



**SCHEDULE**  
**STCU 33rd GOVERNING BOARD MEETING**  
**STCU ADVISORY COMMITTEE MEETING**  
Kiev, Ukraine  
12-13 December, 2011

**10-11 December, Sunday**

Arrival of delegates

**12 December, Monday**

**STCU Advisory Committee Meeting**

Venue:

*National Technical University of Ukraine  
"Kyiv Polytechnic Institute"*

*Building #6, Administrative conference-room  
Peremogy avenue, 37*

- 09:30 – 17:00** Meeting of the STCU Advisory Committee  
**11:00 – 11:15** Morning coffee break  
**12:30 – 13:00** Lunch  
**13:00 – 15:30** Meeting continues  
**15:30 – 15:45** Coffee-break  
**15:45 – 17:00** Meeting continues  
**17:00 – 18:00** Targeted Initiatives Meeting (TBD)  
**19:00** Reception on the occasion of the 33<sup>rd</sup> STCU Governing Board Meeting at Kuvshin Restaurant,  
94 Chervonoarmiiska St.

**13 December, Tuesday**

**STCU 33<sup>rd</sup> Governing Board Meeting**

Venue:

*National Technical University of Ukraine  
"Kyiv Polytechnic Institute"*

*Building #6, Administrative conference-room  
Peremogy avenue, 37*

- 09:30 – 17:00** Meeting of the 33<sup>rd</sup> STCU Governing Board  
**11:30 – 11:45** Coffee break  
**11:45 – 12:45** Meeting continues  
**12:45 – 13:30** **Lunch at "Alma Mater" Café**  
**13:30 – 14:45** GB Meeting continues  
**14:45 – 15:00** Coffee break  
**15:00 – 17:00** GB Meeting continues

**14 December, Wednesday**

Delegations depart or work on their schedule

## **THE THIRTY THIRD STCU GOVERNING BOARD MEETING**

### **List of participants and invitees**

**12013 December, Kiev, Ukraine**

#### **Canada**

Mr. Andrew Shore, Board Member, Redirection of Former Weapons Scientists, Global Partnership Program

Mr. Bartosz Nowak, Program Officer, Redirection of Former Weapons Scientists, Global Partnership Program

#### **EU**

Mr. Antonio Garcia Fragio, Board Member, Head of Unit 5, Instrument for Stability, Nuclear Safety, European Commission

Mr. Sorin Popa, Head of Sector, Nuclear Safety, European Commission

#### **Ukraine**

Mr. Borys Grinyov, Board Member, Deputy Head, State Agency on Science, Innovation and Informatization

Mr. Michael Zgurovsky, Advisory Committee Member, Rector, NTUU Kiev Polytechnic Institute

#### **USA**

Mr. Mark Whitney, Assistant Deputy Administrator, US Department of Energy

Mr. Phil Dolliff, Deputy Office Director, Office of Cooperative Threat Reduction (ISN/CTR), US Department of State

H.E. Mr. Michael Einik, Deputy Executive Director, ISTC

Mr. Eric Lund, Coordinator for the U.S., Advisory Committee Member, Office of Cooperative Threat Reduction (ISN/CTR), US Department of State

Mr. John Feeney, ISTC Coordinator from the USA

Ms. Julie Mills, Science Centers Financial & Budget Analyst, ISN/CTR

Ms. Regina Carter, Program Director, Department of Energy

Mr. Jay Thomas, Department of Energy

Ms. Laura Smiley, Director, US DOE office in Ukraine

Mr. Alex Ryan, Economic Officer, Embassy of USA to Ukraine

Ms. Kateryna Tumanian, Administrative Assistant, Department of Energy, Embassy of USA to Ukraine,

#### **Azerbaijan**

Mr. Arif Mamed oglu Hashimov, First Vice-President, Azerbaijan National Academy of Science

**Georgia**

Mr. Malkhaz Khoperia, Head of Financial Department, Shota Rustaveli National Science Foundation

**Moldova**

H.E. Mr. Ion Stavila, Ambassador of the Republic of Moldova to Ukraine

**THE STCU SECRETARIAT OFFICIALS**

Mr. Andrew A. Hood, Executive Director, United States

Mr. Igor Lytvynov, Senior Deputy Director, Ukraine

Mr. Michel Zayet, STCU Deputy Executive Director, European Union

Mr. Landis Henry, STCU Deputy Executive Director, Canada

Mr. Victor Korsun, STCU Deputy Executive Director, United States

Mr. Curtis "BJ" Bjelajac, Chief Financial Officer, United States

Mr. Anthony Nichol, Chief Administrative Officer, European Union

Ms. Iryna Rogovchenko, Executive Assistant, Ukraine

**AGENDA**  
**Advisory Committee Meeting**  
Kyiv Polytechnic Institute, Kyiv, Ukraine  
12 December 2011

**1. Opening Session**

- 1.1 Election of AC Chair for this Meeting (AC Members)
- 1.2 Welcome from the Executive Director (Andrew Hood)
- 1.3 Opening Remarks (AC Members/Other Officials)

**2. Administrative Topics**

- 2.1 Adoption of the Agenda
- 2.2 Approval of the Minutes of AC Meeting (13-14 October 2011, Kyiv, Ukraine)
- 2.3 Decisions on STCU Management Nominations

**3. Morning Session**

- 3.1. Executive Director Report (Andrew Hood)
- 3.2. Strategic Planning Update (AC Members)
- 3.3. Finalization of 2012 Budget Request (Andrew Hood/Curt "BJ" Bjelajac)
- 3.4. Update on 2011 AOB/SB Expenditures (Curt "BJ" Bjelajac)

**Lunch**

**4. Afternoon Session**

- 4.1. Targeted Initiatives Update (Igor Lytvynov)
- 4.2. Simferopol Biosecurity Project Update (Michel Zayet)
- 4.3. Environmental Forensics Initiative Update (Landis Henry)
- 4.4. Canadian Partner Promotion & Support Update (Landis Henry)
- 4.5. Nuclear Forensics TRP Update (Vic Korsun)

**8. Closing Session**

- 5.1 Decision on Date and Location for 34<sup>th</sup> GBM (AC Members)
- 5.2 Final Issues/Statements from GB Members (Ac Members)
- 5.3 Closing Remarks/Adjournment (AC Members)

**AGENDA**  
**33<sup>rd</sup> Meeting of the STCU Governing Board**  
Kyiv Polytechnic Institute, Kyiv, Ukraine  
13 December 2011

**1. Opening Session**

- 1.1 Opening Remarks from the GB Chair (Chairman, Governing Board)
- 1.2 Welcome from the Executive Director (Andrew Hood)
- 1.3 Opening Remarks from other GB Members/Invited Guests (GB Members/Other Officials)

**2. Administrative Topics**

- 2.1 Adoption of the Agenda
- 2.2 Approval of the Minutes of the 31<sup>st</sup> Plenary GB Meeting (18 November 2010, Kyiv, Ukraine)
- 2.3 Decisions on STCU Management Nominations

**3. Morning Session**

- 3.1. Executive Director Report (Andrew Hood)
- 3.2. Strategic Planning Update (AC Chair)
- 3.3. 2012 Budget Request (Andrew Hood/Curt "BJ" Bjelajac)
- 3.4. Update on 2011 AOB/SB Expenditures (Curt "BJ" Bjelajac)

**4. Review of Draft Record of Decisions**

(GB Members)

**5. Review of Draft Project Funding Sheet**

(GB Members)

**6. Review of Draft Press Statement**

(GB Members)

**Lunch**

**7. Afternoon Session**

- 7.1. Targeted Initiatives Update (Igor Lytvynov)
- 7.2. Simferopol Biosecurity Project Update (Michel Zayet)
- 7.3. Environmental Forensics Initiative Update (Landis Henry)
- 7.4. Canadian Partner Promotion & Support Update (Landis Henry)
- 7.5. Nuclear Forensics TRP Update (Vic Korsun)

**8. Closing Session**

- 8.1 Decision on Date and Location for 34<sup>th</sup> GBM (GB Members)
- 8.2 Final Issues/Statements from GB Members (GB Members)
- 8.3 Closing Remarks/Adjournment (Chairman, Governing Board)

## **Executive Director Report**

(Reporting Period: June 2011 to November 2011)

### **Major Issues**

#### Executive Director Resignation.

On 3 October, Executive Director Andrew Hood submitted his written resignation to the Governing Board, with the resignation to be effective on 29 February 2012. The ED cited family medical reasons for this decision. The ED wanted to use his remaining time to complete the business of the 33<sup>rd</sup> GBM, particularly the GB approval of the 2012 Administrative Operating Budget and Supplemental Budget requests. At this time, it appears that the U.S. Party (having the first right to retain the ED position as a U.S.-provided position) is proceeding with a candidate search for a replacement, although it is not likely that a candidate will be nominated for GB decision by the time of the 33<sup>rd</sup> GBM. If a new Executive Director is not appointed by the Governing Board in time to transition with the outgoing ED, the Ukrainian DED (as the senior Deputy Executive Director) will assume Acting ED duties, per the STCU Statute.

#### Delays in GB Decisions/Project Funding Due to Cancellation of 32<sup>nd</sup> GBM.

At the 14 June AC meeting, it was agreed that the AC members would provide final confirmation of the 32<sup>nd</sup> GB Record of Decisions and Project Funding Sheet, and then the Secretariat would circulate the two decision documents to the GB members for their signatures. Immediately after that AC meeting, the Secretariat attempted to coordinate the AC confirmation process, but that process suffered significant delays. As a result, the draft decision documents were not ready to be sent to the GB members until mid-September. Thus, getting all the GB signatures onto the documents will not be completed until October—a 4-month delay from the original 9 June GBM date, when presumably the GB members would have signed these decision documents.

Much of the delay started in 15 July, when the Canadian Party made a post-AC meeting decision to not fund any of the Ukrainian Targeted Initiative Projects—a surprising move that suddenly changed the Targeted Initiative funding decisions and interrupted the Funding Sheet coordination process. Given the importance that the Parties have previously attached to the Targeted R&D Initiatives Program, the U.S. and EU Parties decided to review their TI funding positions, in the hope of salvaging those Ukrainian TI projects that were vacated by the Canadian Party decision.

While the EU Party was quick to announce its amended TI funding decisions, the U.S. Party needed to conduct new internal reviews of those TI proposals, which took nearly 6 weeks to complete. In the end, both the EU and U.S. Parties decided to replace the project funding lost by the Canadian decision, but this delayed the overall GB decision document process until September.

Also contributing to the delay were late approvals of the draft Record of Decisions text from all the AC members. In particular, it took about 1 month before the AC members provided final concurrence on the text of the GB decision on Government Partners using all of the Supplemental Budget lines.

Overall, the cancellation of the 32<sup>nd</sup> GBM plenary session resulted in an unfortunately long delay in confirming the GB decisions. We estimate that had the 9 June GBM occurred as planned, then at least some (if not a majority) of approved projects on the Funding Sheet would have started by now (September). As of today, the 32<sup>nd</sup> GB-approved projects could be started as late as early December.

This is particularly difficult for the Recipient Party scientists whose projects were approved for funding. Of note, the Ukrainian portion of the Targeted Initiative co-funding must be expended by the end of the Ukrainian fiscal year (31 December). Thus, this 4-month delay (June to October) in final GB signature of the Funding Sheet puts the Ukrainian TI funding in some jeopardy.

### Sudden Breakdown of Regular and TI Project Funding

At the 32<sup>nd</sup> GB session, both the U.S. and Canada indicated that each would fund no Regular Projects, leaving only the EU Party providing any Funding Party support for the Regular Projects—the core of the STCU program activity since its inception. Moreover, in its 15 July email explaining the decision to not to fund any Regular Projects and withdrawing its funding support for the Ukrainian Targeted Initiative projects, the Canadian Party stated that:

*“On closer review, it was felt that the projects represented in this round of funding review largely represent and reinforce a programming framework that we are all attempting to move beyond - a process, to be frank, that needs to conclude if we are truly to succeed in transforming the Center and the ways in which it operates.”*

Whatever the case may be in terms of the transformation process of STCU, at no time has the Governing Board directed a change in the proposal solicitation process, nor has it directed that any further definition or criteria be given to the Recipient scientists that are developing and submitting the proposals. Thus, the Secretariat continues to receive project proposals from the Recipient Parties, all of which presumably were developed under the apparent “out-moded” programming framework criticized by Canada. There is a real risk that the current set of Regular Project proposals for the upcoming 33<sup>rd</sup> GBM, as well as the Azeri, Georgian, and Moldovan TI proposals to be selected at this GBM, will not meet the satisfaction of the Canadian Party.

Because STCU operates on an open & continuous proposal submission system, proposals will continue to be received under the same programming framework until the Governing Board directs otherwise. And while the AC has spoken on several occasions on the need to change the system, it has never proposed any changes to the Board for consideration. This needs to happen, and indeed such a proposal system change is described in the 26 September draft of the Strategy Paper. Still both the AC and Secretariat need to take action, if the issue is ever to be brought before the Governing Board.

### Strategic Planning for Future STCU Transition

On 26 September, the Canadian Party issued a revision of the Strategy Paper, as a result of the 23-24 June Strategy WG and AC discussions. The paper appears to lay out a two-step approach to transforming the STCU into an organization that is relevant to the contemporary international security environment. The near-term step appears to be GB adoption of the mission statement produced by the 23-24 June meetings, assignment of task leaders from the Parties to work on three key areas of the transformation process, and an immediate change to the current Regular Project solicitation process, such that the number and breadth of submitted S&T project proposals is greatly reduced, deliberately paced to a slower year-long decision cycle, and targeted onto GB-defined thematic areas.

The longer-term step is to establish a strategy review of the entire STCU “governance framework”, to develop a consensus on the scope and pace of an STCU transformation plan, as well as any adjustments to its legal or governance frameworks.

While the paper lays out roughly a 1-year schedule (2012), much of that year would be spent on preparations and development of the changes called for in the paper, such as the change toward directed calls for proposals or instituting the strategic priority review. This would mean that tangible programmatic changes to STCU would not be fully operational until 2013 at the earliest. Further, the near-term change to the current Regular Project process requires that the Governing Board identify what thematic areas should be “targeted” in the more narrowly targeted call for proposals approach.

At the 13 October AC meeting, the Parties heard comments from Ukraine, Azerbaijan, Georgia, and Moldova on the Canadian draft paper, with all four Recipient Parties in general support of the directions laid out in that paper. Canada volunteered to be the Party Lead for developing a new programmatic framework and governance approaches; the U.S. Party accepted the lead for developing the financial and budgetary approaches, and the EU tentatively accepted the lead for developing the mission objectives and other details to align the mission to the contemporary international environment.

### 2012 Budget Request

After the 23-24 AC meeting, the STCU Management began the budget building process for the 2012 AOB and SB request. This process was completed with the issuance of the 2012 Budget Request document and supporting budgetary documents to the AC members on 13 September. The draft budget request was reviewed by the AC at its 14 October meeting in Kyiv. In general, the Parties accepted the draft as presented with only a few questions about specific staff position reductions. However, the Canadian Party announcement that it would only be funding its portion of the 2012 AOB, and providing no funds for any projects or SB activities in 2012, was a surprise and not a situation assumed in the 2012 budget build.

The budget request was designed to meet the AC guidance to reduce the size of the 2012 AOB, relative to the 2011 AOB, in light of the Funding Party fiscal constraints (the U.S. Party was particularly vocal that its upcoming program budget cuts would severely restrict the amount of U.S. Party funds available for its share of the AOB). Along those lines, the Funding Parties focused on the 10% administrative overhead ratio (AOB/Total Project Expenditures) used throughout the STCU’s history as the benchmark for achieving the desired AOB reduction. The AC members acknowledged that given the STCU’s organizational design, any significant reduction in AOB had to be realized through a reduction in staff.

But as the STCU Management uses a performance-based budgeting approach, the STCU Management first looked at the current program activity levels to determine what parts of the Secretariat were becoming under-employed and less necessary to effectively deliver the STCU programs. Given the lack of any new STCU strategy from the Parties, nor any indication of Party priorities in the current set of programs, Management had to assume that the decline in the number of active projects would be the key determinant in what parts of the AOB could be cut. Thus, the majority of the recommend staff reductions came from staff positions directly linked to managing the volume of active projects; and the financing, procurement, and monitoring of those active projects. Included in this staff reduction was the recommendation to close the remaining two Ukrainian Regional Offices (and eliminating the Regional Office Managers positions with them). Some physical office functions were identified for reduction or elimination, and one non-project management area (that of the Patent Support Program, which in the opinion of the ED has been underperforming in the last few years) was included in the recommended staff reductions.

In addition, in response a U.S. Party request, the STCU Management revised its assumptions in light of the new Canadian funding position for 2012, and determined that an additional 1-2 staff positions under the DED (Canada) would become unnecessary (because these positions were created to support the anticipated



increase in work due to increased Canadian SB activities). The 2012 Budget Request would be revised to include an additional reduction of 1 or 2 staff positions, taken from the 2 positions under the DED (Canada) that were rendered less needed by the Canadian Party position.

The STCU Management is concerned that these staff reductions, while logical given the declining project workload, risks losing some in-house S&T competencies among the STCU staff. For example, the last remaining Senior Specialist with a background in nuclear science is among the recommend staff reductions. Thus, the 2012 AOB request makes accommodation to conclude *ad hoc*, temporary service contracts for specific Senior Specialists that may be let go, but whose technical experience and corporate understanding of STCU might be needed in 2012.

In spite of this measure, the AOB reduction mandate from the Funding Parties does put the Secretariat in a minimally sufficient “maintain” mode, i.e., no ability to expand, but rather able only to deliver the existing STCU programs, at their existing level of activity. Assuming the 2012 AOB request is approved by the Board, the resulting Secretariat will not have as much flexibility or capability to take on additional, new initiatives or seize opportunities that would result in an expansion of STCU business.

#### Other Party Issues

Simferopol Ukrainian Anti-Plaque Station (UAPS) Biosecurity Improvement Initiative. As part of the 32<sup>nd</sup> GB decisions, five (5) Regular Projects (all totaling approximately 4 million EUR) were approved. The U.S. approval was given contingent on the Simferopol projects not upgrading the UAPS biosecurity levels beyond BLS 2+ capability (this agreement between AIDCO and U.S. Embassy – DTRA representatives was originally reached during the 25-26 January kick-off meeting). While all 5 project agreements were signed and started in 1 August, the Secretariat is still waiting for the promised BSL amendment from DEVCO.

A project Contact Group meeting was held in Simferopol in early August, in accordance with the terms of the DEVCO-STCU Contribution Agreement. STCU, Ukrainian, and experts from the MIHE institute (Poland) attended the meeting to start working on the implementation details of the 5 projects. Also, after some confusion on the required reports and notifications, STCU invoiced DEVCO for the 95% of the funding for this initiative, as defined in the Contribution Agreement. On 28 September, STCU confirmed that it had received a total of 3.8 million EUR, and could now allow UAPS to start charging STCU for project expenses.

Also, the anticipated service contract between MIHE and STCU is still under negotiation, and the ED directed the DED (EU) and CAO to put in an extra effort to conclude this contract by the end of September. Additionally, an issue was raised by DEVCO concerning the travel regulations to be applied to the MIHE experts traveling under the Simferopol initiative. In the draft MIHE-STCU contract, the travel was to be guided by the STCU Travel Regulations (the EU-STCU Contribution Agreement places that all contractual arrangements under STCU's rules and regulations). But DEVCO indicated that the EUR amount earmarked for experts travel in the Contribution Agreement budget tables was estimated using European Commission travel rules. An amendment to the Contribution Agreement would be needed to apply EU travel regulations for the MIHE experts, and so the MIHE-STCU contract was in some limbo over this point. Given the lateness in which this issue was raised, the Executive Director decided that the CAO should press on with the original draft STCU-MIHE contract text (which MIHE had given preliminary approval to, before the travel issue was raised by DEVCO). If DEVCO proposes an amendment to the Contribution Agreement with STCU on this matter, then it will be addressed at that time.

*New Headquarters Office Building.* Kyiv Polytechnic Institute continues to push the local city bureaucracy and work on contracting issues that are delaying the start of construction of the new office facility that the Ukrainian Party promised would house the STCU's permanent HQ offices. However, KPI has admitted that the facility will not be completed by 2012 as originally planned. KPI and the State Agency for Science, Innovation, and Informatization are proposing to extend the leasing arrangement for the STCU's current, temporary location at 7a Metalistiv Street until 2014. But KPI hopes to have construction started soon and that STCU will be able to move into the new, permanent offices before 2014.

It is worthy to note that at its 27<sup>th</sup> GBM (20 November 2008), the Governing Board "reluctantly" agreed to move STCU to the temporary offices at 7a Metalistiv, so long as the Ukrainian side provided new, more suitable office spaces no later than 2012 (as promised by the Ukrainian Party). Clearly, this will not happen, and it may be that the Governing Board will need to review its 27<sup>th</sup> GBM decision.

*Ukrainian DED Position.* On 2 August, the Ukrainian GB member, Dr. B. Grynyov, sent a letter to the STCU Executive Director requesting that the Parties review and reconsider the salary amount and payment method for the SDED position. The Ukrainian Party contends that in order to attract and retain qualified persons for the SDED position, a higher salary—one commensurate with the DED job responsibilities and with the other DEDs' salary and compensation packages—is needed, and such an amount would be beyond the legal restrictions of the Ukrainian state budget laws. The Funding Parties' position has been that the decision of the 31<sup>st</sup> GBM decision to include the SDED pay in the AOB was an exception made for one year, but not longer. U.S. AC representative Eric Lund met with Ukrainian GB member Dr. Boris Grynyov on 8 September in Kyiv, to explore possible avenues of compromise on this issue, and further discussion of this matter took place during the 13-14 October AC meetings. The result was that the Funding Parties accepted the Ukrainian request, in principle; particularly in light of the impending departure of the ED and the possibility that the Ukrainian DED would have to assume Acting Executive Director duties in the beginning of 2012.

## **Current Secretariat Activities**

### Targeted Research Program Update

On 1 September, the first of the projects developed under the Nuclear Forensics TRP was started. This is a DoE/NNSA GIPP Partner Project for \$150,000. Three more Nuclear Forensics/GIPP Partner Projects are in the process of finalizing their project agreements. Another new STCU Partner was accepted that will be engaging STCU under the Nuclear Forensics TRP: the U.S. State Department's Prevention of Nuclear Smuggling Program (PNSP) which is developing a \$685,000 Partner Project with the Ukrainian Institute of Nuclear Research.

There is still a lack of Canadian and EU Party activity in the Nuclear Forensics TRP. Much of the early interest by Canadian government entities and the European Commission was lost when their planned funds were not approved for use in the proposed NF TRP projects. The Secretariat will likely need assistance from Canadian and EU Party officials in reinvigorating interest from potential sponsor agencies in their Parties.

STCU and ISTC, in partnership with Environmental Canada and DFAIT, held the long-planned Environmental Forensics Experts Workshop on 13-16 September in Tbilisi, Georgia. The DED (Canada) is hoping that this Experts Workshop will act as a catalyst for a new TRP in the environmental forensics area, much as the nuclear forensic experts' workshop in June 2009 did for the Nuclear Forensics TRP. Work on developing an Environmental Forensics TRP for Governing Board consideration will continue.

### Targeted R&D Initiatives Activity Update

Ukraine. The seventh Ukrainian TRDI cycle was completed during the 14 June AC meeting, with the Funding Parties tentatively agreeing to support 12 Ukrainian TI projects for a total STCU contribution of \$145,811 and €192,089. But on 15 July (via email from Bianca Bohana), Canada announced that it was withdrawing its TI funding decisions, vacating the \$64,160 USD that was the Canadian funding contribution to 4 TI projects. After much delay for reconsideration, the EU and U.S. Parties agreed to replace the withdrawn Canadian funding for those 4 TI projects, making the final U.S. and EU funding commitments \$139,981 and €196,173, respectively.

Still, the total STCU contribution of approximately \$414,600 USD falls far short of the \$600,000 USD from the Funding Parties that would match the pledged \$600,000 co-financing amount from the National Academy of Sciences of Ukraine. In fact, this makes the third cycle in a row (going back to the Azeri and Moldovan TI decisions made at the 31<sup>st</sup> GBM in November) where the STCU Funding Parties failed to approve enough TI projects to match the going-in pledges of the Recipient Party contributors.

Georgia. The fifth Georgian TRDI cycle continues in the proposal review stage, and is on schedule for the final joint approvals of projects at the next (33<sup>rd</sup>) GBM. In this cycle, the Georgian side has pledged up to \$385,000 USD to finance its half of any approved STCU-Georgian Targeted Initiative projects (up to a maximum of 11 projects).

Azerbaijan. The fifth cycle of the STCU-Azeri TRDI cycle continues in the proposal review stage, and is on schedule for the final joint approvals of projects at the next (33<sup>rd</sup>) GBM. In this cycle, the Academy of Sciences of Azerbaijan has pledged up to \$450,000 USD to finance its half of any approved STCU-Azeri Targeted Initiative projects (with a maximum of 9 projects selected).

Moldova. The third cycle of the STCU-Moldovan TRDI cycle continues in the proposal review stage, and is on schedule for the final joint approvals of projects at the next (33<sup>rd</sup>) GBM. In this cycle, the Moldovan Academy has pledged up to \$150,000 USD to finance its half of any approved STCU-Moldovan Targeted Initiative projects (with a maximum of 6 projects selected).

### Partner Program/Sustainability Activity

At the 32<sup>nd</sup> GB Funding Sheet, a total of 32 new Partner Projects were approved, totaling roughly \$3.59 million USD plus €857,226 EUR. This is a strong showing for the first half of 2011, and the Secretariat estimates that by the time of the next (33<sup>rd</sup>) GBM, total new Partner Project funding could reach as high as the \$8.8 million (USD equiv.) achieved last year. If this happens, it would make 2011 one of the highest annual totals for new Partner Project funding in STCU history.

The majority of new Partner Project funding approved in the 32<sup>nd</sup> GB Funding Sheet comes primarily from U.S. Partners and in particular from DOE/NNSA GIPP (\$1,738,960 or 36.7% of the new Partner Project funding in the 32<sup>nd</sup> GB Funding Sheet). GIPP is also interested in financing a 2 year/\$1 million USD initiative to assist specific Ukrainian institutes in improving their technology transfer and S&T commercialization capabilities. This is the genesis of the U.S. Party request for GB approval to allow Government Partners to make use of all SB lines.

As noted in previous ED Reports, the GIPP program will be undergoing a major transition in its program mission and direction in the 2012-2013 timeframe, and it is unclear how this will ultimately impact STCU's future-year project/program activity levels.

There is still weakness in the Non-Governmental Partner activity, and if the trend continues at this pace, total newly approved NGP Project funding will be less than the \$2.58 million (USD equiv) reached last year (NB: the 2010 total was the lowest annual Non-Gov Partner Project funding total since 2005). The DED (Canada) has been trying to follow up on Canadian NGP recruitment, based on the March 2011 Canadian Aerospace Partner Promotion mission that he led, and several new Canadian aerospace companies have joined up as new STCU Partners as a result of the mission. More effort is being applied by the Secretariat to help the Canadian Partners and Ukrainian aerospace institutes in develop new Partner Project proposals.

