Summary of 2006 STCU AOB & SB
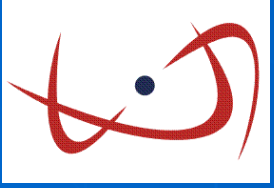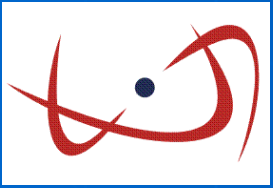
Summary of 2006 AOB

- Recurring Costs of $1.79M* compared with $1.80M in '05. No Change.

- Non-Recurring Costs of $92.25K compared with $157.60K in '05. 41.47% Decrease.

- Total AOB of $1.88M compared with $1.96M in '05. 3.83%** Decrease.

* $50K of moved from AOB – Bus. Grp. Ops. to Shared SB

** If $50K not moved, % decrease would be 1.28% Decrease

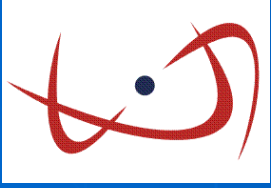# AOB as % of Project Expenses

AOB Expenses

- 2006 Estimated $1.9M (11.5%)
- 2005 Estimated $1.8M (10.9%)
- 2004 Actual $1.9M (10.7%)
- 2003 Actual $1.8M (10.0%)
- 2002 Actual $1.4M (11.3%)
- 2001 Actual $1.15M (11.3%)

Project Expenses

- 2006 Estimated $16.5M
- 2005 Estimated $16.5M
- 2004 Actual $17.7M
- 2003 Actual $17.9M
- 2002 Actual $12.3M
- 2001 Actual $10.1M

AOB as % of Project & SB* Expenses

AOB Expenses
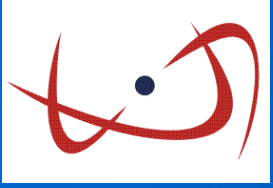
- 2006 Estimated AOB $1.9M (10.6%)
- 2005 Estimated AOB $1.8M (10.3%)
- 2004 Actual AOB $1.9M (10.5%)
- 2003 Actual AOB $1.8M (9.3%)
- 2002 Actual AOB $1.4M (11.0%)
- 2001 Actual $1.15M (11.2%)

Project + SB Expenses

- 2006 Estimated $16.5M + SB = $1.4M = $17.9M
- 2005 Estimated $16.5M + SB = $900K = $17.4M
- 2004 Actual $17.7M + SB $410K = $18.1M
- 2003 Actual $17.9M + SB $406K = $18.3M
- 2002 Actual $12.3M + SB $367K = $12.67M
- 2001 Actual $10.1M + SB $128K = $10.23M

* Does Not Include Service Contracts or EU Expert Review& Advisors

Personnel - Local Grant Payments

- Total Cost of $752.8K compared with $789K in '05. 4.6% Decrease.
  - No new positions added
  - Turnover in staff, resulting in savings
  - 11% Increase on existing staff salaries $72.6K
    - Comprised of minimum salary increase 5.0% and 6.0% bonus as per compensation system adopted at Dec. 2003 GBM
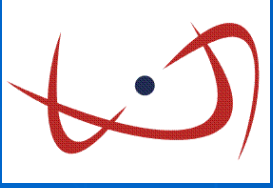
Personnel

- Personnel Costs
  - 2005
    - '05 costs of $946.1K
    - 48% of total AOB
  - 2006
    - '06 costs of $956.3K (1.08% increase over '05)
    - 51% of total AOB
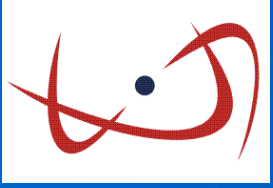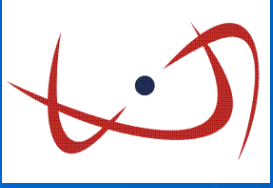
Travel

- International Travel cost of $37.3K compared with $32.4K in '05.
  - 15.12% Increase
  - Increased DED travel (participate in Road Shows, etc.)
- Travel w/in CIS cost of $138.8K compared with $137.6K in '05.
  - No Increase
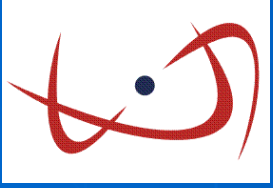
Travel (cont.)

- Travel Costs
  - 2005
    - '05 costs of $188.6K
    - 9.6% of total AOB
  - 2006
    - '06 costs of $199.1K (5.5% increase over '05)
    - 10.6% of total AOB
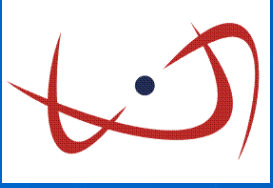
Office Operations

- Branch Off. OH cost of $87.6K compared with $90.7K in '05.
  - 3.44% Decrease
  - Chisinau office renov. inc. in '06

- Business Group Ops. cost of $0K compared with $50K in '05.
  - Activities moved to SB Bus.
  - Train/Sus. Support – Shared

Office Operations (cont.)

- Print & Reproduction cost of $33K compared with $24K in '05.
  - 37.5% Increase
  - Funds required for articles in local newspapers, etc.
- Public Affairs cost of $46K compared with $34.5K in '05.
  - 33.33% Increase
  - Support more conf. outside of UA
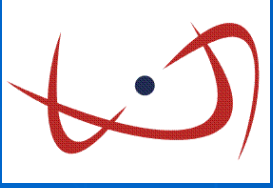
Office Operations (cont.)

- Office Operations Costs
  - 2005
    - '05 costs of $465.7K
    - 23.8% of total AOB
  - 2006
    - '06 costs of $450.1K (3.4% decrease over '05)
    - 23.9% of total AOB
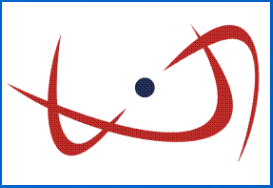
Contracted Services

- Other Professional Services cost of $74.6K compared with $98K in '05.
  - 23.9% decrease
  - Phase II of Navision $20K less than Phase I
- Legal Services cost of $10K compared with $10K in '05.
  - No change

Contracted Services (cont.)

- Contracted Services Costs
  - 2005
    - '05 costs of $191.3K
    - 9.8 % of total AOB
  - 2006
    - '06 costs of $176.6K (7.7% decrease over '05)
    - 9.4% of total AOB

Non-Recurring

- Computer Hardware cost of $19.3K compared with $35.7K in '05
  - 46.0% decrease
  - HW modernization effort completed
- Computer Software cost of $17.0K compared with $28.4K in '05
  - 40.4% decrease
  - STCU fully licensed, only maintenance required
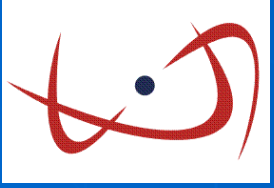
Non-Recurring (cont.)

- Telecomm. Equip. cost of $5.0K compared with $13.5K in '05
  - 62.8% Decrease
  - Finalized PABX upgrade in '05
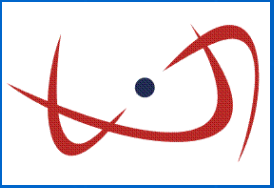
Non-Recurring (cont.)

- Non-Recurring Costs
  - 2005
    - '05 costs of $157.6K
    - 8.0% of total AOB
  - 2006
    - '06 costs of $92.2K (41.5% decrease over '05)
    - 5.0% of total AOB

Shared Supplemental Budgets

- Bus. Train./Sus. Supp. add $137K ($50K remaining) to bring total to $187K for '06
  - Road Shows (i.e. Hydrogen & Fuel Cells)
  - Continue Chief Technology Commercialization Officers (CTCO) program
- Travel Grant Fund add $90K ($30K remaining) to bring total to $120K for '05
  - Continued push for private sector partners

Shared Supplemental Budgets (cont.)

- Seminars/Workshop Support add $36K ($64K remaining) to bring total budget to $100K
  - $64K to work w/NATO workshop already on hand

- Targeted R&D Initiatives add $850K ($0K remaining) to bring total budget to $850K

- Targeted Training add $67K ($37K remaining) to bring total budget to $104K

US Supplemental Budgets

- SB Activity 01.01 - Technical, Collaborator, and Contractor Travel Support add $30K (i.e. travel of technical support for project audits, etc.)
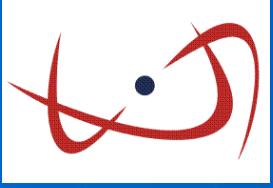
EU Supplemental Budgets

- SB Activity 08.01 – E.U.

  - Designated Reviewers add €30K (this is for payment to proposal reviewers in '06)
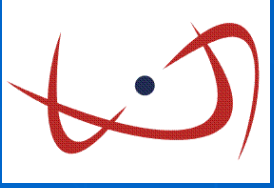
PA SB Travel Budgets

- SB Activity 06.04.01 - U.S. Department of Agriculture Travel and Mobility Support add $72K
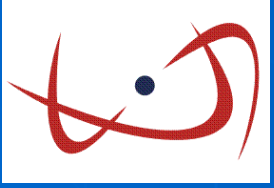
AOB & Shared SB Funding %

- As per the minutes of the A.C. meeting conducted on Dec. 5 & 6, 2000

  – All Party representatives agreed that the Parties would equally share twenty percent (20%) of the Administrative Operating Budget. However, the minimum share will be 5% of the 20%, i.e. with minimum share will be 5% of the 20%, i.e. with three Parties each pays at least 6.67%, if there are 4 Parties each will pay at least 5%

  – All Party representatives agreed that the remaining 80% will be allocated according to the projected next year's % throughput (grants, equipment, and overhead) for the Party's projects (regular and non-fee paying partner projects)
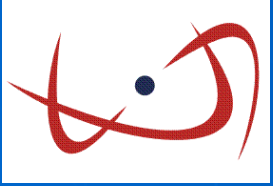
AOB & Shared SB Funding % (cont.)

■ Projected throughput (grants, equipment, and overhead) * for 2006:

	U.S. **	Canada	European Union	Total
Projected Project Expenses	$5,672,629	$131,203	$2,218,955	$8,022,787
% Share of Project Expenses	70.70%	1.64%	27.66%	
	80.00%	80.00%	80.00%	
Distribution of 80%	56.56%	1.31%	22.13%	
Distribution of 20%	06.67%	06.66%	06.67%	
Calculated Sharing %s	63.23%	07.98%	28.79%	

* Does Not Include Projects approved at 21st STCU GBs & Fee-Paying Partners

** Includes Non-Fee Paying U.S. Government Partners

AOB & Shared SB Funding % (cont.)

- _Comparison_ – Actual Project Funding at GB 19 & 20 (grants, equipment, and overhead):

	U.S.*	Canada	European Union	Total
Actual Funding at GB 19 & 20	$9,374,101	$170,000	**$2,438,531	$11,982,632
% Share of Actual Funding	78.23%	1.42%	20.35%	
	80.00%	80.00%	80.00%	
Distribution of 80%	62.58%	1.14%	16.28%	
Distribution of 20%	06.67%	06.67%	06.67%	
Calculated Sharing %s	69.25%	7.80%	22.95%	

* Includes Non-Fee Paying U.S. Government Partners

** Assumes €1 = $1.2 for 19th and 20th
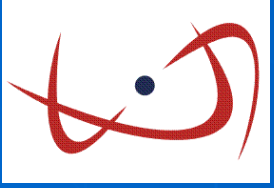
AOB & Shared SB Funding % (cont.)

- Calculated AOB & Shared SB Funding %s

  - United States   63.23%
  - Canada   7.98%
  - European Union   <u>28.79%</u>

      Total   100.00%

Science and Technology Center in Ukraine

2006 ADMINISTRATIVE OPERATING BUDGET
AND SUPPLEMENTAL BUDGET PRESENTATION

1 November 2005

Executive Director Office

Overview

The Executive Director Office provides the strategic leadership for STCU and conducts the strategic-level planning and management policy guidance for the entire organization. The office is also responsible for developing and implementing Center-wide policies, procedures, and practices to ensure the professional effectiveness and integrity of the STCU.

Performance in 2005

In 2005, the ED office led the internal effort to implement all aspects of the STCU reorganization, which began on 1 October 2004. Actions taken included:

o   Working with DEDs, initiated the Targeted R&D Initiative Program, the Targeted Training Program, a general Sustainability Development program (including a ranking of the recipient institutes in terms of their sustainability development need), a Public Outreach effort, a variety of smaller programmatic activities under their supervision
o   Created a Process Action Team effort in order to communicate and directly involve the STCU staff in revising/creating practices implementing the new STCU objectives and programs
o   Worked with SDED (UA) to initiate several actions to measure the effectiveness of STCU activities, and worked with DED (US) to target specific institutes for sustainability development and Targeted Initiatives focus.
o   Led STCU staff efforts to move proposal processing into electronic format, improve STCU web site utility, LAN access to project documentation, project agreement processing, and install integrated financial/procurement software system.
o   Through Process Action Team process, guided STCU staff toward creating recommendations for new initiatives in patent/IPR support, in selection of Partner "roadshow" participants and training participants, and in commercialization/marketing capabilities of recipient scientists.
o   Participated in several national conferences/forums, conducted press interviews, and initiated creation of a more pro-active system for promoting the STCU's successes and usefulness to national, regional, and international audiences

The ED office worked with senior officials of the Ukrainian, Georgian, and Uzbek governments to expand active relations and cooperative activities with these governments, striving to promote the STCU as a value-added organization connecting its nonproliferation mission to national science development goals. This effort included ED travel to Kharkiv, Tbilisi, and Tashkent. The ED oversaw the negotiation of statements of cooperation with the National Academy of Sciences of Ukraine, the Academy of Technical Sciences of Ukraine, and the Georgian National Science Foundation. The ED also engaged the Ministry of Education and Science of Ukraine to improve communication and cooperation with this ministry. This engagement included creating STCU-Ministry working groups to address the STCU ratification process, the close-out of the Gals-K/unpaid rent issue, and the delays in processing host government concurrence on STCU proposals.

