

**Summary of the STCU 45rd GOVERNING BOARD MEETING  
December 6, 2017 Frankfurt, Germany**

**List of Participants**

Eddie MAIER	Chair European Commission
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**European Union**

Sorin POPA	Programme Manager European Commission
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**Georgia**

Manana MIKABERIDZE	Director General Shota Rustaveli National Science Foundation
Nino GACHECILADZE	Deputy Director general Shota Rustaveli National Science Foundation

**Moldova**

Ion TIGHINEANU	Vice President Academy of Sciences of Moldova
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**Ukraine**

Maksym STRIKHA	Board Member Deputy Minister Ministry of Education and Science of Ukraine
Dmytro CHEBERKUS	Head of S&T Department Ministry of Education and Science of Ukraine

**United States of America**

Sarah BANERJEE	Acting Board Member Office of Cooperative Threat Reduction U.S. Department of State
Scott BRUCE	Deputy Team Chief, Acting Office of Cooperative Threat Reduction US Department of State
Andrew HOOD	Director, Strategic Planning and Integration Office of Defense Nuclear Nonproliferation National Nuclear Security Administration US Department of Energy
Regina CARTER	Senior Advisor Office of Nonproliferation and Arms Control National Nuclear Security Administration US Department of Energy
Luke KLUCHKO	Program Manager Defense Threat Reduction Agency US Department of Defense

## ISTC

Ronald LEHMAN	Chairman of the Governing Board International Science and Technology Center
David CLEAVE	Executive Director International Science and Technology Center
Sonya VEKSTEIN	Chief Financial Officer International Science and Technology Center

## Secretariat STCU

Curtis "B.J." BJELAJAC  
Mykola LUBIV  
Anthony NICHOL  
Olga PANCHENKO

### 1. Opening Session

- 1.1 Eddie Maier opened the session of the 45<sup>th</sup> STCU GB meeting by welcoming all to Frankfurt. The Chairman expressed his pleasure that for the second consecutive year the ISTC and STCU are able to hold "back-to-back" Governing Board Meetings. This is an excellent example of the increased cooperation between the two Centers.
- 1.2 On behalf of the Secretariat, the Executive Director Curtis "B.J." Bjelajac welcomed the GB members and guests, and welcomed colleagues from the ISTC and highlighted the continued close cooperation between the two Centers. BJ went on to highlight that this is a very important meeting, with the first half of the day dealing with "housekeeping" issues, and the second half of the day reserved to discuss the impacts of the June 20<sup>th</sup>, 2017 letter from the US Department of State. Thus, the ED looks forward to an interactive process in the second half of the day.
- 1.3 The Chairman opened the floor for opening statements by other Governing Board representatives and invited guests:

Deputy Minister Strikha on behalf of the Government of Ukraine and Ukrainian scientific community expressed his deepest gratitude to the EU and the US Parties for the excellent cooperation over these past two decades at the STCU. The Ukrainian Government sees the STCU as an important organization to serve and adequately react to the new challenges as a result of the crisis in and around Ukraine. Mr. Strikha stressed that together all parties are able through the STCU to quickly respond to existing and newly arising needs not only of Ukraine, but of all GUAM States. Furthermore, the support of the STCU is much needed and very critical in many areas such as nuclear safety and nuclear security (especially detection of illegal trafficking of nuclear materials) and bio-safety & bio-security. Mr. Strikha highlighted that the Government of Ukraine has made a significant effort to prepare and submit the National Action Plan in the frame of the EU CBRN CoE Program. The Deputy Minister expressed his sincere gratitude to his EU Partners and Chairman Maier himself for their extremely important decision to extend the EU's support over the next few years of the program of co-financing projects with the S&T authorities of the GUAM countries (formerly known as the Targeted R&D Initiatives Program). This program is an equal partnership and unique opportunity for co-funding selected R&D projects, and many scientists from Ukraine and the other GUAM States are very grateful for the opportunity to work together. Furthermore, the Government of Ukraine looks forward to working with the EU and the STCU Secretariat to extend and transform the program over the next years. In this context, Mr. Strikha kindly asked the US Partners, to revisit the financial issues presented in

the June 20<sup>th</sup>, 2017 letter from the Department of State, in the hopes that the U.S. Party can rejoin the reengineered co-financing with the S&T authorities in the near future.

Mr. Strikha continued by calling attention to the fact that none of the Supplementary Budget Activities Lines (except the service contract for the Executive Director) are supported by the US Party in 2018. The Deputy Minister went on to emphasize that he understands that the US Department of State has funds on account in order to assist the Center and kindly asked his US Partners to reconsider participating in select Supplemented Budget Activities Lines for 2018 (such as Sustainability support, Technical, Collaborator Travel support, Seminars /Workshops, etc.).

Mr. Strikha concluded by once again welcoming all the Participants of the 45<sup>th</sup> Governing Board and wished all a fruitful and enjoyable 45<sup>th</sup> Governing Board Meeting.

Mrs. Mikaberidze expressed Georgia's continued readiness to participate in the co-financing program, and looked forward to today's discussions about reforming the program in order to meet the new challenges ahead.

Mr. Tighineanu thanked all parties for their continued financial support of Moldovan science through the STCU.

## **2. Administrative Topics**

### **2.1 Adoption of the Agenda**

EU party asked to delete from the Agenda point 4.1. Global CBRN Competition (g-CBRN-c). All GB members agreed with the proposed deletion and adopted the amended Agenda.

## **3. Morning Session**

### **3.1. Review and Approval of minutes of 44<sup>th</sup> GB teleconferences conducted on July 11<sup>th</sup> and 25<sup>th</sup>, 2017.**

The Governing Board approved the minutes as presented.

### **3.2 Review of 45<sup>th</sup> Draft Record of Decisions, Project Funding Sheet, and GB Press Release**

Mr. Bjelajac called the Board's attention to the draft of the Record of Decisions and Funding Sheets which are scheduled for approval by the GB at the end of today's meeting.

Mr. Bjelajac highlighted the following changes to the documents that were sent out on November 10<sup>th</sup>:

- Added the approval of the amendment to the EU Project POGODA 2 for a total 350.000 EUR.
- All funding decisions in the Record of Decisions related to the 2017 co-funding program were removed. Furthermore, in the Joint Statement the third paragraph announcing the co-financing amounts was deleted as well. As will be discussed in the ED report, due to time constraints the STCU and EU colleagues did not get a chance to finalize project funding decisions. The STCU and EU hope to return to these decisions early in 2018.
- Revised the point about the approval of the Bank of Georgia as the new STCU local Bank in Georgia. As per the bank's request, the STCU added to the point the confirmation of Curtis Bjelajac and Anthony Nichol as persons authorized to open, operate and dispose of the STCU bank accounts. This change will facilitate the STCU's opening of new accounts with the Bank of Georgia in 2018.

### **3.3 Executive Director Report**

Mr. Bjelajac submitted his report that covered the period from June 17<sup>th</sup>, 2017 to November 10<sup>th</sup>, 2017. Mr. Bjelajac highlighted the following issues in the report:

### **Headquarters Office Building**

As per a past decision of the STCU Governing Board, the STCU Secretariat annually requests the Governing Board to approve the STCU's stay at its current, temporary premises (located at 7a Metalistiv Street) for the next year (until December 31, 2018). As a reminder, the STCU has the Government of Ukraine's permission to stay at its current facility until December 31, 2020. The ED expressed his gratitude to the Government of Ukraine for the provision of the STCU's current, temporary location.

### **Contact from Uzbekistan**

In late January/early February 2017 former colleagues from the Republic of Uzbekistan (the Head of the Academy of Science Mr. Yuldashev and former STCU branch officer in Tashkent Mrs. Sattarova) contacted the STCU and ISTC to inquire about the Centers' ability to make a visit to Tashkent in the near future to discuss "restoration of collaboration". Given the personal nature of the invitation, the STCU Governing Board requested that the Government of Uzbekistan provide a formal letter outlining its intentions to restore collaboration with the Centers before the EDs visit Uzbekistan. It is the Centers' understanding that there are some difficulties in obtaining an official letter from the Government of Uzbekistan (i.e. the Ministry of Foreign Affairs of Uzbekistan and Academy of Sciences); thus both Centers are currently "on hold" in relation to this matter.

