

Minutes of the STCU 47th Governing Board Meeting December 6, 2018 Kyiv, Ukraine

List of Participants

Eddie MAIER Chair of the STCU Governing Board, European Commission

European Union

Sorin POPA Programme Manager, European Commission

Georgia

Nino GACHECILADZE Deputy Director General, Shota Rustaveli National Science Foundation

Moldova

Vasillii PUSCAS Head of Department of Research Projects, National Agency for Research and Development

Vadim IATCHEVICI Head of Department of Innovation Projects, National Agency for Research and Development

Ukraine

Maksym STRIKHA Board Member, Deputy Minister, Ministry of Education and Science of Ukraine

Sopfiia ZHEREBCHUK Chief Specialist of the Development of S&T Infrastructure, Department of S&T Development, Ministry of Education and Science of Ukraine

United States of America

Sara BANERJEE Acting Board Member, Office of Cooperative Threat Reduction, US Department of State

Regina CARTER Program Director, National Nuclear Security Administration, US Department of Energy

Don HATCH National Nuclear Security Administration, US Department of Energy

Randolph LONG Deputy Director, Cooperative Threat Reduction Agency, Defense Threat Reduction Agency, US Department of Defense

Joanna WINTROL Chief, Defense Threat Reduction Agency, US Embassy Kyiv, Ukraine

Norway

Tamara ZHUNUSSOVA Senior Adviser, International Nuclear Safety Section, Norwegian Radiation Protection Authority

ISTC

Ronald LEHMAN Chairman of the Governing Board

David CLEAVE Executive Director

Sonya VEKSTEIN Chief Financial Officer

STCU Secretariat

Curtis "B.J." BJELAJAC Executive Director

Mykola LUBIV Deputy Executive Director

Anthony NICHOL Chief Financial Officer

Olga PANCHENKO

Iryna TOMASHEVSKA

Petro MUTOVKIN

1. Opening Session

1.1 The Chairman Eddie Maier opened the session of the 47th STCU Governing Board meeting by welcoming all to Kyiv. Mr. Maier kicked off the meeting by drawing the GB Members attention to the recent passing of the 41st President of the United States, Mr. George W.H. Bush. The Chairman highlighted the fact that President Bush was in charge when the “cold war” stopped and all of his statements and positions assisted former Soviet countries to transition to democratic system after years of dictatorship and tyranny. President Bush promoted the idea of cooperation and as a direct result of this the ISTC and STCU were both created. The Chairman expressed that his thoughts and blessings were with the family of President Bush.

1.2 Deputy Minister Strikha welcomed all to 47th STCU GB Meeting in Kyiv. Mr. Strikha called the GB members attention to two important events in Ukraine’s current history: 1). At the same time as the STCU Governing Board, there is a session of the National Academy of Science of Ukraine dedicated to its 100th Anniversary, and 2). On November 25th in neutral waters near the Kerch Strait in the Black Sea three Ukrainian ships were attacked by the Russian Navy. As a result, 24 Ukrainian sailors were captured. This is a very dramatic development for Ukraine, because it is the first case when Ukraine was attacked by the military of the Russian Federation in an open and brutal way in a clear violation of all the norms of international law. The Deputy Minister went on to mention that President Poroshenko signed a law approving his decree “On the introduction of martial law” in 10 regions of Ukraine which would remain in effect until December 26, 2018.

Mr. Strikha stressed that the United States, the European Union and its member states, and many other countries, have imposed sanctions against Russia for its unacceptable conduct in Crimea and eastern Ukraine. Mr. Strikha took this opportunity to highlight that Ukraine sincerely appreciates support in its struggle for sovereignty, territorial integrity and independence. He also went on to express his gratitude to all those partners standing with the people of Ukraine against this Russian aggression. The Government of Ukraine expects that its European partners will continue this support with their efforts via the Normandy Four Format, which Ukraine fully supports.

Mr. Strikha continued by expressing his gratitude to the EU and US Parties for their excellent cooperation and stable support of the STCU and its activities in various initiatives since the last Governing Board teleconference call in the summer of 2018. Mr. Strikha went on to say a special word of thanks to the EU Party and personally to Chairman Maier for accommodating the Government of Ukraine’s request to provide travel support for six (6) leading scientific experts (three from the EU and three from the US) to serve on the evaluation committee which will evaluate the nominees to the Scientific Committee to the National Council of Ukraine for Science and Technology Development.

Mr. Strikha continued by recognizing the work of the STCU Secretariat in Kyiv, whose strong efforts have achieved continued progress in further support of the Ukrainian scientific community, as well as the scientists from the GUAM countries. He went on to stress that Ukraine also welcomes the STCU activities in frame of EU Research and Innovation Program Horizon 2020, and congratulated the Center with its recent successful validation in the Horizon 2020 Portal. Mr. Strikha went on to congratulate the STCU on its activities as the Coordinator for the 1.7M Euro AMBEC Project, which is funded in the framework of the EU’s Horizon 2020 Clean Sky Joint Undertaking. Furthermore, he went on to call the GB’s attention to the fact that the STCU is also included on another CleanSky2 DENEX Project (with the National Aerospace University, Kharkiv Aviation Institute) in the amount of 997,500 Euro that is scheduled to be signed in the 1st quarter of 2019. The Deputy Minister whole-heartedly encourages the STCU Secretariat to continue its activities in this direction.

Mr. Strikha thanked to STCU Executive Director and Secretariat for providing Ukrainian translations of the most recent Record of Decisions, and as soon as the STCU Annual Report for 2017 will be approved, he requested that the STCU provide a translated version in the Ukrainian language as well.

Mr. Strikha continued by highlighting that this year, Ukraine has been subjected to large-scale cyber-attacks on Ukrainian state structures, private companies, the banking sector and other strategic institutions, such as the Chernobyl Nuclear Power Station. He highlighted that Ukraine's US Partners provided help immediately. For example, on November 5th, the United States and Ukraine held the second US-Ukraine Cyber Security Dialogue in Kyiv. The United States and Ukraine reaffirmed their commitment to promote an open, interoperable, reliable, and secure Internet; to enhance bilateral cooperation; and to combat cyber threats of mutual concern. The United States and Ukraine also exchanged information on their respective national cybersecurity policy developments over the last year, discussed threat trends and recent cyber incidents, and identified further areas for cooperation. Both countries reaffirmed their support for a framework for responsible state behavior in cyberspace, based on the applicability of international law, adherence to non-binding norms of responsible state behavior during peacetime, and the implementation of practical cyber confidence building measures. As a demonstration of the US's commitment to supporting cybersecurity in Ukraine, the United States has kindly pledged a total of \$10 million USD in cybersecurity assistance for Ukraine since the first US-Ukraine cybersecurity dialogue in 2017. Today, a number of committees are reviewing proposed US cybersecurity assistance projects, developed in consultation with relevant Ukrainian agencies and stakeholders. Examples of potential projects include: the strengthening of cybersecurity in critical infrastructure, support for the implementation of Ukraine's national cyber strategy, the enhancement of cyber defense and incident response capacity, the raising of cybersecurity awareness, and the provision of training on cybersecurity workforce development and digital forensics.

Mr. Strikha continued by pointing out that this year the US House of Representatives of the US Congress successfully approved the "Law on Cooperation with Ukraine on Cybersecurity". The law aims to provide active interaction between Ukraine and the United States in the field of cybersecurity in the face of Russian hybrid aggression. Ukraine has high hopes that the US Senate will pass this legislation quickly and the "Ukraine Cybersecurity Cooperation Act of 2017" will enter into force. Today, more and more Ukrainian scientists and scientific institutions are focusing their efforts on the cybersecurity issues of Ukraine. Mr. Strikha highlighted that cybersecurity is one of the key priorities of the Government of Ukraine.

