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29-30 November, 2012
Kyiv, Ukraine

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**STCU Governing Board Meeting
List of participants
Kiev, Ukraine
29-30 November 2012**

Canada

H.E Mr. Troy Lulashnyk, Embassy of Canada to Ukraine

EU

Mr. Sorin Popa, Administrator, Program manager, Nuclear Safety, European Commission

Ukraine

Mr. Borys Gryniiov, Board Member, Deputy Head of the State Agency on Science, Innovation and Informatization

Mr. Michael Zgurovsky, AC Member, Rector, NTUU Kiev Polytechnic Institute

USA

Mr. Phil Dolliff, Acting Board Member, ISTC Coordinator from the USA

Mr. Dan Lowe, Coordinator for the U.S., Advisory Committee Member, Office of Cooperative Threat Reduction (ISN/CTR), US Department of State

Ms. Julie Mills, Science Centers Financial & Budget Analyst (ISN/CTR), US Department of State

Ms. Regina Carter, Director, GIPP, GIPP Program, US Department of Energy/National Nuclear Security Administration.

Mr. John McClelland Kerr, Department of Energy

Azerbaijan

Academician Arif Hashimov, Vice-President, Azerbaijan National Academy of Science

Georgia

Mr. Mr. Sul Khan Sisauri, Director General of Rustaveli National Science Foundation of Georgia

Mr. Tite Rukhadze, Deputy Head of Department for Financial and Material Resources, Rustaveli National Science Foundation of Georgia

Moldova

Dr. Kulciti Veaceslav, Director of the Public Institution Consultative Counsel of Expertise.

THE STCU SECRETARIAT OFFICIALS

H.E. Mr. Michael Einik, Executive Director, Unites States

Mr. Igor Lytvynov, Senior Deputy Director, Ukraine

Mr. Michel Zayet, STCU Deputy Executive Director, European Union

Mr. Victor Korsun, STCU Deputy Executive Director, United State

Mr. Landis Henry, STCU Deputy Executive Director, Canada

Mr. Curtis "BJ" Bjelajac, Chief Financial Officer, United States

Mr. Anthony Nichol, Chief Administrative Officer, European Union

Ms. Iryna Rogovchenko, Branding and Transformation Coordinator, Ukraine

SCHEDULE
STCU 35th GOVERNING BOARD MEETING
STCU ADVISORY COMMITTEE MEETING

Kiev, Ukraine
29-30 November, 2012

27-28 November

Arrival of delegates

29 November, Thursday

STCU Advisory Committee Meeting

*Venue: National Technical University of Ukraine, Kiev Polytechnic Institute
Building#6, Administrative Conference-room
37 Peremohy Ave.*

9:30 – 17:00	Meeting of the STCU Advisory Committee
11:00 – 11:15	Morning coffee break
11:15 – 12:30	Meeting continues
12:30 – 13:00	Lunch
13:00 – 15:30	Meeting continues
15:30 – 15:45	Coffee-break
15:45 – 17:00	TI Meeting
18:30 – 20:30	Reception at the U.S. Embassy in Kiev , 4, I. Sikorsky St. (formerly Tankova)

30 November, Friday

STCU 35th Governing Board Meeting

*Venue: National Technical University of Ukraine, Kiev Polytechnic Institute
Building#6, Administrative Conference-room
37 Peremohy Ave.*

09:30 – 17:00	Meeting of the 35 th STCU Governing Board
11:30 – 11:45	Coffee break
11:45 – 13:00	Meeting continues
13:00 – 13:30	Lunch (Alma Mater)

13:30 – 14:00	Press-Conference (TBC)
14:00 – 14:30	Meeting continues
14:30 – 15:00	Coffee break
15:00 – 17:00	GB Meeting continues
19:00	Reception hosted by the Canadian Embassy (TBC)

1 December, Saturday

Delegations depart or work on their schedule

AGENDA
Meeting of the STCU Advisory Committee
Kyiv, Ukraine
29 November 2012

1. Opening Session

- 1.1. Opening Remarks from the AC Chair (Michael Zgurovsky)
- 1.2. Welcome from the Executive Director (Michael Einik)
- 1.3. Opening Remarks from other AC Members (Party
Representatives)

2. Administrative Topics

- 2.1. Adoption of the Agenda
- 2.2. Approval of the AC Minutes from 12 Oct 2012 Meeting (Kiev)

3. Morning Session (Primary Business Topics)

- 3.1. Executive Director Report (Michael Einik)
- 3.2. Finalization of 2013 Budget Request (Curtis Bjelajac)
- 3.3. Update on 2012 AOB/SB expenditures (Curtis Bjelajac)
- 3.4. Extension of SDED Contract (All Parties)

Lunch

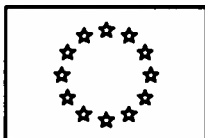
4. Afternoon Session

- 4.1 Continued Discussion: STCU Transformation (Michael Einik)
 - 4.1.1 Reorganization (Michael Einik)
 - 4.1.2 STCU Vision/ Mission (Michael Einik)
 - 4.1.3 Branding Strategy (Michael Einik)
 - 4.1.4 Changes to Financial Regulations and Code of Conduct (Curtis Bjelajac)
 - 4.1.5 Paper on New Sponsor States Engagement (Michael Einik)
 - 4.1.6 Partners and Sponsors (Vic Korsun)
 - 4.1.7 Definition of scientists (Michael Zgurovsky)
 - 4.1.8 Update on New Activities, CoE Consortia Bids (Michel Zayet)
- 4.2 Update on 2013 Projects Cycle (Igor Lytvynov)
- 4.3 Update on Fukushima Initiative (Vic Korsun)
- 4.4 Other issues (All Parties)
 - 4.4.1 Correction of the name of STCU in Ukrainian (Igor Lytvynov)
 - 4.4.2 Georgian Office Relocation (Anthony Nichol)

5. Closing Session

- 5.1 Confirmation of Next AC/GBM Schedule (AC Members)
- 5.2 Final Remarks (AC Members)
- 5.3 Closing Remarks from the AC Chair (Michael Zgurovsky)

- 6. TI Meeting (TI Group)



EUROPEAN COMMISSION

Directorate-General for Development and Cooperation — EuropeAid

Human and Society Development
Director

Brussels, 19 November 2012

DEVCO D/

D(2012) 1367239

Mr. Michael Einik
Science and Technology Centre Ukraine
7A Metalistiv Street,
03057 Kyiv, Ukraine

Subject: Nomination of Mr. Sorin Popa as alternate Governing Board and Advisory Committee representative on the behalf of the European Union at STCU GBM 35

Dear Ambassador Einik,

Following your invitation to the 35th meeting of the Governing Board of the Science and Technology Centre in Ukraine (35th GBM – STCU) to be held on 30 November 2012 in Kiev, Ukraine, I regret to inform you that I will not be able to attend this meeting.

I would like to inform you that in my capacity of Governing Board Member representing the European Union, I appoint Mr. Sorin Popa, Programme Manager for the Instrument for Stability and Nuclear Safety of the European Commission, as Alternate Member to represent the European Union at the 35th STCU Governing Board meeting as well as for the Advisory Committee meeting to be held on the day before.

I would be grateful if you could communicate this information to the relevant person and bodies.

Yours sincerely,

Kristian Schmidt

EU Governing Board Member

AGENDA
Meeting of the STCU 35th Governing Board
Kyiv, Ukraine
30 November 2012

1. Opening Session

- 1.1. Opening Remarks from the GB Chair (TBC)
- 1.2. Welcome from the Executive Director (Michael Einik)
- 1.3. Opening Remarks from other AC Members (Party Representatives)

2. Administrative Topics

- 2.1. Adoption of the Agenda
- 2.2. Approval of the GB Minutes from 22 June 2012 Meeting (Chisinau)

3. Morning Session (Primary Business Topics)

- 3.1. Executive Director Report (Michael Einik)
- 3.2. Results of Tender for STCU Auditor (Anthony Nichol)
- 3.3. Finalization of 2013 Budget Request (Curtis Bjelajac)
- 3.4. Update on 2012 AOB/SB expenditures (Curtis Bjelajac)
- 3.5. Extension of SDED Contract (All Parties)

Lunch

4. Afternoon Session

- 4.1 Continued Discussion: STCU Transformation (Michael Einik)
 - 4.1.1 Reorganization (Michael Einik)
 - 4.1.2 STCU Vision/ Mission (Michael Einik)
 - 4.1.3 Branding Strategy (Michael Einik)
 - 4.1.4 Changes to Financial Regulations and Code of Conduct (Curtis Bjelajac)
 - 4.1.5 Paper on New Sponsor States Engagement (Michael Einik)
 - 4.1.6 Partners and Sponsors (Vic Korsun)
 - 4.1.7 Definition of Scientists (M. Zgurovsky)
 - 4.1.8 Update on New Activities, CoE Consortia Bids (Michel Zayet)
- 4.2 Update on 2013 Projects Cycle (Igor Lytvynov)
- 4.3 Other issues (All Parties)

5. Approval of Record of Decision

6. Approval of Project Funding Decisions

7. Closing Session

- 7.1 Confirmation of Next AC/GBM Schedule (AC Members)
- 7.2 Final Remarks (AC Members)
- 7.3 Closing Remarks from the AC Chair (TBC)

**GB 35
ED REPORT
November 2012**

As we move into the end game for 2012, and look towards 2013, our objective is to first consolidate the transformation agenda we have placed in front of you to date, and second to define a more aggressive transformation strategy for 2013. We are achieving good progress on our agenda. It is, however a far from perfect world and not everything is decided or moves on a schedule we would like, but our objective is to keep the process moving forward as we define a more focused, more self funded and leaner STCU. I hope that by the end of 2013, you will see the foundation of a STCU that will be sustainable well into the future.

STCU TRANSFORMATION

Project Proposal System- This GB session will serve to wrap up the last cycle of the existing TI and regular project regime as well as launch the new structure based upon our four pillars of project activity; **Solicited Scheduled Projects, (SSP)** this is essentially the former TI regime to which has been added a priorities setting function, but it will continue to play out over a set and predictable schedule. **Solicited off-Scheduled Projects, (SOSP)** these are projects that run through a lifecycle process of definition and selection similar to SSP projects but they do not adhere to the fixed calendar time line of the SSP projects. **Non-Solicited Projects (NSP)** – these are Party driven projects that do not follow any particular proposal system nor set time line. In contracting jargon these would be closest to what are called sole source projects, where a specific funder wants to do a specific project with a specific recipient. Finally, we have our on-going **Partner Projects – (PP)** that are unchanged.

I appreciate all the efforts everyone has put in to develop this new system. I think it meets our objectives and needs. Since the last AC meeting we have been “briefing” our recipient states on the new system, and while we expect some breaking in issues, we do not see any major difficulties in adapting to the new system over the course of 2013. We will continue to review the process as implementation proceeds and may come back to you later in the year with some suggested refinements, but the core of the system seems valid.

STCU-ISTC Coordination

We continue to stand ready to be responsive to your wishes in this area. The two teams have worked well together so far, but we have taken the process between Moscow and Kiev about as far as we can. We are at the stage where the respective Boards have to decide and announce how far they want to go in terms of the STCU getting engaged in the ramp up of the Almaty Center. Our assessment is that we can undertake the lion share of the backroom needs for the new operation, at least for the first few years, with substantial cost savings to you but no required increase in staff in Kiev. The call is yours to make, there is little more we as a secretariat can do without a mandate from you.

Legal Review

Our locally contracted legal team has done good work addressing the questions of: our draft proposal for liberalizing the definition of what is a scientist and defending our undertaking joint projects with the ISTC. You have in front of you language for the record of decision that expands the definition of our client universe, and we have already requested partner status with the ISTC. The third item, a legal review of our participation as a consortium member in CoE projects will require our providing the legal team the actual contractual documents that we would be expected to sign to insure that they are consistent with our Agreement responsibilities and obligations. Unfortunately, as of my writing this we

have not yet received the necessary documentation from the Consortium leaders, so this issue may not be ready for the GB meeting.

We have also asked the lawyers to look at the possibility of expanding our client universe of potential funding partners, and this review will be ready for discussion at the GB..

Expansion of Activities

We continue to be optimistic that our participation as a supplier to EU CoE activities will become a major funding support for our AOB budget needs. We are currently, as test cases, a member of four selected consortia. After a long wait of five additional months against the initially set date for publication of results, we are due now to become engaged within the consortia. We shall then be able to fine tune our role, responsibilities based on balanced and mutually beneficial contractual relationship. In addition we are focused on keeping ourselves in the loop and in the game as the EU continues to define its programs and activities in this area by monitoring new publications for Call for Proposals.

We also are putting in front of you for decision, based upon our lawyer's inputs the approval of expanding our activities to include a new type funding party- "sponsor", as well as broadening our Commercial Partner program to include firms from non-member States. We are also specifically asking for funding to undertake three activities in partnership with KPI that will include participants of your choosing from non CIS countries.

Branding

We are working hard to put some meat on this framework, and hope to have a program of activities for 2013 for you to review. We will work closely and in partnership with our Ukrainian partners in this area as it will become the nexus for our transformation in the context of our positioning ourselves for the future within Ukraine.

FUNDING/BUDGET/STAFFING

We have done a lot of work on the budget for 2013, to keep it within your guidelines and to reflect the transformation process. We are projecting a slightly less than 5 percent decrease in AOB for 2013.

Party funding decisions for next year, particularly those of Canada has moved us to look again at both our staffing levels and organizational structure. Total staff as we move into 2013 will thin out to 39. On the other hand, I am proposing to you that we provide the remaining staff a five percent across the board pay increase. In 2013, we will also look at our current space utilization to see about moving things around a bit to improve staff quality of life.

As you can also see the Ukrainian DED in addition to being senior Deputy will take on direct responsibility for some Administrative matters. In response to this change, please note that again for this year we have included his salary supplement in the AOB budget.

Three additional items deserve mention:

The 2013 budget includes a 15,000 USD request for renovation of our new office space in Tbilisi. Our staff member there has had to vacate the previous office, and while we have been offered very nice space at the Technical University, as expected there will be some make ready costs. However we continue to work this issue, and in fact there is a possibility that we might be able to recover our old office.



We are asking for a new 30,000USD to cover any additional legal fees. I suspect we will not need this much, but this area is still a big unknown in terms of work load.

We are also asking a similar amount for supporting our rebranding efforts the need for which was discussed at the last GB. We have created a Branding committee, and will present to you a 2013 Strategy and Activities plan.

2012/13 Financial Audit Tender
Request for approval by the STCU Governing Board
15 August 2012

Statutory Requirements

In accordance with Article XVI (C) of the STCU Statute which reads: "An annual audit by an auditor approved by the Board shall be conducted of the Center's expenditures and related financial activities. Results of the audit shall be reported to the Board within 30 days after completion;" the STCU holds a biennial tender for audit services of financial statements.

The audit has the following objectives:

- (a) report to the Governing Board whether the financial statements present fairly the financial position of the STCU and whether the financial statements are in conformity with the accounting principles recognized by the International Accounting Standards Committee;
- (b) conduct the annual audit in accordance with the International Standards on Auditing (ISA). The ISA require that the audit is planned and performed to obtain reasonable assurance about whether the financial statements are free of material misrepresentations.

Tender

In accordance with STCU and ISTC financial regulations we carried out a joint open call for tender, the request for proposals was advertised on the STCU/ISTC websites (procurement opportunities).

We received tenders from the following firms:

KPMG, Riga
Lubbock Fine, London
Moore Stephens, London

Evaluation Criteria and Technique

The tenders were evaluated for technical merit on the following criteria:

- C1 Project team:
 - expertise and profiles of proposed project personnel, specifically qualifications related to the functional and technical expertise in auditing enterprises similar in nature to the STCU/ISTC,
 - recent pertinent continuing education,
 - appropriateness of assigned staff levels.
- C2 Office's experience:
includes resources to be applied, depth and breadth of technical expertise and experience and demonstrated results attained in similar engagements.
- C3 Audit plan and work-plan:

proposers will be expected to submit a representative audit plan and workplan for the scope of services identified in Section III Point A. The audit plan and workplan must address the proposed work methodology and tools to be used in providing STCU/ISTC services and identify the resources, tasks and schedules associated with delivery, and implementation of the audit. The timeliness of the projected completion dates, as well as the track record of meeting agreed upon delivery dates will also be considered.

These criteria were weighted ($C_1 \times 50\% + C_2 \times 30\% + C_3 \times 20\%$) to give an overall technical score, any firm not achieving a minimum of 80 as a technical score was eliminated.

The successful firms financial offers were then compared using the formula:

$$P_e = P_o / (C_1 \times 50\% + C_2 \times 30\% + C_3 \times 20\%) \times 100, \text{ where:}$$

P_e is evaluated price,

P_o is price offered,

Evaluation and Comparison

The proposals of the following firms have been received and determined to be compliant with the minimum requirements and their offered and evaluated prices are indicated below:

Prices of the responsive proposals are given below. All values are in US\$ and are for two years audits.

STCU

Supplier's Name	Offered Price	Evaluated Price	Rank
KPMG	110,750	138,438	1
Lubbock Fine	156,146	169,955	2
Moore Stephens	176,800	190,363	3

ISTC

Supplier's Name	Offered Price	Evaluated Price	Rank
KPMG	137,938	172,423	1
Lubbock Fine	295,306	321,421	3
Moore Stephens	258,000	277,793	2

STCU and ISTC with a discount for being awarded both contracts

Supplier's Name	Offered Price	Evaluated Price	Rank
KPMG	230,152	287,690	1
Lubbock Fine	434,598	473,032	3
Moore Stephens	391,320	421,341	2

NB: evaluated prices are used for evaluation purposes only. The successful proposer's offered price shall enter in a respective contract.

Conclusion

The conclusion of this is that in terms of the best evaluated price KPMG is the best value for money option for both centers. It should be noted that this represents a saving of \$ 183,994 over the previous auditors for both centers over two years.

Award Recommendation

Management, recommends to the Governing Board that the Board to approve the award of the contract to KPMG as an out of cycle Board approval so the contract can be finalised and the audit commenced at the earliest dates.



Summary of 2013 STCU AOB & SB Requests



Summary of 2013 AOB

- Total '13 AOB request of \$1.42M compared with Total '12 AOB approved of \$1.45M. \$32.2K Decrease (2.2% Decrease).
- '13 Recurring Costs request of \$1.37M compared with \$1.41M approved in '12. 2.51% Decrease.
- '13 Non-Recurring Costs request of \$48.5K compared with \$45.4K approved in '12. 6.83% Increase.



AOB as % of Project Expenses

AOB Expenses

- 2013 Est. \$1.42M (10.1%)
- 2012 Est. \$1.33M (9.5%)
- 2011 Actual \$1.52M (11.4%)
- 2010 Actual \$1.57M (10.5%)
- 2009 Actual \$1.66M (10.4%)
- 2008 Actual \$1.55M (8.3%)

Project Expenses

- 2013 Estimated \$14.0M
- 2012 Estimated \$14.0M
- 2011 Actual \$13.3M
- 2010 Actual \$14.9M
- 2009 Actual \$15.9M
- 2008 Actual \$18.7M



AOB as % of Project & SB* Expenses

AOB Expenses

- 2013 Estimated AOB \$1.42M (9.7%)
- 2012 Estimated AOB \$1.33M (9.2%)
- 2011 Actual AOB \$1.52M (10.8%)
- 2010 Actual AOB \$1.57M (10.0%)
- 2009 Actual AOB \$1.66M (9.9%)
- 2008 Actual AOB \$1.55M (7.9%)

Project + SB Expenses

- 2013 Estimated \$14.0M + SB = \$.6M = \$14.6M
- 2012 Estimated \$14.0M + SB = \$.5M = \$14.5M
- 2011 Actual \$13.3M + SB = \$.8M = \$14.1M
- 2010 Actual \$14.9M + SB = \$849K = \$15.7M
- 2009 Actual \$15.9M + SB = \$931K = \$16.8M
- 2008 Actual \$18.7M + SB = \$766K = \$19.5M

* Does Not Include Service Contracts or EU Expert Review & Advisors



Personnel - Local Grant Payments

- Total Cost of \$689.5K compared with \$731.3K in '12. 5.72% Decrease.
 - Five (5) full-time positions eliminated, resulting in savings of \$53.3K
 - Full-time local staff in '13 will total thirty-nine (39), same as in '00 AOB
 - Grant increase of 5.0% as per compensation system adopted at Dec. '03 GBM, resulting in total increase of \$30.2K
 - Includes grant payment to DED-UA
 - Other savings include no redundancy payments in '13, etc..



Personnel

- Personnel Costs
 - 2012
 - '12 costs of \$892.6K (12.0% decrease over '11)
 - 61.5% of total AOB
 - 2013
 - '13 costs of \$844.5K (5.4% decrease over '12)
 - 59.5% of total AOB



Travel

- Travel w/in CIS cost of \$72.5K compared with \$80.0K in '12.
 - 9.38% Decrease
 - Monitoring costs reduced because of smaller quantity of active projects



Travel (cont.)

- Travel Costs
 - 2012
 - '12 costs of \$133.1K (14.7% decrease over '11)
 - 9.2% of total AOB
 - 2013
 - '13 costs of \$124.5K (6.5% decrease over '12)
 - 8.8% of total AOB



Office Operations

- Branch Offices Overhead \$36.5K compared with \$19.5K in '12.
 - 87.18% Increase
 - \$15K included for renovation of Tbilisi Office
- Business Mtgs. & Conf. \$10K compared with \$6K in '12.
 - 66.7% Increase
 - Most meetings now in Kyiv



Office Operations (cont.)

- Office Operations Costs
 - 2012
 - '12 costs of \$264.5K (16.8% decrease over '11)
 - 18.2% of total AOB
 - 2013
 - '13 costs of \$261.5K (1.1% decrease over '12)
 - 18.4% of total AOB



Contracted Services

- Legal Services \$35K compared with \$5K in '12.
 - 600.0% Increase
 - STCU transformation issues
- Other Professional Services \$45K compared with \$20K in '12.
 - 125.0% Increase
 - Branding services



Contracted Services (cont.)

- Accounting & Auditing \$51.3K compared with \$81.9K in '12.
 - 37.3% Decrease
 - STCU recommends to the Governing Board to select KPMG (selected by ISTC & STCU via international tender)



Contracted Services (cont.)

- Contracted Services Costs
 - 2012
 - '12 costs of \$106.9K (10.3% increase over '11)
 - 7.4% of total AOB
 - 2013
 - '13 costs of \$131.3K (22.9% increase over '12)
 - 9.2% of total AOB



Non-Recurring

- Furniture & Fixtures cost of \$5K compared with \$2K in '12
 - Need to replace some older F&F



Non-Recurring (cont.)

■ Non-Recurring Costs

- 2012
 - '12 costs of \$45.4K (43.32% decrease over '11)
 - 3.1% of total AOB
- 2013
 - '13 costs of \$48.5K (6.83% increase over '12)
 - 3.4% of total AOB



Summary of 2013 Shared SBs

- Total Gross Shared SB request of \$193.0K compared with \$40.0K approved in '12.
- Bus. Training/Sus. Support SB
 - \$150.0K for 3 pilot Joint Security Training Workshops and Joint Scientific Conferences
 - \$43.0K for events that include:
 - Partner Promotion missions to CA, EU, and US
 - Chemical Safety and Security "Train the trainers" Program
 - Nuclear Forensics Program
- All other shared SBs eliminated in '12



Solely Funded SBs

- DOE/IPP Bus. Train./Sus. Supp. cost of \$527.0K compared with \$550K in '12
 - DOE/IPP to contribute \$1M over two years (\$500K/year) to support extension of CTCO program for ten (10) select institutes
 - \$27K in '13 to support training events (i.e. business proposal writing, etc.)



Solely Funded SBs (cont)

- Canada will provide no funding for SBs in 2013
- EU still to provide 2013 SB figures
- US still to provide 2013 SB figures



AOB Funding %

- As per the minutes of the A.C. meeting conducted on Dec. 5 & 6, 2000
 - All Party representatives agreed that the Parties would equally share twenty percent (20%) of the Administrative Operating Budget. However, the minimum share will be 5% of the 20%, i.e. with three Parties each pays at least 6.67%, if there are 4 Parties each will pay at least 5%
 - All Party representatives agreed that the remaining 80% will be allocated according to the projected next year's % throughput (grants, equipment, and overhead) for the Party's projects (regular and non-fee paying partner projects)



AOB Funding % (cont.)

