

MINUTES of the FOURTH STCU
BOARD OF GOVERNORS MEETING
Kyiv, Ukraine
MAY 15 - 16, 1997

Thursday, May 15, 1996

OPENING SESSION

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

Canada

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

United States

John Boright, Board Member
Jim Noble, US Department of State
Angela Jeffries, US Department of State
Steve Gitomer, Los Alamos National Laboratory
Barbara Seiders, Pacific Northwest Laboratories

Sweden

Ambassador Martin Hallqvist, Board Member
Tor Larsson, FOA

Ukraine

Victor Bar'yakhtar, Board Member

STCU Secretariat

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

Observers

Japan

Hiroyuki Imahashi, Deputy Head of the Japanese Embassy

European Community

Alain Bothorel, Directorate General I, EC

Didier Gambier, Directorate General XII, EC

Uzbekistan

Alisher Agzamkhodjaev, Charge d'Affaires of the Embassy
of Uzbekistan

STCU Board of Governors Meeting

Dr. Boright delivered welcoming remarks. Dr. Boright mentioned that the Governors participated in an excellent Executive Session held at the residence of the Canadian Ambassador and wished to thank the ambassador for his kind hospitality. He stated that the United States was very happy with the work of the Center and commended the Secretariat for its excellent work. Further, Dr. Boright commended the work of all participating countries for their contributions to the STCU.

Following introductions, opening remarks were made in turn by members of the Governing Board and observer Parties.

Ambassador Martin Hallqvist, Board Member from Sweden presented opening remarks indicating that as one of the founding members of the STCU and as a Board member, he was pleased to see the organization develop to its present state. With the future participation of the European Community, Sweden will continue to be active as a member of the EC.

Mr. Emil Baran, Board Member from Canada, indicated his country's pleasure in being part of the STCU. He encouraged the European Community to speed up the process of becoming part of the STCU. He further indicated that Canada's position is to assist in developing the future direction of the Center giving the example of the successful workshop on long term planning held in, Canada with the Advisory Committee members.

Dr. Bar'yakhtar, Board Member from Ukraine, thanked the participating countries for their great commitment and contribution to Ukrainian scientists and technologists. He praised the parties for including Ukrainian participation in the selection process of the new Executive Director and for the recognition this act achieved. He further indicated that Ukraine is looking forward to future participation of the European Community and Japan as well as other partners.

Dr. Didier Gambier and Mr. Alain Bothorel, observers and representatives of the European Communities, indicated their satisfaction at being present, although still as observers, well on their way of becoming full participating members. Money has been approved for use within the STCU program and discussions are being carried out with Sweden to help in funding projects this year. Both reported that with the current amount of available projects for funding, it appears an excellent time for Europe to join and provide research funding for Ukraine.

Japan's representative, Mr. Hiroyuki Imahashi, expressed his appreciation at being present and reported that the Government of Japan wished to proceed with the implementation of its commitment to the STCU. He suggested that continued cooperation between the ISTC and STCU continue with joint funding of projects in which Japan

could contribute the Ukrainian project costs. However, it was suggested that Japan could fund Ukrainian projects that are not in joint venture with the ISTC.

Mr. Alisher Agzamkhodjaev, Charge d'Affaires of the embassy of Uzbekistan, thanked the STCU for the invitation to attend as an observer, and indicated his wish to address the Governors later in the agenda following the opportunity to listen to the proceedings.

ADMINISTRATIVE TOPICS

Dr. Boright moved to approve the minutes of the Second STCU Board of Governors Meeting.

Prof. Hawaleshka, Executive Director of the STCU presented welcoming remarks on behalf of the Secretariat to the Governing Board and observers.

His report indicated that the STCU is fully operational and that all major tasks of the STCU have been carried out with the exception of project completion. The Center has a full complement of highly qualified executives and staff numbering approximately 35. The Partnering Program has been launched resulting in two partners being considered at this Board of Governors Meeting for cooperative work. Canada's "demand-pull" initiative is continuing with STCU cooperating closely with Mr. Terry Sellen of the University of Manitoba. The STCU is establishing an Internet Home Page to provide information to interested parties.

The STCU formal Organizational Structure continues to serve us satisfactorily with no serious challenges other than the difficulty in resolving the refund of the value added tax which STCU is not obliged to pay. The STCU building is fully furnished, equipped and operational. A third floor is being completed to provide sufficient space for all future STCU requirements. The Parties have provided excellent cooperation in the supply of support and funding. There have been no recent delays in the transfer of project funds. Further support is anticipated with Canada providing a new Executive Director effective January 1st, 1998; the European Communities to formally join the STCU providing additional funding; and interest from countries such as Uzbekistan to join.

The STCU is doing its utmost to eventually achieve ratification of the Agreement by the Verhovna Rada.

STCU has received a clean audit for 1996. The placement of project officers in the field has begun with the officers having field offices to deal with regional issues closer to source. Training of our Ukrainian staff is continuing with excellent results. The 85 projects approved to date, will result in 1650 Ukrainian Scientists being supported by the STCU program.

