

STCU Governing Board 52

28 April 2021

List of Participants

European Union

Natalie PAUWELS
Board Member
Head of Unit
Stability and Peace - Global and Transregional
Threats
Service for Foreign Policy Instruments
European Commission

Sorin POPA
Programme Manager
European Commission

Ukraine

Yuliia BEZVERSHENKO
Director General
Directorate on Science and Innovation
Ministry of Education and Science of Ukraine

Andriy OSTAPENKO
Head
Division of the International Scientific and
Research Programmes and Projects
Ministry of Education and Science of Ukraine

Oksana LASHKOVA
Head Technician
Ministry of Education and Science of Ukraine

United States of America

Phillip DOLLIFF
Board Member
Deputy Assistant Secretary for Nonproliferation
Programs
Bureau of International Security and
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U.S. Department of State

Sarah BANERJEE
Office of Cooperative Threat Reduction
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Mark SCHELAND
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Office of Cooperative Threat Reduction
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Laura DENLINGER
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Office of Cooperative Threat Reduction
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Regina CARTER
National Nuclear Security Administration
U.S. Department of Energy

Don HATCH
National Nuclear Security Administration
U.S. Department of Energy



ISTC

Ronald LEHMAN

Chairman of the Governing Board
International Science and Technology Center

David CLEAVE

Executive Director
International Science and Technology Center

Sonya VEKSTEIN

Chief Financial Officer
International Science and Technology Center

Secretariat STCU

Curtis "B.J." BJELAJAC

Mykola LUBIV

Anthony NICHOL

Elena TABERKO

AGENDA
52nd Meeting of the STCU Governing Board
April 28, 2021
 Via Zoom

1. Opening of the Meeting

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

2. Administrative Topics

- 2.1 Adoption of the Agenda

3. Agenda

- 3.1. Review and Approval of minutes of 51st GB WebEx meeting conducted on November 17th, 2020 w/ US Changes (GB Members)
- 3.2. Review of 52nd Draft Record of Decisions & Funding Sheet (Curtis "B.J." Bjelajac)
- 3.3. Executive Director Report (Curtis "B.J." Bjelajac)
- 3.4. Presentation of Reduction of STCU's Office Space (Curtis "B.J." Bjelajac)
- 3.5. Approve 1 year Contract Extension of STCU ED (GB Members)
- 3.6. Approve 1 year Contract Extension of STCU Sr. DED (GB Members)
- 3.7. Approve 2 year Contract Extension of STCU CFO/CAO (GB Members)
- ~~3.8. Presentation of 2020 Annual Report (Curtis "B.J." Bjelajac)~~
- 3.9. Discuss/Approve 53rd GB schedule (Curtis "B.J." Bjelajac)
- 3.10. Finalize 52nd GB Record of Decisions and Funding Sheet (GB Members)
- 3.11. AOB (Any Other Business) (GB Members)

4. Closing of the Meeting

- 4.1 Any Other Business (AOB) (All)
- 4.2 Final Issues/Statements from GB Members (GB Members)
- 4.3 Closing Remarks/Adjournment (Chairman, Executive Director)



**Summary of the STCU 51st GOVERNING BOARD MEETING via WebEx
November 17th, 2020**

CHAIR: Ms. Eva-Maria ENGDAHL, Senior Expert, Team Leader CBRN, DG International Cooperation and Development (DG DEVCO), Directorate B – People and Peace, Unit B/5 Security, Nuclear Safety, European Commission

European Union:

Mr. Sorin POPA, Programme Manager, DG International Cooperation and Development (DG DEVCO), Directorate B – People and Peace, Unit B/5 Security, Nuclear Safety, European Commission

Georgia:

Ms. Rusudan JOBAVA, Head of the International Relations and Fundraising Office, Shota Rustaveli National Science Foundation

Ukraine:

Mr. Mykola KYZYM, First Deputy Minister, Ministry of Education and Science of Ukraine

Ms. Yuliia BEZVERSHENKO, Director General, Directorate on Science and Innovation, Ministry of Education and Science of Ukraine

Mr. Dmytro CHEBERKUS, Head of Expert Group on International R&D cooperation, Directorate of Science and Innovation, Ministry of Education and Science of Ukraine

Ms. Sofiia ZHEREBCHUK, State expert, Directorate of Science and Innovation, Ministry of Education and Science of Ukraine

United States of America:

Ms. Sarah BANERJEE, Acting Board Member, Office of Cooperative Threat Reduction, U.S. Department of State

Mr. Mark SCHELAND, Acting Team Chief, Counterproliferation, Chemical Security, & Nuclear Security Programs, Office of Cooperative Threat Reduction, U.S. Department of State

Ms. Laura DENLINGER, Deputy Team Chief, Counterproliferation Programs, Office of Cooperative Threat Reduction, U.S. Department of State

Ms. Regina CARTER, Senior Advisor, Office of Nonproliferation and Arms Control, National Nuclear Security Administration, U.S. Department of Energy

Mr. Don HATCH, National Nuclear Security Administration, U.S. Department of Energy

Secretariat ISTC

Mr. David CLEAVE, Executive Director, International Science and Technology Center

Ms. Sonya VEKSTEIN, Chief Financial Officer, International Science and Technology Center