- Projected throughput (grants, equipment, and overhead)* for 2013:

	U.S.**	Canada	European Union**	Total
Projected Project Expenses	\$4,437,454	\$63,315	***\$3,410,885	\$7,911,654
% Share of Project Expenses	56.09%	0.80%	43.11%	
	80.00%	80.00%	80.00%	
Distribution of 80%	44.87%	0.64%	34.49%	
Distribution of 20%	06.67%	06.66%	06.67%	
Calculated Sharing %s	51.54%	7.31%	41.15%	

* Does Not Include Projects approved at upcoming 35th STCU Governing Board

** Includes Non-Fee Paying Government Partners (i.e. GIPP, CEA, etc.)

*** Assumes €1 = \$1.30



AOB Funding % (cont.)

■ Calculated AOB Funding %s

- United States	51.54%
- Canada	7.31%
- European Union	<u>41.15%</u>
Total	100.00%

SCIENCE AND TECHNOLOGY CENTER IN UKRAINE - STCU
2013 Draft Administrative Operating Budget 01 January - 31 December, 2013

	2012	Spent	Projected	Projected	Projected	2013	% Change in	
	Budget	as of	Final	Final	Remaining	Budget	AOB Line	
	Budget	31-Oct-12	2 Mo. Exp	2012 Exp.	12 Budget	Request	Y-O-Y	Note
Personnel								
LOCAL GRANT PAYMENTS	\$ 731,327	\$ 591,201	\$ 111,600	\$ 702,801	\$ 28,526	\$ 689,472	-5.72%	1
STAFF EDUCATION & TRAINING	\$ 50,000	\$ 38,642	\$ 12,800	\$ 51,442	\$ (1,442)	\$ 50,000	0.00%	2
EMPLOYEE MORALE & WELFARE	30,000	21,032	6,000	27,032	2,968	30,000	0.00%	3
MEDICAL & DENTAL PLANS	81,250	60,049	15,000	75,049	6,201	75,000	-7.69%	4
Subtotal	\$ 892,577	\$ 710,924	\$ 145,400	\$ 856,324	\$ 36,253	\$ 844,472	-5.39%	
Travel								
INTERNATIONAL TRAVEL	\$ 40,000	\$ 3,973	\$ 2,000	\$ 5,973	\$ 34,027	\$ 40,000	0.00%	5
TRAVEL WITHIN THE CIS	80,000	82,774	6,000	88,774	(8,774)	72,500	-9.38%	6
LOCAL TRAVEL	13,125	10,482	2,500	12,982	143	12,000	-8.57%	7
Subtotal	\$ 133,125	\$ 97,229	\$ 10,500	\$ 107,729	\$ 25,396	\$ 124,500	-6.48%	
Office Operations								
REPRESENTATION	\$ 10,000	\$ 8,885	\$ 1,800	\$ 10,685	\$ (685)	\$ 10,000	0.00%	8
POSTAGE AND DELIVERY	9,000	5,922	1,500	7,422	1,578	9,000	0.00%	9
CUSTOMS STORAGE	1,500	-	-	-	1,500	1,500	0.00%	10
GENERAL OFFICE SUPPLIES	25,000	17,877	4,000	21,877	3,123	22,000	-12.00%	11
OFFICE EQUIPMENT REPAIR/MAINT	5,000	579	200	779	4,221	3,000	-40.00%	12
VEHICLE OPERATIONS	30,000	26,349	5,000	31,349	(1,349)	30,000	0.00%	13
PRINTING AND REPRODUCTION	13,000	7,180	4,500	11,680	1,320	13,000	0.00%	14
TELECOMMUNICATIONS SERVICES	42,000	33,388	6,700	40,088	1,912	38,000	-9.52%	15
BUSINESS MEETINGS & CONFERENCES	6,000	8,265	2,500	10,765	(4,765)	10,000	66.67%	16
SUBSCRIPTIONS AND PUBLICATIONS	3,750	2,184	1,000	3,184	566	3,750	0.00%	17
BUILDING SUPPLIES	13,200	8,116	1,750	9,866	3,334	13,200	0.00%	19
BRANCH OFFICES OVERHEAD	\$ 19,500	\$ 13,296	\$ 2,800	\$ 16,096	\$ 3,404	\$ 36,500	87.18%	20
INSURANCE EXPENSE	11,550	6,554	3,000	9,554	1,996	11,550	0.00%	21
BANK FEES - OFFSHORE	55,000	31,132	6,200	37,332	17,668	40,000	-27.27%	22
BANK FEES - ONSHORE	20,000	17,256	3,400	20,656	(656)	20,000	0.00%	23
Subtotal	\$ 264,500	\$ 186,983	\$ 44,350	\$ 231,333	\$ 33,167	\$ 261,500	-1.13%	
Contracted Services								
LEGAL SERVICES	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000	\$ 35,000	600.00%	25
ACCOUNTING AND AUDITING	81,888	81,888	-	81,888	-	51,327	-37.32%	26
OTHER PROFESSIONAL	20,000	14,413	4,000	18,413	1,587	45,000	125.00%	27
Subtotal	\$ 106,888	\$ 96,301	\$ 4,000	\$ 100,301	\$ 6,587	\$ 131,327	22.86%	
Subtotal Recurring Costs	\$ 1,397,090	\$ 1,091,437	\$ 204,250	\$ 1,295,687	\$ 101,403	\$ 1,361,799	-2.53%	
Contingency - Recurring	10,000	-	-	-	10,000	10,000	0.00%	35
Total Recurring Costs	\$ 1,407,090	\$ 1,091,437	\$ 204,250	\$ 1,295,687	\$ 111,403	\$ 1,371,799	-2.51%	
Facilities								
FACILITY IMPROVEMENTS	\$ 3,000	\$ -	\$ -	\$ -	\$ 3,000	\$ 3,000	0.00%	28
FURNITURE & FIXTURES	2,000	676	1,000	1,676	324	5,000	150.00%	29
TELECOMMUNICATIONS EQUIPMENT	-	-	-	-	-	-	#DIV/0!	30
OFFICE EQUIPMENT	2,000	277	1,500	1,777	223	2,000	0.00%	31
VEHICLE PURCHASE	-	-	-	-	-	-	#DIV/0!	32
COMPUTER HARDWARE	1,900	449	1,500	1,949	(49)	2,000	5.26%	33
COMPUTER SOFTWARE	11,500	10,752	900	11,652	(152)	11,500	0.00%	34
Subtotal Non-Recurring Costs	\$ 20,400	\$ 12,154	\$ 4,900	\$ 17,054	\$ 3,346	\$ 23,500	15.20%	
Contingency - Non-Recurring	25,000	-	10,135	10,135	14,865	25,000	0.00%	35
Total Non-Recurring Costs	\$ 45,400	\$ 12,154	\$ 15,035	\$ 27,189	\$ 18,211	\$ 48,500	6.83%	
TOTAL BUDGET:	\$ 1,452,490	\$ 1,103,591	\$ 219,285	\$ 1,322,876	\$ 129,614	\$ 1,420,299	-2.22%	

1.	Local Grant Payments.	\$689,472
	39 Full-Time Staff (5% raise, 0% bonus)	\$689,472
2.	Staff Education & Training.	\$50,000
	a. Training for ED and ED's secretary..	
	Cost of Training:	\$ 2,858
	b. Training for SDED and his direct reports.	
	Cost of Training:	\$ 4,286
	c. Training for DED-EU and his direct reports.	
	Cost of Training:	\$ 8,571
	d. Training for DED-CA and his direct reports.	
	Cost of Training:	\$ 5,714
	e. Training for DED-US and his direct reports.	
	Cost of Training:	\$ 7,143
	f. Training for CFO and Finance and IT Departments.	
	Cost of Training:	\$12,857
	g. Training for CAO and Administrative Department.	
	Cost of Training:	\$ 8,571
	Total cost of Staff Education and Training	\$50,000
3.	Employee Morale and Welfare.	\$30,000
	Center subsidizes 100% of the cost of lunch for staff members. Furthermore, includes cost of bereavement contributions, Christmas and birthday activities, family functions, and special occasions.	
	Total Cost:	\$30,000
4.	Medical & Dental Plans	\$75,000
5.	International Travel.	\$40,000
	a. Senior STCU staff travel as required and approved by the Executive Director.	
	Cost:	\$20,000
	b. Other travel associated with management and staff.	
	Cost:	\$20,000
	Total Cost:	\$40,000

6.	Travel within the CIS.	\$72,500
	a. Monitoring in Azerbaijan, Ukraine, Georgia, and Moldova. Cost: \$47,500	
	b. Secretariat trips to non-Kyiv cities in Ukraine, as well as travel to Georgia, Moldova, and Azerbaijan, including possible Governing Board to be held outside of Kyiv. Cost: \$25,000	
	Total Cost: \$72,500	
7.	Local Travel.	\$12,000
	Consists of taxis utilized by STCU staff when STCU vehicles are unavailable. Also, includes cost of providing secured cash transport to and from the STCU's bank (as per the auditor's recommendation to the Governing Board).	
	- Taxis \$ 7,000	
	- Secure Cash Transport <u>\$ 5,000</u>	
	Total Cost \$12,000	
8.	Representation.	\$10,000
	Maintained same as 2012.	
9.	Postage and Delivery.	\$9,000
	Maintained same as 2012.	
10.	Customs Storage.	\$1,500
	Maintained same as 2012.	
11.	General Office Supplies.	\$22,000
	Decreased by \$3,000 compared with 2012.	
12.	Office Equipment Repair/Maintenance.	\$3,000
	Decreased by \$2,000 compared with 2012.	
13.	Vehicle Operations.	\$30,000
	Maintained same as 2012.	
14.	Printing and Reproduction.	\$13,000
	Maintained same as 2012.	

15. **Telecommunications Services.** **\$38,000**

Decreased from \$42K in 2012 because of continued use of technology (skype, instant Messenger, etc.).

16. **Business Meetings and Conferences.** **\$10,000**

a. Board meetings.	2 * 2,000 =	\$4,000
b. Advisory committee meetings.	4 * 1,000 =	\$4,000
c. IO and FO Meetings	2 * 1,000 =	<u>\$2,000</u>

Total cost of business meetings and conferences: \$10,000

17. **Subscriptions and Publications.** **\$3,750**

Maintained same as 2012.

18. **Public Affairs.** **\$0**

In the past utilized for financial support of conferences; however, eliminated in 2007 due to cost cutting measures.

19. **Building Supplies.** **\$13,200**

Maintained same as 2012.

20. **Branch Offices.** **\$36,500**

- Tbilisi (includes \$15K for renovation of new location)	22,000
- Chisinau	5,500
- Kharkiv	2,000
- Baku	<u>7,000</u>
Total Cost	\$36,500

21. **Insurance Expense.** **\$11,550**

Three vehicles, the contents of the building and life insurance for the local staff.

- Vehicles	\$5,000
- Assets	\$3,500
- Staff Life Insurance	<u>\$3,050</u>
Total Cost	\$11,550

22. **Bank Fees Off-shore.** **\$40,000**

Based on forecasted 2013 STCU transactions.

23.	Bank Fees On-shore.	\$20,000
	Fees charged by STCU's local banks (Ukraine, Azerbaijan, and Georgia) to conduct operations. Based on forecasted 2013 STCU transactions.	
24.	Legal Services.	\$35,000
	Increased by \$30K compared with 2012 in order to handle all transformation issues..	
25.	Accounting and Auditing	\$51,327
	The 2012 and 2013 financial audits contract was awarded to KPMG. According to the contract, the 2012 Financial Audit will cost \$51,327.	
26.	Other Professional Support.	\$45,000
	<ul style="list-style-type: none"> - Off-Site Backup Tape Storage - Performance Measures - Navision Consulting - Lviv Regional Consulting Services - Patent Expertise Consulting Services - STCU Branding 	<ul style="list-style-type: none"> \$ 2,250 \$ 5,000 \$ 4,750 \$ 4,000 \$ 4,000 <u>\$ 25,000</u>
	Total Cost	\$ 45,000
27.	Facility Improvements.	\$3,000
	Maintained Same as 2012.	
28.	Furniture and Fixtures.	\$5,000
	Increased by \$2K in 2013.	
29.	Telecommunications Equipment.	\$0
	Maintained Same as 2012.	
30.	Office Equipment.	\$2,000
	Maintained Same as 2012.	
31.	Vehicle Purchase.	\$0
	No vehicle purchase planned for in 2013	
32.	Computer Hardware.	\$2,000
	Other Miscellaneous	\$2,000

33.	Computer Software.		\$11,500
	Navision Maintenance Fee	\$ 8,000	
	Other Miscellaneous	<u>3,500</u>	
	Total	\$11,500	
34.	Contingency.		\$35,000
	Normal Recurring Contingency	<u>\$10,000</u>	
	Total Recurring Contingency	\$10,000	
	Normal Non-Recurring Contingency	<u>\$25,000</u>	
	Total	\$35,000	

Supplemental Programs Budget Request 2013 (For the EU these costs are associated with BFA 2012 Article 1.1)

BUDGET ITEM	2012 APPROVED (USD)	2012 FORECASTED SPENT (USD)	2012 APPROVED (EUR)	2012 FORECASTED SPENT (EUR)	2013 REQUESTED (USD)	2013 REQUESTED (EUR)	2013 EU Pledged (EUR)	2013 US Pledged (USD)	2013 Canada Pledged (USD)	2013 PA Pledged (USD)
In-Place Shared Supplemental Programs										
4.01 Business Training/Sustainability Support	39,566	35,823	x	x	193,000	x	?	?	x	x
In-Place Party Designated Supplemental Programs										
1.02 Technic., Collabor., Cont. Travel Supp. - EU	x	x	25,000	25,100	x	?	?	x	x	x
4.02 Bus. Training/Sustainability Supp - DOE/IPP	550,000	49,838	x	x	527,000	x	x	x	x	527,000
5.03 Patent Support - EU	x	x	5,000	x	x	?	?	x	x	x
6.03 Travel and Mobility Support - EU	x	x	27,500	27,491	x	?	?	x	x	x
08.01 Expert Review & Advisors - EU	x	x	50,000	19,097	x	?	?	x	x	x
9.02 Seminars/Workshops - EU	x	x	2,500	2,528	x	?	?	x	x	x
9.03 Seminars/Workshops - US	60,000	-1,370	x	x	?	x	x	?	x	x
10.01 Service Contracts - US	562,376	444,886	x	x	421,500	x	x	421,500	x	x
10.04 Service Contracts - DOE/IPP	205,612	205,003	x	x	210,000	x	x	x	x	210,000
16.01 Partner Promotion Support - EU	x	x	150,000	150,020	x	?	x	x	x	x
TOTAL CONTRIBUTION	1,417,554	734,180	260,000	224,236	1,351,500	0	0	421,500	0	737,000

x = No Funding Required

(For the EU these costs are associated with BFA 2012 Article 1.2)

BUDGET ITEM	2012 APPROVED (EUR)	2012 FORECASTED SPENT (EUR)	2013 REQUESTED (Euro)	2013 PLEDGED (Euro)
In-Place Party Designated Supplemental Programs				
10.02 Service Contracts - EU	375,000	325,747	?	?

**SCIENCE AND TECHNOLOGY CENTER IN UKRAINE - STCU
STATEMENT OF SUPPLEMENTAL BUDGET ACTIVITY
as of October 31, 2012**

Activity	Sub-Activity	Supplemental Expense	Budget	Expended as of October 31, 2012	Projected 2 mo. Exp.	Total Remaining Budget
01	TECHNIC., COLLABOR., CONT. TRAV. SUPP.		\$ 0 + € 25000	\$ 3557.71 + € 12321.95	\$ 0 + € 5000	\$ -3557.71 + € 7678.05
	01.01	- U.S. DESIGNATED TRAVELERS	\$ -	323.57	\$ -	\$ (323.57)
	01.02	- E.U. DESIGNATED TRAVELERS	€ 25,000.00	€ 12,321.95	€ 5,000.00	€ 7,678.05
	01.03	- C.A. DESIGNATED TRAVELERS	\$ -	3,234.14	\$ -	\$ (3,234.14)
04	BUSINESS TRAINING/SUSTAIN. SUPP.		\$ 589,566.27	\$ 55,431.10	\$ 20,000.00	\$ 514,135.17
	04.01	- SHARED	\$ 39,566.27	\$ 11,902.07	\$ 10,000.00	\$ 17,664.20
	04.02	- PA DESIGNATED (DOE/IPP)	\$ 550,000.00	\$ 43,529.03	\$ 10,000.00	\$ 496,470.97
05	PATENT SUPPORT		\$ 0 + € 5000	\$ 0 + € 0	\$ 0 + € 0	\$ 0 + € 5000
	05.03	- EU DESIGNATED	€ 5,000.00	€ -	€ -	€ 5,000.00
06	TRAVEL AND MOBILITY SUPPORT		\$ 437745.88 + € 29357.3	\$ 149334.56 + € 24110.1	\$ 6000 + € 4000	\$ 282411.32 + € 1247.2
	06.03	- E.U. DESIGNATED TRAVELERS	€ 27,500.00	€ 22,252.80	€ 4,000.00	€ 1,247.20
	06.04	- PARTNER DESIGNATED TRAVELERS	\$ 433402.16 + € 1857.3	\$ 144928.37 + € 1857.3	\$ 6000 + € 0	\$ 282473.79 + € 0
	06.04.01	U.S. Department of Agriculture	\$ 128,818.88	\$ 20,055.45	\$ -	\$ 108,763.43
	06.04.02	U.S. National Cancer Institute	\$ 40,486.05	\$ 9,958.86	\$ -	\$ 30,527.19
	06.04.03	U.S. Department of Energy/IPP Program	\$ 178,152.34	\$ 70,452.05	\$ -	\$ 107,700.29
	06.04.04	U.S. Environmental Protection Agency	\$ -	\$ -	\$ -	\$ -
	06.04.05	U.S. BioIndustry Initiative	\$ 5,632.12	\$ -	\$ -	\$ 5,632.12
	06.04.06	U.S. Bio Technology Engagement Program (BTEP)	\$ 1,311.13	\$ -	\$ -	\$ 1,311.13
	06.04.07	U.S. Defense Threat Reduction Agency	\$ -	\$ -	\$ -	\$ -
	06.04.08	U.K. Department of Defense	\$ 40,934.31	\$ 13,821.04	\$ -	\$ 27,113.27
	06.04.09	EOARD	\$ 38,067.33	\$ 30,640.97	\$ 6,000.00	\$ 1,426.36
	06.04.10	CEA	€ 1,857.30	€ 1,857.30	€ -	€ -
06.05	- SW DESIGNATED TRAVELERS		\$ 4,343.72	\$ 4,406.19	\$ -	\$ (62.47)
08	EXPERT REVIEW AND ADVISORS		€ 50,000.00	€ 16,097.44	€ 2,000.00	€ 31,902.56
	08.01	- E.U. DESIGNATED REVIEWERS				
09	SEMINARS/WORKSHOPS SUPPORT		\$ 60000 + € 2500	\$ -1370.43 + € 2527.8	\$ 4000 + € 0	\$ 7370.43 + € -27.800000000000
	09.02	- E.U. DESIGNATED SEMINARS/WORKSHOPS	€ 2,500.00	€ 2,527.80	€ -	€ (27.80)
	09.03	- U.S. DESIGNATED SEMINARS/WORKSHOPS	\$ 60,000.00	\$ (1,370.43)	\$ 4,000.00	\$ 57,370.43
10	SERVICE CONTRACTS		\$ 719134.1 + € 375000	\$ 786107.56 + € 285183.1	155000 + € 4500	\$ -221973.46 + € 44816.9
	10.01	- U.S. DESIGNATED CONTRACTS	\$ 562,376.00	\$ 385,749.68	\$ 65,000.00	\$ 111,626.32
	10.02	- E.U. DESIGNATED CONTRACTS	€ 375,000.00	€ 285,183.10	€ 45,000.00	€ 44,816.90
	10.03	- CA DESIGNATED CONTRACTS	\$ -	\$ 233,539.54	\$ 55,000.00	\$ (288,539.54)
	10.04	- PA DESIGNATED CONTRACTS	\$ 156,758.10	\$ 166,818.34	\$ 35,000.00	\$ (45,060.24)
16	PARTNER PROMOTION AND SUPPORT					
	16.01	PARTNER PROMOTION AND SUPPORT - EU	€ 150,000.00	€ 138,485.23	€ 10,000.00	€ 1,514.77
		Total Supplemental Expenses	\$ 1,806,446.25	\$ 993,060.50	\$ 185,000.00	\$ 628,385.75
			€ 636,857.30	€ 478,725.62	€ 66,000.00	€ 92,131.68

Estimated 2013 Invoices to Funding Parties For Net AOB (but not including Shared Supplemental Budgets, and Solely Funded Supplemental Budgets)

SECTION A - DRAFT 2013 ADMINISTRATIVE OPERATING BUDGET DISTRIBUTION

	USA	CA	EU	TOTAL
Non-Recurring Contingency (1/3 each)	\$8,333	\$8,333	\$8,333	\$25,000
Non-Recurring (1/3 each)	\$7,833	\$7,833	\$7,833	\$23,500
Total Non-Recurring	\$16,167	\$16,167	\$16,167	\$48,500
Recurring (51.54% + 7.31% + 41.15%) includes DED-UA Grant	\$701,871	\$99,548	\$560,380	\$1,361,799
Recurring Contingency (51.54% + 7.31% + 41.15%)	\$5,154	\$731	\$4,115	\$10,000
Total Recurring	\$707,025	\$100,279	\$564,495	\$1,371,799
TOTAL 2013 DRAFT ADMINISTRATIVE OPERATING BUDGET	\$723,192	\$116,445	\$580,662	\$1,420,299

SECTION B - 2013 SHARED SUPPLEMENTAL BUDGETS REQUEST DISTRIBUTION (AWAITING PLEDGES)

	USA	CA	EU	TOTAL
04 - Business Training/Sustainability Support				
TOTAL 2013 SHARED SUPPLEMENTAL BUDGETS	\$0	\$0	€0	

SECTION C - PROJECTED 2013 INVOICES TO FUNDING PARTIES WITHOUT SHARED AND SOLELY FUNDED SBS

	USA	CA	EU	EU Undesignated	TOTAL
2013 Administrative Operating Budget	\$ 723,191.88	\$ 116,445.17	\$ 580,661.95		\$1,420,299.00
2013 Shared Supplemental Budgets	\$ -	\$ -	See Table D Below		\$0.00
2013 Non-Shared Funding Party Supplemental Budgets (not including Service Contracts)	\$ -	\$ -	See Table D Below		\$0.00
2013 Non-Shared Funding Party Supplemental Budgets (Service Contracts only)	\$ 421,500.00	\$ -	See Table D Below	\$	\$421,500.00
Less 2013 Funding Party Interest Earned	\$ -20,000.00	\$ -3,000.00	\$ -	\$	-\$23,000.00
Less 2012 Partner Interest (37.30%, 15.92%, 46.78%)	\$ -18,650.00	\$ -7,960.00	\$ -23,390.00	\$	-\$50,000.00
Less 2012 Partner Project Fees (37.30%, 15.92%, 46.78%)	\$ -130,550.00	\$ -55,720.00	\$ -163,730.00	\$	-\$350,000.00
Plus 2012 Bad Debt Expense (1/3 Each)	\$ -900.00	\$ -900.00	\$ -900.00	\$	-\$2,700.00
Plus 2012 Exchange Losses (1/3 each)	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$	\$13,500.00
Less 2012 AOB Non-Recurring Contingency Remaining (1/3 each)	\$ -4,955.00	\$ -4,955.00	\$ -4,955.00	\$	-\$14,865.00
Less 2012 AOB Non-Recurring Remaining (1/3 each)	\$ -1,115.34	\$ -1,115.34	\$ -1,115.34	\$	-\$3,346.00
Less 2012 AOB Recurring Remaining (38.48% + 12.97% + 48.55%) less DED-UA Grant Amount (\$38,640)	\$ -39,019.87	\$ -13,151.97	\$ -49,231.16	\$	-\$101,403.00
Less 2012 DED-UA Grant Amount (\$38,640) Remaining	\$ -3,848.00	\$ -1,297.00	\$ -4,855.00	\$	-\$10,000.00
Less 2012 AOB Recurring Contingency Remaining (38.48% + 12.97% + 48.55%)	\$ 11,759.87	\$ 3,963.76	\$ 14,837.37	\$	\$30,561.00
Timing Difference Between Auditors & STCU (38.48% + 12.97% + 48.55%)	\$ -11,359.40	\$ -	\$ -	\$	-\$11,359.40
Less 2012 Shared SBS remaining	\$ -168,673.18	\$ -	\$ -	\$	-\$168,673.18
Less 2012 Solely Funded SBS remaining	\$ -	\$ -	\$ -	\$	\$ -
Less 2012 remaining from closed projects	\$ -	\$ -	\$ -	\$	\$ -
TOTAL PROJECTED 2013 INVOICES TO FUNDING PARTIES	\$ 761,900.97	\$ 36,224.36	\$ 351,822.82	No Sum. #s in USD & EUR	\$1,149,948.15

