



Science and Technology Center in Ukraine
2009 Administrative Operating Budget and Supplemental Budget Presentation

2 September 2008



Overview

The STCU has delivered its 2008 budget plan on target, with a projected total AOB under-spend of approximately 5.5% due in large part to the 2-month “Force Majeure” suspension of administrative activities in April-June 2008. However, at the 26th STCU Governing Board Meeting (19 June 2008) the Governing Board made decisions during the immediate aftermath of that Force Majeure crisis—namely, the across-the-board 25% increase to the 2008 Local Staff Grants AOB line—that has put significant upward pressure on the AOB for 2009 and in the years to come. With no other adjustments, the 2009 AOB (\$1,800,809) will be flat compared to the revised 2008 AOB (\$1,788,844 which included the 25% increase to local grant payments), but will be 5.7% higher than the original 2008 AOB (\$1,703,844) approved at the 25th STCU Governing Board held in December 2007.

Further, the 26th Governing Board Meeting also directed a review and adjust the current STCU local staff grants scales, to stabilize the staff turnover rates in critical administrative functions. If certain positions (e.g., financial accountants or information technology staff) are found to be significantly “out of market”, any revised Local Staff Grants bands in such key staff positions will create even more upward pressure on the 2009 AOB.

STCU still faces many unresolved strategic issues, which make this 2009 budget request one of the most uncertain budget requests in several years:

1. The April – June 2008 “Force Majeure” crisis with the STCU’s current headquarters building created an environment of uncertainty about STCU’s future. This uncertainty has not abated, as the current lease agreement expires on 31 December 2008 and there is no feasible plans in place to address the STCU headquarter premises in 2009.
2. As noted in previous Budget Requests, the continued decline in Regular Project funding (which includes Targeted Initiatives) and in the number of active projects, coupled with the still-unresolved GB strategic plan for the future, causes a budget planning “gap” (Note that the GB-instructed 25% increase in local staff salaries, done in spite of the decline in project-related administrative demands, accentuates this planning “gap”). STCU Management is uncertain as to how it can match the projected 2009 administrative operational needs against the projected program needs and financing of the Parties.
3. The competition for labor skills in certain occupations in the Kyiv area, is challenging STCU to manage staff turnover, particularly high rates of turnover in specific critical administrative functions. Increases in local staff grants, in and of themselves, are unlikely to eliminate the staff turnover issue (although it might slow the rate of turnover in some cases), and so other means of staff retention may need stronger consideration.

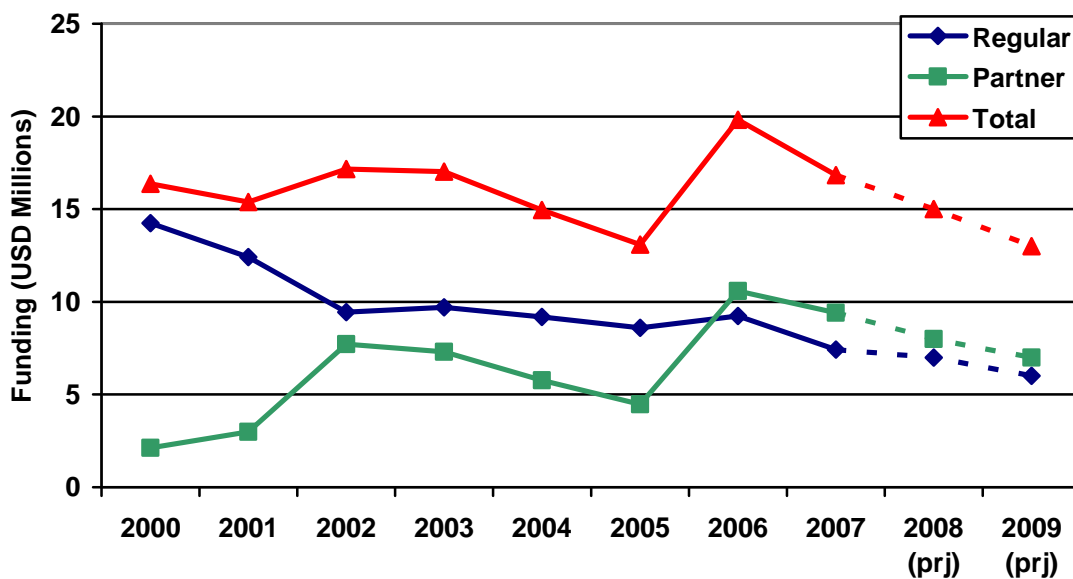
In the face of these uncertainties, STCU Management has focused its 2009 program plan and supporting AOB/SB budget requests based on the 2004 Near-Term Strategy and these strategic assumptions:

- STCU will remain in its current HQ building at 21 Kamenayriv Street, which is the stated preference of the Governing Board. If STCU is to be relocated in 2009, STCU Management will approach the Governing Board for an extra-ordinary budget request for relocation expenses,



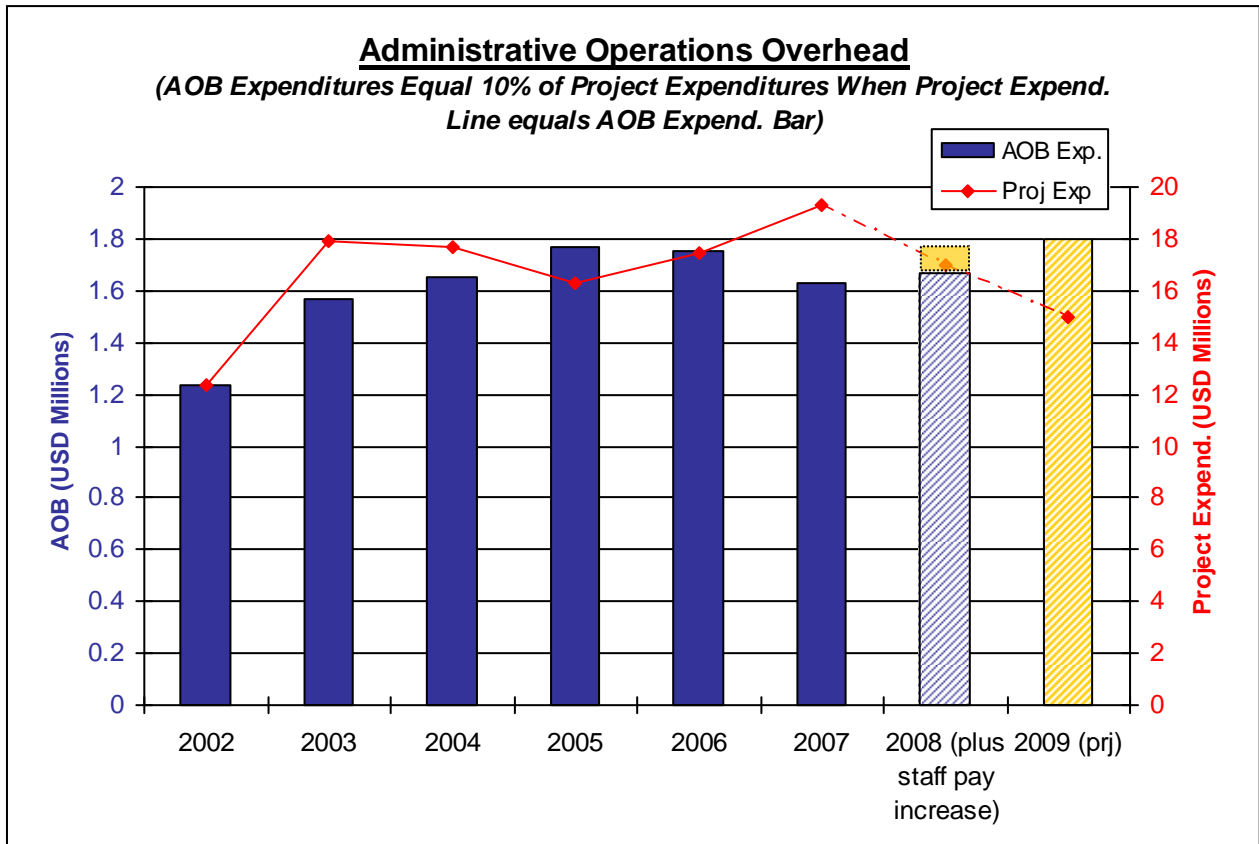
- Regular, Partner, and Targeted Initiative projects will continue being the dominant factor in STCU administrative activities, but the number and funding amounts for new projects will continue to decline (see chart). This assumption is based on the smaller number of Partner Project Proposals under development and the early indications of 2009 funding plans of the Funding Parties.

New GB-Approved Project Funding, Per Year



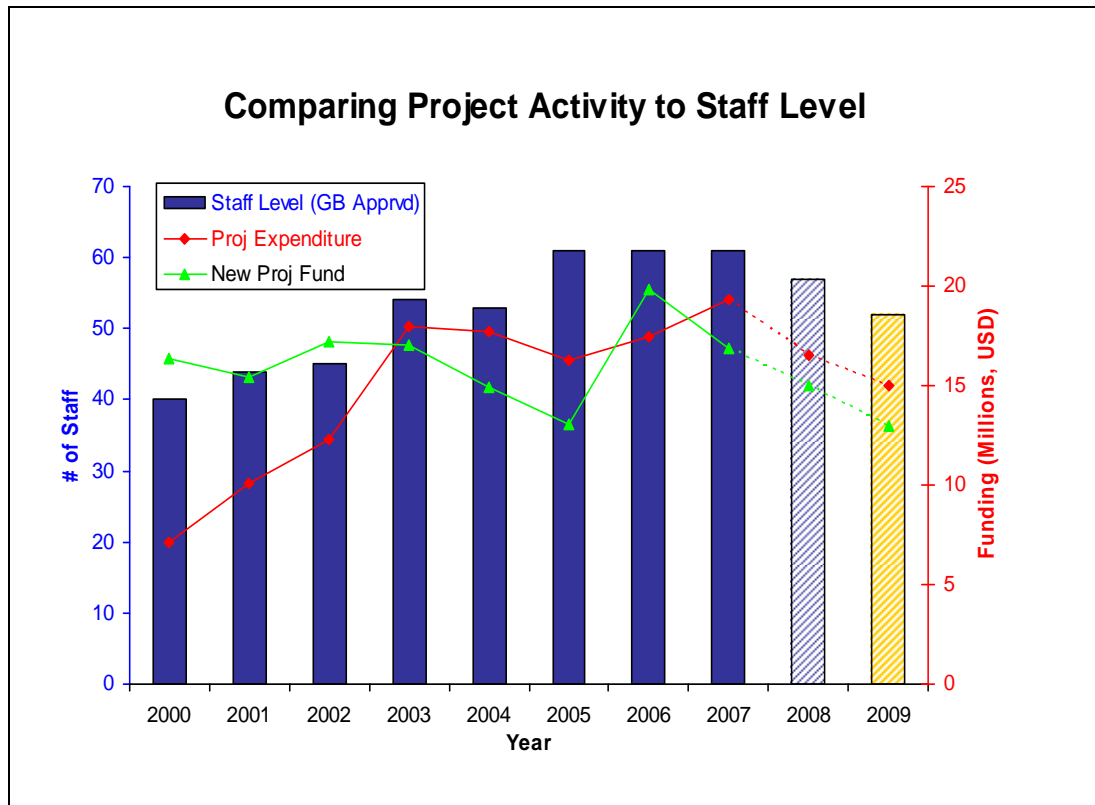
- Other than a possible proposal from Canada to establish a new bio-safety/bio-security Supplemental Program, and the full implementation of the Institute Sustainability Program, STCU Management is projecting a roughly similar level of 2009 Supplemental Budget activities as in 2008.
- STCU will assume a more fluid, and less constrained, planning approach to individual Supplemental Budget requests. This reflects the impact of the 26th Governing Board Meeting decision whereby the Funding Parties will contribute funds to individual Supplemental Program Budgets according to each Party's own policy priorities, interests, and preferences. By abandoning the past practice of "pre-calculating" the potential Party contributions to Shared Supplemental budgets, STCU Management no longer has *prima facie* understanding as to which Supplemental Programs will be supported and to what level of funding.

While STCU is projected to see a further decline in operational demands in 2009, STCU Management does face a sharp increase in local staff costs, as mandated by the decision of the 26th Governing Board Meeting. The planned adjustments in non-staff AOB lines will merely offset—not completely balance out—this sudden increase in staff costs. Thus, the 2009 AOB request will be 12% of projected 2009 project expenditures, which exceeds the historic "rule of thumb" of budgeting administrative overhead costs to be approximately 10% of the primary administrative activity: project management.