Mr. Strikha continued by mentioning that in March and April 2019, Ukraine will hold Presidential elections. It is obvious to all that without strong measures in the field of cybersecurity, these elections will be susceptible to cyberattack. The Government of Ukraine is confident that the Russian Federation will use all hybrid warfare techniques at its disposal to attack the 2019 Presidential elections, thus very rapid and strong measures in this field are needed.

Mr. Strikha requested his fellow Board members and Chairman Maier specifically to continue their support of the STCU as a mechanism for the implementation of the future projects in the field of cybersecurity. He also encouraged the STCU Secretariat to continue its activities in the field of cybersecurity and work closely with the Ukrainian and GUAM scientific community in order to develop new cybersecurity projects.

Mr. Strikha confirmed that the recent introduction of martial law in certain regions of Ukraine does not affect the amount of privileges and immunities of foreigners envisaged by the relevant multilateral international treaties to which Ukraine is a member or party. On behalf of the Ukrainian Party, Mr. Strikha confirmed Ukraine's intentions to fulfil its international obligations within the framework of the STCU Agreement, including the provision of premises for the STCU, and that he will take the appropriate steps to extend the temporary placement of the STCU headquarters at 7a Metalistiv Street until 2025.

Deputy Minister Strikha brought his opening remarks to a close by once again reiterating his warm welcome to Kyiv to all participants and wished them a fruitful and enjoyable 47th Governing Board Meeting.

Ms. Banerjee thanked Chairman Maier for his opening remarks, as well as Deputy Minister Strikha and the Ukrainian party for their gracious hosting of the STCU and ISTC GB Meetings in Kyiv. Ms. Banerjee mentioned that the US Party's resolve to collaborate in cybersecurity was strengthened in the light of recent events, and that the United States will continue to support its partners going forward. Ms. Banerjee took the

opportunity to introduce a couple of new representatives of the US party – Mr. Randolph Long from the US Department of Defense and Mr. Don Hatch from the US Department of Energy. Ms. Banerjee concluded her remarks by stating that US party was very pleased to be here in Kyiv and was looking forward to a productive meeting.

Mr. Lehman thanked Chairman Maier personally for his opening remarks, especially those warm words reserved for President George H.W. Bush. Mr. Lehman confirmed that the ISTC and STCU were actually created on President Bush's watch as a part of his initiative. The original idea for the science centers was for them to act as a temporary emergency measure in order to assist the states of the former Soviet Union to transition to become more democratic and open. Mr. Lehman pointed out that if you read the original public statement about the creation of the science centers issued in February of 1992, the entire vision of the future and how to deal with the challenges facing the states of the former Soviet Union is contained therein. With this in mind, it is very important to be here in order to continue the science center legacy by focusing on the future.

Mr. Lehman concluded by stating that one of the concurrent historical events of that period was the defense of Kuwait and one of the key issues at that time was the use of force to change national boundaries. It is very important to note that almost all nations stood together at the time to oppose any attempts to change existing boundaries by force. Like its role in the STCU, the defence of national boundaries is another important legacy for independent Ukraine.

Mr. Bjelajac welcomed all to Kyiv and thanked everyone for coming despite the recent declaration of martial law in parts of Ukraine. Mr. Bjelajac continued by welcoming the newcomers from Norway, Moldova and the US party. Mr. Bjelajac expressed his pleasure that our DoD colleagues could join the meeting, because after all, DoD was originally responsible for the management of the Center on behalf of the US party, until such time that this responsibility was transferred to the US Department of State – thus DoD is in the STCU's DNA. Mr. Bjelajac concluded by echoing the Chairman's praise of President George H.W. Bush joined him in wishing the family the best during this difficult time.

2. Administrative Topics

2.1 Adoption of the Agenda

The agenda was adopted as presented.

3. Morning Session

3.1. Review and Approval of minutes of 46th GB teleconferences conducted on August 20th, 2018.

The Governing Board approved the minutes as presented.

3.2 Review of 47th Draft Record of Decisions, Project Funding Sheet, and GB Press Release

Mr. Bjelajac called the Board's attention to the draft of the 47th Record of Decisions and Funding Sheets which are scheduled for approval by the GB at the end of today's meeting.

3.3 Executive Director Report

Mr. Bjelajac submitted his report that covered the period from June 16th to November 9th, 2018. Mr. Bjelajac highlighted the following issues in the report:

Headquarters Office Building

As per a past decision of the STCU Governing Board, the STCU Secretariat annually requests the Governing Board to approve the STCU's stay at its current, temporary premises (located at 7a Metalistiv Street) for the next year (until December 31, 2019). As a reminder, the STCU has the Government of Ukraine's permission to stay at its current facility until December 31, 2020. The ED expressed his gratitude to the Government of Ukraine for the provision of the STCU's current, temporary location.

Deutsche Bank (STCU's U.S. Bank) informs about pending termination of banking agreement

Mr. Bjelajac drew the Governing Board's attention to the fact that in early September, both STCU and ISTC were contacted by representatives of its US bank, Deutsche Bank Trust Company Americas (DBTCA), and were informed by DBTCA that it will no longer be able to provide banking services to the Centers past the end of this year (December 31, 2018). Subsequently, DBTCA extended the deadline to February 28, 2019.

The two Centers are moving quickly to replace DBTCA with another U.S. bank (the Centers desire to have a bank in both the US (for USD) and the EU (for Euro)). On September 19, 2018, the STCU ED and CFO met with the Head of Citibank Ukraine (the only US bank to have operations in Ukraine) to discuss the possibility of the Centers banking with Citi. The meeting was positive and the representatives of Citibank stated that they would investigate their ability to serve as the Center's US bank. The STCU continues to work with Citibank to open bank accounts with that institution. In parallel, the STCU is working with its bank in Brussels (BNP Paribas Fortis Bank) to investigate the possibility of using them to not only service our Euro accounts, but also our USD accounts. Currently, the STCU only uses BNP Paribas Fortis Bank to service its Euro accounts. Finally, the STCU is working closely with ISTC who has also contacted potential banking alternatives (i.e. HSBC, ING Bank, etc.).

Mr. Anthony Nichol drew the Board's attention that STCU's statute requires that Center should have bank accounts outside of the countries of operation for improvement of financial position and to reduce risks. Mr. Nichol pointed out that from the transactional point of view, the Centers do a lot of transactions with a variety of European suppliers, as well as various suppliers located in the US, and the exchange control regulations would make it very difficult for STCU to do those transactions from Ukraine. Thus, it is very important for the STCU to have accounts outside of STCU and ISTC operative countries. Mr. Nichol stressed that it's very difficult to open accounts in countries (EU, USA, etc.) in which the Center is not physically present, that's why STCU may need the assistance of the US government and/or the European Commission to persuade the banks in Brussels and in New York that the Center is a bona fide international organization which should have the ability to open bank accounts despite not being domiciled in the US or EU.

Mr. David Cleave informed the Governing Board that the ISTC had also approached a number of foreign banks in Kazakhstan (i.e. HSBC, ING and Citibank). However, Citibank has already refused to cooperate with ISTC without giving any reason. Mr. Cleave stressed that ISTC management is awaiting a response from ING Bank in Kazakhstan and continues to look into possibilities for working with ING Bank in Amsterdam or New York. Mr. Cleave continued by stating that HSBC has already returned to the ISTC with a negative response as well.