### Trends in Projects

The number of active projects continued to decline, even as the 32<sup>nd</sup> GB Funding Sheet posted a record high in the amount of new project funding for a single Board. This appears to be due to the fact that while the Board approved 4 million EUR in projects for the UAPS Simferopol initiative, this represents only 5 new Regular projects. Thus, one possible future for STCU will be a case of having "fewer but larger" projects to manage.

Nevertheless, the Canadian Party decision not to fund any new projects—Regular or TI—at the 32<sup>nd</sup> GB Funding Sheet portends a very small number of new approved projects for the next (33<sup>rd</sup>) GB Funding Sheet, barring a huge increase in the number of new Partner Projects. Thus, the assumption that overall project management activity is declining—used by the STCU Management in recommending staff positions for layoffs—, appears to be holding for this year.

As the table below indicates, STCU continues to meet its self-imposed efficiency goal of processing approved projects within 100 days or less from the day a project is approved by the Board (averaging now 85 days). But the decline in the monthly average of active projects is evident. In fact, for 2011 thus far, the maximum number of active projects in one month (210) is nearly as low as the minimum monthly number of active projects of the past 5 years (208 and 209 in 2006 and 2009, respectively). Given the project approval patterns of the Funding Parties, STCU could anticipate more reductions in the number of active Regular Projects, approximately the same number of Targeted Initiative Projects, and an unknown (but likely average) number in Partner Projects, in spite of the volatility of this project category. Thus, a leveling off in the downward trend, in the range of 150-170 active projects per month, appears likely in the next 2 years.

	2006	2007	2008	2009	2010	Jan- Jun 2011	Jul 2011	Aug 2011	Sep 2011	Oct 2011	Nov 2011
Avg # of Active Projects per Month	220	247	242	219	220	197	198	201	188	164	167
Avg # of Days from GBM Approval to Project	325	161	95	93	94	85	85	85	85	85	85

Signature											
Min-Max # of Active Projects Over the Time Period	209-227	231-258	221-260	208-227	213-227	164 - 210					

### Important Visitors/Meetings/Events

#### **Signing Ceremony of STCU signs the Memorandum of Implementation Between STCU and the Ministry of Health of Ukraine (10 July, Kyiv).**

Minister of Health of Ukraine Mr. O. Anischenko and Science and Technology Center in Ukraine (STCU) Executive Director, Mr. A. Hood, signed a Memorandum of Implementation for cooperation and coordination of activities in the framework of the project “Bio-safety and Bio-security Improvement at the Ukrainian Anti-Plague Station (UAPS) in Simferopol”. SDED (UKR) Igor Lytvynov (as the Acting ED during Mr. Hood’s absence from Kyiv) presented the Memorandum to Minister Anischenko for his signature, along with DED (EU) Michel Zayet. The Memorandum establishes the outlines of the cooperation between STCU and the Ministry with regards to implementation of the UAPS projects in Simferopol, and is one of the requirements in the Contribution Agreement between STCU and the European Commission on this initiative.

**Meetings in Simferopol for UAPS Project (10 August, Simferopol).** A range of meetings were held in Simferopol to discuss implementation of the project “Bio-safety and Bio-security Improvement at the Ukrainian Anti-Plague Station (UAPS) in Simferopol”. DED (EU) Michel Zayet and SDED (UKR) Igor Lytvynov represented the STCU, meeting with various political and institute officials from UAPS, the city of Simferopol, and the governing bodies of the Autonomous Region of Crimea. The technical expert of the project for the EU, Director of the Military Institute of Hygiene and Epidemiology (Poland) Janusz Kocik, also participated in the meetings.

**Visit of U.S. AC Member to Ukraine (7-14 September, Kyiv and Dnipropetrovsk).** State ISN/CTR officer Eric Lund and U.S. Embassy officials made a series of institute visits and meetings in Ukraine. Meetings in Kyiv included a meeting with Ukrainian GB member and Deputy Director of the Ukrainian State Agency for Technology, Innovation, and Informatization, B. Grynov; meeting with the President of the National Academy of Sciences of Ukraine B. Paton; and meeting with Ukrainian AC member and KPI rector, M. Zgurovsky. DED (USA) Vic Korsun accompanied Mr. Lund on all of these meetings, and ED Andrew Hood attended the Kyiv meetings. Later, DED Korsun accompanied Mr. Lund’s delegation as they traveled to Dnipropetrovsk to visit institutes in that city.

**International Environmental Forensics Workshop - Tbilisi, Georgia (13-15 September).** On 13-15 September, the STCU and ISTC, in partnership with Canada’s Department of Foreign Affairs and Environmental Canada, held this Environmental Forensics experts workshop, and brought together more than 80 participants from Azerbaijan, Belarus, Georgia, Kazakhstan, Moldova, Russia, Tajikistan, and Ukraine as well as international experts from Canada, the European Union and the USA. The workshop goal was to inspire development of joint initiatives addressing global and growing environmental problems.

**Meeting with Acting U.S. Governing Board Member (23 September, STCU HQ).** While in Kyiv for meetings on nuclear smuggling, Simon Limage (Deputy Assistant Secretary of State for Nonproliferation Programs) paid a courtesy visit to the STCU offices and met with Executive Director Andrew Hood, DED (US) Vic Korsun. Accompanying DAS Limage were Michel Curry (State ISN/WMDT), Chever Voltmer and Gaia Self from the U.S. Embassy.

**STCU Participation in ISTC SAC Seminar (Almaty, Kazakhstan, 27-28 September).** DED (US) Vic Korsun participated in the ISTC Scientific Advisory Council Seminar, “Developing Innovation and Technology Transfer in a Global Security Environment”, at the invitation of ISTC and the suggestion of U.S. SAC member Dr. Steve Gitomer. ISTC invited DED Korsun to make a presentation during the seminar’s session on STCU initiatives in commercialization and technology transfer.

Andrew A. Hood  
Executive Director

## **ANNEX 3: PROGRAMMATIC FRAMEWORK**

### **CONTEXT**

The STCU uses three mechanisms to realise its non-proliferation and scientist engagement objectives: regular projects, targeted initiatives; and related support activities funded through supplemental budget lines:

- “Regular ” activities have evolved to become projects proposed by participating science-based institutes to funding parties, primarily to redirect its individual scientists employed therein, and when possible, to establish commercial/research-driven linkages with domestic industries.
- “Targeted” initiatives provided funding parties an opportunity to develop a longer-term, thematic arc of scientific enquiry with the institutes best suited to conduct the work.
- Supplemental budgets have evolved as a catch-all for administrative support, outreach, travel, partner promotion, and other disparate activities in support of projects, or as initiatives deemed to have a stand-alone project value of their own, notably workshops and conferences.

While interconnected, all three mechanisms operate independently within an open-call, revolving project review cycle, with SB activities being complementary to project initiatives. While sufficient to the straightforward task of redirecting former weapons scientists to peaceful applications of their work, a more sophisticated framework is needed now that the work of redirection is largely completed.

The recommendations in this paper are structured to address the following assumptions that have crystallized on the STCU’s future direction and overall priorities:

- STCU programming will require partnerships in which two or more parties divide tasks and contribute resources (funding; goods, services, or assets) for risk-sharing and mutual benefit.
- Projects are tied to agreed STCU institutional program priorities, and framework within which results-based outcomes that reflect parties’ needs and emerging international security requirements are reviewed on a periodic basis and adjusted accordingly.
- Projects are approved on the basis that they encompass all expenditures necessary for identified activities, including those anticipated for commercialization.
- Sustainability of STCU’s operations is defined as independence of the current reliance on donor grants and contributions to its “recipient” partners, as well as the flexibility to address evolving and longer-term priorities within a changing security environment.

On this basis, the following general recommendations are proposed for Governing Board Review:

### ***Priority Review and Project Solicitation***

The current open call for proposals for both regular and targeted initiatives be eliminated and replaced by pre-determined priority review and a program plan based on thematic focus developed by Advisory Committee with the support of the Secretariat, and endorsed by the Governing Board. Interim and out-of-cycle adjustments are made as required. Specific Project review and approval would be instituted accordingly:

#### **A. Identification of Priority Themes**

- Priority Review: Developed and consensus by all parties during Spring Advisory Committee (AC) for the following fiscal year.
- Adopted by Governing Board by June.
- Project thematics are further refined and submitted to the Governing Board (GB) for approval by the December session for the subsequent fiscal period.

#### **B. Submission of Project Proposals**

- Call for proposals posted in January for the fiscal funding period.
- Project proposals are to be submitted for consideration by March, and ideally prior to summer AC/GB meetings, thereby informing discussions on priority themes between the parties for the following year.

#### **C. Project Funding**

- Discussions on cost-sharing and co-funding opportunities are to take place during the Fall AC meeting. At this stage parties will have reviewed project proposals and made preliminary selections for potential funding.
- The final project funding sheet is to be signed during the November/December GB.
- At the GB, parties are to make financial commitments on project funding for the following year, in a similar manner to current commitments of funds for targeted initiative projects made by states of the CIS and Georgia.
- It is expected that all STCU parties will commit funds for project funding, thereby increasing opportunities for co-funding partnerships.

### ***Themes and Focus***

In 2010, the Working Group on the Future of the STCU assessed that the Centre's non-proliferation mandate is the overarching denomination for future programming. Despite subtle differences among Parties in their views of the STCU's role as a mechanism to pursue respective priorities and needs, there was consensus that the STCU's capacity to address evolving global risks associated with the proliferation of critical Chemical, Biological, Radiological, Nuclear and Explosives (CBRNE) knowledge is the value-added niche that will contribute directly to the STCU's long-term sustainability.



Below are possible areas for concentration by the STCU as defined in previous informal consultations amongst Parties. The challenge is the matchmaking that encourages civilian application of the S&T in these areas to the extent of commercial advantage and sustainable employment of regional collaborators:

**Combating Nuclear Terrorism**

- Global nuclear detection /forensics

**Explosive Threat**

- IED defeat and home-made explosives
- Detection/stand-off detection
- Precursor materials access

**Public Responder Requirements:**

- Provision of solutions that enhance responder safety and performance (3+ layers of government/governance) by addressing effective and efficient procedures as well as protection and communications/information systems that are user friendly, light, smaller, and highly energy efficient.
- Development of less-than-lethal weapons in lieu of physical force.

**Biological and Chemical Threats**

- Emergency and casualty management and treatment for CBRNE incidents (including mass decontamination)

**Addressing Animal and Human Disease**

- Support to national and international efforts in tracking and responding to animal disease and pandemic outbreaks.
- Reduction of human illness associated with infectious disease by supporting intelligence exchange, surveillance activities and response across departmental and international boundaries.
- Minimization of the human health and economic risks associated with food-borne illness outbreaks and animal disease outbreaks.

**Focus on a Safe and Secure Food System**

- Development of rapid, specific, sensitive, and validated detection technology platforms that can be used on site.
- Enhanced capability to mitigate and respond to a food-borne threat.

***Project Selection Criteria***

Research Projects may be evaluated on the basis of the following criteria:

- Scientific and/or technical merit of the proposal.
- Feasibility and capacity to achieve objectives and deliver concrete results-based outcomes that contribute to international security and stability.

- Scientific or technical excellence of individuals as well as institutional critical knowledge, expertise and experience. In this regard, consideration will be given to past or potential contributions to and impact on proposed and related areas of research, and current capacity.

## **2. SUPPLEMENTAL BUDGETS**

STCU parties currently contribute to shared and solely-funded supplemental budgets in order to finance expert travel (both East-West and West-East), partner promotion initiatives, and patent applications related to discrete projects.

Supplemental budgets are also used to support a wider variety of discrete project activities - international conferences, seminars, training programs, technical assistance and provision of equipment that contribute to the overall STCU mission and mandate. Such initiatives have proven to aid in the development of guidelines and best practice standards that address CBRNE safety and security, and in doing so, support existing international agreements and regimes (UNSCR 1540, BTWC, CWC, NPT, etc.). These initiatives essentially constitute discrete project activities on their own merit, and are to be distinguished from mobility and other project support to regular projects and TIs.

As currently administered, SB lines are antithetical to the administration of a strategic, priority-based approach in which “shared” and “solely funded” distinctions would no longer apply if co-financed, sustainable partnerships were the programming model. All support activities currently underwritten by SB funding would be identified within specific project proposals, and these support costs then systematically tracked and evaluated against projects’ results-based outcomes. An integrated workplan for generic partner promotion, conferences and workshops, and similar outreach/engagement would be submitted as such against assessed criteria for project eligibility and consistent with priorities identified in the targeted call for proposals.

There have been no concise terms of reference for applying solely-funded SB lines, with the Secretariat alternately 1) deferring to Parties to adjudicate activities; or 2) interpreting ‘past practice’ in implementing Parties’ requests. As the STCU Secretariat has been directed to develop straightforward guidelines for the application of SB activities, it is recommended that they do so with the following key principles are proposed:

- SBs are used to support general STCU programmatic activities. These may include outreach (participation of workshops, conferences, and international events of overall benefit to members. Travel, partner promotion and other specific costs associated with a specific project or initiative should be budgeted and tracked as discrete project expenditures.
- Service contracts, including those of DEDs, should be tracked within the STCU Main Account.
- Guidelines are required for the identification of new activities/initiatives that can be funded by parties using supplemental budgets.
- All SB expenditures should be consistent with the activities and objectives set by the STCU in the annual priority review exercise.

## **3. PARTNERSHIPS**

The scope and extent of transformation is tied to engagement of its existing and prospective partners. It is suggested that future discussions of STCU membership be conducted using a three-

tiered approach to this question: 1) Consensus reached internal to the STCU regarding the intended scope and pace of inviting new partners, including an evaluation of potential benefits and implications of ISTC-member state accession to the STCU; 2) Joint consultations with the ISTC regarding proposed collaboration and member-state accession of its existing members; and 3) consideration of potential new members.

### *New Partner selection criteria*

While the STCU is interested in broadening the panoply of partners to increase opportunities and amplify their effects, there are impediments in getting projects off the ground. Terms of reference to consistently screen industry partners could be instituted, based on the following factors:

- Strategic interest and existing relationship in the region.
- Market connectivity and active engagement.
- Technical capacity for civilian application and commercialization following proof of concept.
- Competence /readiness to operate effectively within regional legal, accounting, and IP regimes.

### **3. IMPLICATIONS FOR INTERNAL STCU ADMINISTRATION**

STCU internal processes would likely need to adjust to fewer but more complex projects. There may also be a heightened need to collaborate with the ISTC and other regional bodies in the efficient and effective delivery of international security programming. Consequently, a shift will be required in the competencies and skill sets of STCU staff, particularly its executive complement. During this transitional period in determining new roles, responsibilities and mandates vis-à-vis other intergovernmental and international bodies, the STCU may incur costs related to heightened legal, financial, and project and program audit and evaluation requirements. This should be addressed and built into the financial framework for 2013 and beyond.

Honorable Executive Director,  
Ladies and Gentlemen,

Ukrainian party has considered the document related to the future of the STCU and further actions for its reforming proposed by the group of experts. We appraise this document positively at large. It outlines 3 key areas on which decisions should be taken:

- *Firstly, vision and mission of the STCU*
- *Secondly, the improvement of the STCU financial model; and*
- *Thirdly, the exploration of new opportunities and directions for further collaboration between the Parties.*

### **With regard to the STCU vision and mission**

Ukrainian party considers that it is vital to accent on its principle position and the necessity to keep the STCU as a prominent regional international organization in the area of science and technology cooperation. We believe that the STCU has abilities for transformation and to meet new challenges and threads to the safety and security in the region and world at large. It is our opinion that the STCU and the Parties to the Agreement have a high potential and strong capacity to assure the reforming process in terms indicated by Parties.

Further, the functioning of the STCU is crucial in a light of the decision concerning possible termination of the operation of ISTC. Retaining and safeguarding the STCU is extremely important, taking into consideration that today we can not foresee and forecast new potential threads to the safety which may demand joint contraction by the Parties. In case of the liquidation of the STCU the Parties will lose the existing mechanism of prompt interaction and close cooperation.

*The Ukrainian Party considers that the main strategic directions of the STCU should be the following:*

Firstly, promotion of the joint science and technology research on the counteraction of new challenges and threads to safety and security in the regions and in the world.

Secondly, support of the market – oriented global science and technology collaboration and promotion of the commercialization of scientific research and joint innovation projects;

Thirdly, the continuing support of non – proliferation of weapons of mass destruction.

Lastly, considering the worldwide tendency to team up scientific research and support of innovations, we believe it is appropriate to include the support of joint innovation projects that could be further commercialized and introduced to various industries.

### **With regard to the improvement of the STCU financial model**

Though the Parties have sufficient financial resources to secure the operating future of the STCU, the Ukrainian Party considers it necessary to make appropriate changes to the mechanism of the STCU funding. This will enable the reduction to the expenses of donor-countries, re-distribution of expenses and initiation of commercialization of the STCU operation.

Appropriate reforms should foresee the joint funding of science and technology research on the counteraction of new challenges and threads to safety and security in the region and in the world. This funding is to be based on principles of costs sharing between the STCU and the partner (executor) organization.

The funding of the STCU operation taken in conjunction with the second strategic direction i.e. promotion of the market-oriented global collaboration and the commercialization of scientific research, can be accomplished by the Parties on principles of parity at the initial stage. However, the Parties should envisage the step-by-step transition to the operation on the basis of self sufficiency or further partial reimbursement of the Parties' expenses by means of commercialization of the research.

The funding of the STCU support of non – proliferation of weapons of mass destruction should be accomplished on the basis of the existing funding model of both regular and partner projects.

At present it is difficult to forecast the exact share of the total funding necessary for each strategic direction. However, the Ukrainian party suggests the following distribution:

Firstly, the funding of science and technology research on the counteraction to new challenges and threads to safety and security in the region and in the world should take up between 40 to 50% of the total funding at the initial stage, increasing gradually within the next five years up to 60-70 percent.

Secondly, the funding of the market-oriented global collaboration and promotion of the commercialization of scientific research is to take up approximately 20-30% at the initial stage and subsequently become self-sufficient.

Thirdly, the funding of the support of non-proliferation of weapon of mass destruction should take up 30-40% of total funding at the initial stage. It should gradually decrease to 10-15%, but such decrease would not affect the partner's projects.

The distribution of funding between projects will enable the Parties to provide appropriate financial coverage of the STCU operation and will create the essential conditions for sustainable functioning.

### **With regards to new capabilities and directions of further collaboration**

The exact directions of joint science and technology research on the counteraction of new challenges and threats to safety and security can be defined by consensus of the Parties after consultations of the experts presentations on the corresponding proposals. These directions are to be reviewed and updated periodically (once every two or five years).

The Ukrainian Party proposes to include the following directions:

Firstly, the promotion of research in the IT focusing on the counteraction to new cyber-threads;

Secondly, the promotion of research in the area of precaution to technogenetic and ecological threads.

Further, the Ukrainian Party proposes for consideration the establishment of the new mechanism of collaboration within the STCU. This new mechanism is to take form of joint laboratories focusing on the priority directions. Following the experience of the world leading countries in research and innovation, such mechanism of collaboration demonstrates its effectiveness in solving major scientific problems. This experience can be used efficiently by the STCU. If this is the way the Parties agree to follow, the Ukrainian Party is ready to offer its financial support for the creation of joint laboratories in the key areas with the STCU.

The Ukrainian State Agency on Science, Innovations and Informatization has relevant experience in the execution of the “State key laboratory of the molecular and cell biology” project. This was accomplished with the Agency’s support and the laboratory is keen to collaborate on future projects.

Regarding the second strategic direction of the STCU activity, the support of the market oriented global science and technology collaboration and promotion of the commercialization of scientific researches and joint innovation projects, the Ukrainian Party proposes to envisage the creation of the technology transfers and commercialization of the research center.

In this direction the STCU can assist in the preparation of the suitable specialists. It can offer consultations and assistance in the number of areas: such as protection of intellectual property rights for scientific developments, search of collaborators interested in the commercialization of scientific developments, support to the joint innovation projects.

Within the framework of the STCU strategic development, the Ukrainian Party proposes to consider the possibility of creation of the Ukrainian Foundation of Foreign Patents and the State Foundation of Fundamental Research.

The Ukrainian Party proposes to approve the suggested stages and terms of reforms. At the same time we propose to agree on terms for the decision making regarding the direction of joint science and technology research on the counteraction of new challenges and threats to safety and security in the region and in the world.

Taking the opportunity, I would like to inform Members of the Advisory Committee about the adoption of the decree dated 28<sup>th</sup> September “On allocation of the Ukrainian Science and Technology Center” by the Cabinet of Ministers. In accordance with this document, the Ukrainian State Agency on Science, Innovations and Informatization acquires the authority to meet the expenses connected with the lodging of the STCU. Thus, the Government of Ukraine made decision to create favorable conditions for fulfillment of the obligation of the Ukrainian Party as for assuring appropriate functioning of the STCU.

Thank you for your attention.



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№ 18-2/232

"25" October 2011 il/y.

**Honorable Executive Director,  
dear colleagues**

Azerbaijan National Academy of Sciences (ANAS) has considered the document related to the future of the STCU and further actions for its reforming proposed by the group of experts. We appraise this document positively at all. It outlines 3 key areas on which decisions should be taken:

- *Vision and mission of the STCU*
- *The improvement of the STCU financial model; and*
- *The exploration of new opportunities and directions for further collaboration between the Parties.*

**Regarding to the STCU vision and mission** ANAS considers that it is vital to accent on its principle position and the necessity to keep the STCU as a prominent regional international Organization in the area of science and technology cooperation. No doubts that the STCU has abilities for transformation and to meet new challenges and threads to the safety and security in the region and in the world. According of our opinion, STCU and the Parties have a high potential and strong capacity to assure the reforming process in terms indicated in the presented document.

The ANAS considers that the main strategic directions of the STCU should be the following:

1. In Azerbaijan the STCU is well known, as authoritative international organization, which provided an essential contribution and assistance in international scientific cooperation between leading scientist and specialist from partner countries, having experience in organizing collaboration in the field of prevention of the proliferation of weapons of mass destruction (WMD). STCU has significant influence on the process of corrections of activity profiles of many scientists and help them to get innovative scientific results and commercialization.
2. Today the situation is changed and appears the necessity in the adjustment of the STCU policy. So, is requires changing of methods of the STCU activity focused to achieving the more efficient results especially in the fields related with threat of safety of the countries in the region and world.

In the presented document are chosen three classes of the primary tasks, costing before STCU. The ANAS is completely agree with such way of the further development STCU and ready to support all needed reforms in activity of the STCU.

3. Due to STCU new activity for ANAS main priority scientific directions of the research are:
  - problems of safety, connected with the energy sector;
  - problems of safety, connected with natural hazards, first of all geological dangers (seismicity, landslide, floods, desertification, change of level of Caspian sea, epidemic diseases, climatic changes etc);



- problems of the spreading the nuclear weapon and its elements;
- problems to food safety;

**With regard to the improvement of the STCU financial model:**

Though the Parties have sufficient financial resources to secure the operating future of the STCU, the ANAS considers it necessary to make appropriate changes to the mechanism of the STCU projects funding.

So, will be reasonable to develop several long term focus programs with determined beforehand budget and expecting results in every above specified priority directions.

The ANAS offers to carry out all planned reforms "step by step" i.e. to continue to finance currently existing programs (Regular, Partner, TRDI) and gradually move to further target programs.

**As the next, ANAS proposed for consideration the establishment of the new form of collaboration within the STCU.** This new form is the establishing of joint laboratories focusing on the priority directions. Following the experience of the world leading countries in research and innovation, such mechanism of collaboration demonstrates its effectiveness in solving major scientific problems. This experience can be used efficiently by the STCU. If this is the way the Parties agree to follow, the ANAS ready to offer of its administrative support for the creation of joint laboratories in the priority areas with the STCU.

Regarding the other strategic direction of the STCU activity, the support of the market oriented global science and technology collaboration and promotion of the commercialization of scientific researches and joint innovation projects, ANAS proposes to envisage the strengthening the existing Technology transfer Center within ANAS. In this direction the STCU can assist in the preparation of the suitable specialists. It can offer consultations and assistance in the demanded areas: such as protection of intellectual property rights for scientific researches, search of foreign collaborators interested in the commercialization of scientific developments, support to the joint innovation projects.

In generally, ANAS to propose to approve the suggested stages and terms of reforms in the STCU activities especially regarding the direction of joint science and technology research on the counteraction of new challenges and threats to safety and security in the region and in the world.

Taking the opportunity, ANAS would like to inform Members of the Advisory Committee about willingness to create favorable conditions for fulfillment of the obligation of the ANAS as for assuring appropriate functioning of the STCU in Azerbaijan.

Thank you for your attention.

President of ANAS,  
Academician



M. Kerimov



№ 03-01-01-4/1013

09.11.2011 2011 წ.

**To:** Mr. Andrew Hood  
Executive Director  
Science and Technology Center in Ukraine  
7a Metalistiv Street, Kyiv 03057, Ukraine  
Fax: +380.44.490-7145  
**Ref:** Proposals on strategy for STCU's development

Dear Mr. Hood,

I was my pleasure to meet you in Kiev and took part in Advisory Committee meeting concerning the strategy of STCU's further development.

We consider STCU as one of the key international institution with unique knowledge on S&T potential of the region and on actual needs and challenges of partner countries. We do hope that elaboration of new strategy will establish the basis for successful operation of STCU in new reality.

To make our joint activities more effective we suggest to widen the scope of Targeted Initiative Program and to identify priority fields of our cooperation based mainly on actual demands of regional market.

We consider it appropriate to open STCU's existing and future programs for wider participation. Especially: lower to zero the 50% quota of weapon scientists; (ii) reduce the barriers for Universities' and labs' participation in Partnership Program; (iii) develop the instruments encouraging involvement of young researchers.

Taking this opportunity let me express our gratitude to STCU and to you personally for support and cooperation during almost 15 years.

Staying yours sincerely,

**Sulkhan Sisauri**  
Director General



MINISTRY OF FOREIGN AFFAIRS  
AND EUROPEAN INTEGRATION  
OF THE REPUBLIC OF MOLDOVA

*Deputy Minister*

*November 17 2011*

Science and Technology Center in Ukraine  
Executive Director  
Mr. Andrew A.Hood

Dear Mr. Hood,

First of all let me thank you on behalf of the Government of the Republic of Moldova for the support provided by STCU in different research and development projects oriented to redirect atomic scientists into the worldwide community of civilian research.

It is our belief that STCU should continue to play a key role in the fields of science and technological cooperation. Moldova is ready to work closely with STCU and other state parties, and to actively contribute to the success of the ongoing reform process of the Center.

Moreover, I would like to inform you that the Ministry of Foreign Affairs and European Integration has duly notified the relevant national authorities about the outcome of the Advisory Committee meeting that took place in Kiev, on October 13-14, 2011 as well as consulted their views on the matter. Thus, please find attached a set of proposals on the presented *Strategy Discussion Paper*, drafted with the contribution of the experts from the Academy of Sciences of Moldova and the National Agency for Regulation of Nuclear and Radiological Activities.

