



Science and Technology Center in Ukraine  
2008 Administrative Operating Budget and Supplemental Budget Presentation

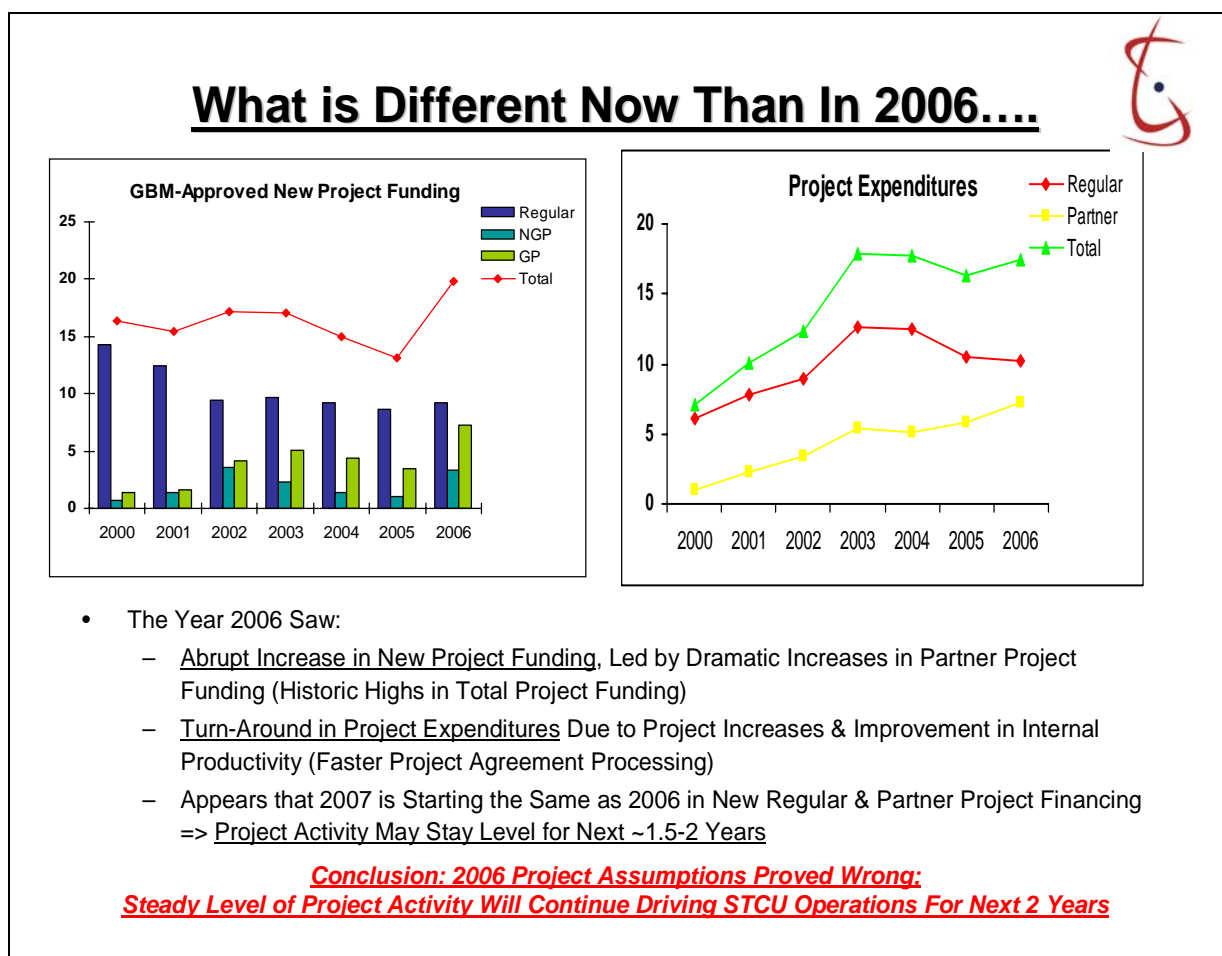
16 October 2007



## Overview

Due to careful, conservative budget planning based on prudent projections on near-term project and supplemental program workload, the STCU has delivered its 2007 budget plan on target, with a projected total AOB under-spend of approximately 6.1%. Yet because of the volatility of the Partner Project funding and impending fiscal reductions in Funding Party scientist redirection programs, STCU Management faces an uncertain budget picture in the future. **It is imperative that the Governing Parties conclude the strategic planning process started in 2006 and establish a consensus future strategy that is supported by sufficient Party programmatic resources.** Absent such consensus, STCU Management must anticipate a general decline in existing program activities starting in 2008 and continuing through 2009. Thus, STCU will continue exercising tight fiscal discipline and will closely examine all programs, so that its 2008 budget plan balances STCU's current strategic goals against available resources.

Project-volume management will continue to dominate STCU administrative activities in 2008, driven by recent, record-high levels of approved Partner Project funding. Partner Project funding growth (which began in 2006) produced STCU's highest-ever annual total in new project funding, and two of the last three Governing Boards (GBM 22 & 24) were the two highest project funding GBMs in STCU history. The STCU Governing Board also continues to express strong policy support for continuing the co-financing Targeted Initiatives program, and in initiating a new STCU supplemental program on institute sustainability. All in all, STCU will face a continuing level of operational demands in 2008, requiring a minimum level of administrative budget financing approaching that experienced in 2007, to ensure adequate management and financial control over these current and new projects and programs.



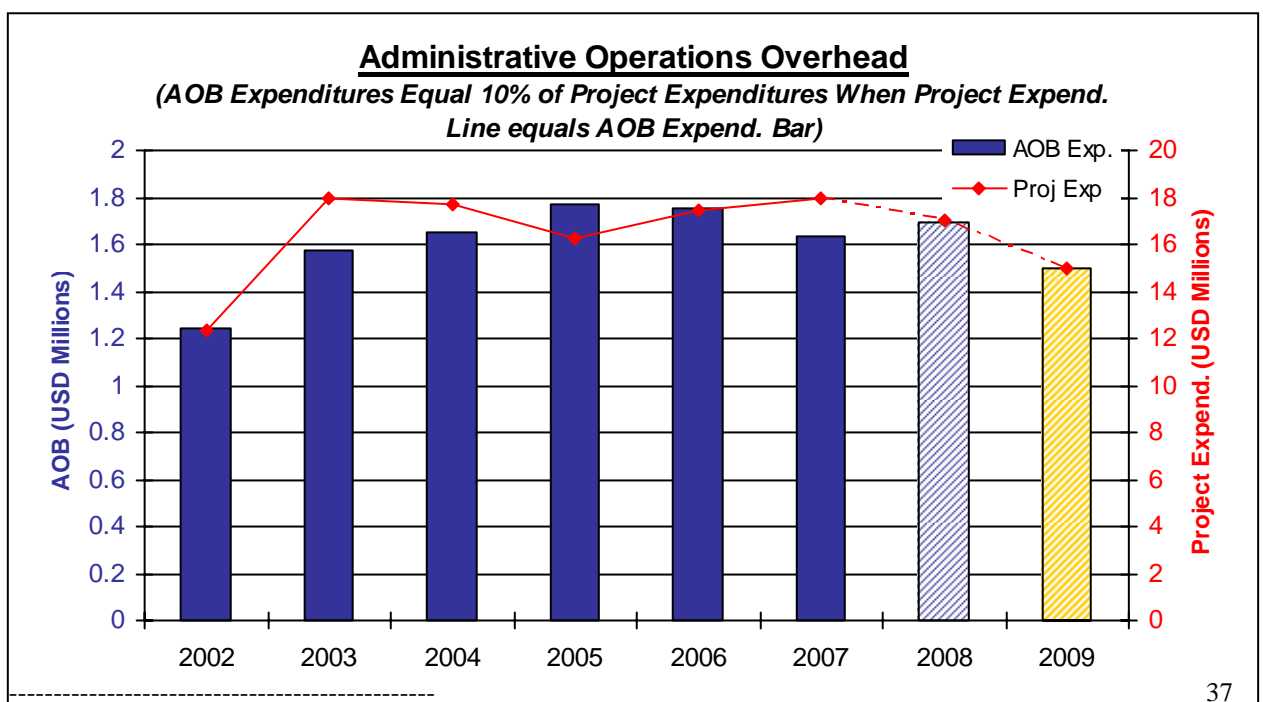


On the other hand, at GBM 24 (31 May 2007) the Funding Parties clearly signaled that their traditional “former Soviet weapon scientist redirection” program funding would start declining in 2008, implying that 2006-2007 was an apex in new project funding, and that there will be a general reduction in STCU project volume and other activities in the coming years. During the 26 September 2007 Advisory Committee meeting, the Funding Party statements suggested an overall reduction in 2008 funding, primarily affecting new projects but also impacting many supplemental activities and administrative operations.

This dichotomy of a continuing need for volume-driven program administration and oversight—resulting by past Partner Project and targeted program funding—against funding reductions from the Governing Parties creates a growing risk for STCU. While the STCU acknowledges the pressures of declining program budgets in each individual Funding Party, prudent program management demands that AOB funding be reduced only at a rate that matches all the activities under STCU management. If the STCU Parties are not attentive to this situation and force steep AOB reductions, STCU could become administratively “hollowed out” starting in 2009. By “hollowed out”, we mean that there will not be enough AOB funds from the Governing Parties to maintain the minimum staff and administrative operations necessary to assure adequate management and financial control (as well as customer service) over STCU activities.

In the meantime, following the 2007-2008 AOB/SB guidance from the 22<sup>nd</sup> Governing Board Meeting, but in light of the above-described program and fiscal outlooks, the STCU Management approached its 2008 budget request under the following assumptions:

- Maintain a zero-growth AOB from the approved 2007 AOB level, in anticipation of a decline in overall project and program activities during 2008 (and probably in 2009 as well);
- Economize the AOB and SB non-staff salary budget line items, within feasible limits;
- Eliminate the 4 currently vacant staff positions, yet still budget for a small staff pay raise and year-end performance bonus. As in 2007, use staff turnover in 2008 to control both the staff salary budget and, where appropriate, evaluate the need to fill vacated positions in light of declining project activity and lower administrative demands of fewer, more targeted programs;
- Anticipate a further AOB reduction in 2009, in concert with continued declines in project and program activities, with staffing levels and other large-ticket AOB/SB items open to re-evaluation.





Existing Supplemental Program budgets (particularly in “open-invitation” programs such as Travel Support Grants and Patent Support Grants) will be reduced, overall, in light of the actually realized program output in 2007 and the Funding Party emphasis on narrowing the scope of all program activities. The 2008 Supplemental Budget request also takes account of the progress achieved in 2007 toward the STCU near-term strategic goals on improved technical unit self-sustainability, Partners Program promotion, and expansion of Recipient Party “equal partnership” in using ex-military scientists for science-based solutions to regional and international issues. One major change in the Supplemental Budgets is the proposed creation of an Institute Sustainability Program as a new separate Supplemental Budget line.

### Executive Director Office

The Executive Director Office provides the strategic leadership for STCU and conducts the strategic-level planning, management policy guidance, and executive supervision for the entire organization. The office is also responsible for developing and implementing Center-wide policies, procedures, and practices to ensure the professional effectiveness and integrity of the STCU.

#### **Performance in 2007**

In 2007, the ED Office continued a steady level of activity, including the preparation and conduct of the first-ever STCU Governing Board meeting in Moldova. The ED Office continued to facilitate Governing Board discussions on the STCU’s strategic planning and future direction, and continued to implement the existing plans and programs in accordance with the current near-term strategy approved by the 18<sup>th</sup> Governing Board Meeting (14 June 2004). The ED Office, along with the Management Committee, directed implementation of the GB-approved 2007 AOB/SB plan and continued efficiency improvements to internal processes and practices. Actions taken in 2007 included:

- Continued efforts to secure a renewal of STCU accreditation in Uzbekistan and renewal of office use agreement with Uzbek Academy of Sciences for the STCU-Uzbek Regional Office. The ED and the Governing Parties engaged in official diplomatic communications throughout 2007 to press STCU’s case with the Uzbek government.
- Worked with STCU Parties to initiate new Targeted R&D Initiatives for Georgia, Azerbaijan, and Moldova, with the Georgian and Azeri TRDIs successfully completing their inaugural funding cycles in 2007.
- Managed STCU program activities as project activity reached new peaks, including continued historic highs in total approved project funding at GBM 24 (31 May 2007), increases in number of active projects underway, and record levels of project expenditures throughout 2007. Also, worked with the STCU management, staff, and Governing Parties to incorporate sound fiscal discipline in administrative operating and supplemental activity costs while maintaining a high level of quality and program delivery.
- Made preliminary approaches with the national coordinators of the Georgia-Ukraine-Azerbaijan-Moldova (GUAM) regional forum, and worked with all the Parties to see if there were appropriate ways for STCU activities to join in cooperation with GUAM activities.