Mr. Cleave highlighted that the situation is much more critical for the ISTC, as the Center in Astana does not have a second bank international bank (the STCU has had a relationship with BNP Paribas Fortis Bank since 1998). The ISTC does utilize Commerzbank AG, but that was only for warehousing of Euros (to receive higher interest rates). Unfortunately, Commerzbank AG has declined ISTC's request to provide commercial banking services. Mr. Cleave asked the Parties for any help they can provide to reach executive members of international banks in Brussels, Washington DC, or New York, as ISTC management is desperately looking for a bank outside of Kazakhstan.

Ms. Regina Carter asked the ISTC and STCU to clarify exactly how the Parties could be helpful in this situation.

Mr. Bjelajac confirmed that right now STCU and ISTC are looking for contacts of commercial banks. Once the contacts are provided, the Centers would take it from there.

Mr. Nichol added that parties could also serve as reference checks for any bank that is interested in working with the Centers.

Contact from Uzbekistan

Mr. Bjelajac updated the Governing Board on the situation with Uzbekistan. Mr. Bjelajac reminded the Board that Uzbekistan is still a member of the STCU as it never formally withdrew from the STCU agreement, but unfortunately the STCU has not had any contact with Tashkent since mid-2010. Mr. Bjelajac reminded the Board that in late January / early February 2017 former colleagues from the Republic of Uzbekistan (i.e. the Academy of Sciences of Uzbekistan) contacted the STCU and ISTC to inquire about the Centers making a visit to Tashkent in the near future to discuss "restoration of collaboration". Given that ISTC has a number of regional Central Asia initiatives (i.e. Biosafety & Biosecurity, Water Management, etc.), the Uzbek authorities requested that both EDs travel to Tashkent to discuss future opportunities for cooperation with both Centers. Following consultations with the STCU Governing Board, the STCU requested the Government of Uzbekistan to provide a formal letter outlining their intentions to restore collaboration with the Centers. Mr. Bjelajac pointed out that after the initial contact in 2017, the STCU has not been contacted again by the Government of Uzbekistan, and the STCU does not expect to be contacted in the near future as it appears that the Uzbeks are now primarily initiating contact via the ISTC.

Mr. David Cleave added that the initial response to the invitation from the Academy of Science of Uzbekistan was a joint approach from ISTC and STCU. Mr. Cleave continued by noting that the ISTC has had a lot of recent success in terms of discussions with Uzbekistan. In April 2018, the ISTC met with the Uzbek Ambassador to Kazakhstan and at the meeting the ISTC Executive Director requested the Ambassador's assistance with obtaining a formal letter from the Government of Uzbekistan in order to reestablish relations. In early October 2018, the Government of Uzbekistan reached out to the ISTC, and as a result the ISTC visited Tashkent in mid-October. During this visit, ISTC management met with the Vice Minister of the Ministry of Innovation Development and as a result a Memorandum of Understanding was signed, and it appears that the Government of Uzbekistan is considering joining the ISTC in the near future. Mr. Cleave went on to inform the GB that the Ministry of Innovation Development together with the Ministry of Foreign Affairs of Uzbekistan need to clarify some issues from the past, and once resolved, the hope is that Uzbekistan will join the ISTC in 2019.

ISTC Chairman Ronald Lehman commented that during the executive session of the ISTC Governing Board, more information will be provided in regards to this issue. Mr. Lehman continued by highlighting the political utility of having two Centers gives the STCU, ISTC and the Parties more flexibility and the situation with the Government of Uzbekistan is just another excellent example of this utility.

Mr. Lehman called the STCU Governing Board's attention to the fact that newly signed ISTC continuation agreement in fact expands the ISTC mandate to a global base. Mr. Lehman concluded by mentioning that the ISTC's new global mandate dovetails well with the EU's CBRN Centres of Excellence which operates for the most part worldwide, as well as DTRA's global mandate.

Mr. Strikha agreed with the ISTC Chairman that the situation with Uzbekistan is a good case for showing the flexibility of having two Centers. Deputy Minister Strikha, on behalf of the Ukrainian Government, confirmed that Uzbekistan has stopped practically all bi-lateral cooperation in R&D with Ukraine for the last 10 years or so, and currently there is no evidence that Tashkent is going to change their position. Mr. Strikha suggested that the Uzbeks lack of desire to work with Ukraine is probably not exclusively a case of geopolitics, as Belarus which has very strong political ties with the Russian Federation, tries to keep very strong bilateral links in R&D with Ukraine. Mr. Strikha concluded that in the case of Uzbekistan, cooperation with Ukraine is practically non-existent, and with no evidence of a possible change of heart from their side, it appears that the best framework for future cooperation with Uzbekistan would be via the ISTC.

Chairman Maier added to Mr. Strikha's words that despite Uzbekistan's lack of desire to cooperate with Ukraine, the EU has noticed that the Government of Uzbekistan has become much more open to cooperation with the EU compared to previous years since the recent change of leadership in Tashkent. Chairman Maier continued by highlighting that given regional geopolitics, it looks much more logical for Uzbekistan to participate as a member of the ISTC as opposed to the STCU. Mr. Maier stressed that if

Uzbekistan joined the ISTC, it would anyway be beneficial for both Centers, because STCU and ISTC have plenty parallel activities.

In regards to potential STCU enlargement, Chairman Maier mentioned that in the next few years the STCU is going to manage 4 million Euro worth of projects in Serbia, and it seems this could be a good opening to create links with the Government of Serbia, in order to potentially attract Serbia to become a member of the STCU. Finally, Chairman Maier concluded by stating that the Serbians are very active in the EU's CBRN Centres of Excellence initiative and already work with Ukraine, Moldova and Georgia.

Mr. Bjelajac confirmed that this point could be discussed with the Serbians, especially given that the next Lionshield Exercise is scheduled to be in Serbia as well.

Mr. Strikha stressed that for the Government of Ukraine the matter of Serbia joining the STCU would need some serious discussion, as this is a very sensitive case for Ukraine. In Ukraine's opinion, Serbia in a number of cases follows the geopolitical vision of the Russian Federation. Mr. Strikha continued by highlighting that there are no overtures from the Serbian side to establish close links with Ukraine in R&D. Mr. Strikha concluded by stating that Ukraine is open to additional discussion on the matter of Serbia joining the STCU.

Mr. Strikha continued by stating that in the opinion of the Government of Ukraine, there are two other important geopolitical issue to discuss besides the possibility of Serbia joining the STCU. First, there is the question of the United Kingdom post-Brexit. Second, there is the question of attempting to bring back Canada as a Party to the STCU.

Chairman Maier responded to Deputy Minister Strikha in the following manner: 1). In regards to post-Brexit UK, the European Commission is awaiting the final decision of the UK and EC. Unfortunately, it is too early to comment on post-Brexit UK as there is so much currently still up in the air; 2). In regards to Canada, he has not seen any indication from Canada that they want to rejoin the Centers; 3). In regards to Serbia, Chariman Maier agreed that it is geopolitically often oriented towards Russia; however, it must be highlighted that on a number of different matters, the Serbians are often 100% in line with EU policies, especially in the R&D field, where they are extremely active in the Horizon 2020 program.