Taking this opportunity, I would like to reiterate our readiness to continuing working together with STCU on matters of mutual interest.

Sincerely,



Andrei POPOV

## **Proposals submitted by the Academy of Science of the Republic of Moldova on Strategy Discussion Paper**

1. We propose to organize a consultation process with the research teams that have received STCU grants, in order to assess the implementation process and impact of the projects funded so far;
2. We support the idea according to which STCU mission should be adjusted towards the new threats and vulnerabilities to international and regional security;
3. We consider necessary to capitalize on the scientific cooperation relations already established between STCU project beneficiaries;
4. We support further implementation of the co-financing principle, on the basis of the identified topics of mutual interest;
5. We advance the idea of developing a synergy between STCU program and the European Research Area, in particular through the Seventh Framework Programme (FP7) of EU, in order to extend STCU projects in the European framework of multilateral scientific cooperation.

## **Proposals submitted by the National Agency for Regulation of Nuclear and Radiological Activities of the Republic of Moldova on Strategy Discussion Paper**

Moldovan party considers necessary to keep STCU operational as one of the most important regional international organization for development and preservation of the nuclear science and technology for peaceful purposes.

On the other hand, Moldovan example of participation, presents that acting model of the STCU lacks should consider also the involvement of other institutions and human resources in this community. We believe that it is necessary to involve as well in STCU activities such national institutions as Moldovan Agency for Innovation and Technology Transfer, Universities laboratories and NGO's.

Analyzing proposals awarded by our Ukrainian colleagues, on main strategic direction of further activity of STCU community, it is necessary to sustain it, because, from the regional and domestic point of view it is accordance with our visions. We mean especially to global trends of combating proliferation of WMD's by common efforts of the country, neighbours and the entire international community.

For these purposes is necessary to sustain efforts of Moldova in establishing of a Nuclear Forensics Laboratory. May also be discussed establishing of complex Laboratory, oriented not only NR Materials, but also to chemical and biological materials.

Concerning STCU financial model, it is reasonable to discuss co-financing options of the projects and, why not, external expertise of the intermediate or final reports. Others proposals of the Ukrainian colleagues are necessary to be discussed.

New mechanism for collaboration must be based not on the established key laboratories from the country, but on the forming of cluster collective for interesting directions. In these view we keep the door opened and we are flexible for any interested physical or legal entities, in spite of their departmental affiliation.

Concerning new abilities and directions of activities, we suppose, that is necessary to receive from participating countries additional arguments on interest in any subjects, e.g. national strategy or plans, which indicates such priorities within each country.



## Summary of 2012 STCU AOB & SB Requests

1



## Summary of 2012 AOB

- Total AOB of \$1.43M compared with AOB of \$1.68M in '11. \$247.6K Decrease (14.78% Decrease).
- Recurring Costs of \$1.38M compared with \$1.60M in '11. 13.35% Decrease.
- Non-Recurring Costs of \$45.4K compared with \$80.1K in '11. 43.32% Decrease.

2



## AOB as % of Project Expenses

### AOB Expenses

- 2012 Est. \$1.40M (10.0%)
- 2011 Est. \$1.54M (11.4%)
- 2010 Actual \$1.57M (10.5%)
- 2009 Actual \$1.66M (10.4%)
- 2008 Actual \$1.55M (8.3%)
- 2007 Actual \$1.63M (8.4%)

### Project Expenses

- 2012 Estimated \$14.0M
- 2011 Estimated \$13.5M
- 2010 Actual \$14.9M
- 2009 Actual \$15.9M
- 2008 Actual \$18.7M
- 2007 Actual \$19.3M

3



## AOB as % of Project & SB\* Expenses

### AOB Expenses

- 2012 Estimated AOB \$1.40M (9.6%)
- 2011 Estimated AOB \$1.54M (10.6%)
- 2010 Actual AOB \$1.57M (10.0%)
- 2009 Actual AOB \$1.66M (9.9%)
- 2008 Actual AOB \$1.55M (7.9%)
- 2007 Actual AOB \$1.63M (8.1%)

### Project + SB Expenses

- 2012 Estimated \$14.0M + SB = \$.6M = \$14.6M
- 2011 Estimated \$13.5M + SB = \$1.0M = \$14.5M
- 2010 Actual \$14.9M + SB = \$849K = \$15.7M
- 2009 Actual \$15.9M + SB = \$931K = \$16.8M
- 2008 Actual \$18.7M + SB = \$766K = \$19.5M
- 2007 Actual \$19.3M + SB = \$903K = \$20.2M

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

4



## Personnel - Local Grant Payments

- Total Cost of \$706.3K compared with \$817.9K in '11. 13.64% Decrease.
  - Nine (9) full-time positions eliminated, resulting in savings of \$113.3K (inc. one time redundancy charge of \$21.7K)
  - Addition of DED-UA grant, resulting in increase of \$38.6K
  - Internal Guards eliminated, resulting in savings of \$20.7K
  - No grant increase or bonus in '12

5



## Personnel (cont.)

- Staff Training total Cost of \$50.0K compared with \$70.K in '11. 28.6% Decrease.
  - Budget allocated per dept. by # of professionals

6





## Personnel

- Personnel Costs
  - 2011
    - '11 costs of \$1.01M (1.1% decrease over '10)
    - 60.5% of total AOB
  - 2012
    - '12 costs of \$867.6K (14.5% decrease over '11)
    - 60.8% of total AOB

7



## Travel

- Travel w/in CIS cost of \$80.0K compared with \$100.0K in '11.
  - 20.00% Decrease
  - Monitoring costs reduced because of smaller quantity of active projects

8



## Travel (cont.)

### ■ Travel Costs

- 2011
  - '11 costs of \$156.1K (18.3% decrease over '10)
  - 9.3% of total AOB
- 2012
  - '12 costs of \$133.1K (14.7% decrease over '11)
  - 9.3% of total AOB

9



## Office Operations

- Telecommunications Services \$42K compared with \$50K in '11.
  - 16.00% Decrease
  - Continued decrease because of technology use (i.e. skype, inst. mess., etc.)
- Printing & Reproduction \$13K compared with \$18K in '11.
  - 27.78% Decrease
  - Cont. move to electronic publications

10



## Office Operations (cont.)

- Branch Office Overhead \$19.5K compared with \$41K in '11.
  - 52.44% Decrease
  - Decreased because of closure of Lviv and Kharkiv Offices

11



## Office Operations (cont.)

- Office Operations Costs
  - 2011
    - '11 costs of \$317.8K (9.0% decrease over '10)
    - 19.0% of total AOB
  - 2012
    - '12 costs of \$264.5K (16.8% decrease over '11)
    - 18.5% of total AOB

12



## Non-Recurring

- Vehicle Purchase cost of \$0K compared with \$30K in '11
  - No need to replace vehicles in '12
- Computer Hardware cost of \$1.9K compared with \$4.6K in '11
  - 58.7% decrease
  - All HW currently meets STCU needs

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## Non-Recurring (cont.)

- Non-Recurring Costs
  - 2011
    - '11 costs of \$80.1K (2.73% increase over '10)
    - 4.8% of total AOB
  - 2012
    - '12 costs of \$45.4K (43.32% decrease over '11)
    - 3.2% of total AOB

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## Summary of 2012 Shared SBs

- Total Gross Shared SB request of \$40.0K compared with \$215.0K approved in '11 (81.4% decrease).
  - Bus. Training/Sus. Support SB is \$40.0K
  - All other shared SBs reduced to zero in '12
    - Patent Support
    - Seminars/Workshops

15



## Shared Supplemental Budgets

- Bus. Train./Sus. Supp. cost of \$40.0K compared with \$150K in '11
  - 73.3% decrease from '11
  - Events include:
    - '12 Nuclear Forensics Workshop
    - 2nd International Symposium on Development of CBRN-Defense Capabilities
    - Seed Forums
  - Select partner promotion missions
  - Continued CTCO and Tech transfer activities

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## Solely Funded SBs

- DOE/IPP Bus. Train./Sus. Supp. cost of \$550.0K compared with \$0K in '11
  - DOE/IPP to contribute \$1M over two years to support extension of CTCO program for ten (10) select institutes
  - \$50K in '12 to support training events (i.e. business proposal writing, etc.)

17



## Solely Funded SBs (cont)

- Canada will provide no new funding for SBs in 2012
- EU to provide similar sums as in '11 (see SB spreadsheet for further detail)
- US will provide \$60K for Seminars/Workshops in 2012

18



## AOB Funding %

- As per the minutes of the A.C. meeting conducted on Dec. 5 & 6, 2000
  - All Party representatives agreed that the Parties would equally share twenty percent (20%) of the Administrative Operating Budget. However, the minimum share will be 5% of the 20%, i.e. with three Parties each pays at least 6.67%, if there are 4 Parties each will pay at least 5%
  - All Party representatives agreed that the remaining 80% will be allocated according to the projected next year's % throughput (grants, equipment, and overhead) for the Party's projects (regular and non-fee paying partner projects)

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## AOB Funding % (cont.)

- Projected throughput (grants, equipment, and overhead)\* for 2011:

	U.S.**	Canada	European Union**	Total
Projected Project Expenses	\$3,185,110	\$630,360	***\$4,194,018	\$8,009,488
% Share of Project Expenses	39.77%	7.87%	52.36%	
	<u>80.00%</u>	<u>80.00%</u>	<u>80.00%</u>	
Distribution of 80%	31.81%	6.31%	41.88%	
Distribution of 20%	<u>06.67%</u>	<u>06.66%</u>	<u>06.67%</u>	
Calculated Sharing %s	<b>38.48%</b>	<b>12.97%</b>	<b>48.55%</b>	

\* Does Not Include Projects approved at upcoming 33rd STCU Governing Board

\*\* Includes Non-Fee Paying Government Partners

\*\*\* Assumes €1 = \$1.45

20



## AOB Funding % (cont.)

### ■ Comparison - Actual Project Funding at GB 31 & 32:

	U.S.*	Canada	European Union*	Total
Actual Funding at GB 31 & 32	\$4,920,995	\$475,720	**\$8,047,546	\$13,444,261
% Share of Actual Funding	36.60%	3.54%	59.86%	
	<u>80.00%</u>	<u>80.00%</u>	<u>80.00%</u>	
Distribution of 80%	29.28%	2.83%	47.89%	
Distribution of 20%	<u>06.67%</u>	<u>06.66%</u>	<u>06.67%</u>	
Calculated Sharing %s	<b>35.95%</b>	<b>9.49%</b>	<b>54.56%</b>	

\* Includes Non-Fee Paying Government Partners

\*\* Assumes €1 = \$1.45 for 31st and 32nd

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## AOB Funding % (cont.)

### ■ Calculated AOB Funding %s

- United States	38.48%
- Canada	12.97%
- European Union	<u>48.55%</u>
Total	100.00%

22





**Science and Technology Center in Ukraine**

**2012 Administrative Operating Budget and Supplemental  
Budget Presentation**

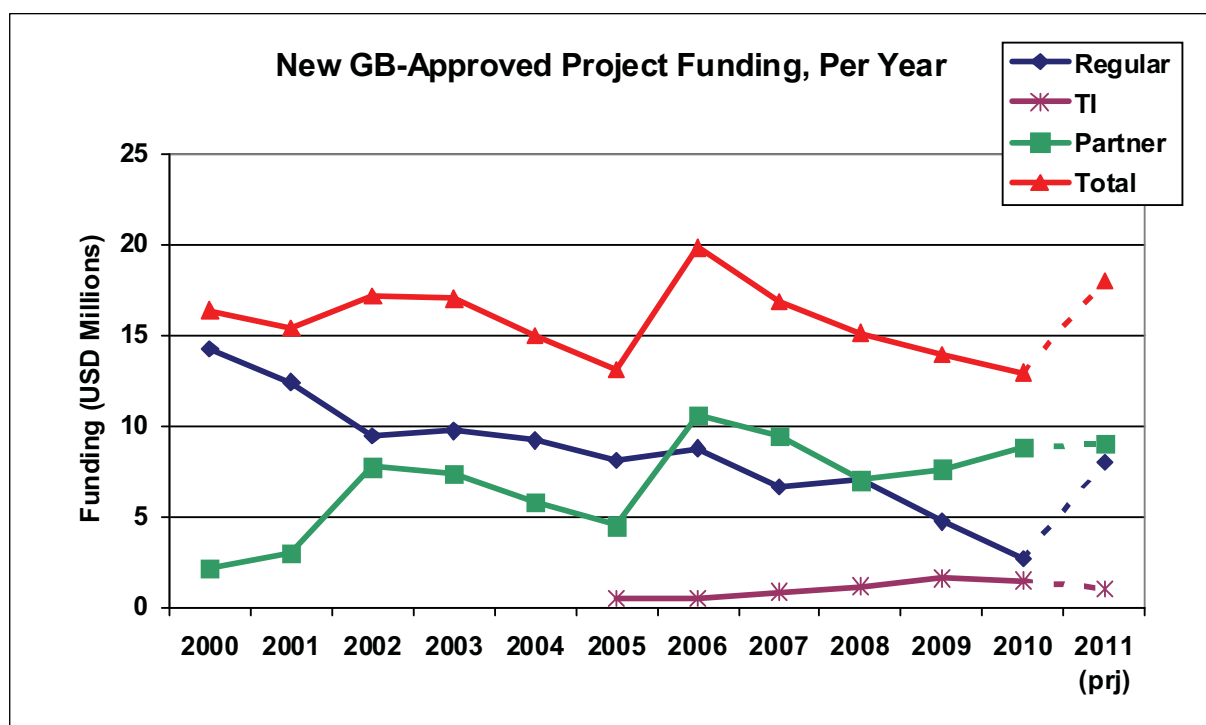
18 November 2011

## Overview

The STCU delivered its 2011 budget plan on target, with a projected Administrative Operating Budget (AOB) under-spend of approximately \$139,614 out of the GB-approved \$1,675,139.

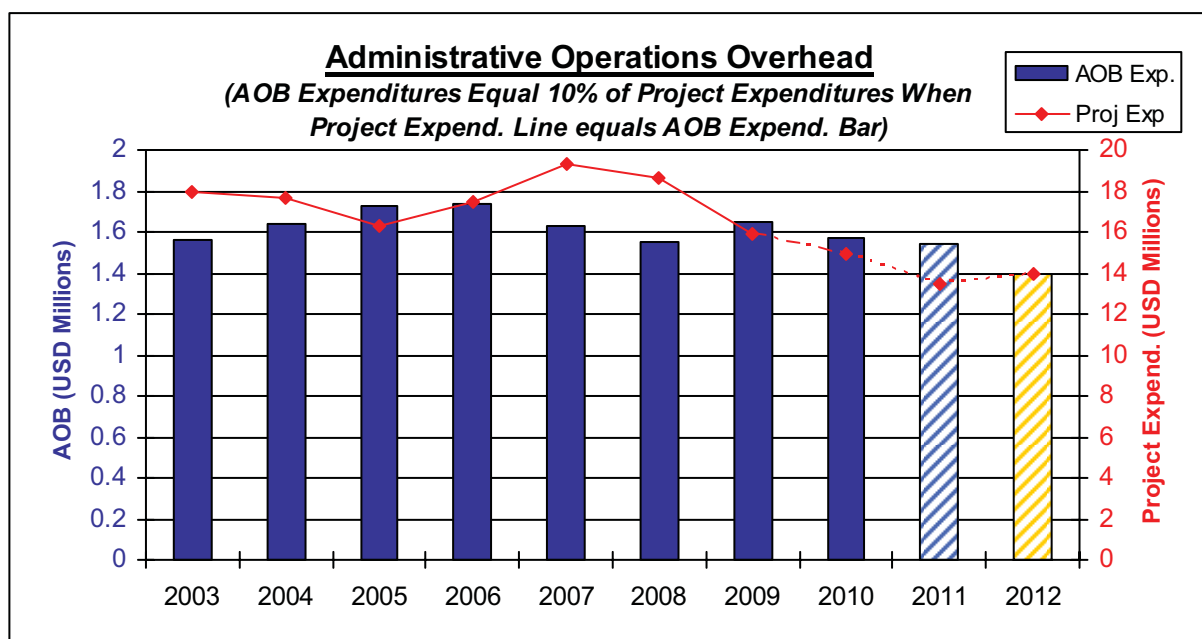
For 2012, the STCU Management built its Administrative Operating and Supplemental Budget requests under the following assumptions:

1. Because the Governing Board has not approved a new strategy, the existing 2004 strategic plan and objectives is assumed to be the program guidance for 2012. Thus, this budget request assumes that there will be no new major program initiatives. If the Board does approve a new strategy in 2011, then the year 2012 may see the start of planning for future transitions.
2. The level of program support (i.e., financial support) from the Funding Parties is assumed to continue to decline—emphasized by Canada's 14 October AC meeting announcement that it will not fund any projects or SB activity in 2012. Thus, this budget request assumes that there will be no expansion of existing programs in 2012; indeed, there may be reductions in activity or even elimination of programs (i.e., Supplemental Budget programs).
3. Overall project activity (Regular, Partner, and Targeted Initiative) is assumed to remain the dominant factor in administrative management, but the aggregate total of new project activities is assumed to continue declining (see Chart below). The 2011 approval of €4 million EUR for the 5 new Regular Projects of the Simferopol biosecurity initiative has increased Regular Project funding for the present moment. But with Canada's October announcement that it will not fund any new Regular or TI projects in 2012, the assumed trend for future project activity remains downward.
4. Supplemental Budget funding had been assumed Advisory Committee meeting, but Canada announced in October that it would not contribute any new SB funds in 2012. The 32<sup>nd</sup> GB decision to open all SB programs to Government Partners will likely provide new SB activity and funds, albeit not enough to offset the loss of Canadian SB funding.



Under these assumptions, STCU Management has developed its 2012 program plan and supporting AOB/SB budget requests with two aims: (1) providing for the administrative resources necessary to deliver adjusted program activities that support the 2004 Near-Term Strategy, and (2) responding to the 24 June 2011 Advisory Committee guidance to downsize STCU in light of reduced Funding Parties program budgets. Thus, this 2012 STCU budget request was built under the following guidelines:

- Until a new strategy is approved by the Governing Board, STCU Management will seek to maintain an adequate level of management over the current set of STCU programs (i.e., projects and SB activities), performing at their 2011 activity levels or at an adjusted lower level.
- At the same time, the Funding Parties directed that the Administrative Operating Budget (AOB) be reduced due to the Funding Parties inability to financially support the AOB at current levels. The Funding Parties directed that the 2012 AOB aim to achieve an admin overhead ratio of 10% of projected 2012 project expenditures plus Supplemental Budget (SB) expenditures (excluding SB staff service contracts). SB expenditures will be included in the overhead calculation due to the growing share of SB activities relative to the declining share of project activity.
- To achieve this AOB reduction, STCU Management will recommend eliminating up to 9 full-time local staff positions and 1 part-time position (one U.S. ex-pat position has already been eliminated). These positions are assessed to be less essential today for managing the anticipated level of activity. Management also will recommend closing the two remaining Ukrainian Regional Offices, reductions in other non-staff AOB lines, and cut-backs in some current Shared SB programs.
- As the Funding Parties and Governmental Partners will be contributing to both Shared and Party-Designated Supplemental Budgets (according to their individual priorities), STCU Management has no *prima facie* understanding as to which SB Programs will be supported and to what level of funding. Thus, the STCU Management will be prepared to adjust its plans for SB programs according to the final financial contributions made by the Funding Parties or Governmental Partners. STCU Management will need the Funding Party or Governmental Partner to clearly define what activities they plan to finance from their SB contributions.



## **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 2011**

In 2011, 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 18<sup>th</sup> Governing Board Meeting (14 June 2004). The ED Office, along with the Management Committee, directed implementation of the GB-approved 2011 AOB/SB plan and continued to maintain the efficiency goals in its internal processes and practices. Other ED Office actions in 2011 included:

- Oversaw the DED (EU) and Secretariat staff work in preparing the project proposals to support the EU –funded biosecurity improvements at the Ukrainian Anti-Plague Station in Simferopol (Crimea), including the review and signing of the STCU-Ukrainian Ministry of Health Memorandum of Understanding on MoH cooperation and involvement in the Simferopol effort.
- Continued communications with the State Agency on Scientific, Technical, and Innovation Development and the Kyiv Polytechnic Institute regarding construction progress on the new KPI building that will house the STCU HQ offices.
- Oversaw the work of the SDED (Ukraine) and the DED (EU) on establishing the two projects that will use the donated funds from the liquidated INTAS program. One project will be a multi-party space research project with the National Space Agency of Ukraine (which NSAU will provide co-financing to the project) and the other project will be technology manager certification course established by KPI for national and regional participation.
- Oversaw the DED (USA) efforts to advance the Nuclear Forensics Targeted Research Program (originally under the operational management of the DED (Canada) until an internal transfer of program management between the DEDs). Setbacks in Canadian funding have left this program with only DOE and Lawrence Livermore National Laboratory financial support, at least at this point. Also oversaw DED (Canada) efforts to organize a large Environmental Forensics conference in Georgia, at the direction of Environmental Canada, in the hopes that this could be the genesis of new Targeted Research Programs in the environmental risk-reduction area
- Continued to oversee STCU program activity planning, including planning to implement new supplemental Canadian- and EU-requested supplemental budget activities in Partner Support and Promotion initiatives (intended to accelerate new Partner recruitment from Canada and Europe). Conducted forward-planning with STCU Management Committee to adjust administrative resources in balance with the projected change 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.

- Planned for holding the 32<sup>nd</sup> Governing Board Meeting in Chisinau, Moldova, but then had to adjust and create a new planning schedule when the Governing Board decided to cancel the GBM plenary session and replace it with a Strategy Working Group Meeting and Advisory Committee Meeting in Kyiv (32<sup>nd</sup> GB decision documents would be approved via written procedure).
- Worked with CFO in scheduling and supporting the STCU external financial audit for the fiscal year 2010,
- Oversaw the work of the Executive Director Assistant, who was given full project management responsibility for producing the 2010 Annual Report. This Annual Report was completed on time and on budget, and was received by the Governing Parties during the June Advisory Committee Meeting in Kyiv.
- Directed that program performance evaluations be made of several STCU Shared Supplemental Budget programs, including the CTCO Program, Patent Support Program, and STCU-organized/EU-focused Seminars.

The ED traveled to Washington and Ottawa for Party consultations. The ED plans on additional consultation trips to Party capitals to discuss the 2012 Budget Request and to discuss the results of the Strategy Working Group efforts to Recipient Party officials.

### **Plan for 2012**

The ED Office expects to see a similar level of activity in 2012, including planning and implementing changes to STCU programs, procedures, and organization should the Governing Board approve a new STCU Strategic Plan. Also, the ED Office expects to be engaged in active discussions with the Parties on the future STCU Headquarters premises. The ED Office also anticipates engaging the Governing Parties in political discussions on (and Secretariat involvement in) finalizing a new “transformation strategy” for STCU, including developing any implementation plans for the Secretariat. The ED Office will also plan on one Governing Board Meeting in Kyiv, and one GBM possibly outside of Ukraine.

**Staff Travel (2011 Budget Request = \$140,000: \$40,000 for International Travel, \$100,000 for Travel Within CIS. 2012 Budget Request = \$120,000: \$40,000 for International Travel, \$80,000 for Travel Within CIS.)**

As anticipated in the 2011 AOB/SB request, much of the STCU staff travel in 2011 was financed from Shared- and Party-Designated Supplemental Budgets. The decision to consolidate the AOB Staff Travel into two budget lines—AOB/Staff Travel (International) and AOB/Staff Travel (Within CIS)—under the authority of the Executive Director allowed for a more careful, critical review and use of these funds, resulting in an under-spend of the 2011 AOB Staff Travel lines. Therefore, the same approach will be taken in the requested 2012 AOB Staff Travel, but the request will be \$20,000 less than the 2011 request due to the projected staff travel and the experience gained from managing the 2011 AOB Staff Travel expenditures. Included in this anticipated 2012 request are the following STCU management travels:

STCU Executive Staff Travel (International):

- Two Advisory Committee meetings in Europe/North America.

- One possible GBM in Europe or a location outside of the Recipient Parties, if the Board so decides.
- ED Consultation Missions to the Funding Parties.

STCU Executive Staff Travel (CIS):

- One possible GBM outside of Kyiv (if not outside the CIS), if the Board should so decide.
- DED Visits to Regional Offices.
- ISTC-STCU Consultation Meeting in Moscow.
- Technical and Financial Monitoring of projects

**Staff Training (2011 Budget Request = \$70,000 for the overall AOB Staff Training line, of which the ED Office share equals \$1,489 2012 Budget Request = \$50,000 for the overall AOB Staff Training line, of which the ED Office share equals \$1,282).**

In 2011, the Executive Director decided on an overall budget request covering all of the professional staff in the STCU Secretariat. The overall AOB Staff Training budget amount was then apportioned to each Secretariat office according to the number of professional staff positions in that office. The same approach will be used for the 2012 AOB Staff Training budget request.

The amount of 2012 staff training activity for the whole Secretariat is anticipated to be significantly less, as a direct result of the reduction in staff in 2012. Thus, the overall AOB Staff Training budget request for 2012 (**\$50,000**) reflects an amount sufficient to cover a level of training activity per staff member similar to that accomplished in 2011. As in 2011, and due to the Funding Party instructions on budgetary reductions, no new MBA Program will be requested for inclusion into the 2012 AOB Staff Training line.

**Representation (2010 Budget Allocation = \$10,000. 2011 Budget Request = \$10,000).**

Based upon past Representational expenses—which included hosting official receptions involving officials and visitors, STCU ED-sponsored round tables, or other executive-level needs—, it is anticipated that the 2012 Representational expenses will be approximately the same as in 2011.

**Executive Director Office Budget Request for 2012**

	2011 Planned	2011 Actual	2012 Request	Change from 2011
<b>Staff</b>				
- Party	1	1	1	0
- Local	1	1	1	0
<b>Staff Total</b>	2	2	2	0
<b>Staff Support</b>				
- Travel (Inter'l)	40,000	15,882	40,000	0
- Travel (CIS)	100,000	84,804	80,000	-20,000
- Staff Training	1,489	4,050	1,282	-207
<b>Staff Support Total</b>	141,489	104,736	121,282	-20,207
<b>Representation</b>	10,000	9,032	10,000	0
<b>Office Total</b>				
Staff	2	2	2	0
Funding	151,489	113,768	131,282	-20,207

## **Administrative Office**

The Administrative 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 2011**

**STCU HQ and Field Offices' Premises Situation** – The HQ office operations were moved in 2009 to new temporary premises that are provided directly by the Ukrainian government (rather than being leased by the government from a private landlord, as in the past). During 2011, there were no major issues for STCU concerning its HQ premises (in some cases, KPI performed maintenance and repairs related to the HQ premises). The new permanent HQ premises have yet to commence construction work, although some preparations of the site have begun. Any completion date is entirely speculative but it is probable that the building will not be ready for STCU to move into in 2012, as originally projected.

