



South African Medical Research Council

(MRC)

ANNUAL PERFORMANCE PLAN

For 2014/2015

Date of Tabling:

27th June 2014

FOREWORD

The South African Medical Research Council (MRC) strategic planning is guided by the country's health priorities. South Africa is facing significant health development challenges, in particular, the quadruple Burden of Disease, mainly HIV and AIDS and TB, Maternal and Child Mortality, Non-Communicable Diseases and Violence and Injuries. The global economic recession and socio-political situation have also contributed to the deteriorating quality of life attributed to current significant levels of unemployment, poverty and disease burden in South Africa.

With this Annual Performance Plan 2014/15, the South African Medical Research Council heralds a new beginning in cooperation and strengthening relationships with the National Department of Health (NDoH) and health sector partners to facilitate and support the implementation and achievement of Millennium Development Goals

(MDGs), National Service Delivery Agreement (NSDA) outcomes and outputs, the National Development Plan (NDP) as well as the National Department of Health's 10 Point Plan.

The National Health Insurance (NHI) Policy is another area of importance that the MRC is engaging in and providing technical support to the NDoH.

The Annual Performance Plan takes into account the recent MRC reviews which have been undertaken and the revitalisation process of the MRC that took place during the period 2012/13 - 2013/14. It is in this context that the MRC, together with the support from line Ministry in the Department of Health, the Department of Science and Technology, national, regional and international partners and collaborators, will guide and support growth in medical research and technology.

**DR AARON MOTSOLEDI, MP
MINISTER OF HEALTH**

SIGNATURE:

OFFICIAL SIGN-OFF

It is hereby certified that this South African Medical Research Council Annual Performance Plan:

- Was developed by the management of the South African Medical Research Council under the guidance of the then MRC President Professor Salim S. Abdool Karim and approved by the Board under the guidance of Prof Lizo Mazwai, the Chairman of the Board.

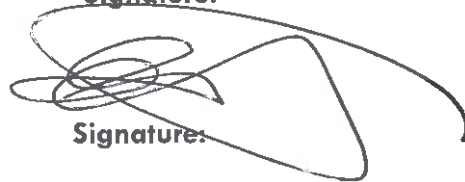
- Takes into account all the relevant policies, legislation and other mandates for which the South African Medical Research Council is responsible.
- Accurately reflects the strategic outcome oriented objectives and performance targets which the South African Medical Research Council will endeavour to achieve over the period 2014-15 as a result of implementing its Strategic Plan 2014/15 – 2018/19.

Mr Nick Buick
Chief Financial Officer



Signature:

Prof Glenda Gray
President



Signature:

Prof Machaba (Mike) Sathekge
Chairman: MRC Board



Signature:

Approved by:
Executive Authority

Signature:

CONTENTS

| | Page |
|--|------------|
| FOREWORD | ii |
| OFFICIAL SIGN-OFF | iii |
| PART A: STRATEGIC OVERVIEW | 02 |
| 1. Situational analysis | 02 |
| 1.1. Research and Performance at MRC | 02 |
| 1.2. Organizational environment | 02 |
| 2. Revisions to legislative and other mandates | 05 |
| 3. Overview of 2014/15 budget and MTEF estimates | 05 |
| 3.1 Expenditure Estimates | 07 |
| 3.2 Relating expenditure trends to strategic outcome oriented goals | 07 |
| PART B: PROGRAMME AND SUB-PROGRAMME PLANS | 09 |
| Strategic Goals in line with NSDA | 11 |
| 1. Purpose | 13 |
| 2. Strategic objective annual targets for 2014/15 | 13 |
| 3. Quarterly targets for 2014/15 | 14 |
| PART C: LINKS TO CAPITAL PLANS | 15 |
| 4. Links to long-term infrastructure and other capital plans | 15 |
| Annexure A - Detailed MRC Budget | 17 |
| Annexure B - MRC's Materiality and Significance Framework: 2013/2014 | 18 |
| Annexure C - Acronyms & Abbreviations | 21 |

PART A: STRATEGIC OVERVIEW

1. Situational analysis

1.1 Research and Performance at MRC

The MRC's research mandate is guided by the MRC Act, the country's health needs and priorities. MRC research aims to promote the improvement of the health and quality of life of all who live in South Africa. In this regard, the MRC works with the Department of Health, the Department of Science & Technology, and Medical Schools, Universities, research institutes and international collaborators.

Coordination and alignment of MRC research priority areas occurs in the context of the National Burden of Disease. MRC researchers serve on strategic national, regional and international advisory committees and work groups and in doing so provide input that influences policy changes in areas affecting the health and quality of life of South African citizens. This participation culminates in the development of service delivery platforms, tools and guidelines for practice which ensure increased capacity of health workers as they benefit in training at all levels of the health system.

Over the years the MRC has conducted a number of studies and surveys that provide information that could be used by the department and government in general for planning and assessing progress towards realising government's objectives. Some of these studies have to be conducted at regular intervals as they form part of internationally accepted surveillance systems such as the demographic and health survey. These surveys include:

- Burden of Disease (BOD),
- National Injury & Mortality Surveillance (NIMS),
- Comparative Risk Assessment (CRA),
- the Perinatal Problem Identification Programme (PPIP),
- the South African Community Epidemiology Network on Drug Use (SACENDU), and
- the South African Demographic Health Survey (SADHS).

The (SADHS) allows for comparative analysis of health systems by the World Health Organisation and other multilateral agencies. Most importantly, it provides information that feeds into the National Planning Commission and similar entities. Inconsistent funding has resulted in South Africa not being able to conduct the SADHS and therefore resulting in an inability to monitor trends in priority areas and interventions such as smoking rates, obesity rates amongst others.

These are just some examples on how research can be translated into policy and programmes through strong collaboration at high levels between the department and the MRC. A translation model has to be developed to identify strategic opportunities for the MRC to contribute towards the department's goals of dealing with the quadruple burden of disease.