Secretariat STCU

Curtis “B.J.” BJELAJAC

Mykola LUBIV

Anthony NICHOL

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Elena TABERKO

1. Opening Remarks

Mr. Kyzym thanked all for the opportunity to address and welcome all Board Members, the Executive Director, and colleagues to the 51st STCU Governing Board teleconference on behalf of the Government of Ukraine and the Ukrainian scientific community. He went on to inform all that recently the President of Ukraine, Mr. Volodymyr Zelenskyy, congratulated the citizens and government of the United States of America on their recent successful, democratic, and peaceful elections. On this occasion today, I would like to also personally congratulate our partners in the United States of America. Mr. Kyzym continued by noting that Ukraine stands ready to intensify its cooperation with the new Administration and Congress of the United States of America, to address the pressing challenges facing the STCU today. Mr. Kyzym called upon our U.S. partners to help all of us at this meeting to better understand our STCU relationship going forward. Mr. Kyzym pointed out that the message from our U.S. Partners in June 2017 was that the U.S. would no longer provide any additional funding, and that the funding on hand would need to be used to transform the Center and position it for a new future. Mr. Kyzym stated that the STCU has indeed transformed itself to a more leaner, cost-efficient mechanism for delivering the programs and projects of all the member countries. Mr. Kyzym concluded his opening remarks by asking our American partners to shed as much light as possible on the future role of the U.S. Party, especially after January 1, 2022. Mr. Kyzym asked the following two questions: Will the United States of America remain a Party to the STCU Agreement after January 1, 2022? Will the United States of America contribute financially to the STCU after January 1, 2022? Mr. Kyzym requested our American partners to please forgive his frankness and requested that all in the meeting please understand that these direct questions are questions amongst friends. Mr. Kyzym concluded by stating that he looks forward to a frank and fruitful discussion on these issues and that he hopes to hear some optimistic messages from our U.S. colleagues.

Ms. Engdahl wished all on the call a good afternoon and thanked the STCU Secretariat for organizing this digital meeting. She continued by informing all on the call that the E.U. has still not appointed a replacement for Eddie Maier as the E.U. Governing Board member because the E.U. will soon go through a reorganization. She continued by stating that on January 1, 2021, the group that oversees the STCU (and ISTC) will move from DG DEVCO (the current DG responsible for the science centers) to DG Foreign Policy Instruments (FPI). Ms. Engdahl assured all that despite the move within the Directorate Generals (DGs) of the European Commission, there will be no disruption to the E.U.'s engagement with the STCU. Ms. Engdahl emphasized that it is the hope of the E.U. to inform the Parties about the new E.U. Governing Board member before the next STCU Governing Board meeting. She continued by stating that Mr. Sorin Popa will remain the E.U.'s operational level contact for the Center, as Mr. Popa will move with the Center to DG FPI as well. Ms. Engdahl continued by stating that the E.U. still considers the STCU as a strategic partner and that the E.U. remains very committed to support the Center. She continued by stating that the E.U. is currently preparing the documentation required in order to provide funding for the E.U.'s share of the 2021 STCU operating budgets, and she hopes that this process will be completed within the next 2 – 3 weeks. Ms. Engdahl highlighted for all the numerous E.U. activities planned to be conducted via the STCU, such as: the continuation of the Nuclear Forensics and Export Control projects, as well as the E.U. sees the STCU as a very good implementing agency and the E.U. envisages starting new activities with a lifespan of over three years. Ms. Engdahl also pointed out that the STCU implements a number of projects on behalf of other E.U. agencies such as a number of Nuclear Safety projects (part of DG DEVCO's Instrument for Nuclear Safety Cooperation), as well as HORIZON 2020 projects which are a part of DG RTD, and finally projects for a number of other E.U. private and governmental organizations. She continued by pointing out that given all of these E.U. activities, the E.U. Party echoes the request of our Ukrainian colleagues regarding the need for clarity in regard to the STCU future. Ms. Engdahl concluded by making the practical request of having a strategic discussion at the STCU Governing Board level in the Spring of 2021 in order to discuss the future of the Center.

Ms. Banerjee started by introducing herself as the Acting U.S. Governing Board member, who currently works within the Office of Cooperative Threat Reduction in the U.S. Department of State and is acting on behalf of the Deputy Assistant Secretary of State, Mr. Phillip Dolliff. She then continued by introducing the other members of the U.S. delegation which included: Ms. Laura Denlinger, Mr. Mark Scheland, Ms. Regina Carter, and Mr. Donald Hatch (all of their job titles are shown above in the list of participants). Ms. Banerjee continued by thanking her Ukrainian colleagues for their warm congratulations on the recent U.S. elections, as well as their clear and frank questions in



regard to the U.S.'s plans for the future. She assured our Ukrainian colleagues that the questions posed are taken in the spirit of friendship and cooperation. She also thanked our E.U. colleagues for echoing those same questions. She continued by thanking the Secretariat and the entire STCU team for all of the preparations that went into the preparation of this virtual meeting.

Ms. Banerjee continued by stating that the U.S. Party and its partners look forward to a productive meeting and making progress on a number of important matters currently facing the Center. She pointed out that as most are aware and have already commented on, the U.S. conducted elections (including Presidential) a couple of weeks ago on November 3rd, and the next administration is scheduled to take office on January 20, 2021. Ms. Banerjee highlighted that as the U.S. enters into a period of transition, the U.S. Party would note that U.S. government policy towards the science centers (both the ISTC and STCU) is not a partisan matter subject to significant change with the shifting administrations. She continued by emphasizing that the U.S. Government has been a stalwart supporter of both the STCU and the ISTC since their founding over twenty-five years ago and certainly remains committed to both Centers. Ms. Banerjee continued by noting that the U.S. Party is well aware of the situation raised by our Ukrainian and E.U. colleagues in regard to the drawdown of the U.S. Department of State/ISN/CTR funds that will be exhausted as of June 30, 2021 in regard to the Service Contract of the Executive Director and at the end of 2021 for the U.S. contribution to the annual Administrative Operating Budget. She continued by stating that the U.S. Party has endeavored to remain consistent in its messaging on the issue since the U.S. announced the cessation of funds for these purposes in 2017. Ms. Banerjee stated that the U.S. Party does not currently anticipate a change in funding status and the U.S. Party appreciates the STCU's transparency in this matter and conscientious efforts to plan accordingly. Ms. Banerjee concluded by stating that the U.S. Party looks forward to a fruitful conversation on this important agenda item during the meeting.