Comments arising from the Executive Director's presentation included Mr. Baran's request for additional information on staffing requirements and several Board members requested additional information on the selection criteria for the Executive Director's position. Mr. Lubomyr Baniias, Chief Administrative Officer made his presentation of the Staffing Update outlining the current STCU staffing chart and the projected staffing requirements for 1997-1998. Mr. Singleton and Dr. Bar'yakhtar responded outlining the selection process and criteria in the candidate search for the position of the Executive Director.

REPORT FROM THE SECRETARIAT

Prof. Hawaleshka opened the presentation by suggesting that most general issues on administrative update were discussed in presentation of the Executive Director's report. He suggested that the report from the Secretariat be presented by the senior staff responsible for development and monitoring of specific actions.

In his report, Lubomyr Baniias added additional information in his administrative update to staffing, suggesting that to the end of 1998, there will be a requirement for about 39 full time staff and about 5 part time staff. He further reported that current space limitations are being addressed with the addition of the third floor and that a new three year lease has been signed with the building owner providing space stability into the year 2000.

Dr. DuCharme was then asked to address the status on Project Monitoring where he presented the table on project monitoring schedule and reported that the project monitoring to date was satisfactory. He indicated that the project monitoring was a good mechanism in maintaining project efficiency and maintaining communication.

Questions and comments arising from the Board resulted in Dr. DuCharme and Prof. Hawaleshka explaining that project monitoring is nominally a yearly requirement. An attempt is made to group monitoring activities by regions to make efficient use of STCU personnel time. Monitoring also evaluates the status of collaborations. Mr. Luke

provided information about the forthcoming project audit process to be carried out by the same organization which audits the STCU.

Dr. DuCharme continued with his reporting on Field Offices. Offices have been established at Lviv, Dnipropetrovsk, and Kharkiw. The Lviv and Kharkiw offices are staffed and selection of a project officer for the Dnipropetrovsk office is underway. Responsibilities of the field offices have been distributed among the Deputy Directors.

Dr. Janouch made a visual presentation of the analysis of the second call for proposals. The presentation indicated approximately 775 short form projects were received and registered. The analysis included projects by regions, size of projects in staffing, costs, and type of projects. The analysis also made comparisons to the first call. The regional distribution has increased resulting in projects from Crimea and other regions of Ukraine not represented in the first call.

Dr. Janouch continued reporting on the STCU/ISTC joint projects. There are approximately 6 possible joint projects which were discussed at the March 31, 1997 ISTC/STCU meeting held in Moscow. Dr. Janouch described in detail these projects with institutes in Kharkiw, Lviv, and other key cities. It was mentioned that not all details as to the management and funding of these potential projects are complete and a more precise definition of "joint projects" needs to be developed.

STCU PARTNERS

Dr. DuCharme presented a report on the Partnering. STCU has begun to offer its services to promote partnering. Several organizations such as 3M Company, the NATO Advanced Studies Institute, DuPont, the US National Cancer Institute, and others have approached the STCU concerning partnering or access to Ukrainian technologies. As a result, STCU is developing a data base on Ukrainian Institutes and is working with the Parties in their development of Demand/Pull initiatives such as identifying foreign partners to work with Ukrainian scientists. Further, the issue of ensuring Ukrainian Government support to the partnering program is underway. A sample letter was presented which was designed to interest foreign firms in working through the STCU.

Discussion among the Board members indicated concern that the sample letter should have agreement from all parties as to the wording. The suggestion made to the proposed wording "restricted to the support" was to consider emulating the terms and conditions of STCU activity from the original Agreement. Another aspect dealt with a review of the policy regarding partners with respect to intellectual property rights.

Based on documents presented by the 3M Company, US Pacific Northwest Laboratories, and DuPont, the Board of Governors approved Partnering Status to these organizations. The Board reminded all present that specific activities of all partners require approval normally obtained through the project development phase. A general discussion among Board members reviewed the conditions of accepting partners and the checks and balances which should be in place to ensure careful selection. The process should mitigate any controversial or questionable projects as to not harm the integrity of the STCU. Approval of partnering status is one phase of the total process of joint activity.

FUTURE CONSIDERATIONS

The chairman of the Board, upon receiving approval to adjust the agenda, introduced Alisher Agzamkhodjaev, Charge D'Affaires of the Embassy of Uzbekistan. Mr. Agzamkhodjaev thanked the Board for their kind invitation and for the opportunity to take part in the proceedings. He reported that his Government was very much interested in the STCU and indicated that in the near future, he will be reporting to his Government as to the results of this meeting. Because it is felt that scientists and technicians from his country can benefit from the STCU program, he expects that the Government of Uzbekistan will request participation as a member at the December Board of Governors meeting.

