

STCU 57th GOVERNING BOARD MEETING

Brussels, Belgium

October 18, 2023

Tuesday the 17th of October

Arrival of Delegates from outside of Brussels

Wednesday the 18th of October

STCU 57th Governing Board Meeting

Venue:

Renaissance Brussels Hotel

Copenhagen Conference Room (not in the main building where lobby located, but in the 1st floor of building to the right of the building with the lobby if you are looking at the hotel from the street)

Rue du Parnasse 19

Brussels, Belgium 1050

Tel.: +32-2-505-2929

<https://www.marriott.com/en-us/hotels/brubr-renaissance-brussels-hotel/overview/>

09:00 – 09:15 Welcome Coffee
09:15 – 10:45 Start 57th STCU Governing Board
10:45 – 11:00 Coffee Break
11:00 – 13:00 Completion of 57th STCU Governing Board
13:00 – 14:00 Lunch

14:00 – 17:00 For those attending, ISTC Strategy & Working Group Meetings
18:30 21:00 Reception hosted by ISTC and STCU at restaurant

Thursday 19th of October

Departure of Delegates from outside of Brussels that are not attending the ISTC's CEC meeting scheduled for the next day

AGENDA
57th Meeting of the STCU Governing Board
October 18th, 2023
Brussels, Belgium

1. Opening of the Meeting

- 1.1 Opening Remarks from the GB Chair (Chair, Governing Board)
- 1.2 Opening Remarks from other GB Members/Invited Guests (GB Members/Other Officials)
- 1.3 Welcome from the Executive Director (Curtis "B.J." Bjelajac)

2. Administrative Topics

- 2.1 Adoption of the Agenda

3. Agenda

- 3.1. Review and Approval of minutes of 56th GB meeting conducted on June 20, 2023 (GB Members)
- 3.2. Review of 57th Draft Record of Decisions & Funding Sheets (Curtis "B.J." Bjelajac)
- 3.3. Executive Director Report (Curtis "B.J." Bjelajac)
- 3.4. Discussion of Ukraine's Points from July 4, 2023, meeting with STCU Executive Director (GB Members)
- ~~3.5. Presentation of December 31, 2022, Audited Financial Statements and Management Letter (Anthony Nichol)~~
- 3.6. Update on 2023 AOB/SB Expenditures (Anthony Nichol)
- 3.7. 2024 AOB and SB Budget Request (Anthony Nichol)
- 3.8. Presentation of 2022 Annual Report (Curtis "B.J." Bjelajac)
- 3.9. Update on EU/US Fellowships (Mykola Lubiv)
- 3.10. Discuss/Approve 58th GB schedule (Curtis "B.J." Bjelajac)
- 3.11. Finalize 57th GB Record of Decisions and Funding Sheet (GB Members)
- 3.12. AOB (Any Other Business) (GB Members)

4. Closing of the Meeting

- 4.1 Any Other Business (AOB) (All)
- 4.2 Final Issues/Statements from GB Members (GB Members)
- 4.3 Closing Remarks/Adjournment (Chairman, Executive Director)

STCU Governing Board 57
October 18, 2023
List of Participants

CHAIR: Mr. Eddie Maier, European Commission (Retired)

Azerbaijan

Gulam BABAYEV Azerbaijan Information Officer
STCU

European Union

Maria Rosa SABBATELLI Board Member
Head of Unit
Global & Transregional Threats &
Challenges (FPI.1)
Service for Foreign Policy Instruments
European Commission

Sorin POPA Programme Manager
European Commission

Moldova

Vadim IATCHEVICI Interim Director
National Agency for Research and Development

Norway

Tamara ZHUNUSSOVA Norwegian Radiation and Nuclear Safety
Authority (DSA)

Ukraine

Hrihorii MOZOLEVYCH Acting Director General
Directorate on Science and Innovation
Ministry of Education and Science of Ukraine

United States of America

Kathryn INSLEY Board Member
Deputy Assistant Secretary
Bureau of International Security and
Nonproliferation
U.S. Department of State



Barbara HALL

Office of Cooperative Threat Reduction
U.S. Department of State

Andrew HOOD

Office of Cooperative Threat Reduction
U.S. Department of State

Regina CARTER

National Nuclear Security Administration
U.S. Department of Energy

ISTC

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



**Summary of the STCU 56th GOVERNING BOARD MEETING
via WebEX
June 20, 2023**

Chair

Mr. Eddie MAIER, Retired

European Union:

Mr. Sorin POPA, Programme Manager – EU Policies, Stability and Peace - Global and Transregional Threats (FPI.1), Service for Foreign Policy Instruments, European Commission

Georgia:

Ms. Rusudan JOBAVA, Head, Office of International Relations and Fundraising, Shota Rustaveli National Science Foundation

Ukraine:

Mr. Ihor TARANOV, Director General, Head of Expert Group on Integration into European Research Area, Directorate on Science and Innovation, Ministry of Education and Science of Ukraine

United States of America:

Ms. Barbara HALL, Office of Cooperative Threat Reduction, U.S. Department of State

Mr. Andrew HOOD, Office of Cooperative Threat Reduction (ISN/CTR), U.S. Department of State

Ms. Regina CARTER, Senior Advisor, Office of Nonproliferation and Arms Control, National Nuclear Security Administration, U.S. Department of Energy

Mr. Donald HATCH, Office of Nonproliferation and Arms Control, National Nuclear Security Administration, U.S. Department of Energy

Mr. Patrick BECKER, Deputy Director, Cooperative Threat Reduction, Defense Threat Reduction Agency, U.S. Department of Defense

Secretariat ISTC

Mr. Ronald LEHMAN, Chair, International Science and Technology Center

Mr. David CLEAVE, Executive Director, International Science and Technology Center

Ms. Sonya VEKSTEIN, Chief Financial Officer, International Science and Technology Center

Secretariat STCU

Curtis "B.J." BJELAJAC

Mykola LUBIV

Anthony NICHOL

1.1 Opening Remarks (where possible, and for accuracy, most remarks are transcribed in their entirety)

Eddie Maier, the STCU Chair, opened the meeting with the following remarks, "Dear Governing Board members, Executive Director, members of the Secretariat, colleagues, ladies and gentlemen, and friends, I would like to start out by welcoming our new Board member from Ukraine, Mr. Kurbatov. I would also like to highlight that the situation in Ukraine is a bit better in comparison with the last time that we spoke back in December, with access to power and warmer weather helping the team in Kyiv. I also hope that the war will come to an end as soon as possible. I will keep



my remarks short, as we have a very packed agenda, and will welcome remarks from the other Board members. Thank you.” With that, the Chair invited the other Parties to take the floor to make opening remarks.

Mr. Maier welcomed opening remarks from the United States.

Ms. Hall spoke on behalf of the U.S. and stated: “Good morning and good evening to all our colleagues. It’s a pleasure to be meeting with you all today. I have had the opportunity to meet many of you before, but for those that I haven’t met, my name is Barbara Hall and I work in the Office of Cooperative Threat Reduction, within the State Department’s Bureau of International Security and Nonproliferation. Unfortunately, both our Board member (Ms. Kate Insley, Acting Deputy Assistant Secretary) and Office Director, Ryan Taugher, are on travel now and unfortunately cannot attend today’s meeting. In their stead, I’ll be representing the US party. I want to express the U.S. Party’s sincere thanks to both our Executive Director, Deputy Executive Director, and the STCU Secretariat for hosting today’s virtual meeting, despite the incredibly challenging circumstances under which the entire STCU team has been operating since Russia’s invasion of Ukraine. On behalf of the US party, I’d also like to extend our gratitude to Ukraine’s former Governing Board Member, Mr. Shkuratov, and thank him for his partnership and support to the STCU.

I also want to welcome the new Board member from Ukraine, Mr. Denys Kurbatov, as well as say welcome back to Mr. Taranov. Sorin, it is great to see you as well. The U.S. Party looks forward to welcoming Ms. Maria Rosa Sabbatelli to her new role as the EU’s STCU Governing Board Member. The US Party also wants to extend its deep appreciation to Ms. Pauwels for her partnership over the past two years, and we know that we will continue to work with her and her team in her new office on our joint efforts to support Ukraine. We’re grateful this partnership will continue.

I also want to extend the U.S. Party’s gratitude to the Governing Board Chair, Mr. Eddie Meier, and to the other Parties. I’ll also note that I’m joined today by two new members of the State Department team: Gabriela Del Canto (who might not have joined yet) and Andy Hood (who many of you know very well), as well as Regina Carter and Don Hatch from the US. Department of Energy’s National Nuclear Security Administration. Finally, it is also possible that Mr. Patrick Becker of DTRA will also join us as well.

We continue to admire the courage and strength of the Ukrainian people, in particular, I want to acknowledge the twenty-three members of the STCU team who continue to carry out the important work of the STCU despite these incredibly challenging circumstances. We are grateful for everything you’re doing to support the Ukrainian scientific community through both our programming as well as that of the other parties and partners. We are very excited that the DOS/ISN program through the STCU has provided scientists with short term virtual fellowships so they can continue the work in Ukraine. We’re also pleased to be working with the STCU to provide scores of Ukrainian scientists with knowledge security, research vetting, and individual cyber security training to protect their sensitive intellectual property while they look for research and other employment opportunities. We just completed one hybrid training in Prague that included forty-one scientists, many of whom traveled from Ukraine to attend or participate in virtually. We’re planning to hold two other trainings this fall and are very grateful for Mykola’s tireless work to ensure the smooth implementation of these efforts.

We know the EU and other parties and partners have many other projects underway and look forward to finding ways to support those efforts together. I just want to conclude by reiterating US party’s steadfast support to the STCU and to our Ukrainian partners. As mentioned earlier, we have significantly increased our programming through the STCU and are continuing to find ways to support the Ukrainian scientific community. Our colleagues within the Department of Energy, Defense, and National Institute of Health have several important projects underway as well. In addition to these programmatic efforts, the US party has and will continue to meet our AOB and contract salary obligations. I look forward to our conversation today to understand how we can further support the STCU. With that, I’ll turn it back over to you Mr. Chairman. Thank you.”