Mr. Bjelajac closed the discussion by noting that during meetings at the Global Partnership Working Group in Canada past February, he had the possibility to talk with representatives of Canada and he also did not receive any indication that Canada was entertaining the thought of rejoining the Centers, but it seems that they are interested in the possibility of using the STCU and ISTC to implement "a la carte" projects. Finally, the ED closed with the comment that in the situation with Uzbekistan, it's much more likely that the Parties will have access to this country through the ISTC going forward. However, as mentioned, access via the ISTC is still extremely valuable for the Parties.

Provision of equipment and materials for first responders in the SEE CoE Region Project

Mr. Bjelajac highlighted this project because it was unique in testing the STCU's ability to purchase equipment and materials for countries outside of STCU's traditional region (i.e. GUAM). In this project, the EU through via its CBRN Centers of Excellence program provided €1.7M of funding to buy equipment and materials for first responders in the SEE CoE Region. The project foresees purchases for the following countries: Albania, Armenia, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia, Georgia, Moldova, Montenegro, Serbia, and Ukraine.

That project is now finished and in late October 2018 the STCU filed the final report with the EU for its consideration and acceptance, which would allow the project to be formally closed.

Mr. Sorin Popa added that the equipment that was delivered to Albania in the framework of this project has already helped to protect their first responders during a recent fire at a chemical plant. Mr. Popa concluded by stating that this project was already showing excellent results.

New Provision of specialized equipment for CBRN forensics in the SEE CoE Region Project

Mr. Bjelajac stressed that this project is similar to the first responders project that was mentioned above, and foresees purchases of mobile laboratories for the same countries. The modifications for the mobile laboratories have been discussed and the final designs have been accepted by the recipient countries. The contract for the supply for the supply of mobile laboratories has also been signed. Currently, STCU is in the process of working with the recipients to develop end user certificates for any items of equipment that are subject to export controls. Finally, the STCU is also going to sign a separate contract to provide training of the recipient's staff in the use of the equipment. This training will take place in two groups - one for the Balkan and one for the GUAM countries.

New Emergency Implementation Measures for Pridniprovskiy Chemical Plant (PChP) at Kamyanske (formally Dneprodzerzhinsk) in Ukraine Project

Mr. Bjelajac turned the Board's attention to a very big project (3.5M Euro) that the STCU is conducting on behalf of the EU in Kamyanske, Ukraine. The principal objective of this project is to implement a number of emergency measures that will immediately improve the safety and security of the PChP site. These measures are also necessary precursors to the long-term remediation of the site (Phase III – which the EC is planning to fund via the STCU in the amount of €5M at the end of 2017).

The contracts for the technical services and the regulatory framework have been signed and are being implemented. Under the contract for the first area an additional task was identified to assist the site operator SE Barrier to obtain a new license from the SNRIU. In the 2018 Government of Ukraine budget, there was no financing provided for SE Barrier. However, in the recently approved 2019 Government of Ukraine budget the financing for SE Barrier is foreseen (up to 500K EUR.). Despite this budgetary success, there are still a number of obstacles that still need to be cleared for the project to be a success. For example, the STCU is working with the State Nuclear Regulatory Inspectorate of Ukraine (SNRIU) to try to obtain a new license for SE Barrier to operate the PChP site. Without a fully funded and licensed site operator (in this case, SE Barrier), there are serious potential problems ahead for this project.

Chairman Maier highlighted that this project was already a matter of discussion at the level of the EU Parliament and if this project continues to see problems, it could become an unpleasant issue between the EU and Ukraine.

Deputy Minister Strikha requested the STCU Secretariat to prepare a letter in the Ukrainian language on this point addressed to the President of Ukraine, which Mr. Strikha will review and edit, and eventually sign and send to President Poroshenko in order to ask his assistance in this matter.

Mr. Bjelajac thanked Mr. Strikha for his readiness to help and added that the European Commission has already sent a letter to Prime Minister Mr. Groyzman, but a letter to the President of Ukraine would also be extremely helpful.

Project #P718 (CleanSky project – part of EU's Horizon 2020 program)

This is the Horizon 2020 project that Deputy Minister Strikha pointed to in his opening remarks. The CleanSky project (Project #P718 which is lead by the National Aerospace University, Kharkiv Aviation Institute and is financed by the European Commission's DG-Research and Innovation in the amount of ~1.7M Euro) was signed on April 23, 2018, and started on May 1, 2018. The Kick-Off Meeting was held in late May in Kyiv and most recently in July a status meeting was held in Zaporizhia (location of two of the three implementing organizations). In addition, the STCU is included on another CleanSky project (also with the National Aerospace University, Kharkiv Aviation Institute) in the amount of 997,500 Euro that is scheduled to be signed in the 1st quarter of 2019. STCU is very happy to implement the CleanSky projects

which are part of the Horizon 2020. Mr. Bjelajac stressed that a special thanks goes to Mr. Popa for his support in working with the lawyers from CleanSky and managed to convince them running the project through STCU would be a good idea. Mr. Bjelajac highlighted that this is the first Horizon 2020 project ever approved where all organizations involved were exclusively from Ukraine.

Current Secretariat Activities

Partner Program/Sustainability Activity

The 46th GB approved a total of sixteen (16) new partner projects totaling roughly \$5.83M (\$3,423,696 and €2,023,439), as well as fourteen (14) new partner project extensions totaling roughly \$739K (\$153,337 and €492,137). Couple this with the partner projects expected to be approved at the 47th GB in December 2018 (~\$2.98M) and 2018 should see approximately \$9.6 million of new partner project funding received. Partner project funding in 2017 was \$7.54M, so 2018 saw an increase in the amount of partner funding year-on-year. The STCU expects that going forward partner project funding will be in a band of approximately \$6M - \$8M per year. Contrast this with a few years ago, when the band was approximately \$8M - \$12M.

Trends in Projects

Mr. Bjelajac stressed that at the presented table indicated trends in projects for all types of STCU projects. The STCU has seen the number of active projects drop considerably over the last few years (from an average of 228 active projects in 2012 to 130 active projects in November 2018). 2018 will prove to be close to \$13M - \$14M in total project funding, due in large part to the large DTRA project in Azerbaijan described earlier in the ED report, as well as the good year in partner projects mentioned in the section above. Mr. Bjelajac highlighted that STCU management expects that even though the quantity of projects is going down, the rate of funding over the years will stay at an average of around \$10M/year.

Important Visitors/Meetings/Events

Mr. Bjelajac concluded his ED Report by mentioning his attendance of the Global Partnership Working Group Meetings held the 17th to 19th of October in Quebec City, Canada. The STCU ED traveled to Quebec City and met with representatives of global partnership programs (i.e. Germany, US, Norway, etc.) to discuss ways the STCU may act as an implementing organization for their activities in the GUAM region. Furthermore, the STCU and ISTC were asked to present on the Centers experience in redirecting former weapons scientists (of interest because of GP discussions about the DPRK).

Mrs. Joanna Wintrol asked if it was possible to get a copy of the briefing provided by the Centers at the Quebec meeting.

Both Executive Directors agreed that they would provide this presentation to Mrs. Wintrol ASAP.

Chairman Maier mentioned that he was happy that the STCU succeeded in convincing his EU colleagues in Horizon 2020 to allow the STCU to manage these projects. He went on to highlight the importance of the STCU staying in close contact with the projects, because in 2021 the EU will launch a new seven year R&D program called Horizon Europe (the successor to Horizon 2020), and it is possible that the Science Centers will be able to assist with the implementation of these research project as they will have a much larger focus on security than in previous programs (i.e. Horizon 2020 and FP7).

