



**DRAFT SCHEDULE
STCU 39th GOVERNING BOARD MEETING**

Kyiv, Ukraine
8-9 December, 2014

7 December, Sunday

Arrival of delegates

8 December, Monday

Arrival of delegates

18:00 Reception on the occasion of the 39th STCU Governing Board Meeting at Kanapa Restaurant, Andreevskiy Spusk, 19

9 December, Tuesday

STCU 39th 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 39th STCU Governing Board

11:00 – 11:15 Coffee break

11:15 – 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

10 December, Wednesday

Delegations depart or work according to their schedule



AGENDA
39th Meeting of the STCU Governing Board
Kyiv Polytechnic Institute, Kyiv, Ukraine
09 December 2014

1. Opening Session

- 1.1 Opening Remarks from the GB Chair (Chairman, Governing Board)
- 1.2 Welcome from the Executive Director (Curtis "B.J." Bjelajac)
- 1.3 Opening Remarks from other GB Members/Invited Guests (GB Members/Other Officials)

2. Administrative Topics

- 2.1 Adoption of the Agenda

3. Morning Session

- 3.1. Executive Director Report (Curtis "B.J." Bjelajac)
- 3.2. Next Steps in Strategic Planning for the Centers (Curtis "B.J." Bjelajac)
- 3.3. Look Ahead to 2015 Budget Planning (Curtis "B.J." Bjelajac)
- 3.4. 2015 AOB and SB Budget Request (Anthony Nichol)

- 4. Review of Draft Record of Decisions (GB Members)

- 5. Review of Draft Project Funding Sheet (GB Members)

Lunch

6. Afternoon Session

- 6.1. Update on 2014 AOB/SB Expenditures (Anthony Nichol)
- 6.2. Update on 2014 Financial Audit Tender (Anthony Nichol)
- 6.3. Request to Update STCU Code of Conduct and Financial Regulations (Anthony Nichol)
- 6.4. 2015 Targeted Initiatives Update (Igor Lytvynov)
- 6.5. 2015 AC & GB Meeting Schedules (Curtis "B.J." Bjelajac)

7. Closing Session

- 7.1 Decision on Date and Location for 40th GBM (GB Members)
- 7.2 Final Issues/Statements from GB Members (GB Members)
- 7.3 Closing Remarks/Adjournment (Chairman, Governing Board)



**STCU 39th Governing Board Meeting
List of participants
Kyiv, Ukraine, 9 December, 2014**

EU

Mr. Eddie Maier, Board Member, DG Development and Co-operation – EuropeAid, European Commission

Ukraine

Mr. Maxim Strikha, Board Member, Deputy Minister, Ministry of Education and Science of Ukraine

Mr. Dmytro Cheberkus, Head of S&T Department, Ministry of Education and Science of Ukraine

USA

Ms. Regina Carter, Director, GIPP Program, US Department of Energy/National Nuclear Security Administration

Mr. Jon Walz, Team Leader, Science Centers, U.S. Department of State

Mr. Jeffrey Scott Waldo, Science Centers, U.S. Department of State

Observers

Georgia

Mr. Aleksandre Kipiani, Senior Counselor, Embassy of Georgia to Ukraine

THE STCU SECRETARIAT OFFICIALS

Mr. Curtis "BJ" Bjelajac, Executive Director

Mr. Igor Lytvynov, Senior Deputy Director, Ukraine

Mr. Anthony Nichol, Chief Financial/ Administrative Officer

Ms. Iryna Rogovchenko, Transformation and Branding Coordinator, Ukraine

3.1 Executive Director Report

Executive Director Report

(Reporting Period: July 1 – November 21, 2014)

Major Issues

Situation in Ukraine

The situation in Kyiv has calmed over the last months, but most embassies (U.S., European, etc.) still have travel advisories in place for traveling to some southern and eastern Ukrainian cities (Odessa, Kharkiv, etc.) and advise not to travel to the Donbas (Donetsk, Lugansk, etc.) at all.

The travel advisories to southern and eastern Ukraine have had the following impacts on STCU operations:

- Suspension of Project P580 with partner AREVA GmbH – At the request of the partner, in May '14 project P580 was suspended because travel required to Zaporizhja could not be performed by partner staff due to travel advisories issued by the Embassy of Germany. In September '14, the suspension was lifted and the project will be completed by the end of 2014.
- COE Project 3 agreed with the STCU to move the scheduled training in Odessa at end of June '14 to Tbilisi in mid-September '14 because of travel advisories to southern Ukraine. The training in Tbilisi in mid-September '14 was conducted successfully.
- Completion of final training module for Project P461 with DOE/GIPP was scheduled for September '14 in Kharkiv (KIPT), but due to travel advisories to Kharkiv, was successfully held instead in mid-October in Kyiv.
- Crimea – All projects remaining in Crimea are projects associated with DG Research & Innovation (formerly DG RTD), and the STCU is working closely with Jurgen Sanders on the operational issues of these projects. In short, DG Research & Innovation has instructed the STCU to continue working with their projects until further notice, or until the STCU encounters operational difficulties (i.e, banking problems, access to institutes, etc.). As of today, the STCU is still able to conduct operations in Crimea (paying in EUR to non-sanctioned Russian banks) and thus is still servicing the open DG Research & Innovation projects in Crimea.

The situation in Ukraine has had a serious impact on the finances of the Government of Ukraine, as well as the banking system and currency. As of today, the Hryvnia has stabilized at around 15.00-16.00 UAH to 1.00 USD. This is up from approximately 8 UAH to 1.00 USD at the end of December '13, and 12.00 to 1.00 USD as recently as the summer of '14. That said however, the STCU is not encountering material systemic issues with payments to grantees, vendors, etc. in Ukraine. However, the NBU is increasingly more active in introducing measures to defend the currency and the banking system, and it is possible that some of these new regulations may cause issues for the STCU and its grantees in the future. The STCU is watching this situation very closely.

STCU Staffing Issues

- September 15, 2014, Anthony Nichol, CFO/CAO, started his duties at the STCU.
- In mid-October '14, the STCU cancelled its search for the position of EU SPM. The STCU agreed with the EU to revisit the search for this position in February '15.

Other Party Issues

Simferopol Ukrainian Anti-Plague Station (UAPS) Biosecurity Improvement Initiative.

On October 1, 2014 the STCU signed amendment #3 with DEVCO to extend the contribution agreement (Agreement #IFS/2010/254-942) which provides approximately 3.3M EUR for the construction of a BSL2+ lab for the Research Anti-Plague Institute I.I. Mechnikov in Odessa (URAPI) as well as extends the project 24 months from August 2014 to August 2016.

The STCU is currently working with the Ministry of Health of Ukraine to amend its Memorandum of Understanding to reflect the change in location of the project (from Simferopol to Odessa), as well as working with lawyers to assess the legal issues behind the proposed new location in Odessa (Yadova St. #6).

EU Ukrainian and Moldovan Border Guard Project.

On September 30, 2014 the STCU signed a contribution agreement (Agreement # IFS/2014/348-211) with the EU which provides 4.1M EUR of funding to buy equipment and materials for the Ukrainian and Moldovan border guards. The project is scheduled for completion on September 30, 2015.

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 informed the STCU that the facility will not be completed by the extended deadline of 2014. In the meantime, KPI and the State Agency for Science, Innovation, and Informatization have worked with the Cabinet of Ministers of Ukraine to extend the user agreement for the STCU's current, temporary location at 7a Metalistiv Street from December 31, 2014 until December 31, 2015.

It is worthy to note that at its 27th GBM (20 November 2008), the Governing Board "reluctantly" agreed to move STCU to its current temporary offices at 7a Metalistiv, so long as the Ukrainian side provided new, more suitable office spaces no later than 2012, and then subsequently 2014 (as promised by the Ukrainian Party). Clearly, this will not happen given the current financial situation of the Government of Ukraine, and it may be that the Governing Board will need to review its 27th GB decision.

NATO Cooperation with STCU

In September 2014, a grant recipient of the Science for Peace and Security program (SPS) of NATO (Institute of Molecular Biology and Genetics) contacted the STCU to determine if the STCU had changed its position about working with NATO. In the past, the STCU did not allow NATO to become an STCU partner, because despite most STCU Parties membership in NATO, not all STCU Parties are members of NATO (i.e. Sweden, Ireland, etc.). The STCU Secretariat raised this issue at the October 16, 2014 Advisory Committee Meeting, and was subsequently informed by the EU that it is still against NATO joining the STCU as a partner. The STCU then duly informed all concerned about the STCU's position related to NATO.

Date of Next STCU GB meeting. The Parties agreed that that the next ISTC GB/CEC meetings would be held in Astana on December 10-12, 2014 and the next STCU GB would be held on December 9, 2014 in Kyiv.

Current Secretariat Activities

Targeted R&D Initiatives Activity Update

The 2014 Targeted Initiatives request for proposals resulted in the following numbers of proposals for each country:

Azerbaijan = 20
Georgia = 26
Moldova = 16
Ukraine = 27

Total # of 2014 TI proposals = 89

At the October 16th Advisory Committee meeting in Washington D.C., the STCU agreed with the EU and US to perform the TI funding meetings via teleconference. As of the publishing of this report, all parties (EU, US, and various academies) had agreed to teleconferences on December 3rd and 4th.

Partner Program/Sustainability Activity

The 38th GB approved by written decision in the summer of 2014, ten (10) new partner projects totaling roughly \$3.58 million (\$640,825 and €2,142,247), as well as fourteen (14) new partner project extensions totaling roughly \$1.27 million (\$1,215,395 and €36,596). The total for all new partner projects and extensions approved by the 38th GB thus is roughly \$4.85 million.

As of the writing of this report, the 39th GB is scheduled to approve in December '14, eight (8) new partner projects totaling roughly \$602.8K (\$162,344 and €352,355), as well as twelve (12) new partner project extensions totaling roughly \$729.3K (\$483,110 and €196,935). The total for all new partner projects and extensions scheduled for approval at the 39th GB would thus be roughly \$1.32 million, which with the partner activity approved by the 38th GB described above (\$4.85 million), would yield \$6.2 million in partner project activity in 2014. This level of partner project funding is ~40% less than

the amount of partner project funding in 2013 and is on a par with partner funding generated in 2008 (\$7.0M) and 2009 (\$7.6M). The amount of partner project funding remains highly volatile, and with the cessation of DOE/GIPP funding in January of this year, this volatility will more than likely continue in the foreseeable future.

Trends in Projects

The number of active projects continued to decline. As the table below indicates, the STCU has seen the number of active projects drop considerably over the last couple of years (from an average of 228 active projects in 2012 to 179 active projects in 2013). Furthermore, as you can see from the first eleven (11) months of 2014, the average number of active projects for 2014 looks to drop again to approximately 120-130 projects. In 2014, the STCU is servicing about 1/3 to 1/2 fewer active projects than the four years prior to 2014 (2010 – 2013).

Given the project approval patterns of the Parties, the STCU anticipates a leveling off in the number of active projects, assuming 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 (which is extremely volatile now given the political situation in Ukraine). Thus, a leveling off in the downward trend, in the range of approximately 120-130 active projects per month, appears likely in the near future.

	2008	2009	2010	2011	2012	2013	Jan 2014	June 2014	Nov. 2014
Avg # of Active Projects	242	219	220	227	228	179	135	133	113
Board Approved Project Funding (USD)	\$15.1M	\$13.2M	\$12.9M	\$18.2M	\$17.7M	\$12.7M	X	\$5.0M*	X

* \$5.0M is the amount of funding received for the period of Jan. 1 – June 30, 2014

Important Visitors/Meetings/Events

Meeting with Ukrainian Advisory Committee Member (8th July, 2014, Kyiv). The STCU Executive Director and Senior DED (UA) met with Ukrainian Advisory Committee member Mikhail Zgurovsky. At the meeting the position of the Ukrainian party on all scheduled agenda items for the end of July conference calls was discussed. Unfortunately, Mr. Zgurovsky was not able to participate in the conference calls due to schedule conflicts.

Three (3) auditors from KPMG Baltics SIA at the STCU (July 15- 17, 2014). Three (3) auditors from KPMG Baltics visited the STCU to perform the field work for a "Pillars Audit" at the request of the European Commission. As of the publishing of this ED report the results of the audit were still draft.



However, upon completion of the audit, the STCU (with permission from the EU) will provide the parties with the final results of this audit when available.

Four (4) newly hired members of the ISTC Kazakh office at the STCU for training (July 28-August 1, 2014). Four (4) newly hired members of the ISTC Kazakh office were trained on STCU procedures for procurement, finance, and project proposal/agreement processing. This was the first step in preparing the new ISTC Kazakh personnel to perform select processes in conformance with STCU procedures as per the agreed upon board approved synchronization document.

Meeting with Mikhail Leshchenko, Chancellor for Science, German embassy in Kyiv (2nd October, 2014, Kyiv). The STCU Executive Director and Senior DED (UA) met with Mr. Leshchenko to discuss possible ways that the STCU and Government of Germany can work together on Global Partnership programs scheduled to be started in Ukraine.

Meetings at DOE/NNSA (10th October, 2014, Washington, D.C.). The STCU Executive Director met with members of the NNSA team in order to determine if there were ways that the STCU could facilitate their work in the region, including: Anne Philips (Acting Associate Assistant Deputy Administrator for Nonproliferation and International Security), John Wengle (Executive Officer for Nonproliferation and International Security), Martie Larson (Team Lead for International Nuclear Security), Ed Fei (Team Lead for Confidence Building Measures), Jim Noble (International Nonproliferation Export Control Program), Andrew Vogt (Ukraine Second Line of Defense Manager, soon to be DOE Attache in the U.S. Embassy in Kyiv), and Sean Dunlop (International Nuclear Safeguards Engagement Program).

Meeting at USDOS (14th October, 2014, Washington, D.C.). The STCU Executive Director met with Simon Limage (STCU Governing Board Member and Deputy Assistant Secretary for Nonproliferation Programs in the State Department's Bureau of International Security and Nonproliferation), Regina Carter, Jon Walz, Dan Lowe, and David Cleave in order to discuss issues facing both Centers.

Meeting at World Bank HQ (14th October, 2014, Washington, D.C.). The STCU Executive Director met with Glenn Schweitzer (first Executive Director of the ISTC, and current Director, Program on Central Europe and Eurasia at the National Academies), Karen Grigorian (Senior Operations Officer), Yulia Vnukova (Innovation and Private Sector Development Analyst) to discuss possibilities for the STCU to cooperate with the World Bank on S&T related projects in Ukraine.

ED Attendance of ISTC CEC meeting (15th October, 2014, Washington, D.C.). The STCU ED attended the ISTC CEC meeting in D.C. to continue discussions about ways the two (2) centers can synchronize their activities, especially given the ISTC move to Astana.

STCU Advisory Committee Meeting (16th October, 2014, Washington, D.C.). The STCU Executive Director and Senior DED (UA) traveled to Washington D.C. to attend the October 16, 2014 Advisory Committee Meeting.

Meeting with Anne Harrington, Deputy Administrator for Defense Nuclear Nonproliferation, NNSA, DOE (16th October, 2014, Washington, D.C.). The STCU Executive Director and ISTC



Executive Director met with Ms. Harrington to discuss ways that the ISTC and STCU could facilitate NNSA's program's in the region.

Meeting with Cathy Campbell, Marilyn Pifer, and Natalia Artiukhovska, CRDF, (23rd October, 2014, Kyiv). The STCU Executive Director met with representatives of CRDF to discuss possible ways to collaborate in the future.

Meeting with Ukrainian Advisory Committee Member (29th October, 2014, Kyiv). The STCU Executive Director and Senior DED (UA) met with Ukrainian Advisory Committee member Mikhail Zgurovsky. At the meeting the results of the October 16th, Advisory Committee in Washington were discussed.


Attendance of Global Partnership Meeting on CBRN Security Culture (3rd November, 2014, Berlin). Invited and funded by UNODA, the STCU Executive Director traveled to Berlin and presented STCU activities in the realm of enhancing CBRN Security Culture in Ukraine, Moldova, Azerbaijan, and Georgia. The STCU ED also met with representatives of global partnership programs (i.e. Norway, Germany, etc.) to discuss ways the STCU may act as an implementing organization for their activities in Ukraine.

Meeting with Swedish Radiation Safety Authority (13th November, 2014, Stockholm). The STCU Executive Director and Senior DED (UA) met with Lars van Dassen (Head of Office for International Relations) and Zlatan Delalic (Project Manager in Office for International Relations) to discuss the possibility for the STCU to act as the implementing organization for select projects in Ukraine, Moldova, and Georgia. It is hoped that the STCU can implement a pilot project in order to prove that the STCU can provide cost savings/improved performance for some of the many projects they have in this region.

Meeting with KTH, Swedish Royal Institute of Technology (14th November, 2014, Stockholm). The STCU Executive Director and Senior DED (UA) met with Mikael Lindstrom (Dean – Professor in Pulp Technology) and Olena Sevastyanova (Research Scientist) to discuss additional partner projects (first partner project with KTH signed in late Oct. '14) and ways to collaborate in the future.

Curtis "B.J." Bjelajac
Executive Director

3.2 Next Steps in Strategic Planning for the Centers





Looking toward 2012 and beyond..

Nov 2007	STCU Strategic Concept (2010): Transition to the Future, A. Hood
Mar 2011	Listing of STCU Competencies, STCU Secretariat
May 2011	STCU Transformation: Modalities for Future Action, Canada
Sep 2011	A Future for the STCU? A Proposed Framework for Action, Canada
Nov 2011	Programmatic Framework, Canada & UA, MO, GE, and AZ Responses
Aug 2012	Definition and Eligibility of STCU Project Participants, M. Einik
Oct 2012	Concepts and Proposals, Dr. M. Z. Zgurovsky
Dec 2013	Amendment: Participation of Non-Parties in STCU Activities & New Vision and Mission Statements, M. Einik


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Science Centers Strategic History



	1992 - 2004	2005 - 2012	2012 - ?
Threats	Spread of FSU WMD Expertise	Dependency of FSU WMD Experts On Science Centers Funding	CBRN Security Threats, Global/Regional in Nature, Ad Hoc
Goals	Stabilize FWS Situation in situ	Redirect FWS into Self-Supporting Peaceful, Employment	Address Regional & Global CBRN threats
Strategy	Engage FWS in Coop. Research Grants	Develop FWS in Self-Sustainability. Integrate FWS into National or Regional Socio-Economic Development Efforts	Flexible, Multilateral, Cost Efficient/Synced Centers that Respond to CBRN Security Risks
Response	ISTC/STCU Regular Projects plus Supporting Activities (Travel Support, Training, Workshops, etc.)	ISTC/STCU Programmatic Activities plus Partner Programs and "Evolution to Partnership" With Recipient Member Countries	ISTC/STCU TI projects (shared funding), cessation of regular projects, streamlined & synchronized organizations that work on larger more complex ad hoc CBRN projects

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Conclusions

- **A number of new strategic elements implemented**
 - New STCU Vision and Mission
 - Large, complex CBRN projects (EU Border Guard Project)
 - Regional projects (Nuclear Forensics)
 - Elimination of regular projects
 - Smaller/more efficient Centers
 - Centers work closer together, synchronize activities
 - New sources of funding (partners from non-Parties)
- **Two Centers need to synchronize strategies**
 - Past STCU strategic work done separately from ISTC
 - ISTC focused on move to Astana
- **What are next steps in strategic planning for Centers?**

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ATTACHMENT E: Programmatic Framework, *Canada*

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ATTACHMENT J: 37th Board Record of Decisions.

ATTACHMENT A - STCU Strategic Concept (2010): Transition to the Future

BACKGROUND

The discussion paper, STCU after 2010: Transition to the Future, prepared by Andrew A. Hood, was presented to the Governing Board members at the 25th Meeting on November 15, 2007. This paper outlines possible strategic visions for STCU, so as to focus the Parties' deliberations on a consensus vision and strategic direction for STCU. The paper suggests that the most feasible option for continuing STCU in the future is the expansion of the STCU Mandate to a concept that envisions maintaining STCU's security-based mission, but opening the mandate to stability & security-enhancing programs other than redirection of ex-Soviet weapon scientists. Governmental and non-governmental entities would implement their security or related stability-enhancing programs through the STCU, making use of STCU's network of relationships with former weapon scientists within Azerbaijan, Georgia, Moldova, and Ukraine in close collaboration with experts from the contributing programs. This document envisions the need for STCU to become a smaller and more flexible organization to accommodate the wider variety of programs and customers, with the current Partners Program and jointly financed Targeted R&D Initiatives Program serving as useful models (and these existing programs could remain as STCU activities within this new STCU direction). This draft paper served as a starting point for further strategic discussions among the Parties in the future.

STCU After 2010: Transition to the Future

Recognizing that the global security environment is constantly evolving, but also recognizing that nonproliferation of WMD expertise from the former Soviet Union remains a vital component of this evolution, the Science & Technology Center in Ukraine shall establish a new strategic direction that moves it to its next phase as an intergovernmental organization dedicated to making a better and safer world. The cornerstone of this next era shall be equal cooperative partnership—politically and materially— among all STCU members in STCU activities, i.e., all members joining forces in a combined, multilateral S&T effort bearing on contemporary, sensitive, global security & regional stability concerns.

The STCU shall be guided by a new vision of its mandate and grounded in its continuing value to its members:

The Science & Technology Center in Ukraine...

Creating cooperative partnerships in science & technology to solve the real-world challenges to global security and stable prosperity.

Context

Since 1995, the STCU has made significant progress toward the objectives defined in the its 1993 Establishing Agreement: STCU is established in five former Soviet states and has engaged over 8300 former WMD and delivery system S&T experts in collaborative, non-weapons research with peers from Canada, Europe, and the United States; STCU supplemental activities have helped to integrate these former Soviet military scientists into international S&T communities; STCU helped create stable employment and financial situations for these individual scientists, focusing their talents on solving problems of national, regional, and international interest; and STCU has contributed to the development of a culture of responsible

nonproliferation norms, science excellence, and international standards within this formerly isolated community of Soviet military scientists.

Recently, trends in activities indicate an approaching, crucial transition period for STCU:

- The security environment facing the STCU Parties (including cooperative threat reduction and WMD nonproliferation) has become more global in scale, with new, emerging threats to STCU Party security & stability. These emerging (and sometimes competing) security priorities were, in part, the rationale for the U.S. Department of State's Science Centers Program (previously the largest single donor to STCU) to reduce its financing of STCU projects starting at the end of 2006—a more than 50% reduction in U.S. State Department funding from its 2004 level. Further, the State Department requested more program focus on “institute sustainability” (i.e., self-reliance from STCU grant funding).
- In 2006, Partner Projects (i.e., projects financed by individual government programs or non-government/private sector organizations) reached record funding levels for a single year and, for the first time in STCU history, exceeded the total annual amount of traditional Regular Project financing (projects financed by the core STCU Governing Party agencies—U.S. Department of State Science Centers Program, EU Directorate for Research, and Canadian CIDA/DFAIT Global Partnership). This milestone reflects one of the 2004 STCU near-term strategic objectives: to increase Partner activity, both as a mechanism for building self-sustainability among ex-military scientists and for expanding STCU to a broader community of users.
- Beginning in 2005, former Recipient Party governments began to share the financing of STCU projects with the core Funding Party agencies, starting under the STCU Targeted R&D Initiatives Program. This milestone reflects another of the 2004 STCU near-term strategic objectives: to expand the utility of STCU to all of its Parties and evolve STCU Recipients toward becoming more equal partners with STCU Funding Parties.
- Recent STCU Partners have been using STCU as a program implementation mechanism for pursuing security-related science solutions not directly connected to former Soviet weapon scientist redirection. These Partners combine the STCU nonproliferation mandate with their own program objectives by using ex-WMD scientists to satisfy the Partner R&D needs, under STCU's administrative management. A recent Partner Project from the U.S. Department of Energy Global Threat Reduction Initiative is a good example of this combination of forces.

Notwithstanding these trends, the current STCU nonproliferation mission continues to be relevant:

- STCU has only begun engaging ex-Soviet weapon scientists in Azerbaijan and Moldova.
- The G8 Global Partnership Against Weapons and Materials of Mass Destruction is expected to continue through 2012, and could be extended if G8 negotiations result in such an expanded mandate.
- Annual surveys of STCU projects indicate that roughly one-half of former Soviet military R&D technical units (institutes, departments within institutes, etc.) have not yet achieved a level of self-reliance that would assure a stable employment situation for their scientists and technicians (including former weapon scientists). Further, STCU grant funding made up over one-third of the research income received by these R&D units in 2006, demonstrating the continuing impact of STCU grant funding on these units.

- Data gathered in the 2006 STCU Governing Board request for information indicated that while STCU is “identifying” fewer ex-WMD scientists each year since 2003, new FWS continue to be found in new STCU project proposals, even in long established Recipient Parties such as Ukraine. Further, this same 2006 data showed that even in the two largest STCU Recipients (Ukraine and Uzbekistan), STCU projects had engaged only about half of the identified former weapon scientists: about 60-67% of the ex-WMD scientists and about 50-55% of the ex-delivery system (i.e., missile) scientists. For smaller STCU Recipients, the percentages of FWS engaged by STCU projects are even smaller.
- The growing ability of Recipient scientists to attract Partner Projects on their own, the increasing capabilities of Recipient institutes, and Recipient Party interest in co-financing STCU projects with Funding Parties demonstrate that former WMD scientists, institutes, and their governments are becoming a value-adding resource and equal partners for S&T topics of mutual interest.

The juxtaposition of emerging, expanding security priorities of the STCU Parties against the continuing need to redirect remaining ex-Soviet WMD scientists shows that the STCU is in the midst of a transition—a transition away from a time-urgent engagement of WMD proliferation risks arising from the USSR “failed state” situation, and toward a broader mandate where all STCU members engage each other as equal partners, working together with confidence and trust and making use of the STCU investment in ex-WMD S&T expertise to develop science-based solutions to emerging, politically sensitive, security concerns. This transition would be a natural step in the evolution of the center—the “third phase” proposed in the STCU Governing Board discussion paper, *STCU in 2005 and Beyond: A Changing Strategic Environment?*.

