

CHAPTER 1: STATEMENT OF PROBLEM AND RESEARCH DESIGN

In most governmental services, there is no market to capture. In place of capture of the market, a governmental agency should deliver economically the services prescribed by law or regulation. The main aim should be distinction in service (Deming, 2000b:6).

But to expect them then to be profitable at the same time providing services to the poorest of poor at the quality that is comparable to the service provided to the richest of the rich seems to me, is asking to much (Picazo, 2005).

1.1 Introduction

The socio-economic impact of HIV/Aids is influenced by a multitude of external and internal factors which are intertwined in complex systems of mutual reinforcing determinants necessary to achieve sustainable and competitive success. The interplay between these determinants is guided by factors such as skilled labour and infrastructure, demands on the nature of products and services, the international competitiveness of products and services and the ability to create conditions that increase the nature of domestic rivalry. These forces work together and impact on the performance of markets, political structures and the creation of well-being. Well-being enhances productivity and sustainable outcomes. As soon as well-being is negatively affected, it reduces productivity and the sustainable success of economies.

HIV/Aids reduces productivity outcomes as it impacts directly on well-being and socio-economic outcomes. Poverty increases vulnerability and the ability to cope with the negative social and economic outcomes of the disease. In an effort to create resilient environments, it was deemed necessary to estimate the “cost of the disease” as it offered some measurement of control. However, attempts to draw medical comparisons of the costs of HIV/Aids with that of other illnesses have failed as it did not deal with the real issues that led to the negative socio-economic outcomes. Rather, estimating the “cost of HIV/Aids as a disease” provided short-term solutions that satisfied roleplayers in that they provided some form of control over the problems faced within the health sector. Through these controls they were able to identify and allocate specified amounts of resources that offered the best effect in certain areas.

Unfortunately, high inflation figures pushed the cost of health care upwards, making fewer resources available to cope with the effect of HIV/Aids. Even though all the demands made on health expenditure were necessary, one will find that there would not be sufficient resources available to meet the required needs across the globe. This forced governments to choose amongst what they perceived as important items and what they were able to finance from scarce resources. Regrettably, the costs associated with health care are mostly based on emotional connotations and asymmetric information instead of applying efficiency, economy, equity and effectiveness (the four Es) to cost assessments. Arguments that shaped health interventions, increasingly centred on issues that debated “equality and health-for-all” versus “health markets and for-profit motifs” (Barnett & Whiteside, 2002:5). Conflicts develop as soon as efficiency and value-for-money approaches are applied to health care. Efficiency and value-creating strategies tied to market forces challenged “equality and health-for-all” as it proved to have significant impact on cost associated with health care and the demands made on its capacity to deliver services.

In addition, HIV/Aids-related problems magnified the complexities associated with capacity- and institutional building, the requirements to strengthen health systems and quality in service delivery. Public-private partnerships became a mechanism through which governments were able to improve their capacity and service delivery outcomes. However, creating public-private partnerships and networks demanded a shift towards horizontal and broaderbased policy issues that showed no respect for boundaries or did not fit neatly into areas of jurisdiction. Traditional models that described public and private relations changed and forced governments to revisit their role and the type of outcome they wanted to achieve. The symbiotic relationship between the economy, society, political philosophy and public finances increased the difficulty of finding a balance between the relative sizes of public and private health sectors. This occurred because markets were steered by supply and demand functions, against a background of political performance.

Understanding the broader economic and social impacts of HIV/Aids on health and social security systems became a crucial factor in making “choices” and in considering alternative options during strategic planning, budgeting and internalising the impact of

the broad objectives with scarce resources. By placing monetary values on the consequences, provided opportunities that explored whether the benefits are greater than the costs and whether the costs incurred are worthwhile. However, the focus on monetary values alone should not become a core issue in policy-making. Rather, policies and its effects must be considered in a systems model approach as the outcomes of policies have different angles that stretch across all fields. Two dimensions influenced policies. On the one hand, policies have “diamond” effects (the most favourable approach to reach competitive advantage) and on the other hand, it has complex interdependencies of which the strength and direction are largely undetermined. The outcome in one of the dimensions often has unpredictable effects on any one of the policy dimensions which complicates decisions and policy-making. Therefore, the high levels of uncertainty and risk that surround HIV/Aids require that health and finance structures must build an environment that can adapt, be flexible and change to the needs of the environment (Porter, 1990:72; *cf.* Barnett & Whiteside, 2002:164; *cf.* Landsberg, 2002:1).

Budgets within the public sector provided the basis for preparing detailed plans of action for short-term operations (operational excellence), medium-term activities (increasing customer value) and a long-term vision (building the organisation) for future periods (Kaplan & Norton, 2001:76,86; *cf.* Fourie, 2005:681). Consequently, it became imperative that health care programmes were evaluated on a consistent basis complementing the activities in education, nutrition, the environment and social security in order to ensure that interventions were desirable, effective and efficient. Strategies identified new operations, initiatives or programs, new capabilities and new ventures that need to be established. Many strategies fail because the operational aspects are separated from the strategic aspects such as omitting actions that build human and financial resource commitments for strategic initiatives into the planning. The government has considerable difficulty in defining clear strategies for HIV/Aids policies, mainly because initiatives and activities are not clearly defined before performance targets are set and programme completion becomes the target rather than departmental effectiveness.

1.2 Statement of the problem and research question

The successes of policies in health are closely tied to social development initiatives. The clinical features of HIV/Aids and the long-term features of the epidemic have a significant impact on the structures and design of social security safety nets which are directly linked to public finance structures. Enhancing security needs becomes an intrinsic part of well-being and of combating the negative effects of HIV/Aids. Gaining a deeper understanding of poverty and the way in which different aspects of poverty interact and reinforce each other has a significant impact on public finance and budgetary decisions. It should also be kept in mind that the issues of poverty are closely linked to governance structures and how democracy is applied towards strengthening well-being. HIV/Aids is also intertwined with the definition of *disability* and the definition of *terminally ill* and how health care is interwoven into the social security networks.

The impact of policymaking on the HIV/Aids scenario is intricate, as policy outcomes are multidimensional and are triangulated in outcomes of social development, the economic strategies and outcomes of the micro and macro fiscal policies as well as its impact on the political environment. Defining and framing the HIV/Aids problems have continuously led to failing public programmes and policies exacerbating medical, social and developmental problems associated with HIV/Aids (Fourie, 2005:398). Health system reforms, social development structures and public finance structures are unable to cope with the demands that HIV/Aids places on service delivery outcomes. The absence of multidimensional and multisectoral approaches in dealing with the HIV/Aids-related problems and an inability of public managers to link the needs of those whom they serve with good governance and administrative support, reduce the resilience of communities towards HIV/Aids (Landsberg, 2002:3; cf. Hsu, 2004:2,9).

