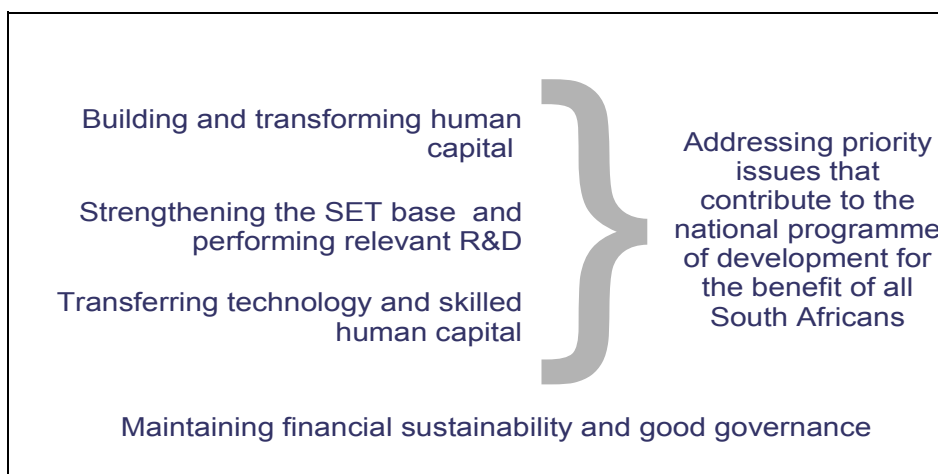


## **CSIR Contract R&D Local and International Funding Portfolio**

### **Strategic and operational plan for the 2010/11 to 2012/13 planning cycle**



**April 2010**

## **Preamble**

The Planning Guidelines for the 2010/11 to 2012/13 planning cycle relevant to the Contract R&D Local and International Funding Portfolio have been taken into account.

The CSIR Contract R&D Local and International Funding Portfolio plays a dual role:

- providing a Portfolio leadership, monitoring, and advisory role to CSIR Units and Centres and CSIR Executive, and
- providing service in a support role to CSIR Units and Centres, and CSIR Executive, based on the agreed strategies.

The CSIR Contract R&D Strategic and Operational Plan reflects these dual roles, and the emphasis within the Portfolio in terms of the dual roles is reflected accordingly.

The Plan specifies a number of KPIs to be achieved. Such KPIs have been derived from CSIR strategies and are linked to KPIs of the Units and Centres.

The plan of the Portfolio takes into account the Plans of the CSIR Units and Centres handed in by 18 November 2009. In a number of cases, CSIR strategies for various focus areas have been developed and have formed the basis of planning.

The revised plan submitted on 15 January 2010 incorporates the Portfolio's response to the key issues raised by the OUs and Centres and in the Strategic and Operational Plan presentation on 11 December 2009.

## Table of contents

i	Executive summary and key performance indicators.....	4
1	Vision, mission and value proposition.....	10
2	Situational analysis.....	10
2.1	The mandate and strategic priorities of the Contract R&D Local and International Funding Portfolio.....	10
2.2	The aims of the Contract R&D Local and International Funding Portfolio.....	11
2.3	Key issues to be addressed.....	11
3	Strategic and operational plan – 2010/11 to 2012/13.....	12
3.1	Strategic contexts.....	12
3.2	Strategic focus areas.....	12
3.2.1	The public sector.....	13
3.2.2	The private sector.....	14
3.2.3	State owned enterprises.....	14
3.2.4	Funding agencies.....	14
3.3	Key initiatives.....	14
3.4	Operational excellence and service quality.....	17
3.5	Finance and corporate governance.....	17
3.6	Specific priorities or issues of the Portfolio.....	19
4.	Application framework.....	20
4.1	The Contract R&D Policy.....	20
4.2	Management, roles and institutional structures.....	20
4.3	Monitoring and evaluation.....	21
5.	Concluding remark.....	22

## List of Tables

Table 1	Main and supporting key performance indicators for strategic roles of the Portfolio.....	6
Table 2	Main and supporting key performance indicators for support roles of Portfolio's or Support units or to cover normal management issues.....	7
Table 3	Vision, mission and value proposition.....	10
Table 4	CSIR Contract R&D key issues to be addressed.....	11
Table 5	Key challenges and opportunities.....	12
Table 6	CSIR Contract R&D strategic focus areas and key initiatives.....	15
Table 7	Operational excellence and service delivery.....	17
Table 8	Income statement .....	17
Table 9	Income from external sources (including VAT).....	19
Table 10	Planned investments in initiatives or infrastructure in 2010/11.....	19
Table 11	Unit plan to support CSIR Open Source initiative.....	19
Table 12	Specific other priorities of the Portfolio.....	19
Table 13	Institutional structures, roles and responsibilities.....	20
Table 14	Proposed qualitative and quantitative monitoring criteria.....	21

## List of Appendixes

Appendix A	Risk Management plan.....	23
Appendix B	Performance Evaluation Framework.....	29
Appendix C	Phased targets.....	30
Appendix D	CR&D Strategic and Operational Plan 2010/11 to 2012/13 presentation.....	31

## i Executive summary

- Summarize the overall strategic trajectory that the **PORTFOLIO** intends to adopt over the medium term planning horizon

The CSIR Contract R&D Plan outlines the vision, strategic priorities and aims of the Contract R&D Local and International Funding Portfolio, guided by the CSIR Contract R&D Policy approved by the CSIR Board in February 2008.

The Contract R&D Plan sets out the CSIR strategy for engagement with the public and private sectors and their respective local, African and international segments. It also indicates an increased emphasis on CSIR engagement with State Owned Enterprises (SOEs) and funding agencies, in particular.

*The Plan is intended to guide the CSIR in its efforts to foster scientific and industrial development in the national interest in cooperation with principals from the public and private sectors and ensure delivery against its mandate.*

The plan is based on the development agenda of South Africa, the role of the CSIR within the National System of Innovation (NSI), the DST Ten Year Plan, and the revised National Industrial Policy Action Plan (IPAP) and associated draft dti Technology Policy Framework<sup>1</sup>. The strategic issues raised in the findings of the 2008 CSIR Customer/Stakeholder Survey are taken into account and incorporated into the Plan.

A robust and sustainable Contract R&D Local and International Funding Portfolio is essential to fulfil the CSIR mandate and its role within the NSI. Therefore, the vision, strategic priorities and aims of the Portfolio, and the specific Unit contribution, have been clarified.

- Identify the critical strategic objectives that will signify success

### For the Portfolio:

- Quantum Contract R&D income growth
- Quality Contract R&D Local and International Funding Portfolio
  - balanced portfolio of research activities across the value chain
  - recognised CSIR support to national strategies, key national, provincial and local departments as a 'provider of choice' for Contract R&D services
  - recognised as a 'provider of choice' for Contract R&D services to selected private sector partners identified in OU business plans
  - recognised as a 'provider of choice' for Contract R&D services to key selected multinationals
  - recognised CSIR contribution to the African Continent, with strategic alliances and international development partners

### For the Unit:

- Portfolio management and reporting
- Institutional strategic relationship management
- CSIR SOE plan
- CSIR Africa plan
- CSIR Target Donor Agency plan

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<sup>1</sup> Draft dti Technology Policy Framework

- Summarize the key implementation initiatives to be taken by the **UNIT** during 2010/11 – identify the intended key outcomes.

#	Strategic Focus Area	Key Initiatives	Key Outcomes
1.	Portfolio management	<ul style="list-style-type: none"> <li>Institutionalise the strategic relationship management process for key Contract R&amp;D partnerships</li> <li>KPI monitoring, evaluation and reporting</li> </ul>	<ul style="list-style-type: none"> <li>strategic Contract R&amp;D partnerships</li> <li>a balanced Contract R&amp;D Local and International Funding Portfolio across the RDI value chain</li> </ul>
2.	Public sector	<ul style="list-style-type: none"> <li>Facilitate strategic Contract R&amp;D partnerships with selected key Line Departments, provincial and local structures</li> </ul>	<ul style="list-style-type: none"> <li>recognised CSIR support to national strategies, key national, provincial and local departments as a 'provider of choice' for Contract R&amp;D services</li> </ul>
3.	Private sector	<ul style="list-style-type: none"> <li>Strategic Contract R&amp;D partnerships with selected local private sector companies</li> </ul>	<ul style="list-style-type: none"> <li>recognised as a 'provider of choice' for Contract R&amp;D services to selected private sector partners and MNCs</li> </ul>
4.	Africa	<ul style="list-style-type: none"> <li>Implement Africa Contract R&amp;D Plan</li> </ul>	<ul style="list-style-type: none"> <li>recognised CSIR contribution to the African Continent, with strategic alliances and international development partners</li> </ul>
5.	State Owned Enterprises (SOEs)	<ul style="list-style-type: none"> <li>Develop special approaches for (2) SOEs</li> </ul>	<ul style="list-style-type: none"> <li>a CSIR that is recognised as a 'provider of choice' for Contract R&amp;D services to selected SOEs</li> </ul>
6.	International Contract R&D	<ul style="list-style-type: none"> <li>Strategic Contract R&amp;D partnerships with selected international companies</li> <li>FP7 quality response</li> </ul>	<ul style="list-style-type: none"> <li>a CSIR that is seen as the preferred supplier of Contract R&amp;D for selected international partners</li> <li>scientific excellence</li> </ul>

\* Implementation of the key initiatives and associated outcomes outlined are dependant on approval of the associated Contract R&D Local and International Funding Portfolio Budget 2010/11.

- Complete Tables 1 and 2 (key performance indicators) providing the one year and three year targets that indicate successful achievement of the strategy and plans. Table 1 covers the strategic role and Table 2 covers the support role, as described in the Preamble to the Planning template. Table 2 also covers standard management issues.