- Continued overseeing the phased implementation of STCU's new, integrated financial software package (NAVISION) and led the STCU in implementing improved internal processing and on-line management tools that significantly improved STCU productivity. Also worked with CFO in supporting STCU external financial audit for the fiscal year 2006, which resulted in "clean" financial and management system audit in the opinion of the external auditors.
- Participated in EU and Canadian Party-requested program evaluations of the STCU, and worked in cooperation with the Parties to create new institute sustainability-based programs and performance measures, in response to U.S. Party requests. Also directed the second annual STCU program performance survey to assess the state of institutes and technical units involved in active STCU projects and the impact of STCU programs on these units. This 2<sup>nd</sup> annual performance assessment included, for the first time, input from all 4 STCU Recipient Parties.

The ED traveled to field activities in Baku, Chisinau, and Tbilisi, and traveled to Amsterdam, Brussels, Ottawa, and Washington D.C. for Party consultations on STCU strategic planning, program activities, and fiscal issues. The unforeseen Party-requested travel to Amsterdam plus additional STCU executive staff travel to the 24<sup>th</sup> GBM in Moldova resulted in slightly higher-than-planned travel expenses for the ED Office. The ED had hoped to travel to Uzbekistan during 2007 but found no opportunity with the Uzbek government to do so. The Uzbek government's long-running review of STCU's accreditation renewal has caused a period of great uncertainty in the STCU-Uzbek relationship and this continues to require focused ED attention.

The ED also continued work with the Ukrainian Ministry of Education and Science, National Academy of Sciences of Ukraine, and the National Space Agency of Ukraine to explore new ways that STCU activities could contribute to national development priorities. The ED also conducted discussions with the Georgian and Azeri national science agencies in the context of Targeted Initiatives and general cooperation.

There was a turnover in ED Executive Assistant position, with a new Executive Assistant beginning her duties in April. Still, the ED Office performed all the arrangements, planning, and organization activities for the 24<sup>th</sup> Governing Board meeting (31 May 2007, Chisinau, Moldova) and the upcoming 25<sup>th</sup> Governing Board meeting (15 November 2007, Kyiv, Ukraine).

### **Plan for 2008**

The ED Office expects to maintain this same level of activity in 2008, including pushing for a resolution to the STCU strategic planning exercise, resolution of the STCU-Uzbek situation, managing the complex organizational, programmatic, and fiscal issues arising from the volatility of Partner Project activity, addressing the impact of evolving Funding Party financing profiles and policy priorities, and adjusting to developing economic and political trends within the Recipient Parties.

### **Staff Travel (2007 Budget Allocation = \$26,000. 2008 Budget Request = \$29,000).**

The above activities will require travel for the ED, and on occasion for the Executive Assistant. Taking into account past years' travel plus the anticipated time available to travel in 2008, the ED Office will plan for one possible Advisory Committee meeting outside of Ukraine and one possible Governing Board-related visit to a Regional Office (possibly Uzbekistan or Azerbaijan). The ED also will plan for up to three consultation trips to the western Party capitals and one consultation trip to ISTC (Moscow) during the year. The AC/GB-related travel of STCU executive staff will be factored into the ED office budget.



Travel (International) includes STCU executive travel to:

- One Advisory Committee meeting in Europe/North America = 4 staff
- ED travel for STCU business = 3 trips

Travel (CIS) includes executive staff travel to:

- GBM outside Ukraine = 6 management staff + 1 admin staff
- STCU-ISTC Executive Director consultations in Moscow = 1 trip
- ED travel to Regional Offices outside Ukraine = 2 trips
- ED travel to Ukrainian Regional Offices = 3 trips

**Staff Training (2007 Budget Allocation = \$9,500. 2008 Budget Request = \$14,500).**

The ED Office will continue to ensure the professional integrity and standards of the STCU operations and its staff through “management by objectives” policies, employee performance evaluations, and review of STCU standard operating procedures. The 2008 training activity is anticipated to be the same as in 2007, but will see a \$5,000 increase due to the STCU Staff MBA Program, which awards (via an internal competition) a \$5,000 grant each year to a STCU professional staff member to finance a formal 2-year MBA education. In 2008, there will be one staff member conducting the second year of the program (\$5,000) and another staff member will start the first year of the program (\$5,000). The ED Office itself will strive to maintain its own level of professional training, particularly in management and language training.

**Representation (2007 Budget Allocation = \$10,000. 2008 Budget Request = \$10,000).**

Based upon past Representational expenses, which included financing official receptions involving executive-level officials and visitors, STCU ED-sponsored round tables, or other executive-level needs, it is anticipated that the amount of 2008 Representational expenses will be approximately the same as 2007.

**Executive Director Office Budget Request for 2008**

	2007 Planned	2007 Actual	2008 Request	Change from 2007
<b>Staff</b>				
- Party	1	1	1	0
- Local	1	1	1	0
<b>Staff Total</b>	2	2	2	0
<b>Staff Support</b>				
- Travel (Inter'l)	14,000	15,335	14,000	0
- Travel (CIS)	12,000	13,710	15,000	+3,000
- Staff Training	9,500	9,429	14,500	+5,000
<b>Staff Support Total</b>	35,500	38,474	43,500	+8,000
<b>Representation</b>	10,000	3,974	10,000	0
<b>Office Total</b>				
Staff	2	2	2	0
Funding	45,500	42,448	53,500	+8,000



## Administrative Office

The Administration Office is responsible for the administration of the Center's assets, including maintenance and security, support to financial, project monitoring and project management needs; and administration of project and Center procurements. The Office also administers the Center's HR functions, maintaining contractual documents and relationships with the STCU local staff.

### **Performance in 2007**

**Projects/Procurement** – As of 9 October 2007, STCU's 4 procurement officers processed project-related procurements on 348 projects (including 252 active projects, 73 completed projects, and 23 project agreements in preparation). This is an increase in volume compared with a total of 356 projects for the whole of 2006; proportionally, this year's total is projected to be higher than 2006. Also, the procurement and customs officers continued their field training initiative (begun in 2004) on STCU's project procurement and customs-clearance processes for STCU project managers and other participating scientists. Per the performance goals of 2007, this training now has been conducted in all STCU Regional Offices, except for the Uzbek Regional Office (which has been postponed due to the STCU accreditation problems in that country). The Administrative Office continued its initiative to document procurement/customs procedures, develop training guides, and develop a standardized database of vendors and preferred suppliers.

**NAVISION ERP Financial System** - Continued incorporating the NAVISION ERP system during 2007. All Admin Office staff is now using NAVISION as part of their daily work routine.

**Customs** – The volumes of STCU and project-related import/export work increased across the board, with a total of 324 shipments processed by STCU customs officers by 30 September 2007 compared to a total of 311 for the whole of 2006. The total projected STCU customs volume for all of 2007 will be approximately 36% greater than in 2006. These increased customs-related actions (the highest volume in STCU history) reversed the downward trend seen in 2006, and is mainly due to the increased import/export actions within Partner Projects.

**Travel Coordination**– As of 10 October 2007, a total of 2,127 travel requests were processed, and the projected end-of-year total will be about 2,800 travel requests. This compares to the total of 2,400 travel requests total in 2006, representing a 16.7% increase year-on-year. On average, each month approximately 25 STCU staff-related travel arrangements are made, and a total of 16 STCU-organized missions have been supported in 2007.

**Moldova Regional Office** – Office renovation work was completed in 2007, including improvements to the surrounding corridors and floor areas. The Moldova Office was made ready to support the 24th GBM activities as well as an STCU workshop that ran consecutively during the GBM week. The Admin Office was involved with liaising with all vendors and works surrounding the logistics, contract, and organization of the AC/GBM & workshop.

### **Plan for 2008**

Some internal staff changes in the procurement and travel coordination personnel have necessitated the need for on the job training and reorientation, which will continue in 2008 as these staff to become fully acquainted with their new roles and responsibilities. The Admin Office also anticipates that the current high rate procurement and customs-related activity will peak and then decline as a result of the projected decline





in the number of active STCU projects. At that point in the future, a review of the current Admin Office staff structure would be needed.

**NAVISION ERP Financial System** - The Admin Office will work with Finance Office to complete the transition to the NAVISION system.. Further NAVISION-related training is planned for the Admin Office staff, with more emphasis on accounting-based knowledge so that both the Admin and Finance staff become closer as working units under the NAVISION operating environment. Further improvements will be sought in administrative efficiency and customer responsiveness through better integration of financial-related operating procedures and systems, and also to make further progress towards reducing paper-based operations and archiving requirements.

**STCU Building Lease Renewal** – The current 5-year lease will expire at the end of 2007, and although there are continued negotiations between the landlord and Ukrainian government, as of 1 October 2007, no new lease agreement has been signed. The current draft agreement is for a new 3-year lease between the Ukrainian government and landlord, allowing STCU to remain in its premises through 2010. However, should the worst occur, STCU may face an emergency contingency involving forced relocation of operations in early 2008. Based on the experiences of the last such crisis in 2002-2003, STCU Admin Office will prepare for such an emergency. **Such an emergency probably will require accessing the AOB Contingency funds and made need additional emergency support from the Parties.**

**STCU Staff Salary & Bonus Budget (2007 Compensation = 9%. 2008 Compensation Request = 9%)**

While STCU's salary scales continue to be consistent with the EU Delegation, UNDP office, local embassies, and similar organizations, STCU (as with these other organizations) continues to fall further behind local labor market salaries. In the first half of 2007, and more so recently, the rate of STCU staff departures has increased as more staff left for higher paid jobs (coupled with a perceived uncertainty about the STCU's long-term future). The 2007 staff turnover was highlighted by the departure of the 2 most senior and highest-paid non-executive employees, who were managing STCU's Governmental and Non-Governmental Partners. Additionally, several project accountants, one IT Group member, and several secretarial staff departed in 2007. The Finance Office and IT Group are the most likely to see a high rate of staff departures due to the particularly competitive local market in these professions.

This situation brought some positive opportunities for existing staff to be promoted into better paid positions, and gave the STCU Management time to reflect on whether specific vacancies needed to be filled at all (allowing for "painless reductions" in staff through unforced attrition). On the negative side, higher staff turnover rates raise the risk of operational disruptions and likely will put upward pressure on salaries when filling critical positions from outside STCU. Overall, and regardless of staff attrition, it will become more difficult in the future for STCU to maintain the local staff salary level and keep critical operational positions filled, because of the growing salary disparity between STCU and the market.

**Compensation Request for 2008**

<u>Salary % Increase 2008</u>	vs	<u>2007</u>	/	<u>One-Time Bonus % Increase 2008</u>	vs	<u>2007</u>
4.0%		4.0%		5.0%		5.0%

The proposed total Local Grants (Full-Time Staff) budget for 2008 is unchanged at 9% total increase, divided into a 4% across-the-board salary increase and a 5.0% allocation on total salaries for an end-of-year, lump-sum bonus to be distributed based upon individual performance appraisals. The STCU

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Management wishes to note that this flat-growth request allows for prudent control over the single driving factor in AOB expenditures—staff salaries—allowing Management more flexibility should AOB reductions be required in 2009. This approach allowed STCU to avoid making forced staff reductions in 2007 and it can continue to maintain this same course for 2008. Due to the staff turnover and attrition previously mentioned, STCU has reduced the total number of staff and has seen an additional reduction in local staff salary expenditures as higher paid senior staff are replaced by lower-salaried new hires. But to achieve future budgetary cuts predicted in 2009, further staff reductions would have to be made.