Mr. Strikha thanked Mr. Bjelajac for the presented ED report and confirmed that Ukraine wholeheartedly supports a number of activities related to the Horizon 2020 program. Mr. Strikha stressed that Ukraine is always looking for ways to improve its participation in Horizon 2020 and will do the same for the upcoming Horizon Europe beginning in 2021, with the STCU serving as an effective potential implementing mechanism for Ukrainian projects.

3.4. Update on 2018 AOB/SB Expenditures

Mr. Nichol presented an update on the actual to budget expenditures for the 2018 AOB and SBs to the Board. Mr. Nichol drew the GB members attention to the fact that although overall expenditure did not exceed the total budget for the year 2018, expenditures on the line Recurring Expenses Personnel is 101% because STCU had a member of staff on maternity leave and it was not possible to relocate tasks inside STCU due to the small number of staff in the Finance Department and thus the STCU had to retain an ex-staff member on a short term contract in order to cover for the opening caused by the maternity leave departure. Mr. Nichol continued by pointing out that there is one line item (Bank Fees-offshore) which will exceed its budget by more than 10% and thus requires Governing Board approval in the 47th GB Record of Decisions. The over spend is due to the doubling of charges by the FDIC (U.S. agency that provide deposit insurance) which are passed on by our bank to the STCU in the form of higher bank fees.

Mr. Nichol also pointed out that in 2018 the STCU needed to use its Contingency budget to increase physical security (additional cameras, bars on windows, metal doors, etc.) because the National Guard of Ukraine moved from a constant posting of guards to a rotating mobile surveillance of the STCU's office.

3.5. 2019 AOB and SB Budget Request

Mr. Nichol presented the 2019 STCU Annual Operating Budget request and stressed that the budget is driven by the STCU's forecasted project activities in the upcoming year. Mr. Nichol pointed out that the 2019 estimated project expenditure will be \$8.3M. The balance for DCC Projects at January 1, 2019 will be \$16.7 m. and \$14.5m in UCC, so STCU can forecast project expenditure to be around \$8-10m for 2019 to 2021. The SB activity will be similar to 2018, with the main action being the €500,000 for 2nd year of the Export Control SB. Mr. Nichol stated that the 2019 AOB request is \$835,000, which is flat compared to the approved 2018 AOB.

Mr. Nichol drew Board's attention to the following significant changes in the 2019 AOB request:

- Local grants payments will go down slightly. Mr. Nichol pointed out that as it was discussed at a number of previous GB meetings, the STCU and ISTC for years were both operating offices in Georgia. In recent years, the two offices were merged into one physical premises and in 2019 the two staff members (one for each organization) will be reduced down to one person who will serve as the branch officer for both Centers.
- Bank Fees - offshore budget was increased up the level of actual spending in 2018, but Mr. Nichol cautioned that given the lack of clarity in the STCU's foreign bank situation (discussed in the ED Report), the 2019 actual expenses could vary widely from the budget.

Ms. Regina Carter asked if the issue related to cost sharing with ISTC through location and staff merging was discussed previously and this decision was taken at the Board level previously. Also, she asked if the STCU person has already been terminated.

Mr. Bjelajac confirmed that this issue was discussed in a number of meetings (as early as an ISTC CEC meeting in in Brussels in April 2014) and is noted in the minutes of those meetings.

Mr. Bjelajac concluded by stating that if the Governing Board did take the decision to keep two people in Georgia, such a decision would not materially impact the AOB Budget request of either Center. However, in Mr. Bjelajac's opinion, given the amount of activities by both Centers in Georgia, there is no need to keep two offices and two people - one person and one office is currently more than capable of handling both centers.

Ms. Nino Gachechiladze agreed with the ED that the STCU and ISTC currently do not implement a lot of projects in Georgia. Ms. Gachechiladze requested that the Board keep in mind the possibility of adding a second person if the situation in Georgia changed in the future.

Mr. Nichol confirmed that like most governmental organizations, the STCU makes an annual budget request, and if the situation does change in the future, the Secretariat will react to such changes as appropriate, with the situation in Uzbekistan acting as a very good example.

Ms. Nino Gacheciladze confirmed that there is no reason for objection from the Georgian side.

Mr. Bjelajac mentioned that at the beginning of October, the STCU had already informed the STCU Georgian Branch officer, Akaki Peikrishvili, that if no changes occurred at the December Governing Board, his contract would not be renewed and would conclude on December 31, 2018. The STCU felt that it was in everyone's best interest that Mr. Peikrishvili was informed as soon as the budget request was submitted to the Governing Board.

Ms. Banerjee thanked to all for background and comments regarding this issue.

Mr. Nichol continued by reviewing the AOB sharing formula, and explaining that for 2019 the sharing ratios will be as follows: 19.07% for the US which is equal to \$159,235 and 80.93% for the EU which is equal to \$ 675,765.

Mr. Nichol concluded with a short discussion of the Supplemental Budgets and highlighted that there are no SB activities foreseen for the U.S. Party. The EU's SB programmes will stay roughly at the same level as 2018 with the exception that there will be no funds set aside for a LIONSHIELD2 field exercise, as this exercise will be conducted in 2020. Finally, the STCU has zeroed out the EU SB line for Experts as the STCU does not expect to require their services in 2019.

Chairman Maier asked if the STCU already had candidates for the Export Control grants for the PhD 2019. Mr. Bjelajac answered that STCU planned to open a call in the first quarter of 2019.

3.6. Update on 2018 Financial Audit Tender

Mr. Nichol reminded the Governing Board that the Secretariats of the STCU and ISTC already recommended to their Governing Boards that they approve the award of the audit contracts for the fiscal years ended December 31, 2018, 2019, and 2020 to KPMG as an out of cycle Board approval, so that the contracts could be signed and the audits commenced in November. The Board members approved the award and the decision was included in the Record of Decisions for the 47th STCU Board meeting.

3.7. Approve 1 year Contract Extension of STCU ED

The 1-year contract extension of STCU ED Mr. Curtis Bjelajac was approved with no changes.

4. Afternoon Session

Projects Agreement Modification

Ms. Banerjee called the Governing Board's attention to the fact that the model project agreement which has been used over the years at the STCU is in need of review. Furthermore, the US Party believes that it would be a good idea to allow the Center's management more flexibility in order to allow them to customize the project agreements in order to better suit the needs of projects and partners. Ms. Banerjee stressed that this is not something that US party would like to discuss right now at this level; however, the US Party desires that this issue is captured in the minutes, with the goal of discussing this offline between now and the next formal meeting via emails and phone calls.

Mr. Bjelajac thanked Ms. Banerjee for raising this issue, and provided some background by pointing out that the STCU is steadily moving away from projects that are focused on R&D and moving more towards projects that are heavily focused on procurement-based and with organizations with whom the STCU has

not worked with in the past. An example of such a project is with Energoatom, where the STCU in partnership with DoE/GMS is working on a physical protection project at the South Ukraine Nuclear Power Plant. The project involves the procurement of security cameras, DVRs, etc. EnergoAtom is a very big organization with a large legal department, which has requested the STCU to make changes to its Model Partner Project Agreement. In order to accommodate the requested changes from Energoatom, the STCU is working with lawyers from DoE to ensure that the requested changes are satisfactory for the STCU and DoE. Thus, the issue raised by the US Party is how many changes can be made by STCU management and DoE, before we substantially deviate from the Model Project Agreement approved by the STCU Governing Board. Mr. Bjelajac concluded by stating that the STCU will work with the US party over the course of the next couple of months in order to develop language that can be included into a future Governing Board Record of Decision in order to address this issue.