Mr. Maier thanked Ms. Hall for her remarks and next welcomed opening remarks from the European Union.

Mr. Popa spoke on behalf of the EU and stated: “Thank you, Mr. Chair, I will be very short. I would first like to join our American colleagues in welcoming our new board member from Ukraine. I would also like to state that the European

Union will be an important partner of the STCU, as we plan on even more more work than in the past. Recently, the EU started new activities with the STCU, including signing two new contribution agreements: a). one covering a wide range of activities including small trainings, events, participation in seminars, as well as the continued purchase of mine-detecting dogs, and b). the EU CBRN CoE jubilee project number P100 which is a biosafety and biosecurity capacity-building project for the border services of the SEEE Region.

I would also like to take the opportunity to thank the STCU Secretariat and all our colleagues in Kyiv, UK, and elsewhere for your continued hard work during these difficult times. I am hoping that Ms. Natalie Pauwels will be able to join us for a few minutes today. As most of you are aware, she left the Service for Foreign Policy Instruments in April and is now dealing with a very high-profile job in supporting the reconstruction of Ukraine. As we speak, the European Union is today announcing a newly created instrument of €50 Billion in funding to assist with the reconstruction of Ukraine. Natalie played a large role in this newly created initiative.

Unfortunately, our new EU Board member, Ms. Sabbatelli, cannot join us today. However, in my initial discussions with her, she is very supportive of the science centers and their CBRN activities. She looks forward for engaging further with all of you in the coming weeks and months. Mr. Chairman, back to you.”

Mr. Maier thanked Mr. Popa for his remarks and next welcomed opening remarks from Ukraine.

On behalf of the Ukrainian Board member, Deputy Minister Kurbatov, who was unable to attend the meeting, Mr. Ihor Taranov, Head of Expert Group on Integration into European Research Area, Directorate on Science and Innovation, Ministry of Education and Science of Ukraine provided the following remarks:

“Dear Chairman, Dear Colleagues, Friends. First, thank you for this opportunity to address and welcome all of you to this 56th Governing Board meeting, on behalf of the Government of Ukraine and Ukrainian scientific community. My name is Ihor Taranov and jointly with the newly appointed Deputy Minister Denys Kurbatov and our team, I would like to address you with the following.

Not so long ago, the team of the Ministry was renewed, with appropriate tasks in this difficult time for Ukraine. One of my priorities is to deepen cooperation with our Partners to solve the threats currently facing the Ukrainian scientific community. The influential activities for nearly 30 years have repeatedly proven the effectiveness and important role of STCU. I would like to take this opportunity to sincerely thank all our international Partners for their consolidated strong support at this difficult time in our history.

I want to thank you for providing humanitarian aid for vital medical supplies and other assistance, for providing defensive military aid including vital weapons to Ukrainian armed forces, for changing the immigration system to support Ukrainian families who were forced to leave everything and pack their lives in one suitcase. More than 10 million people had to flee Putin’s bombs and seek shelter either inside Ukraine or neighboring countries. Ukraine also thanks you for delivering an unprecedented package of sanctions to cut off funding for Putin’s war machine.

Thank you all for offering strong political, financial, and humanitarian assistance to Ukraine. The whole Ukraine sees that the EU and its international partners are united in condemning Putin’s aggression in Ukraine. I would also like to thank the Secretariat and the wider STCU team for their daily hard work and support of the Ukrainian scientific community.

Today is the 452nd day of continuous war because of Russian aggression that caused a lot of harm to Ukraine and Ukrainians. Scientific infrastructure and the field of education is one of the most affected by the war in terms of the number of destroyed, damaged and lost objects. Direct documented damages caused by the destruction of educational institutions amounted to \$8.94 bn. In total, at least 915 educational facilities have been destroyed and 2,165 damaged because of hostilities.

Dear Colleagues, it is my sincere belief that the STCU must be more active and pay special attention to the Ukrainian needs to allow the Center and the Ukrainian scientists to remain sustainable. Unfortunately, in recent years, the STCU



Secretariat has not fully considered the requests and needs from the Ukrainian side. Please understand the Ministry is in daily contact with hundreds of scientists, researchers and Ukrainian engineers and has a real picture of what is happening right now and what needs the special attention of my Fellow Board Members.

I am talking about a projects such as one that supports the testing in real conditions of the latest technologies for surveying territories that may be contaminated by explosive objects, or a project that supports the analysis of threats and identification of priority measures to ensure nuclear safety of the Zaporizhzhia Nuclear Power Plant in the aftermath of the terrorist sabotage of the Kakhovka Hydroelectric Power Plant dam by the Russian aggressor. I would like to thank Mr. Sorin Popa for working already with Mykola on this project. There are also projects that support the development of drones with advanced technologies that are ideal for aerial photography and videography and many other projects that are in line with the STCU mission. I am asking the STCU Secretariat and Executive Director to be more flexible and pay special attention to the requests from the Ukrainian Government. From our side, the Ministry is ready to provide any assistance in relation with the Host Government Concurrence and other needed help. I think it makes sense to hold internal Board Members meetings soon to develop a short to medium term strategy for the STCU.

Dear Colleagues, according to today's agenda, the Ministry welcomes the U.S. Party initiative of the 1-year contract extension for the STCU Executive Director. The Ministry also requests the 1-year contract extension for Senior Deputy Executive Director from the Ukrainian Party and will be ready to support a 2-year extension for the STCU Chief Financial Officer. The Ministry will be able to sign the Record of Decisions, once it's available and agreed with all the decisions to be made today, during this meeting.

Dear Board Members, in conclusion, the Ukrainian Party once again confirms the fulfillment of its international obligations within the framework of the STCU Agreement, regarding the provision of office space for the STCU, and will take the appropriate steps in providing needed assistance to the Center's activities. Thank you all."

Mr. Maier thanked Mr. Taranov for his remarks and next welcomed opening remarks from the Executive Director.

Mr. Bjelajac stated: "Thank you very much, Mr. Taranov. I think a lot of your remarks hit very close to home for me and my family. You thank the EU for their continued support of Ukrainian refugees, which my family is included. You also thank the EU and US for the weapons that were provided, especially air defense, that has made Kyiv, especially, a much safer place. As you'll see in my Executive Director report, the functionality of the STCU office is much higher these days because of air defense, which allows the electricity in Kyiv to be maintained. You'll see, in contrast to my December report, the June report is much more optimistic when it comes to the operations of the Center. I also take note of the Ukrainian government party's comments about several projects that you are asking the STCU to review. I believe that those have been forwarded to myself and the Parties by the Senior Deputy Executive Director, Mr. Lubiv, especially the project related to the most recent tragedy, which is the Kakhovka Reservoir that was blown up by Russian forces, and will use drone technology to try to assess what the damage is there and where we can most effectively remediate the ramifications of the effects of the breakdown of the dam(s).

I also realize that your comments are on behalf of Deputy Minister Kurbatov and that the Ukrainian Party would like to engage the Board members to discuss the short-term next steps for the Center. Of course, myself, the other members of the Secretariat, as well as of course the Board members, I'm sure, are open to that dialog. I will initiate that with Mr. Kurbatov as soon as we get off the meeting here and initiate by email a meeting so that I can get an understanding of what the Ukrainian Party is asking for in detail. However, I would like to point out to our Ukrainian colleagues, that when you see the Executive Director report, you will see that there is a lot of funding scheduled to come through the STCU for Ukraine. Having said that, we will work with the Ukrainian Party and the Ministry of Education and Science to make sure that we are addressing the projects that you consider to be important. But I think you will see when I get through the Executive Report, especially when I talk about projects that are about to be signed in 2023, that the STCU could be looking at \$30 to \$35 million in project funding in 2023, which is another record year for the STCU following the record year in 2021, which was \$25 million.

I would like to continue by thanking the Governing Board and its members for your continued unwavering support of the STCU. Last time we spoke in December, the situation was rather desperate. The electricity and heat were both

fluctuating on and off and were very unreliable. For those of the team that were in Ukraine, it was a very difficult situation, and the Board was always there to support us. I want to thank the Board and its members on behalf of the entire Secretariat for your support. I would especially like to thank Mr. Shkuratov, the departing Governing Board member from Ukraine for his continued support, and I welcome Mr. Kurbatov, the incoming Ukrainian Board member, and as mentioned earlier, I will contact him as soon possible to discuss what are his priorities for the Center.

I would also like to acknowledge Natalie Pauwels, the outgoing Board member from the European Union. Natalie was a big friend of the Center, as well as a big friend personally. It's incredible. I believe Natalie was only a board member for two years, but she was here for some of the most dramatic years of the STCU. She was there at the tail end of COVID, and of course, she was there for the Russian invasion on February 24th last year. We will miss Natalie. She is very busy. I know that in her new position in DG NEAR, she's very close to Ms. Von der Leyen.

Today's announcement from the European Commission, about a €50 billion aid package to Ukraine has Natalie Pauwels' fingerprints are all over it. I would also like to thank the team, the STCU Secretariat and especially those in Ukraine. As I said, it was very difficult times back in December, January, and February. The team shouldered on despite having power cuts and many periods without heat. You'll see in my executive director report, that the situation is much better.

As you'll see in the Executive Director, I believe the STCU is looking at potentially another record year for funding for the STCU. 2023 may see \$30 to \$35 million USD of new funding. That is a huge amount of money, especially when you compare it to our record year from two years ago in 2021 when we had \$25 million. As you will see in my report, it's not the traditional funding parties (US and EU) that are providing large sums of funding. You will see that the United Kingdom is stepping up. Norway is stepping up. Most recently, I was contacted by our Canadian colleagues. The Canadians want to assist the Ukrainian Party, especially in the Chernobyl Exclusion Zone, to remediate some of the effects of the Russian invasion there. With that, I conclude my opening remarks, and turn it back to the Chair to continue the remainder of the meeting.”

The Chair asked if there were any other remarks from the invited guests. The Chairman of the ISTC, Mr. Ronald Lehman asked for the floor.

