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10 May 1997

To: All Parties

Executive Director's Report APRIL 1997

(Please refer to preceding monthly reports for previous activities.)
NOTE: Emphasis is mostly on "changes" from previous report period.

1. INFRASTRUCTURE:

1.1 Facilities/Equipment

- 1.1.1 Third floor flooring installation close to completion.
- 1.1.2 Herman Miller Co. of London corrected some errors made in furniture they had previously supplied to us.
- 1.1.3 Drs. Borys Atamanenko and Arthur DuCharme travelled to Kharkiv to evaluate various alternate locations for our proposed Kharkiv office and to interview several candidates for the job of Kharkiv field project officer. They identified as the best location one in the Institute of Monocrystals. They also selected a suitable candidate, as mentioned in 1.2.1.

1.2 Staffing

- 1.2.1 We hired Dr. Victor Stepanenko, a highly experienced scientist from Kharkiv as our Kharkiv field project officer. Dr. Stepanenko will begin his work on 01 May 97. He has already spent three days training with our Kyiv project officers.

1.3 Operating Systems/Procedures

- 1.3.1 The executive director, the chief financial officer and the chief administrator provided signed financial disclosure forms as requested by the auditors.

1.4 Staff Training

- 1.4.1 5 of our project officers attended a 10-day training program in Stockholm. During that time they were shepherded by F. Janouch, our DED, who made sure that all went according to plans. Our staff had an excellent opportunity to study how R&D projects are handled,

financed, carried out and monitored in Sweden. They inspected a series of scientific and governmental establishments. From all reports, the study trip was very successful. We, therefore, plan to send to Sweden, the second batch of project officers, in the Fall of 1997.

- 1.4.2 We received an excellent proposal/outline for an extensive training course in Accounting, Finance and Business Practices from Loyola University in Baltimore, USA. As approved by the Board, we will send the financial group to that training at the end of June 97.
- 1.4.3 We are pursuing the development of a similar high quality training program for our project officers in North America, probably in Canada.

2. OPERATIONS:

2.1 Project Proposals

- 2.1.1 We continue reviewing projects and will maintain our "regular" rate of mailing them out for external review. The donor Parties will develop their own schedule for reviewing these projects.
- 2.1.2 We continuously try to update proposals sent out for external review with any new support or explanatory information we receive. We **STRONGLY URGE** the Parties to refer to such additional information when making decisions regarding the acceptability of projects for funding support.

2.2 Status of Projects:

2.2.1. Overall Status (Pipeline) of STCU Projects as of 30 April 97:

PROJECT PIPELINE as of 30 April 1997 -----TO BE UPDATED	
To End of Board#3	
164	Total # Projects sent out previously for External Donor Review to-date (30 for Board #1, 62 for Board #2, totalling 92, plus 72 for consideration at Board # 3 held on 12-13 December 1996 (actually 77 were sent, since 5 additional "rewrite & resubmit" projects coming from the previous Boards were also sent out for a second look).
After Board#3:	
101	# "New" Projects sent for review after Board #3
15	# "Rewrite" Projects sent for review after Board #3
116	# "Total" Projects sent for review after Board #3
31	# Projects with Security Clearance being reviewed internally at the STCU.
35	# Projects still at Ukrainian State Security. (A number of these will never materialize).

346	# Projects received, in STCU-review, sent out, or in "State Security"
346	# Total of Projects Received during First CFP.
NOTE: 7	# Projects previously sent out that were not fully reviewed by Donor countries for Board 3 Meeting in December 1996. These will probably be reviewed by the Parties for Board 4.

2.2.2 Second Call for Proposals CFP2

SECOND CALL FOR PROPOSALS, "Status at STCU as of 30 April 1997	
775	# (approximate) Short form "Unrestricted Summary" projects received & registered as part of CFP#2 response. These include a certain number of projects that we previously had on hand, but which had been registered under a "temporary" designation.