The 4% salary increase only partially offsets the cost-of-living increases for the STCU staff, as it is not large enough to account for current national inflation figures (currently around 10% per annum for consumer goods), nor for local currency exchange rate fluctuations (NB: while the Ukrainian Hyrvna, UAH, is currently pegged to the U.S. dollar, USD, at a fixed exchange rate, declines in the USD foreign exchange value may force a re-valuation of the UAH-USD exchange rate in 2008. An increase in UAH value to the USA will impact the staff adversely as their STCU salaries are paid in USD).

The 2008 requested 5% bonus figure (the same as the 5% figure amount approved for 2007) will equate to 60% of 1 month's salary and will be awarded to the staff at the end of 2008. The sum of all the individual staff bonus awards will not exceed the total amount of 5% of total staff salary budget.

**Staff Training (2007 Budget Allocation = \$22,190. 2008 Budget Request = \$22,190)**

#### **Performance in 2007**

Of the 16 staff in the Admin Office, 7 staff undertook relevant professional training or familiarization courses during 2007, mainly in the areas of procurement, travel, and language skills training. More Office staff will undertake training before the year's end. Because the Admin Office experienced some staff turnover, there was some changes made to the priority training requirements for the new staff who had moved or been promoted into the procurement and travel coordination roles.

#### **Plan for 2008**

The Administrative Office plans for 9 staff to take some form of professional training in 2008. Special emphasis will remain on the modern procurement and customs practices, and cross-discipline training will be done to create more flexibility when juggling staff workload. Because these are specialist courses that are not currently available in Ukraine, 3 courses abroad are planned in 2008. The Office plans for 3 identified staff, who have not undertaken such training since 2006, to take the higher cost Procurement / Contract Skills courses (which are conducted in Italy). Should an acceptable local training course become available at lower cost, this will be considered more favorably. Additional local courses are planned for staff professional development and some language training.

**Staff Travel (2007 Budget Allocation = \$5,800: \$5,000 within CIS; \$800 International. 2008 Budget Request \$5,000: \$5,000 within CIS, No International Travel budgeted)**

#### **Performance for 2007**

During 2007, the CAO made trips to Moldova as part of the AC/GB preparations and meetings themselves, and to various Ukrainian Regional Offices (including several trips to the Dnipropetrovsk Office). While the CAO had planned on trips to the Tbilisi and Baku Regional Offices toward the end of 2007, previous travel



by other STCU executives and staff exhausted the STCU travel budget to such a point that the ED requested the CAO to postpone this travel until 2008.

### Plan for 2008

The plan for 2008 is to make a further follow-up visit to Moldova in relation to the settling of Tax, Vat customs and procurement and office administrative issues. Additionally, 2 visits are budgeted to other Regional offices (e.g., Tashkent, Tbilisi or Baku) and 1 trip is budgeted for each of the 3 Ukrainian Regional Offices. No international travel is planned explicitly for the Admin Office staff, although the Office staff will see international travel paid for under staff training budgets and other budgetary lines.

The Administration Office will continue its external training initiative on the procurement and customs processes, with the goal of conducting one such training session in each of the Regional Offices during 2008. Even under this plan, this is less travel than carried out in 2007 and reflects both the completion of the preliminary phase of this field training as well as an attempt to further reduce budget expenses. The 2008 budget request of \$9,575 for this training activity will be included under the Targeted Training Program, as it was in past years. The 2008 request is slightly higher than the approved 2007 budget for this training activity (\$9,150) due higher prices of travel.

**Facility Improvements, Furniture & Fixtures, Office Equipment, and Telecoms Equipment (2007 Budget Allocation = \$6,000: \$0 for Facility Improvements; \$3,000 for Furniture/Equipment, and \$3,000 for Office Equipment. 2008 Budget Request = \$6,000: \$0 for Facility Improvements; \$3,000 for Furniture/Equipment, and \$3,000 for Office Equipment)**

### Performance in 2007

As of 2007, the STCU Headquarters building is fully equipped and functional, and only normal maintenance was required. Some maintenance was needed to repair various water leaks, problems with the central heating boiler system, and work on a balcony room on the top floor.

### Plan for 2008

As the current lease renewal process suggests that STCU Headquarters will remain where it is, the proposed 2008 facilities budget request will be the same as the 2007 level. No facility improvements are seen as necessary in 2008 and only normal levels of maintenance and upkeep is foreseen.

**Vehicle Operations & New Vehicle Purchase (2007 Budget Request = \$25,000 for Vehicle Operations. 2008 Budget Request = \$25,000 for Vehicle Operations, plus New Vehicle Purchase = \$20,000 for replacement of minivan).**

### Performance in 2007

In 2007, an increase in AOB - Vehicle Operations line was approved, and this increase was sufficient to support STCU vehicle operations even in light of inflation in fuel prices and increases in maintenance costs. The Admin Office continues to monitor vehicle expenses on a regular basis through a weekly trip and expense reports provided by the STCU drivers.

Of the 3 STCU vehicles, the Mercedes minivan and the Nissan sedan have reached the end of their effective service life (both are 6 years and older) and are becoming more expensive to maintain. As cited



in previous Governing Board discussions, the need to replace these old vehicles has now become a necessity, especially for the Mercedes Van which is the main workhorse of the STCU vehicles. In addition, during 2007 the STCU was successful in customs-clearing both the Mercedes and Nissan at no extra duty or tax cost, putting STCU in a better position to sell these cars in the local market

### Plan for 2008

The cost of fuel (currently about UAH 5.50, or \$1.09 per liter) is likely to rise further during 2008. However, the 2008 Vehicle Operations budget request will remain unchanged at \$25,000 because expected savings in maintenance costs and other changes to the STCU vehicle fleet as reported hereinafter.

Having postponed the inevitable in previous budget requests, STCU now needs to purchase a new minivan to replace the current Mercedes minivan due to its age and increasingly excessive maintenance costs. The cost of a similar van is approximately \$45,000. To offset expense, the STCU proposes to sell the current Mercedes minivan, which should receive about \$5,000-7,000. Further, STCU's Nissan sedan is not used frequently (primarily for the Executive Director's official use). Therefore, to realize an additional offset to a new minivan purchase and further reduce vehicle fuel & maintenance costs, STCU proposes to sell the Nissan sedan (with a possible sale value of about \$15,000 - \$18,000). This would give STCU approximately \$20,000 - \$25,000 to offset the new minivan purchase cost, leaving the need to request approximately \$25,000 in the 2008 budget to complete the purchase. This also would reduce the STCU vehicle fleet from 3 to 2 vehicles (the new minivan and the Peugeot purchased in 2006). Both vehicles would be wholly or partially covered under warranty for a reduction in maintenance costs, and both vehicles could last STCU for several more years in working condition.

### Administrative Office Budget Request for 2008

	2007 Planned	2007 Actual	2008 Request	Change from 2007
<b>Staff</b>				
- Party	1	1	1	0
- Local	15	15	15	0
- Part-Time	3	3	3	0
<b>Staff Total</b>	19	19	19	0
<b>Staff Support</b>				
- Travel (Inter'l)	800	0	0	-800
- Travel (CIS)	5,000	3,762	5,000	0
- Staff Training	22,190	22,396	22,190	0
<b>Staff Support Total</b>	27,990	26,158	27,190	-800
<b>Admin Programs</b>				
- Facility Improve	0	0	0	0
- Furn. & Fix.	3,000	3,175,077	3,000	0
- Office Equip.	3,000	0	3,000	0
- Tel. Equip.	0	19,368	0	0
- Veh. & Oper.	25,000	0	25,000	0
- Vehicle Purchase	0		25,000	+25,000
<b>Programs Total</b>	31,000	25,620	56,000	+25,000
<b>Department Total</b>				
Staff	19	19	19	0
Funding	58,990	51,778	83,190	+24,200



## Finance Office

The Finance Department is responsible for the financial operations of the Center, which include accounting, banking, auditing and budgeting functions and the assembling, and preparation of financial and budget information. The office oversees the development of all policies and procedures related to the internal financial control of the Center.

### Office Staff

In 2007, the Finance Office experienced a typical rate of staff turnover with the departure of three (3) project accountants. These project accountant positions were filled via internal STCU competition, so there were no outside hires for these vacancies. In 2008, the currently vacant CFO secretary/assistant position will be eliminated, as the previous duties of this position can be distributed to existing staff, and therefore the Finance Office sees no need to fill this vacancy.

Depending on the rate of the projected decline in project activity during 2008, the Finance Office will review its future staffing requirements for 2009 and beyond.

**NAVISION Enterprise Resource Planning (ERP) Installation (2007 Budget Allocation = \$22,450: \$6,700 for Software; \$15,750 for Other Professional Services. 2008 Budget Request = \$7,000: \$7,000 for Software; \$0 for Other Professional Services).**

### Performance in 2007

In 2007, the STCU completed the transfer of remaining projects from its legacy systems to the new NAVISION integrated system. All finance and administrative transactions are now processed solely in the NAVISION system.

### Plan for 2008

Given the completion of this project, the 2008 budget request will be reduced to the cost of Microsoft NAVISION software annual maintenance fees, which for 2008 will be \$7,000.

**Staff Travel (2007 Budget Allocation = \$8,440: \$5,240 within CIS; \$3,200 International Travel. 2008 Budget Request = \$5,240: \$5,240 within CIS; \$0 International Travel).**

### Performance in 2007

In 2007, Finance Office staff travel was for two purposes: (1) attendance of annual DCAA audit planning conference, and (2) establishment or support of banking operations. The 2007 plan for banking support travel consisted of two parts: (1) review of banking operations in Baku and Tbilisi, and (2) re-establishment of local banking operations in local currency (Tsum) and hard currency in Uzbekistan. The annual DCAA audit planning meeting took place in Wiesbaden, Germany in July. The STCU decided to postpone the CFO's trip to Tashkent until 2008 due to a lack of progress on the Uzbek banking issue. Further, due to the lack of pressing banking issues and the exhaustion of AOB staff travel accounts by other STCU executive and staff travel, the review of banking operations in Baku and Tbilisi was postponed to 2008.



### Plan for 2008

With the uncertainty over the future amount of U.S. Party-sponsored DCAA project audits, it is questionable whether there will be a 2008 planning conference in Germany. Therefore, STCU will not budget any funds for this event, and will assume that DCAA-related coordination can be done via tele- or videoconference.

The STCU will again budget for the CFO to travel to Tashkent (\$1,300), for the same reasons as outlined in 2007 above. The same funds (\$3,940) are budgeted for the postponed travel to Baku and Tbilisi.

**Staff Training (2007 Budget Allocation = \$12,724. 2008 Budget Request = \$18,930).**

### Performance in 2007

For 2007, the following staff training was completed:

- Association of Certified Chartered Accountants (ACCA) training for three people.
- Certified Management Accountant (CMA) training for two people.
- Internal audit training for two people

### Plan for 2008

For 2008, the following staff training is planned:

- ACCA Training for four people at \$1,495.50 per person.
- CMA Training for four people at \$612 per person.
- Internal audit training for three people at \$3,500/person.

### Finance Office Budget Request for 2008

	2007 Planned	2007 Actual	2008 Request	Change from 2007
<b>Staff</b>				
- Local	10	9	9	-1
- Party	1	1	1	0
- Part-Time	0	0	0	0
<b>Staff Total</b>	11	10	10	-1
<b>Staff Support</b>				
- Travel (Inter'l)	3,200	3,622	0	-3,200
- Travel (CIS)	5,240	0	5,240	+0
- Staff Training	12,724	12,000	18,930	+6,206
<b>Staff Support Total</b>	21,164	15,622	24,170	+3,006
<b>Programs</b>				
- ERP Installation				
○ Software	6,700	6,987	7,000	+300
○ Other Prof Svcs	15,750	11,598	0	-15,750
<b>Programs Total</b>	22,450	18,585	7,000	-15,450
<b>Department Total</b>				
Staff	11	10	10	-1
Funding	43,614	34,207	31,170	-12,444



## Information Technology Group

The IT Group is responsible for maintaining and upgrading all STCU information technology and telecommunications equipment and services. The IT Group also is responsible for the continued development of the STCU website, Projects (Technical) Database, and custom software.