In light of the above-described program and fiscal outlooks, the STCU Management approached its 2009 budget request using the following planning targets:

- Postpone an across-the-board staff pay raise and year-end performance bonus for 2009, in light of the across-the-board 25% staff pay increase instituted in June 2008, plus the GB instruction to propose further adjustments to key STCU staff functional categories (in the 2008 AOB, the Governing Board approved a 4% across-the-board staff pay increase plus an additional 5% set aside for lump-sum, performance-based bonuses to deserving, individual staff members). The pay/bonus request will be considered again for the 2010 AOB request.
- Eliminate 3 vacant staff positions (bringing the STCU staff ceiling to 54 members), in light of declining STCU administrative demand (see chart below), retaining some staff capability to respond to possible new types of programs anticipated in the GB strategic planning discussions.
- Request Shared Supplemental Budgets that reflect the STCU Management view on what resources are desired to fulfill the presented SB program plans, with no tight restrictions placed on the total amounts requested. The final budget amounts for each Shared Supplemental Budget line will be determined based on the resulting amount of each Funding Party's individual financial contribution to each Shared Supplement Budget line.



Executive Director Office

The Executive Director Office provides the strategic leadership for STCU and conducts the strategic-level planning, management policy guidance, and executive supervision 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 2008

In 2008, the ED Office led the Secretariat through the 2-month Force Majeure suspension of STCU Headquarter operations and suspension of over 130 projects in Ukraine, as well as the lifting of that suspension and restart of office operations. The ED Office continued to facilitate Governing Board discussions on the STCU's strategic planning and future direction, and continued to implement the existing plans and programs in accordance with the current near-term strategy approved by the 18th Governing Board Meeting (14 June 2004). The ED Office, along with the Management Committee, directed implementation of the GB-approved 2008 AOB/SB plan and continued efficiency improvements to internal processes and practices. Other ED Office actions in 2008 included:

- Successful planning, arrangement, and execution of the 26th Governing Board Meeting, with most of the preparation occurring during the Force Majeure suspension and included a GB-instructed change in venue from Baku, Azerbaijan to Kyiv, Ukraine.
- Continued efforts to secure a renewal of STCU accreditation in Uzbekistan and renewal of office use agreement with Uzbek Academy of Sciences for the STCU-Uzbek Regional Office.



The ED and the Governing Parties delivered new diplomatic communications to the Uzbek government in 2008, but with no apparent impact on the STCU's situation in Uzbekistan.

- Continued directing negotiations with Moldova to initiate a new Targeted R&D Initiative Program in that recipient country (discussions had been delayed during the Force Majeure suspension period).
- Managed STCU program activities as project activity began to decline from the new project funding peak in 2006 and from the highest-ever level of project expenditures in 2007. Conducted forward-planning with STCU Management Committee to accommodate the projected decline in future administrative demands. Also, worked with the STCU management, staff, and Governing Parties to incorporate sound fiscal discipline in administrative operating and supplemental activity costs while maintaining a high level of quality and program delivery.
- Worked with CFO in supporting STCU external financial audit for the fiscal year 2007, which resulted in "clean" financial and management system audit in the opinion of the external auditors.
- Directed the third annual STCU program performance survey to assess the state of institutes and technical units involved in active STCU projects and the impact of STCU programs on these units. Also directed program performance evaluations of several STCU programs, including Travel Support Program, Partnership Promotion "roadshows", and STCU-organized Seminars/Worshops.

The ED traveled to field activities in Baku, Chisinau, and Tbilisi, and attended the STCU promotional event in Ljubljana, Slovenia. The ED also attended a nonproliferation conference in the United Kingdom. The ED had hoped to travel to Uzbekistan during 2008, but found no opportunity with the Uzbek government to do so. Also, there were two "between GBM" Advisory Committee meetings held outside of the CIS (in Ispra, Italy and in Brussels), where only one such meeting had been budgeted in the 2008 ED Office-Staff Travel plan.

The ED worked closely with the Ukrainian Ministry of Education and Science, National Academy of Sciences of Ukraine, and the ambassadors of the Canadian, European Commission, and United States to press the Ukrainian Government for decisions and actions necessary to renew the lease for the STCU Headquarters and to pursue long-term plans to relocate the STCU HQ into new, more feasible office location in Kyiv.

There was again turnover in ED Executive Assistant position, with a new Executive Assistant beginning her duties in March. Still, the ED Office performed all the arrangements, planning, and organization activities for the 26th Governing Board Meeting (19 June 2008, Kyiv Ukraine) and the upcoming 27th Governing Board Meeting (mid-November 2009, in Baku, Azerbaijan or in Kyiv, Ukraine).

Plan for 2009

The ED Office expects to see more activity in 2009, including planning and implementing changes to STCU programs, procedures, and organization due to the anticipated implementation of the new STCU Strategic Plan. Also, the ED Office expects to be engaged in active discussions with the Parties on the future STCU Headquarters premises, including planning for a possible relocation to new offices or (in



the worst case) in managing a repeat of the 2008 Force Majeure situation. The ED Office will also plan on one Governing Board Meeting in Kyiv, and one GBM outside of Ukraine (possibly to Tbilisi, Georgia).

Staff Travel (2008 Budget Allocation = \$29,000. 2009 Budget Request = \$35,000).

Taking into account past years' travel plus the anticipated time available to travel in 2009, the ED Office will plan for one possible Advisory Committee meeting outside of Ukraine and one possible Governing Board-related visit to a Regional Office (possibly Georgia) by the ED Assistant. The ED also will plan for up to three consultation trips to the western Party capitals and one consultation trip to ISTC (Moscow) during the year. The AC/GB-related travel of STCU executive staff will be factored into the ED office budget. The Staff Travel (International) request is for \$6,000 more than the 2008 request due to anticipated price increases in overseas air travel and the addition of a "between Board AC meeting" hosted in a western Party.

Travel (International) includes STCU executive travel to:

- Two Advisory Committee meetings in Europe/North America = 4 staff each
- ED travel for STCU business = 4 trips

Travel (CIS) includes executive staff travel to:

- GBM outside Ukraine = 6 management staff + 1 admin staff
- STCU-ISTC Executive Director consultations in Moscow = 1 trip
- ED travel to Regional Offices outside Ukraine = 2 trips
- ED travel to Ukrainian Regional Offices = 2 trips

Staff Training (2008 Budget Allocation = \$14,500. 2009 Budget Request = \$24,500).

The ED Office will continue to ensure the professional integrity and standards of the STCU operations and its staff through "management by objectives" policies, employee performance evaluations, and review of STCU standard operating procedures. The 2009 training activity is anticipated to be the same as in 2008, including \$10,000 for financing the 2 participants in the STCU Staff MBA Program, which awards (via an internal competition) a \$5,000 grant each year to a STCU professional staff member to finance a formal 2-year MBA education. In 2009, there will be one staff member conducting the second year of the program (\$5,000) and another three staff members will start the first year of the program (\$5,000 per person). The ED Office itself will strive to maintain its own level of professional training, particularly in management and language training.

Representation (2008 Budget Allocation = \$10,000. 2009 Budget Request = \$10,000).

Based upon past Representational expenses, which included financing official receptions involving executive-level officials and visitors, STCU ED-sponsored round tables, or other executive-level needs, it is anticipated that the amount of 2009 Representational expenses will be approximately the same as 2008.



Executive Director Office Budget Request for 2009

	2008 Planned	2008 Actual	2009 Request	Change from 2008
Staff				
- Party	1	1	1	0
- Local	1	1	1	0
Staff Total	2	2	2	0
Staff Support				
- Travel (Inter'l)	14,000	14,202	20,000	+6000
- Travel (CIS)	15,000	15,000	15,000	0
- Staff Training	14,500	14,594	24,500	+10,000
Staff Support Total	43,500	43,796	59,500	+16,000
Representation	10,000	9,083	10,000	0
Office Total				
Staff	2	2	2	0
Funding	53,500	52,879	69,500	+16,000

Administrative Office

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; and administration of project and Center procurements. The Office also administers the Center's HR functions, maintaining contractual documents and relationships with the STCU local staff.

Performance in 2008

STCU HQ Premises Situation – The Administrative Office acted as the primary STCU office for monitoring the Ukrainian Government actions with regards to securing the STCU Headquarters (HQ) office premises. The Administrative Office took the lead in managing the secure shut-down of HQ office operations beginning on 8 April, when the Executive Director declared a suspension of STCU operations due to *force majeure*. The Chief Administrative Officer, along with the Head of Maintenance and internal guards, kept a vigil on the building and the STCU physical assets inside the building. Once the Force Majeure suspension was lifted on 19 June, the Administrative Office again took the lead in managing the careful re-start of STCU HQ office operations.

Office Staff – The Administrative Office saw one Procurement Officer depart, and through the standard competitive hiring process, the vacancy was filled by one of the two STCU Customs Officers. The Administrative Office took advantage of this particular situation to review its staff responsibilities, and current/projected workload. The result was a decision to consolidate the second Customs Officer duties among the current Administrative staff, so that this second Customs Officer position could be held vacant for elimination in 2009.

Projects/Procurement – As of 15th July 2008, STCU's 4 Procurement Officers processed project-related procurements on 336 projects (including 236 active projects, 49 completed projects, and 51 project agreements in preparation). This is about the same as the total volume for the whole of 2007; proportionally, this year's total is thus projected to be higher than 2007 (2008 projection: 337 projects processed with 246 active / 50 completed / 41 commencing in 2008).



Also, the procurement and customs officers continued their field training initiative (begun in 2004), on STCU's project procurement and customs-clearance processes for STCU project managers and other participating scientists although this was interrupted by the Force Majeure suspension. Per the 2008 performance goals, this training now has been conducted only Kharkiv Regional Office and all other planned training will take place mainly from September onwards, except for the Uzbek Regional Office (which has been postponed due to the STCU accreditation problems in that country).

Customs – While the two-month Force Majeure suspension caused a reduction in customs-related activity, the volume of STCU and project-related import/export customs clearing reached a total of 136 shipments processed for the period 1 January - 30 June 2008, as compared to 217 shipments during the same period in 2007 (2007 saw an annual total of 439 shipments). Import shipments for this six-month period are well down (88 for 2008 vs. 169 for 2007), but export shipments are exactly the same (48 for both 2008 and 2007). At this rate, the projected customs volume for 2008 will be approximately 38% less than in 2007, but this projection is dependent on the real impact of the Force Majeure suspension on customs clearing activity (which will only become manifest as the year goes on).

Travel Coordination – As of 9 July 2008, a total of 809 travel requests and travel support grants, 63 visa support letters, and 32 bank support letters were processed, which is well off the pace of 2007 (but travel approvals were largely suspended during the Force Majeure suspension period). At this rate, the projected end-of-year total will only be about 1,600 travel requests, compared to the 2007 total of 2,700 travel requests (or a 57% decrease, year-on-year).

Plan for 2009

STCU HQ Premises Situation – While the post-Force Majeure situation secured STCU in its current 21 Kamenyariv Street facility until the end of 2008, the situation in 2009 remains uncertain. Thus, the same administrative plan proposed in the 2008 budget request will serve as the guide for the 2009 budget request in this category. In 2009, the Administrative Office will prepare for (a) relocating the STCU HQ office to a new, suitable location in Kyiv, (b) remaining in the current 21 Kamenyariv Street location should the Ukrainian Government decide to renew the lease for this building for 2009, or (c) another possible Force Majeure suspension of STCU HQ office operations and other program activities. If STCU is to relocate or is forced into another Force Majeure crisis, it is likely that AOB Contingency funds may need to be accessed, with the possibility of requiring additional emergency support from the Parties.

STCU Staff Salary & Bonus Budget (2008 Compensation = 9%. 2009 Compensation Request = 25% plus further adjustments of approximately 1% made after the market salary review)

During the Force Majeure suspension period, six STCU staff suddenly resigned from STCU to pursue other job opportunities, giving rise to Advisory Committee discussions and the 26th GBM decision to immediately raise all staff salaries (across the board) by 25%. The rationale of the Advisory Committee was that the Force Majeure suspension, and the high price and wage inflation in the Kyiv area (which have not been matched by STCU during previous AOB requests) were the cause for these sudden staff departures, and that an immediate and large salary increase was needed to respond (NB: by combining two positions into one, and through the normal job recruitment process, STCU managed to fill all of the vacated staff positions by July, i.e., within weeks of the 26th GBM and prior to the staff receiving their first allotment of the 25% increase).



The 26th GBM also requested the STCU to carry out a market survey review of its current job classification and salary-scale matrix, to see if individual reclassifications and salary adjustments were warranted given the competitive labor market in the Kyiv area. STCU made use of several local benchmark indicators, such as the Ernst & Young Annual Survey report for private sector and non-profit organizations, the EC Delegation salary scales, local embassies, and the ANCOR Salary Survey Report.

Overall, STCU salary scales were found to be in the median of the benchmarking indicators, after the STCU salaries had been changed by the 25% across-the-board increase. STCU Management only made a few more, minor adjustments to some salary scales within a few of its job classifications.