Science Centers Strategic Evolution			
	1992 - 2004	2005 - 2012	2012 - ?
Threats	Spread of FSU WMD Expertise	Dependency of FSU WMD Experts on Science Centers Funding	Ad Hoc, Politically-Sensitive Issues; Unstable Socio-Economic Development; S&T Competitive Erosion/Unemployment
Goals	Stabilize FWS Situation in situ	Redirect FWS into Self-Supporting Peaceful, Employment	Develop Avenues of Multilateral S&T Responses To Politically Sensitive Problems/ Regional & Global Threats, Regional Stability
Strategy	Engage FWS in Coop. Research Grants	Develop FWS Self-Sustainability. Integrate FWS into National or Regional Socio-Economic Development Efforts	Use ex-WMD Scientists as Basis for Flexible, Multilateral S&T Partnerships that Respond to Broader, Sensitive S&T Needs
Response	ISTC/STCU Regular Projects plus Supporting Activities (Travel Support, Training, Workshops, etc.)	ISTC/STCU Programmatic Activities plus Partner Programs and “Evolution to Partnership” With Recipient Member Countries	Adjust ISTC/STCU Mandate & Build on Existing ISTC/STCU Program to Create Responsive, Credible Multilateral S&T Partnerships for Specific Programs

Evolution of STCU toward New Vision and Mission

The aim, therefore, would be to evolve the STCU into a more flexible, intergovernmental tool that is useful to the constantly evolving needs of the STCU Parties—a platform for multilateral, cooperative, science-based partnerships focused on the important, but sensitive, issues of today's security and stability environment. This transition needs to be guided by a new vision statement for STCU; one that, simply and clearly, directs STCU and its participants, staff, and stakeholders towards this future strategic direction. This new STCU vision can be stated as:

The Science & Technology Center in Ukraine...

Creating cooperative partnerships in science & technology to solve the real-world challenges to global security and stable prosperity.

The STCU mission statement that translates this vision to the program level would be:

STCU shall be a catalyst for creating multilateral cooperative actions and equal partnerships which apply ex-military researchers, technicians, and similar specialists to the contemporary problems that (a) pose security and stability risks to the STCU membership, that (b) are politically sensitive so as to require close intergovernmental involvement, and that (c) are in need of S&T solutions. The STCU shall strive to become:

- *A pro-active and flexible organization that can accommodate a variety of programs & customers, facilitate political good-will and trust, and leverage of multiple sources of resources & support among diverse participants;*
- *An implementing organization whose activities can encompass a variety of sensitive S&T-based security and stability issues in ways that instill confidence among the STCU partners;*
- *A solution-oriented organization that will focus on creating S&T answers that are applicable by governments and non-governmental agencies.*

Near-Term Strategy: The Bridge between Phases

It may be that the current STCU mission of redirecting former Soviet WMD scientists will never (with assurance) be declared completed because ex-USSR WMD expertise represents the largest pool of such expertise in the world, and therefore is likely to remain a tempting acquisition target for both state and non-state actors. On the other hand, this pool of ex-military R&D experts, applied in partnership with specialists from the other STCU members, can provide uniquely capable teams for addressing today's S&T-based security threats and modern-day problems that are too sensitive to be ignored or left to other types of institutions. Thus, STCU must follow a near-term strategy that smoothly delivers the current STCU mission, objectives, activities, and participants into the broader set of activities envisioned above. For the most part, this means continuing the current STCU Near-Term Strategy outlined in the "Reorganization of the STCU" paper approved by the STCU Governing Board in June 2004. But it also expands on elements of that 2004-2011 strategy to position STCU toward its next phase.

Therefore, during the next 5-7 years STCU shall pursue a near-term strategy that maintains the still-required elements of STCU's current programs, while developing programmatic paths towards the new types of cooperative partnerships that will define STCU's next phase.

- Implement holistic STCU programs—programs that purposefully integrate multiple activities, such as projects, training, travel, and other activities—that effectively assist former weapon scientists and institutes in developing their capabilities to become suppliers of well-managed, reliable research targeting specific customer needs (both public and private sector customers).
 - Organize targeted training programs that build competencies in program planning, management, and delivery, strategic organizational planning, intellectual property protection and exploitation, etc., so to improve the recipient scientists' ability to compete for, and deliver on, research grants and program contracts on their own.
 - Develop focused collaborative research programs to improve the scientific credibility of recipient scientific teams among their peers and potential contract research customers in areas of S&T-based security & stability concern.
 - Seek opportunities to bring STCU recipient scientists to the attention of other S&T cooperative activities, such as bilateral/multilateral scientific governmental or private foundation programs that are competitively soliciting applied research proposals in areas of current need (e.g., alternative energy or public health).
- Implement a structured STCU approach toward facilitating the development of long-term partnerships (commercial and non-commercial) between former weapon scientists and institutes, and external programs and customers.
 - Develop and implement a systemic matchmaking approach that facilitates the creation of partnerships, especially with governmental partners, that can be managed through STCU and that brings together multilateral scientific teams between the STCU Parties, focusing on issues of special concern to those Parties.
 - Implement annual plans for participation in a manageable number of economic, business, and S&T forums to showcase STCU recipient core competencies and capabilities, build contacts and opportunities for attracting partners, and gain applicable “salesmanship” experience for the recipient scientists and institutes.
 - Assist recipient scientists and institutes in identifying current and near-term S&T needs of governmental, non-governmental, and private sector customers, and guide those in developing research projects that meet those priorities.
- Identify and develop opportunities to bring several (or all) STCU Parties together (including any future STCU accession members) in programs that address common, sensitive S&T-based concerns of all, and that promotes the equal partnership approach of sharing in the active participation, political commitment, and financing from all involved STCU Parties.
 - Work with appropriate agencies of several (or all) STCU member governments to identify areas of common security/stability concern that can be addressed through a multilateral, cooperative partnership programs (including equal sharing of expert involvement and government program financing) without duplicating existing programs. Some possible common areas of concern could include combating nuclear smuggling, technological defensive measures against terrorism (including efforts in support of

UNSCR 1540), energy security, hazardous chemical issues, dangerous biological threats to public health, and analytic support to emergency response planning.

- Work with those governmental agencies to design STCU programs (including groups of STCU projects) to address those consensus priority needs, with the STCU administering the program, and with all involved Parties combining their political support, program financing, and program input and guidance (including, to the extent it is possible, the identification of former weapon scientists appropriate for the program tasks).

Possible Need to Adjust STCU Organizational Framework During the Transition

The STCU already is positioned to assume this modified near-term strategy, however, procedural changes will be required. These changes could include the following:

1. The current STCU Regular Project “continuous open call” process would be phased out in favor of a more directed, goal-driven proposal process. Here, project proposals would only be solicited when a cooperative initiative is created, S&T needs identified, available financing committed, and a joint proposal solicitation and selection process established that defines the R&D requirements of the participating Parties/customers. The current STCU Targeted R&D Initiatives Program process is one example of this approach, and it could be adapted for all future STCU project activities, at an appropriate time.
2. Sustainability Promotion would shift emphasis away from building individual self-sustainability among former weapon scientists and towards promoting reliable centers of R&D program management to serve a variety of Partners and their programs. Emphasis would be on Governmental Programs focused on sensitive security & stability concerns conducive to multilateral S&T solutions (e.g., nuclear smuggling). This would mean more emphasis on working closely with governmental agencies, and less emphasis on commercialization support/technology promotion and on commercial Partner recruitment activities (such as Partner Promotion “roadshows” and Patent Support Grants), although private sector Partner Projects could still remain as an STCU activity.
3. STCU staff profile and internal processes would need to adjust to manage “fewer but larger and more complex” programs. This is different from the current STCU “project volume-based” management system, which does not require integrating and managing several activities under one programmatic effort, nor an involved interaction between STCU staff, project participants, and collaborators or Partners. For example, STCU would need the type of staff member and internal processes that are appropriate for dealing with governmental programs of a politically sensitive nature, where higher level of program management activity and customer service is needed to instill confidence and trust in the STCU system.

As in the past, the STCU must continue to implement programs that meet its strategic objectives in the most effective and efficient manner, and be able to measure its progress and adjust as necessary to maintain progress. The organization must strive to place the most qualified people into the jobs that best fit their experience and capabilities. Finally, the STCU must continue to exercise best practices and meet the highest professional standards demanded of any organization financed with the public funds of governments. It is its professional integrity, along with its demonstrated success and valuable network of established relationships, which makes the STCU an attractive implementing tool.

ATTACHMENT B - Listing of STCU Competencies

BACKGROUND

During the Advisory Committee meeting of 17 November 2010 (Kyiv), the Advisory Committee requested a listing of the competencies of the STCU to assist the Parties in developing rational strategic directions for the future STCU.

The STCU Secretariat drafted The List of STCU Competencies and discussed it with the Parties at the STCU Advisory Committee Meeting that was held on June 21st 2011. This listing not only served to remind the Parties of the STCU's capabilities, but also re-emphasized the questions about the STCU's strategic outlook and near-term future, particularly with regards to STCU mission and vision for the future.

Listing of STCU Competencies

1. Established and Trusted Organizational Foundation (in the CIS and with the Governing Parties).

After 15 years of operations, the STCU has established itself as a credible, transparent, and well-functioning organization. All of the STCU procedures, regulations, and processes are known and trusted by many of the key governmental entities in Ukraine, Azerbaijan, Georgia, Moldova, and Uzbekistan. The STCU Establishing Agreement (which has no expiration period) and all of the STCU standard operating procedures, financial regulations (including procurement regulations), customs clearance procedures, project agreement templates, and project solicitation and administrative management of projects, all have established STCU as a trusted intermediary for CIS scientists, institutes, and governmental bodies.

The STCU is also a trusted organization on the Funding Party side, given the close policy oversight of the Governing Parties. Because each STCU project and program activity is subject to the review, approval, and oversight of the Governing Parties, there is a lesser risk of the STCU inadvertently performing activities that undermine or run counter to the national security and political policies of the Governing Parties. Thus, the STCU has built a level of the political confidence within all of the Parties, but particularly within the Governing Parties, that serves to underpin the STCU's role as an implementing tool for achieving the Parties' nonproliferation and threat reduction objectives--and also for other diplomatic or political objectives the Parties' might have.

2. Flexible, Adaptable Program Participation.

The STCU Establishing Agreement places no *prima facie* restrictions on donor or recipient membership, or on the types of projects or related activities that can be considered by STCU. In fact, the Agreement specifically calls on the Parties to encourage a broad use of the STCU administrative framework by governmental agencies, NGOs, international organizations, and private-sector entities. Only Governing Board review and approval is required for any organization to work through STCU (the work itself must also be reviewed and approved by the Governing Board). Thus, the STCU, in theory, has the flexibility to take on whatever programmatic activities the Governing Board calls on it to do. In practice, the STCU Secretariat has developed a particular expertise in project management (because the STCU Agreement notes that the primary activity will be collaborative projects and supplemental activities related to these projects). But the STCU has also assumed other program activities, when the Governing Board saw the advantage of such activities for STCU and for the Parties' own policy objectives. For example, the Supplemental Budgets were created so that non-project-management activities could be pursued. Also, various projects were designed to target specific objectives that were not necessarily focused on engaging/redirecting FWS (e.g., the Y2K remediation projects at Ukrainian nuclear

power plants; the creating of the Uzbek central radio-analytic laboratory for border security/nuclear forensics capability, the Central Asia regional water monitoring studies).

3. **Operational Experience Across Many Types of Program Activities.** Because of the flexibility in what STCU can take on (subject to Governing Board approval), the STCU has gained administrative operating experience in a number of project and non-project areas. STCU has become proficient in organizing promotional missions of recipient scientists to Canadian, European, and American conferences, seminars, and trade shows/exhibitions. STCU has also built a capability to either organize, or support the organization of, workshops, seminars, and training events in its CIS membership. STCU also has built a capability to coordinate and procure travel arrangements, provide expert advice and financial support to patent applications and other IPR-related issues. Recently, the Governing Board has directed the STCU Secretariat to assume more holistic programmatic activities, such as the Canadian biosafety/biosecurity Supplemental program that combines bio-laboratory equipment purchases with specialized biosafety training and travel of specific bio-laboratory staff to Canada and elsewhere. The GB-approved Institute Sustainability Program and Chief Technology Commercialization Officer Program were the catalyst for the STCU Secretariat to build a capacity in organizing and guiding various training and strategic planning activities, so as to develop institute-level technology transfer capacities and commercialization of S&T results within CIS membership.
4. **In-The-Field Experience & Communications “Bridge”.** As a result of 15 years of interactions between a large number of people and entities, over 4000 submitted research proposals (1,400 of these being approved and funded projects), and years of diplomatic and administrative interactions with national government and S&T leaders of the CIS membership, the STCU Secretariat has gained a broad-base of knowledge and familiarity with many leading personalities, institutions, and state bodies and bureaucratic processes within the STCU’s membership. Thus, STCU can serve as a field resource for external customers and Party representatives. The STCU also serves as a convenient and useful bridge between representatives, companies, governmental agencies, etc. of all the STCU Parties. Even though the STCU staff cannot consider itself authoritative on some general issues--such as the S&T strengths of a country--it can provide background information and can obtain access national-level experts in order to answer such questions. As a result of 15 years experience facilitating R&D projects, STCU has acquired extensive knowledge about science and technology capabilities in donor countries. This can serve as a solid base for a future possible transformation of STCU into international tech transfer office.
5. **Bounded (or to some, Restricted) Mission Objectives & Geographical Focus.** One of the strengths of STCU over the past 15 years is that its mission and geographical reach has remained focused and limited to working with ex-weapons scientists in the former Soviet states. This has allowed STCU to remain cost-effective in pursuing its clearly defined mission and goals. Guided by the Governing Board policies and decisions, the Secretariat has avoided over-expansion and a dilution of effort because of these mission and geographic boundaries on its activities. On the other hand, as the security priorities of the Parties have evolved, some of these boundaries have restricted STCU administrative operations, and by extension the utility of STCU to implement new programs addressing the contemporary policy interests of the Governing Parties. However, the Governing Board has demonstrated its willingness to take a broad interpretation on the STCU mission objectives, including approving projects with a specific security-related goal (e.g., improved bio-security at aging laboratories) but that engage very low numbers of FWS. The geographical boundary is less flexible, given that this boundary restricts where STCU can operate legally.

ATTACHMENT C - STCU Transformation: Modalities for Future Action

BACKGROUND

In 2011, a Strategic Working Group was created with Canada as its chair, and as a result of this Strategic Working Group, Canada drafted a document entitled "STCU Transformation: Modalities for Future Action, dated May 27, 2011". This paper is a follow-on to the document written by A. Hood: STCU after 2010: Transition to the Future (Shown as Attachment A in this document). This paper was presented to the Strategic Working Group meeting held in Kyiv on June 23, 2011, with the goal of eventually presenting the document to the 33rd GB in December 2011. The next document (Attachment D) is a revised version of this document that was eventually presented to the 33rd STCU GB in December 2011.

This paper and the others that were produced in following years served as a catalyst for future GB decisions. One of those decisions was to end the call process for regular projects in September of 2012. It also pushed the STCU and its sister Center in Moscow, to work together in the first half of 2012 to synchronize operations in the context of ISTC moving out of Russia and into Kazakhstan.

STCU Transformation: Modalities for Future Action

OBJECTIVES

In the fifteen years since the Science and Technology Institute of the Ukraine (STCU) was created to address the immediate threats to mis-use and mis-application of scientific knowledge in the wake of the collapse of the former Soviet Union (FSU), significant inroads have been made to support former weapons scientists and redirect their efforts toward peaceful and civilian-oriented ends. As the security environment has gradually evolved, and the risk to non-proliferation in this area substantially diminished, STCU member states now face the important question of whether and how the Centre's current activities and focus may continue to reflect their priorities.

In 2009, the STCU Governing Board recommended that, as part of a strategic planning exercise, the Advisory Committee (AC) prepare a concept document on the future of the STCU for its review and decision in June 2011. This preliminary draft is the result of discussion and input to date by the Strategic Planning Working Group (WG), and is intended to guide and inform further consultations between the Parties to further advance a transformative agenda/roadmap for the STCU that would be presented to the Governing Board in Fall 2011.

Based on previous and highly useful discussions of the AC and WG, the key principles and assumptions driving the STCU's transformation agenda includes implementation of policies and programming that have at their core the scientific and technological cooperation in Chemical, Biological, Radiological, Nuclear and Explosives (CBRNE) non-proliferation, and support for partnerships that utilize scientific and technical expertise to advance international security and stability. Drawing on Parties' presentations to date through the WG, options and ideas are presented in the relevant sections below to prompt further discussion and debate that will lead to an emerging consensus by parties on the elements key to any transformative change, including :

- Sustainability in the mandate and scope of the STCU's programming and related activities;
- Objectives and expected results that have a strategic focus and demonstrated added value for prospective partners and collaborators alike; and
- Modalities and mechanisms that broaden the STCU's current regional base of operation.

THE INTERNATIONAL CONTEXT

In establishing the G8 Global Partnership Against the Spread of Weapons and Materials of Mass Destruction (GP) at the 2002 Kananaskis Summit, G8 Leaders clearly recognized the specific risks associated with terrorist and criminal organizations' employment of critical knowledge gained from scientists¹ with CBRN expertise. In this regard, the STCU has been integral to the GP's success in achieving the objectives formulated in Kananaskis by providing weapons scientists in the Commonwealth of Independent States (CIS) with opportunities to redirect their talents to peaceful activities while reinforcing international and regional scientific networks. In addition, the STCU has contributed to the solution by supporting transitions to market economies; by promoting basic and applied R&D development, and by integrating CIS scientists into the global scientific community.

The gains made by the STCU over the past decade have demonstrated the value of robust contribution to the virtuous circle of scientific research and development that promotes global prosperity and stability, which in turn reduces the threat of mis-use and mis-direction of CBRNE critical knowledge (i.e. scientific and technological expertise). The concepts of prosperity and stability within the context of the STCU framework become even more relevant when faced with a present world in which the security risks posed by CBRNE knowledge continue to grow in view of mass communication, globalization, and the widespread availability of CBRNE expertise within the international scientific community. The growth of the civilian nuclear and biotechnology industries only further underlines the rapid pace of scientific development and the increased access to critical knowledge that could be used to support malicious activities. In this vein, the STCU constitutes a significant and available mechanism that can be utilized by international partners to facilitate cooperation, avoid duplication, and achieve efficiencies to advance mutual interests in strengthening international security, and promote social stability for a safer and better world.

The July 2010 Muskoka Summit identified the need for a more effective framework for global scientist engagement, including new metrics for gauging success on the "intangibles" associated with the human dimension of proliferation. Building on the Recommendations for a *Coordinated Approach in the field of Global WMD Knowledge Proliferation and Scientist Engagement* (as agreed to by the GPWG in 2009 under the Italian Presidency), there is consensus on an international level that future scientist engagement programming should concentrate on the following areas:

- Strengthening and promoting awareness and responsibility among CBRN scientists;
- Support for civilian projects in fields such as global public health and energy to engage experts with CBRN knowledge;
- Promotion of best practices and collaboration in CBRN security among the international scientific community;
- Development of a safety and security culture; and
- Promotion of responsibility regarding access to CBRN curricula and intangible technologies.

¹ Scientists: Individuals, including designers, engineers and technicians, in possession of CBRNE-related knowledge who could make a relevant contribution to development or acquisition of weapons of mass destruction.

G8 members agreed to the utility of adapting existing mechanisms, such as the STCU, to evolving needs as a preferred course of action. This approach has been supported by the direction of discussions on the extension and geographic expansion of the Global Partnership to address threat reduction through responsible science, thus suggesting that the STCU's structure and role should be re-evaluated accordingly.

KEY PRINCIPLES

Partnerships

One of the extraordinary dividends of STCU collaboration has been the growth in the confidence and capacity of its members. Through project mechanisms, and supported by international travel grants; conference and exhibition support; and via training activities in proposal writing, patenting and commercialization, CIS countries have been able to apply their existing scientific competencies and critical knowledge to improve and strengthen their S&T capabilities to become more competitive in the market-driven global economy. Transition will build on these successes by focusing on the dynamic of partnership in which not only will the priorities and needs of all participating states be reflected in the activities of the STCU, but where there will also be efforts to create greater ownership and an environment of responsibility. As the redirection of former weapons scientists' infrastructure in the CIS continues to wind down, the focus has already shifted within the STCU from a 'donor-recipient' funding

model, to an emphasis on partnering contributions for civilian science, improved public institutions, and a culture of responsibility and accountability that underpins global stability and security.

The emergence of new mechanisms raises the question of how the STCU and these new mechanisms may interact, interrelate, and partner, particularly as opportunities to move into regions of the world and countries that are not already engaged in scientific engagement programs are identified. Notably, the EU's regional Centres of Excellence (CoEs) emerge as the first overarching mechanisms to guide the implementation of concrete CBRN risk mitigation programming globally, and to directly address the concepts of partnership and ownership. In order to ensure greater incentives for the cooperation of local scientists, there is a potential for these Centres, or others as established, to collaborate with the STCU in providing opportunities to engage scientists with CBRNE knowledge in joint research projects that seek to advance technology-based solutions to local challenges in the fields of medicine or energy.

Broader Engagement within Scientific and Technological Community

STCU members comprise a pool of expertise of interest to state and sub-national actors in G20 countries and elsewhere. Since it is practically impossible to address the human dimension as a threat to be "contained" in the age of internet and real-time media, the inevitable proliferation of knowledge must be accompanied by deeper engagement on stemming its mis-use of science, and at the same time sustaining its use for mutually reinforcing objectives. CIS states represent a growth market for industry. Its CBRNE expertise is highly valued, and can be applied to address contemporary challenges to economic, health, energy and other infrastructure dilemmas of common interest to prospective partners. Maintaining this momentum will call for a transition from government investment in redirection to sponsorship of public-private investments and business development leading to overall prosperity and stability in the region.

Engaging other cohorts beyond former weapons scientists will also be key to STCU success. Outreach and awareness to youth will be paramount to achieving the objective of training, mentoring, and funding assistance, as well as to laying the foundation for collaborative research, and sustaining a culture of awareness and responsibility among a new generation of scientists, technicians and practitioners. Similarly, outreach to potential new members outside the STCU's current geographic scope will ensure that the Centre builds on GP engagement in regions of concern and promotes a free flow of scientific and technological information that is consistent with established standards and principles for conveyance and disclosure of critical CBRNE information among scientists and their global counterparts.

That is not to say that the existing former weapons institutes and their individuals no longer have a contribution to make to STCU activities. In practical terms, the STCU will need to develop the modalities that support collaborative models, procedures, and creative financing that will continue to encourage existing, mature programs involving former weapons scientists to further develop and apply their knowledge and commercialize scientific and technological findings.

Broadening collaboration will be the defining factor for how the STCU will address its expansion of priorities and needs beyond core CBRN non-proliferation to address related global security concerns with threats to sustainable energy; to food, water, health, and bio-safety and security; and cyber and other infrastructure concerns that predominate the international agenda in the UN, OSCE and in G8/G20 fora. The inroads that the STCU has made in building capacity within CIS states may offer opportunities for sharing best practices, training and mentoring, and building the capacity of other, less-developed entities.

As part of this exercise, the STCU will have to carefully evaluate relationships with a range of potential implementers, both existing and emerging, to enhance complementarities and avoid overlap and duplication on priorities. The activities of existing international organizations continue to address valid

societal needs in the CIS through scientific collaboration, and have contributed to a constructive dialogue with CIS countries on the technology transfer and commercialization required to diversify institute and

university funding, and to link institutes with training, mentoring, and business opportunities based on the technologies and scientific discoveries developed at their laboratories. The evolution and establishment of the EU CBRN Centres of Excellence, for example, and whether and how the STCU will collaborate with these CoEs and other emerging entities, promises to bring the dialogue to another level.

New Framework for Action Beyond 2012

The STCU must address the practical aspects of transformation: continued host government inputs, for certain, but also coordination and matchmaking via public-private ventures; utilizing other national and regional implementers, be they institutions, think tanks, or centres of excellence. Within an extended and enhanced Global Partnership with new actors inclusive of industry and civil society engagement, a re-assessment of the STCU's value-added niche/contribution and direction are in order, particularly as these relationships continue to develop along informal avenues. Some of the initial questions and considerations are suggested below.

Once key principles and framework elements have been discussed and agreed to by the Governing Board, it is expected that the WG will be supported by the STCU Secretariat in consulting and engaging members on the detailed modalities associated with establishing the legal framework, terms of reference for the structure

of governance, and the modus operandi for day-to-day administration that would characterize a renewed STCU.

QUESTIONS AND CONSIDERATIONS

What will guide a transformed STCU's scope of activities and expected results?

1. *A renewed and expanded STCU Mission Statement?*

To advance global peace and prosperity through sustainable science and technology partnerships and collaboration that strengthen international security, and promote social stability for a safer and better world.

2. *Shifting from Redirection of FWS to S&T Engagement*

- While engagement of experts with CBRNE-critical expertise will likely remain central to STCU's non-proliferation objectives, what should be the scope and extent to address purely civilian /social / commercial applications of science?
- Should the focus of eligibility for projects shift to institutes and laboratories, including those housed by universities, instead of the individual scientist /expert?
- What would be the relative benefits of engaging youth – students, young dual-use scientists, experts and technicians who may be the targets for exploitation of critical knowledge for criminal or terrorist mis-use?
- What organizations may best provide models and lessons learned of relevance to the STCU?