### **IT Group Staff**

The IT Group experienced little turnover in staff during 2007, with one IT Group staff competitively selected to move into a vacant project accountant position in the Finance Office. The IT Group filled its vacancy via an external hire and one internal staff move. The STCU IT Group currently consists of five people and while staff turnover is a constant concern, no changes in this total staff level are expected during 2008.

### **IT Performance in 2007**

The focus of the STCU IT Group activities during the 2007 was to maintain the already existing hardware and software infrastructure established during the previous four years. The IT Group also performed various other tasks which included: continuing to ensure IT system redundancy; empowering STCU staff and clients with various off-line & on-line tools; and improvements to the STCU Web Site and STCU Project Software.

During 2007, the STCU IT Group provided and maintained forty (40) Laptop Computers, sixty nine (69) Desktop Computers, and twenty nine (29) Printers in the Kyiv and STCU Regional Offices. Of the one hundred and nine (109) computers used this year, eleven (11) units failed and required repairs or replacement, and one (1) unit was stolen. System hardware upgrades in the STCU Kyiv office included the purchase of a network scanner (enabling Kyiv office staff to scan and save documents from one central location) and the installation of a robust rack-mounted Anti-SPAM Firewall. The new STCU Web Site, launched in 2006, continued to be improved in both form and function. During the first quarter of 2007, the STCU Web Site received W3C compliance certification, making the STCU fully compliant with worldwide IT industry standards. Numerous on-line tools were added to empower STCU staff in performing more of their tasks in an online, electronic environment. The STCU proprietary software application, known as the "STCU Project Software", was redesigned and released in 2007 to include all aspects of the STCU Partner Project process and to comply with new Windows XP and Microsoft Office software requirements.

### **IT Plan for 2008**

The IT Group will continue working with STCU staff and management to include improvements and new computer-based tools to the STCU Web Site and internal local network, as part of the STCU Management drive for increased efficiency, productivity, and usefulness of the STCU information system. The IT Group also will manage planned computer hardware/software replacements as well as system maintenance.

### **Computer Hardware (2007 Budget Allocation = \$12,520. 2008 Budget Request = \$47,549)**

Having postponed major computer hardware replacements in 2007, the IT Group is requesting an increase in the 2008 budget request (\$32,450) to replace thirty (30) desktop computers and four (4) laptop computers that will be beyond their useful service life. The need to replace or upgrade existing workstations cannot be overstated and represents the largest group of budgetary items in this year's STCU





IT Group budget request. In addition, the IT Group needs to increase the amount of STCU network system memory, add an additional network color printer in the Kyiv office, add a rack-mounted Google Search Engine appliance to the IT system, and replace fourteen (14) Uninterruptible Power Supplies.

**Computer Software (2007 Budget Allocation = \$5,140. 2008 Budget Request = \$19,008).**

Software applications such as Delphi, which is used to create the STCU, is five revisions behind the current Project Software version and needs to be upgraded at a cost of \$1,798. Other various database and publishing software applications are three to four revisions behind and need to be upgraded at a cost of \$5,000. To satisfy legal licensing requirements for the MS SQL (Database) Software, the STCU IT Group also needs to obtain two additional MS SQL Server licenses to be used with the redundant Dell Server purchased in 2006, at a cost of \$9,700.

**Other Professional Services (2007 Budget Allocation = \$2,750. 2008 Budget Request = \$2,250).**

As in 2007, the annual cost of off-site backup tape storage is the sole amount requested for 2008.

**Staff Training (2007 Budget Allocation = \$7,206. 2008 Budget Request = \$1,000)**

Training for STCU IT Staff will be reduced this year to software application refresher courses, to continue the current effort to build cross-discipline backup capability within the IT Group staff.

**Staff Travel (2007 Budget Allocation = \$500. 2008 Budget Request = \$500)**

STCU IT Staff visited all of the STCU Regional Offices in late 2006, and the Group found no pressing need to travel to the Regional Offices during 2007. The STCU IT Group plans on visiting one (1) of the STCU Regional Offices in 2008.

**IT Group Budget Request for 2008**

	2007 Planned	2007 Actual	2008 Request	Change from 2007
<b>Staff</b>				
Party	1	1	1	0
Local	4	4	4	0
Part-Time	0	0	0	0
<b>Total</b>	5	5	5	0
<b>Staff Support</b>				
Travel (Int'l)	\$0	\$0	\$0	\$0
Travel (CIS)	\$500	\$0	\$500	\$0
Training	\$7,206	\$7,957	\$1,000	-\$6,206
<b>Total</b>	\$7,706	\$7,957	\$1,500	-\$6,206
<b>Programs</b>				
Hardware	\$12,520	12,138	\$47,549	+\$35,029
Software	\$5,140	5,151	\$19,008	+\$13,868
Oth. Prof. Svcs	\$2,750	2,500	\$2,250	-\$500
<b>Total</b>	\$20,410	\$19,789	\$68,807	+\$48,397
<b>IT Dept Totals</b>				
<b>Staff</b>	5	5	5	0
<b>Funding</b>	\$28,116	\$27,746	\$70,307	+\$42,191



## Science Excellence Department

The Science Excellence Department leads STCU efforts to develop self-sustainable, civilian research employment for former weapon scientists by facilitating development of science excellence that produces competitive-quality research and a credible, worldwide reputation for the STCU participating scientists and institutes. The Department coordinates the processing and management of STCU Regular Project applications (including Host Government Concurrence and Funding Party work plan approvals), organizes seminars, and liaises with scientific institutions and organizations to understand emerging national science priorities. The Department is also responsible for the Georgian and Moldovan Regional Offices.

### **Project Management**

#### **Performance in 2007**

The Department staff continued providing project processing and project monitoring/management of an increasing number of active STCU Regular and Partner Projects. The Department also supported recipient scientists in expanding their exposure to scientific events abroad, so as to gain more understanding about national and international science priorities.

#### **Plan for 2008**

The Department expects to encourage more effective targeting of proposal submissions against areas of current international and national research interest. The Department also will keep an eye on the number of active projects (expected to start declining in 2008) and a redistribution of staff workload from large numbers of Regular Projects to smaller-but-more-customer-intensive Partner Projects and targeted programs, such as the proposed Institute Sustainability Program. The Department will continue supporting the Sustainability Promotion Department initiative to foster recipient scientist development of "Technology Profile Forms" (TPF) based on STCU project-funded results. In addition, the Department will lend support to the Sustainability Department's initiative to develop "Institute Profile Forms" to assist in promoting the capabilities of institutes to potential contract research customers.

### **Project Proposal Processing**

#### **Performance in 2007**

The Department concentrated on improving the information formats used in project proposals to render them more useful for Funding Party reviewers, attract more Foreign Collaborators, and provide reference data for evaluating the impact of funded projects. This proposal format improvement was particularly useful in one case where the need to replace a Foreign Collaborator on a project proposals resulted in three new western contacts for the Recipient Party scientists. The Department continued to work on Host Government Concurrence issues with the Ministry of Education and Science of Ukraine to seek the shortest possible period for rendering HGC decisions (currently, this process is still taking longer than one month).

The on-line, standardized internal process of Project Contract Agreement concurrence saw measurable improvements in the speed of project processing during the year, and revised information formats for Letters of Collaboration and Letters of Support lent more clarity to these important references to project



research. Also, the Technology Marketplace section of the STCU Web Site was revised into a comprehensive format based on the STCU nine primary science & technical areas.

### Plan for 2008

In 2008, the Department will continue improving Proposal and Project Agreement processes, in response to evolving Party interests, as well as to serve recipient scientists in producing competitive research proposals.

**Seminars/Workshops (2007 Budget Allocation = \$60,000 for Shared Supplemental – Seminars/Workshops, plus €80,000 for EU Designated Supplemental - Seminars/Workshops. 2008 Budget Request = \$0 for Shared Supplemental – Seminars/Workshops, plus €30,000 for EU Designated-Supplemental Seminars/Workshops).**

### Performance in 2007

The Department engaged in a number of science promotion events as pilot efforts to expand the STCU showcasing of Recipient Party scientists and their STCU project work. These events included smaller replicas of the 2006 “From Science to Business” workshop conducted with NATO. One such workshop was held in Moldova (with participating scientists from western Ukraine) and the other in Azerbaijan (with participating scientists from Georgia and in association with the ISTC). Using EU Party-Designated Supplemental Budget funds, the Department also organized Recipient scientist delegations to travel to Berlin for the Otto Von Guericke Foundation / AiF “Innovation Days” exhibition and to Lisbon for a Portuguese-hosted innovative technology exhibition. The Department also used EU Party Supplemental Budget funds to organize an STCU booth and Ukrainian scientist participation at the 3rd European Research and Innovation Exhibition in Paris (in partnership with the Ministry of Education and Science of Ukraine, the National Academy of Sciences of Ukraine, and the Academy of Technical Sciences of Ukraine). Finally, EU Party Supplemental funds supported an STCU promotional visit to Helsinki, following Finland’s past EU Presidency during the second half of 2006.

The results from these events has, thus far, been limited to expressions of interest in the STCU and its Partners Program, and the potential for new European collaborators and ideas for new scientific proposals suggested to the recipient scientists (based on national science priorities).

### Plan for 2008

Based on the lessons learned from the 2007 promotional events, the STCU plans to limit itself to one major workshop in 2008, as experience suggests that one workshop will be all that the STCU staff and resources can manage effectively. This workshop will cover scientific topics of interest to all the STCU Parties, perhaps in the area of nuclear science, life science, or nanotechnology. The budget request for such an STCU-hosted workshop shall be included in the Technology Advancement Department, and this Science Excellence Department will work with the Technology Advancement Department (and other STCU Departments) to organize this one STCU workshop.

The Science Excellence Department will take the lead on planning a fewer, more targeted number of S&T promotional missions to European events organized by other entities, in coordination with the Partner promotional “roadshows” being planned by the Sustainability Promotion Department. The Science Excellence Department plans to sponsor Recipient scientist delegations to two European events: one event in Ljubljana, Slovenia in early March (under the Slovenian EU Presidency), with a one-day



conference dedicated to Space Research. The other mission, under the French EU Presidency, will be planned for an event in Lyon, Grenoble (and be extended to a visit of the CERN in Geneva).

**Staff Training (2007 Budget Allocation = \$11,700. 2008 Budget Request = \$12,500).**

#### **Performance in 2007**

The Department's DED (EU) was the primary beneficiary this year of the Department's Staff Training Budget, attending an Executive Education Training seminar titled "Leading Science-based Enterprises" at the Harvard Business School, Harvard University (USA).

#### **Plan for 2008**

In 2008, the STCU plans to arrange a Basic Program Management training course that shall be mandatory for the Department's Senior Specialists, so as to improve the general program management skills of these Specialists in anticipation of future STCU activities and strategic direction. Other planned Department training will include staff-chosen training in professional development.

**Staff Travel (2007 Budget Allocation = \$13,300: \$5,300 within CIS; \$8,000 International. 2008 Budget Request = \$13,000: \$5,000 within CIS; \$8,000 International).**

#### **Performance in 2007**

In 2007, the Department DED (EU) and Department staff visited the ISTC in Moscow to discuss existing and potential future Contact Expert Groups. Other staff travel included DED (EU) trips to Azerbaijan (workshop preparation), Moldova (workshop preparation), and Georgia (consultations with local Georgian contacts). Some Department Senior Specialists traveled internationally to attend conferences where STCU project results were presented. Several EU collaborators, speakers and potential future Partners were invited to travel to STCU Recipient Countries under EU Party-Designated Supplemental Budget funds. Also, EU Party Supplemental Funds were used to support STCU Staff travel with recipient scientists to the EU events in Berlin, Paris, Helsinki, and Lisbon (mentioned earlier in this section).

#### **Plan for 2008**

In 2008, STCU shall return to the past policy of budgeting planned Department Staff travel either in the AOB Staff Travel budget requests (for non-scheduled staff travel) or in the shared Supplemental Budget requests (i.e., including the travel of 1-2 STCU staff in the workshop budget under a Shared Workshops/Seminars Supplemental Budget). Travel for the Department staff is expected to be similar, but less, than the travel in 2007, with more tasks being accomplished during scheduled Project Monitoring trips. Party-Designated Supplemental Budget funds will be used for STCU staff travel only when the relevant Party requests such STCU staff travel, or (in the case of EU Party Supplemental Budgets) when the STCU Management sees a clear opportunity to use such funds appropriately. All Party-Designated Supplemental Budget funds will be used for STCU staff travel only in exceptional cases, such as when a Party requests specific STCU staff to travel.