Compensation Request for 2009

<u>Salary % Increase 2009</u>	vs	<u>2008</u>	/	<u>One-Time Bonus % Increase 2009</u>	vs	<u>2008</u>
26%		4.0%		0%		5.0%

Based on the fact that all STCU staff received a 25% salary increase as of 1st July 2008 (plus some specific increases resulting from the market survey review), and because the staff are due to receive (in February 2009) additional job performance bonuses from the approved 2008 AOB, STCU Management decided not to request further salary increases for 2009. STCU Management also decided not to request funds for staff job performance bonuses in 2009. However, STCU Management will keep the job performance bonuses as an option for consideration when it builds its 2010 budget request next year.

Staff Training (2008 Budget Allocation = \$22,190. 2009 Budget Request = \$22,150)

Performance in 2008

Of the 16 Administrative Office staff, 5 staff so far undertook relevant professional training or familiarization courses during 2008, mainly in the areas of procurement, language skills training. The main expense comes from professional procurement/contracting practices training, with 3 staff members scheduled to attend professional procurement training in 2008. Because of staff turnover, changes were made to give priority to the new staff who had moved or been promoted into the procurement roles.

Plan for 2009

The Administrative Office plans for 7 staff to take some form of professional training in 2009. Special emphasis will remain on the modern procurement practices (particularly for the 2 new procurement officers), and on developing cross-discipline skills to allow flexibility when adjusting staff workload. Because modern procurement/contract management training is a type of specialized training not currently available in Ukraine, the Office will schedule 3 selected staff (those who have not taken such training since 2007) to attend the usual Procurement / Contract Skills courses offered by the Institute of (Turin, Italy). Should an acceptable local procurement/contract training course become available at lower cost, this will be considered more favorably. Additional local courses are planned for staff professional development and some language training.



Staff Travel (2008 Budget Allocation \$5,000: \$5,000 within CIS, No International Travel budgeted. 2009 Budget Request = \$5,000: \$5,000 within CIS, No International Travel budgeted)

Performance for 2008

During 2008, the CAO plans visit the Regional Offices in Ukraine (all three), Baku and Tbilisi, as these trips were postponed from 2007.

Plan for 2009

Trips will be planned to the Regional Office in Moldova and to one other Regional Office (with priority given to the Tashkent office, if the STCU accreditation in Uzbekistan is resolved) in order to review tax, customs and procurement and office administrative issues. Travel also will be budgeted for one visit to each of the 3 Ukrainian Regional Offices, for possible administrative actions involving the future disposition of those offices premises. No international travel is planned explicitly for the Administrative Office staff, although the staff will plan on international travel paid for under staff training budgets and other budgetary lines.

The Administration Office will continue its external targeted training initiative on the project-related procurement and customs processes, with the goal of conducting one such training session in each of the Regional Offices during 2009, but with one additional trip to Kharkiv as they have the most number of projects. This will be the same as level of activity as in 2008. The 2009 budget request of \$12,150 is slightly higher than the approved 2008 budget for this training activity (\$11,975) due higher prices of travel. As in the past, this request will be included under the budget request for Supplemental Budget - Targeted Training Program.

Facility Improvements, Furniture & Fixtures, Office Equipment, and Telecoms Equipment (2008 Budget Allocation = \$6,000: \$0 for Facility Improvements; \$3,000 for Furniture/Equipment, and \$3,000 for Office Equipment. 2009 Budget Request = \$7,000: \$0 for Facility Improvements; \$3,000 for Furniture/Equipment, and \$4,000 for Office Equipment)

Performance in 2008

During 2008, the STCU Headquarters office remains fully equipped and functional with only routine maintenance required to repair various water leaks replacement of the central heating boiler system to be arranged, repair work on a balcony room on the top floor, and general preventive maintenance.

Plan for 2009

As the STCU HQ premises remains uncertain, the proposed 2009 facilities budget request will be the same as the 2008 level. No facility improvements are seen as necessary in 2009 (particularly if STCU remains at its current location), and only normal levels of maintenance and upkeep is foreseen. If STCU HQ office is relocated during 2009, it is foreseen that any facility expenses will be included in the overall relocation expenses. Further, the 2009 facility-related budget request includes only some equipment items such as the purchase of a high-pressure spray for car cleaning which could cut down car cleaning costs and a replacement digital camera to replace our current old camera. All other items are essentially standard yearly requirements



Vehicle Operations (2008 Budget Allocation = \$25,000 for Vehicle Operations. 2009 Budget Request = \$27,000 for Vehicle Operations.

Performance in 2008

In 2008 the old Mercedes Minivan was sold for \$7,500 and the Nissan sedan was sold for \$17,600. Both sales exceeded the STCU estimates outlined in the 2008 budget plan. With the new VW minivan costing approximately \$45,000, STCU managed to save approximately \$5,000 on the total 2008 budget for vehicle replacement. STCU now has two relatively new vehicles—the brand new VW Minivan and the 2-year-old Peugeot—which with the sale of the underused Nissan sedan, has reduced the overall vehicle operations and maintenance costs. However, current petrol prices saw more increases during 2008, causing an increase in vehicle fuel expenses.

Plan for 2009

Because the cost of fuel is expected to continue rising in 2009, the budget request for Vehicle Operations will be slightly higher (\$27,000 vs \$25,000 in 2008), in spite of the expected savings in maintenance costs and other changes to the STCU vehicle fleet as reported above.

Administrative Office Budget Request for 2009

	2008 Planned	2008 Actual	2009 Request	Change from 2008
Staff				
- Party	1	1	1	0
- Local	15	15	14	-1
- Part-Time	3	3	3	0
Staff Total	19	19	18	-1
Staff Support				
- Travel (Inter'l)	0	0	0	0
- Travel (CIS)	5,000	3,000	5,000	0
- Staff Training	22,190	22,025	22,150	-40
Staff Support Total	27,190	25,025	27,150	-40
Admin Programs				
- Facility Improve	0	0	0	0
- Furn. & Fix.	3,000	1,000	3,000	0
- Office Equip.	3,000	1,883	4,000	+1,000
- Tel. Equip.	0	0	0	0
- Veh. & Oper.	25,000	24,493	27,000	+2,000
- Vehicle Purchase	25,000	20,181	0	-25,000
Programs Total	56,000	47,557	34,000	-22,000
Department Total				
Staff	19	19	18	-1
Funding	83,190	72,582	61,150	-22,040



Finance Office

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 (2008 Budget Allocation = \$7,000 for Software. 2009 Budget Request = \$20,500: \$8,500 for Software and \$12,000 for Other Professional Services).

Performance in 2008

In 2007 the STCU completed the transfer of remaining projects from its legacy systems to the new NAVISION integrated system. Thus, all finance and administrative transactions in 2008 were processed solely in the NAVISION system, and this ERP Installation project was brought to completion.

In 2008, the Finance Department staff member with Navision expertise departed the STCU, and since his departure the STCU has required the services of an outside consultant.

Plan for 2009

Given the completion of this project and the departure of the STCU's in-house expert, the 2009 budget request is for the cost of Microsoft Navision annual maintenance fees (\$8,500), as well as \$12,000 for consulting costs to be included within the other professional services budget.

Staff Travel (2008 Budget Allocation = \$5,240: \$5,240 within CIS; \$0 International Travel. 2009 Budget Request = \$5,240: \$5,240 within CIS; \$0 International Travel).

Performance in 2008

The 2008 Finance Office Staff Travel plan focused on establishing or maintaining banking operations within the STCU Recipient Parties. The 2008 plan for banking support travel consisted of two parts: (1) review of banking operations in Baku and Tbilisi, and (2) re-establishment of local banking operations in local currency (Tsum) and hard currency in Uzbekistan. The STCU decided to postpone the CFO's trip to Tashkent until 2009 due to a lack of progress on the Uzbek banking issue. The review of banking operations in Baku and Tbilisi will also be moved to 2009 as well, given the problems caused by the "force majeure" suspension of STCU operations.

Plan for 2009

The Finance Office will again request budget for the CFO to travel to Tashkent (\$1,300), for the same reasons as outlined in 2008 above. Furthermore, the same amount of funds (\$3,940) will be requested to conduct the postponed travel to Baku and Tbilisi to review banking operations.



Staff Training (2008 Budget Allocation = \$18,930. 2009 Budget Request = \$16,930).

Performance in 2008

For 2008, the following staff training was completed:

- Association of Certified Chartered Accountants (ACCA) training for four people.
- Certified Management Accountant (CMA) training for four people.
- Internal audit training for three people

Plan for 2009

For 2009, the following staff training is planned (total \$16,930):

- ACCA Training for four people at \$1,495.50 per person.
- CMA Training for two people at \$224 per person.
- Internal audit training for three people at \$3,500 per person.

Finance Office Budget Request for 2009

	2008 Planned	2008 Actual	2009 Request	Change from 2008
Staff				
- Local	9	9	9	0
- Party	1	1	1	0
- Part-Time	0	0	0	0
Staff Total	10	10	10	0
Staff Support				
- Travel (Inter'l)	0	0	0	+0
- Travel (CIS)	5,240	0	5,240	+0
- Staff Training	18,930	18,997	16,930	-2,000
Staff Support Total	24,170	18,997	22,170	-2,000
Programs				
- ERP Installation				
○ Software	7,000	8,674	8,500	+1,500
○ Other Professional Services	0	0	12,000	+12,000
Programs Total	7,000	8,674	20,500	+13,500
Department Total				
Staff Funding	10	10	10	0
	31,170	27,671	42,670	+11,500



Information Technology Group

The IT Group is responsible for maintaining all STCU information technology and telecommunications equipment and services. The IT Group is also responsible for the continued development and maintenance of the STCU website, Projects (Technical) Database and all the STCU custom software applications.

The IT Group faced two major challenges in the first half of 2008: managing the complete IT system shut-down, safe-guarding, and re-start related to the Force Majeure suspension; and an unusually rapid staff turnover occurring within a one-month period during the Force Majeure suspension. The IT Group succeeded in working through both of these challenges with only minor disruptions to the overall STCU IT system operations.

IT Group Staff

The IT Group experienced a considerable amount of staff turnover during 2008; the STCU Database Administrator, the STCU Web Master and the STCU Program Analyst left the STCU during the second quarter of 2008. Within one month of these staff departures, the IT Group resolved these vacancies by (a) hiring one new employee for the Program Analyst position, and (b) consolidating the Web Master and Database Administrator positions into a single programming staff position, and hiring one new employee to fill that newly combined position.

The STCU IT Group currently consists of four people (a reduction of one person). While staff turnover is a constant concern within the competitive information technology industry, no changes in this total IT Group staff level are expected during 2009.

IT Group Performance in 2008

During the April-June Force Majeure suspension period, the IT Group managed the safe shut-down of the IT network system, as well as the start-up of this system upon the lifting of the Force Majeure suspension, all the while maintaining the integrity of STCU IT-based project and financial databases and other computer-based processes. Thanks to the IT Group-led transfer of STCU email services to Google GMail™ in 2007, STCU's email capabilities remained operational throughout the suspension. The IT Group did respond to a email system problem encountered during the suspension, whereby the IT Group quickly negotiated a temporary transfer of one of the STCU servers to STCU's Internet provider (and its return to the STCU building for post-Force Majeure suspension start-up).

The IT Group implemented a large-scale upgrade to staff computer hardware, upgraded STCU server hardware, and performed numerous software upgrades. During 2008, the STCU IT Group provided and maintained 35 Laptop Computers, 69 Desktop Computers, and 29 printers in the Kyiv headquarters and the Regional Offices. Of the 104 computers being used in 2008, 8 units failed and required repairs or replacement. System hardware upgrades in the STCU Kyiv office included the purchase of a rack-mounted search appliance, 30 new desktop computers, 4 new travel laptop computers, and various upgrades to the STCU server system to allow a substantial increase in data storage capacity.

The STCU Web Site, launched in 2006, continued to be improved in both form and function. Numerous on-line tools were added or improved to further empower STCU staff. The STCU's proprietary "STCU Project Software" application was redesigned to include all aspects of the STCU Partner Project



process. The IT Group staff training and travel budgets were not fully used during 2008, primarily due to unexpected staff turnover in the IT Group and due to an increase in IT staff workload in order to complete the many planned upgrades following the Force Majeure suspension.

IT Group Plan for 2009

By decision of the STCU management, the STCU IT Group shall focus on maintaining the already existing hardware and software infrastructure established during the previous years. Neither major modifications to the existing system, nor any new additional hardware/software capabilities will be planned for 2009. This “maintain mode” philosophy is reflected in a decrease in the IT Groups 2009 budget request. The IT Group will continue to perform various tasks to improve efficiency and productivity which will include continuing to ensure IT system redundancy and empowering STCU staff and clients with off-line & on-line tools.