1.2 Organisational Environment

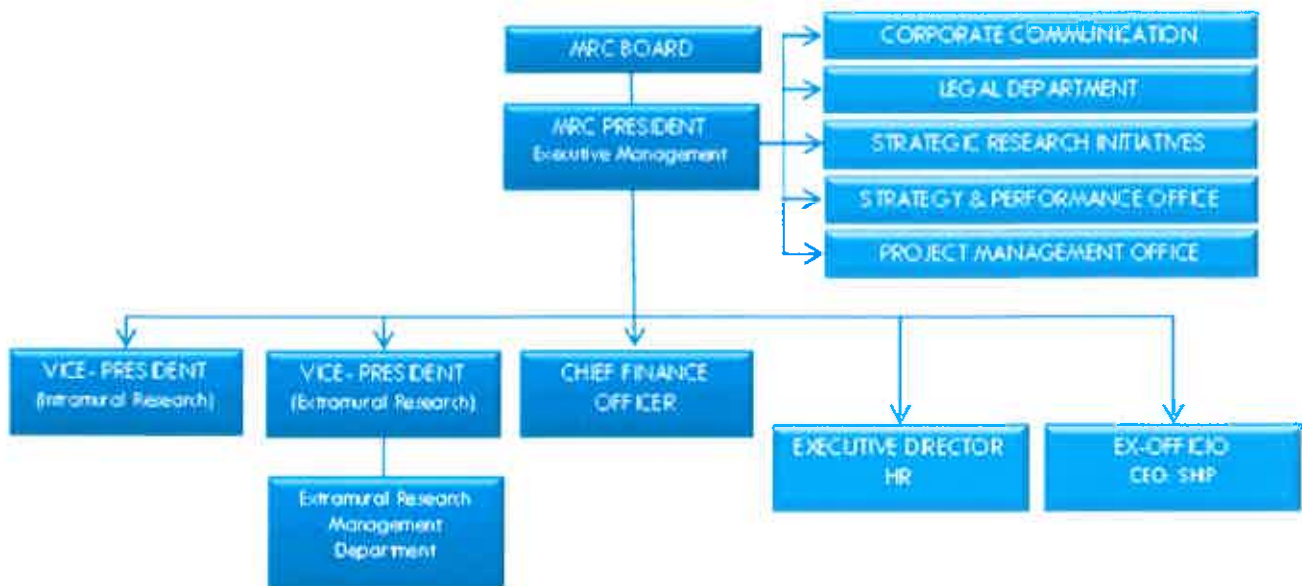
1.2.1. Organisational Structure

The 2010 – 2013 Board's term of office ended in November 2013. A new Board has since been appointed by the Minister of Health Dr Aaron Motsoaledi, to oversee the MRC from 01 November through to the end of 2016.

As the term of the current MRC President, Professor Salim S Abdool Karim is coming to an end in March 2014 the MRC Board is taking the initiative to begin its search for the next President of the MRC and hopes to make an appointment by the end of March 2014. The Board has appointed a committee consisting of four Board members, (led by the MRC Board Chairperson, Professor Mike Sathekge) and three senior representatives from amongst the MRC's key stakeholders to lead the search and selection process.

The diagram below depicts how the MRC is organised. The structure is an outcome of the revitalisation process discussed under Organisational Environment.

Diagram 1: The MRC organisational structure



1.2.2. Organisational functioning

Since its inception in 1969, the Medical Research Council (MRC) has had a number of laudable achievements and has had a significant impact on public health in South Africa. A review of the organisation by an independent panel of local and international experts in 1997 (the SETI review) revealed that the MRC was “a national asset”, which is being successfully transformed to discharge its responsibilities and functions. Unfortunately, the reputation and scientific stature of the MRC has steadily declined since then according to a second SETI review in 2010, which revealed a number of deficiencies and shortcomings in the organisation.

Whilst there are ‘pockets of excellence’ being led by world-class scientists within the MRC, this is not without challenges. These include:

- available funding steadily diminishing over the last 4 years,
- skewed allocations of funds, thus stifling extra-mural research, and
- inadequacy of the organisation in addressing the country’s health research priorities.

The diminishing budget is evident in that over the last 4 years, the MRC budget from government has only increased by about 3.5% each year. However the MRC has received a cash injection in the past financial year from the NDOH which has helped to improve the staff conditions at the MRC, through improving salaries of all staff that were below the 25th percentile, as well as significantly increasing the amount available to be spent on research. Effort will continue to be made to address the disproportionate allocation of research funds between intramural and extramural units.

The organisation has addressed leadership challenges that it faced in the past through the employment of a President for a period. The structure has changed from the previous one which had only one Vice President for

both Intramural and Extramural Research Units, to that of two Vice-Presidents i.e. one for Intramural and the other for Extramural Research Units.

Of particular concern, in the face of these funding constraints, was that the internal assessment showed a lack of rational prioritisation and ill-advised duplication of in-house research. For example, some MRC in-house research focused on areas that do not feature among the common causes of ill-health, but important causes of death in children, notably pneumonia or diarrhoea, had no in-house research unit. This re-assessment of the MRC led to a 7-point proposal to:

1. prioritise the in-house research focusing on the most common causes of death and disease in South Africa and their risk factors,
2. increase funding to universities and medical schools to rebuild their health research, especially clinical research,
3. create new funding approaches for the development of new drugs, vaccines and diagnostic tests,
4. improve the efficiency and effectiveness of the organisation's administrative systems,
5. improve the peer-review and quality of MRC research,
6. address the laboratory and office space needs, and
7. improve the in-house library to ensure MRC researchers have access to the latest medical journals.

The process commenced in August 2012 with the identification of in-house units that could be closed. These were: the Malaria Unit, Oncology Research Unit, Health Promotion Research and Development Research Unit, Nutritional Intervention Research Unit, TB Epidemiology and Intervention Research Unit, Indigenous Knowledge Systems, Web and Media Technologies, Programme on Mycotoxins and Experimental Carcinogenesis (PROMECC), Diabetes Biochemistry Division, Telemedicine, Biomedical Informatics Research, eHealth Strategy and Policy, and the Unit for Clinical and Biomedical TB Research.

During the year consultations were completed and a decision was taken to focus on the remaining Units, namely: Alcohol and Drug Abuse Research Unit, Burden of Disease Research Unit, Biostatistics, the Cochrane Centre, Environment and Health Research Unit, Gender and Health Research Unit, Health Systems Research Unit, HIV Prevention Research Unit and Safety and Peace Promotion Research Unit. The Centre for Molecular & Cellular Biology will become the focus for TB research in the MRC and it is intended that it will transition to become an intra-mural unit. Three units that work in the chronic diseases/non-communicable diseases environment: the Diabetes Discovery Platform, the Chronic Diseases of Lifestyle Research Unit and the National Programme on Cardiovascular and Metabolic Diseases will be merged into a new Non-communicable Diseases Research Unit. A National Health Insurance (NHI) Unit and a Childhood Infectious Diseases Unit will be put on hold until funding becomes available.