**EU Designated Supplemental Budget – EU Designated Tech. Collab., and Cont. Travel Support  
(2007 Budget Allocation = €100,000. 2008 Budget Request = €30,000).**

**Performance in 2007**

STCU did not heavily use this line in 2007, spending a forecasted €12,988 of the budgeted €100,000, so this 2007 budget line is projected to be €87,012 under-spent by the end of 2007. All of the unused 2007 funds will be returned to the EU Party's undesignated capital contributions at the end of the year.

**Plan for 2008**

According to instructions from the EU Party representatives, the 2008 budget for this line is set at €30,000.

**EU Designated Supplemental Budget - Patent Support (2007 Budget Allocation = €10,000. 2008 Budget Request = €7,000).**

**Performance in 2007**

STCU received no EU Party request to provide financial support for a patent application through STCU, therefore the €10,000 allocated was not spent. All of the unused 2007 funds will be returned to the EU Party's undesignated capital contributions at the end of the year.

**Plan for 2008**

While there was no EU Party request to support a specific patent application through STCU, there may be a future possibility for financing such a Party-requested for STCU-suggested action. Thus, according to instructions from the EU Party representatives, €7,000 will be deposited in this EU Party Designated Supplemental Budget line for the possible financial support of local patent application expenses in conjunction with a future European patent application.

**EU Designated Supplemental Budget – EU Designated Travelers & Partner Promotion (2007 Budget Allocation = €90,000. 2008 Budget Request = €70,000).**

**Performance in 2007**

STCU used this line heavily in 2007, spending a forecasted €89,193, meaning that the 2007 budget for this line would only be €807 under-spent. All of the unused 2007 funds will be returned to the EU Party's undesignated capital contributions at the end of the year.

**Plan for 2008**

According to instructions from the EU Party representatives, the 2008 budget for this line is set at €70,000.



**EU Designated Supplemental Budget - Expert Review and Advisors (2007 Budget Allocation = €90,000. 2008 Budget Request = €130,000).**

**Performance in 2007**

STCU received very few EU Party requests to provide financial support for European technical reviews or advice that would typically be financed through this EU Party-Designated Supplemental Budget line. All of the unused 2007 funds will be returned to the EU Party's undesignated capital contributions at the end of the year.

**Plan for 2008**

The EU Party representatives have proposed depositing €130,000 for the purposes of financing European Expert-Reviewers that are nominated by the EU Party but who are under direct contract to STCU. Financed through this EU Party Supplemental Budget line, these Expert-Reviewers would form an EU Scientific Advisory Committee (EU-SAC) to provide European expertise on scientific policy matters and project proposals, for the benefit of the EU Party and for the information of the STCU Governing Board. The DED (EU) would be the primary communication contact for these European Expert-Reviewers, on behalf of the STCU.

**Regional Offices (Moldova and Georgia)**

**Regional Officer Travel (2007 Budget Allocation = \$6,000. 2008 Budget Request = \$6,000; \$3,000 for Georgia; \$3,000 for Moldova)**

The Georgian Regional Officer traveled on numerous occasions in 2007; to Kyiv on three occasions, and to Canada, events in Europe, and within the CIS to attend international / local conferences. The Moldovan Regional Officer traveled to Kyiv twice (to attend the STCU Regional Office Managers meetings) and to Azerbaijan to attend the STCU-organized Baku Conference on Science Commercialization. In 2008, both Regional Officers will conduct similar, but much less, travel as in 2007, with the exception that travel to attend Regional Officer Meetings at the Kyiv headquarters will be done in conjunction with project monitoring travel to Ukraine-based projects, so as to leverage this expenditure of travel funds.

**Regional Office Operations and Other Professional Services (2007 Budget Allocation = \$8,000; \$4,000 for Georgia; \$4,000 for Moldova. 2008 Budget Request = \$8,000; \$4,000 for Georgia; \$4,000 for Moldova)**

Regional Office operations in both Tbilisi and Chisinau experienced a typical level of expenses in 2007. The office operations in both locations should have the same level of expenses in 2008.





**Science Excellence Department Budget Request for 2008 (except solely funded EU SB budgets)**

	2007 Planned	2007 Actual	2008 Request	Change from 2007
<b>Staff (persons)</b>				
- Local	8	8	8	0
- Party	1	1	1	0
- Part-Time	0	0	0	0
<b>Staff Total</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>0</b>
<b>Staff Support</b>				
- Travel (Inter'l)	8,000	4,989	8,000	0
- Travel (CIS)	5,300	9,820	5,000	-300
- Staff Training	11,700	11,741	12,500	+800
RO Operations				
- Off. Startup	2,000	639	0	-2,000
- Travel	6,000	5,679	6,000	0
- Overhead & Oth.Prof. Serv.	8,000	14,797	8,000	0
<b>Staff Support Total</b>	<b>41,000</b>	<b>47,665</b>	<b>39,500</b>	<b>-1,500</b>
Workshops, Seminars – Shared	60,000	72,761	0	-60,000
<b>Programs Total</b>	<b>60,000</b>	<b>72,761</b>	<b>0</b>	<b>-60,000</b>
<b>Department Total</b>				
Staff	9	9	9	0
Funding	<b>101,000</b>	<b>120,426</b>	<b>39,500</b>	<b>-61,500</b>

**Science Excellence Department Budget Request for 2008 (Solely Funded EU SB Budgets Only)**

	2007 Planned EUR	2007 Actual EUR	2008 Request EUR	Change from 2007
EU Designated Tech. Collab., and Cont. Travel Support	€100,000	€12,988	€30,000	€-70,000
EU Patent Support	€10,000	€0	€7,000	€-3,000
EU Designated Travelers & Partner Promotion	€90,000	€89,193	€70,000	€-20,000
EU Expert Review and Advisors	€90,000	€675	€130,000	€+40,000
EU Seminars/Workshops	€80,000	€27,808	€30,000	€-50,000
<b>Programs Total</b>	<b>€370,000</b>	<b>€130,664</b>	<b>€267,000</b>	<b>€-103,000</b>



## Technology Advancement Department

The Technology Advancement Department leads STCU efforts to build self-sustainable, civilian research employment for former weapon scientists by facilitating the beneficial application of research results and technology development among STCU participating scientists and institutes. The Department coordinates the processing and management of STCU projects and proposals; organizes seminars/workshops; and focuses former weapon scientists on the advancement of applied science and technology development. It also manages the Targeted R&D Initiatives program and STCU's Ukrainian Regional Offices.

### **Department Staff**

The Department's had to manage with the loss of one Senior Specialist, who competed successfully to fill the vacant STCU Governmental Partners Manager position in the Sustainability Promotion Department. The Department staff was able to absorb this change without serious impact to productivity or quality of work. Due to the projected decline in total STCU project activity, the Department will eliminate its vacant Senior Specialist position. The Department will monitor the quality and productivity of its Project Management function in light of this staff reduction.

### **Project Management**

#### **Performance in 2007**

The Department contributed to STCU internal efforts to improve the efficiency of project proposal and project agreement processing as well as to the enhancements in the informational quality of Regular Project proposal "Cover Sheets". For example, since 2005 a Senior Specialist of the Department has been assigned to review all Regular Project Proposal Cover Sheets within the Department and revise these as appropriate. The Department also implemented the new on-line project approval process, and worked with the Science Excellence and Sustainability Promotion Departments to facilitate the use of new promotional tools (such as the Technology Profile Forms) for STCU participating scientists to market their research results and capacities to potential contract research customers and technology investors. Also in 2007, the Department took organizational lead in developing a new, standardized information format for technical monitoring of STCU projects, with the aim of providing more information on an ongoing STCU project that could be used for reference or for targeting STCU sustainability support activities.

#### **Plan for 2008**

In 2008, the Department will continue improving its internal project-related processes and implement the newly adopted enhancements, such as the expanded project technical monitoring reports.

### **Targeted R&D Initiatives**

#### **Performance in 2007**

The Targeted R&D Initiatives program realized its planned expansion in Georgia and Azerbaijan, and completed the 3<sup>rd</sup> round of project selection with Ukraine. The expected start of a Moldovan Targeted Initiative did not materialize due to fiscal year budget limitations on the part of the Moldovans. The STCU-Georgian National Science Foundation (GNSF) successfully completed its inaugural round at the 24<sup>th</sup> STCU Governing Board Meeting, with the participating parties reviewing and jointly selecting seven (7)



projects for a total of \$345,891 in project financing. Of this total, approximately one-half of the financing came from the Georgian side and the remainder from Canada (\$45,782), the EU (€42,538) and the U.S. (\$69,131).

The STCU-Azeri National Academy of Sciences Targeted Initiative was kicked off in May 2007, with a goal to finance up to \$300,000 in projects (\$150,000 pledged by the Azeri Academy of Sciences, and the remainder coming from the three STCU Funding Parties). Final project review, joint selection, and co-financing decisions are scheduled for the 25<sup>th</sup> Governing Board Meeting.

The 3<sup>rd</sup> round of the STCU-National Academy of Sciences of Ukraine (NASU) Targeted Initiative was completed at the 24<sup>th</sup> STCU Governing Board Meeting, with seven (7) projects selected for a total of \$984,944 in project financing. Of this total, approximately one-half of the financing came from the Ukrainian side and the remaining half was co-funded by Canada (\$49,500), the EU (€181,409) and U.S. (\$195,476). The final project financing decisions fell short of the \$1.2 million goal, however, because there were not enough Ukrainian proposals that met the interests of the Canadian, EU, and U.S. Funding Parties.

### Plan for 2008

Targeted R&D Initiatives will continue in Ukrainian, Georgian, and Azerbaijan, with 24<sup>th</sup> Governing Board approving an increase the Georgian National Science Foundation Targeted Initiative goal for this 2<sup>nd</sup> round, from \$300,000 to \$500,000 in project financing. The 4<sup>th</sup> round of the Ukrainian (NASU) Targeted Initiative will start in mid-October with the pledged financing goal, once again, of up to \$1.2 million (\$600,000 from NASU, and the remainder from the three Funding Parties). The 2<sup>nd</sup> round of the Azeri Targeted Initiatives will be planned at this upcoming 25<sup>th</sup> GBM. The Department will work with the Moldovan Regional Office to seek a Targeted Initiative program start-up with the Moldavian Academy of Sciences. The Department is also working with the NASU to narrow the research requirements of the next round so that the proposals better target the policy priorities of the Funding Parties.

**The future of the Targeted R&D Initiatives program depends on the continued policy and financial support of the traditional STCU Funding Parties—Canada, EU, and U.S.** While there is increasing interest and funding available on the Recipient Party side, the decline in project funding and more restrictive policy priorities of the three traditional STCU Funding Parties may limit, or even force complete reconsideration, in this important program for the STCU and its nonproliferation mission.

**Seminars/Workshops- Shared (2007 Budget Allocation = \$40,000. 2008 Budget Request = \$35,000)**

### Performance in 2007

The Department organized a biotechnology workshop in Tbilisi, Georgia in July, one of the three planned STCU-organized workshops in 2007. In partnership with the Durmishidze Institute of Biochemistry & Biotechnology, the workshop included approximately 100 participants from 9 countries and included keynote speakers from the University of Graz (Austria) and the University of Ljubljana (Slovenia). The workshop covered applied science topics as production and use of microbial enzymes; microbial and enzymatic remediation; and enzymes of extreme environments.

