

MINUTES of the THIRD STCU
BOARD OF GOVERNORS MEETING
Kyiv, Ukraine
December 12 - 13, 1996

Thursday, December 12, 1996

OPENING SESSION

Dr. John Boright, US Board Member and designated chair of the Governing Board meetings, opened the meeting. Those present included:

Canada

Emil Baran, Board Member
Real LaLande, Canadian International Development Agency
Bill Singleton, Canadian International Development Agency

United States

John Boright, Board Member
Jim Noble, US Department of State
Angela Jeffries, US Department of State
Don Musch, US Department of State
Jeff Lawrence, Sandia National Laboratory
Steve Gitomer, Los Alamos National Laboratory
Chuck Crichley, US Department of Defense

Sweden

Ambassador Martin Hallqvist, Board Member
Tor Larsson, FOA

Ukraine

Victor Bar'yakhtar, Board Member

STCU Secretariat

Ostap Hawaleshka, Executive Director
Boris Atamanenko, Ukrainian Senior Deputy Director
Frantisek Janouch, Swedish Deputy Director
Arthur DuCharme, US Deputy Director
Bill Luke, Chief Financial Officer
Lubomyr Baniias, Chief Administrative Officer

Observers

Japan

Hiroyuki Imahashi, Deputy Head of the Japanese Embassy -

Ukraine

European Union

Michael Humphries, Deputy Head of the European Union Mission

STCU Board of Governors Meeting

Dr. Boright, chair of the Third Meeting of the STCU Governing Board delivered welcoming remarks. Dr. Boright indicated that the Governors were pleased with the Centre and that the Secretariat had done well in bringing the activity to full operational status with appropriate procedures and processes.

Opening remarks were made in turn by members of the Governing Board.

Mr. Emil Baran, a new member to the Board representing Canada, indicated his pleasure in being a member of the Board of one of the finest organizations in Ukraine. He outlined his six point commitment:

- ensure that the STCU mandate is carried out
- assist in maintaining STCU credibility
- ensure appropriate management systems are in place
- monitor external changes as they relate to the STCU
- represent the interests of the Government of Canada
- review the specific activity of the advisory committee

Ambassador Hallqvist welcomed Mr. Baran to the Board and expressed Sweden's pride in participating in the STCU.

Dr. Bar'yakhtar thanked the participating countries for their tremendous commitment and contribution to Ukrainian scientists and technologists.

Prof. Hawaleshka presented introductory remarks on behalf of the STCU and on behalf of the Secretariat welcomed all Board members, observers, and participants to this meeting. He thanked the Board for their overwhelming support in the form of approved projects. Prof. Hawaleshka then introduced all present at the Board meeting.

Japan's representative, Mr. Hiroyuki Imahashi, thanked the STCU for being invited as observer and outlined the Japanese government position. Mr. Imahashi indicated that the Japanese Government is fully committed to the ISTC in Russia and the STCU in Ukraine. The Government of Japan has assigned \$20 million US dollars to both centers with \$17 million to ISTC and \$3 million to STCU. Japan is continuing its involvement with the ISTC and is looking forward to utilizing the STCU budget towards the Ukrainian portion of Russian/Ukrainian joint project proposals.

The European Union's representative, Mr. Michael Humphries, outlined the Union's continued support for full participation in the STCU. He indicated Europe's participation is very close after two years of work towards this goal. The Union has established a budget for financial support of the STCU. He expressed hope that the European Union will become a full member by mid 1997 following minor changes to the STCU Statute.

ADMINISTRATIVE TOPICS

Dr. Boright moved to approve the minutes of the Second STCU Board of Governors Meeting. The minutes were approved with a suggestion that future minutes be circulated to the Board Members well in advance of the respective Board Meetings.

Prof. Hawaleshka, Executive Director of the STCU presented a general report on the overall status of the organization. His report indicated that the STCU is nearly fully operational and that all major tasks of the STCU have been carried out with the exception of project closure. Minor problems were encountered due to long delays between contract signing and the actual receipt of project funds. This is hoped to be corrected with better cooperation from the donor countries. In general, the organizational status regarding facilities, equipment and staff is good, primarily with the hiring of professionals. Plans have been approved for the add-on of a third floor to accommodate future work space requirements. The Ukrainian contribution to the STCU was approximately 80% of the budgeted requirement. This was considered excellent under current Ukrainian economic conditions. The banking system is operating efficiently with some occasional minor technical problems associated with manual and computerized accounting practices. Dr. Atamanenko's trip to America and Canada was a success and the representatives of the two donor countries were thanked for contributing to its success.

