni, 2003).

The impact of HIV/AIDS on sub-Saharan African governments' public financial policy will most probably be the direct effects on some key areas of government spending, such as the health and social budgets. Some of the indirect effects will come from the collective economic impacts, the increase of poverty, distorted development spending, and the increased demands on government to alleviate poverty (De Waal, 2003a:4). Table 5.4 gives a view of some human development indicators, poverty and gross domestic product (GDP) *per capita* figures of the southern part of sub-Saharan Africa. It is clear from the figures that, although some of the countries have a high GDP *per capita*, the overall low ranking of human development index and poverty, high HIV prevalence rates, high infant and mortality and maternal mortality rates will have a huge impact on governments' spending.

5.8 Conclusion

The public administration and management of a country are at best not an easy task. In most developing countries, governments are the major employer and service provider. Governments and public administrations in developing countries play an important role in the pursuit of sustained economic growth and sustainable development. The Global Monitoring Report of 2005 states that one of the most difficult challenges facing sub-Saharan African governments is the scaling up of service delivery and all it entails. Skilled service providers, infrastructure and

resources form indispensable ingredients in the mix of scaling up service delivery. Governments are faced with many international and regional organisations' goals and reporting mechanisms, while they also have to tackle the problems and challenges facing their own administrations. The environment in which public administration functions in sub-Saharan African countries is affected by internal problems and challenges such as national debt, corruption in governments, human rights violations, poverty, conflict, HIV/AIDS and other infectious diseases, and famine. The administration is also expected to report on the many economic, social, health and developmental goals that were set by both international and regional organisations. Most sub-Saharan African countries are poor and dependent on donor funding and assistance. The very issues that they have to report on are the issues they grapple with at domestic level. Although sub-Saharan Africa needs a huge amount of resources if it wants to meet the Millennium Development Goals, the lack of capacity in most countries' administrations and the inability to absorb and spend donor funding only exacerbate the problem. The UNDP report on development, planning and HIV/AIDS in sub-Saharan Africa states in its introduction that HIV/AIDS is one of the most critical development challenges in the region. The report further argues that it is widely recognised that HIV/AIDS overturns the successes in human development in sub-Saharan Africa with the end result of undermining development and economic growth. The epidemic also creates grave challenges to public sector management and governance.

Chapter 6 deals with HIV/AIDS as a global epidemic that has far-reaching consequences. The location and the impact of the epidemic on sub-Saharan African countries will be discussed. The purpose of this chapter is to show that the AIDS epidemic has a direct influence on sustainable development. The Millennium Development Goals and how the AIDS epidemic is already impacting on achievements will be highlighted.

CHAPTER 6: AN ANALYSIS OF AIDS AS AN EPIDEMIC

6.1 Introduction

AIDS is threatening human development like no other disease before in modern history. Sub-Saharan Africa is experiencing one of the most severe HIV/AIDS epidemics in the world with national antenatal prevalence of HIV in some countries around 35%, millions of children being left orphaned, life expectancy reduced to levels seen more than 50 years ago and more or less all sectors in society being affected to varying degrees. This chapter outlines the global AIDS epidemic with up-to-date information on the drivers of the epidemic and the epidemiology of the disease. A more in-depth analysis of the HIV/AIDS epidemic in sub-Saharan Africa provides insight into why the region is particularly affected. The impact of the AIDS epidemic on population and population structure, government and governance and the effect on the individual, communities and societies are being discussed. Lastly, the impact the AIDS epidemic will have on sub-Saharan Africa's attainment of the Millennium Development Goals is being considered. The Millennium Development Goals address poverty, education, health, social and environment issues and for each of the eight goals there are time-bound targets to reach. In developing countries with a high HIV prevalence the AIDS epidemic threatens the achievement of these targets, especially with regards to access to primary education, gender equality and the empowerment of women, child deaths, maternal health and deaths, and malaria and other communicable diseases.

6.2 The global HIV/AIDS epidemic

The following quote from UNAIDS (2006:3) gives a clear picture of the epidemic:

At the 2001 Special Session of the UN General Assembly on AIDS, 189 nations agreed that AIDS was a national and international security issue of the highest priority, signing an historic Declaration of Commitment on HIV/AIDS that promised innovative responses, coordinated efforts and accountability for progress against the epidemic... The Declaration set a comprehensive list of time-bound targets to support the Millennium

Development Goals of halting and beginning to reverse the epidemic by 2015. The story...is complex and at times disheartening. Nearly twenty five years of experience with prevention and ten years of experience with effective antiretroviral therapy have produced mountains of evidence about how to prevent and treat this disease. Yet these advances...while vitally important to mounting an effective response, do nothing to mitigate the shortages of leadership and human compassion that frequently hinder progress toward our shared goals.

6.2.1 The characteristics of HIV/AIDS

HIV is a retrovirus, and falls in the group called lentiviruses. Lentiviruses take a long time to develop, causing diseases which mainly affect the immune system and the brain. The retrovirus has a unique enzyme, reverse transcriptase, which, after entering a cell, makes DNA copies of its own RNA and has the ability to reproduce (Barnett & Whiteside, 2006:32). This characteristic and the virus' ability to mutate make it extremely difficult to respond to with drugs.

HIV is transmitted through bodily fluids from an infected person to another and the main mode of HIV transmission is heterosexual intercourse. HIV targets the CD4 cells, which are mainly responsible for organising the body's immune system. When a person becomes HIV-infected, the battle between the virus and the body's immune system starts. The only way to detect HIV is through a blood test. At the onset of the HIV infection, the infected person may have flu-like symptoms at which stage the virus is undetectable in the person's blood, also called the window period. A long incubation period follows and the infected person's immune system will be broken down systematically until it is so compromised that the person develops AIDS. The end result is death. Since the onset of the AIDS epidemic, research into treatment, cures and vaccines has dominated the international pharmaceutical arena. Vaccine trials are underway, but are still many years away from completion. There is no cure, but the treatment available may prolong an infected person's life for many years.

6.2.2 The epidemiology of HIV/AIDS

HIV can only be transmitted through contaminated bodily fluids. For a person to become infected, there needs to be an entry point in the skin/mucus membranes and there needs to be a sufficient quantity of viruses entering the body. The main modes of transmission are:

- Unsafe sex
- From an infected mother to her child
- Using infected blood and blood products (e.g. transfusions)
- Contaminated needles from infected drug users
- Other types of transmission of HIV where people are exposed to blood/bodily fluids.

Knowledge of the transmission of HIV, prevention, disease management, treatment and care has been known for about 25 years, but the epidemic is still growing. Scientists, scholars, practitioners and role players have come to the realisation that in order to adequately respond to the AIDS epidemic a thorough knowledge of the epidemic is necessary: The heterogeneity of HIV and epidemic typologies need to be studied to understand that there are different epidemics across countries, even different epidemics within a country, and these epidemics should be addressed differently.

Table 6.1: The heterogeneity of HIV and epidemic typologies

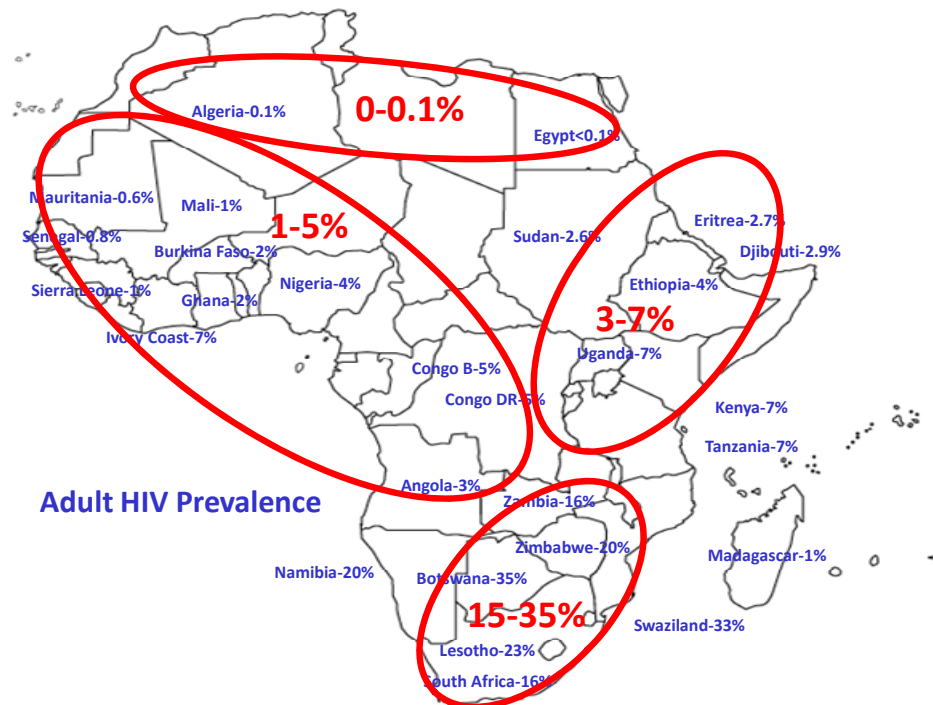
Typology	Prevalence	Who has HIV?
Low-level	Below 1% of population	HIV has not spread to significant levels within any sub-population.
Concentrated	Below 1% of the population	HIV transmission occurs largely among vulnerable groups (e.g. intravenous drug users, sex workers and clients, men who have sex with men) but has not spread to the general population.
Generalised	Between 1-15% in pregnant women attending public sector antenatal clinics	HIV transmission occurs primarily outside vulnerable groups. HIV prevalence is present among general population and at sufficient levels for sexual networking to drive the epidemic.
Hyper-endemic	More than 15% of the adult population	HIV transmission driven through extensive heterosexual multiple concurrent partnerships with low and inconsistent condom use and in context of low male circumcision.

Sources: Halperin, D. 2006. Why is HIV prevalence so severe in (southern) Africa? CD Rom: Southern African Development Community. Expert think tank meeting on HIV Prevention in high-prevalence countries in Southern Africa. Report. Maseru, Lesotho, 10-12 May 2006. Gaborone: SADC.

Jackson, H. 2008. HIV prevention. Know your epidemic. Paper presented at the Swedish African Regional strategy consultation on HIV prevention, 16 April 2008. Pretoria.

One generic solution cannot respond to an epidemic which can be low-level, concentrated, generalised and a hyper-endemic in the same country (Jackson, 2006). The understanding of the evidence of the AIDS epidemic is essential. Without reliable data and interpretation of data the type and timing of interventions will be poorly executed. Figure 6.1 illustrates the heterogeneous nature of the HIV epidemic in southern Africa. Even within a single country the epidemic varies.

Figure 6.1: Heterogeneity of HIV in Africa

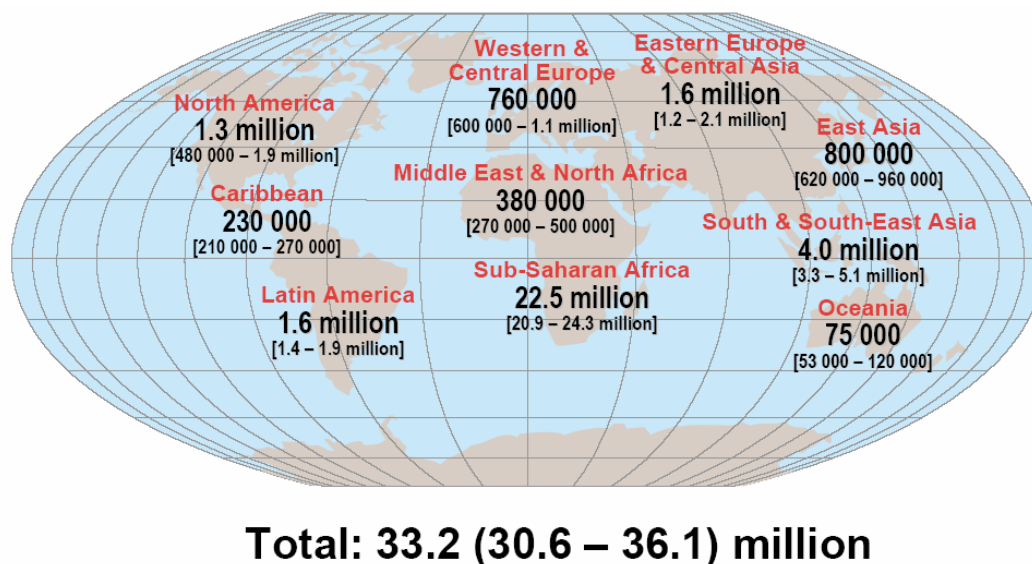


Source: Msiska, R. 2005. *Mainstreaming HIV & AIDS into Poverty Reduction Strategies*. Presentation at the Joint UN, Sida and Norad Meeting in Johannesburg, 16-18 November 2005. (Available on CD-Rom).

According to UNAIDS, there are approximately 33.2 million people living with HIV/AIDS, of which 22.5 million are in sub-Saharan Africa by the end of 2007 (Figure 6.2). There were about 2.5 million new infections in 2007 and 2.1 million deaths due to AIDS in the same period (UNAIDS, 2007:1). Of the new infections, an estimated 65% occurred in

sub-Saharan Africa.

Figure 6.2: Adults and children estimated to be living with HIV in 2007



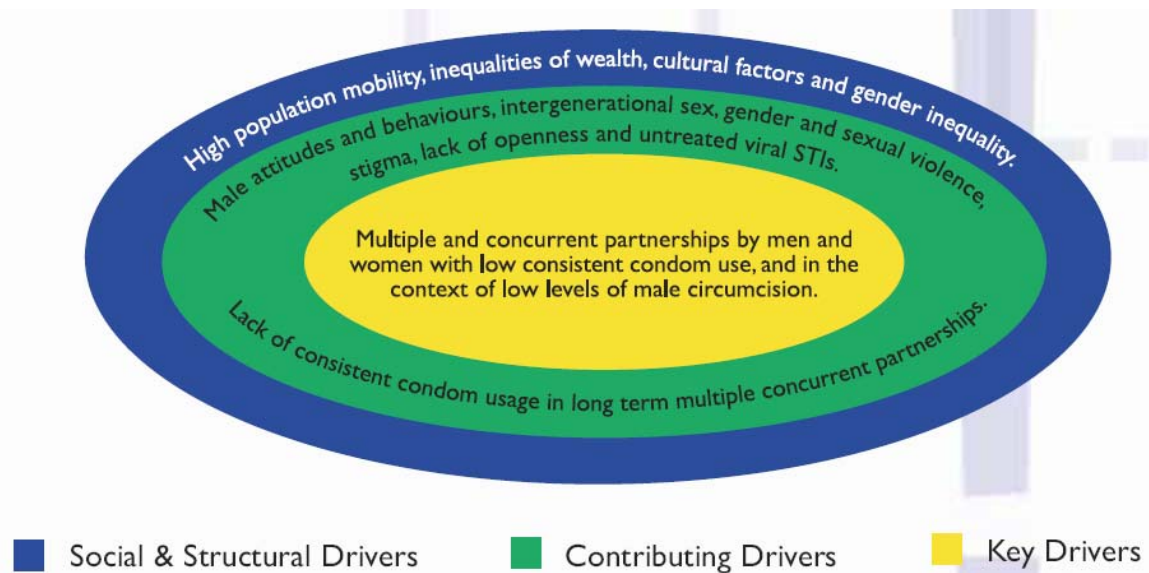
Source: UNAIDS 2007. *AIDS epidemic update*. December. Geneva: UNAIDS.

6.2.3 The drivers of the epidemic

There are many drivers of the AIDS epidemic, such as the high mobility of people, inequities of wealth, the status of women, male attitudes and behaviour, stigma and discrimination. This, however, does not explain why sub-Saharan Africa has such a severe epidemic in relation to the rest of Africa, and indeed the rest of the world. New research results on concurrent sexual partnerships have shed some light on the high HIV prevalence in the region. The term *concurrent sexual partners* is used to describe sexual partnerships overlapping in time when two or more partnerships takes places over the same period, or when a new partnership begins before the current partnership ends (Parker, Makuhubele, Ntlabati, & Connolly, 2007:12). For HIV infection to occur in these sexual partnerships, partners do not practice safe sex (no condom use or inconsistent condom use). According to Parker, susceptibility to HIV infection increases greatly when people have concurrent sexual partners over an extended period of time (Parker *et al.*, 2007:12).

The response to the AIDS epidemic needs to take cognisance of epidemic trends, comprehension of the evidence, the impact of interventions and the drivers of the epidemic. Continuous research has shown that the drivers of the AIDS epidemic are in three layers, with the social and structural drivers on the outer level, next is the level of the contributing drivers and the key drivers are in the core (Southern African Development Community, 2006:3). Social and structural drivers of HIV transmission are high population mobility, inequalities of wealth, cultural factors and gender inequality (Figure 6.3). The contributing drivers are male attitudes and behaviours, intergenerational/age-disparate sex, gender and sexual violence, stigma, lack of openness, untreated viral STIs and lack of consistent condom usage in long term multiple concurrent partnerships. The key drivers are multiple and concurrent partnerships by men and women with low consistent condom use, and in the context of low levels of male circumcision.

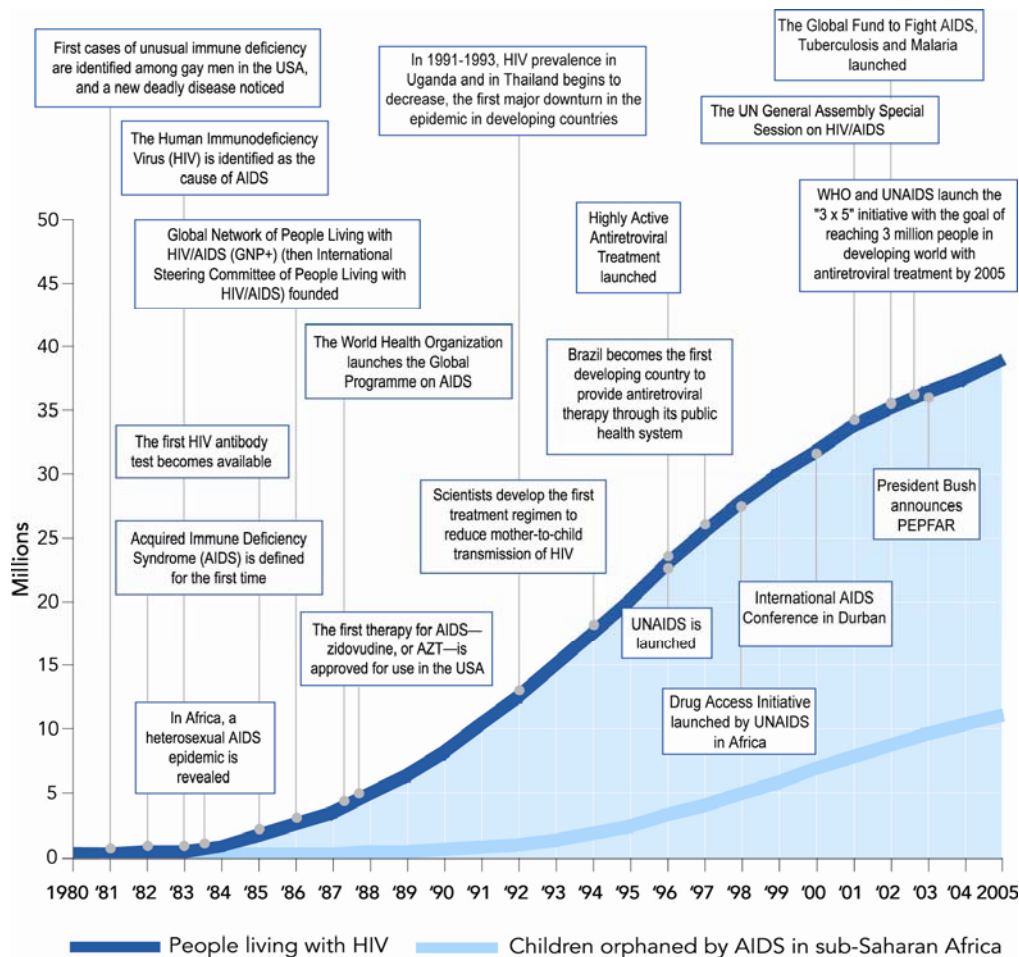
Figure 6.3: Drivers of the epidemic in southern Africa



Source: Southern African Development Community. 2006. *Expert think tank meeting on HIV Prevention in high-prevalence countries in Southern Africa. Report.* Maseru, Lesotho, 10-12 May 2006. Gaborone: SADC.

The story of HIV/AIDS starts in 1981 when cases of an unusual immune deficiency were identified among gay men in the United States (Figure 6.4). This deadly new disease had created huge concern and a year later the disease was named acquired immune deficiency syndrome (AIDS). In 1983, the human immunodeficiency virus (HIV) was isolated as the cause of AIDS (Piot, 2006). As early as 1983, it was revealed that in Africa, the AIDS epidemic occurred among heterosexual people.

Figure 6.4: The story of AIDS



Source: Piot, P. 2006. *Innovative financing: Exceptionality of AIDS*. Brookings Institution and Health Financing Task Force, Washington, D.C. [Online] Available at: <http://www.unaids.org> [Accessed: 31 December 2007].

In 1987, the first of many antiretrovirals was approved for use in the United States and it

was subsequently approved in many other countries. Millions of US dollars have been pumped into research and today there are many different types of medicines available that will assist in keeping HIV-positive people healthy and living longer. These antiretrovirals are expensive and most of the developing world's people do not have access to treatment.

Despite the launch of the global programme on AIDS and billions of US dollars in aid to combat HIV transmission, the global AIDS epidemic has escalated from a few cases in the early 1980s to approximately 33.2 million in 2007 (Figure 6.2). The AIDS epidemic has escalated into an epidemic with not only health consequences, but with far-reaching economic and social impacts on the individual, the community, societies and governments. AIDS has become the stumbling block of developing countries for the attaining of their development goals; impacting on poverty, food security, education, gender equality, child death rates, maternal health and other infectious diseases such as tuberculosis (TB). The international community responded to the epidemic through the establishment of institutions such as the Global Fund to Fight AIDS, Tuberculosis and Malaria and the Global Coalition on Women and AIDS.

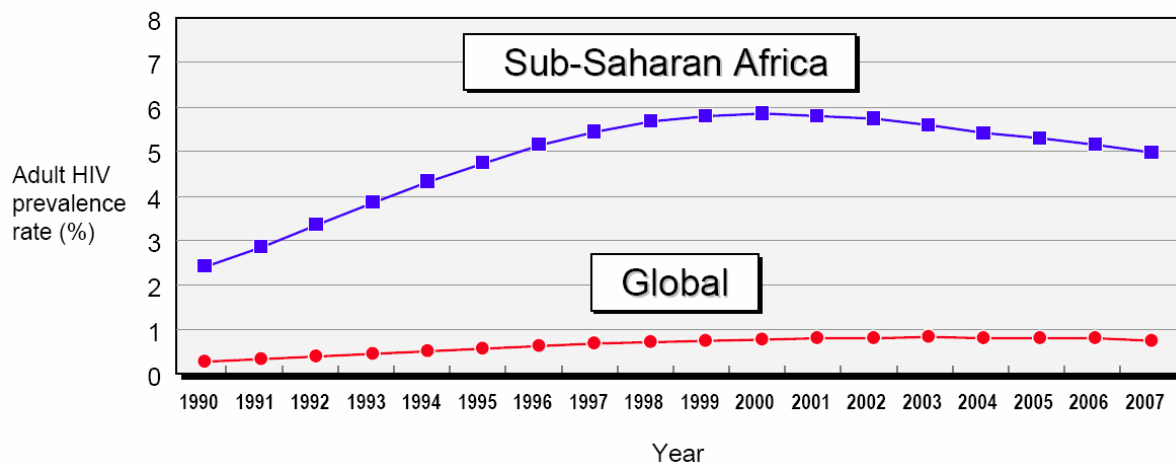
The AIDS epidemic is the only disease that has a dedicated United Nations agency, UNAIDS, charged with the goal to deal with it. Various international private and public institutions such as the Global Fund, PEPFAR and the Gates Foundation have been established to respond to the epidemic at an increased pace.

6.2.4 AIDS in sub-Saharan Africa

The epicentre of the HIV/AIDS epidemic is in sub-Saharan Africa with more than 60% of all infections occurring in the region. Some factors which played a role in the high HIV prevalence in sub-Saharan Africa are poverty, in particular where it is associated with inequities of income and a high rate of unemployment; women's status in the community; high occurrence of other STIs; low levels of condom use and low levels of

male circumcision; multiple concurrent sexual relationships; and high mobility of people due to employment, conflict or draught (Smart, 2004:23). The age group that is most infected and affected by HIV/AIDS is the adult age group of 20-49 years, the so-called sexually, economically and socially active people in a population. People in this age group have families and jobs and contribute to the economy of their countries.

Figure 6.5: Estimated adult (15-49 years) HIV prevalence percentage globally and in sub-Saharan Africa, 1990-2007



Source: UNAIDS. 2007. *AIDS Epidemic Update*. Geneva: UNAIDS.

