



**Executive Director Report**  
(Reporting Period: 18 May 2006 to 15 October 2006)

**Major Issues**

Uzbek Situation

There has been no change in the STCU's situation in Uzbekistan since the last Governing Board meeting. Furthermore, various incidents point to an increasingly uncertain situation facing STCU in Uzbekistan:

- STCU continues to operate in Uzbekistan, but its diplomatic accreditation (which expired on 1 March 2006) remains "under consideration" for renewal by the Uzbek government. In addition, the user agreement with the Uzbek Academy of Sciences for the STCU Regional Office premises expired in October, and the Academy has not received approval from higher authorities to extend the use of its office space to STCU (however, the Academy has not evicted the STCU Regional Office, showing that the Academy, in principle, continues to support STCU).
- In September, STCU discovered that its web site ([www.stcu.int](http://www.stcu.int)) was no longer accessible within Uzbekistan. All indications strongly suggest that the STCU web address is being blocked.
- STCU projects continue but there have been no new STCU proposals since March because the Uzbek government has stopped issuing Host Government Concurrence. The previous HGC agency in Uzbekistan (the Center for Science & Technology) was disbanded in September and replaced with a new Cabinet of Ministers-level committee that has only just started operations.
- STCU still has no agreement with the state-run Uzbek banks to conduct local financial transactions, and Uzbek state bank reviews of STCU grant transfers to Uzbek scientists continue to cause delays, which have grown to an average of 4-5 months after STCU transfers funds to the banks (the state-run Uzbek banks have a governmental committee that reviews all external funds coming into Uzbekistan, and STCU project funds are included in these reviews. Committee approval is needed before the banks can release the funds to the intended recipient).
- In May, the STCU Executive Director notified the Uzbek MFA about his planned trip to Tashkent in early June, and requested assistance in arranging meetings with Uzbek officials involved in STCU matters (any official meeting with foreign representatives must now be approved by the Uzbek government beforehand). This request was denied by the Uzbek MFA, citing that the timing of the ED visit was "inconvenient" for arranging such meetings, and the ED postponed his visit.
- Currently, no STCU executive staff member has a valid diplomatic accreditation card, and no western STCU staff member has received approval for an Uzbek visa. STCU Ukrainian staff can still enter Uzbekistan, and therefore STCU continues to conduct project monitoring and other administrative visits to Tashkent, but only using its Ukrainian staff.

While these items are discouraging, there are recent positive signs as well. In September, the ED was granted a single-entry visa to attend an international science conference in Tashkent. Using this opportunity, the ED attended the conference and spoke informally to several leading Uzbek scientists, including the current President of the Uzbek



Academy of Sciences and the new director of the Institute of Nuclear Physics (the largest recipient of STCU grant funding and the leading institute in Uzbekistan). While these scientists were not free to speak officially, they indicated that the science community was pushing the Uzbek government to reconsider their views on STCU and to allow STCU to continue in Uzbekistan (several scientists commented that as much as 70% of the Academy of Sciences budget comes from STCU grants). They reported that the Uzbek government may be developing new policies for dealing with STCU, although no one knew what these were. They hoped that STCU would be allowed to stay in Uzbekistan, and have used many opportunities to voice their support for STCU to the government. But they acknowledged that these decisions were being taken at very high (and isolated) levels of the government and they had little insight and influence on the process.

The situation is of growing concern for the STCU executive management. The STCU ED has written to the Uzbek MFA for approval to travel to Tashkent before the end of November to visit newly appointed Uzbek government officials who are responsible for STCU activities in Uzbekistan. Further diplomatic communication by the STCU Governing Parties, directly to the highest levels in the Uzbek government, may also be needed to turn the tide. The Secretariat continues to monitor the situation and will keep the STCU Parties apprised of all these events.

Update on STCU Evolving Strategic Environment. The Secretariat, responding to the Governing Board request, has been gathering data and information to a series of questions developed by STCU and reviewed by the Governing Board members. Most of this data has been gathered, although some important data from official sources in the Beneficiary Parties has yet to be received. A full report on this data gathering results will be provided at this GB meeting.