The escalating costs of health care and HIV/Aids are impacting negatively on the economic growth and gross domestic product (GDP), the social development of communities, the political environments and the government's available resources for taxing. The burden of the high cost of HIV/Aids is carried more heavily by government. This has a carry-through effect on revenue-gathering structures and the funding mechanisms available to deliver future services needed not only in taking care of the HIV/Aids pandemonium but also in the provision of other and related health care services.

For this reason, the purpose of this study will be to analyse those constraints that prevent policy-makers from identifying effective policies which result in efficient financial support and efficient organisational and administrative structures. These structural designs must be aligned with health care reforms, economic and environmental policies and social support systems in all spheres of government in order to determine the:

Best practices that strengthen policy capacity and improve its ability to deliver services effectively, efficiently, economically and equitably.

Therefore, the research question will explore:

The extent that strategies impacted on the roll-out plans for HIV/Aids policies in South Africa.

1.3 Aim and objectives of the study

The study aims to put forward recommendations that will allow policy-makers to utilise mechanisms that define and frame the HIV/Aids problem in a fiscal responsible manner. This means that policies must be responsive to the perceived needs and communicate the legislative intention. Policies must be easily administered and take account of the short-, medium- and long-term interests by enabling and providing opportunities to sustain themselves as well as deal with the political, social, health and developmental issues associated with HIV/Aids.

The aim of this study will be to explore four variables (health care reforms and strategies, HIV/Aids policies and interventions, public finance and public-private partnerships) as part of the descriptive research question under the following five objectives:

- 1.3.1 Investigate the influence of ideologies on the architecture of international/global governance and its impact on shaping state intervention, health care reforms and HIV/Aids strategies.
- 1.3.2 Investigate the influence of ideologies on national funding mechanisms utilised in state intervention and health care reforms to support HIV/Aids strategies.
- 1.3.3 Establish criteria for utilising public-private partnerships (PPP) in HIV/Aids intervention strategy policies.
- 1.3.4 Establish alternative fiscal responsible mechanisms and determine its impact on HIV/Aids strategies in South Africa.

1.3.5 Draw conclusions and develop recommendations for dealing with the HIV/Aids policy strategies in South Africa which will allow for efficient, effective, economic and equitable service delivery outcomes.

The study defines the role and functions of the state and its impact on shaping trends and options for public finance strengthening policy capacity and improving service delivery in health care. The study further highlights the influence of the New Public Management (NPM) approach on decision-making in public finance management and public administration. In addition the study analyses the public-private mix, health care reforms and the utilisation of public-private partnerships in health care with its subsequent impact on HIV/Aids policy strategies. Emphasis is placed on investigating public-private partnerships and the development of agreements, procurement of services, creating value for money and risk management and legislative measures to control and regulate policy outcomes. The NPM approach advocates decentralisation as a good option that allows for effective and efficient primary and district health care systems. It will be argued that decentralisation of structures offers mechanisms to cope with the complex demands of HIV/Aids. The study further includes ethical, moral and legal issues such as dealt with in the Constitution of the Republic of South Africa, 1996 and the Bill of Rights.

It should be made clear that the study did not focus on treatment and testing protocols for HIV/Aids and other related illnesses such as Sexually Transmitted Diseases (STD's), Tuberculosis (TB), malaria and other infectious diseases; the implementation of HIV/Aids in the workplace, school or tertiary institutions; the implementation of HIV/Aids policy strategies in national, provincial and local spheres of government or the ethical, moral and cultural practices that increase HIV/Aids vulnerability in communities.

1.4 Assumptions

Various assumptions shape decision-making and problem-solving strategies in the field of HIV/Aids and PPP. It is crucial to identify these assumptions and test their impact on the study as they change the focus and outcomes to be reached:

- HIV/Aids is assumed to be a medical and behavioural problem that can only be solved by medical treatments (medicine) and by changing behavioural practices through abstinence, prevention and education. The problem itself is Aids (Holden, 2003:65).

- Antiretroviral drugs cure HIV/Aids and improve the quality of life and well-being of individuals. It is believed that by developing a vaccine there is no need to focus on the wider issues such as development and its relationship with poverty, gender inequalities, health sector reforms and social environments (Holden, 2003:65; *cf.* Nelson Mandela Foundation, 2005:144).
- By applying democratic governance principles, health care services and administrative structures are strengthened and improve responsiveness to HIV/Aids (Hsu, 2004:31).
- PPP is a win-win situation in its application for health in the case of multi-stakeholder interactions (Richter, 2004:45).
- Interactions between business partners (PPP) should be conducted as a “partnership” based on trust and mutual benefits (Richter, 2004:45).
- PPP as a policy paradigm in health care is the policy innovation of the new Millennium and an unavoidable necessity (Richter, 2004:45).