SECTION D - 2013 DRAFT EU BUDGET REQUEST DISTRIBUTION IN EUROS BY ARTICLE OF BFA 2012

	EU in USD	EU in Euro assume \$1.30 to 1 Euro
Article 1.1 of BFA 2012		€0
2013 Shared SBS		€0
2013 Request for EU SB 01.02 - Technical, Collaborator, and Contractor Travel Support (Project Related)		
2013 Request for EU SB 05.03 - E.U. Patent Support		
2013 Request for EU SB 06.03 - E.U. Travel and Mobility Support		
2013 Request for EU SB 08.01 - E.U. Tech. Reviewers		
2013 Request for EU SB 09.02 - E.U. Sem. & Workshops		
2013 Request for EU SB 16.01 - E.U. Partner Promotion and Support		
Total For Article 1.1 of BFA 2012		€0
Article 1.2 of BFA 2012		
EU Share of 13 AOB Net of interest, remaining 12 AOB, etc. (sum of all shaded in green above)	\$351,822.82	€270,632.94
2013 Request for EU SB 10.01 - E.U. Service Contracts		
Total Article 1.2 of BFA 2012		€270,633
TOTAL 2013 DRAFT EU BUDGET REQUESTS FOR AOB AND SUPPLEMENTAL BUDGETS (SHARED AND NON-SHARED)	\$351,822.82	€270,633

Recurring AOB % Calculation based on Forecasted Project Expenditure by Funding Party for FY2013

Project #	Partner Name if Partner Project	U.S. Amount Funded Total	CA Amount Funded Total	EU Amount Funded Total	Total Funded by All FPs	Duration of Project in Months 2012	# of Months in project active	U.S. Amount Budgeted in 2013	CA Amount Budgeted in 2013	EU Amount Budgeted in 2013	Total Amount Budgeted in 2013
4182		\$0.00	\$0.00	\$176,148.70	\$176,148.70	36	2	\$0.00	\$0.00	\$9,786.04	\$9,786.04
4744		\$0.00	\$250,000.00	\$0.00	\$250,000.00	36	5	\$0.00	\$34,722.22	\$0.00	\$34,722.22
4790		\$0.00	\$0.00	\$202,191.60	\$202,191.60	36	2	\$0.00	\$0.00	\$11,232.87	\$11,232.87
4875		\$0.00	\$0.00	\$104,856.70	\$104,856.70	30	1	\$0.00	\$0.00	\$3,495.22	\$3,495.22
4892		\$169,682.00	\$0.00	\$0.00	\$169,682.00	36	12	\$56,560.67	\$0.00	\$0.00	\$56,560.67
4894		\$0.00	\$0.00	\$225,265.30	\$225,265.30	24	1	\$0.00	\$0.00	\$9,386.05	\$9,386.05
4908		\$0.00	\$0.00	\$183,049.10	\$183,049.10	36	1	\$0.00	\$0.00	\$5,084.70	\$5,084.70
5026		\$0.00	\$0.00	\$161,556.20	\$161,556.20	36	6	\$0.00	\$0.00	\$26,926.03	\$26,926.03
5067		\$0.00	\$0.00	\$238,391.40	\$238,391.40	36	9	\$0.00	\$0.00	\$59,597.85	\$59,597.85
5128		\$0.00	\$0.00	\$207,169.30	\$207,169.30	36	3	\$0.00	\$0.00	\$17,264.11	\$17,264.11
5148		\$0.00	\$0.00	\$187,421.00	\$187,421.00	30	3	\$0.00	\$0.00	\$18,742.10	\$18,742.10
5183		\$246,724.00	\$0.00	\$0.00	\$246,724.00	36	7	\$47,974.11	\$0.00	\$0.00	\$47,974.11
5240		\$0.00	\$0.00	\$91,087.10	\$91,087.10	24	12	\$0.00	\$0.00	\$45,543.55	\$45,543.55
5271		\$0.00	\$0.00	\$111,901.00	\$111,901.00	24	2	\$0.00	\$9,325.08	\$0.00	\$9,325.08
5275		\$0.00	\$0.00	\$226,886.40	\$226,886.40	36	12	\$0.00	\$0.00	\$75,628.80	\$75,628.80
5287		\$199,827.00	\$0.00	\$0.00	\$199,827.00	24	12	\$99,913.50	\$0.00	\$0.00	\$99,913.50
5335		\$0.00	\$0.00	\$112,569.60	\$112,569.60	24	1	\$0.00	\$0.00	\$4,690.40	\$4,690.40
5344		\$0.00	\$0.00	\$136,631.30	\$136,631.30	30	12	\$0.00	\$0.00	\$54,652.52	\$54,652.52
5358		\$0.00	\$0.00	\$123,455.80	\$123,455.80	24	12	\$0.00	\$0.00	\$61,727.90	\$61,727.90
5361		\$25,000.00	\$0.00	\$0.00	\$25,000.00	24	3	\$0.00	\$6,250.00	\$0.00	\$6,250.00
5362		\$50,000.00	\$0.00	\$0.00	\$50,000.00	24	2	\$2,083.33	\$2,083.33	\$0.00	\$4,166.67
5363		\$0.00	\$0.00	\$49,962.00	\$49,962.00	24	1	\$0.00	\$2,081.75	\$0.00	\$2,081.75
5364		\$49,899.00	\$0.00	\$0.00	\$49,899.00	24	1	\$2,079.13	\$0.00	\$0.00	\$2,079.13
5373		\$0.00	\$0.00	\$24,369.80	\$24,369.80	24	12	\$0.00	\$0.00	\$12,184.90	\$12,184.90
5383		\$0.00	\$0.00	\$24,369.80	\$24,369.80	12	3	\$0.00	\$0.00	\$6,092.45	\$6,092.45
5386		\$0.00	\$0.00	\$24,369.80	\$24,369.80	18	9	\$0.00	\$0.00	\$12,184.90	\$12,184.90
5388		\$12,499.00	\$12,499.00	\$0.00	\$24,998.00	24	2	\$1,041.58	\$1,041.58	\$0.00	\$2,083.17
5390		\$0.00	\$0.00	\$23,062.00	\$23,062.00	24	1	\$0.00	\$0.00	\$960.92	\$960.92
5391		\$0.00	\$0.00	\$23,899.20	\$23,899.20	24	12	\$0.00	\$0.00	\$11,949.60	\$11,949.60
5393		\$25,000.00	\$0.00	\$0.00	\$25,000.00	24	1	\$1,041.67	\$0.00	\$0.00	\$1,041.67
5398		\$12,500.00	\$12,500.00	\$0.00	\$25,000.00	24	3	\$1,562.50	\$1,562.50	\$0.00	\$3,125.00
5402		\$0.00	\$0.00	\$24,997.00	\$24,997.00	24	4	\$0.00	\$4,166.17	\$0.00	\$4,166.17
5404		\$0.00	\$0.00	\$24,992.00	\$24,992.00	24	2	\$0.00	\$2,082.67	\$0.00	\$2,082.67
5429		\$49,801.00	\$0.00	\$94,571.10	\$144,372.10	24	12	\$22,825.46	\$0.00	\$47,285.55	\$70,106.95
5439		\$0.00	\$0.00	\$45,362.20	\$45,362.20	24	11	\$22,825.46	\$0.00	\$0.00	\$22,825.46
5446		\$0.00	\$0.00	\$104,148.20	\$104,148.20	24	11	\$0.00	\$0.00	\$47,734.59	\$47,734.59
5461		\$0.00	\$0.00	\$160,251.00	\$160,251.00	36	12	\$0.00	\$0.00	\$53,417.00	\$53,417.00
5497		\$17,500.00	\$0.00	\$15,940.60	\$33,440.60	18	6	\$5,833.33	\$0.00	\$5,313.53	\$11,146.87
5500		\$17,500.00	\$0.00	\$15,940.60	\$33,440.60	18	6	\$5,833.33	\$0.00	\$5,313.53	\$11,146.87
5501		\$0.00	\$0.00	\$31,881.20	\$31,881.20	18	5	\$0.00	\$0.00	\$8,855.89	\$8,855.89
5505		\$17,498.00	\$0.00	\$15,939.30	\$33,437.30	18	5	\$4,860.56	\$0.00	\$4,427.58	\$9,288.14
5507		\$17,500.00	\$0.00	\$15,940.60	\$33,440.60	18	6	\$5,833.33	\$0.00	\$5,313.53	\$11,146.87
5508		\$17,500.00	\$0.00	\$15,940.60	\$33,440.60	18	5	\$4,861.11	\$0.00	\$4,427.94	\$9,289.06
5509		\$17,483.00	\$0.00	\$15,925.00	\$33,408.00	18	5	\$4,856.39	\$0.00	\$4,423.61	\$9,280.00
5510		\$17,500.00	\$0.00	\$15,940.60	\$33,440.60	18	6	\$5,833.33	\$0.00	\$5,313.53	\$11,146.87
5513		\$17,500.00	\$0.00	\$15,940.60	\$33,440.60	18	5	\$4,861.11	\$0.00	\$4,427.94	\$9,289.06
5514		\$0.00	\$0.00	\$31,881.20	\$31,881.20	18	5	\$0.00	\$0.00	\$8,855.89	\$8,855.89
5522		\$0.00	\$0.00	\$31,873.40	\$31,873.40	18	6	\$0.00	\$0.00	\$10,624.47	\$10,624.47
5525		\$0.00	\$0.00	\$31,881.20	\$31,881.20	18	5	\$0.00	\$0.00	\$8,855.89	\$8,855.89
5539		\$0.00	\$0.00	\$110,511.70	\$110,511.70	24	12	\$0.00	\$0.00	\$55,255.85	\$55,255.85
5560		\$0.00	\$0.00	\$230,880.00	\$230,880.00	39	12	\$0.00	\$0.00	\$71,040.00	\$71,040.00
5567		\$0.00	\$0.00	\$390,000.00	\$390,000.00	18	6	\$0.00	\$0.00	\$130,000.00	\$130,000.00

Recurring AOB % Calculation based on Forecasted Project Expenditure by Funding Party for FY2013

Project #	Partner Name if Partner Project	U.S. Amount Funded Total	CA Amount Funded Total	EU Amount Funded Total	Total Funded by All FPs	Duration of Project in Months 2012	# of Months in project active	U.S. Amount Budgeted in 2013	CA Amount Budgeted in 2013	EU Amount Budgeted in 2013	Total Amount Budgeted in 2013
5585		\$0.00	\$0.00	\$48,773.40	\$48,773.40	12	3	\$0.00	\$0.00	\$12,193.35	\$12,193.35
5588		\$23,915.50	\$0.00	\$23,312.90	\$47,228.40	12	3	\$5,978.88	\$0.00	\$5,828.23	\$11,807.10
5590		\$23,852.50	\$0.00	\$23,251.80	\$47,104.30	12	3	\$5,963.13	\$0.00	\$5,812.95	\$11,776.08
5595		\$25,000.00	\$0.00	\$24,369.80	\$49,369.80	12	2	\$4,166.67	\$0.00	\$4,000.00	\$8,228.30
5596		\$25,000.00	\$0.00	\$24,369.80	\$49,369.80	21	12	\$14,285.71	\$0.00	\$13,925.60	\$28,211.31
5601		\$0.00	\$0.00	\$47,602.10	\$47,602.10	24	12	\$0.00	\$0.00	\$23,801.05	\$23,801.05
5602		\$24,999.75	\$0.00	\$24,369.80	\$49,369.55	24	12	\$12,499.88	\$0.00	\$12,184.90	\$24,684.78
5611		\$0.00	\$0.00	\$150,620.60	\$150,620.60	24	12	\$0.00	\$0.00	\$75,310.30	\$75,310.30
5620		\$0.00	\$0.00	\$36,571.60	\$36,571.60	18	12	\$0.00	\$0.00	\$24,381.07	\$24,381.07
5622		\$17,492.00	\$0.00	\$18,281.90	\$35,773.90	24	12	\$8,746.00	\$0.00	\$9,140.95	\$17,886.95
5623		\$0.00	\$0.00	\$35,490.00	\$35,490.00	24	12	\$0.00	\$0.00	\$17,745.00	\$17,745.00
5632		\$0.00	\$0.00	\$36,562.50	\$36,562.50	24	12	\$0.00	\$0.00	\$18,281.25	\$18,281.25
5634		\$17,500.00	\$0.00	\$18,291.00	\$35,791.00	24	12	\$8,750.00	\$0.00	\$9,145.50	\$17,895.50
5635		\$0.00	\$0.00	\$36,372.70	\$36,372.70	24	12	\$0.00	\$0.00	\$18,186.35	\$18,186.35
5644		\$17,500.00	\$0.00	\$18,291.00	\$35,791.00	18	12	\$11,666.67	\$0.00	\$12,194.00	\$23,860.67
5710		\$0.00	\$0.00	\$36,578.10	\$36,578.10	18	12	\$0.00	\$0.00	\$24,385.40	\$24,385.40
5715		\$17,500.00	\$0.00	\$18,291.00	\$35,791.00	18	12	\$11,666.67	\$0.00	\$12,194.00	\$23,860.67
5722		\$0.00	\$0.00	\$36,582.00	\$36,582.00	18	12	\$0.00	\$0.00	\$24,388.00	\$24,388.00
9800		\$0.00	\$0.00	\$312,865.80	\$312,865.80	36	12	\$0.00	\$0.00	\$104,288.60	\$104,288.60
9801		\$0.00	\$0.00	\$209,274.00	\$209,274.00	36	12	\$0.00	\$0.00	\$69,758.00	\$69,758.00
9802		\$0.00	\$0.00	\$1,694,342.00	\$1,694,342.00	36	12	\$0.00	\$0.00	\$564,780.67	\$564,780.67
9803		\$0.00	\$0.00	\$1,928,074.20	\$1,928,074.20	36	12	\$0.00	\$0.00	\$642,691.40	\$642,691.40
9804		\$0.00	\$0.00	\$1,055,444.00	\$1,055,444.00	36	12	\$0.00	\$0.00	\$351,814.67	\$351,814.67
P322b	U. S. Environmental Protection Agency	\$105,849.00	\$0.00	\$0.00	\$105,849.00	24	8	\$35,283.00	\$0.00	\$0.00	\$35,283.00
P338a	European Office of Aerospace Research and Development	\$59,756.00	\$0.00	\$0.00	\$59,756.00	24	3	\$7,469.50	\$0.00	\$0.00	\$7,469.50
P382a	U.S. Department of Agriculture / Agriculture Research Service	\$200,000.00	\$0.00	\$0.00	\$200,000.00	24	6	\$50,000.00	\$0.00	\$0.00	\$50,000.00
P392	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	\$420,000.00	\$0.00	\$0.00	\$420,000.00	24	5	\$87,500.00	\$0.00	\$0.00	\$87,500.00
P401	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	\$490,000.00	\$0.00	\$0.00	\$490,000.00	24	7	\$142,916.67	\$0.00	\$0.00	\$142,916.67
P402	U.S. Department of Agriculture / Agriculture Research Service	\$300,000.00	\$0.00	\$0.00	\$300,000.00	36	3	\$25,000.00	\$0.00	\$0.00	\$25,000.00
P403	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	\$450,002.00	\$0.00	\$0.00	\$450,002.00	24	12	\$225,001.00	\$0.00	\$0.00	\$225,001.00
P407	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	\$450,000.00	\$0.00	\$0.00	\$450,000.00	24	12	\$225,000.00	\$0.00	\$0.00	\$225,000.00
P438	European Office of Aerospace Research and Development	\$69,000.00	\$0.00	\$0.00	\$69,000.00	36	12	\$23,000.00	\$0.00	\$0.00	\$23,000.00
P450	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	\$480,000.00	\$0.00	\$0.00	\$480,000.00	24	12	\$240,000.00	\$0.00	\$0.00	\$240,000.00
P454	U. S. Environmental Protection Agency	\$150,000.00	\$0.00	\$0.00	\$150,000.00	24	1	\$6,250.00	\$0.00	\$0.00	\$6,250.00
P460	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	\$410,000.00	\$0.00	\$0.00	\$410,000.00	24	12	\$205,000.00	\$0.00	\$0.00	\$205,000.00
P461	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	\$321,012.00	\$0.00	\$0.00	\$321,012.00	24	12	\$160,506.00	\$0.00	\$0.00	\$160,506.00
P465	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	\$700,000.00	\$0.00	\$0.00	\$700,000.00	18	9	\$350,000.00	\$0.00	\$0.00	\$350,000.00
P466	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	\$476,031.00	\$0.00	\$0.00	\$476,031.00	24	12	\$238,015.50	\$0.00	\$0.00	\$238,015.50
P467	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	\$490,000.00	\$0.00	\$0.00	\$490,000.00	24	11	\$224,583.33	\$0.00	\$0.00	\$224,583.33
P475	European Office of Aerospace Research and Development	\$80,000.00	\$0.00	\$0.00	\$80,000.00	24	12	\$40,000.00	\$0.00	\$0.00	\$40,000.00
P482	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	\$490,000.00	\$0.00	\$0.00	\$490,000.00	24	12	\$245,000.00	\$0.00	\$0.00	\$245,000.00
P483	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	\$490,000.00	\$0.00	\$0.00	\$490,000.00	24	8	\$163,333.33	\$0.00	\$0.00	\$163,333.33
P486	Commissariat a l'Energie Atomique et aux Energies Alternatives	\$0.00	\$0.00	\$201,760.00	\$201,760.00	24	4	\$0.00	\$0.00	\$33,626.67	\$33,626.67
P490	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	\$489,000.00	\$0.00	\$0.00	\$489,000.00	24	5	\$101,875.00	\$0.00	\$0.00	\$101,875.00
P496	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	\$490,000.00	\$0.00	\$0.00	\$490,000.00	24	11	\$224,583.33	\$0.00	\$0.00	\$224,583.33
P497	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	\$490,000.00	\$0.00	\$0.00	\$490,000.00	24	12	\$245,000.00	\$0.00	\$0.00	\$245,000.00
P499	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	\$150,000.00	\$0.00	\$0.00	\$150,000.00	24	12	\$75,000.00	\$0.00	\$0.00	\$75,000.00
P500	U. S. Environmental Protection Agency	\$200,000.00	\$0.00	\$0.00	\$200,000.00	24	8	\$66,666.67	\$0.00	\$0.00	\$66,666.67
P509	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	\$260,000.00	\$0.00	\$0.00	\$260,000.00	24	11	\$119,166.67	\$0.00	\$0.00	\$119,166.67
P510	European Office of Aerospace Research and Development	\$131,700.00	\$0.00	\$0.00	\$131,700.00	36	12	\$43,900.00	\$0.00	\$0.00	\$43,900.00
P511	European Office of Aerospace Research and Development	\$95,100.00	\$0.00	\$0.00	\$95,100.00	36	12	\$31,700.00	\$0.00	\$0.00	\$31,700.00
P512	European Office of Aerospace Research and Development	\$105,000.00	\$0.00	\$0.00	\$105,000.00	36	12	\$35,000.00	\$0.00	\$0.00	\$35,000.00
P513	European Office of Aerospace Research and Development	\$60,000.00	\$0.00	\$0.00	\$60,000.00	36	12	\$20,000.00	\$0.00	\$0.00	\$20,000.00

Recurring AOB % Calculation based on Forecasted Project Expenditure by Funding Party for FY2013

Project #	Partner Name if Partner Project	U.S. Amount Funded Total	CA Amount Funded Total	EU Amount Funded Total	Total Funded by All FPs	Duration of Project in Months 2012	# of Months in 2012 project active	U.S. Amount Budgeted in 2013	CA Amount Budgeted in 2013	EU Amount Budgeted in 2013	Total Amount Budgeted in 2013
P514	Commissariat a l'Energie Atomique et aux Energies Alternatives	\$0.00	\$0.00	\$221,000.00	\$221,000.00	24	11	\$0.00	\$0.00	\$101,291.67	\$101,291.67
P515	Argonne National Laboratory	\$500,000.00	\$0.00	\$0.00	\$500,000.00	36	12	\$166,666.67	\$0.00	\$0.00	\$166,666.67
P521	European Office of Aerospace Research and Development	\$106,319.00	\$0.00	\$0.00	\$106,319.00	36	12	\$35,439.67	\$0.00	\$0.00	\$35,439.67
P524	European Office of Aerospace Research and Development	\$70,000.00	\$0.00	\$0.00	\$70,000.00	24	12	\$35,000.00	\$0.00	\$0.00	\$35,000.00
P527	U.S. Department of Health and Human Services / Biotechnology Engagement Program	\$50,000.00	\$0.00	\$0.00	\$50,000.00	12	2	\$8,333.33	\$0.00	\$0.00	\$8,333.33
P528	U.S. Department of Health and Human Services / Biotechnology Engagement Program	\$50,000.00	\$0.00	\$0.00	\$50,000.00	12	2	\$8,333.33	\$0.00	\$0.00	\$8,333.33
P529	U.S. Department of Health and Human Services / Biotechnology Engagement Program	\$50,000.00	\$0.00	\$0.00	\$50,000.00	12	2	\$8,333.33	\$0.00	\$0.00	\$8,333.33
P530	U.S. Department of Health and Human Services / Biotechnology Engagement Program	\$50,000.00	\$0.00	\$0.00	\$50,000.00	12	1	\$4,166.67	\$0.00	\$0.00	\$4,166.67
P531	U.S. Department of Health and Human Services / Biotechnology Engagement Program	\$50,000.00	\$0.00	\$0.00	\$50,000.00	12	1	\$4,166.67	\$0.00	\$0.00	\$4,166.67
P540	The Belgian Nuclear Research Centre	\$0.00	\$0.00	\$130,002.60	\$130,002.60	36	12	\$0.00	\$0.00	\$43,334.20	\$43,334.20
P565	Kansas City Plant	\$95,000.00	\$0.00	\$0.00	\$95,000.00	21	12	\$54,285.71	\$0.00	\$0.00	\$54,285.71
Unsigned and Forecasted as if signed and started on October 1, 2012											
5384		\$24,937.00	\$0.00	\$26,063.70	\$51,000.70	24	12	\$12,468.50	\$0.00	\$13,031.85	\$25,500.35
5624		\$0.00	\$0.00	\$35,503.00	\$35,503.00	24	12	\$0.00	\$0.00	\$17,751.50	\$17,751.50
5629		\$0.00	\$0.00	\$36,450.70	\$36,450.70	18	12	\$0.00	\$0.00	\$24,300.47	\$24,300.47
5630		\$17,500.00	\$0.00	\$18,291.00	\$35,791.00	24	12	\$8,750.00	\$0.00	\$9,145.50	\$17,895.50
5633		\$0.00	\$0.00	\$36,582.00	\$36,582.00	24	12	\$0.00	\$0.00	\$18,291.00	\$18,291.00
5709		\$17,500.00	\$0.00	\$18,291.00	\$35,791.00	18	12	\$11,666.67	\$0.00	\$12,194.00	\$23,860.67
5713		\$17,500.00	\$0.00	\$18,291.00	\$35,791.00	18	12	\$11,666.67	\$0.00	\$12,194.00	\$23,860.67
5714		\$17,500.00	\$0.00	\$18,291.00	\$35,791.00	18	12	\$11,666.67	\$0.00	\$12,194.00	\$23,860.67
5716		\$17,500.00	\$0.00	\$18,291.00	\$35,791.00	18	12	\$11,666.67	\$0.00	\$12,194.00	\$23,860.67
5721		\$17,468.00	\$0.00	\$18,257.20	\$35,725.20	18	12	\$11,645.33	\$0.00	\$12,171.47	\$23,816.80
5725		\$0.00	\$0.00	\$36,582.00	\$36,582.00	18	12	\$0.00	\$0.00	\$24,388.00	\$24,388.00
5726		\$0.00	\$0.00	\$36,582.00	\$36,582.00	18	12	\$0.00	\$0.00	\$24,388.00	\$24,388.00
5728		\$16,055.00	\$0.00	\$16,780.40	\$32,835.40	18	12	\$10,703.33	\$0.00	\$11,186.93	\$21,890.27
5729		\$0.00	\$0.00	\$35,850.10	\$35,850.10	18	12	\$0.00	\$0.00	\$23,900.07	\$23,900.07
				\$4,437,453.91	\$63,315.31	\$3,410,884.43	\$7,911,653.65	56.09%	0.80%	43.11%	
								80%	80%	80%	
								44.87%	0.64%	34.49%	
								0.0667	0.0667	0.0666	
								51.54%	7.31%	41.15%	

Calculated Recurring AOB %



Summary of 2012 STCU AOB & SB Results Jan 1st – Oct. 31st, 2012



1



Summary of 2012 AOB



- Total AOB \$129.6K (8.92%) Forecast to be Underspent
 - Recurring Costs \$111.4K Forecast to be Underspent
 - \$28.5K Local Grants underspent (staff attrition)
 - \$34.0K International Travel underspent (No mtgs out of UA)
 - \$17.7K Bank Fees Offshore underspent (bank fees down)
 - \$ 5.0K Legal Services underspent (No planned legal demands)
 - \$10.0K Contingency-Recurring underspent
 - \$4.8K Bus. Mtgs. & Conf. overspent (>10% requires GB appr.)
 - \$8.8K Travel w/in CIS overspent (>10% requires GB appr.)
 - Non-Recurring Costs \$18.2K Forecast to be Underspent

2



Recurring Costs

- Local Grant Payments \$28.5K Forecast Underspent
 - Staff attrition resulted in four (4) vacant positions in '12
- International Travel \$34K Forecast Underspent
 - No AC meetings outside of Kyiv in '12
- Bank Fees - Offshore \$17.7K Forecast Underspent
 - Bank fees decreased in 2012
- Legal Fees \$5.0K Forecast Underspent
 - No planned legal services required (Noerr services charged to Non-Recurring Contingency)

3



Recurring Costs

- Business Meetings & Conferences \$4.8K Forecast Overspent
 - Will be greater than 10% overspent, requiring GB approval
 - All meetings held in Kyiv in 2012
- Travel within/CIS \$8.8K Forecast Overspent
 - Will be greater than 10% overspent, requiring GB approval
 - Some branding activities started at the tail end of 2012 (i.e. travel to capitals to explain new project funding cycle)

4



Non-Recurring Costs

- Non-Recurring Costs \$18.2K Forecast to be Underspent
 - \$10.1K of Non-Recurring Contingency utilized for unbudgeted legal expenses for Noerr

5



Shared Supplemental Budgets

- SB Activity 04.01 – Bus. Train./Sus. Support \$11.9K spent to Oct. 31st
 - CTCO (\$5.0K)
 - CTCO meetings throughout recipient countries
 - Partnership Promotion (\$6.9K)
 - Translation, Printing, and Travel to support partner promotion

6

EU Supplemental Budgets



- SB Activity 01.02 – Travel and Mobility Support €12.3K spent to Oct. 31st
 - €3.0K UAPS mtg, Aug. '12 (Cognat, Svita, Golubyatnikov)
 - €2.1K MIHE participation in UAPS concept design mission to Lille & Paris (Graniak)
- SB Activity 06.03 – Travel and Mobility Support €22.3K spent to Oct. 31st
 - €4.8K CBRN defense capabilities, Berlin & Lyon, Oct. '12
 - €4.4K World Bioenergy 2012, Jonkoping, May '12

7

EU Supplemental Budgets (cont.)