#### STCU Discussions with Ukrainian Government

Update on Current STCU Headquarters Building. The current 5-year user agreement for the STCU Office Building located at 21 Kamenyariv Street will expire on 1<sup>st</sup> November 2007. This lease agreement is between the landlord and the Ukrainian State Public Enterprise General Direction of Kyiv Municipal State Administration for Serving Diplomatic Missions (GDIP). STCU has a user agreement with GDIP to occupy and use the 21 Kamenyariv premises, and financing of the lease comes from the state budget of the Ministry of Education and Science of Ukraine.

STCU began contacting the appropriate Ukrainian Government Parties to start looking at this issue and to ensure that the necessary actions (including ensuring available state budget funds and conclusion of new user agreements) would be discussed in good time before the expiry of the current user agreement. An official letter was sent to the Director General of GDIP (The), with a copy sent to the Ministry of Education & Science in Ukraine. A letter from MES First Deputy Mr. Ghurjiy (29<sup>th</sup> May 2006) advised STCU that the Landlord was intending to change his lease conditions with GDIP in accordance with the Cabinet of Minister resolution, and that the Landlord had to provided MES with information requested from him by a letter sent by MES on 15/05/06. The MES added that, taking into consideration the STCU's request to extend the premises user contract, the MES would try and meet the STCU's request and would keep us informed accordingly.

Since that time we have been in contact with the Landlord on an unofficial basis and he has been in constant contact with MES who are requiring him to provide market lease cost valuations for the building and many other administrative requirements. We believe that landlord wants STCU to remain within his building, but he is trying to negotiate new rental rates with MES & GDIP. STCU is not involved in these negotiations, but the indications are that the bartering process may be drawn out as both the landlord and the Ukrainian government haggle over the rental amounts.



We see that this issue will come to the forefront in the first half of 2007 and efforts will be required to ensure that an agreement is forthcoming and that budget provisions are made by the Ukrainian Government to ensure the continuation of the office building and working facilities. While we have a written acknowledgement that the MES is working on the issue, the STCU will follow the issue closely and will look to the other STCU Governing Parties to help push the process, if necessary.

MES Funds Held by STCU. The long delay in establishing the new Ukrainian government after March 2006 parliamentary elections has prevented final resolution of MES funds held by STCU. In STCU's understanding, the Ukrainian side will propose a joint activity of mutual interest that it will develop for STCU consideration. This joint activity will be co-funded, in which MES will contribute the equivalent of US\$139,000 and the STCU will provide the 299,000 UAH of MES funds it is holding. The STCU Secretariat continues to wait for further communication from the Ukrainian government about these remaining MES funds.

Ratification: STCU provided the new Ukrainian translation of the STCU Statute, Article XIII (on IPR from projects) to the Department of Legal Agreements of MFA for official certification of the translation. But the MFA translation department stated that, due to a heavy workload, this official certification would not take place until October at the earliest. STCU DED (EU) Zayet continues to pursue this issue with the Ukrainian MFA and other government departments, but re-initiation of the Cabinet of Ministers ratification proceedings cannot take place until this MFA certification is received.

Meeting with Political Department of Ukrainian MFA. The STCU ED, Senior DED met with Mr. O. Svitkov, then Acting DG for Political Affairs. The meeting was prompted by the STCU Annual Report 2005, and was intended to be an introductory meeting of STCU activities to this Political Affairs Department. At the suggestion of Mr. Svitkov, STCU provided a paper describing the commonalities between STCU and the GUAM (Georgia-Ukraine-Azerbaijan-Moldova) Organization for Democracy and Economic Development. The GUAM, as of now, remains a political forum between these regional neighbors but if the plans to establish a working international organization come to fruition, there may be opportunities for future cooperation with STCU. The STCU ED is in consultation with the local Governing Party missions in Kyiv to gather information and suggestions as to what kind of cooperation would be appropriate for STCU, if the GUAM parties decide to approach STCU.

#### STCU in Moldova

The start of STCU operations in Moldova took a major step forward with the granting of diplomatic accreditation by the Moldovan government to STCU. With this accreditation, STCU is in a position to negotiate banking arrangements in Moldova as well as develop procedures with Moldovan tax and customs agencies. All of these steps are necessary so that STCU can pay tax-exempt grants to Moldovan project participants and move project-related equipment and materials through Moldova without customs duties.