Mr. Kluchko added that in August 2017, DTRA sent a letter to its contact points in the Ministry of Health and Ministry of Foreign Affairs of Uzbekistan suggesting that the Government of Uzbekistan consider future collaboration with DTRA through the STCU and/or ISTC. Mr. Kluchko continued by mentioning a recent cross border exercise between Georgia and Azerbaijan that DTRA conducted, and the Government of Uzbekistan requested the inclusion of some of their experts as observers. DTRA took this as a positive sign, as the Uzbeks in the past were very cautious about participating in such regional types of training. Mr. Kluchko concluded by stating that reengagement with the Government of Uzbekistan via the two Centers would be a positive for the US Government.

Mr. Bjelajac asked whether funding from DTRA and/or DOE could be expected if the STCU and ISTC restored cooperation with the Government of Uzbekistan.

Mr. Kluchko confirmed that there would most likely be funding available, especially in the biosafety and biosecurity area.

Ms. Carter confirmed that DOE is also very much interested in working with the Government of Uzbekistan in areas such as nuclear forensics, seismic, etc.

Mr. Popa mentioned that the EU is also very interested in re-engaging the Government of Uzbekistan via the two Centers; and pointed out that the Government of Uzbekistan is already hosting the EU's CBRN Center of Excellence Secretariat for Central Asia in Tashkent. Mr. Popa went on to highlight that the EU already has existing projects with Uzbekistan in the biosafety and biosecurity sphere and soon will launch a project on chemical and biological waste disposal.

Mr. Maier added that from the EU's perspective the situation in Uzbekistan has taken a positive turn after the recent change of leadership. The Uzbeks appear to now be much more open to cooperation with neighboring countries in the region. However, even in the best cases, progress there can sometimes be slow. For example, it took the EU almost four years to organize and open the offices of the aforementioned Central Asia Regional Secretariat there. Thus, the Centers need to keep in mind that the decision-making process often takes time. Mr. Maier went on to state that the EU is actively trying to increase the participation of the Government of Uzbekistan in regional activities and mentioned the EU's desire that the Uzbek authorities will participate in the upcoming LIONSHIELD Exercise as observers. It is the EU's hope that opportunities such as these could be used to demonstrate the value of the Centers to the Government of Uzbekistan, and facilitate the return of the Uzbeks to the Centers. Mr. Maier concluded by mentioning the recent EU-Central Asia Security Summit that was held in November 2017 in Samarkand. At that

meeting, the EU tried to include the two Centers into the range of discussions that took place there. The atmosphere during the discussions was very open and so far all signals from the Government of Uzbekistan are rather positive.

Mrs. Banerjee stated that currently the US Department of State does not have any projects in Uzbekistan; however, it is clear that other US agencies are interested in working there. The Department of State is supportive of restarting collaboration with the Government of Uzbekistan, pending a formal letter of invitation from the Uzbek Ministry of Foreign Affairs. She emphasized that an official letter would be a good foundational starting point, especially when considering the history of lack of communication and lack of clarity that eventually led to almost no contact with the Government of Uzbekistan these past years.

Mr. Bjelajac wrapped up the discussion by highlighting the fact that Uzbekistan is still a member of the STCU as it never formally withdrew from the STCU Agreement, and the Secretariat hopes to have more information about the situation in the near future.

#### ***Provision of equipment and materials for first responders in the SEE CoE Region Project***

Mr. Bjelajac highlighted this project because it is unique in testing the STCU's ability to purchase equipment and materials for countries outside of STCU's traditional region (i.e. GUAM). The project foresees purchases for the following countries: Albania, Armenia, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia, Georgia, Moldova, Montenegro, Serbia, and Ukraine. All the equipment except for protective suits and masks has now been supplied to all countries, with the exception of Serbia. The protective suits and masks have been packaged and are awaiting consolidation by the freight forwarders. Once this has been done, they will be delivered to all nine countries. For Serbia all equipment other than items which are classified, for export control purposes, as being 'dual use' have been delivered and STCU are waiting for the necessary Serbian Import Control permissions to deliver the 'dual use' equipment. On receipt of these permissions this final delivery of equipment will be made. The project has the potential to run to June 2018 and STCU anticipates that the final equipment will be delivered to Serbia before the formal end of the project.

#### ***New Provision of specialized equipment for CBRN forensics in the SEE CoE Region Project***

Mr. Bjelajac stressed that this project is similar to the first responders project that was mentioned, and foresees purchases for the same countries. This project is in its very beginning stages with the finalization of specific equipment and identification of vendors currently ongoing. Mr. Bjelajac highlighted that due to these projects the contacts between STCU and SEEE EU CBRN CoE Regional Secretariat located in Tbilisi are now very close.

#### ***New Emergency Implementation Measures for Pridniproviskiy Chemical Plant (PChP) at Kamyanske (formally Dneprodzerzhinsk) in Ukraine Project***

Mr. Bjelajac turned the Board's attention to a very big project (3.5M EUR) that the STCU is conducting on behalf of the EU in Kamyanske, Ukraine. The principal objective of this project is to implement a number of emergency measures that will immediately improve the safety and security of the PChP site. These measures are also necessary precursors to the long-term remediation of the site (Phase III – which the EC is planning to fund via the STCU in the amount of €5M at the end of 2017).

The PChP project is divided into four parts: 1). a technical services contract: to design and supervise construction of infrastructure improvements to make the site safe and secure; to design and implement (through training) a safe operating system; to determine equipment requirements; and to conduct public awareness, 2). a technical services contract to write laws and regulations to govern the management of legacy radiation sites, 3). a construction contract to build the necessary infrastructure to safeguard the site and reduce the spread of nuclear contamination and chemical poisoning, and 4). an equipment supply contract to provide the equipment, protective clothing, etc to enable the site operator SE Barrier to manage the site safely going forward. STCU has contracted the first contract with Swedish company that started in October 2017, and that project is at the very beginning stages. Currently STCU is working on to finalize the Terms of Reference for contract 2 with the Ministries of Energy and Health and the Nuclear Regulatory Authority (SNRIU) prior to tendering.

#### ***Table Top and Field Exercise in Tbilisi, Georgia in June 2018***

The EU has asked the STCU to work with the Secretariat of the EU's CBRN Center of Excellence of the SEEE region (located in Tbilisi, Georgia) to conduct a field exercise related to radiological and nuclear security in Tbilisi, Georgia in June 2018. The exercise is entitled "LIONSHIELD 2018" and envisions three smuggling of nuclear material scenarios: smuggling across a green border, smuggling of materials through a simulated airport facility, and simulated smuggling by vehicle at a border-crossing point. The exercises will bring together countries (i.e. Ukraine with Montenegro) that haven't historically worked together in the past.

The STCU is currently in the very beginning stages of the planning of this event having completed the draft budget, and now is working with the nine (9) countries of the SEEE region to begin in earnest the detailed planning of the event. The first preparatory meeting on November 15<sup>th</sup>, 2017 went very well. The second preparatory meeting is scheduled for the end of March 2018 with the actual exercise to be conducted the first week of June 2018.

#### ***USDoS/ISN/WMDT Workshop to Raise Awareness of Nuclear Forensics in Support of Prosecutions***

The Bureau of International Security and Nonproliferation's Office of Weapons of Mass Destruction (USDoS/ISN/WMDT) requested the STCU to assist with the on-the-ground implementation of a workshop to help GUAM countries strengthen their capacities to utilize nuclear forensics in prosecutions of cases involving R/N materials, including criminal cases of R/N material smuggling. The conference was conducted September 27<sup>th</sup> – 29<sup>th</sup>, 2017 in Kyiv, Ukraine.