Computer Hardware (2008 Budget Allocation = \$47,549. 2009 Budget Request = \$7,700)

Having completed a major computer hardware upgrade in 2008, the IT Group 2009 budget request is considerably reduced, with only planned upgrades to 18 workstations (\$4,500) and hardware repairs/replacements (\$3,200) expected.

Computer Software (2008 Budget Allocation = \$19,008. 2009 Budget Request = \$1,750)

No major software allocations are expected in 2009, as all STCU software applications were brought up to date during 2008. The software budget request for 2009 will allow upgrades from the current 2003 Microsoft Office application to Microsoft 2007 (a one-time cost of \$750), and the purchase of some software applications (at a cost of \$1000) to assist the IT Group in ensuring system redundancy and availability, as well as to allow an increase STCU staff productivity and efficiency.

Other Professional Services (2008 Budget Allocation = \$2,250. 2009 Budget Request = \$2,250)

As in 2008, the annual cost of off-site backup tape storage is the sole amount requested for 2009.

Staff Training (2008 Budget Allocation = \$1,000. 2009 Budget Request = \$3,000)

The staff training budget request has been increased from 2008 to familiarize new IT staff members with STCU system software programs and to build cross-discipline skills in individual staff members.

Staff Travel (2008 Budget Allocation = \$500. 2009 Budget Request = \$2,000)

The staff travel budget request for 2009 will allow the IT Group staff to visit the Ukrainian Regional Offices for on-site IT servicing at those field locations.



IT Group Budget Request for 2009

	2008 Planned	2008 Actual	2009 Request	Change from 2008
Staff				
Party	1	1	1	0
Local	4	3	3	-1
Part-Time	0	0	0	0
Total	5	4	4	-1
Staff Support				
Travel (Int'l)	\$0	\$0	\$0	\$0
Travel (CIS)	\$500	\$0	\$2,000	+\$1,500
Training	\$1,000	\$780	\$3,000	+\$2,000
Total	\$1,500	\$780	\$5,000	+\$3,500
Programs				
Hardware	\$47,549	\$44,475	\$7,700	-\$39,849
Software	\$19,008	\$17,118	\$1,750	-\$17,258
Oth. Prof. Svcs	\$2,250	\$2,250	\$2,250	\$0
Total	\$68,807	\$63,843	\$11,700	-\$57,107
IT Dept Totals				
Staff	5	4	4	-1
Funding	\$70,307	\$64,623	\$16,700	-\$53,607

Science Excellence Department

The Science Excellence Department leads STCU efforts to develop self-sustainable, civilian research employment for former weapon scientists by facilitating science excellence that produces competitive quality research and a credible, worldwide reputation of the STCU participating scientists and institutes. The Department coordinates the processing and management of STCU Regular Project applications (including Host Government Concurrence and Funding Party work plan approvals), organizes seminars, and liaises with scientific institutions and organizations to define the National Science priorities. The Department is also responsible for the Georgian and the Ukrainian Dnipropetrovsk Regional Offices.

Project Management

Performance in 2008

The Department provided assistance in improving project proposal formats in an effort to attract more Foreign Collaborators. For example, on the occasion of the visit of the STCU Science Advisors during the 26th STCU Governing Board Meeting, Funding Parties' representatives took time to interact locally with scientists and present them with their recommended best practices. The Department also supported scientist travel from all STCU Recipient Countries to expand their exposure to scientific events abroad and gain useful insights into national and international science priorities.

Plan for 2009

The Department expects to encourage more effective targeting of proposal submissions in the selected areas of concentration suggested by the Governing Parties, specifically in the form of focused proposal



calls. The Department will continue supporting the Sustainability Promotion Department initiative to encourage scientist-generated Technology Profile Forms (TPF) based on STCU project results, and on "Institute Profile Forms" to promote the capabilities of institutes to potential contract research customers.

Project Proposal Processing

Performance in 2008

The Department concentrated on improving the information formats used in project proposals to render them more useful for Funding Party reviewers, and for later reference in program evaluations and other studies related to the expected impact of funded projects. The Department continued to work on Host Government Concurrence issues with the Ministry of Education and Science of Ukraine to seek the shortest possible period for rendering HGC decisions (this process currently takes about one month).

The on-line, standardized internal process of Project Contract Agreement concurrence saw measurable improvements in project processing during the year, and revised information formats for Letters of Collaboration and Letters of Support brought more clarity to these important references to project research. Also, the Technology Marketplace section of the STCU Web Site was revised into a comprehensive format based on the STCU nine primary science & technical areas.

Plan for 2009

In 2009, the Department will continue improving Proposal and Project Agreement processes, in response to evolving Party interests, as well as to serve recipient scientists in producing competitive research proposals.

However, should the Governing Board adopt the current version of the draft Strategic Plan, the current "open, continuous" registration of project proposals could be replaced by a more narrow and selective "targeted call for proposals" connected to defined Targeted Research Programs. Under this scenario, Project Proposal Processing (and Project Management) would undergo significant changes. One possible change could be that Regular Projects process and the Targeted Initiative process would be combined to form a new "Targeted Research Program" approach, focused on soliciting a specific set of research proposals using defined technical specifications and other bounding criteria in a targeted call for proposals. The Department will keep such a possibility in mind as the Strategic Plan is developed, and if and when the Governing Board approves it.

Seminars/Workshops (2008 Budget Allocation = \$0 for Shared Supplemental – Seminars/Workshops, plus €30,000 for EU Designated Supplemental - Seminars/Workshops. 2009 Budget Request = \$40,000 for Shared Supplemental – Seminars/Workshops, plus €40,000 for EU Designated-Supplemental Seminars/Workshops).

Performance in 2008

The Department engaged in several science promotion events, mostly in the European Union, with participating scientists from several STCU Recipient Countries and in association with the ISTC. Using EU Party-Designated Supplemental Budget funds, the Department organized scientist delegations to travel to:



- Ljubljana, Slovenia (STCU – Jozef Stefan Institute Science Conference)
- CERN, Switzerland
- INES Chambéry and INSA Lyon (France)
- LETI Grenoble and ISIPM La Rochelle (France)
- EU Contact Expert Group Meetings
- Nanotech Forum (Essen, Germany)
- INSERM Tuberculosis Symposium, (Lyon, France)

The results from these events has, thus far, has been limited to expressions of interest in the STCU and its Partners Program, and the potential for new European collaborators and ideas for new scientific proposals suggested to the recipient scientists (based on National Science Priorities).

Plan for 2009

The Department plans to sponsor recipient scientist delegations to two European events: one event in Prague, Czech Republic in early April (under the Czech EU Presidency), with a single research topic area (perhaps nuclear science); the other event in Stockholm (under the Swedish EU Presidency), which might take the form of a series of small events such as participation in an exhibition and organizing internships for Ukrainian scientists in Sweden (using the remaining Swedish Supplemental Budget line).

The STCU plans to limit its workshop planning to one major workshop in 2009, as experience from 2008 plus other planned 2008 activities suggest that one STCU-organized workshop will be the most that the STCU staff and resources can manage effectively in this year. This workshop will cover scientific topics of interest to all the STCU Parties—perhaps in the area of “Targeted Research Programs” as this is one new programmatic approach in the proposed STCU Strategic Plan. The budget request for such a workshop shall be included in the Science Excellence Department, and we will work with the Technology Advancement Department (and other STCU Departments) to organize this single STCU workshop.

Staff Training (2008 Budget Allocation = \$12,500. 2009 Budget Request = \$12,500).

Performance in 2008

The Department used very little of its training budget, primarily as a consequence of the Force Majeure suspension and the need to manage various aspects of the STCU shut-down and re-start of operations (e.g., many Department staff were engaged in the official suspension and re-start of Ukrainian projects subject to the Force Majeure declarations). The 2008 plan for mandatory Basic Program Management training is still planned for the last quarter of 2008.

Plan for 2009

For 2009, planned Department staff training will include staff-chosen training in professional development. An effort will be made to encourage both recipient scientists and STCU staff to seek more business-related training to better understand the factors involved in building self-sustainability in science & technology.



Staff Travel (2008 Budget Allocation = \$13,000: \$5,000 within CIS; \$8,000 International. 2009 Budget Request = \$14,000: \$6,000 within CIS; \$8,000 International).

Performance in 2008

Staff travel was used according to necessity to send directly to seminars, conferences and meetings SED Senior Specialists and Regional Offices Managers. The budget served all, although given price rises only a limited number of travels were allowed. Often they were complemented by Parties designated Supplemental Budget lines (Conference in Slovenia) or by Parties' Programs (US Biotechnology Engagement Program).

Plan for 2009

In 2009, the level of Department staff travel is expected to be similar that in 2008, with a small increase over the approved 2008 budget to account for travel price inflation. Party-Designated Supplemental Budget funds will be used for STCU staff travel only when the relevant Party requests such STCU staff travel.

EU Designated Supplemental Budget - Patent Support (2008 Budget Allocation = €7,000. 2009 Budget Request = €5,000).

Performance in 2008

STCU received no EU Party request to provide financial support for a patent application through STCU, therefore the €7,000 allocated was not spent. All of the unused 2008 funds will be returned to the EU Party's undesignated capital contributions at the end of the year.

Plan for 2009

Based on EU Party request to support one specific patent application through STCU, an amount of €5,000 is requested for this EU Party Designated Supplemental Budget line to provide possible financial support of local patent application expenses in conjunction with a future European patent application.

EU Designated Supplemental Budget - Expert Review and Advisors (2008 Budget Allocation = €130,000. 2009 Budget Request = €120,000).

Performance in 2008

Three EU Expert reviewers were hired as of January 1st 2008 to provide STCU with expert advice on scientific policy matters and project proposals. Their main tasks included:

- to advise the EU Party to the STCU Agreement, and by extension the STCU Governing Board, on the fields and subjects of research with the highest priorities for the civilian conversion of WMD scientists;
- to assist the EU Party in evaluating STCU proposals for the purposes of rendering project approvals and funding commitments;



- to help Ukrainian and CIS weapon scientists in their search for potential western-especially European-partners and vice versa;
- when appropriate, to assist in the organization, and to participate in, STCU Seminars or Workshops.

The DED (EU) is responsible for immediate supervision of these European Expert-Reviewers, on behalf of the STCU and the EU Party.

Plan for 2009

The EU Party has proposed depositing €120,000 for the purposes of prolonging financing European Expert-Reviewers. These Expert-Reviewers would form an EU Scientific Advisory Committee (EU-SAC) to provide European expertise on scientific policy matters and project proposals, for the benefit of the EU Party and the STCU Governing Board. U.S. and Canada scientific advisors are considering joining to the EU reviewers in an expanded grouping of all the Funding Parties' scientific advisors.

Regional Offices (Georgia and Dnipropetrovsk)

Regional Officer Travel (2008 Budget Allocation = \$5,000. 2009 Budget Request = \$5,000; \$3,000 for Tbilisi; \$2,000 for Dnipropetrovsk)

The Regional Officers traveled to Kyiv on one occasion to attend Regional Officer Meetings at STCU Headquarters, and also traveled within their regions of responsibility. In 2009 (and taking into account the exchange with the Science Excellence Department of the Dnipropetrovsk and Chisinau offices), the Regional Officers will conduct similar, but less, travel as in 2008, with the exception that travel to attend Regional Officer Meetings at the Kyiv headquarters will be in conjunction with project monitoring travel to Ukraine-based projects, to leverage this expenditure of travel funds.

Regional Office Operations and Other Professional Services (2008 Budget Allocation = \$9,000: \$4,000 for Tbilisi and \$5,000 for Dnipropetrovsk. 2009 Budget Request = \$9,000: \$4,000 for Tbilisi and \$5,000 for Dnipropetrovsk)

The Regional Offices remained open during the Force Majeure suspension of the Kyiv office operations, in order to keep local scientists and officials informed of the status of the STCU HQ office situation. Beyond this, the Regional Office operations in Tbilisi and Dnipropetrovsk experienced a typical level of expenses in 2008. The office operations in both locations should have the same level of expenses in 2009.