Meanwhile, the STCU Regional Office has nearly completed its renovation work, and the STCU Regional Officer for Moldova expects to occupy the Office in the near term. STCU continues to receive project proposals from Moldovan scientists, and currently there are 11 STCU project proposals with Moldovan participants are under review by the Parties. A trip by the ED continues to be planned before the end of 2006, possibly to open the STCU Regional Office.



## Current Activities

### Targeted R&D Initiatives Activity Update

Ukraine. The STCU Secretariat, STCU Parties, and NASU successfully concluded the 2006 TRDI cycle with a joint selection committee meeting held on 13 October at the NASU Presidium. Twenty two 'full form' proposals were sent out in early June and reviewed by experts in Canada, EU, Ukraine, and the U.S. After many tele-conferences, face-to-face meetings, and other coordination efforts, the STCU Secretariat received the technical evaluations and ratings from all the involved parties by early October. The Secretariat compiled an integrated spreadsheet of each Party's evaluations for each TRDI proposal, and provided this to the Parties prior to the 13 October selection meeting. Canada and the U.S. Parties met earlier in the week to coordinate their funding choices; unfortunately, the EU representative could not come to Kyiv due to various reasons. However, the EU evaluations and funding choices were coordinated via email and telephone calls to Brussels, so the EU Party input was taken into account during the final project selection process.

At the selection committee meeting, Canadian, Ukrainian, and U.S. representatives compared each others evaluations for each of the competing proposals, discussed the merits of supporting (or not supporting) each proposal, and agreed on financing 10 out of the 22 proposals (7 projects in the nanotechnologies area, 2 in the energy conservation & industrial safety area, and 1 in the information technologies area). These selections resulted in Party funding shares as follows (in USD equivalent):

Ukraine =	\$ 497,228 (50%)
STCU =	\$ 497,228 (50%)
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United States =	\$ 314,397 (32%)
European Union =	\$ 143,151 (14%)
Canada =	\$ 39,679 (4%)
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Total Funding =	\$ 994,456 (100%)

This latest STCU-NASU TRDI cycle was an improvement over the 2005 cycle, in that the Ukrainian side played a more active and equal role in the entire process. The TRDI process still suffers from delays in meeting certain deadlines, such as proposal submission, receipt of Party reviews, etc. But the process of having the STCU Financing Parties coordinate their individual project funding decisions, followed by a further coordination with the Ukrainian decisions, seemed to work well.

The Parties also agreed to issue a call for proposals for a 3<sup>rd</sup> round of STCU-NASU TRDI round, with final project selections taking place in the timeframe of the 24<sup>th</sup> STCU GBM (Spring 2007). NASU expressed its readiness to commit up to US\$600,000 for this 3<sup>rd</sup> round, but the other STCU Parties postponed making a specific financial commitment to this round until the 23<sup>rd</sup> GBM.

Georgia. The Director of the Georgian National Science Foundation notified the STCU that the Foundation continues to stand ready to start the STCU-GNSF Targeted Initiative, which is an Initiative approved by the STCU Governing Board for the 2006 fiscal year. This Targeted Initiative, however, was delayed in starting because the STCU ED wanted the 2<sup>nd</sup> cycle of the NASU Targeted Initiative to be completed so that "lessons learned" from that process could be incorporated in the future GNSF Targeted Initiative. Because of this delay, the GNSF could no longer provide their initial pledge \$250,000, but it confirmed that it was prepared to pledge 250,000 lira (approximately US\$140,000) for a late 2006-2007



TRDI program. With the success of the latest NASU TRDI round, the STCU ED plans to travel to Tbilisi at the end of October to sign a statement of cooperation on the Georgian-STCU Targeted Initiatives effort, and send STCU staff to formulate a Georgian TRDI process that matches the successful Ukrainian TRDI process. The GNSF and STCU hope that an official call for proposals for the first TRDI cycle can be issued at the time of the 23<sup>rd</sup> GBM. Information technology & communication and biotechnology & life sciences were identified as the priority areas by the GNSF.

Other Targeted R&D Initiatives, such as with the Ukrainian Ministry of Environmental Protection and the Ukrainian Academy of Agrarian Policy have been proposed, and there are indications that the Azeri Academy of Sciences is interested in an Azeri Targeted Initiative. All of these proposed additional Targeted Initiatives need to be considered by the STCU Parties and guidance provided to the STCU Secretariat on how best to pursue these opportunities.