#### ***USDoS/ISN/WMDT Vector II Project***

USDoS/ISN/WMDT has an ongoing project with a number of partners including Canada and the U.K. to support the secure transportation of vulnerable radioactive sources in Ukraine. The secure transportation of these radioactive sources is part of a larger multi-national project, known as VECTOR II. The STCU, in coordination with Oak Ridge National Laboratory (ORNL) as the technical advisor, will procure containers for this project in the amount of \$1.1M. Furthermore, the STCU will work with ORNL to procure a special radioactive material transportation vehicle (estimated budget of \$500K) in support of the larger VECTOR II project as well.

#### ***Project to Provide Continuation of DTRA's Mentorship Program in Azerbaijan***

DTRA has contacted the STCU to request that the STCU provide a proposal to continue the work currently implemented in Azerbaijan by Black & Veatch after its contract there ends on April 4<sup>th</sup>, 2018. The goal of the project is to plan, develop, and implement a sustainable mentorship program in Azerbaijan in support of the Threat Agent Detection Response (TADR) system, comprised of a Central Reference Laboratory (CRL), Zonal Veterinary Laboratories (ZVL), and Anti-Plague Division (APD) Laboratories. Upon successful completion of the mentorship program implementation, responsibility for diagnostic and laboratory maintenance sustainment will be transitioned to the Government of Azerbaijan. The plan is for STCU to ramp up activities in the first quarter of 2018, in preparation for handover of responsibilities from Black and Veatch in April 2018. The STCU will not be involved with any construction aspects of this project, as the hope is that will be finished by the end of 2017.

Mr. Kluchko confirmed that the contract with Black & Veatch is scheduled to be finished in April, and STCU was considered as a good delivery mechanism to continue the second phase of the training program.

Mr. Bjelajac thanked Mr. Kluchko and stressed that this is a very big opportunity for the STCU, and the Secretariat is looking forward to working with our DTRA colleagues in making this project work in Azerbaijan.

Mr. Maier highlighted that at the end of this past November the Annual Scientific Conference of the MediPIET project was held, and went on to explain that this project is a training program in the field of epidemiology for the neighborhood countries of the Black Sea region. The program is scheduled to continue until 2024 and Chairman Maier proposed to consider the possible involvement of the epidemiologists trained in this program into DTRA's project in Azerbaijan.

Mr. Kluchko confirmed that this proposition will be shared with his DTRA colleagues.

### ***USDOE/NNSA/SCP Seismic Targeted Initiative International Workshop "Training in Network Management Systems and Analytical Tools for Seismology"***

The US Department of Energy's, National Nuclear Security Administration, Seismic Cooperation Program requested the STCU to assist with the on-the-ground implementation of an international workshop on the theme of "Training in Network Management Systems and Analytical Tools for Seismology" for the dates of October 23<sup>rd</sup> – 27<sup>th</sup>, 2017. The workshop was supported by Lawrence Livermore National Laboratory, US Department of Energy, the Science and Technology Center of Ukraine (STCU) and the Azerbaijan National Academy of Sciences (ANAS). Seismologists and experts from more than 20 countries participated in the workshop. As a result of this workshop, DOE is considering a possible project in the neighborhood of \$5M to look at seismic activity that effect not only the Caucasuses, but also Central Asia. Thus, DOE is very much interested in the Centers' relationship with Uzbekistan, as DOE sees its participation in the proposed project as well.

### ***Co-Financing with National S&T Authorities of GUAM (formerly known as the TI program) Activity Update***

In late July 2017, as a result of the letter from the US Party dated June 20<sup>th</sup>, 2017 and subsequent 44th Governing Board teleconference call discussions, the STCU Executive Director informed all of the National S&T Authorities of GUAM who participate in the Co-financing program in order to inform them that as a result of the letter dated June 20<sup>th</sup> from Acting Deputy Assistant Secretary Dolliff, that the US Party will be unable to provide financing for the 2017 co-financing cycle. The letter went on to explain that the European Union does still plan on funding 2017 Co-financing projects; however, in subsequent years (2018 and beyond) the EU is hoping to change the program so that co financing is for bigger budgeted projects that address regional needs.

The 2017 request for proposals resulted in the following numbers of proposals for each country:

Azerbaijan	25
Georgia	25
Moldova	22
Ukraine	29

Total number of 2017 proposals = 101

The EU reviewers met with Mr. Popa at the end of November to discuss priorities for the EU; however, there was not enough time to work with the GUAM Partners to select the final list of projects for funding. The STCU and EU hope to finalize the process with their GUAM partners in the beginning of 2018.

### ***Trends in Projects***

The STCU has seen the number of active projects drop considerably over the last few years (from an average of 228 active projects in 2012 to 120 active projects in 2015). Furthermore, the average number of active projects for 2016 was approximately 110. To date, the STCU is managing approximately 135 projects, with the rise in projects attributed mostly to the increase in the number of partner projects (even though the USD amount of funding was the same year-on-year, i.e. more projects, but for smaller budget amounts as compared with 2016).

The large increase in funding for 2016 to \$11.2M is due in large part to the one-time funding (\$3.0M) of the Mosul, Iraq project. Without this one-time funding, the STCU would have expected a funding year of about \$8.2M for 2016.

STCU Management estimates the funding going forward to be somewhere in the \$8 to \$12M range. 2017 will prove to be close to \$16M in total project funding, due in large part to the two newly signed EU projects (PChHP = €3.5M and CBRN Forensics = €2.3M) described earlier in this report.

Mr. Bjelajac called the Board's attention to the variability of annual total project funding. Even though STCU had a big year in 2017, the ED pointed out that it does not necessarily mean that 2018 will be a big year as well, as annual deviations are quite high.

Mr. Strikha called attention to the fact that 2017 funding was focused more on the support of projects related to CBRN security, and less on those related to science and technology. Mr. Strikha emphasized that it's probably a matter of further discussion on how to increase the amount of funding for science and technology (R&D), because this was the initial mission of the STCU.

Mr. Bjelajac added to Mr. Strikha's comments, saying he made a very good point that historically the STCU was focused on projects related to non-proliferation/redirection via R&D. The ED further explained that a number of the projects discussed previously in the ED report were procurement projects for CBRN security, although the future DTRA project in Azerbaijan is very much related to training and working with scientists. Mr. Bjelajac pointed out that there are other avenues available for GUAM researchers to receive grant funding other than the STCU, such as the HORIZON 2020 program. That program has a budget of approximately 80 billion EUR and could be a very good source of funding for researchers.

Mr. Strikha mentioned that the STCU is a very good mechanism for Ukrainian researchers to implement HORIZON 2020 projects because it helps to avoid many legislative problems. However, Mr. Strikha called attention to the fact that the legal situation in Ukraine has been streamlined in order to enable Ukrainian institutes and universities to implement projects directly as well.

Mrs. Mikaberidze commented that participation in the framework programmes is very important and many countries are associated members of HORIZON 2020. The Georgian government also provides funding for some additional activities and grants for the enhancement of Georgian scientist's participation in HORIZON 2020. For example, the Georgian government introduced special grants for preparing collaborative projects which will then be submitted to HORIZON 2020 for consideration. Mrs. Mikaberidze mentioned that HORIZON 2020 has very specific call requirements, as well as a very strong link with SMEs and the non-academic sector. In addition, almost all calls for proposals require some value added impact on society and societal challenges.

Mr. Tighineanu mentioned that Moldova is an associate member of both HORIZON 2020 and COSME (related to small and medium size enterprises) programs, and noted that participation in HORIZON 2020 is much more successful than in COSME, as small and medium size Moldovan enterprises have little experience in participation in the EU Program. Mr. Tighineanu emphasized that it is important to support projects which are implemented by consortiums (involving research laboratories, smaller medium size enterprises, universities, and the private sector) and that address regional needs.