**Table 1** Main and supporting key performance indicators for **STRATEGIC** roles of the Portfolio (case specific KPIs to be proposed)

Priority Area	Relevant Main and supporting KPIs as presented in the CSIR Plan <sup>2</sup>	“Meets all requirements” target 2009/10	Forecast 2009/10	“Meets all requirements” target 2010/11	“Meets all requirements” target 2012/13	“Benchmark” performance level <sup>3</sup>
<b>Portfolio leadership</b>	<ul style="list-style-type: none"> <li>- Contract R&amp;D Local and International Funding Portfolio management</li> <li>- CSIR-wide consolidated reporting</li> <li>- Professional Development</li> </ul>	<ul style="list-style-type: none"> <li>- Business planning</li> <li>- Quarterly reporting</li> <li>- Internal and external recognition</li> </ul>	<ul style="list-style-type: none"> <li>- Business planning</li> <li>- Quarterly reporting</li> <li>- Internal and external recognition</li> </ul>	<ul style="list-style-type: none"> <li>- Business planning</li> <li>- Quarterly reporting</li> <li>- Internal and external recognition</li> </ul>	<ul style="list-style-type: none"> <li>- Business planning</li> <li>- Quarterly reporting</li> <li>- Internal and external recognition</li> </ul>	<ul style="list-style-type: none"> <li>- Business planning</li> <li>- Quarterly reporting</li> <li>- Internal and external recognition</li> </ul>
<b>Public sector</b>	<ul style="list-style-type: none"> <li>- Support to national strategies</li> <li>- Strengthen strategic partnerships with key departments</li> <li>- CSIR response to IPAP</li> </ul>	<ul style="list-style-type: none"> <li>- 50%</li> <li>- Support Unit strategies as required</li> <li>- the dti, the DST: Intergovernmental Relations</li> <li>- CSIR response to IPAP</li> </ul>	<ul style="list-style-type: none"> <li>- 67%</li> <li>- Support Unit strategies as required</li> <li>- the dti, the DST: Intergovernmental Relations</li> <li>- Inputs to the dti Technology Policy Framework</li> </ul>	<ul style="list-style-type: none"> <li>- 60%</li> <li>- Strengthen strategic partnerships with key departments</li> <li>- the dti, the DST: Directorate Intergovernmental Relations and strategic partnerships</li> <li>- Support Unit strategies as required</li> <li>- Develop role of CSIR in fostering industrial development</li> </ul>	<ul style="list-style-type: none"> <li>- 60%</li> <li>- Strengthen strategic partnerships with key departments</li> <li>- the dti, the DST: Directorate Intergovernmental Relations and strategic partnerships</li> <li>- Support Unit strategies as required</li> <li>- Develop role of CSIR in fostering industrial development</li> </ul>	<ul style="list-style-type: none"> <li>- 60%</li> <li>- Strengthen strategic partnerships with key departments</li> <li>- the dti, the DST: Directorate Intergovernmental Relations and strategic partnerships</li> <li>- Support Unit strategies as required</li> <li>- Develop role of CSIR in fostering industrial development</li> </ul>
<b>Private sector</b>	<ul style="list-style-type: none"> <li>- Strengthen and facilitate CSIR strategic Contract</li> </ul>	<ul style="list-style-type: none"> <li>- Strengthen and facilitate CSIR strategic Contract</li> </ul>	<ul style="list-style-type: none"> <li>- Strengthen and facilitate CSIR strategic Contract</li> </ul>	<ul style="list-style-type: none"> <li>- Strengthen and facilitate CSIR strategic Contract</li> </ul>	<ul style="list-style-type: none"> <li>- Strengthen and facilitate CSIR strategic Contract</li> </ul>	<ul style="list-style-type: none"> <li>- Strengthen and facilitate CSIR strategic Contract</li> </ul>

<sup>2</sup> Main KPIs are presented in bold and supporting KPIs in a normal typeface.

<sup>3</sup> Unit specific benchmarks should be proposed

Priority Area	Relevant Main and supporting KPIs as presented in the CSIR Plan	“Meets all requirements” target 2009/10	Forecast 2009/10	“Meets all requirements” target 2010/11	“Meets all requirements” target 2012/13	“Benchmark” performance level
	R&D partnerships with selected private sector actors	R&D partnerships with selected private sector actors	R&D partnerships - Syngenta - Sasol - GE	R&D partnerships - Syngenta - Sasol	R&D partnerships	R&D partnerships
<b>Africa and IDF agencies</b>	- Target IDF Agencies - Strengthen and facilitate CSIR strategic Contract R&D partnerships	- N/A	- N/A	- Target IDF Agencies - Increased CSIR Africa role	-	-
<b>State Owned Enterprise</b>	- Strengthen and facilitate CSIR strategic Contract R&D partnerships	- CSIR SOE status quo analysis	- CSIR SOE status quo analysis	- Strengthen and facilitate CSIR strategic Contract R&D partnerships - Eskom - Transnet	-	-
<b>International MNCs and FP7</b>	- CSIR response to EU FP - Target IDF Agencies	- EU FP 20 projects -	- EU FP 23 projects -	- CSIR EU FP quality response - Targeted IDF Agencies	-	-
<b>Agency management</b>	- AMTS IU	- Oversee HR and Budget	- Oversee HR and Budget	- Manage transition to TIA	-	-

**Table 2** Main and supporting key performance indicators for **SUPPORT** roles of the Portfolio to cover normal Management issues

Priority Area		Main and supporting KPIs	“Meets all requirements” target 2009/10 <sup>4</sup>	Forecast 2009/10 <sup>5</sup>	“Meets all requirements” target 2010/11	“Meets all requirements” target 2012/13	“Benchmark” performance level <sup>6</sup>
<b>Operational excellence</b>	<b>Service quality and delivery</b>	<b>Satisfaction of internal customers<sup>7</sup></b> <ul style="list-style-type: none"> <li>Contract R&amp;D Forum</li> </ul>	- Effective Contract R&D Forum (x4)	- Effective Contract R&D Forum (x4)	- Effective Contract R&D Forum (x4)	- Effective Contract R&D Forum (x4)	- Effective Contract R&D Forum (x4)

4 Provide only for KPIs included in 2009/10 unit plans

5 Provide forecasts for all KPIs (important baseline for setting targets), but only where they are specifically applicable. If not, indicate “n/a”

6 Unit specific benchmarks should be proposed

7 Support units to provide an indication on how this KPI will be measured in the Support unit. This will vary from department to department.

Priority Area		Main and supporting KPIs	“Meets all requirements” target 2009/10	Forecast 2009/10	“Meets all requirements” target 2010/11	“Meets all requirements” target 2012/13	“Benchmark” performance level
		<ul style="list-style-type: none"> <li>OPCO</li> </ul>	<ul style="list-style-type: none"> <li>OPCO inputs (x2)</li> <li>Contract R&amp;D reports and presentations (x4)</li> </ul>	<ul style="list-style-type: none"> <li>OPCO inputs (x2)</li> <li>Contract R&amp;D reports and presentations (x4)</li> </ul>	<ul style="list-style-type: none"> <li>OPCO inputs (x2)</li> <li>Contract R&amp;D reports and presentations (x4)</li> </ul>	<ul style="list-style-type: none"> <li>OPCO inputs (x2)</li> <li>Contract R&amp;D reports and presentations (x4)</li> </ul>	<ul style="list-style-type: none"> <li>OPCO inputs (x2)</li> <li>Contract R&amp;D reports and presentations (x4)</li> </ul>
		Adherence to service quality standards <sup>8</sup> <ul style="list-style-type: none"> <li>EBAS</li> <li>Communications</li> </ul>	CSIR Standard	CSIR Standard	CSIR Standard	CSIR Standard	CSIR Standard
Human Resource Management	Quality of CSIR human resource environment	<b>Total number of staff</b>	<b>5</b>	<b>5</b>	<b>7</b>	-	-
		% of staff who are black	4	4	4	-	-
		% of staff who are female	4	4	4	-	-
		<b>Proportion of support professionals<sup>9</sup> who are black (%)</b>	<b>3</b>	<b>4</b>	<b>4</b>	-	-
		<b>Proportion of support professionals who are female (%)</b>	<b>3</b>	<b>4</b>	<b>4</b>	-	-
		Number of staff with PhD level qualifications <sup>10</sup>	-	-	-	-	-
		Number of studentships supported <sup>11</sup>	0	0	0	-	-
		Number of interns supported <sup>12</sup>	0	0	1	-	-
		Formal training days attended by managers in service units	12	5	12	-	-
		Formal training days attended by staff in service units	7	5	7	-	-

<sup>8</sup> Support units to provide an indication on how this KPI will be measured in the Support unit. This will vary from department to department.

<sup>9</sup> Staff who have a three year diploma or degree, or higher

<sup>10</sup> Include permanent staff, studentships and post docs

<sup>11</sup> Candidates engaged full time on Masters or PhD level studies whilst employed by the CSIR on a fixed-term contract to work on a research project for the purpose of fulfilling their academic requirements. Studies may be partly or fully funded by the CSIR.

<sup>12</sup> The Internship Programme is an experiential learning programme designed for graduates to gain work experience in line with their studies. The programme has a defined period of one year and graduates contribute to R&D outputs at the CSIR while acquiring core research and professional skills. Include interns not paid via the CSIR system (e.g. DST and dti interns) to provide a complete picture



Priority Area		Main and supporting KPIs <sup>13</sup>	“Meets all requirements” target 2009/10 <sup>14</sup>	Forecast 2009/10 <sup>15</sup>	“Meets all requirements” target 2010/11	“Meets all requirements” target 2012/13	“Benchmark” performance level <sup>16</sup>
Financial sustainability	Cost optimisation	Total cost of providing support services <sup>17</sup>	- 5% from previous year	- 5% from previous year	- 5% from previous year	- 5% from previous year	- 5% from previous year
		% of total cost reduction					
Corporate governance and Citizenship	Quality & operational excellence	Certification of organisation to relevant quality standards <sup>18</sup>	CSIR Standard	CSIR Standard	CSIR Standard	CSIR Standard	CSIR Standard
	Black Economic Empowerment	BBBEE Overall Performance (CSIR level KPI)	CSIR KPI				Level 2
	Employment Equity	Percentage of all employees in grades C1 and C4 who are black*	1	1	2	-	68%
		Percentage of all employees in grades D1 to D4 who are black*	1	1	2	-	63%
		Percentage of all employees in grades E1 to F1 who are black*	1	1	1	-	43%
	Preferential Procurement	Year on year improvement in preferential procurement spend	CSIR Standard	CSIR Standard	CSIR Standard	CSIR Standard	CSIR Standard
	Corporate Governance	Energy Efficiency (CSIR level KPI)	CSIR KPI				1.2% reduction in energy usage
		Environmental stewardship	CSIR KPI				Maintain ISO 14001 accreditation
		Disabling Injury Frequency Rate (DIFR)	CSIR KPI				<0.3 disabling injuries

13 Main KPIs are presented in bold and supporting KPIs in a normal typeface.

14 Provide only for KPIs included in 2009/10 unit plans

15 Provide forecasts for all KPIs (important baseline for setting targets), but only where they are specifically applicable. If not, indicate “n/a”

16 Unit specific benchmarks should be proposed

17 Complete templates as provided by Finances

18 Unit specific standards where applicable

## 1. Vision, mission and value proposition

- Complete **Table 3**. Provide the vision and mission of the **PORTFOLIO**. Describe the **UNIT's** value proposition and explain its reason for existence and how will it contribute to CSIR priorities and strategic objectives.