The ED Office led STCU actions to engage S&T agencies and establish joint financing and cooperation in areas of mutual interest to STCU and these agencies. The STCU-NASU Targeted Initiative, the innovation forums and technology transfer workshops with the Academy of Technical Sciences of Ukraine, and a potential cooperative Targeted Initiative with the Georgian government are examples of this effort.

The ED Office has led STCU actions to establish an STCU Regional Office in Moldova. An ED trip to Chisinau at the end of 2005 remains a possibility, although an early 2006 trip is more likely. The ED Office also performed all the arrangements, planning, and organization activities for the 20th Governing Board meeting (16 June 2005, Tbilisi,

Georgia) and the upcoming 21st Governing Board meeting (December 2, 2005, Kyiv, Ukraine). This included the travel of the ED, ED Executive Assistant, and STCU Executive staff and chief officers.

The ED Office also made consultation visits to Brussels (2 times) and Washington DC. The ED Office did not travel as much as it should have to other STCU Party capitals or to STCU Regional Offices (e.g. Baku, Lviv, Dnipropetrovsk) due to unforeseen events and pressing activities in Kyiv during the February-June 2005 timeframe, which caused necessary adjustments to the ED Office travel plans..

Plan for 2006

For 2006, the ED Office expects to maintain the level of activity as sustained in 2005, with the exception that more ED travel should actually take place. This is because, with the STCU reorganization now fully implemented and operating, there will be a need for the ED to make appearances and conduct discussions/negotiations with Member Party officials outside of Kyiv, in order to advance the STCU activities in sustainability development, partnership-building with Beneficiary Parties, and effective targeting of STCU programmatic efforts.

Staff Travel (2005 Budget Allocation = $35,100. 2006 Budget Request = $34,500)

The ED Travel Budget for 2005 will be underspent, but the number of planned trips in 2006 will be the same or a little higher, requiring travel for the ED, and on occasion for the Executive Assistant. Much of the 2005 underspend was used to cover the expenses of other DED and staff travel. Within the ED Office travel budget will be included travel to two Advisory Committee meetings (one in the spring of 2006 and one in the autumn of 2006) and one Governing Board meeting outside of Kyiv (possibly in Moldova) for the ED and some of the STCU management staff. The ED also plans to visit the Financing Party capitals at least once during the year.

Travel (within CIS):

- AC/GBM Meeting outside Ukraine = 5 staff + 1 admin ($6,000)
- Regional Officers Meeting = 7 Kyiv-based executive staff ($2,500)
- ISTC consultation meetings in Moscow = 2 trips ($2,500)
- ED travel to Regional Offices outside Ukraine = 3 trips ($4,500)
- ED travel to Ukrainian Regional Offices = 3 trips ($3,000)

Travel (International):

- Spring 2006 AC meeting in Europe/North America = 4 staff ($5,000)
- Autumn 2006 AC meeting in USA = 3 staff ($7,000)
- ED travel for STCU business = 2 trips ($4,000)

Staff Training (2005 Budget Allocation = $5,300. 2006 Budget Request = $4,500 for ED Office staff plus $5,000 for STCU-wide Staff Training)

The ED Office will continue to ensure the professional integrity and standards of the STCU operations and its staff through established "management by objectives" policies, employee evaluations and performance reviews, and review and improvement of STCU standard operating procedures. To accomplish this, the ED Office itself will strive to maintain its own level of professional training, particularly in areas of management skills and language skills. That said, a reduction in the Staff Training budget is anticipated due to the departure of the previous ED Executive Assistant, who was in the last year of an MBA program financed by the ED Office Staff Training budget. In addition, the STCU

management plans to schedule a "team building" training day for the STCU staff and is requesting $5,000 in general staff training funds to support this event.

Representation (<u>2005 Budget Allocation = $15,000</u>. <u>2006 Budget Request = $15,000</u>)

Based upon Representational activities over 2005, which include financing official receptions involving executive-level officials and visitors or executive-level meetings, it is anticipated that number of events and functions appropriate for hosting by the ED Office will be approximately the same in 2006.

Office Budget Request for 2006

	2005 Planned	2005 Actual	2006 Request	Change from 2005
Staff				
- Party	1	1	1	0
- Local	1	1	1	0
Staff Total	2	2	2	0
Staff Support				
- Travel (Inter'l)	16,300	11,500	16,000	-300
- Travel (CIS)	18,800	18,725	18,500	-300
- Staff Training	5,300	5,300	4,500	-800
- Gen'l Training	0	0	5,000	+5,000
Staff Support Total	40,400	35,525	44,000	+3,600
Representation	15,000	15,000	15,000	0
Department Total				
Staff	2	2	2	0
Funding	55,400	50,525	59,000	+3,600

Administrative Office

Overview

The Administration Office is responsible for the administration of the Center's assets, including maintenance and security, support to financial, project monitoring and project management needs; administration of project and Center's procurement. The office also administers the Center's HR functions, maintaining contractual documents and relationships with the STCU local staff.

Administration Support and Back Office Processing

Performance in 2005

Projects/Procurement - During 2005 the 4 procurement officers dealt with approx. 300 projects (total includes active, new and completed). Also, the procurement & customs training initiative begun in 2004 (intended to train STCU project managers and other participating scientists) was continued, with training taking place in Baku and Tbilisi and training planned for Dnipropetrovsk, Lviv, Kharkiv, and Tashkent.

In other activities during 2005, Procurement Officers traveled to the ISTC as part of a regularly planned exchange between the two Centers' Administrative staffs, and the STCU Administrative Office continued its initiative to document

procurement/customs procedures, training guides, and manuals as well as develop the database of vendors and preferred suppliers is an ongoing process.

During 2005 the Administration Office was faced with redistributing tasks and responsibilities among the staff due to the departure of a staff member, the maternity leave of a Procurement Officer as well as another Procurement Officer being seconded to the ERP NAVISION project team for 5 months. This entailed training the CAO's Administrative Assistant and the Travel Coordinator to take on additional duties for projects and procurements tasks. This method was considered as a better approach than taking on outside temporary staff.

Customs – Volumes in the area of STCU and Project-related import & export work have surprisingly continued to increase during 2005. The total predicted STCU customs volume (number of customs-related actions, be it importing or exporting items) will increase 23% in 2005 over 2004 levels, compared to the 32% volume increase between 2003 and 2004. With the current trend of active Regular Projects actually decreasing during 2005, the customs activity seems contrary to the trend. But it is likely that the volume of customs clearing should decrease over time, if the Regular Project volume continues to decrease.

As approved in the 2005 Budget Request, the Administrative Office hired a second full-time Customs Officer starting in May. The Administration Department now has a competent and reliable back-up for the Customs Officer position which was lacking and badly needed.

Travel – During 2005, a total of approx. 2,000 travel requests will have been processed (75% internally in UA, and 25% outside of UA). Monthly, approximately 25 STCU staff–related travel arrangements are made. This Travel Coordination function is currently handled by one person, and should the amount of travel-related support increase further, the Office will need to evaluate its staff workload to compensate.

Moldova Office - A visit to Chisinau by the DED (EU) & the CAO took place in February to interview candidates for the position of Moldovan Regional officer, as well as find suitable premises for the regional office. A User Agreement for locating the STCU Regional Office in space within the Academy of Sciences building has now been signed by the STCU and Moldovan Academy of Science. The STCU now is commencing the official process of diplomatic accreditation with the Government of Moldova and has hired a full-time Regional Officer. A CAO trip to Chisinau is provisionally planned in November to continue the office renovation process and also to develop procurement, customs, tax, and Banking procedures.

Plan for 2006

In the future, the Office will continue to work on proposed improvements in Procurement processes (e.g., establishing electronic databases of preferred vendors, standard equipment lists for STCU projects, etc.), to automate standard administrative data and documents, and to organize a more standard set of pre-planned training courses and workshops for STCU staff.

Implementation of ERP Financial System. Implementation of the new ERP NAVISION integrated financial system will require changes to the Administration Office practices and processes. There will be changes in processes, reporting, and data entry and 2006 will see ways in which the new system can be used to facilitate improved work processes, information gathering, and storing both for normal work processes as well as Management information. Changes in the reorganization structure post-ERP NAVISION implementation may have some initial effect on administrative operations from a learning perspective, but the general administrative support and back-office functions will remain mostly routine (although we shall look for ways to improve the automation and efficiency of all processes and use the new ERP NAVISION system to improve current operations and processes). It is hoped that the new system can also improve the administrative efficiency and customer responsiveness through better integration of financial-related operating

procedures and systems and also to move towards the goal of a reduction in paper-based operations and archiving requirements. (i.e to achieve the goal of moving to a more "paperless" office).

Opening Moldova Regional Office Final issues regarding Moldovan Regional Office operations, such as completion of any remaining legal, accreditation, customs, tax, VAT and procurement issues, will be finished in the first part of 2006.

ISTC - Closer liaison and interchange with ISTC will continue in respect to joint project cooperation and general administrative cooperation. A visit of ISTC staff to STCU is anticipated, although the Office will remain flexible on a possible STCU staff trip to Moscow. We see the need for closer coordination with the ISTC especially after we have recently formalized the Administrative Arrangement between the ISTC and STCU on the joint projects and proposal documents / forms.

STCU Staff Salary & Bonus Budget (2005 Compensation = 10%. 2006 Compensation Request = 11%)

In 2005, the CAO continued to oversee the STCU Personnel & Remuneration Policy as approved by the Governing Board in December 2003. The dealings with RaiffeisenBank Ukraine on the salary accounts and cards procedure was improved and also the STCU has made an corporate agreement with RaiffeisenBank which will enable STCU staff to take out personal Bank loans at preferential rates. This will be implemented in the final quarter of 2005.

The STCU Management will continue to follow the flexible and incentive/performance objective-driven remuneration policy originally established in January 2004.

Compensation Request for 2006

Salary % increase 2006	v	2005	Bonus % increase 2006	v	2005
5.0%		3.5%	6.0%		6.5%

The proposed total Local Grants (Full-Time Staff) budget increase for 2006 is 11%, divided into a 5% basic, across-the-board salary adjustment and a 6.0% provision on total salaries for an annual bonus to be distributed based upon performance appraisals. The 5% increase in basic salary adjustment in 2006 is a slight increase to the 3.5% basic salary increase approved for 2005. While the 5% increase does not represent any comparison to current national inflation figures or local currency exchange rate fluctuations, it does partially offset the current cost of living increases for the STCU staff. Further, the STCU has experienced a turnover in certain key job categories because of the competitiveness of the local job market in these categories. In 2006, a review will be performed to evaluate the STCU salary categories against local market salaries, particularly in critical functions within the STCU operations.

The 2006 requested 6% bonus figure; (slightly lower than bonus amount approved for 2005) is calculated based on an approximation of awarding a 1 month's salary bonus (or more for exceptional cases) to the staff at the year's end, with the total bonus amount awarded not exceeding the budgeted amount.

Registration of Staff Labor Books. Progress was made with the Ukrainian government agency, GDIP, regarding registration of the staff's labor books under STCU's name. Previously, this had never been possible and staff had to either make their own arrangements or not have their employment registered at all. It is hoped that this new development will commence by the year end. This will entail a one-off expense in 2006 of $3,500 USD (approximately $50 USD per staff member) to register all staff labor books with GDIP.

Staff Training (2005 Budget Allocation = $16,000. 2006 Budget Request = $22,190)

Performance in 2005

Of the 16 staff in the department and with the increased training budget available for 2005, 6 staff already managed to undertake relevant professional training or familiarization courses during 2005 and 4/5 more staff will undertake training before the year end. One Admin staff member started a sponsored MBA course and will continue her second year in 2006.

Plan for 2006

The Administrative Office plans for 12 staff to take training in 2006, given the addition of a new Customs Officer plus changes in other staff positions. Special emphasis will be on the procurement and customs practices and also to have other people trained in these skill sets in order to create more flexibility when juggling staff workload. The Office plans for 5 staff to enroll in Procurement / Contract Skills related courses. These are usually run out of Moscow; if a local course become available at lower cost, this will be considered. Additional courses are planned for staff professional development and some language training, and the continuation of the one staff member's second year in the MBA course.

Staff Travel (2005 Budget Allocation = $7,000: $6200 within CIS; $800 International. 2006 Budget Request $6,000: $5000 within CIS; $1,000 International)

Performance for 2005

During 2005 the CAO made trips to Moldova, Kharkiv, and Lviv to carry out administrative fact-finding, review and follow up related administrative work. There are additional plans to visit Moldova, Dnipropetrovsk, ISTC, and either Baku or Tashkent before the end of 2005.

Plan for 2006

The plan for 2006 is to make a follow-up visit to Moldova in relation to setting up of the new Regional Office. Additionally, 2 visits are budgeted to other Regional offices (e.g., Tashkent, Tbilisi or Baku) and 1 trip is budgeted for each of the 3 Ukrainian Regional Offices. Issues regarding Regional Office leases or other matters in Kharkiv and Dnipropetrovsk may necessitate additional trips to these Offices.