- SB Activity 08.01 – EU Expert Reviewers €16.1K spent to Oct. 31st
- SB Activity 16.01 – Partner Promotion and Support €138.5K spent to Oct. 31st
 - €59.7K Mission to 2012 Hannover-Messe, Germany, April '12
 - €14.3K World Bioenergy 2012, Jonkoping, May '12
 - €13.5K Mission to Denmark & Sweden, May '12
 - €9.9K UAPS concept design mission to Lille & Paris

8



STCU New Vision (Aspirations and direction through 2017)

Promoting a safer and better world through cooperative Chemical, Biological, Radiological and Nuclear (CBRN) risk mitigation via science and technology activities. Solving the world's challenges for global security while advancing stable economic prosperity.

STCU Mission Statement

- Addressing evolving global risks associated with the proliferation of critical Chemical, Biological, Radiological and Nuclear (CBRN) knowledge;
- Laying the foundation for collaborative research by supporting the integration of scientists into national, regional and international research efforts within the global scientific and business communities;
- Sustaining a culture of awareness and responsibility by educating , mentoring and training a new generation of scientists, technicians, practitioners and government officials;
- Promoting the use of best international practices in CBRN security;

GB-35 Issue for Discussion and Decision
Definition and Eligibility of STCU Project Participants
06/08/2012 Draft

As the Parties move to implement a new regime for the STCU project application and evaluation process, it would also make sense to try to bring to closure the on going definitional discussion on participant eligibility. Currently, STCU Project Processing Guidelines defines a eligible project participant as "a scientist that was formally involved in any of four pre-determined areas of Weapons of Mass Destruction research or development.

- WMD design code development
- Formulation of biological or chemical agents for WMD
- Fissile material separation/enrichment to weapons grade levels
- Materials science support of WMD

In addition, the STCU Project Process eligibility requirements further stipulate that "Scientists from Ukraine, Uzbekistan, Azerbaijan, Moldova and Georgia are eligible to apply for Grants under the STCU Grant or Project Process Projects funded through the STCU require a minimum participation of at least 30-50 percent of the work force assigned to a Project to be former Weapons Scientists "as defined above. In practise the 50 percent figure has been assumed for regular projects, while the 30 percent number adopted for Partner projects while in addition some partners like the USDOE have set other bench marks, for example 60 percent for the DOE GIPP program.

THE NEED FOR CHANGE- THE GLOBAL CONTEXT

The STCU Parties at various levels, including the AC have already looked at and discussed options for the updating of what is a scientist. In this regard, three Papers were prepared and submitted for review and discussion in 2011. "STCU Transformation- Modalities for Future Action"--May 27, 2011, "Future for STCU Proposed Framework"- October 13, 2011, and "Annex- Programmatic Framework", November 14, 2011/

The May 27, 2011 paper makes the best and clearest case for the need for change. It starts with the 2002 Kananaskis Summit where the G8 was established to address the risks associated with terrorist and criminal organisations' employment of critical knowledge gained from scientists with CBRN expertise. In this regard, the STCU has been integral to the G8's success in achieving the objectives formulated in Kananaskis by providing weapons scientists in the Commonwealth of Independent States (CIS) and Georgia with opportunities to redirect their talents to peaceful activities while reinforcing international and regional scientific networks.

Subsequently, the July 2010 Muskoka G8 Summit identified the need for a more effective framework for global scientist engagement that would focus on strengthening and promoting awareness and responsibility among CBRN scientists; support for civilian projects in fields such as global public health and energy to engage experts with CBRN knowledge; promotion of best practices and collaboration in CBRN security among the international scientific community; development of a safety and security culture; and promotion of responsibility regarding access to CBRN curricula and intangible technologies.

At that time the G8 agreed that the STCU may serve a valuable mechanism that is able to address the evolving needs but also suggests that it requires changes in its structure, mission and role. Engaging other cohorts beyond former weapon scientists will be a key to STCU success. Outreach and awareness to youth will be paramount to achieving the objective of training, mentoring, and funding assistance, as well as to laying the foundation for collaborative research, and sustaining a culture of awareness and responsibility among a new generation of scientists, technicians and practitioners.

The Parties discussion has acknowledged the need to make a shift from the traditional definition of a “former weapons scientist” but at the same time to remain true to STCU’s non-proliferation objectives on engagement of former weapon scientists and also focus on engaging youth- students, young dual-use scientists, experts and technicians who may be the targets for exploitation of critical knowledge for criminal or terrorist mis-use.

This suggests that the term “former weapon scientist” no longer serves the goals of the STCU as it moves through its current transformation and thus needs to be broadened and re-interpreted.

A consensus does exist that we need to find a new definition that would combine the CBRNE, Delivery/ABM systems and other related area experts and at the same time would be able to include a wider scope of scientists in the age-related context that would better serve the evolving goals of the center.

THE NEED FOR CHANGE- LEGAL FRAMEWORK

As discussed in the October 2011 paper and verified by STCU legal Counsel (Report attached), the language of the Founding Agreement provides sufficient flexibility to make these necessary changes.

Article II (i) provides sufficient flexibility to not only “redirect” the talents of weapons scientists, but promote scientist integration among experts within the international community.

The Board has the authority to interpret Article II (ii) more broadly as relating to weapons-applicable expertise, should it deem appropriate.

Article II (ii) already makes broad provision for contribution of project activities to “wider goals” of S&T cooperation.

Recommendation- Action for GB35

The Secretariat is recommending that the next GB in late November 2012 agree to and enter into its record of decision the following:

That in all relevant STCU documentation that the term “Former Weapons Scientist be replaced by “Eligible Participant”.

And that this term be defined as follows “Individuals, including scientists designers, engineers and technicians, administrators, and government officials in possession of CBRNE-related knowledge who could make a relevant contribution either directly or via their knowledge of dual use technologies to the development or acquisition of weapons of mass destruction;

.....And that in all relevant STCU documentation that the number of required “Eligible Participants” per project be set at a minimum of 1(one) percent, while under Government Partner projects, Targeted Initiatives Programs, or other types of Partner projects then the Partner specifies the minimum percentage of “Eligible Participants” required. Projects that do not have any “Eligible Participants” should be allowed if the project has non-proliferation for an objective.



Branding Plan 2013-2017

SCIENCE AND TECHNOLOGY CENTER in Ukraine (STCU)

Purpose (Who we are and why we exist)

STCU is an intergovernmental organization promoting a higher level of international safety, security and non-proliferation in CBRN domains by safeguarding CBRN information and knowledge diffusion through regional and national partnerships, cooperation and training of specifically tailored projects and activities that meet the developed priorities of the participating states.

Guiding Principles

- Dedication and good stewardship of STCU resources
- Commitment to STCU goals and principles of partnership
- Professionalism, operating with integrity and transparency

Vision (Aspirations and direction for 2017)

Promoting a safer and better world through cooperative Chemical, Biological, Radiological and Nuclear (CBRN) risk mitigation via science and technology activities. Solving the world's challenges for global security while advancing stable economic prosperity.



Mission Statement

- Addressing evolving global risks associated with the proliferation of critical Chemical, Biological, Radiological and Nuclear (CBRN) knowledge;
- Laying the foundation for collaborative research by supporting the integration of scientists into national, regional and international research efforts within the global scientific and business communities;
- Sustaining a culture of awareness and responsibility by educating , mentoring and training a new generation of scientists, technicians, practitioners and government officials;
- Promoting the use of best international practices in CBRN security;

Key Focus (Organizational priorities for the next three years)

Bring STCU to current, improve image of the Center;

Empower new member-states involvement, fundraising;

Improve the position of STCU in Ukraine;

Possible Taglines

STCU is a hub of comprehensive, sustainable, equitable, and mutually beneficial partnerships between its members and collaborators; a platform for coordination and avoidance of duplication;

Long-term projects that have the priority consensus of the Governing Board;

STCU Focus for 2013-2017

Bring STCU to current, improve Image of the Center

Strategy to rebrand and reposition STCU in the public eye. Investing in brand building should not be regarded as cosmetic. Requires sound resource management. It lays the foundation for collaboration, it streamlines organizational goals. Internal and external communication, profile building:

- Develop a robust communication strategy that yields a higher and more constructive media presence;
- Develop a communication strategy that yields stronger communication with Governments;
- Develop and utilize a new web-site to support communication strategy with focus on Partners;
- Utilize all STCU events and other communication vehicles to enhance profile of STCU i.e. conferences, STCU Innovation Award, STCU Annual Day;
- Improve the accessibility;
- Extend STCU reach using social networks (Facebook, LinkedIn etc.)
- Develop New Logo Design;

Empower new member-states involvement, fundraising

- Develop and implement new growth and transition plan with strategic focus for prospective Partners;
- Reestablish relations with Uzbek Government. Start a new dialogue with Ukrainian Government as a mediator;
- Review the existing legal framework;
- Develop flexible S&T Networks including collaboration with EU CoEs, US Civilian Research Development Foundation and other emerging entities to bring the

<p>dialogue to another level;</p> <ul style="list-style-type: none">• Encourage new programs involving other cohorts of scientists (Eligible Participants);• Expand priorities and needs beyond core CBRN non-proliferation;• Evaluate of potential benefits and implications of ISTC-member state accession to the STCU;
<p>Improve the position of STCU in Ukraine</p>
<p>Essential part of rebranding is improving STCU position in Ukraine in public eye and within Government that would allow facilitate changes in STCU Agreement and other statutory documents. Ukraine to become a regional leader for CIS countries for S&T cooperation in threat reduction and non-proliferation.</p> <ul style="list-style-type: none">• Cooperate with local and regional Commercial Partners (ACC, EBA etc.) to develop joint events;• Joint scientific, environmental, medical, and energy projects where Ukraine can be an effective intermediary;• STCU as a Learning Center providing education, mentoring and training for all cohorts of scientists, technicians, practitioners and government officials;• Develop a database with presentations, methodologies etc;• Develop promo materials;

Date	STCU Events Calendar 2013	Accountable
FEB 11-15	Promotion Mission to Poland	MZ
MAR-FEB	STCU Evening at the American Chamber	VK
MAR-FEB	STCU Evening at the EU Chamber	IR
MAR-FEB	Follow on workshop for prospective new private commercial partners	VK
MAR-FEB	Workshop for prospective new sponsors, NGOs, IFC, World Bank, EBRD, UN	IR
MAR-FEB	Briefing for prospective sponsor Embassies	IR, VK
MAR 11-15	Promotion mission to Czech Republic	MZ
MAR 25-29	Promotion mission to Hungary	MZ
APR	STCU 2013 Regional Conference on WMD Expertise Redirection	MZ
APR 22-26	EU Presidency Contact Mission to Ireland	MZ
MAY	Training Course on Practical Aspects of Nuclear Forensics - Part 1, May, 2013	VK
MAY 19-23	European Congress of Clinical Biochemistry EUROMEDLAB 2013, Italy	MZ
JUN 17-20	16-th Annual EBSA meeting, Switzerland	MZ
JUN 17-23	Paris Air show le Bourget, France	MZ
JUN24-29	18th Nuclear Forensics ITWG, StPetersburg, Russia	MZ
JUL 01-05	Promotion mission to Romania (with Moldova) (MME, MZ, AR)	MZ
JUL 14-19	International Conference "Materials for Hydrogen Service Safety", PVP-2013, France	MZ
SEP 08-13	EUROMAT 2013, Sevilla, Spain	MZ
SEP 9-13	EU Presidency Contact Mission to Lithuania	MZ
SEP 15-18	Euro PM2013 International Powder Metallurgy Congress & Exhibition, Gothenburg, Sweden	MZ

SEP-OCT	Training Course on Practical Aspects of Nuclear Forensics - Part 2	VK
OCT 1-3	5th World Conference on Drug Absorption, Transport and Delivery (WCDDT), Edinburg, Scotland,	MZ
OCT 14-16	EURADWASTE '13 Conference, Vilnius, Lithuania	MZ
NOV 10	STCU Annual Day	IR

**FINANCIAL REGULATIONS OF
THE SCIENCE AND
TECHNOLOGY CENTER IN
UKRAINE**

PREAMBLE

The Governing Board (hereinafter referred to as "the Board") hereby adopts the following financial regulations of the Science and Technology Center in Ukraine (hereinafter referred to as "the Center").

These regulations shall govern the financial administration of the Center, which shall be carried out in accordance with sound and prudent financial management principles with a view toward safeguarding the Center's financial resources and maintaining the Center's ability to meet its financial obligations.

These financial regulations come into force on the date they are approved by the Board. The Board may modify these regulations whenever deemed necessary.

In the event of a conflict between the provisions of these regulations and the Statute of the Center (hereinafter referred to as "the Statute"), the provisions of the Statute shall govern.

SECTION I - General Framework

A. Roles and Responsibilities

(1) Executive Director. The Executive Director is responsible for establishing and maintaining strong internal controls which promote the efficient operation of the Center and provide reasonable assurance that (a) property and financial resources are properly safeguarded, (b) accounting records are properly maintained, (c) financial reports and statements are accurate and fairly presented, (d) employees comply with the Statute and regulations of the Center, and (e) the objectives of the Center are achieved.

(2) Deputy Directors. Deputy Directors are responsible for advising the Executive Director and the Chief Financial Officer regarding any and all aspects pertaining to R&D projects in which the Center is involved, and in any matter that may be of interest to the smooth functioning of the Center. These responsibilities include:

- (a) technical progress on projects (milestone completion);
- (b) budget execution (variance between planned and actual cost); and
- (c) compliance with the terms and conditions in project agreements (e.g, recording of labor hours worked on projects, and usage of equipment).

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(3) Chief Financial Officer. The Chief Financial Officer is responsible for managing the Center's financial resources and for maintaining strong internal controls pertaining to recording, processing, summarizing and reporting of financial data and information, as well as interpreting project agreement terms and conditions, and resolving disputes related to project agreements.

The Chief Financial Officer:

- (a) manages the banking operations of the Center, including the transfer of funds between the Center's accounts and accounts of participating institutions and vendors in support of Board approved and funded projects and the administrative operating budget and supplemental budgets;
- (b) prepares bank reconciliations;
- (c) prepares interim financial reports, as required by Center management, and the annual financial statements;
- (d) assembles the Center's administrative operating budget, with appropriate input from the staff;
- (e) monitors revenues and expenditures against the administrative operating budget, supplemental budgets, and project agreements to ensure that the Center remains within established ceilings;
- (f) supervises the Center's accounting function and related activities;
- (g) maintains accurate records of amounts due from the funding parties for projects and operation of the Center;
- (h) coordinates the performance of required audits of the Center and projects with the appropriate audit organization;
- (i) provides Deputy Executive Directors and project managers at institutes periodic financial reports which facilitate the monitoring of project expenditures;
- (j) controls the issuance and use of Center credit cards;
- (k) approves payment of purchases upon receipt of documentation evidencing (i) authorization for the purchase, (ii) approval of source selection and reasonableness of price, and supporting documents, and (iii) after ascertaining that sufficient funds are available either in the project budget, administrative operating budget, or supplemental budgets;

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(l) accounting for center property and capital equipment purchased for projects; and

(m) maintaining the register of capital property, plant, and equipment described in Section VI, paragraph 5.

He or she also has the overall responsibility for approving the purchase of goods and services in support of projects and for purchasing goods and services for the Center. In performing this function, he or she will:

Deleted: (4) Chief Administrative Officer. The Chief Administrative Officer is responsible for interpreting project agreement terms and conditions, and resolving disputes related to project agreements.¶

(a) develop and maintain a data base of generic items of supplies and equipment which will fulfill the majority of needs of the Center and projects;

(b) develop and maintain a system for forecasting equipment requirements for the Center;

(c) ensure that purchases are cost effective and that economic order quantities (EOQ) are considered to the maximum extent practical;

(d) ensure that purchases are made so as to meet the timing requirements of the Center and institutions performing projects;

(e) authorize purchases from the Center's working cash fund; and

(f) develop procedures for and monitor the performance of the annual inventory of capital items in accordance with Section VI, paragraph 6.

He or she will supervise staff members responsible for:

(a) establishing and maintaining payroll records of grant recipients at the Center and recipient institutions;

(b) coordinating with the lessor of the Center building and appropriate Ukrainian authorities regarding terms and conditions of the Center's lease, maintenance of facilities, and provision of utilities and security service for the Center; and

(c) controlling and accounting for Center property and property furnished project recipients.

(5) General Staff Responsibilities. All members of the Center staff are responsible for helping to ensure that the Center's financial and other resources are properly safeguarded and are used effectively for their intended purpose.

B. Commitment and Expenditure of Administrative Funds.

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All financial commitments and expenditures for administrative activities of the Center must be consistent with the administrative operating budget approved by the Board.

Financial commitments and expenditures for administrative activities of the Center must be approved in advance in accordance with procedures established by the Executive Director. The Executive Director may permit certain types of expenditures, below an established nominal threshold or for emergency reasons, without prior approval. Center staff members may not make oral commitments of Center funds without prior written approval.

C. Commitment and Expenditure of Project Related Funds.

Center staff should inform all potential project participants of the requirements that must be satisfied before Center funds may be committed to, or expended for, projects, particularly the requirements for Board approval, identification of financing parties, and a signed project agreement. Staff members should make it clear to potential project participants that any assistance that they provide in developing and processing proposals in no way implies for purchasing goods and services a commitment of Center funds.

SECTION II – Preparation and Execution of the Administrative Operating and Supplemental Budgets

A. Administrative Operating Budget

(1) The Center's administrative operating budget shall encompass one fiscal year, beginning on January 1 and ending on December 31 (calendar year).

(2) The administrative operating budget is a key managerial tool used to plan, and control operations of the Center. It is the Center's action plan for the coming fiscal year; actual actions can subsequently be compared to plans in order to measure performance.

(3) The administrative operating budget shall identify expected revenues to be received and resources to be expended in accomplishing the objectives of the Center for the coming fiscal year. It shall identify resource requirements for activities to be initiated in the coming year as well as those required to honor commitments carried over from administrative operating budgets of previous years.

(4) The Chief Financial Officer shall:

(a) issue detailed instructions, including an activity schedule, to the Center staff for preparation of the annual administrative operating budget;

(b) prepare interest revenue projections for the coming fiscal year, by funding party, on funds held in off-shore interest bearing bank accounts;

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(c) prepare a schedule of budgeted versus year-to-date actual administrative expense for the current fiscal year;

(d) prepare a schedule of financial staff on hand and required for the coming fiscal year;

(e) receive administrative operating budget inputs from the Center staff and assemble the administrative operating budget for review by the Executive Director, and

(f) upon approval of the administrative operating budget by the Board, prepare a schedule detailing the contributions required of the funding parties and submit it to the Executive Director.

~~(g) prepare a schedule of procurement office staff on hand and required for the coming fiscal year;~~

Deleted: (5) The Chief Administrative Officer shall prepare:¶

~~(h) prepare an estimate of administrative expenses to be incurred (and paid) for the remainder of the current fiscal year; and~~

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~~(i) prepare a schedule of open contractual actions, indicating those which are expected to be closed (paid) during the current fiscal year and those which will remain open during the coming fiscal year;~~

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~~(k) prepare a schedule of contractual actions which are expected to be initiated during the coming fiscal year; and~~

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~~(l) prepare the administrative expense and procurement portions of the annual administrative operating budget.~~

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~~(5) The Deputy Executive Directors shall prepare schedules of project management staff on hand and required for the coming fiscal year.~~

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~~(6) The Executive Director:~~

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(a) reviews the annual administrative operating budget and submits it to the Board for approval; and

(b) based on the Board's decision, informs each funding party of the amount of its contribution to the administrative operating budget. Such notification shall include supporting computations.

~~(7) The Board shall approve the administrative operating budget, along with any amendments, and return it to the Executive Director for execution.~~

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~~(8) The administrative operating budget constitutes authority for the Executive Director to enter into contracts and expend funds for the purposes and within the limits specified in the administrative operating budget. Subject to priorities and limitations established by the Board, the Executive Director may exceed, within a limit of 10%, the amount specified for any given administrative operating budget line item, provided that he or she (a) notifies the Board in advance of any such action, and (b) the total amount of the administrative operating budget is not exceeded.~~

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~~(9) The Executive Director may prepare an extraordinary administrative operating budget request for submission to the Board if needed to accommodate unanticipated requirements or prevent undue disruption of Center operations.~~

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~~(10) Administrative funds not committed or spent at the end of each fiscal year shall be applied to the administrative operating budget for the following fiscal year.~~

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B. Supplemental Budgets

(1) The Financing Parties may provide financial resources for specific activities that are not funded under the Administrative Operating Budget or under project funding. Such activities shall be approved by the Board.

(2) Supplemental Budgets shall be financed by the Financing Parties on a voluntary basis.

(3) The Executive Director shall develop terms of reference and financial procedures for the implementation of activities funded through Supplemental Budgets.

(4) The Center shall maintain separate accounting for each Financing Party, for the Administrative Operating Budget, Project Budgets and Supplemental Budgets. Specific requirements for Financing Party will be defined in the bilateral agreements between the Center and this Party. The Center will keep records of expenditures and appropriations for each of these separate accounts.

SECTION III – Authorizing Officers

A. The budgets shall be executed according to the principles of separation of authorizing and accounting officers.

B. The Executive Director has the power to sign any project agreement, contract, payment order, or fund transfer or disbursement instruction. The Executive Director may delegate such power to appropriate members of the Center staff, provided such delegations are in writing and are made available to the funding parties.