### STCU Performance Surveys and Data Gathering

*Annual STCU Survey.* In late 2005, the STCU and National Academy of Sciences of Ukraine (NASU) conducted a jointly-developed survey of over 270 institutes and technical units that had active STCU projects, with the goal of measuring the level of self-sustainability and impact of STCU programs on participating scientists and institutes/technical units. STCU received a final report and data results from the NASU Dobrov Center which conducted that survey on behalf of NASU. STCU summarized all the information issued its own report on the survey findings, titled "*STCU-NASU Survey 2005: Evaluation of Performance of Technical Units Fulfilling STCU Projects and STCU's Impact on Technical Units' Activity*".

Responses were received from only 72% of surveyed Ukrainian units, showing the difficulty in gathering data and information even when sponsored by NASU. However, the responses were sufficient to provide a adequate picture of the situation with these Ukrainian STCU participants. The main results are:

- Approximately 53% of the surveyed units were evaluated either to be fully sustainable or could reasonable expect to be sustained with the support of their parent institute. Approximately 21% of the surveyed units would be considered under sustainable and without reliable support from a larger organization. However, this is not a complete picture in that 26% of the surveyed units did not provide enough data to determine their self-sustainability capability.
- Government (state budget) financing remains the predominant source of budgetary support for the institutes/units (59% of financing came from state funds). STCU grant funds made up 20% of the total annual budgetary support to these institutes/units, but were a significant portion (48%) of the non-governmental portion of these budgets. This suggests that STCU has a major influential role in promoting non-government, competitive financing of research activity.
- Since the STCU institute survey of 2003, there appears to have been a relative increase in the number of units with diversified, multi-sources of income, and a decrease in the number of units evaluated as "reliant on STCU financing". This can be said only for Ukrainian institutes because the 2003 and 2005 survey samples are only comparable between Ukrainian institutes.
- STCU project participants had an average age of 48 years, with senior "doctor of science" researcher ages averaging 60 years. STCU projects are reaching an increasing portion of younger researchers (age 35 years or less), with 29% of the surveyed units reporting STCU project participants fitting this "young researcher" category.



- STCU had a larger relative impact in promoting joint research, upgrading laboratory equipment, promoting financial diversity, and encouraging professional collaboration/contact with foreign scientific peers. STCU had less of an impact in commercialization of science and commercial contact with outside investors., and was criticized for overly bureaucratic processes and the long time it takes to process, evaluate, and render decisions on proposed work.

The same survey questionnaire and software for evaluating questionnaire responses are with STCU and the Secretariat is preparing to repeat and expand the survey for 2006-2007.

U.S. Party-sponsored Survey on the Impact of Grant Assistance on Ukrainian Scientific Community. STCU was asked to support this U.S.-based study by assisting a locally contracted Ukrainian survey company to engage both STCU grant recipients and non-recipients to see what historical impact programs such as STCU has had on the Ukrainian science community. STCU prepared 25 letters of introduction to institutes selected by the U.S. analysts and the local survey contractor, the Kiev International Institute of Sociology (KIIS). STCU also provided a sanitized list of scientists at these institutes who were either STCU grant recipients or who were listed as a participant in a STCU project proposal that was never funded. This survey started in August, and reportedly is making good progress.

GB Strategic Review Survey. The 22<sup>nd</sup> Governing Board instructed STCU to gather basic information and data related to STCU's nonproliferation mission and current activities, in support of the Governing Board's further discussions about the future STCU strategic direction and outlook. STCU started from a list of data sets and questions reviewed by the Governing Board members. About half of the data gathered thus far comes from the STCU in-house project and program databases and records. The rest of the data is to be taken from Host Governmental Agencies of Ukraine, Azerbaijan, Georgia, and Moldova.

Preliminary results from this effort are provided in the Governing Board member binders.

EU Party Evaluation of STCU Program On 26 June, STCU received e-mail from the European Commission to provide all necessary assistance and access to an expert group tasked with performing a program evaluation of STCU and ISTC. Since that email communication, the Secretariat has not been contacted by the experts. The Secretariat stands ready to assist this study when the group contacts the STCU.