Figure 6.5 clearly shows that sub-Saharan Africa is worst affected by HIV/AIDS with more than two-thirds of all HIV-positive people living in this region. The people living in this region already face challenges such as increased illness and death because of malaria and infectious diseases; extreme poverty and food insecurity; unemployment; low rates of education and literacy; and political instability (Schaefer, 2004:1). All of the previous challenges are serious in themselves, but if HIV/AIDS is also added on, most of the health and socio-economic conditions of the poor people become disastrous.

Table 6.2: HIV/AIDS figures in nine sub-Saharan African countries

Country	Botswana	Lesotho	Malawi	Mozambique	Namibia	South Africa	Swaziland	Zambia	Zimbabwe
Life expectancy at birth - years	40	41.5	41.5	45.0	53.5	48.0	37.5	40.0	35.5
MDG - % population below \$2 per day	50.1	56.1	76.1	78.4	55.8	34.1	no data	87.4	83.0
Estimated national HIV prevalence 15-49 years	24.1	23.2	14.1	16.1	19.6	18.8	33.4	17.0	20.1
Estimated children HIV+	14,000	18,000	91,000	140,000	17,000	240,000	15,000	130,000	160,000
Estimated number of orphans	97,000	100,000	550,000	510,000	85,000	1,200,000	63,000	710,000	1,100,000

Sources: United Nations Development Programme (UNDP). 2005. Human Development Report 2005. New York: UNDP.

PlusNews. 2004. Country profiles. [Online] Available at: <http://www.plusnews.org> [Accessed: 29 May 2006].

UNAIDS. 2006. Report on the global AIDS epidemic. A UNAIDS 10th anniversary special edition. Geneva: UNAIDS.

As illustrated in Table 6.2, Botswana, Lesotho, Mozambique, Namibia, South Africa Swaziland, Zambia and Zimbabwe have lowered life expectancy due to the AIDS epidemic. These countries, with the exception of South Africa and Botswana, also carry the heavy burden of extremely poor people. In Malawi, Mozambique, Zambia and Zimbabwe, more than three-quarters of the population live on an income of US \$2 and less per person per day (UNDP, 2005:227). With the highest number of people living with HIV/AIDS in the world living in sub-Saharan Africa, poverty and all it encompasses pose a serious threat to the people of the region.

The question arises: why is there such a huge disparity in HIV prevalence in the different regions in Africa (Figure 6.1)? Southern Africa has an average adult HIV prevalence of 25% whereas north-east and west Africa have single digit HIV prevalence rates. Although many reasons have been provided for this phenomenon such as religion, cultural practices, male circumcision and migration of people, scholars have yet to research the real reason for the difference. New research on male circumcision

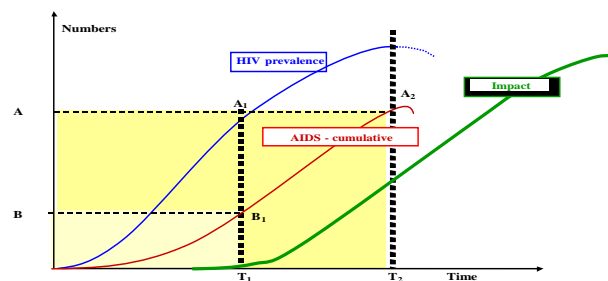
(Msiska, 2005) and concurrent sexual partnerships (Parker *et al.*, 2007) suggests that these two factors may have an influence on the heterogeneity of HIV in Africa.

6.3 HIV/AIDS – a long-wave-effect

The consequence of HIV infection is that people fall ill and die of AIDS. It strikes adults at their most economically productive years; hence HIV/AIDS will have a greater social and economic impact than many other diseases in developing countries. The effects of AIDS are complex and can best be described with three curves (Figure 6.6). Most of what will happen is still in the future. The first curve represents the people who become infected with HIV.

The epidemic starts slowly and gradually and when a critical mass of HIV-infected people has been reached, the growth of new infections increases fast. At this stage, the epidemic spreads through the whole population and all who are susceptible and have been exposed to HIV would have been infected. At the final stages of the HIV epidemic, the S-curve will start to flatten out, either because people are getting well or, in the case of HIV, the deaths even out the number of new infections. In most infectious disease outbreaks, at this stage the curve will decline very quickly, but not so in the case of HIV/AIDS.

Figure 6.6: Epidemic curve of HIV, AIDS and impact



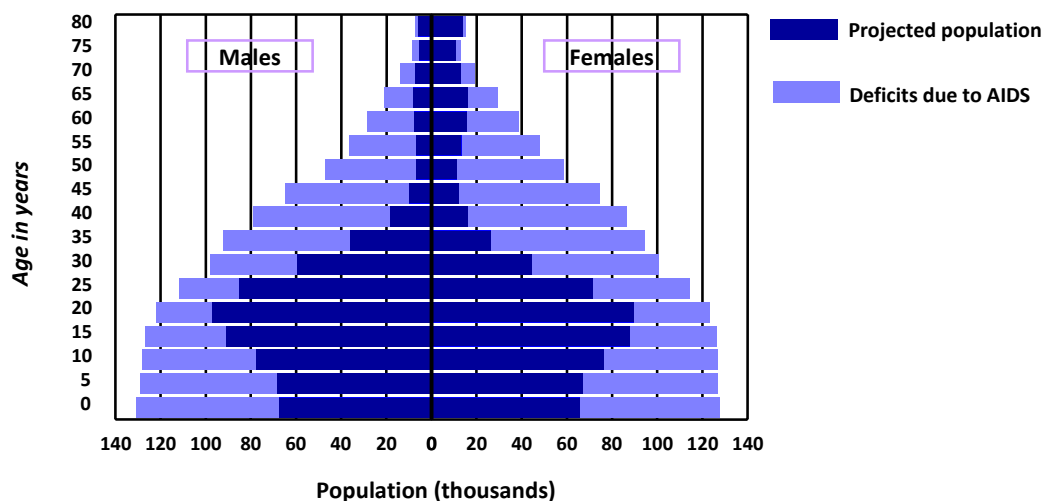
Source: Whiteside, A. 2005. *An overview of the HIV/AIDS epidemic in Eastern and Southern Africa*. Presentation at the Joint UN, Sida and Norad Meeting in Johannesburg, 16-18 November.

Many years later, a new S-curve forms, following the same pattern as the first curve. The AIDS curve follows about seven years after the HIV curve due to its long incubation period. The only way that people will leave the infected pool is death, as there is no cure for HIV. Antiretroviral medication can prolong life and make people well again, putting them back into the HIV curve, thus increasing the pool of infected people. A new curve, the impact curve, follows the AIDS curve. The impact curve follows approximately seven years after the AIDS curve and 14 years after the start of the HIV curve. Impact can be measured at demographic, political, economic, personal and community levels. Examples of the impact of HIV/AIDS are orphans left to fend for themselves, people losing their jobs because they are too ill to work and children taken out of school to help sick parents, to name but a few.

6.4 The impact on population and population structure

The HIV/AIDS epidemic can be described as a long-wave event with demographic, political and economic consequences. Life expectancy will decrease and the population growth will slow down (Figure 6.7).

Figure 6.7 *Projected population structure of Botswana 2020*

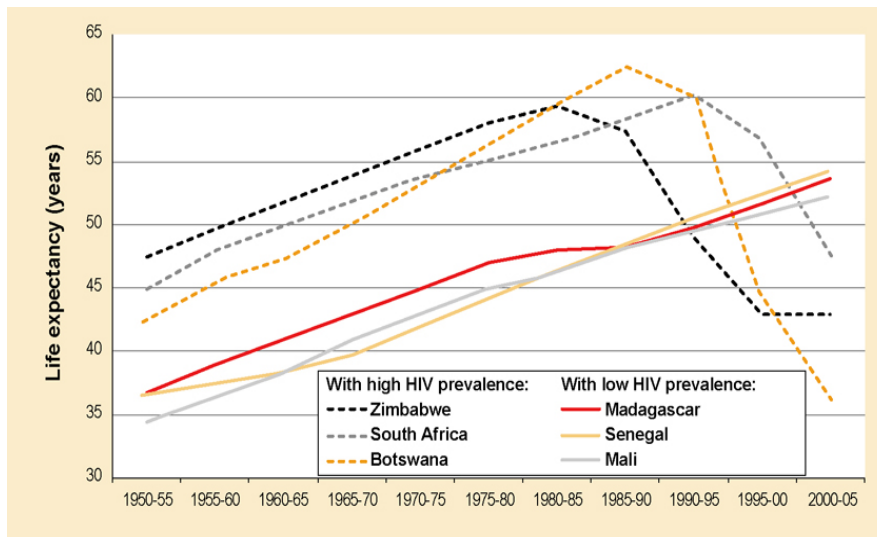


Source: Whiteside, A. 2005. *An overview of the HIV/AIDS epidemic in Eastern and Southern Africa*. Presentation at the Joint UN, Sida and Norad Meeting in Johannesburg, 16-18 November.

It is estimated that the impact of AIDS on the world population will reach its peak by the second half of the 21st century (UNAIDS, 2006:81). The most affected countries will be in sub-Saharan Africa and AIDS will continue to slow or even reverse improvements in life expectancy, and distort the age-sex structures of affected populations.

Figure 6.8 clearly indicates that countries with a high HIV prevalence rate will have a marked reduction in life expectancy. Countries such as Botswana, Lesotho, Mozambique, South Africa and Swaziland that are expected to have a negative population growth will present with population pyramids with a chimney shape (Economic Commission for Africa, no date:3). According to the World Bank (Bollinger & Stover, 1999:8), the HIV/AIDS epidemic appears to be a major reason why per capita growth is slowing down in sub-Saharan countries. Poverty is expected to increase and development to falter due to the epidemics' effects on households, governments, businesses and national economies.

Figure 6.8 *Life expectancy in selected African countries with low and high HIV prevalence, 1950-2005*



Source: UNAIDS 2002. *Report on the global HIV/AIDS epidemic*. Geneva: UNAIDS.

The impact of HIV/AIDS on life expectancy in African communities is already devastating and the gains in the child mortality rate over the past 50 years have been eroded by the impact of AIDS. Seven countries in sub-Saharan Africa, namely Angola, Botswana, Lesotho, Malawi, Mozambique, Rwanda and Zambia, have recorded life expectancy at birth below 40 years of age (Economic Commission for Africa, no date:3). The way AIDS selectively destroys human capital can weaken and even destroys the mechanisms that build human capital (Economic Commission for Africa, no date:6).

6.5 Poverty and inequity

Some of the poorest countries in the world are in sub-Saharan Africa, which makes it difficult to distinguish between the impact of HIV/AIDS and general poverty. Some of the hardest hit countries were also poor at the onset of the HIV epidemic, and because of the vulnerability of the population, the epidemic will have an exceptionally harsh effect on these countries. Therefore, the poorest households will to a certain extent be worse affected by HIV/AIDS (Isaksen, Songstad, & Spissøy, 2002:10). Some of the characteristics of poverty in the region are (Isaksen et al., 2002:10):

- poverty primarily in rural areas;
- poor people in rural areas mostly engage in subsistence farming;
- the new face of poverty is in the urban areas, mostly informal settlements;
- large families, children and old people are among the poorest; and
- poverty has a gendered dimension, women are poorer than men.

The impact of the HIV/AIDS epidemic will be the hardest at household level of poor people. With the onset of AIDS, the household will have increasing medical, funeral and legal costs. This will eat into the household's savings with the resulting changes in consumption and investment patterns. The whole household's financial, social and health status will be affected with the loss of breadwinners. With the economically

active adults of the household ill and dying, the household can dissolve with children left to fend for themselves. Orphans are often taken into households that themselves already have difficulty in surviving.

6.6 Impact on women and children

In Africa poor rural women will bear the brunt of the AIDS epidemic. Women, as the primary caregivers of the household, will have to care for the sick, giving up their jobs or unpaid work that contributed to the survival of the family (Isaksen et al., 2002:14). High levels of illiteracy and little or no financial independence exacerbate the women's situation. With the deterioration of household finances, women's expenditure and access to health care will most probably be affected, making them more vulnerable.

The many orphans due to AIDS are sometimes referred to as a lost generation because of the risk of little or no education, poor socialisation, social disturbance and belonging to an inferior economic class (Alban & Guinness, 2000). Due to the large numbers, the social systems are overwhelmed and many orphans are left to fend for themselves or put in foster care in a community that is already suffering under the burden of the disease. Girl children are particularly vulnerable, as they are the first to be taken out of school to care for the sick and other siblings (Isaksen et al., 2002:15). Many children are born HIV due to vertical transmission from mother to child and these children face an unclear future of disease and early death (Table 6.3).

Another aspect of the impact of AIDS on women and children is the burden it places on the grandmothers. Many grandmothers are forced to take their grandchildren in, which places a tremendous stress on the women as well as the children (Isaksen et al., 2002:17). The additional financial and social burden it places on grandmothers

increases their vulnerability to become dependent themselves. Surviving siblings often foster many children, placing a financial burden on their own families.

Table 6.3 *Estimated figures for children in nine southern African countries - 2006*

Country	Life expectancy at birth - years	Estimated children HIV+	Estimated number of orphans
Botswana	40	14 000	97 000
Lesotho	41.5	18 000	100 000
Malawi	41.5	91 000	550 000
Mozambique	45.0	140,000	510 000
Namibia	53.5	17 000	85 000
South Africa	48.0	240 000	1 200 000
Swaziland	37.5	15 000	63,000
Zambia	40.0	130 000	710 000
Zimbabwe	35.5	160 000	1 100 000

Sources: United Nations Development Programme (UNDP). 2005. Human Development Report 2005. New York: UNDP.

PlusNews. 2004. Country profiles. [Online] Available at: <http://www.plusnews.org> [Accessed: 29 May 2006].

UNAIDS. 2006. Report on the global AIDS epidemic. A UNAIDS 10th anniversary special edition. Geneva: UNAIDS.

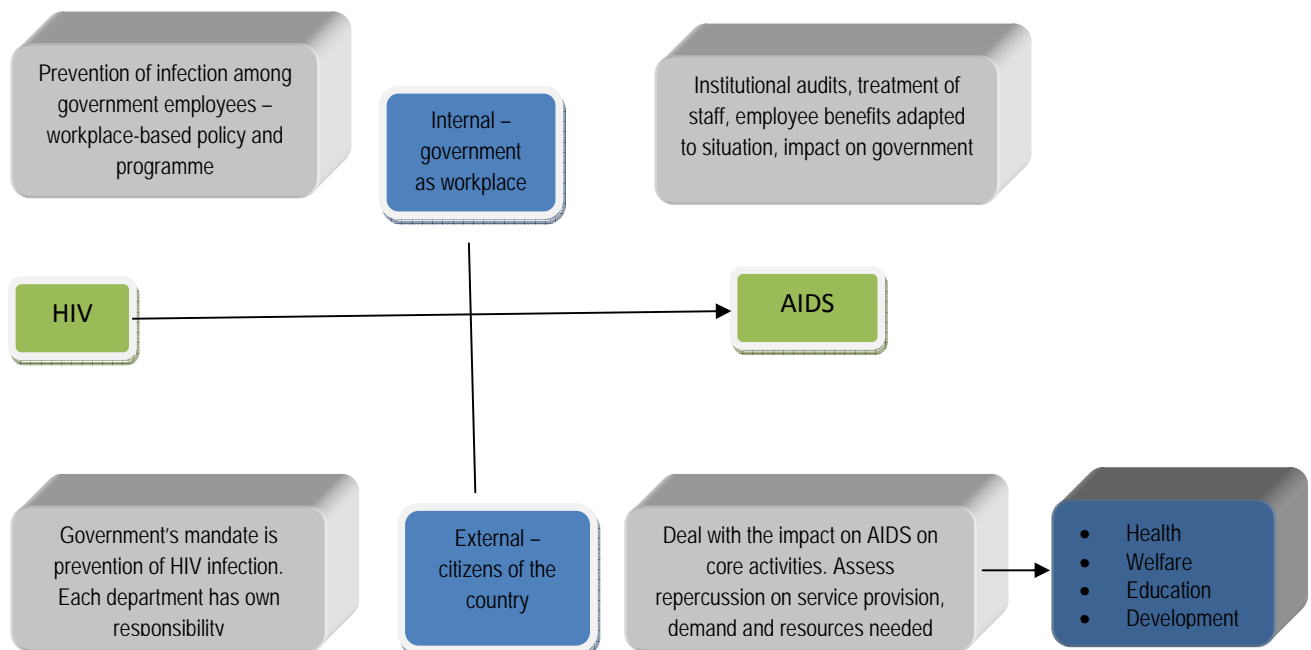
6.7 Stigma and discrimination

People living with HIV/AIDS have been rejected by other people and communities since the onset of the AIDS epidemic. Initially, the stigma and discrimination have been geared towards homosexuals falling ill because of AIDS. As the epidemic progressed to the heterosexual parts of populations, the stigma increased and people have been discriminated to on various levels, from personal rejection to discrimination at healthcare facilities and workplaces. The impact of stigma and discrimination on people seeking healthcare is particularly severe (Jennings, Mulaudzi, Everatt, Richter & Heywood, 2002:11). People that need information, education, testing, care and treatment often do not access these activities due to the fear of stigma and discrimination. Although most countries have enacted laws that combat discrimination, there are often invisible and subtle acts of discrimination against people living with HIV/AIDS and their families (Richter, 2001:5). Stigma and discrimination towards people infected and affected by HIV/AIDS assist with driving the epidemic underground.

6.8 Impact on governments and governance

In most African countries, governments are the main employer and also the main service provider. In countries with a high HIV prevalence, governments face a dual challenge: as the main employer with a shrinking work force and as a service provider with limited capacity and pressure to provide more services. Governments are threatened by the cost of the epidemic because government expenditure will rise in the areas of health, poverty alleviation, employment, orphans' allowance, recruitment/training, destitute allowance, pensions and education (Figure 6.9). As the expenditure increases, the revenue will decrease due to the many deaths of taxpayers. As people become ill, the immediate impact will be on the health services with demands on healthcare staff, hospital occupancy and an increased demand for financial resources.

Figure 6.9 *The impact of HIV/AIDS on government*



Source: Barnett, T. & Whiteside, A. 2006. *AIDS in the Twenty-First Century. Disease and globalisation*. 2nd ed. Hampshire: Palgrave Macmillan.

Given the fact that HIV/AIDS has a long-wave effect and not a once-off shock to the government system, it is debatable whether Africa's governance institutions will be able to face the challenges that HIV/AIDS poses (De Waal, 2003b:12). The impact of HIV/AIDS on governance is difficult to measure and it is an area that needs to be researched (Barnett & Whiteside, 2006:334).

6.9 Impact on the workplace

Although the HIV/AIDS epidemic impacts on all areas of life, it is significant that it impacts the hardest on the working age population (20-49 years). The impact of HIV/AIDS has on the workplace differs from country to country and sector to sector. In countries with a high HIV prevalence, the workplace will be affected the most. A company can expect to have increased costs in terms of staff recruitment and training, medical aid, insurance and retirement benefits (Smart, 2004:24). Other losses are the loss of skills and tacit knowledge.

According to the ILO (2006), more than 3 million people in the global labour force were partially or fully unable to work because they were ill due to AIDS and 75% of these lived in sub-Saharan Africa. Of the 75%, more than 43% were women. Because the workplace is structured and presents a captive audience, it is an easy entry-point to run HIV/AIDS programmes and policies.

6.10 HIV/AIDS and the Millennium Development Goals

The international community has agreed on development goals. The aim is to use the eight millennium development goals (MDGs) as a blueprint to meet the needs of the world's poorest people. These development goals have influenced the development agendas and policies of most of the major donors and donor agencies. However, the

potential impact of HIV/AIDS on development is such that all the development goals will be jeopardised should the HIV/AIDS pandemic not be dealt with as part of each one of the MDGs (Table 6.4).

Table 6.4: The impact of the HIV/AIDS epidemic on the MDG

Millennium Development Goals		Impact of HIV/AIDS
Goal 1	To wipe out extreme poverty and hunger	<input type="checkbox"/> Household capacity <input type="checkbox"/> Food security <input type="checkbox"/> Orphans and vulnerable children
Goal 2	To ensure primary education for all	<input type="checkbox"/> Child labour <input type="checkbox"/> Child-headed households <input type="checkbox"/> Orphans and vulnerable children <input type="checkbox"/> Loss of teachers
Goal 3	To promote gender equality and the empowerment of women	<input type="checkbox"/> Girls withdrawn from school <input type="checkbox"/> Women's higher vulnerability <input type="checkbox"/> Poverty <input type="checkbox"/> Transactional sex
Goal 4	To reduce child deaths	<input type="checkbox"/> Need to roll-out prevention from mother to child transmission (PMTCT) <input type="checkbox"/> Paediatric antiretroviral treatment
Goal 5	To improve maternal health	<input type="checkbox"/> Need to roll out prevention from mother to child transmission (PMTCT) <input type="checkbox"/> Cost of antiretroviral treatment
Goal 6	To combat HIV/AIDS, malaria and other diseases	<input type="checkbox"/> HIV/AIDS 'lost' in other medical emergencies

Source: Sandström, A. 2004. *Dialogue, mainstreaming and direct support*. Presentation at HIV/AIDS and Economists Workshop, Lusaka, Zambia 23-25 February.

Despite official development assistance from the rich countries, the sub-Saharan African region has lagged far behind in the human development indicators. The region is the only one in the world that is not on track to achieve a single target of the Millennium Development Goals (Schaefer, 2004:3). Although the region has had a growth rate of 5.8% during 2005, it was mainly due to the high growth rate in Angola (19.1% due to oil revenues), Mozambique and South Africa (Conference of African Ministers, 2006:section 2.2). The overall development indicators remain below the target set for the MDGs and the progress in the fight against poverty, diseases, gender inequality and illiteracy remains slow. As illustrated in Table 6.3, six of the Millennium Development Goals have not been achieved mainly due to the failure of sub-Saharan

African governments' lack of adequate response to the AIDS epidemic. The AIDS epidemic exacerbates the plight of poor people with many parents dying, with the result of loss of income and food security; children, especially the girl child being taken out of school to work; death of infants and mothers; and the increase of other diseases such as tuberculosis and malaria.

6.11 Mainstreaming HIV/AIDS in development work

The HIV/AIDS pandemic remains a threat to people's health and life, both for the infected and the affected. The demographic, social and economic consequences are huge as young people are mainly infected. Old people are deprived of support from younger people and children are left without parental care, having to take on the responsibility for their siblings at an early age. Communities are weakened and children and elders are left without care. The additional demands on healthcare and social security do not match delivery capacity to the demand even at the basic level of health, education and social security. Unequal gender relations are key factors in the spread of HIV/AIDS, including women's lack of power to negotiate about protected sex.

Governments face special challenges from HIV/AIDS, namely greater calls on its resources and a disease that cuts away at financial and personnel capacity (Barnett & Whiteside, 2002:298). Not much data is available on the impact on government, but it can be assumed that all government departments will be affected, both internally and externally. Internally, governments need to embark on prevention programmes for government employees who are HIV-negative and treatment programmes for employees who are HIV-positive to prolong their productive lives, as well as dealing with issues such as employee benefits, impact on governments and institutional audits. The external response of governments will have to deal with prevention programmes at community level, the impact of AIDS on core activities and service delivery.

According to Barnett and Whiteside (2002:299), AIDS affects two key areas of government:

- government as a collector and spender of revenue and as a service provider, and
- governance: the style, manner and legitimacy of government.

Mainstreaming HIV/AIDS means that HIV/AIDS must be brought to the centre of the development agenda and this requires change at individual, departmental and organisational levels. UNAIDS (2003:2) states that the aim of mainstreaming AIDS in development work is the enhancement of development practices so as to improve its effort to the AIDS response. It also means that AIDS must be incorporated into the national responses of governments' development programmes so that the epidemic can finally be turned around. A more expanded definition by Elsey & Kutengule (2003:12) is "Mainstreaming HIV/AIDS can be defined as the process of analyzing how HIV/AIDS impacts on all sectors now and in the future, both internally and externally, to determine how each sector should respond based on its comparative advantage". Although there are many different definitions of mainstreaming, scholars generally agree that mainstreaming HIV/AIDS does not mean business as usual and it does not change core functions and responsibilities, but rather means viewing it from a different angle and realizing that some things must change (Elsey & Kutengule, 2003:14).

6.12 Conclusion

The primary means of HIV transmission – sexual intercourse – has been known for over two decades, but that information does not prevent thousands of men and women from contracting the virus every day. The AIDS epidemic creates a high and ongoing mortality in the economic and social active sector of the population. The epidemic is being driven by inequities and uneven development, exacerbating existing poverty and human misery. In hard-hit countries in sub-Saharan Africa, the AIDS epidemic sets

back development with human development figures as low as it was in the 1950s. The epidemic changed population structures and has a severe impact on women as caregivers and on children, the most vulnerable sector of society. Six of the eight Millennium Development Goals are directly linked to the impact of the AIDS epidemic and the attainment of these goals.