Returning to the regular agenda, the chairman introduced Dr. Didier Gambier who made a presentation as to the status of the European Community accession to the STCU. He indicated that the accession process is moving forward. The terminology of the amendment to the Agreement to allow EC accession has been carried out, has been approved by the US and is before Canada and Sweden. It is expected that the amendment will be before the Ukrainian Government shortly. The EC is requesting that both the Presidency and the Commission be represented on the Board of Governors of the STCU. In response, the Board members requested that a formal letter be presented from the EC which would record the requested representative structure. Dr. Gambier further reported on how the EC will select projects and that based on past experience, it is highly likely that larger projects will be selected.

With the accession of the European Community, Sweden's role was reviewed. The EC proposes to retain the current Swedish Deputy Director serving with the Secretariat. Sweden will formally request to leave the STCU at the time when the EU will formally request to join. Because Sweden was a founding member of the STCU, the Swedish flag will continue to be associated with STCU symbolism following their formal leaving.

Prof. Hawaleshka presented a report on several requests for potential accession to the STCU. In addition to Uzbekistan, information as to accession was requested from Georgia and Moldova. It is expected that Georgia may request accession at the December Board of Governors meeting.

FINANCIAL TOPICS

Mr. Luke made a report about the local banking. In the presentation, he stated that the banking operations are proceeding smoothly and grantees and vendors providing goods and services are receiving moneys within a reasonable period of time. He continued with a report on the 1996 Audit. The results of the audit carried out by the Defense Contract Audit Agency were presented to the Board of Governors and a motion was made to accept the auditors report as information. In general, the audit resulted in a "clean" audit being issued. The Board was satisfied with the results of the audit.

Mr. Luke further reported on the status of the 1997 budget. Of the 1,082,700 budget approved, 241,919 was spent as of April 30, 1997. Money spent to date is in tune to the anticipated expenditures and no surprises are expected at the end of the year.

Several provisionally approved items within the 1997 budget were presented to the Board for approval. Based on the 1996 December Board meeting, the following budget items required Board approval prior to expenditure::

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

The provisional items submitted for approval were:

Project Officer Training in Sweden	\$ 30,000
Branch Offices	30,000
Staff Medical Plan	30,000
contingency	27,000
Total	\$117,000

All the above items have detailed action plans submitted to the Parties. The Board of Governors approved expenditure of the provisional items.

As information, it was reported that budget items - Strategic Planning Conference (\$37,000) and STCU Sponsored Local Conference (\$20,000) were deleted from the budget as action items.

Mr. Baran tabled the Conclusions of the planning meeting of the STCU Advisory Committee which was held in Ottawa on March 5-6, 1997. The Board accepted the document as information.

PROJECT APPROVAL AND FUNDING

Prof. Hawaleshka read out the approved new projects numbering 35 which resulting in a total grant value of \$3,929,000 US. Dr. Boright moved to have the project funding approved. The Board unanimously approved the motion.

Several Ukrainian Government representatives wished to present words of welcome to the Board at this time.

Mr. Wolodymyr Sawchenko, Deputy Minister of Science Technology and Education for Ukraine presented welcoming remarks to the Board. He indicated that the attitude of the Ukrainian Government to STCU is very positive and encouraged the swift accession of the European Community to the STCU. He indicated that there will be a serious attempt to have Ukraine contribute funds to STCU for project support in 1998.

Mr. Storishko, Chairman of the Committee of Science, Technology and Education presented greetings to the Board from his Committee and his Minister and indicated full support of the initiatives of the STCU for Rada ratification.

Mr. Wolodymyr Riabtsev, representative of the Ministry of Foreign Affairs of Ukraine, thanked the Board for having the opportunity to attend the meeting. He thanked the Parties for their brilliant initiative in creating the Center and for assisting in the conversion process of scientist who previously were involved in developing weapons of mass destruction and who presently are working on peaceful projects.

APPROVAL OF PRESS STATEMENT

A press statement was tabled before the Board and approved.

CONCLUDING REMARKS

Mr. Baran presented concluding remarks indicating Canada's continued support in management and project financing. He announced that recently his Minister approved 2.5 million dollars to support the STCU project over the next three years. He concluded by saying that the STCU project was considered to be very successful and it was good for Canada to share in this success.

Ambassador Hallqvist indicated that although Sweden's budget commitments are coming to an end, Sweden looks forward to long continued involvement as part of the EC initiative which is to occur in December of 1997. He indicated his pride in being one of the founders of STCU and was sad that Sweden was leaving at the Board level.

Dr. Bar'yakhtar presented his appreciation to the donor countries for their strong financial support of Ukrainian science and technology and to the good work the Board carried out over the past two days. He applauded the extraordinary cordial activity among the donor countries in their work during the Board of Governor's meeting. He presented statistics suggesting that the STCU contribution to scientific research in Ukraine was a significant portion of the total research capital available and thanked, once again, the donor countries for their strong support.

Dr. Boright noted that Ukraine took a very important and significant step when it signed the nuclear non-proliferation treaty and deserves world support in its effort to become a successful country and the United States wants to be part of Ukraine's success. All participants in the STCU program deserve to feel good as a result of their work.

The Board approved the date for the Fifth Governing Board Meeting to be held in Kyiv on December 11 and 12, 1997.

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