**Table 3** Vision, mission, value proposition

<b>Vision:</b> <ul style="list-style-type: none"> <li>To have a robust and sustainable <b>Contract R&amp;D Local and International Funding Portfolio</b>, which enables the CSIR to fulfil its mandate and its role within the NSI.</li> </ul>			
<b>Mission:</b> <ul style="list-style-type: none"> <li>To have the optimal quality and high value <b>Contract R&amp;D Local and International Funding Portfolio</b> congruent with the organizational strategy.</li> <li>To optimize the CSIR Strategic <b>Contract R&amp;D Local and International Funding Portfolio</b> by enabling the organization to optimise its resources, core skills, and competencies in support of national goals by leveraging resources and capabilities from the national, regional, and global market.</li> <li>To leverage public, private, and international partnerships in support of cutting-edge science, engineering and technology.</li> </ul>			
<b>Unit-specific</b> value proposition: <ul style="list-style-type: none"> <li>The Contract R&amp;D Unit is in a unique position to add value, enable impact, and to optimize the CSIR Contract R&amp;D Local and International Funding Portfolio through its critical mass of multi-disciplinary staff.</li> <li>Our competitive advantage is the broad understanding, knowledge, experience, and network of relationships the several sectors.</li> <li>As part of the CSIR R&amp;D Core, the Contract R&amp;D Unit is uniquely placed to facilitate access to government, industry and international sectors – we have a good understanding of government policies and implementation strategies, as well as the science and technological competences of the CSIR. We therefore play a leading role in translating these into the national development agenda in collaboration with the public, private and international sectors.</li> </ul>			
<b>Unit-specific</b> reason for existence: <ul style="list-style-type: none"> <li>The CR&amp;D Unit is strategically positioned with regard to its internal stakeholders and external partners through a strategic R&amp;D Contract management and partnering interface, supported by science and technology competencies. This is designed to enable clear understanding of the national imperatives and the needs of the industry to optimise the impact of CSIR R&amp;D outputs.</li> </ul>			
[Supporting table below to the value proposition]			
<b>Priority Area<sup>19</sup></b>	<b>Core and supportive activities</b>	<b>Activities to partner, buy, contract in or outsource</b>	<b>Activities not done</b>
<b>Portfolio management</b>	<ul style="list-style-type: none"> <li>- KPI reporting</li> <li>- Monitoring and evaluation</li> </ul>	<ul style="list-style-type: none"> <li>- OUs</li> </ul>	<ul style="list-style-type: none"> <li>- OU level reporting</li> </ul>

## 2. Situational analysis

- Briefly review the strategic health of the unit, specifically considering the need for strategic development, and the capacity to deliver the service desired.

### 2.1 The mandate and strategic priorities of the Contract R&D Local and International Funding Portfolio

The CSIR Contract R&D Local and International Funding Portfolio Plan adheres to the mandate of the CSIR, i.e. to perform directed and multidisciplinary research and technological innovation, fostering industrial and scientific development, in cooperation with the public and private sectors and to improve the quality of life of South Africans.

The Contract R&D Local and International Funding Portfolio is aligned with, and endeavours to support, the CSIR strategic priorities:

- building and transforming human capital;
- strengthening the SET base and performing relevant R&D;

<sup>19</sup> Consider issues such as Research, Development, R&D output, HCD

- transferring technology and skilled human capital; and
- maintaining financial sustainability and good governance.

#### The Portfolio's contribution

Our vision is to have a robust and sustainable Contract R&D Local and International Funding Portfolio, which enables the CSIR to fulfil its mandate and its role within the NSI.

- This will be done in partnership with local, African and international role players in the public and private sectors, SOEs and funding agencies.
- The Contract R&D Local and International Funding Portfolio will contribute to financial sustainability, and ensure that CSIR remains relevant and on the forefront of technological innovation.

## **2.2 The aims of the Contract R&D Local and International Funding Portfolio**

The implementation of the CSIR B60 strategy demanded a change to focus activities on R&D that are aligned with the mandate. This called for a healthier balance of activities along the Research Development and Innovation (RDI) value chain, and a more defined and explicit strategy for Contract R&D.

The intended outcomes of the CSIR Contract R&D Strategy include:

- a balanced Contract R&D Local and International Funding Portfolio across the RDI value chain;
- significant strategic partnerships;
- a CSIR that is seen as the preferred supplier of Contract R&D for key actors in the public and private sectors, SOEs and funding agencies;
- improved service delivery and implementation in the public sector;
- recognised CSIR contribution to the sustainable growth of selected economic sectors; and
- significant external income contributing to the financial sustainability of the CSIR.

An efficiently implemented Contract R&D Plan will ensure CSIRs contribution to industrial development, bring about new technological advances, technology transfer and commercialisation; and support financial sustainability.

## **2.3 Key issues to be addressed**

- Complete Table 4. Summarise the key challenges and opportunities that the Portfolio needs to address over the medium-term horizon.

A number of strategic issues to be addressed that collectively seek to strengthen the CSIR Contract R&D Local and International Funding Portfolio, as well as key findings of the CSIR Customer/Stakeholder Survey have been taken into account, as shown in Table 4.

**Table 4** CSIR Contract R&D key issues

<b>Key issues to be addressed</b>
<u>Contract R&amp;D Unit-specific:</u> <ul style="list-style-type: none"> <li>• Institutionalise the strategic relationship management process for key Contract R&amp;D partnerships</li> <li>• Define and structure strategic Contract R&amp;D initiatives with the primary intent being to enable the CSIR to conduct research that is both endorsed by the mandate and is an integral part of the South African government's science and technology strategy</li> <li>• Package and communicate CSIR successes in an appropriate format for customer segments</li> </ul> <u>CSIR-wide:</u> <ul style="list-style-type: none"> <li>• Promote the CSIRs collaborative research ability and multi-disciplinary approach as part of the CSIR generic value proposition</li> </ul>

Key issues to be addressed
<ul style="list-style-type: none"> <li>Promote CSIRs role in shaping South Africa's scientific agenda</li> <li>Leverage the national strategies and initiatives in support of the Contract R&amp;D Strategy</li> <li>The emerging B-BBEE and IP legislation are important developments that have challenging strategic and operational implications for the portfolio</li> <li>Develop the appropriate skills, competencies and demographics in line with the CSIR Human Capital Development Strategy, guided by the needs and requirements of the specific context within which the Contract R&amp;D Local and International Funding Portfolio operates</li> </ul>

The key challenges and opportunities faced by the CSIR Contract R&D Local and International Funding Portfolio are shown in Table 5 below.

**Table 5** Key challenges and opportunities

Challenge	Opportunity
Human capacity	- Secondments from Units/Centres
Public sector income	- Partner with DST and Line Departments
Private sector income	- Targeted business development
Africa	- Scientific leadership
SOEs	- Establish credibility
Funding agencies	- Establish strategic partnerships

### 3. Strategic and operational plan – 2010/11 to 2012/13

#### 3.1 Strategic context

The CSIR Contract Research and Development (R&D) Policy was approved by the CSIR Board in February 2008. The policy provides guidelines on the CSIR approach to Contract R&D. In essence, the CSIR undertakes Contract R&D that complements the CSIR strategic priorities and research and innovation activities<sup>20</sup>, subject to acceptance of a formal contract.

The CSIR Contract R&D Plan is based on the development agenda of South Africa and the role of the CSIR within the National System of Innovation (NSI). It takes cognisance of the DST Ten-Year Innovation Plan, relevant national strategies and the revised National Industrial Policy Action Plan (IPAP) and associated draft dti Technology Policy Framework.

The Parliamentary Grant provides the means to develop the S&T base upon which offerings to the market are made and R&D outputs and outcomes are realised. A robust Contract R&D Local and International Funding Portfolio is essential to fulfil the CSIR mandate and its role within the NSI. A number of strategic interventions have been outlined that collectively seek to strengthen the CSIR contribution to, and interaction with, the public and private sectors and sub-sectors including local, African and international, State Owned Enterprises (SOEs) and funding agencies. Strategic issues including the findings of the 2008 CSIR Customer/Stakeholder Survey have been taken into account and incorporated into the Plan.

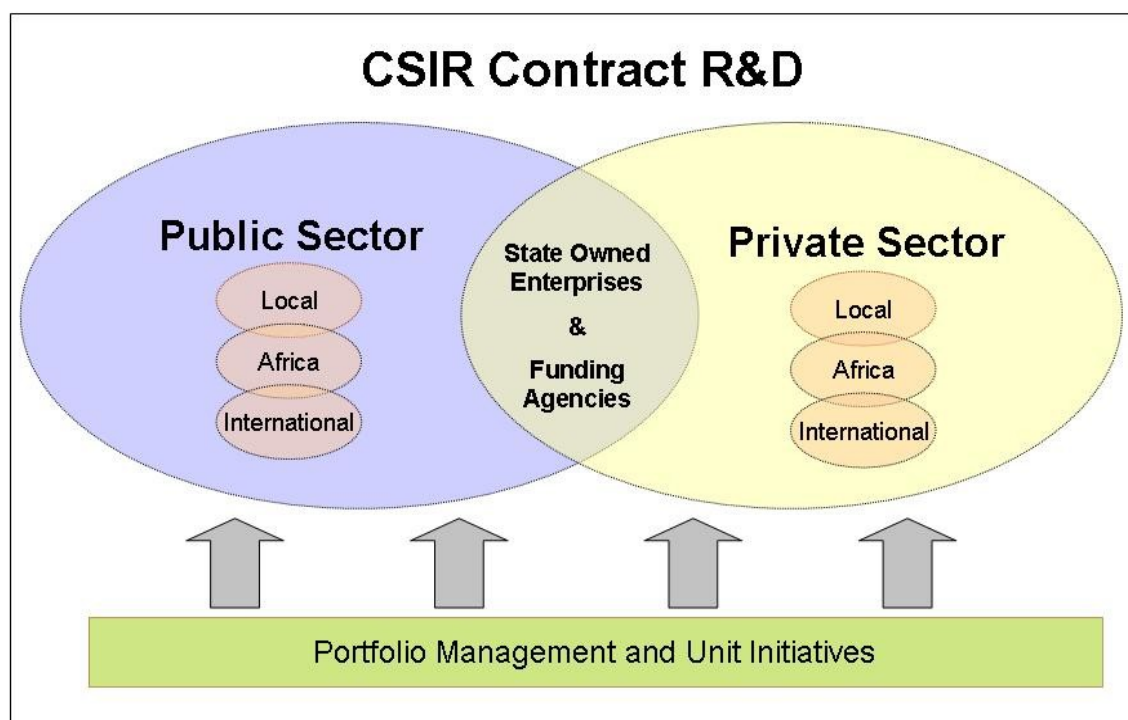
#### 3.2 The strategic focus areas

The CSIR Contract R&D Plan focusses on the public and private sectors. Each of these can be segmented into local, African and international markets. State owned enterprises have been added as a segment due to their increasing role in socio-economic development and because of their programmes to build the local supplier base through the Competitive Supplier Development Programme (CSDP). Funding agencies are included due to their

<sup>20</sup> Frascati/CSIR Definitions of Research and Innovation Categories

increased role in funding research and development, particularly through the emergence of the Technology Innovation Agency (TIA).

