

South Africa National Cleaner Production Centre

Case study in Good Organization, Management and Governance Practices

The South African Government has taken strong ownership of the National Cleaner Production Centre and co-directs the Centre with strong participation of the business sector and the host institution. To ensure continuous relevance, an Advisory Forum has also been established with participation from key national institutions representing public and private sector and civil society.

CENTRE IN BRIEF

The National Cleaner Production of South Africa (NCPC-SA) was launched during the 2002 Johannesburg World Summit for Sustainable Development (WSSD) as a co-operation programme between South Africa and the United Nations Industrial Development Organisation (UNIDO) with financial assistance from the South African Department of Trade and Industry (the dti) and the Governments of Austria and Switzerland. NCPC-SA is hosted at the Council for Scientific and Industrial Research (CSIR), Materials Science and Manufacturing Operating Unit, Pretoria. In 2006 the dti took full custodianship of NCPC-SA and is developing the Centre to reach its full potential as national agency for implementation of Cleaner Production (CP).

The annual budget of the NCPC-SA in 2009 was EUR 1.66 million (1.08 million for projects and 583,000 for operational costs). The Executive Management Committee (EMCO) responsible for the strategic leadership and guidance of the Centre is constituted of 4 main members and 3 observers from the Department of Environmental Affairs, the dti, the Business Unity South Africa, in addition to the NCPC Director. The NCPC-SA had 13 employees at the end of 2009. The Centre is active in the following sectors: chemicals; agro-processing, automotive and transport equipment; metals and allied processes; pulp and paper; clothing and textile; leather and footwear; tourism and hospitality, commercial buildings. Its service model is based on applications of tools and methodology from the UNIDO CP Toolkit. Additional extended Resource Efficiency and Cleaner Production (RECP) services including energy efficiency, industrial symbiosis and waste recycling, life cycle assessments, eco-labelling and environmental

accounting have also been integrated into the Centre's services.

As the responsible officer, the Director must meet the NCPC-SA's Key Performance Indicators (KPI) and regularly report on progress. CSIR and the dti share the obligation of supporting the efforts of the Director in order to maintain and continuously improve effective structures and measures that will ensure optimal performance of the Centre.

STRATEGY

The NCPC-SA strives to be South Africa's leading CP asset for related CP advocacy, technical solutions and information and knowledge dissemination. The NCPC-SA exists as a national body to strengthen market access by South African industry and business sectors through the fostering of networks to transfer CP technologies and services that can contribute to the sustainability of industry value chains by delivering measurable environmental benefits that support the national priorities of growth, equity and employment. NCPC-SA, as the CP implementation agency of the dti, promotes the application of CP and sustainable industrial development in South Africa using the integrated CP approach of UNIDO and UNEP, including the UNIDO CP toolkit, to provide industry with feasible efficiency improvement options.

The objectives of the NCPC-SA are informed by key objectives of the dti's Industrial Development Division (IDD), taking into consideration environmental laws and policies

ABOUT THESE CASE STUDIES SERIES

The Joint UNIDO-UNEP Programme on Resource Efficient and Cleaner Production (RECP) aims at improving the resource productivity and environmental performance of businesses and other organizations in developing and transition countries. The Programme is implemented in partnership with a network of National Cleaner Production Centres (NCPCs) that have currently been established in over 40 countries. This case study series documents how NCPCs have been set up and are being managed and governed in their respective national contexts. They illustrate the accompanying Primer on Good Organization, Management and Governance Practices for RECP Service Providers.



and in particular the National CP strategy. The NCPC-SA primarily focuses on Small and Medium Enterprises (SMEs) in offering CP advocacy and techniques. Interest expressed by larger entities may be considered as a platform for opportunities to reach SMEs along the supply chain. NCPC-SA objectives are the following:

1. grow CP awareness in South Africa;
2. provide CP assessments and advice to enterprises in all industry sectors;
3. facilitate value added outcomes through investments in Cleaner Technologies;
4. grow CP capacity among the industrial workforce, management, government, service providers and students;
5. contribute to national priorities for example energy saving, water quality and waste minimisation through efficiency; and
6. contribute to the creation of green jobs through CP capacity building and recycling.

Because the NCPC-SA is not a legal entity, only the host institution has a Board. The NCPC-SA is led by a strategic committee called 'Executive Management Committee' referred to as EMCO. EMCO is chaired by the dti and includes the Department of Environment Affairs, Business Unity South Africa, the host institution (CSIR) and the Director of the NCPC-SA. The role of EMCO is to be the strategic decision and leadership body of the NCPC-SA, to facilitate government support of the NCPC-SA strategic business plan, and to ensure the alignment of NCPC-SA objectives to government sustainability strategy goals and plans. It encourages and fosters support by industry to NCPC-SA project activities and it approves expenditure and budget plan. EMCO members are recruited on voluntary base for a period of 3 years by the dti with agreement of Business Unity South Africa.