#### Actions Taken to Streamline/Standardize Regular Project Agreement and Workplan Processing

In response to the comments and instructions from the AC representatives during 2006, the Secretariat worked to develop new standard processes, deadlines, and on-line management tools to help reduce the average 330 days it took for a project to move from GB decision to final ED signature and commencement. These steps were done in concert with the on-going Secretariat efforts to improve the use of modern IT tools for internal processing, and efforts to improve the quality of information provided with STCU proposals so as to assist the Parties during their STCU proposal reviews.

Since the 22<sup>nd</sup> GBM, a series of practical improvements were made to the STCU internal processes on Project Agreement preparation. Taking advantage of the STCU's proprietary project submission software and on-line databases, the Secretariat moved to a fully electronic process for all major steps in an STCU project life-cycle: from initial proposal registration to proposal submission for Party review, and from GB approval for funding to the final, signed Project Agreement. First, STCU Senior Specialists, Partner Managers, Proposal Processing Officer, and DEDs worked together to review and better rationalize the information that STCU receives from project managers and foreign



collaborators. The result of this effort was to make the documentation requirements for STCU project proposals more precise for all the involved stakeholders (including foreign scientists). This additional need for precision in proposal text, in letters of support and of collaboration, etc. was posted on the STCU web pages with practical guidance given to the players. This led to a better understanding of interaction between project managers, foreign scientists, and Party representatives when it came to providing better quality STCU Project Proposals and better quality Support and Collaboration letters.

Further, STCU initiated internal on-line tools to simplify the internal handling and accountability of each STCU Project file as it passes through the stages of Project Agreement preparation and internal STCU concurrence. Under this new on-line system, STCU Management and the Senior Specialist in charge of an approved project will move the Project Agreement file through a standard verification process, with the STCU IT system recording each time the Project passes through each electronic approval stage. This way, the Project Agreement file can be tracked better and the STCU Management now can identify and resolve bottlenecks using this fully, transparent and accountable project processing system.

The results of these efforts can already be seen, with increased and rapid interaction from the Party science reviewers regarding STCU project proposals, and with the increased pace of moving Party-funded projects from GB approval to ED signature. As a motivational tool, the STCU Project Database now displays a banner depicting the average number of days it takes an STCU Project to move from GB approval to ED signature. This average was reported to the 21<sup>st</sup> GBM (2 December 2005) as roughly 330-340 days. As of 15 October, this banner reads 290 days and dropping. The goal is to achieve an average of 100 days between GB approval date and final Project Agreement signature date.

### **Important Visitors/Meetings**

ISTC-STCU Coordination Meeting (28-29 September, Moscow). The STCU ED traveled to ISTC to meet with the ISTC ED and with several ISTC DEDs as part of the continued coordination of ISTC and STCU common issues and activities. The two EDs discussed the current budgetary environment of the two centers, the outlook on ISTC/STCU joint activities, the strategic discussions ongoing in both the ISTC and STCU Governing Boards, and opportunities to perform more joint activities (such as joint workshops) in 2007. The two also agreed to propose expanding the joint ISTC/STCU Project concept to Partner Projects, so that common ISTC/STCU Partner can, if they wish, develop a Partner Project using teams from both ISTC and STCU member countries.

STCU- Georgian National Science Foundation Meeting (29 August). Mr. Archil Motsonelidze, (Director, Georgian National Science Foundation) hosted a meeting in Tbilisi with the DED (US) Korsun and DED (EU) Zayet to discuss future STCU-Georgian cooperation, including the future Targeted Initiative with GNSF in 2007 as well as a possible IPR roundtable and a Workshop to promote local scientific capabilities and develop commercialization opportunities.

Meeting with EU Member State Contact Points (10 July, Brussels). This meeting, hosted by DG Research, introduced STCU and ISTC representatives to the ISTC/STCU Member States Contact Points. DED (EU) Zayet represented the STCU and its programs, joined by ISTC DED (EU) Uwe Meyer representing the ISTC activities. Discussions centered on the procedures the European Commission applied to the ISTC and STCU, as well as the necessary involvement requested from Member States. The Meeting also discussed the relevance and opportunities for Member States while funding research projects, and the necessity to coordinate the nonproliferation aspects with the relevant authorities within the Member States.