3. *Moving from a donor-recipient model to partnerships*

- What will potential new members outside the STCU's current geographic scope ensure that the Centre builds on GP engagement in regions of concern and promotes a free flow of scientific and technological information?
- How can we ensure Partners establish ownership of the project priorities and share costs and implied risks commensurate with their means?
- What are the modalities required for partners and implementers to commit resources and sustain those commitments over time?

4. *Broadened regional base of activities: parameters for active international collaboration with new players, institutions and state entities*

- How will a future the STCU relate to regional and multilateral organizations, notably the UN system agencies; and G8/G20?

- What will be the needs in terms of structural and administrative costs and activities such as awareness/outreach to convey the STCU's value-added to new partners and collaborators?
- As the STCU advances its international engagement, where are there opportunities for collaboration, training, mentoring, and capacity-building in least-developed countries? With other CIS states?

5. *Strategically focused criteria objectives*

- Considering the importance of international scientific cooperation for improving economic and social conditions and thereby strengthening international security and non-proliferation, should thought be given to characterizing the STCU's activities and focus driven by comprehensive, sustainable, equitable, and mutually beneficial partnerships between its members and collaborators? For example:
 - Comprehensive: All Parties, through the Governing Board, review and agree to priorities entrenched in terms and conditions that guide and inform an annual cycle of targeted call for proposals.
 - Sustainable: Preference is given to intermediate- and long-term projects that have the priority consensus of the Governing Board. Process of review and adjustment of priorities is conducted on a regular basis, and supported by a standing Scientific Advisory body accountable to the STCU's Executive Director, working in collaboration with its Secretariat.
 - Equitable and mutually beneficial: Co-financing models and options that both reflect and are supported by relevant terms and conditions for results-based project review, funding, monitoring and evaluation.

6. *Practical Implications for transformation*

- How should the legal framework of the STCU Agreement and Statutes be revised?
- Should there be new terms of reference for its STCU governance, clarifying the respective roles, responsibilities and obligations of the STCU Secretariat and the Governing Board?
- Are there gaps in administrative functions within the STCU that require consideration, such a formal Scientific Advisory Committee? Where are the redundancies?
- How can the financing and administration of the STCU Secretariat be restructured to ensure proportionate financial and other commitments from its Members?

ATTACHMENT D - A Future for the STCU? A Proposed Framework for Action

BACKGROUND

On 26 September, 2011, the Canadian Party issued a revision of the STCU Transformation: Modalities for Future Action Paper (Attachment C in this document), as a result of the 23-24 June Strategy Working Group and Advisory Committee discussions. This revised document was presented at the Strategic Working Group Meeting held in Kyiv on October 13, 2011. The paper entitled "A Future for the STCU? A proposed framework for action" presented a two-step approach to transforming the STCU into an organization that is relevant to the contemporary international security environment. The near-term step appeared 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, and deliberately paced to a slower year-long decision cycle, and targeted onto GB-defined thematic areas.

At the conclusion of the October 13, 2011 Strategic Working Group meeting, all participants agreed that the work for this group was complete and that the group should be dissolved.

Note: At the October 14, 2011 Advisory Committee meeting (the day after the October 13, 2011 Strategic Working Group meeting), Canada informed all Parties that it would only fund the 2012 AOB, and that it would not fund any 2012 SBs nor any project activities going forward.

A Future for the STCU? A Proposed Framework for Action

1.0 CURRENT CONTEXT

The STCU Advisory Committee (AC) and Strategic Working Group (WG) met most recently in Kyiv June 23-24, 2011 to determine how transformation of the STCU's mission and mandate will be implemented. A concept document was drafted by Canada to support a systematic exchange among all (funding and recipient) parties in order to advance a program plan for the Governing Board's consensus and adoption. The paper posed a series of open-ended questions intended to mobilize reaction and reflection by all parties to concretize key issues, activities and next steps for continuation and potential expansion of the STCU's activities and mandate as the preferred option for its future.²

It was particularly evident from Strategy Working Group meeting that there is little consensus on implementing a radical transformation of the STCU. It was equally clear that, given funding constraints cited by the Parties, the STCU is no longer a sustainable institution in transition, but instead is now in crisis. Immediate need for change was recognized in three key areas:

- *A vision and mission aligned with the international environment;*
- *An updated and improved financial model; and*
- *Expansion of opportunities and flexibilities for collaboration.*

² Building on the preferred option of five alternatives as reviewed and discussed in the Strategy Working Meeting of the STCU Advisory Committee (AC) Meeting, March 2010, in *STCU Strategic Concept (2010): Transition to the Future*.

While not wide-ranging, the substantive discourse by parties did result in somewhat closer consensus on a proposed mission statement. It was also useful in revisiting concerns reiterated by Parties that any new vision for the STCU not create legal and administrative obligations to re-open and re-negotiate the existing STCU Agreement, or trigger Parties' respective domestic reviews of STCU commitments.

2.0 APPROACH

This paper consequently advocates a near-term, incremental plan of action over the next STCU fiscal year for change that the Governing Board could initiate and direct, and for which the Secretariat could implement and adjust going forward. In this period, it is proposed that the STCU concentrate on the essentials to guarantee whatever future it wishes to pursue. This will require, at minimum, adopting a mission statement; instituting a targeted call for proposals and project review aligned with that vision; and promoting collaboration and consultation on developments that culminate in a subsequent phase of deeper strategic priority review to take stock, assess further action, and either evolve or wind down its activities.

This framework also proposes that existing STCU governance mechanisms are sufficient to its implementation, and that duplication of existing mechanisms and gaps in organizational effectiveness be eliminated. The WG on transformation can therefore at this stage be dissolved, and the AC should execute its established role in assessing and reviewing respective areas for GB decision. Leadership and commitment by Chairs of the AC and the Board will be critical: renewal of both is timely.

To ensure Board support as well as momentum for the process, it is recommended that individual Parties nominate a representative (a Party Lead) to oversee one of the three sub-elements of change being addressed, and report back to the AC and the GB as appropriate, calling on the active operational input and coordination by the Secretariat.

However vigorous, a purely internal STCU review and assessment exercise will not be enough. Given the work that has already been done, clearly the redirection of former Soviet weapons scientists is of declining interest and relevance to funding parties and collaborators. The G8 Leaders' Declaration at Deauville points toward global expansion of intergovernmental cooperation on security, and economic stability and growth. With Russia poised to withdraw from the ISTC in mid-2015, parties to both the ISTC and STCU are at a critical point in determining future funding priorities in the region, and there are interests with "a foot in both camps". Other mechanisms, such as the EU Centres of Excellence, and the U.S. Civilian Research Development Foundation, offer alternatives to deliver programmatic activities in the region. Issues and implications related to the ISTC's and STCU's future- collaboration, membership, location and operations - must be part of joint consultations, review and assessment over the next year if either Center is to demonstrate its relevance, particularly to potential new partners.

3.0 ASSUMPTIONS

Parties already have the authority and tools at their disposal within the existing STCU Agreement to initiate the incremental course of action as proposed.

Article III (viii) of the STCU Agreement gives the Centre the mandate to engage in other activities as may be agreed upon by all the Parties. This latitude is further supported by the Board's discretion and exclusive power to expand its membership under Article V; to consult on the application or interpretation of the Agreement; and to amend the Agreement in writing under Article XV (B).

Similarly, the Statutes can be amended with unanimous Board consent.

Article II (i) provides sufficient flexibility to not only “redirect” the talents of weapons scientists, but promote scientist integration among experts within the international community. The Board has the authority to interpret Article II (ii) more broadly as relating to weapons-applicable expertise, should it deem appropriate. Article II (ii) already makes broad provision for contribution of project activities to “wider goals” of S&T cooperation.

Article II (A) suggests that the work of the STCU be carried out primarily at institutes and facilities in the Ukraine or interested states in the region, but does not stipulate this is the exclusive geographic domain within which the STCU can operate.

4.0 CONSIDERATIONS & RECOMMENDATIONS

4.1 *A vision and a mission aligned with the international environment.*

Considerations:

Priority-setting is a necessary precondition for meaningful change and clear direction on where the STCU is headed. In June, Parties discussed and agreed to the following formulation to date as the best balance to date sought between Canada’s and the EU’s stated preference for a targeted

CBRNE non-proliferation mandate, and the broader mix of market-based regional and global S&T cooperation and commercialization supported by the Ukrainian and U.S. parties:

To advance global peace and prosperity through sustainable science and technology partnerships and collaboration that strengthen international security, advance non-proliferation, and promote social stability for a better and safer world.

Recommended Action:

- Adopt as the STCU’s mission statement beginning January 2012, subject to review after one year.
- Board to request a Party Lead work directly with the Secretariat Executive Director to monitor, review and recommend to the Board updates to the STCU Statutes in keeping revised mission. Key terms, such as “scientist”³ and “redirection”⁴ should be qualified or re-interpreted to the satisfaction and consent of the Board.

³ The qualification proposed to the June 2011 AC: *Individuals, including designers, engineers and technicians, in possession of CBRNE-related knowledge who could make a relevant contribution to the development or acquisition of weapons of mass destruction.*

⁴ For discussion: *To change course, divert to a specific purpose or defined course of action.* Scientists’ work is diverted to or re-purposed for peaceful and civilian applications of their scientific / technological expertise that directly or indirectly mitigates the risk of WMD proliferation, and strengthens international security.

- The Board to direct the Secretariat to monitor and advise on any immediate required modifications and improvements to the existing call for proposals, project review and funding procedures in time for the first Governing Board meeting scheduled in 2012. The intention, as outlined in Section 4.3, is to move as quickly as possible to an annual targeted process of project review and development.
- By December 2012, institute a strategic priority review of the governance framework in its entirety, with reaching consensus on recommendations concerning the scope and pace of objectives for an STCU transformation, and significant adjustments to its legal and governance framework.
- The Chair of the Board is strongly advised to invite the expertise and engagement of longstanding STCU Partners, as well as his counterpart in the ISTC, as part of the overall transformation priority review.

4.2 An updated and improved financial model.

Considerations:

In its 15 years of operation, STCU “recipient” parties have become increasingly able to attract interested partners, co-finance and/or contribute to projects and to the financial administration of a multilateral organization of which they are a member, becoming viable collaborators in their own right on S&T initiatives. This implies greater financial ownership and accountability in their continued involvement in the STCU. Similarly, the Secretariat has developed the requisite capacity and institutional memory to assume a greater and more active role in developing (as well as implementing) options and solutions to the STCU’s challenges at the Board’s direction under Article V (H) (x).

Recommended Action:

- All Parties, including Ukraine, abide by the financing of their respective administrative expenses pursuant to Article XV of the Statute. In the planning context, particular attention will be paid to choices and decisions on STCU accommodation.
- The Governing Board to hold the Secretariat to the outcomes of the June 23-24 AC meeting, in which was requested a detailed overview of options and impacts for administrative overhead with a view to achieving a return to a 10% AOB benchmark by December 2012.
- Beyond benchmarks, the Board and Secretariat will need to find the right balance between the numbers and mix of internal capacity for success. Reduced, but perhaps more sophisticated, resources and competencies have been flagged as a requirement for complex and integrated project management associated with evolving international security programming. In a context of declining resources, the restraints and composition of the STCU executive group will need adjustment.
- Co-financing options should be the focus of project financing, replacing donor-recipient dynamics for partnering, and reflecting targeted call for proposals linked to targeted priorities on an annual cycle of results-based review.

- A Party Lead will be requested by the Board to work closely with the Executive Director and Chief Financial Officer on the presentation of a revised model in preparation of priority review in December 2012.

4.3 Expansion of opportunities and flexibilities for collaboration.

Considerations:

Taking advantage of both opportunities and flexibilities requires a strong and transparent foundation in prioritizing and then targeting objectives. The EU's three-tiered approach offers a measured approach to increased engagement of companies, NGOs and state entities from non- member states, supported by procedures and terms and conditions that consistently guide and inform the work of a streamlined and efficient Secretariat.

Recommended Action:

- The Governing Board to direct the Secretariat to phase out the STCU Regular Project open call in favour of a more directed process tied to priorities identified as part of an annual review cycle. Project proposals would only be solicited once cooperative initiatives are created within the priorities framework; S&T needs and partners identified, and available financing committed. The TRP has been repeatedly held up as the preferred approach for adaptation to present for priority review discussion and decision. The March 2010 STCU Strategy Paper provides a foundation to develop a critical path for a sustainable approach, complemented by an appropriate financial model focused on co-financing replacing grant funding.
- As always, Governing Board direction on project priorities will inform the STCU Secretariat's work. However, neither the AC nor the Board need to start from scratch in this regard. The Secretariat can and should consolidate what has already been discussed for several years to assist the Board in reaching a speedy decision in this matter. In that consolidation, considerations alluded to by the Head of the Ukraine State Committee on Science, Innovation and Information in his letter of May 2011 should be fully articulated. The thinking on these issues to date and encapsulated in the draft (2010) document, *For a better focusing of STCU Regular Projects and Targeted Initiatives*, is also of relevance.
- Programming under Supplemental Budget lines has increased, and can expect to become more significant with program innovation suggested above. The Board should direct the Secretariat should foster more flexible and transparent approach and clear procedures for existing members to diversify by non-member countries and organizations' engagement in seminars, workshops and other activities.
- Framework guidelines for the accession of ISTC member states to the STCU should be in place prior to consideration of any new potential members.
- The Secretariat will support the Board in facilitating joint ISTC/STCU Board consultations by mid-2012, with a view to identifying potential modalities of future collaboration that will inform the STCU's priority review in December 2012.

5.0 MILESTONES / CRITICAL PATH

By:	Activity
October 2011	Formal Adoption of Mission Statement Designation of Party Leads directing on sub-elements Party Leads and Secretariat commence work on sub-elements
December 2011	Consolidated critical path on agreed workplan presented
January 2012	Communication to key Partners, collaborators, and ISTC
February -March	Preliminary progress report on three sub-elements presented
April - May	Formal consultations/outreach as required
June - July	Initial Joint ISTC/STCU consultation on operational modalities
August	
Sept – October	Preparatory discussions on strategic priority review sub-elements – options and recommendations to GB
December	GB decision and adoption of recommendations for further action
January 2013	Phase II planning commences

ATTACHMENT E- Programmatic Framework

BACKGROUND

At the October 13, 2011 Strategic Working Group meeting, the Parties heard comments from Ukraine, Azerbaijan, Georgia, and Moldova on the Canadian draft paper entitled “A Future for the STCU? A Proposed Framework for Action (Attachment D in this document), with all four Recipient Parties in general support of the directions laid out in that paper (Responses from UA, MO, GE, and AZ to Attachment D are found in Attachment F of this document). Canada volunteered to be the Party Lead for developing a new programmatic framework and governance approaches (which led to the development of this Attachment E: Programmatic Framework dated November 14, 2011); 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. All meeting participants agreed that the September 26, 2011 paper (Attachment D in this document) and annexes (including this document – Attachment E: Programmatic Framework dated November 14, 2011 and Attachment F: UA, MO, GE, and AZ Considerations about Canadian Paper – Attachment D) would be presented to the 33rd GB meeting which was held on December 13, 2011.

Programmatic Framework

CONTEXT

The STCU uses three mechanisms to realize 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 work plan 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.

ATTACHMENT F: Proposals and Considerations by UA, MO, GE, and AZ in response to ATTACHMENT D - A Future for the STCU? A Proposed Framework for Action

BACKGROUND

The Canadian paper *"A Future for the STCU? A Proposed Framework for Action"* (shown as attachment D in this document) which was discussed at the October 13, 2011 Strategic Working Group meeting was used as a basis for soliciting reactions from Ukraine, Moldova, Georgia, and Azerbaijan. Below are the written reactions from each of those Parties to Attachment D in this document, which were all presented to the STCU 33rd GB meeting held on December 13, 2011.

Proposals and Considerations, B. Grynirov, Ukrainian Board Member

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 threads 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 techno-genetic 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 threads 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 28th 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.



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№ 18-2/232

"25" October 2014 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,

It 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

Enclosed: as stated

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.

ATTACHMENT G: Definition and Eligibility of STCU Project Participants

BACKGROUND

During all of the STCU strategy discussions, and even in the papers drafted by the Parties, there had been many references to the relevance of the policy of the minimum number of Former Weapon Scientists (FWS) participating in any project. Noting that often times, there were new people involved in STCU from the Party side, Ambassador Einik wanted to clarify that the percentage of FWS on an STCU project is not defined any STCU statutory document; rather, that idea was born from consensus decisions of the Parties (primarily the Funding Parties) over time. The last time such a consensus was reached was at an AC meeting in 2003, where the AC advised the Secretariat not to forward any proposals for Funding Party consideration if there was less than 30% FWS in the proposed project. Any other criteria, were solely the criteria of each individual Funding Party, during each Funding Party's internal process for deciding what proposals it would finance. Therefore, if today the Parties wanted to change any part of this FWS criteria—or even do away with it altogether—, there was flexibility inherent in the STCU statutory documents to do so.

Below is the document prepared by M. Michael Einik in relation to the eligibility of project participants for presentation to the October 12, 2012 Advisory Committee meeting held in Kyiv.

The Board:

- Instructed the STCU Secretariat to prepare a new draft vision and mission statements for the necessary consideration of the Parties.
- Instructed the STCU Secretariat to examine the issue of definition of scientists and eligible participants in STCU projects and submit a proposal for necessary legal and administrative consideration by the Parties.
- Discussed the possibility of STCU implementing Partner projects from industrial companies and universities from Non-member countries with this issue to be examined further by the Parties.
- Discussed a proposal for a new category of membership in STCU called “Sponsor” which is a second tier level of membership for Non-member countries that want to support STCU and to do government-sponsored projects through STCU with this issue to be examined further by the Parties.

Definition and Eligibility of STCU Project Participants

As the Parties move to implement a new regime for the STCU project application and evaluation process, it would also make sense to try to bring to closure the on going definitional discussion on participant eligibility. Currently, STCU Project Processing Guidelines defines an eligible project participant as “a scientist that was formally involved in any of four pre-determined areas of Weapons of Mass Destruction research or development.

- WMD design code development
- Formulation of biological or chemical agents for WMD
- Fissile material separation/enrichment to weapons grade levels
- Materials science support of WMD

In addition, the STCU Project Process eligibility requirements further stipulate that “Scientists from Ukraine, Uzbekistan, Azerbaijan, Moldova and Georgia are eligible to apply for Grants under the STCU Grant or Project Process Projects funded through the STCU require a minimum participation of at least 30-50 percent of the work force assigned to a Project to be former Weapons Scientists “as defined above. In practice the 50 percent figure has been assumed for regular projects, while the 30 percent number adopted for Partner projects while in addition some partners like the USDOE have set other bench marks, for example 60 percent for the DOE GIPP program.

THE NEED FOR CHANGE- THE GLOBAL CONTEXT

The STCU Parties at various levels, including the AC have already looked at and discussed options for the updating of what is a scientist. In this regard, three Papers were prepared and submitted for review and discussion in 2011. "STCU Transformation- Modalities for Future Action"--May 27, 2011, "Future for STCU Proposed Framework"- October 13, 2011, and "Annex- Programmatic Framework", November 14, 2011/

The May 27, 2011 paper makes the best and clearest case for the need for change. It starts with the 2002 Kananaskis Summit where the G8 was established to address the risks associated with terrorist and criminal organisations' employment of critical knowledge gained from scientists with CBRN expertise. In this regard, the STCU has been integral to the G8's success in achieving the objectives formulated in Kananaskis by providing weapons scientists in the Commonwealth of Independent States (CIS) and Georgia with opportunities to redirect their talents to peaceful activities while reinforcing international and regional scientific networks.

Subsequently, the July 2010 Muskoka G8 Summit identified the need for a more effective framework for global scientist engagement that would focus on strengthening and promoting awareness and responsibility among CBRN scientists; support for civilian projects in fields such as global public health and energy to engage experts with CBRN knowledge; promotion of best practices and collaboration in CBRN security among the international scientific community; development of a safety and security culture; and promotion of responsibility regarding access to CBRN curricula and intangible technologies.

At that time the G8 agreed that the STCU may serve a valuable mechanism that is able to address the evolving needs but also suggests that it requires changes in its structure, mission and role. Engaging other cohorts beyond former weapon scientists will be a key to STCU success. Outreach and awareness to youth will be paramount to achieving the objective of training, mentoring, and funding assistance, as well as to laying the foundation for collaborative research, and sustaining a culture of awareness and responsibility among a new generation of scientists, technicians and practitioners.

The Parties discussion has acknowledged the need to make a shift from the traditional definition of a “former weapons scientist” but at the same time to remain true to STCU’s non-proliferation objectives on engagement of former weapon scientists and also focus on engaging youth- students, young dual-use scientists, experts and technicians who may be the targets for exploitation of critical knowledge for criminal or terrorist mis-use.

This suggests that the term “former weapon scientist” no longer serves the goals of the STCU as it moves through its current transformation and thus needs to be broadened and re-interpreted.

A consensus does exist that we need to find a new definition that would combine the CBRNE, Delivery/ABM systems and other related area experts and at the same time would be able to include a wider scope of scientists in the age-related context that would better serve the evolving goals of the center.

THE NEED FOR CHANGE- LEGAL FRAMEWORK

As discussed in the October 2011 paper and verified by STCU legal Counsel (Report attached), the language of the Founding Agreement provides sufficient flexibility to make these necessary changes.

Article II (i) provides sufficient flexibility to not only “redirect” the talents of weapons scientists, but promote scientist integration among experts within the international community.

The Board has the authority to interpret Article II (ii) more broadly as relating to weapons-applicable expertise, should it deem appropriate.

Article II (ii) already makes broad provision for contribution of project activities to “wider goals” of S&T cooperation.

Recommendation- Action for GB35

The Secretariat is recommending that the next GB in late November 2012 agree to and enter into its record of decision the following:

That in all relevant STCU documentation that the term “Former Weapons Scientist be replaced by “Eligible Participant”.

And that this term be defined as follows “Individuals, including scientists designers, engineers and technicians, administrators, and government officials in possession of CBRNE-related knowledge who could make a relevant contribution either directly or via their knowledge of dual use technologies to the development or acquisition of weapons of mass destruction;

.....And that in all relevant STCU documentation that the number of required “Eligible Participants” per project be set at a minimum of 1(one) percent, while under Government Partner projects, Targeted Initiatives Programs, or other types of Partner projects then the Partner specifies the minimum percentage of “Eligible Participants” required. Projects that do not have any “Eligible Participants” should be allowed if the project has non-proliferation for an objective.

ATTACHMENT H: Concepts and Proposals, Dr. M. Z. Zgurovsky

BACKGROUND

Further to the Strategy discussions that had already been had in 2011 and 2012, Dr. M.Z. Zgurovsky, STCU Advisory Committee Member from Ukraine, put forth the following document at the STCU Advisory Committee Meeting on October 12, 2012.

This is an updated version of a document that Mr. Zgurovsky had originally presented at the 30th Governing Board Meeting in Tbilisi on May 27, 2010.

Concepts and Proposals, Dr. M. Z. Zgurovsky

In my presentation I would like to explore ideas and proposals that we considered in the Kyiv Strategy meeting in March concerning the STCU's Mission during the next 10 years from 2011 to 2020. These ideas have been co-ordinated with the Minister of Education and Science of Ukraine mister Tabachnik and Head of State committee for Science, Technology and Innovation Policy of Ukraine mister Grinjov.

Since 1995, STCU's mission for our region has been to reduce the outflow of experts in the fields of critical and dual technologies by supporting and redirecting their efforts into peaceful and civilian oriented arias.

Without a doubt this mission has been successfully accomplished. As a result our primary mission of nonproliferation is less urgent and not so all-consuming. In addition, not only has our mission been successful, but critical and dual technologies are getting outdated in our countries and the number of scientists who are carriers of these technologies is diminishing.

I do not think, however, that it is time for us to phase out our activities, especially after renewal the cooperation between Ukraine and Russia in the field of high and critical technologies. We have built an organization that has become well respected and accepted in the region and we have developed a network of contacts and a method of operating that has taken a lot of time and energy.

Moreover, we have begun to build a level of trust in the region between the western countries and the countries of the former Soviet Union. It has taken years to do this. Let us remember that trust needs constant nurturing and attention. It would not be in anyone's interests for us to phase out operations in the near future. In fact, it would be a strategic error.

We need to recognize that there is so much to be gained by us going forward—continuing our present mission but also expanding our vision and our activities. Let us begin to develop a plan for the next 10 years.

STCU has been successful in Ukraine for 15 years!

And Ukraine is grateful!

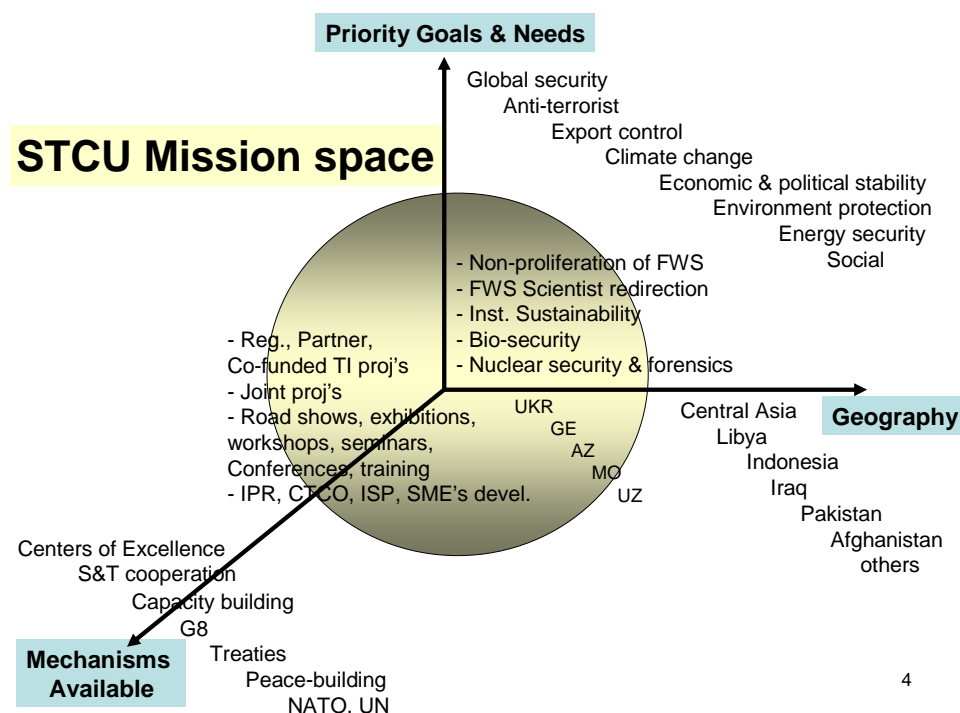
- **Together we have addressed nonproliferation of WMD (Weapons of Mass Destruction) and redirecting FWS (Former Weapons Scientists) in Ukraine and other CIS countries.**
- **STCU has built bridges from west to east and developed strong friendships.**

- Together we can continue to build on our mutual successes and we would want such activities and new activities to continue.