**Office Staff** – The Administrative Office has seen a stable staffing situation in 2011 with no changes to date.

**Projects/Procurement** – As of 1 July 2011, STCU's 3 Project Procurement Officers (supplemented by the Administrative Procurement Officer) were processing project-related procurements on roughly 10% fewer active projects than at this same point in 2010. Thus, overall the total project volume in 2011 is down compared to 2010; procurement work is also affected by the relative decrease in Regular Projects versus Targeted Initiative Projects (which are grants-only projects, having little-to-no project procurement actions).

**Customs** – Customs clearance operations have continued without interruption, but with using only one customs clearance officer. While this has put more burden on this person, the Administrative Office has tried to alleviate some of this burden by having other Office staff assist in some of the tasks (e.g., using the drivers to obtain official government signatures). For the period 1 January - 30 June 2011, shipment clearance total 104 actions (compared to 133 in 2010), consisting of 68 imports (91 in 2010) and 36 exports (42 in 2010).

At this current rate, the projected customs volume for 2011 will be approximately 208 actions, which will be a reduction on the 251 actions in 2010 (but this projection may change in the 2<sup>nd</sup> half of 2011, as custom clearance actions are not evenly distributed throughout the year). The time needed for Ukrainian customs work has increased due to the relocation of certain customs units to locations outside of the Kyiv city precincts and to locations on the opposite side of the Dnipro River, where bottlenecks on the bridges cause regular traffic jams.

**Travel Coordination** – With recent increase in Funding Party interest in SB activities, the volumes of travel bookings and associated work has been increasing in recent years, and continues to increase in 2011 (see table). It is anticipated that this is one area of the Administrative Department's work that will continue to grow in the future or at least maintain its level.

Six months to

Six months to

Six months to

Six months to

	June 2009	June 2010	December 2010	June 2011
Hotel bookings	105	114	145	180
Train tickets	Not available	Not available	213	157
Air tickets	Not available	Not available	153	132
Invoices for tickets	Not available	99	130	149
Visas	84	120		277

### Plan for 2012

**STCU HQ Premises** - The STCU's HQ will likely remain in its temporary Metalistiv premises though 2012. The likelihood of relocation to the promised new KPI building, or to a new temporary location, is assumed to be low for 2012. The Administrative Office anticipates only a nominal amount of maintenance and repair work needed for its Metalistiv offices.

**STCU Local Staff Grants, Performance Bonus, and Compensation Budget (2011 Approved Compensation = 5% Increase to Grants for all Staff plus zero Performance Bonuses. 2012 Compensation Request = No Change in Grant Levels for all Staff, plus No Funds Budgeted for Performance Bonuses, Plus Severance Plan for Staff Reductions).**

### Local Staff Grants & Performance Bonuses

In the current local economic situation of the Recipient Parties, the STCU Management believes that the existing STCU salary scales are still competitive. The number of voluntary staff departures has been relatively low over the past couple of years, and is likely to remain this way for the rest of 2011. However, steadily improving economic and labor market conditions in Ukraine and other Recipient Parties, combined with a growing negative outlook on STCU's long-term future, may increase the incentive for staff to voluntarily depart STCU during 2012 and beyond.

Under the Funding Party guidance to reduce the Administrative Operating Budget, the STCU Management believes that the only viable option is to recommend no across-the-board increase in the STCU local staff grants in 2012- which is contrary to the position taken in most of the recent budget requests by the STCU Management--, and no job performance bonuses for the staff in 2012.

The STCU Management wishes to note for the Governing Board that a zero increase in local Secretariat staff grants may lead to an increase in staff turnover. Experienced and capable staff, which are more marketable in the local business community, may leave sooner than expected, possibly leaving a more inexperienced staff to manage the remaining programs that the Governing Parties want to see continued. Nonetheless, the STCU Management sees no other way to reduce the 2012 AOB and maintain a sufficient level of operational capability, without freezing the local staff grants at their 2011 level.

### Staff Severance Package Plan

In keeping with past STCU practice, those staff that will be released at the end of the 2011 fiscal year will be offered a severance package at the start of 2012. This package will consist of the following: a lump-sum payment equivalent to 2-months of pay that the staff member was receiving at the end of 2011; and a 3-month continuation of the staff medical insurance for the staff member and immediate family members (the 3-month continuation of medical insurance will expire along with the overall STCU



health insurance policy , scheduled to expire on March 31, 2012) The costs of these staff severance packages will be included in the relevant budget lines of the 2012 AOB Request.

### **Administrative Office Staff**

The Office has assessed its staffing needs for 2012, in light of the declining administrative activities and the Funding Party guidance to reduce the administrative operative costs of the Secretariat. As a result, the Office assesses the following positions as no longer essential, and recommends eliminating them:

#### **Non-Essential Reasoning and Impact of Assessment Positions**

Internal guards	The internal guards are contracted by STCU, so they are an AOB expense. Yet the price of this contract regularly increases, while the internal guards provide little essential service during a large part of the day. The Ukrainian Militia outside the building provides a 24-hour watch of the outside of the STCU main entrance, parking area, and ground-floor windows. Also, the Receptionist is present during office hours to control visitor traffic at the main entrance. Therefore, the only function that the internal guards currently provide is a physical presence inside the offices during non-business hours. STCU can use existing budgets for facility improvements to make changes to the doors, locks, etc. to increase the physical security of the internal office space, as well as make changes to the procedures for staff to have access to the office outside working hours.
Cleaner	We have three cleaners, whose services have been carried over from previous HQ premises that were much larger than the current premises. The amount of work could be handled by two cleaners without their hours having to increase.
Procurement Officer - Projects	Reduction in the number of active projects and the increase in the proportion of Regular Projects to TI Projects means that STCU now needs only two Procurement Officers for projects (vice the current three officers).
Maintenance man	Very few repairs are required to be carried out in the offices, so having a full time maintenance man is a luxury rather than a necessity. We can contract for repair services (or contract this current maintenance man on an as-needed basis); similarly for any heavy workload that might occur with the STCU archives.

### **Staff Training (2011 Budget Allocation = \$11,915. 2012 Budget Request = \$8,974).**

#### **Performance in 2011**

All the Administrative Department office staff took, or are planned to take, relevant professional training or familiarization courses during 2011, mainly in the areas of procurement, project management and language skills training.

#### **Plan for 2012**

As with the 2011 AOB, in 2012 the Office will receive a calculated share of the fixed, overall budget for all STCU staff training. Within its budget share, the Administrative Office plans to pursue professional staff training, where possible in modern contract and procurement practices and other professional skills considered useful to the Administrative Office. Additional local courses are planned for staff professional development and some language training.

### **Staff Travel (Consolidated into the single AOB request under Executive Director Office Section).**

During 2011, travel has been very limited. The CAO's planned visit to the Regional Office in Moldova, due to coincide with the GBM, was postponed and may be rescheduled for the latter part of 2011. Other travel planned will take place in the 2<sup>nd</sup> half of 2011 related to the Simferopol project. In 2012, the CAO and other Admin staff will need to plan for travel to any Regional Offices that would be closed under the GB-approved reduction in the 2012 AOB, in order to make arrangements for the closure of these offices. The level of Administrative staff travel in 2012 is expected to be similar to that in 2011. There will be some CAO familiarization/inventory audit trips to the Regional Offices, will be conducted on an as-needed basis. Travel will be required for the Simferopol project and GB and AC meetings.

**Facility Improvements, Furniture & Fixtures, Office Equipment, and Telecoms Equipment (2011 Budget Allocation = \$9,000: \$2,000 for Facility Improvements; \$ 3,000 for Furniture and Fixtures, and \$4,000 for Office Equipment. 2012 Budget Request = \$7,000: \$3,000 for Facility Improvements; \$2,000 for Furniture and Fixtures, and \$2,000 for Office Equipment).**

### **Performance in 2011**

Because the STCU HQ offices are new, temporary, and with much of the upkeep responsibilities resting with Kyiv Polytechnic Institutes, the 2011 facility-related expenditures were low, and any future expenditures and investment was to be kept deliberately to a minimum. Facility-related expenditures have also been low because office assets have been well maintained and smaller numbers of assets are required for fewer staff and smaller office premises.

### **Plan for 2012**

The levels of facility-related expenditures should remain approximately the same in 2012 as in 2011. Therefore, the Administrative Office is requesting a slightly reduced amount of facility-related budget for 2012 than was approved in 2011.

**Vehicle Operations (2011 Budget Allocation = \$30,000 for Vehicle Operations. 2012 Budget Request = \$30,000 for Vehicle Operations).**

### **Performance in 2011**

STCU maintains 2 vehicles (a VW Minivan & VW Touran), which remains adequate for STCU needs. These vehicles are supplemented with the use of local transportation (i.e., taxis) when required. The move of the HQ office to a more central location in Kyiv has made vehicle use easier, in some respects. On the other hand, certain customs clearance departments have been moved out of the center of Kyiv during 2010, which has offset the potential savings from the HQ office location. Weekly monitoring and reporting of vehicle costs is still in force and regularly checked. As for petrol prices, these have seen continued increases: from UAH 8.2 per liter as at the time of the 2011 budget planning to the current UAH 11.15 per liter.

### **Plan for 2012**

The newer vehicles should lead to reduced maintenance costs; however substantial increases in petrol prices mean that vehicle operating costs could increase. In view of the substantial increase in petrol prices--which may well continue in the coming months--, the Office considered increasing this line for 2012. However, in light of the Funding Party guidance to reduce the 2012 AOB, STCU Management has decided to keep its 2012 budget request for Vehicle Operations at the same \$30,000 amount as in

2011. The Office will strive to keep vehicle operating costs within this \$30,000 budget limit by carefully planning and monitoring of the use of the STCU vehicles.

**Vehicle Purchase (2011 Budget = \$30,000. 2012 Budget Request = \$0).**

Due to its age (over 185,00 kms on the clock) and the increasing maintenance & operating costs, the Peugeot was sold in 2011 and replaced with a VW Touran, at a net cost of \$22,363. The vehicle purchase fulfilled the 2011 budget request for this item, and the net cost of the replacement under-spent the budgeted 2011 amount. Therefore, the 2012 budget request will reflect this budget line change from the approved 2011 budget.

**Administrative Office Budget Request for 2012**

	2011 Planned	2011 Actual	2012 Request	Change from 2011
<b>Staff</b>				
- Party	1	1	1	0
- Local	12	12	10	-2
- Part-Time	3	3	2	-1
<b>Staff Total</b>	16	16	13	-3
<b>Staff Support</b>				
- Training	11,915	11,974	8,974	-2,941
<b>Staff Support Total</b>	11,915	11,974	8,974	-2,941
<b>Admin Programs</b>				
- Facility Improve	2,000	1,500	3,000	1,000
- Furn. & Fix.	3,000	2,000	2,000	-1,000
- Office Equip.	4,000	2,678	2,000	-2,000
- Tel. Equip.	-	-	-	-
- Veh. & Oper.	30,000	27,835	30,000	-
- Vehicle Purchase	30,000	22,363	-	-30,000
<b>Programs Total</b>	69,000	56,376	37,000	-32,000
<b>Department Total</b>				
Staff	16	16	13	-3
Funding	80,915	68,350	45,974	-34,941

**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.

**Office Staff**

The Finance Office reduced its staff by one (1) project accountant position in the 2011 budget year. But because of the continued decline in the number of active projects and related financial transactions, the Finance Office has determined that another staff position will become less essential in 2012. Thus, the Office recommends eliminating one staff position for this 2012 budget request.

If in the future, the financial workload continues to decline (e.g., the level of active projects continues to decline or the Governing Board decides to reduce the amount of project monitoring required in a year, etc), the Finance Office could consider recommending additional Finance staff reductions.

**Enterprise Resource Planning (ERP) Maintenance (2011 Budget Allocation = \$13,550 for Software (\$8,800) and Other Professional Services (\$4,750). 2012 Budget Request = \$13,550: for Software (\$8,800) and Other Professional Services (\$4,750)).**

### Performance in 2011

In 2007, the STCU completed the transfer of remaining projects from its legacy financial systems to the new NAVISION integrated system. Since 1 January 2008, all finance and administrative transactions were processed solely in the NAVISION system. Given the completion of this project, the 2011 budget spent was for the cost of Microsoft Navision annual maintenance fees and for consulting services.

### Plan for 2012

For 2012, as in previous years, there will be budgeted the Microsoft Navision annual maintenance fee of \$8,800 and forecasted consulting services of \$4,750. Thus, the 2012 budget request will be equal to the 2011 request, which is the minimum amount of funding required by the finance department for this function.

### Staff Travel (Consolidated into the single AOB request under Executive Director Office Section).

In 2011, Finance Office staff travel was limited to project monitoring travel. The only Finance Office staff travel planned for 2012 will be scheduled project monitoring travel for the Finance Office staff, and CFO travel for Party consultations or to GB/AC meetings outside of Kyiv. Budget for this staff travel will be included in the consolidated 2012 AOB Travel line.

### Staff Training (2011 Budget Allocation = \$11,915. 2012 Budget Request = \$8,974).

#### Performance in 2011

In 2011, the following staff training was completed:

- Certified Management Accountant (CMA) training for four people.
- Internal audit training for three people.

#### Plan for 2012

In 2012, the Office will receive a calculated share of the fixed, overall budget for all STCU staff training. Within its budget share, the following staff training is planned:

- CMA Training for three (3) people at \$1,500 per person.
- Internal audit training for two people at \$3,500 per person

### Finance Office Budget Request for 2012

	2011 Planned	2011 Actual	2012 Request	Change from 2011

<b>Staff</b>				
- Local	8	8	7	-1
- Party	1	1	1	0
- Part-Time	0	0	0	0
<b>Staff Total</b>	<b>9</b>	<b>9</b>	<b>8</b>	<b>-1</b>
<b>Staff Support</b>				
Staff Training	11,915	11,870	8,974	-2,941
<b>Staff Support Total</b>	<b>11,915</b>	<b>11,870</b>	<b>8,974</b>	<b>-2,941</b>
<b>Programs</b>				
- ERP Installation				
o Software	8,800	8,710	8,800	0
o Other Professional Services	4,750	3,175	4,750	0
<b>Programs Total</b>	<b>13,550</b>	<b>11,885</b>	<b>13,550</b>	<b>0</b>
<b>Department Total</b>				
Staff	9	9	8	-1
Funding	25,465	23,755	22,524	-2,941

### 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.

#### **IT Group Staff**

The STCU Information Technology Department was reduced from four (4) positions to three (3) positions in January 2011 and currently consists of the following positions: System/Network Administrator, Database Administrator / Web Master and Program Analyst / Assistant System Administrator).

Given the stability of the STCU IT operations, as well as the overall drop in STCU activities, the IT group plans to reduce staffing levels further by eliminating one (1) staff position in 2012. This will leave two (2) IT professionals to support an organization with thirty-nine (39) professionals in four (4) different locations. Staffing at this level would allow the IT group to support operations at their current levels; however, any new IT projects of material size (redesign of the STCU website, etc.) would require the help of outsourced professionals. As of the preparation of this budget, the IT group is unaware of any new IT initiatives, and thus is comfortable with a staffing level of two (2) in this department.

#### **IT Group Performance in 2011**

IT Group activities during 2011 involved a number of hardware and system upgrades, as well as maintaining STCU system and resource availability to the STCU users in excess of 99% of the time. As part of the STCU management drive for increased efficiency, productivity, and usefulness of all the STCU information technology resources, the IT group continued to work with STCU staff and

management to improve and enhance pre-existing computer-based tools on the STCU web site and internal local network.

The IT group completed a large scale hardware upgrade to all staff computers in 2010. As per the STCU IT group strategic plan established in 2007, calendar year 2010 marked the end of the STCU three-year hardware replacement cycle. The IT group also upgraded STCU server hardware & software and performed numerous software upgrades. As a result of these efforts (which began in earnest in calendar year 2008), all STCU IT resource users are currently using hardware and software that meet or exceed industry standards. The STCU IT group provided various software upgrades to the STCU server system, enabling a nearly seamless data back-up & recovery capability. In addition, these upgrades provided a marked increase in data recovery speed to the end users. The IT Group also provided hardware and software upgrades to all the STCU field offices.

The STCU Web Site, launched in 2006, continued to be improved and numerous on-line tools were enhanced to further empower STCU clients and staff.

### **IT Group Plan for 2012**

The focus of the STCU IT Group activities for 2012 will be to maintain the existing hardware and software infrastructure, and this is reflected in the decrease in the IT group's budget request as compared to the 2011 budget. There are no major hardware or software improvements planned for 2012. The IT Group will continue to perform various tasks to improve staff efficiency and productivity, which will include continuing to ensure IT system availability, security & redundancy and empowering STCU staff and clients with various off-line & on-line tools.

#### **Computer Hardware (2011 Budget Allocation = \$4,600 2012 Budget Request = \$1,900).**

Having completed a major computer hardware upgrade over the last two years, the 2012 budget request for computer hardware is considerably less than in previous years. Hardware purchases for 2012 will be limited to augmenting the existing hardware, minor computer upgrades, and various spare part purchases that will provide readily available replacements for unforeseen failures likely to occur during the calendar year.

#### **Computer Software (2011 Budget Allocation = \$2,700. 2012 Budget Request = \$2,700).**

All of the STCU software user programs and applications were brought up-to-date during calendar years 2008 and 2009, and the STCU system software was upgraded during 2010. Therefore, no new software packages are needed in 2012. For the 2012 Computer Software budget request, there are two annual software license fees—Norton Anti-Virus software and a Server "Bridge" software application (totaling \$2,200)—that are due in 2012, and an additional \$500 is being requested for smaller application upgrades.

#### **Other Professional Services (2011 Budget Allocation = \$2,250. 2012 Budget Request = \$2,250).**

As in previous STCU IT budget requests, this 2012 budget request is for the annual cost of off-site backup tape storage and is the sole amount in this category requested for 2012.

#### **Staff Training (2011 Budget Allocation = \$4,468. 2012 Budget Request = \$2,564).**

In 2012, the Office will receive a calculated share of the fixed, overall budget for all STCU staff training.

### IT Group Budget Request for 2012

	2011 Planned	2011 Actual	2012 Request	Change from 2011
<b>Staff</b>				
Party	1	0	0	-1
Local	3	3	2	-1
Part-Time	0	0	0	0
<b>Total</b>	4	3	2	-2
<b>Staff Support</b>				
Training	4,468	4,382	2,564	-1,904
<b>Total</b>	4,468	4,382	2,564	-1,904
<b>Programs</b>				
Hardware	4,600	3,729	1,900	-2,700
Software	2,700	2,868	2,700	0
Oth. Prof. Svcs	2,250	2,000	2,250	0
<b>Total</b>	9,550	8,597	6,850	-2,700
<b>IT Dept Totals</b>				
<b>Staff</b>	4	3	2	-2
<b>Funding</b>	14,018	12,979	9,414	-4,604

### 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 manages Regular and Partner Projects, organizes Promotional Mission, Scientific Seminars, liaises with scientific institutions and organizations to define the National Science priorities, and will now also have a Preparation Program for Local Scientists. The Department has geographical responsibility for all EU Party-specific programmatic initiatives, Direct Agreement Action, and for supervising the Georgian Regional Office.

#### Department Staff

##### Performance in 2011

The Department staff continued to provide project management assistance, albeit for a declining number of active projects. However, with the EU Party interest in promotional missions, each Department staff person was placed individually in charge of one (or more) events with a special attention to the choice of each of the selected participants. The Department largely supported scientist travel to the European Union from all STCU Recipient Countries to expand their exposure to scientific events abroad and gain useful insights into national and international science priorities.

The Department took responsibility for the €4 million biosecurity improvement initiative at the Ukrainian Anti-Plague Station in Simferopol (Crimea), which the Governing Board approved in its 32<sup>nd</sup> Board Funding Sheet (June 2011). This project was approved as 5 individual Regular Projects, and also included a Kick-Off meeting (held in Kyiv in January, 2011) and the creation of a Contact Group, which will meet regularly to coordinate and guide the project work. This Contract Group met in Simferopol in August, 2011.

The size and complexity of this initiative—and the priority given to it by the EU Party—makes this project very important to the Secretariat and to this Department in particular. The Department will need to focus a large amount of attention to this Simferopol projects over the next couple of years, as well as perform the coordination and management of deliverables from the Ukrainian Ministry of Health, the EU technical experts, the local Crimean authorities, and the UAPS institute leadership.

A single Senior Specialist had been hired in 2009 specifically to take responsibility for this Simferopol initiative. However, this individual decided to resign in 2010 for professional reasons. The DED (EU) arranged with the DED (Canada) to transfer a Senior Specialist (the only STCU staff with a bioscience background) from the DED (Canada)'s Technology Advancement Department to the Science Excellence Department, to take over the Simferopol initiative. With this transfer of personnel, the Science Excellence Department is recommending that its one vacant Senior Specialist position be eliminated, in support of the Funding Party guidance to reduce the overall 2012 AOB.

### **Plan for 2012**

In 2012, the Department will seek indications from the EU Funding Party to identify the Research areas where the "Instrument for Stability" budget is able to financially supported priority actions as per its Terms of Reference. A special attention will be paid to sourcing more needs from other Ministries from the Recipient Countries identified in Bilateral Agreements with Europe under the "European Neighborhood Policy" including the development of Science and Research. Today, the European Commission put forward concrete ideas for enhancing its relationship with: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. This would imply new association agreements including deep and comprehensive free trade agreements with those countries willing and able to enter into a deeper engagement and gradual integration in the EU economy.

**Seminars/Workshops (2011 Budget Allocation = \$15,000 for Shared Supplemental – Seminars/Workshops, plus €5,000 for EU Designated Supplemental - Seminars/Workshops. 2012 Budget Request = \$0 for Shared Supplemental – Seminars/Workshops, plus €2,500 for EU Designated-Supplemental Seminars/Workshops).**

### **Performance in 2011**

While the Secretariat (and this Department) worked on many events during the year, all of the events made use of other Party-Designated Supplemental Budgets or AOB lines.

In the 2011 budget request, this Department had requested \$15,000 be included in the contribution to the 2011 Shared Seminars/Workshops SB to organize a Targeted Research Program Experts Workshop on nuclear safety/security. The Department had hoped that this workshop, together with the Department's nurturing of an STCU role in the EURATOM – Ukraine cooperation, would be the catalyst for a new Targeted Research Program in the nuclear safety/security area for STCU. Unfortunately, this Experts Workshop did not materialize in 2011, therefore this \$15,000 will be unspent in 2011. There is no strong indication that pursuing this line of EURATOM-Ukrainian cooperation will yield any new program activities for STCU.

Likewise, the Sustainability Promotion Department had requested \$30,289 contribution to the Shared Seminars/Workshops SB line to organize one or two more Targeted Research Program Expert Workshops in areas of programmatic interest to the Parties. Unfortunately, as the Parties have not yet



agree on a consensus strategy for the STCU future, nor have identified global security thematic areas for new STCU Targeted Research Programs, this specific \$30,289 contribution also went unspent in 2011.

### **Plan for 2012**

Given the lack of Party input and consensus on what future Shared Seminars/Workshops should be conducted, the Secretariat will make no plans for seminars or workshops in 2012 that would use the Shared SB line. Therefore, the Secretariat does not request any funds for the Shared Seminars/Workshops SB line in the 2012 budget.

Because there are funds available in the EU Party-Designated SB lines for Partner Promotion and Travel and Mobility Support, and no funds were expended from the 2011 EU Party-Designated Seminars/Workshops SB line, it is not clear to the Secretariat that a specific EU Party contribution for Seminars/Workshops is needed in 2012. However, the STCU Management looks to the EU Party to decide if it still wishes STCU to pursue supporting EU-focused seminars and workshops, and how much the EU Party wishes to contribute to this SB line in 2012.

**EU Designated Supplemental Budget – Partner Promotion & Support (2011 Budget Allocation = €200,000. 2012 Budget Request = €150,000).**

### **Performance for 2011**

The Partner Promotion & Support Supplemental Budget line was the main budget line for EU-targeted actions and promotional missions including soliciting EU Partners to travel to STCU countries. In 2011, the following Partner Promotional events made use of this SB line:

- Hanover Messe in cooperation with the Technology Transfer Program of the European Space Agency, Hanover, Germany.
- Promotional Mission to Greece, Athens and Thessalonica.
- Partnership Promotion Mission at Fusion for Energy (Joint European Support to ITER), Barcelona, Spain.

So far, none of these EU Partner Promotion missions have resulted in any new EU Partners or EU Partner Projects. The mission to Barcelona has not taken place as of this budget request, so there is a chance that some EU Partner activity could come from this mission. But in general, these missions have facilitated preliminary exchanges, but no new Partner activity through STCU.

### **Plan for 2012**

More advance planning and preparation is needed to assure a higher degree of effectiveness in these EU Partner Promotion missions, if the goal is to increase the project financing of EU Partners through STCU. But assuming that EU Partner Promotion will remain a major objective for STCU (at least for the year 2012), the STCU Management recommends that the EU Party contribute up to the same amount to this SB line as in 2011--€200,000. Using the Partner Promotion and Support SB, the Department plans to sponsor recipient scientist delegations attending the following European partnering events:

- One or two Partner Promotion Missions (perhaps in connection with the one of the rotating EU Presidencies) focusing on research topics of Partner interest (such as Biotechnologies, Material Sciences, Nanotechnologies and Renewable Energies)
- Several participations of local scientists (with or without STCU staff support) to events including to Contact Expert Groups.
- Other promotional events, if and when the Department identifies specific, focused opportunities to bring potential EU Partners directly to the Recipient scientists and their facilities.

Additional funds in this line will be used for the Partner Project Incentive portion of this SB activity (e.g., offsetting the Partner fee for Non-Governmental Partner Projects) plus to provide flexibility in pursuing other EU Partner Promotion opportunities in Europe or in the STCU Recipient Party membership.

**EU Designated Supplemental Budget – EU Designated Tech. Collab., and Cont. Travel Support (2011 Budget Allocation =€25,000. 2012 Budget Request = €25,000).**

**Performance in 2011**

This year saw a continuous track record of travel by European experts. It is likely that the use of this Supplemental Budget line will remain of interest and use in 2012.

**Plan for 2012**

STCU recommends that the EU Party contribute funds to this SB line for 2012, but will look to the EU Party for the amount of funding the EU will contribute. As in the past, this budget line will be used to support any specific plans for European experts or collaborator travel.

**EU Designated Supplemental Budget – Travel and Mobility Support (2011 Budget Allocation = €40,000. 2012 Budget Request = €27,500).**

**Performance in 2011**

This EU Party Designated travel support supplemental budgets have been used primarily to support the travel of recipient scientists and accompanying STCU staff on promotional missions in Europe, plus some targeted meetings to forge potential future EU scientific collaborations. In 2011, Recipient Party scientists and STCU staff used this SB line to finance their travel to the following events:

- 19<sup>th</sup> Contact Expert Group on “Severe Accidents Management”, Pisa, Italy.
- One STCU staff member used this SB to travel to the World Renewable Energy Congress, University of Linköping, Sweden (other STCU-sponsored travelers to this event used funds from the Swedish Travel Support SB).
- EU Presidency Mission to Poland in the field of Biosafety / Biosecurity Collaboration.