Mr. Lehman opened by saying, “I would like to first pass on my warmest regards to Eddie and the other Board members and attendees of this important meeting. To all my friends at the STCU I would like to say that what you're doing is heroic. It's an amazing accomplishment. And as you know, in the early days of the ISTC, the relationship with the STCU was quite distant for several reasons. But even before the ISTC departed Moscow, we had found several ways to work together to be more effective and more efficient. And certainly, after the ISTC moved to its headquarters to Kazakhstan, the relationship between the two Centers improved tremendously. I would like to personally thank B.J. for coming to the ISTC board meeting two weeks ago in Oslo, at which you described a very compelling picture of the very close cooperation and mutual assistance between the ISTC and the STCU that is ongoing today. Under these tragic circumstances, we not only wish you luck, but we offer our you our continued help as best we can.

Finally, I would like to call everyone's attention to the fact that for many years, a gentleman by the name of Vic Alessi was the Board member at both Centers for several years. Recently, Vic passed away at the age of 84. The ISTC acknowledged his many contributions at the ISTC Board Meeting back in December 2022 and I would like to inform those that don't know that Vic contributed significantly to the success of the ISTC as well. His passing is bad news for all of us associated with the science centers.”

The Chair thanked Chairman Lehman for his remarks and passed on his best wishes to Mr. Alessi's family. The Chair acknowledged the many achievements that Vic had with the science centers, especially the STCU. Mr. Alessi will be missed. The Chair thanked Chairman Lehman for his remarks and confirmed that the strong partnership between STCU and ISTC is very important to the success of both Centers.

There being no additional opening remarks, the Chair moved on to the next item of business.

2.1 Review and Approval of the 56th GB Agenda

The 56th Governing Board agenda was accepted as presented.

3.1 Review and Approval of the minutes of the 55th GB meeting conducted on December 2nd, 2022

The Governing Board approved the minutes as presented.

3.2 Review of 56th Draft Record of Decisions & Funding Sheet

The ED walked the meeting participants through the draft 56th Record of Decisions and Funding Sheets (projects and supplemental budgets) which the Secretariat will ask the GB to approve of at the end of the Zoom meeting. There being no questions, the ED moved on to the next agenda topic.

3.3 Executive Director Report

The Executive Director introduced the next topic a summary of the ED Report:

- Status of STCU
STCU currently working at or about 100% with much less electricity/heat issues in Kyiv/Ukraine as compared to the last Governing Board held in December '22.
- Personnel
As of June 20, 2023, seven (7) members of the STCU were located outside of Ukraine as follows: Belgium, Canada, UK, Germany, Switzerland, Spain, and France. The ED pointed out that most people went to a location where they had friends or family. BJ, Anthony, and Mykola departed Ukraine before the start of the invasion on February 24th.
- Physical Resources
The ED continued by informing the Board that as of June 20, 2023, Kyiv is experiencing very few (almost none) blackouts. The STCU is in the final stages of moving the STCU's financial software (Navision, a Microsoft product) to Microsoft's cloud service (Azure). The ED continued by stating that given the electrical stability in the office, the STCU is not currently looking at moving any other servers as discussed in December '22 (discussed moving to Kyivstar or potentially Slovakia).
- What tasks are difficult to perform
The ED continued by stating that it is still very difficult for those in Ukraine to travel abroad because of the need to travel by train or car to the border, as well as the long lines at the border (going both in and out of Ukraine). Thus, international travel for those located in Ukraine is still a difficult problem.
- Due to the UA Army's offensive in September, the threat to Kharkiv was reduced
Kharkiv is no longer experiencing the shelling like it experienced back in April during the last ED report. However, there is extensive damage done to the infrastructure in Kharkiv.
- Non-Government projects stopped
At the previous Governing Board (May '22) the ED called the Governing Board's attention to the possibility that the STCU's private sector projects may decrease and even potentially dry up completely. Unfortunately, the ED pointed out to this Governing Board that this was indeed the case and the STCU did not sign any new private sector partner projects (except one amendment) in 2022 and none in the first half of 2023. What does that mean to the STCU? Historically, the funding by private sector partner projects is about 20% of STCU funding. Obviously,

this is a big concern going forward. The ED continued by pointing out that he doesn't believe the private sector will invest any additional funding into Ukraine until the security situation in Ukraine is clear.

- \$8.5M of projects signed, but concentration of large projects could be problematic
The ED called the Board's attention to the fact that the funding at this Board is about \$8.5M, but three projects represent approximately two thirds of that funding (i.e. amendment to PCHP project, P100 biosafety/biosecurity project, and additional funds for P088). Such a high concentration needs to be monitored going forward.
- Update on SMR, Fellowship, Cyber-Security, and Mine Sniffing Dog Projects
The ED informed the Governing Board about the status of all these projects.
- Remainder of 2023 could be historic (~\$24.5M of possible new projects to be signed in the remainder of 2023).
The ED informed the Governing Board that the STCU was scheduled to sign the following list of new projects in the remaining months of 2023:
 1. **€8.0M** contribution agreement signed on May 22, '23 with DG-INTPA to work in ChEZ, etc.. Individual projects to be signed soon.
 2. **~\$2.4M** agreement signed on June 6, '23 with the UK and U.S. DOS/ISN/WMDT to join the new project with DG – INTPA for modernization of dosimetric systems in Chernobyl zone. This collaboration came because of meetings at the IAEA in Vienna in September and GP meetings in Berlin in October.
 3. **€5.0M** and **€5.2M** (total **€10.2M**) from DG-INTPA for two projects to remediate the effects of the Russian invasion of the Chornobyl area.
 4. **~\$3.3M** from Canada to join the same project as highlighted in bullet point 2 above, with DG – INTPA, ISN/WMDT, UK, and Norway for modernization of dosimetric systems in Chernobyl zone.

The Executive Director stated that if all the above projects were signed, 2023 would be a record year (~\$30M-\$35M). The ED concluded by stating that due to this large potential increase in project funding, the STCU is looking at increasing staff by 2 – 3 professionals in next year's (2024) AOB request. He then stopped and asked if the GB had any questions or comments in relation to the ED Report.

Mr. Popa congratulated the STCU on the great news related to the potential funding for the remainder of 2023. Mr. Popa asked if the potential new hires mentioned by the ED would be based in Kyiv or outside of Ukraine. The ED confirmed that the STCU's desire is that the new hires would be in Kyiv.

Ms. Hall echoed the congratulations of Mr. Popa and went on to ask about the STCU's determination of the impact of Wooden Horse Strategies (WHS) on STCU's public relations effort. She went on to ask what is the outlook for the relationship next year, is there going to be a shift in the media focus or will the STCU largely continue its focus working with WHS on social media as well as helping where needed with the annual report?

The ED thanked Ms. Hall for a very good question. He went on to say that WHS has been a very big help first and foremost in putting structure in place for the STCU's PR. Every month the STCU sits down with WHS to agree the upcoming month's calendar of posts (including content), which is a stark contrast to the very sporadic, unstructured approach the STCU had in place in the past. Finally, they have very strong English language editing skills which is a big help, as in the past the ED and CFO (lone native English speakers) were doing the editing, and as we all know, editing is a different skill than just being able to speak English. The ED concluded by mentioning that the relationship with WHS going forward had not been discussed as of today (since the relationship was only four months old), but over the course of the summer, the two science centers would sit down with WHS in order to discuss approaches for 2024.

The ED asked if there were any additional comments or questions related to the ED Report. There being no additional questions, the ED moved on to the next agenda topic.

3.4 Presentation of December 31, 2021, Audited Financial Statements and Management Letter

Mr. Nichol pointed out that the financials were audited for the first time by Crowe Erfolg Ukraine, and that they show an unqualified opinion. This is the third year in succession (2019, 2020, and 2021 audits) that the STCU has received an unqualified opinion. Mr. Nichol went on to point out some important trends in the financial statements as follows:

- ✓ On the income statement, Mr. Nichol pointed out that project revenue figures have gone up from \$8.5M in 2020 to \$10.3M in 2021.
- ✓ Mr. Nichol pointed out that there was a dip in 2020 of new projects signed, possibly resulting from the start of the COVID-19 pandemic in the early days of 2020.
- ✓ On the income statement Mr. Nichol pointed out that one can see how cost effective STCU has been over the years, pointing out that overhead as a percentage of projects fluctuates between 6% (excluding SB-Service Contracts) and 9% (including SB-Service Contracts) depending upon the year. Mr. Nichol concluded by stating that there is a gradual decline in the overhead percentage over the years as the Center becomes more and more efficient (more project throughput, with steady or only slightly increasing AOB expenses).
- ✓ Mr. Nichol then moved on to the balance sheet pointing out that there was a large increase in the capital from 2020 to 2021 (~\$30M to ~\$42M respectively), and this reflects the record year in funding that the STCU had in 2021 (~\$25M).
- ✓ Mr. Nichol concluded by mentioning that the Auditor's management letter had some very minor points. Mr. Nichol dove into detail on the third and final management letter point (related to a documented accounting policy) and explained to the Governing Board that the STCU had for years used IFRS and that this was the first mention of the auditors (these are new auditors, the previous auditors KPMG Baltics did not mention this item) of a requirement for formalizing this into a policy. The STCU formalized the STCU's IFRS policy into a document and included it into this GB's documents. Mr. Nichol concluded by stating that he hopes this newly developed document will address this third observation and this point will drop of the 2022 STCU Management Letter.

Mr. Nichol concluded his presentation of the financial statements and asked if there were any questions or comments.

Mr. Maier thanked Mr. Nichol for presentation and asked if the audit results have any impact on the results of the nine-pillar audit that was completed in December 2021. Mr. Nichol explained that the results of this audit have no impact on the nine-pillar audit (STCU passed this audit, which allows it to directly contract with the European Commission).

There being no additional questions or comments, the Board moved on to the next agenda item.

3.5 Approve 1 year Contract Extension of the STCU CFO/CAO

The Governing Board approved the one-year extension of the Sr. Deputy Executive Director for the period of September 15, 2023, to September 14, 2025.

3.6 Approve 1 year Contract Extension of the STCU Senior DED

The Governing Board approved the one-year extension of the Sr. Deputy Executive Director for the period of January 1, 2024, to December 31, 2024.