2.2.3 General Project Statistics

STATISTICS RE PROJECTS REVIEWED, APPROVED & FUNDED, 30.04.97	
BOARD #1	
30	# Projects reviewed at Board Meeting
12	# Projects accepted for funding
1	# Special Canadian Cooperative Travel Grant project
12	# Contracts signed out of these 12
12	# Projects/Contracts out of these 12 actually being financed
BOARD #2	
62	# Projects sent for donor review.
36	# Projects accepted for funding
1	# Special Swedish Cooperative Travel Grant project
36	# Contracts signed out of the 36 approved
36	# Projects/Contracts out of these 36 actually being financed
2	# Special Canadian. Cooperative Project Grants approved
2	# Special Swedish Cooperative Project Grants approved.
BOARD #3	
72	# New Projects sent for donor review.
5	# Former projects re-submitted after "Rewrite"
77	# Total Projects sent for donor review
31	# New Projects approved for funding
5	# "Old" Projects approved for funding after "Rewrite & Re-Submit"
36	# Total Projects approved for financing at Board #3
27	# Project Agreements signed out of 36 projects approved at Board 3
9	# Project Agreements not yet signed out of 36 approved at Board 3
7	# Projects that were not reviewed in time by all donor Parties (these should be reviewed at Board #4 in May 1997).
TOTALS	
164	# Projects reviewed by Donors
85	# Projects approved
4	# Special Canadian and Swedish travel grant projects approved
76	# Projects Agreements signed
76	# Projects actually being financed (Boards #1-3)
950	# Scientists actually being supported (Boards #1-3)
9	# Project Agreements (Board #3) still to be signed
700	# Scientists that will be supported by Board #3 projects
1,650	# Scientists that will be supported once all Board #3 projects signed.

2.3 Board and Other Official Meetings

- 2.3.1 Board Meeting #4 still scheduled for 15-16 May 97, Kyiv, with preparatory proceedings starting Monday 12 May.
- 2.3.2 A draft agenda for this Board Meeting was sent out to all parties.
- 2.3.3 A draft agenda for Advisory Committee Meeting, scheduled for Tuesday 13 May, was received from W. Singleton.
- 2.3.4 Minutes of Board #3 were sent out to all Parties
- 2.3.5 L. Baniias, our CAO, is responsible for Board Meeting arrangements
- 2.3.6 We are pleased to announce that the Canadian Ambassador, Mr. Christopher Westdal, once again has graciously offered to host the private Board Dinner scheduled for Wednesday evening 14 May 1997. We are most grateful for this kind and generous gesture.

2.4 Project Agreement Negotiations

- 2.4.1 We are continuing with development of Project Agreements for the projects approved at Board #3 in December 1996.
- 2.4.2 We have signed 25 Agreements out of these 36 projects by 30.04.97.

2.5 Collection/Disbursements

- 2.5.1 Project funding is proceeding normally.
- 2.5.2 25 signed contracts approved at Board 3 are already being funded.
- 2.5.3 All previously approved projects have contracts signed and all are being normally financed.
- 2.5.4 Bill Luke, our CFO, will travel to Wiesbaden to work with the Auditors and ensure that a report be available for Board Meeting #4.
- 2.5.5 The STCU has received \$30,000 from NATO to support a conference on Magnetism to be held in Crimea, late in May.

2.6 Project Monitoring and Database

- 2.6.1 O. Hawaleshka, our ED, travelled to Ivano-Frankivsk regarding the project at the Institute of Nafta I Gaz (Gas & Petroleum) to encourage them to complete contract formalities as soon as possible.

3.0 *STCU PROMOTION AND INTERACTIONS*

- 3.1.1 The STCU signed the first "Partner" (brokering) contract with Mr. Zenon Stepchuk of 3M Corporation, regarding cooperation and additional (\$25,000) funding for Project No. 230 headed by Prof. Angelskiy of Chernivtsi University.
- 3.1.2 We had very productive meetings with Westinghouse Ltd, Burns & Roe, and other US organizations regarding Partnering possibilities. There is great interest in working through STCU on R&D work with Ukrainian organizations and scientists.
- 3.1.3 We would like to highlight the strong and very useful influence by the US/DOE and the Litton Co. on improving 2 STCU project proposals.