Mr. Maier emphasized the importance of the new projects that STCU is implementing on behalf of the European Commission. These projects allow the STCU to act as a bridge with industrial partners, as well as with non-private institutions such as universities and research institutes. Mr. Maier went on to mention that a major objective of the HORIZON 2020 programme is to foster cooperation between private and public institutions. The STCU can help the GUAM partner institutions, academies, and universities to learn how to succeed in such projects, including how to construct efficient and effective consortia.

Mr. Maier pointed out to the Board that in the past the STCU and ISTC were managed by colleagues from DG Research and Innovation (DG RTD), and only in 2008 was the portfolio moved to DG DEVCO. Thus, there are still a number of colleagues in DG RTD that remember the Centers. In respect to HORIZON 2020, Mr. Maier pointed out that the initiative should come from the researchers themselves as to whether to participate in HORIZON 2020 projects. Mr. Maier concluded by agreeing with Mr. Strikha's earlier comments, that all Parties need to work together in order to keep a focus on the science and technology projects, which are the essence of the two Centers.

Mr. Popa indicated that he has mixed feelings about the implementation of HORIZON 2020 projects at the STCU. On one hand it is a positive sign of trust that some scientists prefer to still work through the Center, but on the other hand, the reasons that the scientists want to work through the STCU (inability to have a private sector bank account, hard currency issues, etc.) are stopping Ukraine and its scientists from reaching their full potential. Mr. Popa



concluded by stating that the STCU should be involved in HORIZON 2020 projects due to its excellence, not just to fix the legal problems facing the Ukrainian scientific community.

Mr. Strikha thanked all colleagues for their comments and stressed again that it is very important to have a scientific component in what is termed the “new” STCU, and all parties should continue to work together to find a balance. Mr. Strikha continued by mentioning to the Board that recently the Government of Uzbekistan has attempted to restore R&D cooperation with Ukraine, but the initiative is still moving slowly as there is still some hesitation within parts of the Government of Uzbekistan. The Deputy Minister continued by mentioning that he has heard rumors about Canada’s possible desire to restore its relationship with the STCU and wondered if there was any truth to these rumors. Finally, the Deputy Minister mentioned that the Governing Board will soon be confronted with another important problem - what happens in 2019 with the United Kingdom’s participation in STCU’s activities. Mr. Strikha voiced Ukraine’s deep concerns about “Brexit”, and wondered if the UK could be allowed to stay as a “special member” of the STCU.

Mr. Bjelajac answered Mr. Strikha by noting that during meetings at the Global Partnership Working Group in Rome this past November, he had the possibility to talk with representatives of Canada, and unfortunately it seems that Canada is interested only in the possibility of using the STCU and ISTC to implement “a la carte” projects (and they are open to paying a fee to do so); however, there was no indication that Canada was entertaining the thought of rejoining the Centers. Finally, the ED closed with the comment that the the situation with the UK is highly fluid and that the STCU would continue to monitor it.

Mr. Maier stressed that it is a matter of negotiations between European Union and United Kingdom, as the situation is unique it should be sorted internally before discussing further.

With no further questions or comments, the Executive Director concluded his report.

### **3.4. Update on 2017 AOB/SB Expenditures**

Mr. Nichol presented an update on the actual to budget expenditures for the 2017 AOB and SBs to the Board. Mr. Nichol drew the GB members attention to the fact that although overall expenditure did not exceed the total budget for the year 2017, expenditures on the line item for Bank Fees-offshore will exceed the budget for this item. This overspend is due to increases in fee rates by the STCU’s banks rather than volumes and is outside the Center’s control. As a result, STCU has increased the 2018 AOB request for this line item accordingly. Finally, given that the actual expenditure for the year for this line item will exceed the budget by more than the 10% permitted by the Financial Regulations, the Secretariat will therefore request the Governing Board approval for this overspend in the 45<sup>th</sup> GB Record of Decisions.

### **3.5. 2018 AOB and SB Budget Request**

Mr. Nichol presented the 2018 STCU Annual Operating Budget request and stressed that it is built based upon a number of assumptions. Overall, the budget is driven by the STCU’s forecasted project activities in the upcoming year, which management sees as the primary driver of staff required. Mr. Nichol pointed out that the 2018 AOB request is \$837.000, which represents a four percent overall decrease from the the approved 2017 AOB. The budget is determined by STCU’s level of activities that have declined over recent years and have now reached a recurrent level around which they will fluctuate. Mr. Nichol went on to explain that overheads at the Center have been reduced; and the STCU has become more efficient and more than likely reached a minimum level (or close to it) of operations.

Mr. Nichol explained that according to the AOB sharing Formula, which was agreed to back in 2000 by the Funding Parties, the AOB is split into two parts: (1) parties share 20% of the Administrative Operating equally, with two Parties (EU and US fund the AOB) this results in 10% each for the EU and US. The remaining 80% is allocated according to the projected expenditure for the Party’s projects in 2018. Since 2017, this formula was slightly changed at the request of US party in order to include forecasted SB expenditures of a program nature along with the

forecasted project figures. According to the estimated project and SB expenditure for 2018, the share of AOB that will be billed to the US and EU is equal to \$283,520 and \$553,480, accordingly.

Mr. Nichol continued by stating that for 2017 the amount of SB's funded by the US and EU that the STCU actually used was very small, that's why the amounts in the STCU's 2018 requests are much lower. In the case of the US, the figures are all zero (with the exception of the U.S. Service Contracts line). This is a direct result of discussions with the US party during which the conclusion was reached that this is the most effective way to use the remaining US DoS funds on hand. For the EU the SB's were also reduced to be more-less in line with the level that have been spent in the past. For the Patent Support line, the included amount was increased as per the request of the Ukrainian Party. Finally, 228,000 EUR was requested for the Seminars and Workshops support, within which 227,000 EUR is for the LIONSHIELD field exercise.

Mr. Popa asked how projects with private companies are reflected in the AOB sharing formula.

Mr. Bjelajac answered that all private companies pay the STCU a 10 % fee. In the case of the US, all partners (both government and non-government) are being asked to pay a 10% fee. In the case of the EU, all EU non-government organizations are paying a 10% fee; however, there's a question about how to handle EU government partners. Currently, the STCU is not charging EU government partners a fee. For example, the STCU has a Seventh Framework program project with a government institute in Copenhagen, and the STCU does not charge a fee for this project for two reasons. First, the entity is a government organization. Second, the funds utilized by this organization are DG Research and Innovation funds (EU) and it seems to the STCU that charging a 10% fee would be "double-charging" (the EU pays the STCU AOB, and would also be charged a fee) the EU.

All agreed to discuss this point further in the afternoon session, when the STCU management presents its financial forecasts.

### **3.6 Change of Local Bank in Georgia**

The Governing Board approved the opening of a bank account(s) at the Bank of Georgia by the Secretariat as will be noted in the 45<sup>th</sup> GB Record of Decisions.

### **3.7. Approve 1 year Contract Extension of STCU ED**

The 1-year contract extension of STCU ED Mr. Curtis Bjelajac was approved with no changes.

## **4. Afternoon Session**

### **4.2 Discuss/Approve 46th & 47th GB schedules**

The Governing Board agreed to hold a summer STCU Governing Board meeting via teleconference in the middle of July (proposed dates 11<sup>th</sup> - 25<sup>th</sup> July 2018). The GB members expressed their desire that the physical STCU winter GB meeting be held "back-to-back" with the ISTC's GB meeting in November/December 2018. However, the GB members noted the difficulty of finding a location that works for all the Parties of both Centers. The final dates and location for the winter STCU GB meeting will be coordinated and agreed with the ISTC GB during 2018.