2. Review and Approval of the 51st GB Agenda

The Governing Board approved the agenda as presented.

3. Review and Approval of minutes of 50th GB held via WebEx on August 11, 2020

The Governing Board approved the minutes as presented.

4. 2021 AOB and SB Budget Request

Mr. Nichol presented the 2021 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 recently the timeframe for project implementation has been stretched over longer periods of time than in the past. The SB activity will include approximately \$500K for the E.U. Export Control program, as well as funds for the LIONSHIELD2 exercise scheduled to be conducted in Ukraine in the most part in 2022, and approximately \$200K for other partner SB activities. Thus, the combined workload of projects (~\$7M) and SB activities (~\$700K) in 2021 comes to ~8M and the STCU has crafted its AOB request based on this projected workload. Mr. Nichol stated that the 2021 AOB request is \$773,000, which is considerably lower compared to the approved 2020 AOB (\$864K).

Mr. Nichol drew the Board's attention to the following significant changes in the 2021 AOB request:

- Planned reduction in staff by two (2) positions. Mr. Nichol pointed out that due to the decrease in projected workload in 2021 (~\$8M in turnover and ~60 projects under management), STCU management believes that a decrease in staff is required in order to maintain a cost-efficient Secretariat.
- Reduction in travel. As a result of the COVID-19 pandemic, the STCU believes that the amount of travel that occurred in the past will be reduced, as a growing level of comfort with remote meetings sets in.

- Bank charges maintained. Despite a significant underspend in 2020 bank charges, the STCU will maintain its bank charges at their current level because Management is concerned about the possible implementation of negative interest rates in the future.

Mr. Nichol concluded by reviewing the AOB sharing formula and explaining that for 2021 the sharing ratios will be as follows: 11.22% for the U.S. which is equal to \$86,731 and 88.78% for the E.U. which is equal to \$686,269. Mr. Nichol concluded with a short discussion of the Supplemental Budgets.

Ms. Bezvershenko thanked the STCU Secretariat for the preparation of this financial report. She continued by expressing the deep concern of the Ukrainian Party about the decision to reduce two (2) project managers from the STCU staff. Ms. Bezvershenko informed the Board that when the recommended reduction in staff was announced, a number of Ukrainian organizations addressed their concerns about the reduction to the Ministry of Science and Education. Ms. Bezvershenko requested the Governing Board to reconsider these proposed staff reductions and find other ways for cost reductions as the Ministry of Science and Education considers these project managers to be the first line of communications and consultations for Ukrainian researchers and scientists and the Ukrainian Party very much values their contributions to the Center's activity. Mr. Nichol clarified that the two staff that are proposed for reduction are a project manager (front office) and an admin/procurement specialist (back office), thus the proposed reduction is only affecting one project manager (front office). Mr. Bjelajac agreed with Ms. Bezverhshenko that project managers are extremely important as a first line of contact for the STCU; however, at the end of 2020 the STCU will only have approximately 60 active projects (in the past the STCU had close to 300 active projects). He continued by stating that management believes that in order for the STCU to succeed, the Center has to maintain as an efficient operation as possible. Mr. Bjelajac continued by highlighting the opening remarks of our U.S. colleagues which confirmed that there will be no change in their position in relation to providing additional funds, thus management is accommodating the U.S.'s position by downsizing the number of staff to reflect the tightening funding situation. He continued by stating that even with a reduction of one project manager, the STCU still would have seven project managers out of a collective staff of around twenty (20) that could handle the important tasks required of these front office positions. Mr. Bjelajac concluded by stating that he has also received letters of concern from partners and institutes, all of which were answered, and in a number of cases when the answers were provided the organizations that provided the letters were satisfied with management's reasoning and assurances. Ms. Bezvershenko thanked Mr. Nichol and Mr. Bjelajac for their comments.

5. Financial Forecast

Mr. Bjelajac started off the presentation by reviewing at a high-level the detailed spreadsheet with forecasted Undesignated Capital Contributions (UCC) for the U.S. and E.U.. He called attention to the U.S. UCC which at the end of 2020 is projected to have a small negative balance (~\$2K), which could be a small negative, but also could be a small positive, given assumptions. He then provided the following issues for the GB to consider:

- U.S. funds are scheduled to cover the Executive Director contract until June 30, 2021. As per the Statute, on July 1, 2021 the Senior Deputy Executive Director – Ukraine should act as the Executive Director.
- U.S. funds should be enough to cover their portion of the 2021 Administrative Operating Budget
- What happens with the U.S. Party after December 31, 2021, as mentioned in the opening remarks of both the Ukrainian and E.U. Parties