The required response is complex, multisectoral, multifaceted, large scale and long term, posing challenges to countries and development partners never seen before. The responses in and outside Africa have been inadequate for too long with the result that the AIDS epidemic has made its mark on many countries in the region. The support of political, government, community and business leaders at country level is critical to the implementation of effective HIV/AIDS programmes. The international community has stepped up its response during the past decade, but the question remains: is this too little too late?

Chapter 7 discusses the impact of the AIDS epidemic on development and sustainable development. The concepts of *development* and *sustainable development* will be explored, its origins and objectives, as well as its global legislative framework. A short history of the major milestones of sustainable development and the international reporting mechanisms is included to demonstrate the globalisation of the development arena. The relationship between developing countries and sustainable development in the light of the HIV/AIDS epidemic will show how many gains in human development have been reversed due to the epidemic in sub-Saharan Africa. The impact of AIDS on of individuals, communities, countries and the region will be discussed. Consideration will be given to the impact of AIDS on the attainment of the Millennium Development Goals.

CHAPTER 7: THE IMPACT OF THE AIDS EPIDEMIC ON DEVELOPMENT AND SUSTAINABLE DEVELOPMENT

7.1 Introduction

The concepts *development* and *sustainable development* are not easy to define. The words are used every day in a political, cultural and economic way with many different meanings. *Development* and *sustainable development* have different meanings for different groups and different countries, even different continents. *Development* is often used in the context of poor, developing nations in contrast to the rich, developed countries, where the poor, disadvantaged countries should be westernised or modernised (or developed). The United Nations Development Programme uses the Human Development Index to report on development in terms of social, economic, environmental and human rights terms.

The importance of sustainable development in Africa, and particularly sub-Saharan Africa, cannot be over-emphasised. This chapter explores the concepts of *development* and *sustainable development*, its origins and objectives, as well as its global legislative framework. A short history of the major milestones of sustainable development and the international reporting mechanisms is included to demonstrate the globalisation of the development arena. The relationship between developing countries and sustainable development in the light of the HIV/AIDS epidemic will show how many gains in human development have been reversed due to the epidemic in sub-Saharan Africa. AIDS as a development issue will be explored with special emphasis on the AIDS epidemic's impact on population growth and structure, the health sector, subsistence farming, security and social and economic impact.

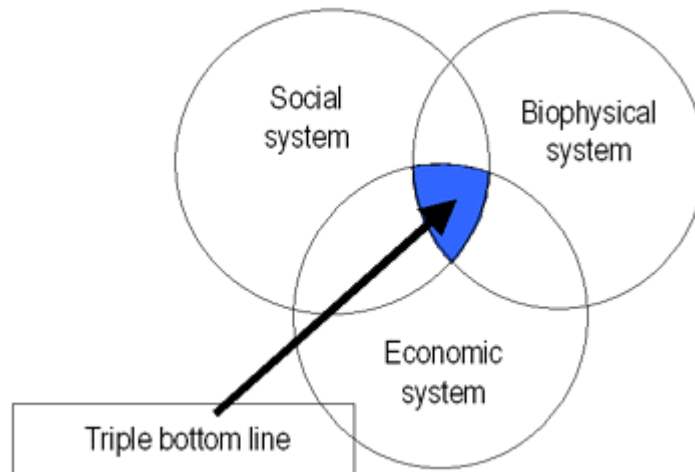
7.2 Development

For the purposes of this thesis, the concept of *development* will be used in terms of developing nations. Development is often used in terms of economic development (wealth), social and environmental development. Development promises a better life with more money, social welfare and environmental sustainability, overall seen as a high standard of living. Governments in the developing countries have goals and projects expressed in their national development plans and usually set development targets such as education, health, housing and transport (Barnett & Whiteside, 2006:290).

7.3 Origins and objectives of sustainable development

It is more and more acknowledged that environmental interests are closely linked to the way development theory and practice are conceived and implemented. For society to continue developing in the way it has done in the past, more attention needed to be paid to the environment. A concept has emerged that has attempted to harmonise the development of mankind with the protection of nature. This is the concept of *sustainable development*. The most acknowledged definition of *sustainable development* is from the Brundtland Report: “Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (United Nations, General Assembly, 1987). Sustainable development is about the environment, society and the economy. In order to embark upon environmental problems, it is necessary to consider their relationship to the economic situation and the well-being of society. In fact, the environment, the economy and society taken together, include everything that people need to consider for a healthy, prosperous and stable life (Hanley & Buchdahl, 2000:29). Therefore, the three systems that are basic to development are the economic system, the social system and the biophysical system. Real sustainable development happens when these three systems interact at the ‘triple bottom line’ (Figure 7.1) on an equal basis (Sustainable Settlement in Southern Africa, 2002).

Figure 7.1 *The spheres of sustainable development*



Source: Sustainable Settlement in Southern Africa. 2002. *Principles of sustainable development*. [Online] Available at: <http://www.sustainablesettlement.co.za/issues/susdev.html> [Accessed: 16 May 2007].

To attain a congruent relationship between these three spheres, certain development principles need to be adhered to. These principles have been agreed on through international consensus and have been adapted by individual countries to suit their specific needs.

The economic aspects of sustainable development refer to the management of the limited natural resources to improve the people's quality of life. The environment includes everything that one relies on during one's lifetime such as air, water, metals and soil, in other words all the natural resources. The social aspects of sustainable development are those that impact on people directly, and will either help or hamper the process of improving quality of life. In the context of sustainable development, *society* can be taken to mean the collective of humans all over the world. Since transport and electronic communication have revolutionised the way people in different parts of the world communicate and interact, the term *global society* has taken on a real meaning. In order for society to maintain a reasonable standard of living, basic requirements such as affection and love, recreation and entertainment, education, freedom and security, shelter, culture, democracy, and health are essential.

7.3.1 Sustainable development

Securing economic development, social equity and justice, and environmental protection is the goal of sustainable development. Although these three factors can work in harmony, they are often found to be in conflict with one another. During the latter half of the 20th century, economic development for a better standard of living was instrumental in damaging the environment. People all over the world are consuming more resources than ever, and polluting the earth with waste products. After World War 2 the rich, developed countries came to realise that they cannot live in a healthy society or economy with so much poverty and environmental degradation in the developing countries. Economic growth will remain the basis for human development, but it must change and become less environmentally destructive. The challenge of sustainable development is to put this understanding into practice, changing the people's unsustainable ways into more sustainable ones.

Although the term *sustainable development* is relatively new, sustainable development has been practised by many people during the past ages. With an escalation in population growth during the last hundred years, it became clear that something needed to be done to ensure that the earth sustains the people living on it. Modern sustainable development started in the 1960s with a movement against pesticides. The movement escalated from the 1960s and grew into a global movement (Table 7.1) with most of the world's nations participating in the international sustainable development arena.



Table 7.1: A chronological presentation of the history of sustainable development

Date	Event	What happened
1962	Silent Spring	Rachel Carson assembled research to suggest that agricultural pesticides are building up to catastrophic levels.
1967	Environmental Defence Fund	Formed to pursue legal avenues to environmental damage.
1968	Biosphere	The use of the biosphere was discussed at a conference.
1969	Friends of the Earth	An advocacy group formed to guard against environmental degradation.
	National Environmental Policy Act	US established a legislative framework to protect the environment.
	Partners in Development	Report of the Commission on International development. Considers a new approach to development.
1970	First Earth Day	Held with the aim to teach on the environment. Peaceful demonstrations in the US.
1971	Greenpeace	Greenpeace started in Canada, aiming to stop environmental damage through civil protests and non-violent interference.
1972	UN Conference on Human Environment	Held in Stockholm, focusing on pollution and acid rain.
1975	CITES	Convention on International Trade in Endangered Species of Fauna and Flora.
1980	World Conservation Strategy	Mentions sustainable development and its main agents of destruction.
1981	Global Strategy for Health for All	World Health Assembly adopts strategy.
1985	Antarctic ozone hole	Discovered by British and American scientists.
1986	Chernobyl accident	Accident at the nuclear station generates a toxic radioactive explosion.
1986	Our Common Future	The Brundtland Report popularised the term <i>sustainable development</i>
	Development Advisory Committee	OECD DAC develops guidelines for development and environment in official donor assistance.
1992	Earth Summit	Held in Rio de Janeiro. Agreements reached on action plan, Agenda 21
1995	World Trade Organization	WTO established with formal recognition of trade, environment and development linkages.
	World Summit for Social Development	Held in Copenhagen and focused on absolute poverty eradication.
2000	UN Millennium Summit	Largest gathering of world leaders agreed to millennium development goals.
2002	World Summit on Sustainable Development	Held in Johannesburg. In climate of frustration and lack of government progress, summit promotes partnerships approach to sustainability.
2004	HIV/AIDS Pandemic in sub-Saharan Africa	With only 10% of world's population region has 60% of world's HIV infections.
2005	Kyoto Protocol	Protocol comes into effect to curb greenhouse gas emissions.

Source: Adapted from International Institute for Sustainable Development. 2006. *The sustainable development timeline*. [Online] Available at: <http://www.iisd.org/briefcase/timeline2006.asp> [Accessed: 15 May 2007].

The aim of sustainable development is to balance economic, environmental and social needs, allowing prosperity for now and future generations. Sustainable development consists of a long-term, integrated approach to developing and achieving a healthy community by jointly dealing with economic, environmental, and social issues, while avoiding the overconsumption of key natural resources (Hanley & Buchdahl, 2000:31).

Sustainable development emphasises the need for:

- Concern for equity and fairness - ensuring the rights of the poor and of future generations;
- Long-term view - applying the precautionary principle; and
- Systems thinking - understanding the interconnections between the environment, economy and society (International Institute for Sustainable Development 2005b).

It is well known that the earth is a closed system with finite resources. Natural resources are limited and should not be consumed faster than they can be renewed. The Manitoba Round Table on Environment and Economy adopted a set of principles for sustainable development of which integration of environmental and economic decisions, shared responsibility, prevention, conservation waste, and minimisation were the most important (International Institute for Sustainable Development, 2005a).

7.3.2 International Legislative framework for sustainable development

In June 1992, the nations of the world came together in Rio de Janeiro in Brazil to try and reach an agreement on the best way to stop and reverse environmental degradation. Sustainable development was the main idea of the conference and issues such as the link between the environment and development and the practical implementation of development were high on the agenda (Fox & Van Rooyen, 2004:25). The United Nations Conference on Environment and Development

(UNCED), called the Earth Summit, was the product of decades of research into and discussion of environmental issues. This discussion began at Stockholm in 1972 at the United Nations Conference on the Human Environment, and was the first conference to draw worldwide attention to the earth's environmental problems. However, it was the World Commission on Environment and Development which, for the first time in 1987, developed the concept of sustainable development with the publication of the Brundtland Report. The Brundtland Report was produced by an international group of politicians, civil servants and experts on environment and development to provide a key statement on *sustainable development*, defining it as: *Development that meets the needs of the present without compromising the ability of future generations to meet their own needs* (Hanley & Buchdahl, 2000:32).

Five years after the Brundtland Report, the UN General Assembly convened the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro. The objectives of the conference were to build upon the goals and achievements of the Brundtland Report to solve urgent global environmental problems and to agree on major treaties on biodiversity, climate change and forest management. For the first time in world history, a major environmental conference adopted a nature-centred approach towards environmental problems. The biggest arguments at the Earth Summit concerned finance, consumption rates and population growth. The developed countries called for environmental sustainability, but the developing nations demanded a chance to allow their economies to catch up with the developed world.

The Earth Summit produced a number of outcomes, including the following (Fox & Van Rooyen, 2004:24):

- ❑ The Convention on Biological Diversity;
- ❑ The Framework Convention on Climate Change;
- ❑ Principles of Forest Management;
- ❑ The Rio Declaration on Environment and Development; and
- ❑ Agenda 21.

Together these outcomes covered every aspect of sustainable development. Legislation was passed and many agreements made, committing nations, including

most developing nations, to become more sustainable. The Conventions, Principles and Declarations of the Earth Summit provide guidelines to deal with the development problems of poverty, hunger, resource consumption and the deterioration of ecosystems. Agenda 21 provides a framework for sustainable development, detailing an action plan and setting targets for actions that combine economic development and environmental protection.

Agenda 21:

- is the blueprint for sustainability in the 21st century;
- provides options for combating the deterioration of land, air and water, while conserving habitats and their diversity;
- deals with poverty, overconsumption, health and education;
- promotes roles for all. Everyone – governments, business, trade unions, scientists, teachers, indigenous people and youth – have roles to play in achieving sustainable development and should be involved in the decision-making processes; and
- encourages the reduction of environmentally and socially detrimental processes, but within a framework which allows economic success.

Presently, a nation's wealth is gauged by its financial standing, and the more money the better. Agenda 21 promotes the attitude that a nation's wealth should also account for the full value of its natural resources. Costs of environmental degradation should also be considered. In addition, to reduce the risk of damage, environmental assessments should be carried out and where degradation does occur, those responsible should bear the costs. Agenda 21 highlights the need to eradicate poverty. One of the major problems facing poorer nations is their lack of resources and ability to live sustainably. Developed nations have taken on the responsibilities of assisting poorer nations to reduce their environmental impacts and achieve sustainable development.

7.3.3 World Summit on Sustainable Development (WSSD), Johannesburg

The WSSD focused on turning the plans of Agenda 21 into action. The biggest success was getting the world to turn the UN Millennium Declaration into a concrete set of programmes and mobilise funds for these programmes. The WSSD focused on the most marginalised sectors of society, such as women, youth, indigenous people and people with disabilities.

The implementation plan includes programmes to deliver water, energy, healthcare, agricultural development, a better environment for the world's poor, and targets for the reduction of poverty and protection of the environment. New targets set at the summit are expected to have a massive impact on the developing world.

The WSSD concentrated on the following key areas:

- ❑ economic growth and equity;
- ❑ conserving natural resources and the environment; and
- ❑ social development.

7.3.4 The 2005 World Summit

The 2005 World Summit held in New York on 14-16 September was one of the most comprehensive monitoring tools for development yet. The reports that fed into the preparation of the summit were compiled by multilateral, bilateral, non-governmental organisations and governments. The four principles that were discussed were: freedom from want, freedom from fear, freedom to live in dignity and strengthen the United Nations (United Nations General Assembly, 2005). The World Summit Outcome document refers to the commitment and promises made during the Gleneagles Summit regarding the Millennium Development Goals in supporting initiatives on health and education (Whiteside, 2006:333). One of the most important steps taken for development was the adoption of a national development strategy by 2006 for each developing country with extreme poverty.

7.3.5 United Nations Millennium Development Goals Report

According to the Global Monitoring Report (2005), there has been some success with achieving the Millennium Development Goals, but it also stresses that bold actions are urgently needed if the development agenda that was envisaged is to be realised (International Bank for Reconstruction and Development & the World Bank, 2005:xvii). The report recommends a five-point agenda for building momentum towards progress:

- Secure efforts to achieve Millennium Development Goals in country-led development strategies;
- Improve the environment for stronger, private sector-led economic growth;
- Scale up human development services;
- Dismantle barriers to trade; and
- Substantially increase the level and effectiveness of aid.

The Millennium Development Goals Report (United Nations 2005a) is comprehensive and shows the gains that have been made, but also points out the lagging behind of many regions, especially sub-Saharan Africa. In sub-Saharan Africa, which already had the world's highest poverty rate, the situation deteriorated further instead of getting better (Table 7.2). The poorest region has fallen far behind in the goal to halve the proportion of people living on less than US \$1 per day, in fact the very poor are getting poorer (United Nations, 2005a:7). Conflict, disease and disasters exacerbate poverty and hunger in the region further.

Table 7.2: Measurement of the Millennium Development Goals in sub-Saharan Africa in 2005

Goal		Target	2005 Report for sub-Saharan Africa
Goal 1	Eradicate extreme poverty and hunger	Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day	The number of people rose from 227 million in 1990 to 271 million in 1996 to 131 million in 2001
		Halve, between 1990 and 2015, the proportion of people who suffer from hunger	Number of hungry people in the region has grown with tens of millions from 1990 to present
Goal 2	Achieve universal primary education	Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	The region has made some progress, but still have one-third of its children out of school
Goal 3	Promote gender equality and empower women	Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015	There is still an alarming gender gap in primary education, with the effects of HIV/AIDS in the region exacerbating the situation
Goal 4	Reduce child mortality	Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate	Sharp increases in infant and child mortality rates
Goal 5	Improve maternal health	Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio	The region has the highest maternal mortality rate in the world
Goal 6	Combat HIV/AIDS, malaria and other diseases	Have halted, by 2015, and begun to reverse the spread of HIV/AIDS	The region has the highest number of people living with HIV/AIDS in the world, 25.8 million out of 38.6 million
		Have halted, by 2015, and begun to reverse the incidence of malaria and other major diseases	<input type="checkbox"/> Tuberculosis increasing because of high HIV-positive rates <input type="checkbox"/> TB multidrug resistance increases <input type="checkbox"/> Drug resistance created a market for mosquito nets
Goal 7	Ensure environmental sustainability	Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation	There have been some gains, but the region still lags behind
Goal 8	Develop a global partnership for development	Upliftment of poorest countries	Aid was increased, but the region still needs external financing to attain its development goals

Source: United Nations. 2005a. *The Millennium Development Goals Report 2005*. New York: United Nations Department of Public Information.

Education is not only a vehicle that gives people more choices in life, it is also a way for women to be empowered and uplifted. Children out of school are mostly from poor households, where the mothers often have no formal education. In a region such as sub-Saharan Africa, where poverty and disease rates, especially HIV prevalence, are high, girl children are taken out of school to help with the caring of sick parents or younger siblings. There is also a serious concern about the gender gap in primary and secondary school enrolment in the region. Overall, women have the smaller share of paying jobs than men, they are being paid less and have more low-status jobs.

Sub-Saharan Africa has almost lost all the gains it made in the 1980s on infant and child mortality due to the out-of-control HIV/AIDS epidemic. Some countries in the region are back to the rates they recorded in the 1950s and 1960s. The region will require drastic action to reduce these rates. The risk of dying during pregnancy or childbirth is 1 in 3 800 in the developed world and 1 in 16 in sub-Saharan Africa. HIV/AIDS, poverty, lack of education, infectious diseases and the status of women in the region are all contributing factors to this tragic situation. More than a quarter of the adult population in the region are HIV-positive. The consequences of the epidemic are many with the cost to human life the worst and the saddest. Other diseases like tuberculosis and malaria are also increasing because of the AIDS epidemic.

It is evident from the report that much more needed to be done in the development arena to support sub-Saharan Africa to break free from poverty and disease. Foreign aid, although very necessary, was not the only ingredient that was needed for sustainable development for the region. A new way of doing things, different ways where the developed and developing worlds are both responsible and accountable needed to be found. The Rome Declaration and later the Paris Declaration on Aid Effectiveness signalled a dramatic change in the official development assistance field.

7.4 The relationship between developing countries and sustainable development

The budgetary allocations that a government makes to respond to the Millennium Development Goals (MDGs), especially to HIV/AIDS are measurements of its commitment to poverty alleviation and dealing with the HIV/AIDS epidemic. These budgetary allocations have a direct effect on a state's ability to effectively plan, coordinate and implement plans. Increasing donor aid to developing countries has put the focus on governments' ability to absorb and spend the additional funding in a sustainable way.

The government, and specifically in a developing country, is the major producer,

employer, and provider of social and welfare services. The AIDS pandemic will probably affect governments of poor countries' ability to deliver services and goods, as well as its efficiency. Governments of countries that have a significant HIV prevalence face challenges such as greater calls on their resources, and a disease that reduces its financial and personnel capacity. Whether a government win or lose the battle against HIV/AIDS is decided mainly within the domain of politics and the successes of AIDS interventions are determined by political will and action. The Millennium Declaration of 2000 led to the adoption of the Millennium Development Goals (MDG), and in 2004, the adoption of Resolution 50/225 on Public Administration and Development in the General Assembly of the United Nations.

The resolution on public administration emphasised the critical role of partnership of the public sector with the private sector and civil society as agent for sustainable development and growth. The Committee of Experts on Public Administration made it clear that without strong and effective institutional structures and partnerships the MDGs would probably not be achieved. The committee also discussed issues such as good governance, capacity building, transparency and accountability at institutional level. The critical role that public administration plays in the achievement of the MDGs and all the features surrounding it, such as donor funding, the international fiscal environment, poverty, growth and sustainable development, cannot be underestimated. While partnerships for resource mobilisation at international level are important and should continue, national governments should apply themselves to look at options that would strengthen their own resources at domestic level.

The 2005 report on the millennium development goals clearly shows that most of the development goals of sub-Saharan Africa will not be met because of the negative influence of the AIDS epidemic in the region. For 25 years, since AIDS and the modes of transmission of HIV became known, governments in the developing countries have struggled to come to grips with the epidemic. The UNAIDS report of 2006 on the AIDS epidemic shows a steady increase in the epidemic, with the largest increase in sub-Saharan Africa.

7.5 HIV/AIDS as a development issue

Many African governments and international agencies have tried to respond to the HIV/AIDS epidemic with limited results. According to the UNDP, there are three main reasons for this limited success. Firstly, many of the prevention initiatives ignored the social and economic circumstances of individuals and groups that are more vulnerable to HIV infection than others (Van Donk, 2005:5). The second reason is that successful interventions were not sufficiently studied and replicated elsewhere. Lastly, most of the countries' responses were too little and not sufficiently comprehensive. For a country to launch a comprehensive and on-scale response to the epidemic, there is a need for a better understanding of the relationship between HIV/AIDS and development and the determinants of the spread of the epidemic. There is also a need to create appropriate frameworks, tools and methods for mainstreaming HIV/AIDS into development programmes (Van Donk, 2005:5).

7.5.1 The reason why sub-Saharan Africa is badly affected

Initially governments were slow to respond to the AIDS epidemic, and when they started to respond it was not comprehensive enough or on scale. The AIDS epidemic is exacerbated by poverty, illiteracy, weak educational and public health systems, the low status of women and the prevalence of other serious diseases such as malaria and tuberculosis in the region (Ainsworth & Over, 1997). Africa's income levels have fallen behind the rest of the world and the impact of the AIDS epidemic, if not arrested, will push the people of Africa further into marginalisation and poverty (Barnett & Whiteside, 2006:139). Barnett and Whiteside call the situation in Africa 'an abnormal normality' where for the past 100 years the continent has been subjected to colonialism, then freedom and becoming nations. The legacy of the last 50 years of the continent's history of disorder, inequality, exploitation and poverty served as a fertile foundation in which the AIDS epidemic could grow and thrive (Barnett & Whiteside, 2006:143).

7.5.2 AIDS as a development crisis

Very early in the history of the epidemic it became clear that this is more than just a health issue. The adverse effects that the AIDS epidemic had on development institutions and their programmes in Africa forced the health and non-health development agencies alike to approach the problem from a different angle. The epidemic's language was adopted to suit the new developments and terminologies such as multisectoral, cross-sectoral, integrated approach, multifaceted, mainstreaming and cross-cutting were used to describe the new approach. The fact that the AIDS epidemic's impact is widespread and severe on the individual, communities, the workplace, governments globally elevated the epidemic to a development crisis. The epidemic has a direct impact on six of the eight Millennium Development Goals and prevention and mitigation efforts need to be intensified in the region if the targets are to be reached.

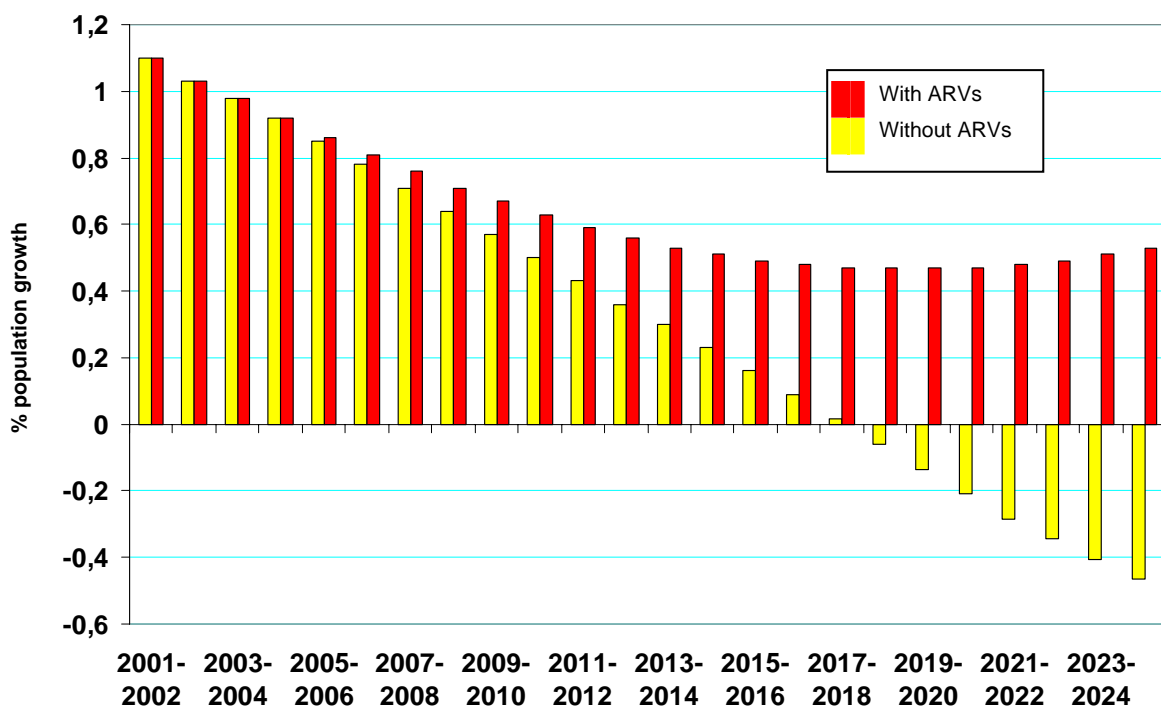
7.5.3 Changes to population structure

One of the most important human development accomplishments since the middle of the last century was to improve average life expectancy from 39 in 1950 to 55 years in 1990 (Ainsworth & Over, 1997). Most of the worst-hit sub-Saharan African countries have reversed this advance and are back to the 1950s figures. Children that are born today in the region will have a life expectancy of more than 20 years less than what it would have been in the absence of the AIDS epidemic (Ainsworth & Over, 1997). The deaths of many social and economically active young people also have an effect on the population structure, where the normal pyramid population structure becomes a chimney shape.