### Plan for 2008

The Department, together with the Science Excellence Department, plans to organize one workshop in Ukraine in 2008. The STCU plans to limit its workshop planning to one major workshop in 2008 because



experience from 2007 workshops, plus other planned 2008 activities, suggest that one workshop will be all that the STCU staff and resources can manage effectively. The workshop will cover research areas of current S&T interest among all the Parties (e.g., life sciences, materials science, nuclear medicine, alternative energy technologies, etc.). The objectives for the workshop will be:

- To more closely align the research activities of the Recipient scientists with the technical priorities of the Funding Parties and global science & technology community.
- To facilitate scientific and commercial linkages between scientists in the STCU Recipient Parties and scientists and organizations within the STUC Funding Parties.
- To identify gaps where expertise is lacking and critically needed, to discuss possible ways of filling these gaps, and to establish possible mechanisms for soliciting support for the needed research.

#### **Staff Training (2007 Budget Request \$10,500. 2008 Budget Request \$12,500)**

##### **Performance in 2007**

In 2007, a subset of the Department personnel participated in a series of training programs that have enhanced their overall competence and their performance within the Centre. One Senior Specialist registered in a management course that will enhance her project management and organizational skills. Other Senior Specialists took the opportunity to participate alongside recipient scientists in the STCU-organized Chief Technology Commercialization Officer (CTCO) training course.

##### **Plan in 2008**

In 2008, the STCU plans to arrange a Basic Program Management training course that shall be mandatory for the Department's Senior Specialists, so as to improve the general program management skills of these Specialists in anticipation of future STCU activities and strategic direction. Other planned Department staff training will include staff-chosen training in professional development.

**Staff Travel (2007 Budget Allocation = \$16,000: \$11,000 for Travel within CIS; \$5,000 for International Travel. 2008 Budget Request = \$13,000: \$10,500 for Travel within CIS; \$2,500 for International Travel)**

##### **Performance in 2007**

In 2007, the Departmental staff traveled to Georgia, Azerbaijan, and Moldova for the purpose of consultations and coordination in the context of the Targeted Initiatives. Staff traveled to Canada with Recipient scientists to facilitate linkages between the Mechnikov Anti-Plague Institute (Odessa) and Canada's Virology laboratory (Winnipeg). There also was staff and DED travel to the Ukrainian Regional Offices, including several trips to the Dnipropetrovsk Regional Office for administrative reasons.

##### **Plan for 2008**

In 2008, STCU shall return to the past policy of budgeting planned Department Staff travel either in the AOB Staff Travel budget (for non-scheduled staff travel) or in the shared Supplemental Budget (i.e., including the travel of 1-2 STCU staff in the workshop budget under a Shared Workshops/Seminars Supplemental Budget). Travel for the Department is expected to be similar, but less, than in 2007, with more tasks being accomplished during scheduled Project Monitoring trips. Party-Designated Supplemental Budget funds will be used for STCU staff travel only when the relevant Party requests such STCU staff



travel or (in the case of EU Party Supplemental Budgets) when the STCU Management sees an clear opportunity to use such funds appropriately.

#### Ukraine Regional Offices (Kharkiv, Dnipropetrovsk & Lviv)

**Regional Officer Travel (2007 Budget Allocation Travel = \$7,500. 2008 Budget Request = \$7,500: \$3,500 for Kharkiv; \$2,000 for Dnepropetrovsk; \$2,000 for Lviv)**

The Ukrainian Regional Officers traveled to Kyiv on two occasions to attend Regional Officer Meetings at STCU Headquarters, and also traveled within their regions of responsibility. In 2008, the Regional Officers will conduct similar, but less, travel as in 2007, with the exception that travel to attend Regional Officer Meetings at the Kyiv headquarters will be in conjunction with project monitoring travel to Ukraine-based projects, to leverage this expenditure of travel funds..

**Office Operations and Other Professional Services (2007 Budget Allocation = \$23,460. 2008 Budget Request = \$19,500: \$9,500 for Kharkiv; \$5,000 for Dnepropetrovsk; \$5,000 for Lviv)**

Office operations in all three Ukrainian Regional Offices were normal in 2007 and were under the planned budgetary expenses. The office operations should have the same level of expenses in 2008.

#### Technology Advancement Department Budget Request for 2008

	2007 Planned	2007 Actual	2008 Request	Change from 2007
<b>Staff</b>				
- Local	8	8	7	-1
- Party	2	2	2	0
- Part-Time	0	0	0	0
<b>Staff Total</b>	10	10	9	-1
<b>Staff Support</b>				
- Travel (Inter'l)	5,000	8,695	2,500	-2,500
- Travel (CIS)	11,000	9,622	10,500	-500
- Staff Training	10,500	10,353	12,500	+2,000
<b>RO Operations</b>				
- Travel CIS	7,500	7,350	7,500	0
- Overhead & Other Prof. Services	23,460	22,335	19,500	-3,960
<b>Staff Support Total</b>	57,460	58,355	52,500	-4,960
S.B. Conferences / Workshops - Shared	40,000	31,667	35,000	-5,000
S.B. – Tech., Collab., Cont. Travel – Canada	30,000	5,000	150,000	+120,000
S.B. – Travel & Mobility – Canada	157,359	70,411	150,000	-7,359
<b>Programs Total</b>	227,359	31,667	335,000	+107,641
<b>Department Total</b>				
Staff Funding	10	10	9	-1
	284,819	90,022	387,500	+102,681



### Sustainability Promotion Department

The Sustainability Promotion Department seeks to increase the number of opportunities for STCU recipient scientists to enhance their ability to secure self-sustainable, civilian research employment by developing long-term partners within the private and government sectors, securing intellectual property rights, guiding scientists in commercial licensing negotiations, and building skills and experience in beneficial technology transfer.

#### **Department Staff**

The Sustainability Promotion Department underwent considerable staff changes in 2007. Both the Governmental Partner and Non-Governmental Partner Managers (who were senior STCU employees) left STCU to continue their careers in commercial companies. These vacancies were competitively filled by existing STCU Senior Specialists (one from within the Sustainability Promotion Department, as well as one from the Technology Advancement Department). Though these changes were critical, the new staff handled the transition well, maintaining the same high level of work quality and customer service.

Given the projected decline in overall project activity, the Department faces the same staff budgetary pressures as the other STCU Departments. Therefore, the Department's current Senior Specialist vacancy will be eliminated for 2008, and in addition, will eliminate the long-standing secretarial vacancy in the Uzbekistan Regional Office. Given the situation in Uzbekistan, the STCU does not see the need for an additional staff member in this office.

While the Department is able to offer elimination of these staff positions, much of the future STCU activity would appear to lie within the Partners Program or within the Sustainability Development functions. So the Department will hold open the option of engaging STCU Management for internal shifts of staff resources to cover any emerging needs within the sustainability promotion area (e.g., the impending Institute Sustainability Program may require existing staff to shift from their current job responsibilities over to this Department-managed new program).

#### **Institute Sustainability Program (2007 Budget Request = \$0. 2008 Budget Request = \$400,000 in Shared Supplemental Budget – Institute Sustainability Program).**

This budget request represents the needs for the first year of this new program being proposed to the Governing Board for approval and start-up in 2008. It will seek to combine several STCU activities into an integrated effort to improve the ability of former weapons institutes to achieve higher levels of self-reliance. The program arises from the 2007 U.S. Party request for STCU to assist the U.S. Department of State Science Centers Program in directing its scientist redirection financing toward specially designed, targeted actions on selected institutes of interest to the United States FWS redirection strategy. However, the program will be designed so that it is open to other STCU Parties or Partners that wish to participate in any, or all, aspects of the program.

Through preparatory round-table meetings and external consultant assessments/inputs, the STCU and recipient institutes will identify the general self-sustainability needs of the institutes as a group, and refine these needs into institute-specific "sustainability projects" that incorporate workplans with measurable objectives and actions required to pursue those needs. Through the cooperation (and partnership) of the institutes and national agencies, STCU will implement a modular Institute Sustainability Program that will integrate existing STCU programmatic tools to fulfill the tasks within these institute sustainability projects. The program will require project-based financing (sole-source funding or co-funded), Shared Supplemental





Budget-based financing (including funds for hosting round-tables, expert consultant studies, travel support, and training courses), and supporting administrative financing. Throughout the program, milestones with specific outputs will be used to measure the progress toward the goals, while specific measurements related to Sustainability Elements will be used to assess individual institute progress.

**Partnership Promotion (2007 Budget Allocation = \$ 141,000: \$100,000 from Shared Supplemental Budget – Bus. Training/Sus. Support; \$41,000 from U.S. Party-Designated Supplemental Budget – Bus. Training/Sus. Support. 2008 Budget Request = \$50,000 from Shared Supplemental Budget – Bus. Training/Sus. Support; \$0 from U.S. Party-Designated Supplemental Budget – Bus. Training/Sus. Support)**

### Performance in 2007

In 2006, STCU saw the highest annual total of project financing in its history because of a doubling of Partner Project financing compared with 2005. Partner Project financing, in USD equivalent, was slightly more than 50% of all the project funding approved in 2006—the first time in STCU history that Partner Project funding was greater than Regular Project funding. In 2007, the projected rate of Partner Project activity appears somewhat less than last year's record, but still close to STCU historic highs. Thus, the STCU Partner Program suddenly is becoming the driving force in STCU program activity. Thus far this year (as of 1 October 2007):

- 25 new Non-Gov Partner Projects were started, totaling \$3,669,330 + €610,452
- 25 new Gov. Partner Projects or project extensions were started, totaling \$4,372,725

Also in 2007, STCU conducted the following Partner Promotion road shows:

*BIO 2007 Trade Show (Boston, USA).* The US Party sponsored one scientist to exhibit at this exhibition resulting in 12 corporate contacts. Follow-ups have been initiated by the scientist with the companies.

*Hannover Messe 2007 Technology Exhibition (Germany).* The Hannover exhibition was a benchmark event for STCU: the 40 scientists and institute directors from Ukraine and Georgia (plus 6 STCU staff) was the largest STCU-sponsored delegation for a roadshow event; 8 co-exhibitors promoted their technologies at a dedicated STCU booth; 180 Technology Profile Forms (TPFs) were included in an STCU-produced booklet, CD, and on the STCU website; and, some STCU project participants used their STCU project funds to travel to Hannover for pre-arranged meetings with European company representatives (the EU Party also sponsored travel of some recipient scientists who had arranged meetings with German companies). All told, this large STCU effort at Hannover resulted in hundreds of meetings between STCU scientists and interested companies, with one institute negotiating €1 million contract for production of specialized metal parts, prototype piezo-electric motor samples sent to a German company for evaluation, a prototype bio-degradable surfactants are being sent by an institute in Lviv to a French company for testing, etc.

### Plan for 2008

While the Partnership Promotion effort in 2007 was expansive and deemed sufficiently effective for the STCU mission, the amount of expended human and financial resources cannot be sustained in light of the 2008 fiscal outlook of the Funding Parties. Therefore, to achieve a more cost-efficient and -effective approach, the Department is planning smaller road show events for 2008, where small, targeted STCU-sponsored scientist delegations are sent to specific technology trade events, along with a small STCU team



and promotional material. This is felt to be more manageable for STCU, as well as more suited for STCU to organize, control, and follow-up on potential Partner interest.

- Globe 2008 Conference and Trade Fair (Vancouver, Canada): This is a major Canadian commercial marketing event and should serve STCU well in attracting more Canadian commercial Partner interest.
- Silicon Valley Open Doors (SVOD) 2008 Investment Conference (California, USA): This investment conference attracts prominent investors, leading technology and business media, and top U.S. companies. STCU has assisted Ukrainian scientists in participation in previous events, and would like to pursue this venue again.

The Department also will seek more Partners through targeted travel support of specially-prepared scientists to meet specific potential Partners, as opportunities arise, to promote commercial partnerships with companies and government organizations in Funding Party countries.