Mr. Bjelajac asked the U.S. party if they could make any comment in response to the opening remarks of Ukraine, within which they asked for the plans of the U.S. Party after January 1, 2022. Ms. Banerjee responded by stating that as has been the U.S. Party's consistent position over the last three (3) years, the U.S. Party will continue to be an active member and steadfast supporter of the STCU after January 1, 2022. Mr. Bjelajac asked if that means there would be new funding or does that remain an unknown. Ms. Banerjee clarified that the U.S. Party does not have any policy or mechanism currently in place to provide additional funding after the current U.S. Department of State funds are exhausted. She concluded by stating that the U.S. Party cannot speculate on any potential changes in policy, if any, until after the new administration comes in on January 20, 2021 and has had time to settle in and set its

priorities. Mr. Bjelajac continued by calling the Board's attention to the opening remarks of the E.U., within which they mentioned their desire for a strategic discussion at the Board level to take place in the Spring (March/April) of 2021. He then asked the Parties if they supported this initiative. The U.S. Party supported the initiative and felt that the timing would work well. The E.U. agreed with the timing as it will give them a better chance to understand the U.S.'s position after the change in U.S. administration. The Ukrainian Party also agreed with the strategic discussion initiative to be held in Spring 2021. Ms. Bezvershenko continued by voicing Ukraine's support of the Senior Deputy Executive Director - Ukraine taking over as Acting Executive Director on July 1, 2021. She continued by mentioning that there would be a question about the financial conditions of the Senior DED's contract given the increase in responsibilities. Ms. Bezvershenko stated that currently the Senior DED is paid by the AOB, which is comfortable for the Ukrainian Party; however, the Ukrainian Party suggests that due to the increase in responsibilities that his contract should be adjusted with a coefficient of 2.0 for the 2nd half of the year 2021. Ms. Bezvershenko concluded by suggesting that the Governing Board could increase the Senior DEDs remuneration by even more if it was shown that the Senior DED increased the number of projects that the STCU implemented. Mr. Bjelajac responded by stating that the Senior DED's remuneration could be discussed at a later time with the Governing Board if indeed Mr. Lubiv assumes the role of acting Executive Director. Mr. Bjelajac also reminded the Ukrainian Party that in the past the Senior Deputy Executive Director was compensated at least in part by the budget of the Government of Ukraine. He concluded by reminding his Ukrainian colleagues that if the increase in duties did warrant a raise, the Government of Ukraine should consider funding that raise from the Ukrainian budget. Mr. Bjelajac asked if there were any more comments or questions in relation to this topic.

Mr. Scheland augmented the words of Ms. Banerjee by mentioning that our partners in the STCU that run a parliamentary system of government understand very well the situation facing the U.S. Party, which is currently in between two governments. He continued by confirming that today and until January 20, 2021, the policy of the U.S. Party continues to be that as outlined in June 2017. Mr. Scheland expressed the U.S. Party's satisfaction with the fact that the bridge funding in place since June 2017 will take the STCU to the points mentioned in the financial forecast presentation; however, he confirmed Ms. Banerjee's comments that the U.S. Party cannot speculate on potential (if any) changes in policy of an incoming U.S. administration. He continued by stating that any new policy discussions will not take place in earnest until the new U.S. administration is in place at the end of January 2020. Mr. Scheland also highlighted that our STCU partners are also keenly aware that the process of staffing many levels of a new government can often be quite time consuming and asked our STCU partners to be patient through the late winter months as the U.S. completes its transition. Mr. Scheland concluded by thanking our STCU partners for their patience and understanding during this upcoming process.

Mr. Bjelajac asked if there was any other comments or questions on this matter. As there were no further comments, he suggested that the action item from this discussion was for the STCU Secretariat to work with the Governing Board to set up a strategy discussion in the Spring (March/April) of 2021 where the discussion of these matters could continue. As per the request of the Ukrainian Party, Mr. Bjelajac confirmed that if it is decided at those meetings that the Senior DED-Ukraine will become the Acting ED as of July 1st, the topic of compensation will be included in the agenda. He reiterated to the Ukrainian Party that the discussion of additional compensation should include the Ukrainian Party's contribution to this amount, as in the past, the Government of Ukraine also partially compensated the Senior DED-Ukraine for his services. Mr. Bjelajac continued by confirming that as of today, the Ukrainian Party does not contribute at all to the compensation of the Senior DED-Ukraine and contrasted that with the ISTC, where the Government of Kazakhstan pays 100% of the compensation of its Senior DED-Kazakhstan. Mr. Bjelajac concluded by stating that this upcoming Spring strategy session is extremely important as a number of institutes and partners (i.e. the E.U. who is looking to start projects that are of multi-year duration) are starting to express concern in relation to the future of the STCU, so any clarity that can be provided at those upcoming meetings would be helpful.

Ms. Banerjee added that she hopes that the U.S. Party has been clear in its position and that the U.S. Party would like to commend the STCU Secretariat for its excellent management of the approximately \$1M of remaining bridge financing since June 2017, as well as thank the Secretariat for its transparency in proposing solutions to this issue at every fall board meeting.