A population growth rate of between 1,1% and 2,3% per year in the absence of AIDS may change to a negative growth rate of between 0,1% to 0,3% per year (Barnett & Whiteside, 2006:194) for the region. This may change with the successful implementation of antiretroviral treatment programmes. A projection of population growth and universal antiretroviral (ARV) treatment for South Africa (Figure 7.2) shows that without ARV treatment, the population growth will go into negative growth.

The graph in Figure 7.2 is drawn on the assumption that all people who are eligible to receive ARV treatment do receive it and that they will continue treatment. Unfortunately, in reality it does not work this way as many people do not access treatment due to various reasons, and many who do enter into treatment programmes stop treatment with possible consequences of illness and death. Most analysts are of the opinion that the AIDS epidemic will not create a negative population growth, but in severe epidemics, a reduced growth (Kelly, Parker & Gelb 2002:77).

Figure 7.2: Population growth and antiretroviral treatment in South Africa



Source: Schusler, M. 2006. South African economy: Stronger than you think. Presentation to the Chief Executive Officers of Swedish companies in South Africa. Johannesburg. May 2006.

7.5.4 Social and economic impacts

It has been acknowledged that the most devastating impact of the AIDS epidemic is at individual and household level. The social impact on the household entails an increase in food insecurity, less children going to school, more children having to work harder, changes in the household structure and composition (Kelly *et al.*, 2002:59), increased burden of care for the ill and orphans and social isolation mostly

due to stigma and discrimination. People in rural areas, the elderly, women and children are the most affected in terms of loss of possessions, not getting the right nutrition and decrease in education. The economic consequences of AIDS for the household may include the loss of possessions, loss of income and productivity, increased expenses for healthcare and poverty. The issue of orphans has been discussed in the previous chapter and here the development impact will be explored. Orphans put a strain not only on the immediate family, but on the community, the society and the country. Orphaned children due to 'normal' deaths are assimilated by society, but with the unnatural high number of deaths of both parents, orphan care has become a development crisis. The large number of orphans due to HIV/AIDS has led to child-headed households, therefore children have been cared for by either the elderly or the very young (Kelly *et al.*, 2002:59). This in turn increases poverty, food insecurity and low school enrolment which may lead to street children, poor healthcare, and many other social problems.

Many studies have been done to determine the economic impact of the AIDS epidemic. In the early years of the epidemic alarmists have predicted the collapse of economies across sub-Saharan Africa. This did not happen and it is generally accepted that not enough research has been done on such a complex issue. The economic impact of the AIDS epidemic is more visible at personal and household level and also certain sectors, such as health, education and agriculture.

7.5.5 Health sector impact

Although the initial thrust of the AIDS epidemic's response was focused on prevention, that has changed dramatically over the past five years. Although the impact of HIV/AIDS is not purely a health issue, when people contract HIV and become ill they need medical attention. The health sector is involved in the testing for HIV and tuberculosis (TB); condom procurement, quality control and distribution; treatment of opportunistic infections; programmes to prevent mother to child transmission of HIV; laboratory tests for CD4 counts and viral counts; procurement of medicines; assessment, provision and monitoring of antiretroviral treatment to HIV-positive people; medical and hospital care for ill people; and death certificates.

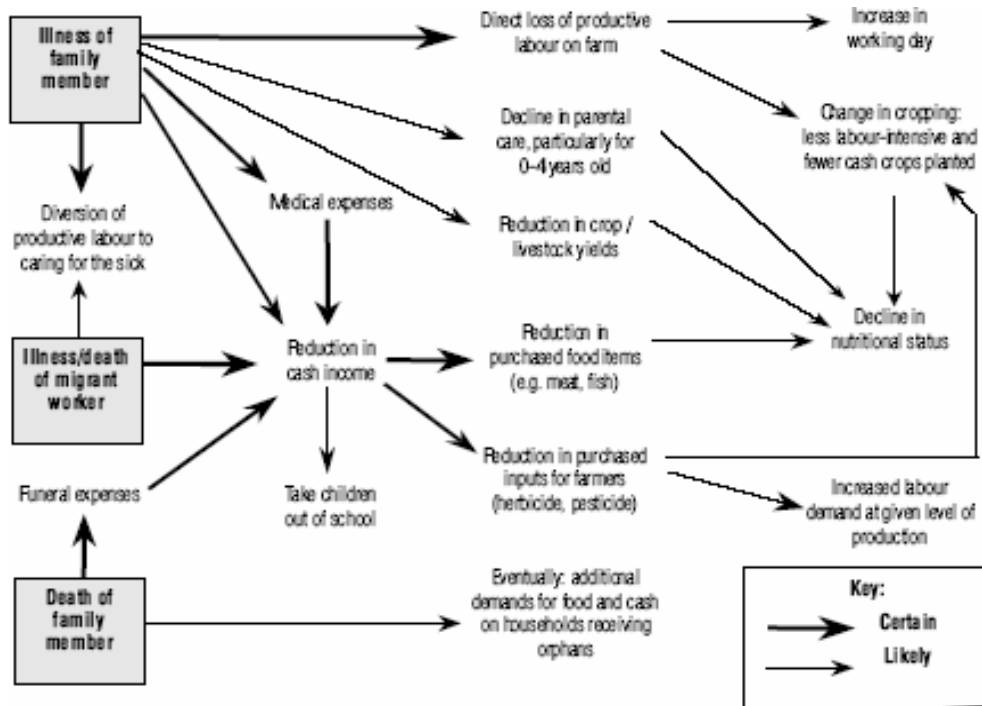
The AIDS epidemic has placed an additional burden on the already strained healthcare systems in the region. A shift in the patterns of illness and disease places a heavy burden on healthcare workers and healthcare facilities to cope with the additional workload due to the twin epidemics of HIV and TB. The increase of expensive medicines, laboratory equipment and tests resulted in the escalation of public sector health costs. The increase in mortality among HIV-negative patients in sub-Saharan Africa was ascribed to the overcrowding because of AIDS patients and the declining of healthcare standards (Colvin, 2005:344). The increase of health costs has implications for the society as a whole and the failing or declining health care will have direct bearing on the targets of the Millennium Development Goals.

Healthcare as a sector is labour-intensive and the AIDS epidemic reduces the labour force's effectiveness in several ways. Southern Africa has a dire shortage of trained professional healthcare workers and those who are left are faced with an increased workload. Caring for people who are HIV-infected carry the added risk of infection and together with the emotional burden of working with HIV-infected people, many professionals face emotional burnout (Drysdale, 1999). In countries with high levels of HIV prevalence, absenteeism and death among healthcare workers were also high. The added burden of the parallel epidemic of TB also exacerbates healthcare workers' risk of infection.

7.5.6 Agriculture in crisis

Subsistence agriculture is important to many people in sub-Saharan Africa. With people succumbing to AIDS they may not be able to produce, harvest or sell crops at markets. This has a direct influence on the household's economic status. Factors such as poverty, food security and sustainable livelihoods and empowerment of rural women have direct implications for rural development (Barnett, 2000).

Figure 7.3: The impact of HIV/AIDS on the household domestic-farm labour interface in subsistence communities.



Source: Barnett, T. 2000. *AIDS Briefs for sectoral planners and managers. Subsistence agriculture sector.* Health Economics and HIV/AIDS Research Division. Durban: University of KwaZulu-Natal.

As illustrated in Figure 7.3, the loss of a parent or both parents in a household in subsistence farming have far-reaching impacts for the children, family and community. By exacerbating poverty, it makes populations more vulnerable to the spread of HIV and it turns into a vicious circle.

7.5.7 AIDS and security

In countries where armed conflict occurs people often face displacement, human rights abuses and violence. Many people are left powerless and are plunged into misery and poverty. It is widely accepted that conditions of war, civil unrest and armed conflict provide fertile ground for the spread of HIV (Kelly *et al.*, 2002:24). Infrastructure may be destroyed and services interrupted. Further factors that can contribute to the spread of HIV include creation of refugees, disruption of family life,

breakdown of services, contact between the armed forces and women and children, and sexual exploitation and violence. Soldiers are being considered a high-risk group for HIV infection because of their age, gender, risk-taking behaviour and separation from their families for long periods of time.

7.6 Conclusion

Some of the really positive changes in development came at the turn of the millennium with several meetings which resulted in a global commitment to change approaches to development interventions. Of these, the most important were the Millennium Summit where the Millennium Development Goals were set, the Monterrey Consensus, the Rome Declaration and the Paris Declaration on Aid Effectiveness. These commitments were made in order to assist with the operationalisation of official development assistance to the developing world to help poor countries to realise the MDGs and improve the lives of its people.

The worrying aspect of all these commitments is that the international development community has not taken AIDS on board. There is little appreciation and understanding what HIV/AIDS mean for the set development targets. Only when the development targets are being revisited with the long-wave impact HIV/AIDS in mind, will the developing world begin to make inroads in the Millennium Development Goals. In Africa, and specifically sub-Saharan Africa, HIV/AIDS embodies the most serious challenge to sustainable development and the Millennium Development Goals at present.

In the next chapter, the changing face of official development assistance (ODA) will be discussed. The impact of the ever-changing modalities of ODA over the past 50 years and the impact thereof on governments and development in sub-Saharan Africa will be investigated. A history of the drivers of official development assistance and the origins of the new aid architecture will be discussed. The Paris Declaration on Aid Effectiveness will be discussed in view of the empirical research that was done.

CHAPTER 8: THE CHANGING FINANCIAL ENVIRONMENT OF OFFICIAL DEVELOPMENT ASSISTANCE

8.1 Introduction

The global official development assistance debate is at least 50 years old and development partners face ever-changing paradigms, such as Structural Adjustment, the Washington Consensus and the poverty reduction strategy papers, to name but a few. Over the years, billions of dollars were spent on development in Africa, but the developing world has become poorer, debt has increased, there is an increase in deaths occurring from preventable diseases and there are increases in malnutrition and infant mortality in sub-Saharan Africa. Aid to the developing world is conditional, unpredictable, donor-driven and with very high transaction costs for both the recipient and donor countries.

Many developing countries are to some degree dependent on official development assistance (ODA) to implement their development strategies. With the AIDS epidemic reaching catastrophic proportions, ODA from multilateral, bilateral and philanthropic organisations has reached an unparalleled scale. The unpredictability of aid flows, the setting up of parallel structures, diversity of aid disbursement mechanisms and a predetermined technical assistance component as part of aid have contributed to the rethinking of ODA. This chapter deals with the origins and drivers of ODA, then explores the new aid architecture and the important role-players involved in aid. The various international agreements and commitments that led to the Paris Declaration on Aid Effectiveness are discussed. The Paris Declaration in practice is explored and is discussed in terms of the three main pillars of the declaration: ownership, alignment and harmonisation. The effectiveness of ODA with regard to HIV/AIDS in the sub-Saharan African region is also examined.

8.2 A short history and the drivers of official development assistance

Following World War 2, the whole world started to change politically, especially with regard to colonisation. Many colonies gained their independence and the previous colonisers commenced with aid to their former colonies. The terminology of development started to emerge and the rich, developed countries in the north were called the First World and the poor countries in the south were called the Third World. Later the terminology changed to developed, underdeveloped or developing countries, to be politically correct.

The primary motivation of foreign aid in the 1950s was to stimulate growth in the recipient country with the end result of becoming sustainable. Aid was perceived as a source of capital to generate economic growth through increased investment (Tarp, 2000:23). During the late 1950s, the rationale for aid changed from mainly development-oriented to security-focused. The United States (US) saw aid as a means to deal with the security threat of communism in the developing and underdeveloped world (Tarp, 2000:23).

During the 1960s, bilateral programmes were established, and during the 1970s, the multilaterals were expanded. The World Bank and International Monetary Fund (IMF) started to play an increasingly important role in foreign aid. During this period, poverty alleviation and debt relief have emerged as the aid modalities favoured by bilateral programmes and multilateral funding. From the 1980s until the end of the millennium, the aid system has changed the type of aid many times. The donor community realised that the whole development process needed to be taken into account to facilitate a more multifaceted understanding. The role of finance in relation to other factors such as institutions, governance, human capital, geography and knowledge is crucial in the development process (Bezanson, 2005). Donors have come to understand that financial assistance is necessary, but not enough for development.

Table 8.1: Main developments in foreign aid

Period	Institutions	Donor philosophy	Donor focus	Aid modalities
1940+	<ul style="list-style-type: none"> ▪Marshall Plan ▪UN system ▪Bretton Woods institutions 	Planning	<ul style="list-style-type: none"> ▪Economic growth ▪Reconstruction 	Programme aid
1950+	<ul style="list-style-type: none"> ▪United States ▪Soviet Union in second half of 1950 	<ul style="list-style-type: none"> ▪Role of state gains importance ▪Anti-communist 	Community development	Food aid
1960+	Bilateral programmes established	<ul style="list-style-type: none"> ▪Role of the state important ▪ Productive sector support 	<ul style="list-style-type: none"> ▪Productive sectors ▪Infrastructure development 	Bilaterals provide: <ul style="list-style-type: none"> ▪Technical assistance (TA) ▪Budget support ▪Multilateral-supported projects
1970+	Growth of multi-laterals: <ul style="list-style-type: none"> ▪World Bank ▪IMF ▪Arab-funded agencies 	<ul style="list-style-type: none"> ▪State activities supported ▪Productive sector support ▪Meeting basic needs 	<ul style="list-style-type: none"> ▪Poverty ▪Agriculture ▪Basic needs 	<ul style="list-style-type: none"> ▪Food aid decline ▪Import supports commence
1980+	<ul style="list-style-type: none"> ▪Civil society becomes visible ▪Increase of NGOs 	Market-based adjustment	Macroeconomic reform	<ul style="list-style-type: none"> ▪Debt relief ▪Financial programme aid
1990+	<ul style="list-style-type: none"> ▪Eastern Europe becomes recipients of aid ▪Emergence of corresponding institutions 	Move back to the state	<ul style="list-style-type: none"> ▪Poverty ▪Governance 	Sector support
2000+	<ul style="list-style-type: none"> ▪Bilaterals ▪Multilaterals ▪Recipient countries 	<ul style="list-style-type: none"> ▪Aid effectiveness ▪Harmonisation ▪Co-ordination 	<ul style="list-style-type: none"> ▪Poverty ▪Governance ▪Alignment 	Budget support

Adapted from: Tarp, F. (ed.) 2000. *Foreign aid and development: Lessons learnt and directions for the future*. London: Routledge.

As illustrated in Table 8.1, aid changed dramatically over the past 50 years, not only because the circumstances changed, but because foreign assistance in the framework of international co-operation was in itself a new phenomenon (Pronk, 2001:612). There are many different drivers for aid, such as political and ideological, economic, security, religion, and humanitarian factors. Motivations for providing official development assistance are different from country to country and have also changed over time. Official development assistance as channelled through bilateral agencies is a tool of foreign policy for donor countries and is as a rule aligned with their strategic objectives and interest (Sagasti, 2005:2). It soon became clear that implementable policies and governance are vital to the economic reform of recipient countries (Pronk 2001: 612). Through aid, donors want to influence recipient

countries to think the way they do, thus they added a condition of policy reform to the aid assistance (Ikhide, 2004:128). Conditionality is, however, fraught with problems. The recipient country seldom has the same agenda as the donor and the policy reform often fails because of a lack of ownership. For aid to be effective, specific conditions in the recipient country should be the main determinant of the development strategy, not the donor's priorities.

At the beginning of the 21st century, the official development assistance (ODA) was troubled by many factors. The main obstacles to aid effectiveness have been proliferation of aid and the lack of co-ordination between donors (Ikhide, 2004:129). The increase in the number of donor institutions has created a complex and untidy array of ODA organisations (Bezanson, 2005). There was a fast and uncoordinated growth of private donors and funding flows that led to replication and overlap. It became increasingly clear that donors and recipient countries should rethink ODA to change it into an effective development financing system. Many aid agencies have their own agendas and the current aid system presents them with opportunities to pursue it. The end result is duplication of functions and activities by donor agencies and high transaction costs for the recipient countries.

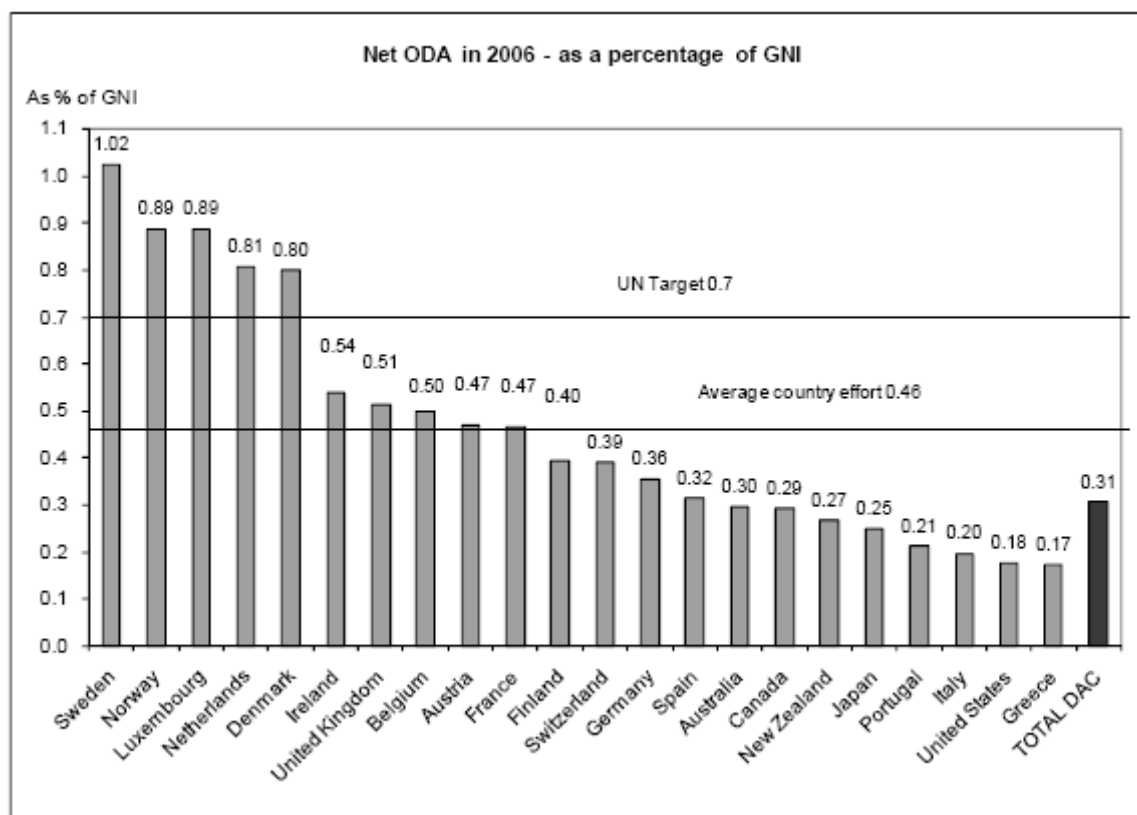
8.3 The new aid architecture

The role that aid plays in human development is not always positive. This is due to failures from some recipient countries, as well as the imposing of agendas by donor countries and agencies. Over the past 50 years, billions of dollars have gone to developing countries all over the world. In Africa, and specifically sub-Saharan Africa, in spite of ODA, more people are poor than ever before. The international donor community realised that something needed to be done to make aid more effective. With the Millennium Declaration and the subsequent setting of the Millennium Development Goals, it became imperative that both donors and recipient countries should evaluate the way in which aid was allocated in the past to make aid more effective in the quest for sustainable development.

8.4 Rethinking international aid

During the last decade, more and more critics around the world have called for radical reform in ODA. Part of the reform process was the percentage of GDP that donors donated towards aid. There is a huge gap (Figure 8.1) between the internationally agreed ODA targets of 0,7% of GDP and the donors' payment record (Martens, 2001:2).

Figure 8.1: Net ODA in 2006 as a percentage of GNI



Source: Organisation for Economic Co-operation and Development (OECD). 2005a. *Final ODA data for 2005*. [Online] Available at: <http://www.oecd.org/dataoecd/52/18/37790990.pdf> [Accessed: 21 May 2007].

There are also concerns about the definition and measurement of ODA. The original OECD criteria of ODA is not acceptable to all donors and even the logic of the 0,7% target has been questioned. Another concern is the quality of aid assistance. Aid effectiveness has come under the spotlight with the publication of the World Bank's study, *Assessing Aid* (1998). In this study, the World Bank argues that a good policy environment is a precondition for effective development assistance which led to the

contentious proposal that aid should be selective. In practice, this means that ODA will only be allocated to very poor countries whose economic policies have been approved by the World Bank (Martens, 2001:2). This publication sparked wide and heated discussions about aid effectiveness.

8.4.1 Millennium Declaration and the Millennium Development Goals

During the Millennium Summit in 2000, the progress of development was reviewed and a new vision for development assistance was conceived. The Millennium Declaration of the United Nations proclaimed that no effort will be spared to make an end to the poverty of more than a billion people worldwide. The Declaration gave voice to the Millennium Development Goals and the deadline of 2015 was set for certain targets to be met (UN General Assembly, 2000). The donor countries who have signed the Millennium Declaration gave an undertaking to align their development assistance programmes with the MDG in order to achieve the set targets.

8.4.2 Monterrey Consensus – Financing for development

The outcome of the United Nations International Conference on Financing for Development in 2002, is called the Monterrey Consensus. The Monterrey Consensus was adopted by heads of state, government representatives, the International Monetary Fund, the World Bank, the World Trade Organization, prominent business leaders and civil society leaders (United Nations, Financing for Development Office, 2002). The consensus reflects a landmark agreement between developed and developing countries in which both parties recognised their responsibilities in key areas such as debt relief, aid, trade and institution building. The Monterrey Consensus has become the major source of information for international development assistance and it includes the following topics:

- Mobilising countries' national financial resources for development;
- Mobilising international resources for development, including foreign direct investment and other private capital flows;

- International trade should form the basis and driver for development;
- Increasing international financial and technical assistance support;
- Poor countries' external debt; and
- Resolving systemic issues in financing for development.







The Monterrey Consensus was a turning point for the way in which development is financed. The consensus emphasised the gap between reality and empty talk, especially in terms of the 0,7% target of GNI (Figure 8.1). It has been acknowledged that aid should be increased significantly if the targets of the MDG were to be achieved. Many donors have pledged more aid for development and the impact of increase in aid has been seen in real terms every year since 2002 (United Nations Development Programme, 2005a).

8.4.3 Barcelona Commitments: Translating the Monterrey Consensus into practice

During the Barcelona European Council in March 2002, the Barcelona Commitments, consisting of eight political commitments (Table 8.2), were agreed upon by the European Union. The European Union's contribution to the Monterrey Consensus were mainly in two areas:

- commitment on official development assistance, volume and sources; and
- commitments on aid effectiveness.

Table 8.2: The eight commitments of the European Union

Barcelona Commitments	
	Increase average official development assistance (ODA) from the European Union from 0.33% of GNI in 2002 to 0.39% by 2006 as a step towards the 0.7% target set by the United Nations.
	Improve aid effectiveness through a process of coordination and harmonisation and take concrete measures in this direction before 2004.
	Take measures to untie aid for least-developed countries (LDC).
	Increase trade-related assistance.
	Support the identification of the relevant global public goods.
	Continue to examine innovative sources of financing.
	Support reform of international financial systems.
	Pursue efforts to restore debt sustainability in the context of the enhanced heavily indebted poor countries (HIPC) initiative.

Source: Europa. 2004. *Summaries of legislation*. [Online] Available at: <http://europa.eu/scadplus/leg/en/lvb/r12527.htm#BARCELONA> [Accessed: 21 May 2007].

The Barcelona Commitments are seen as significant, since the European Union is not only the world's biggest donor, but also the largest provider of foreign direct investment to developing countries. The EU member states further committed themselves to the untying of ODA to the least-developed countries. This action will also enhance aid effectiveness and ultimately relief poverty (Europa, 2004).