~~C. The Chief Financial Officer may authorize purchases from the Center's petty cash fund.~~

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SECTION IV – Management of Funds

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~~APPROVED BY 35th G.B. NOVEMBER 30, 2012 Page 6~~

A. The Center shall establish and maintain hard currency bank accounts in Western banks located outside the Commonwealth of Independent States of the former Soviet Union. These bank accounts will be used to receive contributions of funds from the funding parties and to disburse funds pursuant to project agreements and the administrative operating and supplemental budgets of the Center.

B. The Center shall separately account for the funds of the funding parties on the books of the Center for the purpose of determining fund balances and earned interest.

C. The Center shall establish and maintain bank accounts in Ukraine, or other CIS countries that have acceded to the Agreement, as necessary for financing the administrative activities of the Center and for distributing funds to project recipients. The Board shall approve the establishment of each banking relationship.

D. The Chief Financial Officer shall negotiate with banks in order to maximize the interest earned on deposited funds and to minimize the fees for banking services.

SECTION V – Awarding of Contracts

A. The Chief Financial Officer shall be responsible for entering into contracts on behalf of the Center pursuant to project agreements and the administrative operating and supplemental budgets.

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B. The Chief Financial Officer shall verify funds availability prior to entering to contracts on behalf of the Center.

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C. The procedures for awarding of contracts are as follows:

(1) Below \$2,500: Formal price comparisons are not required, but the reasonableness of the price must be considered in selecting the contractor.

(2) Between \$2,500 and \$25,000: Direct Placement. Several informal written quotations shall be obtained for analysis and determination of price reasonableness. The Chief Financial Officer may negotiate directly with the vendor.

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(3) Between \$25,000 and \$75,000: Restricted tender. At least three written proposals shall be obtained under a standardized formal procedure. Contracts shall be awarded based on an evaluation of the proposals.

(4) Over \$75,000: Open Tender. Contracts shall be awarded based on an evaluation of written proposals after all interested candidates are given adequate notification and an equal opportunity to submit proposals.

D. The Chief Financial Officer shall ensure that proposals are not subdivided in order to circumvent the thresholds established above.

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APPROVED BY 35th G.B: NOVEMBER 30, 2012Page 7

E. The Executive Director may approve a deviation from the above procedures when fully justified by the Chief Financial Officer. Examples of justification include, but are not limited to:

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- (1) for urgent reasons, it is not possible to wait for the applicable tendering procedure;
- (2) the call for tenders does not produce any result, or where, after a survey or study conducted by the CEO, prices quoted are determined to be reasonable;
- (3) for technical or legal reasons, the supply of goods and services can only be provided by a particular vendor; or
- (4) a contract is technically linked to a previous contract.

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F. Goods and services required by the Center and project recipients shall, to the maximum extent possible, be procured from nations that are parties to the STCU agreement. The Chief Finance Officer shall develop and the Executive Director shall approve procedures for ensuring fair and open competition on tenders. In the case of restricted tenders, these procedures shall ensure that all vendors on tender lists receive a letter of invitation to tender with all necessary documentation and a clear indication of deadlines. For open tenders, invitations to tender shall be published whenever practical in appropriate publications.

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The Chief Financial Officer shall chair a formal meeting for opening the tenders and shall sign a record of the meeting. The financial and technical merits of tenders shall be evaluated separately with results documented by an evaluation report.

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G. When advance or partial payments are required by a vendor or when final settlement is made before a vendor's liability is fully discharged, the Chief Financial Officer shall ensure that satisfactory performance of the contract is covered by a bid bond or performance bond, whenever possible. If a bid bond or performance bond is not obtained, the CEO should advise the ED, who in turn should inform the Board.

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SECTION VI – Accounting

A. The Center shall maintain its accounting records in a manner consistent with the format and line items contained in the administrative operating and supplemental budgets, and project agreements. The accounting system shall be capable of accurately recording, processing, summarizing and reporting financial data and information relative to operating and project revenues and expenditures.

B. The Center's financial staff shall make all entries into the accounting system relating to operation of the Center and costs incurred by project recipients. The financial staff shall also prepare quarterly reports on project costs incurred for use by Center and institute project managers in managing their projects.

C. Project recipients (both lead and supporting institutes who work on Center projects) shall record the hours worked on projects on time cards in accordance with the instructions contained

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in the project agreement. Completed time cards, along with a listing of personnel who worked on each project and the total hours worked, shall be forwarded to the Center on a monthly basis. Other costs incurred (and paid) by project recipients shall be listed on a spreadsheet in accordance with instructions contained in the project agreement and forwarded to the Center on a quarterly basis.

D. The Center shall maintain a register of capital property, plant and equipment (hereinafter referred to as "capital items") purchased for the Center and project recipients. Capital items included in this register should satisfy the following criteria:

- (1) having a useful life in excess of two years;
- (2) retaining separate identities during their useful life;
- (3) not being consumable in the course of their use; and
- (4) having an original value of not less than \$2,500 for projects and \$100 for the Center.

The register shall allow ready identification and location of the capital items and shall, to the extent possible, identify individuals responsible for their custody.

E. The Center and project recipients shall perform annual physical inventories of all capital items in accordance with procedures developed by the Chief Financial Officer.

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F. Within two months after the end of each fiscal year the Executive Director shall submit the Center's financial statements to the funding parties (statement of revenues and expenditures, statement of cash flows covering operating and project activities, and the year end balance sheet).

SECTION VII – Records Retention

The Center shall retain its financial documentation for a period of five years following the date of the transaction. Project recipients shall retain their financial documentation for a period of two years following project completion.

SECTION VII – Dissolution of the Center

When all parties agree to terminate the STCU agreement, the unutilized funds shall be returned to each funding party.

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CODE OF CONDUCT FOR STAFF

As approved by the STCU ~~35th~~ Board of
Governors on ~~30 November 2012~~.

SCIENCE & TECHNOLOGY
CENTER IN UKRAINE



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Fundamental Principles and Obligations

This section describes the standards of business conduct the STCU expects from every employee at every level of responsibility. These standards of conduct apply in every part of the organization and within every STCU office, whether operating at the Head Quarters or internationally.

The standards apply to all STCU employees. We honor all laws, statutes, regulations and contractual obligations. If there is a case where the Code of Conduct does not provide the answer to a particular ethical issue, or if you have questions about our Code of Conduct, talk to your supervisor. If they cannot answer your question, they will direct you to your supervising DED or to a member of the STCU Management Committee. If an issue arises with a member of the STCU Management Committee, or if the STCU Management Committee would like to seek advice, the Canadian Board member may be contacted. Furthermore, if a member of the STCU advisory committee or STCU Governing Board would like to report a violation of the STCU's Code of Conduct by any employee of the STCU, they should contact the Canadian Board member. Finally, the Canadian Board member is available to any STCU employee if they would like to discuss a matter related to the STCU Code of Conduct, but do not feel comfortable enough to discuss the matter with their supervisor or any member of the STCU Management Committee.

The intention of this policy is to give guidance to all STCU employees on the standards of conduct required by the STCU, and should be used in conjunction with already documented and approved in the STCU Agreement, Statute, Governing Board Decisions, Financial Regulations, Terms of Reference, Standard Operating Procedures, and other management guidance documents.

- ◆ Define breaches of conduct.
- ◆ Explain the rights of employees.

The policy is designed to ensure that the STCU operates efficiently and effectively and that employees are treated fairly and equitably.

Our principles

We – everyone who works at the STCU – follow certain principles when conducting business. These principles are the foundation of the STCU's Code of Conduct and for the policies that reinforce it. The STCU expects every employee, at every level, to conduct herself or himself in accordance with this Code of Conduct and will hold employees accountable for their conduct.

If employees do not comply with this Code of Conduct, they could be subject to counseling, review, reprimand, or further disciplinary review. However, the STCU Code of Conduct is always superceded in those areas where local legislation is applicable. For the STCU to be successful, we must continue to earn the trust and

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confidence of our customers and stakeholders. Each action and decision provides us with this opportunity.

These are the principles the STCU stands for. They point the way to conduct that makes for successful individuals and a successful organization.

In order to achieve these objectives STCU employees have to observe a number of prerequisites or principles.

The principles are:

Integrity

STCU employees should be straightforward and honest in performing professional services.

Conducting business with unfailing honesty is what integrity is all about. So what does integrity mean at the STCU? Integrity means that every employee at every level of the organization:

- ◆ Conducts business lawfully and ethically, establishing honest and high moral value dealings in all relationships and expecting the same of those with whom we have business relationships.
- ◆ Employees should uphold the Vision, Mission, and Value statements of the STCU.
- ◆ Avoids conflict of interest between their personal interests and their role in the conduct of organization activities.
- ◆ Does not disclose sensitive or confidential information inappropriately.
- ◆ Recognizes the value of competition and does not engage in practices that seek to reduce the openness and fairness of competition.
- ◆ Protects the Center's assets and uses them responsibly, and within reason.

Objectivity and impartiality

Employees should be fair and should not allow prejudice or bias, conflict of interest or influence of others to override objectivity.

Employees shall always act objectively and impartially, in the public interest and for the public good. They shall act independently within the framework of the policy fixed by the STCU and their conduct shall never be guided by personal or national interest or political pressure.

Professional Competence and Due Care

STCU employees should perform professional services with due care, competence and diligence and have a continuing duty to maintain professional

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knowledge and skill at a level required to ensure that a client or the Center receives the advantage of competent professional service based on up-to-date developments in practice, legislation and techniques.

Confidentiality

STCU employees should respect the confidentiality of information acquired during the course of performing professional services and should not use or disclose any such information without proper and specific authority or unless there is a legal or professional right or duty to disclose.

Professional Behavior

STCU employees should act in a manner consistent with the good reputation of the organization and refrain from any conduct, which might bring discredit to the organization. The obligation to refrain from any conduct, which might bring discredit to the STCU's reputation, requires STCU's employees to consider, when developing ethical requirements, the responsibilities of a professional to customers, third parties, employees, employers, and the general public.

Technical Standards

STCU employees should carry out professional services in accordance with the relevant technical and professional standards.

Confidence

Users of the STCU services should be able to feel confident that there exists a framework of professional ethics, which governs the provision of those services.

Excellence

The STCU is on a journey to be the "best in class" in providing financial, technical and marketing services to the former weapons scientists of Ukraine, Georgia, Moldova, Uzbekistan, and Azerbaijan. Our ambitious goals demand excellence from everyone in the organization. How do we demonstrate excellence?

Comment [bj1]: If board approves new definition of scientist, than this should be changed as well.

- ◆ In our attitude towards our work, a commitment to providing our customers with service and products of the best value.
- ◆ By striving for continuous performance improvement, always looking for innovations that help our customers and the business.
- ◆ By seizing opportunities to upgrade our own skills and to develop the talents and abilities of others.
- ◆ By fostering and maintaining respectful and trusting relationships with our colleagues, working collaboratively with them in a team effort to reach for excellence in everything we do.

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Non-discrimination and equal treatment

The STCU respects the principle of non-discrimination and in particular, guarantees equal treatment for members of the public irrespective of nationality, gender, racial or ethnic origin, religion or beliefs, disability, age or sexual orientation. Thus, differences in treatment of similar cases must be specifically warranted by the relevant features of the particular case in hand.

Citizenship

Every day, our work at the STCU touches the lives of thousands of people across Ukraine, Georgia, ~~Moldova~~, Uzbekistan, and Azerbaijan. They depend on us, and we have a responsibility to them. We can show our citizenship by:

- ◆ Respecting and supporting the social and cultural fabric of the communities where we work, live, and serve.
- ◆ Conducting our business in a way that protects the health and safety of our fellow employees and the public.
- ◆ Treating our fellow employees and all others with respect and dignity. We value the diversity of human beings. We do not tolerate the harassment of any person.

Obligations

Employees are expected to act honestly, conscientiously, reasonably and in good faith at all times having regard to their responsibilities, the interests of the STCU and the welfare of colleagues.

Employees have an obligation to the STCU to:

- a) be present at work as required and to be absent from the workplace only with proper authorization;
- b) carry out their duties in an efficient and competent manner, and maintain specified standards of performance.
- c) comply with lawful and supervisor's instructions and policies and to work as directed;
- d) respect the privacy of individuals and use confidential information only for the purposes for which it was intended.
- e) neither use, nor allow the use of, STCU property, resources, or funds for other than authorized purposes; (i.e. not for sole gratification / profit / enhancement etc).

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f) not demand, claim or accept any fee, gratuity, or benefit from any person or persons other than the STCU in payment for any matter or thing concerned with their duties and responsibilities, nor to accept any gift or favor from any source which could be seen as influencing a business relationship (please see detailed explanation of gift policy);

g) avoid conflicts of interest (as detailed under this same topic outlined on P.7.)

Business decisions and work execution

All work related decisions and work execution of daily work should be based on a hierarchy of management and financial controls set forth in the STCU Agreement, Statute, Governing Board decisions, Financial Regulations, Terms of Reference, and other management guidance documents.. By this method only designated STCU officials, following transparent good management practices, controls, and oversight mechanisms, can make (and be held responsible for) legal commitments or financial obligations on behalf of the STCU, so that no person can place or expose themselves into any conflict of interest or take undue advantage from any situation.

Work environment

A safe place to work is the primary right and responsibility of every employee at the STCU.

Safety and Health

Safety and health are one of the keys to the success of the Center. Healthy employees working safely are essential to achieving our business goals. We all have accountability for safety and health. Fulfilling our individual accountabilities is a vital and fundamental requirement of every employee’s job. Supervisors will have prime responsibility for managing safety and health and will visibly support practices and programs that promote excellence. Each of us has a personal responsibility to come to work fit for duty, to work safely and to identify, report, and where appropriate, correct workplace hazards. Furthermore, the STCU should comply with all local regulations related to safety and health (.i.e. in Ukraine the appropriate Law is #2694-XII).

Smoke-Free Working Environment

There should be no smoking in any part of any STCU office, including individual offices and tearooms, and field offices.

There should be no smoking in any STCU vehicles.

Employees who need to smoke should do so during the regular tea and lunch breaks, and out of doors. Outside areas adjacent to buildings, where smoking may affect other people, may be designated as no smoking areas.

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The policy is based on three assumptions:

(i) that everyone on the STCU is entitled to a smoke-free environment in all the areas normally used for work and breaks;

(ii) that everyone who does not smoke, or who does not wish to smoke in their place of work and breaks, shall, so far as is reasonably practicable, be protected from tobacco smoke in their place of work and breaks.

(iii) that the implementation of the policy depends on everyone on the STCU responding courteously and responsibly to the desire for a smoke-free environment.

Office Dress

Employees are expected to use good judgment in matters of dress, not just in terms of clothing items, but also in considerations of the day's events (e.g. scheduled meetings with non-employees that dictate traditional business dress). Office attire should be professional and not be offensive or distracting to anyone, including co-workers.

Diversity

We value the background, experience, perspective, and talent of each individual. We strive to create a workforce that reflects the diverse populations of the communities in which we operate. We regard differences as positive: they help us provide better products and services to our customers. We do not discriminate in hiring and employment practices on grounds, which includes such grounds as race, ancestry, color, place of origin, sex, ethnic origin, age, marital and family status, physical abilities, sexual orientation, creed, religion, or citizenship.

Harassment

We treat customers, clients, suppliers, and colleagues with dignity and respect. We do not tolerate personal harassment, including behavior that demeans, threatens, or humiliates a person or group of people. We do not tolerate sexual or racial harassment. We do not tolerate comments or conduct that ridicule or disparage a group of employees, even if not directed at a particular employee. We do not tolerate any behaviors that may promote physical violence in the workplace. Workplace violence often begins with harassment. We have a duty to take preventive action by bringing forward information relating to emerging situations in the work place that may result in physical violence.

Duress/Coercion (undue pressure either from internal or external sources to act or perform an action contrary to the STCU Code of Conduct or STCU best interest)

STCU employees should immediately report to their supervisor or Management Committee any forms of coercion or duress (physical or mental) that they are subject

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to whether it be related to internal (STCU employees, management, etc.) or external (vendors, partners, litigants, etc.) entities to act or perform an action contrary to the STCU Code of Conduct or STCU best interest.

Work performance

As employees, we take accountability for our actions, position, work and for our results. We expect to be evaluated by such standards as quality, quantity, timeliness, and whether the work has been completed and within the limits of allocated resources. In our increasingly competitive environment, these standards are constantly rising and we are committed to giving our full effort in everything we do. We recognize that we must continue to seek new ways to be more effective and efficient.

We expect our supervisors to follow leadership practices that promote an environment where high performance is encouraged. We expect our supervisors to set clear expectations and to provide appropriate support and timely feedback. We expect a work environment in which suggestions for improvement are encouraged and implemented where appropriate.

Developing our potential

As an organization, we recognize that the capability and commitment of our people is an immensely valuable asset that is critical to our business success. Supervisors are expected to treat employees in a manner that encourages commitment, but at the same time showing empathy towards their staff. Supervisors are held accountable for maintaining and enhancing the capability of their unit through effective management and empowerment. Although each of us is responsible for our own career planning and development, we understand that the Center will support our active pursuit of a jointly agreed and supported development plan. As a result, we can expect to increase our personal contribution and value as well as our collective capability within the Center.

Political participation

As private citizens, we take part in the democratic process at any level, including campaigning in elections, on our own time. Prior company approval is required if we need a leave of absence to participate, and our participation must be kept strictly separate from our association with the STCU.

Conflict of interest

Avoiding conflicts of interest

We avoid any conflict of interest; that is, we avoid any situation where our personal interest interferes in any way or even appears to interfere with the interests of the STCU and the making of decisions with honesty and integrity. There are three broad guidelines for avoiding conflicts of interest:

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- ◆ Any business decision for the STCU is to be based on merit and made strictly in the best interests of the STCU;
- ◆ No personal benefits, whether direct or indirect are to be derived for ourselves, family members or friends as a result of reaching business decisions on behalf of the STCU; and
- ◆ We are to avoid any situation that may – or even appear to – create a conflict of interest between our personal interests and those of the STCU. Areas of conflict of interest that may arise in the course of our day to-day work are covered in other sections. We have an obligation to declare any conflict of interest or any potential or perceived conflict of interest to management at any level or to the Management Committee.

Purchasing and suppliers

We protect the STCU's reputation by refusing to make purchasing decisions based on favoritism, prejudice, preferential treatment or personal gain. We apply good financial and procurement practices, following the regulations and controls adopted in the STCU operating procedures, to ensure fair, open, appropriate, and cost-effective purchases. We refuse involvement in purchasing decisions that could lead to a conflict of interest, and we declare to our supervisor or to the Management Committee all conflicts or potential conflicts, seeking guidance from our manager or the Management Committee when we are uncertain.

Insider trading and personal advantage

We do not divulge confidential or proprietary information that we learn in our work for our organization and its affiliates, and their customers and suppliers, to any unauthorized person, or release confidential information in advance of its authorized release. We do not use for private speculation or personal advantage, data or information that is not available to the general public.

Safeguarding Center assets

Acquisition of Assets

As per Section I.(4) of the STCU Financial Regulations approved by the STCU Board of Governors, the Chief ~~Financial~~ Officer "Has the overall responsibility for approving the purchase of goods or services in support of projects and for purchasing goods and services for the Center". Any disagreement with the ~~CFO~~ related to asset acquisitions will be resolved at an STCU Management Meeting.

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Use of Assets / Resources

We protect the Center's assets (cars and other fixed and moveable property, personnel, information, intellectual property and commodities), use them properly, safely, efficiently, and only for STCU business. We do not use Center assets in a



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manner that compromises our competitive business practices or offends, harasses, or promotes unacceptable behavior (improper use of email and Internet). We protect our assets from theft, fraud, destruction, vandalism or neglect. We dispose of Center property in an ethical and approved manner. Internal or employee theft or fraud will not be tolerated. Any use of Center assets for a non-business reason (charitable work, for example) must be approved by the Chief Financial Officer. Internal policies and procedures which establish guidelines for the use of Center assets (i.e. per diem rates, maximum hotel allowance rates, airport VIP services, etc.) will be signed off by the Executive Director and Chief Financial Officer.

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Officer,

Related to the use of Center assets the following specific rules will apply

Use of Staff

The employment of STCU staff for personal reasons, by other members of the STCU is prohibited during normal working hours. If a situation arises where two STCU employees reach an agreement whereby one STCU employee provides services for another STCU employee, the following conditions must be met:

- Under no circumstances must the services be completed during normal working hours.
- The Chief Financial Officer is made aware of the details of the transaction (including rates of pay, duration of the agreement, etc.) in writing, and grants his or her permission in writing. In granting permission, the CFO will assess the reasonableness of the terms of the agreement, as well as ensure that the transaction will not impact in any way the ability of the STCU employee performing the service to provide his or services to the STCU.

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Use of Vehicles

STCU pool vehicles are to be used exclusively for the conduct of STCU business. Traveling from the residence to the office in the morning or from the office to the residence in the afternoon does not qualify as STCU business.

Should an employee be required to use his private vehicle to conduct STCU business, this employee is entitled to a reimbursement on the basis of the number of kilometers traveled. The rate per kilometer is to be established once a year by the Finance department of STCU.

STCU drivers are not permitted to drive to their private residences with STCU vehicles, unless they are required to work after normal STCU hours of operation. Should a driver be required to work after regular hours, this employee may benefit from a taxi service, in accordance with normal practices applicable to all employees of STCU.

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Use of Computer Hardware and Software

STCU computer hardware and software are to be used exclusively for the conduct of STCU business. Those STCU employees issued with laptops may utilize those laptops at home for STCU business.

Use of Office Equipment, Furniture & Fixtures, and Telecommunications Equipment (i.e. telephones / mobile phones)

STCU office equipment, furniture & fixtures, and telecommunications equipment (i.e. telephones / mobile phones) are to be used exclusively for the conduct of STCU business.

Use of Internet and E-mail

The popularity of the Internet, the public worldwide information network, increases as well in the business as in non-business communities.

The new resources, new services and interconnectivity available via the Internet all introduce new opportunities and risks. In response to the risks, this Code of Conduct describes STCU's official policy regarding the Internet. It applies to all employees including contractors, temporaries and consultants and clients who use the Internet via STCU's computing or network resources. All Internet users are expected to be familiar with and comply with this policy and any violations of the policy may lead to a revocation of system privileges and/or disciplinary actions.

For the use of The Internet from STCU computers or servers, the following guidelines' apply:

- The Internet should be used exclusively for STCU business and not for any avoidable or excessive personal reasons
- Users of Internet resources should act responsibly and maintain the integrity of corporate data and information at all times;
- E-mail via The Internet is an insecure method of communication and must be treated with caution. Therefore, STCU's confidential, proprietary or private information must not be sent over the Internet,
- Internet users must adhere to standard policies for the exchange of corporate communications;
- Internet users must abide by all software licensing agreements, copyright laws and other applicable regulations;
- Every precaution should be used as outlined above to protect and secure corporate assets;
- Care should be taken to avoid infection of files, information and computer systems by viruses. All software downloaded via The Internet must be screened with virus detection software prior to being invoked;
- Users must not place STCU material (software, internal memos etc.) on any publicly accessible Internet computer that supports anonymous FTP or similar

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services, unless the posting of these materials has first been approved.

- In general, STCU internal information should not be made available to any persons unless they have a legitimate need to know the information;
- Internet users should practice acceptable Internet etiquette methods (commonly referred to as "Netiquette"). Employees and other people accessing the Internet via organizational resources or representing STCU are expected to be good network citizens;
- Internet users should not share account numbers, passwords, user identification or other secure information;
- Appeals to electronic distribution of mail or other publications within our organization should not be rewarded. In particular, participation to so-called electronic chain letters is prohibited;
- Users are requested not to join mailing lists or solicit information on the Internet unless there is a pressing business need for doing so.
- Radio and TV Internet services are channel consuming and not secure, so using such services are prohibited.
- In addition to the General Guidelines it is stated that all messages sent via the STCU e-mail system will be seen to originate from STCU. It is imperative, therefore, that such messages reflect our best professional standards and any temptation to descend into abuse or invective must be avoided.

Use of Telephones

The telephone should be used primarily for STCU business.. Personal use of the STCU telephones should be kept to a minimum, should not interfere with the work performance of the individual or disturb the surrounding work environment. There should be no personal long distance calls charged to the STCU; employees should make use of their personal telephones or phone cards when making long-distance calls from the STCU premises.