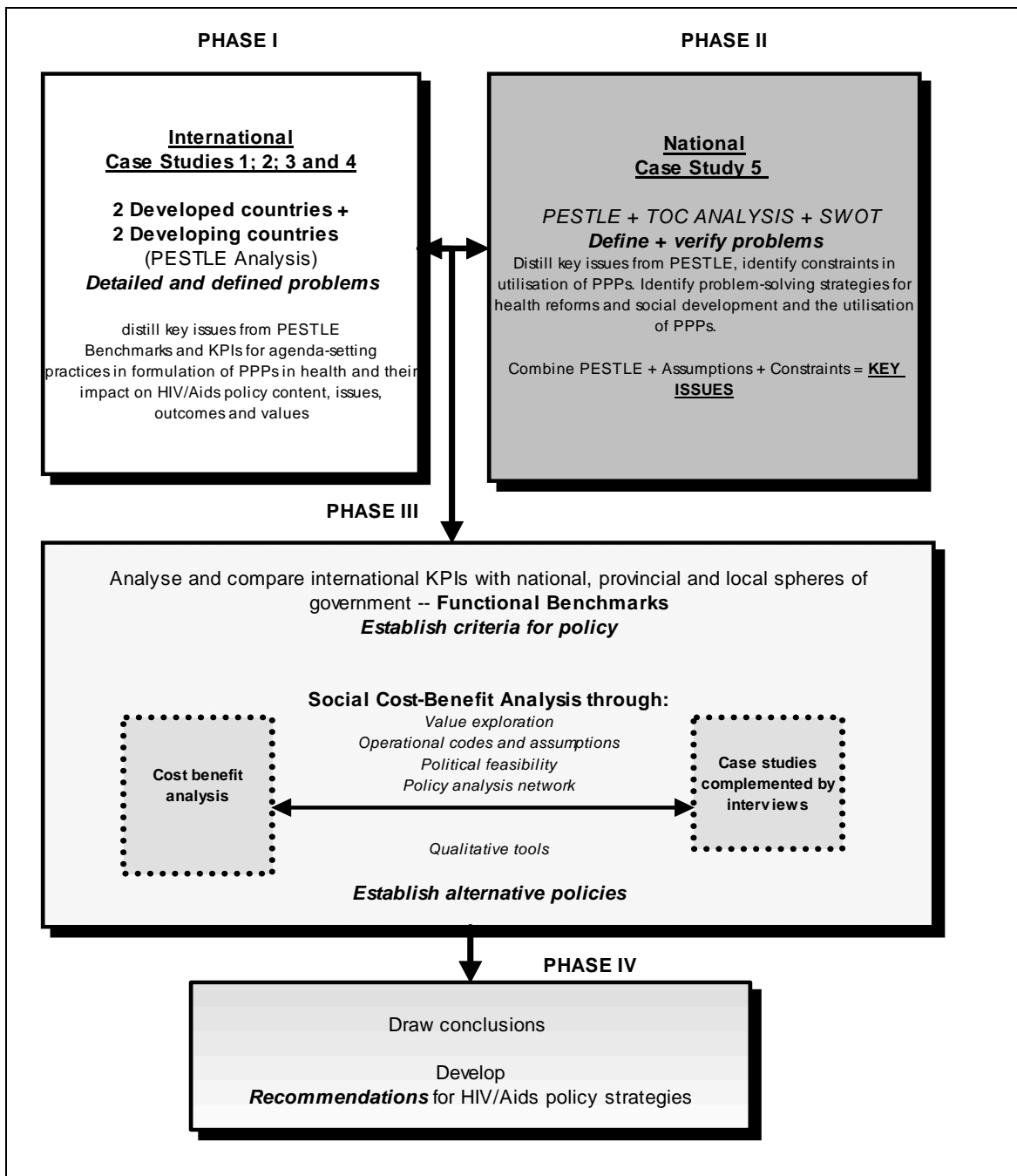
1.5 Research approach and methodology

The qualitative study is planned according to a longitudinal design in order to isolate and define issues and categories, study contents, patterns, meanings and experiences and be more focused as the research unfolds. The unobtrusive and applied research provides an inductive exploration of key issues influencing the outcomes relating to the field of public finance and public administration. The descriptive research question in this phenomenological paradigm investigates the problems and phenomena by using comparative case studies. A cross-case analysis over a fifteen-month period involved multiple sources of data and in-depth descriptions to provide a rich narrative of each case study.

Figure 1.1 presents the research model designed to systematically assess the factors that impact on the international environment. The model provides a framework for an in-depth background study into the external components of political, economical, social, technological, legislative and environmental factors which impact on how strategies are formulated within the field of HIV/Aids and health care. Furthermore, it investigates the internal environment and identifies the main constraints having the greatest impact on internal value-creating strategies, leading the researcher to identify gaps within the system thereby finding alternative options which could improve internal value and

external competitiveness through its policies. Figure 1.1 displays a layout of the research design followed in this study with the methodology which will be used to define and verify problems.

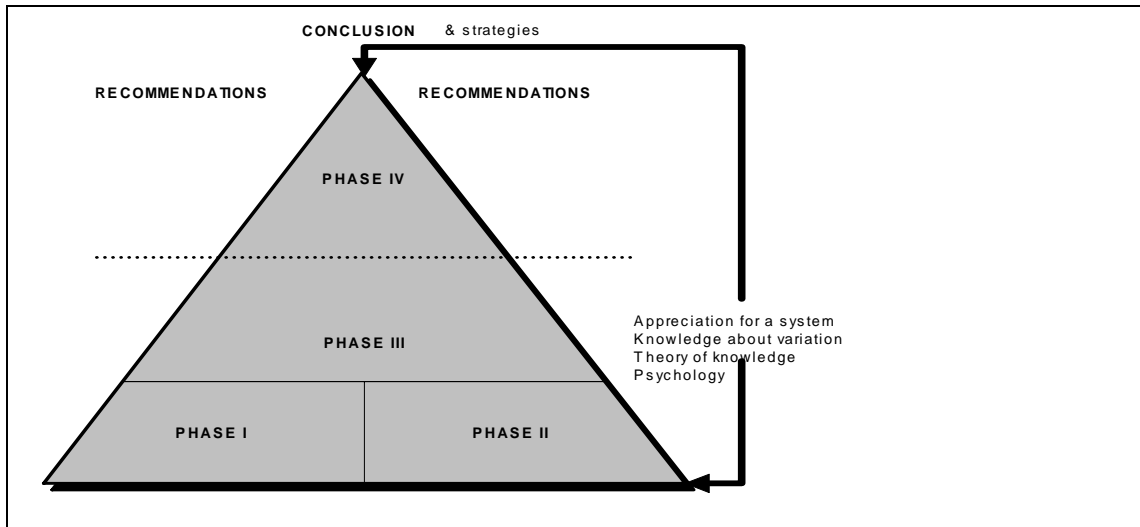
Figure 1.1: Research model



Source: Own model (2006).

The approach followed in this research methodology and model (Figure 1.1) is divided into four phases. Each phase is aligned with the objectives of the study. As the four phases unfold, it systematically leads the researcher towards building a system of profound knowledge from which policy is analysed and alternative options are developed, as illustrated in Figure 1.2. The first two phases of this study form part of a comparative study (international and national case studies) in which background studies isolate the external factors that have the greatest impact on strategy and the internal processes which influence operating outcomes. The international and national studies define and verify the problems and key issues in the field of HIV/Aids and health care. The third phase analyses and compares the international performance with the national situation through benchmarking in which the ultimate objective is to identify the best practices and provide best value for money options in performing an activity. Phase III processes and analyses data gathered in the first two phases. All decisions taken as the study evolves are based on the data collected in the first two phases. Conclusions and recommendations are put forward by building a system of profound knowledge in which the proposed methodology is applied to this research. This is based on gaining an appreciation of the system, getting knowledge about the variations (the processes and the effect of the system on the performance of the people within), interpretation and predicting behaviour within the system as well as understanding the interaction that occurs within the system when the generic functions that supports management achieves certain outcomes (Deming, 2000a:92-115).

Figure 1.2: Building a system of profound knowledge



Source: Own observation (2006).

The alignment of Figure 1.2 with the research methodology set out in Figure 1.1, provides the basis on which results were achieved in each of the four phases. The result of data collected in Phase I deals with the first objective of the study and identifies the main issues in the developed and developing countries that influence performance in service delivery. It presents key performance indicators for international benchmarks that proved to have a significant impact on long-term strategies. A comparative research between the developed and developing countries assesses the factors that influenced the international environment through a PESTLE analysis (political, economic, social, technological, legislative and environment) (Pearce & Robertson, 2000:84). The PESTLE analysis is supported by a PESTLE framework (Table 2.1) allowing the researcher to distil key issues and establish key performance indicators. Personal contact, structured questions and interviews provided qualitative tools to support data collection and strengthen and expand the literature study. The criteria set out in Table 1.1 formed the determining factors in selecting the four case studies against which the national case (Case Study 5) is to be compared.