In considering the future for STCU we are aware that by mutual consent STCU's Mission, Goals and Responsibilities have been changed by the Parties over the past 15 years. The proliferation threat has diminished in the former Soviet Union but it has not been eliminated. In addition, the threat has spread globally as a significant step.

Let's discuss STCU's Mission in a global 3-dimensional space along the coordinates of:

Priority Goals and Needs,
Geography, and
Mechanisms Available.



These 3 coordinates (priorities, geography and mechanisms) allow us to define the space that STCU works in and allows us to consider other priorities and the geographic range of the nonproliferation world.

Priorities and Needs Axis

In this 3-dimensional space, first we see the Priorities and Needs Axis at the top. For STCU these include:

- Non-proliferation of Former Weapons Scientists (FWS),
- FWS Scientist redirection,
- Institute Sustainability,
- Bio-security,
- Nuclear security & forensics, and other areas.

But we know that there are other priority needs that the Parties have and work on, such as:

- Global security
- Anti-terrorism
- Export control
- Climate change
- Economic & political stability
- Environment protection
- Energy security
- Social and medical aspects and others.

It would be good to consider some of these other priorities in planning for STCU's future mission.

Geography Axis

Next let's look at the Geography Axis. STCU and its divisions primarily work in some of the countries of the former Soviet Union. STCU specifically works in Ukraine, Georgia, Azerbaijan, Moldova, and a vestige still exists in Uzbekistan.

Can we extend STCU's geography mandate to include other countries that we know need nonproliferation activities and programs to help them. Countries of Central Asia, like Libya, Syria, Indonesia, Iraq, Pakistan, Afghanistan, and other? The Ukrainian government has ties with some of these countries. Some of these countries come to Ukraine directly and ask for assistance. We send Ukrainian government and scientific missions to some of these countries for discussions and scientific tours.

Can we extend STCU's activities to work with the scientists in some of these countries? Can we maybe have joint scientific, environmental, medical, and energy projects together with them? In countries where a high threat level is perceived by western countries, Ukraine can possibly be an effective intermediary. I am not suggesting that we send our scientists into Libya or Pakistan, for example, but I believe that some of their governments and scientists would want to come to Ukraine to work with our scientists, to do research with us, to send their students to Ukrainian universities, for instance. We believe that this is possible and STCU can be the mechanism for joint collaboration and projects.

Mechanisms

This brings us to the third axis, the Mechanisms that are available to STCU specifically and to the Parties in general. In the present STCU space, STCU does activities and programs such as Regular projects, Partner projects with industrial companies, with government organizations and with public agencies and universities.

STCU and the National Academy of Sciences of Ukraine also have an agreement to do joint Targeted Initiative projects that are funded 50-50.

Co-funded projects

Perhaps there could be more 50-50 projects with other Ministries of Ukraine, such as the Ministry of Education and Sciences, the Ministry for Unusual Accidents, Ministry of Health, Ministry for Ecological and Environmental Protection, Ministry for Agrarian Policy, and others. We believe that some of these government organizations may want to work 50-50 with STCU. Sometimes the Parties work with these Ministries directly.

Perhaps some projects that the Parties are interested in could be done through STCU – not just to give STCU more work, that is not the aim, but to find mechanisms that are useful for all the Parties to meet their nonproliferation goals. Ukraine can benefit, because if they are working on an important project for the country it would be beneficial for them to receive other funds to make the project better and more successful. Some of these projects may be of interest to the Parties. This can be explored with different Ukrainian Ministries, and also Ministries of the other CIS countries that STCU works with. Ukraine could work and collaborate on projects with the other countries mentioned before those were not part of the former Soviet Union.

Scientific delegations, conferences and exhibitions

Other activities that STCU works on, such as taking scientific delegations to western countries and technical exhibitions to promote Ukrainian technologies and to find companies that would be interested to work with Ukrainian scientists at scientific institutes and universities. Scientific delegations from other countries can go with us on such missions. Ukrainian institutes and universities sponsor a lot of scientific conferences on many different important topics, perhaps there could be invitations to scientists to come to present their own work.

We understand that STCU used to help finance such international conferences and seminars in the past. Perhaps this can be restarted again. Scientific conferences are an important mechanism for joint discussions and forming collaborations. STCU continues to provide expert training on how to write proposals better, how to protect their inventions through international patents, technology transfer, etc. – these are mechanisms that are important in all the other countries outside of the former Soviet Union as well.

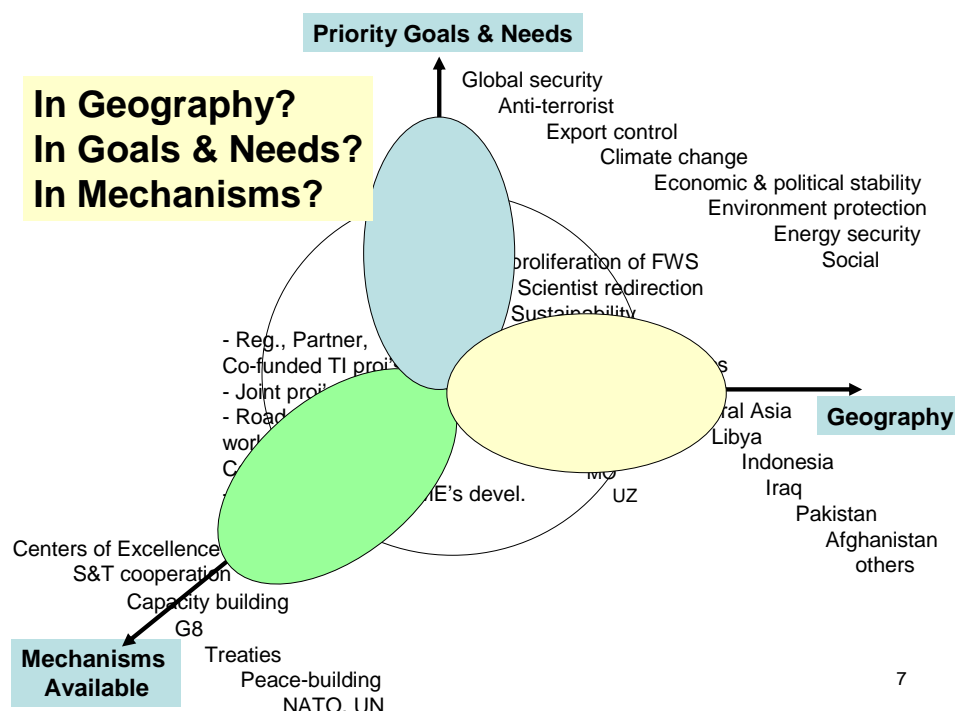
Centers of Excellence, S&T cooperation, capacity building

There are other mechanisms that the western countries have to form better relations and better neighbors. The EU and other western countries are interested in Centers of Excellence, in S&T cooperation, in capacity building. Some of these could be incorporated into STCU's future mission. STCU does some of that already. It can also be done with other countries.

Extending STCU's Mission and Goals

STCU's Mission, Goals and Responsibilities have been changed by the Parties over the past 15 years by mutual consent. STCU is a viable and flexible instrument in the hands of the Parties.

Should STCU grow into other areas of responsibility? Where do we want STCU to be in this 3-dimensional space? In 2012? In 2015? In 2020?



In this chart we see that there may be areas on each of the 3 axis that could be extended for STCU into the future and we can still maintain STCU's nonproliferation mission. We are suggesting that we use the expertise that STCU has developed in Ukraine and other CIS countries and to use that expertise into other areas and with scientists of other countries. That is what I heard you say at the Strategic meeting we had together in Kyiv in 2010.

Priority Goals & Needs

Let's look at the Priority Goals & Needs of each of the Parties and how they can map onto the STCU space of responsibilities.

EU Priority Areas

EU Priority Areas using the Instrument for Stability and the EU Neighborhood Policy. The Priority Areas that Andrew sent me from the EU include the following:

- Nonproliferation of Weapons of Mass Destruction (WMD)
 - Regional Centers of Excellence
 - Fighting illicit trafficking & deceptive financial practices
 - Bio-safety & bio-security
 - Export control for dual-use goods
 - Retraining FWS scientists (STCU's mission)
- Trans-Regional Threats
 - Preventing and combating terrorism
- Building Capacities for Effective Crisis Response
 - Peace-building partnerships
 - Building capacities and infrastructure

Canadian Priority Areas

We believe that some of the Canadian Priority Areas include the following:

- G8 Global Security
- Nonproliferation of WMD
- Bio-safety and bio-security
- Environmental issues
- Renewable energy
- Energy security
- Others

United States the Priority Areas

For the United States the Priority Areas have become more global, such as:

- Global terrorism threat prevention
- Chemical, biological and nuclear nonproliferation
- WMD nonproliferation
- Re-directing FWS scientists globally
- Nuclear forensics
- Bio-safety and bio-security
- Export control

Ukrainian Government – some of the Priority Areas

For the new Ukrainian Government some of the Priority Areas are:

1. Reducing threats in regions of Central and Eastern Europe and Eurasia.

2. Terrorism prevention in Ukraine.

The growing threat of terrorism which may spread to our region or originate in this region (for example in Crimea). That is why technological, psychological and other approaches to the struggle against terrorism and its prevention may be very important at the next stage of STCU activities.

3. Energy security and renewable energy

The problem of energy security which is becoming critical in this region. Diminishing oil and gas resources and complications with their transportation from Russia to Europe, energy-costly economy in CIS countries is the core of this problem. Therefore, STCU may concentrate on the support of projects connected with energy security, creation of renewable energy sources and transportation of energy resources over long distances.

4. Biological security, biotechnology and agricultural sciences.

Growing threat of deficit of organic food in the world. STCU could focus on the support of new high technology projects in the field of biological security, biotechnology, agricultural sciences.

5. Global diseases (AIDS, tuberculosis, bird flu and others), medicine, bio-engineering and pharmacology.

Threat of global diseases which is aggravating in this region, first of all, infections transmitted by contact way (AIDS, tuberculosis, various types of flu). STCU could support modern security projects in the field of medicine, med-engineering and pharmacology.

6. International S&T cooperation and collaboration, certainly with the West, but persistently offered by Iran, Libya, Syria, Pakistan, Afghanistan, China and others.

7. For Ukraine to become a regional leader for CIS countries.

8. Geopolitical security and economic stability in GUAM region.

Other western countries

It has been mentioned that other western countries may want to join STCU in order to get some of the benefits and start working in Ukraine. Other western countries could bring in new funding. How can we attract other Donor countries such as

- Switzerland?
- South Korea?
- Norway?
- Australia?
- Are there others?

Create a Working Group

We would suggest that we create a Working Group to explore the future vision and mission for STCU further and to provide a report of their collaborations. We would suggest that we:

- Work collaboratively online for 1-2 months
- Meet regularly (every 2-3 months) probably in Europe so it's central for everyone.

Ukraine as a central country for global cooperation in threat reduction and nonproliferation

Considering the peaceful and neutral status of our country and its enough high scientific and educational level, Ukraine is attractive for cooperation with many countries. In particular, cooperation with the scientific centers and universities of Ukraine is persistently offered by Iran, Libya, Syria and other countries. Therefore STCU, working in Ukraine, could build bridges for cooperation with the problem countries and regions of the world, softening existing tension with the West.

Also STCU could substantially strengthen its position in some countries of the former Soviet Union region, for example, in Georgia, Armenia, Azerbaijan, and Moldova which are looking at Ukraine as the first democratic country in the region and too much extent are ready to follow its way.

Naturally, the list of threats and STCU objectives for the period after 2012 could be longer. But, considering a geopolitical and economic situation in our region, its geographical features, at the following stage of STCU activity, it has a chance to develop here very important and influential center of regional stability and safety.

ATTACHMENT I: Amendment: Participation of Non-Parties in STCU Activities

BACKGROUND

As part of STCU transformation process the AC has already held several discussions in the past relating to broadening STCU Partner program to allow Private Partners from Non-Party States. In response to these discussions, the STCU developed a written process to approve non-party entities to participate in STCU activities. The STCU updated the existing written procedures for partners (at that time partners could only be from STCU Parties) that had already been approved by the 2nd STCU Governing Board on May 10, 1996. The following document was presented and approved by the Governing Board at its 37th Meeting on December 13, 2013 (Attachment J: 37th Governing Board Record of Decision).

Participation of Non-Parties in STCU Activities, Ambassador M. Einik

The initial GB decision and documentation to allow participation of Non-Parties in STCU Activities was approved by the 2nd GB on May 10, 1996. This Amendment serves to update as necessary this initial documentation (attached) as well address the issue of allowing entities from Non-Party countries to participate as well in STCU activities. No change is being recommended in procedures concerning Party Country Partners (government Partners), but procedures are being updated and expanded for commercial Partners from Party countries and entities from non-Party countries.

For the sake of clarity, the full set of documents originally approved is once again being submitted in their entirety to the Board (with changes and additions in bold type). Together they enumerate the principles, criteria and procedures under which the Governing Board would accept each Non-Party as a participant in the STCU and would approve specific project proposals from approved Non-Parties.

In all cases, these guidelines pertain to instances in which the Non-Party provides its own funding for specific projects employing eligible recipient scientists and engineers.

Table of Documents

Agreement and Statute Provisions Relevant to Non-Party Participants

Lists the sections of the STCU Agreement and the STCU Statute that provide for Non-Party participation in STCU activities

2. Principles for Participation of Non-Parties in STCU Activities

Sets forth the principles governing Non-Party participation

3. Procedures for Governing Board Approval of Non-Party Participation in STCU Activities

Describes the procedures by which a Non-Party is accepted by the Governing Board (a Non-Party must be accepted before it can fund projects through the STCU)

4. Conditions for Approval of Proposals from Non-Party Participants

Lists the proposal approval conditions to which Non-Party participants would agree, as a condition for being able to use the STCU as a vehicle to fund projects employing scientists and engineers from Ukraine, other CIS Countries, and Georgia.

5. Procedures for Governing Board Approval of Projects and Activities Proposed by Non-Parties

Outlines procedures that the STCU would use to approve proposals that would be funded by Non-Parties

6. Criteria for Governing Board Approval of Projects

Enumerates criteria that would be used to approve projects that would be funded by Non-Parties

1. Agreement and Statute Provisions Relevant to Non-Party Participants

AGREEMENT: ARTICLE VII (A)

"Projects approved by the Governing Board may be financed or supported by the Center, or by governments, inter-governmental organizations, or non-governmental organizations, directly or through the Center. Such financing and support of approved projects shall be provided on terms and conditions specified by those providing it, which shall be consistent with this Agreement."

AGREEMENT: ARTICLE VIII

"If it is determined that the terms and conditions of a project have not been respected, the Center or a financing government or organization may, having informed the Board of its reasons, terminate the project and take appropriate steps in accordance with the terms of the project agreement."

AGREEMENT: ARTICLE X(I)(a), (b)

"Funds and property of the Center or any branch thereof, including interest arising from keeping funds in banks in Ukraine, are exempt from taxation or other charges imposed by the Government of Ukraine and any subdivision thereof;"

"Commodities, supplies, and other property provided or utilized in connection with the Center and its projects and activities may be imported into, exported from, or used in Ukraine free from any tariffs, dues, customs duties, import taxes, and other similar taxes or charges imposed by Ukraine."

AGREEMENT: ARTICLE X(ii)(a)

"The Center, governments, inter-governmental organizations, and non-governmental organizations shall have the right to move funds related to the Center and its projects or activities, other than the local currency in Ukraine, into or out of Ukraine without restriction, each in amounts not to exceed the total amount it moved into Ukraine."

STATUTE: ARTICLE X(A)

"...When an approved project is funded other than through the Center, the persons or institutions providing funding will conclude a project agreement with the recipient entity and with the Center, represented by the Executive Director; such project agreements will take fully into consideration the provisions specified in paragraph B of this Article X and be fully consistent with the provisions of the Agreement."

STATUTE: ARTICLE XI (D)

"...contributions made to the Center by persons, states that are not Parties to the Agreement, inter-governmental organizations, or non-governmental organizations may be maintained in a Center account established by the Executive Director, with the approval of the Board. Disbursement procedures for these funds shall be established by the Board."

2. Principles for Participation of Non-Parties in STCU Activities

Commitment to STCU's Objectives: The STCU is an intergovernmental organization that develops, approves, finances, and monitors science and technology projects for peaceful purposes, offering Scientists and Engineers in Ukraine, other CIS Countries, and Georgia, the opportunity to redirect their talents to peaceful activities. All current and future activities of the STCU will be consistent with these objectives.

· *Accept all terms and conditions contained in the Agreement and Statute:*

The STCU Agreement and Statute form the legal framework for the STCU's activities. All participants in STCU activities must accept the terms of the Agreement and the Statute. Some of the main principles of these are:

- The STCU is an intergovernmental organization. Its multilateral Governing Board is responsible for all financial and programmatic activities of the STCU. The Governing Board is the ultimate decision-making body of the STCU;
- Activities supported by the STCU may only have peaceful applications; and, -- Transparency and access to information about STCU activities is required of all projects under STCU sponsorship.

The STCU will not be held liable for nonperformance of a non-Party funding source.

Any non-Party participant will be fully and solely responsible for the commitments they make. The STCU will not be held liable by third parties for nonperformance of a non-Party.

· STCU activities focus support on individuals and research teams, not on institutions.

The STCU aims to provide support to former Soviet scientists and engineers in Ukraine, other CIS countries, and Georgia. While projects or activities may require equipment or travel, the main focus of any activity should be on how to help these scientists and engineers redirect their skills to peaceful activities, not on re-equipping institutes.

· The STCU does not engage in commercial activities, but it does support projects that may create conditions that could result in commercial activities once the project is complete and the STCU's support ends. The following types of activities are acceptable under STCU support:

-- **Basic Research** - In basic research, the objective is to gain more complete knowledge or understanding of the fundamental aspects of phenomena and of observable facts, without specific applications and products in mind.

-- **Applied Research** - In applied research, the objective is to gain knowledge or understanding necessary for determining the means by which a recognized need may be met.

-- **Development** - Systematic application of knowledge of research towards proof of technology or concept including development of non-specific application prototypes and processes.

-- **Demonstration** - Verification of the viability of research finding through development of prototypes, models, clinical trials, field tests, testing and evaluation, and other efforts.

- **Transparency/Openness**

The STCU's activities are conducted in a transparent and open manner. The Governing Board and the Secretariat, as the operational arm of the Governing Board, need to be fully informed about all activities taking place under the STCU's auspices. The STCU, however, fully recognizes the need to protect carefully any business confidential or proprietary information that is included in proposals, project reports, or other communications. The STCU encourages all participants in STCU activities to clearly indicate business confidential and proprietary information and will protect such information to the best of its ability.

Opportunity for joint funding

The STCU encourages joint funding of activities.

- **Scientific/Technical excellence**

The STCU seeks projects that respond to its objectives and exhibit a high degree of scientific and technical excellence.

- **International Collaboration**

The STCU strongly supports the participation of international collaborators in STCU activities.

3. Procedures for Governing Board Approval of Non-Party Participation in STCU Activities

BACKGROUND:

The Preamble to the Agreement to Establish a Science and Technology Center in Ukraine and Article III (iii) and (iv) of that Agreement provide for broad participation in the STCU's activities:

STCU PREAMBLE:

"Realizing that the success of the Center will require strong support from governments, foundations, academic and scientific institutions, and other inter-governmental and non-governmental entities;"

AGREEMENT: ARTICLE III (iv) & (v)

"Establish appropriate forms of cooperation with governments, inter-governmental organizations, non-governmental organizations (which shall, for the purposes of this Agreement, include the private sector), and programs;"

"Receive funds or donations from governments, inter-governmental organizations, and nongovernmental organizations;"

The procedures below describe the process by which non-Parties may be approved as participants in STCU activities.

PROCEDURES

1. Any Party to the STCU Agreement or the STCU Executive Director may propose a non-Party participant to the Board for consideration. This participant may be a government, inter-governmental organization or non-governmental organization (which includes the private sector, foundations, academic and scientific institutions). **Approved entities originating from Party Countries will be classified as STCU Partners, while those coming from non-Party Countries will be classified as STCU Associated Partners.**

2. When a Party, or the Executive Director proposes a non-Party participant, it will provide to the Board:

- Information on the participant's background, activities, and objectives;
- A statement from the participant that accepts the terms and conditions of the Agreement and Statute;
- A statement from the participant that accepts Principles for Non-Party Participation in funding STCU activities;
- Information on the participants estimated plans and areas of STCU activity of special interest.

3. The Secretariat will circulate any information received on proposed non-Party participants immediately to the Governing Board for consideration.

4. The Governing Board's approval of non-party participants to become either Partners or Associated Partners will be done via a thirty day negative concurrence process.

4. Conditions for Approval of Proposals from Non-Party Participants

Administrative Support:

All non-Party funders will contribute to the STCU's administrative budget, as determined by the Secretariat and as approved by the Board. The Administrative fee for Commercial Partners originating from Party States is set at 10 percent of total project value, and the fee for Associated Partners is set at 15 percent of project value. (Note-- in the case of existing Commercial partners who are subject to an administrative fee, all current projects will be grandfathered and continue to their termination under the existing fee schedule. This will include any extensions as long as the project continues with its current project number. The new fee schedule will take effect for any projects launched by current Commercial Partners six months after GB approval of this amendment. The fee schedule for new Partners and all Associated Partners will take affect upon approval of this amendment.)

Any such fees can be waived at the discretion of the STCU Executive Director, subject to the approval of the Governing Board via the 30 day negative concurrence process.

Access for Auditing and Monitoring:

Article XVII of the STCU Statute defines Auditing and Monitoring of STCU projects. These procedures allow the STCU to verify that activities carried out under the auspices of the STCU are consistent with the STCU's objectives and with the project work plan and budget approved by STCU's Governing Board and incorporated in the project agreement. The Auditing and Monitoring process is initiated by advance notice to carry out on-site monitoring and audit of project activities. This process should not be confused with the normal interactions that would take place between Ukrainian institutes and their western collaborators, which may involve visits to Ukrainian institutes and project sites, but do not require the same notification process defined in Statute Article XVIII.

Article XVII (A) applies to funds provided to a project through the STCU. In this case, any auditing or monitoring will be carried out by the STCU or by a Party represented on the Board (or their representatives) with regard to projects it finances.

Article XVIII (B) applies to projects funded other than through the STCU and provides that projects be audited by the financing Party and/or their representatives, following the principles set forth in XVII (A).

Funders who are not Parties to the Agreement will have access to all records and reports pertaining to the project for audit purposes through the STCU. However, only the STCU or a financing Party may initiate an audit request under Article XVII. Non-Parties may express to the STCU Secretariat their desire to have their project included in the normal project monitoring activity of the Center as well as the universe of projects to be subjected to formal audit.

Non-Party funders will be encouraged to work closely with the STCU and Parties in the audit process and to share their observations and evaluations of the technical and financial management of the projects.

Transparency

The STCU has an established process for protecting business confidential and proprietary information. The STCU, however, must have adequate information about all activities under its sponsorship to enable the Secretariat and the Governing Board to ascertain whether activities under the STCU's sponsorship are consistent with the STCU's objectives. In this respect, non-Party participants in STCU activities will regularly share with the Secretariat, as appropriate, reports, publications, or other materials developed as a result of their activities under the STCU. In particular, a final report that is suitable for open publication on any STCU activity will be made available.

The STCU also welcomes any observations by non-Party participants on the technical progress of a project or activity. Final evaluations of technical projects, however, will be based on a joint review with STCU staff.

Observance of STCU Practices and Standards

The STCU has developed a number of practices and standards that apply to agreement implementation for budget preparation, procurement, grant payments, and payment schedules. These should be observed by

non-Party participants to the greatest extent possible, with deviations from established practices and standards being the exception, not the rule.

3-way Project Agreements

All non-Party participants in STCU projects will enter into agreements both with the Ukrainian institute(s) and the STCU. In addition, non-Party funders may execute a memorandum of agreement with the STCU defining the terms and conditions for the use of its funding.

5. Procedures for Governing Board Approval of Projects and Activities Proposed by Non-Parties

BACKGROUND:

The Preamble to the Agreement to Establish a Science and Technology Center in Ukraine, Article III (iv) and (v) of that Agreement, and Article VI(A) of the STCU Statute provide for the broad participation in the STCU's activities:

STCU PREAMBLE:

"Realizing that the success of the Center will require strong support from governments, foundations, academic and scientific institutions, and other inter-governmental and non-governmental entities;"

AGREEMENT: ARTICLE III (iv) & (v)

"Establish appropriate forms of cooperation with governments, inter-governmental organizations, non-governmental organizations (which shall, for the purposes of this Agreement, include the private sector), and programs;"

"Receive funds or donations from governments, inter-governmental organizations, and non-governmental organizations;"

STATUTE: ARTICLE VI (A)

"Any person, institution, or government may submit a proposal."