4.1 Presentation of 2017 Annual Report

The Annual Report was adopted with following changes:

1. Add the Governing Board Chairman's statement.
2. Page 10 – address the issue of the words in the title of the article being pushed together.
3. Contact points:
 - a) correct title of Mr. Phil Dolliff – Remove “Acting” from title.
 - b) information office in Moldova - correct address is as follows: 1 Stefan cel Mare bd., Chisinau, MD-2001, Republic of Moldova
4. Translate the entire document into Ukrainian and put a PDF version on the website.

4.2 Presentation of STCU Financial Forecasts

Mr. Bjelajac started off the presentation by providing background for those that were not involved in the discussions to date. On June 20th, 2017, the US Department of State notified the STCU that they will no longer provide any additional funding for projects or operations going forward. However DoS/ISN/CTR instructed the STCU to utilize funds on hand (~\$1M) to assist with the transition to a new sustainable funding model. Mr. Bjelajac informed the Governing Board that the Secretariat drew up forecast on how the Center will be funded while the DoS/ISN/CTR funds are drawn down and presented a year ago at the 45th GBM in Frankfurt, Germany. Mr. Bjelajac went on to inform all that today is a recap and update on the forecast as presented at the 45th GBM with actual data included where known. As was mentioned at the 45th GBM in Frankfurt, this is a living document because of all the assumptions made, and that the STCU management would continue to annually update the Governing Board on the forecast to actual. Mr. Bjelajac moved on to present the STCU Management's recap of assumptions. He then provided a presentation of actuals for 2018 as follows:

- DoE funds being turned into projects slightly behind schedule – Seismic project (\$4M-5M) expected to be signed in near future (1st half of 2019)
- DoD projects funded ahead of schedule – One large project signed in April 2018, with two new proposals in pipeline (i.e. extension of Azerbaijan project and new Georgia project)
- Result = No material change to date DoS/ISN CTR funding ends as presented at 45th GBM (funding thru 1st qtr 2022)

Mr. Bjelajac stressed that the message from the STCU Secretariat is that what was presented at 2018 is still in effect/on schedule. With that Mr. Bjelajac asked the Governing Board if they have any questions regarding the detailed calculations presented.

Mrs. Joanna Wintrol suggested that the STCU could do a presentation at the US Embassy about its activities and possible use as an implementing mechanism for different US programs. Mrs. Wintrol confirmed that she will be happy to help to setting up meetings.

Mr. Bjelajac thanked Mrs. Wintrol and her office for their constant support, and confirmed that he will contact Mrs. Wintrol in the new year to try and arrange such a presentation.

Mr. Strikha stated that unfortunately the STCU Governing Board members still do not have a clear vision for the STCU's sustainability for the next period. Mr. Strikha stressed that the Government of Ukraine is still deeply interested in the STCU and its activities and considers them very important given the situation that now exists in Ukraine. The Government of Ukraine tightly adheres to all of its obligations under the Agreement to Establish the STCU and believes that new areas of STCU activities, such as cybersecurity, will be where the Center sees future development. Mr. Strikha also mentioned that he had the possibility to discuss with Chairman Maier the possibility of STCU's cooperation within the framework of the European Research Infrastructure Consortium, which could be another important field of STCU activity. Mr. Strikha concluded by confirming the Government of Ukraine's readiness to participate in additional discussions in order to form a more clear vision of STCU's future for the next 5 year period and will do everything in his ability to support the STCU, which is not important for Ukraine but also very important for our GUAM partners.

Mr. Bjelajac concluded that the STCU's goal is to secure funding past 2022 with the help of new partners and mentioned that during the Global Partnership Working Group Meetings there were a number of opportunities to find new sources of funding, with even Canada interested in doing some sort of "a la carte" projects. Thus, STCU management will continue to move forward to try and secure new sources of funds in order to secure the STCU's future past 2022.

4.3 Discuss / Approve 48th & 49th GB schedules.

The Governing Board agreed to hold a summer 48th STCU Governing Board meeting via teleconference and that the 49th STCU winter GB meeting be held "back-to-back" with ISTC in Astana in December 2019.

4.4 Sign 47th GB Record of Decisions and Funding Sheets

Record of Decisions and Funding Sheet were signed with no changes.

5. Closing Session

5.1 Closing Remarks/Adjournment

Chairman Maier concluded by stating that he was pleased to see the continued evolution of STCU's activities and the continued cooperation between the two Centers, with the "back-to-back" Governing Board meetings in Kyiv a perfect example of such cooperation.

There being no other business the 47th Governing Board Meeting was then closed.



Executive Director Report

(Reporting Period: November 10, 2018 – June 14, 2019)

Party Issues

Deutsche Bank (STCU's U.S. Bank)

In early September, both STCU and ISTC were contacted by representatives of our bank located in New York, NY, U.S.A. (Deutsche Bank Trust Company Americas = DBTCA) and were informed DBTCA will no longer be able to provide banking services to the Centers past the end of this year (December 31, 2018). Subsequently, DBTCA extended the deadline to February 28, 2019.

The two Centers have banked with DBTCA (and its predecessor = Bankers Trust) almost since their respective inceptions in the early to mid-90s. DBTCA's stated reason for cancelling its relationships with the two Centers focused on how the two Centers did not align with DBTCA's business interests going forward. However, the Centers believe that dealing with organizations located in Kyiv and Nursultan (formerly known as Astana) requires very unique compliance and risk reporting that DBTCA may not see as being in their best interest moving forward and this may have influenced their decision.

The STCU worked closely with ISTC to contact potential banking alternatives (i.e. Citibank, HSBC, ING Bank, etc.). To date, this outreach effort to alternative banks in the United States has proved fruitless.

As a result, the STCU finalized with its bank in Brussels (BNP Paribas Fortis Bank) to use their services not only for our EUR accounts, but also our USD accounts. By February 28, 2019 the STCU transferred all USD out of Deutsche Bank and into BNP Paribas Fortis Bank, and subsequently closed its accounts with DBTCA.

New Provision of specialized equipment for CBRN forensics in the SEEE CoE Region Project

On December 12, 2016 the STCU signed a contribution agreement (Agreement #IFS/2016/378-224) with the EU which provides €1.9M of funding to buy specialized equipment for CBRN forensics in the SEEE CoE Region. This project is similar to the first responders project (a recently completed EU project) in that it will test the STCU's ability to purchase equipment and materials for countries outside of STCU's traditional region (i.e. GUAM). The project foresees purchases for the same countries as the first responders project.

This project is operating in conjunction with another CBRN CoE project (Project 57) conducted by SCK.CEN which has detailed the requirements of forensic investigators of CBRN incidents in the recipient countries and devised a strategy that will enable STCU to equip the countries with compatible equipment so they can work together across borders when required.

The contract for the supply of the mobile laboratories and the ancillary equipment has been signed. All equipment is from one supplier and will be either fitted into the vehicles or consigned with the vehicles (except dual-use goods which will be shipped directly from the manufacturer) so that most of the equipment arrives together ready for use.

The modified vehicles have been designed and the design has been accepted by the recipient countries.

The recipients in Serbia and Bosnia are in the process of providing import clearance documents and the necessary approvals for tax exemption. The equipment other than the vehicles has been delivered to Serbia.