In the innovation environment, the MRC Innovation Centre has been transformed into Strategic Health Innovation Partnerships (SHIP), which is a funding and project management department, whose role is to fund new preventions, diagnostics, therapies and devices for priority diseases/health problems, such as HIV, TB, Malaria, and Non-communicable diseases. New MRC Offices for HIV, TB and Malaria research have been established to stimulate extramural research in these three areas. The Primate Unit and Delft Animal Centre will not be an intramural research unit but will become part of a larger DST drug discovery platform.

Other revitalisation projects have included several measures to strengthen science within Units and in the university-based science environment. These include providing clear messages about the centrality of the need to produce knowledge in high impact peer-review journal publications, which has resulted in greatly increased numbers of publications in 2012. Substantial funds have been leveraged to support innovation in HIV and TB and to support flagship projects across the universities. There has also been a team which has worked throughout the year to review and revise MRC policies and procedures to ensure that the research support and compliance environment is optimally positioned to support the revitalised organisation.

1.2.3. Human Resource Management

Appropriate strategic human resource management including training and development are important areas of focus for the MRC in the next five years. We aim to undertake meaningful transformation and equitable representation to specifically target management of research units. Areas of concern are from chief specialist scientist level up to unit director level in relation to the demographic representation. Currently there are only 16% (9/57) Africans, 4% (2/57) Coloureds and 11% (6/57) Indian, compared to 70% (40/57) whites at the Senior Management level. Succession planning will be used as one of the tools to achieve continuity and sustainability of the organisation and it will be supported by the Accelerated Development Programme which aims to develop scientists and in particular black in general, and African scientists, in particular, from senior specialist level to prepare them for future managerial responsibilities. For this programme to be effective it needs to be coupled with a robust and clearly defined succession plan. Through effective talent management, the MRC will attract, develop and retain skills to ensure a high level of research productivity in pursuance of its vision. Included in the new HR structure, post Revitalization is a strategy to look into Talent Management, Succession Planning and Employment Equity. The MRC Board through, the Executive management team will lead and facilitate the implementation of the Human Resource Management Strategy and Plan which will guide the development of skills and competences in identified areas needed for the alignment and achievement of the Department of Health's mandate.

2. Revisions to legislative and other mandates

There have been no significant changes to the South African Medical Research Council's legislative and other mandates.

2.1 Policies and Governance

The MRC Act of 1991 will be amended to achieve the required kind of collective research distinction for the Board, but also representation of four major components of the national 'Research for Health' system, namely the Department of Science and Technology, the national Department of Health, the Council for Industrial and Scientific Research, and the Human Sciences Research Council.

The amended MRC Act will also specify how the MRC President is to be appointed, and the responsible Minister should promulgate Regulations that spell out in full how and when new Board members are appointed. It will also give special attention to how the delegation of authority by the Board to the President and the Executive in general should be set up.

The Board will establish a 'Scientific Advisory Committee', and craft suitable terms of reference for the Committee that will guide and advise the Board on research strategy and policy.

3. Overview of 2013/14 budget and MTEF estimates

The current financial state of the organisation

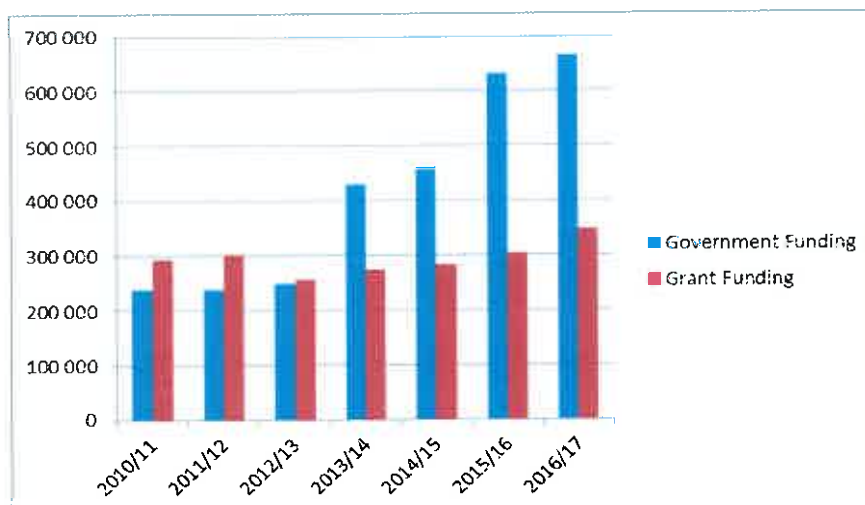
Historically the growth in the MRC's budget has not kept pace with the needs of medical research in South Africa. From 2009/10 to 2012/13 MRC budget grew from R222m to R249m. This is an average increase of 3.5% per annum. However due to an additional budget allocation from the Economic Competitiveness Fund for 3 years commencing in 2013/14 the average increase from 2010/11(R237m) to 2013/14 (R430m) is 14.9% per annum. Over the MTEF period the budget will increase at an average rate of 18.1% annum.

The MRC commenced a revitalisation process in 2012/13 with the goal to enhance the stature of South African medical research through world-class science that impacts on policy to improve the health of the nation. Savings from the revitalisation process will be channelled back to research to achieve this goal. The MRC has also commenced a review of the Support and Administration to improve efficiency and cost-effectiveness. Any savings from this exercise will also be channelled to research.

In effect, with inflation, the MRC's available funding has until recently been diminishing in the period since 2008. Indeed, the size of the government's allocation to medical research indicates the extent to which it was not taken seriously as a public good, as a contributor to the knowledge economy and as the principal source of new knowledge to improve the health of our nation, however for the 2013/14 MTEF the MRC budget has increased by 8% to R313m, increasing to R332m and R350m for the years 2014/15 and 2015/16 respectively. In addition to annual baseline allocation, the MRC received R90m in 2013/14, R100m in 2014/15 and R250m in 2015/16 from the Economic Competitiveness Fund to meet both research and infrastructural requirements.

The MRC, which carries the citizen-mandate for medical research, needs to ensure no single component of this value chain is compromised and starved of resources. This can only be done with adequate resources. A rough estimate requires the MRC baseline budget to increase to around R750m over the next two to three years. This would represent an expenditure level of 2% of the Government's Health expenditure of around R36b in 2015/16 (published in ENE Chapter 2013), which is in line with the Bamako "Call to Action" to which South Africa committed to in 2008. Achieving these levels would require a 20% government funding increase on R630m currently projected for 2015/16.

In addition to government funding, MRC also receives grant funding. The proportion of grant vs. contract funding is as follows:



Infrastructure requirements

MRC is in need of a substantial capital investment to maintain and upgrade its current buildings and IT needs in the different regions. This includes renovating the MRC's current building in Durban to house all the staff who are currently in three different rented buildings in the Durban region. This upgrade will result in adherence to Health & Safety requirements. An alternative under consideration would be to rent building space close to the UKZN campus.