6. Review of 51st Draft Record of Decisions and Funding Sheet

Mr. Bjelajac called the Board's attention to the draft 51st Record of Decisions and asked if there were any comments or questions related to the document as presented. Ms. Bezvershenko confirmed that the Ukrainian Party approves of the document as presented. Mr. Popa asked for clarification in relation to the point about the Senior DED from Ukraine acting as the ED from July 1, 2021, and whether this decision was subject to revision at the agreed upon upcoming strategy session in March/April 2021. Mr. Bjelajac advised that the Governing Board can revise this point in Spring 2021, or if the Board prefers, the bullet point can be removed from the document all together. Mr. Popa proposed to remove the bullet point and as an alternative to reflect the discussion about this issue in the minutes. Ms. Bezvershenko expressed the Ukrainian Party's desire to keep this bullet point as it still can be removed at the March/April strategy session, as well as it provides more clarity as to what will happen automatically on July 1, 2021 if no other decision is taken by the Board in the future. Ms. Banerjee added that she very much appreciates Mr. Popa's point, as well as the perspective of our Ukrainian colleagues, and went on to confirm that the U.S. Party does see value in having a record of this discussion. She went on to suggest a possible modification of the point to refer to the upcoming March/April strategy session which will specifically address this issue as the U.S. Party would prefer this approach as opposed to not having a point in the Record of Decisions. After some discussion of possible bullet point wording, all agreed to revisit the wording of the bullet point via e-mail correspondence after the conclusion of the WebEx meeting.

By November 20, 2020, three days after the WebEx meeting, all Parties agreed to the revised Record of Decisions wording as follows:

Confirmed that as per the STCU Statute, the Senior Deputy Executive Director will act as the Executive Director from July 1, 2021, unless other actions/decisions are taken at the upcoming 52nd STCU Governing Board Meeting scheduled for Spring (i.e. March/April) 2021.

Mr. Bjelajac then called the Board's attention to the Funding Sheets (projects and supplemental budgets) for approval by the GB at the end of the WebEx meeting. He pointed out that the STCU had a difficult past six (6) months as reflected in the project funding sheet which shows only two pages of projects and funding of approximately \$700K. Mr. Bjelajac pointed out that this is quite a low amount (one of the smallest six-month funding amounts in the history of the STCU), and that for the 2020 year the total expected new STCU funding would only be about \$4.8M. He continued by stating that this in line with the funding amount in the year 2015, when the funding amount that year was \$4.72M. Mr. Bjelajac stated that a large issue facing the STCU in 2020 was the "drying up" of private sector partner funding, which may in large part be due to the COVID-19 pandemic. He concluded by saying that the small amount of new funding in 2020 (~\$4.8M) was a very large reason that management recommended the reduction in staffing discussed earlier in the meeting.

7. Executive Director Report

Mr. Bjelajac submitted his report that covered the period of June 20, 2020 to October 28, 2020. Mr. Bjelajac highlighted the following issues in the report:

- A. **COVID-19:** The ED opened by stating that unfortunately the COVID-19 situation in Ukraine is deteriorating quite rapidly. If you compare the ED report which was prepared about three weeks ago (which mentioned 6.7K/day positive cases the day of publishing the report) with the number of positive cases (~12K/day) on the day of the Governing Board Meeting. Furthermore, a number of high-level Ukrainian government officials (i.e. President Zelenskyy, the Ministers of Defense, Finance, Health, etc.) had recently tested positive for COVID-19. Fortunately, the STCU has only had one case of COVID-19 which occurred in September, but due to testing and tracing, the individual isolated on a timely basis and as of today remains the only case at the STCU. Given the worsening situation, the STCU does expect to have more cases, but will continue to monitor the situation closely going forward. The ED concluded by stating that the STCU expects to continue working from home until at least the Spring given the situation on the ground in Ukraine.

- B. **Meeting with Representative of Israel:** The ED updated the Governing Board on the September 10, 2020 meeting with Mr. Yoav Bistrisky, Deputy Head of Mission of the Embassy of Israel in Ukraine. At the meeting the participants discussed ways for the STCU to formalize a relationship with the State of Israel and/or encourage Israeli organizations to work via the STCU. The ED informed all that the meeting was constructive and the hope was to first engage private Israeli organizations via the STCU partner program, and then to consider if Israel would consider accession to the STCU Agreement.
- C. **U.S. DoS/ISN/WMDT Projects:** The ED updated the Governing Board on two projects 1). to improve the cybersecurity of the State Nuclear Regulatory Inspectorate of Ukraine (SNRIU) which is scheduled to be completed on time (January 2021) at a total cost of \$533K, and 2). to track the secure transportation of radioactive sources, part of a larger multi-national project, known as VECTOR II. The STCU, in coordination with Oak Ridge National Laboratory (ORNL) as the technical advisor, will procure a tracking system for this project with the goal of meeting both international and local standards. An international tender concluded on October 21st and the tenders are now under review by the evaluation committee (which includes members of WMDT, ORNL, and RADON).
- D. **U.S DoE/NNSA/GMS Project with SUNPP:** The ED updated the Governing Board on efforts to implement \$1.1M worth of physical security upgrades at SUNPP. The STCU is currently working with representatives of U.S. DoE/DNN/GMS and Energoatom to purchase a list of equipment and materials (razor wire, fencing, uninterruptible power supplies, etc.) with the hope that procurement of items will be completed in late 2021/early 2022.
- E. **LIONSHIELD2 in Ukraine 2021/2022:** The ED updated the Governing Board on the STCUs work with Ukraine to conduct a tabletop (TT) and field exercise (FE) related to Biological Security in Ukraine (Kyiv or Odessa) in 2021/2022 (more than likely 2022). The STCU is still currently in the very beginning stages of the planning for this event with the identification of the exercise site and scenarios still under consideration.
- F. **Partner Program/Trends in Projects:** The ED informed the Governing Board that they will approve in the 51st GB funding sheet approximately \$700K of new funding and 2020 will see a total of approximately \$4.8M of new partner project funding received. As shown in the table below, 2020 will be a down year for total funding (\$4.8M) in line with the disappointing year of 2015 (\$4.72M). Mr. Bjelajac continued by calling the Governing Board's attention to the table which shows the number of active projects, where in 2013 the STCU had close to 180 active projects, as of this meeting the STCU has about 80 active projects, and by January 2021 management expects to have about 60 active projects. This decrease in the number of active projects was also a big factor in management's recommendation to reduce the Secretariat by two (2) staff members. The STCU does hope for a bit of a bounce back in funding in 2021, with a number of larger projects scheduled to come online including: \$1.3M for continuation of the Nuclear Forensics Project (E.U. and U.S.DoE/NNSA) and ~\$1M from U.S.DoS/ISN/WMDT for additional upgrade work at the VECTOR facility. However, management expects to have a workload of approximately 60 projects for the near future.