### **4.3 Presentation of STCU Financial Forecasts**

Mr. Bjelajac started off the presentation by noting that this would be the first opportunity for the STCU GB to discuss the ramifications of the US Department of State's letter dated June 20<sup>th</sup>, 2017. The ED informed the GB members that what was about to be discussed was a scenario developed by management for the funding of STCU's operations for the years 2018-2023. Mr. Bjelajac stressed that the assumptions contained in this presentation are critical and need to be understood and followed closely in the future by all Parties. The presented scenario is not a static

document, but dynamic and needs to be monitored periodically, because once the actual numbers start to appear, the scenario is more than likely going to change. Mr. Bjelajac added that some housekeeping issues may need to be considered in the future, in order to assist with transforming the organization, such as a possible change to the AOB sharing formula, charging fees for EU Government partners, etc.

Mr. Bjelajac presented current project fee rates for EU/US governmental and non-governmental organizations where he highlighted that currently all non-EU/US organizations pay a 15% fee, all US organizations pay 10% (except for UCC transfers done by DOE) and EU non-government organizations pay a 10% fee as well. The ED highlighted the nuance that EU Government partners currently do not pay any fee. Further complicating the matter, it is often difficult to define what institutions and organizations should be classified as EU Government partners (i.e. national organizations such as the Slovak Ministry of Interior, etc). The ED concluded by stating that EU Government partners that do not pay a fee, increase the EU's percentage cost of the AOB.

Mr. Nichol added within this slide there is an answer to Mr. Strikha's question about the UK. If for example, the UK completely withdrew from the EU, then any UK organization such as the UK government or UK non-government organizations could continue to be partners of the Center, but they would pay a 15 % fee.

Mr. Popa asked if HORIZON 2020 partners pay any fee when a project goes through the STCU.

Mr. Bjelajac confirmed that as of today the STCU does not charge a fee for such projects, because in the STCU's opinion, HORIZON 2020 projects are funded by EU Commission money (DG RTD). However, this point may want to be reconsidered, as the EU (DG DEVCO) pays a higher percentage of the AOB as a result of this approach. At present, the EU will contribute approximately \$30k more towards the AOB because of such non-fee paying EU Government partners.

Mr. Bjelajac continued with presentation of issues and suggested course of action:

- To eliminate UCC-UCC transfer as of 1st January 2019. All US Government newly signed projects charged 10% partner fee and shared according to AOB contribution.
- Continue charging 0 % for EU Government partners, which increases EU AOB costs for further years, for 2018 year it would be additional \$27,800.

Mr. Maier confirmed that if projects are funded with European Commission funds (i.e. HORIZON 2020, etc.), the 10% fee shouldn't be charged.

Mr. Bjelajac continued with the proposition to consider changing the AOB sharing formula:

- Once DoS funded projects are completed and DOE will begin to pay a 10% fee (as opposed to a UCC to UCC transfer), the US DoS is forecasted to pay approximately \$ 84,000/yr. as its contribution to the STCU AOB.
- Consider moving US DoS to a flat fee (i.e. \$75k) with the EU paying is remainder

Mr. Nichol added that the figure of \$75k was chosen by STCU management, as this is what effectively the Ukrainian Party is contributing to the Center, by providing STCU with an office facility, utilities, security, etc. The STCU Secretariat looked at this as a possible/natural minimum contribution amount for any Party to remain a member of the STCU.

Mr. Bjelajac added to Mr. Nichol's comments by stating that the STCU Agreement only delineates a mandatory minimum contribution for the Ukrainian Party (provision of facility, utilities, security, etc.). Thus, what other Parties are required to contribute (if anything) needs to be agreed to by the Governing Board. Furthermore, the ED mentioned that the GB needs to consider political implications of a flat fee as well. A required annual payment may cause issues for some Parties. Mr. Bjelajac concluded that the STCU management is comfortable with either approach and suggests any changes take effect from 1 January 2019 (one year from now).

Mr. Bjelajac wrapped up the discussion about fees by drawing the GB members attention to the fact that the ISTC membership is much larger, which increases the complexity facing that Center, and thus he would ask that the GB consider not synchronizing the fee approach for the two Centers. Maybe the Board could consider keeping the STCU's approach much simpler, and thus unsynchronized with the ISTC.

Mr. Bjelajac moved on to present the STCU Management's assumptions in detail, as understanding the assumptions that drive the model are critical to understanding how long DoS funding will last:

- DoS does not fund any additional projects after co-financed projects indicated in the GB 43 amended funding sheet (May 2017) and US SBs are cut to zero from 2018
- DOE utilizes all ~ \$10.3M on hand to fund projects, which generates \$1.03 M fees towards STCU AOBs by the year 2022.
- DoD funds \$500k per year in projects for 5 years (~25% of total BOA contract of \$10M – conservative estimate)
- EU funds projects at similar levels to prior years and utilizes the €4.6m on hand as per the reconciliation of April 2017 – some of these projects may be co-funded with GUAM partners according to new requirements (regional, larger projects).
- EU SBs remain at current usage levels (~ 60k EUR)
- ED and CFO continue to be expat positions, funded by the US and EU respectively
- EU and possible US new style projects funded from the provision of new money (i.e. Border Guards, Iraqi Foam, etc.)
- Interest rates remain low and Partner Fees stay about the same (\$100k pa)
- US Government agencies (i.e. DoD, DOE, and ISN/WMDT) pay 10% PA fee from 2019 rather than refund DoS, in other words, no movement from UCC to UCC as in the past.

Mr. Hood stressed that it is the Governing Board's responsibility to help search for ways to provide the STCU Secretariat the funding required in order to continue stable operations. For example, with a flat fee scenario the Center will get financial support every year even if partner fees are zero. Mr. Hood asked if the amount of \$84K shown in the presentation is considered as a flat fee.

Mr. Bjelajac answered that if the STCU keeps its budget at \$840K every year, the amount of \$84K could be defined as a flat fee, because it will be at the magical 10% (the rate the STCU has historically tried to keep AOB as a percentage of projects). However, the ED went on to mention that if the STCU management saw reason to increase its AOB request from \$840K to say \$950K, then 10% of that budget would be \$95K (obviously higher than \$84K). Thus, a pure fixed fee arrangement (say \$75K as discussed earlier), would eliminate any fluctuation. However, a fixed fee approach might generate political implications for US DoS, as it might be construed that it is a mandatory provision as opposed to a voluntary provision. Mr. Bjelajac concluded by stating that if the current approved AOB sharing agreement remains unchanged, even if US DoS has no ongoing projects, then they would still end up with an invoice for approximately 10% of the AOB.

Mr. Hood expressed his concerns about the STCU Secretariat having enough resources from the Parties in the future in order to implement the GB's requirements.

Mr. Bjelajac confirmed that it is especially important for US Government agencies (i.e. DOE, DoD, etc.) to have visibility as to what will happen with STCU funding after the year 2022, when the DoS balance is forecast to run out. Clearly, this could impact upon a Partner's decision as to start a project with the STCU (especially a project that is longer in duration >2 – 3 years).

Mr. Kluchko asked if a fixed fee scenario would also allow the STCU to still charge for direct labor dedicated to a specific project, for example an STCU specialist dedicates 50% of his time to the specific project, in addition to the fee charge.

Mr. Bjelajac answered affirmatively that this situation could be considered, and will probably be implemented in the STCU proposal for the DTRA Azeri project.

Mr. Bjelajac continued by mentioning that the Governing Board may also consider the possibility of counting funding from US Government agencies (i.e. DoD, DOE, and ISN/WMDT) as all or part of the U.S. government's contribution to the AOB (right now the contribution from DoS is only considered the "US" contribution). Mr. Bjelajac stressed that this contribution is not guaranteed to be steady, and would put the EU in situation where it is the "shock-absorber" (EU pays more towards the AOB when US partners have a lean project year or the EU pays less towards the AOB when US Partners have an active year in projects).

Mr. Maier commented that it is obviously quite difficult to look four years into the future; however the STCU certainly needs some degree of stability in funding as the organization has financial commitments to honor.