The schematic in Figure 1 illustrates the key sectors and sub-sectors of the Plan.



**Figure 1** The main pillars of the CSIR Contract R&D Local and International Funding Portfolio Plan

### 3.2.1 The public sector

Public sector Contract R&D provides the opportunity for the CSIR to demonstrate relevance, application, and the benefit of its offerings in the public domain. It enables the CSIR to share its scientific and technical expertise and make a meaningful contribution on a larger scale to society. It provides an opportunity to contribute science and technology leadership for local, national and global needs. In this way, it provides researchers with understanding of real-world challenges and technology implementation realities, which leads to more successful technology transfer and impact.

#### 3.2.1.1 The public sector: local

Locally, the various government departmental Medium Term Expenditure Frameworks (MTEFs) inform the CSIR Contract R&D Plan. A concerted effort is being made to ensure CSIR alignment with the goals of the MTEF, as they give rise to significant Contract R&D opportunities. Increases in sector-specific research expenditure are expected from many Line Departments, offering opportunities for growing public sector funding for Contract R&D work. The CSIR will also support provincial and metropolitan structures by providing Contract R&D offerings focussed on improving service delivery and implementation at local scale.

#### 3.2.1.2 The public sector: Africa

The CSIR aims to contribute to Africa's development in line with the AU framework through strategic Contract R&D partnerships with relevant international development agencies. It

will undertake strategic Contract R&D engagement and opportunities, and it will remain involved in the NEPAD S&T Consolidated Plan of Action and S&T bilaterals.

- Collaborative, needs-based S&T Flagships
- Technology transfer and knowledge-based services in thematic/sector areas

#### **3.2.1.3 The public sector: International**

International Contract R&D within the public sector enables the CSIR to contribute to the global pool of knowledge, access opportunities for strengthening the SET base and contribute to financial sustainability. It also acts as an important benchmark of relevance and quality. The European Union (EU), the USA, China, France and the UK are the top foreign countries from which the CSIR has secured Contract R&D. Specific effort will now go into building on this track record and expanding CSIRs reach.

#### **3.2.2 The private sector**

It is a CSIR objective to support the private sector with competitive R&D that fosters industrial development aligned with our mandate. This requires a strategy that ensures that CSIR undertakes a significant portion of private sector Contract R&D which is balanced across the RDI Chain. CSIR has developed thematic research areas to enable us to position its competencies in specific sectors. This will be achieved by developing strategic partnerships with key players with whom we can undertake significant research that contributes to national priorities and improvement in quality of life. An additional objective is to articulate the CSIR contribution to, and interaction with, the private sector, and for the CSIR to demonstrate activities relating to its industrial development contribution.

##### **3.2.2.1 The private sector: Local**

The CSIR aims to obtain more of the South African private sector R&D spend. This entails increasing the portion of available business expenditure on Research and Development (BERD) spend and, in turn, increasing the CSIR share from the current 2,4% of BERD level<sup>21</sup>. Specific initiatives have been outlined to assist OUs in achieving their business plan targets in this sector.

##### **3.2.2.2 The private sector: Africa**

The private sector is regarded as the engine of growth in Africa. It is recognised that technological innovation and technology transfer activities are required to achieve this growth. The CSIR will support local private companies and multinationals in Africa, and take advantage of opportunities provided by country bilateral and multilateral agreements. CSIR will provide services to the African private sector across the value chain and thereby contribute to industrial development as outlined by the Council of African Ministers on Industry (CAMI).

##### **3.2.2.3 The private sector: International**

The key challenge within the international sector is to increase strategic Contract R&D initiatives with multinationals and more private sector companies.

#### **3.2.3 State owned enterprises**

SOEs have the specific role of achieving strategic public objectives in those areas of the economy where purely private sector participation would cause compromise, given the private enterprise focus on achieving market-related returns on capital. Given the special character of the SOE, the CSIR is paying special attention to the Competitive Supplier Development Programme (CSDP).

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21 The CSIR Private Sector Analysis, CSIR Contract R&D Unit, 2007



### 3.2.4 Funding agencies

Funding agencies have been added as an important component of the Contract R&D Strategy, due to their increasing role in funding research and development across the innovation chain, and the emergence of the Technology Innovation Agency (TIA).

### 3.3 Key initiatives

- Describe the key initiatives that will be implemented in the portfolio to support fulfilment of its strategy by completing **Table 6**.

**Table 6** Contract R&D strategic focus areas and key initiatives

Strategic objectives	Strategic focus area	Key initiatives to be implemented by the Unit to support fulfilment of its Strategy 2010/11
<b>Unit specific strategic focus areas</b>		
Local	Public sector	<ul style="list-style-type: none"> <li>- Support CSIR Units to promote CSIRs broad portfolio and depth of expertise, collaborative research ability and multi-disciplinary approach in addressing national priorities</li> <li>- Develop strategic partnerships by putting in place Memoranda of Agreement (MoA) with key line departments to provide multidisciplinary Contract R&amp;D and scientific leadership through the MTEF cycle</li> <li>- Enable CSIR Units to enhance the quality and impact of CSIR Contract R&amp;D with the public sector, while ensuring alignment with and support for national priorities and related initiatives (such as the World Cup 2010)</li> <li>- Enable CSIR Units to contribute to key sectors identified in the Industrial Policy Action Plan (IPAP) through the dti/CSIR Institutional Framework of Cooperation</li> <li>- Enable CSIR Units to provide scientific leadership in the technology transfer of existing technologies at the provincial and metropolitan level</li> </ul>
Africa		<ul style="list-style-type: none"> <li>- Position CSIR Units to secure strategic Contract R&amp;D through key programmes and relevant international development agencies</li> <li>- Enable CSIR Units to support the NEPAD S&amp;T Consolidated Plan of Action and to develop S&amp;T sector plans</li> <li>- Involvement in other regional activities that support the broader objectives of NEPAD (WAITRO, ST-EAP, RRA, GRA)</li> </ul>
International		<ul style="list-style-type: none"> <li>- Leverage the solid CSIR track record and position the CSIR as a global player with other leading players through collaborative R&amp;D</li> <li>- Communicate CSIR successes and grow relationships to provide multidisciplinary offerings</li> <li>- Optimise CSIR involvement in the EU Framework Programmes (FP) and Support Actions by communicating our participation in collaborative research projects that we are currently engaged in under the FP banner</li> <li>- Implement the Science and Technology Europe Africa Programme (ST-EAP), which serves as a platform for the advancement of EU-Africa S&amp;T co-operation</li> </ul>
Local	Private sector	<ul style="list-style-type: none"> <li>- Leverage the national strategies and initiatives in support of the Private Sector Plan</li> <li>- Recognise the indirect and non-private sector contribution to fostering industrial development</li> <li>- Recognise intellectual property, royalties and technology transfer activities in CSIR annual reporting on the private sector</li> <li>- Improve the ratio of the private sector spend to science councils (SCs) and tertiary education institutions (TEIs) through collaboration</li> <li>- Facilitate opportunities for the development of local supplier capacities that the CSIR can support, in support of the SOE CSDP</li> </ul>
Africa		<ul style="list-style-type: none"> <li>- Facilitate opportunities for: <ul style="list-style-type: none"> <li>- Contract R&amp;D</li> <li>- Consulting and Analytical Services</li> <li>- Enterprise Creation for Development</li> </ul> </li> </ul>
International		<ul style="list-style-type: none"> <li>- Target selected local large and/or Multinational Corporations that have strategic interests relevant to the CSIR mandate</li> </ul>

Strategic objectives	Strategic focus area	Key initiatives to be implemented by the Unit to support fulfilment of its Strategy 2010/11
		<ul style="list-style-type: none"> <li>- Communicate and promote CSIR successes per segment</li> <li>- Participate in relevant international fora</li> <li>- Increase international Contract R&amp;D opportunities with targeted multinationals, such as Boeing, Airbus, and Syngensis</li> </ul>
Promote and provide integrated multidisciplinary capabilities to develop key solutions and products to support large infrastructure investment, addressing issues of economic growth and social development, particularly in service delivery	State owned enterprises	<ul style="list-style-type: none"> <li>- Promote strategic relationship management with selected key SOEs, such as Eskom, Transnet, Denel</li> <li>- Facilitate CSIR support to the Competitive Supplier Development Programme</li> <li>- Leverage CSIRs understanding of national strategies and initiatives in support of SOE projects</li> <li>- Illustrate CSIRs track record and successes in managing complex collaborative multi-party initiatives</li> </ul>
Put in place relationship management systems for key agencies, such as the TIA	Funding agencies	<ul style="list-style-type: none"> <li>- Establish, manage and monitor CRM processes</li> <li>- Package and communicate per customer segment</li> </ul>
<b>Strengthening the service quality and delivery capacity</b>		
<ul style="list-style-type: none"> <li>- Consolidated and integrated reporting on organisational performance against planned targets</li> <li>- Customer/Stakeholder segmented events</li> </ul>	- Support to Units as required	<ul style="list-style-type: none"> <li>- Report on operational performance in respect of the Contract R&amp;D Local and International Funding Portfolio on a monthly and quarterly basis</li> <li>- Monitor the strategic profile and health of the CSIR Contract R&amp;D Local and International Funding Portfolio and report on a quarterly basis</li> <li>- Support Units and incorporate feedback into relevant CSIR fora</li> </ul>
<b>Enhancing cost effectiveness and maintaining good corporate governance</b>		
- Effective Contract R&D Unit in place	Effective management of the Contract R&D Unit	<ul style="list-style-type: none"> <li>- Resource Unit with appropriate capacity</li> <li>- Ensure adequate budget to provide effective service levels</li> <li>- Appointment and management of human resources</li> <li>- Financial management</li> </ul>