Finance, Reporting, and Risk Management

Accounting and Finance

The STCU will conduct its financial affairs only for lawful and proper purposes in accordance with approved authorities, and properly record resulting transactions. No undisclosed funds or accounts may be established. All cash and bank account and other business transactions are handled in a manner that avoids any questions of bribery, kickbacks, other illegal or improper payments or any suspicion of impropriety whatsoever.

Business reporting

All the STCU financial reports, accounting records, research reports, expense accounts, time sheets, and other documents must accurately and clearly represent the relevant facts or true nature of a transaction.

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Managing risk

We will appropriately identify and control the Center’s risks, within the limits of our accountabilities and allocated resources. This does not mean eliminating all risks, but rather it means mitigating the risks to acceptable levels for the Center. Risk is defined as any possible event that may adversely impact the Center’s objectives. We will understand the objectives relevant to our work, and ask our supervisors for help or information on objectives where these are not understood. If, in our opinion, there are situations where risks are not being appropriately controlled, either by other the STCU employees or by contract employees, we will discuss the situation with our supervisors and, if not resolved, we will consult the Management Committee for direction.

Ensuring Compliance with the Code of Conduct

At the STCU, we are committed to building upon our well-earned reputation as an ethical and credible organization. For each of us, this means living up to the principles of integrity, excellence and citizenship in everything we do, as well as ensuring complete compliance with our Code of Conduct.

Your accountabilities and reporting responsibilities are outlined below. If you have any questions or concerns about your obligations, be sure to discuss them with your supervisor.

Accountabilities - Employees

Throughout the organization and in all businesses, employees are expected to comply with the Code of Conduct.

This means reading the Code of Conduct and making sure that you fully understand it. If you are aware of, or have questions concerning, conduct that may violate the Code of Conduct, or even appears to violate the Code of Conduct, you have an obligation to report it to your supervisor without delay. If you don’t feel comfortable raising the issue with your supervisor, take your concerns to the Management Committee of the STCU who will initiate an appropriate investigation and provide feedback to you. If an issue arises with a member of the STCU Management Committee, or if you do not feel comfortable raising the issue with the Management Committee, the Canadian Board member may be contacted. In all reporting, you are assured that there will be no reprisals. All reports and inquiries, including the identities of all involved individuals, will be kept confidential.

Supervisor Responsibilities

Supervisors, in addition to their responsibilities as employees, are charged with making sure that their employees understand and comply with the Code of Conduct. As the first point of contact for employees who have questions regarding the Code of Conduct and ethical issues, supervisors need to be a knowledgeable and reliable

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source of advice, and they must ensure that employees feel comfortable bringing their concerns forward. Supervisors should protect the confidence and trust of their employees, and strive to resolve problems and complaints at their level before raising it to the next level of management.

Within their respective organization unit, supervisors must monitor compliance with the Code of Conduct, address infractions, and inform their chain of command of the infraction and the resolution. .

The Canadian Board Member is accountable for making sure that the appropriate actions are taken to investigate and report known or suspected violations of the Code of Conduct by members of the Executive Staff to the STCU Governing Board for resolution, as well as those violations brought to his or her attention by an STCU employee.

The Executive Director will submit the Code of Conduct for approval by the Board of Governors of the STCU and is accountable for developing and implementation of any policies and procedures required for putting the Code of Conduct into practice. The Executive Director is ultimately responsible for the STCU’s compliance with the Code of Conduct and this includes ensuring the compliance of all employees.

The STCU’s Code of Conduct is a valuable tool to help guide you, but we all need to use our own judgment. If you need help with an ethical dilemma, speak to your supervisor or a member of the STCU executive staff (ED, DEDs, or chief officers).

All STCU staff are required to read the code of conduct (especially newly joining staff as part of the initial joining procedure), and to confirm in writing on the appropriate proforma that they have read, understood and have accepted to abide by the STCU Code of Conduct which also includes signing a non-disclosure statement.



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Kiev, 20 November 2012

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Our Ref: K-0076-2012
ALW/OKK

Cooperation between the Science and Technology Center in Ukraine and Partners not being parties to the STCU Agreement

Dear Mr. Einik,
Dear Ms. Rogovchenko,

We refer to your request of October 30, 2012. Below, we provide an overview of the legal frame for cooperation between STCU and governments and private sector entities of countries which are not member to the STCU agreement.

Under **A.**, we refer to the background of the question. Under **B.**, we provide you with a summary of our results. Under **C.**, the main legal reasons for our findings are given. Under **D.**, we outline possible changes to the STCU documents for enabling wider possibilities for cooperation.

A. Facts

As part of its ongoing efforts to adjust the Science and Technology Center in Ukraine (“STCU”) to the changed political landscape, the organization is reviewing how cooperation can be strengthened with state and non-state or-

ALICANTE
BERLIN
BRATISLAVA
BUCHAREST
BUDAPEST
DRESDEN
DÜSSELDORF
FRANKFURT/M.
KIEV
LONDON
MOSCOW
MUNICH
NEW YORK
PRAGUE
WARSAW

ganizations of countries that are not parties to the STCU Agreement.

In 1996, STCU introduced by approval of its Governing Board a formalized way for non-member-states to become a STCU-Sponsor, which was limited mainly to providing financial support to STCU projects. Japan was the only state which ever became an STCU-Sponsor under this model.

Starting from 1997, private sector companies were permitted to participate in STCU projects on the basis of Partner Project Agreements. So far, only private sector companies with industry or university background from member states of the STCU have participated in STCU projects.

STCU aims to increase and intensify cooperation with state and private sector partners, also from non-member states, to the extent this is permitted by the STCU Agreement and subordinate legal framework.

B. Summary of results

I. States of the former Soviet Union

All states of the former Soviet Union, irrespective if members of the STCU Agreement or not, are eligible for various forms of cooperation with the STCU. Such cooperation may include implementation of projects on their territory, financial support and using STCU as a contractor for projects in other countries.

II. Other states

States which are neither members of the STCU nor states of the former Soviet Union may provide funding to the STCU. Also, the STCU may act as a contractor for such states provided that the pursued activities serve the objectives of the STCU and take place in Ukraine or in another state of the former Soviet Union.

Although the wording of the STCU Agreement is not absolutely clear, the systematic of the STCU Agreement suggests that projects generally may not be implemented in countries other than those of the former Soviet Union.

III. Private sector entities

Private sector entities may provide funding to the STCU. Further, private sector entities may use the STCU as a contractor if this serves the objectives of the STCU Agreement.

The current practice of STCU to accept only industrial and university partners, and by extension government partners from Member Donor States, is not mandatorily required by the STCU Agreement. In fact, private sector entities from any country may qualify for cooperation with the STCU, if a context with the objectives of the STCU Agreement exists.

Currently, private sector entities' participation in STCU projects is practically implemented on the basis of the "STCU Partners" documents. These documents contain rather technical guidelines for the involvement of both state and non-state partners in STCU projects. However, these documents lack material criteria guiding whether a potential partner is suitable for cooperation or not.

It is recommendable to distinguish more clearly in the "STCU Partners" documents between state and non-state partners, and to list material criteria for the selection of possible partners.

C. Relevant legal findings

The STCU Agreement permits various ways of cooperation between the STCU and state and non-state partners. The text of the STCU Agreement repeatedly stresses the need and possibility of cooperation with different types of partners:

- governments;
- foundations;
- academic and scientific institutions;
- inter-governmental entities;
- and non-governmental organizations including the private sector.¹

Regarding the ways of such cooperation, the STCU Agreement provides indications, but no concluding structure. According to the text of the STCU Agreement, cooperation may include

- performing projects on the territory of states of the former Soviet Union;

¹ STCU Agreement Article III (iv)

- receiving funds or donations;²
- receiving financing or (non-financial) support, according to regulations purported by the financers / supporters, for projects which have been approved by the STCU Board;³
- Inviting inter-governmental and non-governmental organizations to STCU Board deliberations in a non-voting capacity.⁴

The systematic of the STCU Agreement does not generally permit all ways of cooperation for all possible partners. Notably, the territories where projects can be implemented are limited to states of the former Soviet Union only.

I. Cooperation with states of the former Soviet Union

1. Territorial scope of the STCU Agreement

States of the former Soviet Union (beside Ukraine, which is the primary location of STCU projects) are expressly mentioned in the STCU Agreement as possible locations of science and technology projects.⁵ As prerequisites for the implementation of projects on the territory of former Soviet Union states, the STCU Agreement requires that such states shall have a respective interest and shall provide a written concurrence which must include the agreement for auditing any monitoring of the project.⁶

It is worth noting that the STCU Agreement does not contain any self-restriction with regard to other international agreements pertaining to the same thematic and geographical focus (such as the ISTC, for example). This means that STCU projects may be implemented also in ISTC member states, such as Russia.

² STCU Agreement Article III (v)

³ STCU Agreement Article VII lit. A

⁴ STCU Agreement Article V

⁵ STCU Agreement Article II lit. A, lit. A (i)

⁶ STCU Agreement Article VIII lit. A

2. Possible involvement of certain (Baltic) states

As mentioned, the STCU Agreement provides a viable legal basis for implementing science and technology projects in Ukraine and in all other 14 successor states of the former Soviet Union.

This includes states like Lithuania, Latvia and Estonia with a successful history of integration in EU and completed transformation to full market economies. Since these states host a number of attractive private sector companies, and also qualify for implementing STCU projects on their own territories, it may be worth considering whether some STCU projects with private partner involvement should be implemented in these countries.

II. Cooperation with other states

1. Cooperation

The STCU Agreement foresees “cooperation” with inter alia “governments” in order to achieve its objectives.⁷ Besides from attracting financing on a general or project-specific basis (see below under 2.), such cooperation may include various forms and directions of collaboration between the STCU and states:

- One possible form of cooperation envisaged in the STCU Agreement is that the STCU receives “support” **from** governments etc. for its work.⁸ The systematic of the STCU Agreement suggests that the term “support” is to be understood as non-financial.

Possible ways of such (non-financial) support would be know-how transfer, training and similar services provided from states to the STCU. If support is provided – from governments etc. – to projects which have been approved by the STCU Governing Board, such support may be provided either directly to such project or via using the STCU as an intermediary.⁹

⁷ STCU Agreement Article III (iv)

⁸ STCU Agreement Preamble par. 6

⁹ STCU Agreement Article VII lit. A sentence 1

- Vice-versa, cooperation between the STCU and governments may include support from the STCU **to** governments / states by STCU projects. Obviously, the usual and preferential way of such cooperation is that STCU projects are implemented for a government, meaning that such government is the initiator and beneficiary of a certain project implemented by the STCU.

2. Financing

The government of any state may provide funds or donations to the STCU to the extent this aims at achieving the objectives of the STCU Agreement.¹⁰ Here, experience with Japan as a member donor state exists.

3. General requirements to cooperation with states

Whatever way of financing by or other cooperation with a governmental (or other) partner is chosen, the content of the STCU Agreement requires that:

- a) All cooperation and financing must serve the objectives of the STCU as outlined in Article II of the STCU Agreement. In its current wording, this invariably requires that a connection to a redirection of former weapons scientists / engineers exists; and
- b) All relevant activities representing such support should be provided on the territory of Ukraine or another state of the former Soviet Union, as the geographical scope of the STCU Agreement is rather strict in this regard.

III. Cooperation with private sector entities

1. Legal frame for cooperation

The STCU Agreement provides the general possibility for cooperation with and financing by private sector entities. Legal basis for such cooperation are a number of provisions of the STCU Agreement, in particular Ar-

¹⁰ STCU Agreement Article III (v)

title III (iv) of the STCU Agreement, which includes the “*private sector*” into the term “*non governmental organization*”. The STCU Agreement expressly permits cooperation with them.

Further to this general provision, the STCU Agreement itself does not contain specific requirements for cooperation with private sector entities. In fact, the requirements set by the STCU Agreement for cooperation with private sector entities are parallel to the requirements set for cooperation with non-member states.

This means that:

- a) Any cooperation with private sector entities must serve the objectives of the STCU as outlined in Article II of the STCU Agreement, namely relates to a redirection of former weapons scientists / engineers; and
- b) All relevant activities of cooperation with private sector entities must take place on the territory of Ukraine or another state of the former Soviet Union.

Procedurally, private sector entities may be invited to participate in meetings of the STCU Governing Board, however without voting rights.¹¹

2. Practical implementation: “STCU Partners” documents

Currently, involving private sector entities into STCU projects is governed by the “STCU Partners” documents.

a) “STCU Partners” documents as technical guideline

The “STCU Partners” documents focus on technical issues for the involvement of participants which are not parties to the STCU Agreement. Generally, the documents provide a useful basis and guideline for the implementation of STCU projects with non-member participants.

¹¹ STCU Agreement Article V sentence 2, STCU Statute Article IV lit. F

b) Recommended changes to “STCU Partners” document

So far, the current version of the “STCU Partners” documents does not clearly distinguish between governmental sector and private sector entities. Since there appear to be a number of differences between public sector and private sector participation in STCU projects, it is recommendable to distinguish more sharply between public sector and private sector project participants.

Further, the “STCU Partners” documents lack material criteria which type of partners shall be attracted, and which public or private sector entities shall not be eligible as a partner for STCU projects. Here, it would be helpful to add a catalogue of material criteria for the selection of partners. Such material criteria might include that:

- a potential partner should be registered in a jurisdiction which is bound by international agreements regarding non-proliferation;
- a potential partner should not be registered in a country which is subject to sanctions imposed by the UN / the EU / the US;
- a potential partner has been existing for a certain period of time, generated a certain minimum turnover, etc.

Also, the structure of fees charged by the STCU to private sector partners should be determined clearly in the “STCU Partners” documents.

D. Recommended changes to STCU legal documents

I. Amendments to the STCU Agreement

The STCU Agreement provides a wide range of possibilities for cooperation with state and private partners. There is no urgent need for changes. As a medium to long term option, it might be considered removing the existing geographical restrictions, which restrict project locations to states of the former Soviet Union.

II. Amendments to the STCU Statute

The Statute is the document which shall establish procedures governing the participation of non-members in STCU projects.¹² So far, the STCU Statute does not contain material guidelines regarding the eligibility of partners. We recommend that an addition is made to Article IX of the STCU Statute clarifying main material requirements to potential partners:

ARTICLE IX. (Financing of the Projects and cooperation with Partners)

A. “A project approved by the Centre may be financed or supported by the Centre, or by governments, inter-governmental organizations or non-governmental organizations, either directly or through the Centre. The Governing Board adopts directives establishing general requirements to participation of Partners in projects.”

Amendments to the Statute can be implemented by unanimous decision of the Governing Board.¹³

III. Amendments to the “STCU Partners” documents

The current version of the “STCU Partners” documents, approved by the 2nd Governing Board Meeting in May 1996, contains technical but no material requirements to potential partners. We recommend that a catalogue of criteria is added determining who can be a STCU Partner:

3. Procedures for Governing Board Approval of Non-Party Participation in STCU Activities

BACKGROUND:

[...]

PROCEDURES

¹² STCU Agreement Article IV lit. D (vi)

¹³ STCU Statute Article XIX

1. Any Party to the STCU Agreement may propose a non-Party participant to the Board for consideration. This participant may be a government, inter-governmental organization or non-governmental organization (which includes the private sector, foundations, academic and scientific institutions), provided that it complies with the following requirements:

- The jurisdiction of the participant is party to international agreements regarding non-proliferation (namely the Non-Proliferation Treaty);

- The jurisdiction of the participant is not exposed to diplomatic sanctions imposed by the United Nations, the European Union, the North Atlantic Treaty or the United States of America;

- If the participant is a private sector entity, it has been existing and active in its market for a time period of [5] years or more.

- [...].

Amendments to the “STCU Partners” documents can be implemented by decision of the Governing Board.

..*

Yours sincerely,
Noerr TOV

Alexander Weigelt
Rechtsanwalt (Germany)

Oleg Klymchuk
Attorney-at-law (Ukraine)

Position Paper
for
Re-evaluating / amending STCU Agreement

A. Can the term “*Former Weapon Scientist*” be legally replaced by “*Eligible Participant*” in all relevant STCU documentation?

1. STCU Agreement

- No amendment of the STCU Agreement is required for shifting the focus to more contemporary activities of the STCU. Also, no change in the wording of the STCU agreement itself is required as prerequisite for adjusting subordinate documents.
- However, in the case that it should be decided amending the wording of the STCU Agreement, such amendment would require univocal decision by all STCU contract parties which want to be legally bound by such changes.

2. STCU Statute

- For amending the STCU Statute, passing an unanimous decision of the Governing Board would be required and sufficient.

3. Other STCU documents

- Amending subordinate STCU documents, such as Financial Regulation Guidelines, Internal Financial Project Audit Procedures etc. could be implemented in most cases by the Executive Director alone, alternatively in any case by unanimous decision of the Governing Board.

B. Is it possible for STCU to participate in joint projects with the International Science and Technological Centre (ISTC)?

1. Legal basis

- Art. III (iv) of the STCU Agreement provides an express basis for cooperation with the ISTC, to the extent that such cooperation aims at achieving the objectives of the STCU as set out under the STCU Agreement.

2. Form of cooperation

- There are no strict limitations for such cooperation. Cooperation may include shared funding with the ISTC. It may also include involvement of the private sector.

3. Practical implementation

- Practical implementation can be achieved on a case by case basis
- A more institutionalized cooperation could be implemented by the respective executive directors of both STCU and ISTC.
- Although not clearly required by the Agreement or its by-laws, obtaining approval from the respective government boards of both organizations is advisable.

C. Is it possible for STCU to participate in initiatives of the European Union regarding CBRN Risk Mitigation Centers of Excellence?

1. Legal Basis

- Cooperation between STCU and the European Union can be based on Art. III (iv) and (v) of the STCU Agreement.
- The EU qualifies, in the context of the STCU Agreement, as a governmental organizations, with which STCU is entitled to cooperate and from which STCU may receive funding.

2. Openness of EU CBRN Risk Mitigation CoE projects for STCU participation

- The wording of the EU CBRN Risk Mitigation CoE Initiative expressly refers to the STCU as part in the CoE picture.

Science and Technology Center in Ukraine
- Mr. Michael Einik, Executive Director -
7a Metalistiv St.
03057 Kiev
Ukraine

Noerr

Alexander Weigelt
Rechtsanwalt

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Kiev, 05 October 2012

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Our Ref: K-0055-2012
ALW

**Transforming legal framework for and scope of the
Science and Technology Center in Ukraine**

Dear Mr. Einik,
Dear Ms. Rogovchenko,

We refer to your request regarding legal feasibility of implementing changes in the legal framework governing the activities of the Science and Technology Center in Ukraine (“STCU”). Below under **A.**, we refer to the facts outlining the background of the discussed changes in the applicable legal framework. Under **B.**, the legal questions to be reviewed are given. Under **C.**, we provide our answers to these questions. Our detailed legal analysis leading to these answers you will find under **D.**

ALICANTE
BERLIN
BRATISLAVA
BUCHAREST
BUDAPEST
DRESDEN
DÜSSELDORF
FRANKFURT/M.
KIEV
LONDON
MOSCOW
MUNICH
NEW YORK
PRAGUE
WARSAW

Attached to this letter, we provide you with a summary for use in communication with member states of the STCU Agreement.

A. Facts

After more than 15 years of operation, the Parties to the STCU Agreement have initiated a review how the organization can be adjusted to the changed political landscape. This review was originated by the fact that a large number

of former weapons scientists and engineers of the Soviet Union have been redirected to other activities, thereby successfully fulfilling the original scope of the STCU Agreement.

To this behalf, proposals were made from the Parties aiming at adjusting the circle of beneficiaries, and thereby amending the scope of the STCU activities, beyond the originally envisaged clientele.

Further, pursuits shall be made to find ways for cooperation between the STCU and the International Science & Technology Center (“ISTC”), an organization with origin and scope similar to those of the STCU.

Also, possibilities for cooperation between the STCU and the European Union CBRN Risk Mitigation Centres of Excellence projects, which have been launched since 2010, shall be evaluated.

The STCU Governing Board instructed the Executive Director to actively develop viable solutions for achieving the goals mentioned above.

B. Questions

- I. Can the term “Former Weapon Scientist” be legally replaced by the term and definition “Eligible Participant” in all relevant STCU documentation?**
- II. In which way may the STCU participate in joint projects with the International Science and Technological Centre (ISTC)?**
- III. In which way may the STCU participate in initiatives of the European Union regarding CBRN Risk Mitigation Centers of Excellence?**

C. Answers

- I. Replacing the term “Former Weapon Scientist” by “Eligible Participant” is legally possible in all STCU documents referring to the term.**
 - For certain documents, we recommend slightly deviating amendments to avoid unintentional ambiguity.
 - The **STCU Agreement** itself, although making twice reference to the term “*weapon scientist and engineer*”, does not necessarily require

amendments in its wording as prerequisite for shifting the focus to more contemporary activities of the STCU. Also, no changes in the wording of the STCU Agreement itself are required as prerequisite for adjusting subordinate documents. However, in the case that one or several Parties should elect to technically amend the wording of the STCU Agreement itself, such amendments would be binding only to those STCU contract parties expressly consenting to them.

- Amending the **STCU Statute** in the intended direction would require a unanimous decision of the Governing Board to do so.
- Amending **subordinate STCU documents**, such as Financial Regulation Guidelines, Internal Financial Project Audit Procedures etc. could be implemented in certain cases by the Executive Director alone, alternatively by unanimous decision of the Governing Board.

II. Art. III (iv) of the STCU Agreement provides an express basis for cooperation with the ISTC to the extent that such cooperation aims at achieving the objectives of the STCU as set out under the STCU Agreement.

- There are no strict limitations for such cooperation. Cooperation may include shared funding with the ISTC, joint management as well as involvement of the private sector.
- Practical implementation can be achieved on a case by case basis, or as a more structural cooperation which could be **implemented by the respective executive directors of both STCU and ISTC**. Although not clearly required by the STCU Agreement or its by-laws, obtaining approval from the respective governing boards of both organizations is advisable.

III. Art. III (iv) and (v) of the STCU Agreement provide a general legal basis for participation of the STCU in projects implemented by the European Union, to the extent such cooperation aims at achieving the objectives of the STCU as set out under the STCU Agreement.

- The EU CBRN Risk Mitigation CoE Initiative serves numerous objectives similar or identical to the objectives of the STCU as defined under Art. II of the STCU Agreement.
- Further, the EU CBRN Risk Mitigation CoE Initiative contains an express reference to cooperation with STCU as part of the CoE network, thereby opening the CoE Initiative for the STCU as a partner and admissible recipient of EU funding.

D. Detailed Legal Evaluation

I. Replacing the term “*Former Weapon Scientist*” by “*Eligible Participant*”

1. Amending wording of the STCU Agreement

The STCU Agreement, as a treaty between states being the constituent instrument of an international organization¹, is subject to the Vienna Convention on the Law of Treaties².

Amending the wording of the STCU Agreement could be implemented with effect for all Parties, in the case that all Parties consent to such amendment³, or with effect between certain Parties only⁴. Any such change would have to be agreed by the respective organs of member states of the STCU Agreement according to normal international law practice.

2. Amending wording of STCU Statute and subordinate documents

a) Possibility to amend STCU Statute / subordinate documents in the case that the wording of the STCU Agreement itself is not amended

- Art. IV lit. D of the STCU Agreement provides that the STCU Statute shall implement the STCU Agreement. This implies that the provisions of the STCU Statute need to remain within the range of the STCU Agreement and should not exceed it.
- The range of the STCU Agreement:
 - Is defined mainly by the objectives (Art. II) and by the authorizations (Art. III);
 - Is also determined by the practice in the application of the STCU Agreement⁵. Therefore, the STCU Agreement itself would contain a wider understanding (than “Former Weapon Scientist”) of the circle of participants in the case that a respective practice has been exercised. From the last annual reports published by the STCU it derives that,

¹ STCU Agreement Art. 1 Clause 1

² Vienna Convention on the Law of Treaties of 23 May 1969, Art. 5

³ Vienna Convention, Art. 40.2

⁴ Vienna Convention, Art. 41

⁵ Vienna Convention, Art. 31.3 (b)

in the practice, the scope of STCU activities has developed towards a broader understanding of the objectives, and that this has found acceptance of the member states.

b) Amending STCU Statute

- Technically, the wording of the STCU Statute may be amended by unanimous decision of all members of the Governing Board⁶.
- The wording of the STCU Statute does not contain a reference to the exact term “Former Weapon Scientist”. However, in its provisions guiding the approval of projects by the Governing Board, the wording refers to “*the redirection of weapons scientists and engineers to peaceful activities*”⁷.
- The suggested change in the wording of the STCU Statute – replacing the term “(Former) Weapon Scientist” by “Eligible Participant” – would obscure the understanding of Art. VIII lit. I (I).