A new call for proposals is underway and it is hoped that better information can be obtained in the near future as to the rate of absorption of projects by the donor countries. Prof. Hawaleshka advised the Board about the production of a STCU Video which will be featured during the Board Meeting and closed by thanking the Advisory Committee for their helpful contribution to operations.

Comments arising from the Executive Director's presentation included Dr. Bar'yakhtar's and Mr. Baran's support of the improvement of human resources and fundamental management to the STCU.

Mr. Noble presented the nomination of Mr. William Luke for the position of Chief Financial Officer and Dr. Arthur DuCharme for the position of US Deputy Director. The nomination was unanimously accepted by the Board.

REPORT FROM THE SECRETARIAT

Prof. Hawaleshka opened the presentation by suggesting that most general issues on administrative update were discussed in presentation of the Executive Director's report. He suggested that the report from the Secretariat be presented by personnel responsible for development and monitoring of specific actions. Dr. DuCharme was then asked to present the status on the data base, industrial partners and demand/pull approach. Further, it was suggested that Board members may field questions or comments during the presentation.

Dr. DuCharme reported that a data base of information on Ukrainian institutions having value in enhancing commercial partnerships between the Ukrainian scientific and technological community and companies in donor countries has been initiated. Examples of the type of information collected and of early successes using the data base were shown. It is proposed that STCU will introduce home pages on INTERNET in early 1997 to make the data base accessible to donor countries.

Questions and comments arising from Board members indicated full support to this initiative with questions about how donor countries can assist in developing the demand/pull.

Dr. DuCharme continued with the Project Monitoring report. Project monitoring visits have been carried out following staff preparation and training. No serious problems were encountered. Technical, administrative and financial checks are carried out and a schedule for all on site monitoring of all operating STCU projects has been developed. The monitoring results for 5 projects visited were presented to the Board.

Questions and comments arising from the Board members reviewed how collaborators could be involved in the monitoring process; how the "mini audit" is carried out, and how the on-site activity dealing with training, assistance, and preparations of project personnel resulting from project monitoring was carried out. Dr. DuCharme emphasized that collaborators on projects and experts from the parties are welcome to participate in project monitoring.

Prof. Hawaleshka presented the information regarding the recent call for proposals. Dr. Janouch reported on the newly developed Instructions for Proposals which could be

obtained in hard copy or disk, and which were streamlined and standardized resulting in efficiency to presenters and reviewers.

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STCU Board of Governors Meeting

The Board commended this initiative of the Secretariat recognizing the efficiency of the documentation to serve as a proposal, project agreement and contract with easy transferability.

PROJECT UPDATE

Prof. Hawaleshka reported that a total of 164 projects have been sent out for external donor party review to date (30 for the First Board Meeting, 62 for the Second Board Meeting, and 72 for the current Third Board Meeting). A further 74 projects having Security Clearance are presently being reviewed at STCU, and 64 projects are undergoing State Security Committee processes.

Discussions by the Board Members reviewed the actual content of the proposals and the ways to encourage young scientists, research, and special interest projects. Suggestions were presented to the Secretariat to provide direction at the cover sheet phase of the proposal both to the proposer and the reviewers at the donor countries.

FINANCIAL TOPICS

Mr. Luke made a report about the local banking. In the presentation, he stated that the banking operations are proceeding smoothly and grantees and vendors providing goods and services are receiving moneys within a reasonable period of time. He continued with a report on the financial administration. The financial staff is thoroughly trained in the ACCPAC automated accounting system, accounting manuals and procedures have been prepared, and a MS Access Data Base Application was created which acts as an automated accounting system for all projects along with necessary checks and balances to the ACCPAC system.

Mr. Luke reported that the Defense Contract Audit Agency (USA) carried out an audit on STCU for 1995.

The audit report was pending with a possibility that it may be tabled before the end of the Third Board Meeting. A motion was proposed by Dr. Boright that the Defense Contract Auditing Agency (USA) perform the audit for 1996 and 1997. The motion was approved by the Board.

The following recommendations were presented by Mr. Luke:

- the Ukrainian budget should be included in the overall donor contributions
- all donor parties should have funds to STCU within 30 days of approving projects

The 1997 Administrative Budget was presented for a total of \$1,066,000. Following discussion by the donor parties, the presented budget was adjusted to \$1,082,700.

Comments from all Board Members indicated that although the budget components were not found to be unreasonably high, an attempt by the Secretariat must be made to ensure efficient use of budgeted funds with the object to reduce administrative costs. To assist, the Board requests a detailed proposal (action plan) submitted prior to expenditure of the following budget items:

Strategic planning conference	\$37,000
Branch offices	30,000
STCU sponsored conference	20,000
Project officer training	30,000
Total	\$117,000

The Board approved the 1997 Administrative Budget of \$1,082,700.