3.7 Approve 1 year Contract Extension of the STCU ED

The Governing Board approved the one-year extension of the Executive Director for the period of July 1, 2023, to June 30, 2024.

3.8 Update on EU/US Fellowships

Mr. Lubiv briefed the Governing Board on the results of the numerous fellowships and initiatives the STCU is implementing to engage Ukrainian scientists during these difficult times. A summary of his presentation is as follows:

- ✓ Countering Nuclear Energy Disinformation Fellowship Program – This program originally funded five (5) projects, involving six (6) Ukrainian scientific institutions, and engaging 37 (32 in the original five projects) Ukrainian nuclear experts. First five projects in the amount of \$100K completed, and ISN/NDF provided an additional \$100K to extend the five projects which started on May 1st and are currently ongoing.
- ✓ Virtual Advanced Nuclear Reactor Technology Fellowship Program – This program funded seventeen (17) projects, involving nine (9) Ukrainian scientific institutions, and engaging thirty-three (33) Ukrainian scientists. All fellowships recently completed (April 30th). Given not all funding was utilized, a group of UA experts proposed to ISN/NDF to fund a proposal to create a cadastre for possible siting of SMRs in Ukraine. This proposal is still under consideration.
- ✓ Virtual Scientist Engagement Fellowship Program for Vulnerable Ukrainian Scientists - This program just received forty-four (44) proposals, and recently took the decision to fund twelve (12) projects, involving twenty-three (23) Ukrainian scientific institutions, and engaging eighty (80) Ukrainian scientists. The twelve (12) approved projects just recently started (June 1st).
- ✓ Eurizon Remote Research Grants for Ukrainian Researchers (formerly KremlinPlus) – This program will provide temporary fellowships, with a duration of 6 or 12 months, consisting of individual research grants to teams of vulnerable researchers, working remotely from Ukraine, on research projects conducted in collaboration with partners from European Research Institutions (in all scientific domains). The budget is €1.5M and anticipates supporting around 100 scientists for 1 year. In February an open call for proposals was opened, and when the call was closed, the program had received an astounding 785 applications. Given this level of response, the Ministry of Science and Education of Ukraine initiated discussions with the EU to investigate the possibility of the EU increasing its funding level for this initiative to double the budget to at least €3M. Currently, the 785 applications are undergoing review with the hope that selected projects can start in the Fall.

3.9 Discuss/Approve 57th Governing Board Schedule

The Governing Board expressed its desire to conduct the 57th STCU Governing Board in person, if possible, on Wednesday, October 18th, 2023, in Brussels in a hotel/conference facility.

3.10 Finalize 56th GB Record of Decisions and Funding Sheets

The Governing Board approved the 56th Governing Board Record of Decisions and Funding Sheets as presented and instructed the Executive Director to start the signature process.

3.11 Any Other Business (AOB)

There was no other business raised by the meeting participants.

4.1 Closing Remarks (where possible, and for accuracy, most remarks are transcribed in their entirety)



Mr. Maier welcomed the closing remarks from the Ukrainian Party. Mr. Taranov stated, “Thank you very much. First, I would like to thank all the participants of today's event. Deputy Minister Kurbatov welcomes the US Party's request to extend the contract of the STCU Executive Director, as well as the EU's request to extend the term of the STCU Chief Financial Officer, and thanks the other GB members for their support of the contract extension of the Deputy Executive Director from Ukraine. Mr. Kurbatov is prepared to sign the Record of Decisions and Funding Sheets which are a result of today's meeting. Finally, the Ukrainian Party, once again, confirms its readiness to fulfill all of its international obligations, including the provision of office space of the STCU, and will take all appropriate steps in providing needed assistance to ensure the future success of the Center. Thank you for your attention.”

Mr. Maier then welcomed closing remarks from the E.U. Party. Mr. Popa made his closing remarks as follows: “I will keep my closing remarks very short. I would just like to thank the entire STCU team, including the Governing Board and Secretariat for their tremendous work during these very difficult past 16 months. Thank you very much.”

Mr. Maier then welcomed closing remarks from the U.S. Party. Ms. Hall made her closing remarks as follows: “Just to echo the comments of my colleagues and express our deep appreciation to the Chairman, Executive Director, Sr. DED, CFO, and to the entire Secretariat, and all the parties and participants. It was great speaking with you today and look forward to continuing this partnership. Thank you.”

Mr. Maier turned to the Executive Director for his closing remarks.

The Executive Director's closing remarks were as follows: “I will also keep my remarks very short. I would like to thank the Chair and all on this call for a very productive meeting. I very much hope that we will see each other in person in Brussels on the 18th of October. Thank you.”

Mr. Maier closed the meeting by thanking all for their warm closing words and active participation in the day's meeting. He expressed his enthusiasm for welcoming all to Brussels in mid-October for the 57th STCU GB Meeting.

There being no further business to discuss, the remote meeting was concluded.



Executive Director Report

(Reporting Period: May 27, 2023 – September 22, 2023)

Party Issues

Impacts of the invasion of Ukraine by the Russian Federation

Personnel (Current Location)

Kyiv or Kyiv Region	Outside of UA*	Total**
17	6	23

*Canada, UK, Belgium, Spain, Germany, and France

**Not including Three Regional Officers in (GE, MO, and AZ)

Physical Resources (Office, Servers, etc.)

As of the writing of this report, the STCU office located at 7a Metalistiv Street is undamaged and has power and other utilities most of the time. This is obviously a big change from the situation at the time of the 55th Governing Board meeting back in December 2022. The STCU continues to work to move the STCU financial database (Navision) to the cloud (MS-Azure) but has paused the move of the STCU's servers for now.

Thus, as of the date of this report, the STCU is still operating at 100%, with only difficulties in travel from UA (as described below).

What STCU Operations are currently difficult to be perform

All project operations in general can be performed with the following exception:

The provision of travel services for Ukrainians inside Ukraine to travel internationally (no airports, etc.) is very difficult, and several Ukrainians are choosing not to travel. Men under 60 years old cannot leave Ukraine (without special permission) as per the conditions of martial law currently in place in Ukraine. Women can leave Ukraine; however, travel from Kyiv for example, is very difficult. A woman traveling from Kyiv would need to train from Kyiv to Poland (Przemysł, Chelm, or Warsaw) and then bus to Warsaw or Krakow airport. As mentioned above, we do have some staff already located outside of Ukraine, so if we need STCU staff to support an event outside of Ukraine (i.e. Chem/Bio Prosecutor Workshop this past April), then we can consider sending a staff member already located outside of Ukraine. Travel times to Western European cities are quite long with travel to Warsaw taking around 18 hours and travel to Brussels around 24 – 36 hours depending upon connections and ii travelers stop to overnight on their way.

All other STCU operations with some delays and minor exceptions can be performed currently.

Status of Projects

Overall

Overwhelmingly, most partners (both GP and NGP) continue to avoid for the most part the suspension/termination of their projects. As of the printing of this report, there is very good news. The sole project that remained suspended (in Kharkiv) since last year was restarted as of September 1, 2023 (Horizon Europe project). Thus, since the Russian invasion in February 2022, the only negative impact to projects under STCU management were two terminated projects (both in Kharkiv). As of today, there are no suspended projects. Most partners have expressed to the STCU their desire to continue their projects (where possible) as they understand the financing helps the scientific teams (thus helps Ukraine) during this very difficult time. The situation in Kharkiv recently has stabilized; however, the city and scientific organizations (institutes/educational facilities) there have suffered material damage. STCU continues to be concerned about projects located in Kharkiv (as of today it continues to suffer missile and suicide drone strikes from the Russian Federation) and non-government funded partner projects (private companies are much more risk averse to the security situation than GP projects). An analysis of these areas of concern are shown below. As of the printing of this report, the STCU has fifty-eight active projects broken down as follows:

Breakdown of Active Projects by Location

Kyiv	Kharkiv*	Other UA**	GE, AZ, MO***	Regional	Total
21	16	7	6	8	58

* As a result of invasion two projects were terminated in Kharkiv.

**Chornobyl (2), Kamianske (1), Lviv (2), Dnipro (1) and Yuzhnoukrainsk (1)

***Tbilisi (4) and Chisinau (2)

Breakdown of Active Projects by Type of Partner

Government	Non-Government*	Total
49	9	58

*Kyiv (6), Kharkiv (2), and Tbilisi (1)

Finally, another indication that the invasion will have an impact on future turnover is that there were only three (3) new partners approved in all of 2022, three approved at the 56th Governing Board, and only one approved at this the 57th Governing Board (U.S. Nuclear Regulatory Commission). It still appears the invasion has slowed the flow of new partners wanting to join the STCU, with new NGP partners almost drying up completely.

Events Postponed/Delayed because of War - Update

- December 31, 2022, Financial Statement Audit (likely completion date is November '23 and will be presented to 58th GB in Spring '24).



Update on USTDA SMR Project

On December 15, 2021, STCU signed an agreement with USTDA to act as a facilitator for a project with NuScale Power (USA) and the State Scientific and Technical Center for Nuclear and Radiation Safety of the State Nuclear Regulatory Committee of Ukraine to perform a gap analysis of Ukrainian regulatory requirements for nuclear reactor technology and NuScale's Small Modular Reactor technology.

The STCU is acting on behalf of the State Nuclear Regulatory Inspectorate of Ukraine to facilitate their input into the NuScale/SSTC project. As of the writing of this report, the project is a bit behind schedule and the STCU is active NuScale and USTDA in order to get the project back on schedule. The project was scheduled to complete at the end of September but will likely not be completed until the end of October, with a final presentation by NuScale to be conducted in November to present the results of the project to all stakeholders: STCU, SNRIU, and USTDA.

Public Relations

Since February '23, the STCU has worked closely with Wooden Horse Strategy (WHS) to schedule eight (8) social media posts (Facebook and LinkedIn) per month. The posts range in content from announcements of new opportunities (fellowships, etc.), to links to good articles about Russian disinformation, as well as to news about STCU (conferences hosted, etc.).