Science Excellence Department Budget Request for 2009 (except solely funded EU SB budgets)

	2008 Planned	2008 Actual	2009 Request	Change from 2008
Staff (persons)				
- Local	8	7	7	-1
- Party	1	1	1	0
- Part-Time	0	0	0	0
Staff Total	9	8	8	-1
Staff Support				
- Travel (Inter'l)	8,000	8,191	8,000	0
- Travel (CIS)	5,000	5,000	6,000	+1,000
- Staff Training	12,500	12,598	12,500	0
RO Operations				
- Travel	5,000	6,000	5,000	0
- Overhead & Oth.Prof. Serv.	9,000	11,968	9,000	0
Staff Support Total	39,500	43,757	40,500	+1,000
Workshops, Seminars (addl. Funds) - Shared	0	0	40,000	+40,000
Programs Total	0	0	40,000	+40,000
Department Total				
Staff	9	8	8	-1
Funding	39,500	0	80,500	+ 41,000

Science Excellence Department Budget Request for 2009 (Solely Funded EU SB Budgets Only)

	2008 Planned EUR	2008 Actual EUR	2009 Request EUR	Change from 2008
EU Designated Tech. Collab., and Cont. Travel Support	€30,000	€25,941	€40,000	+10,000
EU Patent Support	€7,000	0	€5,000	-2,000
EU Designated Travelers & Partner Promotion	€70,000	67,516	€60,000	-10,000
EU Expert Review and Advisors	€130,000	37,253	€120,000	-10,000
EU Seminars/Workshops	€30,000	24,086	€40,000	+10,000
Programs Total	€267,000	€154,796	€265,000	- €2,000



Technology Advancement Department

The Technology Advancement Department leads STCU efforts to assist former weapon scientists in developing their research results and technology further towards practical applications and uses. The Department coordinates the processing and management of STCU projects and proposals; organizes seminars/workshops; and focuses former weapon scientists on the advancement of applied science and technology development. It also manages the Targeted R&D Initiatives program.

Department Staff

Performance in 2008

In 2008, the Department assumed supervision of the Moldovan Regional Office, in exchange for moving supervision of the Dnipropetrovsk Regional Office under the Science Excellence Department. The Department also saw the departure of one ex-patriot (American) Senior Specialist. To some extent the responsibilities and workload of this Senior Specialist was redistributed to other Senior Specialists.

Plan for 2009

With the existing staffing and the programmatic changes that are anticipated in 2009 (e.g. Targeted Initiatives, targeted programmatic approaches, increasing Party-specific programmatic requests such as the Canadian Party's Bio-Nonproliferation Program), the Department is in need of an additional professional staff member, so that the Department can manage its current workload while taking on any new activities directed by the Governing Board. Thus, the Department is requesting a new staff position be placed under it, which will be drawn from one of the unfilled staff vacancies or from internal re-distribution of existing STCU staff members (i.e., there will be no new position created and no increase in current STCU staff level). This new Department staff member would be given responsibility for:

- Developing any adjustments required by the Parties to the current Targeted Initiatives (TI) Program.
- Coordinating the internal and external communication of the current TI activities, including coordination of the milestone schedules in the TI process.
- Coordinating Department-tasked support for GB-approved/Party-directed programmatic activities (primarily requests from the Canadian Party), such as conference/workshop organization, visiting missions from the Parties, Party-requested travel delegations, etc.

Project Management

Performance in 2008

During the first six months of 2008, the Department maintained its level of management of oversight of active STCU Regular and Partner Projects, as well as project proposals. The Department's Senior Specialists undertook the project actions required by Force Majeure declaration of 8 April 2008, by issuing project suspension letters to affected Ukrainian projects. The Department staff also undertook the actions needed to lift these project suspensions once the Force Majeure suspension was, itself, lifted on 19 June 2008.



In addition, there is a possibility that a new biological nonproliferation initiative from Canada, the Bio Nonproliferation Program (BNP), will emerge as a significant new source of project and supplemental program activity. In the last half of 2008, the program requested STCU assistance in sponsoring several Ukrainian and Azeri biological scientists to attend a “train the trainer” bio-safety certification course in the United States, and to plan for the purchase of equipment related to this training for installation at the Ukrainian and Azeri home institutes. The Canadian BNP director and Canadian Party representatives indicated that there would be more BNP work for STCU in the near future.

Plan for 2009

In 2009, the Department will continue its normal level of project management and oversight, while taking steps to improve its internal project-related processes and implement the newly adopted enhancements, such as the expanded project technical monitoring reports.

CA Designated Supplemental Budget – CA Designated Tech. Collab., and Cont. Travel Support (2008 Budget Allocation = \$150,000. 2009 Budget Request = \$250,000).

Performance in 2008

Of the \$150,000 budgeted for 2008, approximately \$13K has been spent as of June 30, 2008 for Canadian travelers to travel to Dnipropetrovsk to attend the Canada Ukraine business summit held in March 2008. In the remainder of 2008, \$10K is planned to be spent to bring Canadians to the STCU conference in Crimea in September 2008.

Plan for 2009

This includes travel to participate in: Canada-Ukraine Business Summit (15 Cdn experts) in 2009, project collaboration (1 collaborator, 10x per year), Partner mission (1x10 companies), Partner matchmaking (5 company reps), Institute Sustainability Assessments (4x per year, multiple institutes), and one FSU S+T event with Canadian focus (10 Cdns)

CA Designated Supplemental Budget – CA Travel and Mobility Support (2008 Budget Allocation = \$150,000. 2009 Budget Request = \$250,000).

Performance in 2008

Of the \$150,000 budgeted for 2008, approximately \$54K has been spent as of June 30, 2008 for the following purposes: (1) \$30K for Canada Ukraine business summit in Dnipropetrovsk, (2) \$5K for EBSA conference in Florence, Italy, and (3) \$18K for Globe 2008 Conference in Vancouver, Canada. In the remainder of 2008, \$85K is planned to be spent for the following events: (1) \$30K for Bio-training at Eagleson Institute, (2) \$35K for NATO ASI, and (3) \$20K for ABSA conference.

Plan for 2009

This includes travel for participation in: Canada-Ukraine Business Summit, IGX STTAG meeting in Ottawa (2 pers), project collaboration (2 pers 10x per year), networking events such as NATO-ASI or Remtech or training (5 pers x 8 events), and one FSU S+T event with Canadian focus



CA Designated Supplemental Budget – Biosecurity & Biosafety (2008 Budget Allocation = \$0. 2009 Budget Request = \$125,000).

Performance in 2008

Budget line did not exist. Created at the end of 2008 as per the request of the Government of Canada

Plan for 2009

This includes the following planned activities: (1) Travel and Equipment Certification for Biosafety Cabinet Certification Program, (2) Travel for Biosafety Association for Central Asia and the Caucasus (BACAC), (3) Project-related travel and training for UAPRI Training Center, (4) ABSA Travel, and (5) Canadian Biosafety Symposium.

Targeted R&D Initiatives

Performance in 2008

The Targeted R&D Initiatives Program continued its 2008 plan of activities, including the following:

- Successful completion of the 4th Targeted Initiative cycle with the National Academy of Sciences of Ukraine, with approval of 12 new projects, totaling approximately \$1.2 million, on the occasion of the 26th STCU Governing Board Meeting.
- Successful completion of the 2nd Targeted Initiative cycle with the Georgian National Science Foundation, with approval of 8 new projects totaling approximately \$400,000, at the 26th STCU Governing Board Meeting.
- The Call for Proposals issued on 1 July for the 2nd Targeted Initiative cycle with the Academy of Sciences of Azerbaijan, with a project funding goal of \$500,000, to be completed at the 27th STCU Governing Board Meeting in the last quarter of 2008.

In March 2008, a preliminary understanding had been reached with the Moldovan Academy of Sciences for an inaugural Targeted Initiatives cycle in 2008. However, misunderstandings during the organizational and process design of the Targeted Initiatives cycle, coupled with time lost during the Force Majeure suspension, resulted in the Academy requesting a postponement of this cycle until 2009.

In an effort to address Party concerns that the proposals submitted under Targeted Initiatives did not fully meet the policy and research area interests of the Funding Parties, an attempt was made to increase contact with expert groups to better align the research areas of each Call for Proposals with the interests of the Funding Parties. In 2008, the Department engaged several European Contact Expert Group (CEGs) in the areas of nuclear fusion research, nuclear plant life management, and others. For the 2008 Targeted Initiative cycles, some of the information from the CEGs was used to aid the scientists in their proposal development, but there was not enough detailed guidance from the CEG interactions to tailor-design the Ukrainian or Georgian TI Calls for Proposals for 2008. Deeper interactions with the European CEGs, similar interactions with science expertise from the U.S. and Canada, and (in general) more specific information on Funding Party priorities, will be needed if such efforts are to effectively align Targeted Initiatives with the Funding Party interests.



Plan for 2009

The Targeted R&D Initiatives Program will continue in their current form for 2009, but the proposed new STCU Strategic Plan 2009- 2012 likely will require major changes in the nature and scope of the existing Targeted Initiative Programs. One possible change on the horizon would be to replace both the Regular Project “open, continuous” call for proposals and the current Targeted Initiative Programs with a combined single set of “targeted research programs” focused on soliciting a specific set of research proposals using defined technical specifications and other bounding criteria in the targeted call for proposals.

Until the Strategic Plan is approved by the Governing Board, however, the Department will proceed with the existing Targeted Initiative Programs in Ukraine, Georgia, and Azerbaijan, as well as attempt to initiate a program in Moldova. For 2009, the 3rd Georgian cycle and the 5th Ukrainian cycle will take place starting in November 2008 and ending in May/June 2009, the total project funding targets set to be \$500,000 for the Georgian cycle and \$1.2 million for the Ukrainian cycle. The 3rd Azeri cycle, and possibly the inaugural Moldovan Targeted Initiative cycle, would be planned to start in May/June 2009 and ending in November/December 2009, with a total project funding goal of \$500,000 for the Azeri cycle and \$300,000 for the Moldovan cycle.

Seminars/Workshops- (2008 Budget Allocation = \$35,000 in Supplemental–Shared. 2009 Budget Request cited in Science Excellence Department section)

Performance in 2008

The Department used its planned Seminar/Workshop budget for 2008 to join and co-organize a previously scheduled international scientific conference on “materials sciences” and applications in aerospace” (Crimea, September 2008). In this way, STCU leveraged its 2008 Seminar/Workshop funding to influence the organization and agenda of this larger event so that STCU could better showcase its projects, activities, and selected recipient scientists. The conference had several key organizing entities, including the Ukrainian, Russian and Belarusian Academies of Science.

Further, in March 2008, the Department became heavily involved in an unplanned (i.e., unplanned by STCU in its 2008 Budget Request) commercial partnering event, initiated by the Canadian Embassy in Ukraine and the Canadian Department of Foreign Affairs and International Trade in Ottawa. This “Canada-Ukraine Business Summit” took place in Dnipropetrovsk and Kyiv, and involved a large trade delegation of Canadian business representatives participating with Ukrainian commercial, governmental, and S&T representatives. STCU specifically sponsored some 60 recipient scientists to participate in the Summit events and interact with Canadian commercial representatives, in the hope of generating more Canadian Non-Governmental Partner interest and projects.

Plan for 2009

The Department plans to assist the Science Excellence Department in organizing one major STCU workshop for 2009 (see Science Excellence Department section for more detail). The workshop will cover research areas of current S&T interest among all the Parties. As noted in the Science Excellence Department section, this 2009 workshop will cover scientific topics of interest to all the STCU Parties—perhaps in the area of “Targeted Research Programs” as this is one new programmatic approach in the



proposed STCU Strategic Plan 2009-2012. Also, the Department will take the lead in coordinating STCU support to an anticipated Canadian Party request for STCU participation in a 2nd Canada-Ukraine Business Summit.

Staff Training (2008 Budget Allocation = \$12,500. 2009 Budget Request = \$15,000)

Performance in 2008

In 2008, for the Department's Senior Specialists will participate in a mandatory Basic Program Management training course to improve the general program management skills of these Specialists in anticipation of future STCU activities and strategic direction. Other planned Department staff training will include staff-chosen training in professional development.

Plan in 2009

In the context of enhancing the core competence of the personnel within the department and across the Centre, staff will participate in program management / time management training courses throughout 2009. In addition, one of our leading Senior Specialist will participate in the second year of an Open University program "Certificate of Management".

Staff Travel (2008 Budget Allocation = \$13,000: \$10,500 for Travel within CIS; \$2,500 for International Travel. 2009 Budget Request = \$20,000: \$15,000 for Travel within CIS; \$5,000 for International Travel)

Performance in 2008

The Department conducted a normal amount of travel in 2008, with staff traveling to Moldova for the purpose of consultations and coordination in the context of the Targeted Initiatives. Staff traveled to Canada with recipient scientists to facilitate linkages between the Mechnikov Anti-Plague Institute (Odessa) and Canada's Virology laboratory (Winnipeg). There also was staff and DED travel to the Ukrainian Regional Offices, including several trips to the Dniepropetrovsk Regional Office for administrative reasons.

Plan for 2009

In 2009, in addition to the usual travel to the Department's Regional Offices, there will be staff travel to Georgia, Azerbaijan and Moldova in anticipation of introducing new changes to the current Targeted Initiative Program approach, aligning TI proposal submissions to the research priorities of the western Funding Parties. This travel may also address changes in STCU project solicitation approach if a "Targeted Research Program" concept is approved by the Governing Board in the new STCU Strategic Plan.