The Administration Office will continue to develop its external training initiative started in 2004 on the procurement and customs training and will make visits to all offices in 2006 to give workshops to scientists, project managers, regional officers and other interested parties.

Also budgeted is a visit by the CAO to the EU Commission in Brussels ($1,000, International Travel) to meet the with EU Party representatives.

Facility Improvements, Furniture & Fixtures, Office Equipment, Telecoms Equipment
(2005 Budget Allocation. = $43,450: $10,000 for Facility Improvements; $10,000 for Furniture/Equipment, $10,000 for Office Equipment; $13,450 for Telecoms Equipment). 2006 Budget Request = $31,000: $6,000 for Facility Improvements; $10,000 for Furniture/Fixtures; $10,000 for Office Equipment; $5,000 for Telecommunications Equipment).

Performance in 2005

As of 2005, the STCU Headquarters building is fully equipped and functional, and few improvements are seen to be required in 2006, save for normal maintenance. Arrangements for 8 (6 Kyiv based) new staff, including furniture, were

successfully made. During 2005 we replaced the old PABX switchboard system with a new system and upgraded the line capacity. A new large Xerox photocopier capable of sorting was purchased as planned plus other small items including minor equipment for the office (replacement mobile phones, tools, furniture items etc).

Plan for 2006

Some existing furniture and carpeting may need to be replaced or refurbished. Provision is made to purchase new STCU Country flags for all the Regional Offices. On the fixed asset equipment side, we do not foresee much requirement in 2006 for major item expenses as current equipment should be sufficient for continued operations.

Vehicle Operations (2005 Budget Allocation = $34,000. 2006 Budget Request = $20,000)

Performance in 2005

As approved in the 2005 Budget Request, STCU purchased a new Peugeot 407 Estate car to replace the old Mazda 626. However, due primarily to drastic increases in fuel prices as well as other price increases, the budget figure for 2005 of $9000 for Vehicle Operations (excluding the $25,000 for the purchase of a new vehicle) was found to be inadequate. The STCU requested Governing Party permission to overspend the Vehicle Operations line by 10% to accommodate these unanticipated expenses. In fact, the estimate of $9,000 for vehicle maintenance and operations was the same figure requested in the 2004 budget, and in both the 2004 and 2005 budget years, the STCU was forced to overspend.

Plan for 2006

Since 2004, the price of fuel has increased from approximately UAH2.00 per liter to approximately UAH 4.6 per liter and consequently this has been a major cost factor in the running of the 3 STCU vehicles. Further, the continued increase in Customs Clearance activity kept the two cargo-capable vehicles (the Mercedes van and the Peugeot wagon) busy, as well as strained the workload of the STCU's two drivers. To cope with the increase in vehicle operational expenses, the Administrative Office initiated a weekly report watch to better monitor and control vehicle costs. The use of taxis by STCU staff will still be the normal practice if STCU vehicles are not available, but this taxi use is likely to increase in 2006 due to the additional use of STCU vehicles on customs-related trips.

Also during 2005 several high costs; both standard and unexpected, were incurred due to a regular yearly service check for the Mercedes; (which is now more than 5 years old plus 125Kms), which involved replacing the brake system, and a new fuel pump, new sets of summer & winter tires for the Nissan, plus purchase of winter tires for the Peugeot. The Nissan's 3 year warranty period has expired, and the maintenance expenses have also started to increase.

Office Budget Request for 2006

	2005 Planned	2005 Actual	2006 Request	Change from 2005
Staff				
- Party	1	1	1	0
- Local	15	15	15	0
- Part-Time	3	3	3	0
Staff Total	19	19	19	0
Staff Support				
- Travel (Inter'l)	800	1,000	1,000	+ 200
- Travel (CIS)	6,200	6,000	5,000	-1,200
- Staff Training	16,000	15,800	22,190	+6,190
Staff Support Total				

	23,000	22,800	28,190	+5,190
Admin Programs				
- Facility Improve	10,000	-	6,000	-4,000
- Furn. & Fix.	10,000	10,000	10,000	0
- Office Equip.	10,000	10,000	10,000	0
- Tel. Equip.	13,450	12,000	5,000	-8,450
- Veh. & Oper.	9,000	16,000	20,000	+11,000
Programs Total	52,450	48,000	51,000	-1,450
Department Total				
Staff	19	19	19	0
Funding	75,450	70,800	79,190	+3,740

Finance Office

Overview

The Finance Department is responsible for the financial operations of the Center, which include accounting, banking, auditing and budgeting functions and the assembling, and preparation of financial and budget information. The office oversees the development of all policies and procedures related to the internal financial control of the Center.

Enterprise Resource Planning (ERP) Installation (2005 Budget Allocation = $94,700: $15,000 for Software; $79,700 for Other Professional Services. 2006 Budget Request = $70,700: $8,000 for Software; $62,700 for Other Professional Services).

In April 2003, in response to auditor requirements and to growing demands for financial and administrative information, the STCU launched a project to replace its core financial and administrative systems with an off-the-shelf enterprise resource planning (ERP) software package. The STCU moved aggressively to replace the previous aggregation of systems with an integrated, enterprise-wide solution utilizing a robust ERP package that will be used to perform all financial and administrative functions.

Performance in 2005

The goal of the program plan for 2005 was to replace the multiple systems previously utilized by the Administrative and Finance Offices with the integrated NAVISION ERP software by September 1st, 2005. The resources required to fulfill the program plan for 2005 consisted of the following three major parts: (1) payment for remaining portion of software ($15,000) (2) payment of $65,000 (54,470 EUR) for implementation services (3) temporary replacements for seven months (March 1 to September 30, 2005) for three (3) STCU full-time Finance Office staff (3 X 7 mo.'s X $700/mo. = $14,700).

Originally, the goal of the NAVISION installation was for the new system to be tested and implemented "in-full" (i.e., all financial and administrative activities moved completely from the old systems and the old systems "turned off") as of September 1, 2005. This "go-live" date was delayed by one month (from September 1st, 2005 to October 1st, 2005) because of difficulties encountered during the testing phase of the project.

The delay did not result in the project exceeding the originally budgeted amount (54,470 EUR). However, because of the problems experienced during testing, the original plan for an "in-full" implementation was deemed too risky by management. Thus, the STCU took a "scaled" approach (i.e., only AOB & SB activities and newly-started projects entered into the new system after October 1, 2005) until the NAVISION system has passed a number of critical

milestones (e.g., quarterly report processing, etc.). Once those milestones are achieved, the old systems will be "turned off" and NAVISION will become the primary system.

NAVISION Implementation Timeline

1. May 16, 2005 — Project Started
2. June 9, 2005 — Design Phase Completed (Functional Requirements Document signed off
3. August 8, 2005 — Testing Started
4. August 25, 2005 — Steering Committee decides to reschedule "go-live" date to October 1, 2005 and implement on a "scaled" approach
5. September 27, 2005 — Steering Committee decides to "go-live" on October 1, 2005
6. October 1, 2005 — STCU goes live with NAVISION for all Admin and Supplemental transactions.
7. October 31, 2005 — Ten projects imported and are now active in NAVISION
8. 2nd quarter 2006 — Convert projects in legacy systems to NAVISION (approx. 150 projects)

Plan for 2006

In 2006, the STCU will completely move away from its legacy systems to the new NAVISION integrated system, with all finance and administrative transactions being processed in the NAVISION system. After this stage is complete, the STCU will begin the second phase of the implementation project, which is to move the legacy data (beginning with data for the years of 2001 – 2005) from the STCU's old systems (ACCESS and ACCPAC) into NAVISION, in order to have history in the NAVISION system.

In order to complete Phase II, the STCU will require additional consulting services from Innoware (the NAVISION service provider which performed the initial installation), as well as the assistance of temporary personnel to complete the required preparation of the legacy data for import into NAVISION. As the STCU generates on average approximately 25,000 transactions per year, Phase II of the project would involve working with 125,000 transactions to import into NAVISION. The plan is to import most of the transactions electronically, but there will still be a need to prepare the data manually. Thus, the STCU estimates that it will require three temporary workers for a year in order to accomplish the necessary manual work required to prepare the 125,000 transactions for import.

The resources required to fulfill the program plan for 2006 consist of the following: (1) three temporary workers for a year @ $700/mo. = $25,200; (2) payment for the annual NAVISION maintenance fee ($4,000); the purchase of developer module ($4,000); (3) and two payments of $37,500 (30,000 EUR) for Innoware consulting services.

Assistance with Annual Audit of December 31st Financial Statements (2005 Budget Allocation = $2,100 for Other Professional Services. 2006 Budget Request = $0 for Other Professional Services).

Performance in 2005

The scheduled completion date of the Financial Statement audit for 2004 was April 15, 2005. However, due to delays in collecting confirmation letters, the sign-off of the audit opinion was not achieved until the beginning of May 2005. As planned, the STCU Finance Office utilized a temporary worker to assist with the reconciliation of STCU's two legacy systems, in order to provide the information for the December 31, 2004 financial statements.

Plan for 2006

In 2006, the scheduled completion date of the Financial Statement audit for the year 2005 will remain April 15, 2006, the earliest the STCU will have completed the financial statement audit of the eleven (11) audits that will have been

completed at the Center during its financial lifespan. For 2006, the STCU Finance Office will not require a temporary worker to complete the financial statements as the transition to NAVISION will allow the STCU to do this "in-house".

Staff Travel (2005 Budget Allocation = $7,440: $4,240 within CIS, $3,200 International. 2006 Budget Request = $5,440: $2,240 within CIS; $3,200 International Travel).

Performance in 2005

In 2005, travel for the Finance Office was for three purposes: (1) attendance of annual DCAA audit planning conference, (2) establishment or support of banking operations, and (3) travel to Moscow to work with the ISTC.

The annual planning meeting in Wiesbaden, Germany was held this year in July. The STCU conducted twenty-three project audits in three countries during May 2005 and October 2005. Results of the May 2005 audits are available from the U.S. Party; and the results of the October 2005 audits will not be known until early 2006.

The 2005 plan for banking support travel consisted of two parts: (1) establishment of banking operations in Chisinau, Moldova, and (2) re-establishment of local banking operations in local currency (Tsum) and hard currency in Uzbekistan. Because of delays in establishing a Regional Office in Moldova, the plans for establishing banking operations there were delayed until 2006 to coincide with the office opening. In addition, the STCU decided to postpone the CFO's trip to Tashkent until 2006 due to a lack of progress on the Uzbek banking issue. Thus, no funds were expended for these two planned trips in 2005.

The STCU still plans to travel to the ISTC in late November 2005. A number of topics will be discussed, with the most important focusing on the issues confronted with the installation of the new integrated Finance and Administrative systems.

Plan for 2006

In 2006, the STCU estimates that it will conduct twenty five project audits for the U.S. Department of State, U.S. Department of Agriculture, and U.S. Department of Energy. The STCU plans on sending the CFO and Deputy CFO ($3,200) to the annual planning conference in Wiesbaden Germany in the summer of 2006.

Also, the STCU will again budget for the CFO to travel to Chisinau and Tashkent, for the same reasons as outlined in 2005 above.

In 2006, the ISTC is scheduled to travel to the STCU at a date to be determined in 2006.

Staff Training (2005 Budget Allocation = $12,280. 2006 Budget Request = $16,780).

Performance in 2005

For 2005, the following staff training was completed:

o Association of Certified Chartered Accountants (ACCA) Training for three people.
o Certified Management Accountant (CMA).
o Financial project management training for one person.
o Internal financial audit training for one person.

Plan for 2006

For 2006, the following staff training is planned (total $16,780):

o ACCA Training for four people at $1,000 per person (total of $4,000).
o CMA Training for three people at $760 per person (total of $2,280).
o Financial project management training for two people at $3,500/person (total of $7,000).
o NAVISION training for Finance Department ($3,500).

Office Budget Request for 2006

	2005 Planned	2005 Actual	2006 Request	Change from 2005
Staff				
- Local	10	10	10	0
- Party	1	1	1	0
- Part-Time	0	0	0	0
Staff Total	11	11	11	+0
Staff Support				
- Travel (Inter'l)	3,200	3,095	3,200	0
- Travel (CIS)	4,240	2,100	2,240	-2,000
- Staff Training	12,280	12,280	16,780	+4,500
Staff Support Total				
	19,720	17,475	22,220	+2,500
Programs				
- Audit Assistance				
o Other Prof Svcs	2,100	2,155	0	-2,100
- ERP Installation				
o Software				
o Other Prof Svcs	15,000	14,380	8,000	-7,000
	79,700	88,000	62,700	-17,000
Programs Total	96,800	104,535	70,700	-26,100
Department Total				
Staff	11	11	11	+0
Funding	116,520	122,010	92,920	-23,600

Information Technology Group

Overview

The IT Group is responsible for all aspects of IT and telecommunications system management at the STCU, including the hardware and software upgrade and maintenance, IT asset control, the STCU website and related databases, and the day–to–day activities including problem solving and customer interaction. The IT Group currently consists of five people, led by the IT Group Manager.

Performance in 2005

The STCU Project Database and the in-house designed STCU Project Software, officially launched in February of 2005, have provided an invaluable tool to the STCU and our clients. The STCU Project Software has been through two major revisions in 2005; the first revision added additional user-requested capabilities, the second revision corrected some

minor errors and expanded the functionality as it related to STCU administrative and financial functions. A third revision, including the Partner Project Processing, is expected by the end of 2005.

As approved in the 2005 budget, the STCU purchased a second Apple/ Mac OS X server to be the "hot backup" system for the existing OS X server.