Therefore, to keep the STCU Statute stringent and understandable, it is recommended that the wording of Art. VIII lit. I (I) is amended either by deletion of the last half sentence, or by a context sensitive change as follows:

“... in particular, ~~the redirection of weapons scientists and engineers to peaceful activities~~ whether they are Eligible Participants;

c) Amending other subordinate STCU documents

- Certain subordinate STCU documentation, such as the Internal Financial Project Audit Guidelines⁸ and the STCU Project

⁶ STCU Statute Art. XIX

⁷ STCU Statute Art. VIII lit. I (I)

⁸ „Procedures“ bullet point 2

Software User's Guide⁹, refer to the term "Former Weapon Scientist". Other subordinate STCU documents, such as the Financial Regulations of the STCU, do not make references to the term.

- Technically, the wording of subordinate STCU documentation may be amended in most cases by the Executive Director alone, making use of his functions as the person responsible for the supervision of the daily administration of the STCU¹⁰.
- In any case, an unanimous decision of all members of the Governing Board would be sufficient for amending all of such subordinate STCU documents.

II. STCU participation in joint projects with the International Science and Technological Centre (ISTC)

1. Permissibility of STCU participation

Structure and scope of the **STCU Agreement** provide in manifold ways for cooperation with other institutions. It is expressly recognized that success of the STCU as international organization will require support from, inter alia, other inter-governmental entities¹¹. In order to achieve its objectives, STCU is authorized to establish appropriate forms of cooperation with, inter alia, inter-governmental organizations¹², and to receive funds or donations from them¹³.

The ISTC is an inter-governmental organization¹⁴, thereby generally meeting the requirements set by the STCU Agreement for a permissible form of cooperation.

⁹ Pages 3, 7

¹⁰ STCU Statute Art. V lit. B

¹¹ STCU Agreement, Preamble par. 5

¹² STCU Agreement Art. III (iv)

¹³ STCU Agreement Art. III (v)

¹⁴ ISTC Agreement Art. I Clause 1

2. Suitability of ISTC as a cooperation partner for STCU

On its part, the ISTC Agreement authorizes the ISTC establishing appropriate forms of cooperation with, inter alia, inter-governmental organizations¹⁵, in order to achieve the objectives of the ISTC.

3. Framework for project coordination, financing etc.

a) Forms of cooperation

The founding documents of both STCU and ISTC do not specify particular forms of cooperation between both inter-governmental organizations, referring generally to “*appropriate forms of cooperation*” only¹⁶, although requiring that the objectives of the respective organization are achieved. Therefore, any permitted type of project under either agreement would be suitable for a joint realization with the respective other organization.

b) Financing

The wording of either agreement foresee that joint projects with other inter-governmental organizations may be (co-)financed. In particular, joint projects may be co-financed by using funds provided by the other inter-governmental organization, or by the STCU, once such joint project has been approved by the STCU Governing Board¹⁷.

c) Administrative issues

- Cooperation projects between STCU and ISTC would have to be **approved by the STCU Governing Board**¹⁸.

¹⁵ ISTC Agreement Art. III (iii)

¹⁶ STCU Agreement Art. III (iv), ISTC Agreement Art. III (iii)

¹⁷ STCU Agreement Art. VII lit. A

¹⁸ STCU Agreement Art. VII lit. A

- ISTC representatives could be invited to **participate in deliberations of the STCU Governing Board**, however, without voting power¹⁹.
- The STCU Governing Board may approve **specific rules of procedure** governing participation of inter-governmental organizations, such as ISTC, in board meetings²⁰.

III. STCU participation in initiatives of the European Union regarding CBRN Risk Mitigation Centers of Excellence

1. Permissibility of STCU participation

The wording of the STCU Agreement does not expressly provide for participation in projects organized by the European Union or one of its sub-organizations. However, cooperation between STCU and the European Union can be based on Art. III (iv) and (v) of the STCU Agreement:

- Art. III (iv) of the STCU Agreement permits the STCU establishing appropriate forms of cooperation with, inter alia, governments and inter-governmental organizations. Art. III (v) permits the STCU receipt of respective funding.
- The European Community and the European Atomic Energy Community were originally founded as inter-governmental organizations between independent European states. By declaration of 25 October 1993, the European Community and the European Atomic Energy Community acceded to the STCU Agreement. As the legal successor of the European Community²¹, the European Union is Party to the STCU Agreement.

¹⁹ STCU Agreement Art. V Clause 2

²⁰ STCU Statute Art. IV lit. F

²¹ Art. 1 Clause 5 EU

- The European Union has own legal personality and is not exactly an inter-governmental organization. However, taking into account its legal character as successor of the abovementioned previous inter-governmental organizations, the wording of Art. III (iv) and (v) of the STCU Agreement is to be interpreted accordingly. Consequently, the European Union has to be considered as an entity with which STCU is entitled to establish appropriate forms of cooperation, and from which STCU is entitled to receive funds.

2. Openness of EU CBRN Risk Mitigation CoE projects for STCU participation

The wording of the EU CBRN Risk Mitigation CoE Initiative refers, under the heading “The CoE Network”, to the STCU as part in the CoE picture. Clearly, this EU CoE is open for participation of STCU in it.

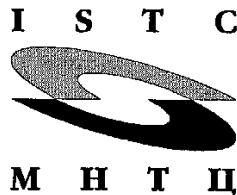
..*

Yours sincerely,
Noerr TOV

Alexander Weigelt
Rechtsanwalt

Oleg Klymchuk
Attorney-at-Law (Ukraine)

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Our Ref.: PS-PAR- 007

20 November 2012

Ambassador M. Michael Einik
Executive Director
Science and Technology Center in Ukraine
Kyiv, Ukraine
Tel: + 380 44 4907150
Fax: + 380 44 4907145

Subject: ISTC Partner Program APPROVAL

Dear Ambassador Einik,

I am pleased to inform you that your application for the ISTC Partner Program has been approved by the ISTC.

As an officially registered Partner, the ISTC Partner Program provides you with numerous possible benefits of cooperation with top scientists of the ISTC member countries with support and assistance from the ISTC. ISTC will be happy to provide you with additional information and assistance concerning the ISTC Partner Program.

Once again, we welcome you to the ISTC Partner Program and look forward to a successful future working together.

Respectfully,

Sergey A. Vorobiev
Acting Executive Director

**Considerations for
Sponsor and Partner membership
for Non-Member Countries that want to
use STCU services for Projects**

November 29-30, 2012

Vic Korsun
Deputy Executive Director (US)

Transformation

**Chart 1 – Partner Funding Trend and
2012 Partner Funding of \$15 million USD**

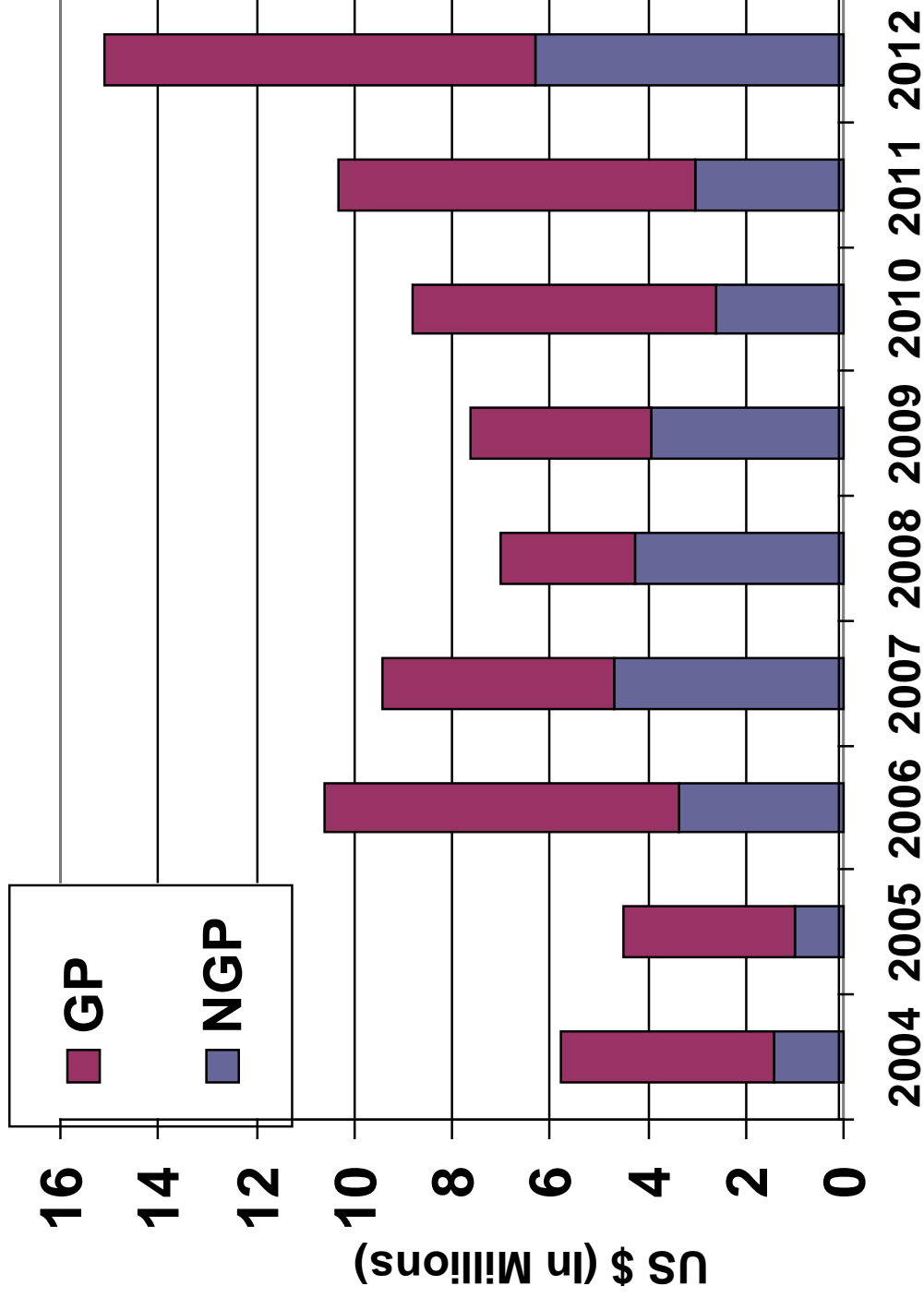
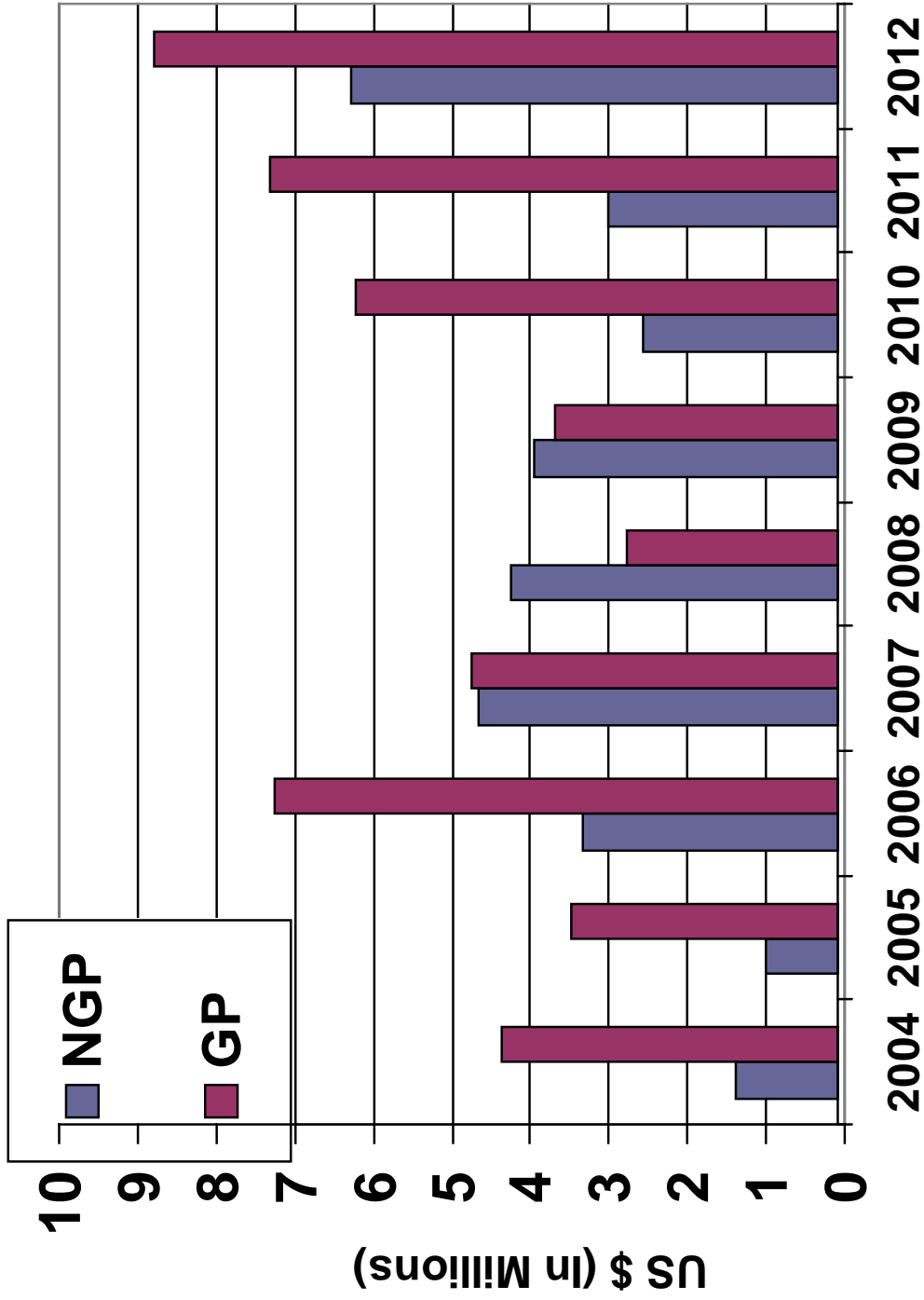
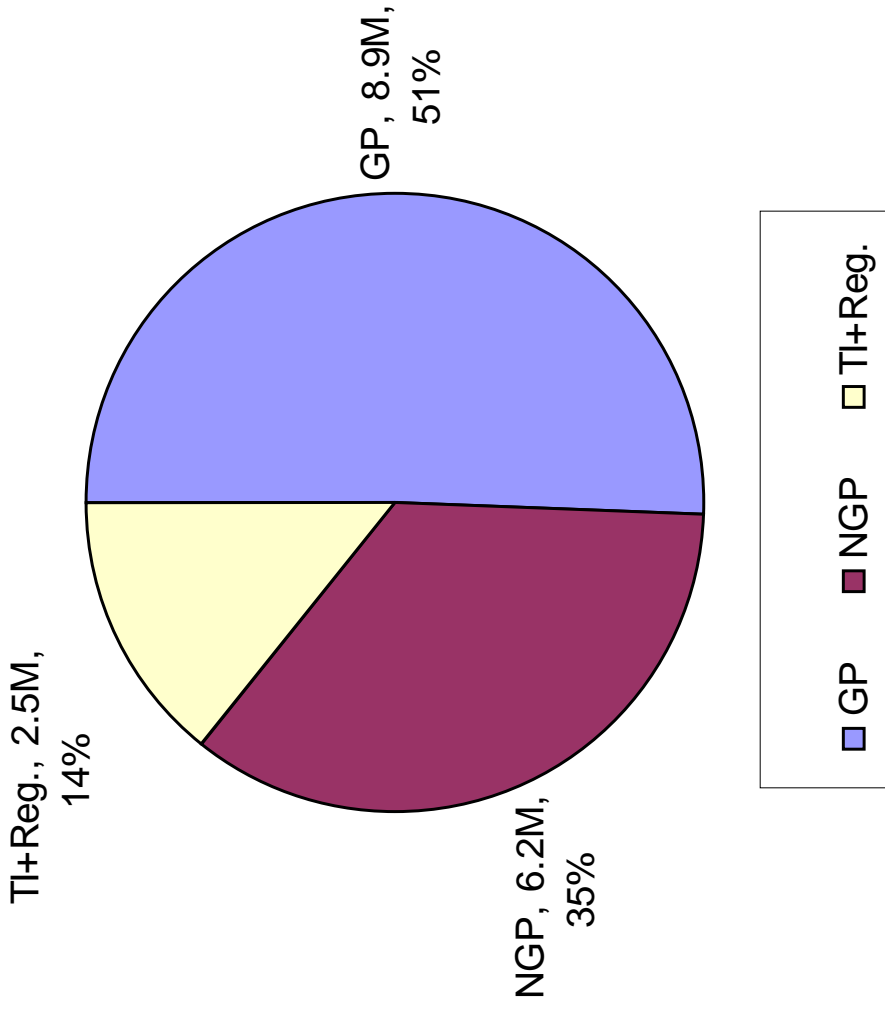


Chart 2 – NGP & GP Partner Funding Trend



2012 Projects Approved -- \$17.6 million (est.)



International Collaboration and Support are Key for Economic Development of Ukraine and CIS Countries

- “Ukraine will be able to take its proper place in Europe and in the world under the condition of implementing an innovative way of development.”
-- President Yanukovich
- In the course of the 21st century science and innovation are simply the basis of progress but also the prerequisite of sustainable economic growth, state security and sound public welfare.
- Innovative capacity and technological readiness are integral parts of the competitiveness of the national economy of Ukraine.
- Ukraine has preserved a large scientific network of institutes and technical universities to be able to effectively produce the international standards and results.

-- Volodymyr Semynozhenko
Chairman, State Agency on Science,
Innovation and Informatization of Ukraine

For Partners STCU services include:

- a) Partner Project Agreement preparation with signatory decision-makers.
- b) Partner project coordination and monitoring with timely delivery of scientific reports and deliverables,
- c) Partner project accounting according to international standards;
- d) Procurement of materials and equipment with VAT-free purchases abroad;
- e) Customs clearance free from all duties and taxes;
- f) Tax-free grants to scientists directly through their individual bank accounts
- g) Host government concurrence (HGC).

Proposal-1: Considerations to broaden the definition of what is a Partner

- Currently, only Member Donor States allow their own countries' industrial and university Partners, and government Partners
- **Proposal:** Allow industrial and university Partners from non-member States,
 - Such as Partners from Japan, Norway, South Korea, Switzerland, Australia, Singapore, et al.
 - We could require that the Partner organizations come from a country that adheres to certain non-proliferation agreements as a minimum.
- **Approval for such projects would be similar to our present method of Non-Concurrence approval for Partner projects**
- From previous years we have a precedent for other governments such as Japan, for example, where Japan is not a formal STCU member but STCU's GB agreed they could fund projects at STCU if they paid a 7% fee on Partner Projects.

STCU Non-member States must adhere to global nonproliferation principles, as determined by the STCU Parties.

Proposal-2: Second tier level of STCU **State membership: “SPONSOR”**

- In order to develop additional sources of revenue for STCU, this proposal is to offer the STCU Parties a second tier level of membership for those States that want to use our services for Partner Projects.
- We can call this a "Sponsor" member country given the existing precedent with Japan.
- Sponsor Member government entities can do projects through us, with a 10% surcharge.
- Similarly, Commercial Companies of Sponsor Member countries can apply to our Partnership Program and they would also pay a 10% surcharge for our services.

STCU Non-member States must adhere to global nonproliferation principles, as determined by the STCU Parties.

BENEFITS:

- This can encourage new Partner participation to help FWS become more self-sustainable through additional sources of funding.
- It will make it easier for other countries to work with FWS in CIS countries.
- It will add new revenues to cover STCU's AOB

Recommendations

- a) Initiate and implement plan to promote the establishment of a new second tier level of "Sponsor" membership for non-member States that want to use STCU services for Partner Projects
- b) Allow industrial, university Partners, and government partners from non-member States
- c) develop a separate fee structure for GP and NGP Partners from non-member States
- d) Initiate specific meetings with embassies such as Japan, Norway, South Korea, Switzerland, Australia, Singapore, et al.
- e) Begin promoting STCU Partner Projects from non-member States.

Follow-up to the Ukrainian proposals from 2010 to expand types of activities for STCU

November 29-30, 2012

Vic Korsun
Deputy Executive Director (US)

Transformation

Pilot: Initiate three types of new activities with other countries outside of CIS for the next 1 to 2 years:

Joint Security Training Workshops

- STCU to develop and organize week-long training workshops in security and nonproliferation fields, to include participants from other countries as decided by the STCU Parties.

Joint Scientific Conferences

- In a similar vein to these training workshops, STCU could develop and organize scientific conferences, technical meetings and exhibitions in Ukraine, to include participants from other countries as decided by the STCU Parties.

Joint Scientific Projects

- Another concept would be to award scientific projects to be performed jointly by Ukrainian universities and institutes jointly with scientists from other countries as decided by the STCU Parties.

All Training Workshops, Scientific Conferences, and Projects could be done in conjunction with ISTC and ISTC's Member Countries.

Joint Security Training

Workshops

A proposal for new training activities by STCU with countries outside of CIS

- STCU to develop and organize week-long training workshops in security and nonproliferation fields. These workshops could be carried out at KPI – the National Technical University of Ukraine, at other universities and institutes, and also in the Crimea in important areas such as:
 - Chemical safety and security
 - Bio-security
 - Technology Transfer
 - Other areas of interest to the Parties
- The goal would be to involve experts
 - from Ukraine and CIS countries,
 - from western countries, and
 - scientists and specialists from other countries which are approved by the STCU Parties.
- All the training meetings and workshops would be supportive of STCU's security and nonproliferation mission.

Three Pilot Training Workshops

- For these training workshops there would be participants from CIS countries and up to 40% from other countries as decided by the STCU Parties.
- Scientists and specialists from other countries could be supported by STCU Donor countries.
- First 3 training workshops to be carried out in 2013.
- An assessment would be made in order to proceed with additional training workshops.

Chemical safety and security training in Ukraine

STCU to carry out a week-long Chemical safety and security training workshop to include

- Ukrainian chemical safety engineers and trainers,
- EU, Canadian and US chemical specialists, experts and trainers
- Chemical safety engineers from other countries as decided by the STCU Parties

Possible training workshops to be considered with Parties:

- Bio-threat reduction and bio-security training in Ukraine, CIS and other countries
- IPR, Technology Transfer and Commercialization training
- Nuclear Forensics equipment training
- Nuclear Forensics Regional Security training
- Information security training
- Food safety training
- Water safety and security

Joint Scientific conferences

Joint Scientific conferences

- In a similar vein to the training workshops, STCU could develop and organize
 - scientific conferences,
 - technical meetings, and
 - exhibitions in Ukraine.

Include participants from other countries as decided by the STCU Parties.

Possible Joint Scientific Conferences

- New materials (nano-materials, advanced ceramics, advanced metals)
- Industrial technologies
- Information and Communications Technologies
- Life Sciences, Bio-technologies, and Bio-Informatics
- Nuclear Safety and Security
- Environmental
- Renewable Energy
- Others

The joint scientific conferences could lead to development of specific joint scientific projects

Joint Scientific Projects

Joint Scientific Projects

- Another concept would be to award scientific projects to be performed jointly by Ukrainian universities and institutes, jointly with scientists from other third countries as decided by the STCU Parties, based on global priorities.