The supplier has purchased all the vehicles and is modifying them for field use, and supplied vehicles to Ukraine, Moldova, Georgia, Armenia, Montenegro, Macedonia and Albania. These have been enthusiastically received by the end users (see these links to media announcements):

Armenia:

<http://www.police.am/en/news/view/%D5%A5%D5%B4300419.html>

Georgia:

<https://police.ge/en/evrokavshiris-dafinasebit-shinagan-saqmeta-saministros-saeqsperto-kriminalistikur-departaments-tanamedrove-standartebis-shesabamisi-akhali-aghchurviloba-gadaetsa/12631>

A separate contract was prepared for training of the recipient's staff in the use of the equipment. This training took place in two groups - one for the Balkans and one for the GUAM countries. Staff trained are expected to train their colleagues back in their respective countries.

New Emergency Implementation Measures for Pridniproviskiy Chemical Plant (PCHP) at Kamianske (formerly Dniprodzerzhynsk) in Ukraine Project

On November 30, 2016 the STCU signed a contribution agreement (Agreement #INSC/2016/379-607) with the EU which provides €3.5M of funding for implementing emergency measures at the PCHP. During its operation from 1947 to 1992, PCHP was one of the largest producers of uranium in the former Soviet Union. It processed uranium ores of different geochemical composition from mines located in Ukraine, Central Asia, and Eastern Europe (i.e. the Czech Republic and Germany). As a result of these activities, the site is highly contaminated, with recent radiological surveys (Phase 1 - funded by the European Commission as well and performed as a precursor to this project) showing that the contamination consists predominantly of radio-nuclides from the U-238 decay series with activity concentrations ranging from a few Bq/g over many hundreds of square meters to hundreds of Bq/g over many tens of square meters.

The principal objective of this project (Phase II) is to implement a number of emergency measures that will immediately improve the safety and security of the PCHP site. These measures are also necessary precursors to the long-term remediation of the site (Phase III – which the EC is considering funding via the STCU in the amount of €5M).

The PChP project is divided into four parts: 1). a technical services contract: to design and supervise construction of infrastructure improvements to make the site safe and secure; to design and implement (through training) a safe operating system; to determine equipment requirements; and to

conduct public awareness, 2). a technical services contract to write laws and regulations to govern the management of legacy radiation sites, 3). a construction contract to build the necessary infrastructure to safeguard the site and reduce the spread of nuclear contamination and chemical poisoning, and 4). an equipment supply contract to provide the equipment, protective clothing, etc to enable the site operator SE Barrier to safely manage the site going forward.

The contracts for the technical services and the regulatory framework have been signed and are being implemented. Under the contract for the first area an additional task was identified to assist the site operator SE Barrier to obtain a new license from the SNRIU (the Regulator). This has been achieved however there are conditions that still need to be fulfilled by Barrier to maintain the license. Some of the equipment under task 4 has been supplied as a consequence of this additional task in preparing Barrier of their license.

The designs for the construction work have been prepared and are awaiting approval by SNRIU. STCU has tendered the construction works and the supply of further equipment; however, before the STCU can complete the tenders and proceed to contracts and to performance of works and delivery of goods, the issue about the funding of Barrier has to be resolved to the satisfaction of the European Commission.

- ✓ The site operator SE Barrier has not been provided with sufficient funding from the state budget to enable it to operate and some of its funds have been sequestered by the courts. Without Barrier and its workforce being in a stable state, the implementation of the project, which is designed such that the consultants and suppliers work in partnership with the operator to build capacity for the site's management and safe control going forward, is being hindered. The Ukrainian government has allocated funds for the PChP site but the funds have not been paid to the operator and the Ministry of Energy is in the process of rearranging aspects of the operation of its entities at PChP within the State Targeted Programme for remediation of former nuclear sites.

These matters are outside STCU's control and the European Commission is working with the Ukrainian government to resolve the problem. The Ministry of Energy and Coal is to put a proposal to the European Commission in June/July 2019 regarding the funding and structure of the PChP site operator. The SNRIU is reviewing the changes made to resolve the operating license and once funds have been made available Barrier should have its license returned.

- ✓ The site contains a number of buildings and areas of land that are owned by private entities but which need to be included in the control areas for safety and security which are to be constructed, the cooperation of these private entities is required for the successful completion of this part of task 1 and for task 3; a public meeting was held with these entities and their concerns were addressed and they have agreed to work with STCU and our contractors to allow the construction work to be performed.

STCU Conducts Spring University as part of the Export Control Targeted Initiative

On May 20-24, 2019, the Science and Technology Center of Ukraine (STCU) hosted the Spring University on Export Control for the GUAM Countries in Kyiv at the Grand Admiral Hotel. The objective



of the event was to provide participants with a comprehensive understanding of various interrelated issues concerning the CBRN Export Control of Dual-Use Materials and Intangible Technologies. The STCU Spring University was organized with the support of the European Union represented by the European Commission and in the framework of STCU Export Control Targeted Initiative (TI) program.

The Targeted Initiative is dedicated to engaging the academic community in the CBRN area of knowledge, particularly in both intangible technology transfer and the education of professionals for the export control systems of the GUAM region and encouraging them to commit to building a relevant legal framework, policy provisions, and administrative capacity to live up to their international obligations under Export Control regimes.

Over 40 participants from the GUAM countries' government, scientific institutions, academics and industry, as well as experts from an EU Joint Research Center attended the Spring University.

The Spring University constituted a unique opportunity for the participants to discuss and gain valuable insight into current dual-use materials and intangible technologies export control issues and emerging challenges from a regional perspective. The Spring University offered participants the possibility to obtain an EU-STCU Certificate on CBRN Export Control of Dual-Use Materials and Intangible Technologies which was awarded to each participant based on the final evaluation at the end of the course.

Outcomes of the Spring University:

- ✓ Upgrade the professional skills of the participants that have a direct link with in the development and implementation of Strategic Trade control policies in the GUAM countries;
- ✓ Prepare future trainers that are able to transfer the subject knowledge to the younger generations;
- ✓ Create and foster a network of experts from the GUAM countries;
- ✓ Transform the summer university into a top fellow training school.

Project to Provide Continuation of DTRA's Mentorship Program in Azerbaijan

DTRA and STCU signed a contract in the amount of \$2,169,839 on May 29, 2018 to continue the work implemented in Azerbaijan by Black & Veatch after its contract there ended on April 4, 2018. The goal of the project is to plan, develop, and implement a sustainable mentorship program in Azerbaijan in support of the Threat Agent Detection Response (TADR) system, comprised of a Central Reference Laboratory (CRL), Zonal Veterinary Laboratories (ZVL), and Anti-Plague Division (APD) Laboratories. Upon successful completion of the mentorship program implementation, responsibility for diagnostic and laboratory maintenance sustainment will be transitioned to the Government of Azerbaijan.

The project started on June 1, 2018 and will last for eighteen (18) months. However, there is an option to extend the project for twelve (12) months at an additional cost of \$1,405,962, thus bringing the potential length of the project to thirty (30) months and cost of the project to \$3,575,801. As of the writing of this report, the option on this project was yet to be invoked; however, DTRA has up to sixty (60) days before the scheduled completion date (November 30, 2019) to inform the STCU of its intentions.



Finally, the STCU is in on-going discussions with DTRA on future collaboration, and as part of these discussions, the STCU and ISTC Executive Directors travelled to Fort Belvoir, VA, U.S.A. on May 21, 2019 to continue discussions with Randall Long, Deputy Head of DTRA's Cooperative Threat Reduction Program, (Randy attended the back-to-back December '18 Center Board meetings in Kyiv) and his team.