As approved in the 2005 budget, the STCU upgraded its telecommunications equipment from an outdated analog system to a digital system, including a new Nortel / Meridian PBX switching system and new digital telephone handsets to the majority of the Kyiv-based STCU staff. This has allowed for direct extension dialing from outside the STCU and voicemail at all of the office work stations.

The year 2005 was the final year of the three-year IT replacement cycle begun in 2003. As a result of these efforts, currently there is no employee of the STCU with information technology equipment more then three years old. This has resulted in the marked decrease of equipment-related complaints and problems received by the STCU IT staff. Although individual users are using up-to-date IT resources, some items within the Information Technology infrastructure will require replacement during the 2006, namely a few Network Printers.

Plan for 2006

Hardware (2005 Budget Allocation = $35,700. 2006 Budget Request = $19,295)

In 2006, the IT Group hardware focus will be largely on increasing system redundancy, improving reliability and ensuring adequate storage space. One of the two new computer servers installed in 2005 must be coupled with a companion server so that if one component or server fails, the other server will take over that responsibility immediately and automatically, (informally known as a "Hot Backup"). The IT Group is planning to purchase and install a new Dell server to serve as the "Hot Backup" system for the existing Dell server. The additional Dell server purchase also will include four additional Hard Drives to increase the storage capacity of both Dell servers. Additional rack-mounted appliances, a KVM switch and additional cables will also need to be included in the Server upgrade.

As the need for more storage space is realized, so is the need for an increase in our capacity to "backup" the information and archive data. In 2006 the STCU IT Group is planning on increasing our back up capacity from 20GB's to 80GB's and install a DVD Writer to archive information and data on DVDs. A multi-port smart Ethernet switch also is planned for purchase in order to simplify and optimize the configuration of the four servers, network printers, data backup devices, and archiving devices.

Software (2005 Budget Allocation = $13,445. 2006 Budget Request = $8,950)

In 2004, the STCU was recognized by the Microsoft Corporation as a non-profit government organization and was granted an Open Ended License for all the Microsoft software used at the STCU. Due to the varied license expiration dates, a few software licenses still need to be obtained during the first quarter of 2006. The IT Group is attempting to establish the same license agreements with Symantec (Norton Antivirus and Norton Ghost), Apple, and Adobe that was accomplished last year with the Microsoft Corporation, enabling the STCU to reduce some of its Software License costs in 2006 and beyond. Additional Language Software has been requested by users and the IT Group is planning on providing this new software in 2006. The IT Group is planning to deploy Windows XP with service pack 2 in all the Kyiv office computers and in the STCU Regional Offices during early 2006. To ensure a timely and seamless transition to Windows XP, four (4) temporary workers will be needed for approximately 3 days.

Staff Training (2005 Budget Allocation = $6,000. 2006 Budget Request = $3,150)

The Training budget continues the effort, started in 2005, to provide all IT staff with training in the other three staff positions. Because the IT Group has a small staff, it is important that when one staffer is absent on vacation or sick leave, that any of the other IT staff can fill in as necessary. The IT Group has budgeted for 9 training courses throughout

the 2006. This training will include "MS SQL" Server Administrative and Programming Courses, Apple "OS X" Server Administrative training and "Unix" programming training.

Staff Travel (2005 Budget Allocation = $3,500. 2006 Budget Request = $3,500)

The STCU IT Group is planning travel in 2006 to the remaining STCU Regional Offices not visited in 2005 (Tashkent, Baku, & Tbilisi) by one member of the STCU IT Group Staff and a trip to the ISTC Offices in Moscow. The travel to the STCU Regional Offices will continue the deployment of Windows XP, test and possibly deploy a Voice-Over IP telephone capability, update IT equipment, and establish the Virtual Private Network (VPN) and Virtual Network Client (VNC) connections (which will allow the Regional Offices direct connection to the main STCU LAN in Headquarters building). These trips also will allow the IT staff to provide on-site training in the use of the STCU Project Software to people who have not received it. Travel for two members of the STCU IT Staff is also being planned for continued collaboration talks with the ISTC information technology department.

IT Group Budget Request for 2006

	2005 Planned	2005 Actual	2006 Request	Change from 2005
Staff				
- Party	1	1	1	0
- Local	4	4	4	0
- Part-Time	0	0	0	0
Total	5	5	5	0
Staff Support				
- Travel (Int'l)	0	0	0	0
- Travel (CIS)	3,500	3,500	3,500	0
- Training	6,000	6,000	3,150	-2,850
Total	9,500	9,500	6,650	-2,850
Programs				
- Hardware	35,700	35,700	19,295	-16,405
- Software	13,445	13,450	8,950	-4,495
- Other Prof. Services*	2,000	2,000	2,360	+360
Total	51,145	51,150	30,605	-20,540
Department Totals				
Staff	5	5	5	0
Funding	60,645	60,650	37,255	-23,390

* Other Professional Services includes off-site back up tape storage, Internet Initiative fees and Temporary Staffing costs for Windows XP Deployment.

Science Excellence Department

Overview

The Science Excellence Department coordinates the processing and management of STCU Regular and Partner Projects and Proposals, initiates seminars, workshops, organizes scientific presentations and show cases, and liaises with science foundation outreach. The Department is also responsible for the Tbilisi Office and the future Moldovan Office.

Project Management

Performance in 2005

The Department provided assistance in preparing a tender for industrial utilization of antipersonnel land mines, based on the results of two STCU projects. The Department also worked with Ukrainian scientists and a European expert to prepare a project proposal focused on the technical assessment, hazard evaluation, and utilization options for solid propellants in obsolete ammunition stored in Ukraine. Joint preparation of a project proposal with the TACIS Office in Kyiv in the frame of the TACIS Action Program for Ukraine-2005 continued, and as did STCU discussions with the German Aerospace Centre on 6th Frame Work Program Specific Targeted Research Project (STREP) and with the European Space Agency on their possible STCU Partnership. The Department continued to build cooperative relations, and assist the STCU recipient scientists in pursuing research project opportunities, with organizations and programs like CRDF, TACIS, INTAS, DOE/IPP, and others.

Plan for 2006

The Department expects to encourage proposal submission in targeted areas of current international and national research interest. In case the Project proposed within the TACIS Action Program for Ukraine will be funded in 2006, the Project itself will be done in partnership with the STCU. The newly developed project fiche has been prepared by TACIS Kyiv office and the STCU.

The Department also will work with the European Space Agency, which is extremely interested to have projects done in cooperation with the STCU. In general, the Department will continue to build further our cooperative relations with organizations and programs like CRDF, TACIS, INTAS, DOE/IPP and USIC, and assist our recipient scientists in pursuing research project opportunities in these other programs.

To follow up Process Action Team recommendations, the Department will include "Technology Profile Forms" to be completed during projects monitoring activities. This form will assist the STCU and the institutes to follow-up on research result exploitation. The Department also would study possibilities to invite collaborators to conduct technical monitoring or final monitoring together with the STCU representatives, to improve understanding of the needs of R&D in the area of research.

Project Proposal Processing

Performance in 2005

As part of the STCU reorganization, the proposal processing procedures were modified so that incoming STCU project proposals are assigned to Senior Specialists by decision of the Deputy Executive Directors using an approved set of criteria (R&D area of project, location of project work, Senior Specialist workload etc.). The Department also led the internal study (based on Process Action Team recommendations) of eliminating the STCU Short Form proposal and streamlining the STCU Internal Concurrence procedures. The Department staff worked closely with their counterparts in the ISTC to implement administrative procedures for STCU–ISTC joint project proposal and project agreement processing. The Department also represented the STCU in a joint working group on Host Government Concurrence issues with the Ministry of Education and Science of Ukraine.

Plan for 2006

In 2006, the Department will continue the task of streamlining Proposal and Project Agreement processes. This means to continue the improvement in the Ukrainian HGC process in partnership with the Ministry of Education and Science of

Ukraine. The goal would be to reduce and steady the time required for Ukrainian proposals to go through the Ukrainian governmental concurrence review (particularly private sector Partner Project proposals). Another goal is to clarify with MES on when changes to a project require a resubmission to the HGC process and agree on certain types of project modifications that would not require resubmission (e.g., approvals of Partner Project extensions).

Workshops/Seminars (2005 Budget Allocation = $ 95,800. 2006 Budget Request = $70,000, including the STCU – NATO Workshop Funds 50,000 Euros/$ 64,000 already in hand)

Performance in 2005

From August 2004, the Department was working on joint STCU-NATO Workshop "From Science to Business" which was planned to be held in May 2005. Unfortunately, due to logistical and scheduling difficulties, that workshop was postponed by mutual agreement between STCU and the NATO Public Diplomacy Division. NATO and STCU agreed to attempt another planning effort in 2006, with a goal of putting on this workshop before the end of the year. A training workshop, intended to prepare participating scientists for the NATO workshop, was held in spite of the postponement: the two-day event, "Aspects of Commercialization of Technologies – New Opportunities for Ukraine" was held in cooperation with the British Council and the Oxford Centre for Innovation, Ltd.

The Department participated in organizing committees for several international science conferences, including "Modern Material Science, Achievements and Problems" (National Academy of Sciences of Ukraine and the Frantsevich Institute for Problems of Material Science) in September and "Problems and Perspectives of Innovation Development of Economy" (Creative Union of Scientific and Engineering Communities of Crimea, and NASU) in Crimea, September 12-16. Also in September, the Department provided support to the Technology Advancement and Performance/Public Outreach Departments in the STCU-organized workshop "Establishing Research and Development Priorities in the Environmental Sciences within Ukraine" in Dnipropetrovsk. The Department also organized a one-day Round Table on science foundation outreach at the premises of the European Delegation in April. The aim of that event was information change between the different international and national programs and organization supporting R&D in Ukraine. There were about 30 participants from various local bilateral and international programs. Department sponsored and helped in organizing an international conference.

Plan for 2006

The following conferences and workshops are planned for STCU support:

o   The STCU-NATO Commercialization Workshop (50,000 euros already awarded by NATO Science Program plus approx. $64,000 from STCU funds already in hand)

o   Presentation Skills and Proposal Writing Training in Moldova ($1,000). This will be a one-day orientation workshop in Chisinau on the STCU and on STCU proposal writing.

o   Scientific Seminar ($5,000). In 2006, a workshop connected to an STCU proposal development activity is anticipated.   Possible themes for this workshop include on a other promising avenues for scientific commercialization or a kick-off for a thematic call for proposals in a high-interest R&D area.

Staff Training (2005 Budget Allocation = $8,500. 2006 Budget Request = $11,700)

Performance in 2005

Four Department Senior Specialists received staff-related training during the year 2005 on project management and commercialization of technologies during the STCU – British Council commercialization training mentioned earlier

above, and at the training course "Project Management in World Bank-funded Projects" in Italy at the 11-th Annual EARMA Conference "Research Management and Governance: Strengths and Weaknesses of Europe". One Senior Specialist successfully completed a Kyiv-based training course on project management outside of working hours.

Plan for 2006

In 2006, staff training will be organized for Senior Specialists in their specific R&D areas (trends, priorities, technology transfer). The budget for staff training of a staff for the entire Department is budgeted for $10,000. Additionally, professional training for the Department Assistant is budgeted for $1,700.

Staff Travel (2005 Budget Allocation = $11,800: $4,500 within CIS; $7,300 International. 2006 Budget Request = $13,300: $8,800 within CIS; $4,500 International)

Performance in 2005

In 2005, DED (EU) visited Moldova (to establish STCU Regional Office), Moscow (consultations with ISTC), and to Alushta, Crimea (participate in a conference). One Senior Specialist traveled to Dnipropetrovsk to attend a conference and the Project Information Officer accompanied the DED (EU) on his trip to Moscow (ISTC).

Plan for 2006

In 2006, DED travel within the CIS will include one visit to the Regional Office in Tbilisi, Georgia ($1,300), two visits to Moldova to STCU Regional Office ($1,500), and up to two visits to Moscow to meet with the ISTC representatives ($2,000). One trip outside the CIS is planned, for consultations in Brussels or participation in an STCU roadshow in Europe ($1,500).

In 2006, Senior Specialist travel within the CIS includes travel to events such as workshops and seminars, orientation and presentation of STCU activities in different cities, etc (estimated $4,000). The Department anticipates that two Senior Specialists will travel to conferences or participate in the STCU promotion missions outside the CIS (estimated $3,000).

Regional Offices (Georgia and Moldova)

Moldova Office Startup (2005 Budget allocation $12,000. 2006 Budget Request = $12,000)

The STCU continues to work to establish operations in Moldova. Office space was secured in the Moldovan Academy of Sciences building in Chisinau in August and a Regional Officer was hired in September. Given the slow progress in securing these premises, it may be that the needed renovations will take place in early 2006. The originally approved funds for renovating the premises and equipping it to STCU standards will expire at the end of 2005. Therefore the same amount will be requested again in 2006.

Regional Officer Travel (2005 Budget Allocation = $6,000. 2006 Budget Request = $6,000: $3000 for Georgia; $3,000 for Moldova)

Performance in 2005

The Regional Officer in Georgia traveled to Kyiv on three (3) occasions, and travel to Prague, the Czech Republic to attend an international conference. The new Moldova Regional Office traveled to Kyiv in October for orientation training, and both Regional Officers will be in Kyiv in November for the STCU Regional Officers meeting.