Mr. Strikha supported the Chairman's point and went on to further voice his desire to see the implementation of some sort of an organizational "safety net". Mr. Strikha went on to add that in his opinion this "safety net" could take the form of an agreed upon flat-fee, similar to what the Government of Ukraine is paying as part of its commitments under the Agreement.

Mr. Maier agreed that it is the business of the US Government if they decide to share the responsibility for funding the STCU AOB. At this stage the Parties should consider guaranteeing a minimum level of financial support and promote as much as they can other income from other types of projects. Mr. Maier went on to stress that the Governing Board has to be more inventive in addressing the challenges of tomorrow. The Chairman concluded by stating that looking at the outer years is difficult for the EU, as what will happen with the Centers in the future will depend very much on the terms within the new Instrument contributing to Stability and Peace (IcSP) for the next period (2020 – 2027), which is currently in the drafting stages.

Mr. Popa agreed that it is up to the US party to decide how to pay for the AOB; however, the EU would discourage the US from moving to a "pay as you go" system (similar to the approach taken by Norway at the ISTC). The EU would really like to see the US Party make a firm commitment to the future of the STCU. Mr. Popa stressed that the EU Party is open to new funding opportunities with the US Agencies and is always open to new solutions.

Mr. Bruce emphasized that from the US party perspective, there is a commitment to the STCU, which can be seen by the almost \$1M of uncommitted balance (UCC) that's available to facilitate the adjustments required in the future. Mr. Bruce concluded that aside from the aforementioned uncommitted funds on hand, the US Party at this point is unable to make any additional commitments.

Mr. Kluchko added that DTRA's focus is on tasks to be completed. If there is a task that DTRA foresees the STCU implementing, then DTRA is willing to pay a fee for the implementation of such a task. However, DTRA is unable to guarantee that there will always be tasks for the STCU to implement. Thus, DTRA is not in a position to provide any sort of "safety net" for the STCU.

Ms. Carter added DOE projects have included a 10% fee as a contribution to the U.S. AOB share, so DOE is in agreement with paying the fee directly to STCU. However, DOE is watching the financial situation with both Centers very carefully, and may be hesitant to start any new activities that go much beyond the year 2020 until further clarity is obtained on their sustainability going forward.

Mr. Bruce commented that the US party understands the desire for a fixed fee (safety net) approach; however, at this time DoS cannot commit to anything more than the already uncommitted funds on hand.

Mr. Bjelajac confirmed that STCU Management understands the situation facing DoS and the main question that remains in front of the organization is what will happen when DoS funds run out.

Mr. Hood stressed that this issue should be addressed sooner rather than later, because if the assumptions in management's forecast are materially wrong, the Centers could face a situation where the DoS monies on hand will be utilized in a couple of years and not in the next five years as forecasted by STCU management.

Chairman Maier thanked all Parties around the table for their contributions to such an open and fruitful discussion. Clearly, all Parties are now on the same page as to the situation facing the STCU, and should use these next months to consider possible ways to resolve it. Parties in the next months should focus on bringing stability to the situation, as well as work with the Secretariat to attract new project partners.

Mr. Strikha thanked the Chairman for his comments, and confirmed the Government of Ukraine's position that it is important to find a "safety net" for the STCU, and looks forward to the discussions in the coming months. Mr. Strikha stressed again that the Government of Ukraine considers the STCU to be a very important organization, that might eventually help with the fallout of the situation in Donbass (i.e. ecological problems due to chemical spills, etc.). Mr. Strikha concluded by stating that the Ukrainian Party is open for discussion on possible next steps and mechanisms needed to further STCU's activities.

Mrs. Banerjee thanked the Chairman and Executive Director for a very productive meeting, which brought everything to the table, as well as put all Parties on the same page. Mrs. Banerjee stated that despite the fact that the GB currently does not have a long-term solution, the initiation of serious discussions is already a big step forward. The US Party appreciates everyone's understanding of the change in DoS's financial situation, and said that the US Party will do what it can within its constraints to facilitate the transition to a new funding model for both Centers.

Mr. Bjelajac thanked all for listening and contributing to a very lively discussion. He concluded by stating that quite often a deep dive into the numbers can cause confusion; however, a detailed knowledge of the numbers, and especially the assumptions used in management's financial forecast, will facilitate the Parties task of finding a solution that works for all.

#### **4.4 Sign 45th GB Record of Decision and Funding Sheets.**

Mr. Bjelajac highlighted the requested changes that were made to the 45th GB Record of Decisions and Funding Sheet. All changes were agreed by the Governing Board and the Record of Decisions and Funding Sheet were signed.

#### **5.0 Closing Session**

Mr. Bjelajac thanked the Governing Board for the fruitful meeting and for the important progress made today. The Chairman again thanked both the STCU and ISTC Secretariats for accommodating another year of "back-to-back" Governing Boards.

There being no other business the 45th Governing Board Meeting was then closed.

**МІНІСТЕРСТВО  
ОСВІТИ І НАУКИ  
УКРАЇНИ**

Проспект Перемоги, 10  
м. Київ, 01135, Україна



**MINISTRY  
OF EDUCATION AND  
SCIENCE OF UKRAINE**

10 Peremohy Ave  
Kyiv, 01135, Ukraine

Тел.: (044) 481 32 21; факс: (044) 481 47 96  
E-mail: [ministry@mon.gov.ua](mailto:ministry@mon.gov.ua)  
Web: <http://www.mon.gov.ua>  
Код ЄДРПОУ 38621185

№ \_\_\_\_\_

Governing Board

Kyiv, June 15, 2018

Science and Technology Center in Ukraine

Dear Chairman Maier and the STCU Governing Board Members,

The Ministry of Education and Science of Ukraine presents its compliments to intergovernmental organization diplomatic mission «Science and Technology Center in Ukraine» and to the Governing Board Members and would like to inform you of the following.

According to the results for the previous period of time and up to this moment, the Ministry of Education and Science of Ukraine (hereinafter – MES of Ukraine) considers it possible to positively evaluate the Senior Deputy Executive Director of STCU, Mr. Mykola Lubiv.

In connection with the above MES of Ukraine proposes to extend the term of Mr. Lubiv as Senior Deputy Executive Director of STCU for the 1-years period starting from January 2018.

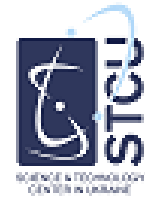
The Ministry of Education and Science of Ukraine avails itself of the opportunity to renew to Science and Technology Center in Ukraine assurances of its highest consideration and thanks in advance for the views of the Parties regarding the proposals we offer.

Sincerely

M. Strikha  
STCU Governing Board Member from Ukraine  
Deputy Minister of Education and Science of Ukraine

МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ  
№1/11-6343 від 14.06.2018





## **Executive Director Report**

(Reporting Period: November 11, 2017 – June 15, 2018)

### Party Issues

#### Contact from Uzbekistan

In late January/early February former colleagues from the Republic of Uzbekistan contacted the STCU and ISTC to inquire about the Centers making a visit to Tashkent in the near future to discuss "restoration of collaboration". As you are aware, Uzbekistan is still a member of the STCU (as it never formally withdrew from the STCU agreement), but the STCU has not had contact with Tashkent since mid-2010 (when at the request of the Govt. of Uzbekistan, the STCU closed its regional office in Tashkent). Given that ISTC has a number of regional Central Asia initiatives (i.e. Biosafety & Biosecurity, Water Management, etc.), the Uzbek authorities requested that both EDs travel to Tashkent to discuss future opportunities for cooperation with both Centers.

Following consultations with the STCU Governing Board, the STCU requested the Government of Uzbekistan to provide a formal letter outlining their intentions to restore collaboration with the Centers. Upon receipt of the requested letter, the Governing Board would then provide further instruction to the two Centers.