### 3.4 Operational excellence and service quality

- Describe the key initiatives that will be implemented in the unit to support operational excellence and service quality by completing Table 7

**Table 7** Operational excellence and service delivery

Operational excellence and service delivery	
Quality management system	- As per EHS standard
Enhance service delivery and review of business processes	- Contract R&D Forum - Contract R&D Local and International Funding Portfolio reporting - KRAs and performance review
Optimise effectiveness and efficiency	- KPI quarterly reporting - CSS - OPCO - KRAs and performance review
Appropriate use of resources:	- KRAs and performance review - As per approved organogram
1) Resources of skills available	- As per approved organogram
2 Resources of skills to be added	- As per approved organogram

### 3.5 Finances and corporate governance

- Provide a summary, in bullet form, of the main initiatives and plans to achieve the unit's strategic objectives and targets for maintaining financial sustainability and good corporate governance (as provided in the KPI table).
- Complete **Tables 8** (income statement) and **Appendix A** (risk management plan). The Finances department will provide unit or department specific income statements.
- Complete **Tables 9 and 10** using the departmental sub-divisions as indicated by the specific income statements

**Table 8** Income statement

	FORECAST 2009/2010	BUDGET 2010/2011	VARIANCE
<b>INCOME</b>	<b>2,492,176</b>	<b>3,153,812</b>	<b>27%</b>
R & D Contract Income	769,483	1,399,000	82%
Public - South Africa	769,483	500,000	-35%
Public - International	0	35,000	100%
Private - South Africa	0	0	100%
Private - International	0	864,000	100%
Parliamentary Grant - Directed	0	0	100%
Parliamentary Grant	1,335,693	1,754,812	31%
Parliamentary Grant - Core	1,335,693	1,754,812	31%
Parliamentary Grant - Thematic	0	0	100%
Internal Income	387,000	0	-100%
<b>OPERATING COSTS</b>	<b>0</b>	<b>0</b>	<b>100%</b>
Manpower : Attributable Hours	0	0	100%
Manpower : Non-Attributable Hours	0	0	100%
Running Costs	0	0	100%
<b>CONTRIBUTION MARGIN</b>	<b>2,492,176</b>	<b>3,153,812</b>	<b>27%</b>
<b>INDIRECT COSTS</b>	<b>0</b>	<b>0</b>	<b>100%</b>
Indirect Running	0	0	100%
Depreciation	0	0	100%
<b>GROSS PROFIT</b>	<b>2,492,176</b>	<b>3,153,812</b>	<b>27%</b>
Indirect Cost Recovery CSIR	0	0	100%
Indirect Cost Recovery Unit	0	0	100%
Profit (Loss) on Disposal of Fixed Assets	0	0	100%
Profit (Loss) on Disposal of Investments	0	0	100%
Income from Royalties	0	0	100%
Inventors Rewards	0	0	100%
Sundry Income	3104	0	-100%
<b>OPERATING PROFIT</b>	<b>2,495,280</b>	<b>3,153,812</b>	<b>26%</b>
<b>OU MANAGEMENT AND SUPPORT</b>	<b>3,206,984</b>	<b>3,153,812</b>	<b>-2%</b>
Manpower	1,953,175	2,046,671	5%
Directorate	0	0	100%
SET Management	1,953,175	2,046,671	5%
R&D Outcomes Management	0	0	100%
Operations Management	0	0	100%
Running Costs	1,233,113	1,084,208	-12%
Directorate	0	0	100%
SET Management	1,233,113	1,084,208	-12%
R&D Outcomes Management	0	0	100%
Operations Management	0	0	100%
OU Costs	0	0	100%
Depreciation	20,696	22,933	11%
Directorate	0	0	100%
SET Management	20,696	22,933	11%
R&D Outcomes Management	0	0	100%
Operations Management	0	0	100%
OU Costs	0	0	100%
<b>SHARED SERVICES FUNCTIONAL COSTS</b>	<b>0</b>	<b>0</b>	<b>100%</b>
Manpower	0	0	100%
HR & Communication	0	0	100%
Finance	0	0	100%
Management Services	0	0	100%
Running Costs	0	0	100%
HR & Communication	0	0	100%
Finance	0	0	100%
Management Services	0	0	100%
Depreciation	0	0	100%
HR & Communication	0	0	100%
Finance	0	0	100%
Management Services	0	0	100%
<b>PROFIT BEFORE INVESTMENT INCOME &amp; BONUS</b>	<b>-711,704</b>	<b>0</b>	<b>-100%</b>
<b>INVESTMENT INCOME</b>	<b>0</b>	<b>0</b>	<b>100%</b>
Interest Income / (Expense)	0	0	100%
Dividends	0	0	100%
<b>PROFIT BEFORE ANNUAL PERFORMANCE BONUS</b>	<b>-711,704</b>	<b>0</b>	<b>-100%</b>
Annual Performance Bonus	0	0	100%
<b>NET PROFIT</b>	<b>-711,704</b>	<b>0</b>	<b>-100%</b>
1 x BONUS TARGET		132,916	
BONUS THRESHOLD		0	
<b>Key Indicators</b>			
Profit before investment income & bonus on external income	-92.5%	0.0%	
Total manpower (excl. bonus)	1,953,175	2,046,671	
Direct Operational Manpower %	0%	0%	
Total running (excl. depreciation)	3,186,288	3,130,879	
Direct Operational Running %	0%	0%	
Depreciation	20,696	22,933	
Manpower as % of total income	78.4%	64.9%	
OU Management & Shared Services Cost as a % of Total Income	128.7%	100.0%	
PG as % of total income	54%	56%	

**Table 9** Income from external sources (Including VAT)

Income from external sources					
Allocation area	Budget 2009/10	Forecast 2009/10	2010/11	% change	Comments
EU ST-EAP	EUR216k R2 592 000	Roll over	EUR144k R1 728 000	-	- Roll-over from 2009/10 Budget
DST ST-EAP Co-Funding	R877 211	R7877 211	Roll-over	-	- Roll-over from 2009/10 Budget
WAITRO DST	R500 000	Roll over	R0	-	- Contract roll-over
AMTS IU Management	R0	R85 901m	R85 901m	-	- Subject to date of transfer to TIA

**Table 10** Planned investments in initiatives or infrastructure in 2010/11

Description	Source of funds
<u>Initiatives</u>	
• Public Sector Contract R&D stakeholder event	Contract R&D Budget 2010/11
• Private Sector Contract R&D stakeholder event	Contract R&D Budget 2010/11
• Africa business development	Contract R&D Budget 2010/11
<u>Infrastructure</u>	
• Capex: workstations (x3)	Contract R&D Budget 2010/11

**Table 11** Unit plan to support CSIR Open Source initiative

Action	Responsibility	Implementation date
As per CSIR standard	All	As per CSIR guideline

### 3.6 Specific priorities or issues of the Portfolio

- Provide any specific strategic priorities or issues that are not covered in the previous sections.

**Table 12** Specific other priorities of the Portfolio

Strategic Focus Area	Strategic objectives to be achieved by 2010/11
AMTS IU	- Management and transition to TIA
Professional development	- GIBS - CILLA
Board representation	- Ethics Institute of South Africa - SARS - SANAS
Steering committees	- CSIR BBBEE Advisory committee - SASOL Steering committee - SYNGENTA Steering committee - CSIR Excellence Award Panel
Mentorship and coaching (internal)	- CR&D Unit, DPSS, AMTS, Cilla

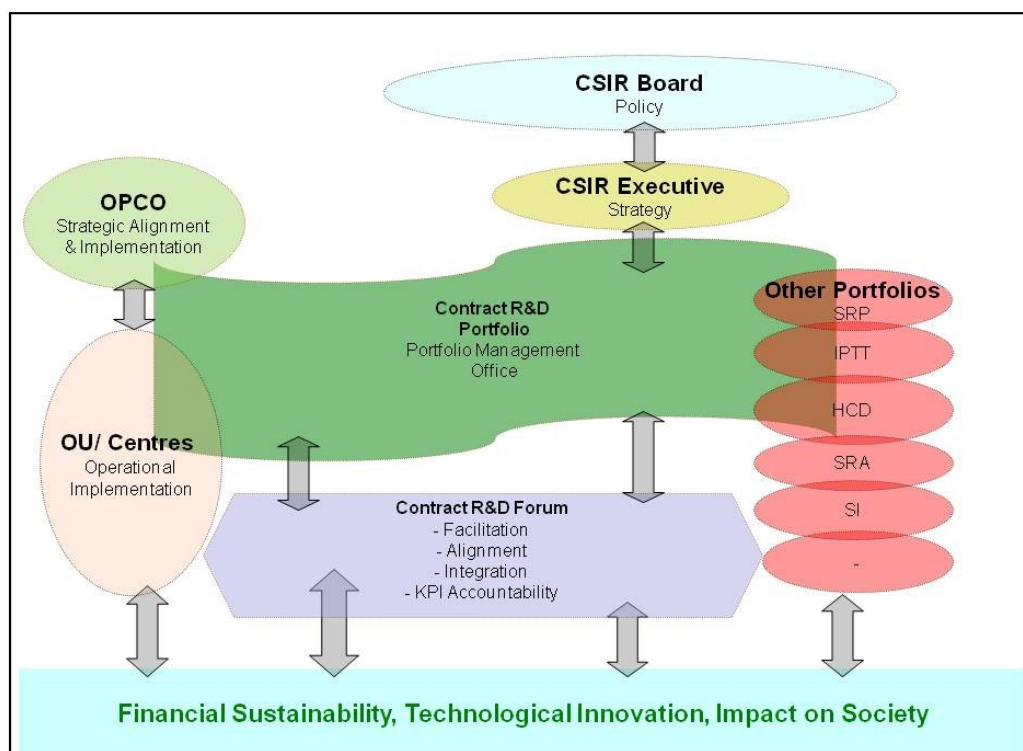
## 4. The application framework

### 4.1 The Contract R&D Policy

The CSIR Contract R&D Policy was approved by the CSIR Board in February 2008. The policy provides guidelines on the CSIR approach to Contract R&D<sup>22</sup>.

### 4.2 Management, roles and institutional structures

To support the Contract R&D Local and International Funding Plan, existing institutional structures, roles and responsibilities to ensure that the Contract R&D Local and International Funding Portfolio contributes to the CSIR strategic objectives, the key structures and interfaces are outlined in Figure 2 below.