The procedures below describe the process by which non-Parties may present proposals for projects or activities for approval by the STCU Governing Board.

PROCEDURES:

1. A non-Party (government, inter-governmental organization, or non-governmental organization) that has been approved by the Board for participation in STCU activities submits a proposal to the STCU Secretariat. Project proposals may include the results of any independent technical review, as well as a description of that review process.
2. The Secretariat reviews proposals for completeness according to the STCU's Instructions (including any special conditions for small projects, recognition of independent technical review, etc).
3. The Secretariat forwards proposals to the Parties for review.

4. The Parties review the proposals via a 30 day negative concurrence process, using the established criteria for project eligibility and selection (including host government and institute concurrence).

5. The Board considers: 1) Whether a proposal meets STCU's eligibility and selection criteria; and 2) Funding.

6. The Board takes action through meeting or written procedure. Projects are: 1) Approved and funding is identified; 2) Deferred to future Board meetings for further consideration; or 3) Rejected.

6. Criteria for Governing Board Approval of Projects

The eligibility and selection criteria adopted by the Board that are included in the STCU Instructions for Proposal Preparation apply to all projects, regardless of the funding source:

Eligibility Criteria

Conformity with the STCU's objectives.

Proposals must correspond to the STCU's objectives listed in Article II(B) of the Agreement.

Host government and institution concurrence.

The project activities must be approved by the government(s) on whose territory(s) the work will be carried out. All proposals submitted without such approval will be sent by the STCU Secretariat to appropriate government offices prior to presenting the proposed project to the STCU's Governing Board for consideration.

The participating institution(s) must approve the project activities.

Auditing and Monitoring Assurance.

In accordance with Article VIII of the STCU Agreement, project recipients will give to the STCU and to each Party which wholly or partly finances a project the right of access to carry out on-site monitoring and audit of all activities of the project. Project agreements will specify the portions of facilities, equipment, documentation, information, data systems, materials, supplies, personnel, and services which will concern the project and therefore will be made accessible for monitoring and audit. (See also Conditions for Approval of Proposals from Non-Party Participants.)

Selection Criteria

Potential of the project to provide peaceful alternative research and development opportunities to weapons scientists and engineers in Ukraine, other CIS Countries, and Georgia.

- Scientific and technical excellence
- Quality of Management
- Financial Structure
- Assistance to Ukraine, other CIS Countries, and Georgia in its transition to a market economy
- International Collaboration

ATTACHMENT J: 37th Board Record of Decisions.

BACKGROUND

As a result of the previous discussions and documents, the STCU Governing Board at its 37th Meeting in Baku, Azerbaijan Republic approved new vision and mission statements. Please see the attached scanned 37th GB Record of Decision.

**STCU 37th BOARD RECORD OF
DECISIONS – DECEMBER 13, 2013**



The STCU Governing Board, at its 37th meeting, made the following decisions:

- Approved six (6) STCU-Azerbaijan Academy of Sciences Targeted R&D Initiative projects for a total of USD \$73,536 + €107,038 (subject to funds availability).
- Approved four (4) projects (including continuations) for a total of USD \$224,976 + €123,387 (subject to funds availability).
- Approved six (6) STCU-Moldovan Academy of Sciences Targeted R&D Initiative projects for a total of €110,357 (subject to funds availability).
- Approved nine (9) STCU-Shota Rostaveli National Science Foundation, Georgia Targeted R&D Initiative projects for a total of USD \$104,998 + € 154,085 (subject to funds availability).
- Approved ten (10) STCU-National Academy of Sciences of Ukraine Targeted R&D Initiative projects for a total of USD \$100,000 + € 283,706 (subject to funds availability).
- Approved the 2014 Administrative Operating Budget (AOB) as presented (Total=\$1,309,827), with sharing ratios for the 2014 AOB to be USA – 57.81% and EU – 42.19% (subject to funds availability).
- Discussed the STCU new Vision and Mission and agreed that final approval of text will be done by written procedure by January 31, 2014.
- Appointed Curtis Bjelajac as the new Executive Director for a two-year term beginning on February 1, 2014. Appointment of an Acting CFO to replace Mr. Bjelajac will be done by written procedure by January 31, 2014.
- Approved 2014 Supplemental Budgets (SBs) as presented, with \$560,000 assigned to Activities by the USA, as well as €460,000 assigned to Activities by the EU, and \$438,324 and €39,000 assigned to Activities by Partners (subject to funds availability).
- Approved revised STCU partner regulations which outline framework for the STCU implementing Partner projects from industrial companies and universities from Non-member countries.
- Approved that the Secretariat examine possible new non-traditional partner opportunities within the TI program and that the Secretariat also prepare specific recommendations for such an expansion of the TI program to present to the Governing Board at its next meeting.
- Confirmed extension of current Senior Deputy Executive Director – (UA) Igor Lytvynov for a two-year plus term beginning 20 November 2013 and ending December 31, 2015.

STCU 37th BOARD RECORD OF DECISIONS – DECEMBER 13, 2013



- Noted introduction of four (4) new Partners to the STCU since the 36th STCU Board of Governors, including: **Oak Ridge National Laboratory (USA), BREMBO S.p.A. (EU), SENER (EU), and National Technical University of Athens (EU).**
- Confirmed nine (9) new Partner Projects activities approved since the 36th STCU Board of Governors for a total of **\$3,599,832 & €332,285**, including: **P553 – Forschungszentrum Karlsruhe (EU), P552 and P587 – U.S. DOE (USA), P588 – Dontech Global Inc., (USA), P589 – Politecnico di Milano di Meccanica, (EU), P590 – European Office of Aerospace Research and Development, (USA), P598 – University of Illinois, (USA), P600 – American Graphite Technologies, Inc. (USA), P601 – Oak Ridge National Laboratory, (USA), and P610 – Campbell Applied Physics, (USA), also confirmed six (6) Partner Project contract extensions including: P-003o, P004m, and P004o - U.S. National Cancer Institute (USA), P389 - Radiophysics Solutions/Anglo Scientific (EU), P500 – U.S. Environmental Protection Agency (USA), P548 - SETA BioMedicals (USA), and P569 – Technology and Energy Company LLP, (EU)for a total of **\$405,515**.**



Mr. J. Walz
Acting USA
Board Member



Mr. B. Grinyov
Ukrainian
Board Member



Mr. S. Popa
Acting European Union
Board Member

STCU 37th BOARD RECORD OF DECISIONS

AMENDMENT-JANUARY 24, 2014



In addition to the decisions made at the 37th STCU Governing Board Meeting in Baku, Azerbaijan, STCU Governing Board made the following decisions:

- Approved the revised texts of STCU new Vision and Mission Statements (shown below) as a follow-up action agreed by the 37th STCU Governing Board Meeting, December 13, 2013 in Baku, Azerbaijan .

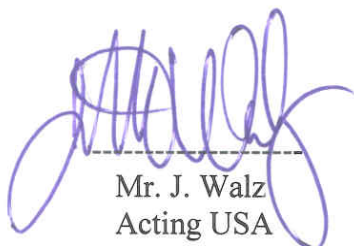
STCU Vision Statement:

To advance global peace and prosperity through cooperative Chemical, Biological, Radiological, and Nuclear (CBRN) risk mitigation by supporting civilian science and technology partnerships and collaboration that address global security threats and advance non-proliferation.

STCU Mission:

- To address the global security threat of the proliferation of WMD-applicable chemical, biological, radiological and nuclear (CBRN) knowledge and materials;
- To support the integration of scientists with WMD applicable knowledge into global scientific and economic communities through national, regional, and international research collaboration;
- To develop and sustain a culture of nonproliferation and CBRN security awareness and responsibility through education, mentorship, and training;
- To promote international best practices and security culture to mitigate CBRN security threats.

- Approved additional funding for three (3) of the six (6) STCU-Azerbaijan Academy of Sciences Targeted R&D Initiative projects funded at the 37th GBM in Baku. The project numbers, additional funds, and amended total amounts for the projects are as follows: Project 5915, add \$24,999 for a total amended project amount of \$49,998; Project 5920, add \$25,000 for a total amended project amount of \$50,000; and Project 5921, add €18,392 for a total amended project amount of €36,784.
- Appointed Marina Dzubinska (currently Deputy CFO) as the acting Chief Financial Officer and acting Chief Administrative Officer for a term beginning on February 1, 2014 and ending June 30, 2014.



Mr. J. Walz
Acting USA
Board Member



Mr. B. Grinyov
Ukrainian
Board Member

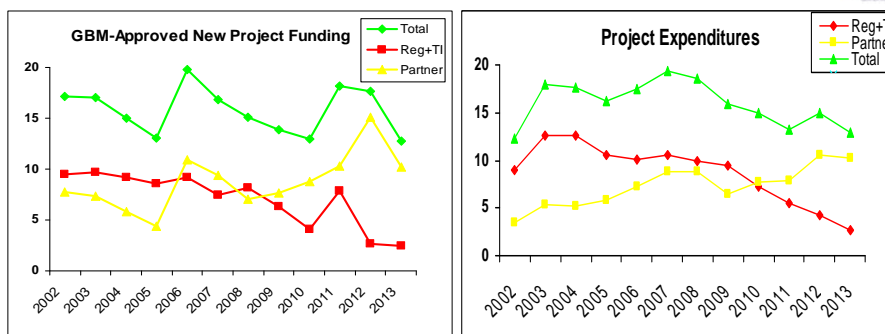


Mr. S. Popa
Acting European Union
Board Member

3.3 Look Ahead to 2015 Budget Planning

Look Ahead to 2015: Advance Planning for STCU Budget Request

Future Activity Indicators Point Down after 2-year Spike



- Level of Project Activity Jumped in 2011 and 2012, but 2013 renewed downward trend:
 - 2011 saw approval of UAPS projects (~\$5M) and 2012 was record year in partner project funding
 - In past years, Partner activity dominated by Gov. Partners—and Gov Partners Dominated by DOE/GIPP (i.e. 62% of New GP Project Funding; Nearly 30% of all New STCU Project Funding in 2010)
- Targeted Initiatives Capped. & Supp. Budget Programs Present a Mixed Picture
 - Parties Pledged Funding Levels to TI held constant to date (~\$1.5M)
 - SB Activities May Require More Staff Work for Planning/Preparation/Admin, But Are Episodic and Still Small Compared to the Project Admin Burden

Less Funding Activity => Continued Overall Admin Decline and Shift Toward Partners
(Challenging. Due To Cyclical, Unpredictable Partner Trends)

Looking Ahead to 2015 Budget Planning

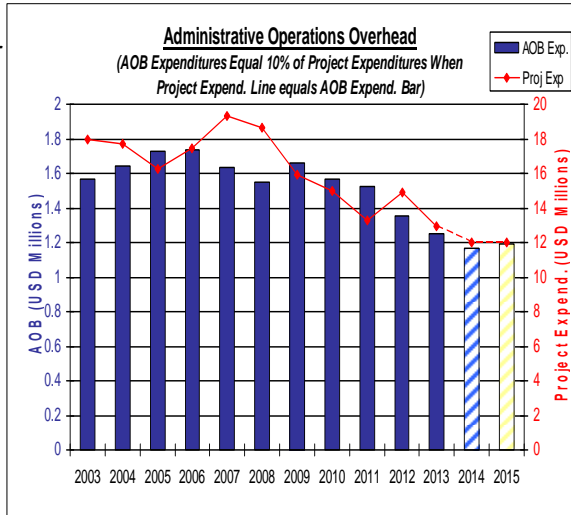


- Assume Declining Project Activity Must Be Matched by AOB Reductions

- Fewer Staff Departures - Fewer Vacancies Available for Controlled Attrition. Most departures in Fin/Admin.

- Plan on a Lower AOB Request for 2015

- Adherence to 10% AOB Overhead Benchmark
- Consider Line-by-Line Reductions, But Largest AOB Line is Staff (Management to Study Staff Needs Against Current Staff Make-Up).
- Close Regional Offices, Consolidating Work in Kyiv?
- Lower AOB to Match Anticipated 2015 Project Levels.



AOB Adjustment Analysis



- **To Match Desired Admin Overhead, 2015 AOB Must Be Reduced**

- For 9.25% AOB Overhead= ~\$200,000 Less than Approved 2014 AOB (= \$1.31 Million)
- For 10.00% AOB Overhead = ~\$110,000 Less " " " " " " " " " "
- For 11.00% AOB Overhead = same as Approved 2014 AOB (= \$1.31 Million) = no cuts

- **Local Staff Reductions Are Only Realistic Way of Achieving These AOB Reductions**

- 37 Full-Time Local Staff Positions (Local Staff Costs are 61% of 2014 AOB)
- Each Staff Member Generates Approx. \$20,000 in AOB Personnel-Related Expenses
- Staff Workload Projected to Decline

- **Non-Staff AOB Offsets are unlikely as STCU will need IT upgrades due to Windows XP replacement**

For \$200K AOB Cut	= 10-11 Layoffs (~30% Reduction; 26-27 Staff Remaining)
For \$110K " " " "	= 6-7 Layoffs (~19% Reduction; 30-31 Staff Remaining)

3.4 2015 AOB and SB Budget Request



Summary of 2015 STCU AOB & SB Requests



Summary of 2015 AOB

- Total '15 AOB request of \$1.18M compared with Total '14 AOB approved of \$1.31M. \$127.6K Decrease (9.74% Decrease).
- '15 Recurring Costs request of \$1.11M compared with \$1.26M approved in '14. 11.9% Decrease.
- '15 Non-Recurring Costs request of \$69.5K compared with \$46.5K approved in '14. 49.5% Increase.



AOB as % of Project Expenses

AOB Expenses

- 2015 Requested \$1.18M (9.8%)
- 2014 Estimated \$1.17M (9.8%)
- 2013 Actual \$1.25M (9.6%)
- 2012 Actual \$1.35M (9.1%)
- 2011 Actual \$1.52M (11.4%)
- 2010 Actual \$1.57M (10.5%)

Project Expenses

- 2015 Estimated \$12.0M
- 2014 Estimated \$12.0M
- 2013 Actual \$13.0M
- 2012 Actual \$14.9M
- 2011 Actual \$13.3M
- 2010 Actual \$14.9M



AOB as % of Project & SB* Expenses

AOB Expenses

- 2015 Requested AOB \$1.18M (9.7%)
- 2014 Estimated AOB \$1.17M (9.5%)
- 2013 Actual AOB \$1.25M (9.4%)
- 2012 Actual AOB \$1.35M (8.8%)
- 2011 Actual AOB \$1.52M (10.8%)
- 2010 Actual AOB \$1.57M (10.0%)

Project + SB Expenses

- 2015 Estimated \$12.0M + SB = \$.3M = \$12.3M
- 2014 Estimated \$12.0M + SB = \$.3M = \$12.3M
- 2013 Actual \$13.0M + SB = \$.35M = \$13.35M
- 2012 Actual \$14.9M + SB = \$.5M = \$15.4M
- 2011 Actual \$13.3M + SB = \$.8M = \$14.1M
- 2010 Actual \$14.9M + SB = \$.849K = \$15.7M

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



Personnel - Local Grant Payments

- Total Cost of \$589.8K compared with \$650.0K in '14. 9.26% Decrease.
 - Six (6) full-time positions eliminated, resulting in savings of \$102.4K
 - Full-time local staff in '14 will total thirty-one (31), slightly more than in '97 AOB (29)
 - 5% Requested grant increase in '15, equal to increase of \$42.2K



Personnel

- Personnel Costs
 - 2014
 - '14 costs of \$800.0K (5.3% decrease over '13)
 - 61.1% of total AOB
 - 2015
 - '15 costs of \$724.8K (9.4% decrease over '14)
 - 61.3% of total AOB



Travel

- International Travel cost of \$30.0K compared with \$30.0K in '14.
 - No change
- Travel w/in CIS cost of \$72.5K compared with \$82.5K in '14.
 - 12.12% Decrease
 - Decreased because of decreased project monitoring (less active projects)



Travel (cont.)

- Travel Costs
 - 2014
 - '14 costs of \$124.5K (no change over '13)
 - 9.5% of total AOB
 - 2015
 - '15 costs of \$112.5K (9.6% decrease over '14)
 - 9.5% of total AOB



Office Operations

- Vehicle Operations \$16.0K compared with \$30.0K in '14.
 - 46.7% Decrease
 - STCU will sell both cars (VW and Peugeot) and buy one new car (only one driver will be on staff)
- Telecommunications Services \$30.0K compared with \$41.0K in '14.
 - 26.8% Decrease
 - Savings via Skype and USD appreciation



Office Operations (cont.)

- Business Meetings & Conferences \$10.0K compared with \$10.0K in '14.
 - No Change
 - Only one planned physical GB in Dec. '15, 2nd GB planned as virtual Summer '15 (\$4K)
 - STCU 20 year anniversary event, held after GB in Dec. '15 (\$6K)



Office Operations (cont.)

- Office Operations Costs
 - 2014
 - '14 costs of \$247.5K (5.35% decrease over '13)
 - 18.9% of total AOB
 - 2015
 - '15 costs of \$197.5K (20.2% decrease over '14)
 - 16.7% of total AOB



Contracted Services

- Legal Services \$5K compared with \$10K in '14.
 - 50.00% Decrease
- Accounting & Audit Services \$42.9K compared with \$51.3K in '14.
 - 16.4% Decrease
 - STCU and ISTC selected KPMG Baltics SIA in international tender



Contracted Services (cont.)

- Contracted Services Costs
 - 2014
 - '14 costs of \$81.3K (38.1% decrease over '13)
 - 6.2% of total AOB
 - 2015
 - '15 costs of \$67.9K (16.5% decrease over '14)
 - 5.7% of total AOB



Non-Recurring

- Computer Hardware cost of \$25K compared with \$2K in '14
 - Need to replace older workstations in order to facilitate move from MS Windows XP to Windows 7
- Vehicle Purchase cost of \$0K compared with \$0K in '14
 - STCU will sell both cars (VW and Peugeot) and buy one new car (only one driver will be on staff), no additional funds required



Non-Recurring (cont.)

- Non-Recurring Costs
 - 2014
 - '14 costs of \$46.5K (4.1% decrease over '13)
 - 3.6% of total AOB
 - 2015
 - '15 costs of \$69.5K (49.5% increase over '14)
 - 5.9% of total AOB



Solely Funded SBs

- STCU agreed with EU & US all SB funding for 2015 and amounts can be found in Supplemental Budget portion of Funding Sheet (last page)



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)



AOB Funding % (cont.)

- Projected throughput (grants, equipment, and overhead)* for 2015:

	U.S.**	European Union**	Total
Projected Project Expenses	\$2,676,895	***\$5,807,140	\$8,484,035
% Share of Project Expenses	31.55%	68.45%	
	<u>80.00%</u>	<u>80.00%</u>	
Distribution of 80%	25.24%	54.76%	
Distribution of 20%	<u>10.00%</u>	<u>10.00%</u>	
Calculated Sharing %s	35.24%	64.76%	

* Does Not Include Projects approved at upcoming 39th STCU Governing Board

** Includes Non-Fee Paying Government Partners (i.e. GIPP, UKMOD, etc.)

*** Assumes €1 = \$1.25



AOB Funding % (cont.)

■ Calculated AOB Funding %s

- United States	35.24%
- European Union	<u>64.76%</u>
Total	100.00%

SCIENCE AND TECHNOLOGY CENTER IN UKRAINE - STCU

2015 Draft Administrative Operating Budget 01 January - 31 December, 2015 as of November 21, '14

	2015	Spent	Projected	Projected	Projected	2015	% Change	
	Budget	as of	Final	Final	Remaining	Budget	in AOB Line	
		31-Oct-14	2 Mo. Exp	2014 Exp.	14 Budget	Request	Y-O-Y	Note
Personnel								
LOCAL GRANT PAYMENTS	\$ 650,000	\$ 539,814	\$ 121,130	\$ 660,944	\$ (10,944)	\$ 589,806	-9.26%	1
STAFF EDUCATION & TRAINING	\$ 50,000	\$ 34,223	\$ 8,000	\$ 42,223	\$ 7,777	\$ 50,000	0.00%	2
EMPLOYEE MORALE & WELFARE	30,000	15,790	14,000	29,790	210	30,000	0.00%	3
MEDICAL & DENTAL PLANS	70,000	49,072	19,000	68,072	1,928	55,000	-21.43%	4
Subtotal	\$ 800,000	\$ 638,899	\$ 162,130	\$ 801,029	\$ (1,029)	\$ 724,806	-9.40%	
Travel								
INTERNATIONAL TRAVEL	\$ 30,000	\$ 13,530	\$ 6,500	\$ 20,030	\$ 9,970	\$ 30,000	0.00%	5
TRAVEL WITHIN THE CIS	82,500	42,706	20,000	62,706	19,794	72,500	-12.12%	6
LOCAL TRAVEL	12,000	6,151	1,300	7,451	4,549	10,000	-16.67%	7
Subtotal	\$ 124,500	\$ 62,387	\$ 27,800	\$ 90,187	\$ 34,313	\$ 112,500	-9.64%	
Office Operations								
REPRESENTATION	\$ 10,000	\$ 4,533	\$ 3,000	\$ 7,533	\$ 2,467	\$ 10,000	0.00%	8
POSTAGE AND DELIVERY	9,000	5,107	1,000	6,107	2,893	8,000	-11.11%	9
CUSTOMS STORAGE	1,500	-	-	-	1,500	1,500	0.00%	10
GENERAL OFFICE SUPPLIES	20,000	7,363	5,000	12,363	7,637	15,000	-25.00%	11
OFFICE EQUIPMENT REPAIR/MAINT	3,000	922	800	1,722	1,278	3,000	0.00%	12
VEHICLE OPERATIONS	30,000	19,586	9,000	28,586	1,414	16,000	-46.67%	13
PRINTING AND REPRODUCTION	13,000	3,349	6,000	9,349	3,651	10,000	-23.08%	14
TELECOMMUNICATIONS SERVICES	41,000	21,034	3,500	24,534	16,466	30,000	-26.83%	15
BUSINESS MEETINGS & CONF.	10,000	-	4,000	4,000	6,000	10,000	0.00%	16
SUBSCRIPTIONS AND PUBLICATIONS	3,750	1,398	2,000	3,398	352	2,500	-33.33%	17
BUILDING SUPPLIES	13,200	5,595	5,000	10,595	2,605	8,000	-39.39%	19
BRANCH OFFICES OVERHEAD	\$ 21,500	\$ 12,756	\$ 2,600	\$ 15,356	\$ 6,144	\$ 21,500	0.00%	20
INSURANCE EXPENSE	11,550	5,207	2,400	7,607	3,943	9,000	-22.08%	21
BANK FEES - OFFSHORE	40,000	26,695	5,200	31,895	8,105	33,000	-17.50%	22
BANK FEES - ONSHORE	20,000	14,569	3,500	18,069	1,931	20,000	0.00%	23
Subtotal	\$ 247,500	\$ 128,114	\$ 53,000	\$ 181,114	\$ 66,386	\$ 197,500	-20.20%	
Contracted Services								
LEGAL SERVICES	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000	\$ 5,000	-50.00%	25
ACCOUNTING AND AUDITING	51,327	51,327	1,500	52,827	(1,500)	42,934	-16.35%	26
OTHER PROFESSIONAL	20,000	2,060	10,000	12,060	7,940	20,000	0.00%	27
Subtotal	\$ 81,327	\$ 53,387	\$ 11,500	\$ 64,887	\$ 16,440	\$ 67,934	-16.47%	
Subtotal Recurring Costs	\$ 1,253,327	\$ 882,787	\$ 254,430	\$ 1,137,217	\$ 116,110	\$ 1,102,740	-12.01%	
Contingency - Recurring	10,000	-	-	-	10,000	10,000	0.00%	35
Total Recurring Costs	\$ 1,263,327	\$ 882,787	\$ 254,430	\$ 1,137,217	\$ 126,110	\$ 1,112,740	-11.92%	
Facilities								
FACILITY IMPROVEMENTS	\$ 3,000	\$ 588	\$ 2,500	\$ 3,088	\$ (88)	\$ 3,000	0.00%	28
FURNITURE & FIXTURES	3,000	-	2,000	2,000	1,000	3,000	0.00%	29
TELECOMMUNICATIONS EQUIPMENT	-	-	-	-	-	-	#DIV/0!	30
OFFICE EQUIPMENT	2,000	984	1,000	1,984	16	2,000	0.00%	31
VEHICLE PURCHASE	-	-	-	-	-	-	#DIV/0!	32
COMPUTER HARDWARE	2,000	309	1,700	2,009	(9)	25,000	1150.00%	33
COMPUTER SOFTWARE	11,500	11,080	500	11,580	(80)	11,500	0.00%	34
Subtotal Non-Recurring Costs	\$ 21,500	\$ 12,961	\$ 7,700	\$ 20,661	\$ 839	\$ 44,500	106.98%	
Contingency - Non-Recurring	25,000	-	-	-	25,000	25,000	0.00%	35
Total Non-Recurring Costs	\$ 46,500	\$ 12,961	\$ 7,700	\$ 20,661	\$ 25,839	\$ 69,500	49.46%	
TOTAL BUDGET:	\$ 1,309,827	\$ 895,748	\$ 262,130	\$ 1,157,878	\$ 151,949	\$ 1,182,240	-9.74%	

1.	Local Grant Payments.	\$589,806
	31 Full-Time Staff (5% raise, 0% bonus)	\$589,806
2.	Staff Education & Training.	\$50,000
	a. Training for ED and his direct reports. Cost of Training:	\$ 7,500
	b. Training for SDED and his direct reports. Cost of Training:	\$ 20,500
	c. Training for CFO/CAO and his direct reports. Cost of Training:	\$22,000
	Total cost of Staff Education and Training	\$50,000
3.	Employee Morale and Welfare.	\$30,000
	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.	
4.	Medical & Dental Plans	\$55,000
5.	International Travel.	\$30,000
	Senior STCU staff travel as required and approved by the Executive Director.	
6.	Travel within the CIS.	\$72,500
	a. Monitoring in Azerbaijan, Ukraine, Georgia, and Moldova. Cost:	\$42,500
	b. Secretariat trips to non-Kyiv cities in Ukraine, as well as travel to Georgia, Moldova, and Azerbaijan. Cost:	\$30,000
	Total Cost:	\$72,500

7.	Local Travel.	\$10,000
	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	\$ 6,000
	- Secure Cash Transport	<u>\$ 4,000</u>
	Total Cost	\$10,000
8.	Representation.	\$10,000
	Maintained same as 2014.	
9.	Postage and Delivery.	\$8,000
	Decreased by \$1,000 compared with 2014.	
10.	Customs Storage.	\$1,500
	Maintained same as 2014.	
11.	General Office Supplies.	\$15,000
	Decreased by \$5,000 compared with 2014.	
12.	Office Equipment Repair/Maintenance.	\$3,000
	Maintained same as 2014.	
13.	Vehicle Operations.	\$16,000
	Decreased by \$14,000 as STCU will sell both the Peugeot and the VW van and buy a new van with the proceeds (no additional funds required for vehicle purchase).	
14.	Printing and Reproduction.	\$10,000
	Decreased by \$3,000 compared with 2014.	
15.	Telecommunications Services.	\$30,000
	Decreased by \$11,000 compared with 2014.	
16.	Business Meetings and Conferences.	\$10,000
	a. One (1) physical Board meeting	\$4,000
	b. 20 th Anniversary Celebration	<u>\$6,000</u>
	Total cost of business meetings and conferences:	\$10,000

17.	Subscriptions and Publications.	\$2,500
	Decreased by \$1,250 compared with 2014.	
18.	Public Affairs.	\$0
	In the past utilized for financial support of conferences; however, eliminated in 2007 due to cost cutting measures.	
19.	Building Supplies.	\$8,000
	Decreased by \$5,200 compared with 2014.	
20.	Branch Offices.	\$21,500
	- Tbilisi	7,000
	- Chisinau	5,500
	- Kharkiv	2,000
	- Baku	<u>7,000</u>
	Total Cost	\$21,500
21.	Insurance Expense.	\$9,000
	One vehicle, the contents of the building and life insurance for the local staff.	
	- Vehicle	\$2,800
	- Assets	\$3,500
	- Staff Life Insurance	<u>\$2,700</u>
	Total Cost	\$9,000
22.	Bank Fees Off-shore.	\$33,000
	Based on forecasted 2015 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 2015 STCU transactions.	
24.	Legal Services.	\$5,000
	Decreased by \$5K compared with 2014.	
25.	Accounting and Auditing	\$42,934
	The 2014 and 2015 financial audits contract were awarded to KPMG Baltics SIA according to the results of an international tender completed in November '14.	