Regional Offices (Kharkiv, Lviv, and Chisinau)

Regional Officer Travel (2008 Budget Allocation Travel = \$7,500. 2009 Budget Request = \$8,500: \$3,500 for Kharkiv; \$2,000 for Lviv; \$3,000 for Chisinau)

The Ukrainian Regional Officers traveled to Kyiv on one occasion to attend Regional Officer Meetings at STCU Headquarters, and also traveled within their regions of responsibility. In 2009 (and taking into account the exchange with the Science Excellence Department of the Dnipropetrovsk and Chisinau offices), the Regional Officers will conduct similar, but less, travel as in 2008, with the exception that travel to attend Regional Officer Meetings at the Kyiv headquarters will be in conjunction with project monitoring travel to Ukraine-based projects, to leverage this expenditure of travel funds.

Regional Office Operations and Other Professional Services (2008 Budget Allocation = \$19,500. 2009 Budget Request = \$18,500: \$9,500 for Kharkiv; \$5,000 for Lviv; \$4,000 for Chisinau)

The Regional Offices remained open during the Force Majeure suspension of the Kyiv office operations, in order to keep local scientists and officials informed of the status of the STCU HQ office situation. Beyond this, office operations in all three Ukrainian Regional Offices were normal in 2008 and were under the planned budgetary expenses. In 2009 (and taking into account the exchange with the Science Excellence Department of the Dnipropetrovsk and Chisinau offices), the Regional Office operations should have the same level of expenses as in 2008. There is a request to maintain the part-time office assistant in the Kharkiv Regional Office, due to the project workload expected to be managed by the two Kharkiv Regional Office Manager and Kharkiv Project Coordinator.

Technology Advancement Department Budget Request for 2009

	2008 Planned	2008 Actual	2009 Request	Change from 2008
Staff				
- Local	7	7	8	+1
- Party	2	1	1	-1
-Part Time	0	0	0	0
Sub Total	9	8	9	0
Staff Support				
Travel (Inter'l)	2,500	2,500	5,000	+2,500
Travel CIS	10,500	10,336	15,000	+4,500
Staff Training	12,500	12,500	15,000	+2,500
RO Operations				
- Travel CIS	7,500	4,700	8,500	+1,000
- Overhead & Other Prof. Services	19,500	14,800	18,500	-1,000
Staff Support & RO Total	\$52,500	\$44,836	\$62,000	+\$9,500
Programs				
S.B. – Tech., Collab., Cont. Travel – Canada	150,000	22,820	250,000	+100,000
S.B. – Travel & Mobility – Canada	150,000	138,923	250,000	+100,000
S.B. Conferences / Workshops -	35,000	35,000	0	-35,000



Shared				
S.B. – Biosecurity & Biosafety - Canada	-	-	125,000	+125,000
Programs Total	\$335,000	\$196,743	\$625,000	+\$290,000
Staff	9	8	9	0
Funding	\$387,500	\$241,579	\$687,000	+\$299,500

Sustainability Promotion Department

The Sustainability Promotion Department seeks to increase the number of opportunities for STCU recipient scientists to enhance their ability to secure self-sustainable, civilian research employment by developing long- term partners within the private and government sectors, securing intellectual property rights, guiding scientists in commercial licensing negotiations, and building skills and experience in beneficial technology transfer.

Department Staff

In 2008, the Department’s Governmental Partnership Manager and Sustainability Support Officer left STCU to continue their careers with local companies. These vacancies were competitively filled by existing STCU staff. The Department is now fully staffed and will not request additional positions or eliminate positions for 2009.

Institute Sustainability Program (2008 Budget Allocation = \$400,000 in Shared Supplemental Budget – Institute Sustainability Program. 2009 Budget Request = \$250,000 in Shared Supplemental Budget – Institute Sustainability Program).

Performance in 2008

The Institute Sustainability Program (ISP) began in 2008 with preliminary roll-out presentations and tender solicitation for the external consultants. After the March 2008 Advisory Committee meeting, the Parties requested that a pilot ISP activity be initiated quickly, using a small number of Ukrainian institutes, to demonstrate the process prior to the 27th GBM in November 2008. However, because of Force Majeure suspension, the plan for this pilot phase was forced to be re-scheduled. The external consultants are now scheduled to perform their field assessments of the pilot group of institutes in September, and the first self-sustainability plan proposals are now expected for submission after the 27th GBM. Nonetheless, a group of 4-7 Ukrainian institutes (identified from internal STCU project and supplement program data) was invited in July to participate in the pilot ISP phase.

Plan for 2009

As a first step, the Department proposes that the 27th GBM approve a change in the program name, from “Institute Sustainability Program” to “Institute Self-Sustainability Program”, which is more accurate to what the program is intended to achieve (and it will translate more accurately into Russian and Ukrainian). Next, through round-table discussions and using the external consultant assessments, the STCU and pilot-phase institutes will identify the general self-sustainability needs, and submit proposed plans addressing those needs in early 2009. If the some of the Funding Parties are able to approve sustainability plan proposals for funding via an out-of-GBM-cycle process, the first of these pilot phase

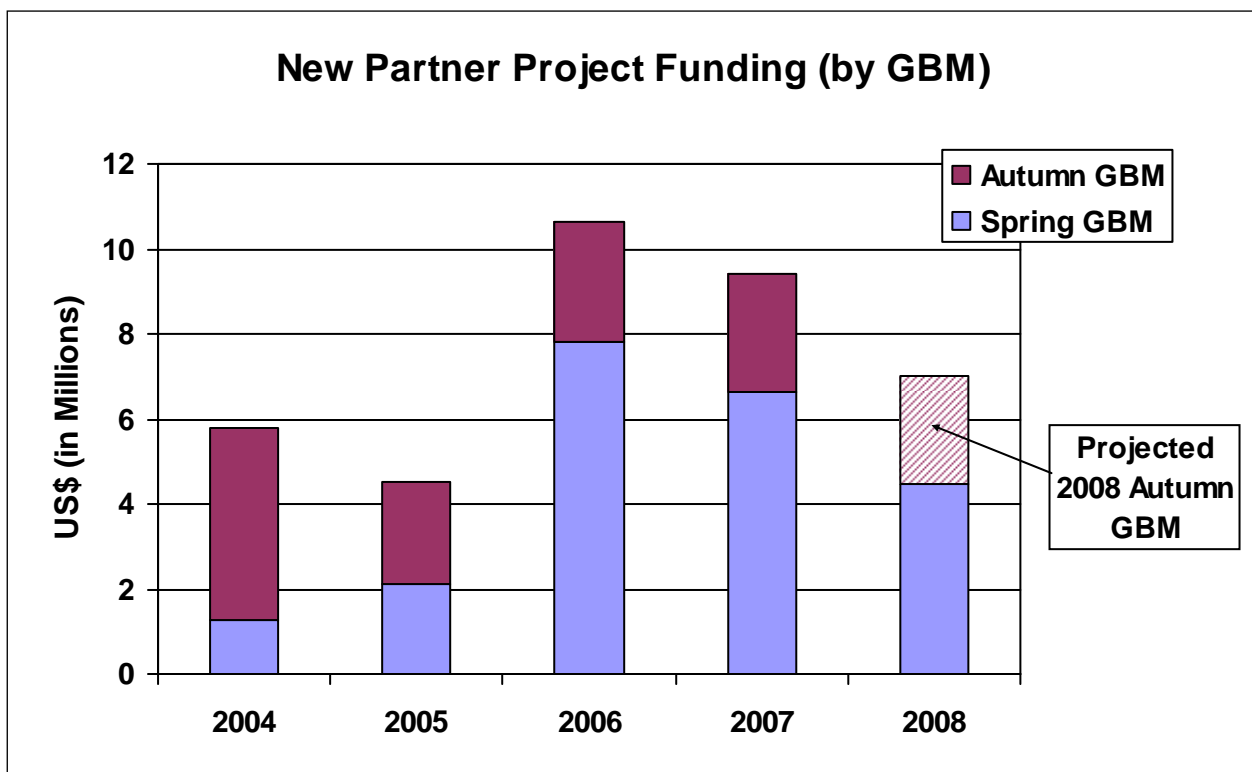


ISP plans could be started by mid-2009. Based on lessons learned from this pilot phase, the ISP program will start full implementation during the second half of 2009. For this full implementation phase, the ISP will require Shared Supplemental Budget funds for organizing round-table discussions, conducting expert consultant assessments, supporting travel and training courses, and other program-related expenses. Throughout the program, milestones with specific outputs will be used to measure the progress toward the goals, while specific measurements related to Sustainability Elements will be used to assess individual institute progress.

Partnership Promotion (2008 Budget Allocation = \$ 50,000 from Shared Supplemental Budget – Bus. Training/Sus. Support. 2009 Budget Request = \$101,850 from Shared Supplemental Budget – Bus. Training/Sus. Support)

Performance in 2008

There was decrease in new GB-approved Partner Project funding in the first half of 2008 as compared to the same periods during 2006 and 2007. STCU is projecting that the second half of 2008 will not see a change in this trend, implying that 2008 will have less new Partner Project funding than in 2007 and extend the decline in Partner funding from the peak year of 2006. Nonetheless, Partner Projects continue to be a major portion of STCU project activity.



In 2008, STCU conducted four Partner Promotion road shows (two in the United States, one in Canada, one in Ukraine) to provide former weapon scientists with first-hand experience in marketing S&T



capabilities as well as to promote the STCU and its Partners Program to governmental and non-governmental customers.

- **10th Biennial Trade Fair and Conference on Business and Environment- GLOBE 2008 (Vancouver, Canada, March 2008).** STCU led a 12-member delegation (2 sponsored under STCU Travel Support Grants, 8 sponsored under Canadian Party-Designated Supplemental Travel grants, and 2 using travel funds budgeted in their STCU Regular Projects).
- **TechConnect Summit Investment Conference (Boston, Massachusetts, USA, 1-5 June 2008).** STCU led a 4-member delegation of former weapon scientists, who made dozens of contacts with commercial technology representatives, and also received company-specified technology R&D needs for further consideration.
- **2nd Annual Forum of Private Investors of Ukraine (Kyiv, Ukraine, 21 May 2008).** STCU invited four former weapon scientists, based on their business plan submissions, to participate in this forum under STCU sponsorship. One Department staff member accompanied this group to the forum.
- **Silicon Valley Open Doors Investment Conference for CIS countries (Palo Alto, California, USA, November 2008).** STCU will sponsor three scientist-entrepreneurs to attend this conference and showcase their technologies and business plans to investors (this is the third time STCU has attended this conference designed to attract U.S. investors interested in opportunities in former Soviet Union countries).

The Department also established a relationship with a new Ukrainian “angel investor” association where recipient scientists and CTCOs can meet with potential Ukrainian investors. Three FWS presented their business plan opportunities at an investor forum in Kyiv. The association’s management has been meeting with CTCO’s and institutes to hear about technologies suitable for investing.

Each Partner Promotion road show was preceded by STCU-provided 1-2 day training exercises to prepare the scientists for the road-show environment. STCU staff and others that interact with the scientists during these Partner Promotion road shows have seen the benefits of this preparatory training in the way the scientists are able to act and speak confidently about their work and to seek partnership opportunities

Plan for 2009

Because development of new partnerships between outside customers and former weapon scientists/institutes is important to building viable self-sustainable sources of funding for STCU recipients, the Department plans on focusing Partnership Promotion efforts on those road-shows and events that show the best potential for increasing the number of Partner Projects and other governmental and non-governmental customer interest in the FWS and their institutes. To achieve more synergy amongst programs, especially with the ISP program, the Department plans to use more CTCOs in these Partnership Promotion events in addition to the number of former weapon scientists. More joint exhibitions with ISTC also will be sought. The following Partnering events are planned for 2009:

- Hannover Messe Technology Exhibition in Germany (7 participants at \$2650 in travel support = \$18,550).



- A Canadian Exhibition in 2009, to be done jointly with ISTC (5 participants at \$3900 in travel support = \$19,500).
- BIO-2009 Bio-Technology Exhibition in the United States, to be done jointly with ISTC and in conjunction with U.S. Department of State Bio Industry Initiative. (10 FWS planned as participants with possible financial support from US BII program+ 2 STCU staff at \$5000 each=\$10,000)
- TechConnect Summit, United States (4 participants at \$4000 in travel support = \$16,000).
- WBT World Best Technology Showcase, United States (5 participants at \$4000 in travel support = \$20,000).
- Forum of Ukrainian Private Investors & Associations memberships (3 FWS participants at \$400 registration+ \$600 registration for 2 tech transfer associations in EU & US=\$1800)
- Promotional material and preparatory training for each of the above road shows (6 events training at \$1000 per event = \$6,000, plus \$10,000 for printing promotional materials=\$16,000).