**Figure 2** CSIR institutional structures and roles relating to the Contract R&D Local and International Funding Portfolio

The institutional structures, roles and responsibilities are outlined in Table 13.

**Table 13** Institutional structures, roles and responsibilities

Structure	Roles and responsibilities
CSIR Board	<ul style="list-style-type: none"> <li>Define policy</li> </ul>
CSIR EXCO	<ul style="list-style-type: none"> <li>Provide strategic leadership with regard to CSIR Contract R&amp;D</li> </ul>

<sup>22</sup> <http://intraweb.csir.co.za/policy/docs/156204.pdf>.

Structure	Roles and responsibilities
CSIR GE: Operations	<ul style="list-style-type: none"> <li>Recommend the strategy for approval in consultation with role players and ensures that implementation takes place according to policy</li> </ul>
CSIR OPCO	<ul style="list-style-type: none"> <li>Ensure strategic alignment and implementation</li> </ul>
Contract R&D Local and International Funding Portfolio office	<ul style="list-style-type: none"> <li>Develop strategy, portfolio leadership, CR&amp;D Unit management, KPIs, targets and benchmarks</li> </ul>
Contract R&D Forum	<ul style="list-style-type: none"> <li>Ensure operational alignment with the Contract R&amp;D Policy and Strategy</li> <li>Facilitate, align and integrate CSIR-wide interventions that involve more than one unit</li> </ul>
Unit/centre: Contract R&D Managers or designates	<ul style="list-style-type: none"> <li>Drive, coordinate and facilitate Contract R&amp;D plans and execution</li> <li>Drive Contract R&amp;D KPI delivery at unit level</li> <li>Responsible for driving key strategic R&amp;D initiatives</li> <li>Plan, manage, review and monitor unit delivery in terms of Contract R&amp;D</li> <li>Ensure compliance through: <ul style="list-style-type: none"> <li>Use of contract routing forms and</li> <li>Internal audit in accordance with the annual audit plan as approved by the Audit and Risk Committee of the CSIR Board</li> </ul> </li> </ul>

### 4.3 Monitoring and evaluation

A number of KPIs to measure the response of the organisation are outlined annually in the KPI section of the CSIR Operational Plan. Other qualitative and quantitative monitoring criteria are outlined in Table 14.

**Table 14** Proposed qualitative and quantitative monitoring criteria

Qualitative	
Issue	KPI
Quality of relationships	- Customer satisfaction: 80% minimum acceptable standard
Quality of Contract R&D output	- R&D outcomes: as specified in the KPIs
Quality of Contract R&D impact	- To be determined

Quantitative	
Issue	KPI
Contract R&D content (Type of Research Activity)	- ABC research mix: healthy distribution across the RDI value chain
Growth in Contract R&D	- Contract R&D growth measure: % Year-on-year Growth
Diversification of revenue	- Appropriate Contract R&D to PG ratio

Quantitative	
streams	<ul style="list-style-type: none"> <li>- Appropriate public to private sector ratio</li> <li>- Appropriate representation of funding across market segments (public/private)</li> </ul>

## 5. The concluding remarks

A robust and sustainable Contract R&D Local and International Funding Portfolio is essential to fulfil the CSIR mandate and its role within the NSI. A number of strategic interventions have been outlined that collectively seek to strengthen the CSIR contribution to, and interaction with, the public and private sectors, taking into account the local, African, international, SOE and funding agency segments.

The strategic objectives for the CSIR Contract R&D Local and International Funding Portfolio have been outlined. The specific role of the CSIR Contract R&D Unit has been specified.

The revised plan submitted on 15 January 2010 incorporates the Portfolio's response to the key issues raised by the OUs and Centres and in the Strategic and Operational Plan presentation on 11 December 2009.

## Appendix A Risk Management Plan

Ref #	Risk	Effects of risk	Risk Category	Likelihood of occurrence (L,M,H) <sup>23</sup>	Impact/Potential Loss (L,M,H,C)	Risk rating	Controls in Description	Control Effectiveness (L,M,H)	Residual Risk (Risk Exposure)	Required Action	Responsible Person	Implementation date
1	Inappropriate allocation of projects into type A, B, C research (Incorrect mix).	(1) Incorrect R & D mix will jeopardise the quality of S & T base (2) Hire wrong research staff (3) Unbalanced reward & recognition of researchers (4) Unbalanced R & D output.	Business	H	C	6	1. Frascati definitions 2. CR&D reporting 3. Practice note issued. Currently in PeopleSoft	M	4	Continuous monitoring and reporting	Group Manager: Contract R&D	ongoing
2	Poor key account management	(1) Lack of customer satisfaction (2) Lack of service delivery which in turn will lead to poor quality R & D outputs. (3) Incorrect reward & recognition	Business	M	C	5	1. CSIR Contract R&D Plan 2. Contract R&D KPIs 3. Continuous reinforcement of CRM	M	3	Institute relationship management systems for key accounts e.g. Eskom, Transnet (Subject to approval)	Group Manager: Contract R&D	ongoing
3	Failure to elevate customer relationships to strategic contract R & D partnerships addressing major R & D issues.	(1) Failure to establish strategic relationships with line departments (2) Failure to attract the CR&D of the right kind from the public sector. (3) Limit Units to engage in R & D that has lasting national impact.	Operational risks	M	C	5	1. Strategic engagement between CSIR OUs and respective line departments	M	4	1. Institutional frameworks of cooperation to be put in place to agree upon research strategies and key initiatives at line department level (There is a dependency on DST to implement and manage the S&T framework)	Contract R&D Managers	ongoing

<sup>23</sup> L (Low) = unlikely to occur; M (Moderate) = occurrence not entirely unexpected; H (High) = will probably occur during the year

Ref #	Risk	Effects of risk	Risk Category	Likelihood of occurrence (L,M,H)	Impact/Potential Loss (L,M,H,C)	Risk rating	Controls in Description	Control Effectiveness (L,M,H)	Residual Risk (Risk Exposure)	Required Action	Responsible Person	Implementation date
	No formalised strategic engagement process. E.g. DME											
4	Contract disputes.	(1) legal costs & damages (2) Loss of IP (3) Loss of reputation	Business Risk	M	C	5	1. Contract routing form 2. Support from legal services in drafting of contract 3. Implementation of the CSIR contracting policy	H	2		As per the approval framework	ongoing
5	Reliance on small number of large clients.	(1) Adverse impact on financial sustainability. (2) Reputational Risk (3) Quality of contract R & D Portfolio.	Business	M	C	5	1. Monthly reporting to GE: Operations 2. Contract R&D forum monitoring and remedial actions identified 3. Key stakeholder management	H	3	Reinforcement of Contract R&D Business Plan	Contract R&D Managers	ongoing
6	Inability to secure long term	(1) Adverse impact on financial sustainability. (2) Reputational Risk (3) Quality of	Business	M	C	5	1. Monthly reporting to GE: Operations 2. Contract R&D forum	H	3	Reinforcement of Contract R&D Business Plan	Contract R&D Managers	ongoing



Ref #	Risk	Effects of risk	Risk Category	Likelihood of occurrence (L,M,H)	Impact/Potential Loss (L,M,H,C)	Risk rating	Controls in Description	Control Effectiveness (L,M,H)	Residual Risk (Risk Exposure)	Required Action	Responsible Person	Implementation date
	contracts.	contract R & D Portfolio.					monitoring and remedial actions identified 3. Key stakeholder management					
7	Failure of the intra-governmental S & T framework which will limit CSIR ability to secure income streams for R & D for sectoral national departments.	(1) Failure to establish strategic relationships with line departments (2) Failure to attract the CR&D of the right kind from the public sector. (3) Limit CSIR to engage in R & D that has lasting national impact.	Business Risk	M	C	5	1. Strategic engagement between CSIR and DST 2. Strategic engagement between CSIR OUs and respective line departments	M	4	1. Institutional frameworks of cooperation to be put in place to agree upon research strategies and key initiatives at line department level (In place for certain government departments)	Contract R&D Forum	ongoing
8	Lack of internal capacity to translate secured sales into revenue.	(1) Loss of revenue (2) Financial sustainability (3) Poor quality (4) Poor service delivery.	Operational Risks	M	M	4	1. Financial reporting income declared 2. Mandatory reporting on PeopleSoft	H	2		OU-Ops Manager/OPCO	ongoing
9	Staff	(1) Delays in	Business	H	M	4	1. Stakeholder	M	3		OU-Contract	ongoing

Ref #	Risk	Effects of risk	Risk Category	Likelihood of occurrence (L,M,H)	Impact/Potential Loss (L,M,H,C)	Risk rating	Controls in Description	Control Effectiveness (L,M,H)	Residual Risk (Risk Exposure)	Required Action	Responsible Person	Implementation date
	Changes in who is responsible for approving contracts with CSIR. Lack of continuity and new relationships to be built. E.g. change in DG for DEAT	contract secured (2) Change in scope of contract					management (Mostly in place at Operations level but still lacking at Strategic level) 2. Mandatory red-flag to GE: Operations when risk occurs				R&D Manager/ Contract R&D Forum	
10	Lack of delivery by consortium partner	(1) Loss of revenue (2) Financial sustainability (3) Poor quality (4) Poor service delivery. (5) Loss of reputation	Business	H	M	4	1. Monthly reporting to GE: Operations 2. Contract R&D forum monitoring and remedial actions identified 3. Key stakeholder management	M	3		Project Manager	ongoing
11	Delays in signing of contract	Delays in contract secured will result in CSIR being behind budget in contract secured. (1)	Business	M	M	3	1. Monthly reporting on sales secured 2. Contract R&D forum	H	2		Contract R&D Forum	ongoing

Ref #	Risk	Effects of risk	Risk Category	Likelihood of occurrence (L,M,H)	Impact/Potential Loss (L,M,H,C)	Risk rating	Controls in Description	Control Effectiveness (L,M,H)	Residual Risk (Risk Exposure)	Required Action	Responsible Person	Implementation date
	s.	Financial sustainability (2) Unutilised capacity in the Units.					monitoring and remedial actions identified and elevated as appropriate 3. Ensure timely reporting in PeopleSoft					
12	Insufficient focus attention on innovation and solution delivery.	(1) Losing market share (2) Unbalanced client portfolio (2) Unbalanced contract R & D outputs (3) Will jeopardise the quality of s & T base (4) Hire wrong research staff (5) Unbalanced reward & recognition of researchers. (6) Reputational risk. (7) Not meeting client expectations.	Business Risk	L	H	3	1. Contract R&D KPIs	H	2	Implementation of the CSIR Contract R&D Business Plan	Contract R&D Forum/ GE: Operations	ongoing
13	Loss of key staff at both Unit and Portfolio level	(1) Poor service delivery (2) Reputational risk	Operational Risks	M	M	3	1. Succession planning 2. Performance management 3. Implementation of the HCD Strategy	M	2		CSIR Leadership	ongoing
14	Failure to attract the right type of	(1) Failure to establish strategic relationships with key private sector	Operational Risks	M	M	3	1. Identification of key private sector companies to	H	1	Implementation of Contract R&D Business Plan	Executive	ongoing