To ensure the above the MRC plans to make the following capital investment:

- 2014/15 – R26m
- 2015/16 – R27m
- 2016/17 – R6m

Details of the above Capital Expenditure are provided in Part C of this document.

Total additional funding received from Economic Competitiveness Fund

| Category | 2014/15 | 2015/16 | 2016/17 |
|---------------------------------------|--------------|--------------|--------------|
| Flagship Programmes | R77.5m | R227.5m | R244m |
| Priceless Economic Evaluation Project | R7m | R7m | |
| Capital | R12.7m | R12.7m | R6m |
| Revitalisation | R2.8m | R2.8m | |
| Total | R100m | R250m | R250m |

(Capital costs included above forms part of the total capital investment over the MTEF period)

3.1 Expenditure Estimates

Medical Research Council of South Africa

| Statement of financial performance | Audited outcome | | | Estimated outcome | Medium-term estimate | | | |
|--|-----------------|----------------|-----------------|-------------------|----------------------|----------------|----------------|------------------|
| | R thousand | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
| Revenue | | | | | | | | |
| Tax revenue | | - | - | - | - | - | - | - |
| Non-tax revenue | | 316,927 | 326,216 | 282,754 | 301,827 | 308,056 | 329,671 | 374,639 |
| Sale of goods and services other than capital assets | | 293,166 | 303,481 | 257,569 | 275,400 | 283,006 | 303,961 | 348,589 |
| of which: | | | | | | | | |
| Administrative fees | | - | - | - | - | - | - | - |
| Sales by market establishment | | 293,166 | 303,481 | 257,569 | 275,400 | 283,006 | 303,961 | 348,589 |
| Other sales | | - | - | - | - | - | - | - |
| Other non-tax revenue | | 23,761 | 22,735 | 25,185 | 26,427 | 25,050 | 25,710 | 26,050 |
| Transfers received | | 237,289 | 237,899 | 249,003 | 430,084 | 460,636 | 630,766 | 664,197 |
| Total revenue | | 554,216 | 564,115 | 531,757 | 731,911 | 768,692 | 960,437 | 1,038,836 |
| Expenses | | | | | | | | |
| Current expenses | | 552,900 | 580,543 | 576,952 | 731,911 | 768,692 | 960,437 | 1,038,836 |
| Compensation of employees | | 287,750 | 312,493 | 316,120 | 248,177 | 235,811 | 260,739 | 279,399 |
| Goods and services | | 252,524 | 252,967 | 244,503 | 465,709 | 513,356 | 679,473 | 738,312 |
| Depreciation | | 12,564 | 15,001 | 16,176 | 18,000 | 19,500 | 20,200 | 21,100 |
| Interest, dividends and rent on land | | 62 | 82 | 153 | 25 | 25 | 25 | 25 |
| Transfers and subsidies | | - | - | - | - | - | - | - |
| Total expenses | | 552,900 | 580,543 | 576,952 | 731,911 | 768,692 | 960,437 | 1,038,836 |
| Surplus/(Deficit) | | 1,316 | (16,428) | (45,195) | - | - | - | - |

Note:

Budget surplus / deficit for the MTEF period, differs from the ENE database. MRC has re-prioritised expenditure to ensure a zero deficit over the MTEF period.

The MRC Budget for 2013/14 is attached as **Annexure A**.

3.2 Relating expenditure trends to strategic outcome oriented goals

MRC funding from the National Department of Health provides an instrumental base to attract funding from external sources. However, the 50/50 split with respect to funding sources poses a risk for the organisation which could in future affect the research agenda, thus impacting on governance, accountability and oversight of the units. The MRC funding model has been criticised in the past for not taking the country's research priorities into consideration. While this criticism is warranted it is also unfair on the other hand if one looks at

funding of the institution. This APP comes at the most opportune moment when the department is implementing major reforms and transforming the health sector.

In order to be able to make a meaningful contribution, the MRC's income revenue is expected to grow as follows over the MTEF period:

- Contract Income : Increase by 8.2% on average from 2013/14 to 2016/17
- Annual Baseline Grant : Increase by 15.6% on average from 2013/14 to 2016/17
- Competitive funding (3 year funding initially) :
 - 2013/14 - R90m
 - 2014/15 – R100m
 - 2015/16 – R250m
 - 2016/17 – R250m (as part of annual baseline grant)

The major expenditure item in addition to salary is payment to our research collaborators (universities, NPOs, Science Councils, etc.). Specific budget provision has been made for NSDA-related projects. This investment will be funded from National Treasury via the Economic Competitiveness and Support Package over the next three financial years. This funding will go towards flagship projects at universities in South Africa. Flagship projects are high impact projects that meet a national health priority. The MRC will fund 20 – 25 projects and funding may be used to cover staff, student, equipment, etc. costs.

Significant work has been done in the area of HIV/AIDS and TB and MRC scientists have been at the forefront of some of this pioneering research. However, more still needs to be done in areas such as maternal and child health, non-communicable diseases, violence and injury.

PART B PROGRAMME AND SUB-PROGRAMME PLANS

The MRC's strategic objectives (n=9) inform the research agenda and action plans of the organisation for the next three years. Implementation will be through the relevant research projects conducted by both intra- and extra-mural research entities of the MRC, as well as through funding of self-initiated projects and capacity development initiatives. The performance plans to achieve the strategic objectives are presented in the next section clustered into two (2) broad programmes:

- Research programmes
- Support Programmes

The table below summarises the strategic goals and objectives as presented in the Strategic Plan

| Revised Goals, Objectives and Indicators | |
|--|--|
| Strategic Goals | Objectives |
| 1. Administer health research effectively and efficiently in South Africa | 1.1. To ensure good governance, effective administration and compliance with government regulations |
| | 1.2. To promote the organisation's administrative efficiency to maximise the funds available for research |
| 2. Lead the generation of new knowledge and facilitate its translation into policies and practices to improve health | 2.1 To produce and disseminate new scientific findings and knowledge on health |
| | 2.2 To promote scientific excellence and the reputation of South African health research |
| | 2.3 To provide leadership in the generation new knowledge in health |
| | 2.4 To facilitate the translation of MRC research findings into health policies and practices |
| | 2.5 To provide funding for the conduct of health research |
| 3. Support innovation and technology development to improve health | 3. To provide funding for health research innovation and technology development |
| 4. Build capacity for the long-term sustainability of the country's health research | 4. To enhance the long-term sustainability of health research in South Africa by providing funding for the next generation of health researchers |

A strength of the MRC lies in its truly comprehensive, integrated and national health research approach; borne of many years of experience in conducting (intramural) and supporting (extramural) medical research in all its dimensions. The MRC's activities uniquely straddle issues of health, including population health (with special social science skills), disease and disease mechanisms (with special biomedical science skills) and health systems, settings and policy research, in which the MRC plays a unique national role.