Plan for 2006

Travel within CIS
- o 3 trips to Kyiv for Georgia Regional Officer, two of which will be for Regional Officer meetings and training in Kyiv ($3,000).
- o 3 trips to Kyiv for Moldova Regional Officer, two of which will be for Regional Officers' Meetings and training in Kyiv ($3,000).

Office Operations and Other Professional Services (2005 Budget Allocation = $11,440: $5,320 for Georgia; $6,120 for Moldova. 2006 Budget Request = $11,440: $3,720 for Georgia; $7,720 for Moldova including $1,600 for Part-Time Assistance)

In 2005, the Georgia Regional Office hired a part-time temporary assistant during the planning and preparations for the 20th Governing Board meeting. It is anticipated that the 22nd Governing Board meeting might be held in Chisinau; therefore funds for a part-time assistant are requested to help in the preparations for that anticipated event ($1,600).

Department Budget Request for 2006

	2005 Planned	2005 Actual	2006 Request	Change from 2005
Staff				
- Local	8	8	8	0
- Party	1	1	1	0
- Part-Time	0	0	0	0
Staff Total	9	9	9	0
Staff Support				
- Travel (Inter'l)	4,500	0	4,500	0
- Travel (CIS)	7,300	7,000	8,800	+1,500
- Staff Training	8,500	8,600	11,700	+3,200
RO Operations				
- Off. Startup	12,000	0	12,000	0
- Travel	6,000	4,000	6,000	0
- Overhead & Oth.Prof. Serv.	11,440	6,600	11,440	0
Staff Support Total	49,740	26,200	54,440	+4,700
Workshops, Seminars (addl. Funds)	95,800	31,800	70,000	-25,800
Programs Total	95,800	31,800	70,000	-25,800
Department Total				
Staff	9	9	9	0
Funding	145,540	58,000	124,440	-21,100

Technology Advancement Department

Overview

This Department was initiated with the arrival of the Canadian DED in mid-October 2004. This Department coordinates the processing and management of STCU Regular and Partner Projects and Proposals, initiates seminars, workshops,

and focuses on facilitating development of applied science and technology development. It also manages the Targeted R&D Initiatives program and STCU's Ukrainian Regional Offices.

Project Management (2005 Budget Allocation = $0. 2006 Budget Request = $30,000: $30,000 in Supplemental Budget; Workshops/Seminars – Shared)

Performance for 2005

Highlights of the Departments performance during its first year of operation are:

o Established internal procedures for improving the quality of STCU-abstracted technical information included on Proposal Cover Sheets submitted for Western review.
o Engaged other Western science grants organizations (e.g., CRDF) in partnering with STCU in the advancement of promising Ukrainian technologies
o Evaluated state of specific Georgian & Ukrainian "bio-institutes" in anticipation of Financing Party program to engage said institutes.
o Assumed STCU role in meetings with the Kyiv Polytechnic Institute/University of Lyon Industrial Marketing Program to obtain free, student-developed, marketing plans for selected STCU Regular Projects.
o Organized Environmental Issues Workshop in Dnipropetrovsk, which brought together western environmental science experts with Ukrainian scientists, government officials, and industrialists to establish environmental research priorities for future STCU-Ukrainian cooperation in 2006. The conference has led to STCU discussions with the Ministries of Industrial Policy and Environment.
o Organized the Uzbek portion of the Central Asia Seismic Regional Initiative (CASRI) initiative

Plan for 2006

The Department will continue to engage in those activities begun in 2005 and continuing through 2006, including support to the KPI/Lyon Industrial Marketing program and CASRI projects. In addition, the Department plans the following new activities for 2006:

o International Workshop ($30,000). Organize another major International Workshop using the model established with the Dniperpetrovsk Environmental Issues Workshop. The Workshop will focus on an area of national science and technology priority, possibly Biotechnology.

o Technology Watch Newsletter. Establish a newsletter for regular e-publication (and some printed versions) that will provide information on existing technologies and capabilities within Recipient Party scientific institutions, as a method for collecting and identifying promising technologies for potential Partner Projects or other types of follow-up development.

Targeted R&D Initiatives (2005 Budget Allocation = $500,000 in Supplemental Budget – Targeted R&D Initiatives. 2006 Budget Request = $850,000)

The goals of the Targeted R&D Initiative continue to be: seek true partnership, national support, and joint financing from Recipient governments; select projects for financing through peer review and consensus agreement based on both Recipient government national priorities and on STCU nonproliferation priorities; provide western technical reviewer feedback to participating project teams to strengthen and enhance their proposed research and make project teams more competitive in other research venues.

Performance in 2005

The initial attempt to organize a Targeted Initiative with the National Academy of Sciences of Ukraine (NASU) was generally successful, with recommendations for improvements in the process suggested by both STCU Parties and NASU. The STCU-NASU Targeted Initiative began in April with agreement on cooperation and on a step-by-step process for organizing up to $1 million USD ($500,000 from STCU and $500,000 from NASU) in jointly financed projects in five research areas identified as national priorities by the Ukrainian government. From then:

- o A joint call for proposals was issued in April, with 62 proposals received by NASU. In July, NASU eventually forwarded to STCU 14 Full Form proposals, with HGC approval, that represented NASU preferences for its own financing.
- o STCU forwarded these 14 proposals to STCU Financing Parties for technical peer reviews and financing decisions. STCU Parties, after some adjustments which caused delays, provided reviews and recommendations in October.
- o STCU and NASU reviewed the STCU Party recommendations and agreed on 7 projects for financing, with certain adjustments to the project details to accommodate STCU Party recommendations.

Other Recipient Parties, in particular Georgia, have approached STCU to explore the possibility of a future Targeted Initiative with them. Based on the confidence and experience gained from this initial Targeted Initiative effort in Ukraine, STCU began to outline a similar Targeted Initiative with the Ministry of Education and Science of Georgia (later, the Ministry delegated this responsibility to its newly-established implementing agency, the National Science Foundation).

Plans for 2006

The Department plans to pursue a second, slightly expanded Ukrainian Targeted Initiative (possibly focused on Ukrainian government environmental priorities), making the necessary adjustments to the proposal review and approval process based on STCU Party and NASU comments. The Department plans to launch a Targeted Initiative with Georgia, pending agreement on the goals/process and availability of matching Georgian governmental funds.

Staff Training (2005 Budget Allocation $5,000. 2006 Budget Request $10,500)

Performance in 2005

Two Department Senior Specialists participated in international (Italy and Canada) training in areas identified as National priority that contributed to STCU mandate whilst enhancing career development.

Plan in 2006

The Department anticipates an expanded number of opportunities for professional training of its entire staff, including potential training opportunities internationally as well as local training initiatives.

Staff Travel (2005 Budget Allocation = $9,600: $6,600 within CIS; $3,000 International. 2006 Budget Request = $16,000: $11,000 within CIS; $5,000 International)

Performance in 2005

The Department staff undertook the following travel:
- o Four visits (2 by DED, 2 by other staff) to Dnipropetrovsk (including one DED visit to Odessa and to Zaporizhiya)
- o One DED visit to Donetsk
- o Two staff visits to Lviv
- o Two visits (one DED and one staff) to Georgia

As a result of the number and extent of these trips, the Department's Travel Budget within CIS was expended sooner than expected and DED travel to the Lviv and Kharkiv Regional Offices was not possible in 2005.

Plan for 2006

An estimate of the planned Department staff travel is as follows:

o a minimum of two DED visits to each of the three Ukrainian Regional Offices; one DED trip to Moscow for ISTC consultations; one possible DED orientation trip to Uzbekistan ($5,500).
o two staff trips within CIS to attend conferences/workshops ($3,000).
o In support of the possible Georgian Targeted Initiative, a minimum of two trips is required to Tbilisi (Georgia) ($2,500).
o One international DED trip (not associated with Advisory Committee meetings) to Europe, Canada, or USA for consultations; one possible staff trip for conferences/meetings in Europe or North America ($5000).

Regional Offices (Kharkiv, Dnipropetrovsk & Lviv)

Regional Officer Travel (2005 Budget Allocation = $9,500. 2006 Budget Request = $7,500: $3,500 for Kharkiv; $2,000 for Dnipropetrovsk; $2,000 for Lviv)

Regional Officers in Ukraine traveled within their locality to stay in contact with the project teams, institutes, and situation within their regional areas. In 2006, the Regional Officers plan the following travel: 3 trips to Kyiv for consultations and local travel ($7,500).

Office Operations and Other Professional Services (2005 Budget Allocation = $23,940: $10,620 for Kharkiv; $7,380 for Dnipropetrovsk; $5,940 for Lviv. 2006 Budget Request = $23,820: $10,620 for Kharkiv; $6,420 Dnipropetrovsk and $6,780 for Lviv).

In 2005, both Lviv and Dnipropetrovsk offices had part-time administrative support, given that these offices have only the one Regional Officer and no other staff. In the past, these single-person Regional Offices were forced to close at intervals throughout the year, particularly during the summer vacation period, during project monitoring visits, and when the Regional Officers had to accommodate foreign visitors (e.g. CIDA mission). The part-time office assistant allowed the Lviv and Dnipropetrovsk Regional Offices to be more responsive in their regions and to the STCU Headquarters.

In 2006, the Department is requesting part-time office assistance (1–2 days /week) to all Ukrainian Regional Offices (total = $5,400), so that all these Offices may be better positioned to engage the local science communities and local authorities on a pro-active basis, while still having the Offices manned for basic operations and administrative support to the STCU.

Department Budget Request for 2006

	2005 Planned	2005 Actual	2006 Request	Change from 2005
Staff				
- Local	8	8	8	0
- Party	2	2	2	0
- Part-Time	0	0	0	0
Staff Total	10	10	10	0
Staff Support				

- Travel (Inter'l)	3,000	3,000	5,000	+2,000
- Travel (CIS)	6,600	7,600	11,000	+4,400
- Staff Training	5,000	5,000	10,500	+5,500
RO Operations				
- Travel CIS	9,500	7,275	7,500	-2,000
- Overhead & Oth. Prof. Serv	23,940	22,200	23,820	-120
Staff Support Total	48,040	45,075	57,820	+9,780
Programs				
Shared SB Programs				
- Workshops/ Seminars	0	0	30,000	+30,000
- Targeted R&D Initiatives	500,000	500,000	850,000	+350,000
Programs Total	500,000	500,000	880,000	+380,000
Department Total				
Staff	10	10	10	0
Funding	548,040	545,075	937,820	+389,780

Sustainability Promotion Department

Overview

The Department seeks to increase the number of opportunities for STCU recipient scientists to enhance their abilities to support research activities through their own efforts by developing stable sources of income. The Regional Offices in Baku, Azerbaijan and Tashkent, Uzbekistan are managed by this Department.

Partnership Promotion (2005 Budget Allocation = $ 140,000: $50,000 from AOB – Business Operations; $50,000 from Shared Supplemental Budget – Bus.Training/Sus.Support; $40,000 from Party-designated Supplemental Budget – Rus.Training/Sus.Support (US). 2006 Budget Request = $140,000: $100,000 from Shared Supplemental Budget – Bus.Training/Sus.Support, $40,000 from Party-designated Supplemental Budget – Rus.Training/Sus.Support (US).)

Performance in 2005

Partner Program. So far in 2005, twelve (12) organizations have become new Non-Government Partners (NGP), including Tetra Sies, Inc., the University of Stuttgart and Intel Corporation. In 2005, twelve (12) NGP projects were started, totaling over $1.6 million. Also in 2005, two new Government Partners (GP) were approved: the International Research Centre for Telecommunications and Radar (Netherlands) and the Office of Global Nuclear Material Threat Reduction of the U.S. Department of Energy. To date in 2005, sixteen (16) new GP projects were started, totaling $4.05 million USD and 89,000 euros.

German Nanotrends Conference: Organized in cooperation with the Kyiv office of the International Bureau of the German Federal Ministry of Education and Research and the German Embassy, STCU prepared and led a team of five scientists in June to Munich, Dresden and Berlin for this Conference and follow-on German company visits. Out of a total of some 40 serious contacts which the scientists made during the trip, at least 10 appear to have potential for real success (mostly in the field of nanopowders). We held a pre-trip training session and also had a booth at the Conference.

<u>TII2005</u>. STCU traveled with officials from the Ukrainian technology transfer firm, "Nauka," to the conference, "Technology Innovation Information 2005," in Fribourg, Switzerland. As a result, the organizers of TII2005 have now given "Nauka" access to a specialized database as a means of promoting Ukrainian technologies. STCU will work with Nauka to provide promising technology profiles from STCU recipient scientists for promotion on this database.

<u>Photon-based Nanoscience Conference</u>. STCU led a group of 12 scientists in September to Sherbrooke, Canada for this NATO Advance Study Institute conference and associated calls on Canadian businesses (Six of these scientists were sponsored directly by the Government of Canada, through CIDA funds). The trip resulted in over 50 contacts established, including 15 promising contacts likely to result in new Partners (with 4 of these contacts to join the mid-November CIDA mission).

<u>INTEC (Germany)</u>. In cooperation with the Kyiv office of the Otto von Guericke Foundation, STCU led five Ukrainian researchers to matchmaking meetings in Dusseldorf and Berlin in June and to participate in the INTEC trade show.

<u>Lightening Strike Workshop (U.S.)</u>. Working closely with The Boeing Company, STCU brought three scientists to Seattle for this conference in late September. As a result of this trip, Boeing plans to increase its level of investment in research projects in Ukraine (Boeing is an STCU Partner).