In addition to the above, the Department has planned one final partnering and science collaboration mission to Sweden before the end of 2011, which will make use of the Swedish SB line (with the approval of officials from the Embassy of Sweden).

The Department also assisted in arrangements at the request of the STCU Partner, the UK Ministry of Defense, which used its Partner-Designated Travel Support SB line for a training mission at the Health Protection Agency, Salisbury, England.

### **Plan for 2012**

STCU Management will look to the EU Party for the amount of funding the EU Party wishes to contribute to this Travel and Mobility Supplemental Budget line. However, with the creation of the EU Designated Supplemental Budget for Partner Promotion and Support, the majority of EU-specific travel support planned by STCU for 2012 will be financed from the Partner Promotion and Support Supplemental Budget. Therefore, the STCU suggests that the EU Party commit a slightly lower amount than in 2011 for this EU Designated Travel and Mobility SB line (**€27,500**). This amount should still be sufficient to support *ad hoc* travel opportunities to Europe for recipient scientists (and a limited number of accompanying STCU staff), provided that STCU deems it to be a worthy travel opportunity to expand EU-Recipient partnering and networking, and the travel cannot be included in a planned 2012 EU Partner Promotion & Support mission.

**EU Designated Supplemental Budget - Patent Support (2011 Budget Allocation = €5,000. 2012 Budget Request = €5,000).**

### **Performance in 2011**

No patent application was submitted that STCU could make use of this EU Party-Designated SB line. Therefore, no funds will be expended from this SB line in 2011. This has been the case for this SB line for several years now: no funds have ever been used in the entire history of EU Party contributions to this EU Party-Designated Patent Support SB.

### **Plan for 2012**

Based on the fact that over the several years of existence of this EU Party-Designated SB line, no funds have ever been expended, the Secretariat seeks no funding for this SB line in 2012. However, if the EU Party wishes to keep some funds available in this line for possible financial support of local patent application expenses, the Secretariat will look to the EU Party to determine what (if any) funds it wishes to contribute to this SB line.

**EU Designated Supplemental Budget - Expert Review and Advisors (2011 Budget Allocation = €50,000. 2012 Budget Request = €50,000).**

### **Performance in 2011**

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

- to advise the EU Party—and by extension the other STCU Governing Parties—on the fields and subjects of research with the highest priorities for the civilian conversion of WMD scientists;
- to assist the EU Party 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 of, and to participate in, STCU Seminars or Workshops.

The DED (EU) is responsible for direct supervision of these European Expert-Reviewers, on behalf of the STCU and the EU Party. Four Quarterly Reports were received during the course of the year.

### **Plan for 2012**

The EU Party should consider the purpose of this expense, in light of the declining volume of funded Regular Projects, and possible changes to the proposal submission process (mentioned during past Advisory Committee meetings) to reduce the volume of proposals being sent to the Funding Parties for review.

**Staff Training (2011 Budget Allocation = \$10,426. 2012 Budget Request = \$8,974).**

### **Performance in 2011**

The Department used its training budget for staff to attend:

- ASTP Training of Fundamentals of Technology Transfer, Belgium
- Purchase of a list of books in the area of project management and technical expertise
- Fundamentals of Tech Transfer training in Ljubljana, Slovenia

### **Plan for 2012**

In 2012, the Department will receive a calculated share of the fixed, overall budget for all STCU staff training. Within its budget share, the Department plans to pursue staff-chosen training in professional development and with skills development in their areas of job responsibility.

**Staff Travel (Consolidated into the single AOB request under Executive Director Office Section).**

The level of non-project-related, non-SB-supported Department staff travel in 2012 is expected to be similar as that in 2011. Most of the Department staff travel in 2011 will be conducted under Supplemental Budget programs, and any AOB-related staff travel will be conducted on an *ad hoc* basis with the approval of the Executive Director. Party-Designated Supplemental Budget funds will be used for STCU staff travel only when the relevant Party requests such STCU staff travel.

### **Regional Offices (Tbilisi)**

**Regional Officer Travel (2011 Budget Allocation = \$3,000 for Tbilisi. 2012 Budget Request = \$3,000 for Tbilisi).**

The Georgian Regional Officer traveled within his region of responsibility and will travel to Kyiv later in 2011 to attend the annual Regional Officers meeting. In 2011, the Georgian Regional Office may make several accompanying missions that will possibly take place involving travel within Georgia with partners and collaborators from all three Funding Parties' Countries.

**Regional Office Operations and Other Professional Services (2011 Budget Allocation = \$4,000 for Tbilisi. 2012 Budget Request = \$4,000 for Tbilisi).**

Regional Office operations in Tbilisi were normal throughout 2011 and its office budget expenditures were within the 2011 budget targets. A similar level of office operations is expected in 2012.

**Science Excellence Department Budget Request for 2012 (except solely funded EU SB budgets)**

	2011 Planned	2011 Actual	2012 Request	Change from 2011
<b>Staff (persons)</b>				
- Local	7	7	7	0
- Party	1	1	1	0
- Part-Time	0	0	0	0
<b>Staff Total</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>0</b>
<b>Staff Support</b>				
- Staff Training	10,426	10,360	8,974	-1,452
RO Operations				
- Travel	3,000	2,000	3,000	0
- Overhead & Oth. Prof. Serv.	4,000	4,375	4,000	0
<b>Staff Support Total</b>	<b>17,426</b>	<b>16,735</b>	<b>15,974</b>	<b>-1,452</b>
Workshops, Seminars – Shared	15,000	0	0	-15,000
<b>Programs Total</b>	<b>15,000</b>	<b>0</b>	<b>0</b>	<b>-15,000</b>
<b>Department Total</b>				
Staff	8	8	8	0
Funding	<b>32,426</b>	<b>16,735</b>	<b>15,974</b>	<b>-16,452</b>

**Science Excellence Department Budget Request for 2011 (Solely Funded EU SB Budgets Only)**

	2011 Planned EUR	2011 Actual EUR	2012 Request EUR	Change from 2011 EUR
EU Designated Tech. Collab., and Cont. Travel Support	€25,000	€11,412	€25,000	€0
EU Patent Support	€5,000	€0	€5,000	€0
EU Designated Travel & Mobility Support	€40,000	€24,566	€27,500	-€12,500
EU Expert Review and Advisors	€50,000	€27,648	€50,000	€0
EU Seminars/Workshops	€5,000	€0	€2,500	-€2,500
EU Partner Promotion	€200,000	€86,796	€150,000	€-50,000
<b>Programs Total</b>	<b>€325,000</b>	<b>€150,422</b>	<b>€260,000</b>	<b>-€65,000</b>

## **Technology Advancement Department**

The Technology Advancement Department leads STCU efforts to assist former weapon scientists by coordinating the processing and management of STCU projects and proposals; The Department also has primary responsibility for all Canadian Party-specific programmatic initiatives, including government and non-government partner development and the environmental forensics initiative. The Department is responsible for the Kharkiv, Lviv and Chisinau Regional Offices.

### **Department Staff**

#### **Performance in 2011**

In 2011, the Technology Advancement Department agreed to a request from the DED (EU) to allow one of its Senior Specialists (the only Senior Specialist in STCU with a bio-science background) to take over project management of the five EU-funded Simferopol biosecurity projects (see Science Excellence Department section). To facilitate supervision of this Senior Specialist, the Department agreed to transfer this staff member over to the Science Excellence Department.

Through adjustments of the workload, and the addition of a Senior Specialist position (using the transferred slot from Finance Office), the Department was able to meet the extended responsibilities in the 2011 budget year, in particular the Canadian Party-specific program initiatives.

#### **Plan for 2012**

The Department expects that project-related work in 2012 will be less than in 2011. This was confirmed at the October 2011 Advisory Committee meeting with the announcement by the Canadian Party of no new funding in 2012, except for Canada's share of the 2012 AOB. In response to the Parties request to reduce the 2012 AOB, the Department proposes the elimination of the two Regional Offices in Kharkiv and Lviv.

In addition, the Canadian announcement on its SB activities for 2012 forces the Department to re-look at two Department staff positions, requested by the DED (Canada) in recent AOB requests to manage the then-expanding Canadian Party-specific SB activities. Now that Canada has reduced its Party-specific SB activity to zero in 2012, these two staff positions—the Canadian Partner Senior Specialist and the Events and Program Coordinator—must be re-evaluated.

Canada's October announcement came late in the 2012 budget planning process, and Canada has indicated that, in spite of "zeroing out" its activities in 2012, it still wanted the Secretariat to finish any follow-up actions initiated by Canada's 2011 SB-sponsored missions. In particular, DFAIT Canada has indicated that the Department should: continue its efforts (in partnership with the Canadian Embassy in Kyiv) with the "Aerospace Initiative" that was launched in 2011; continue its efforts (in partnership with DFAIT) to engage other Canadian government and non-government partners; and use remaining Canadian Biosafety & Biosecurity SB funds to finance a biorisk management training project at the UAPRI Training Center in Odessa.

Thus, the DED (Canada) is requesting that the two staff positions—originally justified to support expanding Canadian-specific SB activities—be retained for one more year (i.e., through fiscal year 2012) to complete these follow-up actions, as requested by the Canadian Party representatives. These

two staff positions will be subjected to another review—and possible elimination—in the 2013 budget planning process, depending on the programmatic situation in 2013 and beyond.

**Canadian Designated Supplemental Budget –Partner Promotion and Support (2011 Budget Allocation = \$370,000. 2012 Budget Request = \$0,000;.**

**Performance in 2011**

This Supplemental Budget was established at the request of the Canadian Party late in the 2010 budget planning process. In 2011, the Department organized the Aerospace Partnership Mission (7<sup>th</sup> – 18<sup>th</sup> February) wherein top Ukrainian aerospace R&D representatives traveled to Canada for targeted meetings with senior officials from the leading private sector aerospace organizations. Prior to the mission, there was extensive dialogue between the Ukrainian and Canadian organizations over a three-month period, and the Department developed a booklet in partnership with the Canadian Embassy and the Ukrainian Space Agency showcasing the capabilities and technologies with the Ukrainian organizations.

**Outcomes:**

- **MDA** (an international leader in Earth observation satellite missions and ground systems) and **ComDev** (the largest Canadian designer manufacturer of space satellite hardware) have been nominated as STCU Partners.
- MDA, ComDev and **Neptec** (a company specializing in advanced space, defense and industrial systems) have signed non-disclosure agreements (NDA) with Khartron-Arkos and SDO Yuzhnoye.
- MDA have sent scope of work (SOW) to SDO Yuzhnoye, Khartron-Arkos, Arsenal and RadMir and is now working with STCU and the Ukrainian organizations to develop two new Partner Project proposals.
- INO (Canada's Institute for National Optics) is in discussion with Arsenal, as a potential supplier for optical components to the Canadian entity.
- Discussions with a number of other Canadian Small and Medium-Size Enterprise (SME) with regards to potential Partner Projects.

Also in 2011, the Department worked with DFAIT and Canadian Partners to make use of Partner Promotion and Support SB option that allows DFAIT to approve the use of these SB funds for contributing up to 50% financing (or a maximum of \$40,000) towards the cost of a new Partner Project. To date, DFAIT is considering applications from two existing Canadian Partners (Tessarol and TetraSeis) for this project funds contribution, with other applications to DFAIT in the planning stages.

Under this SB, the Department supported the travel of three (3) Canadian collaborators, to meet with S&T technical units in Ukraine, Azerbaijan and Georgia.

The Department is also organizing an international environmental forensics workshop in Tbilisi (September 2011), along with the International Science and Technology Center (ISTC) and Environmental Canada. This initiative is aimed at engaging new governmental and private sector organizations (from the three Western Funding Parties) in STCU's activities. The workshop is being sponsored in part using \$100,000 from the Canadian Partnership Promotion SB. The goal is for this workshop to lead toward establishing a new, sustainable STCU Targeted Research Program in environmental forensics and risk mitigation, spawning new Partner Projects and other shared

programmatic activities involving all the STCU Recipient countries plus representatives from the Western Funding Parties.

### **Plan for 2012**

As per the announcement by the Canadian Party at the October 2011 Advisory Committee meeting of no new project nor supplemental funding for the calendar year 2012, this budget request is reduced to zero.

**CA Designated Supplemental Budget – CA Travel and Mobility Support (2011 Budget Allocation = \$160,000. 2012 Budget Request = \$0).**

### **Performance in 2011**

At the direction of the Canadian Party representatives, STCU used funds from this Canadian-Designated Supplemental Budget to support Recipient scientist travel to Canada on technology missions, as well as for Canadian Party-directed travel support to conferences and other events (e.g., the OCE Discovery in Toronto, May 2011). During the first 8 months of the 2011 budget year, a total of 15 missions were organized wherein the budget was used to support the travel of 62 scientists and STCU staff to North America, the European Union, Asia and within the former Soviet Union. In addition, the Department organized two (2) bio training missions for 21 participants and two (2) business-related training for 15 participants. Additional events will be organized in the final months of 2011.

### **Plan for 2012**

As per the announcement by the Canadian Party at the October 2011 Advisory Committee meeting of no new project nor supplemental funding for the calendar year 2012, this budget request is reduced to zero.

**CA Designated Supplemental Budget – Biosecurity & Biosafety (2011 Budget Allocation = \$351,617. 2012 Budget Request = \$0).**

### **Performance in 2011**

This Supplemental Budget was used for supporting the travel of Ukrainian recipient scientists to biosafety training, and continuing program work to improve the bio-safety/bio-security infrastructure and policies in Ukraine. In particular, the continued activities aimed at the establishment of the Biosafety and Biodefence Training Center in Odessa, Ukraine under the STCU Project 4440.

The Department organized STCU participation in the following:

- European Biosafety Association Conference and Workshop
- 10<sup>th</sup> Annual International High Containment Biosafety Workshop
- Laboratory Biorisk Management Workshop
- Canadian Biosafety symposium
- Biosafety and Biosecurity working visits

Other 2011 initiatives supported by this SB line were:



- Implementation of the International Laboratory Biorisk Management Standard CWA 15793:2008 in the Laboratory of EDIs of the Central Sanitary Epidemiological Station of Ministry of Health of Ukraine” (STCU Project 5139)
- Biosecurity education in Ukraine
- Biorisk management training at UAPRI Centre and international participation

Also, the Canadian DED continued to work with the Canadian Party and the leading “bio-institutes” in Ukraine in attempting to identify any new initiatives that would be seen as useful in enhancing the biosafety and biosecurity in the Recipient Parties.

### **Plan for 2012**

As per the announcement by the Canadian Party at the October 2011 Advisory Committee meeting of no new project nor supplemental funding for the calendar year 2012, this budget request is reduced to zero.

**Other Professional Services (2011 Budget Allocation = \$0,000 from Other Professional Services. 2012 Budget Request = \$ 4,000 from Other Prof. Services).**

### **Performance in 2011**

There was no budgeted amount for this in 2011.

### **Plan for 2012**

With the elimination of the Lviv regional office , this budget line will be utilized to contract external expertise in Western Ukraine in order to ensure the STCU is still able to provide adequate service in this important region of Ukraine in 2012.

**Staff Training (2011 Budget Allocation = \$13,404. 2012 Budget Request = \$7,692).**

### **Performance in 2011**

The Department staff participated in “Communication Skills” development during the first six months of 2011. In addition, Department staff continued Project Management training through the “Project Management Professional” training course, and will continue this training during the second half of 2011.

### **Plan for 2012**

In 2012, the Department will receive a calculated share of the fixed, overall budget for all STCU staff training. Within its budget share, the Department plans to pursue more of aforementioned training, as well as other anticipated Department staff training needs in further professional development.

**Staff Travel (Consolidated into the single AOB request under Executive Director Office Section).**

The level of non-project-related, non-SB-supported Department staff travel in 2012 is expected to be similar as that in 2011. Most of the Department staff travel in 2011 will be conducted under

Supplemental Budget programs, and any AOB-related staff travel will be conducted on an *ad hoc* basis with the approval of the Executive Director. Party-Designated Supplemental Budget funds will be used for STCU staff travel only when the relevant Party requests such STCU staff travel.

### Regional Offices (Kharkiv, Lviv, and Chisinau)

**Regional Office Operations 2011 Budget Allocation = \$17,500: \$9,500 for Kharkiv; \$5,000 for Lviv; \$3,000 for Chisinau. 2012 Budget Request = \$3,000: \$0 for Kharkiv; \$0 for Lviv; \$3,000 for Chisinau).**

Regional Office operations in Kharkiv, Lviv, and Chisinau were normal throughout 2011 and their office budget expenditures are within the 2011 budget targets. At the request of the Executive Director, the Department is planning for the closure of the Kharkiv and Lviv offices, subject to the Governing Board approval of this recommendation. Thus, the Department will request no funds for 2012 for these two Regional Offices. The Department will request the same level of funding for the Chisinau office as was approved in 2011.

**Regional Officer Travel (2011 Budget Allocation Travel = \$9,500: \$3,500 for Kharkiv; \$2,000 for Lviv; \$4,000 for Chisinau. 2012 Budget Request = \$2,500: \$0 for Kharkiv; \$0 for Lviv; \$2,500 for Chisinau).**

In 2011, the level of Regional Officer travel was less than that seen in previous years. Travel was limited to mostly on-site project monitoring. A Regional Officers meeting is scheduled to take place in the second half of 2011 in Kyiv.

With the recommended closure of the Kharkiv and Lviv Regional Offices and the elimination of those two Regional Office Manager positions (both of which are subject to Governing Board approval), the Department is requesting no funding in 2012 for Regional Officer travel in these two offices. The Department will request slightly less travel funding for the Chisinau Regional Officer, in line with the expected level of travel for this staff member in 2012.

### Technology Advancement Departmental Budget Request 2012

	2011 Planned	2011 Actual	2012 Request	Change from 2011
<b>Staff</b>				
- Local	9	8	6	-3
- Party	1	1	1	0
- Part-Time	0	0	0	0
<b>Sub Total</b>	10	9	7	-3
<b>Staff Support</b>				
- Staff Training	13,404	13,447	7,692	-5,712
- Other Prof. Services	0	0	4,000	+4,000
<b>Staff Support Total</b>	13,404	13,447	11,692	--1,712
<b>RO Operations</b>				
- Kharkiv	13,000	11,997	0	-13,000
- Lviv	7,000	4,452	0	-7,000
- Chisinau	7,000	5,853	5,500	-1,500
<b>RO Operations Total</b>	27,000	22,302	5,500	-21,500
<b>Programs</b>				

- S.B. – Travel & Mobility – Canada	160,000	159,946	0	-160,000
- S.B. – Biosecurity & Biosafety – Canada	351,617	166,749	0	-351,617
- S.B. Partner Promotion & Support - Canada	370,000	369,413	0	-370,000
<b>Programs Total</b>	<b>881,617</b>	<b>696,108</b>	<b>0</b>	<b>-881,617</b>
<b>Department Total</b>				
- Staff	10	9	7	-3
- Funding	922,021	731,857	17,192	-904,829

## Sustainability Promotion Department

The Sustainability Promotion Department seeks to increase the ability of recipient former weapon scientists to enhance their self-sustainability in 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 experience in technology transfer and strategic growth planning. The Department also has primary responsibility for all US Party-specific programmatic initiatives, and for supervising the Azeri and the (former) Uzbek Regional Offices.

### Department Staff

There was no change to the Department Staff in 2011. For 2012, the Department evaluated its current staffing needs against the projected level of program activity. The Department could not evaluate which of its current staff positions would be non-essential, given the unclear circumstances of the future STCU strategy and Governmental Partner interest in working with the Supplemental Budget programs. One possibility considered by the Department was to assess the need for Regional Offices in the Recipient countries, in the hope that a Recipient Party might accept the financial burden of supporting its own Regional Officer. But given the non-project needs of STCU in each Recipient Party (e.g., dealing with legal paperwork, liaison with state tax and customs officials, etc.), the Secretariat is not yet prepared to forego having its own Regional Officer in each active Recipient Party.

The other possibility, suggested by the Executive Director, was to recommend to the Governing Board that the Patent Support Program be suspended due to a lack of active expenditures and meaningful progress in this SB program. The Department is solely responsible for managing the Patent Support Program and supervises the Patent Support/IPR officer.

If the Board agrees to close the Patent Support SB program, then the STCU Management has determined that the one staff position in the Department—that of the Patent Support/IPR Officer—will become non-essential. Thus, this one staff position is recommended for elimination.

**Partnership Promotion (2011 Budget Allocation = \$70,451 from Shared Supplemental Budget-Bus. Training/Sus. Support. 2012 Budget Request = \$35,000 from Shared Supplemental Budget-Bus. Training/Sus. Support).**

### Performance in 2011

In the first half of 2011, new Partner Project funding approved at the “spring” Governing Board (GBM 32) saw a strong showing (over \$4.5 million USD equivalent)—less than the total approved at the 2010

“spring” GBM, but still comparable to previous years. Thus, projecting forward to the end of 2011, the Department anticipates that new Partner Project funding could total as high as \$6-7 million USD. This would be comparable to the average annual total of new Partner Project funding over the past 5 years.

The majority of new Partner Project funding continues to come from Governmental Partners and in particular from U.S. DOE/NNSA GIPP. In contrast, new funding from Non-Governmental Partners continues to disappoint (with annual totals comparable to pre-2005 levels), as they have been for the past 3 years. However, anecdotal evidence from scientists and institute management suggest that they are able to secure more R&D funding from western partners on their own, without the need to go through STCU (a possible indication of the self-sustainability that the STCU has been working to achieve among its Recipient scientists).

Another factor playing a significant role is that institutes have seen more EU FP7 projects in consortiums with EU institutions. Also, EU’s ERA-WIDE program has significantly altered the playing field in funding of Ukrainian and CIS institutes, encouraging CIS institutes to work more closely with their counterparts in the EU member countries.

In 2011, the Department conducted two Partner Promotion road shows and supported scientist technology presentations in four local (Kyiv) investor forums:

- **SATELLITE2011 Exhibition and Conference (March 14-17, Washington D.C., USA).** STCU with six (6) scientists from Ukraine participated in this event. Among members of STCU delegation were satellite experts from State Design Bureau “Yuzhnoe”, Institute of Technical Mechanics, Dnipropetrovsk, Kharkiv Aerospace University “KHAI”, Institute of Radiophysics and Electronics in Kharkiv, Lviv Center of Institute of Space Research. STCU provided them with posters with technology offers related to satellite platforms and other space-related topics. The SATELLITE2011 Exhibition is aimed at bringing together the world's top satellite companies and experts. Numerous useful contacts and business leads were established during SATELLITE2011. Ukrainian FWS space scientists learned about current satellite market needs and trends, which will help them in their future work. STCU's booth offered technology profile forms and other promotional materials on CD disks and in printed form.
- **AUTM (Association of University Technology Managers) Annual Meeting (February 27 – March 2, Las Vegas, NV, USA).** STCU brought to this Convention and Exhibition three (3) CTCO's from Azerbaijan, Georgia and Ukraine in order to develop partner relations with western companies and to establish meaningful cooperation with their western colleagues. This mission aimed to teach our CTCO's best practices in technology transfer performed by leading Technology Transfer Offices from US Universities. During the mission, our CTCO representatives met with a many leading Bio and Pharma western companies, such as Merck, AstraZeneca, Pfizer, etc. Training courses on Technology Marketing and Technology Valuation were also provided to our CTCO's.
- **US Industry Coalition (USIC) Annual Meeting (March 16, Washington D.C., USA)** STCU delegation with six (6) scientists from Ukrainian space institutes took an active part in this event. General presentations about current capabilities and opportunities for cooperation were made by representatives from State Design Bureau “Yuzhnoe”, Kharkiv Aerospace University “KHAI”, Institute of Technical Mechanics, Dnipropetrovsk, Institute of Radiophysics and Electronics and Lviv Center of Institute of Space Research. A presentation about STCU activities and Partner Program was delivered as well. From this event, two (2) new STCU Partner Projects were generated.

- **Seed Forums – 4 events (Kyiv, 28 April; Dnipropetrovsk, June 30; Kyiv, December 1 and Kharkiv, December 6).** Based on their business plan submissions, STCU invited ten (10) former weapon scientists to participate in these international investment forums organized by the Ukrainian Chambers of Commerce in each of the cities. SPD Department staff took part in the Kyiv and Dnipropetrovsk forums with an STCU booth, offering STCU promotional materials and technology profile forms to potential investors and visitors. Several discussions are now in progress for possible investment opportunities. STCU is planning to take part in two (2) more events of this forum (on 1 December in Kyiv and on December 6 in Kharkiv), in conjunction with the Ukrainian Chamber of Commerce.
- **2011 STCU Nuclear Forensics Coordination Meetings (Sumy, 15-16 February; Kharkiv, 17-18 February; and Kyiv, 19-23 February).** The Department assumed management responsibility for the Nuclear Forensics Targeted Research Program in September 2010, and in 2011, the Department working meetings between experts from Lawrence Livermore National Laboratory and four (4) Ukrainian institutes. During the meetings, the western and Ukrainian experts finalized the work plans and budgets of four (4) Nuclear Forensics projects, visited the laboratories and discussed future activities with the scientists who plan to participate in the projects.

#### Plan for 2012

The Department plans to conduct approximately the same number and types of Partnership Promotion missions, with the focus on U.S. Partners. The Department will also continue to foster more activity in the Nuclear Forensics Targeted Research Program, and be prepared to support the creation of new Targeted Research Programs in areas that the Parties decide to focus on. The following Partnering events are planned for 2012:

- **Seed Forums (training and investor events in Kyiv, Donetsk, Lviv, and also in Chishinau).** Up to twenty (20) FWS scientists from recipient countries plus STCU staff. Due to the active role of STCU in this event, STCU participation is free of charge, however some funds may be needed to support participant travel **(\$5,000)**
- **2012 STCU Nuclear Forensics Experts Meeting (Kyiv, Ukraine).** The STCU to host a second subject-matter experts meeting in Kyiv with participating parties of the on-going projects in Nuclear Forensics. This workshop will bring together STCU Donor Parties and regional GUAM (+ other CIS countries) law enforcement, nuclear regulatory officials and nuclear scientists, and provide an opportunity for these experts to discuss the progress and results of on-going NF projects, and the application of the projects results into national response plans to nuclear/radioactive smuggling. STCU would like to continue cooperation with ISTC to conduct the workshop. **(\$15,000)**
- **2<sup>nd</sup> International Symposium on Development of CBRN-Defense Capabilities (22-24 October 2012, Berlin, Germany).** The Department proposes participating in this Symposium, if the Governing Parties decide that this is a permissible activity for STCU. This Symposium (supported by the German Federal Ministry of Defense and the Ministry of Interior) will present comprehensive and overarching approaches to developing CBRN defense capabilities. The Symposium will highlight the multinational environment where military forces are operating, and in which the development of CBRN defense capabilities are embedded, with special attention to NATO and the European Union; it will also reflect on the development of civil CBRN defense capabilities. The Symposium will provide participants with the latest outlook into the future of CBRN Defense capabilities and provide governmental and industrial

participants with up to the minute information useful for their strategic decisions. STCU plans to have up to two (2) staff members participate at the symposium to familiarize themselves with CBRN defense industry issues, and to seek Partnering opportunities (**\$5,000**).