Furthermore, WHS and STCU work closely to monitor the information space for mentions of STCU (both positive and negative). WHS and STCU alerted each other to the press conferences of the Ministry of Defense of the Russian Federation conducted on March 10th (focused on some STCU scientists) & April 14th (focused on STCU's conferences as a recruiting tool) and worked together to closely monitor the information space for mentions of the two science centers.

WHS provides periodic media monitoring summaries and statistics for both Center's social media accounts. During 2024, STCU will work with WHS to formulate a plan in preparation for STCU's 30th anniversary in the year 2025.

Finally, the STCU created its own YouTube channel located at:

<https://www.youtube.com/@STCU-INT>

The STCU YouTube channel will allow the STCU to host in one place the many videos that it has produced over the previous years, such as: P088 training, Work done at PChP, New Laboratory in Serbia, etc..



STCU organizes ISN/CTR funded Workshop on Strengthening Knowledge and Best Practices involving Knowledge, Cyber, and Dual-Use Security in Prague in late May and Warsaw in mid-September '23

STCU conducted two (2) two-day courses: (1) the last week of May in Prague and (2) the middle of September in Warsaw for Ukrainian scientists and researchers to strengthen their knowledge and best practices surrounding knowledge, cyber, and dual-use security as well as research vetting, to protect themselves and their institutions from being compromised or exploited amidst the ongoing and challenging security conditions in their country and the region.

Training content offered Ukrainian partners specific strategies to protect their sensitive knowledge, information, materials, and technology and identified red flags they should look for associated with “too good to be true” grant announcements, funding offers, or other solicitations that could be masking as legitimate research or collaborative opportunities to obtain and/or exploit the applying individual or institution.

The workshops also introduced processes and tools so that attendees can meaningfully apply, integrate, and sustain learning outcomes within their unique home institutions and systems. Ukrainian scientists are increasingly engaged in capacity building activities on the margins of the ongoing war/conflict, it is essential that they are sufficiently equipped to gain maximum impact from the numerous trainings and other educational or other activities they are invited to participate in.

STCU working with multiple donors to fund large project in Chernobyl Exclusion Zone

As reported at the prior Governing Meeting (55th), STCU signed a €3.8M project with EC's DG-INTPA (nuclear safety) to implement the second phase of a project for the “Modernization of Dosimetric Control Systems in the Exclusion Zone and Environmental (Radiation) Monitoring at the «Vektor» Complex and the «Buriakivka» Disposal Facility”. Phase 1 developed and obtained regulatory approval of the required design documentation, as well as technical specifications for procurement of the required systems and equipment to upgrading (i) environmental radiation monitoring of the Vektor Complex and the Buriakivka near-surface disposal facility and (ii) dosimetric control within the Chernobyl Exclusion Zone (ChEZ). Phase 2, implemented by the STCU, will involve procurement of the defined systems and supplementary equipment, their installation, commissioning, and training of staff. Phase 2 of the project commenced in April 2023, with expected completion in 2025.

The EC's financial commitment of €3.8M mentioned above, represented only 40% of the required funding for the project, the remainder was to be financed by Ukraine. However, since the start of the Russian invasion and occupation of the ChEZ in February and March 2022, there is an increased urgency for implementing the entire project, such that both nuclear and radiation safety and security can be optimized in this area. As a result of the IAEA meetings in Vienna in Sep. '22 and GP Meetings in Berlin in Oct. '22, Norway's DSA, the UK's GNSP, Canada's DFAIT, and the U.S.'s DOS/ISN/WMDT have all come forward and expressed an interest in funding the shortfall in this important project. As of today, DSA put forward 5M Norwegian Krone (~\$470K) and WMDT and GNSP signed an agreement for \$2.4M (\$1.8M from WMDT and \$600K from GNSP) with STCU in early June towards the project. At

the time of printing this report, Canada was still evaluating this project for funding (considering a 4.3M CAD commitment, equal to about 2.7M EUR). Furthermore, as of the writing of this report, DSA (Norway) is in discussions with the STCU to increase their contribution to this project by an additional 1.6M EUR, bringing their total contribution to the project to approximately 2M EUR. The hope is that all funding will be finalized in the next weeks so that a large, multi-donor project will continue to move forward to address the issues at the ChEZ.

STCU Continues to Train and Deploy Mine Sniffing Dogs

In mid-June 2022, the EU contacted the STCU to start a supplemental budget activity to purchase and train dogs that can detect mines with their sense of smell. The effort is a combined effort of DG FPI and experts from DG HOME. The STCU signed contracts for the purchase of nine dogs in Sept/Oct '22 that underwent training by European trainers and eventually were introduced to their Ukrainian handlers the last two weeks of February 2023. On March 3rd, a formal handover ceremony was conducted (attended by the STCU ED and Sorin Popa) where the nine dogs were formally handed over to their Ukrainian handlers. The very same day (March 3rd) the dogs and their new Ukrainian handlers departed Southern Poland for Ukraine to start work.

Given the success of the first batch of nine (9) dogs, the EU's Service for Foreign Policy Instruments (FPI) has requested that the STCU work with DG HOME to procure ten additional (10) dogs to be trained and handed over to the Ukrainian authorities at a ceremony in Poland scheduled for November 9, 2023.

Current Secretariat Activities

Nuances of Newly Signed Projects since the 56th STCU Governing Board

- 1). Funding Highly Concentrated - Five signed projects (9703, 9704, 9705, P724b, and P799) represent a very large percentage of the funding (in this case 93%). This continues a recent trend where project funding is highly concentrated.
- 2). New Partner Project Funding Almost Exclusively Government –The security situation looks to have impacted the overall attractiveness of investing in science in Ukraine in the eyes of Non-Government Partners.
- 3). Rate of New Partner Addition Almost Stopped – STCU only added one new partner since the 56th Governing Board, and only seven (7) new partners since the Russian Invasion of Ukraine, which included only one new Non-Government Partner.

Trends in Projects

The 56th GB approved via written procedure in June '23, six (6) new partner projects totaling roughly \$2.2M, sixteen (16) new partner project extensions totaling roughly \$864K, as well as nine (9) regular projects and extensions totaling roughly \$5.3M. Thus, 2023 got off to a very good start with \$8.4M in total approved at the 56th GBM.



The 57th GB is scheduled to approve four (4) new partner projects totaling roughly \$2.7M, ten (10) new partner project extensions totaling roughly \$2.6M, as well as three regular projects totaling roughly \$20.2M (€18.9M) for a total funding amount at this 57th Governing Board of \$25.5M.

Couple the two 2023 Governing Board Funding Sheets together (\$8.4M plus \$25.5M) and the funding for 2023 will total roughly \$33.9M. This amount of funding breaks the record amount of funding from two years ago (2021 = \$24.5M) and now is the new all-time high for funding in one year. However, as you will see below, 2024 has three proposals prepared for signature that by themselves will constitute almost \$28M in funding, thus 2023's record year in funding may be short-lived.

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 110 active projects in 2016 to 58 active projects in September 2023). The STCU expects to see the number of active projects settle at approximately 50 – 60 where it should stabilize going forward.

	2016	2017	2018	2019	2020	2021	2022	Sept. 2023
Avg # of Active Projects	110	135	135	110	80	75	70	58
Board Approved Project Funding (USD)	\$11.2M	\$15.6M	\$13.5M	\$12.2M	\$4.8M	\$24.5M	\$8.1M	\$33.9M*

* \$33.9M is the amount of funding approved for the period of January 1 – September 22, 2023.

Potential Projects (Proposals) still to be signed in late 2023 or early 2024

A quick look at the larger projects in the STCU's pipeline (~\$28M) shows that funding for 2024 may have a record start:

- 1). **~\$4.3M CAD (equal to about \$3M USD)** from Canada for design, installation, commissioning of and training on a radiation and dosimetric control system at the Chernobyl Exclusion Zone (ChEZ) of Ukraine. This project came as a result of the ISI meeting in Oslo in mid-April '23.
- 2). **\$22,990,795.60 (funds already received)** from DOE/NNSA/GMS for a new project with Energoatom to provide twelve (12) units of 750kV and thirty-two (units) of 330kV circuit breakers and the required infrastructure around them to the three unoccupied Ukrainian nuclear power plants (Rivne, Khmelnytskyi, and South Ukraine).
- 3). **2.04M EUR (equal to about \$2.2M USD) from Norway (DSA)** as additional funding towards the "Modernisation of the "Dosimetric Control System in the Exclusion Zone and Environmental (Radiation) Monitoring at the "Vektor" Complex and the "Buriakivka" Disposal Facility". If DSA approves of this funding, this will bring DSA's contribution to this project to a total of 2.5M EUR.



Important Visitors/Meetings/Events

Attendance of ISTC GB Meeting (June 6th and 7th, 2023, Oslo, Norway). The STCU ED attended ISTC GB meetings and met with Party representatives on the sidelines to discuss issues concerning the STCU, as well as issues facing both Centers.

ED attends EU CBRN Centers of Excellence (CoE) Ninth Meeting of the National Focal Points (14th and 15th June, Brussels). The STCU ED worked with the National Focal Points to bring them up to speed on the capabilities of the STCU, as well as inform the attendees situation facing STCU and Ukraine as a result of the Russian Federation's invasion.

ED meets new Ukrainian Board Member and Mr. Mozolevych (4 July, Kyiv). The STCU ED met with the new Ukrainian Board member, Deputy Minister Kurbatov, as well as with Grygorii Mozolevych, Head of the Expert group on Integration into European Research Area to discuss Ukraine's priorities for the Center going forward.

ED meets new EU Board Member and Mr. Popa (25 August, Brussels). The STCU ED met with the new EU Board member, Ms. Sabbatelli, Head of Unit, as well as with Sorin Popa, Programme Officer, to discuss the EU's priorities for the Center going forward.