The support programmes provide operational services to the organisation and are listed as follows:

Office of the President

To lead the development and implementation of the MRC strategy as delegated by the MRC Board through providing strategic leadership by organising and mobilising internal resources to achieve the mission of the MRC. The office operates through the:

- Corporate and Public Affairs Office,
- Project Management Office,
- Legal Services,
- Strategy, Planning & Performance Management Office
- Offices of AIDS, TB and Malaria Research

Research Directorate

To provide research support by administering, managing and awarding various research grants and bursaries and research internships targeting different levels of researchers within the MRC and South African Higher Education Institutions (HEI). To actively pursue strategic research initiatives to ensure that the organisation's growth meets the needs of the changing health research environment, through various initiatives, e.g. the flagship projects.

Finance Directorate

To provide an efficient and cost effective financial and operational management support service that ensures that all goods and services are procured within the accountability framework of the Public Finance Management Act (PFMA). The sub-programme services the MRC intra- and extramural community, the MRC Board and external clients such as funders, higher education institutions and service providers.

Human Resources Department

To create an enabling platform to attract, recruit, motivate and retain talented individuals in a positive, diverse, healthy and safe work environment.

Strategic Health Innovation Partnerships (SHIP)

To fund, through multi-disciplinary and multi-institutional partnerships, the development of new or improved drugs, diagnostics, vaccines, devices, prevention strategies and treatments to address SA's major health problems.

Strategic Goals in line with NSDA

The MRC has 4 strategic goals that link with the 4 outputs of the Health Sector NSDA which contributes to outcome 2 “A Long and Healthy Life for all South Africans”. The MRC’s mandate will be reviewed from time to time and goals will be aligned accordingly.

| | |
|-----------------------------|--|
| Strategic Goal 01 | Administer health research effectively and efficiently in South Africa |
| Goal statement | Strengthening of financial processes towards an unqualified audit opinion from the Auditor General |
| Strategic Objectives | <ol style="list-style-type: none"> 1.1. To ensure good governance, effective administration and compliance with government regulations 1.2. To promote the organisation’s administrative efficiency to maximise the funds available for research |
| Objective Statement | To strengthen financial management, monitoring and evaluation |
| Baseline (2013-14) | Improved financial management at all levels within the MRC and an Clean Audit |
| Indicator/s | <ol style="list-style-type: none"> 1.1. A Clean Audit opinion on the MRC’s finances from the Auditor-General 1.2 % of the government allocated MRC budget spent on administration |

| | |
|-----------------------------|--|
| Strategic Goal 02 | Lead the generation of new knowledge and facilitate its translation into policies and practices to improve health |
| Goal statement | Promote the improvement of health and quality of life (prevention of ill health, improvements in public health and treatment) in South Africa through research |
| Strategic Objectives | <ol style="list-style-type: none"> 2.1 To produce and disseminate new scientific findings and knowledge on health 2.2 To promote scientific excellence and the reputation of South African health research 2.3 To provide leadership in the generation of new knowledge in health 2.4 To facilitate the translation of MRC research findings into health policies and practices 2.5 To provide funding for the conduct of health research |
| Objective Statement | Number of high impact journal articles published during the year to create new quality knowledge through research with expert endorsement from specialists in the field |
| Baseline (2013-14) | New indicator – No baseline |
| Indicator/s | <ol style="list-style-type: none"> 2.1 Number of peer reviewed articles with an MRC affiliated author that are published in ISI journals 2.2 Number of peer reviewed articles published in ISI journals with acknowledgement of MRC support 2.3 Number of peer reviewed articles with an MRC-affiliated author in any of the top 4 journals – NEJM/Lancet/Science/Nature 2.4 Number of ISI journal articles where the first-author is affiliated to the MRC 2.5 Number of new local/international policies and guidelines that reference MRC research 2.6 Number of research grants awarded by the MRC |

| | |
|----------------------------|--|
| Strategic Goal 03 | Support innovation and technology development to improve health |
| Goal statement | Promote the improvement of health and quality of life (prevention of ill health, improvements in public health and treatment) in South Africa through innovation, technology development and transfer |
| Strategic Objective | 3. To provide funding for health research innovation and technology development |
| Objective Statement | Number of innovations to promote the improvement of health and quality of life in the country through innovation, technology development and transfer (innovation projects supported, invention disclosures, patents filed and licences concluded) developed in the year |
| Baseline (2013-14) | 37 innovation and technology developments |
| Indicator/s | 3.1 Number of innovation and technology projects funded by the MRC to develop new diagnostics, devices, vaccines and therapeutics |

| | |
|-----------------------------|--|
| Strategic Goal 04 | Build capacity for the long-term sustainability of the country's health research |
| Goal statement | To provide research support in the broad field of health research, describing original research initiated by a researcher at a recognised research institution and creating and maintaining collaborative research initiatives in collaboration with Research programmes. The guiding elements for each initiative/project are: Long-term and sustainable; Focused; Strong corrective action; Private – public arrangements; Africa centric perspective; Innovation; Operationally – best business practices; Technology infrastructure |
| Strategic Objectives | 4 To enhance the long-term sustainability of health research in South Africa by providing funding for the next generation of health researchers |
| Objective Statement | Study bursaries/scholarships/fellowships are awarded to students towards a postgraduate degree in health research |
| Baseline (2013-14) | 87 bursaries/ scholarships/fellowships |
| Indicator | 4.1 Number of MRC bursaries/scholarships/fellowships provided for post-graduate study at masters, doctoral and post-doctoral levels |

1. Purpose

The purpose of the organisation is to perform relevant and responsive health research in order to build a healthy nation. In pursuing this, the organisation also ensures capacity development in order to build a cadre of future scientists and researchers. Through this the sustainability of the organisation is guaranteed as there will be people to carry forward the work of building a healthy nation.