8.4.4 Rome Declaration on Harmonisation

During the high-level forum on harmonisation in Rome in February 2003, the Rome Declaration on Harmonisation was adopted (United Nations, 2003). The forum focussed on harmonisation of policies, procedures and practices of donors and recipient country systems to improve the effectiveness of aid. The declaration gave the commitment of the participants to improve development effectiveness and adherence to good practice standards in development aid. The donors and partner countries committed themselves to a list of 12 targets, including the indicators that go with them, to be realised by 2010. Strong emphasis was placed on the assumption of a leading role by partner countries, the inclusion of civil society and the necessary reform of systems to adhere to good international financial practices. The declaration also made provision for the review of the implementation of the Monterrey Consensus by 2005 (United Nations, 2003).

8.4.5 Marrakech Roundtable: Managing for development results

The donor community convened in Marrakech, Morocco to review their practice of managing the development results. *Results* have been defined as 'sustainable improvements in country outcomes' and *managing for results* as 'a management strategy focussing on performance and the achievement of outputs, outcomes and impact' (Organisation for Economic Co-operation and Development, 2004). A renewed commitment to the Monterrey Consensus to adopt policies that will achieve results was made (Table 8.3).

Table 8.3: Marrakech Roundtable: Managing for development results

Marrakech Roundtable	
	Endorse core principles of Monterrey.
	Focus national strategies and systems on country results.
	Align co-operation programmes with country results.
	Harmonise results reporting.
	Improve statistical systems.
	Access development agency performance.
	Disseminate good practice.

Source: Organisation for Economic Co-operation and Development (OECD). 2004. Second International Roundtable, *Managing for development results* in Marrakech, Morocco, 4-5 February 2004. [Online] Available at: <http://www.oecd.org/dataoecd/40/16/31526893.pdf> [Accessed: 21 May 2007].

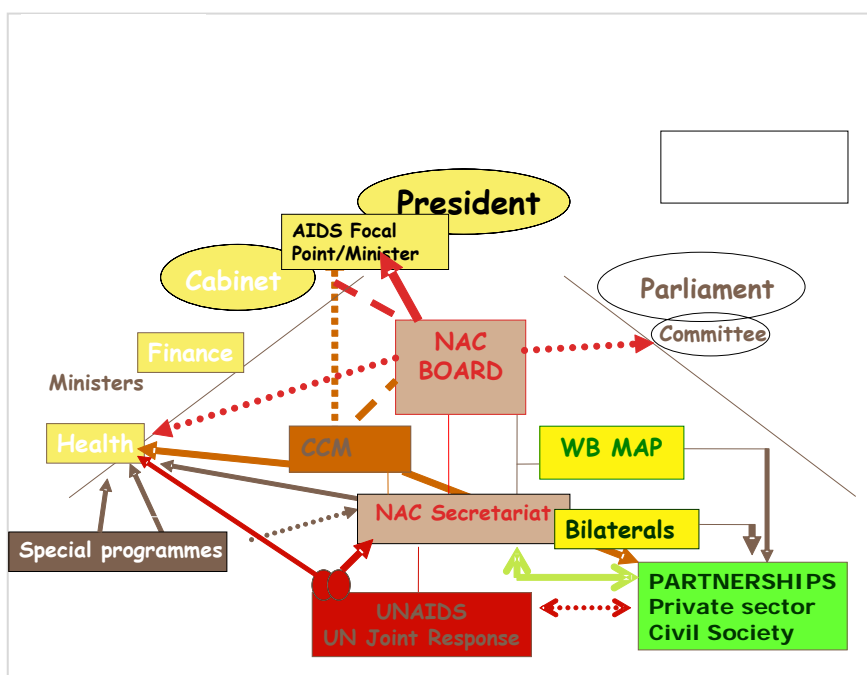
Recipient countries need more capacity for strategic planning, management, statistics, monitoring and evaluation, while donor agencies are required to align their development programmes with the recipient countries' results in mind.

8.4.6 Paris Declaration on Aid Effectiveness

The Paris High-Level Forum took place in Paris during March 2005 with development officials and ministers from 91 countries, 26 donor organisations and partner countries, representatives of civil society organisations and the private sector attending. The main aims were to assess the progress made since the Rome Declaration and to identify the areas in which further work is needed. The outcome of the high-level forum, the Paris Declaration on Aid Effectiveness in April 2005, is a statement of intent on the ownership, harmonisation, alignment, results and mutual accountability of donors and recipient countries (World Bank and International Monetary Fund, 2005). This declaration calls for budget support, alignment of

donors' agendas to those of the partner countries, the harmonising of donor activities and the mutual accountability of donors and partners for development goals (Table 8.4). As mentioned previously, it is of the utmost importance to ensure that HIV/AIDS is resolved otherwise the MDG will not be reached. Most countries have difficulties to come to grips with the structures, financing and placement of the national AIDS programmes. It is at most a jumble of many organisations, government departments and agencies (see figure 8.2). This graphical representation of the planning, implementation and funding of a country's AIDS programme is an example of the disjointedness of actors participating in the response to the epidemic.

Figure 8.2: A graphic presentation of the AIDS scene in an African country



Source: Djupvik, M. 2005. *Development Planning and Challenges related to HIV/AIDS. Under which conditions are we conducting a dialogue?* Presentation at UNAIDS, UNDP, Sida/Norad Joint Training, Johannesburg, 16 November. (Available on CD Rom).

The international community's commitment to achieve the MDG compelled the donor community to rethink their practices on aid. The provision of more effective aid and increasing its impact on development became important concerns. Issues such as alignment to recipient countries' strategies and programmes, harmonisation of donor practices to reduce transaction cost, mutual accountability and managing aid with a focus on development results pose massive challenges to both the donor community and recipient countries.

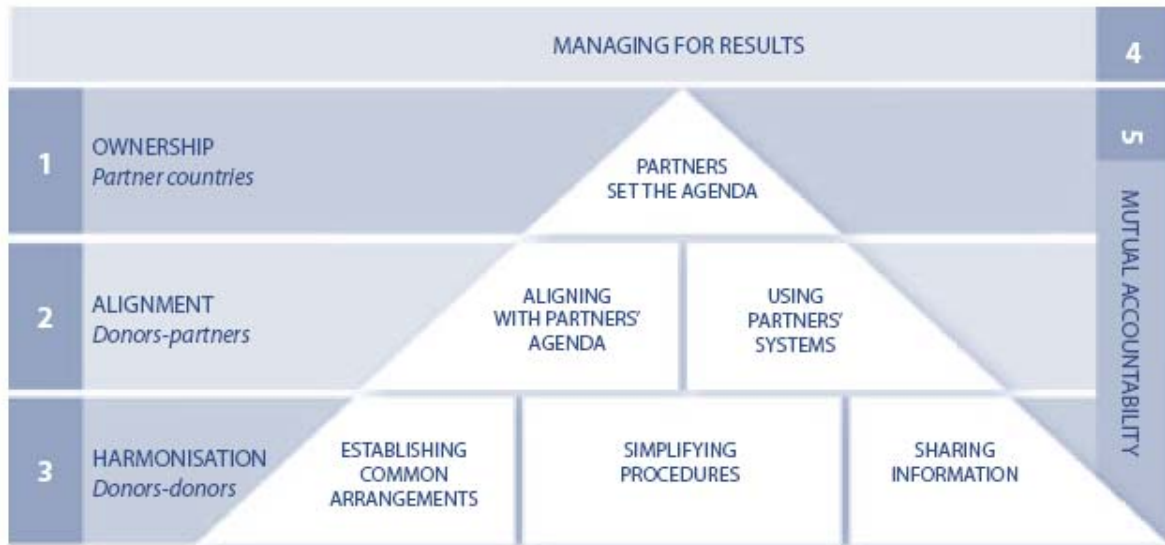
Table 8.4: *Commitments from the Paris Declaration on Aid Effectiveness*

Commitments from the Paris Declaration on Aid Effectiveness	
	Developing countries will exercise effective leadership over their development policies, strategies, and co-ordinate development activities.
	Donors will base their overall support on recipient countries' national development strategies, institutions, and procedures.
	Donor countries will co-ordinate their work to be more harmonised, transparent and collectively effective.
	All countries will manage resources and improve decision-making for results.
	Donor and developing countries pledge that they will be mutually accountable for development results.

Source: Aid Harmonisation & Alignment. 2005. Paris High-Level Forum. [Online] Available at: <http://www.aidharmonization.org/ah-overview/secondary-pages/editable?key=205> [Accessed: 21 May 2007].

The Paris Declaration on Aid Effectiveness is built on a platform of ownership, harmonisation, alignment and mutual accountability in the quest to make aid more effective (Table 8.4). More than 100 donor agencies and developing countries endorsed the Paris Declaration. This means that the signatories committed themselves to specific measurable commitments to aid effectiveness. The Paris Declaration can be seen as a blueprint for donors and partners to work together in a spirit of mutual accountability to do aid better. The work of bilateral and multilateral aid agencies had been changed significantly by the Paris Declaration, presenting them with both challenges and opportunities in a changing aid environment.

Figure 8.3: The aid effectiveness pyramid



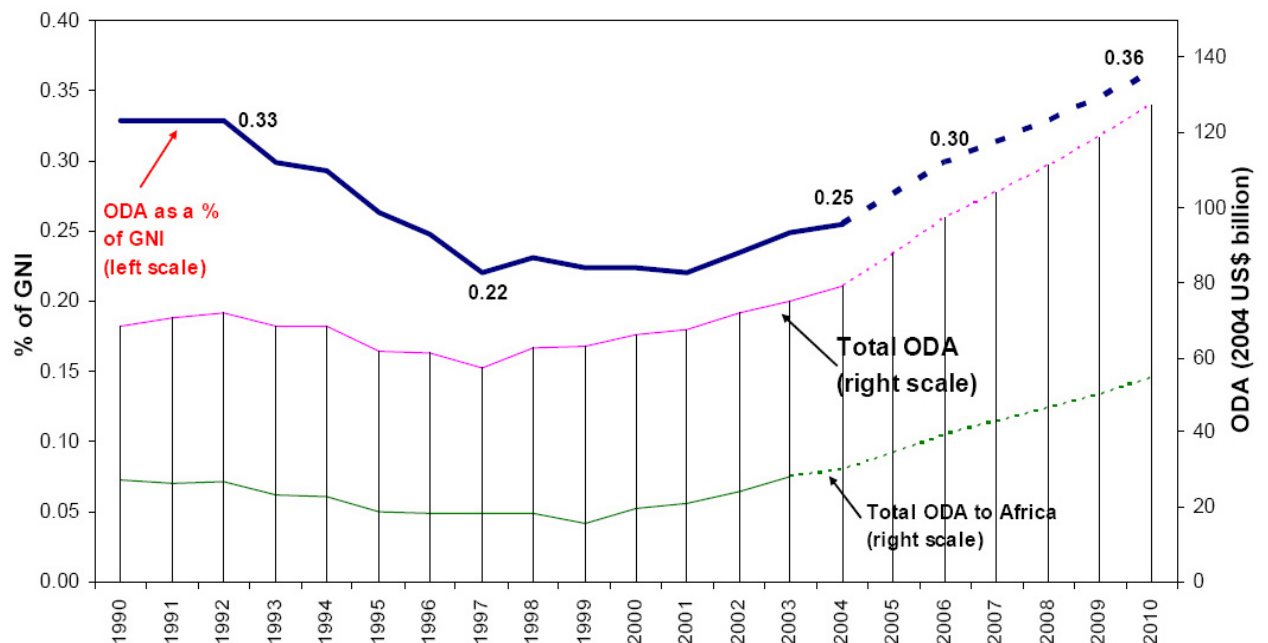
Source: OECD. 2007. 2006 Survey on monitoring the Paris Declaration. Paris: OECD Publishing.

The four broad areas of the Rome Declaration and the Marrakech Roundtable, namely ownership, alignment, harmonisation and managing for results, translated into the Paris Declaration of implementation and monitoring the results of harmonisation and alignment. The pyramid (Figure 8.3) can be read either top-down or bottom-up. In the top-down approach partner countries can begin the process by setting the agenda for achieving development results. Donors respond to this by aligning with the partner countries' agenda and relying on their systems (Organisation for Economic Co-operation and Development (OECD) & the World Bank, 2005:18). At the base of the pyramid, donors work together through establishing common arrangements, simplifying procedures and sharing information. Through all the levels of the pyramid, institutional development and capacity strengthening with a focus on results are important. The bottom-up approach demonstrates the maturity of the aid relationships between donors and recipient countries and donors among themselves.

8.4.7 Organisation for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC)

The OECD established the Development Assistance Committee (DAC) as a forum for the major bilateral donors of the OECD (Organisation for Economic Co-operation and Development (OECD), 2005c). It consists of 22 donor countries, in partnership with international and regional financial and multilateral institutions that set criteria for ODA by consensus. The main aim of DAC members is to enhance the effectiveness of their collective efforts to support sustainable development in developing countries. The contribution of international ODA to developing countries should ultimately translate into poverty eradication and the participation of the developing world in the global economy. The DAC further created the Working Party on Aid Effectiveness and Donor Practices (WP-EFF) with the objective to promote, support and monitor progress on harmonisation and alignment of donor activities. The members of DAC adhere to the OECD's criteria of ODA and monitors its members accordingly.

Figure 8.4: DAC members' net ODA 1990-2004 in relation to GNI and simulations of ODA until 2010



Source: OECD. 2007. Development Co-operation – 2006 Report –Efforts and policies of the members of the Development Assistance Committee. *OECD Journal on Development*, 8(1).

DAC members' ODA to developing countries have started to rise steadily from 1997 with an average of 0,33% of GNI (Figure 8.4) with only a few countries reaching the 0,7% target. In 2005, DAC ODA totalled US \$106.8 billion compared with approximately US \$1.5 billion from non-DAC members (OECD/DAC, 2006:15). For developing countries to achieve the MDG, ODA will have to be increased considerably in the next five years.

8.4.8 United Nations Summit 2005 and United Nations reform

The goals of the 2005 Summit were to review and revive international development goals and to launch a process of reform of the way the United Nations (UN) deals with the new international challenges to development, peace and security, human rights and democracy (United Nations 2005c). The outcome of the summit in terms of development was to reiterate commitment to the Paris Declaration and the achievement of the MDG. Countries committed themselves to adopt and implement national development strategies in order to achieve international development goals (Martens, 2005:2). The member states affirmed their commitment to take concrete, effective and timely actions in implementing the agreed commitments. They also agreed to consider to cancel 100% of the debt of HIPC countries and to increase grant based-financing to ensure long-term sustainable development (United Nations, 2005c).

Before and during the summit, the debate on UN reform somewhat overshadowed discussions on development. Since the review of the UN in 1997, it has been clear that there was a need for reform (Smith, Browne & Dube, 2006:28). The outcome document on the 2005 Summit agreed to take action on management reform, and also to reform the economics and social area of the UN.

The UN as a donor channelled about US \$10 billion to developing countries in 2006 (Maxwell, 2006). The UN donor system is hampered by many challenges, such as unpredictability of funding, unclear procedures, a lack of coherence and high transaction costs. Potentially, the UN as an international body can play a very important role in the new aid architecture by taking a leading role in ODA. Within a

world of rapidly increasing aid volumes and global development challenges, the UN can build a role for itself at both country and international level.

8.4.9 Reform of international financial institutions

Broadly speaking, the World Bank and International Monetary Fund's (IMF) goal is to strive for stability of the international financing system and increasing trade and financial integration. After a few crises (such as the Mexican peso devaluation of 1995/05) during the 1990s, the World Bank and IMF realised that they should start initiatives to strengthen the international financial architecture (World Bank. 2005b:5). The five areas that were targeted are transparency, developing and assessing internationally accepted standards, financial sector strengthening, involving the private sector and modifying IMF financial and other systemic issues. The way the international financial institutions reform is not always met with approval, especially from African countries. The new design of financial architecture does not take the peculiar difficulties of Africa's fragmented markets in attracting private capital into consideration (Economic Commission for Africa, 2000).

8.4.10 New institutional arrangements

There are some new institutional arrangements in the international aid architecture, such as the US Millennium Challenge Account (MCA), the Global Fund to Fight AIDS, TB and Malaria (GFATM) and the International Financing Facility proposal. These institutional arrangements were established to provide aid to more or less respond to global development crises in an effective and prompt manner. The establishment of thematic funds like the GFATM was a response to the perceived failures of previous large donors, to enable them to mobilise quickly against global threats (Rogerson, Hewitt & Waldenberg, 2004:20).

8.5 The Paris Declaration in practice

The significance of the Paris-declaration lies therein that it is an important step forward in establishing clear and quantifiable targets and progress indicators to monitor change in donor, recipient and joint behaviour. It also aims to address the complexities of the existing aid architecture. The Paris Declaration is based on the key principles of ownership, alignment, harmonisation, managing for results and mutual accountability (United Nations, 2005d). The five key principles are clarified in 12 quantifiable targets to be achieved by 2010. Partner or recipient countries are made aware of the importance of operational development strategies and dependable public financial management and procurement systems. Donor countries are required to align aid flows to partner countries' national priorities, assist with strengthening the partner countries' capacity, increasing predictability of aid, increasing the proportion of untied aid, using common procedures and sharing analytical work (International Development Association Resource Mobilisation, 2007:24). Mutual accountability should be assessed through mutual reviews by 2010.

In short, the Paris Declaration is based on five practical principles that will advance development (Organisation for Economic Co-operation and Development, 2007:9):

- Developing countries take leadership over their development plans and policies (ownership).
- Donors base their support on the development strategies and systems of partner countries (alignment).
- Donors harmonise their aid activities and reduce transaction costs of aid (harmonisation).
- Developing countries and donors adjust their activities to achieve results (managing for results).
- Developing countries and donors are accountable to each other for improvement in managing better aid and in reaching the development outcomes (mutual accountability).

The Paris Declaration will be analysed in terms of the reports on aid harmonisation, alignment and results of the OECD and the World Bank survey conducted for this study as well as a desk review of recent reports from the OECD on Aid Effectiveness (Organisation for Economic Co-operation and Development, 2007) and a South African report on the High-Level Forum on the Harmonisation for Aid Effectiveness in South Africa (Smith, Browne & Dube, 2006).

8.5.1 Ownership

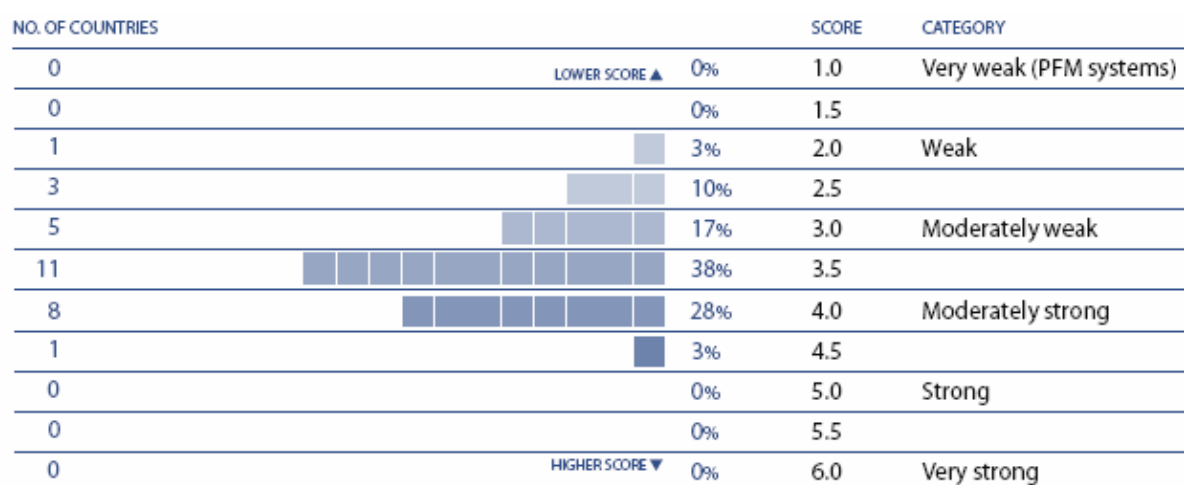
The principle of ownership in the Paris Declaration has most probably arisen in response to the many failures of aid, donor conditionalities, tied aid and donor-driven development agendas. Although donors and partner countries may have the same development objectives, they report to different institutions: the donors report to their governments and are accountable to their citizens, while partner countries report to their own governments and parliament and are also ultimately accountable to their citizens. Ownership means that the partner country should take the leadership in developing and implementing national development strategies, whether they rely partially or entirely on external resources, through inclusive and broad consultative processes. The Paris Declaration further notes that the principle of ownership is not only for partners to develop their own development strategies and plans, but for the process to be practical and results-oriented with broad consultation of all the stakeholders, including civil society.

Ownership also means that the partner country should take the lead in aid co-ordination at all levels (United Nations, 2005d). For partner countries, this means developing policies, policy tools and processes, as well as the following (Organisation for Economic Co-operation and Development (OECD), 2005b):

- a transparent development policy and strategy;
- an MTEF and operational budget;
- a system to monitor progress on policy achievement; and
- a government-led co-ordination mechanism for aid harmonisation and alignment.

A government's commitment can be measured through the degree in which it takes the lead in co-ordination of aid-funded activities and the extent to which it has clear, operationalised and attainable development strategies (Organisation for Economic Co-operation and Development (OECD) 2007:16). The development strategy should also further be expressed in the medium-term expenditure framework (MTEF) and annual budget. According to the World Bank's CPIA ratings, 31% of countries surveyed (Figure 8.5), had moderately strong public financial ratings (Organisation for Economic Co-operation and Development, 2007:20).

Figure 8.5: Quality of country public financial management systems (2005)



Source: World Bank Country Policy and Institutional Assessment 2005 as quoted by OECD. 2007. *2006 Survey on monitoring the Paris Declaration*. Paris: OECD Publishing.

The donors, on the other hand, should respect the partner country's leadership and assist with capacity to exercise leadership. Donors should align their programmes on partner countries' policies and systems and also support partners to build their own capacity to implement their development policies. The OECD 2006 survey reported that only 17% of partner countries reviewed had operational development strategies that met the agreed quality threshold (Organisation for Economic Co-operation and Development, 2007:18), which means that partner countries have to put serious work into this activity to reach the target of 75% by 2010.

8.5.2 Alignment

The principle of alignment in the Paris Declaration states that donors will base their overall support on recipient countries' national development strategies, institutions, and procedures (United Nations 2005d: para. 16). This means that donors should align their strategies with partners' strategies, using the partners' country systems where necessary and possibly strengthen development capacity. Donors should put institutional strengthening of partners on their agenda, specifically the support and strengthening of public financial management and national procurement systems. In the process of alignment, aid will be untied and hopefully both donors and partners will get better value for money. Alignment is a mutual commitment and therefore calls for joint action by donors and partner countries.

Alignment of aid practices will mostly hinge on the decisive leadership of partner countries. Countries should focus on building strong reliable country systems with good financial management and procurement practices in order for donors to align to country systems. The assessment of public financial systems is based on a component of the World Bank's CPIA (Country Policy and Institutional Assessment) and includes the following (Organisation for Economic Co-operation and Development, 2007:19):

- a comprehensive and credible budget;
- effective financial management systems;
- fiscal reporting that is timely and accurate; and
- all levels of government participation in public financial management.

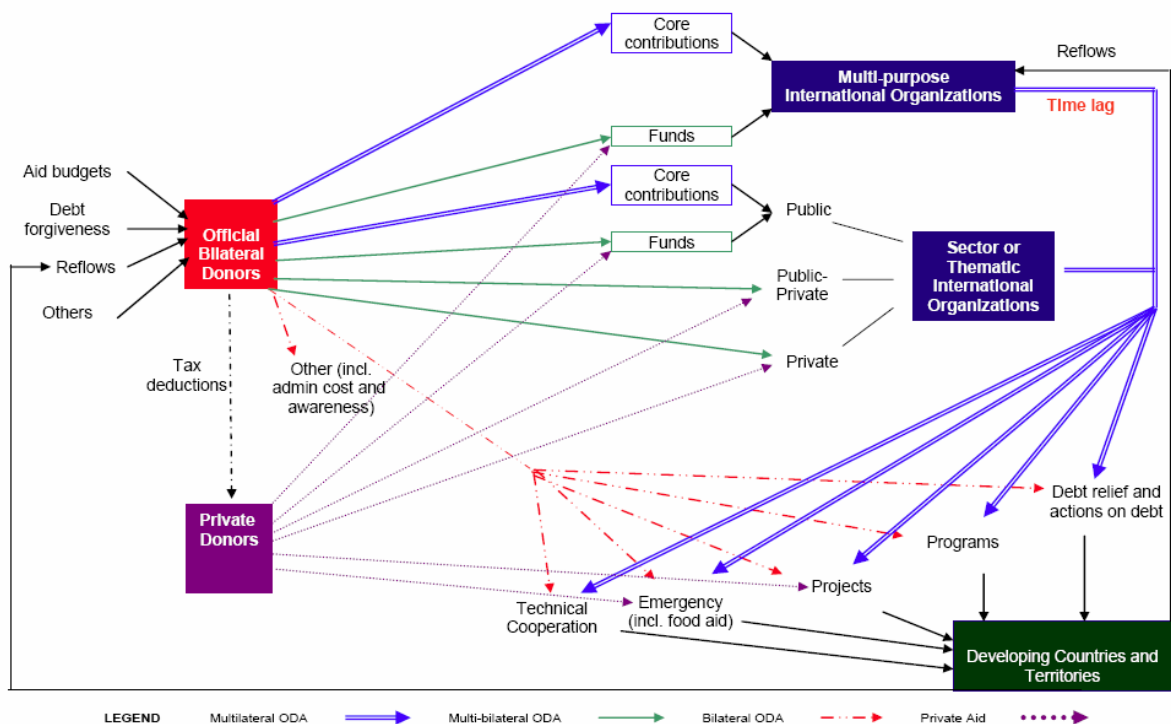
Although the World Bank survey (Organisation for Economic Co-operation and Development, 2007:20) reported 31% of countries surveyed to have moderately strong financial systems in place, the agreed target of 50% by 2010 will take some effort from both donors and partners to reach. This element of the Paris Declaration is complex and involves many different structures of government and agencies from both the donor and partner countries. The degree to which the donor community makes use of partner countries' systems will demonstrate donor seriousness to meet this commitment of the Paris Declaration. Alignment of aid practices and management will also assist to avoid duplication of project implementation units.