<u>STEP Seminars</u>. Held on three occasions in Tbilisi in February, June and September, STCU co-funded with the U.S. Civilian Research and Development Foundation (CRDF) a series of seminars to bring together researchers, entrepreneurs and business figures. Besides providing business skills training to over 120 scientists and science administrators, STEP gave the participants a means to engage directly the Georgian business community and support organizations, such as the Georgian Marketing Association, the Association of Georgian Bankers, the Caucasus School of Business and the Georgian Federation of Businessmen.

<u>AIChE Conference (U.S.)</u>. At the request of the U.S. Party, STCU (along with ISTC) presented material and brought four Ukrainian scientists with their presentations to the Annual Meeting of the American Institute of Chemical Engineers (AIChE) held in November in Cincinnati, Ohio. ISTC also came with its own presentation and group of scientists.

Plan for 2006

The Department has formulated an aggressive program for next year:

o Because of the success with STCU delegations to Germany in the field of nanopowders, STCU plans to send a group of nanomaterial scientists to a similar but somewhat expanded event, the "Hydrogen + Fuel Cells" trade show in Hannover, Germany in April 2006. The European powder metallurgy community has a major trade show in autumn 2006; again, sending STCU scientists to this event would allow us to build on strength of Ukrainian applied science ($50,000).

o In addition, STCU will plan to organize a second Partnership Promotion roadshow for 2006, possibly to the United Kingdom or to North America ($50,000).

o STCU will request $40,000 to continue to support seminars/workshops that provide entrepreneurial skill training or real-world experience for STCU-selected scientists, technical units, or institutes. One likely use of these funds will be co-sponsorship in the next round of CRDF STEP seminars in Baku to foster innovation training and engaging STCU-selected scientists directly with the greater Azerbaijani business community. Additional co-sponsors, including the Azerbaijan National Academy of Sciences, are expected.

Market Analysis (<u>2005 Budget Allocation = $3000</u>. <u>2006 Budget Request = $4000</u> for Subscriptions and Publication purchases)

Performance for 2005

Because of delays in hiring new staff for the Sustainability Development activity, and the loss of one Party-provided staff, only a small amount of market research was performed. At the initiative of the University of Lyon, France, STCU arranged for business management post-graduates at Kyiv Polytechnic Institute to develop *pro bono* market analysis/business strategies for commercialize the results of a handful of STCU projects. The effort was cost-free to the STCU, but the results suffered because of misunderstandings within this inaugural educational program between Lyon and KPI (STCU's Technology Advancement Department has assumed this program and has addressed these shortcomings with the Lyon/KPI team).

Plan for 2006

This function will continue to build up its capability to access technology trend reporting, based on the needs of the STCU, particularly the STCU S&T area experts. The bulk of activities will be structured around defining the marketing needs of the institutes involved in the Chief Technology Commercialization Officers study. The budget request for this activity will focus on purchasing subscriptions and tailored marketing reports in specific S&T areas.

Sustainability Development (<u>2005 Budget Allocation = $41,500</u> from Shared Supplemental Budget – Bus. Training/Sus. Support. <u>2006 Budget Request = $87,000</u> from Shared Supplemental Budget – Bus.Training/Sus.Support)

Performance for 2005

Working closely with the results of the STCU's 2003 institute survey and in consultation with the Financing Parties, STCU selected a group of 14 institutes which were the best positioned to benefit from specialized commercialization support and training to be given in the Chief Technology Commercialization Officers (CTCO) program. With the assistance of a technology transfer/management consultant, this study will work with as many as 10 Ukrainian institutes from the priority list of 14 institutes, based on the strength of commitment to this study by the institute leadership as well as the availability of suitable CTCO candidates within the institute executive staff. A Sustainability Development Officer (SDO) was hired to coordinate the CTCO program and aid the integration of this effort with the STCU training program.

Plan for 2006

Placing the CTCO program on a firm footing will occupy the bulk of time of the new SDO. We foresee the following major start-up activities in 2006:

o Ensure the placement of CTCOs at each of the selected institutes;
o Development CTCO capability to use business strategies, market reports;
o Provide STCU-based training and workshops;
o Include CTCOs in trade show delegations;
o Enhance the ability of the institutes to promote themselves via the Internet and other means.

Estimated costs for CTCO-related training are $35,000 (in-house and vendor-provided), while CTCO participation in trade show delegations will costs $25,000 in travel expenses, and Web development expenses and strategy development will be approximately $17,000.

Also, the Department will support selected cases of prototype production/testing activities when there is a strong opportunity to promote STCU participant-developed technologies to a potential commercial/industrial Partner. This recommendation from the Process Action Team process intends to address a common situation where a potential private sector Partner wishes to evaluate samples of a technology before committing to further cooperation, but the recipient scientist needs assistance in providing these samples. As a first step, this activity will be limited to less than $2,500 per case ($10,000 total) and each case will be evaluated by Sustainability Promotion Department for eligibility to receive such support. Further evaluation of the success or problems with this "prototype support" activity will determine future adjustments to the decision-making process or financial ceiling on each supported case.

Patent and IPR Support (2005 Budget Allocation = $ 70,000 from Shared Supplemental Budget – Patent Support. 2006 Budget Request = $ 33,000 from Shared Supplemental Budget – Patent Support.)

Performance in 2005

o STCU negotiated Non-Disclosure Agreements with 32 institutes with active or just-completed projects. The text of this agreement was coordinated with the Center of Intellectual Property and Technology Transfer of the National Academy of Sciences of Ukraine.
o The Patent Officer, working with a Senior Specialist, revised the STCU Patent Grant Application form to improve STCU's ability to track how well a researcher progresses in commercializing an invention.
o Provided tailored support to a Ukrainian entrepreneur (a past STCU project participant) to have his invention promoted in the U.S.
o Continued coordination with ISTC IPR staff on common patent/IPR issues, including participation in a joint ISTC-STCU IPR Working Group meeting in Moscow.
o Hosted a September IPR Workshop in Baku that included both Azeri and Georgian STCU project participants.
o Consulted with Ukrainian Ministry of Education and Science officials and other Ukrainian state bodies on the Ukrainian Government approval processes for releasing invention/patent application information to foreign specialists.
o To date in 2005, STCU supported 22 patent application grants totaling over $25,000.

Plan for 2006

With the continuation of STCU-provided IPR training and with its focus on sustainability, commercialization, and technology transfer, the STCU estimates that patent application support for next year will equal $33,000 based on the performance of 2005. Also, STCU will budget for staff travel to Moscow in anticipation of a meeting of the ISTC-STCU IPR Working Group.

Staff Training (2005 Budget Allocation = $ 6,200. 2006 Budget Request = $10,700)

Performance in 2005

o Senior Specialist to IPR training (Licensing Executive Society) in Moscow.
o Baku Regional Officer attended course on attracting European project funding.
o Training course for new SDO on sustainability.

Plan for 2006

Proposed staff training for 2006 will include:

o Licensing Executive Society IPR training course in Moscow for Senior Specialist and Patent Officer ($2,600).
o Training course for Tashkent Regional Officer in Europe ($3,000).

- o Training course on market analysis ($2,100).
- o Training course for Assistant ($3,000).

Staff Travel (<u>2005 Budget Allocation = $8,300</u>: $6,700 within CIS, $1,600 International Travel. <u>2006 Budget Request = $15,400</u>: $10,800 within CIS, $4,600 International Travel.)

Performance in 2005

DED travel consisted of the following:

CIS –   Baku/Tbilisi (February; internet sites/STEP seminar)
        Moscow (September; ISTC-STCU IPR Working Group)
        Baku (September; IPR Workshop)

Int'l – Wiesbaden, Germany (July; DCAA conference)

Staff Travel consisted of the following:

CIS -   Senior Specialist to Baku for Bio-Chem Redirect delegation.
        Two staff members to Baku IPR Workshop
        Sustainability Development Officer to Ukrainian institutes

Plan for 2006

<u>DED within CIS ($3,600)</u>: one trip to Tashkent ($1,200) and Baku ($1,200) Regional Offices; one trip to Moscow for ISTC consultations ($1,200)

<u>Staff within CIS ($7,200)</u>: one Senior Specialist to the Caucasus for Bio-Chem Redirect delegation ($1,500); two Senior Specialists to Tashkent for workshop ($2,500); Sustainability Development-related travel to Ukrainian institutes ($2000); Patent Officer trip to Moscow (ISTC) ($1,200).

<u>DED International Travel ($2,600)</u>: one trip to consult with U.S. Party representatives in Washington D.C.

<u>Staff International Travel ($2,000)</u>:   Travel with CTCO candidates to trade shows/conferences.

Regional Offices (Azerbaijan, Uzbekistan)

Regional Officer Travel (<u>2005 Budget Allocation = $9,000</u>: $4,500 for Azerbaijan; $4,500 for Uzbekistan. <u>2006 Budget Request = $8,000</u>: $3,000 for Azerbaijan; $5,000 for Uzbekistan)

Performance in 2005

The Uzbek RO and Administrative Assistant traveled to Kyiv during the spring for consultations and project monitoring. Both the Uzbek and Azeri ROs attended the Regional Officers' Meeting during November. No international travel was carried out.

Plan for 2006

The Regional Officer in Tashkent will attend a training course (likely, in Europe). The Uzbek and Azeri ROs will attend two Field Officers' Meetings in Ukraine and the Administrative Assistant will hold consultations in Kyiv

Office Operations and Other Professional Services (<u>2005 Budget Allocation = $ 18,840</u>: $7,320 for Azerbaijan; $11,520 for Uzbekistan. <u>2006 Budget Request = $18,840</u>: $7,320 for Azerbaijan; $11,520 for Uzbekistan)
> Performance in 2005

The RO in Baku hosted a gathering of some 60+ participants for an IPR Workshop in September, as well as made presentations to international conferences organized by the Azeri Academy of Sciences. He also completed work on a new internet cafй at the Institute of Geology and began setting up one at the Institute of Medical Prophylaxis

The Party-funded Senior Specialist at the Tashkent Regional Office departed in June. A new Administrative Assistant was hired. Over 2005, members of the Tashkent Office represented STCU as several S&T events, including two international agricultural conferences Uzbekistan and a workshop in Kazakhstan organized by the UK Department of Trade and Industries Closed Nuclear Cities Program (this program has a project that includes an Uzbek nuclear institute).

> Plan for 2006

An additional phone line needs to be installed in the Baku office to ease pressure on the combined phone/fax line. The Regional Offices will continue to engage international organizations and private companies with the objective of coordinating activities with them.

Department Budget Request for 2006

	2005 Planned	2005 Actual	2006 Request	Change from 2005
Staff				
- Local	10	10	10	0
- Party	3	3	2	-1
Staff Total	13	13	12	-1
Staff Support				
- Travel (Int'l)	1,600	3,500	4,600	+3,000
- Travel (CIS)	6,700	8,000	10,800	+4,100
-Staff Training	6,200	6,000	10,700	+4,500
Staff Support Total	14,500	17,500	26,100	+11,600
AOB Programs				
- Business Group Operations - Road Shows	50,000	54,000	0	-50,000
- Market Analysis (subscriptions)				
- RO Operations	3,000	1,000	4,000	1,000
Travel				
Overhead				
Shared SB Programs	9,000	4,000	8,000	-1,000
- Bus. Train/Sus. Oper.	18,840	11,000	18,840	0
- Patent Support				
Party SB Programs	91,500	71,500	187,000	+95,500
- Bus. Train/Sus. Oper. (US)	70,000	50,000	33,000	-37,000
	40,000	40,000	40,000	0
Programs Total	$282,340	$231,500	$290,840	+$8,500

Department Total				
Staff	13	13	12	-1
Funding	$296,840	$249,000	$316,940	+20,100

Performance / Public Outreach Department

Overview

The department provides targeted training, travel and conference participation support, and promotional materials to best showcase the talents and successes of recipient scientists as well as provides the STCU with promotional materials for its own public outreach. The Department also performs data gathering and analysis of STCU activities to assist the STCU executive staff and the Parties in evaluating and improving the STCU performance and effectiveness.

Printing and Reproduction (2005 Budget Allocated = $24,000. 2006 Budget Request = $33,000)

The main objective of the program is to expand and improve public awareness of STCU and its activities, develop professional presentation materials to assist recipient scientists in designing effective presentations of their capabilities, and promote STCU's successful work to the local, national, and international science and technology communities.

Performance in 2005

o Annual Report 2004 ($8,000). This year the Annual Report was printed in three languages: English version = 1,500 copies, Russian version = 500 copies, Ukrainian version = 300 copies.

o Brochures and Other Marketing Materials ($4,600). Nanotechnology Brochure ($700), a book "Technology Transfer to the USA" ($1,200), Nanophotonics Brochure ($1,500), posters ($100), Chemical Engineering Brochure ($800), Governing Board Binders ($300).

o News Articles ($6,000). Newspapers (Uryadovy Kurier, Svit), 4 promotional events with internet and paper media coverage and a press conference.

o CD-ROMs and Miscellaneous ($5,000). Promotional products (folders, pens, watches, business card holders, certificates, presents)

Plan for 2006

One of the major goals of all Public Affairs / Publications activities in 2006 will be to provide better publicity of all STCU activities, successes and opportunities through the use of own printed materials and mass media coverage. Through this function, the Public Outreach Department will also assist institutes and scientists in promoting their efforts and achievements.

o Annual Report 2005 ($10,000). The Annual Report 2005 will have the structure, and will contain information, necessary to meet the needs of STCU donor and recipient countries.

o Brochures and Other Marketing Materials ($10,500). This will be used for producing support materials for STCU events, as well as provide information to partners / authorities / officials about STCU. This total also includes $1,000 for a limited number of "Technology Watch Newsletters" proposed by the Technology Advancement Department, and also includes $4,500 to develop a promotional video on STCU for use on Partner Promotion roadshows, booth presentations at conferences, etc.

o   <u>News Articles/Public Media Publications ($7,000).</u> Publications about STCU, its projects, and its activity will appear in major governmental, scientific, specialized periodicals on a regular basis.

o   <u>Miscellaneous Promotional Material ($5,500).</u> Products such as business cards will be produced as needed. Other promotional products such as stationery with the company logo, key chains, folders, business card holders, watches will be produced and used as gifts for STCU partners / VIP visitors (mostly during business missions). Also, special folders for the "Technology Profile" portfolio will be designed and produced.