- **Partner Promotion Mission (likely to the U.S.)** The Department will plan on another Partnership mission to a Funding Party (most likely, to a U.S.-based technology forum) to promote the STCU Partners Program and Recipient scientist technology offerings. (**\$10,000**)

**Seminars/Workshops (2011 Budget Allocation = \$30,289 from Shared Supplemental Budget – Seminars/Workshops. 2012 Budget Request: \$0 in Shared Supplemental Budget – Seminars/Workshops).**

### **Performance in 2011**

The Department had requested funds in the Shared Supplemental Budget for Seminars/Workshops, to hold a second Nuclear Forensics Experts Workshop, as a follow-up to the one held in June 2009. However, this workshop did not happen in 2011. Given that the goal of the Targeted Research Program is to attract program support and funding from a variety of interested donors and sponsors, the Department will request funds in its 2012 Partnership Promotion program to organize this 2<sup>nd</sup> Nuclear Forensics Experts Workshop

### **Plan for 2012**

For this 2012 budget request, the Department is not requesting any funds for Seminars/Workshops.

**Sustainability Development (2011 Budget Allocation = \$80,515 from Shared Supplemental Budget - Bus. Training/Sus. Support. 2012 Budget Request = \$5,000 from Shared Supplemental Budget-Bus. Training/Sus. Support) and (2011 Budget Allocation = \$0 from DOE/IPP Supplemental Budget -Bus. Training/Sus. Support. 2012 Budget Request = \$550,000 from DOE/IPP Supplemental Budget-Bus. Training/Sus. Support).**

### **Performance in 2011**

The Department continued activities to help CTCOs and SMEs improve their marketing strategies and promotional capabilities. Two (2) additional CTCO Memoranda of Understanding for collaboration in the framework of the CTCO program were signed with the Institute for Space Research in Lviv, and the Institute of Applied Physics in Sumy. The Department worked jointly with CTCO, ISP, SME groups, including Association of Professionals for Commercialization of Ukraine (APCU). Consultations and matchmaking services to Georgian, Azeri, and Moldovan CTCOs, ISPs and SMEs were conducted regularly by Department staff and invited experts in order to help scientists in making presentations to investors, prepare effective promotional materials, and conduct effective negotiations with potential western licensees.

For Moldovan CTCO institutes STCU prepared and printed the first booklets and CDs of Institute Profile Forms and Technology Profile Forms to promote Moldovan institutes and their scientific developments and opportunities for licensing and joint ventures. This was the first such comprehensive booklet of science opportunities that was developed for Moldova.

The Department used the Nerac search firm to conduct Marketing Analysis Reports for several CTCO institutes, focusing on those in non-Ukrainian Recipient Parties. The Marketing Reports helped institutes to

assess their projects that may be suitable for licensing and to identify companies that could be interested in CIS scientists' technologies.

The Department also continued to organize many Tech Transfer round-table workshops, attended by former weapon scientists, CTCOs, and other interested scientific personnel throughout the CIS Recipient countries. These round-tables have been conducted by the Department since 2006, but this year with a more targeted audience of STCU recipients, focusing on the IPR and commercialization issues they are facing in their STCU work and in their institutes.

<b>STCU -hosted Tech Transfer, IPR, and Business Planning Training Roundtables and Workshops</b>		
28 - 29 March	STCU-PIPRA-USPTO-SIPSU IP Management and Technology Commercialization in CIS Countries Seminar for Universities, Government Research Centers and Small/Medium Businesses (SMEs) in Kyiv, Ukraine	87 attendees (including 2 CTCO from Azerbaijan, 2 CTCOs from Moldova, 2 CTCOs from Georgia and 7 CTCOs and ISP from Ukraine)
May 18	GIPP-STCU-CRDF IPR and Commercialization of R&D in Kharkiv	59 attendees
May 24	GIPP-STCU-CRDF IPR and Commercialization of R&D in Dnipropetrovsk	58 attendees
June 21	GIPP-STCU-CRDF IPR and Commercialization of R&D in Lviv	63 attendees
June 12	Road show «New High Technology for Business and Industry» in Kyiv, organized by a consortium of Ukrainian institutes (Physics, Materials, Semiconductors, and Bio-Chemistry)	4 Ukr. CTCO Institutes and their scientists (100 attendees, including investors and Ukrainian business representatives).
October 2	DTRA -ISTC –STCU-CRDF Business training Event in Tbilisi: Building Sustainable Strategic Partnerships for Biological Scientists in Georgia	7 Georgian CTCOs, total 35 participants planned
Oct.-Nov.	“Tech Transfer, Finding Partners, Business Planning, and IPR” seminar in Kyiv, Kharkiv, and Lviv to include a group of selected Project Managers of active STCU projects, as well as selected institute leaders, CTCOs, etc	approximately 100 participants
<b>CTCO, ISP sponsored travels</b>		
February 27 –March 2	To AUTM annual meeting in Las Vegas, US to learn first-hand about how the US technology transfer Association works and how technology transfer offices operate at US universities.	3 CTCOs+1 STCU staff
June 5-17	US Patent Office Scholarships were granted to participate in a two-week intensive international course in IP management and technology licensing at the University of California at Davis.	1 CTCO/ISP+1 STCU representative

June 20-27	Visit to Lawrence Livermore National Laboratory Technology Transfer Office to see first-hand the operation of a technology transfer office at a US National Laboratory.	2 ISP project participants + STCU staff
September 27-28	The ISTC SAC Seminar "Developing Innovation and Technology Transfer in a Global Security Environment" in Almaty, Kazakhstan	1 CTCO/ISP+1 STCU representative

### Plan for 2012

The Department requests that **\$5,000** from the Funding Parties, to be budgeted to the Shared SB line for supporting Department staff travel within the Recipient Parties for consultations on technology transfer/commercialization of science issues (in particular, for the Lviv and Sumy institutes that initiated their CTCO cooperation with STCU in 2011). Otherwise, the Department plans to suspend the majority of its previous activities under Sustainability Development in order to focus its time and resources to the major extension of the CTCO program by the STCU Governmental Partner, the U.S. DoE/NNSA GIPP program.

Beginning in 2012, the U.S. DoE/NNSA GIPP program will contribute \$1 million over the next 2 years to support an extension of the CTCO program to up to 10 institutes that are of interest to the GIPP program. For 2012, this will mean a contribution of **\$500,000** to the CTCO program. Given the size and scope of this CTCO program extension,.

DOE/NNSA GIPP also intends to contribute **\$50,000** to this Supplemental Budget line to have the Department organize training events in the Recipient Parties, covering such areas as business proposal preparation and similar commercialization topics.

**Patent, IPR Support and Market Analysis (2011 Budget Allocation = \$20,129 from Shared Supplemental Budget - Patent Support. 2012 Budget Request = \$0 from Shared Supplemental Budget - Patent Support).**

### Performance in 2011

As of mid-2011, the STCU Patent Review Committee received and reviewed 5 patent applications, and granted financial support to 4 patent applications. Since 1995, STCU has issued a total of 250 Patent Support Grants (including 235 grants for Patent Applications in Ukraine, 3 grants for Patents Applications in Uzbekistan and 12 grants for Patent Applications internationally in the STCU Donor Countries). However, over the course of the last five years, the pace of patent support activities has dramatically slowed. For the period of January 1, 2007 to the end of 2011, only approximately \$73,000 has been spent on patent support activities of a total budget approved by the STCU Governing Board of \$213,500 (or only a 34.2% net usage rate).

The Patent Support Program is experiencing continued reluctance on the part of scientists to patent their technologies internationally, given the potentially 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 quickly enough who could pay for further patent costs.



The Department also purchased services from the Nerac database search firm which provides STCU-requested market and existing patent information. The Department helped prepare booklet with Moldovan technologies and CD's of "Science Opportunities in Azerbaijan, Georgia, Moldova, Ukraine, Uzbekistan; and Sample IPR Agreements (in Ukrainian and Russian)" and CD's for "Satellite 2011"

### **Plan for 2012**

Because for several years now, the Patent Support Program has not seen any growth in participation from the Recipient scientists, nor any meaningful number of applications for grants, nor any significant net expenditures of Patent Support Supplemental Budget funds on patent applications, the Executive Director has decided to recommend suspending the Patent Support Program for 2012, and thus the Department does not request any funds for this Shared Supplemental Budget.

**Other Professional Services (2011 Budget Allocation = \$0,000 from Other Professional Services. 2012 Budget Request = \$ 4,000 from Other Prof. Services).**

### **Performance in 2011**

There was no budgeted amount for this in 2011.

### **Plan for 2012**

With the elimination of the full-time patents officer position, this budget line will be utilized to contract external patent expertise in order to ensure the STCU is still able to provide this service in 2012.

**Staff Training (2011 Budget Allocation = \$10,426. 2012 Budget Request = \$7,692).**

### **Performance in 2011**

In 2011, the Department staff participated in several training and educational courses. Other planned 2011 Department training will include staff-chosen training in professional development and with skills development in their areas of job responsibility.

### **Plan for 2012**

In 2012, the Department will receive a calculated share of the fixed, overall budget for all STCU staff training. Within its budget share, the Department plans to pursue a similar level of staff-chosen training in professional development and with skills development in their areas of job responsibility.

**Staff Travel (Consolidated into the single AOB request under Executive Director Office Section).**

The level of non-project-related, non-SB-supported Department staff travel in 2012 is expected to be similar as that in 2011. Most of the Department staff travel in 2012 will be conducted under Supplemental Budget programs, and any AOB-related staff travel will be conducted on an *ad hoc* basis with the approval of the Executive Director. Party-Designated Supplemental Budget funds will be used for STCU staff travel only when the relevant Party requests such STCU staff travel.

### **Regional Office (Azerbaijan)**

**Regional Office Operations (2011 Budget Allocation = \$4,000 for Baku. 2012 Budget Request = \$4,000 for Baku).**

In 2011, the Regional Office operations in Baku were normal, and this office should have the same level of operational expenses in 2012.

**Regional Officer Travel (2011 Budget Allocation = \$3,000 for Baku. 2012 Budget Request = \$3,000 for Baku).**

In 2011, the Azeri Regional Officer traveled to Ukraine to attend Regional Officer Meeting at the STCU Headquarters and also traveled within his regions of responsibility. In 2012, the expected Azeri Regional Office travel will be similar to that in 2011.

**Sustainability Promotion Department Budget Request for 2012**

	2011 Budgeted	2011 Actual	2012 Request	Change from 2011
<b>Staff</b>				
- Local	7	7	6	-1
- Party	1	1	1	0
<b>Staff Total</b>	8	8	7	-1
<b>Staff Support</b>				
- Staff Training	10,426	13,431	7,692	-2,734
- RO Operations				
Travel	3,000	2,000	3,000	0
Overhead	4,000	2,642	4,000	0
Other Prof. Services	0	0	4,000	+4,000
<b>Staff Support Total</b>	17,426	18,073	18,692	+1,266
<b>SB Programs</b>				
Shared SB Programs				
- Bus. Train/Sus. Oper.	150,966	100,209	40,000	-110,966
- Patent Support	20,129	20,122	0	-20,129
- Seminars/Workshops	30,289	0	0	-30,289
Party SB Programs				
- Seminars/Workshops - US	0	16,747	60,000	+60,000
- DOE/IPP Bus. Train/Sus. Oper.	0	0	550,000	+550,000
<b>SB Programs Total</b>	201,384	137,078	650,000	+448,616
<b>Department Total</b>				
- Staff	8	8	7	-1
- Funding	218,810	155,151	668,692	+449,882

**Performance / Public Outreach Department**

The Department 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. The Department coordinates the registration and processing of STCU project proposal applications (including Host Government Concurrence), The Department also produces the documents, finished

reports, and promotional materials required for STCU program activities, as well as provide the STCU with promotional materials for its own public outreach. Finally, the Department oversees the general relations between STCU and the Recipient Party governmental agencies with regards to STCU programs and activities.

## **Department Staff**

In 2011, the Department consisted of the Senior Deputy Executive Director (Ukraine) supervising 4 local staff positions: an SDED Assistant, the Project Registration Officer, the Production/Graphics Coordinator, and the Performance Officer. Following the Advisory Committee direction of 24 June 2011, and subsequent Executive Director guidance to identify and recommend non-essential positions for elimination, the Department has identified the SDED Assistant position as its sole non-essential position. The SDED Assistant duties will be combined with the ED Assistant position, so that the ED Assistant will become responsible for both the ED Office and the Performance/Public Outreach Department office duties.

## **Project Registration Management**

Commentary from the Advisory Committee meetings over the past few years has implied that open and continuous registration of Regular Project proposals will eventually be replaced by a narrower and selective “targeted call for proposals” connected to Targeted Research or Targeted R&D Initiatives Programs. In the 32<sup>nd</sup> Governing Board Project Funding Sheet, Regular Projects are still being approved and funded by the Funding Parties, and are still a part of STCU's main activities (although the number of approved Regular Projects has been reduced significantly over the past few years). The Department is ready to adjust staff workload should these reductions expand in future and the new proposal submission process be approved by the Governing Board.

## **Recipient Government Relations**

The Department has been busy keeping abreast of the changes within the Ukrainian government as these impact STCU relations with that government. The year 2011 brought a reorganization to the newly-created State Committee for Science, Innovations and Informatization of Ukraine, which slowed down its work significantly. The Department is always trying to stay in close contact with senior Ukrainian governmental officials to assess the ultimate impact of these changes on STCU activities (primarily, the Ukrainian Host Government Concurrence process).

The Department also continued its liaison work with the National Space Agency of Ukraine, in particular with the STCU-NSAU cooperative activities, and has initiated common activity with the Ministry of Health of Ukraine in frame of the new Ukrainian Antiplague Station (UAPS) Project.

## **Targeted R&D Initiatives**

### **Performance in 2011**

The Department has successfully assumed program responsibility over the four existing Targeted R&D Initiative programs from the Technology Advancement Department. In 2011, the STCU-Ukrainian Targeted Initiative cycle was completed in June, with a total of 12 projects jointly approved for funding (totaling ~ \$420,000). The Azeri, Georgian, and Moldovan Targeted Initiatives cycles were initiated in April 2011 with separate calls for proposals, and will be completed at the 33<sup>rd</sup> Governing Board Meeting in December 2011.

The Department also assumed primary responsibility for managing a new joint initiative between STCU and the State Space Agency of Ukraine. The SSAU-STCU initiative focused on developing a jointly funded project, proposed by the Space Agency under the auspices of the Statement of Cooperation between STCU and the Space Agency. Using the Targeted Initiatives program model, one-half of this joint project will be funded by the Space Agency, and the remaining half will be financed by STCU using the funds donated to STCU in 2010 by the liquidated INTAS program.

### **Plan for 2012**

Due to the results of the last 3 Targeted Initiatives cycles, and taking into account the comments and observations of the Funding Parties, the Department believes that some adjustments in the Targeted Initiative Program are likely in 2012. But until these changes are proposed and approved by the Governing Board, the Department will continue to manage the 4 existing Targeted Initiative Cycles as before. Further, no other new expansion of the Targeted Initiative Program is anticipated, given the fiscal situation of the Parties and the likelihood of other targeted programs being developed (using the lessons-learned from the Targeted R&D Initiative Program experience).

**Printing and Reproduction (2011 Budget Allocation = \$18,000: \$7,000 for 2010 Annual Report, \$11,000 for Other Marketing Materials. 2012 Budget Request = \$13,000: \$3,000 for 2012 Annual Report Publication, \$10,000 Brochures and Other Promotional Materials).**

### **Performance in 2011**

The Department managed the production of the following:

- Annual Report 2010.- (\$3,000).
- Business Cards (\$ 500)
- Other Promotional Materials – \$7,000

### **Plan for 2012**

The Department will continue publicizing STCU activities, successes and opportunities in 2012, although it will attempt to do more publishing in electronic form (online magazine, CD's), which will allow an estimated savings of up to 30% in printing costs.

- 2012 Annual Report. The 2012 Annual Report budget request will decrease to \$3,000 in order to reduce Department expenditures.
- Brochures and Other Promotional Materials. The amount of new promotional brochures and purchases of other promotional materials (e.g., paper pads/folders with STCU logo, pens, etc.) will be reduced. The Secretariat will make use of unused promotional materials purchased in previous budget years before deciding to purchase new materials. As well as with the Annual Report, printed Promotional Materials will be partly replaced by their electronic versions.

**Performance Measures (2011 Budget Allocation = \$5,000 from Other Professional Services. 2012 Budget Request = \$ 5,000 from Other Prof. Services).**

### **Performance in 2011**

In early 2011 it was decided to change the scheme of preparing the Annual Sustainability Surveys – from annual survey to one every two years. With the publication of the 2010 Annual Sustainability Survey, no survey was conducted in 2011. At the request of the ED, the Performance Officer conducted program performance evaluations on several Supplemental Budget activities: the CTCO program, EU and US Partnership Promotion Missions, and IPR/Patent/Commercialization of S&T Round-Tables.

### Plan for 2012

The Department will prepare, organize, and conduct the 2012 Annual Sustainability Survey, based on the current and comparative data on STCU performance and state of affairs at the technical unit level. This might require outside, part-time assistance with the data collection and compilation. 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 Supplemental Budget Program activity conducted in 2012.

### Staff Training (2011 Budget Allocation = \$5,957. 2012 Budget Request = \$3,846)

#### Performance in 2011

The Department staff is planning to take Financial Management course and a Public Relations training.

#### Plan for 2012

With the reduction of one staff position (the Department Assistant position), the Department's staff training will be reduced. In 2012, the Department will receive a calculated share of the fixed, overall budget for all STCU staff training. Within its budget share, the Department plans to pursue a similar level of staff-chosen training in professional development and with skills development in their areas of job responsibility.

### Staff Travel (Consolidated into the single AOB request under Executive Director Office Section).

The level of non-project-related, non-SB-supported Department staff travel in 2012 is expected to be similar as that in 2011. Most of the Department staff travel in 2012 will be conducted under Supplemental Budget programs, and any AOB-related staff travel will be conducted on an *ad hoc* basis with the approval of the Executive Director. Party-Designated Supplemental Budget funds will be used for STCU staff travel only when the relevant Party requests such STCU staff travel.

### Public Outreach/Performance Department Budget Request for 2011

	2011 Planned	2011 Actual	2012 Request	Change from 2011
Staff				
- Local	5	4	4	-1
- Party	0	0	0	0
<b>Staff Total</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>-1</b>
Staff Support				
- Staff Training	5,957	5,105	3,848	-2,109



<b>Staff Support Total</b>	<b>5,957</b>	<b>5,105</b>	<b>3,848</b>	<b>-2,109</b>
AOB Programs				
- Printing and Reproduction	18,000	7,721	13,000	-5,000
- Other Prof. Services	5,000	3,159	5,000	0
<b>Programs Total</b>	<b>23,000</b>	<b>10,880</b>	<b>18,000</b>	<b>-5,000</b>
<b>Department Total</b>				
Staff	<b>5</b>	<b>4</b>	<b>4</b>	<b>-1</b>
Funding	<b>\$28,957</b>	<b>\$15,985</b>	<b>\$21,848</b>	<b>-7,109</b>

**STCU 2012 BUDGET REQUEST SUMMARY FOR USD-BASED BUDGET LINE**

	ED	AO	FO	IT	SE	TA	SP	PO	Line Total
<b>Staff (# in 2011)</b>									
Party	1 (1)	1 (1)	1 (1)	0 (1)	1(1)	1 (1)	1 (1)	0 (0)	6 (7)
Local	1 (1)	10 (12)	7 (8)	2 (3)	7 (7)	6 (9)	6 (7)	4 (5)	43 (52)
Part-Time	0 (0)	2 (3)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	2 (3)
<b>Total Staff - Full Time</b>	<b>2 (2)</b>	<b>11 (13)</b>	<b>8 (9)</b>	<b>2 (4)</b>	<b>8 (8)</b>	<b>7 (10)</b>	<b>7 (8)</b>	<b>4 (5)</b>	<b>49 (59)FT</b>
<b>Total Staff - Part Time</b>		<b>2 (3)</b>	<b>0 (0)</b>	<b>0 (0)</b>	<b>0 (0)</b>	<b>0(0)</b>	<b>0 (0)</b>	<b>0 (0)</b>	<b>2 (3) PT</b>
<b>Staff Support</b>									
Travel (Int'l)	40,000	-	-	-	-	-	-	-	40,000
Travel (CIS)	80,000	-	-	-	-	-	-	-	80,000
Training	1,282	8,974	8,974	2,564	8,974	7,692	7,692	3,848	50,000
<b>Dept. Staff Supp.</b>	<b>121,282</b>	<b>8,974</b>	<b>8,974</b>	<b>2,564</b>	<b>8,974</b>	<b>7,692</b>	<b>7,692</b>	<b>3,848</b>	<b>170,000</b>
<b>Programs (AOB)</b>									
Representation	10,000	-	-	-	-	-	-	-	10,000
Fixed Assets	-	7,000	-	-	-	-	-	-	7,000
New Car/Veh Ops	-	30,000	-	-	-	-	-	-	30,000
Printing and Rep.	-	-	-	-	-	-	-	13,000	13,000
IT Hardware	-	-	-	1,900	-	-	-	-	1,900
IT Software	-	-	8,800	2,700	-	-	-	-	11,500
Oth. Prof. Services	-	-	4,750	2,250	-	4,000	4,000	5,000	20,000
Regional Offices	-	-	-	-	7,000	5,500	7,000	-	19,500
<b>Dept. Total (AOB)</b>	<b>10,000</b>	<b>37,000</b>	<b>13,550</b>	<b>6,850</b>	<b>7,000</b>	<b>9,500</b>	<b>11,000</b>	<b>18,000</b>	<b>112,900</b>
<b>Shared Supp. Budget Programs (SB)</b>									
Bus. Training/Sus. Support	-	-	-	-	-	-	40,000	-	40,000
<b>Supp. Budget Programs (SB)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,000</b>	<b>-</b>	<b>40,000</b>
<b>Party Specific Supp. Budgets (SB)</b>									
Tech., Coll. & Cont. Trav.	-	-	-	-	-	-	10,000	-	10,000
DOE/IPP Bus. Training/Sus. Support							550,000		550,000
Travel & Mob. Support	-	-	-	-	-	-	-	-	-
Seminars/Workshops							60,000		60,000
Biosecurity & Biosafet	-	-	-	-	-	-	-	-	-
Partner Prom & Supp.	-	-	-	-	-	-	-	-	-
<b>Dept. Total Pgrms Voluntary (SB)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>620,000</b>	<b>-</b>	<b>620,000</b>
<b>Total Request</b>									
<b>Staff</b>	<b>2</b>	<b>11</b>	<b>8</b>	<b>2</b>	<b>8</b>	<b>7</b>	<b>7</b>	<b>4</b>	<b>49 full</b>
	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2 part</b>
<b>Funding</b>	<b>131,282</b>	<b>45,974</b>	<b>22,524</b>	<b>9,414</b>	<b>15,974</b>	<b>17,192</b>	<b>678,692</b>	<b>21,848</b>	<b>942,900</b>

**STCU 2012 BUDGET REQUEST SUMMARY FOR EUR-BASED BUDGET LINES**  
**(Solely Funded EU SB Budgets Only)**

	ED	AO	FO	IT	SE	TA	SP	PO	Line Total
<b>Solely Funded EU Programs (SB)</b>									
EU Designated Tech. Collab., and Cont. Travel Support	-	-	-	-	€25,000	-	-	-	€25,000
EU Patent Support	-	-	-	-	€5,000	-	-	-	€5,000
EU Designated Travel & Mobility Support	-	-	-	-	€27,500	-	-	-	€27,500
EU Expert Review and Advisors	-	-	-	-	€50,000	-	-	-	€50,000
EU Seminars & Workshops	-	-	-	-	2,500	-	-	-	€2,500
Partner Promotion & Support	-	-	-	-	€150,000	-	-	-	€150,000
<b>Total Request Funding</b>	-	-	-	-	<b>€260,000</b>	-	-	-	<b>€260,000</b>



1.	<b>Local Grant Payments.</b>	<b>\$706,327</b>
	43 Full-Time Staff (0% raise, 0% bonus)	\$706,327
2.	<b>Staff Education &amp; Training.</b>	<b>\$50,000</b>
	a. Training for ED and ED's secretary..	
	Cost of Training:	\$ 1,282
	b. Training for SDED and his direct reports.	
	Cost of Training:	\$ 3,848
	c. Training for DED-EU and his direct reports.	
	Cost of Training:	\$ 8,974
	d. Training for DED-CA and his direct reports.	
	Cost of Training:	\$ 7,692
	e. Training for DED-US and his direct reports.	
	Cost of Training:	\$ 7,692
	f. Training for CFO and Finance and IT Departments.	
	Cost of Training:	\$11,538
	g. Training for CAO and Administrative Department.	
	Cost of Training:	\$ 8,974
	Total cost of Staff Education and Training	\$50,000
3.	<b>Employee Morale and Welfare.</b>	<b>\$30,000</b>
	Center subsidizes 100% of the cost of lunch for staff members. Furthermore, includes cost of bereavement contributions, Christmas and birthday activities, family functions, and special occasions.	
	Total Cost:	\$30,000
4.	<b>Medical &amp; Dental Plans</b>	<b>\$81,250</b>

5. **International Travel.** **\$40,000**

- a. Senior STCU staff travel (including Advisory Committee Meetings) as required and approved by the Executive Director.

Cost: \$20,000

- b. Other travel associated with management and staff.

Cost: \$20,000

Total Cost: \$40,000

6. **Travel within the CIS.** **\$80,000**

- a. Monitoring in Azerbaijan, Ukraine, Georgia, and Moldova.

Cost: \$55,000

- b. Secretariat trips to non-Kyiv cities in Ukraine, as well as travel to Georgia, Moldova, and Azerbaijan, including possible Governing Board to be held outside of Kyiv.

Cost: \$25,000

Total Cost: \$80,000

7. **Local Travel.** **\$13,125**

Consists of taxis utilized by STCU staff when STCU vehicles are unavailable. Also, includes cost of providing secured cash transport to and from the STCU's bank (as per the auditor's recommendation to the Governing Board).

- Taxis \$ 7,500

- Secure Cash Transport \$ 5,625

Total Cost \$13,125

8. **Representation.** **\$10,000**

Maintained same as 2011.