The OECD report found that for the 34 countries surveyed there were 1 832 parallel project implementation units which is a great concern and an indication of the commitment of donors to alignment of donor practices and processes (Organisation for Economic Co-operation and Development, 2007:28).

8.5.3 Harmonisation

According to the Paris Declaration, donors should aim to co-ordinate their work to be more harmonised, transparent and collectively effective (United Nations 2005d: Para. 32). The principle of harmonisation means that donors should ensure that their activities for financial arrangements, reporting methods and monitoring and evaluation are common to reduce duplication on the part of the partners. The principle also means that both donors and partners should work together when doing country analytical work. The alignment and harmonisation of country-based analytical work assist with building ownership, providing shared diagnostic frameworks and reducing duplication or conflicting targets.

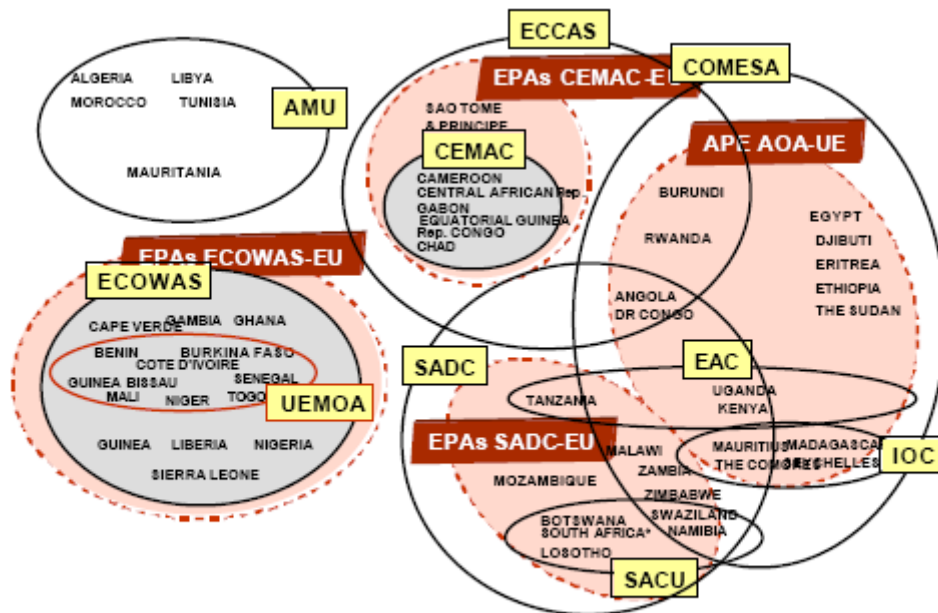
Figure 8.6: Recipient countries' view of aid channels



Source: International Development Association Resource Mobilisation. 2007. *Aid architecture: An overview of the main trends in official development assistance flows.* [Online] Available at: <http://siteresources.worldbank.org/IDA/Resources/Seminar%20PDFs/73449-1172525976405/3492866-1172527584498/Aidarchitecture.pdf> [Accessed: 18 May 2007].

Figure 8.6 is an illustration of how complicated and interwoven ODA can be in a developing country. Official bilateral donors' funding may come from aid budgets, debt forgiveness, reflows of funding and other sources of funding. Private donors such as family foundations and other charity organisations provide a substantial portion to the funding basket in developing countries. Funding modalities differ from donor to donor and can be directed towards public and/or private recipients. Funding can also be directed to debt relief, programmes, projects, sectors, emergencies and technical assistance. In developing countries, there are on average 20 bilateral and 15 private donors, each with its own modalities and sometimes own agendas. As Figure 8.6 shows there is a dire need for donor harmonisation and co-ordination. This donor scenario is further complicated by what the African Union calls regional cacophony (Figure 8.7). Most African countries are part of regional organisations, some more than one. The regional organisations may have different goals and targets and receive donor funding as a region, while also receiving donor aid as an individual country. To illustrate the discord in the donor field with regard to AIDS the images of Figures 8.6 and 8.7 should be superimposed upon each other to show how complex it can be.

Figure 8.7: Regional cacophony according to the African Union



Source: African Union. 2004. *Strategic plan of the Commission of the African Union*. [Online] Available at: <http://www.africa-union.org/AU%20summit%202004/volume%202%20final%20-%20English%20-%20June%202004.pdf> [Accessed: 16 January 2008].

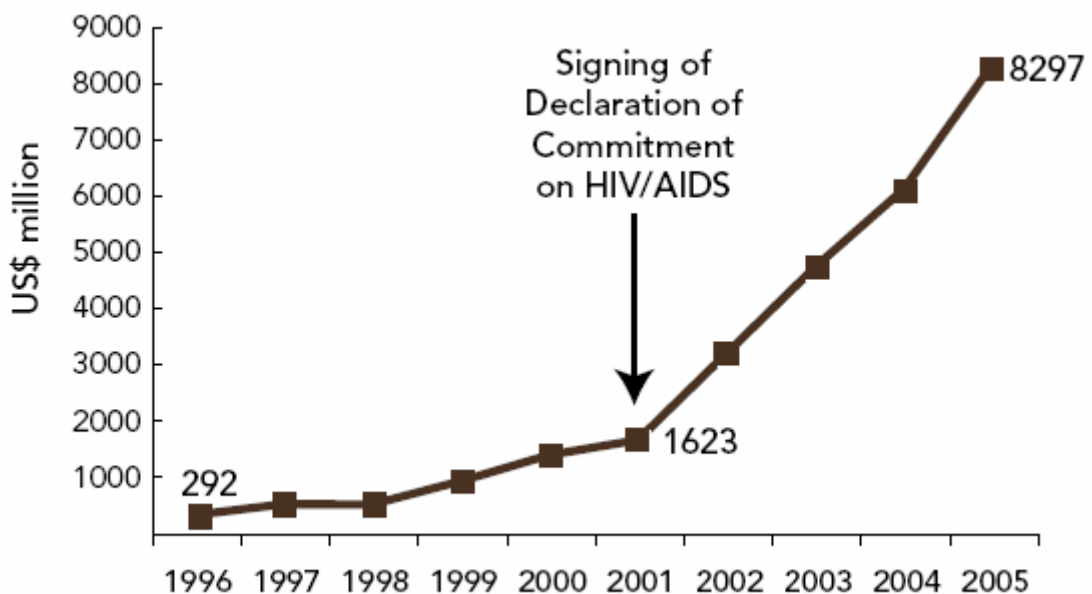
Harmonisation in a practical context means that donors and partner countries should use common arrangements and procedures under country leadership. It also means that donor missions should be joined and donors share country analyses. The new catchphrase in the development and ODA world is 'managing for results'. The idea with harmonisation is that donors and partner countries should improve their aid practices so that they reinforce each other. Criteria such as the quality of development, access to development information, monitoring and evaluation are used to measure harmonisation. Evidence on results should be channelled into processes of policy improvement and budget planning. The OECD report shows that most of the partner countries have not developed performance assessment frameworks and therefore reporting on development results was not adequate (Organisation for Economic Co-operation and Development, 2007:34). The Paris Declaration introduced a unique element of mutual accountability; the idea is that aid will be more effective if both donor and recipients are accountable to their respective publics for the use of resources made available for development. Only 44% of the countries surveyed, have a mechanism in place to measure mutual accountability, which is a shortfall of over half of the target of 100% by 2010 (Organisation for Economic Co-operation and Development, 2007:36).

8.6 Effectiveness of official development assistance with regard to HIV/AIDS

For approximately 10 years after the onset of the AIDS epidemic, governments in sub-Saharan Africa either denied that AIDS is a problem and chose to wait and see what will happen (Denis & Becker, 2006:31). While governments in the region were in the denial phase, the epidemic raged on unabated. The denial took on many forms, from outright denial that the new syndrome exists to accusations of a western plot to annihilate Africa. The WHO acknowledged that it was slow to recognise the AIDS epidemic as a global threat, but established the Global Programme for the Fight against HIV/AIDS as a vertical programme in 1987 (Denis & Becker, 2006:33). In this climate of denialism and accusations, governments were slow to respond, and if they responded to the AIDS epidemic, it was too little too late.

The level of a state’s commitment to combat HIV/AIDS can often be measured in the budget it allocates for AIDS programmes. The factors that should have an influence on a government are the size of the epidemic, the country’s policy priorities, the country’s constitutional commitments and the international principles personified in the many conventions and treaties (Guthrie & Hickey, 2004:2). The United Nations established UNAIDS, the Joint United Nations Programme on HIV/AIDS, in 1995 and its goal is to bring together the efforts and resources of co-sponsors UNHCR, UNICEF, WFP, UNDP, UNFPA, UNODC, ILO, UNESCO, WHO and the World Bank. The member states of the UN committed themselves to the international goals set by UNGASS and the Millennium Development Goals. Despite these declarations of commitment, it was a struggle from the onset of the epidemic to secure sufficient resources from governments and donors to respond effectively to AIDS. The impact that AIDS will make and is making on both the individual and society has been denied by many politicians, policy-makers, academics and community leaders (Barnett & Whiteside, 2002:5). Although aid to AIDS has been scaled up significantly since 1996, the epidemic is still out of control in sub-Saharan Africa. The signing of the Declaration of Commitment on HIV/AIDS in 2001 can be seen as the watershed in the response to the global AIDS epidemic (Figure 8.8).

Figure 8.8: Estimated total annual resources available for AIDS, 1996-2005



Source: UNAIDS. 2006. *Report on the global AIDS epidemic. A UNAIDS 10th anniversary special edition*. Geneva: UNAIDS.

During the International Conference on AIDS and STIs in Africa in 2003, role-players such as national co-ordinating bodies on AIDS, ministries of African governments, multilateral and bilateral agencies, private sector, civil society and major funding mechanisms developed key principles for national-level co-ordination of the HIV/AIDS response (UNAIDS, 2004:1). Three key principles were adopted to use as the pillars of the overall response to AIDS. These principles are known as the Three Ones:

- one agreed AIDS framework that forms the basis for co-ordinating the work of all partners;
- one national AIDS co-coordinating body with a broad-based multi-sector mandate; and
- one agreed monitoring and evaluation framework for national monitoring and evaluation.

The principles of the Three Ones fit perfectly in with the Paris Agenda's new aid architecture of ownership, alignment and harmonisation. In theory, all relevant role-players would participate in the development of national strategic HIV/AIDS plans, one multi-sector and representative body would have the mandate to oversee the AIDS programme and there would be an agreed national monitoring and evaluation framework to replace the existing multiple systems. The national AIDS authority of a country often plays the central role of co-ordination of donor funding, but other role-players such as the government, politicians, multilaterals and civil society all have an interest in a country's AIDS programme. The roles and responsibilities of all the various role-players and stake-holders are mostly unclear and vague with the result of a disjointed AIDS programme at country level.

8.7 Conclusion

Despite the known consequences of the AIDS epidemic and the numerous warnings by scholars, the development community and governments were, and in some instances still are, slow to respond. Many sub-Saharan African governments are dependent on donor funding for their HIV/AIDS programmes but they are also

struggling with corruption, governance issues and unstable political climates. Through the years, the donor community applied different styles of support to underdeveloped countries, from sector-wide support to project support, and overall, these support modalities have failed. With the Millennium Development Goals' results to be achieved by 2015, the rich, developed countries and the developing countries came to realise that something extraordinary should be done. The year 2005 will be known for the year in which donor and aid efficiency was tackled by the whole development community and which culminated in the Paris Declaration on aid effectiveness.

The reports that are available on the monitoring of the Paris Declaration are cautiously optimistic about the implementation of the declaration. Although the Paris Declaration is only two years old, the long process that preceded it can be seen as a preparation for action. There are still serious concerns about high transaction costs, ownership, quality of country systems and lack of capacity. The scaling up of funding for HIV/AIDS has forced donors and partner countries to critically look at their donor practices with the ultimate goal that the money that is available for development reaches the target.

Chapter 9 will deal with public financial management and financing HIV/AIDS as a global epidemic. The disparities between AIDS funding and other relief efforts will show that the epidemic does not receive the funding it warrants. The global call for funding for the AIDS epidemic will be discussed and attention will be given to the challenges of scaling up funding to developing countries. Two existing aid modalities will be assessed and considered for suitability to South Africa. Finally, a financing and programming model based on the UN's Three Ones, the Paris Declaration and the sector wide approach will be put forward for consideration.

CHAPTER 9: PUBLIC FINANCIAL MANAGEMENT AND THE FINANCING OF THE HIV/AIDS EPIDEMIC

9.1 Introduction

There are many international plans and institutions that set targets and give guidelines on how to manage AIDS programmes at country level. There is enough literature to show that the planning, financing and implementation of AIDS programmes in developing countries are disjointed and fragmented. The increased international political commitment during the past seven years to fight AIDS worldwide has magnified the task at hand. The scaling up of the volumes of funding for HIV/AIDS has presented many challenges, among others to translate these new commitments into spending at grassroots level and sustaining and supporting financial systems.

This chapter considers the funding disparities between AIDS and other relief efforts. The global call for funding the AIDS epidemic is discussed with reference to the international declarations and commitments. The sources and modalities of funding are discussed with reference to the multiplicity of agencies and modalities. The funding gap and the challenges of scaling up financing for the AIDS epidemic are explored.

9.2 The components of public financial management (PFM)

The management of public expenditure has four objectives (Olander, 2007:11):

- the control of aggregate expenditure of public resources in line with available resources;
- the effective allocation of resources to different areas of concern in pursuit of objectives;
- the efficient operational use of resources, such as service delivery, to ensure maximum value for money; and
- fiscal transparency through social control.

These objectives are mutually interdependent and interact with each other. All these objectives are realised through the budget process. The budget, the centrepiece in any country's public activity, is both a political and technical document (Shand, 2006:1). It is through the budget that policies are implemented, leading to service provision, among other things. Therefore, the budget process, through a sound public financial management system, is one of the most important democratic institutions (Olander, 2007:10). There is a need for budget ownership where both political and administrative role-players take greater responsibility for their own finances.

The World Bank's Public Expenditure and Financial Accountability agency highlighted the following key components for effective public financial management (Public Expenditure and Financial Accountability (PEFA), 2005:2):

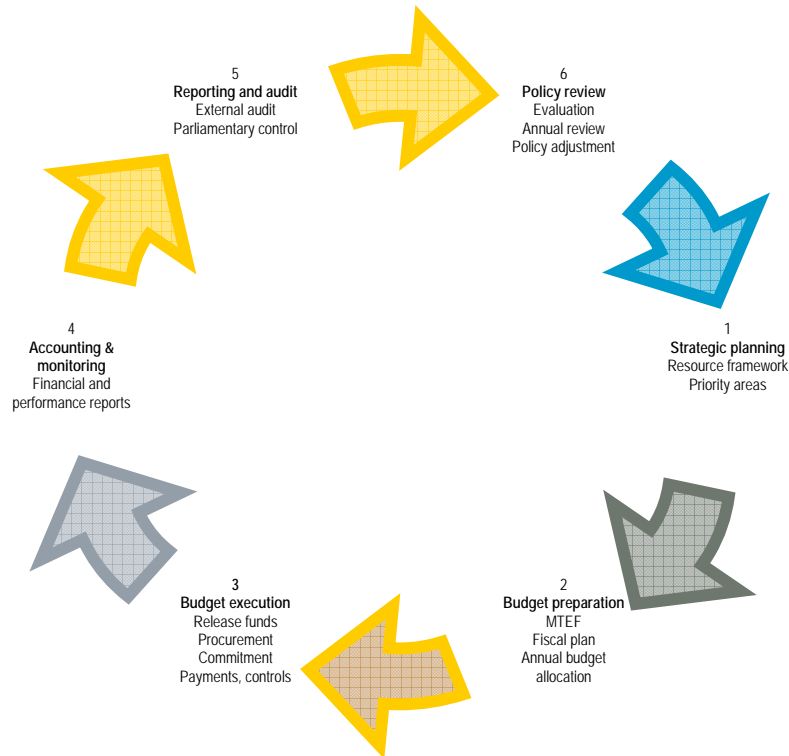
- The budget must be credible, realistic and implemented as intended.
- The budget and fiscal risks are comprehensive and the information should be available to the public.
- The budget is prepared with the country's policies in mind.
- The budget process is predictable and there are control mechanisms in place.
- An effective accounting, reporting and recording mechanism for the implementation of the budget is in place.
- Public finances should be open to scrutiny and audits.

9.3 An overview of the public financial management process

The budget is the centre of the PFM process and starts with the preparation of comprehensive annual and multi-annual plans that reflect the political priorities. Planning involves priorities that are linked to the budget and are costed with a time frame attached to activities. In the preparation of the budget, the fiscal plan, annual budget and the medium-term expenditure framework (MTEF) must be taken into consideration (Figure 9.1). After approval of the budget, it should be executed through financial management systems and with the appropriate controls in place. The public financial management process is dependent on a sound reporting system,

reporting on both financial and performance activities. Audits are dependent on the information gathered throughout the budget process and external audits ensure quality and transparency. The final element in the budget process is policy review, where evaluations and review outcomes are used to update and adjust policies. Then the whole process starts again with the planning activity.

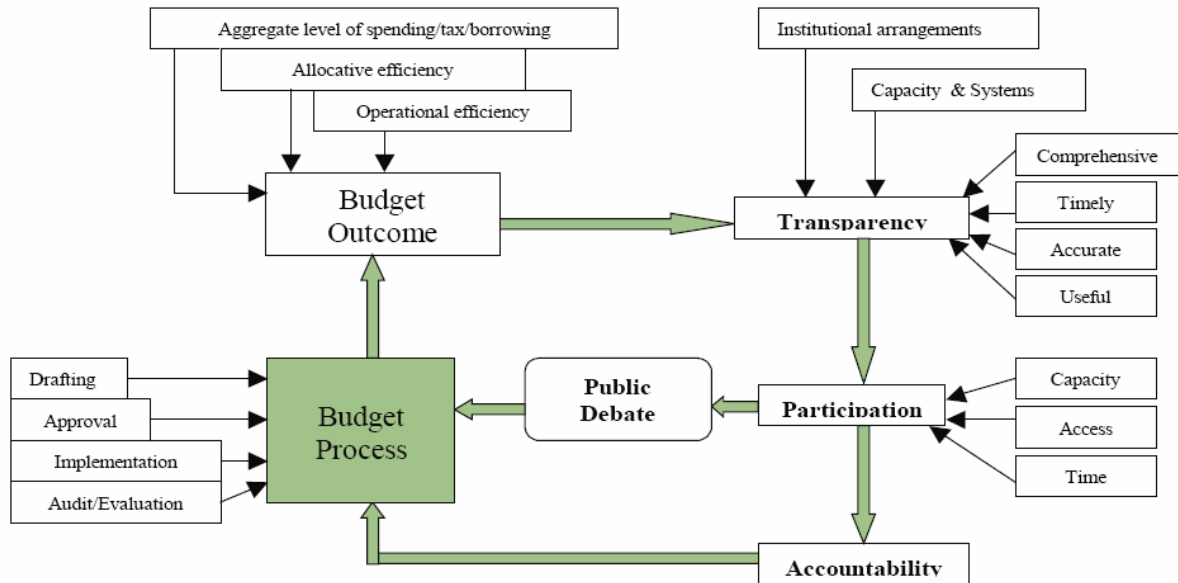
Figure 9.1 The budget process



Source: Olander, S. (ed.) 2007. *Public Financial Management in development cooperation*. Stockholm: Sida.

The major actors in the PFM system are the ministry of finance, the government departments in all spheres of government, parliament and the auditor general.

Figure 9.2 Budget process relations



Source: Economic Commission for Africa. 2005a. Assessing public financial management and accountability in the context of budget transparency in Africa. Addis Ababa: UNECA

Fiscal transparency is important in a budget system for oversight, accountability, participation and sanction in the pursuit of good economic practices (Figure 9.2). The requirements for successful fiscal transparency practices are political will and commitment; commitment to fight corruption; a strong legal framework and enforcement mechanisms and citizen participation (Economic Commission for Africa, 2005a:6). The primary concern of public financial management is how to utilise public resources effectively and efficiently to meet the needs of the community in an equitable manner (Economic Commission for Africa, 2005c:56). In the light of the scaling up of funding to the HIV/AIDS epidemic, the importance of an efficient and effective public financial management system cannot be overemphasised.

9.4 Disparities between global HIV/AIDS funding and other relief efforts

On 26 December 2004, a tsunami in south-east Asia created a disaster of enormous proportions which left 283 000 people dead and created millions of dollars' damage

(Christi, Asrat, Jiwani, Maddix & Montaner, 2006:2). The images of monster waves smashing everything in its path and displacing people looking for their loved ones flooded the world media. The international community responded immediately with pledges of relief. Rescue workers, medical staff and relief workers streamed to the affected areas with assistance.

In contrast to the tsunami disaster, the response to the AIDS epidemic was slow and relatively small. The AIDS epidemic has a long-wave effect and the disaster only became visible after some years. When people are ill and dying, it is almost too late to start with emergency response to the epidemic. Then there is the question of how many people are infected and how many are affected. Initially, all these factors made the AIDS epidemic difficult to be classified as a disaster, but 25 years into the epidemic with more than 25 million people who succumbed to AIDS, about 38 million people infected and millions more affected, makes a decisive case for the declaration of a disaster. When a costing comparison is made between AIDS and a potentially global epidemic such as the avian flu in 2004 (Figure 9.1), it is clear that costs to the AIDS epidemic fall significantly short. The question is: who is vulnerable, who is infected and who will be affected? In 2004, the international community spent US \$1.9 billion on combating avian flu which equals a ratio of funding to cases of US \$11.9 million per case, while the AIDS epidemic's ratio of funding per case was US \$153.

Table 9.1: Comparison between AIDS and avian flu in 2004

	HIV/AIDS	Avian Flu
Numbers affected	40,000,000	160 cases
Number of deaths	3,100,000	85
Funding committed (US \$)	6,100,000,000	1,900,000,000
Ratio of funding to deaths (US \$)	1,968/death	22,000,000/death
Ratio of funding to affected (US \$)	153/case	11,900,000/case

Source: Christi, T., Asrat, G.A., Konig, F., & Montaner, J.S.G. 2006. *An ethical analysis contrasting international HIV/AIDS relief efforts with relief efforts for other diseases and disasters*. XVI International AIDS Conference, Toronto, Canada. 13-18 August (Available on CD-Rom).

Even when a comparison is made between the AIDS epidemic and other disasters such as the south-east Asia tsunami or Hurricane Katrina, the AIDS epidemic gets the short end of the stick. Hurricane Katrina killed 1 417 people, affected 1.4 million people and US \$62.3 billion was committed for relief work (Figure 9.2). In the aftermath of the south-east Asia tsunami, governments, non-governmental organisations, faith-based organisations, and individuals of the public demonstrated their collaboration to co-ordinate the largest humanitarian relief effort in history (Christi Asrat, Konig & Montaner, 2006:2).