To remain relevant and align to national priorities, the EMCO is supported by an Advisory Forum constituted of relevant national and international institutions like the Chamber of Commerce and Industry, sector associations, non-governmental organizations, representatives from institutions of higher educations, embassy secretariats from donor countries and the UNIDO regional office.

The role of the Advisory Forum is to ensure local support for the activities of the NCPC-SA and to give comments on project structure and output contents in line with local and economic sector needs. It gives EMCO feedback on the efficiency and relevance of the NCPC-SA to the development goals at local and national level. Advisory Forum members are active for a period of 3 years on a voluntary

basis. Institution Members of the Advisory Forum are recommended and nominated by EMCO.

Both EMCO and Advisory Forum are managed through the host institution's policy, standards and procedure and guided through the NCPC-SA terms of reference for EMCO and terms of reference for the Advisory Forum. The terms of reference are reviewed every 3 years simultaneously to the review of the 3 years strategic business plan of the NCPC-SA.

NCPC-SA is funded by the South African government through the National Treasury Department and thus it must comply and adhere to the national finance management standards and procedures as defined in the Public Finance Management Act. This means it must comply with good corporate governance and must be audited by the Auditor General and also be externally audited. The host institution provides the facilities and conditions for NCPC-SA to meet all auditing and accounting requirements like good procurement policy and procedure. NCPC-SA releases an annual report and financial statement as well as quarterly reports and newsletters. There are general meetings and national roundtable on a regular basis with stakeholders and interested parties.

AUTONOMY

As a service-orientated organisation, NCPC-SA justifies its existence on a stakeholder needs basis. A sound communication system is thus required in order to provide information for maintaining sound relations with various stakeholders.

The NCPC-SA is positioned as a CP implementing agent of the dti. The dti is the core provider of the NCPC-SA's operational funding, which is obtained from National Treasury through the Medium Term Expenditure Framework (MTEF) process. As core funder, the dti chairs the EMCO, determines NCPC-SA's strategic direction and reviews its business plans and reports. The dti negotiates with external donors to determine terms of reference and funding of special projects. Donors may include government as well as private sector, both foreign and South African.

As the host institution, the CSIR provides support services to the NCPC-SA. This arrangement is managed in terms of a Service Level Agreement. The NCPC-SA continues its operations from the CSIR's Pretoria Campus, maintaining separate offices and being managed within the CSIR's financial management system as a unique reporting entity. The NCPC-SA receives support from the CSIR corporate services and systems such as information technology (IT) systems and financial, human resource management and administration services.



The NCPC-SA's Cape Town office is similarly situated at the CSIR campus and enjoys the same services.

OPERATIONAL MANAGEMENT

The core structure of the Centre is well established with a strong focus on team work. The duration of staff contracts are limited to five years but renewability of contracts provides for continuity. Expansion of the Centre is underway to bolster its performance as a national CP implementation entity.

One of the current priorities is to recruit staff to fill all vacant positions and thus to build capacity to meet project requirements. The NCPC-SA ensures greater compliance and alignment to good governance principles. It aligns and fosters the effective application of NCPC-SA activities to host institution policy and standard operation procedure systems.

NCPC-SA will in the course of this five-year period pay attention to a skills review and a related action plan as well as to performance indicators and assessments. Priorities will include management skills, financial management, project coordination, continuous deepening and broadening of CP skills, communication skills, planning, and provision of high quality deliverables, staff contracts, reporting, key performance indicators and the staff bonus system.

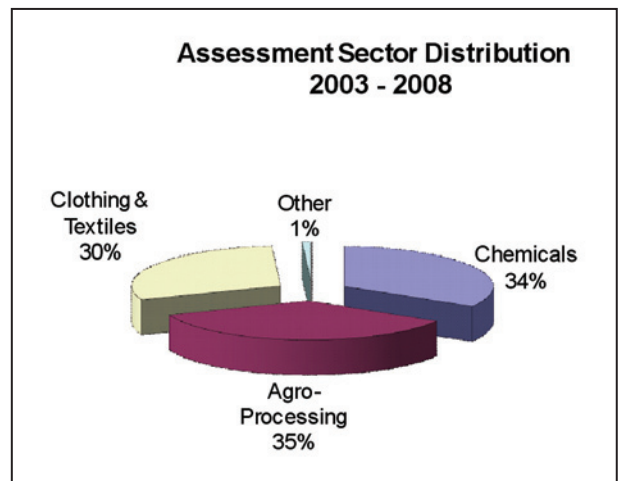
A system of quarterly planning and reporting is in place but a more structured reporting procedure may serve as a benchmarking tool for quality improvement.