Curtis "B.J." Bjelajac
Executive Director



Proposal for the Activation of Further Activities through the STCU

Presented by UA Board Member Kurbatov to the STCU ED at MESU on July 4, 2023

1. Enhanced Support for Ukrainian Initiatives

The STCU often receives project requests from various Ukrainian beneficiaries, including institutes, scientists, and state institutions. Regrettably, these requests either face delays from the US and EU Parties or aren't considered. A concerted effort and collaborative approach are vital to support and prioritize these initiatives. Recent examples include:

- a. "Restoration of the ISP NPP NASU (Chernobyl) Laboratories"
Requested by Acad. A.V. Nosovsky
Budget: \$1.5M USD
- b. "Enhancing the Biological Safety of Sumy State University's Medical Institute Laboratory"
Requested by Prof. Sotnyk M.I.
Budget: ~\$200K USD.
- c. "Nuclear Safety Analysis post the Kakhovskaya HPP Dam Incident"
Collaboration between National Research Center, National Institute of Nuclear Research, International Energy Agency, Energoatom
Budget: 300K EUR.
- d. "Development of a Digital Personality Replica" by Zaporizhzhia State Medical and Pharmaceutical University.

2. Intellectual Property (IP) Support Abroad

Historically, the STCU provided patent support to Ukrainian inventors from 2017 to 2022. Sadly, this program ceased since the outbreak of the war. It's imperative to reinstate this to protect both copyrights and the property of Ukraine's National Universities.

3. Funding for the "National System of Researchers"

A robust system should be established to financially support a significant number of researchers. Priority should be given to young scientists, those based in Ukraine, and those planning to return. Ideally, the support system should encompass approximately 10,000 Ukrainian scientists, representing about 10% of the total.



4. STCU's Modern Workspace

A contemporary working and archival space is proposed at the Ministry of Education and Science of Ukraine (16 Taras Shevchenko Boulevard). This new location would not only offer a cost-effective alternative to leasing spaces but also improve the conditions for the Ministry of Education and Science of Ukraine's scientific management.

Current premises: The Ministry of Education and Science, on behalf of the STCU, currently leases parts of the basement and 4th floors, totaling 535.0 square meters, located at Metalistiv Street 7a, Kyiv, and the 86.0 square meters of the basement of dormitory #15 located at Metalistiv Street 5 on the campus of Kyiv Polytechnic Institute.



STCU Governing Board

Financial Papers

Meeting 18th October 2023

Contents

- 1 Financial Statements for the year ended 31st December 2022
- 2 Actual to Budget 2023
- 3 2024 Budget Request AOB & SB
- 4 STCU Organisation Chart as amended
- 5 Financial and tax regulations with a drag on the activities of intergovernmental organisations such as STCU

1 Financial statements for the year ended 31st December 2022

- As for 2021
- Late submission
 - Effect of the war
 - Power cuts
- Audited Financial Statements for the year ended 31st December 2022 to be presented at 58th Governing Board Meeting

Advance look

- Highlights in advance of full presentation
- During 2023 STCU implemented projects (\$ 8,976,472) and SBs (\$ 400,458) = total work of \$ 9.3 million
- Surplus on AOB after overheads, exchange differences, partner fees and interest of \$ 394,825
- Funding parties and partners capital on hand of \$ 39m at the start of 2023

Draft Financial statements

On the following two pages we have the income statement and balance sheet from the draft financial statements which are currently undergoing audit. Management does not expect the final figures to be significantly different from the draft figures shown

DRAFT

SCIENCE AND TECHNOLOGY CENTER IN UKRAINE

STATEMENT OF REVENUES AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 USD	2021 USD
Revenues			
Project Revenue		8,976,472	10,304,149
Administrative Revenue			
- Administrative Operating Budget		766,500	773,000
- Supplemental Budget		775,800	640,621
Partner Fees		318,812	441,753
Finance Income		84,549	2,490
		<u>10,922,133</u>	<u>12,162,013</u>
Expenditure			
<i>Project Expenditure</i>	1	8,976,472	10,304,149
<i>Administrative Expenditure</i>			
- Administrative Operating Budget	2	775,036	634,352
- Supplemental Budget	2	775,800	640,621
		<u>10,527,308</u>	<u>11,579,122</u>
Net Surplus	3	394,825	582,891

DRAFT

DRAFT

SCIENCE AND TECHNOLOGY CENTER IN UKRAINE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 USD	2021 USD
<i>Non – Current Assets</i>			
Receivables			
Amounts due from Funding Parties	4	0	4,492,517
		<u>0</u>	<u>4,492,517</u>
<i>Current Assets</i>			
<i>Receivables</i>			
Amounts due from Funding Parties	4	15,177,561	10,209,324
Other Receivables	5	89,829	27,506
<i>Prepayments</i>	6	4,356	4,322
<i>Cash and Cash Equivalents</i>	7	26,050,546	30,462,676
		<u>41,322,292</u>	<u>40,703,828</u>
<i>Non – Current Liabilities</i>			
<i>Amounts Payable – Projects</i>	8	(0)	(193,195)
<i>Contract Liabilities</i>		(0)	(169,409)
		<u>(362,604)</u>	<u>(362,604)</u>
<i>Current Liabilities</i>			
<i>Amounts Payable – Projects</i>	8	(1,363,613)	(1,750,381)
<i>Amounts Payable – Non-project</i>		(105,108)	(103,504)
<i>Contract Liabilities</i>		(783,326)	(629,375)
		<u>(2,252,047)</u>	<u>(2,483,260)</u>
<i>Total Assets less Liabilities</i>		<u>39,070,245</u>	<u>42,350,481</u>
<i>Capital Contributions</i>			
<i>Designated Capital – Projects</i>	9	26,004,415	27,971,833
<i>Designated Capital – Administration</i>	10	827,500	766,500
<i>Designated Capital – Supplemental</i>	11	1,252,584	1,103,923
<i>Undesignated Capital</i>	12	10,985,746	12,508,225
		<u>39,070,245</u>	<u>42,350,481</u>

DRAFT

2 Actual to Budget 2023

a. Detailed comparison table

Description	Budget	Actual				Percentage utilised %
	for 2023 \$	Expenditure to 19 Sept \$	Forecast 4 months	Forecast for the year \$	Remaining \$	
Administrative Operating Expenses						
Non-Recurring Expenses						
Facility Improvements	2,000.00	628.05	314.03	942.08	1,057.93	47.1%
Office Equipment	2,000.00	326.78	163.39	490.17	1,509.83	24.5%
Computer Hardware	9,000.00	4,582.76	4,500.00	9,082.76	-82.76	100.9%
Computer Software	23,000.00	13,677.83	10,000.00	23,677.83	-677.83	102.9%
Subtotal Non-Recurring Expenses	36,000.00	19,215.42	14,977.42	34,192.84	1,807.17	95.0%
Recurring Expenses						
Personnel	491,000.00	295,839.64	211,163.52	507,003.16	-16,003.16	103.3%
Local Grant Payments	403,000.00	270,150.00	153,975.00	424,125.00	-21,125.00	105.2%
Staff Education & Training	23,000.00	1,312.60	22,000.00	23,312.60	-312.60	101.4%
Staff Education & Training - ED	6,000.00	0.00	6,000.00	6,000.00	0.00	100.0%
Staff Education & Training - CFO	13,000.00	1,312.60	12,000.00	13,312.60	-312.60	102.4%
Staff Education & Training - DED UA	4,000.00	0.00	4,000.00	4,000.00	0.00	100.0%
Employee Morale & Welfare	20,000.00	486.71	18,243.36	18,730.07	1,269.94	93.7%
Medical Plan	45,000.00	23,890.33	16,945.17	40,835.50	4,164.51	90.7%
Travel	52,000.00	16,814.40	17,407.20	34,221.60	17,778.40	65.8%
International Travel	23,000.00	12,052.88	6,026.44	18,079.32	4,920.68	78.6%
Travel within the CIS	9,000.00	0.00	1,000.00	1,000.00	8,000.00	11.1%
Travel within the CIS - Monitoring	1,000.00	0.00	0.00	0.00	1,000.00	0.0%
Travel within the CIS - ED	8,000.00	0.00	1,000.00	1,000.00	7,000.00	12.5%
Local Travel	20,000.00	4,761.52	10,380.76	15,142.28	4,857.72	75.7%
Office Operations	114,500.00	50,552.35	22,878.41	73,430.76	41,069.24	64.1%
Representation	1,000.00	144.52	872.26	1,016.78	-16.78	101.7%
Postage & Delivery	2,000.00	83.86	41.93	125.79	1,874.21	6.3%
Customs Facilitations	500	0.00	0.00	0.00	500.00	0.0%
General Office Supplies	4,000.00	1,473.13	2,236.57	3,709.70	290.31	92.7%
Office Equipment Repair & Maintenance	2,000.00	331.53	1,665.77	1,997.30	2.71	99.9%
Public Affairs	36,000.00	8,500.00	4,250.00	12,750.00	23,250.00	35.4%
Printing & Reproduction	2,000.00	0.00	2,000.00	2,000.00	0.00	100.0%
Telecommunications Services	12,000.00	5,058.24	5,529.12	10,587.36	1,412.64	88.2%
Business Meetings	3,000.00	12,195.53	-8,900.00	3,295.53	-295.53	109.9%
Subscriptions & Publications	2,000.00	80.56	40.28	120.84	1,879.16	6.0%
Building Supplies	4,000.00	527.45	3,263.73	3,791.18	208.83	94.8%
Insurance	4,000.00	2,324.12	1,962.06	4,286.18	-286.18	107.2%
Bank Fees	42,000.00	19,833.41	9,916.71	29,750.12	12,249.89	70.8%
Bank Fees - Offshore	30,000.00	10,563.65	5,281.83	15,845.48	14,154.53	52.8%
Bank Fees - Onshore	12,000.00	9,269.76	4,634.88	13,904.64	-1,904.64	115.9%
Branch Offices	29,000.00	6,256.39	20,528.20	26,784.59	2,215.42	92.4%
Branch Offices - Baku	6,000.00	4,408.56	1,604.28	6,012.84	-12.84	100.2%
Branch Offices - Chisinau	5,000.00	1,847.83	923.92	2,771.75	2,228.26	55.4%
Branch Offices - Tbilisi	18,000.00	0.00	18,000.00	18,000.00	0.00	100.0%
Contracted Services	75,000.00	10,716.46	30,358.23	41,074.69	33,925.31	54.8%
Legal Services	2,000.00	76.02	38.01	114.03	1,885.97	5.7%
Accounting & Auditing	30,000.00	0.00	25,000.00	25,000.00	5,000.00	83.3%
Other Professional Services	43,000.00	10,640.44	5,320.22	15,960.66	27,039.34	37.1%
Subtotal Recurring Costs	761,500.00	380,179.24	302,335.56	682,514.80	78,985.21	89.6%
Contingency - Recurring	30,000.00	347.61	5,673.81	6,021.42	23,978.59	20.1%
Total Administrative Expenses	827,500.00	399,742.27	322,986.78	722,729.05	104,770.96	87.3%

b. Forecast surplus for 2023

Forecast surplus	\$
Surplus AOB	104,770.96
Exchange losses	(100,000.00)
Partner fees	300,000.00
Finance income	903,234.00
	<hr/>
	1,208,004.96