Table 1.1: Criteria for data collection in Phase I

Developed country		Developing country	
Colonial powers		Historical ties with colonial rule impacts on governance structures, policies and public administration systems	
Strong competitive economic countries		High incidence of population growth, poverty and socio-economic inequities	
Shape global thoughts on development and policy		High incidence of HIV/Aids	
Provide development aid for developing countries		Enabling state: decentralisation of health care through Primary Health Care (PHC) systems and District Health Care (DHC) systems	
Strong health markets: public-private partnership becomes a mechanism to contain health costs		Successful interventions in HIV/Aids through partnership formation towards building HIV/Aids resilient communities	
Effective economic and social policies increase health outcomes		Constitutions underscore social development and decentralised governance structures	
Case Study 1	Case Study 2	Case Study 3	Case Study 4
United Kingdom	United States	India	Uganda
"Global Commonwealth" and unitary state	"Federal state"	"Federal Republic" a creation of British colonial administration	"Unitary state" a creation of British colonial administration
Ideologies: Neo-liberal based on contemporary liberalism	Ideologies: Libertarian based on conservatism	Ideologies: Neo-liberal. After independence based on democratic socialism and later on more contemporary market-friendly regimes	Ideologies: Neo-liberal. Based on democratic socialism

Source: Own observation (2006).

Evidence described in literature support the criteria set out in Table 1.1 and direct the final choice in selecting each population sample. Case Study 1 created a body of knowledge on public-private partnerships and quasi-government sectors (Rennie, 2003:31). PartnershipUK (PUK) played a significant part in inspiring the National Treasury's *Standardised Public Private Partnership Provision* document in South Africa

(Rennie, 2003:31; *cf.* PPP Unit, 2004; *cf.* Farquharson, 2005; *cf.* Pillay, 2005). The concept of *welfare statetism* is based on the ideologies of neo-liberalism which determine the role and functions of the state as an enabling state that provides goods and services within a mixed economy (O'Manique, 2004:7). The services and goods are organised to provide for the "common good of its citizens", a central theme of the British National Health System (NHS) which underscores these ideologies (Bailey, 2004:20)

Case Study 2 formally designated HIV/Aids as a threat to national security, arguing that it could lead to destabilisation, ethnic conflict and war (Siplon, 2002:126; *cf.* AVERT.ORG, 2005). This resulted in Case Study 2 becoming a major roleplayer in funding HIV/Aids initiatives and providing aid to developing countries (Siplon, 2002:126). UN Secretary General Kofi Annan called for new public-private partnerships to combat Aids. His arguments are supported by PEPFAR and the United States Leadership against HIV/Aids, TB and Malaria Act of 2003 (AVERT.ORG, 2005). Case study 2 utilises the UN to spearhead a widespread network of Non-government organisations, community-based organisations (CBOs), religious organisations, international summits and conferences towards integrative approaches through its six UN organisations (Siplon, 2002:115). As the leader of the world economy and political environment, Case Study 2 supports a philosophy that underpins the libertarian ideologies in which the *laissez-faire* state provides goods and services within a capitalist system. The capitalist system enhanced competitiveness and consumerism as the main driving force to support and guide all actions as propagated under the Washington Consensus. Added to this, the profit motive and monopolies in combating HIV/Aids have become a major point of dispute between the United States and pharmaceutical companies who have all the resources while the developing countries are poor and have approximately 90% of the actual cases (Siplon, 2002:128-134).

Case Study 3 is described as the country with the highest number of HIV/Aids-infected people in the world (Panda, Chatterjee & Abdul-Quader, 2002:38). The Indian government is commended for their early interventions. Their targeted interventions (TI) with high-risk groups and vulnerable populations for the prevention of HIV/Aids are hailed as the most effective control programmes worldwide and are globally recognised as a best practices model (Panda et al., 2002:38; *cf.* NACO, 2005). National Aids Control Organisation (NACO) in India's founding was not only a turning point in the HIV/Aids

policy, but also the point at which the essential role of the NGOs' efforts became an explicit element in planning towards intersectoral and grass-roots planning. The NACPI, NACP II and NACP III recognised the need for decentralised approaches in harmony with the constitutional responsibility for health systems. Initiatives targeted state and district levels while local action was carried out with the help of community-based NGOs (NACO, 2005a; *cf.* NACO, 2005b:3; *cf.* Panda, et al., 2002:63).

Case Study 4 is a sub-Saharan African country and part of the East African Community (EAC), a member of the African Union (AU), NEPAD and African Peer Review and the Common Market for Eastern and Southern Africa (COMESA). Case Study 4 was one of the first developing countries to encounter HIV/Aids (Okware, Opio, Musinguzi & Waibale, 2001:1113). The UN and USA describe the HIV/Aids strategies applied in Case Study 4 as the role model for fighting HIV/Aids worldwide (Brown, 2005:2). No other country has matched this achievement (Landsberg, 2002:14; *cf.* UNAID/WHO, 2003:10). Furthermore, Aids specialists cite Uganda and Botswana as running the continent's most extensive treatment networks (NYT News Service, 2005:19). The country is actively involved in partnerships between community-based NGOs and governments (Okware et al., 2001:1118).

The impact and the value offered by case studies 1 to 4 enriched the outcomes of this study. The four international case studies offered solutions for Case Study 5 by presenting trends, key issues and alternative options that were systematically evaluated. Phase II dealt with the second objective of the study. Each of the participants in the national case study was purposefully selected. Each participant (case studies) was seen as a main roleplayer and leader in the field of health care, HIV/Aids and public-private partnerships.

Phase III discussed the third and fourth objective of the study and established criteria for utilising PPPs in HIV/Aids intervention strategy policies. This is achieved by benchmarking the international performance against the national performance, measuring organisational effectiveness. It isolates (strengths and weaknesses) and compares performance to ascertain whether the best value for money has been achieved. In providing criteria for policies and seeking for alternative options in health care policy a best practice model is presented. Furthermore, it determines the extent to

which strategies have impacted on the roll-out plan for HIV/Aids in South Africa and identifies alternative strategies to be considered when roll-out plans for HIV/Aids policy agendas are put together. A social cost-benefit analysis (CBA) establishes the social benefits and costs attached to alternative policies through value exploration and the identification of risks. It takes into consideration the operational determinants and assumptions as well as political feasibility and how decisions impact on the administrative systems.

Mouton (2001:108) states that the analysis of data involves “breaking up” the data into manageable themes, patterns, trends and relationships. It becomes crucial to understand the various constitutive elements of the data collected through an inspection of relationships between concepts, constructs and variables. In order to improve objectivity and validity of data, it is necessary to apply various techniques of data analysis to the study as part of a systematic policy analysis. Cloete and Wissink (2000:116) identify various stages in the policy process. These stages are integrated into the study and formed a framework from which tools were selected to support the data analysis process presented in Table 1.2.