Table 9.2: Comparison between AIDS and other disasters in 2004

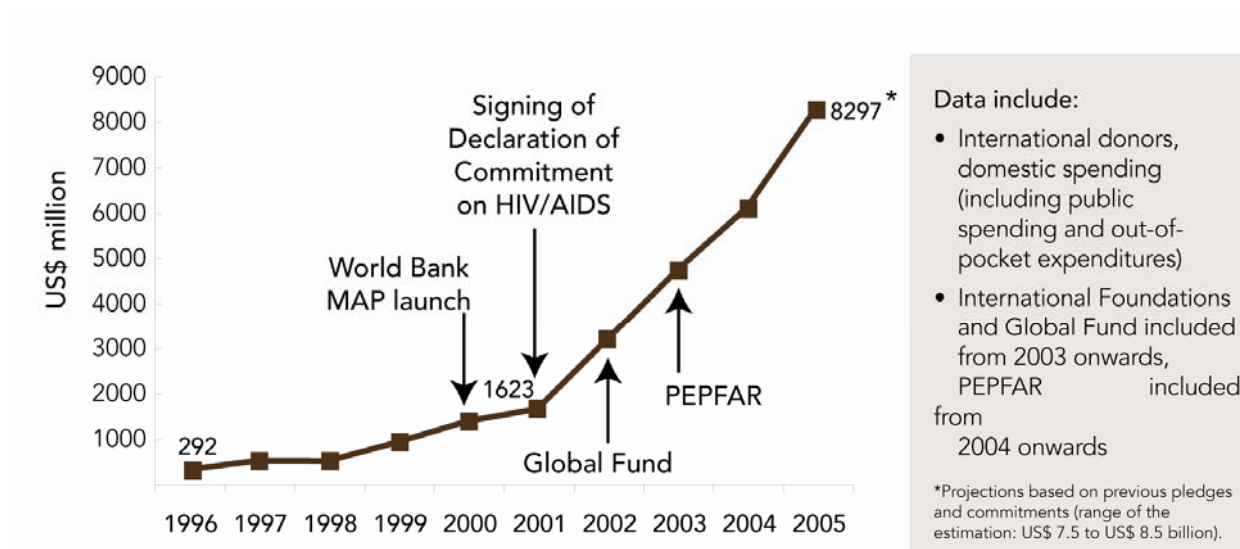
	Hurricane Katrina	South-east Asia tsunami	HIV/AIDS
Numbers affected	1,400,000	3,000,000	40,000,000
Number of deaths	1,417	283,000	3,100,000
Funding committed (US \$)	62,300,000,000	10,000,000,000	6,100,000,000
Ratio of funding to deaths (US \$)	33,900,000/death	35,336/death	1,968/death
Ratio of funding to affected (US \$)	44,286/case	3,333/case	153/case

Source: Christi, T., Asrat, G.A., Konig, F., & Montaner, J.S.G. 2006. *An ethical analysis contrasting international HIV/AIDS relief efforts with relief efforts for other diseases and disasters*. XVI International AIDS Conference, Toronto, Canada. 13-18 August (Available on CD-Rom).

9.5 Global call for HIV/AIDS funding

In the beginning of the 21st century, financing of the global HIV/AIDS epidemic intensified with a renewed commitment from both the developing and developed world. It was clear that to combat the spreading epidemic, it could not be 'business as usual'. A worldwide call was made to scale up funding for the MDGs and in particular for the AIDS epidemic. The year 2001 can be seen as the watershed in commitments made to HIV/AIDS (Figure 9.3) as funding almost more than doubled from 2001 to 2002.

Figure 9.3 Estimated total resources available for HIV/AIDS 1996 – 2005



Estimated total annual resources available for AIDS, 1996–2005

Source: Piot, P. 2006. *Innovative financing: Exceptionality of AIDS*. Brookings Institution and Health Financing Task Force, Washington, D.C. [Online] Available at: <http://www.unaids.org> [Accessed: 31 December 2007].

9.5.1 Abuja Declaration

During the Abuja summit in Nigeria in 2001, the heads of state and government of the Organisation of African Unity (OAU) declared that they considered AIDS as a state of emergency in the continent (United Nations Economic Commission for Africa (UNECA), 2001:3). In the Abuja Declaration, the delegates committed their countries to a comprehensive response to the epidemic and also requested the donor community to complement Africa’s resource mobilisation efforts. The Abuja Declaration can be viewed as a milestone in the African continent’s response to the AIDS epidemic.

9.5.2 UN Declaration of Commitment on HIV/AIDS

During June 2001, with the UN Declaration of Commitment on HIV/AIDS, the heads of state and government representatives acknowledged that AIDS is a global crisis

and needs global action. The UN Declaration of Commitment on HIV/AIDS recalled and reaffirmed previous commitments made on AIDS (Table 9.3). One of the key focuses of the declaration was to mobilise funding for the AIDS epidemic.

Table 9.3: Commitments to combat HIV/AIDS up to 2001

1999 –	The commitments to implement the programme of action of the International Conference on Population and Development
2000 –	The United Nations Millennium Declaration
2000 –	The commitments of the World Summit for Social Development
2000 –	The declaration to implement the Beijing Declaration and Platform for Action
2000 –	The declaration of the Tenth Ibero-American Summit of Heads of State
2000 –	The Baltic Sea Declaration on HIV/AIDS Prevention
2001 –	The regional call for action to fight HIV/AIDS in Asia and the Pacific
2001 –	The Abuja Declaration and Framework for Action
2001 –	The Pan-Caribbean Partnership against HIV/AIDS
2001 –	The European Union Programme for Action: Acceleration Action on HIV/AIDS, malaria and TB
2001 –	The Central Asian Declaration on HIV/AIDS

Source: UNAIDS. 2003b. Declaration of Commitment on HIV/AIDS. [Online] Available at: http://data.unaids.org/publications/irc-pub03/aidsdeclaration_en.pdf [Accessed: 12 July 2007].

Despite the many declarations and commitments to implement programmes of action on HIV/AIDS, the actual implementation was slow. This was due to a lack of funding on the one hand and the lack of political commitment on the other.

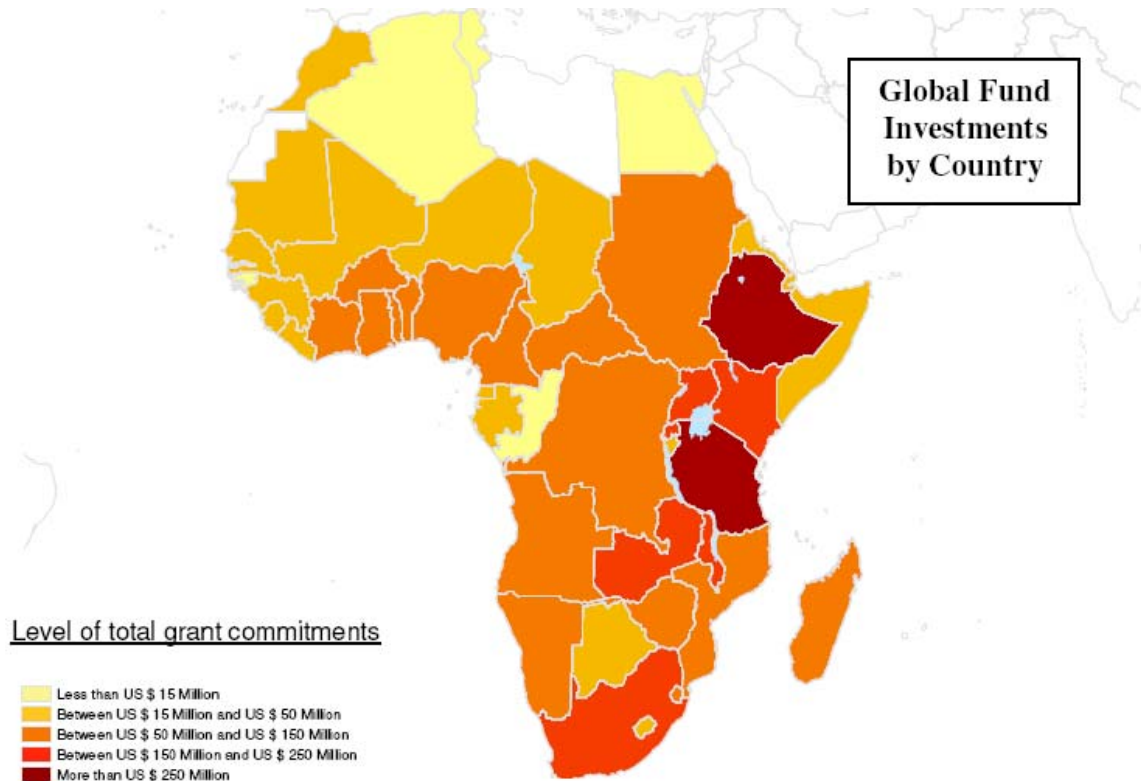
9.5.3 The Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM)

The GFATM or Global Fund for short, was created in 2002 to finance the world's fight against AIDS, tuberculosis and malaria. In sub-Saharan Africa, HIV infection is the driver of the tuberculosis and malaria epidemics, as HIV-infected people are more susceptible to diseases. The Global Fund is based on a model of lessons learned from years of experience in development finance and based on the following three principles (Global Fund, 2007):

- investing in local priorities;
- fostering partnership to achieve impact; and
- spending money where it matters most.

The Global Fund has disbursed US \$3.2 billion up to 2006 in almost every country on the continent. Sub-Saharan Africa received the biggest share of the Global Fund (Figure 9.4) because the burden of disease is the greatest.

Figure 9.4: Global Fund investments by country, 2006



Source: Global Fund. 2007. *A force for change: the global fund to fight AIDS, Tuberculosis and Malaria*. [Online] Available at: http://www.theglobalfund.org/en/files/publications/factsheets/africa/Global_Fund_Africa_Update_January2007.pdf [Accessed: 12 July 2007].

9.5.4 The UN Millennium Project

The UN Millennium Project was commissioned in 2002 with the aim of developing an action plan for the world to turn around poverty, eradicate diseases and end hunger (UN Millennium Project, 2005). About one-sixth (about 1 billion) of the world's people live in abject poverty. The project assists developing countries to speed up implementation and delivery to achieve the MDGs. Although the Millennium Project's task forces have started with some pilot countries, the donor countries have been requested to keep up their end of the global deal by matching the 0.7 pledge they made.



9.5.5 Gleneagles

At the Gleneagles Summit of 2005 the world leaders pledged to double aid to developing countries to reach US \$50 billion by 2010 (G8, 2005). The summit acknowledged African leaders' commitment to reduce poverty and disease and promote economic growth. Aid to reach the MDGs by 2015 was reaffirmed and special mentioning was made of the support for AIDS. The world leaders also agreed to cancel the debt of very poor countries.

9.6 Sources and forms of funding for HIV/AIDS

From the onset of the AIDS epidemic, the battle to secure funding was fierce. Because of the nature of the AIDS epidemic and with the stigma attached to it, it was difficult to obtain leadership commitment and funding. After the United Nations made the commitment to establish UNAIDS, the epidemic received more attention and commitment for funding. Subsequently, funding the AIDS epidemic has become an industry on its own with governments, private funds and multilateral organisations pledging money to curb the disease.

9.6.1 Forms of funding for HIV/AIDS

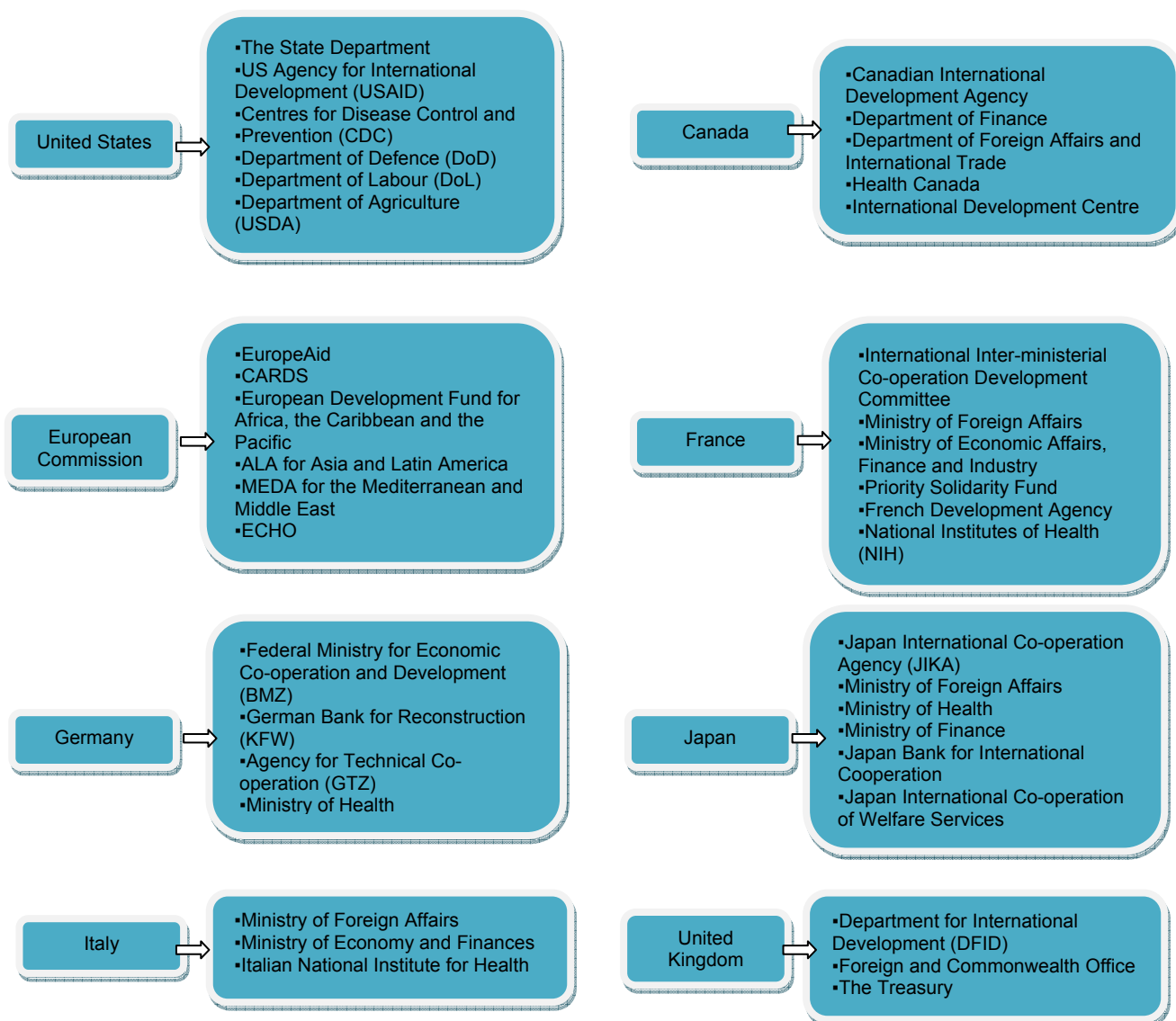
There are many forms of financial and other assistance to deal with HIV/AIDS, such as official development assistance (ODA) and official assistance (OA) for respectively developing and transitional countries (Kates, 2005:4). The financial assistance can be in the form of grants, loans, concessional loans, commodities and/or technical assistance and can be channelled through bilateral, multilateral and/or direct support. Donor funding can be volatile due to factors like the length of funding cycles, disbursement rates, regionalism, tied funding and conditionality. At recipient country level, 25 donors simultaneously each with its own administrative and monitoring and evaluation system, presented difficult challenges.

9.6.2 Sources of funding for HIV/AIDS

Donor governments have organised their financial support to developing countries through the Organisation for Economic Cooperation and Development's

Development Assistance Committee (OECD/DAC). Among the DAC, the G7 provides about 75% of development assistance and together with Sweden and the Netherlands also provides the greater part of ODA for HIV/AIDS (Kates & Lief. 2006:3). Within some of the G7 countries and the European Commission there are multiple agencies, programmes and projects to manage ODA for AIDS.

Figure 9.5: Agencies and departments for HIV/AIDS assistance (EC & G7)



Source: Adapted from: Kates, J. & Lief, E. 2006. *International assistance for HIV/AIDS in the developing world: Taking stock of the G8, other donor governments and the European Commission*. The Henry J. Kaiser Family Foundation. [Online] Available at: <http://www.kff.org> [Accessed: 13 July 2007].

The US channels funding to HIV/AIDS programmes/projects through seven different agencies. The US has further launched a special HIV/AIDS initiative, the US President's Emergency Plan for AIDS Relief (PEPFAR) in 2003, a five-year US \$15 billion initiative to respond to HIV/AIDS, TB and malaria (Kates & Lief, 2006:5). The EC and G7 have 40 agencies/departments channelling funding to HIV/AIDS programmes alone. The donor governments' financial contributions for AIDS programmes are through bilateral and multilateral commitments. In 2004, some US \$1770,3 was committed of which US\$1327.1 was disbursed (Table 9.4). The estimated disbursement rate in 2004 was 75%. The most important multilaterals in the AIDS arena are the Global Fund, the World Bank and the United Nations.

Table 9.4: DAC members' support (in US\$ millions) to HIV/AIDS in 2004 (confirmed figures)

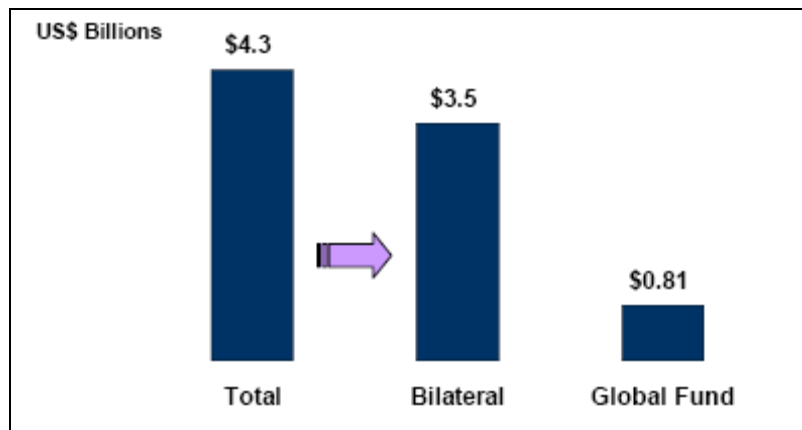
Donors	Bilateral commitments	Imputed multilateral commitments	Total HIV/AIDS commitments	Bilateral disbursements
Australia	3.7	12.2	15.9	.*
Austria	1.2	3.6	4.8	0.9
Belgium	30.4	21.4	51.8	11.5
Canada	134.3	26.2	160.4	73.6
Denmark	9.2	22.7	31.9	5.4
Finland	4.7	7.3	12.0	.*
France	11.1	135.3	164.4	3.5
Germany	84.5	76.9	161.3	27.1
Greece	0.6	2.1	2.7	0.6
Ireland	5.8	5.5	11.3	5.8
Italy	2.4	16.9	19.3	3.0
Japan	3.1	80.6	83.7	7.3
Luxemburg	3.6	2.1	5.7	3.6
Netherlands	90.5	83.6	174.1	50.0
New Zealand	0.7	1.4	2.1	0.6
Norway	15.4	42.7	58.1	27.4
Portugal	0.1	2.1	2.2	0.1
Spain	7.5	23.1	30.6	7.5
Sweden	58.2	52.9	111.1	46.8
Switzerland	7.8	10.0	17.7	5.5
United Kingdom	120.8	76.5	197.3	134.7
United States	1107.4	326.5	1438.8	901.3
European Commission	67.4	29.3	96.7	10.8
Total DAC members	1770.3	1031.6	2801.8	1327.1

*Data not available

Source: Adapted from: Organisation for Economic Co-operation and Development (OECD). 2005b. *Measuring aid in support of HIV/AIDS control*. [Online] Available at: <http://www.oecd.org/dataoecd/35/52/37266050.pdf> [Accessed: 21 June 2007].

Other sources of funding for HIV/AIDS in addition to bilateral and multilateral funding are the private sector and domestic resources. The private sector contribution includes charitable and philanthropic organisations, corporations, international NGOs and individuals. During 2005, a total of US \$4.3 billion was committed for the AIDS epidemic, of which US \$3.5 billion was bilateral commitments (Figure 9.6).

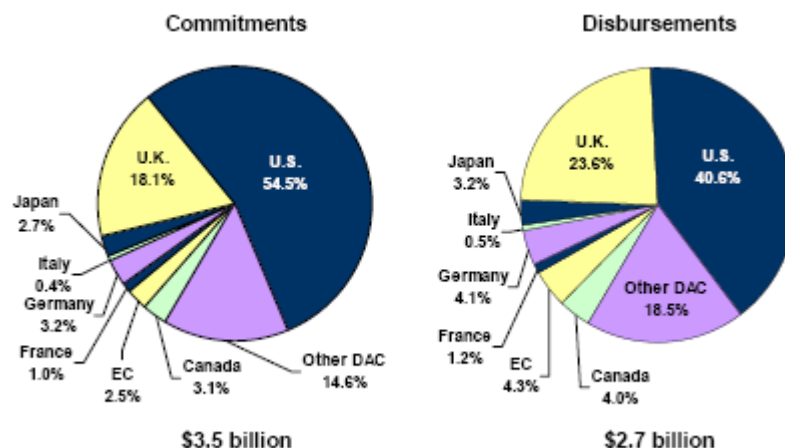
Figure 9.6 Total G7, EC and other donor government commitments for AIDS, 2005



Source: Kates, J. & Lief, E. 2006. *International assistance for HIV/AIDS in the developing world: Taking stock of the G8, other donor governments and the European Commission*. The Henry J. Kaiser Family Foundation. [Online] Available at: <http://www.kff.org> [Accessed: 13 July 2007].

Although the US committed the highest amount of funding to the AIDS epidemic in 2005, its overall aid commitments was 0,22 of GNI, less than 32% of the UN target of 0.7 of GNI (Organisation for Economic Co-operation and Development (OECD), 2005b). The debate of assessing 'fair share' has been ongoing for many years. The OECD and UN use 'fair share' as 0,7% of GNI and countries who reached the target, are known as the 0,7 countries. Issues such as relative wealth, the 'total' that is needed for AIDS, the way share is measured as GNI or GDP and other donor contributions not officially tallied are debated. This is a complex issue and the way in which share is calculated will affect the answer directly. The debate includes: who can receive aid and when? Russia, for example, a member of the G8, is a recipient of international assistance for HIV/AIDS, but did, in 2005, contribute to the Global Fund.

Figure 9.7: G7 and EC as share of bilateral commitments and disbursements for AIDS, 2005



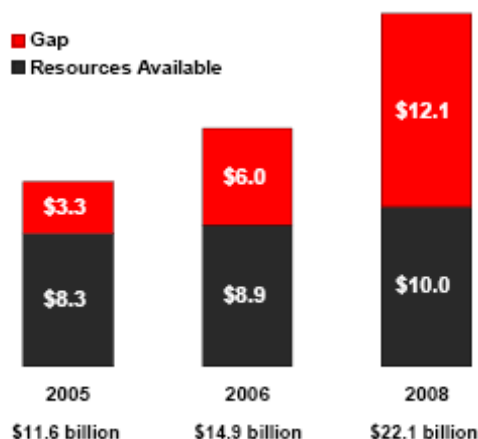
Source: Kates, J. & Lief, E. 2006. *International assistance for HIV/AIDS in the developing world: Taking stock of the G8, other donor governments and the European Commission*. The Henry J. Kaiser Family Foundation. [Online] Available at: <http://www.kff.org> [Accessed: 13 July 2007].

The disbursement rate for HIV/AIDS in 2005 was approximately 77%. Despite the US \$3.5 billion committed and US \$2.7 billion disbursed in 2005, the global AIDS programme needs more support.

9.7 The funding gap

In 2006, UNAIDS estimated that the global HIV/AIDS programme will need US \$14.9 billion, compared with the US \$8,9 billion available (Kates & Lief, 2006:16). UNAIDS further estimates that by 2008, the funding gap will be more than half of available money. With 2015 and the MDG achievement looming, the importance of HIV/AIDS should not be underestimated. Six of the MDGs are closely linked with the AIDS epidemic and if the epidemic is not resolved adequately, the achievement of the MDGs will not be realised.

Figure 9.8 Funding available compared with estimated need



Source: Kates, J. & Lief, E. 2006. *International assistance for HIV/AIDS in the developing world: Taking stock of the G8, other donor governments and the European Commission*. The Henry J. Kaiser Family Foundation. [Online] Available at: <http://www.kff.org> [Accessed: 13 July 2007].

9.8 Scaling up HIV/AIDS financing

Some issues relating to scaling up of HIV/AIDS financing are the discrepancy between pledged, committed and disbursed funding; the comparison of AIDS budgets to resources spent in other health areas like TB; utilisation of funds for the right programmes; the disbursement rate; corruption; the effective and efficient use of funding channels; the fair allocation of resources; and the absorption capacity of countries.

9.8.1 The money must work effectively

Aid for HIV/AIDS is mostly going to countries that are dependent on aid to achieve most if not all of their development goals. The multiplicity of funding modalities in the donor field makes the absorption and spending of aid a challenge. The ideal is that aid should be absorbed and spent for the appropriate development programmes. As illustrated in Figure 9.7, the EC and G7 could channel their funds through 40 different agencies, and adding up the other bilateral donors and private sector donors, the situation for the recipient of aid can be overwhelming. The new aid architecture, which is based on harmonisation, co-ordination, alignment and managing for results,

is difficult to implement with vertical initiatives such as PEPFAR, the Global Fund and the World Bank's Multi-country HIV/AIDS Programme (Saasa, 2007). The challenge is to make the available money work effectively for countries. The aid modalities, general budget support (GBS) and sector-wide approach (SWAp), have been acknowledged to have advantages under the new aid architecture.