2. Strategic objective annual targets for 2014/15

The following table presents the projected performance information emanating from all the sub-programmes within the MRC.

| No | Strategic Objective | Performance Indicator | SP Target 2014/15 - 2018/19 | Audited/ Actual Performance 2012/2013 | Estimated Performance 2013/2014 | Medium-term Targets | | | | |
|----|--|---|-----------------------------|---------------------------------------|---------------------------------|---------------------|-----------|-----------|-----------|-----------|
| | | | | | | 2014/2015 | 2015/2016 | 2016/2017 | 2017/2018 | 2018/2019 |
| 1 | To ensure good governance, effective administration and compliance with government regulations To promote the organisation's administrative efficiency to maximise the funds available for research | Compliance with legislative prescripts, reflected in audit findings relating to the processes and systems of the MRC. | Clean | Clean | Clean | Clean | Clean | Clean | Clean | Clean |
| | | % of the government allocated MRC budget spent on administration | 25% | 38 | 28 | 25 | 23 | 23 | 24 | |
| 2 | To produce and disseminate new scientific findings and knowledge on health | Number of peer reviewed articles with an MRC-affiliated author that are published in ISI journals | 2500 | 430 | - | 400 * | 450 | 500 | 550 | 600 |
| | | Number of peer reviewed articles published in ISI journals with acknowledgement of MRC support | 650 | - | - | 100 | 115 | 130 | 145 | 160 |
| | To promote scientific excellence and the reputation of South African health research | Number of peer reviewed articles with an MRC-affiliated author in the top 4 journals – NEJM, Lancet, Science & Nature | 70 | - | - | 10 | 12 | 14 | 16 | 18 |
| | | Number of ISI journal articles where the first-author is affiliated to the MRC | 850 | - | - | 160 | 165 | 170 | 175 | 180 |

| | | | | | | | | | | |
|---|---|---|-----|-----|-----|-----|-----|-----|-----|-----|
| | To facilitate the translation of MRC research findings into health policies and practices | Number of new local/international policies and guidelines that reference MRC research | 22 | | - | 4 | 4 | 4 | 5 | 5 |
| | To provide funding for the conduct of health research | Number of research grants awarded by the MRC | 600 | 120 | 207 | 100 | 110 | 120 | 130 | 140 |
| 3 | To provide funding for health research innovation and technology development | Number of innovation and technology projects funded by the MRC to develop new diagnostics, devices, vaccines and therapeutics | 150 | 9 | 37 | 30 | 30 | 30 | 30 | 30 |
| 4 | To enhance the long-term sustainability of health research in South Africa by providing funding for the next generation of health researchers | Number of MRC bursaries/ scholarships/ fellowships provided for post-graduate study at masters, doctoral and post-doctoral levels | 350 | 99 | 87 | 60 | 65 | 70 | 75 | 80 |

Note:- * The reduction in the number of publication target is due to the fact that this indicator no longer includes Technical Reports and book chapters.

3. Quarterly targets for 2014/15

| No. | Programme Performance Indicator | Reporting period 2014/15 | Frequency | Quarterly targets | | | |
|-----|---|--------------------------|-----------|-------------------|-----------------|-----------------|-----------------|
| | | | | 1 st | 2 nd | 3 rd | 4 th |
| 1.1 | Compliance with legislative prescripts, reflected in audit findings relating to the processes and systems of the MRC. | Clean | Annual | | | | |
| 1.2 | % of the government allocated MRC budget spent on administration | 30% | Annual | | | | |
| 2.1 | Number of peer reviewed articles with an MRC-affiliated author that are published in ISI journals | 400 | Quarterly | 105 | 110 | 80 | 105 |
| 2.2 | Number of peer reviewed articles published in ISI journals with acknowledgement of MRC support | 100 | Quarterly | 25 | 25 | 25 | 25 |
| 2.3 | Number of peer reviewed articles with an MRC-affiliated author in the top 4 journals – NEJM, Lancet, Science & Nature | 10 | Quarterly | 3 | 3 | 2 | 2 |
| 2.4 | Number of ISI journal articles where the first-author is affiliated to the MRC | 160 | Quarterly | 40 | 45 | 35 | 40 |
| 2.5 | Number of new local/international policies and guidelines that reference MRC research | 4 | Annual | | | | |
| 2.6 | Number of research grants awarded by the MRC | 100 | Annual | | | | |
| 3.1 | Number of innovation and technology projects funded by the MRC to develop new diagnostics, devices, vaccines and therapeutics | 30 | Annual | | | | |
| 4.1 | Number of MRC bursaries/ scholarships/ fellowships provided for post-graduate study at masters, doctoral and post-doctoral levels | 60 | Annual | | | | |

Note: * signifies that data will be contributed by both intramural and extramural units. Where the symbol does not appear, the data is only from intramural units.

PART C: LINKS TO OTHER PLANS

4. Links to long-term infrastructure and other capital plans

There are several infrastructural projects and recapitalization programmes that were previously overlooked. These include but are not limited to safety, security, information technology, buildings, and plant and machinery. The MRC proposes to address these projects and programmes by funding them from the MRC reserves.

| No | Project | Programme | Project description/type of structure | Outputs | Estimated Project cost | Project duration | | Revised estimate 2013/14 | Medium-term expenditure estimate | | | |
|---|--|------------|---|--|------------------------|------------------|----------|--------------------------|----------------------------------|---------|---------|---|
| | | | | | | Start | Finish | | 2014/15 | 2015/16 | 2016/17 | |
| 1. New and replacement assets (R Millions) | | | | | | | | | | | | |
| 1.1. | Voice over Internet Protocol (VOIP) | Operations | Integration of voice and data into one platform | Using one IT platform | 2.7 | Jun 2013 | Mar 2015 | 0.9 | 0.9 | 0.9 | 0.9 | - |
| 1.2. | Close circuit camera television (CCTV) | Operations | Additional security measures | Recording of events for security purposes | 5.0 | Jul 2013 | Dec 2014 | 5.0 | - | - | - | - |
| 1.3. | Generators for regions | Operations | Back-up electricity supply | Continuous electricity supply in case of power blackouts | 4.5 | Jul 2013 | Feb 2015 | 1.5 | 2.5 | 1.0 | - | - |
| 1.4. | Fire detection system (particularly for laboratories) | Operations | Installation of fire and smoke detector system | Early warning system in case of fire | 9.5 | Oct 2013 | Mar 2015 | 2.5 | 4.0 | 3.0 | - | - |
| 1.5. | Replacement of air conditioning | Operations | Replace old air conditioners | Better working environment | 2.0 | Apr 2013 | Mar 2016 | 2.0 | - | - | - | - |
| 1.6. | Central time & attendance system | IT | Install and implement the system | Promote corporate governance | 1.2 | Apr 2013 | Mar 2014 | 1.2 | - | - | - | - |
| Total | | | | | | | | 13.1 | 7.4 | 4.9 | - | - |
| 2. Maintenance and repairs (R millions) | | | | | | | | | | | | |
| Total | | | | | | | | - | - | - | - | - |
| 3. Upgrades and additions (R millions) | | | | | | | | | | | | |
| 3.1. | Electrical compliance review & repair | Operations | Ensuring compliance of the electricity infrastructure | Electricity Infrastructural adherence to regulations | 6.0 | Nov 2013 | Mar 2015 | 2.0 | 2.0 | 2.0 | - | - |
| 3.2. | Renovation of reception areas | Operations | Interior design/redcoration | Renovations | 4.2 | Sep 2013 | Mar 2014 | 3.0 | 0.0 | 0.7 | - | - |
| 3.3. | Renovation of gate entrances (Medicina, Pretoria and Ridge Road) | Operations | Install/ upgrade/ extend shelter and access gate | Restricted access and providing shelter for the security personnel, MRC staff and visitors | 2.3 | Sep 2013 | Mar 2014 | 2.0 | 0.3 | - | - | - |
| 3.4. | Replacement of Core switches - CPT | IT | Maintain IT infrastructure | Reliable IT infrastructure | 1.5 | Apr 2013 | Mar 2014 | 1.5 | - | - | - | - |