Travel Grant/Conference Grant Support (<u>2005 Budget Allocation = $154,500</u>: Public Affairs – Conference Support $34,500 and Supplemental Budget - Travel Grants Shared $120,000. <u>2006 Budget Request = $ 166,000</u>: $46,000 for Public Affairs – Conference Support and $120,000 Supplemental Budget - Travel Grants Shared).

The Travel Grant/Conference Support program will be sponsoring, on a competitive basis, visits by scientists and technological personnel from the STCU Recipient Countries to research, public and industry organizations located at the territories of the STCU donor and other countries.

Performance in 2005

o   <u>Public Affairs – Conference Support</u>. In 2005, 20 international conferences were supported and 20 more were co-sponsored. Funds for 2005 Conference Support grants was expended long before the end of 2005, forcing the STCU to refuse providing support to several worthy conferences.

o   <u>Travel Grants ($120,000)</u>. The STCU assisted in travel arrangements, and expended a total of $90,000 for 91 approved travel grants, which were awarded on a competitive basis in accordance with new Travel Grant Guidelines effective February 1, 2004.

Based on feedback from 2005 travel support grantees, the following data is presented: 47% were to meet industry representatives; 27% were for targeted travel initiated by STCU; 21% of trips were to meet project partners/collaborators, 5% were for attending conferences and workshops.

Plan for 2006

o   <u>Public Affairs - Conference Support ($46,000)</u>. A similar number of conference support applications are expected in 2006 as received in 2005. In addition, STCU plans to participate in several public round-table forums for mid-level scientific community representatives; for leading NASU scientists / directors of scientific institutions; and for governmental officials. STCU plans to co-develop and sponsor three round-tables in 2006 which will focus on STCU issues. Up to $6,000 will be budgeted to support these round-table fourms.

o   <u>Travel Support Grants ($120,000)</u>. There should be an increase in Travel Support (Party-requested and STCU-planned travel) to meet the needs of new business missions and matchmaking efforts. More scientists will be involved in the program (in 2005, more than a third of all applications were rejected).

Performance Measures (<u>2005 Budget Request = $ 14,200</u> from Other Professional Services and $25,000 from Supplemental Budget Bus. Training/Sus. Sup. - Shared. 2006 <u>Budget Request = $ 9,500</u> from Other Professional Services)

This function will design and implement methods for evaluating the performance and effectiveness of STCU activities and programs, particularly in relation to targeting STCU "self-sustainability" development assistance to recipient scientists and institutes.

Performance in 2005

o Development of Measuring Methodologies ($25,000). It is a joint National Academy of Sciences of Ukraine (NASU) and STCU effort. Work Group meetings are planned to be held monthly. A list of 83 of NASU institutions has been approved.

o Polls/Interviews, Program Effectiveness, Miscellaneous ($14,200). Part-time staff conducted interviews with leading science officials from National Academy of Sciences of Ukraine. Work on developing the responses to these interviews continues. The development of a matrix for evaluating effectiveness of STCU programs has begun. To date, however, the full amount of this funding has not been spent due to hiring and scheduling delays resulting from STCU search for qualified part-time staff.

Plan for 2006

o Training on Performance Measures ($2,000). This STCU-developed course will give STCU staff an orientation on performance measurement concepts leading to a better understanding of the Performance Measurement activities undertaken by this Department.

o Tracking study results ($4,500). Part-time staff will be needed to assist STCU Performance Measures Officer in gathering data on STCU Regular Projects and evaluating this data against selected criteria. Part-time staff may also be needed to follow up on institute survey results from the NASU-STCU institute sustainability study.

o Evaluating STCU programs effectiveness via focus groups ($1,000 for a professional group moderator). A professional moderator will organize the discussion and encourage participants to express their opinions. The vertical focus groups will allow getting the opinion from different levels – from a director to an average scientist.

o Consultation on Program Performance Measurement System ($2,000). Using a consultant group, a study on STCU's goals, activities, and available data will be analyzed for recommendations on developing or improving STCU's current methods and tools for program and activity performance evaluation. .

Target Training Program (2005 Request = $ 117,000 in new Shared Supplemental Budget line, "Targeted Training". 2006 Budget Request = $104,000 in Shared Supplemental Budget – Targeted Training).

Targeted Training Program was initiated in 2005. Target Training Program is composed of two major blocks: trainings for STCU countries Technical Units and training for STCU staff.

Performance in 2005

Much was accomplished, but progress was hampered by the sudden departure of the STCU Training Officer in July. A replacement Training Officer came on board but time and momentum were lost in the process.

o CD-based Training Packages. Two CD-ROM Basic Training packages were delivered in the spring and autumn of 2005. Packages included presentations on commercializing science results, intellectual property protection, and commercial licensing issues.

o Business Coaching. Several Business Coaching courses were developed, including some in support of the STCU Partner Promotion roadshows and selected Party-directed travel events.

Plan for 2006

- o Computer-Based Training ($20,000). Modules will be designed to cover the topics: Turning Good Science into Good Business, Business Planning, Strategy and Management Tools, Commercialization of Intellectual Property.

- o Partner Event Preparation ($10,000). Short courses on presentation skills and other skills will be provided to scientists invited to participate in Partner Promotion events such as STCU roadshows.

- o Commercialization Short Course ($50,000). This course concerns the issues of taking a new technology/product to market: commercialization and communication of research results, Intellectual Property management, patent and licensing procedures, etc.

- o Business Coaching ($5,000). Business coaching courses will be conducted for Medical Devices/Technology Developers.

- o STCU Staff Training Modules. They will help STCU accomplish the STCU Reorganization Plan. Senior Specialists will receive trainings on their specific areas of R&D, Technology Transfer, and Innovation aspects.

- o Training Modules for the Administrative Office ($9,150). Planned by the Administrative Department, this is a continuation of procurement practices and customs procedures training for project managers. The Administrative Office provides the trainers; funds from Targeted Training will cover the logistical costs (except for the Administrative Office staff travel).

Department Budget Request for 2006

	2005 Planned	2005 Actual	2006 Request	Change from 2005
Staff				
- Local	5	5	5	0
- Party	1	1	0	-1
Staff Total	**6**	**6**	**5**	**-1**
Staff Support				
- Travel (International)	$3,000	$1,500	$3,000	0
- Travel (CIS)	$4,000	$2,000	$4,000	0
- Staff Training	$4,000	$2,000	$4,000	0
Staff Support Total	**$11,000**	**$5,500**	**$11,000**	**0**
AOB Programs				
- Printing and Reproduction	$24,000	$24,000	$33,000	+$9,000
- Public Affairs	$34,500	$34,500	$46,000	+$11,500
- Other Prof. Services	$14,200	$14,200	9,500	-$4,700
SB Programs				
- Travel Grant Shared	$120,000	$90,000	$120,000	0
- Bus. Training/Sust. Supp. Shared	$25,000	$25,000	0	-$25,000
- Targeted Training Shared	$117,000	$70,000	$104,000	-$13,000
Programs Total	**$334,700**	**$257,700**	**$312,500**	**-$22,200**
Department Total				
Staff	6	6	5	-1
Funding	$345,700	$263,200	$323,500	-$22,200

STCU 2006 BUDGET REQUEST SUMMARY

	ED	AO	FO	IT	SE	TA	SP	PO	Line Total
Staff (# in 2005)									
Party	1 (1)	1 (1)	1 (1)	1 (1)	1(1)	2 (2)	2 (3)	0 (1)	9 (11)
Local	1 (1)	15 (15)	10 (10)	4 (4)	8 (8)	8 (8)	10 (10)	5 (5)	61 (61)
Part-Time	0 (0)	3 (3)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	3 (3)
Dept. Total Staff (Full, Part Time)	2 (2)	16 (16) 3 (3)	11 (11) 0 (0)	5 (5) 0 (0)	9 (9) 0 (0)	10 (10) 0(0)	12 (13) 0 (0)	5 (6) 0 (0)	70 (72) FT 3 (3) PT
Staff Support									
Travel (Int'l)	16,000	1,000	3,200	-	4,500	5,000	4,600	3,000	37,300
Travel (CIS)	18,500	5,000	2,240	3,500	8,800	11,000	10,800	4,000	63,840
Training	9,500	22,190	16,780	3,150	11,700	10,500	10,700	4,000	88,520
Dept. Staff Supp.	44,000	28,190	22,220	6,650	25,000	26,500	26,100	11,000	189,660
Programs (AOB)									
Representation	15,000	-	-	-	-	-	-	-	15,000
Public Affairs	-	-	-	-	-	-	-	46,000	46,000
Fac. Impr.	-	6,000	-	-	-	-	-	-	6,000
Fixed Assets	-	25,000	-	-	-	-	-	-	25,000
New Car/Veh Ops	-	20,000	-	-	-	-	-	-	20,000
Subscriptions	-	-	-	-	-	-	4,000	-	4,000
Printing and Rep.	-	-	-	-	-	-	-	33,000	33,000
IT Hardware	-	-	-	19,295	-	-	-	-	19,295
IT Software	-	-	8,000	8,950	-	-	-	-	16,950
Bus. Group Ops.	-	-	-	-	-	-	-	-	-
Oth. Prof. Services	-	-	62,700	2,360	-	-	-	9,500	74,560
Regional Offices	-	-	-	-	29,440	31,320	26,840	-	87,600
Dept. Total Prgms (AOB)	15,000	51,000	70,700	30,605	29,440	31,320	30,840	88,500	347,405
Shared Supp. Budget Programs (SB)									
Workshops/Seminars	-	-	-	-	70,000	30,000	-	-	100,000
Patent/IPR	-	-	-	-	-	-	33,000	-	33,000
Travel Grants	-	-	-	-	-	-	-	120,000	120,000
Targeted R&D Initiative	-	-	-	-	-	850,000	-	-	850,000
Targeted Training	-	-	-	-	-	-	-	104,000	104,000
Bus. Training/Sus. Support	-	-	-	-	-	-	187,000	-	187,000
Supp. Budget Programs (SB)	-	-	-	-	70,000	880,000	220,000	224,000	1,394,000
U.S. Supp. Budget Programs (SB)									
Training/Sus. Support - US	-	-	-	-	-	-	40,000	-	40,000
Dept. Total Prgrms Voluntary (SB)	-	-	-	-	-	-	40,000	-	40,000
Total Request									
Staff	2 0	16 3	11 0	5 0	9 0	10 0	12 0	5 0	70 full 3 part
Funding	59,000	79,190	92,920	37,255	124,440	937,820	316,940	323,500	1,971,065

SCIENCE AND TECHNOLOGY CENTER IN UKRAINE - STCU
Draft 2006 Administrative Operating Budget   01 January – 31 December, 2006