26.	Other Professional Support.	\$20,000
	- Off-Site Backup Tape Storage	\$ 2,250
	- Navision Consulting	<u>\$ 17,750</u>
	Total Cost	\$ 20,000
27.	Facility Improvements.	\$3,000
	Maintained Same as 2014.	
28.	Furniture and Fixtures.	\$3,000
	Maintained Same as 2014.	
29.	Telecommunications Equipment.	\$0
	Maintained Same as 2014.	
30.	Office Equipment.	\$2,000
	Maintained Same as 2014.	
31.	Vehicle Purchase.	\$0
	STCU will sell both the Peugeot and the VW van and buy a new van with the proceeds (no additional funds required for vehicle purchase).	
32.	Computer Hardware.	\$25,000
	HW upgrade (XP → Windows 7.0)	\$ 23,000
	Other Miscellaneous	<u>2,000</u>
	Total	\$20,000
33.	Computer Software.	\$11,500
	Navision Maintenance Fee	\$ 8,000
	Other Miscellaneous	<u>3,500</u>
	Total	\$11,500
34.	Contingency.	\$35,000
	Normal Recurring Contingency	<u>\$10,000</u>
	Total Recurring Contingency	\$10,000
	Normal Non-Recurring Contingency	<u>\$25,000</u>
	Total	\$35,000

Supplemental Programs Budget Request 2015 as of December 5, '14 (For the EU these costs are associated with Contribution Agreement 2014 Annex III)

BUDGET ITEM	2014 APPROVED (USD)	2014 FORECASTED SPENT (USD)	2014 APPROVED (EUR)	2014 FORECASTED SPENT (EUR)	2015 REQUESTED (USD)	2015 REQUESTED (EUR)	2015 EU Pledged (EUR)	2015 US Pledged (USD)	2015 PA Pledged (USD)	2015 PA Pledged (EUR)
1.01 Technic., Collabor., Cont. Travel Supp. - US	30,000	0	x	x	30,000	x	x	?	x	x
1.02 Technic., Collabor., Cont. Travel Supp. - EU	x	x	25,000	12,607	x	25,000	?	x	x	x
4.01 Bus. Training/Sustainability Supp - US	30,000	23,972	x	x	30,000	x	x	?	x	x
4.02 Bus. Training/Sustainability Supp - DOE/IPP	200,000	85,844	x	x	x	x	x	x	x	x
5.03 Patent Support - EU	x	x	5,000	0	x	x	x	x	x	x
6.02 Travel and Mobility Support - US	30,000	30,308	x	x	30,000	x	x	?	x	x
6.03 Travel and Mobility Support - EU	x	x	27,500	16,990	x	20,000	?	x	x	x
6.04 Travel and Mobility Support - PA	30,917	5,917	x	x	39,183	5,000	x	x	39,183	5,000
08.01 Expert Review & Advisors - EU	x	x	25,000	16,000	x	20,000	?	x	x	x
9.02 Seminars/Workshops - EU	x	x	2,500	0	x	2,500	?	x	x	x
9.03 Seminars/Workshops - US	200,000	0	x	x	150,000	x	x	?	x	x
10.01 Service Contracts - US	270,000	235,679	x	x	225,000	x	x	?	x	x
10.04 Service Contracts - DOE/IPP	207,407	113,780	x	x	x	x	x	x	x	x
16.01 Partner Promotion Support - EU	x	x	150,000	120,761	x	100,000	?	x	x	x
17.01 Consulting Projects - PA	x	x	39,000	82,208	x	44,000	x	x	x	44,000
TOTAL CONTRIBUTION	998,324	495,500	274,000	248,566	504,183	216,500	0	0	39,183	49,000

x = No Funding Required

(For the EU these costs are associated with Contribution Agreement 2014 Annex III)

BUDGET ITEM	2014 APPROVED (EUR)	2014 FORECASTED SPENT (EUR)	2015 REQUESTED (Euro)	2015 PLEDGED (Euro)
10.02 Service Contracts - EU	225,000	166,556	200,000	?

**SCIENCE AND TECHNOLOGY CENTER IN UKRAINE - STCU
STATEMENT OF SUPPLEMENTAL BUDGET ACTIVITY
as of October 31, 2014**

Activity	Sub-Activity	Supplemental Expense	Budget		Expended as of October 31, 2014	Projected 2 mo. Exp.		Total Remaining Budget
			\$	€		\$	€	
01	TECHNIC., COLLABOR., CONT. TRAV. SUPP.		\$ 30000 + € 25000		\$ 0 + € 9607.48	\$ 0 + € 3000	\$ 30000 + € 12392.52	
	01.01 - U.S. DESIGNATED TRAVELERS		\$ 30,000.00		\$ -	\$ -	\$ 30,000.00	
	01.02 - E.U. DESIGNATED TRAVELERS		€ 25,000.00		€ 9,607.48	€ 3,000.00	€ 12,392.52	
04	BUSINESS TRAINING/SUSTAIN. SUPP.		\$ 360,888.41		\$ 59,815.68	\$ 50,000.00	\$ 251,072.73	
	04.02 - PA DESIGNATED (DOE/IPP)		\$ 330,888.41		\$ 35,843.53	\$ 50,000.00	\$ 245,044.88	
	04.03 - US DESIGNATED		\$ 30,000.00		\$ 23,972.15	\$ -	\$ 6,027.85	
05	PATENT SUPPORT		\$ 0 + € 5000		\$ 0 + € 0	\$ 0 + € 0	\$ 0 + € 5000	
	05.03 - EU DESIGNATED		€ 5,000.00		€ -	€ -	€ 5,000.00	
06	TRAVEL AND MOBILITY SUPPORT		\$ 342111.34 + € 32500		\$ 102318.76 + € 13491.93	\$ 0 + € 4000	\$ 239792.58 + € 15008.07	
	06.02 - U.S. DESIGNATED TRAVELERS		\$ 30,000.00		\$ 30,307.77	\$ -	\$ (307.77)	
	06.03 - E.U. DESIGNATED TRAVELERS		€ 27,500.00		€ 12,990.34	€ 4,000.00	€ 10,509.66	
	06.04 - PARTNER DESIGNATED TRAVELERS		\$ 312111.34 + € 5000		\$ 72010.99 + € 501.59	\$ 0 + € 0	\$ 228846.14 + € 4498.41	
	06.04.01 U.S. Department of Agriculture		\$ 94,358.82		\$ 5,283.60	\$ -	\$ 89,075.22	
	06.04.02 U.S. National Cancer Institute		\$ 7,907.94		\$ 9,341.21	\$ -	\$ (1,433.27)	
	06.04.03 U.S. Department of Energy/IPP Program		\$ 107,500.29		\$ 1,680.42	\$ -	\$ 105,819.87	
	06.04.05 U.S. BioIndustry Initiative		\$ 5,632.12		\$ -	\$ -	\$ 5,632.12	
	06.04.08 U.K. Department of Defense		\$ 51,885.75		\$ -	\$ -	\$ 51,885.75	
	06.04.09 EOARD		\$ 24,826.42		\$ 24,451.55	\$ -	\$ 374.87	
	06.04.11 Argonne		\$ 20,000.00		\$ 31,254.21	\$ -	\$ (11,254.21)	
	06.04.12 LAL, Paris-Sud		€ 5,000.00		€ 501.59	€ -	€ 4,498.41	
08	EXPERT REVIEW AND ADVISORS							
	08.01 - E.U. DESIGNATED REVIEWERS		€ 25,000.00		€ 12,000.00	€ 4,000.00	€ 9,000.00	
09	SEMINARS/WORKSHOPS SUPPORT		\$ 200000 + € 2500		\$ 0 + € 0	\$ 0 + € 0	\$ 200000 + € 2500	
	09.02 - E.U. DESIGNATED SEMINARS/WORKSHOPS		€ 2,500.00		€ -	€ -	€ 2,500.00	
	09.03 - U.S. DESIGNATED SEMINARS/WORKSHOPS		\$ 200,000.00		\$ -	\$ -	\$ 200,000.00	
10	SERVICE CONTRACTS		\$ 443893.78 + € 225000		\$ 307458.54 + € 143555.54	\$ 42000 + € 23000	\$ 94435.24 + € 58444.46	
	10.01 - U.S. DESIGNATED CONTRACTS		\$ 270,000.00		\$ 193,678.51	\$ 42,000.00	\$ 34,321.49	
	10.02 - E.U. DESIGNATED CONTRACTS		€ 225,000.00		€ 143,555.54	€ 23,000.00	€ 58,444.46	
	10.04 - PA DESIGNATED CONTRACTS		\$ 173,893.78		\$ 113,780.03	\$ -	\$ 60,113.75	
16	PARTNER PROMOTION AND SUPPORT							
	16.01 PARTNER PROMOTION AND SUPPORT - EU		€ 150,000.00		€ 105,761.09	€ 15,000.00	€ 29,238.91	
	Total Supplemental Expenses		\$ 1,376,893.53		\$ 469,592.98	\$ 92,000.00	\$ 815,300.55	
			€ 465,000.00		€ 284,416.04	€ 49,000.00	€ 131,583.96	

Estimated 2015 Invoices to Funding Parties For Net AOB and Supplemental Budgets as of November 21, 2014

SECTION A - REQUESTED 2015 ADMINISTRATIVE OPERATING BUDGET DISTRIBUTION

	USA	EU	TOTAL
Non-Recurring Contingency (1/2 each)	\$12,500	\$12,500	\$25,000
Non-Recurring (1/2 each)	\$22,250	\$22,250	\$44,500
Total Non-Recurring	\$34,750	\$34,750	\$69,500
Recurring (35.24% + 64.76%)	\$388,606	\$714,134	\$1,102,740
Recurring Contingency (35.24% + 64.76%)	\$3,524	\$6,476	\$10,000
Total Recurring	\$392,130	\$720,610	\$1,112,740
TOTAL 2015 REQUESTED ADMINISTRATIVE OPERATING BUDGET	\$426,880	\$755,360	\$1,182,240

SECTION B - PROJECTED 2015 INVOICES TO FUNDING PARTIES

	USA	EU	EU Undesignated	TOTAL
2015 Administrative Operating Budget	\$ 426,880	\$ 755,360	\$ -	\$1,182,240.00
2015 Funding Party Supplemental Budgets	\$ 465,000.00	See Table C Below	\$ -	\$465,000.00
Less 2014 Funding Party Interest Earned	\$ -25,000.00	\$ -	\$ -50,000.00	-\$75,000.00
Less 2014 Partner Interest (57.53% and 42.47%)	\$ -23,012.00	\$ -16,988.00	\$ -	-\$40,000.00
Less 2014 Partner Project Fees (57.53% and 42.47%)	\$ -115,060.00	\$ -84,940.00	\$ -	-\$200,000.00
Plus 2014 Bad Debt Expense (1/2 Each)	\$ 2,000.00	\$ 2,000.00	\$ -	\$4,000.00
Plus 2014 Exchange Losses (1/2 each)	\$ 5,000.00	\$ 5,000.00	\$ -	\$10,000.00
Less 2014 AOB Non-Recurring Contingency Remaining (1/2 each)	\$ -12,500.00	\$ -12,500.00	\$ -	-\$25,000.00
Less 2014 AOB Non-Recurring Remaining (1/2 each)	\$ -419.50	\$ -419.50	\$ -	-\$839.00
Less 2014 AOB Recurring Remaining (57.81% and 42.19%)	\$ -67,123.19	\$ -48,986.81	\$ -	-\$116,110.00
Less 2014 AOB Recurring Contingency Remaining (57.81% and 42.19%)	\$ -5,781.00	\$ -4,219.00	\$ -	-\$10,000.00
Less 2014 Solely Funded SBs remaining	\$ -270,041.57	\$ -	\$ -	€ 127,085.55 No Sum, #s in USD & EUR
TOTAL PROJECTED 2015 INVOICES TO FUNDING PARTIES (not including SBs)	\$ 379,942.74	\$ 594,306.69	No Sum, #s in USD & EUR	\$974,249.43

SECTION C - 2015 PROJECTED EU BUDGET REQUEST DISTRIBUTION IN EUROS FOR CONTRIBUTION AGREEMENT 2014

	EU in USD	EU in Euro assume \$1.25 to 1 Euro
2015 Request for EU SB 01.02 - Technical, Collaborator, and Contractor Travel Support (Project Related)		€ 25,000
2015 Request for EU SB 05.03 - E.U. Patent Support		€ 0
2015 Request for EU SB 06.03 - E.U. Travel and Mobility Support		€ 20,000
2015 Request for EU SB 08.01 - E.U. Tech. Reviewers		€ 20,000
2015 Request for EU SB 09.02 - E.U. Sem. & Workshops		€ 2,500
2015 Request for EU SB 10.01 - E.U. Service Contracts		€ 200,000
2015 Request for EU SB 16.01 - E.U. Partner Promotion and Support		€ 100,000
EU Share of '15 AOB Net of interest, remaining '14 AOB, etc. (sum of all shaded in green above)	\$ 594,306.69	€ 475,445.35
TOTAL 2015 DRAFT EU BUDGET REQUESTS FOR AOB AND SUPPLEMENTAL BUDGETS	\$594,306.69	€ 842,945

Recurring AOB % Calculation Based on Forecasted

Project Expenditures by Funding Party for FY2015 as of November 21, 2014



Project #	Partner Name (if Partner Project)	U.S. Amount Funded Total	EU Amount Funded Total	Total Funded by All FPs	Duration of Project in Months	# of Months in 2015 project active	U.S. Amount Budgeted in 2015	EU Amount Budgeted in 2015	Total Amount Budgeted in 2015
5560		-	222,000	222,000	39	2	-	11,385	11,385
5748		99,984	-	99,984	24	12	49,992	-	49,992
5782		23,970	23,116	47,086	24	3	2,996	2,890	5,886
5790		-	48,218	48,218	24	3	-	6,027	6,027
5807		-	24,096	24,096	24	2	-	2,008	2,008
5808		-	22,991	22,991	24	12	-	11,496	11,496
5809		-	24,104	24,104	24	2	-	2,009	2,009
5821		100,000	-	100,000	18	8	44,444	-	44,444
5832		-	24,109	24,109	24	3	-	3,014	3,014
5833		12,500	12,054	24,554	24	2	1,042	1,004	2,046
5841		-	22,991	22,991	24	12	-	11,496	11,496
5842		24,992	22,984	47,976	24	12	12,496	11,492	23,988
5845		-	48,218	48,218	24	3	-	6,027	6,027
5854		25,000	-	25,000	24	3	3,125	-	3,125
5890		-	32,136	32,136	24	12	-	16,068	16,068
5891		-	32,125	32,125	18	8	-	14,278	14,278
5892		17,500	16,094	33,594	24	12	8,750	8,047	16,797
5893		17,498	16,093	33,591	24	12	8,749	8,046	16,795
5901		17,500	16,094	33,594	24	12	8,750	8,047	16,797
5906		17,500	16,094	33,594	24	12	8,750	8,047	16,797
5908		17,500	16,094	33,594	24	12	8,750	8,047	16,797
5909		17,500	16,094	33,594	24	12	8,750	8,047	16,797
5910		-	31,784	31,784	18	8	-	14,126	14,126
5913		-	43,719	43,719	24	12	-	21,859	21,859
5915		49,998	-	49,998	24	12	24,999	-	24,999
5917		23,537	21,646	45,183	24	12	11,769	10,823	22,592
5919		-	45,443	45,443	12	2	-	7,574	7,574
5920		50,000	-	50,000	24	12	25,000	-	25,000
5921		-	45,980	45,980	24	12	-	22,990	22,990
5929		-	22,991	22,991	24	12	-	11,496	11,496
5933		-	22,991	22,991	18	9	-	11,496	11,496
5937		-	22,991	22,991	24	12	-	11,496	11,496
5948		-	22,990	22,990	24	12	-	11,495	11,495
5953		95,000	91,741	186,741	24	8	31,667	30,580	62,247
5954		125,000	120,713	245,713	24	8	41,667	40,238	81,904
5958		-	45,860	45,860	24	12	-	22,930	22,930
5963		-	45,965	45,965	24	12	-	22,983	22,983
5964		25,000	22,991	47,991	24	12	12,500	11,496	23,996
5965		-	45,983	45,983	24	12	-	22,991	22,991
5966		-	45,983	45,983	24	12	-	22,991	22,991
5972		25,000	22,991	47,991	24	12	12,500	11,496	23,996
5974		25,000	22,991	47,991	24	12	12,500	11,496	23,996
5977		-	32,895	32,895	24	12	-	16,448	16,448
5979		-	45,983	45,983	24	12	-	22,991	22,991
9805		-	1,161,525	1,161,525	36	12	-	387,175	387,175

Recurring AOB % Calculation Based on Forecasted

Project Expenditures by Funding Party for FY2015 as of November 21, 2014



Project #	Partner Name (if Partner Project)	U.S. Amount Funded Total	EU Amount Funded Total	Total Funded by All FPs	Duration of Project in Months	# of Months in 2015 project active	U.S. Amount Budgeted in 2015	EU Amount Budgeted in 2015	Total Amount Budgeted in 2015
9806		-	5,125,000	5,125,000	12	9	-	3,843,750	3,843,750
5228x		25,000	47,991	72,991	24	12	12,500	11,496	23,996
P406	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	490,000	-	490,000	24	2	40,833	-	40,833
P438a	European Office of Aerospace Research and Development (EOARD)	80,000	-	80,000	36	12	26,667	-	26,667
P444b	U.S. Department of Agriculture / Agriculture Research Service	98,000	-	98,000	12	10	81,667	-	81,667
P459	Lawrence Livermore National Laboratory	685,000	-	685,000	36	12	228,333	-	228,333
P459	U.S. Department of State, Bureau of International Security and Nonproliferation / Office of Weapons of Me	685,000	-	685,000	36	12	228,333	-	228,333
P506	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	360,000	-	360,000	24	2	30,000	-	30,000
P515	Argonne National Laboratory	500,000	-	500,000	36	7	97,222	-	97,222
P521	European Office of Aerospace Research and Development	106,319	-	106,319	36	8	23,626	-	23,626
P540	The Belgian Nuclear Research Centre	-	125,003	125,003	36	7	-	24,306	24,306
P544	Argonne National Laboratory	27,000	-	27,000	36	3	2,250	-	2,250
P549	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	480,000	-	480,000	27	2	35,556	-	35,556
P552	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	230,000	-	230,000	24	9	86,250	-	86,250
P568a	U.S. Department of Agriculture / Agriculture Research Service	100,000	-	100,000	12	10	83,333	-	83,333
P585	European Office of Aerospace Research and Development (EOARD)	80,000	-	80,000	36	12	26,667	-	26,667
P587	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	473,000	-	473,000	24	6	118,250	-	118,250
P589	Politecnico di Milano di Meccanica	-	400,356	400,356	36	12	-	133,452	133,452
P590a	European Office of Aerospace Research and Development (EOARD)	39,000	-	39,000	12	8	26,000	-	26,000
P601	Oakridge National Laboratory	2,500,000	-	2,500,000	24	9	937,500	-	937,500
P609	U.S. Department of Agriculture / Agriculture Research Service	253,950	-	253,950	24	12	126,975	-	126,975
P633	UK MINISTRY OF DEFENCE	-	356,180	356,180	24	12	-	178,090	178,090
Unsigned and Forecasted as if signed and started on October 1, 2014									
9807		-	4,148,084	4,148,084	69	12	-	721,406	721,406
P563	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	251,474	-	251,474	24	12	125,737	-	125,737
		\$ 8,273,722	\$ 12,819,472	\$ 21,093,194			\$ 2,676,895	\$ 5,807,140	\$ 8,484,035
							31.55%	68.45%	
							80%	80%	
							25.24%	54.76%	
							10%	10%	
							35.24%	64.76%	

Calculated Recurring AOB %

4. Draft Record of Decisions

5. Draft Project & SB Funding Sheet

6.1 Update on 2014 AOB/SB Expenditures



Summary of 2014 STCU AOB & SB Results Jan 1st – Oct. 31st, 2014

Summary of 2014 AOB

- Total AOB \$151.9K (11.60%) Forecast to be under spent – devaluation of UAH a big reason
 - Recurring Costs \$126.1K Forecast to be under spent
 - \$10.0K International Travel under spent (Few mtgs out of UA)
 - \$19.8K Travel w/in CIS under spent (Devaluation)
 - \$7.6K General Office Supplies under spent (Devaluation)
 - \$16.5K Telecommunication Services underspent (Deval/Skype)
 - \$6.0K Business Mtgs under spent (Few mtgs in UA)
 - \$10.0K Legal Services underspent (no anticipated legal needs)
 - \$10.0K Contingency-Recurring underspent
 - Non-Recurring Costs \$25.8K Forecast to be Underspent, \$25K of that amount is unused Non-Recurring contingency

Recurring Costs

- International Travel \$10.0K Forecast Underspent
 - Fewer AC/GB meetings outside of Kyiv in '14
- Travel w/in CIS \$19.8K Forecast Underspent
 - Devaluation of UAH (hotels and train tickets)
- General Office Supplies \$7.6K Forecast Underspent
 - Devaluation of UAH
- Telecom Services \$16.5K Forecast Underspent
 - Devaluation of UAH (local calls & internet)

Recurring Costs (cont.)

- Bus. Mtgs. & Conf. \$6.0K Forecast Underspent
 - Fewer AC/GB meetings in Kyiv
- Legal Services \$10.0K Forecast Underspent
 - No anticipated legal needs
- Recurring Contingency \$10.0K Forecast Underspent
 - No contingency needs

Non-Recurring Costs

- Non-Recurring Costs \$25.8K Forecast to be Underspent
 - \$25K of this amount is unused Non-Recurring contingency

EU Supplemental Budgets

- SB Activity 01.02 – Travel and Mobility Support €9.6K spent to Oct. 31st
 - €4.1K INSERM Transfer Delegation, Feb. 4-8, '14
 - €3.3K Vurro, Tabares, Sadowski & Stefanovic travels to Tbilisi & Kharkiv
- SB Activity 06.03 – Travel and Mobility Support €13.0K spent to Oct. 31st
 - €2.4K Brussels mtgs, Zayet & Belgacem 3-6, April '14
 - €1.6K Mtgs in Odessa, Zayet & Pashynska 28-30, April '14
 - €1.3K Komisarenko to Biosafety & Biosecurity in Milan, April '14

EU Supplemental Budgets (cont.)