Joint Scientific Projects

- New materials (nano-materials, advanced ceramics, advanced metals)
- Industrial technologies
- Information and Communications Technologies
- Life Sciences, Bio-technologies, and Bio-Informatics
- Environmental
- Nuclear Safety and Security
- Renewable Energy
- Others

Specific joint projects could be planned as a result of the scientific conferences

Benefits from all 3 sets of proposals for Joint Training, Joint Conferences, Joint Projects

- Utilizing the expertise built up in CIS, especially in Ukraine, to help other third countries to learn lessons of nonproliferation
- Additional resources for self-sustainability of FWS scientists and institutes
- STCU mechanism is already in place
- Ukraine can make it convenient to work here
- New sources of funding outside of CIS

STCU and Ukraine can become a hub for nonproliferation activities and training

**Some examples of STCU activities
that could be considered**

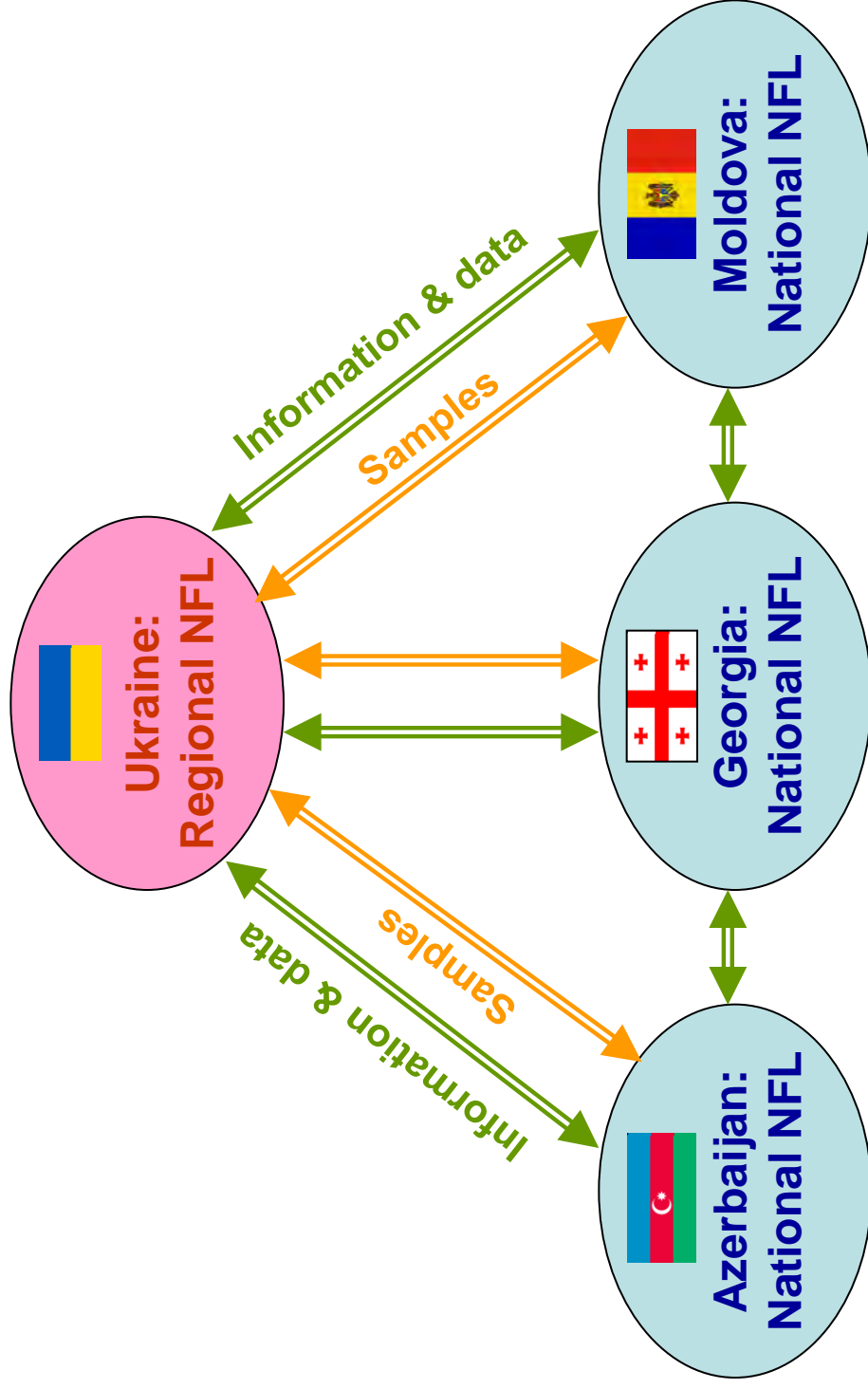
Training Courses on Practical Aspects of Nuclear Forensics

- **Practical Aspects of Nuclear Forensics - Part 1 (May, 2012)**
 - At the Kyiv Institute for Nuclear Research (KINR).
 - The training will be focus on using methods, equipment and modern software to characterize first of all nuclear materials such as uranium and plutonium with different isotopic composition.
- **Practical Aspects of Nuclear Forensics - Part 2**
 - At the National Science Center "Kharkiv Institute of Physics and Technology" (KIPT)
 - The scientists from the KIPT will provide lectures and practical exercises using a wide spectrum of nuclear materials and radioactive sources/substances. The national nuclear forensics experts from Azerbaijan, Georgia, Moldova, Armenia and the Kyiv nuclear forensics laboratory will bring with them the portable equipment and perform the measurements of the characteristics of the different types of nuclear materials and radioactive sources.
- **Lessons-learned workshop**
 - On the final stage of the project implementation the lessons-learned workshop will be held at KINR.

Recommendation: Use this set of Nuclear Forensics training courses as a model for third countries selected by STCU Parties

International Cooperation in Nuclear Forensics

Advanced capabilities & capacities



Core capabilities & capacities



US DEPARTMENT OF STATE BIOSECURITY ENGAGEMENT PROGRAM



- **US DOS Biosecurity Engagement Program (BEP) already provides Training Support Grants**
- **PAKISTAN APPLICANTS:** Due to the broad scope of DOS program in Pakistan, BEP accepts training grant applications, working closely with Pakistani colleagues to identify training and trainees.
- Goal is to effectively build sustainable capacity for biosafety, infectious disease detection and reporting, and R&D.

Recommendation: Use the US BEP program as a model for working with third countries selected by STCU Parties.

Training in Ukraine, similar to what is done in western countries

- The 'Introduction to Nuclear Security' Professional Development Course at King's College London hosted by University of Central Lancaster
- Such courses and training can be provided also by Kyiv Polytechnic Institute, or other technical universities in Ukraine
 - Chemical safety and security
 - Bio-security
 - Technology Transfer
 - Other areas of interest to the Parties

Recommendation: Develop in Ukraine and also for third countries selected by STCU Parties.

KPI's Technology Transfer Broker Courses

- Training 1. "Technology Transfer Brokerage"
 - (3 days, 24 academic hours)
- Training 2. "Intellectual property rights & Licensing"
 - (2 days, 16 academic hours)
- Training 3. "Commercial activities and technology transfer markets"
 - (2 days, 16 academic hours)
- Training 4. "Technology Transfer Management"
 - (2 days, 16 academic hours)
- Training 5. "Development of innovative business"
 - (2 days, 16 academic hours)

Recommendation: These courses at KPI are already being used and can be applied to third countries selected by STCU Parties

Water protection and water security

EPA is implementing Water Security training:

- **Phase I**: Develop a system for response to drinking water contamination incidents to mitigate public health and economic impacts;
- **Phase II**: Develop contamination warning systems through pilots at drinking water utilities and municipalities
- **Phase III**: Develop practical guidance and outreach to promote voluntary national adoption of effective and sustainable drinking water contamination warning systems.

Recommendation: Develop such training courses in Ukraine for third countries selected by STCU Parties

Information Security

- Since the Internet (IT) has become a global mechanism for spreading knowledge about WMD, we propose that STCU support the development of an environment to create approaches to use IT as a mechanism for nonproliferation and limiting the spread of knowledge about WMD.
- EG., Information Security

Recommendation: Develop courses in Ukraine, and also for third countries selected by STCU Parties.

Benefits

Such an approach for security training workshops, joint scientific conferences, and joint projects:

- Develops a network of universities and institutes to foster a culture of safety and security for dual-use areas
- Raises an awareness of dual-use concerns for each country in a global collaborative approach
- Incorporates common training material and curricula for areas of dual-use and security concerns for participants
- Fosters dissemination of best practices among Ukrainian and CIS experts, western experts, and experts from third countries.

Funding for Joint Workshops and Conferences

- The budget for each training workshop to be approx. \$50 thousand USD for the Ukrainian portion of the meetings.
- Western experts would be supported by their own governments.
- Scientists and specialists from other countries could be supported by STCU Donor countries.

Proposed budget for each week-long workshop or conference:

- \$50K for Ukrainian and CIS portion
- In-kind contributions from the Ukrainian side or CIS countries
- \$30K for 3 western experts
- \$100K for 10 scientists and specialists from other countries as decided by STCU Parties

Total (from all sides) = \$180K for each week-long training workshop or conference.

Proposed STCU budget for 3 Pilot events:

STCU Total = 3 x \$50K = \$150K

Recommendations

- Allocate budget for 3 Pilot events to be held in Ukraine.
- Initiate specific planning with countries outside of CIS to carry out:
 - a) Joint Security Training Workshops
 - b) Joint scientific conferences
 - c) Joint scientific projects

All Training Workshops, Scientific Conferences, and Projects could be done in conjunction with ISTC and ISTC's Member Countries.

**To the Members of the Advisory committee of STCU
October, 2012**

In order to stimulate discussion for future cooperation under the Science and Technology Center in Ukraine, and since there are many new AC members, I would like to reiterate some of the ideas, concepts and proposals that I presented at the Governing Board Meeting in Tbilisi, 2010.

**Proposals of Ukraine concerning the STCU mission after 2012, Tbilisi Annual Meeting of the Board,
2010**

In my presentation I would like to explore ideas and proposals that we considered in the Kyiv Strategy meeting in March concerning the STCU's Mission during the next 10 years from 2011 to 2020. These ideas have been co-ordinated with the Minister of Education and Science of Ukraine mister Tabachnik and Head of State committee for Science, Technology and Innovation Policy of Ukraine mister Grinjob.

Since 1995, STCU's mission for our region has been to reduce the outflow of experts in the fields of critical and dual technologies by supporting and redirecting their efforts into peaceful and civilian oriented arias.

Without a doubt this mission has been successfully accomplished. As a result our primary mission of nonproliferation is less urgent and not so all-consuming. In addition, not only has our mission been successful, but critical and dual technologies are getting outdated in our countries and the number of scientists who are carriers of these technologies is diminishing.

I do not think, however, that it is time for us to phase out our activities, especially after renewal the cooperation between Ukraine and Russia in the field of high and critical technologies. We have built an organization that has become well respected and accepted in the region and we have developed a network of contacts and a method of operating that has taken a lot of time and energy.

Moreover, we have begun to build a level of trust in the region between the western countries and the countries of the former Soviet Union. It has taken years to do this. Let us remember that trust needs constant nurturing and attention. It would not be in anyone's interests for us to phase out operations in the near future. In fact, it would be a strategic error.

We need to recognize that there is so much to be gained by us going forward—continuing our present mission but also expanding our vision and our activities. Let us begin to develop a plan for the next 10 years.

STCU has been successful in Ukraine for 15 years!
And Ukraine is grateful!

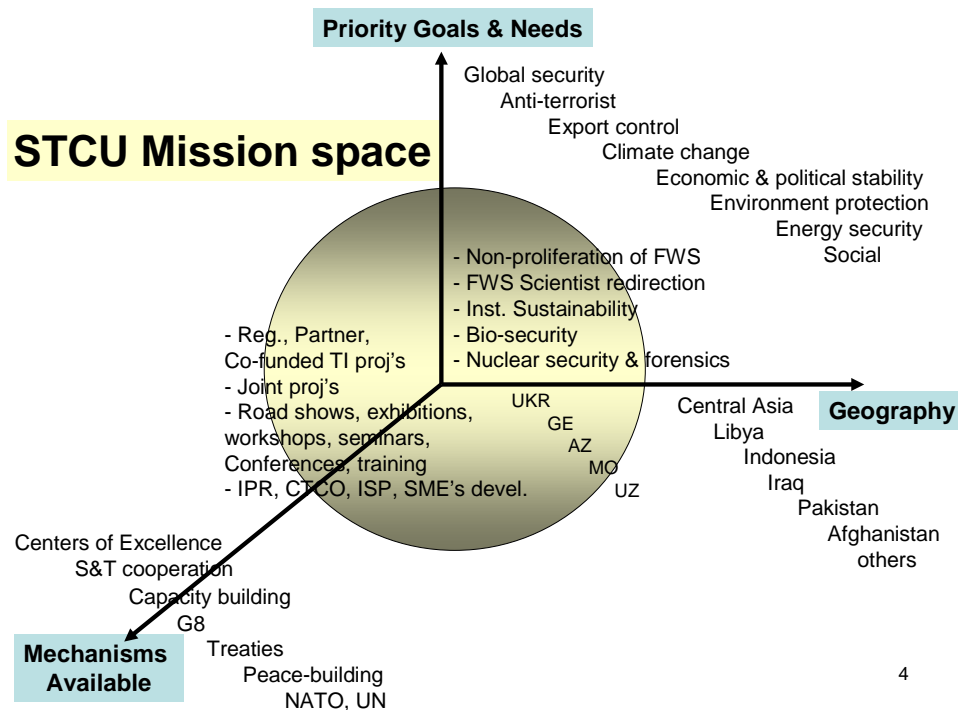
- Together we have addressed nonproliferation of WMD (Weapons of Mass Destruction) and redirecting FWS (Former Weapons Scientists) in Ukraine and other CIS countries.
- STCU has built bridges from west to east and developed strong friendships.

- Together we can continue to build on our mutual successes and we would want such activities and new activities to continue.

In considering the future for STCU we are aware that by mutual consent STCU's Mission, Goals and Responsibilities have been changed by the Parties over the past 15 years. The proliferation threat has diminished in the former Soviet Union but it has not been eliminated. In addition, the threat has spread globally as a significant step.

Let's discuss STCU's Mission in a global 3-dimensional space along the coordinates of:

Priority Goals and Needs,
Geography, and
Mechanisms Available.



These 3 coordinates (priorities, geography and mechanisms) allow us to define the space that STCU works in and allows us to consider other priorities and the geographic range of the nonproliferation world.

Priorities and Needs Axis

In this 3-dimensional space, first we see the Priorities and Needs Axis at the top. For STCU these include:

- Non-proliferation of Former Weapons Scientists (FWS),
- FWS Scientist redirection,
- Institute Sustainability,
- Bio-security,
- Nuclear security & forensics, and other areas.

But we know that there are other priority needs that the Parties have and work on, such as:

- Global security
- Anti-terrorism
- Export control
- Climate change
- Economic & political stability
- Environment protection
- Energy security
- Social and medical aspects and others.

It would be good to consider some of these other priorities in planning for STCU's future mission.

Geography Axis

Next let's look at the Geography Axis. STCU and its divisions primarily work in some of the countries of the former Soviet Union. STCU specifically works in Ukraine, Georgia, Azerbaijan, Moldova, and a vestige still exists in Uzbekistan.

Can we extend STCU's geography mandate to include other countries that we know need nonproliferation activities and programs to help them. Countries of Central Asia, like Libya, Syria, Indonesia, Iraq, Pakistan, Afghanistan, and other? The Ukrainian government has ties with some of these countries. Some of these countries come to Ukraine directly and ask for assistance. We send Ukrainian government and scientific missions to some of these countries for discussions and scientific tours.

Can we extend STCU's activities to work with the scientists in some of these countries? Can we maybe have joint scientific, environmental, medical, and energy projects together with them? In countries where a high threat level is perceived by western countries, Ukraine can possibly be an effective intermediary. I am not suggesting that we send our scientists into Libya or Pakistan, for example, but I believe that some of their governments and scientists would want to come to Ukraine to work with our scientists, to do research with us, to send their students to Ukrainian universities, for instance. We believe that this is possible and STCU can be the mechanism for joint collaboration and projects.

Mechanisms

This brings us to the third axis, the Mechanisms that are available to STCU specifically and to the Parties in general. In the present STCU space, STCU does activities and programs such as Regular projects, Partner projects with industrial companies, with government organizations and with public agencies and

universities. STCU and the National Academy of Sciences of Ukraine also have an agreement to do joint Targeted Initiative projects that are funded 50-50.

Co-funded projects

Perhaps there could be more 50-50 projects with other Ministries of Ukraine, such as the Ministry of Education and Sciences, the Ministry for Unusual Accidents, Ministry of Health, Ministry for Ecological and Environmental Protection, Ministry for Agrarian Policy, and others. We believe that some of these government organizations may want to work 50-50 with STCU. Sometimes the Parties work with these Ministries directly.

Perhaps some projects that the Parties are interested in could be done through STCU – not just to give STCU more work, that is not the aim, but to find mechanisms that are useful for all the Parties to meet their nonproliferation goals. Ukraine can benefit, because if they are working on an important project for the country it would be beneficial for them to receive other funds to make the project better and more successful. Some of these projects may be of interest to the Parties. This can be explored with different Ukrainian Ministries, and also Ministries of the other CIS countries that STCU works with. Ukraine could work and collaborate on projects with the other countries mentioned before those were not part of the former Soviet Union.

Scientific delegations, conferences and exhibitions

Other activities that STCU works on, such as taking scientific delegations to western countries and technical exhibitions to promote Ukrainian technologies and to find companies that would be interested to work with Ukrainian scientists at scientific institutes and universities. Scientific delegations from other countries can go with us on such missions. Ukrainian institutes and universities sponsor a lot of scientific conferences on many different important topics, perhaps there could be invitations to scientists to come to present their own work.

We understand that STCU used to help finance such international conferences and seminars in the past. Perhaps this can be restarted again. Scientific conferences are an important mechanism for joint discussions and forming collaborations. STCU continues to provide expert training on how to write proposals better, how to protect their inventions through international patents, technology transfer, etc. – these are mechanisms that are important in all the other countries outside of the former Soviet Union as well.

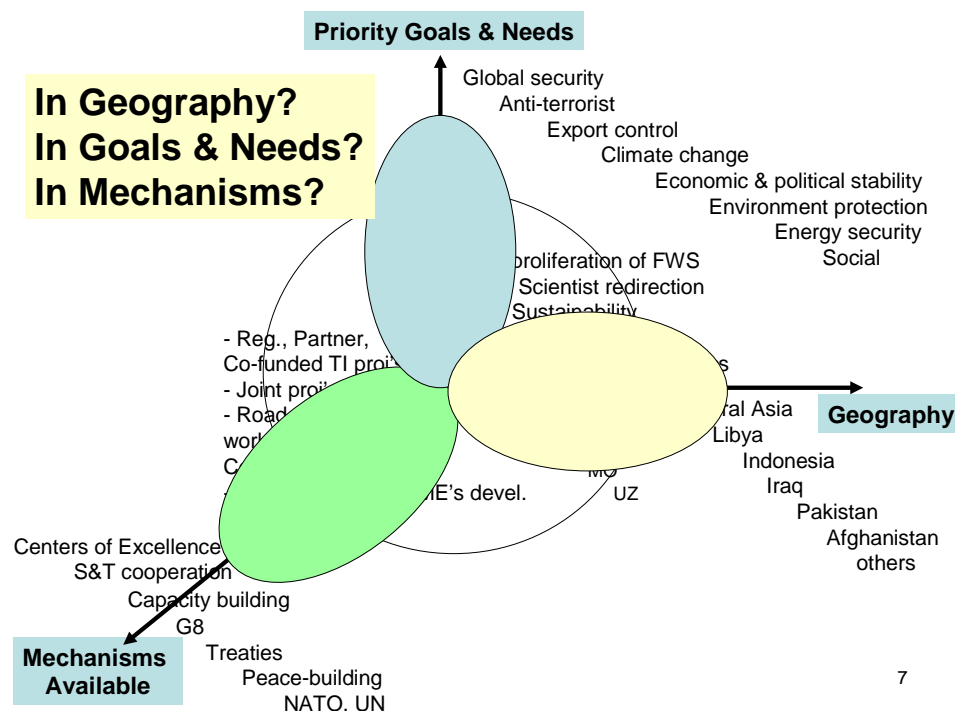
Centers of Excellence, S&T cooperation, capacity building

There are other mechanisms that the western countries have to form better relations and better neighbors. The EU and other western countries are interested in Centers of Excellence, in S&T cooperation, in capacity building. Some of these could be incorporated into STCU's future mission. STCU does some of that already. It can also be done with other countries.

Extending STCU's Mission and Goals

STCU's Mission, Goals and Responsibilities have been changed by the Parties over the past 15 years by mutual consent. STCU is a viable and flexible instrument in the hands of the Parties.

Should STCU grow into other areas of responsibility? Where do we want STCU to be in this 3-dimensional space? In 2012? In 2015? In 2020?



In this chart we see that there may be areas on each of the 3 axis that could be extended for STCU into the future and we can still maintain STCU's nonproliferation mission. We are suggesting that we use the expertise that STCU has developed in Ukraine and other CIS countries and to use that expertise into other areas and with scientists of other countries. That is what I heard you say at the Strategic meeting we had together in Kyiv in 2010.

Priority Goals & Needs

Let's look at the Priority Goals & Needs of each of the Parties and how they can map onto the STCU space of responsibilities.

EU Priority Areas

EU Priority Areas using the Instrument for Stability and the EU Neighborhood Policy. The Priority Areas that Andrew sent me from the EU include the following:

- Nonproliferation of Weapons of Mass Destruction (WMD)
 - Regional Centers of Excellence
 - Fighting illicit trafficking & deceptive financial practices
 - Bio-safety & bio-security
 - Export control for dual-use goods
 - Retraining FWS scientists (STCU's mission)
- Trans-Regional Threats
 - Preventing and combating terrorism
- Building Capacities for Effective Crisis Response
 - Peace-building partnerships
 - Building capacities and infrastructure

Canadian Priority Areas

We believe that some of the Canadian Priority Areas include the following:

- G8 Global Security
- Nonproliferation of WMD
- Bio-safety and bio-security
- Environmental issues
- Renewable energy
- Energy security
- Others

United States the Priority Areas

For the United States the Priority Areas have become more global, such as:

- Global terrorism threat prevention
- Chemical, biological and nuclear nonproliferation
- WMD nonproliferation
- Re-directing FWS scientists globally
- Nuclear forensics
- Bio-safety and bio-security
- Export control

Ukrainian Government – some of the Priority Areas

For the new Ukrainian Government some of the Priority Areas are:

1. **Reducing threats** in regions of Central and Eastern Europe and Eurasia.
2. **Terrorism prevention** in Ukraine.

The growing threat of terrorism which may spread to our region or originate in this region (for example in Crimea). That is why technological, psychological and other approaches to the struggle against terrorism and its prevention may be very important at the next stage of STCU activities.

3. **Energy security** and renewable energy

The problem of energy security which is becoming critical in this region. Diminishing oil and gas resources and complications with their transportation from Russia to Europe, energy-costly economy in CIS countries is the core of this problem. Therefore, STCU may concentrate on the support of projects connected with energy security, creation of renewable energy sources and transportation of energy resources over long distances

4. **Biological security**, biotechnology and agricultural sciences.

Growing threat of deficit of organic food in the world. STCU could focus on the support of new high technology projects in the field of biological security, biotechnology, agricultural sciences.

5. **Global diseases** (AIDS, tuberculosis, bird flu and others), medicine, bio-engineering and pharmacology.

Threat of global diseases which is aggravating in this region, first of all, infections transmitted by contact way (AIDS, tuberculosis, various types of flu). STCU could support modern security projects in the field of medicine, med-engineering and pharmacology.

6. **International S&T cooperation** and collaboration, certainly with the West, but persistently offered by Iran, Libya, Syria, Pakistan, Afghanistan, China and others.
7. For Ukraine to become a regional leader for CIS countries.
8. **Geopolitical security** and economic stability in GUAM region.

Other western countries

It has been mentioned that other western countries may want to join STCU in order to get some of the benefits and start working in Ukraine. Other western countries could bring in new funding. How can we attract other Donor countries such as

- Switzerland?
- South Korea?

- Norway?
- Australia?
- Are there others?

Create a Working Group

We would suggest that we create a Working Group to explore the future vision and mission for STCU further and to provide a report of their collaborations. We would suggest that we:

- Work collaboratively online for 1-2 months
- Meet regularly (every 2-3 months) probably in Europe so it's central for everyone.

Ukraine as a central country for global cooperation in threat reduction and nonproliferation

Considering the peaceful and neutral status of our country and it's enough high scientific and educational level, Ukraine is attractive for cooperation with many countries. In particular, cooperation with the scientific centers and universities of Ukraine is persistently offered by Iran, Libya, Syria and other countries. Therefore STCU, working in Ukraine, could build bridges for cooperation with the problem countries and regions of the world, softening existing tension with the West.

Also STCU could substantially strengthen its position in some countries of the former Soviet Union region, for example, in Georgia, Armenia, Azerbaijan, and Moldova which are looking at Ukraine as the first democratic country in the region and too much extent are ready to follow its way.

Naturally, the list of threats and STCU objectives for the period after 2012 could be longer. But, considering a geopolitical and economic situation in our region, its geographical features, at the following stage of STCU activity, it has a chance to develop here very important and influential center of regional stability and safety.

Thank you for your attention.

Michael Zgurovsky