3 2024 Budget Request AOB & SB

a. Calculation of anticipated workload

	\$	\$	
DCC at 31/12/22		26,004,415	
Project expenditure estimated		-10,000,000	
Projects signed		33,900,000	
DCC at 31/12/23		49,904,415	
Assumption that Average number of years for a project is:	2	3	4
	\$	\$	\$
Anticipated project expenditure in 2024	24,952,208	16,634,805	12,476,104
Anticipated SB in 2024 <i>based on average 2020 to 2022</i>	300,000	300,000	300,000
Anticipated workload	25,252,208	16,934,805	12,776,104

For the budget 2024 we are working on \$ 17 million

b. AOB and SB overheads as budgeted for 2024 are:

Budgeted AOB	958,000
Budgeted SB (service contracts)	395,650
	1,353,650

c. Benchmarking of costs to actions

Based on these budgeted overheads and when compared with the anticipated workloads (see above) we can compare the costs to project activities to be implemented as follows:

	\$	\$	\$
Anticipated project expenditure in 2024	24,952,208	16,634,805	12,476,104
Anticipated SB in 2024 <i>based on average 2020 to 2022</i>	300,000	300,000	300,000
Anticipated workload	25,252,208	16,934,805	12,776,104
AOB to projects %	3.8%	5.8%	7.7%
Total overhead to total workload %	5.4%	8.0%	10.6%



The benchmark that was set in the past is 10% for the AOB to projects ratio, no benchmark is set for the total overhead to total workload however this will always be higher.

With the workload anticipated even at the lowest end of the scale we will clearly be within the 10% benchmark on costs in 2024 as budgeted.

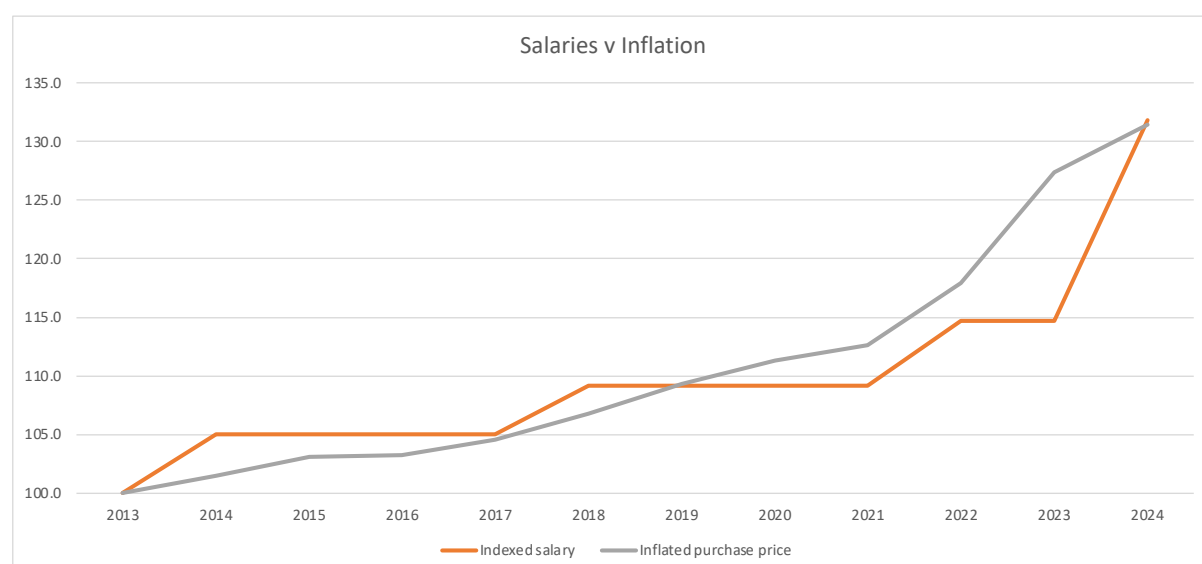
The figures for previous years show that even with the additional staff and costs STCU will be within the efficiencies we have achieved in recent times.

	2022	2021	2020	2019	2018	Average
AOB actual	775,036	634,352	833,327	790,476	823,364	771,311
SB (service contracts) actual	375,342	390,568	383,081	364,332	363,290	375,323
	1,150,378	1,024,920	1,216,408	1,154,808	1,186,654	1,146,634
AOB to projects %	8.6%	6.2%	9.8%	6.4%	8.2%	7.8%
Total overhead to total workload %	12.3%	9.7%	14.0%	8.8%	10.9%	11.1%

d. Indexation of salaries

Salaries to be increased due to inflation. Inflation has increased substantially across the world in 2022 and 2023. For purposes of comparison we have used US inflation data. The reasons for this are that our staff salaries are denominated in and paid in US dollars. Although the majority of their costs are in Ukrainian Hryvnia which is subject to different inflationary pressures and inflation rates the differences between the inflation rate in one economy and another economy are to a large extent compensated for by movements in the exchange rates. Therefore for STCU staff a comparison to US inflation data is an appropriate measure.

The chart below shows the salaries of STCU staff as indexed against US inflation and the need to increase salaries.