Ref #	Risk	Effects of risk	Risk Category	Likelihood of occurrence (L,M,H)	Impact/Potential Loss (L,M,H,C)	Risk rating	Controls in Description	Control Effectiveness (L,M,H)	Residual Risk (Risk Exposure)	Required Action	Responsible Person	Implementation date
	work from the private sector.	actors (2) Failure to attract the R&D of the right kind from the private sector. (3) Limit CSIR ability to engage in world-class R & D .					establish strategic partnerships 2. Quarterly reporting of quality of R&D with private sector					
15	Inaccurate invoices and debtors statements due to incorrect information in the PeopleSoft CRM	(1) Delays in income declaration (2) Incorrect reporting (3) Poor key account management	Operational Risks	M	L	2	1. Financial management systems in place 2. PeopleSoft CRM	M	1		BLM	ongoing

- The matrix below is used to determine the risk rating

		Consequence / impact on operations			
		L	M	H	C
Likelihood/frequency of occurrence	L	1	2	3	4
	M	2	3	4	5
	H	3	4	5	6

## Appendix B CSIR Performance Evaluation Framework

- This table should only be completed after the strategy, plan and KPI targets have been approved by Executive.

Strategic Focus Areas	Main or supporting KPI	Target in Performance evaluation framework 2010/11				
		Outstanding	Exceeds stretching targets	Meets all requirements	Needs improvement	Does not meet requirements
CSIR Contract R&D Local and International Funding Portfolio						
Contract R&D	Value of contract R&D income supporting national strategies, Rm	65%	60%	50%	<15%	<10%
	Value of private sector contract R&D income (Rm, % of total contract R&D income)	>30%	>20%	15%	<10%	<5%
	Value of public sector contract R&D income (Rm, % of total contract R&D income)	<80%	<60%	40%	<20%	<15%
	Ratio of type A:B:C:D:E activities calculated on contract R&D income <sup>24</sup>	A : 20 – 30 % B : 35 – 45 % C : 15 – 25 % D : 10 – 15 % E : 5 - 10 %	A : 20 – 30 % B : 35 – 45 % C : 15 – 25 % D : 10 – 15 % E : 5 - 10 %	A : 20 – 30 % B : 35 – 45 % C : 15 – 25 % D : 10 – 15 % E : 5 - 10 %	A : 20 – 30 % B : 35 – 45 % C : 15 – 25 % D : 10 – 15 % E : 5 - 10 %	A : 20 – 30 % B : 35 – 45 % C : 15 – 25 % D : 10 – 15 % E : 5 - 10 %
	Customer satisfaction <sup>25</sup>	90%	85%	80%	<65%	<60%
CSIR Contract R&D Local and International Funding Unit						
Public Sector	- Strengthen strategic partnerships with Key Departments and facilitate MoAs with Key Departments - Support CSIR Units to promote CSIRs broad portfolio and depth of expertise, collaborative research ability and multi-disciplinary approach in addressing national priorities	4	3	2	1	0
	- Facilitate CSIR response (IPAP, Africa, IDF Agencies, SOEs)	4	3	2	1	0
Private Sector	- Strengthen and facilitate CSIR Strategic Contract R&D Partnerships	4	3	2	1	0

24 A = strategic basic and applied research; B = experimental development; C = technology transfer, commercialisation and non-routine based knowledge services; D= routine based knowledge services; E = agency management

25 Based on the PeopleSoft CSS surveys conducted continuously throughout the year. Minimum acceptable standard is for each customer to be surveyed at least once per year.

Strategic Focus Areas	Main or supporting KPI	Target in Performance evaluation framework 2010/11				
		Outstanding	Exceeds stretching targets	Meets all requirements	Needs improvement	Does not meet requirements
<b>State Owned Enterprises (SOEs)</b>	- Strengthen and facilitate CSIR Strategic Contract R&D Partnerships	3	2	1	0	0
<b>Portfolio Leadership</b>	- Contract R&D Local and International Funding Portfolio Reports - Portfolio Management	4	3	2	1	0

## Appendix C Phased targets

- This table should only be completed after the unit strategy, plan and KPI targets have been approved by Executive.

Priority Areas	Main or supporting KPI	Target for “Meets all requirements” performance 2010/11				Target/ Benchmark Performance Level
		Jun 10	Sep 10	Dec 10	Mar 11	
CSIR Contract R&D Local and International Funding Portfolio						
Contract R&D	Value of contract R&D income supporting national strategies, Rm	R136m	R273m	R409m	R545.7m	R545.7m (At least 50% of Contract R&D income R1.091b)
	Value of private sector contract R&D income (Rm, % of total contract R&D income)	At least 15% of Contract R&D income	At least 15% of Contract R&D income	At least 15% of Contract R&D income	At least 15% of Contract R&D income	At least 15% of Contract R&D income
	Value of public sector contract R&D income (Rm, % of total contract R&D income)	At least 30% of Contract R&D income	At least 30% of Contract R&D income	At least 30% of Contract R&D income	At least 30% of Contract R&D income	At least 30% of Contract R&D income
	Ratio of type A:B:C:D:E activities calculated on contract R&D income <sup>26</sup>	A : 20 – 30 % B : 35 – 45 % C : 15 – 25 % D : 10 – 15 % E : 5 - 10 %	A : 20 – 30 % B : 35 – 45 % C : 15 – 25 % D : 10 – 15 % E : 5 - 10 %	A : 20 – 30 % B : 35 – 45 % C : 15 – 25 % D : 10 – 15 % E : 5 - 10 %	A : 20 – 30 % B : 35 – 45 % C : 15 – 25 % D : 10 – 15 % E : 5 - 10 %	A : 20 – 30 % B : 35 – 45 % C : 15 – 25 % D : 10 – 15 % E : 5 - 10 %
	Customer satisfaction <sup>27</sup>	80%	80%	80%	80%	80%
CSIR Contract R&D Local and International Funding Unit						
Public Sector	- Strengthen strategic partnerships with Key Departments and facilitate MoAs with Key Departments - Support CSIR Units to promote CSIRs broad portfolio and depth of expertise, collaborative research ability and multi-disciplinary approach in addressing national priorities	-	-	-	-	2

<sup>26</sup> A = strategic basic and applied research; B = experimental development; C = technology transfer, commercialisation and non-routine based knowledge services; D = routine based knowledge services; E = agency management

<sup>27</sup> Based on the PeopleSoft CSS surveys conducted continuously throughout the year. Minimum acceptable standard is for each customer to be surveyed at least once per year.

Priority Areas	Main or supporting KPI	Target for “Meets all requirements” performance 2010/11				Target/ Benchmark Performance Level
		Jun 10	Sep 10	Dec 10	Mar 11	
	- Facilitate CSIR response (IPAP, Africa, IDF Agencies, SOEs)	-	-	-	-	2
<b>Private Sector</b>	- Strengthen and facilitate CSIR Strategic Contract R&D Partnerships	-	-	-	-	2
<b>State Owned Enterprises (SOEs)</b>	- Strengthen and facilitate CSIR Strategic Contract R&D Partnerships	-	-	-	-	1
<b>Portfolio Leadership</b>	- Contract R&D Local and International Funding Portfolio Reports - Portfolio Management	-	-	-	-	2





## **Presentation Outline**

- Purpose of the Presentation
- Clarification of Roles
- Value Proposition of the Unit
- Strategic Objectives
- Key Implementation Initiatives
- Key Challenges & Opportunities
- Budget
- KPIs

## Purpose of Presentation

- 1) The Plan for the CSIR Contract R&D **Portfolio**
- 2) The specific role that will be played by the Contract R&D **Unit**

Slide 3 of 10

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## Clarification of Roles

- **Vision for the Portfolio**
  - To have the optimal quality and high value **Contract R&D Portfolio** congruent with the organizational strategy
- **Role of the Unit**
  - To optimize the CSIR Strategic **Contract R&D Portfolio** by enabling the organization to optimise its resources, core skills, and competencies in support of national goals by leveraging resources and capabilities from the national, regional, and global market

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## Unit's Value Proposition

- The Contract R&D Unit is in a unique position to add value, enable impact, and to optimize the CSIR Contract R&D Portfolio through its critical mass of multi-disciplinary staff
- Our competitive advantage is the broad understanding, knowledge, experience, and network of relationships across several sectors
- As part of the CSIR R&D Core, the Contract R&D Unit is uniquely placed to facilitate access to government, industry and international sectors – we have a good understanding of government policies and implementation strategies, as well as the science and technological competences of the CSIR. We therefore play a leading role in translating these into the national development agenda in collaboration with the public, private and international sectors

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## Strategic Objectives

### For the Unit:

- Portfolio management and reporting
- Institutional strategic relationship management for CSIR-wide relationships
- Develop CSIR SOE plan
- Develop CSIR Africa plan
- Develop CSIR Target Donor Agency plan

### For the Portfolio:

- Quantum Contract R&D income growth
  - OUs
- Quality Contract R&D Portfolio
  - balanced portfolio of research activities across the value chain
  - recognised CSIR support to national strategies, key national, provincial and local departments as a 'provider of choice' for Contract R&D services
  - recognised as a 'provider of choice' for Contract R&D services to selected private sector partners identified in OU business plans
  - recognised as a 'provider of choice' for Contract R&D services to key selected multinationals
  - recognised CSIR contribution to the African Continent, with strategic alliances and international development partners

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## Key Implementation Initiatives to be driven by the Unit 2010/11