8. Presentation of 2019 Annual Report

The Governing Board approved the 2019 Annual Report as presented.

9. Presentation of 2019 Audited Financial Statements and Management Letter

Mr. Nichol apologized for the delay in the presentation of the financial statements, as these are normally presented at the summer Governing Board, but because of delays associated with the pandemic are only presented today. He then called the Governing Board's attention to the audit report, which is "unqualified" for the first time in STCU's history. He then continued by highlighting some figures on the Income Statement as follows: Project Expenses of ~12M.4 (an increase from 2018), as well as two measures of STCU effectiveness - AOB as a percentage of projects equal to 6.4% (\$790.5K/\$12.4M), and AOB + Service Contracts as a percentage of projects and SB programs equal



to 8.8% (\$790.5K + \$346K/\$12.4M + \$780K). Mr. Nichol continued on by stating that these efficiency figures are the best in STCU history and are a measurement that STCU management uses to demonstrate that the Center is managed as efficiently as possible. He then moved on the Balance Sheet and pointed out that the STCU at the end of 2019 had capital contributions of ~\$34M and that the STCU is a strong position going forward for the next 2 – 3 years. Mr. Nichol pointed out that the Designated Capital Contribution – Projects balance was at approximately \$20M, indicating that the STCU will have at least \$7M-\$8M of project expenses in 2020/21/22. Mr. Nichol concluded by pointing out that there were a few minor accounting points (i.e. accruals, etc.) raised in the Management Letter which STCU will work to address in the early months of 2021.

10. Update on 2020 AOB/SB Expenditures

Mr. Nichol updated the GB on the actual to budget expenditures for the 2020 AOB and SBs to the Board. Mr. Nichol drew the GB members' attention to the fact that the AOB for 2020 was \$864K and that expected overall expenditure for the year is forecast to be \$694.6K (thus the STCU is scheduled to utilize only 80.3% of the total 2020 AOB). Mr. Nichol concluded his presentation by noting that the three main drivers of the underspend were as follows: Travel \$69.5K & Training \$36.1K (due to pandemic) and Bank Charges \$31.6K (due to reduced FDIC charges).

11. Discuss/Approve 52nd and 53rd GB Schedules

The Governing Board discussed whether to have only a strategic discussion or a full Governing Board meeting (with Funding Sheets, Records of Decisions, etc.) in the Spring (March/April) of 2021. The Ukrainian Party expressed its desire to conduct a full Governing Board meeting, and all agreed that the 52nd Governing Board meeting, including a strategic discussion, will be held in the Spring (March/April) of 2021, with an exact date finalized in early 2021.

12. Any Other Business (AOB)

There was no other business raised by the meeting participants.

13. Closing Remarks

On behalf of the Ministry of Education and Science of Ukraine, Ms. Bezvershenko thanked the STCU Secretariat for the professional preparation and conduct of the 51st GB meeting. She thanked all the Parties for the extremely fruitful discussion. Ms. Bezvershenko continued by emphasizing the importance of the upcoming 52nd Governing Board meeting to the future of the STCU. She continued by thanking the Executive Director for a productive 2020, despite the COVID-19 pandemic. Ms. Bezvershenko concluded by wishing all our colleagues a safe remainder of 2020 and a healthy upcoming 2021.

Ms. Engdahl echoed the comments of her Ukrainian colleagues and thanked the STCU Secretariat for all of its efforts in preparing for the 51st STCU Governing Board meeting. She concluded by stating that the E.U. very much looks forward to the strategic discussions planned for the 52nd GB meeting in the Spring of 2021.

Ms. Banerjee echoed the comments of her Ukrainian and E.U. colleagues thanking the STCU Secretariat for the productive meeting, as well as for all of the accomplishments of the past year. She continued by stating that the U.S. Party also looks forward to the strategic discussion next Spring. Ms. Banerjee concluded by thanking her Ukrainian colleagues for hosting the STCU and for its continuing support of the Center's non-proliferation and security goals.

Mr. Bjelajac thanked the meeting members for their professionalism and constructive approach to the issues facing the STCU. Mr. Bjelajac concluded by urging all to stay safe as it is clear that the upcoming winter months will be very tricky given the surge in the COVID-19 pandemic.

There being no further business to discuss the WebEx meeting was concluded.



Executive Director Report

(Reporting Period: October 29, 2020 – March 17, 2021)

Party Issues

COVID-19

The STCU continues to closely follow the instructions of both the Government of Ukraine and the Kyiv City Administration in relation to the COVID-19 pandemic. Unfortunately, after a continued reduction in the number of cases in mid-February, the data for March has been much worse, with fears that a new variant is circulating in Ukraine (possibly the UK variant) causing the rise in cases. In mid-February, Ukraine's daily number of cases was about ~6,000 new cases/day, but in mid-March of this year the number of cases rose abruptly to about ~13,000 new cases/day. It appears that Ukraine is not alone and a number of countries in Europe (i.e. Italy) are seeing an increase in the number of cases, resulting in the reintroduction of lockdowns in some regions.