Table 1.2: Theorists and stages in policy process as applied in Phase I, Phase II, Phase III and Phase IV of study

TOOLS USED TO SUPPORT THE STAGES IN POLICY ANALYSIS	Quade in 1981	Stokey and Zeckhauser in 1978	Patton and Sawicki in 1986
PHASE I and PHASE II			
PESTLE ANALYSIS & TOC	Formulate the problem	Determine the problem	Verify, define and detail the problem
PHASE III			
FUNCTIONAL BENCHMARKS			Establish evaluating criteria
COST-BENEFIT ANALYSIS (CBA)	Search alternatives + Forecast the future environment	Identify alternatives + Predict consequences of each alternative	Identify alternative policies + Evaluate alternative policies
PHASE IV			
Best practice model	Model the impacts of alternatives	Determine criteria for measuring the achievement of alternatives	Display and select among alternative policies
Recommendations	Evaluate alternatives	Indicate preferred choice of action; Recommendations and conclusions	Monitor policy outcomes

Source: Adapted from Cloete and Wissink (2000:116).

Each of the tools used to collect and analyse data in this study is linked to the stages set out in the policy process presented in Table 1.2. To identify alternative policy options Roux (in Cloete & Wissink, 2000:145) proposes that cost-benefit and cost-effectiveness analysis should be incorporated to arrive at the best policy options available. Once realistic policy options have been identified, these options will be re-assessed in terms of the criteria relevant to the policy objectives deduced from the PESTLE analysis.

The result of the data analysis in Phase III allows the researcher to draw conclusions and provide recommendations by indicating the preferred options in Phase IV. Phase IV dealt with the last objective of the study and provides alternative options and recommendations for the HIV/Aids policy strategies in South Africa allowing for efficient, effective, economic and equitable service delivery outcomes.

Phase IV draws together the main results and findings by providing an overview of key issues, trends and options for HIV/Aids intervention strategies in South Africa. Gaps in strategic and operational strategies are highlighted, thereby making the larger significance of results explicit. Conclusions are drawn by predicting the possible consequences of each proposed action and allowing for the measurement of achievements and best practices by evaluating alternative options. Landsberg (2002:36) refers to options and suggests that strategic decisions yield positive outcomes in best-case scenarios. Recommendations presented in this study indicate the preferred option for alternative approaches in HIV/Aids policy strategies that support value-creating outcomes.

1.5.1 Materials and methods of data collection in Phase I and Phase II

The methods and tools used to collect data during Phase I for each comparative international case study are supported by an in-depth literature study and a structured interview. Triangulation of data-collection methods in this qualitative research increased confidence and validity in the research findings.

1.5.1.1 Literature

There is an abundant source of international literature on HIV/Aids and PPP available. The literature on PPP focuses mainly on infrastructure development as a mechanism to improve general delivery of health care. However, no models that focus on HIV/Aids are described in literature. It meant that the researcher had to select what was appropriate for this study and combine this knowledge with literature on ideologies and the role of the state as enabler, facilitator and regulator within the framework of public finance. Literature on developmental issues, socio-economic development and “well-being” became the pivotal point in understanding health-related issues and its relationship with economics, and how it impacts on service delivery outcomes. Literature discussing the national issues around HIV/Aids and PPP is very limited, but available.

1.5.1.2 Interviews

Each case selected for interviewing was done purposefully as it offered the researcher the opportunity to select those participants that cut across different variations (maximum variation sampling) searching for common patterns, trends and issues (Glesne, 1999:29). Information-rich participants provided an instrument from which one can learn about the issues of central importance to the purpose of the study (Glesne, 1999:29).

Gaining access to the international roleplayers was a slow and time-consuming process and resulted in a low response. Gaining access included the acquisition of consent and access from the participants before a date and method for an interview were negotiated. An invitation to participate in the research, a letter of consent that provided information on the scope of the study together with a layout of the questions the researcher planned to use became important aspects of gaining access (Annexure C and D). Case Study 1 and Case Study 2 responded positively to the request for an interview and were prepared to offer access through their international branches.

In order to reduce the elements of uncertainty, pitch questions were developed beforehand. The same set of questions was applied in each interview, internationally and nationally. These standardised open-ended questions were shared with the interviewees in advance giving them the opportunity to prepare as much valuable feedback as possible. This minimised variation in the questions and reduced possible bias but allowed the researcher to gain an understanding of the research problem (Patton, 1980:198; *cf.* Glesne, 1999:80). Each interview stretched over a period of one hour. Table 1.3 (Phase I) and Table 1.4 (Phase II) provide an interview log of the participants.

Table 1.3: Interview log of participants in Phase I

Interview	Interview	Internet	Personal visit
Case Study 1: <i>Government department</i> Her Majesty (HM) Treasury: PartnershipUK	07/10:Assistant director	X	X
Case Study 2: <i>Government department</i> National Council for Public- Private Partnerships (NCPPP) <i>UN organisations and NGOs:</i> World Bank	20/09: Snr. economist	21/09: Executive director	X

Legend: X = Response

Even though the rate of response was low, the respondents that did show an interest in participating in the study provided balanced and broad-based insight with valuable inputs for this study. Their combined inputs allowed the researcher to identify the international key issues dealing with the first objective that formed a background and basis for measurement in the national study. By transcribing each interview, aspects that needed further investigation were highlighted. Adding this to the PESTLE analysis enriched the text and formed an important part of determining the key issues that directed decision-making in formulating solutions for HIV/Aids-related problems.

Participants were selected for interviews in Phase II through a purposeful approach. An interview log (Table 1.4) presents a list of the participants and supporting data-collection strategies. The same questions used in Phase I were conducted according to the structured layout (Annexure C) and transcribed. Valuable phrases were highlighted and intertwined into the study. The problem statement provided a boundary for the exploration of issues, trends and options in Phase II. Gaining access to respondents was complicated because no PPP programmes were applied in the HIV/Aids environment at the time interviews took place. Another factor that negatively influenced respondent behaviour was a strong resistance against PPP as a mechanism for funding health programmes in South Africa's Department of Health because all HIV/Aids interventions

are funded through conditional grants and equitable share. Respondents were also perceived as being uncomfortable to answer questions on PPP and public finance. Table 1.4 presents a log of interviews during Phase II.

Table 1.4: Interview log of participants in Phase II

Interview	Interview	Internet	Telephone	Personal Visit
Case study 5				
<i>Government departments:</i>				
National Treasury: PPP unit	17/08: Director	X		X
National Department of Health	14/10, 26/10: Chief financial officer			X
Department of Social Development		19/09: Director	X	
Municipal Infrastructure Investment Unit (MIIU)	Municipal infrastructure specialist			
<i>NGOs:</i>				
SIDA	01/09: Programme manager			X
Heartbeat	06/09: General manager			X

Legend:

X = Response

Each interview was transcribed and synthesised in search of issues, patterns and trends. This provided a background to theorise about the benefits, risk-taking and decision-making strategies which influenced the social phenomenon under study. The interviews provided inputs for the situational analysis. Interview records and reports supported the verification process and enabled the researcher to keep focus, organise what was said, and describe and explain it.

1.5.1.3 Meetings, conference and publication

Findings drawn from this study were presented at the 6th Annual Conference of the South African Association for Public Administration and Management, 20-21 October 2005 and the first International African Conference: Gender, Transport and Development

Conference, 27 to 30 August 2006 held at the Nelson Mandela Metropolitan University in Port Elizabeth. An abstract is submitted for approval to present findings drawn from this study at the Global Health Council's 2007 International Conference for Global Health as part of the NIGH programme for students enrolled in degree-seeking programmes, May 29- June 1, 2007 in Washington, DC.