BUSINESS

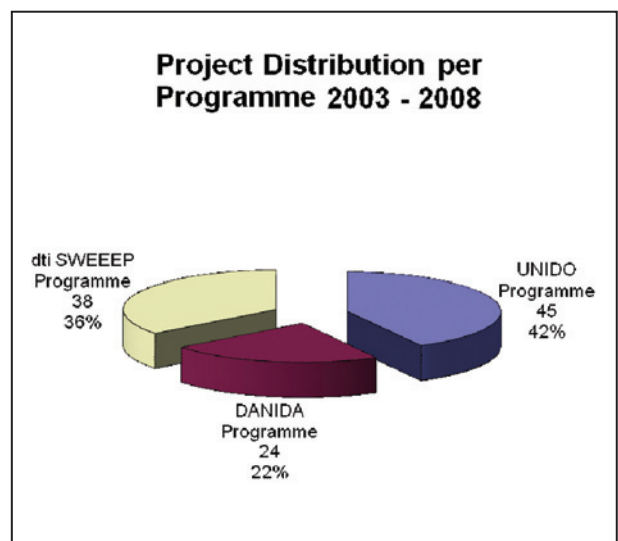
NCPC-SA's basic services include CP quick scans, audits and advocacy, all offered to SMEs. The services are delivered to enterprises through national experts associated to NCPC-SA under the direction of a Project Manager of the NCPC-SA. This arrangement fosters the development of a national market for CP and related services.

A presentation of feasible options for improved operational efficiency and cost savings follows each CP audit. Awareness and understanding of industry's challenges is augmented through site visits and workshops. The Centre is now expanding its basic services to cater to the needs of industry. Industry would derive further value from the full development of the following services, which have been initiated recently: sector CP assessment guidelines; developing of training materials; a set of analytical criteria to identify enterprises most in need of CP interventions; offering of training events to create sufficient CP capacity, and other services. Additional value could be added by providing, for instance, a monitoring and evaluation

system to assess the NCPC's performance. The NCPC-SA is building on its existing capacity and specialist skills in managing CP projects. NCPC-SA is extending its CP implementation to include facilitation of access to incentive programmes and opening up of business and employment opportunities in recycling. In addition to this core activity, NCPC-SA is engaged in presentations, workshops, road shows, training events and relevant regional and donor projects to build CP capacity in South Africa and the African region. Additionally, The NCPC-SA is expected to roll out a national industrial energy efficiency programme funded by SECO in partnership with UNIDO.



Supporting tools and services include methodologies and technical services and/or tools that support the effectiveness of CP implementation. As part of developing integral networks of expertise the NCPC-SA currently sub-contracts specialist service providers to undertake the CP audits on its behalf.





NCPC-SA will also promote all tools and measures that underpin CP such as Life Cycle Assessment (LCA), Corporate Social Responsibility (CSR), eco-labelling and product labelling, etc.

Marketing and sound public relations are key tools for extending CP to customers, stimulating demand and showcasing the NCPC-SA's achievements. In this respect, a marketing officer will be appointed in the course of 2010.

EXPERTISE

Many KPIs refer to expertise and knowledge management. Both internal communication and networking with the immediate stakeholders and associated experts are essential to information flows, reaction time, alignment of activities and performance. It is the responsibility of the Director, along with the management team, to refine communication relating to the service level agreement, financial conformity, and quality and effectiveness of the team in alignment with ISO 9001. An internal communication model will be developed for filling possible gaps and strengthening the team in a meaningful way.

EXPERIENCE WITH PRIMER APPLICATION

After the application of the Primer for Good Management, Organization and Governance Practices for NCPCs, the NCPC-SA set the following priorities in order to move forward:

- Ensure capacity building within the NCPC-SA in accordance with the approved organisation chart including sufficient administrative and marketing capacity to underpin the optimal performance of the CP team;
- Formalise a permanent Matrix Communication System within the NCPC-SA to ensure optimal transfer of knowledge and skills amongst all technical staff and to provide for rotation of staff as required;
- Build capacity amongst CP team members to develop sufficient expertise and skills to ensure optimal delivery and performance of CP consultants and staff.

In this respect, NCPC-SA has achieved the following:

- Built capacity and skills of staff (lower and higher education curriculum) through the development of Key Result Areas (KRA's) and personal development programmes for each member of staff;

- Provided training to the industry and consulting services sectors through hosting of 10 training events based on the UNIDO CP Toolkit. Attendees ranged from NCPC-SA staff, industry and Environmental goods and service sectors;
- Provided awareness training to national and provincial government through no fewer than 5 provincial roadshows presented in Gauteng, Kwa-Zulu Natal, Limpopo, Northern Cape and Mpumalanga. This has also been supported by 3 detailed awareness workshops in the Mpumalanga, Kwa-Zulu Natal and Western Cape provinces increase governmental awareness and understanding of CP;
- The assessments have also provided CP awareness training and assessments to over 150 companies between 2003 – 2010.

Future programmes and outputs that the NCPC-SA is focussing on include:

- Building a national virtual library on CP and Sustainable Consumption and Production (SCP) and development science;
- Facilitate the creation of a regional centre for SCP;
- Develop a national energy efficiency programme through its Industrial Energy Efficiency Programme in conjunction with the South African Department of Trade and Industry and UNIDO.



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