Given the difficult situation outlined above, the STCU continues with a "work from home first" policy (as we have done from March 2020) and barring a change for the better (which looks unlikely until the Spring), the STCU will continue to work from home as much as possible for the foreseeable future. After successfully avoiding COVID-19 amongst members of our team for most of 2020, about half of our staff has now been infected with the virus, but self-quarantined in a timely manner as to ensure that there was no community spread in the office. It is suspected that a significant number of COVID-19 cases in the office resulted from kids' school attendance (Ukraine's schools have been mostly open during this school year), and/or transmission within family units. As of the publishing of this report, thankfully, the Secretariat is healthy and no members of the STCU nor their family members are exhibiting any long-term health issues as a result of COVID-19 infection.

The COVID-19 pandemic continues to have different levels of impact on the STCU operations ranging from "very little" to "a complete stop". Ongoing projects have had very little disruption with no projects cancelled, and only a handful of projects suspended because of the pandemic. However, the virus has had an impact on new projects and amendments, especially for non-government partner projects, given the higher level of uncertainty facing the world economy. The STCU will continue to monitor this situation going forward. The Board can monitor this going forward as well, by watching the changes in new project proposals shown in the Monthly Snapshot of Partner Activities sent out by the STCU on the first of each month.

Finally, conferences and workshops have been impacted, with a small number moved to an online format (i.e. Zoom, etc.) whilst the rest rescheduled to a later time.

STCU included in proposal with U.S. Trade and Development Agency (USTDA), NuScale Power, SSTC, and SNRIU

Recently, the STCU was contacted by the USTDA to act as a facilitator for a proposal with NuScale Power (USA) and the State Scientific and Technical Center for Nuclear and Radiation Safety of the



State Nuclear Regulatory Committee of Ukraine (SSTC) to perform a gap analysis of Ukrainian regulatory requirements for nuclear reactor technology and NuScale's Small Modular Reactor (SMR) technology.

The STCU will work closely with the State Nuclear Regulatory Inspectorate of Ukraine to facilitate their input into the NuScale/SSTC proposal which is scheduled to be submitted to USTDA for technical review in late March/early April 2021. The hope is that the proposal is selected for funding by USTDA, with the project starting in the 2nd half of 2021. If selected for funding by USTDA, it will be the first project to be implemented in Ukraine in the last decade.

Project to Upgrade physical Security at South Ukraine Nuclear Power Plant (SUNPP)

USDoE/NNSA/GMS is seeing continued movement to implement \$1.1M worth of physical security upgrades at SUNPP. The STCU is currently working with representatives of USDoE/DNN/GMS and Energoatom to purchase a list of equipment and materials (razor wire, fencing, uninterruptible power supplies, etc.) with the hope that procurement of items will be completed in late 2021/early 2022. Negotiations for this project started back in September 2016, so the start of procurement of items is a long time coming.

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. Almost all of the equipment under task 4 has been supplied as a consequence of this additional task in preparing Barrier for their license.

The designs for the construction were approved by SNRIU. The STCU successfully completed procurement proceedings for the large construction project and a small construction project (renovation of the ventilation system at the Analytical Laboratory of SE Barrier on the PChP Site). Construction on both projects is currently underway and proceeding without issue.

The EU's DG – International Partnerships (formerly DG DEVCO) is in discussions with the STCU to extend the work at PChP by providing 5.7M Euro to continue securing the site.

Current Secretariat Activities

Trends in Projects

The 50th Governing Board in August '20 approved a total of five (5) new partner projects totaling roughly \$1.05M (€927,650), as well as eighteen (18) new partner project extensions totaling roughly \$3.05M (\$2,926,668 and €104,062). Couple this with the partner projects and extensions approved at the 51st GB in November 2020 (~\$700K), and 2020 saw \$4.8M of new partner project funding received. As shown in the table below, 2020 was a down year for total funding (\$4.8M) in line with the disappointing year of 2015 (\$4.72M).

The 52nd GB is scheduled to approve via written procedure in April '21, six (6) new partner projects totaling roughly \$1.41M (\$99,942 and €1,101,832), as well as five (5) new partner project extensions totaling roughly \$915K (\$331,975 and €490,000). The total for all new partner projects and extensions scheduled for approval at the 52nd GB would thus equal roughly \$2.3M.



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 125 active projects in 2014 to 75 active projects in March 2021). The STCU expects to see the number of active projects settle at approximately 60-70 where it should stabilize going forward.

	2014	2015	2016	2017	2018	2019	2020	March 2021
Avg # of Active Projects	125	120	110	135	135	110	80	75
Board Approved Project Funding (USD)	\$14.1M	\$4.72M	\$11.2M	\$15.6M	\$13.5M	\$12.2M	\$4.8M	\$2.3M*

* \$2.3M is the amount of funding approved for the period of Jan. 2021 – March 31, 2021.

Potential Projects (Proposals) may make the year 2021 the STCU's largest year of funding ever

As can be seen from the above table, 2020 (\$4.8M) and the first 3 months of 2021 (\$2.3M) have shown disappointing funding levels compared to recent years (2017-2019). However, 2021 despite it's slow start, has the potential to be one of the biggest in the STCU's history (if not the biggest) because of the healthy pipeline of projects currently in place. The larger projects shown below are scheduled to be signed in 2021, and as you can see, these four projects alone would equal to \$18.9M. Pair this amount with the amount already signed in 2021 (\$2.3M) and you get an amount of funding over \$21M for 2021: Furthermore, this does not account for new partner projects and extensions that will be signed in 2021. By way of comparison, the largest funding year at the STCU was 2006 when the STCU approved \$19.82M in new project funding.