An article, "Public-private partnerships: a mechanism towards fiscal responsibility. An overview of issues, trends and options for HIV/Aids intervention strategies in South Africa" was published in 2005 in the Journal of Public Administration and a second article titled "Managing inequities in health reforms: A strategic policy approach that aligns gender mainstreaming, development and mobility in building HIV/Aids resilience in South Africa", is considered for publication in the Africanus. International interest is shown from the United States for the publication of an article that takes a closer look at health reforms, titled "Managing inequities in health care reforms: Fiscal responsible measures that improve service delivery and build resilience of communities towards HIV/Aids in South Africa".

1.5.2 Tools used to support data collection in Phase I and Phase II

The PESTLE analysis supports, analyses and documents the data gathered during the data collection process in Phase I and Phase II. By gathering as much relevant data as possible, the key issues, trends and options available to HIV/Aids-related problems were explored. This explained the impact of individual policies in different contexts and allowed future policies to be set in context and to be identified as determinants (McPake & Mills, 2000:811).

1.5.2.1 PESTLE Analysis (Political, Economical, Social, Technological, Legislative and Environmental)

The PESTLE is an acronym for the following components (political, economical, social, technological, legislative and environmental). As the remote external factors have the greatest impact on strategy and the internal processes influence the operating outcomes Pearce and Robinson (2000: 65, 71, 84) initially proposed a framework called PEST that allowed management to do a trend analysis through a comprehensive background study. The PEST analysis was extended in later years to include legislation and the environment (PESTLE).

Dr Arvind V. Phatak, an international expert on international environmental assessment, presents a global strategy in action in which he lists the economic, political, legal, and social (cultural) factors which must be taken into consideration when determining the factors that influence the international markets (Pearce & Robertson, 2000:83). He points out that the interplay amongst markets complicate this process of assessment and must therefore be taken into consideration during the assessment. The work of Phatak supports the framework developed for the background study in the assessment of health care services for the international case studies.

Utilising the PESTLE analysis as a framework for an in-depth comparative background study into the external and internal environmental components, namely political, economical, social, technological, legislative and environmental aspects assisted the researcher to point out certainties, hidden assumptions, risks and uncertainties that frame core problems (Proctor, 1997:143; *cf.* Schoeman, 2002:36; *cf.* Pearce & Robertson, 2003:83). Drawing on an intensive literature review, a framework was built for the PESTLE analysis drawing the boundaries of the research to complement this study (Table 2.1). The PESTLE framework ensured consistency in collating data for each separate case study. Likewise, the PESTLE analysis provided a “system of profound knowledge” and formed the foundation for the decision-making in this study.

Deming (2000a:50) states that a system cannot understand itself and therefore needs a view from the outside to gain appreciation of a system, knowledge about variations, and knowledge of the effects of the psychology and dynamics of the organisation. Building a system of profound knowledge through a PESTLE framework, guided the researcher in applying a systematic and consistent approach to analyse the external and internal environments in policy-making and identify the core problems, issues and trends in each case study (Deming, 2000a:92). Landsberg (2002:15) emphasises the value of taking the political, economic, social, technological, legislative and environmental aspects into consideration with policy analyses. Uncertainties in most programmes are numerous and interrelated into the organisation’s functions affecting the outcomes in complex ways. Literature indicates that one of the major failures of HIV/Aids strategies and programmes is based on an inability to analyse and frame the HIV/Aids problems (Department of Health, 2003). Also, high levels of uncertainty and risk surround HIV/Aids and therefore requires that health and finance structures must be build in an environment that can

adapt, be flexible and change to the needs of its customers and environment (Landsberg, 2002:23,40). Problems arise when the objectives do not match the set goal. Behind each logic connection lie assumptions and hidden assumptions (Goldratt, 1990:48; *cf.* Landsberg, 2002:37). Verbalising, challenging/testing and validating these assumptions ensure that the problems are systematically analysed and solutions for the problems can be found.

1.5.2.2 Situational analysis

In this study, situational analysis formed the basis for decision-making, policy-making, strategising and planning in order to reach the strategic intent (Landsberg, 2002:41). The situational analysis forms the basis for both the international (Phase I) and the national (Phase II) case studies. Schoeman (2002:40) and Pearce and Robinson (2003:202) describes the situational analysis as a systematic development and evaluation of past, present and future data enabling the researcher to identify opportunities and threats in the external environment as well as strengths and weaknesses in the internal environment (SWOT).

This provided an overview of the “market success requirements and risks” together with the “distinctive competencies” that contributed towards a sustainable and competitive advantage for the government sector, private sector and non-government organisations. W. Edwards (Deming, 2000a:2; *cf.* Deming, 2000b:3) revolutionised concepts of quality and productivity with his theories of management. His concepts of the theory of management were integrated into the field of public administration and management. It became part of the New Public Management (NPM) movement towards applying businesslike approaches into its day-to-day practices. Deming’s theories on quality management became the theoretical underpinning for creating sustainable and competitive environments in which the driving force for governments and business was to provide value for money and cost-effective services. However, measuring quality in medical services is complicated by emotional and asymmetric information (Deming, 2000a:172). Quality management is further triangulated into a systems approach of which strategic management determines its core practices.

SWOT is the acronym for internal strengths and weaknesses and external opportunities and threats (Pauw, Woods, Van der Linde, Fourie & Visser, 2002:97; *cf.* Pearce &

Robinson, 2003:202). By establishing the internal and external position in the environment Pearce and Robinson (2003:136) present the type of actions to be taken to achieve sustainable outcomes for resource planning and deployment. The SWOT analysis (strengths, weaknesses, opportunities threats) was the framework of choice as its simplicity offered sound strategy formulation and assisted management towards internal value-creation initiatives.

1.5.2.3 Theory of constraint (TOC)

Finding the constraints/problems that prevent effective, efficient and economic outcomes due to bottlenecks or gaps in service delivery and performance is interlinked with one's understanding of the system (Goldratt, 1990:4; *cf.* Lepore & Cohen, 1999:10). Constraints/problems limit the systems' throughput, having a negative influence on the final outcome (Goldratt, 1990:5; *cf.* Lepore & Cohen, 1999:11, 16). Cloete and Wissink (2000:116) point out that problem identification or the statement of the problem leads nowhere if there are no clear goals and objectives that direct one where to go, what to achieve and how to tackle the issue at stake. Goldratt presented a theory of constraints (TOC) that became a business management tool to identify constraints within the organisational system, enabling the management to develop focused strategies, manage effectively and create an atmosphere of continuous improvement.

1.5.2.4 Functional benchmarking: best practice benchmarks

Functional benchmarks provide a comparative analysis of similar programmes and strategic positions for the use of reference in formulating objectives. By benchmarking each of the case studies, opportunities were created to build on relative strengths while weaknesses were avoided (Turban, McLean & Wetherbe, 2001:571; *cf.* Pearce & Robinson 2003:217).