	2005 Budget	Spent as of 30.сен	Projected Final 3 Mo. Exp	Projected Final Year Exp.	Projected Remaining Budget	Draft 2006 Budget	% Change in AOB Line Y-O-Y	Note
Personnel								
LOCAL GRANT PAYMENTS	$ 789 000	$ 459 835	$ 211 120	$ 670 955	$ 118 045	$ 752 800	-4,59%	1
STAFF EDUCATION & TRAINING	$ 63 280	$ 34 550	$ 26 559	$ 61 109	$ 2 171	$ 88 520	39,89%	2
EMPLOYEE MORALE & WELFARE	22 000	16 163	6 000	22 163	(163)	25 000	13,64%	3
MEDICAL & DENTAL PLANS	71 850	41 007	30 000	71 007	843	90 000	25,26%	4
Subtotal	$ 946 130	$ 551 555	$ 273 679	$ 825 234	$ 120 896	$ 956 320	1,08%	
Travel								
INTERNATIONAL TRAVEL	$ 32 400	$ 14 224	$ 9 320	$ 23 544	$ 8 856	$ 37 300	15,12%	5
TRAVEL WITHIN THE CIS	$ 137 615	$ 79 401	$ 42 909	$ 122 310	$ 15 305	$ 138 840	0,89%	6
LOCAL TRAVEL	18 625	13 996	5 000	18 996	(371)	22 925	23,09%	7
Subtotal	$ 188 640	$ 107 621	$ 57 229	$ 164 850	$ 23 790	$ 199 065	5,53%	
Office Operations								
REPRESENTATION	$ 15 000	$ 6 740	$ 8 200	$ 14 940	$ 60	$ 15 000	0,00%	8
POSTAGE AND DELIVERY	10 000	6 996	3 000	9 996	4	10 000	0,00%	9
CUSTOMS STORAGE	500	282	-	282	218	500	0,00%	10
GENERAL OFFICE SUPPLIES	23 000	19 535	4 000	23 535	(535)	26 000	13,04%	11
OFFICE EQUIPMENT REPAIR/MAINT	7 000	594	2 000	2 594	4 406	5 000	-28,57%	12
VEHICLE OPERATIONS	9 000	12 131	4 000	16 131	(7 131)	20 000	122,22%	13
PRINTING AND REPRODUCTION	24 000	18 762	5 000	23 762	238	33 000	37,50%	14
TELECOMMUNICATIONS SERVICES	40 000	36 335	12 000	48 335	(8 335)	47 000	17,50%	15
BUSINESS MEETINGS & CONFERENCES	6 000	5 057	1 000	6 057	(57)	6 000	0,00%	16
SUBSCRIPTIONS AND PUBLICATIONS	8 000	1 772	6 000	7 772	228	8 000	0,00%	17
PUBLIC AFFAIRS	34 500	25 606	9 000	34 606	(106)	46 000	33,33%	18
BUILDING SUPPLIES	7 000	9 686	2 000	11 686	(4 686)	12 000	71,43%	19
BRANCH OFFICES OVERHEAD	$ 90 720	$ 25 098	$ 30 000	$ 55 098	$ 35 622	$ 87 600	-3,44%	20
INSURANCE EXPENSE	9 000	7 944	1 000	8 944	56	9 000	0,00%	21
BANK FEES - OFFSHORE	75 000	51 925	24 000	75 925	(925)	75 000	0,00%	22
BANK FEES - ONSHORE	57 000	31 727	16 000	47 727	9 273	50 000	-12,28%	23
BUSINESS GROUP OPERATIONS	50 000	53 807	-	53 807	(3 807)	-	-100,00%	24
Subtotal	$ 465 720	$ 313 998	$ 127 200	$ 441 198	$ 24 522	$ 450 100	-3,35%	
Contracted Services								
LEGAL SERVICES	$ 10 000	$ 12 595	$ -	$ 12 595	$ (2 595)	$ 10 000	0,00%	25
ACCOUNTING AND AUDITING	83 273	83 273	-	83 273	-	92 001	10,48%	26
OTHER PROFESSIONAL	98 000	91 376	15 000	106 376	(8 376)	74 560	-23,92%	27
Subtotal	$ 191 273	$ 187 244	$ 15 000	$ 202 244	$ (10 971)	$ 176 561	-7,69%	
Subtotal Recurring Costs	$ 1 791 763	$ 1 160 418	$ 473 108	$ 1 633 526	$ 158 237	$ 1 782 046	-0,54%	
Contingency – Recurring	10 000	-	-	-	10 000	10 000	0,00%	35
Total Recurring Costs	$ 1 801 763	$ 1 160 418	$ 473 108	$ 1 633 526	$ 168 237	$ 1 792 046	-0,54%	
FACILITY IMPROVEMENTS	$ 10 000	$ -	$ -	$ -	$ 10 000	$ 6 000	-40,00%	28
FURNITURE & FIXTURES	10 000	2 694	7 306	10 000	-	10 000	0,00%	29
TELECOMMUNICATIONS EQUIPMENT	13 450	11 910	-	11 910	1 540	5 000	-62,83%	30
OFFICE EQUIPMENT	10 000	8 480	1 520	10 000	-	10 000	0,00%	31
VEHICLE PURCHASE	25 000	22 786	-	-	2 214	-	-100,00%	32
COMPUTER HARDWARE	35 700	32 959	2 800	35 759	(59)	19 295	-45,95%	33
COMPUTER SOFTWARE	28 445	22 195	5 650	27 845	600	16 950	-40,41%	34
Subtotal Non-Recurring Costs	$ 132 595	$ 101 024	$ 17 276	$ 95 514	$ 14 295	$ 67 245	-49,29%	
Contingency – Non-Recurring	25 000	-	-	-	25 000	25 000	0,00%	35
Total Non-Recurring Costs	$ 157 595	$ 101 024	$ 17 276	$ 95 514	$ 39 295	$ 92 245	-41,47%	
TOTAL BUDGET:	$ 1 959 358	$ 1 261 442	$ 490 384	$ 1 729 040	$ 207 532	$ 1 884 291	-3,83%	

1. **Local Grant Payments** $752,800

61 Full-Time Staff (including 11% increase)	$732,600
Labor Books	$3,500
Supplemental Security	$16,700
Total	$752,800

2. **Staff Education & Training** $88,520

   a. Training for ED and ED's secretary.
      Cost of Training: $ 9,500

   b. Training for SDED and his direct reports.
      Cost of Training: $ 4,000

   c. Training for DED-EU and his direct reports.
      Cost of Training: $11,700

   d. Training for DED-CA and his direct reports.
      Cost of Training: $10,500

   e. Training for DED-US and his direct reports.
      Cost of Training: $10,700

   f. Training for CFO and Finance and IT Departments.
      Cost of Training: $19,930

   g. Training for CAO and Administrative Department.
      Cost of Training: $22,190

   Total cost of Staff Education and Training $88,520

3. **Employee Morale and Welfare** $25,000

   Center subsidizes the cost of lunch for staff members. Furthermore, includes cost of bereavement contributions, Christmas and birthday activities, family functions, and special occasions. Increased by $3,000 over 2005 because of inflation.

   Total Cost: $25,000

4. **Medical & Dental Plans** $90,000

   Medical Plan cost increased in 2005, due to increase in health insurance premiums.
   - Medical Plan $70,000
   - Dental Plan (Maximum $250/family) $20,000
     Total Cost $90,000

5. **International Travel.**   **$37,300**

    a. Senior STCU staff travel (including Advisory Committee Meetings) as required and approved by the Executive Director.
        Cost: $16,300

    b. Travel Costs associated with travel to Wiesbaden for annual audit planning conference.
        Cost: $3,200

    c. Other travel associated with management and staff (CAO to Brussels, etc.)
        Cost: $17,800

        Total Cost: $37,300

6. **Travel within the CIS.**   **$138,840**

    a. Senior Specialist monitoring in Azerbaijan, Ukraine, Georgia, and Uzbekistan.
        Cost: $43,430

    b. Project Accountant monitoring in Azerbaijan, Ukraine, Georgia, and Uzbekistan.
        Cost: $31,570

    c. Secretariat trips to non-Kyiv cities in Ukraine, as well as travel to Uzbekistan, Georgia, and Azerbaijan, including possible Governing Board to be held in Chisinau, Moldova.
        Cost: $63,840

        Total Cost: $138,840

7. **Local Travel.**   **$22,925**

    Consists of taxis utilized by STCU staff when STCU vehicles are unavailable. Also, includes cost of providing transport to and from Libidskaya Metro Station to the STCU headquarters in the mornings and at night, as well as the cost of providing secured cash transport to and from the STCU's bank (as per the auditor's recommendation to the Governing Board).

    -   Taxis $ 6,000
    -   Secure Cash Transport $ 5,625
    -   Bus to and from Kyiv Headquarters $11,300
            Total Cost $22,925

8. **Representation.**   **$15,000**

    Maintained same as 2005.

9. **Postage and Delivery.** $10,000

    Maintained same as 2005.

10. **Customs Storage.** $500

    Maintained same as 2005.

11. **General Office Supplies.** $26,000

    Increased because of inflation from $23K in 2005 to $26K in 2006.

12. **Office Equipment Repair/Maintenance.** $5,000

    Decreased from $7K in 2005 because of continued policy of replacing older office equipment with newer equipment before old equipment becomes obsolete.

13. **Vehicle Operations.** $20,000

    Because cost of fuel has increased from approximately $.40 per liter to approximately $.91 per liter, this budget line increased from $9K in 2005 to $20K in 2006.

    Total Cost: $20,000

14. **Printing and Reproduction.** $33,000

- Annual Report	$10,000	
- News Articles	$7,000	
- Brochures and Marketing Materials	$10,500	
- Miscellaneous (stationary, business cards, etc.)	$5,500	
Total Cost	$33,000	

15. **Telecommunications Services.** $47,000

    Increased from $40K in 2005 to $47K in 2006 because of increased usage (addition of Moldova) and inflation in UA.

16. **Business Meetings and Conferences.** $6,000

a. Board meetings.	2 * 1,500 =	$3,000	
b. Advisory committee meetings.	2 * 500 =	$1,000	
c. IO and FO Meetings	2 * 1,000 =	$2,000	

    Total cost of business meetings and conferences: $6,000

17. **Subscriptions and Publications.** $8,000

    - Journal Subscriptions and Market Analysis $8,000

18. **Public Affairs.** $46,000

Co-sponsoring technical conferences	$41,500
Promotional Video	$4,500
Total	$46,000

19. Building Supplies. $12,000

Increased in 2005 because of overspends the last two years (AOB 2004 and 2005) due to continued maintenance of building (21 Kameniariv).

20. Branch Offices (Kh, Lviv, Dnip, Tashkent, Baku, Chisinau & Tbilisi). $87,600

-	Tashkent	$16,520
-	Tbilisi	6,720
-	Baku	10,320
-	Chisinau	22,720
-	Kharkiv	14,120
-	Dnipropetrovsk	8,420
-	Lviv	8,780
	Total Cost	$87,600

21. Insurance Expense. $9,000

Three vehicles, the contents of the building and life insurance for the local staff.

-	Vehicles	$4,000
-	Assets	$3,500
-	Staff Life Insurance	$1,500
	Total Cost	$9,000

22. Bank Fees Off-shore. $75,000

Maintained same as 2005. Based on forecasted 2006 STCU transactions and includes increased bank fees associated with Uzbekistan which occurred in 2004.

23. Bank Fees On-shore. $50,000

Fees charged by STCU's local banks (FUIB, Georgia, & Uzbekistan) to conduct operations. Based on forecasted 2006 STCU transactions.

24. Business Group Operations. $0

This account will be eliminated beginning with the 2006 AOB. All activities associated with this budget going forward are included in Shared Supplemental Budget – Business Training/Sustainability Support.

25. **Legal Services.** $10,000

    Maintained same as 2005.

26. **Accounting and Auditing** $92,001

    The 2005 and 2006 financial audits were contracted to Lubbock Fine. According to the contract, the 2005 Financial Audit will cost $92,001.

27. **Other Professional Support.** $74,560

    - Consulting for Phase 2 of Navision Install $ 62,700
    - Off-Site Backup Tape Storage $ 2,360
    - Performance Measures $9,500
                        Total Cost $ 74,560

28. **Facility Improvements.** $6,000

    Decreased to $6K in 2006 from $10K in 2005 due to desire to minimize renovations to building until user agreement becomes more clear.

29. **Furniture and Fixtures.** $10,000

    Maintained same as 2005.

30. **Telecommunications Equipment.** $5,000

        Mobile Phone and Phone Replacement $ 5,000

31. **Office Equipment.** $10,000

        Replacement $2,500
        New Fax machines, etc. $7,500
                Total $10,000

32. **Vehicle Purchase.** $0

33. **Computer Hardware.** $19,295

        (1) New Dell Server (for reduncany) $5,590
        (1) Cisco Firewall   3,659
        (4) Replacement printers   2,336
        Other Miscellaneous   7,710
        Total $19,295

34. Computer Software. $16,950

Navision Maintenance Fee	$ 4,000
Navision Developer Granule	4,000
Other Miscellaneous	8,950
Total	$16,950

35. Contingency. $35,000

Normal Recurring Contingency	$10,000
Total Recurring Contingency	$10,000
Normal Non-Recurring Contingency	$25,000
Total	$35,000

Supplemental Programs Budget Request 2006 (For the EU these costs are associated with BFA 2005 Article 1.1)

BUDGET ITEM	2005 Projected Ending Balance (USD)	2006 REQUESTED (USD)	2006 NET REQUESTED/NEEDED (USD)	2006 Allocated (Euro)	2006 Allocated (USD)	EU (Euro) Note (1)	US (USD)	Canada (USD)
In-Place Shared Supplemental Programs								
4.01 Business Training/Sustainability Support	50 000	187 000	137 000	32 868	97 558	32 868	86 625	10 933
5.01 Patent Support	40 000	33 000	x	x	x	x	x	x
6.01 Travel Grant Fund	30 000	120 000	90 000	21 593	64 089	21 593	56 907	7 182
9.01 Seminars/Workshops	64 000	100 000	36 000	8 637	25 636	8 637	22 763	2 873
11.01 Targeted R&D Initiatives	0	850 000	850 000	203 929	605 285	203 929	537 455	67 830
12.01 Targeted Training	37 000	104 000	67 000	16 074	47 711	16 074	42 364	5 347
In-Place Party Designated Supplemental Programs								
1.01 Technic., Collabor., Cont. Travel Supp. - US	30 000	60 000	30 000	x	30 000	x	30 000	x
4.02 Business Training/Sustainability Support - U.S.	367 000	40 000	x	x	x	x	x	x
08.01 E.U. Designated Reviewers	x	x	x	30 000	x	30 000	x	x
10.01 Service Contracts - US	160 000	1 000 000	840 000	x	840 000	x	840 000	x
TOTAL CONTRIBUTION	**778 000**	**2 494 000**	**2 050 000**	**313 101**	**1 710 279**	**313 101**	**1 616 114**	**94 165**

Note: (1) For the purposes of this spreadsheet a 1:1.2 Euro to Dollar ratio is assumed

x = No Funding Required

(For the EU these costs are associated with BFA 2005 Article 1.2)

BUDGET ITEM	2005 Projected Ending Balance (EURO)	2006 REQUESTED (Euro)	2006 NET REQUESTED/NEEDED (EURO)	2005 Allocated (Euro)	EU (Euro)
In-Place Party Designated Supplemental Programs					
10.02 Service Contracts - EU	-15 000	317 300	302 300	302 300	302 300