- 3.1.4 Meetings were held with representatives of Dupont de Nemours from the USA and Europe regarding the possibility of their financing various R&D projects with Ukrainian scientists through the STCU. We encouraged them to pursue this activity.
- 3.1.5 Preparation of the STCU's 1994/95/96 "Annual Report" is continuing.
- 3.1.6 B. Atamanenko, W. Luke and some of his staff, attended a presentation by Mr. Suslov of the Ukrainian government regarding taxation policies. They were somewhat disappointed by the directions suggested and by the responses to posed questions.
- 3.1.7 The STCU is actively working with Mr. Terry Sellen, an experienced, independent consulting contractor, appointed by U of Manitoba/CIDA to work on identifying Canadian cooperants to STCU projects, in line with the "Demand-Pull" orientation. Mr. Sellen will be coming to work with us at the STCU just prior to the Board 4 meeting.

4.0 PLANNING

- 4.1 We had several meetings with MFA, Verkhovna Rada, Min. Science re pushing forward the process of the ratification of our Agreement by the VR. This important effort is being fought by us on a wide front.
- 4.2 A very important and extraordinary meeting of the Verkhovna Rada's (Parliamentary) Committee on Science and Education (with the participation of many Members of Parliament, Chairman Pavlovskiy of the Nuclear Safety Parliamentary Committee, members of State Security, Cabinet of Ministers) was held in the STCU Board room for the sole purpose to get better acquainted with the STCU, its work, its successes and its difficulties. The final objective was to prepare a document with appropriate recommendations to be forwarded to the Cabinet of Ministers and the Presidential Office regarding improving operating conditions for the STCU. Topics discussed included: history and operation of the STCU, involvement of Ukrainian government, security review process and methods for improvement, second call for proposals results, status of granted privileges in areas of taxation and customs duties, facilities, continued funding support and status review of the STCU's Agreement ratification.

This meeting was very successful. The Committee prepared a very supportive report and proceedings were published in a full-page article in the widely read Parliamentary newspaper Holos Ukrainy (Voice of Ukraine). A recommendation was sent forward to accelerate the ratification process and, in the meantime, to ensure that the STCU's privileges were honoured.

We believe that having such a meeting on our premises was a real coup for us, as this was a first for Ukraine. It is worthwhile to underline the excellent preparatory work done in this matter by Dr. Borys Atamanenko and Mrs. Svitlana Us of his project officer group.

- 4.3 We are also indebted to Mr. Androschuk, of the Parliamentary Committee on Science and Education for his unrelenting dedication to the organization and success of this meeting.

5.0 GENERAL COMMENTS:

- 5.1 The issue of "Partnering" keeps arising. We will eventually need some SIMPLE mechanism to obtain approval of "Partner" status of a third-party organization (industrial or governmental) from all of our Parties. We want to avoid getting involved in "production" or "manufacturing" matters, in order not to jeopardize the privileges granted to us in our Agreement.
- 5.2 A generic letter describing how exactly cooperation with STCU through a Partnering agreement could be useful was developed by the Executive Director.
- 5.3 B. Atamanenko and A. DuCharme returned from ISTC-Moscow where they evaluated some of their methods of operation - particularly in the area of "Partnering" - participation of Western firms in projects, and in discussing some details regarding possible joint STCU-ISTC projects. A report on this visit will be given at the Board #4 Meeting.
- 5.4 The Executive Director, prof. Ostap Hawaleshka, was elected "Full International Member of the Ukrainian Academy of Technological Sciences" at its Annual Meeting held in Kyiv on 18 April 1997. (Members of this Academy include such prominent Ukrainians as His Excellency the President of Ukraine Leonid D. Kuchma, Secretary for State Security Dr. Volodymyr Gorbulin and the Minister of Science Dr. Semynozhenko).

This election should be considered not strictly as a personal honour, but as a recognition of the excellent quality of the work performed by all members of the STCU.

End of April 97 Report

Ostap Hawaleshka
Executive Director
STCU

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