## Conferences/Workshops

STCU-NATO Commercialization Workshop (11-12 October Kyiv). About 250 scientists, governmental officials, and industry representatives participated in this event, which was 2-years in planning and was the largest event ever organized by STCU. This event was co-sponsored by the NATO Science for Security program, and the NATO Assistant Secretary General for Public Diplomacy (Mr. Jean Fornet) attended the opening session. The first day included speeches from Mr. Fornet, Mr. A. Gurzhiy (First Deputy Minister of Education and Science of Ukraine), Academician A. Namovets (Vice President, National Academy of Sciences of Ukraine), and Mr. Z. Stančić (Deputy Director General for Research, European Commission). Other key speakers, such as Dr. V. Alessi (CEO, U.S. Industry Coalition) gave presentations on a variety of subjects related to the effective commercialization of science research and technology development. Other VIP attendees on the first day included Academician Y. Yatskiv (STCU Governing Board member for Ukraine), Ambassador I. Boag (Head of the EC Delegation in Ukraine), and ISTC Deputy Executive Director (US) L. Williams. During the second day, a series of panel discussions focused on technology presentations and specific commercialization issues in five key scientific areas: Aerospace, Biotechnology, Nanotechnology, Renewable Energy, and Nuclear Energy & Safety. During both days, a Technology Exhibition was conducted in the reception area, displaying 35 selected technologies in the five key areas of the panel discussions.

Overall, the event received positive reactions from all the participants. In addition, the STCU Management drew several conclusions from this entire 2-year experience in putting on such a large, politically-involved Workshop. Many of these lessons suggest that STCU should focus on organizing smaller Workshops given the small amount of human resources STCU can bring to bear on organizing such events. Also, STCU Management needs to ensure, well in advance, that it knows, understands, and agrees to the role, responsibilities, and requirements of any external organizations that wish to partner with an STCU event (and contribute funds), so as to avoid misunderstandings during the planning and conduct of the Workshop.

XXI International Symposium on S&T and Innovation Forecasting: The State Program of Ukraine and World Experience (1 June, Kyiv). This symposium was organized by the Ukrainian Ministry of Education and Science and National Academy of Sciences of Ukraine, and featured an STCU-sponsored round-table discussion on the prospects of developing basic science according to innovation and S&T trend forecasting in Ukraine. The general symposium discussed the results of Ukraine's S&T Forecasting Program and developed recommendations for further S&T and innovative development in Ukraine. The Symposium also discussed S&T forecasting and innovation trends in other countries.

STCU Workshop "Positioning Bio-Institutes to Compete in Global Market" (28-30 June, Odessa). This workshop was attended by nearly 80 biological industry leaders of Ukraine, Azerbaijan and Georgia, by western experts in bio-science and medicine, and by representatives from European, Canadian, and U.S. federal laboratories and private companies. Also attending were officials from Ministry of Agrarian Policy of Ukraine, State Administration for Pharmaceutical Products of Ukraine, the French National Defense General Secretariat, the European Commission's Directorate for Research, and U.S. Defense Department's Defense Threat Reduction Agency. Participants discussed some of the important problems facing bio-institutes and production entities in the STCU Beneficiary Members, including certification, IP protection, GMP/GLP/GCP requirements, and the opportunities for out-sourced research or clinical trials testing by western companies. A color brochure also was produced for the workshop, showcasing the expertise and infrastructure within each bio-institute. This brochure will be used in promoting the institutes at future STCU events.

STCU Grant Writing Workshop in Ukraine (22-25 October, Kharkiv and Lviv). The STCU continued its training workshops on improved research grant proposal writing, holding workshop events in Kharkiv and in Lviv.





## Activity Update

### Project Activity

As of 15 October, the STCU had 227 active projects underway (155 Regular Projects; 65 Partner Projects; 7 Targeted Initiative Projects). Since the last GBM, the STCU Secretariat has been managing a monthly average of approximately 219 active projects. For the two GBMs in 2006, the STCU has forwarded 195 proposals to the Parties for review; of these, 89 proposals were sent since the 22<sup>nd</sup> Governing Board meeting in May. STCU is averaging between 90-100 project proposals being forwarded to the Parties for each GBM in a calendar year, for an annual (calendar year) rate of about 200 proposals submitted for Party review.