Best practice benchmarks emphasise a comparison of how activities are actually performed. The functional benchmarks involve comparisons with organisations (internally and externally) that carry out the same functional activity. Functional benchmarking has the potential for making breakthrough-type improvements (Boninelli & Meyer, 2004:68). The ultimate objective in benchmarking is to identify the best practice and best value for money in performing an activity (Pearce & Robinson, 2003:217). This means the focus is on lowering costs to achieve value-for-money outcomes that are

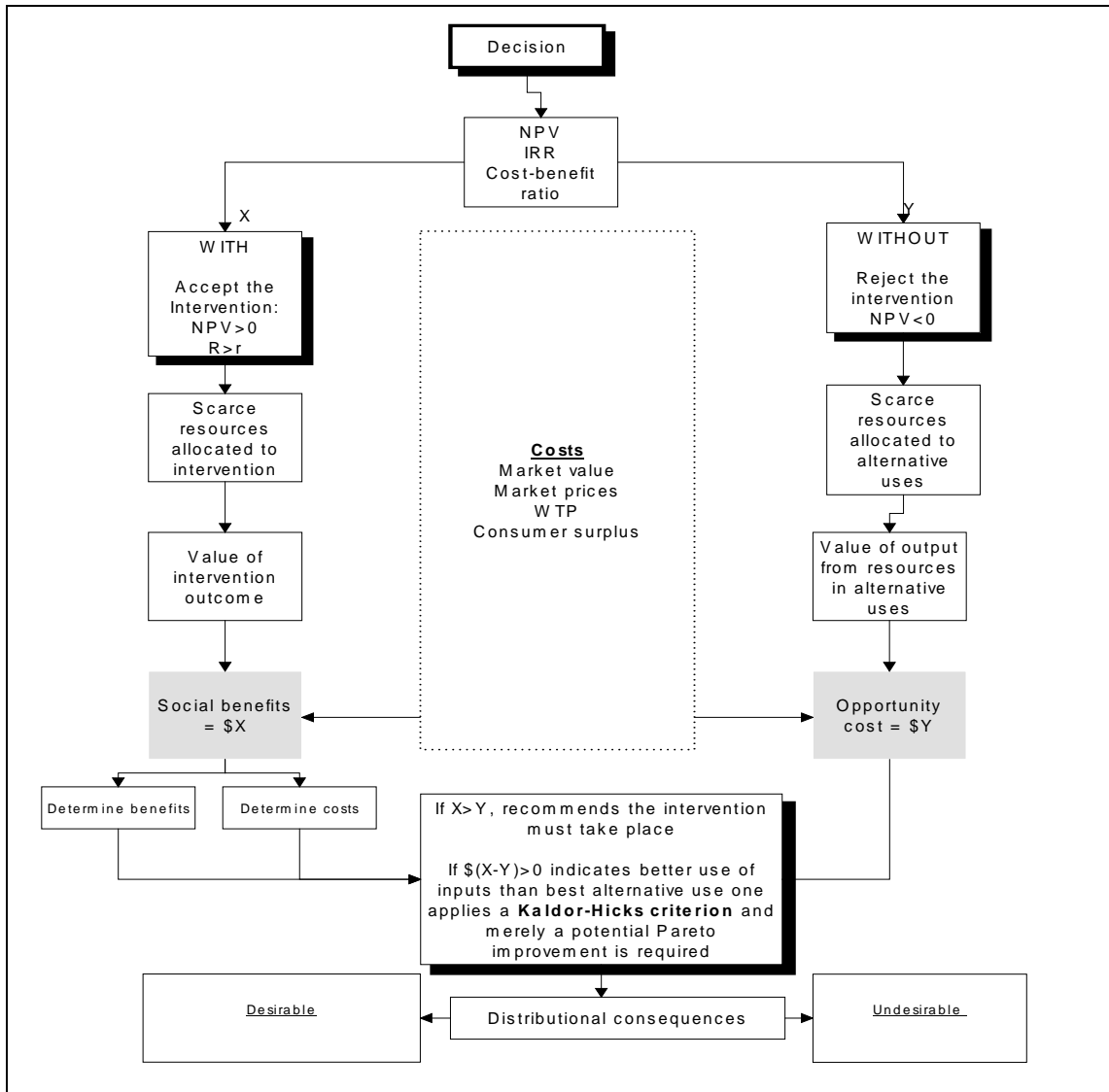
linked to excellence in performance and value creation in the long term. By comparing key issues between the international and national case studies, an attempt was made to isolate and identify where costs or outcomes are out of line. It determined the best practice and a particular activity according to experience, previous trends and perceptions that achieved sustainability and efficiency. It also proved useful in ascertaining whether the internal capabilities were strengths or weaknesses. Attempts were made to change existing activities to achieve the new best practice standards (Turban et al., 2001:571; cf. Pearce & Robinson 2003:217; cf. Boninelli & Meyer 2004:68).

1.5.2.5 Cost-benefit analysis (CBA)

The technique of social cost-benefit analysis is used in this study to analyse the effects of changes in health care policies and forecast its impact on the roll-out plan for HIV/Aids policies. *Cost-benefit analysis* is therefore described as a qualitative tool that enables decision-makers to make better choices between alternative programmes which reduce uncertainty by ensuring that optimal capital expenditure is incurred (Abedian, Strachan & Ajam, 2003:116; cf. Campbell & Brown, 2003:2). *Capital costing* is thus seen as one of the key elements in preparing a budget as it pertains to expenditure items such as hospital construction as well as costing of human skills. Public projects are thought of in terms of the provision of physical capital. *Cost benefit analysis* is described as a framework to incorporate the multitude of options and considerations that arise when assessing the desirability of interventions or program outcomes. When cost-benefit analysis are applied to developing countries these models are referred to as project appraisals (Brent, 1998:3; cf. Campbell & Brown, 2003:1). Brent (1998:3) points out that the basic difference between cost-benefit analyses of the developed and developing countries is the emphasis given to market values. Market values are assumed to be the starting point for the measurement of social values.

Figure 1.3 provides the theoretical underpinning of the CBA compiled for this study. The with-and-without approach forms the centre of the cost-benefit process which determines the social benefits and costs derived from the utilisation of PPP within the HIV/Aids intervention strategies.

Figure 1.3: Cost-benefit analysis



Source: Adapted from Campbell and Brown (2003:3-5); Brent (1998).

The with-and-without approach described in Figure 1.3 forms the centre of the cost-benefit process and underlies the concept of opportunity costs (Campbell & Brown, 2003:2). Costs are therefore measured as an opportunity cost and provide the value of services and goods. The benefit is the value of the increase in future supply over and above what it would have been in the absence of the intervention. The CBA thus provides relevant information to the existing decision-making processes about the distribution of benefits and costs, this means pointing out if the “with” path (X) and “without” (Y) will be available. If the $X > Y$ benefits exceed the costs, or equivalent, the benefit/cost ratio exceeds the unity and creates a presumption in favour of the

intervention. The decision-maker has to take the distributional effects into account, considering who receives the benefits and who bears the costs. All social CBA must work out how the overall net benefits (or net costs) of the proposed intervention will be shared amongst interested parties, public and private as well as consumers and producers (Pauw et al. 2002:239; cf. Campbell & Brown 2003:1).