| No | Project | Programme | Project description /type of structure | Outputs | Estimated Project cost | Project duration | | Revised estimate | Medium-term expenditure estimate | | |
|-----------|---|------------|--|--|------------------------|------------------|----------|------------------|----------------------------------|-------------|------------|
| | | | | | | Start | Finish | | 2013/14 | 2014/15 | 2015/16 |
| 3.5. | Replace outdated server hardware | IT | Maintain IT infrastructure | Reliable IT infrastructure | 1.2 | Apr 2013 | Mar 2014 | 1.2 | - | - | 1.5 |
| 3.6. | Upgrade existing SAN storage | IT | Maintain IT infrastructure | Reliable IT infrastructure | 1.9 | Apr 2013 | Mar 2014 | 1.9 | - | - | - |
| 3.7. | General IT maintenance and replacements | IT | Maintain IT infrastructure | Reliable IT infrastructure | 10.8 | Apr 2013 | Mar 2014 | 3.0 | 2.3 | 5.5 | 2.5 |
| | Total | | | | | | | 14.6 | 5.1 | 8.2 | 4.0 |
| 4. | Rehabilitation, renovations and refurbishments (R millions) | | | | | | | | | | |
| 4.1. | Re-roofing of buildings with existing asbestos roofs and general building maintenance | Operations | Remove asbestos roof sheets and replace with appropriate roof sheets | To be in line with the law related to asbestos | 26.8 | Apr 2014 | Mar 2015 | 7.0 | 10.2 | 9.6 | - |
| 4.2. | Revamp existing cafeteria | Operations | Revamp cafeteria | Create better working environment | 1.0 | Apr 2014 | Mar 2015 | 1.0 | - | - | - |
| 4.3. | Refurbishment of elevators | Operations | Refurbishment of elevators | Safe working environment | 3.6 | | | 3.0 | 0.3 | 0.3 | - |
| 4.4. | Repairs, renovation and maintenance of plant and machinery | Operations | Repairs, renovation and maintenance of plant and machinery | Reliable operational equipment | 11.5 | Apr 2013 | Mar 2014 | 4.5 | 3.0 | 4.0 | 2.0 |
| | Total | | | | | | | 15.5 | 13.5 | 13.9 | 2.0 |
| | GRAND TOTAL | | | | | | | 43.2 | 26.0 | 27.0 | 6.0 |

Annexure A– Detailed MRC Budget

Programmes/activities/objectives

Medical Research Council of South Africa

| R million | Audited outcome | | | Revised estimate | Average growth rate (%) | Expenditure /total: Average (%) | Medium-term expenditure estimate | | | Average growth rate (%) | Expenditure /total: Average (%) |
|---------------------------|-----------------|--------------|--------------|------------------|-------------------------|---------------------------------|----------------------------------|--------------|----------------|-------------------------|---------------------------------|
| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2010/11 - 2013/14 | | 2014/15 | 2015/16 | 2016/17 | 2013/14 - 2016/17 | |
| Administration | 127.3 | 144.0 | 156.5 | 180.0 | 12.2% | 25.0% | 188.8 | 199.2 | 209.9 | 5.3% | 22.4% |
| Core Research | 417.3 | 423.4 | 406.0 | 472.5 | 4.2% | 71.2% | 523.1 | 659.0 | 714.6 | 14.8% | 67.0% |
| Innovation and Technology | 3.9 | 5.0 | 7.8 | 48.0 | 130.7% | 2.4% | 78.2 | 81.7 | 92.9 | 24.6% | 8.5% |
| Capacity Development | 4.5 | 8.2 | 6.7 | 15.0 | 48.7% | 1.4% | 18.6 | 20.5 | 21.5 | 12.9% | 2.1% |
| Total expense | 553.1 | 580.5 | 577.0 | 715.5 | 9.0% | 100.0% | 808.7 | 960.4 | 1,038.8 | 13.2% | 100.0% |

Annexure B– MRC’s Materiality and Significance Framework: 2014/15

The proposed Materiality and Significance Framework for the MRC, in terms of the Treasury Regulation 28.3.1 and the National Treasury Practice Note on Applications under of Section 54 of the Public Finance Management Act (PFMA), is as follows –

Section 50: Fiduciary duties of accounting authorities:

1) The accounting authority for a public entity must –

| PFMA Section | Quantitative [Amount] | Qualitative [Nature] |
|--|------------------------------|--|
| (c) on request, disclose to the executive authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way may influence the decisions or action of the executive authority or that legislature; | Disclose all material facts. | The Board will disclose to the National Department of Health all material facts as requested and all material facts not requested, including those reasonably discoverable, which in any way may influence the decisions or action of the National Department of Health, at the discretion of the Board. |

Section 51: General responsibilities of accounting authorities:

1) An accounting authority for a public entity –

| PFMA Section | Quantitative [Amount] | Qualitative [Nature] |
|--|--|--|
| (g) must promptly inform the National Treasury on any new entity which that public entity intends to establish or in the establishment of which it takes the initiative, and allow the National Treasury a reasonable time to submit its decision prior to formal establishment; and | Disclose all material facts timeously. | Full particulars to be disclosed to the Minister of Health for approval after which it is to be presented to Treasury. |

Section 54: Information to be submitted by accounting authorities:

2) Before a Public Entity concludes any of the following transactions, the Accounting Authority for the Public Entity must promptly and in writing inform the relevant Treasury of the transaction and submit relevant particulars of the transaction to its Executive Authority for approval of the transaction:

| PFMA Section | Quantitative [Amount] | Qualitative [Nature] |
|---|---|--|
| a) establishment of a company; | Any proposed establishment of a legal entity. | Full particulars to be disclosed to the Minister of Health and Minister of Finance (National Treasury) for approval (simultaneous submission). |
| b) participation in a significant partnership, trust, unincorporated joint venture or similar arrangement; | Qualifying transactions exceeds R10Mil (based on 2% of total MRC assets, as at 31 March 2013). This includes research collaborative arrangements | |
| c) acquisition or disposal of a significant shareholding in a company; | Greater than 20% of shareholding. | |

| | | |
|---|--|--|
| d) acquisition or disposal of a significant asset; | Qualifying transactions exceeds R10Mil (based on 2% of total MRC assets, as at 31 March 2013). Including Financial Leases | Any asset that would increase or decrease the overall operational functions of the MRC, outside of the approved strategic plan and budget. |
| e) commencement or cessation of a significant business activity; and | Any activity not covered by the mandate / core business of the MRC and that exceeds the R10Mil transaction value (based on 2% of total MRC assets, as at 31 March 2013). | Full particulars to be disclosed to the Minister of Health and Minister of Finance (National Treasury) for approval (simultaneous submission). |
| f) a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement. | Qualifying transactions exceeds R10Mil (based on 2% of total MRC assets, as at 31 March 2013) | |

Section 55: Annual report and financial statements

- 2) The annual report and financial statements referred to in subsection (1) (d) (“financial statements”) must –
- a) fairly present the state of affairs of the Public Entity, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned;
 - b) include particulars of—

| PFMA Section | Quantitative [Amount] | Qualitative [Nature] |
|--|------------------------------|---|
| (i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year: | All instances | <ul style="list-style-type: none"> • Report quarterly to the Minister of Health. • Report annually in the Annual Financial Statements |
| (ii) any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure; | | |
| (iii) any losses recovered or written off; | | |
| (iv) any financial assistance received from the state and commitments made by the state on its behalf; and | | |
| (v) any other matters that may be prescribed. | All instances, as prescribed | |

Section 56: Assignment of powers and duties by accounting authorities

| PFMA Section | Quantitative [Amount] | Qualitative [Nature] |
|---|--|--|
| 1) The accounting authority for a public entity may— (a) In writing delegate any of the powers entrusted or delegated to the accounting authority in terms of this Act, to an official in that public entity (b) Instruct an official in that public entity to perform any of the duties assigned to the accounting authority in terms of this Act. | Values excluded from the Delegation of Authority Framework Policy. | Instances that are excluded from the Delegation of Authority Framework Policy. |

| | | |
|--|---|---|
| <p>2) A delegation or instruction to an official in terms of subsection (1)—</p> <p>(c) Is subject to any limitations and conditions the accounting authority may impose;</p> <p>(d) May either be to a specific individual or to the holder of a specific post in the relevant public entity; and</p> <p>(e) Does not divest the accounting authority of the responsibility concerning the exercise of the delegated power or the performance of the assigned duty.</p> | <p>Values excluded from the Delegation of Authority Framework Policy.</p> | <p>Instances that are excluded from the Delegation of Authority Framework Policy.</p> |
|--|---|---|

Treasury Circulars and Guidelines related to Supply Chain Management

National Department of Health and National Treasury are to

- 1) be notified of procurement transactions exceeding R10 Million;
- 2) be informed of amounts in excess of
 - a. 20% or R20 Million (including applicable taxes) for construction related orders; and
 - b. 15% or R15 Million (including applicable taxes) for goods / service related orders

The materiality level mentioned above was calculated using the guidance practice note of the National Treasury. Using these parameters the MRC materiality level calculation outcomes were as follows:

| Element | % rand to be applied against R value | Element Value at 31 March 2013 | Calculated Materiality & Significance Value |
|----------------------|--------------------------------------|--------------------------------|---|
| Total Assets (1%-2%) | 2% | R 534 950 281.00 | R 10 699 005.62 |

The MRC materiality and significant value will be R10Million based on the highest percentage of the total asset element. This is the most stable element, given the performance statement outcomes associated with the current economic climate challenges.

Annexure C– Acronyms and abbreviations

| | |
|---------|--|
| APP | Annual Performance Plan |
| AIDS | Acquired immune deficiency syndrome |
| ASSAf | Academy of Science for South Africa |
| ART | Anti-Retroviral Therapy |
| AU | African Union |
| BOD | Burden of Disease |
| BRIC | Brazil, Russia, India and China |
| CARISA | Cancer Research Initiative of South Africa |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| CRA | Comparative Risk Assessment |
| DRC | Democratic Republic of the Congo |
| DST | Department of Science & Technology |
| EMC | Executive Management Committee |
| GBV | Gender-based violence |
| HEI | Higher Education Institutions |
| HIV | Human Immunodeficiency Virus |
| HPCSA | Health Professionals Council of South Africa |
| HR | Human Resource |
| ISI | Institute for Scientific Information |
| MAC | Ministerial Advisory Committee |
| MBChB | Bachelor of Medicine and Bachelor of Surgery |
| MDG | Millennium Development Goals |
| MMED | Master of Medicine |
| MRC | Medical Research Council |
| MSTF | Medium Term Strategic Framework |
| MTEF | Medium Term Expenditure Framework |
| NDOH | National Department of Health |
| NDP | National Development Plan |
| NEJM | New England Journal of Medicine |
| NHI | National Health Insurance |
| NHRC | National Health Research Committee |
| NIH | National Institutes of Health |
| NIMSS | National Injury and Mortality Surveillance System |
| NPO | Non-Profit Organisation |
| NSDA | Negotiated Service Delivery Agreement |
| PEPFAR | President's (US) Emergency Plan for AIDS Relief |
| PFMA | Public Finance Management Act |
| PHC | Primary Health Care |
| PIIP | Perinatal Problem Identification Programme |
| PROMEC | Programme on Mycotoxins and Experimental Carcinogenesis |
| SACENDU | South African Community Epidemiology Network on Drug Use |
| SADC | South African Development Community |
| SADHS | South African Demographic Health Survey |
| SETI | Science, Engineering and Technology Institution |
| SHIP | Strategic Health Innovation Partnerships |
| SP | Strategic Plan |
| TB | Tuberculosis |
| UKZN | University of Kwa-Zulu Natal |
| WHO | World Health Organisation |
| YRBS | Youth Risk Behaviour Survey |