A quick look at the larger projects in the STCU's pipeline:

- 1). **5.7M Euros (~\$6.8M)** for project 9700a - *Continuation of Emergency Implementation Measures for Pridniprovskiy Chemical Plant (PCHP) at Kamyanske (formally Dneprodzerzhinsk) in Ukraine*. The project will be funded by the EU's DG – International Partnerships (formerly DG DEVCO).
- 2). **5.4M Euros (~\$6.5M)** for a new project with DG – Foreign Policy Instruments entitled, "Project 088: *Strengthening of CBRN Medical Preparedness and Response Capabilities in SEE countries*"
- 3). **3.4M Euros (~\$4.1M)** for a new project with DG – International Partnerships (formerly DG DEVCO) entitled, "Modernisation of the *Dosimetric Control System in the Exclusion Zone and Environmental (Radiation) Monitoring at the "Vektor" Complex and the "Buriakivka" Disposal Facility*".
- 4). **\$1.5M** for a new project with U.S. Department of State/International Security & Nonproliferation/Weapons of Mass Destruction Terrorism entitled, "Institutional capacity building for sound management of chemicals in Georgia".



Important Visitors/Meetings/Events

Attendance of GP Plenary's Fifth, Sixth, and Final Virtual Meetings (November 4th & 18th and December 9th, 2020, via WebEx). The STCU ED attended via WebEx plenary sessions of the Global Partnership.

Attendance of GP Chemical Sub-Working Group's Fifth and Final Virtual Meetings (November 17th and December 3rd, 2020). The STCU ED met via WebEx with representatives of chemical sub-working group.

Attendance of GP Nuclear and Radiological Sub-Working Group's Final Virtual Meeting (December 4th, 2020). The STCU ED met via WebEx with representatives of the nuclear and radiological sub-working group.

Attendance of GP Biological Sub-Working Group's Fourth and Final Virtual Meetings (November 5th and December 8th, 2020). The STCU ED met via WebEx with representatives of biological sub-working group programs.

Attendance of CBRN Sub-Working Group's Fifth and Final Virtual Meetings (November 12th and December 7th, 2020, via WebEx). The STCU ED met via WebEx with representatives of CBRN sub-working group.

Meeting with newly elected President of the National Academy of Science of Ukraine (December 22, 2020, Kyiv) The STCU ED and Senior DED-UA met with Mr. Zagorodny and his team to discuss ways the STCU and NASU could cooperate in the upcoming new year.

Virtual Meeting with new Energy Attache of U.S. Embassy in Ukraine (January 14, 2021, via ZOOM) The STCU ED introduced himself and the STCU to Ms. Valerie Brusilovsky, the new Energy Attache in the U.S. Embassy in Ukraine. The status of a number of current DOE projects implemented by the STCU were discussed.

Curtis "B.J." Bjelajac
Executive Director

Reduction of STCU Office Premises

July 10, 2019 – Resolution of the Cabinet of Ministers of Ukraine #609 decreed that STCU may stay until December 31, 2030 in the premises located at 5 Metalistiv Str. = 86 m² (Storage) and 7a Metalistiv Str, = 746 m² (on the campus of National Technical University of Ukraine “Igor Sikorsky Kyiv Polytechnic Institute (KPI)”) for a total area of **832 m²**.

November 21, 2019 – STCU Governing Board at the 49th Governing Board approved the STCU staying in the premises as decreed in the aforementioned point until December 31, 2030.

August 30, 2020 – KPI sends Letter # 0114/189-m to the Ministry of Science and Education of Ukraine (MESU) regarding the necessity to review the extension of the rental agreement between KPI and MESU concerning STCU’s premises.

December 15, 2020 – MESU informs STCU by email of difficulties prolonging the rent agreement and requests a meeting of STCU, KPI, and MESU.

December 16, 2020 – Senior Deputy Minister of MESU Mr. Kyzym, Senior Pro-Rector of KPI Mr. Yakymenko visit the STCU premises to discuss possibilities to reduce the size of STCU’s footprint.

December 28, 2020 – STCU Executive Director and Sr. Deputy Executive Director discuss with Senior Pro-Rector of KPI Mr. Yakymenko the STCU’s proposal for downsizing the STCU's office footprint and further possible actions in this regard.

December 30, 2020 – KPI sends a letter # 0717/268/508 to MESU suggesting to extend the rental agreement with MESU but with a downsized STCU office footprint of **535 m²** instead of **832 m²**.

January 5, 2021 – STCU sends a letter to MESU and KPI suggesting the downsizing of the STCU office footprint to **575 m²** (suggested approaches between STCU and KPI differ only by one room = 40 m²).

February 4, 2021 – STCU Executive Director and Sr. Deputy Executive Director meet with Senior Deputy Minister of MESU Mr. Kyzym and a representative from KPI to discuss the final arrangements and next steps for reducing the STCU premises. All Parties agreed to start actions ASAP regarding downsizing the STCU’s office footprint down to **535 m²** (as suggested by KPI).

February 8, 2021 – STCU Executive Director informs the EU and US Parties about the results of the February 4th meeting and the details of the agreed downsizing of the STCU’s office footprint.

March 9, 2021 – STCU Executive Director informs KPI and MESU in a written letter that the STCU has materially completed the downsizing of its offices to the agreed upon revised footprint.