9.8.2 General budget support (GBS)

General budget support (GBS) or direct budget support is a method of financing a recipient country's budget by means of a transfer of money from an external financing agency to the recipient country's national treasury. This method can be seen as a joint mechanism of both donor and government to channel external funds through national budgets, thus utilising the recipient country's financial systems to complement national budgets on nationally agreed priorities (Merid, 2006). The goal of direct budget support is to provide predictability and flexibility on funding flow to the partner country. It also gives the donor a platform for political dialogue in which donors can influence recipient countries' policy. Because policies and priorities are developed and defined by the recipient country, there are ownership and buy-in for development initiatives. The recipient country's financial management and procurement system will be utilised and in the process institutional capacity will be improved while transaction costs are reduced. The general budget support method embraces the adoption of internationally accepted accounting and audit systems by the recipient, while donors agree on one reporting mechanism. The method, if practised effectively, should see a shift from conditionality to true partnership. A key principle of GBS is maintaining overall transparency of all processes all the time.

General budget support embraces the fundamental principles of the Paris Declaration, namely ownership, alignment harmonisation and managing for results. The advantages of GBS are lower transaction costs, efficient allocation of public funds, more predictability of aid flows, enhancement of government systems and more accountability on domestic expenditure (Saasa, 2007).

9.8.3 Sector-wide approach (SWAp)

Sector-wide approach (SWAp) is a set of operating principles whereby donors and development partners work together in support of public sector programmes to improve the efficiency and effectiveness of resource utilisation in a specific sector. The approach with SWAp is much the same as with general budget support, but with the focus on a specific sector's budget, not the national budget. In the case of HIV/AIDS, the focus will be on the health sector, and in particular the HIV/AIDS programme of the recipient country. Some of the benefits to the recipient country are medium- to long-term funding and basket funding from donors. The emphasis is on sustained partnerships and joint ownership, and the utilisation of existing management arrangements of the recipient country.

9.9 Financing HIV/AIDS Interventions

The AIDS epidemic is special and for many years organisations and individuals fought hard for it to be recognised as a global threat. To change the funding modality of HIV/AIDS so that it disappears into an overall budget, may push back the gains made to date. Due to the nature of the epidemic, clouded in stigma, discrimination and denial, it is imperative to separate funding initiatives and highlight the epidemic as a global threat. HIV/AIDS interventions could be considered under the SWAp method of funding with the UN's Three Ones and the Paris Declaration on Aid Harmonisation as guiding principle. There are numerous initiatives to make aid easier to give and receive, but the practice is not as easy as the theory.

9.10 Challenges of existing funding modalities

Despite the adoption of the Paris Declaration for Aid Harmonisation, multiplicity in funding methods still exists. The new aid architecture is based on harmonisation, co-ordination, alignment and managing for results. Vertical funding programmes like PEPFAR, the Global Fund and the Clinton HIV/AIDS Initiative compromise the Three Ones initiative of the UN. Because the AIDS epidemic is multidimensional and multisectoral in character, to fund AIDS initiatives only is difficult (Saasa, 2007). Prevention activities include treatment for tuberculosis and sexually transmitted

infections (STIs), condom procurement and distribution, research on cultural practices, gender issues, sex and sexuality, gender-based violence and attitude and behaviour change. Although these interventions are not HIV/AIDS activities, they are closely linked to the epidemic.

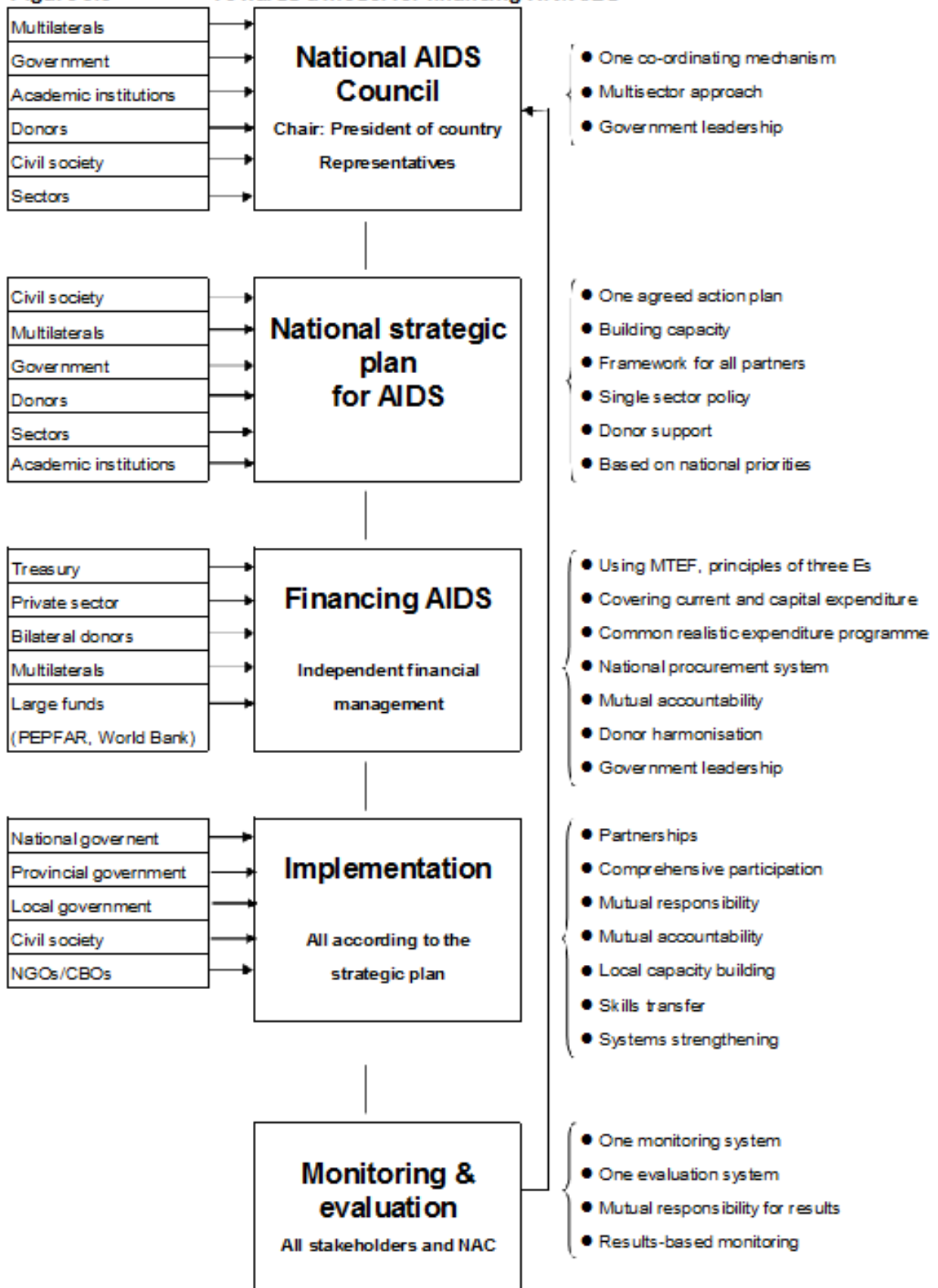
Many developing countries have limited institutional capacity to absorb and spend the additional donor funding. South Africa as a middle-income country has huge capacity challenges, especially in the healthcare sector. Although the South African government has made adequate funds available to implement the National Strategic Plan for HIV/AIDS 2007-2011, creative new ways should be found to build systems and capacity to spend the money according to the plan.

9.11 Towards a model for financing HIV/AIDS

A model for financing HIV/AIDS should be developed and implemented. This model could be used to build capacity, strengthen systems and institutions and incorporate internationally agreed conventions and agreements. The principles of the Three Ones, namely that there should be one agreed HIV/AIDS action framework providing the basis for co-ordinating the work of all partners, one national AIDS coordinating authority with a broad-based multisectoral mandate and one agreed country-level monitoring and evaluation system, fit well into the SWAp framework. Both these modalities have elements of the Paris Declaration which, when applied to HIV/AIDS as a sector, could provide a practical model.

The proposal is to remove the HIV/AIDS programme out of government and establish a multisectoral broad-based authority with the highest political figure at its head, preferably the president of the country. The National AIDS Authority would consist of members nominated by sectors and this authority would oversee the HIV/AIDS Programme of the country. The establishment of an AIDS stabilisation fund would assist with a rapid response in service delivery scale-up. The stabilisation fund would function as a reservoir for all funds committed to HIV/AIDS, both domestic funds and donor funds (Lewis, 2005:5). One financial and one monitoring and information system will assure harmonisation among donors and alignment of donors with the country's priorities and systems.

Figure 9.9 *Towards a model for financing HIV/AIDS*



Source: Own model

In this model the National AIDS Council (NAC) will have an oversight role of a country's AIDS programme. As mentioned before, the NAC should consist of sector representatives who will also assume an advisory role. The NAC will co-ordinate all activities relating to the AIDS programme through a multisectoral approach and government leadership and commitment. The country will have a national strategic plan for HIV/AIDS developed by all role-players: government, civil society, multilaterals, sectors, donors and academic institutions. The plan will be the framework for all partners and it should be based on national priorities which will ensure ownership. The biggest problem facing the implementation of a country's AIDS programme is the fragmentation thereof at all levels. The planning, financing, implementation, monitoring and evaluation of the AIDS programme take place at different levels, through different institutions and different agendas.

Financing of the model is based on the principles of the Paris Declaration on aid harmonisation and alignment with the alignment of all finances to the country's public financial management and procurement systems. The members of the NAC should have mutual accountability with regard to the planning, financing, implementation, monitoring and evaluation of the AIDS programme. The programme should be based on partnerships and where possible government and other systems should be strengthened through a framework of capacity building. The model aims to have one strategic framework, one overarching and representative management body, one financial system, one monitoring system and one evaluation system. This will harmonise all efforts in order to pool finances, identify gaps and provide a tool for rapid response to emergencies. All the role-players will be mutually responsible and accountable for results.

9.12 Conclusion

The impact of the AIDS epidemic has urged a great response from the international community and after many years of struggling to obtain funding, financing for HIV/AIDS has now been scaled up dramatically. HIV/AIDS programmes in the developing world, especially sub-Saharan Africa, have received large amounts of

funding over the last five years. The question now is: how will the developing countries be able to spend the funds, and will the funding be spent on the right programmes? Limited resources in the public health delivery system and weak institutions could limit the flow of aid and undermine absorption of funds.

The cost and impact of the epidemic in human lives and suffering cannot be counted and billions of US dollars have been spent to alleviate the impact of the epidemic. Billions more will be spent, but is the effort enough? Not only need the HIV/AIDS mitigation programmes to be more effective, there is a need to implement changes in the way ODA is mobilised and supplied to partner countries.

CHAPTER 10: CONCLUSION: THE PUBLIC POLICY IMPACT OF THE CHANGING OFFICIAL DEVELOPMENT ASSISTANCE IN FINANCING THE HIV/AIDS RESPONSE IN SOUTHERN AFRICA

The purpose of Chapter 1 was to describe the character, objectives and need to investigate the public policy impact of the changing official development assistance (ODA) in financing the HIV/AIDS response in southern Africa. The need for this study is highlighted in the fact that since the onset of the AIDS epidemic there was a massive scaling up of donor and national funding for the epidemic, and the ODA scene changes, often which makes the response to the epidemic challenging. Almost three-quarters of the world population who are infected with HIV live in sub-Saharan Africa, the poorest region in the developing world. The AIDS epidemic is closely linked to development and *inter alia* to the world of development assistance.

This is a qualitative and descriptive study, based on a literature study utilising a deductive approach in the fields of public administration, public financial management, development, development administration, HIV/AIDS and official development assistance (ODA). The data gathering consisted of a literature review, conference participation and participation in various regional and international high-level meetings on HIV/AIDS, development and ODA.

This study has the possibility to make an academic input in the field of public administration, specifically policy analysis in public financial management and development. The study also has the potential to make a contribution to the method of financing HIV/AIDS programmes at country level. History has shown that there is very little evidence of southern African governments succeeding in managing the response to AIDS, both from their own budgets and donor funds, in a manner to 'make the money

work' for the epidemic. Should policies be implemented effectively, the ultimate beneficiaries are the people of southern Africa whose lives will be improved.

One of the most important assumptions that were made is that development is good for people living in underdeveloped/developing countries. This study did not aim to contribute to the development theory debate of what development is and whether it was good or bad for the poor people in the world. As in most investigations of this nature, there are many limitations to this study. The fields of public administration, development, HIV/AIDS, and official development assistance are wide and this study does not claim to cover all aspects of these topics. It is also not possible in a broad study like this to go into any depth in individual countries' development and public financial issues.

The problem statement reflects issues relating to public financial management, development, HIV/AIDS and ODA. It is an acknowledged fact that for developing countries in sub-Saharan Africa to attain the Millennium Development Goals (MDG), special attention needs to be given to HIV/AIDS. Should the AIDS pandemic not be resolved appropriately, almost all the MDG might be in jeopardy. The Paris Declaration on aid effectiveness, harmonisation and alignment does not make any provision for safeguarding funds for the mitigation of the impact of HIV/AIDS in recipient countries. The United Nations' UNAIDS has made it clear that to effectively attain any development goals in the developing world, mainstreaming of HIV/AIDS in all development activities needs to be done. The research question: Will the changing international official development assistance environment have an influence on financing the response to HIV/AIDS in the developing countries of Southern Africa? culminated in the topic of the study: **The public policy impact of the changing official development assistance in financing the HIV/AIDS response in southern Africa.**

The different concepts associated with public administration, development, HIV/AIDS and official development assistance used in the thesis were discussed to clarify the meanings of words and terminologies.

Chapter 2 was devoted to the contextualisation of public administration. The historical development of the discipline and the practice of public administration were discussed to put modern public administration or new public management into the context of the 21st century. The development of administrative theories and schools of administrative theories were briefly discussed to give a broader picture of the different disciplines that influenced public administration. An attempt was made to define public administration and explain its role in government and the state. The last part of the chapter expanded on the generic functions of public administration, policy-making, financial administration, human resources, organisation, methods and procedures, control and management.

The main observation that could be made following the discussions in this chapter is that the role of public administration in developing countries is of crucial importance. The public sector cannot divorce itself from development issues and plays an important, if not the most important role, in the development framework of a country. Should the government fail, the development efforts fail and the people are the losers.

Development is a multidimensional and multifaceted concept, linked to globalisation, economics, politics, and social and cultural issues. It has a language of its own that describes the focus and locus of the terminology, like the Third World, the south, underdevelopment and developing countries, which evoke up images of poverty, squalor, famine, illness and Africa, while the developed world, the north, the industrialised world and the western world relates to modernisation, progress and wealth.

Chapter 3 endeavoured to look at where modern development started, what started it and why it is such a contentious issue. The period after World War 2 and the end of colonialism were highlighted as the beginning of development, or modernisation. The trends in development theory were briefly discussed as a background for the discussion on the emergence of a development theory. The purpose of this chapter was to give a brief history of development and development theory to lay the foundation for discussing

the challenging issues the developing world is facing today. There is also an introduction to the international goal-setting system regarding development.

The main reflection of this chapter, is that modern official development assistance is the legacy of 50 years of development theory and development administration theory practised in the developing countries by the developed countries. The literature shows that in the past, development efforts have been less than successful, indeed some scholars call it a miserable failure.

Chapter 4 shows that globalisation has opened the boundaries of the state and the causes and consequences of its political, social, health and economic decisions are not contained by its borders. Globalisation affects everyone; individuals, communities, countries, regions and institutions. The impact of HIV/AIDS on countries, their neighbours and indeed the world is a case in point. Globalisation tends to shape not only the organisational character of the administrative state, but also the managerial dimension of public administration. It is increasingly recognised that good governance is significant in a country's developmental processes to ensure that globalisation benefits all. The state, in partnership with business and civil society, has a key role to play in attaining a good life for all its citizens.

The role of the state and how it has changed with the advance of globalisation were discussed, as well as how the focus has shifted to the ability of the state to strengthen its capacity to effectively manage in a changing and complex situation. The state's role has changed from a hands-on management and the direct deliverer of service and goods to facilitating an enabling environment and framework for private sector participation. The economic role of the state has shifted to that of regulator of financial institutions to ensure fair competition and maintain safety and soundness of financial systems. It has increasingly become clear that the success of a country's development programmes hinges on the country's effective economic policies and good governance.

Globalisation through international goal-setting, international scrutiny and international institutions has played a role in the shaping of the new state. Good governance and human rights have become the criteria to which citizens hold their governments accountable. Through communication, and through easy and cheap transportation, people have become global citizens demanding to participate in the good life.

In the light of globalisation, where all people want to be part of a good life, the situation in sub-Saharan Africa was discussed in chapter 5. The region is poor and despite the development efforts over the past 60 years, the situation is not getting any better. In most developing countries, governments are the major employer and service provider. Governments and public administrations in developing countries play an important role in the pursuit for sustained economic growth and sustainable development. The United Nation's Global Monitoring Report of 2005 states that one of the most difficult challenges that face sub-Saharan African governments is the scaling up of service delivery and all it entails. Skilled service providers, infrastructure and resources form indispensable ingredients in the mix of scaling up service delivery. Governments are faced with many international and regional organisations' goals and reporting mechanisms, while they also have to come to grips with the problems and challenges facing their own administration.

The environment in which public administration functions in sub-Saharan African countries is affected by internal problems and challenges such as national debt, corruption in governments, human rights violations, poverty, conflict, HIV/AIDS and other infectious diseases, as well as famine. The administration is also expected to report on the many economic, social, health and developmental goals that were set by both international and regional organisations. Most sub-Saharan African countries are poor and dependent on donor funding and assistance. The very issues that they have to report on are the issues they grapple with at domestic level. Although sub-Saharan Africa needs a huge amount of resources if it wants to meet the Millennium Development Goals, the lack of capacity in most countries' administrations and the inability to absorb and spend donor funding only exacerbates the problem. The UNDP

report on development, planning and HIV/AIDS in sub-Saharan Africa states in its introduction that HIV/AIDS is one of the most critical development challenges in the region. The report further argues that it is widely recognised that HIV/AIDS overturns the successes in human development in sub-Saharan Africa with the end result of undermining development and economic growth. The epidemic also creates grave challenges to public sector management and governance.

The primary observation that could be made from the discussions in this chapter is that sub-Saharan Africa is a special case with special needs and both the developed countries and the countries in the region should be made mutually responsible for the upliftment of the region. The previous development efforts were not successful, and maybe it is time to rethink the way in which to resolve the region's situation.

Chapter 6 described that the devastation by AIDS epidemic worldwide is unparalleled in modern history. With more than 30 million people infected with HIV (of which 70% reside in sub-Saharan Africa), an estimated 2.5 million new infections and 2.1 million deaths in 2007, the epidemic shows no signs of slowing down. The sad thing is that the primary means of HIV transmission – sexual intercourse – has been known for over two decades, but this information does not prevent thousands of men and women from contracting the virus every day. The AIDS epidemic creates a high and ongoing mortality in the economic and social active sector of the population. The epidemic is being driven by inequities and uneven development, exacerbating existing poverty and human misery. In hard-hit countries in sub-Saharan Africa, the AIDS epidemic sets back development with human development figures as low as it has been in the 1950s. The epidemic changed population structures and has a severe impact on women as caregivers and on children, the most vulnerable sector of society. Six of the eight Millennium Development Goals are directly linked to the impact of the AIDS epidemic and the attainment of these goals.

The required response is complex, multisectoral, multifaceted, large scale and long term, posing challenges to countries and development partners never seen before. The responses in and outside Africa have been inadequate for too long with the result that the AIDS epidemic has made its mark on many countries in the region. The support of political, government, community and business leaders at country level is critical to the implementation of effective HIV/AIDS programmes. The international community has stepped up its response during the past decade, but the question remains: is this too little too late?

The quest for sustainable development is the mantra for the new millennium. Chapter 7 described some of the real and positive changes in development that came at the turn of the millennium with commitment to change approaches to development interventions. Of these, the most important were the Millennium Summit where the Millennium Development Goals were set, the Monterrey Consensus, the Rome Declaration and the Paris Declaration on Aid Effectiveness. These commitments were made in order to assist with the operationalisation of official development assistance to the developing world to help poor countries realise the MDG and improve the lives of its people.

The worrying aspect of all these commitments is that the international development community has not fully taken AIDS on board. There is little appreciation and understanding of what HIV/AIDS means for the set development targets. Only when the development targets are being revisited with the long-wave impact of HIV/AIDS in mind will the developing world begin to make inroads to the Millennium Development Goals. In Africa, and specifically sub-Saharan Africa, HIV/AIDS embodies the most serious challenge to sustainable development and the Millennium Development Goals at present.

In examining the concept of sustainable development, the impact of HIV/AIDS on sustainable development and the link between development, governments and international institutions, it came to light that human development is not always seen as a holistic and integrated concept. Government, donors, organisations and institutions tend to box certain aspects of human development as if it does not interact with all aspects of development. There is a dire need for an integrated approach, and the effect of disease and poverty on people will have an impact on the environment, the economy and the social structures of society. Every development target is interlinked and interdependent on each other.

Over the past 60 years, billions of dollars were spent on development in Africa, but the developing countries have become poorer, debt has increased, there is an increase in deaths occurring from preventable diseases and there are increases in malnutrition and infant mortality in sub-Saharan Africa. Aid to the developing world is conditional, unpredictable, donor-driven and with very high transaction costs on both the recipient and donor countries. The global official development assistance debate is at least 50 years old and development partners are facing ever-changing paradigms, such as Structural Adjustment, the Washington Consensus and the poverty reduction strategy papers, to name but a few.

Many developing countries are to some degree dependent on official development assistance (ODA) to implement their development strategies. With the AIDS epidemic reaching catastrophic proportions, ODA from multilateral, bilateral and philanthropic organisations has reached an unparalleled scale. The unpredictability of aid flows, the setting up of parallel structures, diversity of aid disbursement mechanisms and a predetermined technical assistance component as part of aid have contributed to the rethinking of ODA. Chapter 8 dealt with the origins and drivers of ODA, explored the new aid architecture and the important role-players involved in aid. The various international agreements and commitments that led to the Paris Declaration on Aid

Effectiveness were examined. The Paris Declaration in practice is explored and discussed in terms of the three main pillars of the declaration: ownership, alignment and harmonisation. The effectiveness of ODA with regard to HIV/AIDS in the sub-Saharan African region was also examined.

Chapter 9 is narrowly linked with the previous chapter on official development assistance and how donor funds are flowing to countries. The importance of an effective public financial management system and all it entails was emphasised in this chapter. Special emphasis was placed on the budget process as a political and technical process. The main components of public financial management were discussed and the importance of financial transparency was considered.

A comparison between the AIDS epidemic and other global relief efforts was made to demonstrate how large the shortfall for the financing of the epidemic is. A brief discussion of most of the international fora, where decisions are made on funding to developing countries, shows that there are many promises. After considering the various issues in the ODA arena, it is difficult not to be disillusioned with the state of affairs. The situation is this: there are rich countries which think they are modern, have a better life and want to share all this good fortune with poor people who are ill and backward. The question is: what do they want in return? And this is where the conditionalities and tied aid come in. The rich give the money and make the rules. Then there are numerous international organisations that also set targets and expect reports and results. While governments are struggling with their own domestic problems they have to report to the numerous donor agencies, as well as to the numerous international agencies' targets. The result, in most of the southern African countries, is that the people at grass roots are the ones who suffer the most. They are the ones who do not get services or have access to services.

A model for a sector-based approach to financing the AIDS epidemic in a country was developed. The model is based on the many different mechanisms, best practices and lessons learned of many different organisations. It suggests one overarching body with legal status that can manage a country's HIV/AIDS programme as a cross-cutting issue. The central body will have representation by all sectors, including government, donors and multilaterals. The government of a country should take the lead role in the coordination of the AIDS programme, with the head of government presiding as Chair. All the role-players in the field should be involved in the development, planning and implementation of the programmes. It is recommended, according to the UNAIDS' model of Three Ones, to have one monitoring and evaluation system, one co-ordinating mechanism and one agreed action plan. The AIDS programme should be managed on the principles of partnerships and mutual accountability of all partners, under the leadership of government. The integrated national AIDS strategy should be financed by all stakeholders, government, donors, multilaterals, funds and the private sector. The financial management should be done by an independent financial manager utilising the country's MTF and national procurement system and dealt with in the principles of mutual accountability, effectiveness, efficiency and economy.

The implementation should take place at all spheres of government, including civil society and the monitoring and evaluation should be results-based and accountable to all the stakeholders. The model, if applied efficiently, should provide statistical data on money spent as well as on HIV/AIDS/TB related figures. This approach will bring together a fragmented AIDS field and has the potential in resulting in a programme that will be beneficial to all.



During this research many gaps and potential areas for future research has been identified of which the following are the most important:

What is the impact of HIV/AIDS/TB on the Millennium Development Goals in Southern Africa?

What is the impact of HIV/AIDS on governance and democratic governance in Southern Africa?

Are donors adhering to the Paris Declaration of aid effectiveness or is it business as usual?

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