- SB Activity 16.01 – Partner Promotion and Support €105.8K spent to Oct. 31st
 - €24.8K Georgian Mission to 13th Int. Ceramic Congress & 6th Forum on New Materials, Italy, June 8-19, '14
 - €14.0K Participation in Hannover-Messe '14, April 6-12 '14
 - €11.8K Support for Seminar & School of Physics TESHEP in Lviv, July 16-24, '14
 - €9.7K Georgian Mission to EURO PM2014 Congress and Exhibition, Salzburg, Sept 21-24, '14
 - €8.8K Georgian Mission to 12th Int symposium on explosive production of New Materials Science, Technology, Business, and Innovations (EPNM '14), Krakow, May 25-31, '14

US Supplemental Budgets

- SB Activity 04.03 – Bus. Training/Sus. Support \$24.0K spent to Oct. 31st
 - \$9.4K GEO-Health Network Delegation, Feb. 25-26, '14
 - \$4.5K Tech Transfer Training in Tbilisi, Georgia April '14
 - \$5.5K Printed materials for postponed (Mar. '14) Information Security Workshop
- SB Activity 06.02 – Travel and Mobility Support \$30.3K spent to Oct. 31st
 - \$23.1K At request of Argonne eight (8) travelers to 8iCi conference in Chicago
 - \$4.6K Pryhodko travel to South Africa for Nuc. Sec. Reg. PDC

6.2 Update on 2014 Financial Audit Tender

2014/15 Financial Audit Tender

Request for approval by the STCU and ISTC Governing Boards

5 November 2014

Statutory Requirements

In accordance with Article XVI (C) of the STCU Statute and in accordance with ARTICLE XV Financial Procedures of the ISTC Statute both of which read:

“An annual audit by an auditor approved by the Board shall be conducted of the Center’s expenditures and related financial activities. Results of the audit shall be reported to the Board within 30 days after completion.”

The audit has the following objectives:

- (a) report to the Governing Board whether the financial statements present fairly the financial position of the Center and whether the financial statements are in conformity with the accounting principles recognized by the International Accounting Standards Committee;
- (b) conduct the annual audit in accordance with the International Standards on Auditing (ISA). The ISA require that the audit is planned and performed to obtain reasonable assurance about whether the financial statements are free of material misrepresentations.

Tender

In accordance with STCU and ISTC financial regulations we carried out a joint open call for tender, the request for proposals was advertised on the STCU/ISTC websites (procurement opportunities) and the Economist website (tenders worldwide).

We received tenders from the following firms:

KPMG Baltics SIA, Riga
Lubbock Fine Chartered Accountants, London

Evaluation Criteria and Technique

The tenders were evaluated for technical merit on the following criteria:

- C1 Project team:
 - expertise and profiles of proposed project personnel, specifically qualifications related to the functional and technical expertise in auditing enterprises similar in nature to the STCU/ISTC,
 - recent pertinent continuing education,
 - appropriateness of assigned staff levels.
- C2 Office’s experience:
includes resources to be applied, depth and breadth of technical expertise and experience and demonstrated results attained in similar engagements.
- C3 Audit plan and work-plan:
proposers will be expected to submit a representative audit plan and workplan for the scope of services identified in Section III Point A. The audit plan and workplan must address the proposed

2014/15 Financial Audit Tender

Request for approval by the STCU and ISTC Governing Boards

work methodology and tools to be used in providing STCU/ISTC services and identify the resources, tasks and schedules associated with delivery, and implementation of the audit. The timeliness of the projected completion dates, as well as the track record of meeting agreed upon delivery dates will also be considered.

These criteria were weighted ($C_1 \times 50\% + C_2 \times 30\% + C_3 \times 20\%$) to give an overall technical score, any firm not achieving a minimum of 80 as a technical score was eliminated.

The successful firms financial offers were then compared using the formula:

$$P_e = P_o / (C_1 \times 50\% + C_2 \times 30\% + C_3 \times 20\%) \times 100, \text{ where:}$$

P_e is evaluated price,

P_o is price offered,

Evaluation and Comparison

The proposals of the following firms have been received and determined to be compliant with the minimum requirements and their offered and evaluated prices are indicated below:

Prices of the responsive proposals are given below. All values are in US\$ and are for two years audits.

STCU

Proposer's Name	Offered Price	Evaluated Price	Rank
KPMG	92,346	101,647	1
Lubbock Fine	165,825	182,677	2

ISTC

Proposer's Name	Offered Price	Evaluated Price	Rank
KPMG	113,368	124,786	1
Lubbock Fine	246,061	271,066	2

STCU and ISTC with a discount for being awarded both contracts

Proposer's Name	Offered Price	Evaluated Price	Rank
KPMG	192,000	211,337	1
Lubbock Fine	396,208	436,473	2

NB: evaluated prices are used for evaluation purposes only. The successful proposer's offered price shall enter in a respective contract.

Conclusion

The conclusion of this is that in terms of the best evaluated price KPMG is the best value for money option for both Centers. It should be noted that this represents a reduction of \$38,152 from the audit fees for the years 2012/13 for the two Centers for the two years. By working together the Centers have achieved a total saving of \$ 406,140 over four years when compared with the audit fees for the 2010/11 years.

Award Recommendation

Management of both Centers, recommends to the Governing Boards that the Boards approve the award of the contract to KPMG. The decision has been included in the Record of Decisions for the Board meetings of both Centers.

6.3 Request to Update STCU Code of Conduct and Financial Regulations

Update of Financial Regulations and Code of Conduct

As discussed at the Advisory Committee meeting in October 2014 there are some STCU regulatory documents which need to be updated due to changes in circumstances surrounding the Center. The documents concerned are:

- Financial Regulations
- Code of Conduct

These documents were originally approved by the Governing Board and so the revised documents are presented to the Board for approval. The changes are set out below and the revised documents are attached.

1 Financial Regulations

1.1 Presentational changes

- | | | |
|---|--------------------------------|------------------------------------|
| a | Inclusion of new logo | |
| b | Inclusion of Table of Contents | To make the document easier to use |
| c | Consistency of formatting | |

1.2 Content changes

a	Paragraph	Change	Rationale
	Section V - Awarding of Contracts, para C	Increased maximum level for direct contracting from \$ 2,500 to \$ 10,000	This has been raised by the auditors in their findings from the Pillar Assessment, updates the regulations for the effects of inflation over the life of the Center and brings the limits into line with ISTC.
	Section V - Awarding of Contracts, para C	Increased minimum level for open tender from \$ 75,000 to \$ 100,000	Updates the regulations for the effects of inflation over the life of the Center and brings the limits into line with ISTC.
	Section V - Awarding of Contracts, para E	Include as an example of justification for deviation from procurement procedures: (3) goods, works or services are to be procured for use within a Partner Project and the Partner has expressed written preference for a	To recognise the importance of a specific provision in the Partner Project Agreements and the Partners preferences in procurement decisions.

d Section V - Awarding of Contracts, para G

particular supplier to be used;

Amend the paragraph:

“When advance or partial payments are required by a vendor or when final settlement is made before a vendor's liability is fully discharged, the Chief Administrative Officer shall ensure that satisfactory performance of the contract is covered by a bid bond or performance bond, whenever possible. If a bid bond or performance bond is not obtained, the CAO should advise the ED, who in turn should inform the Board.”

To bring the paragraph into line with the commercial reality in the STCU recipient countries.

To read as follows:

“In contracts where advance or partial payments exceeding \$ 30,000 are required by a vendor or when final settlement is made before a vendor's liability is fully discharged, the Chief Administrative Officer shall, if following the Center's assessment of the risk and previous experience with the supplier, ensure that satisfactory performance of the contract is covered by a bid bond or performance bond, whenever possible.”

e All pages

Date of Governing Board Meeting approving the Financial Regulations

2 Code of Conduct

2.1 Presentational changes

- | | | |
|---|----------------------------------|---|
| a | Inclusion of new logo | |
| b | Numbering of paragraphs | To make the document easier to read and to quote from when required |
| c | Inclusion of a Table of Contents | To make the document easier to use |
| d | Consistency of formatting | |

2.2 Content changes

- | a | Paragraph | Change | Rationale |
|---|---|---|--|
| | 2.8 Excellence
2.10 Citizenship | Inclusion of Moldova in list of STCU countries, | Moldova was previously not included as it was not an STCU country when the Code of Conduct was last revised. |
| b | 1 Fundamental Principles and Objectives
8 Ensuring Compliance with the Code of Conduct | Changed references to:

Canadian Board Member

To read:

any Governing Board Member | Canada no longer a funding party of STCU. |
| c | All pages | Date of Governing Board Meeting approving the Code of Conduct | |

Subject to Governing Board approval of these revised documents, subsidiary documents such as the Procurement Rules which require management approval will be amended to bring them into line with these revised documents.



FINANCIAL REGULATIONS OF THE SCIENCE AND TECHNOLOGY CENTER IN UKRAINE

As approved at the 39th STCU Board of
Governors Meeting on 9th December 2014

FINANCIAL REGULATIONS OF THE SCIENCE AND TECHNOLOGY CENTER IN UKRAINE

PREAMBLE	
SECTION I	General Framework
SECTION II	Preparation and Execution of the Administrative Operating and Supplemental Budgets
SECTION III	Authorizing Officers
SECTION IV	Management of Funds
SECTION V	Awarding of Contracts
SECTION VI	Accounting
SECTION VII	Records Retention
SECTION VIII	Dissolution of the Center

PREAMBLE

The Governing Board (hereinafter referred to as "the Board") hereby adopts the following financial regulations of the Science and Technology Center in Ukraine (hereinafter referred to as "the Center").

These regulations shall govern the financial administration of the Center, which shall be carried out in accordance with sound and prudent financial management principles with a view toward safeguarding the Center's financial resources and maintaining the Center's ability to meet its financial obligations.

These financial regulations come into force on the date they are approved by the Board. The Board may modify these regulations whenever deemed necessary.

In the event of a conflict between the provisions of these regulations and the Statute of the Center (hereinafter referred to as "the Statute"), the provisions of the Statute shall govern.

SECTION I - General Framework

A. Roles and Responsibilities

- (1) **Executive Director.** The Executive Director is responsible for establishing and maintaining strong internal controls which promote the efficient operation of the Center and provide reasonable assurance that:
- (a) property and financial resources are properly safeguarded;
 - (b) accounting records are properly maintained;
 - (c) financial reports and statements are accurate and fairly presented;
 - (d) employees comply with the Statute and regulations of the Center; and
 - (e) the objectives of the Center are achieved.

- (2) **Deputy Directors.** Deputy Directors are responsible for advising the Executive Director, the Chief Financial Officer, and the Chief Administrative Officer regarding any and all aspects pertaining to R&D projects in which the Center is involved, and in any matter that may be of interest to the smooth functioning of the Center. These responsibilities include:
- (a) technical progress on projects (milestone completion);
 - (b) budget execution (variance between planned and actual cost); and
 - (c) compliance with the terms and conditions in project agreements (e.g, recording of labor hours worked on projects, and usage of equipment).
- (3) **Chief Financial Officer.** The Chief Financial Officer is responsible for managing the Center's financial resources and for maintaining strong internal controls pertaining to recording, processing, summarizing and reporting of financial data and information.

The Chief Financial Officer:

- (a) manages the banking operations of the Center, including the transfer of funds between the Center's accounts and accounts of participating institutions and vendors in support of Board approved and funded projects and the administrative operating budget and supplemental budgets;
- (b) prepares bank reconciliations;
- (c) prepares interim financial reports, as required by Center management, and the annual financial statements;
- (d) assembles the Center's administrative operating budget, with appropriate input from the staff;
- (e) monitors revenues and expenditures against the administrative operating budget, supplemental budgets, and project agreements to ensure that the Center remains within established ceilings;
- (f) supervises the Center's accounting function and related activities;
- (g) maintains accurate records of amounts due from the funding parties for projects and operation of the Center;
- (h) coordinates the performance of required audits of the Center and projects with the appropriate audit organization;
- (i) provides Deputy Executive Directors and project managers at institutes periodic financial reports which facilitate the monitoring of project expenditures;
- (j) controls the issuance and use of Center credit cards;

- (k) approves payment of purchases upon receipt of documentation evidencing
 - (i) authorization for the purchase,
 - (ii) approval of source selection and reasonableness of price, and supporting documents, and
 - (iii) after ascertaining that sufficient funds are available either in the project budget, administrative operating budget, or supplemental budgets;
 - (l) accounting for center property and capital equipment purchased for projects; and
 - (m) maintaining the register of capital property, plant, and equipment described in Section VI, paragraph 5.
- (4) **Chief Administrative Officer.** The Chief Administrative Officer is responsible for interpreting project agreement terms and conditions, and resolving disputes related to project agreements.

He or she has the overall responsibility for approving the purchase of goods and services in support of projects and for purchasing goods and services for the Center. In performing this function, he or she will:

- (a) develop and maintain a data base of generic items of supplies and equipment which will fulfill the majority of needs of the Center and projects;
- (b) develop and maintain a system for forecasting equipment requirements for the Center;
- (c) ensure that purchases are cost effective and that economic order quantities (EOQ) are considered to the maximum extent practical;
- (d) ensure that purchases are made so as to meet the timing requirements of the Center and institutions performing projects;
- (e) authorize purchases from the Center's working cash fund; and
- (f) develop procedures for and monitor the performance of the annual inventory of capital items in accordance with Section VI, paragraph 6.

He or she will supervise staff members responsible for:

- (a) establishing and maintaining payroll records of grant recipients at the Center and recipient institutions;
- (b) coordinating with the lessor of the Center building and appropriate Ukrainian authorities regarding terms and conditions of the Center's lease, maintenance of facilities, and provision of utilities and security service for the Center; and

- (c) controlling and accounting for Center property and property furnished project recipients.
 - (5) **General Staff Responsibilities.** All members of the Center staff are responsible for helping to ensure that the Center's financial and other resources are properly safeguarded and are used effectively for their intended purpose.
- B. Commitment and Expenditure of Administrative Funds.

All financial commitments and expenditures for administrative activities of the Center must be consistent with the administrative operating budget approved by the Board.

Financial commitments and expenditures for administrative activities of the Center must be approved in advance in accordance with procedures established by the Executive Director. The Executive Director may permit certain types of expenditures, below an established nominal threshold or for emergency reasons, without prior approval. Center staff members may not make oral commitments of Center funds without prior written approval.

- C. Commitment and Expenditure of Project Related Funds.

Center staff should inform all potential project participants of the requirements that must be satisfied before Center funds may be committed to, or expended for, projects, particularly the requirements for Board approval, identification of financing parties, and a signed project agreement. Staff members should make it clear to potential project participants that any assistance that they provide in developing and processing proposals in no way implies for purchasing goods and services a commitment of Center funds.

SECTION II – Preparation and Execution of the Administrative Operating and Supplemental Budgets

- A. Administrative Operating Budget
- (1) The Center's administrative operating budget shall encompass one fiscal year, beginning on January 1 and ending on December 31 (calendar year).
 - (2) The administrative operating budget is a key managerial tool used to plan, and control operations of the Center. It is the Center's action plan for the coming fiscal year; actual actions can subsequently be compared to plans in order to measure performance.
 - (3) The administrative operating budget shall identify expected revenues to be received and resources to be expended in accomplishing the objectives of the Center for the coming fiscal year. It shall identify resource requirements for activities to be initiated in the coming year as well as those required to honor commitments carried over from administrative operating budgets of previous years.

- (4) The Chief Financial Officer shall:
- (a) issue detailed instructions, including an activity schedule, to the Center staff for preparation of the annual administrative operating budget;
 - (b) prepare interest revenue projections for the coming fiscal year, by funding party, on funds held in off-shore interest bearing bank accounts;
 - (c) prepare a schedule of budgeted versus year-to-date actual administrative expense for the current fiscal year;
 - (d) prepare a schedule of financial staff on hand and required for the coming fiscal year;
 - (e) receive administrative operating budget inputs from the Center staff and assemble the administrative operating budget for review by the Executive Director, and
 - (f) upon approval of the administrative operating budget by the Board, prepare a schedule detailing the contributions required of the funding parties and submit it to the Executive Director.
- (5) The Chief Administrative Officer shall prepare:
- (a) a schedule of procurement office staff on hand and required for the coming fiscal year;
 - (b) an estimate of administrative expenses to be incurred (and paid) for the remainder of the current fiscal year; and
 - (c) a schedule of open contractual actions, indicating those which are expected to be closed (paid) during the current fiscal year and those which will remain open during the coming fiscal year;
 - (d) a schedule of contractual actions which are expected to be initiated during the coming fiscal year; and
 - (e) the administrative expense and procurement portions of the annual administrative operating budget.
- (6) The Deputy Executive Directors shall prepare schedules of project management staff on hand and required for the coming fiscal year.
- (7) The Executive Director:
- (a) reviews the annual administrative operating budget and submits it to the Board for approval; and

- (b) based on the Board's decision, informs each funding party of the amount of its contribution to the administrative operating budget. Such notification shall include supporting computations.
- (8) The Board shall approve the administrative operating budget, along with any amendments, and return it to the Executive Director for execution.
- (9) The administrative operating budget constitutes authority for the Executive Director to enter into contracts and expend funds for the purposes and within the limits specified in the administrative operating budget. Subject to priorities and limitations established by the Board, the Executive Director may exceed, within a limit of 10%, the amount specified for any given administrative operating budget line item, provided that he or she (a) notifies the Board in advance of any such action, and (b) the total amount of the administrative operating budget is not exceeded.
- (10) The Executive Director may prepare an extraordinary administrative operating budget request for submission to the Board if needed to accommodate unanticipated requirements or prevent undue disruption of Center operations.
- (11) Administrative funds not committed or spent at the end of each fiscal year shall be applied to the administrative operating budget for the following fiscal year.

B. Supplemental Budgets

- (1) The Financing Parties may provide financial resources for specific activities that are not funded under the Administrative Operating Budget or under project funding. Such activities shall be approved by the Board.
- (2) Supplemental Budgets shall be financed by the Financing Parties on a voluntary basis.
- (3) The Executive Director shall develop terms of reference and financial procedures for the implementation of activities funded through Supplemental Budgets.
- (4) The Center shall maintain separate accounting for each Financing Party, for the Administrative Operating Budget, Project Budgets and Supplemental Budgets. Specific requirements for Financing Party will be defined in the bilateral agreements between the Center and this Party. The Center will keep records of expenditures and appropriations for each of these separate accounts.

SECTION III – Authorizing Officers

- A. The budgets shall be executed according to the principles of separation of authorizing and accounting officers.
- B. The Executive Director has the power to sign any project agreement, contract, payment order, or fund transfer or disbursement instruction. The Executive Director may delegate such power to appropriate members of the Center staff, provided such delegations are in writing and are made available to the funding parties.
- C. The Chief Administrative Officer may authorize purchases from the Center's petty cash fund.



SECTION IV – Management of Funds

- A. The Center shall establish and maintain hard currency bank accounts in Western banks located outside the Commonwealth of Independent States of the former Soviet Union. These bank accounts will be used to receive contributions of funds from the funding parties and to disburse funds pursuant to project agreements and the administrative operating and supplemental budgets of the Center.
- B. The Center shall separately account for the funds of the funding parties on the books of the Center for the purpose of determining fund balances and earned interest.
- C. The Center shall establish and maintain bank accounts in Ukraine, *or other CIS countries that have acceded to the Agreement*, as necessary for financing the administrative activities of the Center and for distributing funds to project recipients. The Board shall approve the establishment of each banking relationship.
- D. The Chief Financial Officer shall negotiate with banks in order to maximize the interest earned on deposited funds and to minimize the fees for banking services.

SECTION V – Awarding of Contracts

- A. The Chief Administrative Officer shall be responsible for entering into contracts on behalf of the Center pursuant to project agreements and the administrative operating and supplemental budgets.
- B. The Chief Administrative Officer shall obtain the Chief Financial Officer's certification of funds availability prior to entering to contracts on behalf of the Center.

C. The procedures for awarding of contracts are as follows:

- (1) ~~Below \$10,000:~~ Formal price comparisons are not required, but the reasonableness of the price must be considered in selecting the contractor. Deleted: 2,500
- (2) ~~Between \$10,000 and \$25,000:~~ Direct Placement. Several informal written quotations shall be obtained for analysis and determination of price reasonableness. The Chief Administrative Officer may negotiate directly with the vendor. Deleted: 2,500
- (3) ~~Between \$25,000 and \$100,000:~~ Restricted tender. At least three written proposals shall be obtained under a standardized formal procedure. Contracts shall be awarded based on an evaluation of the proposals. Deleted: 75,000
- (4) ~~Over \$100,000:~~ Open Tender. Contracts shall be awarded based on an evaluation of written proposals after all interested candidates are given adequate notification and an equal opportunity to submit proposals. Deleted: 75,000

D. The Chief Administrative Officer shall ensure that proposals are not subdivided in order to circumvent the thresholds established above.

E. The Executive Director may approve a deviation from the above procedures when fully justified by the Chief Administrative Officer. Examples of justification include, but are not limited to:

- (1) for urgent reasons, it is not possible to wait for the applicable tendering procedure;



(2) the call for tenders does not produce any result, or where, after a survey or study conducted by the CAO, prices quoted are determined to be reasonable;

~~(3) goods, works or services are to be procured for use within a Partner Project and the Partner has expressed written preference for a particular supplier to be used;~~

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~~(4) for technical or legal reasons, the supply of goods and services can only be provided by a particular vendor; or~~

Deleted: 3

~~(5) a contract is technically linked to a previous contract.~~

Deleted: 4

F. Goods and services required by the Center and project recipients shall, to the maximum extent possible, be procured from nations that are parties to the STCU agreement. The Chief Administrative Officer shall develop and the Executive Director shall approve procedures for ensuring fair and open competition on tenders. In the case of restricted tenders, these procedures shall ensure that all vendors on tender lists receive a letter of invitation to tender with all necessary documentation and a clear indication of deadlines. For open tenders, invitations to tender shall be published whenever practical in appropriate publications.

The Chief Administrative Officer shall chair a formal meeting for opening the tenders and shall sign a record of the meeting. The financial and technical merits of tenders shall be evaluated separately with results documented by an evaluation report.

~~G. "In contracts where advance or partial payments exceeding \$ 30,000 are required by a vendor or when final settlement is made before a vendor's liability is fully discharged, the Chief Administrative Officer shall, if following the Center's assessment of the risk and previous experience with the supplier, ensure that satisfactory performance of the contract is covered by a bid bond or performance bond, whenever possible."~~

Deleted: When advance or partial payments are required by a vendor or when final settlement is made before a vendor's liability is fully discharged, the Chief Administrative Officer shall ensure that satisfactory performance of the contract is covered by a bid bond or performance bond, whenever possible. If a bid bond or performance bond is not obtained, the CAO should advise the ED, who in turn should inform the Board.

SECTION VI – Accounting

A. The Center shall maintain its accounting records in a manner consistent with the format and line items contained in the administrative operating and supplemental budgets, and project agreements. The accounting system shall be capable of accurately recording, processing, summarizing and reporting financial data and information relative to operating and project revenues and expenditures.

B. The Center's financial staff shall make all entries into the accounting system relating to operation of the Center and costs incurred by project recipients. The financial staff shall also prepare quarterly reports on project costs incurred for use by Center and institute project managers in managing their projects.

C. Project recipients (both lead and supporting institutes who work on Center projects) shall record the hours worked on projects on time cards in accordance with the instructions contained in the project agreement. Completed time cards, along with a listing of personnel who worked on each project and the total hours worked, shall be forwarded to the Center on a monthly basis. Other costs incurred (and paid) by project recipients shall be listed on a spreadsheet in accordance with instructions contained in the project agreement and forwarded to the Center on a quarterly basis.



D. The Center shall maintain a register of capital property, plant and equipment (hereinafter referred to as "capital items") purchased for the Center and project recipients. Capital items included in this register should satisfy the following criteria:

- (1) having a useful life in excess of two years;
- (2) retaining separate identities during their useful life;
- (3) not being consumable in the course of their use; and
- (4) having an original value of not less than \$2,500 for projects and \$100 for the Center.

The register shall allow ready identification and location of the capital items and shall, to the extent possible, identify individuals responsible for their custody.

E. The Center and project recipients shall perform annual physical inventories of all capital items in accordance with procedures developed by the Chief Administrative Officer.

F. Within two months after the end of each fiscal year the Executive Director shall submit the Center's financial statements to the funding parties (statement of revenues and expenditures, statement of cash flows covering operating and project activities, and the year end balance sheet).

SECTION VII – Records Retention

The Center shall retain its financial documentation for a period of five years following the date of the transaction. Project recipients shall retain their financial documentation for a period of two years following project completion.

SECTION VII – Dissolution of the Center

When all parties agree to terminate the STCU agreement, the unutilized funds shall be returned to each funding party.



CODE OF CONDUCT FOR STAFF

As approved at the 39th STCU Board of
Governors Meeting on 9th December 2014

- 1 Fundamental Principles and Obligations
- 2 Our Principles
 - 2.1 Integrity
 - 2.2 Objectivity and impartiality
 - 2.3 Professional competence and due care
 - 2.4 Confidentiality
 - 2.5 Professional behavior
 - 2.6 Technical standards
 - 2.7 Confidence
 - 2.8 Excellence
 - 2.9 Non-discrimination and equal treatment
 - 2.10 Citizenship
 - 2.11 Obligations
- 3 Business Decisions and Work Execution
- 4 Work Environment
 - 4.1 Safety and health
 - 4.2 Smoke-free working environment
 - 4.3 Office dress
 - 4.4 Diversity
 - 4.5 Harassment
 - 4.6 Duress/coercion
 - 4.7 Work performance
 - 4.8 Developing our potential
 - 4.9 Political participation
- 5 Conflict of Interest
 - 5.1 Avoiding conflicts of interest
 - 5.2 Purchasing and suppliers
 - 5.3 Insider trading and personal advantage
- 6 Safeguarding Center Assets
 - 6.1 Acquisition of assets
 - 6.2 Use of assets / resources
 - 6.3 Use of staff
 - 6.4 Use of vehicles
 - 6.5 Use of computer hardware and software
 - 6.6 Use of office equipment, furniture & fixtures, and telecommunications equipment (i.e. telephones / mobile phones)
 - 6.7 Use of internet and e-mail
 - 6.8 Use of telephones
- 7 Finance, Reporting, and Risk Management
 - 7.1 Accounting and finance
 - 7.2 Business reporting
 - 7.3 Managing risk
- 8 Ensuring Compliance with the Code of Conduct
 - 8.1 Accountabilities - employees
 - 8.2 Supervisor responsibilities



1 Fundamental Principles and Obligations

This section describes the standards of business conduct the STCU expects from every employee at every level of responsibility. These standards of conduct apply in every part of the organization and within every STCU office, whether operating at the Head Quarters or internationally.