#	Strategic Focus Area	Key Initiatives to be driven by the Unit	Key Outcomes for the CSIR
1	Portfolio management	Institutionalise the strategic relationship management process for key Contract R&D partnerships	strategic Contract R&D partnerships
		KPI monitoring, evaluation and reporting	a balanced Contract R&D Portfolio across the RDI value chain
2	Public sector	Facilitate strategic Contract R&D partnerships with selected key Line Departments, provincial and local structures	recognised CSIR support to national strategies, key national, provincial and local departments as a 'provider of choice' for Contract R&D services
3	Private sector	Strategic Contract R&D partnerships with selected local private sector companies	recognised as a 'provider of choice' for Contract R&D services to selected private sector partners and MNCs
4	Africa	Africa Contract R&D Plan	recognised CSIR contribution to the African Continent, with strategic alliances and international development partners
5	State Owned Enterprises (SOEs)	Develop special approaches for (2) SOEs	a CSIR that is recognised as a 'provider of choice' for R&D services to selected SOEs
6	International Contract R&D	Strategic Contract R&D partnerships with selected international companies FP7 quality response	a CSIR that is seen as the 'provider of choice' Contract R&D for selected international partners scientific excellence

Slide 7 of 10

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## Key Challenges & Opportunities for the Portfolio

Challenge	Opportunity
Human capacity	- Secondments from Units/Centres
Public sector income	- Partner with DST and Line Departments
Private sector income	- Targeted business development
Africa	- Scientific leadership
SOEs	- Establish credibility
Funding agencies	- Establish strategic partnerships

Slide 8 of 10

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## Budget

Description	Amount
Manpower	2,115,442
Running Costs	1,520,804
Depreciation	60,432
<b>Total</b>	<b>3,696,678</b>

Slide 9 of 10

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## KPI Targets for the Portfolio

KPI
<b>Value of contract R&amp;D income supporting national strategies, Rm</b>
<b>Value of private sector contract R&amp;D income (Rm, % of total contract R&amp;D income)</b>
<b>Value of public sector contract R&amp;D income (Rm, % of total contract R&amp;D income)</b>
<b>Ratio of type A:B:C:D:E activities calculated on contract R&amp;D income</b>
<b>Customer satisfaction</b>

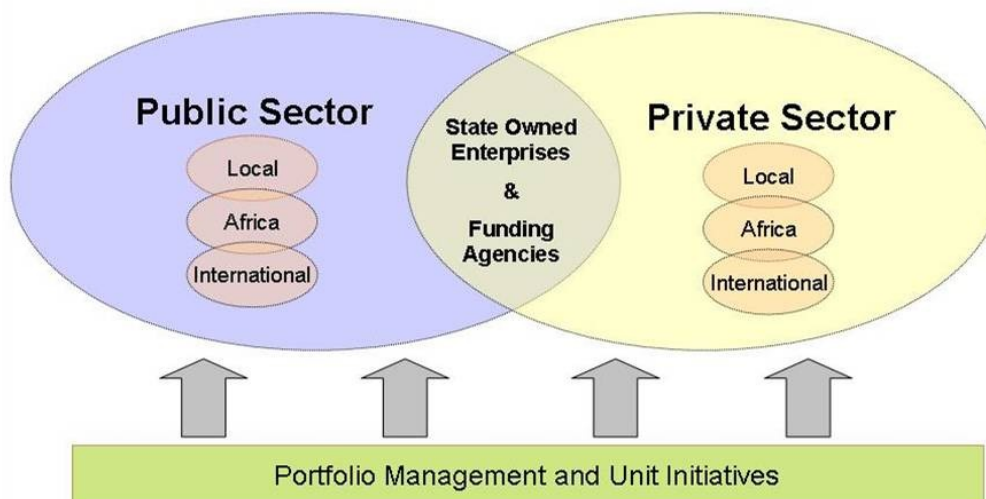
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## Strategic Focus Areas of the Portfolio



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## Key Issues Raised by Units/Centres

#	Issue Raised	Portfolio Response/Action to Comments
1	Partnerships with sectors	CSIR response to IPAP (pg 15 of Bus Plan)
2	How will Contract R&D translate its actions into specifics and to Units?	Key Initiatives to be implemented by the Unit (pg 15-16 of Bus Plan)
3	How does the Portfolio engage the Contract R&D activities in Units?	Contract R&D Forum, CSIR Africa Forum, OPCO
4	Remove ABC mix as a KPI	Not recommended: need to manage to ensure balanced CSIR portfolio across the RDI value chain
5	The situational analysis does not address the current global financial crises – what is the Portfolio's view and how will it respond?	CSIR response to national strategies outlined throughout the Plan
6	How will the Portfolio coordinate its efforts with that of SIG?	SIG taps into to the CR&D Unit for support on its strategic initiatives as required, eg, for service delivery, SIG uses CR&D unit expertise on Provinces, on Income Gap, CR&D leads the CSIR response on SOEs and Africa
7	What is the link between stakeholder management and Contract R&D?	C&SR provides a expert communications advise and support services to the CR&D Portfolio as required to implement the Business Plan
8	How will impact of the Portfolio be measured?	See KPI table (Pg 6 of Business Plan)
9	Quantum growth of Contract R&D income – how will this be achieved?	See OU/Center plans

Slide 13 of 10

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## Key Issues to be Addressed

<b>Unit-specific</b>	Institutionalise the strategic relationship management process for key Contract R&D partnerships
	Define and structure strategic Contract R&D initiatives with the primary intent being to enable the CSIR to conduct research that is both endorsed by the mandate and is an integral part of the South African government's science and technology strategy
	Package and communicate CSIR successes in an appropriate format for customer segments
	Inter-phase among Portfolio's
	Workshop on external relations
	Africa plans must involve other Portfolio's
	SOE plans must be collective
	Analysis of Public Departments of lead and lag on key relationships
<b>CSIR-wide</b>	Promote the CSIRs collaborative research ability and multi-disciplinary approach as part of the CSIR generic value proposition
	Promote CSIRs role in shaping South Africa's scientific agenda
	Leverage the national strategies and initiatives in support of the Contract R&D Strategy
	The emerging B-BBEE and IP legislation are important developments that have challenging strategic and operational implications for the portfolio
	Develop the appropriate skills, competencies and demographics in line with the CSIR Human Capital Development Strategy, guided by the needs and requirements of the specific context within which the Contract R&D Portfolio operates
	Coherence in stakeholder management

Slide 14 of 10

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## Strategic Focus Area Public Sector

Strategic objectives	Strategic focus area	Key initiatives to be implemented by the Unit to support fulfilment of its Strategy 2010/11
<b>Unit specific strategic focus areas</b>		
Local	Public sector	Support CSIR Units to promote CSIRs broad portfolio and depth of expertise, collaborative research ability and multi-disciplinary approach in addressing national priorities Develop strategic partnerships by putting in place Memoranda of Agreement (MoA) with key line departments to provide multidisciplinary Contract R&D and scientific leadership through the MTEF cycle Enable CSIR Units to enhance the quality and impact of CSIR Contract R&D with the public sector, while ensuring alignment with and support for national priorities and related initiatives (such as the World Cup 2010) Enable CSIR Units to contribute to key sectors identified in the Industrial Policy Action Plan (IPAP) through the dti/CSIR Institutional Framework of Cooperation Enable CSIR Units to provide scientific leadership in the technology transfer of existing technologies at the provincial and metropolitan level
Africa		Position CSIR Units to secure strategic Contract R&D through key programmes and relevant international development agencies Enable CSIR Units to support the NEPAD S&T Consolidated Plan of Action and to develop S&T sector plans Involvement in other regional activities that support the broader objectives of NEPAD (WATRO, ST-EAP, RRA, GRA)
International		Leverage the solid CSIR track record and position the CSIR as a global player with other leading players through collaborative R&D Communicate CSIR successes and grow relationships to provide multidisciplinary offerings Optimise CSIR involvement in the EU Framework Programmes (FP) and Support Actions by communicating our participation in collaborative research projects that we are currently engaged in under the FP banner Implement the Science and Technology Europe Africa Programme (ST-EAP), which serves as a platform for the advancement of EU-Africa S&T co-operation

Slide 15 of 10

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## Strategic Focus Area Private Sector

Strategic objectives	Strategic focus area	Key initiatives to be implemented by the Unit to support fulfilment of its Strategy 2010/11
Local	Private sector	Leverage the national strategies and initiatives in support of the Private Sector Plan Recognise the indirect and non-private sector contribution to fostering industrial development Recognise intellectual property, royalties and technology transfer activities in CSIR annual reporting on the private sector Improve the ratio of the private sector spend to science councils (SCs) and tertiary education institutions (TEIs) through collaboration Facilitate opportunities for the development of local supplier capacities that the CSIR can support, in support of the SOE CSDP
Africa		Facilitate opportunities for: Contract R&D Consulting and Analytical Services Enterprise Creation for Development
International		Target selected local large and/or Multinational Corporations that have strategic interests relevant to the CSIR mandate Communicate and promote CSIR successes per segment Participate in relevant international fora Increase international Contract R&D opportunities with targeted multinationals, such as Boeing, Airbus, and Syngenta

Slide 16 of 10

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## Strategic Focus Area State Owned Enterprises

Strategic objectives	Strategic focus area	Key initiatives to be implemented by the Unit to support fulfilment of its Strategy 2010/11
Promote and provide integrated multidisciplinary capabilities to develop key solutions and products to support large infrastructure investment, addressing issues of economic growth and social development, particularly in service delivery	State owned enterprises	Promote strategic relationship management with selected key SOEs, such as Eskom, Transnet, Denel Facilitate CSIR support to the Competitive Supplier Development Programme Leverage CSIRs understanding of national strategies and initiatives in support of SOE projects Illustrate CSIRs track record and successes in managing complex collaborative multi-party initiatives

Slide 17 of 10

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## Strategic Focus Area Funding Agencies

Strategic objectives	Strategic focus area	Key initiatives to be implemented by the Unit to support fulfilment of its Strategy 2010/11
Put in place relationship management systems for key agencies, such as the TIA	Funding agencies	Establish, manage and monitor CRM processes Package and communicate per customer segment

Slide 18 of 10

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## Intended Outcomes 2010/11

- The intended outcomes of the CSIR Contract R&D Strategy include:
  - a balanced Contract R&D Portfolio across the RDI value chain;
  - significant strategic partnerships;
  - a CSIR that is seen as the preferred supplier of Contract R&D for key actors in the public and private sectors, SOEs and funding agencies;
  - improved service delivery and implementation in the public sector;
  - recognised CSIR contribution to the sustainable growth of selected economic sectors; and
  - significant external income contributing to the financial sustainability of the CSIR.

Slide 19 of 10

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## Income Sources

- Manpower costs include the salaries of 4x permanent staff
- Income
  - EU ST-EAP – R1,728,000
  - WAITRO DST – R500,000