Sustainability Development (2008 Budget Allocation = \$89,000 from Shared Supplemental Budget – Bus. Training/Sus. Support. 2009 Budget Request = \$245,000 from Shared Supplemental Budget – Bus. Training/Sus. Support)

Performance for 2008

In 2008, the Department performed an in-house evaluation of its Chief Technology Commercialization Officer (CTCO) program by requesting the current CTCO graduates to provide reports on their activities since completion of their STCU-organized CTCO training course (14 months ago for Ukraine, 6 months ago for Azerbaijan and Georgia). A further, independent assessment of the CTCO Program will be conducted by external western consultants, but from this first internal assessment, the Department concluded that:

- There are currently 36 active, STCU-trained CTCOs (Ukraine – 11 in Ukraine, 12 in Georgia, 13 in Azerbaijan) with the goal of adding a similar number of Moldovan CTCOs by the end of 2008.
- Technological audits were conducted at almost all the CTCO institutes.
- The CTCOs developed English-language Technology Profile- and Institute Profile Forms.
- The CTCOs are initiating meetings and working on developing contacts with foreign as well as national companies.
- The Ukrainian Institute of Physics expanded their CTCO Office to 2 staff members and is currently negotiating a commercial licensing agreement.

The CTCO Program has had encouraging support within Ukraine, Georgia and Azerbaijan. For example, under the auspices of the Azerbaijan National Academy, the Azeri CTCOs are now meeting each month to continue their information exchange. Finally, the Department participated in many meetings and workshops involving CTCOs on topics related to tech transfer, patenting, business planning, partnering and commercialization.

STCU –hosted Tech Transfer, IPR, and Business Planning Round Tables		
May 8	Kyiv - Institute of Physics with representatives from Institute of Semiconductors Physics	45 attendees
May 10	Kyiv - Space Research Institute with	15 attendees



	representatives from Institute of Cybernetics	
May 22	Kyiv- Kyiv Polytechnic Institute	15 attendees
Other Conferences or Workshops		
April 9-10	Kyiv-UK Dept of Trade and Industry CNCP- CNCP Commercialization Seminar	5 Ukr. CTCOs +2 STCU participants
April 22	Kyiv-Business Forum "Problems and Perspective of development of innovative activity at KNTEU"	4 STCU participants
May 15, June 8	Kyiv- World Bank Ukraine Knowledge Economy Dialogue Sessions	4 STCU participants
June 3	Kyiv-Ukrainian Institute of science technical and economic information, Seminar "Organization of intellectual property activity in budget organizations (high education and R&D Institutes)"	2 STCU participants
May 21	Kyiv-The Second Annual Forum of Private Investors of Ukraine	5 STCU participants
CTCO Seminars, Training Courses, Meetings		
February 12-13	Baku- STCU Round Table with Certificate award ceremony for CTCO and home task presentation	4 STCU participants
February 15-16	Tbilisi- STCU Round Table with Certificate award ceremony for CTCO and home task presentation	5 STCU participants
CTCO Investor Meetings		
April 9-10	Kyiv-Isis Innovations, Anglo scientific	4 CTCOs
June 10	Kyiv-Meeting with the President of Association of Private Investors of Ukraine	3 CTCOs

Also, the UK Department of Trade and Industry held a 2-day workshop on commercialization where more than 60 former weapon scientists and CTCO's from Ukraine and other CIS countries participated. From this meeting, several UK investors and professionals became involved with possible investment opportunities. Further, as a by-product of the 2007 STCU 'Science to Business' workshop in Baku, STCU received a set of licensing agreement templates and other documents used by the technology transfer office at Georgetown University (Washington DC, USA) that will be useful in working with the newly established CTCOs.

In the second half of 2008, the Department will use the first core group of CTCOs to form a "CTCO Association" in Ukraine (with open membership to other CIS countries). This Association will seek to eventually join one of the major tech transfer associations, such as ASTP (Association of S&T Professionals) in the Europe, or AUTM (Association of Technology Managers) in the United States. Some of the key functions of the CTCO Association will be to:

- Organize the CTCOs into a body that can meet regularly to share information, ideas, and experiences in successful approaches for business development,
- Provide training venues for new CTCOs,
- Provide visibility to the activities of the CTCOs at the institutes and elsewhere in the Recipient Parties, and,
- Provide promotional opportunities by inviting investors and business individuals from Ukraine, CIS countries, and other countries.



Plan for 2009

One of the major side benefits of the CTCO program is the interest generated at various national levels. For example, the National Academy of Sciences of Ukraine (NASU) is taking the STCU model to create new Technology Transfer Offices at 90 of its scientific institutes. The Ministry of Education and Science of Ukraine also has expressed their intention to train and accredit/certify these new tech transfer personnel. To encourage this initiative for the long-term benefit of the STCU-trained CTCOs (and to possibly leverage the Ukrainian initiatives for follow-on CTCO activities), the Department will seek to develop supporting activities with the Ukrainian Ministry of Education and Science and NASU to assist in the establishment of a Ukrainian –based Distance Learning Program for Technology Transfer and Entrepreneurship. This program likely will be implemented through the Ukrainian national university system (probably centered at Kyiv Polytechnic Institute) and would provide long-term sustainable benefit to the STCU CTCO trainees as well as other future technology officers.

In addition to this, the Department plans to continue follow-up support activities for the current core group of CTCOs. The activities would include:

- ASTP, AUTM courses and other western courses for CTCOs (20 individuals at \$3,000 per person = \$60,000).
- English language training support grants for selected CTCOs (\$20,000 total, limited to individual grants of no greater than \$1000 covering no greater than 50% of the individual's training course fee, grants to be awarded on a competitive basis with CTCO applicants who propose training courses that they find on their own).
- Travel grants to allow CTCOs to attend specific company visits plus exhibitions and trade show in Canada, EU and the U.S. (5 individuals at \$4000 in travel support = \$20,000).
- Support first meeting of CTCO Association in Ukraine (\$5000 in general organization support plus \$30,000 in travel support for 30 non-Ukrainian CTCOs = \$35,000).
- Develop, translate, and implement a central Technology Transfer Library of books, documents and databases, creating a central (virtual) document center for use by CTCOs. Such a virtual database can provide support toward the establishment of technology transfer offices. STCU can consider making the library available for the Distance Learning Center to be developed by MES and/or KPI University (\$20,000).
- External consultant assessment of post-training CTCO activities in Georgia, Azerbaijan and Moldova (\$90,000).

Patent, IPR Support and Market Analysis (2008 Budget Allocation = \$35,000 from Shared Supplemental Budget - Patent Support. 2009 Budget Request = \$112,500 from Shared Supplemental Budget – Patent Support)

Performance in 2008

As of mid-2008, the STCU Patent Review Committee approved a Patent Support Grant for 1 international patent (PCT) application, while 5 others are still pending or awaiting further materials from the scientists. Since 1995, STCU has issued a total of 241 Patent Support Grants (including 226 grants for Patent Applications in Ukraine, 3 grants for Patents Applications in Uzbekistan and 12 grants for



Patent Applications in the STCU Donor Countries). However, the Patent Support Program is not expanding rapidly because the scientists are not sure they want to patent internationally. There are many reasons for this reluctance, but the main factors are the high costs of patent filing at the end of the 30-month PCT application period, and the inability of scientists to find suitable licensing Partners or investors. Nevertheless, the Department continued pursuing its Patent Support Program goals, and also continued working with the Funding Parties (primarily the U.S. Department of Energy and the EU patenting staff) to gain their support on patenting inventions developed under Regular Project.

The Department continued to conduct IPR/Tech Transfer round-table workshops, working with more than 100 FWS and CTCOs. The Department also assisted scientists in producing more than 300 Technology Profile Forms in both electronic and printed form. The Department also started an electronic newsletter (issued approximately every other month) to promote technologies and provide CTCOs and other Recipient scientists with Tech Transfer and IPR presentation materials, published articles, and other information to stimulate international collaboration. The Department also made use of purchased services of the database search firm, Nerac, to provide STCU-requested market information on 13 technologies of Recipient scientists. Nerac's reports described 800 patents similar to a Recipient scientist's technology, and yielded approximately 70 companies worldwide that have similar products, giving this scientist an idea of the potential competition.

Plan for 2009

Although ambitious given the factors impeding the Patent Support Program, the Department still plans on as many as 10 patent applications receiving STCU Patent Support Grants in 2009. Further, the Department plans to continue purchasing the services of a Ukrainian patent expert to participate on the Patent Review Committee and to assist the Department in evaluating patent application submissions. The Department also will continue its series of IPR/Tech Transfer round-table workshops, and its subscription for services of the Nerac database search firm.

The Department established a working relationship with the Technology Transfer Office of Oxford University (UK) through the UK Department of Trade and Industry. The Department plans on purchasing consulting and training services from this Oxford office to assist selected STCU recipient scientists in developing business plans for investors on technologies suitable for commercialization. The Department also plans on budgeting funds for the *ad hoc* services of a part-time U.S.-based market research consultant to perform market research and develop company contacts for selected STCU scientists seeking U.S. commercial Partners and investors.

The Department also has learned of a possibly more cost-efficient avenue for purchasing market research reports via a relationship between a German research firm and the National Academy of Sciences of Ukraine. To explore the potential value of this research firm for STCU, the Department plans to conduct a small pilot activity to purchase market research and analysis information on 5 STCU projects that are at NASU institutes.

In summary, the Department plans on the following Patent Support/IPR/Marketing activities for 2009:

- Up to 10 Patent Support Grants for international patent applications (\$65,000)
- Services of U.S.-based marketing expert (\$7000)
- Nerac database services for market and patent data (\$8000)



- Services of Oxford University Technology Transfer Office for training seminars and for developing potential UK investment opportunities and contacts for recipient scientists, institutes, and CTCOs (\$10,000).
- Pilot activity to obtain market research and analysis information on 5 STCU projects with NASU institutes (5 projects at \$3000 each = \$15,000)
- Tech Transfer and IPR roundtables in Ukraine (5 meetings at \$1500 = \$7500)

Staff Training (2008 Budget Allocation = \$12,500. 2009 Budget Request = \$12,500).

Performance in 2008

In 2008, the Department staff participated in several training and educational courses, but because of Force Majeure there were delays in further training. Of the 2008 training, the Basic Program Management training course (which is mandatory for all STCU professional staff) will involve all of the Department's Senior Specialists and program managers. Other planned Department training will include staff-chosen training in professional development and with skills development in their areas of job responsibility.

Plan for 2009

In 2009, planned Department training will include staff-chosen training in professional development and with skills development in their areas of job responsibility.

Staff Travel (2008 Budget Allocation = \$13,000: \$8,000 within CIS and \$5,000 International Travel. 2009 Budget Request = \$16,000: \$8000 within CIS and \$8000 for International Travel).

Performance in 2008

The 2008 travel budget was used for the DED and STCU staff to travel to multiple Partner training meetings, Partner Promotion road-shows at European and North American technology exhibitions for match-making meetings between potential Partners and FWS scientists.

Plan for 2009

The Department plans on a similar amount of staff travel in 2009 as was conducted in 2008, with an increase in the 2009 budget request to account for increases in travel prices.

Regional Offices (Azerbaijan and Uzbekistan)

Regional Officer Travel (2008 Budget Allocation = \$8,000: \$3,000 for Azerbaijan; \$5,000 for Uzbekistan. 2009 Budget Request = \$8,000: \$3,000 for Azerbaijan; \$5,000 for Uzbekistan)

The Baku and Tashkent Regional Officers traveled to Ukraine on two occasions to attend Regional Officer Meetings with STCU Headquarters and within their regions of responsibility. In 2008, both Regional Officers will conduct similar, but less, travel as in 2008, with the exception that travel to attend Regional Officer Meetings at the Kyiv headquarters will be in conjunction with project monitoring travel to Ukraine-based projects, to leverage this expenditure of travel funds.



Regional Office Operations and Other Professional Services (2008 Budget Allocation = \$11,000: \$4,000 for Azerbaijan; \$7,000 for Uzbekistan. 2009 Budget Request = \$11,000: \$4,000 for Azerbaijan; \$7,000 for Uzbekistan.)

Regional Office operations in both Baku and Tashkent were normal in 2008. The office operations in both locations should have the same level of expenses in 2009, with the important caveat that the use of the current Tashkent office premises (which is in the Presidium building of the Uzbek Academy of Sciences) is contingent on STCU activities continuing in Uzbekistan.

Sustainability Promotion Department Budget Request for 2009

	2008 Budgeted	2008 Actual	2009 Request	Change from 2008
Staff				
- Local	8	8	8	0
- Party	1	1	1	0
Staff Total	9	9	9	0
Staff Support				
- Travel (Int'l)	5,000	4,825	8,000	+3,000
- Travel (CIS)	8,000	8,023	8,000	0
- Staff Training	12,500	12,585	12,500	0
- RO Operations				
Travel	8,000	7,000	8,000	0
Overhead	11,000	10,792	11,000	0
Staff Support Total	44,500	43,225	47,500	+3,000
SB Programs				
Shared SB Programs				
- Bus. Train/Sus. Oper.	139,000	107,098	346,850	+207,850
- Patent Support	35,000	35,000	112,500	+77,500
- Institute Sustainability	400,000	150,000	250,000	-150,000
Party SB Programs				
- Tech., Collab., Cont. Travel (US)	30,000	24,489	30,000	0
SB Programs Total	604,000	316,587	739,350	+135,350
Department Total				
Staff	9	9	9	0
Funding	\$648,500	\$359,812	\$786,850	+138,350

Performance / Public Outreach Department

The Department provides targeted training, travel support, and promotional materials to best showcase the talents and successes of recipient scientists as well as provide 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.