9.	<b>Postage and Delivery.</b>	<b>\$9,000</b>
	Decreased by \$2,000 compared with 2011.	
10.	<b>Customs Storage.</b>	<b>\$1,500</b>
	Maintained same as 2011.	
11.	<b>General Office Supplies.</b>	<b>\$25,000</b>
	Decreased by \$5,800 compared with 2011.	
12.	<b>Office Equipment Repair/Maintenance.</b>	<b>\$5,000</b>
	Increased by \$2,000 compared with 2011.	
13.	<b>Vehicle Operations.</b>	<b>\$30,000</b>
	Maintained same as 2010.	
14.	<b>Printing and Reproduction.</b>	<b>\$13,000</b>
	- Annual Report	\$3,000
	- Brochures and Marketing Materials	<u>\$10,000</u>
	Total Cost	<u>\$13,000</u>
15.	<b>Telecommunications Services.</b>	<b>\$42,000</b>
	Decreased from \$50K in 2011 because of increased use of technology (skype, instant Messenger, etc.).	
16.	<b>Business Meetings and Conferences.</b>	<b>\$6,000</b>
	a. Board meetings.	2 * 1,500 = \$3,000
	b. Advisory committee meetings.	2 * 500 = \$1,000
	c. IO and FO Meetings	2 * 1,000 = <u>\$2,000</u>
	Total cost of business meetings and conferences:	\$6,000
17.	<b>Subscriptions and Publications.</b>	<b>\$3,750</b>
	Decreased by \$3,000 compared with 2011.	
18.	<b>Public Affairs.</b>	<b>\$0</b>
	In the past utilized for financial support of conferences; however, eliminated in 2007 due to cost cutting measures.	
19.	<b>Building Supplies.</b>	<b>\$13,200</b>

Maintained same as 2011.

20. **Branch Offices.** **\$19,500**

- Tbilisi	7,000
- Chisinau	5,500
- Tashkent	Eliminated
- Lviv	Eliminated
- Kharkiv	Eliminated
- Dnipropetrovsk	Eliminated
- Baku	<u>7,000</u>
Total Cost	\$19,500

21. **Insurance Expense.** **\$11,550**

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

- Vehicles	\$5,000
- Assets	\$3,500
- Staff Life Insurance	<u>\$3,050</u>
Total Cost	\$11,550

22. **Bank Fees Off-shore.** **\$55,000**

Based on forecasted 2012 STCU transactions.

23. **Bank Fees On-shore.** **\$20,000**

Fees charged by STCU's local banks (Ukraine, Azerbaijan, and Georgia) to conduct operations. Based on forecasted 2012 STCU transactions.

24. **Legal Services.** **\$5,000**

Maintained same as 2011.

25. **Accounting and Auditing** **\$81,888**

The 2010 and 2011 financial audits contract were awarded to Lubbock Fine. According to the contract, the 2011 Financial Audit will cost \$81,888.

26. **Other Professional Support.** **\$20,000**

- Off-Site Backup Tape Storage	\$ 2,250
- Performance Measures	\$ 5,000
- Lviv Regional Consulting Services	\$ 4,000
- Patent Expertise Consulting Services	\$ 4,000
- Navision Consulting	<u>\$ 4,750</u>
Total Cost	\$ 20,000

27. **Facility Improvements.** **\$3,000**

	Increased by \$1,000 compared with 2011.		
28.	<b>Furniture and Fixtures.</b>		<b>\$2,000</b>
	Decreased by \$1,000 compared with 2011.		
29.	<b>Telecommunications Equipment.</b>		<b>\$0</b>
	Maintained Same as 2011.		
30.	<b>Office Equipment.</b>		<b>\$2,000</b>
	Decreased by \$2,000 compared with 2011.		
31.	<b>Vehicle Purchase.</b>		<b>\$0</b>
	No vehicle purchase planned for in 2012		
32.	<b>Computer Hardware.</b>		<b>\$1,900</b>
	Other Miscellaneous	\$1,900	
33.	<b>Computer Software.</b>		<b>\$11,500</b>
	Navision Maintenance Fee	\$ 8,000	
	Other Miscellaneous	<u>3,500</u>	
	Total	\$11,500	
34.	<b>Contingency.</b>		<b>\$35,000</b>
	Normal Recurring Contingency	<u>\$10,000</u>	
	Total Recurring Contingency	\$10,000	
	Normal Non-Recurring Contingency	<u>\$25,000</u>	
	Total	\$35,000	

**SCIENCE AND TECHNOLOGY CENTER IN UKRAINE - STCU**

**Draft 2012 Administrative Operating Budget 01 January - 31 December, 2012**

	2011 Budget	Spent as of 31-Oct-11	Projected Final 2 Mo. Exp	Projected Final 2011 Exp.	Projected Remaining 11 Budget	2012 Budget Request	% Change in AOB Line Y-O-Y	Note
<b>Personnel</b>								
LOCAL GRANT PAYMENTS	\$ 817 934	\$ 696 419	\$ 139 600	\$ 836 019	\$ (18 085)	\$ 706 327	-13,64%	1
STAFF EDUCATION & TRAINING	\$ 70 000	\$ 54 419	\$ 20 200	\$ 74 619	\$ (4 619)	\$ 50 000	-28,57%	2
EMPLOYEE MORALE & WELFARE	30 000	24 625	5 250	29 875	125	30 000	0,00%	3
MEDICAL & DENTAL PLANS	96 250	62 826	30 000	92 826	3 424	81 250	-15,58%	4
<b>Subtotal</b>	<b>\$ 1 014 184</b>	<b>\$ 838 290</b>	<b>\$ 195 050</b>	<b>\$ 1 033 340</b>	<b>\$ (19 156)</b>	<b>\$ 867 577</b>	<b>-14,46%</b>	
<b>Travel</b>								
INTERNATIONAL TRAVEL	\$ 40 000	\$ 5 882	\$ 10 000	\$ 15 882	\$ 24 118	\$ 40 000	0,00%	5
TRAVEL WITHIN THE CIS	100 000	75 804	9 000	84 804	15 196	80 000	-20,00%	6
LOCAL TRAVEL	16 125	9 701	3 000	12 701	3 424	13 125	-18,60%	7
<b>Subtotal</b>	<b>\$ 156 125</b>	<b>\$ 91 387</b>	<b>\$ 22 000</b>	<b>\$ 113 387</b>	<b>\$ 42 738</b>	<b>\$ 133 125</b>	<b>-14,73%</b>	
<b>Office Operations</b>								
REPRESENTATION	\$ 10 000	\$ 3 032	\$ 6 000	\$ 9 032	\$ 968	\$ 10 000	0,00%	8
POSTAGE AND DELIVERY	11 000	6 052	2 000	8 052	2 948	9 000	-18,18%	9
CUSTOMS STORAGE	1 500	-	-	-	1 500	1 500	0,00%	10
GENERAL OFFICE SUPPLIES	30 800	13 559	6 000	19 559	11 241	25 000	-18,83%	11
OFFICE EQUIPMENT REPAIR/MAINT	3 000	609	500	1 109	1 891	5 000	66,67%	12
VEHICLE OPERATIONS	30 000	22 835	5 000	27 835	2 165	30 000	0,00%	13
PRINTING AND REPRODUCTION	18 000	2 721	5 000	7 721	10 279	13 000	-27,78%	14
TELECOMMUNICATIONS SERVICES	50 000	34 885	7 000	41 885	8 115	42 000	-16,00%	15
BUSINESS MEETINGS & CONFERENCES	6 000	5 177	1 000	6 177	(177)	6 000	0,00%	16
SUBSCRIPTIONS AND PUBLICATIONS	6 750	3 003	3 500	6 503	247	3 750	-44,44%	17
BUILDING SUPPLIES	13 200	9 966	2 500	12 466	734	13 200	0,00%	19
BRANCH OFFICES OVERHEAD	\$ 41 000	\$ 21 319	\$ 12 000	\$ 33 319	\$ 7 681	\$ 19 500	-52,44%	20
INSURANCE EXPENSE	11 550	6 080	4 000	10 080	1 470	11 550	0,00%	21
BANK FEES - OFFSHORE	60 000	44 086	8 000	52 086	7 914	55 000	-8,33%	22
BANK FEES - ONSHORE	25 000	17 364	3 500	20 864	4 136	20 000	-20,00%	23
<b>Subtotal</b>	<b>\$ 317 800</b>	<b>\$ 190 687</b>	<b>\$ 66 000</b>	<b>\$ 256 687</b>	<b>\$ 61 113</b>	<b>\$ 264 500</b>	<b>-16,77%</b>	
<b>Contracted Services</b>								
LEGAL SERVICES	\$ 5 000	\$ -	\$ -	\$ -	\$ 5 000	\$ 5 000	0,00%	25
ACCOUNTING AND AUDITING	79 930	79 930	-	79 930	-	81 888	2,45%	26
OTHER PROFESSIONAL	12 000	334	8 000	8 334	3 666	20 000	66,67%	27
<b>Subtotal</b>	<b>\$ 96 930</b>	<b>\$ 80 264</b>	<b>\$ 8 000</b>	<b>\$ 88 264</b>	<b>\$ 8 666</b>	<b>\$ 106 888</b>	<b>10,27%</b>	
<b>Subtotal Recurring Costs</b>	<b>\$ 1 585 039</b>	<b>\$ 1 200 628</b>	<b>\$ 291 050</b>	<b>\$ 1 491 678</b>	<b>\$ 93 361</b>	<b>\$ 1 372 090</b>	<b>-13,43%</b>	
<b>Contingency - Recurring</b>	10 000	-	-	-	10 000	10 000	0,00%	35
<b>Total Recurring Costs</b>	<b>\$ 1 595 039</b>	<b>\$ 1 200 628</b>	<b>\$ 291 050</b>	<b>\$ 1 491 678</b>	<b>\$ 103 361</b>	<b>\$ 1 382 090</b>	<b>-13,35%</b>	
<b>Facilities</b>								
FACILITY IMPROVEMENTS	\$ 2 000	\$ -	\$ 1 500	\$ 1 500	\$ 500	\$ 3 000	50,00%	28
FURNITURE & FIXTURES	3 000	-	2 000	2 000	1 000	2 000	-33,33%	29
TELECOMMUNICATIONS EQUIPMENT	-	-	-	-	-	-	#DIV/0!	30
OFFICE EQUIPMENT	4 000	(322)	3 000	2 678	1 322	2 000	-50,00%	31
VEHICLE PURCHASE	30 000	22 363	-	22 363	7 637	-	-100,00%	32
COMPUTER HARDWARE	4 600	729	3 000	3 729	871	1 900	-58,70%	33
COMPUTER SOFTWARE	11 500	10 578	1 000	11 578	(78)	11 500	0,00%	34
<b>Subtotal Non-Recurring Costs</b>	<b>\$ 55 100</b>	<b>\$ 33 347</b>	<b>\$ 10 500</b>	<b>\$ 43 847</b>	<b>\$ 11 253</b>	<b>\$ 20 400</b>	<b>-62,98%</b>	
<b>Contingency - Non-Recurring</b>	25 000	-	-	-	25 000	25 000	0,00%	35
<b>Total Non-Recurring Costs</b>	<b>\$ 80 100</b>	<b>\$ 33 347</b>	<b>\$ 10 500</b>	<b>\$ 43 847</b>	<b>\$ 36 253</b>	<b>\$ 45 400</b>	<b>-43,32%</b>	
<b>TOTAL BUDGET:</b>	<b>\$ 1 675 139</b>	<b>\$ 1 233 975</b>	<b>\$ 301 550</b>	<b>\$ 1 535 525</b>	<b>\$ 139 614</b>	<b>\$ 1 427 490</b>	<b>-14,78%</b>	

**SCIENCE AND TECHNOLOGY CENTER IN UKRAINE - STCU  
STATEMENT OF SUPPLEMENTAL BUDGET ACTIVITY  
as of October 31, 2011**

Activity	Sub-Activity	Supplemental Expense	Budget	Expended as of October 31, 2011	Projected 2 mo. Exp.	Total Remaining Budget
01	TECHNIC., COLLABOR., CONT. TRAV. SUPP.		\$ 30000 + € 25000	\$ 1165.45 + € 7412.08	\$ 1800 + € 4000	\$ 27034.55 + € 13587.92
	01.01	- U.S. DESIGNATED TRAVELERS	\$ 30 000,00	\$ 1,165.45	\$ 1,800.00	\$ 27,034.55
	01.02	- E.U. DESIGNATED TRAVELERS	€ 25 000,00	€ 7 412,08	€ 4 000,00	€ 13 587,92
04	BUSINESS TRAINING/SUSTAIN. SUPP.		\$ 150 966,00	\$ 70 209,49	\$ 30 000,00	\$ 50 756,51
	04.01	- SHARED	\$ 150 966,00	\$ 70 209,49	\$ 30 000,00	\$ 50 756,51
	04.02	- PA DESIGNATED	\$ -	\$ -	\$ -	\$ -
05	PATENT SUPPORT		\$ 20129.11 + € 5000	\$ 9721.81 + € 0	\$ 10400 + € 0	\$ 7.3 + € 5000
	05.01	- SHARED	\$ 20 129,11	\$ 9 721,81	\$ 10 400,00	\$ 7,30
	05.03	- EU DESIGNATED	€ 5 000,00	€ -	€ -	€ 5 000,00
06	TRAVEL AND MOBILITY SUPPORT		\$ 490541.59 + € 40000	\$ 225999.74 + € 22119.92	\$ 25221.8 + € 3000	\$ 239320.05 + € 14880.08
	06.03	- E.U. DESIGNATED TRAVELERS	€ 40 000,00	€ 21 565,98	€ 3 000,00	€ 15 434,02
	06.04	- PARTNER DESIGNATED TRAVELERS	\$ 306789.66 + € 0	\$ 62523.73 + € 553.94	\$ 5000 + € 0	\$ 239265.93 + € -553.94
		06.04.01	\$ 130 655,89	\$ 1 837,01	\$ -	\$ 128 818,88
		06.04.02	\$ 40 486,05	\$ -	\$ -	\$ 40 486,05
		06.04.03	\$ 43 684,10	\$ 14 246,08	\$ 5 000,00	\$ 24 438,02
		06.04.04	\$ -	\$ -	\$ -	\$ -
		06.04.05	\$ 5 632,12	\$ -	\$ -	\$ 5 632,12
		06.04.06	\$ 1 302,93	\$ -	\$ -	\$ 1 302,93
		06.04.07	\$ -	\$ -	\$ -	\$ -
		06.04.08	\$ 58 763,40	\$ 14 652,03	\$ -	\$ 44 111,37
		06.04.09	\$ 26 265,17	\$ 31 788,61	\$ -	\$ (5 523,44)
		06.04.10	€ -	€ 553,94	€ -	€ (553,94)
06.05	- SW DESIGNATED TRAVELERS		\$ 23 751,93	\$ 11 130,13	\$ 12 621,80	\$ -
06.06	- CA DESIGNATED TRAVELERS		\$ 160 000,00	\$ 152 345,88	\$ 7 600,00	\$ 54,12
08	EXPERT REVIEW AND ADVISORS		€ 50 000,00	€ 23 647,58	€ 4 000,00	€ 22 352,42
09	SEMINARS/WORKSHOPS SUPPORT		\$ 45289 + € 5000	\$ 16247.46 + € 0	\$ 500 + € 0	\$ 28541.54 + € 5000
	09.01	- SHARED	\$ 45 289,00	\$ -	\$ -	\$ 45 289,00
	09.02	- E.U. DESIGNATED SEMINARS/WORKSHOPS	€ 5 000,00	€ -	€ -	€ 5 000,00
	09.03	- U.S. DESIGNATED SEMINARS/WORKSHOPS	\$ -	\$ 16 247,46	\$ 500,00	\$ (16 747,46)
10	SERVICE CONTRACTS		\$ 1229612 + € 375000	\$ 860728.64 + € 274158.29	\$ 175000 + € 5800	\$ 193883.36 + € 42841.71
	10.01	- U.S. DESIGNATED CONTRACTS	\$ 730 000,00	\$ 595 602,92	\$ 98 000,00	\$ 32 397,08
	10.02	- E.U. DESIGNATED CONTRACTS	€ 375 000,00	€ 274 158,29	€ 58 000,00	€ 42 841,71
	10.03	- CA DESIGNATED CONTRACTS	\$ 294 000,00	\$ 245 217,89	\$ 40 000,00	\$ 8 782,11
	10.04	- PA DESIGNATED CONTRACTS	\$ 205 612,00	\$ 15 907,83	\$ 37 000,00	\$ 152 704,17
14	BIOSECURITY & BIOSAFETY		\$ 351 617,11	\$ 166 749,25	\$ -	\$ 184 867,86
	14.01	- BIOSECURITY & BIOSAFETY - CA	\$ -	\$ -	\$ -	\$ -
15	PARTNER PROMOTION & SUPPORT		\$ 370 000,00	\$ 133 413,39	\$ 236 000,00	\$ 586,61
	15.01	PARTNER PROMOTION & SUPPORT - CA	\$ -	\$ -	\$ -	\$ -
16	PARTNER PROMOTION AND SUPPORT		€ 200 000,00	€ 46 795,87	€ 40 000,00	€ 113 204,13
	16.01	PARTNER PROMOTION AND SUPPORT - EU	€ -	€ -	€ -	€ -
		<b>Total Supplemental Expenses</b>	\$ 2 688 154,81	\$ 1 484 235,23	\$ 478 921,80	\$ 724 997,78
			€ 700 000,00	€ 374 133,74	€ 109 000,00	€ 216 866,26

**Supplemental Programs Budget Request 2012 (For the EU these costs are associated with BFA 2011 Article 1.1)**

as of November 18, 2011

BUDGET ITEM	2011 APPROVED (USD)	2011 FORECASTED SPENT (USD)	2011 APPROVED (EUR)	2011 FORECASTED SPENT (EUR)	2012 REQUESTED (USD)	2012 REQUESTED (EUR)	2012 EU Pledged (EUR)	2012 US Pledged (USD)	2012 Canada Pledged (USD)
<b>In-Place Shared Supplemental Programs</b>									
4,01 Business Training/Sustainability Support	150 966	100 209	x	x	40 000	x			x
5,01 Patent Support	20 129	20 122	x	x	x	x	x	x	x
9,01 Seminars/Workshops	45 289	0	x	x	x	x	x	x	x
<b>In-Place Party Designated Supplemental Programs</b>									
1,01 Technic., Collabor., Cont. Travel Supp. - US	30 000	2 965	x	x	x	x	x	x	x
1,02 Technic., Collabor., Cont. Travel Supp. - EU	x	x	25 000	11 412	x	25 000	25 000	x	x
4,02 Bus. Training/Sustainability Supp - DOE/IPP	x	x	x	x	550 000	x	x	x	x
5,03 Patent Support - EU	x	x	5 000	0	x	5 000	5 000	x	x
6,03 Travel and Mobility Support - EU	x	x	40 000	24 566	x	27 500	27 500	x	x
6,06 Travel and Mobility Support - CA	160 000	159 946	x	x	x	x	x	x	x
08,01 Expert Review & Advisors - EU	x	x	50 000	27 648	x	50 000	50 000	x	x
9,02 Seminars/Workshops - EU	x	x	5 000	0	x	2 500	2 500	x	x
9,03 Seminars/Workshops - US	x	16 747	x	x	60 000	x	x	60 000	x
10,01 Service Contracts - US	730 000	697 603	x	x	562 376	x	x	562 376	x
10,03 Service Contracts - CA	294 000	285 218	x	x	?	x	x	x	?
10,04 Service Contracts - DOE/IPP	x	52 908	x	x	205 612	x	x	x	x
14,01 Biosecurity & Biosafety - CA	351 617	166 749	x	x	x	x	x	x	x
15,01 Partner Promotion & Support -CA	370 000	369 413	x	x	x	x	x	x	x
16,01 Partner Promotion Support - EU	x	x	200 000	86 796	x	150 000	150 000	x	x
<b>TOTAL CONTRIBUTION</b>	<b>2 152 001</b>	<b>1 871 880</b>	<b>325 000</b>	<b>150 422</b>	<b>1 417 988</b>	<b>260 000</b>	<b>260 000</b>	<b>622 376</b>	<b>0</b>

x = No Funding Required

**(For the EU these costs are associated with BFA 2011 Article 1.2)**

BUDGET ITEM	2011 APPROVED (EUR)	2011 FORECASTED SPENT (EUR)	2012 REQUESTED (Euro)	2012 PLEDGED (Euro)
<b>In-Place Party Designated Supplemental Programs</b>				
10,02 Service Contracts - EU	375 000	332 158	375 000	375 000



Project #	Type	Partner Name if Partner Project	U.S. Amount Funded Total	CA Amount Funded Total
3829(R)	R		\$0,00	\$210 690,00
3913	R		\$0,00	\$0,00
3998	R		\$0,00	\$239 898,00
4182	R		\$0,00	\$0,00
4259	R		\$0,00	\$0,00
4294	R		\$0,00	\$0,00
4450	R		\$0,00	\$0,00
4570	R		\$0,00	\$77 500,00
4591	R		\$0,00	\$116 481,00
4610	R		\$249 904,00	\$0,00
4618	R		\$0,00	\$0,00
4703	R		\$0,00	\$0,00
4728	R		\$0,00	\$0,00
4744	R		\$0,00	\$250 000,00
4784	R		\$0,00	\$0,00
4790	R		\$0,00	\$0,00
4819	R		\$0,00	\$0,00
4841	R		\$0,00	\$299 871,00
4863	R		\$0,00	\$0,00
4872	R		\$199 482,00	\$199 482,00
4875	R		\$0,00	\$0,00
4876	R		\$200 000,00	\$200 000,00
4892	R		\$169 682,00	\$0,00
4894	R		\$0,00	\$0,00
4908	R		\$0,00	\$0,00
4947	R		\$0,00	\$0,00
5026	R		\$0,00	\$0,00
5032	R		\$0,00	\$0,00
5039	R		\$0,00	\$0,00
5050	T		\$0,00	\$25 000,00
5051	T		\$0,00	\$35 000,00
5052	T		\$12 496,00	\$12 496,00
5053	T		\$11 651,00	\$11 651,00
5054	T		\$0,00	\$17 500,00
5055	T		\$17 500,00	\$17 500,00
5061	T		\$17 500,00	\$17 500,00
5062	T		\$12 500,00	\$0,00
5063	T		\$12 499,00	\$12 499,00
5067	T		\$0,00	\$0,00
5075	T		\$24 943,00	\$24 943,00
5079	T		\$25 000,00	\$25 000,00
5080	T		\$0,00	\$49 996,00
5084	T		\$49 496,00	\$0,00
5128	R		\$0,00	\$0,00
5139	R		\$0,00	\$61 350,00
5148	R		\$246 724,00	\$0,00
5204	T		\$16 625,00	\$16 625,00
5205	T		\$24 889,00	\$24 889,00
5208	T		\$24 250,00	\$24 250,00
5209	T		\$16 667,00	\$16 667,00
5210	T		\$25 000,00	\$25 000,00

5211	T		\$16 667,00	\$16 667,00
5212	T		\$0,00	\$0,00
5213	T		\$0,00	\$0,00
5214	T		\$16 613,00	\$16 613,00
5215	T		\$0,00	\$0,00
5218	T		\$0,00	\$0,00
5219	R		\$0,00	\$0,00
5222	T		\$25 000,00	\$25 000,00
5228	T		\$13 333,00	\$13 333,00
5238	R		\$0,00	\$0,00
5240	R		\$0,00	\$111 901,00
5247	T		\$17 500,00	\$0,00
5249	T		\$17 000,00	\$0,00
5251	T		\$17 500,00	\$17 500,00
5253	T		\$17 408,00	\$0,00
5258	R		\$0,00	\$0,00
5281	R		\$0,00	\$0,00
5287	R		\$0,00	\$0,00
5327	R		\$0,00	\$47 906,00
5352	T		\$49 500,00	\$0,00
5358	T		\$0,00	\$50 000,00
5361	T		\$25 000,00	\$25 000,00
5362	T		\$50 000,00	\$0,00
5363	T		\$0,00	\$49 962,00
5364	T		\$49 899,00	\$0,00
5388	T		\$12 499,00	\$12 499,00
5390	T		\$0,00	\$0,00
5393	T		\$25 000,00	\$0,00
5398	T		\$12 500,00	\$12 500,00
5402	T		\$0,00	\$24 997,00
5404	T		\$0,00	\$24 992,00
9800	R		\$0,00	\$0,00
9801	R		\$0,00	\$0,00
9802	R		\$0,00	\$0,00
9803	R		\$0,00	\$0,00
9804	R		\$0,00	\$0,00
P322b	P	U. S. Environmental Protection Agency	\$105 849,00	
P338a	P	European Office of Aerospace Research and	\$59 756,00	
P340	P	European Office of Aerospace Research and	\$60 000,00	
P347	P	U.S. Department of Health and Human Servic	\$150 000,00	
P371	P	U.S. Department of Energy / Initiatives for Pro	\$700 000,00	
P376	P	U.S. Department of Energy / Initiatives for Pro	\$490 000,00	
P382a	P	U.S. Department of Agriculture / Agriculture R	\$200 000,00	
P392	P	U.S. Department of Energy / Initiatives for Pro	\$420 000,00	
P399	P	U.S. Department of Energy / Initiatives for Pro	\$100 000,00	
P401	P	U.S. Department of Energy / Initiatives for Pro	\$490 000,00	
P402	P	U.S. Department of Agriculture / Agriculture R	\$300 000,00	
P415	P	U.S. Department of Energy / Initiatives for Pro	\$464 000,00	
P416	P	U.S. Department of Energy / Initiatives for Pro	\$490 000,00	
P424	P	U.S. Department of Energy / Initiatives for Pro	\$462 000,00	
P433	P	U.S. Department of Energy / Initiatives for Pro	\$443 100,00	
P434	P	U.S. Department of Energy / Initiatives for Pro	\$99 960,00	
P438	P	European Office of Aerospace Research and	\$69 000,00	
P443	P	U.S. Department of Energy / Initiatives for Pro	\$350 000,00	
P444	P	U.S. Department of Agriculture / Agriculture R	\$300 000,00	
P448	P	U.S. Department of Energy / Initiatives for Pro	\$378 000,00	

P452	P	Department of Energy and Climate Change		
P453	P	U.S. Department of Energy / Initiatives for Pro	\$230 000,00	
P454	P	U. S. Environmental Protection Agency	\$150 000,00	
P464	P	U.S. Department of Energy / Initiatives for Pro	\$150 000,00	
P483	P	U.S. Department of Energy / Initiatives for Pro	\$490 000,00	
P486	P	Commissariat a l'Energie Atomique et aux Energies Alternatives		
P490	P	U.S. Department of Energy / Initiatives for Pro	\$489 000,00	
P500	P	U.S. Department of Energy / Initiatives for Pro	\$200 000,00	
P508	P	U.S. Department of Energy / Initiatives for Pro	\$120 000,00	
<b>Unsigned and Forecasted as if signed and started on December 1, 2011</b>				
5183	R		\$0,00	\$0,00
5271	R		\$0,00	\$0,00
5335	R		\$0,00	\$0,00
5344	R		\$0,00	\$0,00
5439	R		\$49 801,00	\$0,00
5446	R		\$0,00	\$0,00
5461	R		\$0,00	\$0,00
5497	T		\$0,00	\$0,00
5500	T		\$0,00	\$0,00
5501	T		\$0,00	\$0,00
5505	T		\$0,00	\$0,00
5507	T		\$17 500,00	\$0,00
5508	T		\$17 500,00	\$0,00
5509	T		\$17 483,00	\$0,00
5510	T		\$17 500,00	\$0,00
5513	T		\$17 500,00	\$0,00
5514	T		\$0,00	\$0,00
5522	T		\$0,00	\$0,00
5525	T		\$0,00	\$0,00
5560	T		\$0,00	\$0,00