The year 2006 saw what appears to be a leveling of the monthly number of active STCU Regular Projects and Partner Projects to roughly 155 and 60, respectively. The STCU continues to close more projects than it adds new projects each year, but the rates of newly approved and closed Regular/Partner Projects has remained about the same over the last few years, therefore the average of active STCU projects has reached a somewhat steady-state level between 210-220 projects. An increase in the number of Partner Projects and extensions may push the active projects higher, but it may also be offset by fewer Regular Project approvals.

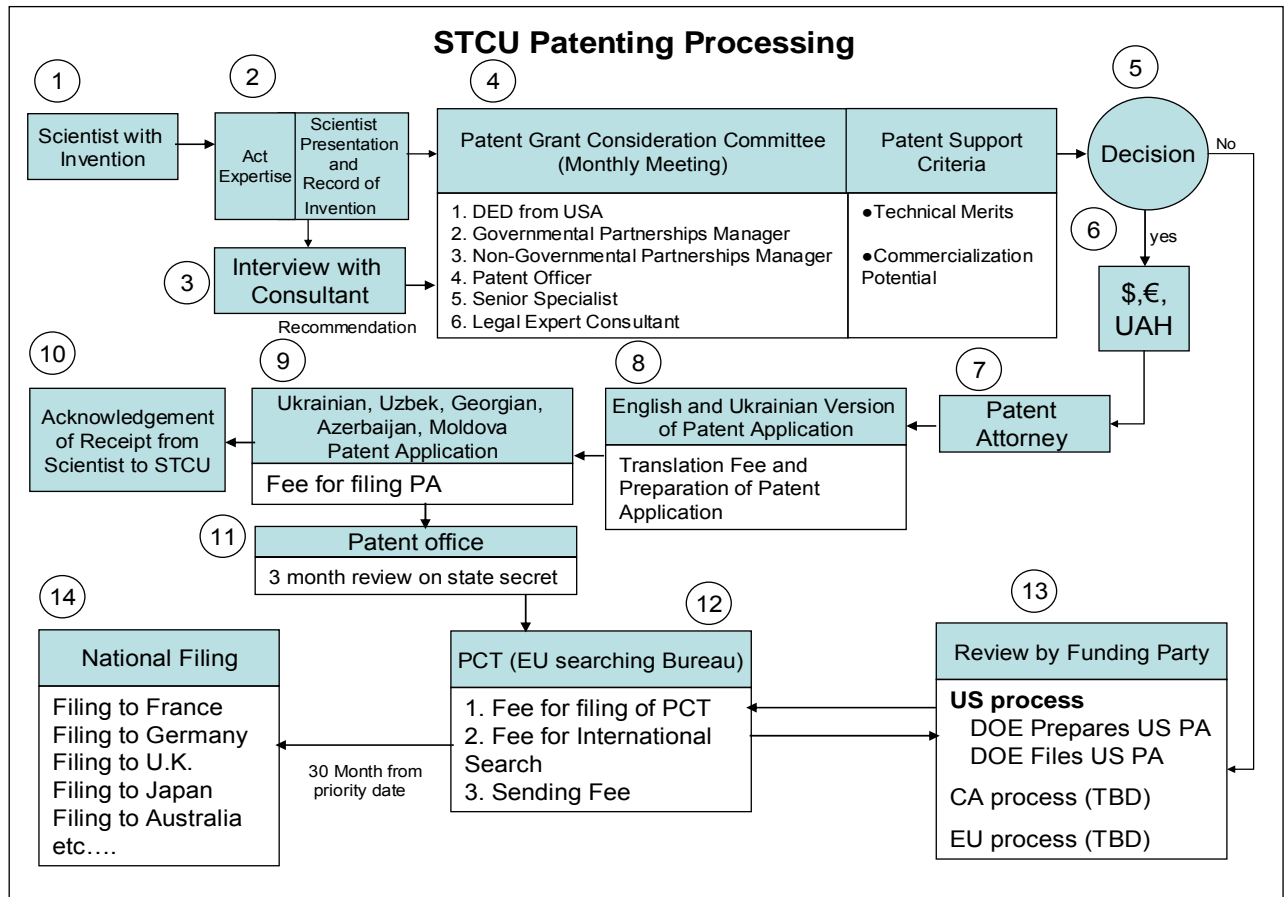
	2003	2004	2005	2006 (as of 19 Oct)
Proposals Sent for Review	198	200	215	156
New Regular Projects Commenced	100	74	56	64
New Partner Projects/Extensions Commenced	38	23	37	43
Completed Projects	126	119	109	119