Department Staff

The supervising position of this Department, the Senior Deputy Executive Director (Ukraine), was vacated on 1 January 2008 and remained vacant throughout 2008. During this time, the Department Assistant position remained vacant and three remaining staff members were temporarily placed under supervision of other Deputy Executive Directors. Subsequently, the Project Event/Training Officer left STCU and the STCU Management Committee decided to convert this vacant position into a new specialist position under the Technology Advancement Department. This reduces the Department staff number by one position for the 2009 budget request, with one management position (DED-UA) and three staff positions remaining—an Administrative Assistant, the Publishing Coordinator, and the Performance Measures Officer.

Printing and Reproduction (2008 Budget Allocation = \$17,000: \$10,000 for 2007 Annual Report, \$7,000 for Brochures and Other Marketing Materials. 2009 Budget Request = \$18,000: \$10,000 for 2008 Annual Report Publication, \$8,000 for News Articles/Promotional Materials).

The main objective of the program is to 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 2008

- Annual Report 2007. Annual Report was printed in English = 1,500 copies, Ukrainian = 300 copies and Russian = 300 copies.
- Brochures, News Articles, and Other Promotional Materials. Published Governing Board and Advisory Committee meeting binders, purchased promotional items (e.g., pens with STCU logo, desk clocks with STCU logo, etc.), and produced pamphlets and brochures for STCU workshops and Partnership Promotion roadshows.

Plan for 2009

The Department will continue publicizing STCU activities, successes and opportunities in 2009, including a possible dedicated effort to purchase space in printed news media to highlight the contributions of STCU to the general public.

- 2008 Annual Report. The 2008 Annual Report will be printed in a similar volume as the Annual Report 2007, using a similar format and informational basis.
- Brochures, News Articles, and Other Promotional Materials. The STCU request slightly more budget for 2009 in order to more actively seek opportunities to purchase space/air time for STCU promotional articles in local news media. The Department will also continue to provide print copy and electronic copy of STCU news articles, brochures and support materials for STCU-planned events and for other publication opportunities as they arise.



Travel Grant Support (2008 Budget Allocation = \$ 65,000 in Shared Supplemental Budget - Travel Grants. 2008 Budget Request = \$50,000 in Shared Supplemental Budget - Travel Grants).

The Travel Grant Support program sponsors, on a competitive basis, visits by scientists and technological personnel from the STCU Recipient Parties to research, public and industry organizations located on the territories of the STCU Funding Parties and other countries.

Performance in 2008

In 2008, there was a slightly smaller number of Travel Support Grants processed, amounting to approximately \$60,500 of the budgeted \$65,000. This reduction was due to both the 2-month Force Majeure suspension (when no travel requests were approved) and the desired “phasing out” of this budget line over the next couple of years. Scientists traveling on STCU Travel Grants provide feedback on their trips to STCU, which has been incorporated in a performance evaluation report for STCU Management.

Plan for 2009

As noted in the Department’s 2008 budget request for this program, and given the Parties’ preference to develop a more focused approach in STCU, the STCU Management proposes to eliminate the current “open application” format and continue to reduce the Travel Grant Support Program for 2009. For 2009, the Department shall (1) defer to the specific travel requests of the Parties for the majority of the STCU travel support activity, and (2) shall manage a smaller “by STCU invitation only” Travel Support Grant Program for 2009, whereby only STCU-targeted travellers will be funded. STCU will use the 2009 Travel Grant Support funds to support specific travel opportunities identified by one of the STCU programs (e.g., a specific Partner Project development action, or to pursue a definite commercial licensing opportunity).

In addition, the STCU will apply a more rigorous standard to Party-Requested scientist travel by asking the requesting Party to provide the travel funds from Party-Designated Supplemental Travel Support budgets or from undesignated Party funds.

Targeted Training Program (2008 Budget Allocation Request = \$39,575 in Shared Supplemental Budget - Targeted Training. 2009 Budget Request = \$12,150 in Shared Supplemental Budget – Targeted Training).

Performance in 2008

The Targeted Training Program did not fulfill its 2008 program plan because of (1) the absence of direction from STCU Management, especially in light of the vacant SDED position and (2) to some extent, the Force Majeure suspension period. Much of the STCU training activities, such as workshop/conference preparations, were managed by the specific workshop or conference program plan and budget.

Training Modules for the Administrative Office: As reported in the Administrative Office section of this document, training on STCU procurement and customs processes continued in 2008 in the STCU Regional Offices by customs & procurement staff.



Plan for 2009

Given the amount of “standardization” in STCU training packages (created by previous years’ work under the Targeted Training Program) and the preference of STCU managers to include training elements within their other, specific program budgets (e.g., Workshop/Seminars, Partnership Promotion roadshows, Institute Sustainability Plans, etc.), STCU proposes a large reduction in the Targeted Training Program scope of activities and budget for 2009. Only training activities that clearly cut across STCU program activities, or that do not clearly fall within the scope of existing STCU programs, will be included in the Targeted Training budget.

Also, actual implementation and management of these training activities will be conducted by the specific STCU program: the Department, itself, will not directly coordinate or manage these specific, individual training activities. Thus, the Department recommends eliminating the Project Event/Training Officer staff position for 2009, as this position was needed only to manage the larger, cross-organizational Targeted Training Program.

Training Modules for the Administrative Office: As reported in the Administrative Office section of this document, training on STCU procurement and customs processes will continue in 2009 in the STCU Regional Offices by customs & procurement staff. As there is no identified AOB or Supplemental Budget line that fits this type of activity, the requested \$12,150 by the Administrative Office will be included in the Supplemental Budget - Targeted Training budget line. The 2009 request is higher than the similar request in 2008 due to the inflationary increases in travel costs.

Performance Measures (2008 Budget Allocation = \$9,500 from Other Professional Services. 2009 Budget Request = \$5,000 from Other Professional Services).

Performance in 2008

Annual Institute Sustainability Survey 2007. The survey was carried out both within Ukraine, Azerbaijan, Georgia, and Moldova, although the survey was performed in a more compressed, less formal way than in 2006 due to the Force Majeure suspension period. A final report is planned for the Governing Parties in time for the 27th Governing Board Meeting, and an electronic version will be published on the STCU Web Site, in the Documents Center.

Regional Offices Survey. The Regional Offices continued to make use of the standard, on-line report form to record individual office activities and production during 2008.

Workshops and Partner Promotion Roadshow Evaluations. At the request of the Executive Director, performance evaluations were performed on several 2008 STCU events, plus follow-up evaluations were performed on previous STCU events (primarily the Hannover Messe promotional roadshow of April 2007). These evaluations were used to determine the most effective allocation of plans and budgets of STCU events proposed for 2009 (as well as the 2009 budget requests for these events).

Plan for 2009

The Department will, once again, organize and conduct its Annual Institute Survey to provide current and comparative data on STCU performance and state of affairs at the technical unit level and STCU impact on these units. The Department will also continue monitoring the Regional Office activities and performance data. Finally, the Department anticipates that it will begin standard performance



evaluations of all STCU workshops/seminars, Partner Promotion events, and Institute Sustainability Program events conducted in 2009. This will require designing a standard performance evaluation process and forms to be used by other STCU Departments when they implement their 2009 programs.

Public Outreach/Performance Department Budget Request for 2009

	2008 Planned	2008 Actual	2009 Request	Change from 2008
Staff				
- Local	5	4	4	-1
- Party	0	0	0	0
Staff Total	5	4	4	-1
Staff Support				
- Travel (International)	\$3,000	\$0	\$3,000	0
- Travel (CIS)	\$4,000	\$0	\$4,000	0
- Staff Training	\$4,000	\$4,000	\$4,000	0
Staff Support Total	\$11,000	\$4,000	\$11,000	\$0
AOB Programs				
- Printing and Reproduction	\$17,000	\$16,285	\$18,000	+\$1,000
- Other Prof. Services	\$9,500	\$11,139	\$5,000	-\$4,500
SB Programs				
- Travel Grant Shared	\$65,000	\$60,588	\$50,000	-\$15,000
- Targeted Training Shared	\$39,575	\$6,855	\$12,150	-\$27,425
Programs Total	\$131,075	\$94,867	\$85,150	-\$45,925
Department Total				
Staff	5	4	4	0
Funding	\$142,075	\$98,867	\$96,150	-\$45,925



STCU 2009 BUDGET REQUEST SUMMARY FOR USD BUDGET LINES

	ED	AO	FO	IT	SE	TA	SP	PO	Line Total
Staff (# in 2008)									
Party	1 (1)	1 (1)	1 (1)	1 (1)	1(1)	1 (2)	1 (1)	0 (0)	7 (8)
Local	1 (1)	14 (15)	9 (9)	3 (4)	7 (8)	8 (7)	8 (8)	4 (5)	54(57)
Part-Time	0 (0)	3 (3)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	3 (3)
Total Staff - Full Time	2 (2)	15 (16)	10 (10)	4 (5)	8 (9)	9 (9)	9 (9)	4 (5)	61 (65) FT
Total Staff - Part Time		3 (3)	0 (0)	0 (0)	0 (0)	0(0)	0 (0)	0 (0)	3 (3) PT
Staff Support									
Travel (Int'l)	20,000	-	-	-	8,000	5,000	8,000	3,000	44,000
Travel (CIS)	15,000	5,000	5,240	2,000	6,000	15,000	8,000	4,000	60,240
Training	24,500	22,150	16,930	3,000	12,500	15,000	12,500	4,000	110,580
Dept. Staff Supp.	59,500	27,150	22,170	5,000	26,500	35,000	28,500	11,000	214,820
Programs (AOB)									
Representation	10,000	-	-	-	-	-	-	-	10,000
Fixed Assets	-	7,000	-	-	-	-	-	-	7,000
New Car/Veh Ops	-	27,000	-	-	-	-	-	-	27,000
Printing and Rep.	-	-	-	-	-	-	-	18,000	18,000
IT Hardware	-	-	-	7,700	-	-	-	-	7,700
IT Software	-	-	8,500	1,750	-	-	-	-	10,250
Oth. Prof. Services	-	-	12,000	2,250	-	-	-	5,000	19,250
Regional Offices	-	-	-	-	14,000	27,000	19,000	-	60,000
Dept. Total (AOB)	10,000	34,000	20,500	11,700	14,000	27,000	19,000	23,000	159,200
Shared Supp. Budget Programs (SB)									
Bus. Training/Sus. Support	-	-	-	-	-	-	346,850	-	346,850
Patent/IPR	-	-	-	-	-	-	112,500	-	112,500
Travel Grants	-	-	-	-	-	-	-	50,000	50,000
Workshops/Seminars	-	-	-	-	40,000	-	-	-	40,000
Targeted Training	-	-	-	-	-	-	-	12,150	12,150
Institute Sustainability	-	-	-	-	-	-	250,000	-	250,000
Supp. Budget Programs (SB)	-	-	-	-	40,000	-	709,350	62,150	811,500
Party Specific Supp. Budget Programs (SB)									
Tech., Coll. & Cont. Trav.	-	-	-	-	-	250,000	30,000	-	280,000
Travel & Mob. Support	-	-	-	-	-	250,000	-	-	250,000
Biosecurity & Biosafety	-	-	-	-	-	125,000	-	-	125,000
Dept. Total Prgms Voluntary (SB)	-	-	-	-	-	625,000	30,000	-	655,000
Total Request									
Staff	2	15	10	4	8	9	9	4	61 full
	0	3	0	0	0	0	0	0	3 part
Funding	69,500	61,150	42,670	16,700	80,500	687,000	786,850	96,150	1,840,520



STCU 2009 BUDGET REQUEST SUMMARY FOR EUR BUDGET LINES (Solely Funded EU SB Budgets Only)

	ED	AO	FO	IT	SE	TA	SP	PO	Line Total
Solely Funded EU Programs (SB)									
EU Designated Tech. Collab., and Cont. Travel Support	-	-	-	-	€40,000	-	-	-	€40,000
EU Patent Support	-	-	-	-	€5,000	-	-	-	€5,000
EU Designated Travelers & Partner Promotion	-	-	-	-	€60,000	-	-	-	€60,000
EU Expert Review and Advisors					€120,000				€120,000
EU Designated Seminars/Workshop	-	-	-	-	€40,000	-	-	-	€40,000
Total Request Funding	-	-	-	-	€265,000	-	-	-	€265,000