FRIDAY, DECEMBER 13, 1997

EU ACCESSION PROCESS

Mr. Humphries began the discussion by reiterating the position of the European Union in joining STCU. He indicated that presently the minor problem to resolve is the question of the definition of "State" in the Statute, however, it is likely that the issue will be resolved by mid March and that by the middle of 1997 a formal request to join will be presented. Discussion by Board Members resulted in the suggestion that EU representatives, even as observers, may participate in the process to identify projects for funding at the proposed May, 1997 Board Meeting so that when accession occurs, EU will be in a position to be actively involved in project financing in the second half of 1997. This suggestion was positively received by Mr. Humphries. The Secretariat can assist to accommodate such a requirement. In summary, the Board Members responded positively to EU involvement and wished it speedy resolution.

STCU/ISTC COOPERATION ON JOINT PROJECTS

Prof. Hawaleshka presented the Board with a document "Principles of Cooperation between the ISTC and the STCU". The principles of operation and procedures will require joint collaboration in their development and, once developed, must be submitted to both centers in parallel for approval. The resulting discussion by the Board Members and members of the Secretariat indicated support in principle with some clarification required in addressing the mechanism of identifying collaborators to projects and funding. A consensus was reached in that joint projects are reality and an agreed mechanism should be developed to address this need.

PROJECT APPROVAL AND FUNDING

Prof. Hawaleshka read out the approved new projects numbering 36 which resulting in a total grant value of \$4,260,089 US. Dr. Boright moved to have the project funding approved. The Board unanimously approved the motion.

A discussion was carried out as to the project approval process to understand how to deal with 13 projects not supported at the First or Second Board Meetings, but requesting reconsideration. A general discussion by Board Members using examples presented, resulted in the following recommendations:

- a project can be considered for resubmission
- the secretariat must apply reasonable judgment in resubmitting projects for review
- some projects require collaborators and donor countries should assist in locating them
- some projects are good, however, they require to be re-written to enhance financial support

Other general recommendations for projects resulted from the discussions:

- the secretariat should attempt to assist in developing simple titles to some projects
- an attempt should be made to categorize projects

Mr. Luke presented the Board with a report from the Auditors for 1995. The Board accepted the report as information for further review by the donor countries.

FINAL TOPICS

Mr. Baran presented concluding remarks indicating Canada's continued support in management and project financing. He informed the Board that the Canadian contracts for the positions of the Executive Director and the Chief Administrative Officer of the STCU have been extended to the end of 1997 with the present holders of those positions - namely Professor Ostap Hawaleshka and Lubomyr Baniias respectively. He reconfirmed Canada's interest in developing the demand/pull concept and unique mechanisms to provide future sustainability of the STCU. He indicated support of the Canadian/Ukrainian business initiative programs and the attempt to dovetail this activity with the STCU.

The other members of the Board congratulated Canada on its decision and commitment to the STCU.

Ambassador Hallqvist indicated that although Sweden's budget commitments are coming to an end, as a founding party to the STCU, Sweden looks forward to long continued involvement as part of the EU initiative which is to occur in 1997.

Dr. Bar'yakhtar presented his appreciation to the donor countries for their support of Ukrainian science and technology and to the good work the Board carried out over the past two days. He concluded by praising the open atmosphere of the Board's activities.

Dr. Boright introduced the Minister of Science and Technology, Prof. V.P. Semynozhenko. The Minister presented welcoming remarks to the Board on behalf of the Ukrainian Government. He indicated that the attitude of the Ukrainian Government to STCU is very positive and that contact is maintained by his Ministry through Dr. Bar'yakhtar who informs his office about STCU activities. He is aware that the STCU can become the necessary bridge between scientists in Ukraine and partners throughout the world and is prepared to assist the STCU with any means at his disposal. Dr. Boright thanked the Minister on behalf of the Board for taking the time to address the Members.

Dr. Bar'yakhtar presented the STCU Board Members - Dr. Boright, Mr. Baran, and Ambassador Hallqvist, and Prof. Hawaleshka, Executive Director of STCU - recognition as Honorary Members of the Ukrainian Academy of Science.

The Board approved the date for the Fourth Governing Board Meeting to be held in Kyiv on May 15 and 16, 1997.

The Board approved the press release statement as submitted.

Dr. Boright adjourned the Third Governing Board Meeting of the STCU.