The standards apply to all STCU employees. We honor all laws, statutes, regulations and contractual obligations. If there is a case where the Code of Conduct does not provide the answer to a particular ethical issue, or if you have questions about our Code of Conduct, talk to your supervisor. If they cannot answer your question, they will direct you to your supervising DED or to a member of the STCU Management Committee. If an issue arises with a member of the STCU Management Committee, or if the STCU Management Committee would like to seek advice, ~~a Governing Board member may be contacted.~~ Furthermore, if a member of the STCU advisory committee or STCU Governing Board would like to report a violation of the STCU’s Code of Conduct by any employee of the STCU, they should contact ~~a Governing Board member.~~ Finally, ~~the Governing Board members are~~ available to any STCU employee if they would like to discuss a matter related to the STCU Code of Conduct, but do not feel comfortable enough to discuss the matter with their supervisor or any member of the STCU Management Committee.

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The intention of this policy is to give guidance to all STCU employees on the standards of conduct required by the STCU, and should be used in conjunction with already documented and approved in the STCU Agreement, Statute, Governing Board Decisions, Financial Regulations, Terms of Reference, Standard Operating Procedures, and other management guidance documents.

- ◆ Define breaches of conduct.
- ◆ Explain the rights of employees.

The policy is designed to ensure that the STCU operates efficiently and effectively and that employees are treated fairly and equitably.

2 Our Principles

We – everyone who works at the STCU – follow certain principles when conducting business. These principles are the foundation of the STCU’s Code of Conduct and for the policies that reinforce it. The STCU expects every employee, at every level, to conduct herself or himself in accordance with this Code of Conduct and will hold employees accountable for their conduct.

If employees do not comply with this Code of Conduct, they could be subject to counseling, review, reprimand, or further disciplinary review. However, the STCU Code of Conduct is always superceded in those areas where local legislation is applicable. For the STCU to be successful, we must continue to earn the trust and confidence of our customers and stakeholders. Each action and decision provides us with this opportunity.

These are the principles the STCU stands for. They point the way to conduct that makes for successful individuals and a successful organization.

In order to achieve these objectives STCU employees have to observe a number of prerequisites or principles.

The principles are:

2.1 Integrity

STCU employees should be straightforward and honest in performing professional services.

Conducting business with unfailing honesty is what integrity is all about. So what does integrity mean at the STCU? Integrity means that every employee at every level of the organization:

- ◆ Conducts business lawfully and ethically, establishing honest and high moral value dealings in all relationships and expecting the same of those with whom we have business relationships.
- ◆ Employees should uphold the Vision, Mission, and Value statements of the STCU.
- ◆ Avoids conflict of interest between their personal interests and their role in the conduct of organization activities.
- ◆ Does not disclose sensitive or confidential information inappropriately.
- ◆ Recognizes the value of competition and does not engage in practices that seek to reduce the openness and fairness of competition.
- ◆ Protects the Center's assets and uses them responsibly, and within reason.

2.2 Objectivity and impartiality

Employees should be fair and should not allow prejudice or bias, conflict of interest or influence of others to override objectivity.

Employees shall always act objectively and impartially, in the public interest and for the public good. They shall act independently within the framework of the policy fixed by the STCU and their conduct shall never be guided by personal or national interest or political pressure.

2.3 Professional competence and due care

STCU employees should perform professional services with due care, competence and diligence and have a continuing duty to maintain professional knowledge and skill at a level required to ensure that a client or the Center receives the advantage of competent professional service based on up-to-date developments in practice, legislation and techniques.

2.4 Confidentiality

STCU employees should respect the confidentiality of information acquired during the course of performing professional services and should not use or disclose any such information without proper and specific authority or unless there is a legal or professional right or duty to disclose.

2.5 Professional behavior

STCU employees should act in a manner consistent with the good reputation of the organization and refrain from any conduct, which might bring discredit to the organization. The obligation to refrain from any conduct, which might bring discredit to the STCU's reputation, requires STCU's employees to consider, when developing ethical requirements,

the responsibilities of a professional to customers, third parties, employees, employers, and the general public.

2.6 Technical standards

STCU employees should carry out professional services in accordance with the relevant technical and professional standards.

2.7 Confidence

Users of the STCU services should be able to feel confident that there exists a framework of professional ethics, which governs the provision of those services.

2.8 Excellence

The STCU is on a journey to be the “best in class” in providing financial, technical and marketing services to the former weapons scientists of Ukraine, Georgia, [Moldova](#), Uzbekistan, and Azerbaijan. Our ambitious goals demand excellence from everyone in the organization. How do we demonstrate excellence?

- ◆ In our attitude towards our work, a commitment to providing our customers with service and products of the best value.
- ◆ By striving for continuous performance improvement, always looking for innovations that help our customers and the business.
- ◆ By seizing opportunities to upgrade our own skills and to develop the talents and abilities of others.
- ◆ By fostering and maintaining respectful and trusting relationships with our colleagues, working collaboratively with them in a team effort to reach for excellence in everything we do.

2.9 Non-discrimination and equal treatment

The STCU respects the principle of non-discrimination and in particular, guarantees equal treatment for members of the public irrespective of nationality, gender, racial or ethnic origin, religion or beliefs, disability, age or sexual orientation. Thus, differences in treatment of similar cases must be specifically warranted by the relevant features of the particular case in hand.

2.10 Citizenship

Every day, our work at the STCU touches the lives of thousands of people across Ukraine, Georgia, Uzbekistan, [Moldova](#), and Azerbaijan. They depend on us, and we have a responsibility to them. We can show our citizenship by:

- ◆ Respecting and supporting the social and cultural fabric of the communities where we work, live, and serve.
- ◆ Conducting our business in a way that protects the health and safety of our fellow employees and the public.
- ◆ Treating our fellow employees and all others with respect and dignity. We value the diversity of human beings. We do not tolerate the harassment of any person.

2.11 Obligations

Employees are expected to act honestly, conscientiously, reasonably and in good faith at all times having regard to their responsibilities, the interests of the STCU and the welfare of colleagues.

Employees have an obligation to the STCU to:

- a) be present at work as required and to be absent from the workplace only with proper authorization;
- b) carry out their duties in an efficient and competent manner, and maintain specified standards of performance.
- c) comply with lawful and supervisor's instructions and policies and to work as directed;
- d) respect the privacy of individuals and use confidential information only for the purposes for which it was intended.
- e) neither use, nor allow the use of, STCU property, resources, or funds for other than authorized purposes; (i.e. not for sole gratification / profit / enhancement etc).
- f) not demand, claim or accept any fee, gratuity, or benefit from any person or persons other than the STCU in payment for any matter or thing concerned with their duties and responsibilities, nor to accept any gift or favor from any source which could be seen as influencing a business relationship (please see detailed explanation of gift policy);
- g) avoid conflicts of interest (as detailed under this same topic outlined on P.7.)

3 Business Decisions and Work Execution

All work related decisions and work execution of daily work should be based on a hierarchy of management and financial controls set forth in the STCU Agreement, Statute, Governing Board decisions, Financial Regulations, Terms of Reference, and other management guidance documents.. By this method only designated STCU officials, following transparent good management practices, controls, and oversight mechanisms, can make (and be held responsible for) legal commitments or financial obligations on behalf of the STCU, so that no person can place or expose themselves into any conflict of interest or take undue advantage from any situation.

4 Work Environment

A safe place to work is the primary right and responsibility of every employee at the STCU.

4.1 Safety and health

Safety and health are one of the keys to the success of the Center. Healthy employees working safely are essential to achieving our business goals. We all have accountability for safety and health. Fulfilling our individual accountabilities is a vital and fundamental requirement of every employee's job. Supervisors will have prime responsibility for managing safety and



health and will visibly support practices and programs that promote excellence. Each of us has a personal responsibility to come to work fit for duty, to work safely and to identify, report, and where appropriate, correct workplace hazards. Furthermore, the STCU should comply with all local regulations related to safety and health (i.e. in Ukraine the appropriate Law is #2694-XII).

4.2 Smoke-free working environment

There should be no smoking in any part of any STCU office, including individual offices and tearooms, and field offices.

There should be no smoking in any STCU vehicles.

Employees who need to smoke should do so during the regular tea and lunch breaks, and out of doors. Outside areas adjacent to buildings, where smoking may affect other people, may be designated as no smoking areas.

The policy is based on three assumptions:

- (i) that everyone on the STCU is entitled to a smoke-free environment in all the areas normally used for work and breaks;
- (ii) that everyone who does not smoke, or who does not wish to smoke in their place of work and breaks, shall, so far as is reasonably practicable, be protected from tobacco smoke in their place of work and breaks.
- (iii) that the implementation of the policy depends on everyone on the STCU responding courteously and responsibly to the desire for a smoke-free environment.

4.3 Office dress

Employees are expected to use good judgment in matters of dress, not just in terms of clothing items, but also in considerations of the day's events (e.g. scheduled meetings with non-employees that dictate traditional business dress). Office attire should be professional and not be offensive or distracting to anyone, including co-workers.

4.4 Diversity

We value the background, experience, perspective, and talent of each individual. We strive to create a workforce that reflects the diverse populations of the communities in which we operate. We regard differences as positive: they help us provide better products and services to our customers. We do not discriminate in hiring and employment practices on grounds, which includes such grounds as race, ancestry, color, place of origin, sex, ethnic origin, age, marital and family status, physical abilities, sexual orientation, creed, religion, or citizenship.

4.5 Harassment

We treat customers, clients, suppliers, and colleagues with dignity and respect. We do not tolerate personal harassment, including behavior that demeans, threatens, or humiliates a person or group of people. We do not tolerate sexual or racial harassment. We do not tolerate comments or conduct that ridicule or disparage a group of employees, even if not directed at a particular employee. We do not tolerate any behaviors that may promote physical violence in

the workplace. Workplace violence often begins with harassment. We have a duty to take preventive action by bringing forward information relating to emerging situations in the work place that may result in physical violence.

4.6 Duress/coercion (undue pressure either from internal or external sources to act or perform an action contrary to the STCU Code of Conduct or STCU best interest)

STCU employees should immediately report to their supervisor or Management Committee any forms of coercion or duress (physical or mental) that they are subject to whether it be related to internal (STCU employees, management, etc.) or external (vendors, partners, litigants, etc.) entities to act or perform an action contrary to the STCU Code of Conduct or STCU best interest.

4.7 Work performance

As employees, we take accountability for our actions, position, work and for our results. We expect to be evaluated by such standards as quality, quantity, timeliness, and whether the work has been completed and within the limits of allocated resources. In our increasingly competitive environment, these standards are constantly rising and we are committed to giving our full effort in everything we do. We recognize that we must continue to seek new ways to be more effective and efficient.

We expect our supervisors to follow leadership practices that promote an environment where high performance is encouraged. We expect our supervisors to set clear expectations and to provide appropriate support and timely feedback. We expect a work environment in which suggestions for improvement are encouraged and implemented where appropriate.

4.8 Developing our potential

As an organization, we recognize that the capability and commitment of our people is an immensely valuable asset that is critical to our business success. Supervisors are expected to treat employees in a manner that encourages commitment, but at the same time showing empathy towards their staff. Supervisors are held accountable for maintaining and enhancing the capability of their unit through effective management and empowerment. Although each of us is responsible for our own career planning and development, we understand that the Center will support our active pursuit of a jointly agreed and supported development plan. As a result, we can expect to increase our personal contribution and value as well as our collective capability within the Center.

4.9 Political participation

As private citizens, we take part in the democratic process at any level, including campaigning in elections, on our own time. Prior company approval is required if we need a leave of absence to participate, and our participation must be kept strictly separate from our association with the STCU.

5 Conflict of Interest

5.1 Avoiding conflicts of interest

We avoid any conflict of interest; that is, we avoid any situation where our personal interest interferes in any way or even appears to interfere with the interests of the STCU and the making of decisions with honesty and integrity. There are three broad guidelines for avoiding conflicts of interest:

- ◆ Any business decision for the STCU is to be based on merit and made strictly in the best interests of the STCU;
- ◆ No personal benefits, whether direct or indirect are to be derived for ourselves, family members or friends as a result of reaching business decisions on behalf of the STCU; and
- ◆ We are to avoid any situation that may – or even appear to – create a conflict of interest between our personal interests and those of the STCU. Areas of conflict of interest that may arise in the course of our day to-day work are covered in other sections. We have an obligation to declare any conflict of interest or any potential or perceived conflict of interest to management at any level or to the Management Committee.

5.2 Purchasing and suppliers

We protect the STCU's reputation by refusing to make purchasing decisions based on favoritism, prejudice, preferential treatment or personal gain. We apply good financial and procurement practices, following the regulations and controls adopted in the STCU operating procedures, to ensure fair, open, appropriate, and cost-effective purchases. We refuse involvement in purchasing decisions that could lead to a conflict of interest, and we declare to our supervisor or to the Management Committee all conflicts or potential conflicts, seeking guidance from our manager or the Management Committee when we are uncertain.

5.3 Insider trading and personal advantage

We do not divulge confidential or proprietary information that we learn in our work for our organization and its affiliates, and their customers and suppliers, to any unauthorized person, or release confidential information in advance of its authorized release. We do not use for private speculation or personal advantage, data or information that is not available to the general public.

6 Safeguarding Center Assets

6.1 Acquisition of assets

As per Section I.(4) of the STCU Financial Regulations approved by the STCU Board of Governors, the Chief Administrative Officer "Has the overall responsibility for approving the purchase of goods or services in support of projects and for purchasing goods and services for the Center". Any disagreement with the CAO related to asset acquisitions will be resolved at an STCU Management Meeting.

6.2 Use of assets / resources

We protect the Center's assets (cars and other fixed and moveable property, personnel, information, intellectual property and commodities), use them properly, safely, efficiently, and only for STCU business. We do not use Center assets in a manner that compromises our competitive business practices or offends, harasses, or promotes unacceptable behavior (improper use of email and Internet). We protect our assets from theft, fraud, destruction, vandalism or neglect. We dispose of Center property in an ethical and approved manner. Internal or employee theft or fraud will not be tolerated. Any use of Center assets for a non-business reason (charitable work, for example) must be approved by the Chief Administrative Officer. Internal policies and procedures which establish guidelines for the use of Center assets (i.e. per diem rates, maximum hotel allowance rates, airport VIP services, etc.) will be signed off by the Executive Director, Chief Administrative Officer, and Chief Financial Officer.

Related to the use of Center assets the following specific rules will apply

6.3 Use of staff

The employment of STCU staff for personal reasons, by other members of the STCU is prohibited during normal working hours. If a situation arises where two STCU employees reach an agreement whereby one STCU employee provides services for another STCU employee, the following conditions must be met:

- ◆ Under no circumstances must the services be completed during normal working hours.
- ◆ The Chief Administrative Officer is made aware of the details of the transaction (including rates of pay, duration of the agreement, etc.) in writing, and grants his or her permission in writing. In granting permission, the CAO will assess the reasonableness of the terms of the agreement, as well as ensure that the transaction will not impact in any way the ability of the STCU employee performing the service to provide his or services to the STCU.

6.4 Use of vehicles

STCU pool vehicles are to be used exclusively for the conduct of STCU business. Traveling from the residence to the office in the morning or from the office to the residence in the afternoon does not qualify as STCU business.

Should an employee be required to use his private vehicle to conduct STCU business, this employee is entitled to a reimbursement on the basis of the number of kilometers traveled. The rate per kilometer is to be established once a year by the Finance department of STCU.

STCU drivers are not permitted to drive to their private residences with STCU vehicles, unless they are required to work after normal STCU hours of operation. Should a driver be required to work after regular hours, this employee may benefit from a taxi service, in accordance with normal practices applicable to all employees of STCU.

6.5 Use of computer hardware and software

STCU computer hardware and software are to be used exclusively for the conduct of STCU business. Those STCU employees issued with laptops may utilize those laptops at home for STCU business.

6.6 Use of office equipment, furniture & fixtures, and telecommunications equipment (i.e. telephones / mobile phones)

STCU office equipment, furniture & fixtures, and telecommunications equipment (i.e. telephones / mobile phones) are to be used exclusively for the conduct of STCU business.

6.7 Use of internet and e-mail

The popularity of the internet, the public worldwide information network, increases as well in the business as in non-business communities.

The new resources, new services and interconnectivity available via the Internet all introduce new opportunities and risks. In response to the risks, this Code of Conduct describes STCU's official policy regarding the Internet. It applies to all employees including contractors, temporaries and consultants and clients who use the internet via STCU's computing or network resources. All internet users are expected to be familiar with and comply with this policy and any violations of the policy may lead to a revocation of system privileges and/or disciplinary actions.

For the use of the internet from STCU computers or servers, the following guidelines' apply:

- ◆ The internet should be used exclusively for STCU business and not for any avoidable or excessive personal reasons
- ◆ Users of internet resources should act responsibly and maintain the integrity of corporate data and information at all times;
- ◆ E-mail via the internet is an insecure method of communication and must be treated with caution. Therefore, STCU's confidential, proprietary or private information must not be sent over the Internet,
- ◆ Internet users must adhere to standard policies for the exchange of corporate communications;
- ◆ Internet users must abide by all software licensing agreements, copyright laws and other applicable regulations;
- ◆ Every precaution should be used as outlined above to protect and secure corporate assets;
- ◆ Care should be taken to avoid infection of files, information and computer systems by viruses. All software downloaded via the internet must be screened with virus detection software prior to being invoked;
- ◆ Users must not place STCU material (software, internal memos etc.) on any publicly accessible internet computer that supports anonymous FTP or similar services, unless the posting of these materials has first been approved.
- ◆ In general, STCU internal information should not be made available to any persons unless they have a legitimate need to know the information;
- ◆ Internet users should practice acceptable internet etiquette methods (commonly referred to as "Netiquette"). Employees and other people accessing the Internet via organizational resources or representing STCU are expected to be good network citizens;

- ◆ Internet users should not share account numbers, passwords, user identification or other secure information;
- ◆ Appeals to electronic distribution of mail or other publications within our organization should not be rewarded. In particular, participation to so-called electronic chain letters is prohibited;
- ◆ Users are requested not to join mailing lists or solicit information on the Internet unless there is a pressing business need for doing so.
- ◆ Radio and TV internet services are channel consuming and not secure, so using such services are prohibited.
- ◆ In addition to the General Guidelines it is stated that all messages sent via the STCU e-mail system will be seen to originate from STCU. It is imperative, therefore, that such messages reflect our best professional standards and any temptation to descend into abuse or invective must be avoided.

6.8 Use of telephones

The telephone should be used primarily for STCU business.. Personal use of the STCU telephones should be kept to a minimum, should not interfere with the work performance of the individual or disturb the surrounding work environment. There should be no personal long distance calls charged to the STCU; employees should make use of their personal telephones or phone cards when making long-distance calls from the STCU premises.

7 Finance, Reporting, and Risk Management

7.1 Accounting and finance

The STCU will conduct its financial affairs only for lawful and proper purposes in accordance with approved authorities, and properly record resulting transactions. No undisclosed funds or accounts may be established. All cash and bank account and other business transactions are handled in a manner that avoids any questions of bribery, kickbacks, other illegal or improper payments or any suspicion of impropriety whatsoever.

7.2 Business reporting

All the STCU financial reports, accounting records, research reports, expense accounts, time sheets, and other documents must accurately and clearly represent the relevant facts or true nature of a transaction.

7.3 Managing risk

We will appropriately identify and control the Center's risks, within the limits of our accountabilities and allocated resources. This does not mean eliminating all risks, but rather it means mitigating the risks to acceptable levels for the Center. Risk is defined as any possible event that may adversely impact the Center's objectives. We will understand the objectives relevant to our work, and ask our supervisors for help or information on objectives where these are not understood. If, in our opinion, there are situations where risks are not being appropriately controlled, either by other the STCU employees or by contract employees, we will discuss the situation with our supervisors and, if not resolved, we will consult the Management Committee for direction.



8 Ensuring Compliance with the Code of Conduct

At the STCU, we are committed to building upon our well-earned reputation as an ethical and credible organization. For each of us, this means living up to the principles of integrity, excellence and citizenship in everything we do, as well as ensuring complete compliance with our Code of Conduct.

Your accountabilities and reporting responsibilities are outlined below. If you have any questions or concerns about your obligations, be sure to discuss them with your supervisor.

8.1 Accountabilities - employees

Throughout the organization and in all businesses, employees are expected to comply with the Code of Conduct.

This means reading the Code of Conduct and making sure that you fully understand it. If you are aware of, or have questions concerning, conduct that may violate the Code of Conduct, or even appears to violate the Code of Conduct, you have an obligation to report it to your supervisor without delay. If you don't feel comfortable raising the issue with your supervisor, take your concerns to the Management Committee of the STCU who will initiate an appropriate investigation and provide feedback to you. If an issue arises with a member of the STCU Management Committee, or if you do not feel comfortable raising the issue with the Management Committee, a Governing Board member may be contacted. In all reporting, you are assured that there will be no reprisals. All reports and inquiries, including the identities of all involved individuals, will be kept confidential.

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8.2 Supervisor responsibilities

Supervisors, in addition to their responsibilities as employees, are charged with making sure that their employees understand and comply with the Code of Conduct. As the first point of contact for employees who have questions regarding the Code of Conduct and ethical issues, supervisors need to be a knowledgeable and reliable source of advice, and they must ensure that employees feel comfortable bringing their concerns forward. Supervisors should protect the confidence and trust of their employees, and strive to resolve problems and complaints at their level before raising it to the next level of management.

Within their respective organization unit, supervisors must monitor compliance with the Code of Conduct, address infractions, and inform their chain of command of the infraction and the resolution.

The Governing Board Members are accountable for making sure that the appropriate actions are taken to investigate and report known or suspected violations of the Code of Conduct by members of the Executive Staff to the STCU Governing Board for resolution, as well as those violations brought to their attention by an STCU employee.

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The Executive Director will submit the Code of Conduct for approval by the Board of Governors of the STCU and is accountable for developing and implementation of any policies and procedures required for putting the Code of Conduct into practice. The Executive Director is ultimately responsible for the STCU's compliance with the Code of Conduct and this includes ensuring the compliance of all employees.

CODE OF CONDUCT FOR STAFF



The STCU's Code of Conduct is a valuable tool to help guide you, but we all need to use our own judgment. If you need help with an ethical dilemma, speak to your supervisor or a member of the STCU executive staff (ED, DEDs, or Chief Officers).

All STCU staff are required to read the code of conduct (especially newly joining staff as part of the initial joining procedure), and to confirm in writing on the appropriate proforma that they have read, understood and have accepted to abide by the STCU Code of Conduct which also includes signing a non-disclosure statement.

6.4 2015 Targeted Initiatives Update

Status of 2014 TI Projects Process

As of 21 November 2014

Status

The 2014 Targeted Initiatives request for proposals resulted in the following numbers of proposals for each country:

Azerbaijan = 20

Georgia = 26

Moldova = 16

Ukraine = 27

Total # of 2014 TI proposals = 89

TI Funding Meetings via teleconference

As of the publishing of this document, all Parties agreed to perform the funding decisions via teleconference on December 3rd and 4th, 2014. The results of the funding teleconferences will be reflected in the 39th GB Funding Sheet.

6.5 2015 AC & GB Meeting Schedules

2015 AC & GB Meeting Schedules

Historically for ISTC and STCU

March/April = ISTC CEC & STCU AC (in Brussels or DC)

June = ISTC and STCU GBs (in Dushanbe/Bishkek/Yerevan/Tbilisi & Baku/Chisinau/Tbilisi)

October = ISTC CEC & STCU AC (in Brussels or DC)

December = ISTC and STCU GBs (in Moscow & Kyiv)

2014 for ISTC and STCU

April = ISTC CEC in Brussels w/ STCU ED as guest

June = ISTC GB in Astana w/ STCU ED as guest

October = ISTC CEC & STCU AC in D.C.

December = ISTC and STCU GBs (in Astana & Kyiv)

2015 Possible STCU Meeting Schedule

June = STCU GB via telecon. w/ Funding Sheet and Record of Decisions done via written procedure

October = Combined ISTC CEC & STCU physical AC in Brussels/DC

December = ISTC and STCU physical GBs (possibly in Tbilisi)

The STCU would not have a physical AC/GB meeting in 2015 until October. In the first half of 2015 the STCU would suggest that the STCU travel to either DC or Brussels or both to speak to potential government partners (i.e. NCI, other DOE agencies, DG RTD, etc.).

In the STCU's case, there is much more of a need to get our name out to other potential government partners in the capitals than to meet to discuss administrative issues (especially given the much smaller size of the two Centers). Barring surprises, the STCU believes that administrative issues can be handled via ED reports sent more frequently via e-mail, as well as by teleconference. This is a change from the past, where administrative issues at the STCU (i.e. building issues, etc.) required much more of the Parties' time.

This would reduce the travel schedules of the funding parties (pretty onerous under the historical schedule). Also, this may help the Centers to locate alternative sources of funding within the capitals. It's important that the Centers still maintain a profile within the capitals, but the STCU believes it can still be done while streamlining the AC/GB meeting schedules.

What about any strategic planning meetings? Thoughts?