EU Amount Funded Total	Total Funded by All FPs	Duration of Project in Months	# of Months in 2012 project active	U.S. Amount Budgeted in 2012	CA Amount Budgeted in 2012	EU Amount Budgeted in 2012
\$0,00	\$210 690,00	36	2	\$0,00	\$11 705,00	\$0,00
\$272 083,80	\$272 083,80	36	8	\$0,00	\$0,00	\$60 463,07
\$0,00	\$239 898,00	36	1	\$0,00	\$6 663,83	\$0,00
\$196 473,55	\$196 473,55	36	12	\$0,00	\$0,00	\$65 491,18
\$210 525,50	\$210 525,50	36	1	\$0,00	\$0,00	\$5 847,93
\$219 595,25	\$219 595,25	36	1	\$0,00	\$0,00	\$6 099,87
\$188 798,70	\$188 798,70	24	2	\$0,00	\$0,00	\$15 733,22
\$89 900,00	\$167 400,00	18	3	\$0,00	\$12 916,67	\$14 983,33
\$129 572,00	\$246 053,00	36	1	\$0,00	\$3 235,58	\$3 599,22
\$0,00	\$249 904,00	36	1	\$6 941,78	\$0,00	\$0,00
\$251 154,50	\$251 154,50	36	8	\$0,00	\$0,00	\$55 812,11
\$149 574,75	\$149 574,75	36	3	\$0,00	\$0,00	\$12 464,56
\$214 544,90	\$214 544,90	24	7	\$0,00	\$0,00	\$62 575,60
\$0,00	\$250 000,00	36	12	\$0,00	\$83 333,33	\$0,00
\$245 131,20	\$245 131,20	29	8	\$0,00	\$0,00	\$67 622,40
\$225 521,40	\$225 521,40	36	12	\$0,00	\$0,00	\$75 173,80
\$240 575,30	\$240 575,30	36	8	\$0,00	\$0,00	\$53 461,18
\$0,00	\$299 871,00	36	11	\$0,00	\$91 627,25	\$0,00
\$24 513,70	\$24 513,70	24	1	\$0,00	\$0,00	\$1 021,40
\$0,00	\$398 964,00	36	9	\$49 870,50	\$49 870,50	\$0,00
\$116 955,55	\$116 955,55	30	12	\$0,00	\$0,00	\$46 782,22
\$0,00	\$400 000,00	36	9	\$50 000,00	\$50 000,00	\$0,00
\$0,00	\$169 682,00	36	12	\$56 560,67	\$0,00	\$0,00
\$251 257,45	\$251 257,45	24	12	\$0,00	\$0,00	\$125 628,72
\$204 170,15	\$204 170,15	36	12	\$0,00	\$0,00	\$68 056,72
\$180 197,30	\$180 197,30	36	12	\$0,00	\$0,00	\$60 065,77
\$265 898,10	\$265 898,10	36	12	\$0,00	\$0,00	\$88 632,70
\$174 000,00	\$174 000,00	24	7	\$0,00	\$0,00	\$50 750,00
\$164 057,35	\$164 057,35	24	2	\$0,00	\$0,00	\$13 671,45
\$0,00	\$25 000,00	24	1	\$0,00	\$1 041,67	\$0,00
\$0,00	\$35 000,00	24	9	\$0,00	\$13 125,00	\$0,00
\$0,00	\$24 992,00	24	2	\$1 041,33	\$1 041,33	\$0,00
\$13 515,45	\$36 817,45	24	9	\$4 369,13	\$4 369,13	\$5 068,29
\$20 300,00	\$37 800,00	24	9	\$0,00	\$6 562,50	\$7 612,50
\$0,00	\$35 000,00	24	9	\$6 562,50	\$6 562,50	\$0,00
\$0,00	\$35 000,00	18	3	\$2 916,67	\$2 916,67	\$0,00
\$12 256,85	\$24 756,85	24	2	\$1 041,67	\$0,00	\$1 021,40
\$0,00	\$24 998,00	24	2	\$1 041,58	\$1 041,58	\$0,00
\$231 073,45	\$231 073,45	36	12	\$0,00	\$0,00	\$77 024,48
\$0,00	\$49 886,00	24	5	\$5 196,46	\$5 196,46	\$0,00
\$0,00	\$50 000,00	24	5	\$5 208,33	\$5 208,33	\$0,00
\$0,00	\$49 996,00	24	5	\$0,00	\$10 415,83	\$0,00
\$0,00	\$49 496,00	24	2	\$4 124,67	\$0,00	\$0,00
\$209 046,50	\$209 046,50	30	12	\$0,00	\$0,00	\$83 618,60
\$0,00	\$61 350,00	18	9	\$0,00	\$30 675,00	\$0,00
\$0,00	\$246 724,00	36	12	\$82 241,33	\$0,00	\$0,00
\$19 285,00	\$52 535,00	24	8	\$5 541,67	\$5 541,67	\$6 428,33
\$0,00	\$49 778,00	24	7	\$7 259,29	\$7 259,29	\$0,00
\$0,00	\$48 500,00	24	8	\$8 083,33	\$8 083,33	\$0,00
\$19 332,85	\$52 666,85	24	9	\$6 250,13	\$6 250,13	\$7 249,82
\$0,00	\$50 000,00	24	8	\$8 333,33	\$8 333,33	\$0,00

\$19 332,85	\$52 666,85	24	9	\$6 250,13	\$6 250,13	\$7 249,82
\$58 000,00	\$58 000,00	24	7	\$0,00	\$0,00	\$16 916,67
\$114 840,00	\$114 840,00	24	8	\$0,00	\$0,00	\$38 280,00
\$19 271,95	\$52 497,95	24	9	\$6 229,88	\$6 229,88	\$7 226,98
\$58 002,90	\$58 002,90	24	9	\$0,00	\$0,00	\$21 751,09
\$57 995,65	\$57 995,65	24	8	\$0,00	\$0,00	\$19 331,88
\$104 400,00	\$104 400,00	24	8	\$0,00	\$0,00	\$34 800,00
\$0,00	\$50 000,00	24	10	\$10 416,67	\$10 416,67	\$0,00
\$15 467,15	\$42 133,15	24	9	\$4 999,88	\$4 999,88	\$5 800,18
\$40 856,65	\$40 856,65	12	1	\$0,00	\$0,00	\$3 404,72
\$0,00	\$111 901,00	24	12	\$0,00	\$55 950,50	\$0,00
\$20 300,00	\$37 800,00	24	9	\$6 562,50	\$0,00	\$7 612,50
\$19 720,00	\$36 720,00	18	3	\$2 833,33	\$0,00	\$3 286,67
\$0,00	\$35 000,00	18	3	\$2 916,67	\$2 916,67	\$0,00
\$20 192,70	\$37 600,70	24	9	\$6 528,00	\$0,00	\$7 572,26
\$146 948,80	\$146 948,80	24	7	\$0,00	\$0,00	\$42 860,07
\$40 858,10	\$40 858,10	12	1	\$0,00	\$0,00	\$3 404,84
\$125 558,40	\$125 558,40	24	12	\$0,00	\$0,00	\$62 779,20
\$0,00	\$47 906,00	18	4	\$0,00	\$10 645,78	\$0,00
\$0,00	\$49 500,00	18	7	\$19 250,00	\$0,00	\$0,00
\$0,00	\$50 000,00	24	12	\$0,00	\$25 000,00	\$0,00
\$0,00	\$50 000,00	24	12	\$12 500,00	\$12 500,00	\$0,00
\$0,00	\$50 000,00	24	12	\$25 000,00	\$0,00	\$0,00
\$0,00	\$49 962,00	24	12	\$0,00	\$24 981,00	\$0,00
\$0,00	\$49 899,00	24	12	\$24 949,50	\$0,00	\$0,00
\$0,00	\$24 998,00	24	12	\$6 249,50	\$6 249,50	\$0,00
\$25 723,00	\$25 723,00	24	12	\$0,00	\$0,00	\$12 861,50
\$0,00	\$25 000,00	24	12	\$12 500,00	\$0,00	\$0,00
\$0,00	\$25 000,00	24	12	\$6 250,00	\$6 250,00	\$0,00
\$0,00	\$24 997,00	24	12	\$0,00	\$12 498,50	\$0,00
\$0,00	\$24 992,00	24	12	\$0,00	\$12 496,00	\$0,00
\$348 965,70	\$348 965,70	36	12	\$0,00	\$0,00	\$116 321,90
\$233 421,00	\$233 421,00	36	12	\$0,00	\$0,00	\$77 807,00
\$1 889 843,00	\$1 889 843,00	36	12	\$0,00	\$0,00	\$629 947,67
\$2 150 544,30	\$2 150 544,30	36	12	\$0,00	\$0,00	\$716 848,10
\$1 177 226,00	\$1 177 226,00	36	12	\$0,00	\$0,00	\$392 408,67
	\$105 849,00	24	12	\$52 924,50		
	\$59 756,00	24	12	\$29 878,00		
	\$60 000,00	36	1	\$1 666,67		
	\$150 000,00	36	10	\$41 666,67		
	\$700 000,00	36	11	\$213 888,89		
	\$490 000,00	24	3	\$61 250,00		
	\$200 000,00	24	12	\$100 000,00		
	\$420 000,00	24	12	\$210 000,00		
	\$100 000,00	18	1	\$5 555,56		
	\$490 000,00	24	12	\$245 000,00		
	\$300 000,00	36	12	\$100 000,00		
	\$464 000,00	24	4	\$77 333,33		
	\$490 000,00	24	4	\$81 666,67		
	\$462 000,00	24	7	\$134 750,00		
	\$443 100,00	24	9	\$166 162,50		
	\$99 960,00	18	7	\$38 873,33		
	\$69 000,00	36	12	\$23 000,00		
	\$350 000,00	12	1	\$29 166,67		
	\$300 000,00	24	8	\$100 000,00		
	\$378 000,00	24	7	\$110 250,00		

\$83 535,00	\$83 535,00	18	1			\$4 640,83
	\$230 000,00	12	2	\$38 333,33		
	\$150 000,00	24	12	\$75 000,00		
	\$150 000,00	6	2	\$50 000,00		
	\$490 000,00	24	12	\$245 000,00		
\$225 040,00	\$225 040,00	24	12			\$112 520,00
	\$489 000,00	24	12	\$244 500,00		
	\$200 000,00	24	12	\$100 000,00		
	\$120 000,00	12	6	\$60 000,00		

\$101 597,15	\$101 597,15	24	12	\$0,00	\$0,00	\$50 798,57
\$253 065,60	\$253 065,60	36	12	\$0,00	\$0,00	\$84 355,20
\$152 396,45	\$152 396,45	30	12	\$0,00	\$0,00	\$60 958,58
\$137 700,70	\$137 700,70	24	12	\$0,00	\$0,00	\$68 850,35
\$50 596,30	\$100 397,30	24	12	\$24 900,50	\$0,00	\$25 298,15
\$116 165,30	\$116 165,30	24	12	\$0,00	\$0,00	\$58 082,65
\$178 741,50	\$178 741,50	36	12	\$0,00	\$0,00	\$59 580,50
\$35 559,80	\$35 559,80	18	12	\$0,00	\$0,00	\$23 706,53
\$35 559,80	\$35 559,80	18	12	\$0,00	\$0,00	\$23 706,53
\$35 559,80	\$35 559,80	24	12	\$0,00	\$0,00	\$17 779,90
\$35 555,45	\$35 555,45	18	12	\$0,00	\$0,00	\$23 703,63
\$17 779,90	\$35 279,90	18	12	\$11 666,67	\$0,00	\$11 853,27
\$17 779,90	\$35 279,90	18	12	\$11 666,67	\$0,00	\$11 853,27
\$17 762,50	\$35 245,50	18	12	\$11 655,33	\$0,00	\$11 841,67
\$17 779,90	\$35 279,90	18	12	\$11 666,67	\$0,00	\$11 853,27
\$17 779,90	\$35 279,90	18	12	\$11 666,67	\$0,00	\$11 853,27
\$35 559,80	\$35 559,80	18	12	\$0,00	\$0,00	\$23 706,53
\$35 551,10	\$35 551,10	18	12	\$0,00	\$0,00	\$23 700,73
\$35 559,80	\$35 559,80	18	12	\$0,00	\$0,00	\$23 706,53
\$257 520,00	\$257 520,00	39	12	\$0,00	\$0,00	\$79 236,92

\$3 185 109,01	\$630 360,40	\$4 194 018,49
39,77%	7,87%	52,36%
80%	80%	80%
<b>31,81%</b>	<b>6,30%</b>	<b>41,89%</b>
0,0667	0,0667	0,0666
<b>38,48%</b>	<b>12,97%</b>	<b>48,55%</b>

<b>Total Amount Budgeted in 2012</b>
\$11 705,00
\$60 463,07
\$6 663,83
\$65 491,18
\$5 847,93
\$6 099,87
\$15 733,22
\$27 900,00
\$6 834,81
\$6 941,78
\$55 812,11
\$12 464,56
\$62 575,60
\$83 333,33
\$67 622,40
\$75 173,80
\$53 461,18
\$91 627,25
\$1 021,40
\$99 741,00
\$46 782,22
\$100 000,00
\$56 560,67
\$125 628,72
\$68 056,72
\$60 065,77
\$88 632,70
\$50 750,00
\$13 671,45
\$1 041,67
\$13 125,00
\$2 082,67
\$13 806,54
\$14 175,00
\$13 125,00
\$5 833,33
\$2 063,07
\$2 083,17
\$77 024,48
\$10 392,92
\$10 416,67
\$10 415,83
\$4 124,67
\$83 618,60
\$30 675,00
\$82 241,33
\$17 511,67
\$14 518,58
\$16 166,67
\$19 750,07
\$16 666,67

\$19 750,07
\$16 916,67
\$38 280,00
\$19 686,73
\$21 751,09
\$19 331,88
\$34 800,00
\$20 833,33
\$15 799,93
\$3 404,72
\$55 950,50
\$14 175,00
\$6 120,00
\$5 833,33
\$14 100,26
\$42 860,07
\$3 404,84
\$62 779,20
\$10 645,78
\$19 250,00
\$25 000,00
\$25 000,00
\$25 000,00
\$24 981,00
\$24 949,50
\$12 499,00
\$12 861,50
\$12 500,00
\$12 500,00
\$12 498,50
\$12 496,00
\$116 321,90
\$77 807,00
\$629 947,67
\$716 848,10
\$392 408,67
\$52 924,50
\$29 878,00
\$1 666,67
\$41 666,67
\$213 888,89
\$61 250,00
\$100 000,00
\$210 000,00
\$5 555,56
\$245 000,00
\$100 000,00
\$77 333,33
\$81 666,67
\$134 750,00
\$166 162,50
\$38 873,33
\$23 000,00
\$29 166,67
\$100 000,00
\$110 250,00



\$4 640,83
\$38 333,33
\$75 000,00
\$50 000,00
\$245 000,00
\$112 520,00
\$244 500,00
\$100 000,00
\$60 000,00
\$50 798,57
\$84 355,20
\$60 958,58
\$68 850,35
\$50 198,65
\$58 082,65
\$59 580,50
\$23 706,53
\$23 706,53
\$17 779,90
\$23 703,63
\$23 519,93
\$23 519,93
\$23 497,00
\$23 519,93
\$23 519,93
\$23 706,53
\$23 700,73
\$23 706,53
\$79 236,92
\$8 009 487,91

SECTION A - DRAFT 2012 ADMINISTRATIVE OPERATING BUDGET DISTRIBUTION

	USA	CA	EU	TOTAL
Non-Recurring Contingency (1/3 each)	\$8 333	\$8 333	\$8 333	\$25 000
Non-Recurring (1/3 each)	\$6 800	\$6 800	\$6 800	\$20 400
Total Non-Recurring	\$15 133	\$15 133	\$15 133	\$45 400
Recurring (38.48% + 12.97% + 48.55%)	\$527 980	\$177 960	\$666 150	\$1 372 090
Recurring Contingency (38.48% + 12.97% + 48.55%)	\$3 848	\$1 297	\$4 855	\$10 000
Total Recurring	\$531 828	\$179 257	\$671 005	\$1 382 090
TOTAL DRAFT 2012 ADMINISTRATIVE OPERATING BUDGET	\$546 962	\$194 390	\$686 138	\$1 427 490

SECTION B - ESTIMATED 2012 SHARED SUPPLEMENTAL BUDGETS REQUEST DISTRIBUTION (AWAITING PLEDGES)


	USA	CA	EU	TOTAL
04 - Business Training/Sustainability Support				
	\$0			
TOTAL DRAFT 2012 SHARED SUPPLEMENTAL BUDGETS	\$0	\$0	€ 0	

SECTION C - PROJECTED 2012 INVOICES TO FUNDING PARTIES WITHOUT SHARED AND SOLELY FUNDED SBS

	USA	CA	EU	EU Undesignated	TOTAL
2012 Administrative Operating Budget	\$ 546 961.57	\$ 194 390.40	\$ 686 138.03		\$ 1 427 490.00
2012 Shared Supplemental Budgets	\$ -	\$ -	See Table D Below		\$0.00
2012 Non-Shared Funding Party Supplemental Budgets (not including Service Contracts)	\$ 60 000.00	\$ -	See Table D Below		\$60 000.00
2012 Non-Shared Funding Party Supplemental Budgets (Service Contracts only)	\$ 562 376.00	\$ -	See Table D Below		\$562 376.00
Less 2011 Funding Party Interest Earned	\$ -984.74	\$ -583.29	\$ -	\$ -2 285.75	\$ -3 853.78
Less 2011 Partner Interest (38.95%, 21.78%, 39.27%)	\$ -1 226.07	\$ -685.58	\$ -1 236.14		\$ -3 147.79
Less 2011 Partner Project Fees (38.95%, 21.78%, 39.27%)	\$ -58 425.00	\$ -32 670.00	\$ -58 905.00		\$ -150 000.00
Plus 2011 Bad Debt Expense (1/3 Each)	\$ 300.00	\$ 300.00	\$ 300.00		\$900.00
Plus 2011 Exchange Losses (1/3 each)	\$ 25 000.00	\$ 25 000.00	\$ 25 000.00		\$75 000.00
Less 2011 AOB Non-Recurring Contingency Remaining (1/3 each)	\$ -8 333.34	\$ -8 333.33	\$ -8 333.33		\$ -25 000.00
Less 2011 AOB Non-Recurring Remaining (1/3 each)	\$ -3 751.00	\$ -3 751.00	\$ -3 751.00		\$ -11 253.00
Less 2011 AOB Recurring Remaining (39.23% + 21.20% + 39.57%)	\$ -36 625.52	\$ -19 792.53	\$ -36 942.95		\$ -93 361.00
Less 2011 AOB Recurring Contingency Remaining (39.23% + 21.20% + 39.57%)	\$ -9 923.00	\$ -2 120.00	\$ -3 957.00		\$ -10 000.00
Timing Difference Between Lubbock Fine & STCU (39.23% + 21.20% + 39.57%)	\$ -768.12	\$ -415.10	\$ -774.78		\$ -1 958.00
Less 2011 Shared SBS remaining	\$ -31 813.00	\$ -31 813.00			\$ -63 626.00
Less 2011 Solely Funded SBS remaining (not including Biosafety & Biosecurity - CA)	\$ -42 684.17	\$ -9 422.84			\$ -52 107.01
TOTAL DRAFT 2012 INVOICES TO FUNDING PARTIES	\$ 1 006 103.61	\$ 110 103.74	\$ 597 537.83	No Sum, #s in USD & EU	\$ 1 713 745.17

SECTION D - 2012 DRAFT EU BUDGET REQUEST DISTRIBUTION IN EUROS BY ARTICLE OF BFA 2011

	EU in USD	EU in Euro assume \$1.45 to 1 Euro
Article 1.1 of BFA 2011		
2012 Shared SBS		€ 0
2012 Request for EU SB 01.02 - Technical, Collaborator, and Contractor Travel Support (Project Related)		€ 25 000
2012 Request for EU SB 05.03 - E.U. Patent Support		€ 5 000
2012 Request for EU SB 06.03 - E.U. Travel and Mobility Support		€ 27 500
2012 Request for EU SB 08.01 - E.U. Tech. Reviewers		€ 50 000
2012 Request for EU SB 09.02 - E.U. Sem. & Workshops		€ 2 500
2012 Request for EU SB 16.01 - E.U. Partner Promotion and Support		€ 150 000
Total For Article 1.1 of BFA 2011		€ 260 000
Article 1.2 of BFA 2011		
EU Share of '12 AOB Net of interest, remaining '11 AOB, etc.(sum of all shaded in green above)	\$597 537.83	€ 412 095.05
2012 Request for EU SB '10.01 - E.U. Service Contracts		€ 375 000
Total Article 1.2 of BFA 2011		€ 787 095
TOTAL DRAFT 2012 EU BUDGET REQUESTS FOR AOB AND SUPPLEMENTAL BUDGETS (SHARED AND NON-SHARED)	\$597 537.83	€ 1 047 095



## Summary of 2011 STCU AOB & SB Results Jan 1<sup>st</sup> – Oct. 31st, 2011

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## Summary of 2011 AOB

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- Total AOB \$139.6K (8.33%) Forecast to be Underspent
  - Recurring Costs \$103.3K Forecast to be Underspent
    - \$24.1K International Travel (No AC outside of Ukraine)
    - \$15.2K Travel w/in CIS (No GB outside of Kyiv)
    - \$11.2K General Office Supplies (Cont. use of electronic docs)
    - \$ 8.1K Telecomm. Serv. (Cont. use of alt. tech = skype, etc.)
    - \$ 7.6K Regional Offices (Less travel)
    - \$ 7.9K Bank Fees Offshore (Less project turnover)
    - \$ 5.0K Legal Services (No legal demands)
    - \$10.0K Contingency-Recurring

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## Recurring Costs

- International Travel \$24.1K Forecast Underspent
  - No Advisory Committee outside of Ukraine in '11
- Travel w/in CIS \$15.2K Forecast Underspent
  - No Governing Board outside of Kyiv in '11
- Office Supplies \$11.2K Forecast Underspent
  - Continued use of electronic media
- Telecomm. Services \$8.1K Forecast Underspent
  - Continued use of alternative technology (i.e. Skype, etc.)

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## Recurring Costs (cont.)

- Regional Offices \$7.6K Forecast Underspent
  - No travel for regional officers meeting in Kyiv
- Bank Fees Offshore \$7.9K Forecast Underspent
  - Project turnover less than forecast
- Legal Services \$5.0K Forecast Underspent
  - No legal needs in 2011

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## Non-Recurring Costs

- Non-Recurring Costs \$36.3K Forecast to be Underspent
  - Vehicle Purchase \$7.6K underspent
  - Non-Recurring Contingency untouched (\$25K underspent)

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## Shared Supplemental Budgets

- SB Activity 04.01 – Bus. Train./Sus. Support \$70.2K spent to Oct. 31st
  - CTCO (\$26.0K)
    - STCU S2B Roadshow in Kyiv, Lviv, and Kharkiv
    - CTCO meetings in Almaty, Tbilis, Baku, and throughout UA
  - Partnership Promotion (\$44.2K)
    - Satellite 2011 Exhibition, Washington, D.C., Feb. 2011
    - Translation, Printing, and Travel to support partner promotion
- SB Activity 05.01 – Patent Support Fund \$9.7K spent to Oct. 31st
  - \$4.8K Nerac Information Retrieval Services
  - \$3.1K IPR Roundtable in Odessa

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## EU Supplemental Budgets



- SB Activity 01.02 – Travel and Mobility Support €7.4K spent to Oct. 31st
  - €1.5K UAPS Kick-off meeting, Jan. '11 (Kocik, Niemcewicz, Michalski)
  - €1.7K Representatives of INAGROSA visit Lviv University (Fernandez and Stern)
- SB Activity 06.03 – Travel and Mobility Support €21.6K spent to Oct. 31st
  - €8.0K EBSA Workshop, Portugal, April '11
  - €2.8K Renewable Energy Con., Lindkoping, Sweden May'11
  - €7.1K EU Presidency Biosafety Workshop, Warsaw Oct. '11

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## EU Supplemental Budgets (cont.)



- SB Activity 08.01 – EU Expert Reviewers €23.6K spent to Oct. 31st
- SB Activity 16.01 – Partner Promotion and Support €46.8K spent to Oct. 31st
  - €20.3K Mission to 2011 Hannover-Messe, Germany, April '11
  - €19.5K Mission to 8th Int. Conference on Nanosciences & Natotechnologies, Thessaloniki, Greece, July '11

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## CA Supplemental Budget



- SB Activity 06.06 – Travel East-West CA  
\$152.3K spent to Oct. 31st

- \$31.6K Americana Conference & Trade Show, Montreal, Mar. '11
- \$24.6K Ontario Centers of Excellence Discovery, Toronto, May '11
- \$16.1K Photonics North, Ottawa, May '11
- \$19.5K 21<sup>st</sup> Optical Fiber Sensors Conf., Ottawa, May '11
- \$27.7K 2<sup>nd</sup> Int. Nanotechnology Conference, Ottawa, July, '11
- \$22.1K 7th International Conference on Processing & Manufacturing of Advanced Materials, Quebec City, Aug., '11
- \$8.5K Antimicrobial Stewardship in Canadian Agriculture and Veterinary Medicine Conference, Toronto, Nov. '11

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## CA Supplemental Budget (cont.)



- SB Activity 14.01 – BioSecurity and BioSafety  
CA \$166.7K spent to Oct. 31st

- \$61.4K utilized to fund project 5139 at Central Sanitary Epidemiological Station in Kyiv
- \$2.0K BSC Certification Workshop, Almaty, Jan. '11
- \$8.3K Biorisk Mgmt. System Workshop, Winnipeg, May '11
- \$16.7K High Containment Workshop, Winnipeg, May '11
- \$10.9K EBSA conference, Portugal, April '11
- \$22.9K Canadian Biosafety Symp., Toronto, June '11
- \$31.9K PLB Training Session, Odessa, June '10
- \$6.2K Annual Conf. of Biosafety Association for Central Asia and the Caucasus (BACAC)

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## CA Supplemental Budget (cont.)



- SB Activity 15.01 – Partner Promotion and Support CA \$133.4K spent to Oct. 31st
  - \$48.6K STCU Aerospace Mission to Canada, Feb. '11
  - \$49.3K STCU & ISTC Environmental Forensics Workshop, Tbilisi, Sep. '11
  - \$29.8K 34th AMOP Technical Seminar on Environmental Contamination and Response, Banff, Oct. '11

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## US Supplemental Budget



- SB Activity 09.03 – Seminars/Workshops \$16.2K spent to Oct. 31st
  - \$16.2K STCU/Sandia Chemical Workshop, Alushta, Nov. '11

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