In April '18 the ISTC met with the Uzbek Ambassador to Kazakhstan and at the meeting the ISTC Executive Director requested the Ambassador's assistance with obtaining a formal letter from the Government of Uzbekistan in order to reestablish relations.

As of the production of this report, neither the STCU nor ISTC has received the requested letter from the Government of Uzbekistan. Thus, both Centers are currently "on hold" in relation to this matter.

#### Provision of equipment and materials for first responders in the SEE CoE Region Project

On December 11, 2015 the STCU signed a contribution agreement (Agreement #IFS/2015/365-540) with the EU which provides €1.7M of funding to buy equipment and materials for first responders in the SEE CoE Region. This project is unique in that it will test the STCU's ability to purchase equipment and materials for countries outside of STCU's traditional region (i.e. GUAM). The project foresees purchases for the following countries: Albania, Armenia, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia, Georgia, Moldova, Montenegro, Serbia, and Ukraine.

All the equipment except for protective suits and masks for Ukraine has been delivered. The protective clothing for Ukraine is awaiting the import certificate to be issued. There were issues with the format of the documents submitted and these had to be changed and resubmitted. The equipment is with the manufacturer ready for delivery, and STCU expects the delivery to be later in June or early July 2018.

#### New Provision of specialized equipment for CBRN forensics in the SEEE CoE Region Project





On December 12, 2016 the STCU signed a contribution agreement (Agreement #IFS/2016/378-224) with the EU which provides €1.9M of funding to buy specialized equipment for CBRN forensics in the SEEE CoE Region. This project is similar to the first responders project (mentioned in the paragraph above) in that it will test the STCU's ability to purchase equipment and materials for countries outside of STCU's traditional region (i.e. GUAM). The project foresees purchases for the same countries as the first responders project. This project is in its very beginning stages with the finalization of specific equipment and identification of vendors currently ongoing.

This project is operating in conjunction with another CBRN CoE project (Project 57) conducted by SCK.CEN and STCU's role will commence after they have completed their initial needs assessment of the requirements of forensic investigators of CBRN incidents in the recipient countries and devised a strategy that will enable STCU to equip the countries with compatible equipment so they can work together across borders when required.

The contract for the supply of the mobile laboratories and the ancillary equipment has been signed. All equipment is from one supplier and will be either fitted into the vehicles or consigned with the vehicles so that it all arrives together ready for use.

STCU are currently working with the supplier on the design of the modified vehicles once the designs have been completed they will be presented to the end users for acceptance. The recipients will need to provide end user certificates for any items of equipment that are subject to export control on the grounds of dual use technologies. After receipt of the end user certificates the equipment will be purchased and the vehicles modified for field use. A separate contract is to be prepared for training of the recipient's staff in the use of the equipment. This training will take place in two groups one for the Balkans and one for the GUAM countries. Staff trained will then be able to train their colleagues back in their respective countries.

*New Emergency Implementation Measures for Pridniprovskiy Chemical Plant (PCHP) at Kamianske (formally Dniprodzerzhynsk) in Ukraine Project*

On November 30, 2016 the STCU signed a contribution agreement (Agreement #INSC/2016/379-607) with the EU which provides €3.5M of funding for implementing emergency measures at the PCHP. During its operation from 1947 to 1992, PCHP was one of the largest producers of uranium in the former Soviet Union. It processed uranium ores of different geochemical composition from mines located in Ukraine, Central Asia, and Eastern Europe (i.e. the Czech Republic and Germany). As a result of these activities, the site is highly contaminated, with recent radiological surveys (Phase 1 - funded by the European Commission as well and performed as a precursor to this project) showing that the contamination consists predominantly of radio-nuclides from the U-238 decay series with activity concentrations ranging from a few Bq/g over many hundreds of square meters to hundreds of Bq/g over many tens of square meters.

The principal objective of this project (Phase II) is to implement a number of emergency measures that will immediately improve the safety and security of the PCHP site. These measures are also necessary precursors to the long-term remediation of the site (Phase III – which the EC is planning to fund via the STCU in the amount of €5M at the end of 2017).

The PChP project is divided into four parts: 1). a technical services contract: to design and supervise construction of infrastructure improvements to make the site safe and secure; to design and implement (through training) a safe operating system; to determine equipment requirements; and to conduct public awareness, 2). a technical services contract to write laws and regulations to govern the management of legacy radiation sites, 3). a construction contract to build the necessary infrastructure to safeguard the site and reduce the spread of nuclear contamination and chemical poisoning, and 4). an equipment supply contract to provide the equipment, protective clothing, etc to enable the site operator SE Barrier to safely manage the site going forward.

The contracts for the technical services and the regulatory framework have been signed and are being implemented. Under the contract for the first area an additional task was identified to assist the site operator SE Barrier to obtain a new license from the SNRIU. This has been achieved however there are conditions that still need to be fulfilled by Barrier to maintain the license. Some of the equipment under task 4 has been supplied as a consequence of this additional task in preparing Barrier of their license.

There are a number of the deliverables for the design and construction work that have been prepared in draft but cannot as of now be finalized and therefore STCU has not yet contracted task 3. The completion of these deliverables has been hampered by two issues outside of STCU's control:

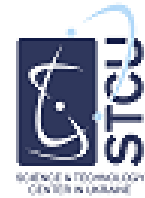
- ✓ The site contains a number of buildings and areas of land that are owned by private entities but which need to be included in the control areas for safety and security which are to be constructed, the cooperation of these private entities is required for the successful completion of this part of task 1 and for task 3;
- ✓ The site operator SE Barrier has not been provided with sufficient funding from the state budget to enable it to operate and some of its funds have been sequestrated by the courts. Without Barrier and its workforce being in a stable state, the implementation of the project, which is designed such that the consultants and suppliers work in partnership with the operator to build capacity for the site's management and safe control going forward, is being hindered.

These matters are outside STCU's control and the European Commission is working with the Ukrainian government and the private entities to resolve the two problems.

#### *LIONSHIELD 2018 Regional Radiological Exercise conducted in Tbilisi, Georgia in June 2018*

The STCU worked with the Secretariat of the Center of Excellence of the SEEE region (located in Tbilisi, Georgia) to conduct a regional radiological field exercise LIONSHIELD 2018 in Tbilisi, Georgia on June 5 – 8, 2018.

The exercise was implemented within the framework of the European Union (EU) Chemical Biological Radiological Nuclear (CBRN) Risk Mitigation Centre of Excellence (CoE) Initiative, in partnership with the State Security Service of Georgia (SSSG), the United Nations Interregional Crime and Justice Research Institute (UNICRI), and the Science and Technology Center in Ukraine (STCU).



The four-day “hands-on” field exercise provided an opportunity for countries of the South East and Eastern Europe (SEEE) CoE Region to test their capabilities on detection and initial response to radiological and nuclear trafficking incidents with an emphasis on fostering regional cooperation between participating sectors and States. The exercise identified best practices on nuclear detection and initial response, as well as on coordination required to investigate an incident involving radioactive and nuclear materials.

LIONSHIELD consisted of three field simulations based on three different scenarios. The scenarios focused on incidents involving trafficking of radioactive/nuclear materials in different settings (e.g. green border, airport terminal, etc.). Each scenario was played by units composed of representatives from two to three countries in the region.

Representatives from Albania, Armenia, The former Yugoslav Republic of Macedonia, Georgia, Moldova, Montenegro, Serbia, and Ukraine participated in the event while the International Atomic Energy Agency (IAEA) and the International Criminal Police Organization (INTERPOL) attended the exercise as evaluators. The Norwegian Radiation Protection Authority (NRPA), the Defense Threat Reduction Office (DTRO) & Department of Energy Office of the U.S. Embassy in Georgia also attended as observers.