### Sustainability Activity Update

The Sustainability Promotion programs began to pick up pace with the full-time arrival of DED (US) Victor Korsun. In Patent Support, the Secretariat is incorporating a more competitive and rigorous procedure in selecting applications for Patent Support grants (see figure below). The process will include a selection committee that includes the DED (US), STCU Partner Program managers, STCU Patent Officer, Senior Specialists, and an outside IPR legal expert. Scientists applying for a STCU Patent Support grant will have to present their invention to this committee, which will follow technical and commercial review criteria in evaluating the application. The rest of the STCU Patent Process will integrate with local legal preparation of patent filing applications and with the Financing Party patenting processes for Regular Projects.



In the meantime, Patent Support Grant approvals were slow over the 2006 summer months. Since the 22<sup>nd</sup> GBM, the STCU provided grant support to only 1 PCT patent application.



This brings the total number of STCU Patent Support Grants to 236 (224 grants for national patent applications and 12 grants for applications in STCU Financing Parties, with 21 of the 236 total grants also being used for PCT applications).

STCU continued its Institute Sustainability Development activity with the invitation to 13 Ukrainian institutes to participate in the next phase of the STCU “Chief Technology Commercialization Officer (CTCO)” project. Of this list of 18 institutes, 13 were determined to have the willingness and the need to establish a chief technology transfer officer within the institute’s organization, and STCU invitations to join the inaugural CTCO program were sent. Of these 13 institutes, 10 accepted the invitation. As part of the CTCO program, the STCU and each institute director will sign a memorandum of cooperation which outlines the commitment of STCU to provide specialized training and hands-on experiences for the CTCO candidates, and the commitments of the institute to provide and support their CTCO candidate from institute resources. The STCU is in the process of designing a training and “experience-building” program for the CTCO candidates.

STCU also continued its relationship with the Kyiv Polytechnic Institute business school, facilitating the interaction between KPI graduate-level business students and selected STCU projects which resulted in business plan/marketing



strategy developed by the students (free of charge) for these selected STCU projects. The plan is to continue this KPI program next year, and also to expand the effort to another local business school in the Kyiv-Mohyla University.

Since the 22<sup>nd</sup> GBM in May, a total of 8 new Partners (all Non-Governmental) received Partner status (to be confirmed at this 23<sup>rd</sup> GBM). This brings the total number of STCU Partner organizations to 154 (22 Governmental, 132 Non-Governmental). Since the 22<sup>nd</sup> GBM, 18 new Partner Projects or Project extensions were commenced. For the year 2006 (up to 15 October), STCU commenced the following new Partner Project activity (compared to the entire 2005 calendar year):

	<u>2006 (up to 15 Oct)</u>		<u>2005 (calendar year)</u>	
New Gov. Partner Projects/Extensions:	27	\$5.97M; EURO 30,000	22	\$5.67M; EURO 89,100
New Non-Gov. Partner Projects/Extensions:	18	\$2.70M; EURO 181,700	17	\$1.78M; EURO 57,600
Total New Partner Projects:	45	\$8.67M; EURO 211,000	39	\$7.45M; EURO 146,700

In Partner Promotion, the STCU organized a Ukrainian delegation of three scientific technical units to participate in the INTEK 2006 trade show in Germany (late May-early June). More than 200 German companies participated in this event, and preliminary coordination between STCU and AiF (German Federation of Industrial Research Associations) helped to organize more than 50 commercial matchmaking meetings for the STCU delegation in connection with the trade show. Also, in October STCU led a delegation of scientists to the 14th Annual "BioPartnering Europe" conference in London, UK. Over 500 European and global companies attend this 3-day partnering conference, including leading pharmaceutical, biotechnology, service and financial companies.