1.6 Clarification of terminology

HIV/Aids: Aids is caused by HIV or human immunodeficiency virus. The curve of HIV infection is followed by the curve of Aids illness and death which determines the third curve of “impact” describing the shock and vulnerability of individuals.

NGO: A non-profit organisation as is defined in the Non-profit Organisations Act No 71 of 1997 is independent from government and its policies. The NGO obtains its funding from private sources or donations.

PPI: Public-private interaction according to the health charter, is involved in health care within the private or NGO sector, but is not limited to a PPP.

PPP: A public-private partnership (PPP) speaks of the formation of co-operative relationships between government, profit-making organisations and not-for-profit organisations to fulfil a policy function. The South African regulatory framework for PPP is based within the Constitution of the Republic of South Africa, 1996 (Act 108, Section 217 (1)) and is defined in Treasury Regulations No 16 issued in terms of section 76 of the Public Finance Management Act, 1999 (Act 1 of 1999) which states that PPP is a contract between government institutions and private parties where substantial risk is transferred to the private party.

Private sector: Persons or entities outside the public sector and NGO.

Public sector: Government departments, organs of state and institutions that exercise public power or perform public functions.

1.7 Structure of the research

The dissertation is composed of eight chapters. A literature study and empirical research framed the boundaries for the research question. Chapter 1 is an introduction to the study and presents a statement of the research problem, the research question and the objectives that shaped the research approach and methodology of the study.

Chapter 2 presents a description of the international environment referred to the international dimension of the global environment. The various factors used to assess the international environment and the interplay amongst the markets, social and political factors, as well as technological trends, are discussed in detail in this chapter as this has significant bearing on the type of intervention strategies government selects in health care reforms. Added to this, the nature and degree of competition play a determining role in the way strategies in HIV/Aids intervention are structured. Globalisation and regionalisation influence developments in such a way that market forces are central to all strategies. Therefore, it becomes imperative to explore and understand how policy decision-making in government impacts on all spheres of life and influences HIV/Aids intervention strategies.

Chapter 3 investigates the global situation of the HIV/Aids pandemic and its global, regional and national impact on health care systems and public finance structures. This chapter highlights the impact of conflicting issues such as “humanistic valuing” versus “market forces” on government policy-making. A short introduction to the disease and its epidemiology provides important knowledge in coming to understand why the epidemic takes different forms in different societies and why governments use different approaches to solve these vulnerabilities. Both epidemic curves (HIV and Aids) have political ramifications. Concerns raged about strategies and interventions that focused mainly on clinical-medical issues and individual behaviour change. Both failed to recognise the structural and distributional factors that resulted in those behaviours.

Chapter 4 probes the value of public-private partnerships and public finance as a mechanism to strengthen policy capacity, thereby improving the quality of service delivery outcomes in health care. It takes a closer look at how PPP are constructed and

how they can benefit HIV/Aids intervention strategies. This chapter concludes by exploring the impact of PPP on public finance and health care reforms.

Chapter 5 takes a closer look at the historical evolution of political thoughts and ideologies and their influence on shaping the nature of government functions. The political ideologies and forms of government become the binding factors between choices made in intervention strategies and the government's approach towards its role as enabler, facilitator and regulator. The influence of the New Public Management movement changed the role of the public administrator as it blended together businesslike approaches with themes of "efficiency and effectiveness" in government reforms and service delivery outcomes.

Chapter 6 establishes criteria for health care policies and presents a model of best practice. This is achieved by presenting international best practices within a 4E framework highlighting the key performance indicators that are critical elements in the PPP environment and shape service delivery when formulating HIV/Aids intervention strategies. The international best practices form a benchmark for the national situation against which performance is measured. This chapter puts forward new best practice standards linked to service excellence in the long term, displaying the best options and strategies available to overcome the weaknesses experienced in the NHS and to identify those factors that prevent successful outcomes in the roll-out plans for HIV/Aids.

Chapter 7 analyses the results of each case study and points out how PPPs are used as a mechanism to achieve fiscal responsibility by providing alternative policy options to develop intervention strategies for HIV/Aids in South Africa.

Chapter 8 concludes with a summary of the main results and presents recommendations for alternative approaches in health care reforms. It identifies the main issues that determine strategic choices and why PPPs are attractive options in health care interventions and how they can be used effectively in HIV/Aids policy agendas. This chapter identifies future research topics flowing from this dissertation which require further investigation.

1.8 Conclusion

Finding a cure for HIV/Aids is top of the government's agenda as HIV infections continue to grow, impacting negatively on wealth creation in South Africa. Although research studies mostly focused on the medical issues associated with Aids, few studies dealt with this topic from a public finance management perspective. All actions in this study were directed towards finding effective service delivery outcomes through allocative, distributive and accountable mechanisms. This was done by investigating the impact and influence of strategies on the roll-out plan for HIV/Aids policies.

This research is important in that it deals with immediate problems in the HIV/Aids environment that needs attention. The qualitative tools did not produce solutions but aim at providing information and analysis at multiple points. Hence, it points out specific areas that need further investigation. The problems associated with HIV/Aids have major impacts on future health strategies as HIV/Aids costs are escalating and take bigger a proportion of the GDP every year reducing money available for other life-threatening illnesses. Finding mechanisms for improved service delivery through scientific research, tested and validated, offers decision-makers the opportunity to make well-informed decisions.

The strength and value of this research study lies in its research design and the methodology followed to find evidence of patterns, trends and options across cases. The study takes a wide-angle approach to policy in that it looks at the whole policy process and not at a specific part of it. Literature indicates that few researchers use applied research and therefore do not take into consideration the whole policy-making process and also do not apply a systematic analysis of the dimensions and variables that influence public policy. Because policy analysis is an indispensable part of policy management, strategic management tools such as the PESTLE, SWOT, TOC, strategy maps and CBA offer reliable and accepted management tools to validate the qualitative data. The reliability of the data is based on the systematic approach in which the qualitative data was collected. The systematic approach allowed for both an inductive and a logical approach to the analysis of data and verification of evidence against referenced data.

The next chapter investigates the factors and dimensions within the international environment that influence public policy-making. Public policy does not occur in a vacuum. The relationships shaping the outcomes of structures developed to advance “well-being and common good” directly impact on public finance and public administration and determine how problems in the HIV/Aids environment are defined and framed. People’s interaction with health care systems define their experiences of the state and determine their place in broader society as health care communicates and enforces values and norms through different aspects of its operation. Therefore, one has to keep in mind that citizens’ claims of entitlement to services, necessary to promote health, are their assets in a democratic society. This makes health a highly complex and emotional environment.