**Sustainability Development Program (2007 Budget Allocation = \$87,000 from Shared Supplemental Budget – Bus. Training/Sus. Support. 2008 Budget Request = \$89,000 from Shared Supplemental Budget – Bus. Training/Sus. Support)**

#### Performance for 2007

The Chief Technology Commercialization Officer (CTCO) program entered its operational phase in 2007, with 10 Ukrainian institutes signing memorandums on establishing a CTCO within the institute organization. STCU designed and sponsored a 9-week Technology Transfer course delivered by the Kyiv Institute for Intellectual Property and Licensing, and the “Kharkov Technologies” Center. Ten CTCO candidates from the institutes, plus a small number of National Academy of Sciences of Ukraine staff and STCU staff, participated in this training course. A one-day CTCO Symposium is planned to be conducted in Kyiv for these CTCOs prior to the end of 2007. Each CTCO will be asked to prepare a presentation on their institute’s “Technological Audit”. The planned results are to share ideas and for STCU to see status of CTCO activities at these institutes. The CTCOs also will be asked to participate in STCU Partner Promotion events and training to extend their “hands-on” experience. The U.S. consultants who conducted the preliminary institute-CTCO evaluations also prepared a summary report on their analysis and assessment of Ukrainian institutes themselves, rating institutes on their potential to provide commercial R&D services. The Department will use this information as the basis for creating “Institute Profiles” for use in commercial matchmaking and Partner recruitment.

Based on the Ukrainian experience, the CTCO program was extended to Georgia and Azerbaijan, with preliminary external consultant evaluations of institutes completed in the summer of 2007. The Department also is working with the Administrative Office to evaluate technology transfer training service providers in Georgia and Azerbaijan to develop teaching modules for Georgia and Azerbaijan in conjunction with local training organizations and the two respective Academies of Science in each country.

#### Plans for 2008

- Provide the CTCO Tech Transfer Training course in Tbilisi and Baku
- Hold a one-day symposium for CTCO’s in Tbilisi and Baku
- In Ukraine, conduct a follow-up assessment of the CTCO’s and their activities at their institutes, using the same external U.S. consultants



- With the Ukrainian CTCOs, plan and create a CTCO and Tech Transfer association in Ukraine, and hold annual meetings
- Plan to have the Oxford Innovation Course from the UK provided to the Ukrainian CTCOs
- Include CTCOs in Partner Promotion road show delegations to give them basic real-life experiences with commercial customers

**Patent, IPR Support and Market Analysis (2007 Budget Allocation = \$58,400 from Shared Supplemental Budget - Patent Support, and \$11,000 for Subscriptions and Market Analysis from Shared Supplemental Budget – Business Training/Sustainability Support. 2008 Budget Request = \$35,000 from Shared Supplemental Budget - Patent Support, and \$0 for Subscriptions and Market Analysis from Shared Supplemental Budget – Business Training/Sustainability Support)**

### Performance for 2007

STCU Patent Support Program developed a set of review guidelines for international patenting support with the goal of having only commercially-viable, STCU project-related technologies supported by STCU Patent Support grants. The new internal review procedure should better ensure that STCU recipient scientists have technologies that are strong and worthy enough to be protected through patenting, and that their patents can help them obtain commercial licenses to promote self-sustainability. So far, the new procedure has been slow to start, reviewing only a few applications. The new STCU Patent Review Committee has held 2 meetings in 2007 and made positive decisions on 2 international patent application grants. Thus far, STCU Patent Support Grants have been awarded for approximately 224 national patents in Ukraine, 3 national patents in other STCU Recipient Parties, and 12 international patent applications.

STCU also purchased services of a database search firm, Nerac, to provide current market information on new inventions. These services have been used 3 times so far in 2007, providing useful summary market reports to recipient scientists. In one case, a Nerac report described 147 patents similar to a recipient scientist's technology, which will be important for the scientist to review to make sure that his invention is not obvious or has not already been invented. The search also yielded approximately 500 companies worldwide that have similar products, giving this scientist an idea of the potential competition.

### Plan for 2008

The Department will plan on approximately 12 patent applications receiving STCU Patent Support Grants in 2008. Further, STCU would pay for the services of Ukrainian patent expert to participate on the review committee and assist the Department in evaluating patent application submissions. The Department also will continue paying for services of the Nerac database search firm on market analysis, international patenting, and competitors (for 2008, this will be financed through the Shared Supplemental Budget – Patent Support). Finally as a pilot activity, the Department plans to use the services of a part-time market research consultant in the United States to perform market research and develop company contacts for selected STCU scientists seeking commercial Partners and investors in the United States. If the results of this pilot effort are beneficial, STCU will look for similar consultants in Europe and Canada.

**Staff Training (2007 Budget Allocation = \$10,700. 2008 Budget Request = \$12,500).**

### Performance in 2007

In 2007, the Department staff participated in the following training and educational courses:

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- Seminar on “Problems and Practice of Intellectual Property Commercialization” organized by Licensing Executives Society (LES)
- Training course “Current Problems of IP Commercialization”
- 3-week CTCO Tech Transfer course in Kyiv
- 1-week Business English training course in London

### Plan for 2008

In 2008, the STCU plans to arrange a Basic Program Management training course that shall be mandatory for the entire Department’s Senior Specialists and program managers, so as to improve the general program management skills of these Specialists in anticipation of future STCU activities and strategic direction. Other planned Department training will include staff-chosen training in professional development and with skills development in their areas of job responsibility.

**Staff Travel (2007 Budget Allocation = \$15,400: \$10,800 within CIS and \$4,600 International Travel. 2008 Budget Request = \$13,000: \$8,000 within CIS and \$5,000 International Travel).**

### Performance in 2007

The 2007 travel budget was used for the DED and STCU staff to travel to multiple Partner training meetings, Partner Promotion road-shows to European and North American technology exhibitions, and guiding commercial match-making meetings between potential non-governmental Partners and recipient scientists. The travel took place both within CIS and internationally. Within the CIS, Department staff traveled to Dnipropetrovsk, Kharkiv, Lviv, Tbilisi, Baku, Chishinau and Moscow. Internationally, the Department staff traveled to Boston, San Francisco, Dayton, Paris, and Germany.

### Plan for 2008

In 2008, STCU shall return to the past policy of budgeting planned Department Staff travel either in the AOB Staff Travel budget requests (for non-scheduled staff travel) or in the shared Supplemental Budget requests (i.e., including the travel of 1-2 STCU staff in the workshop budget under a Shared Workshops/Seminars Supplemental Budget). Travel for the Department staff is expected to be similar, but less, than the travel in 2007, with more tasks being accomplished during scheduled Project Monitoring trips. Party-Designated Supplemental Budget funds will be used for STCU staff travel only when the relevant Party requests such STCU staff travel, or (in the case of EU Party Supplemental Budgets) when the STCU Management sees an clear opportunity to use such funds appropriately.

The Department is planning specific staff travel during 2008 as follows:

- Promote Partner Projects at institutes to improve Partner activity at these institutes
- Seminars and roundtable discussions at scientific institutes to continue to train scientists on patenting, licensing and business planning
- Staff travel to international meetings to accompany scientists to promote partnering.

### Regional Offices (Azerbaijan and Uzbekistan)

**Regional Officer Travel (2007 Budget Allocation = \$8,000: \$3,000 for Azerbaijan; \$5,000 for Uzbekistan. 2008 Budget Request = \$8,000: \$3,000 for Azerbaijan; \$5,000 for Uzbekistan)**



The Baku and Tashkent Regional Officers traveled to Ukraine on two occasions to attend Regional Officer Meetings with STCU Headquarters and within their regions of responsibility. In 2008, both Regional Officers will conduct similar, but less, travel as in 2007, with the exception that travel to attend Regional Officer Meetings at the Kyiv headquarters will be in conjunction with project monitoring travel to Ukraine-based projects, to leverage this expenditure of travel funds. Extra travel by the Uzbek Regional Officer is budgeted so that this Regional Officer can have more opportunities to travel to STCU Headquarters to discuss the STCU-Uzbek situation with STCU Management.

**Regional Office Operations and Other Professional Services (2007 Budget Allocation = \$ 18,840: \$7,320 for Azerbaijan; \$11,520 for Uzbekistan. 2008 Budget Request = \$11,000: \$4,000 for Azerbaijan; \$7,000 for Uzbekistan)**

Regional Office operations in both Baku and Tashkent were normal in 2007 and were under the planned budgetary expenses. The office operations in both locations should have the same level of expenses in 2008, with the important caveat that the use of the current Tashkent office premises (which is in the Presidium building of the Uzbek Academy of Sciences) is contingent on STCU activities continuing in Uzbekistan.

**Sustainability Promotion Department Budget Request for 2008**

	2007 Planned	2007 Actual	2008 Request	Change from 2007
<b>Staff</b>				
- Local	10	10	8	-2
- Party	1	1	1	0
<b>Staff Total</b>	11	11	9	-2
<b>Staff Support</b>				
- Travel (Int'l)	4,600	10,383	5,000	+400
- Travel (CIS)	10,800	10,826	8,000	-2,800
- Staff Training	10,700	10,504	12,500	+1,800
- RO Operations				
Travel	8,000	7,940	8,000	0
Overhead	18,840	10,398	11,000	-7,840
<b>Staff Support Total</b>	\$52,940	50,051	44,500	-8,440
<b>SB Programs</b>				
Shared SB Programs				
- Bus. Train/Sus. Oper.	198,000	183,675	139,000	-59,000
- Patent Support	58,400	30,500	35,000	-23,400
- Institute Sustainability	0	0	400,000	+400,000
Party SB Programs				
- Bus. Train/Sus. Oper. (US)	41,000	30,503	0	-41,000
- Tech., Collab., Cont. Travel (US)	60,000	23,710	30,000	0
<b>SPrograms Total</b>	\$357,400	\$268,388	\$604,000	+276,600
<b>Department Total</b>				
Staff	11	11	9	-2
Funding	\$410,340	\$318,439	\$648,500	+268,160



## Performance / Public Outreach Department

The Department provides targeted training, travel support, and promotional materials to best showcase the talents and successes of recipient scientists as well as provide the STCU with promotional materials for its own public outreach. The Department also performs data gathering and analysis of STCU activities to assist the STCU executive staff and the Parties in evaluating and improving the STCU performance and effectiveness.

**Printing and Reproduction (2007 Budget Allocation = \$25,000: \$10,000 for 2006 Annual Report; \$8,000 for Brochures and Other Marketing Materials; \$7,000 for News Articles/Public Media Publications. 2008 Budget Request = \$17,000: \$10,000 for 2007 Annual Report, \$7,000 for Brochures and Other Marketing Materials).**

The main objective of the program is to expand and improve public awareness of STCU and its activities, develop professional presentation materials to assist recipient scientists in designing effective presentations of their capabilities, and promote STCU's successful work to the local, national, and international science and technology communities.

### **Performance in 2007**

- Annual Report 2006. Annual Report was printed in English = 1,500 copies, Ukrainian = 300 copies and Russian = 300 copies [http://www.stcu.int/documents/stcu\\_inf/reports/annual/2006/](http://www.stcu.int/documents/stcu_inf/reports/annual/2006/)
- Brochures and Other Marketing Materials. Governing Board Binders, Advisory Committee binders, catalogues of Technology Profile Forms for Hannover Messe exhibition, Tbilisi biotechnology workshop, and other road-shows.
- News Articles/Public Media Publications. Publications about STCU, its projects, and its activity appeared in major governmental, scientific, specialized periodicals (20 publications). Agreement with "Science and Innovations" magazine for dissemination of articles on STCU activities on a regular basis.

### **Plan for 2008**

The Public Affairs / Publications Department will continue publicizing STCU activities, successes and opportunities in 2008, but will seek to make more use of Internet-based electronic media and use less printed material and less CD-ROM material. The Public Outreach Department will also continue providing assistance to institutes and scientists in promoting their own efforts and achievements.

- 2007 Annual Report. The 2007 Annual Report will be printed in a smaller volume than the 2100 print copies of the 2006 Annual Report (based on the amount of printed copies needed for last year's report). The Annual Report 2007 will use a similar format and informational basis as last year.
- Brochures, News Articles, and Other Promotional Materials. Budget funds will be requested to continue providing print copy and electronic copy of STCU news articles, brochures and support materials for STCU events, and other publication opportunities as they arise.





**Travel Grant Support (2007 Budget Allocation = \$100,000 in Shared Supplemental Budget - Travel Grants. 2008 Budget Request = \$ 65,000 in Shared Supplemental Budget - Travel Grants).**

The Travel Grant Support program sponsors, on a competitive basis, visits by scientists and technological personnel from the STCU Recipient Parties to research, public and industry organizations located on the territories of the STCU Funding Parties and other countries.