#### Project to Provide Continuation of DTRA’s Mentorship Program in Azerbaijan

DTRA and STCU signed a contract in the amount of \$2,169,839 on May 29<sup>th</sup>, 2018 to continue the work implemented in Azerbaijan by Black & Veatch after its contract there ended on April 4, 2018. The goal of the project is to plan, develop, and implement a sustainable mentorship program in Azerbaijan in support of the Threat Agent Detection Response (TADR) system, comprised of a Central Reference Laboratory (CRL), Zonal Veterinary Laboratories (ZVL), and Anti-Plague Division (APD) Laboratories. Upon successful completion of the mentorship program implementation, responsibility for diagnostic and laboratory maintenance sustainment will be transitioned to the Government of Azerbaijan.

The project started on June 1, 2018 and will last for eighteen (18) months. However, there is an option to extend the project for twelve (12) months at an additional cost of \$1,405,962, thus bringing the potential length of the project to thirty (30) months and cost of the project to \$3,575,801.

#### **Current Secretariat Activities**

##### Co-Financing with National S&T Authorities of GUAM (formerly known as the TI program) Activity Update

The 2017 co-financing with national S&T Authorities of GUAM resulted in the following numbers of proposals funded for each country:

Azerbaijan	= 6 proposals funded in the amount of €145,878
Georgia	= 7 proposals funded in the amount of €199,154
Moldova	= 6 proposals funded in the amount of €121,731
Ukraine	= 8 proposals funded in the amount of €195,082



Total # of 2017 proposals funded = 27 proposals funded in the amount of €661,845

As discussed after the 45<sup>th</sup> STCU Governing Board in Frankfurt, the STCU is currently working with the National S&T Authorities of GUAM and the European Union in order to identify regional thematic areas in order to continue a revised co-financing program.

#### Partner Program/Sustainability Activity

The 45<sup>th</sup> GB approved a total of ten (10) new partner projects totaling roughly \$2.60M (\$2,022,874 and €514,916), as well as eight (8) new partner project extensions totaling roughly \$925K (\$385,945 and €477,000). Couple this with the partner projects approved at the 44<sup>th</sup> GB in the spring of 2017, and in 2017 approximately \$7.54M of new partner project funding was received. Partner project funding in 2017 was almost \$2.0M more than that received in 2016, and continued a moderate uptick in this form of funding over the last two years.

The 46<sup>th</sup> GB is scheduled to approve via written procedure in July '18, sixteen (16) new partner projects totaling roughly \$5.83M (\$3,423,696 and €2,023,439), as well as fourteen (14) new partner project extensions totaling roughly \$739K (\$153,337 and €492,137). The total for all new partner projects and extensions scheduled for approval at the 46<sup>th</sup> GB would thus equal roughly \$6.57M. Partner project funding in 2018 is just short of that received in 2017 already, and continues an uptick in this form of funding over the last two to three years.

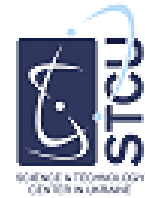
The STCU expects that going forward partner project funding will be in a band of approximately \$6M - \$8M per year. Contrast this with a few years ago, when the band was approximately \$8M - \$12M. The decrease was a result almost exclusively because of a drop in government partner projects (especially DOE/GIPP).

#### Trends in Projects

As the table below indicates, the STCU has seen the number of active projects drop considerably over the last few years (from an average of 228 active projects in 2012 to 150 active projects in June 2018). Furthermore, as you can see in the table below, the average number of active projects for 2016 dropped to approximately 110. To date, the STCU is managing approximately 150 projects, with the rise in projects attributed mostly to the increase in the number of partner projects (even though the USD amount of funding was the same year-on-year, i.e. more projects but for smaller budget amounts as compared with 2017).

2018 will prove to be close to \$9M - \$11M in total project funding, due in large part to the large DTRA project in Azerbaijan described earlier in this report, as well as the steady year in partner projects mentioned in the section above. Finally, if the third phase of the PCHP project (€5M) is signed by the end of this year, the STCU could see a funding year in 2018 close to \$16M.

	2011	2012	2013	2014	2015	2016	2017	June 2018
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Avg # of Active Projects	227	228	179	125	120	110	135	150
Board Approved Project Funding (USD)	\$18.2M	\$17.7M	\$12.7M	\$14.1M	\$4.72M	\$11.2M	\$15.6M	\$7.3M*

\* \$7.3M is the amount of funding approved for the period of Jan. '18 – June, '18

### Important Visitors/Meetings/Events

**Attendance of Global Partnership Working Group Meetings (15th to 17th November, 2017, Rome).** The STCU ED traveled to Rome and met with representatives of global partnership programs (i.e. Germany, U.S., Norway, etc.) to discuss ways the STCU may act as an implementing organization for their activities in the GUAM region.

**Meetings in Brussels with ISTC SAC (25<sup>th</sup> and 26<sup>th</sup> of January, 2018, Brussels).** The STCU ED traveled to Brussels to discuss ways that the ISTC SAC could assist both the ISTC and STCU. Discussions focused on future projects (i.e. regional-focus, etc.), and directions that the Centers could take in order to solicit funding from new partners.

**Attendance of Global Partnership Working Group Meetings (30th January to 3<sup>rd</sup> February, 2018, Ottawa).** The STCU ED traveled to Ottawa and met with representatives of global partnership programs (i.e. Canada, etc.) to discuss ways the STCU may act as an implementing organization for their activities in the GUAM region.

**ED travels to South Ukraine Nuclear Power Plant (20<sup>th</sup> and 21<sup>st</sup> February, 2018, Yuzhnoukrainsk).** The STCU ED traveled to SUNPP to discuss the potential physical protection project with the management of SUNPP, Energoatom, and representatives from the Department of Energy.

**Attendance of 1<sup>st</sup> STCU Seminar on Export Control of Dual-Use Materials and Technologies in GUAM Countries (14th and 15<sup>th</sup> February, 2018, Kyiv).** The STCU ED attended the first seminar held under the Targeted Initiative funded by the European Union that aims to raise awareness in member countries of the STCU, and enhance the effectiveness of export control systems for dual-use items and related materials, equipment and technologies through the provision of necessary trainings and educational programs.

**2<sup>nd</sup> Preparatory Meeting for LIONSHIELD Regional Radiological Detection Exercise (28th and 29th March, 2018, Tbilisi)** The STCU ED and two Specialists traveled to Tbilisi to meet with the Regional Coordinators of the SEEE, as well as the OSA, the State Security Service of Georgia, and Head of the SEEE Regional Secretariat to finalize the preparation for the exercise to be conducted June 5 – 8, 2018 in Tbilisi, Georgia (discussed earlier in this report).

**Meeting with Hryhorii Plachkov, Chairman of the State Nuclear Regulatory Inspectorate of Ukraine (23rd April 2018, Kyiv).** The STCU ED and Iryna Tomasehvska met with Mr. Hryhorii Plachkov to discuss a possible project to implement an e-data management system in the regulator, as well as a rad source project in Eastern Ukraine. It was agreed that regulator would provide additional information before another meeting would be called in order to further both projects.



**Attendance of 2nd ISTC Seminar on Export Control of Dual-Use Materials and Technologies in Central Asian Countries (24th and 25th June, 2018, Astana).** The STCU ED attended the second seminar held under the Targeted Initiative funded by the European Union at the ISTC that aims to raise awareness in member countries of the STCU, and enhance the effectiveness of export control systems for dual-use items and related materials, equipment and technologies through the provision of necessary trainings and educational programs. At that meeting, the STCU conducted side meetings in preparation for the STCU's upcoming 2<sup>nd</sup> Seminar on Export Control scheduled for mid-October 2018 in Tbilisi, Georgia.

**ED, DED, and others attended the LIONSHIELD Regional Radiological Detection Exercise (5<sup>th</sup> – 8<sup>th</sup>, June, 2018, Tbilisi)** The STCU ED, Senior DED, and two Specialists traveled to Tbilisi to attend the regional radiological field exercise LIONSHIELD 2018 in Tbilisi, Georgia (discussed earlier in this report).

Curtis "B.J." Bjelajac  
Executive Director