

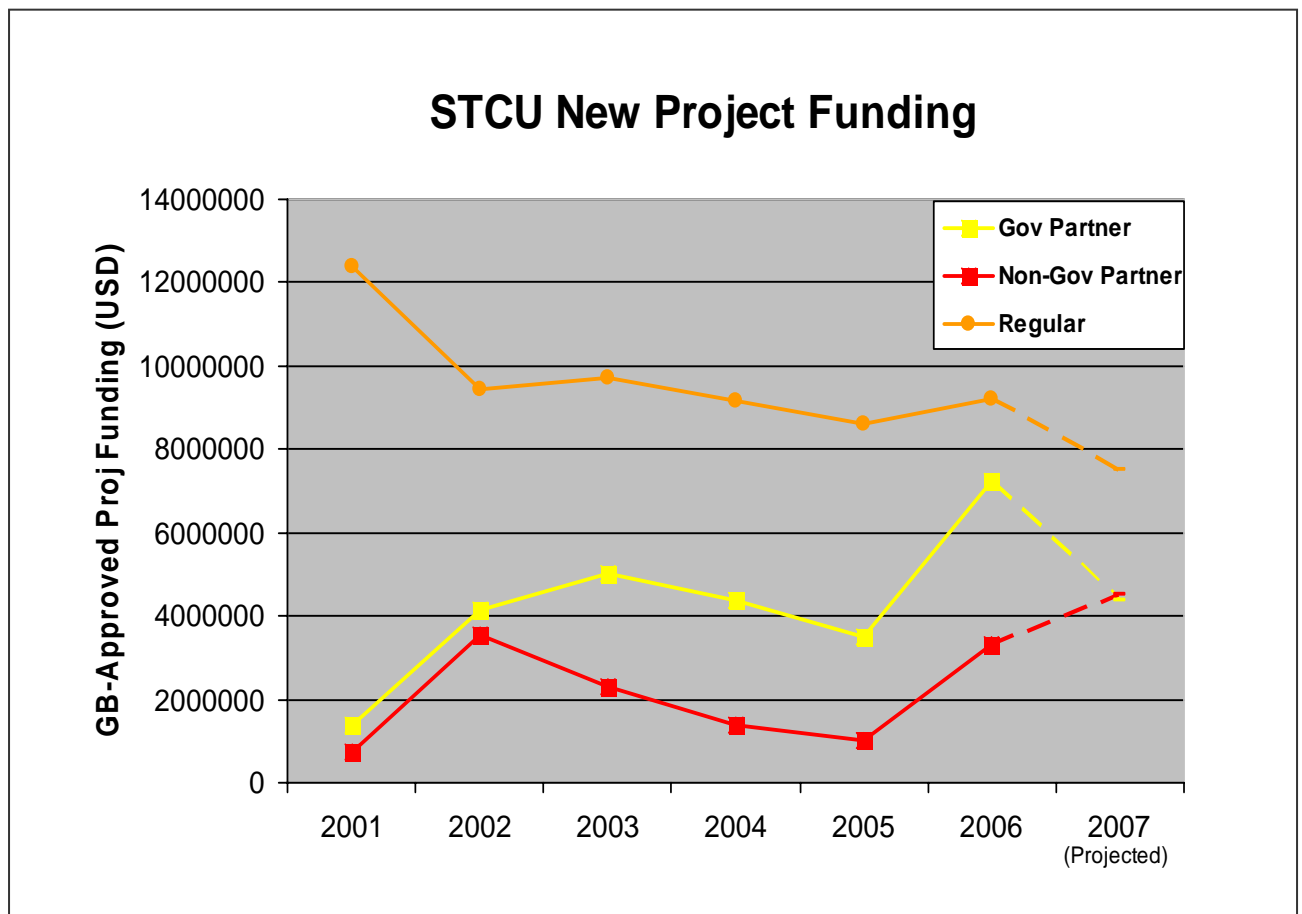


Funding Party Plans for Future STCU Programs:
What is the Impact of these Plans on STCU Planning for 2009 and Later?

Because of careful budget planning in concert with prudent projections on near-term project and supplemental program workload, the STCU has been able to meet its administrative management and financial control obligations for 2007, and is confident that it can deliver the needed administrative operational services in 2008 with a flat (year-on-year) AOB request. However, the Secretariat has a growing concern about planning for the future, particularly in 2009 and beyond.

The STCU faces two divergent trends: on the one hand, currently high, but historically volatile, trends in Partner Project activity; and on the other hand, clear signs of overall funding reductions from the traditional Funding Parties. In facing these impending operational tensions between 2008 and 2010, STCU Management will be struggling to maintain adequate program management while adjusting to a declining (and probably more volatile) level of activity.

STCU Management can only meet this challenge by having a feasible, long-term target to plan towards, i.e., knowing—clearly and directly—what the Governing Party intentions are for the future STCU program.



The Governing Board has been engaged in strategic planning discussions since GBM 21 in December 2005. The ISTC Governing Board also has been engaged in similar strategic discussions during this time, and as much of the ISTC Governing Board membership is the same as STCU's, one can presume a high level of Party interaction on the future of the two Science Centers. Regrettably, one can also state that no Party



consensus has emerged from either set of discussions. In fact, it is the STCU's impression that the ISTC strategic discussions have reached a serious impasse, with the Russian Federation appearing to question the relevance of the current ISTC mandate, and a draft ISTC strategic planning document that appears more focused on current tactical/administrative issues and not looking very far forward toward a viable ISTC future.

For the STCU, the need for a Governing Board consensus on a future vision and strategic objectives for the period after 2012 is crucial. Absent such consensus, the STCU program has only its current, near-term program strategy to fall back on. With the time horizon of that 2004-approved, near-term strategy approaching (in 2009-2011) coupled with the Funding Party projected program plans during that same timeframe, it appears that STCU future is a phase-down to phase-out of activity. From the facts in hand, the STCU Management can only see continued declines in STCU activities and supporting financing starting in 2008, continuing through 2009, until presumably reaching a sunset in 2012.

In each of the Governing Board Meetings since the 21st GBM, the STCU Executive Director has provided the Board with discussion papers to prompt the Parties to develop a next-phase STCU vision and strategy. The most recent of these discussion papers, *Conceptual Frameworks for an STCU of 2010: Furthering the Strategic Discussion of the STCU Governing Board*, was provided to the Advisory Committee members for the 22 March 2007 AC Meeting. This paper outlined 5 possible strategic visions for STCU, so as to focus the Parties' deliberations on a consensus vision and strategic direction for STCU. Of these 5 concepts, one seemed to be the most feasible for continuing STCU in the future: the *Expand STCU Mandate* concept that envisions maintaining STCU's security-based mission, but opening the mandate to stability & security-enhancing programs other than redirection of ex-Soviet weapon scientists. Governmental and non-governmental entities would implement their security or related stability-enhancing programs through STCU, making use of STCU's network of relationships with former weapon scientists within the Recipient Parties in close collaboration with experts from the contributing programs. STCU would need to become a smaller and more flexible organization to accommodate the wider variety of programs and customers, but the current Partners Program and jointly financed Targeted R&D Initiatives Program could serve as useful models (and these existing programs could remain as STCU activities within this new STCU direction).

In another attempt to foster progress toward a final Governing Board consensus on STCU's future, the STCU Executive Director has drafted a strategic concept paper based on this expanded mandate option. This draft paper is attached here, with the hopes that it could serve as a starting point for a final strategic concept paper agreeable to the STCU Governing Board.

Attachment: Draft Strategic Concept Paper, *STCU After 2010: Transition to the Future*