The Centers and DTRA both agree that there are some efforts we can pursue together, but these still need to be flushed out a bit more with Dr. Pope (Head of DTRA/CTR) and the team at DTRA in the coming months. DTRA is concerned about the U.S. banking situation facing the Centers and has asked that the Centers keep them posted on any progress in this area.

Finally, DTRA has stated that while they value the past efforts and uniqueness of what the Centers have to offer, DTRA's current acquisition procedures prevent them from "sole source" funding (even to international organizations) without some sort of strong and unique justification. This issue is something that the Centers and DTRA will continue to discuss.

Project #P718 (CleanSky project – part of EU's Horizon 2020 program)

The CleanSky project (Project #P718 which is lead by the National Aerospace University, Kharkiv Aviation Institute and is financed by the European Commission's DG-Research and Innovation in the amount of ~1.7M EUR) was signed on April 23, 2018, and started on May 1, 2018.

In addition, the STCU is included on another CleanSky project (also with the National Aerospace University, Kharkiv Aviation Institute) in the amount of 997,500 EUR (Project #P738) that was signed at the end of December 2018, with a commencement date of January 1, 2019. This project just recently started and is included on the 48th Governing Board Funding Sheet to be approved during the upcoming summer teleconference.

Current Secretariat Activities

Partner Program/Sustainability Activity

The 47th GB approved a total of three (3) new partner projects totaling roughly \$458K (\$300,000 and €135,450), as well as nineteen (19) new partner project extensions totaling roughly \$2.58M (\$2,008,777 and €485,018). Couple this with the partner projects approved at the 46th GB in the summer of 2018, and in 2018 approximately \$9.59M of new partner project funding was received. Partner project funding in 2018 was almost \$2.0M more than that received in 2017, and continued an uptick in this form of funding over the last two years.

The 48th GB is scheduled to approve via written procedure in the summer '19, ten (10) new partner projects totaling roughly \$2.10M (\$377,070 and €1,533,639), as well as sixteen (16) new partner project extensions totaling roughly \$1.18M (\$924,338 and €231,718). The total for all new partner projects and extensions scheduled for approval at the 48th GB would thus equal roughly \$3.28M.

The STCU expects that going forward partner project funding will be in a band of approximately \$6M - \$8M per year. Contrast this with a few years ago, when the band was approximately \$8M - \$12M.



Trends in Projects

As the table below indicates, the STCU has seen the number of active projects drop considerably over the last few years (from an average of 228 active projects in 2012 to 135 active projects in 2018).

The STCU expects 2019 will prove to be close to \$7M - \$9M in total project funding, which is in line with expectations going forward.

	2012	2013	2014	2015	2016	2017	2018	June 2019
Avg # of Active Projects	228	179	125	120	110	135	135	130
Board Approved Project Funding (USD)	\$17.7M	\$12.7M	\$14.1M	\$4.72M	\$11.2M	\$15.6M	\$13.5M	\$3.9M*

* \$3.9M is the amount of funding approved for the period of Jan. 2019 – June 2019.

Important Visitors/Meetings/Events

Attendance of EU CoE Initiative Implementer's Forum (January 17, 2019, Brussels). The STCU ED attended the EU CoE Initiative Implementer's Forum held in Brussels, which facilitated a dialogue about best practices amongst a number of implementers of EU CoE projects and for the STCU to present more information about the STCU's own practices in the areas discussed.

Attendance of Global Partnership Working Group Meetings (February 6 to 8, 2019, Paris, France). The STCU ED traveled to Paris and met with representatives of global partnership programs (i.e. Germany, U.S., Norway, etc.) to discuss ways the STCU may act as an implementing organization for their activities in the GUAM region.

Meeting with DOE/NNSA Delegation (March 13th and 14th, 2019, Kyiv). The STCU ED, CFO, and members of the IT Department met with Regina Carter and Tommy Adkins to assess the current IT environment of the STCU, especially in relation to recent budget decreases.

ISTC/STCU Meeting with DOS/WMDT and DOS/NDF (May 20th, 2019, Washington D.C.). ISTC/STCU Executive Directors met with Heather Von Behren, John Conlon, and others to discuss ways that the Centers can assist WMDT and NDF with delivering their programs.

ISTC/STCU Meeting with Phil Dolliff, Deputy Assistant Secretary for Nonproliferation Programs, Bureau of International Security and Nonproliferation, US DOS (May 20th, 2019, Washington D.C.). The ISTC/STCU Executive Directors met with Phil Dolliff to discuss the path forward for the two science centers.

ISTC/STCU Meeting with Randall Long and other DTRA representatives in Fort Belvoir Headquarters (May 21st, 2019, Fort Belvoir). The ISTC/STCU Executive Directors met with



Randall Long and other DTRA representatives to discuss possible ways to continue to work via the centers.

ISTC/STCU Meeting with DOE/NPAC Senior Staff (May 22nd, 2019, Washington D.C.). The ISTC/STCU Executive Directors met with John Wengle, Robert Schwartz, and others to discuss ways that the STCU and ISTC can assist NPAC with delivering its programs.

ISTC/STCU with DOE/GMS Staff (May 22nd, 2019, Washington D.C.). The ISTC/STCU Executive Directors met with Art Atkins, Christine Bent, and others to discuss ways that the STCU and ISTC can assist GMS with delivering its programs.

Meeting with DG NEAR of the Delegation of the European Commission to Ukraine (June 5th, 2019, Kyiv). The STCU ED met with Virginija Dambrauskaite and Myroslava Dikukh to discuss the STCU's experience in Biosafety and Biosecurity in Ukraine, as well as preparations for the donor conference to be organized by the Ministry of Health of Ukraine in November 2019.

Attendance of EU CBRN Centres of Excellence (CoE) Seventh Meeting of the National Focal Points (12-14 June, Brussels)

The STCU ED traveled to Brussels to attend this meeting and work with the National Focal Points to begin discussions about the LIONSHIELD2 exercise scheduled for the second half of 2020 in Serbia, as well as inform the attendees of the results of the ongoing GUAM export control targeted initiative.

Curtis "B.J." Bjelajac
Executive Director

МІНІСТЕРСТВО
ОСВІТИ І НАУКИ
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MINISTRY
OF EDUCATION AND
SCIENCE OF UKRAINE

Прспект Перемоги, 10
м. Київ, 01135, Україна

Тел.: (044) 481 32 21; факс: (044) 481 47 96
E-mail: ministry@mon.gov.ua
Web: <http://www.mon.gov.ua>
Код ЄДРПОУ 38621185

10 Peremohy Ave
Kyiv, 01135, Ukraine

26.06.19 № 1/12-3477

Governing Board

Science and Technology Center in Ukraine

Dear Chairman Maier and the STCU Governing Board Members,

The Ministry of Education and Science of Ukraine presents its compliments to intergovernmental organization diplomatic mission «Science and Technology Center in Ukraine» and to the Governing Board Members and would like to inform you of the following.

According to the results for the previous period of time and up to this moment, the Ministry of Education and Science of Ukraine (hereinafter – MES of Ukraine) considers it possible to positively evaluate the Senior Deputy Executive Director of the STCU, Mr. Mykola Lubiv.

In connection with the above MES of Ukraine proposes to extend the term of Mr. Lubiv as Senior Deputy Executive Director of STCU for the 2-years period starting from January 2020.

The Ministry of Education and Science of Ukraine avails itself of the opportunity to renew to Science and Technology Center in Ukraine assurances of its highest consideration and thanks in advance for the views of the Parties regarding the proposals we offer.

Sincerely

M. Strikha
STCU Governing Board Member from Ukraine
Deputy Minister of Education and Science of Ukraine