**Performance in 2007**

In 2007, Travel Support Grants, amounting to approximately \$80,000 of the budgeted \$100,000, supported 41 regular "open application" travel requests. In addition, 126 Party-Requested travel grants were issued to scientists specifically invited by one of the STCU Funding Parties. Scientists traveling on STCU travel grants attended scientific and commercial technology events in the USA, Canada, Germany, the UK, France, Netherlands, Spain, Finland, Italy, Japan, Ukraine, Moldova, Azerbaijan, Georgia, Kazakhstan, and Russia. Scientists traveling on STCU Travel Grants provide feedback on their trips to STCU, which has been incorporated in a performance evaluation report for STCU Management.

**Plan for 2008**

Due to the projected decline in Funding Party fiscal support, and due to the Funding Parties' desire to take a more narrow, focused approach in STCU programmatic activities, the Travel Support Grant program may need to change from its current "open application" format to a more restricted "by STCU invitation only" format. To prepare for that possibility, a smaller number of Travel Support Grants will be made available in 2008 and STCU will apply a more rigorous review of the received travel support applications so that travel grants are supporting a more targeted set of results, including scientific research partnerships, Partner Project development, and commercial matchmaking efforts. In addition, the STCU will apply a more rigorous standard to Party-Requested scientist travel by asking the requesting Party to provide the travel funds from Party-Designated Supplemental Travel Support budgets or from undesignated Party funds.

**Targeted Training Program (2007 Request = \$ 89,000 in Shared Supplemental Budget - Targeted Training. 2008 Budget Request = \$39,575 in Shared Supplemental Budget – Targeted Training).**

**Performance in 2007**

Partner Event Preparation: Scientists from Kyiv, Lviv, Kharkiv and Dnipropetrovsk participated in a 4-day Hannover Messe 2007 Training Session, in preparation for the STCU-sponsored mission to the Hannover exhibition. They learned about presentation techniques, effective communication and networking approaches, and basic negotiation skills. Scientists used this training to interact with company representatives and search for prospective partners. A multimedia educational program "Effective Presentation Skills" was developed from this training session for use in future event preparatory training.

Commercialization and Technology Transfer Training: Future Chief Technology Commercialization Officers (CTCOs) were provided a 9-week course in technological management and commercialization of R&D results in scientific research institutes. The Small Business Development Center "Kharkiv Technologies" and the Institute of Intellectual Property and Law adjusted the curriculum to the training needs of the trainees. Also, informal roundtable gatherings at various institutes were hosted by STCU and discussed technology commercialization topics. More than 150 scientists in Kyiv, Dnipropetrovsk, Lviv and Kharkiv participated in the events. The roundtable discussions focused on Marketing Research, Commercialization of R&D results, IPR distribution for success on market, etc.



Two multimedia training programs were developed for scientists: *Effective Presentation Skills* and *Networking Skills for Scientists*. These programs helped scientists to prepare for a presentation given the audience background, available technical equipment and a room layout, to understand the climate of a networking event, and to use negotiation techniques to their best advantage.

Training Modules for the Administrative Office: Admin Office training on STCU procurement and customs processes were undertaken in the STCU Regional Offices by customs & procurement staff for institutes, scientists, & project managers.

Training Materials for the STCU Events: Copies of the STCU-designed CD-ROM on Commercialization of R&D Results and Interpersonal Skills for Scientists were produced, as well as English and Russian language brochures on Effective Presentation Skills, Networking Skills, and Negotiation Skills for Scientists. All the materials are available in Public Outreach Department and can be provided upon request.

English Language Courses for Scientists: This six-month pilot training initiative was organized by the STCU to provide STCU participating scientists an opportunity to improve their English language skills. Representatives of 40 Regular and Partner STCU projects participated in the course.

### Plan for 2008

STCU Event Preparation Training: STCU will continue organizing short training sessions for scientists invited to participate in STCU events such as Partner Promotion roadshows. As there are four STCU missions planned, the plan is to arrange training and preparation sessions for each of these four events.

Commercialization Training: In coordination with Sustainability Promotion Department, more roundtable gatherings and short training sessions will be planned on topics of interest in the field of S&T commercialization and technology transfer. STCU, to the greatest extent possible, will leverage the existing CD-ROM and electronic media training courses from previous STCU training events.

Training Modules for the Administrative Office: As reported in the Administrative Office section of this document, training on STCU procurement and customs processes will continue in 2008 in the STCU Regional Offices by customs & procurement staff. Thus, included in the Targeted Training budget request for 2007 is \$9,575 for this Admin Office-run training activity, a slight increase from the approved 2007 budget due higher travel prices.

Training Materials for the STCU Events: As needed, the Department will manage production or revisions of printed and electronic media training materials produced from previous training events, and make these training materials available to interested scientists and in support of planned STCU events.

**Performance Measures (2007 Budget Allocation = \$9,500 from Other Professional Services. 2008 Budget Request = \$9,500 from Other Professional Services).**

### Performance in 2007

Annual Institute Sustainability Survey 2006. The survey was carried out both within Ukraine and for the first time expanded to the other STCU Recipient Parties. Performance evaluation studies and surveys, including Party-Requested studies were fulfilled during 2007. A printed report was provided to the Governing Parties and an electronic version published on the STCU Web Site, in the Documents Center.



Regional Offices Survey. The types and level of activities performed by the STCU Regional Offices was input into a standardized, on-line report form and managed by the Program Performance Officer. This tool provides a management aid to the STCU executive staff on individual Regional Offices, and on the performance of the Regional Offices as a whole.

Training and Travel Grant Program Evaluation. The performance evaluation of STCU training and travel grant programs was established, using a standardized methodology and criteria. The evaluation measures the program activity in four categories: relevance to STCU objectives, efficiency, effectiveness, and the impact. All accomplished training programs and general travel grants in 2007 were evaluated and the results used as input to STCU management discussions about these programs.

### Plan for 2008

The Department will, once again, organize and conduct its Annual Institute Survey to provide current and comparative data on STCU performance and state of affairs at the technical unit level and STCU impact on these units. The Department will also continue monitoring the Regional Office activities and performance data. Finally, the Department anticipates that it will be called upon to provide performance analysis/assessments in connection with the proposed Institute Sustainability Program, because this program incorporates metrics on institute sustainability.

### Public Outreach/Performance Department Budget Request for 2008

	2007 Planned	2007 Actual	2008 Request	Change from 2007
Staff				
- Local	5	5	5	0
- Party	0	0	0	0
<b>Staff Total</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>0</b>
Staff Support				
- Travel (International)	\$3,000	\$2,656	\$3,000	0
- Travel (CIS)	\$4,000	\$3,122	\$4,000	0
- Staff Training	\$4,000	\$4,509	\$4,000	0
<b>Staff Support Total</b>	<b>\$11,000</b>	<b>\$10,287</b>	<b>\$11,000</b>	<b>\$0</b>
AOB Programs				
- Printing and Reproduction	\$25,000	\$17,292	\$17,000	-\$8,000
- Other Prof. Services	\$9,500	\$10,035	\$9,500	\$0
SB Programs				
- Travel Grant Shared	\$100,000	\$162,691	\$65,000	-\$35,000
- Targeted Training Shared	\$89,000	\$83,787	\$39,575	-\$49,425
<b>Programs Total</b>	<b>\$223,500</b>	<b>\$273,805</b>	<b>\$131,075</b>	<b>-\$92,425</b>
<b>Department Total</b>				
Staff	5	5	5	0
Funding	\$234,500	\$284,092	\$142,075	-\$92,425



**STCU 2008 BUDGET REQUEST SUMMARY FOR USD BUDGET LINES**

	ED	AO	FO	IT	SE	TA	SP	PO	Line Total
<b>Staff (# in 2007)</b>									
Party	1 (1)	1 (1)	1 (1)	1 (1)	1(1)	2 (2)	1 (1)	0 (0)	8 (8)
Local	1 (1)	15 (15)	9 (10)	4 (4)	8 (8)	7 (8)	8 (10)	5 (5)	57 (61)
Part-Time	0 (0)	3 (3)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	3 (3)
<b>Total Staff - Full Time</b>	<b>2 (2)</b>	<b>16 (16)</b>	<b>10 (11)</b>	<b>5 (5)</b>	<b>9 (9)</b>	<b>9 (10)</b>	<b>9 (11)</b>	<b>5 (5)</b>	<b>65 (69) FT</b>
<b>Total Staff - Part Time</b>		<b>3 (3)</b>	<b>0 (0)</b>	<b>0 (0)</b>	<b>0 (0)</b>	<b>0(0)</b>	<b>0 (0)</b>	<b>0 (0)</b>	<b>3 (3) PT</b>
<b>Staff Support</b>									
Travel (Int'l)	14,000	-	-	-	8,000	2,500	5,000	3,000	32,500
Travel (CIS)	15,000	5,000	5,240	500	5,000	10,500	8,000	4,000	53,240
Training	14,500	22,190	18,930	1,000	12,500	12,500	12,500	4,000	98,120
<b>Dept. Staff Supp.</b>	<b>43,500</b>	<b>27,190</b>	<b>24,170</b>	<b>1,500</b>	<b>25,500</b>	<b>25,500</b>	<b>25,500</b>	<b>11,000</b>	<b>183,860</b>
<b>Programs (AOB)</b>									
Representation	10,000	-	-	-	-	-	-	-	10,000
Fixed Assets	-	6,000	-	-	-	-	-	-	6,000
New Car/Veh Ops	-	50,000	-	-	-	-	-	-	50,000
Printing and Rep.	-	-	-	-	-	-	-	17,000	17,000
IT Hardware	-	-	-	47,549	-	-	-	-	47,549
IT Software	-	-	7,000	19,008	-	-	-	-	26,008
Oth. Prof. Services	-	-	-	2,250	-	-	-	9,500	11,750
Regional Offices	-	-	-	-	14,000	27,000	19,000	-	60,000
<b>Dept. Total (AOB)</b>	<b>10,000</b>	<b>56,000</b>	<b>7,000</b>	<b>68,807</b>	<b>14,000</b>	<b>27,000</b>	<b>19,000</b>	<b>26,500</b>	<b>228,307</b>
<b>Shared Supp. Budget Programs (SB)</b>									
Bus. Training/Sus. Support	-	-	-	-	-	-	139,000	-	139,000
Patent/IPR	-	-	-	-	-	-	35,000	-	35,000
Travel Grants	-	-	-	-	-	-	-	65,000	65,000
Workshops/Seminars	-	-	-	-	-	35,000	-	-	35,000
Targeted Training	-	-	-	-	-	-	-	39,575	39,575
Institute Sustainability	-	-	-	-	-	-	400,000	-	400,000
<b>Supp. Budget Programs (SB)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,000</b>	<b>574,000</b>	<b>104,575</b>	<b>713,575</b>
<b>Party Specific Supp. Budget Programs (SB)</b>									
Tech., Coll. & Cont. Trav.	-	-	-	-	-	150,000	30,000	-	180,000
Travel & Mob. Support	-	-	-	-	-	150,000	-	-	150,000
<b>Dept. Total Prgms Voluntary (SB)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300,000</b>	<b>30,000</b>	<b>-</b>	<b>330,000</b>
<b>Total Request</b>									
Staff	2	16	10	5	9	9	9	5	65 full
	0	3	0	0	0	0	0	0	3 part
Funding	53,500	83,190	31,170	70,307	39,500	387,500	648,500	142,075	1,455,742



**STCU 2008 BUDGET REQUEST SUMMARY FOR EUR BUDGET LINES (Solely Funded EU SB Budgets Only)**

	ED	AO	FO	IT	SE	TA	SP	PO	Line Total
<b>Solely Funded EU Programs (SB)</b>									
EU Designated Tech. Collab., and Cont. Travel Support	-	-	-	-	€30,000	-	-	-	€30,000
EU Patent Support	-	-	-	-	€7,000	-	-	-	€7,000
EU Designated Travelers & Partner Promotion	-	-	-	-	€70,000	-	-	-	€70,000
EU Expert Review and Advisors	-	-	-	-	€130,000	-	-	-	€130,000
EU Seminars & Workshops	-	-	-	-	€30,000	-	-	-	€30,000
<b>Total Request Funding</b>	-	-	-	-	<b>€267,000</b>	-	-	-	<b>€267,000</b>