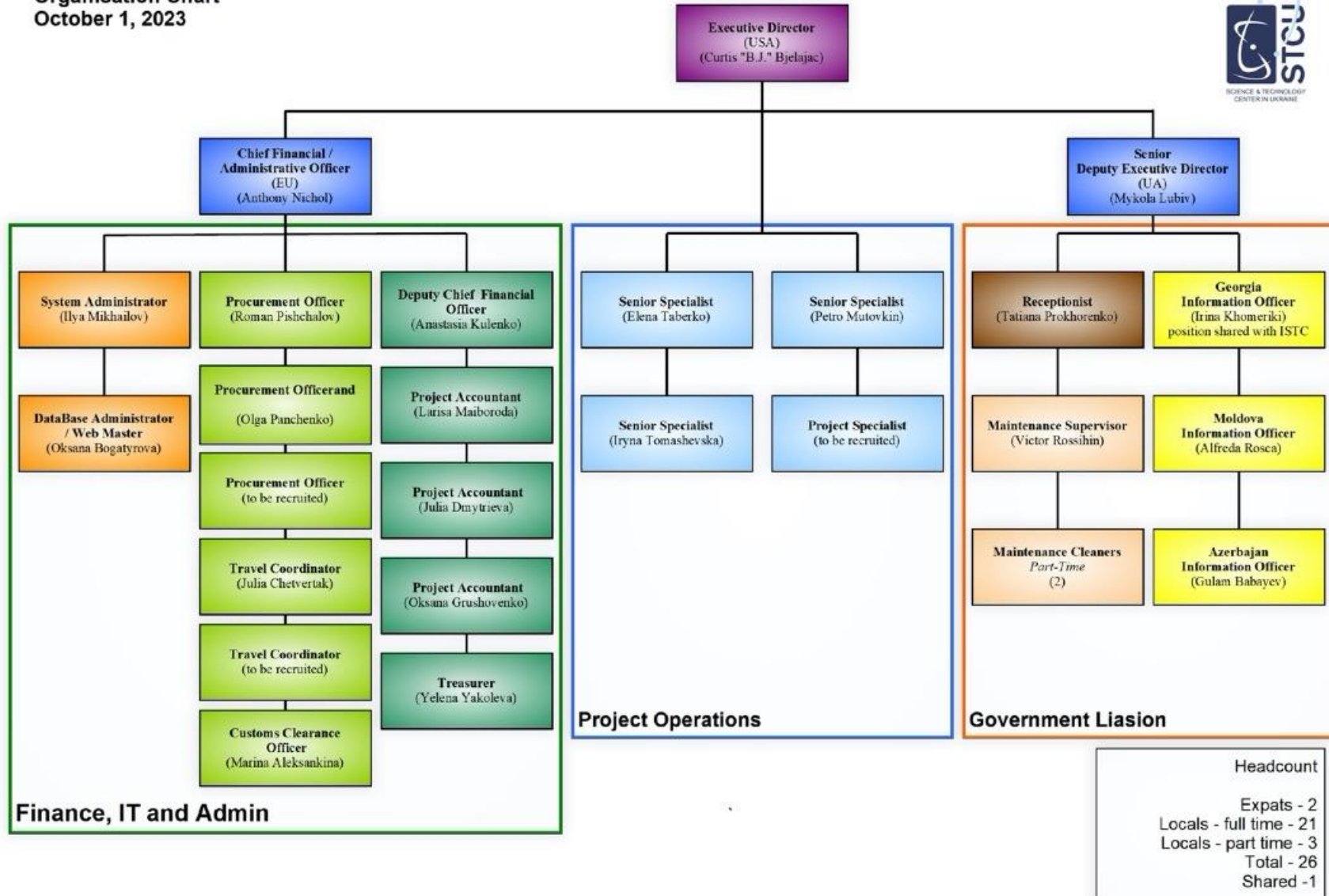


e. Detailed AOB by budget line

Administrative Operating Budget 2024		
Description	2023 Budget	2024 Budget
Non-Recurring Expenses		
Facility Improvements	2,000.00	2,000.00
Office Equipment	2,000.00	2,000.00
Computer Hardware	9,000.00	9,000.00
Computer Software	23,000.00	25,000.00
Subtotal Non-Recurring Expenses	36,000.00	38,000.00
Contingency - Non-Recurring	0.00	0.00
Recurring Expenses		
Personnel	491,000.00	620,000.00
Local Grant Payments	403,000.00	526,000.00
Staff Education & Training	23,000.00	23,000.00
Staff Education & Training - ED	6,000.00	6,000.00
Staff Education & Training - CFO	13,000.00	13,000.00
Staff Education & Training - DED UA	4,000.00	4,000.00
Employee Morale & Welfare	20,000.00	20,000.00
Medical Plan	45,000.00	51,000.00
Travel	52,000.00	52,000.00
International Travel	23,000.00	23,000.00
Travel withing the CIS	9,000.00	9,000.00
Travel withing the CIS - Monitoring	1,000.00	1,000.00
Travel withing the CIS - ED	8,000.00	8,000.00
Local Travel	20,000.00	20,000.00
Office Operations	114,500.00	115,500.00
Representation	1,000.00	1,000.00
Public Affairs	36,000.00	36,000.00
Postage & Delivery	2,000.00	2,000.00
Customs Facilitations	500.00	500.00
General Office Supplies	4,000.00	4,000.00
Office Equipment Repair & Maintenance	2,000.00	2,000.00
Printing & Reproduction	2,000.00	2,000.00
Telecommunications Services	12,000.00	12,000.00
Business Meetings	3,000.00	3,000.00
Subscriptions & Publications	2,000.00	2,000.00
Building Supplies	4,000.00	4,000.00
Insurance	4,000.00	5,000.00
Bank Fees - Offshore	30,000.00	27,000.00
Bank Fees - Onshore	12,000.00	15,000.00
Branch Offices	29,000.00	29,000.00
Branch Offices - Baku	6,000.00	6,000.00
Branch Offices - Chisinau	5,000.00	5,000.00
Branch Offices - Tbilisi	18,000.00	18,000.00
Contracted Services	75,000.00	73,500.00
Legal Services	2,000.00	2,000.00
Accounting & Auditing	30,000.00	25,500.00
Outsourced IT services	18,000.00	21,000.00
Other Professional Services	25,000.00	25,000.00
Subtotal Recurring Costs	761,500.00	890,000.00
Contingency - Recurring	30,000.00	30,000.00
Total Administrative Expenses	827,500.00	958,000.00

4 STCU Organisation Chart as amended

Organisation Chart
 October 1, 2023



5 Financial and tax regulations with a drag on the activities of intergovernmental organisations such as STCU

a. Opening and maintaining bank accounts in a country/jurisdiction outside your head office location

- Banks are unable or unwilling to provide accounts for organisations outside their jurisdiction;
- for STCU this creates difficulties as we are required by our statute to maintain accounts outside Ukraine;
- risks (bank liquidity, country risk, etc) also dictate that keeping the funds of our Funding Parties and Partners in a lower risk environment outside of Ukraine is a fiscally responsible policy. We should remember that the funds are not STCU's funds but those of our Funding Parties and Partners.

b. Access to bank account information blocked by regulations of the US tax authorities

- US tax authority regulations which are required to be followed by foreign banks (with US connections) prevent us accessing information in our online banking regarding our deposit accounts;
- this makes management of treasury operations more difficult;
- could result in a lack of complete audit trail for some transactions.

c. Anti-money laundering / sanctions rules give banks responsibilities to banks to police the regulations

- international transactions (especially dollar transactions) are questioned by banks sometimes the recipient's bank more often the correspondent bank;
- questions (often repeated by the same bank about the same beneficiary) take time to deal with;
- transactions that are questioned, even if the answers are provided quickly, are delayed causing embarrassment to STCU and problems with our suppliers, scientists and other payees
- questions are often ineffective and addressed to the wrong party to the transaction to be an effective control on sanctions busting and money laundering activities.



Update on FIRST Program, Fellowships, Cybersecurity Projects, and Workshops for Ukrainian outside of UA

USDOS/ISN/NDF FIRST Program

The 53rd STCU Governing Board approved the initial \$400K contribution of U.S. Department of State's Bureau of International Security and Non-proliferation's Office of Non-proliferation and Disarmament's Fund to implement the FIRST program in Ukraine. The STCU acted quickly with its State Department colleagues to conduct the initial introductory webinar on January 27, 2022, and then with some delay due to the war, conducted the 2nd webinar virtually (originally was scheduled for in-person in Kyiv in April '22) on August 10-11, 2022 and finally the most recent 3rd remote workshop for Ukrainian experts and scientists titled "Series on SMR Site Characterization" conducted on March 21-23, 2023. As of the writing of this report, follow-on activities are still under consideration (i.e. an additional webinar, etc.).

In addition to the \$400K contribution mentioned above, the STCU signed an amendment to provide an additional \$500K of funding for the Virtual Advanced Nuclear Reactor Technology Fellowship Program (\$400,000) and Countering Nuclear Energy Disinformation (C-NED) Fellowship Program (\$100,000). As of the writing of this report, five projects (#s 7106 to 7110) were successfully completed on 30th of April 2023. Given the success of these projects, ISN-CTR decided to redirect \$100K from the original FIRST budget (\$400K reduced to \$300K) to finance amendments to these projects (project#s 7106a-7110a shown in the 56th GB Funding Sheet) which all started work on May 1st, 2023. The STCU scheduled a second check-in and reports meeting in relation to C-NED Fellowship Program on 2nd of October'23. Finally, seventeen fellowships under the Virtual Advanced Nuclear Reactor Technology Fellowship Program started on November 1st, 2022 and completed on April 30, 2023.

Fellowships outside of FIRST

More Fellowships for Ukrainian scientists coming online in 2023

At the end of Sept. '22, the STCU signed a letter grant with DOS/ISN/CTR to initiate the \$750K Virtual Scientist Engagement Fellowship Program for Vulnerable Ukrainian Scientists. These funds will be used to finance a number (minimum 35) fellowships to assist qualified scientists that are particularly vulnerable because of the Russian invasion. As of the printing of this report, the STCU received forty-four (44) fellowship proposals and twenty-three (23) of them have been approved for funding by USDOS/ISN/CTR.

As of today, the STCU signed ten (10) fellowship agreements which started in June'23, with the remaining thirteen (13) fellowship agreements starting in August/September'23.

The STCU is currently working with DOS/ISN/CTR on additional authorization for the remaining fellowship proposals.

Europe Funding for Fellowships

Furthermore, as is often the case, the Ukrainian scientific community (in this case the National Academy of Sciences) is bringing other potential donors to the STCU that are looking to fund fellowships for the Ukrainian scientific community. In mid-October '22, the STCU was contacted by EURIZON (European network for developing new horizons for Research Infrastructures) which is a Horizon 2020 project (Funded by DG-RTD), led by an organization called DESY (Deutsches Elektronen-Synchrotron - A Research Centre of the Helmholtz Association).

DESY is the implementing coordinator for the Horizon 2020 project entitled, "EURIZON", which originally was an initiative intended to enhance collaborate//on between European and Russian research organizations. In short, because of Russia's invasion of Ukraine in Feb. '22, the EURIZON Consortium decided to terminate its relationships with Russia and redirect the Russian funding to the Ukrainian partners of the consortium. The EURIZON Consortium is currently working with the STCU to start a fellowship program for research grants dedicated to Ukrainian scientists working in Ukraine (in all scientific domains).

At the time of publishing this report, the STCU jointly with the EURIZON Secretariat received seven hundred sixty (760) project proposals which will be evaluated by independent EU Experts by the end of September '23.

As of today, the European Commission (EC) added an additional 3.5M EUR to the EURIZON Consortium and now the total budget for funding fellowships for the Ukrainian scientific community is 4.5M EUR.

After the evaluation stage, the STCU is planning to start up to 75 selected projects for a one-year duration fellowship program.

Initiative to improve cybersecurity in Ukraine with funding from EU's DG-FPI

With funding from EU FPI, the STCU is currently conducting a cybersecurity project in the amount of ~€200K entitled, "Cybersecurity Awareness Training for IT and OT environments program to raise cyber awareness and hands-on skills for Ukrainian engineers and researchers". The project envisions three focused (with approximately 15 participants) workshops for CBRN professionals responsible for cybersecurity at Ukrainian Nuclear Power Plants, Research Institutes, and UA government agencies with oversight roles over important CBRN infrastructure (Min. of Energy, Min. of Infrastructure, etc.). The first training course in online format was conducted on May 4th, with fifteen (15) Ukrainian IT and OT specialists from 4 different NPP stations and SE "NNGE Energoatom". The second thematic training course was held in Redu, Belgium (23-25 July'23) in offline format. The next training course is scheduled for 13-15 November'23 in Prague, Czech Republic in offline format.

Three ISN/CTR Funded Workshops for Ukrainians outside of UA

DOS/ISN/CTR funded a letter grant via the STCU a \$250K to develop, identify, and provide capacity-building support for Ukrainian scientists, engineers, and technicians (STEs) and other technical experts and officials with WMD-applicable dual-use expertise, by organizing and conducting three hybrid workshops, each of two days' duration, for at least twenty-five Ukrainian participants at each event titled



“Research Vetting, Individual Cybersecurity, and Knowledge Security Training for Ukrainian Researchers”.

STCU, in coordination with the non-profit global security organization Coalescion conducted first two-day duration training course in Prague on the 30th and 31st of May in hybrid format, for up to 40 Ukrainian participants and the second two-day duration training course in Warsaw, Poland on 18th and 19th of September also in hybrid format, for up to 40 Ukrainian participants.

The training addresses critical research security and safety topics in the context of the challenges faced in building new collaborations and funding work in unfamiliar circumstances:

- Cybersecurity trends and solutions
- Dual-use threats and risks associated with infrastructure, materials, consumables, and information
- Risk assessment tools to mitigate security vulnerabilities in research security settings
- internet protocol (IP) protection, including strategies for navigating uncertain contexts
- Technology transfer and the stages/decision points from the view of the individual researcher
- Scientific ethics to include common standards, best practices, and avoiding pitfalls
- Research vetting to identify legitimate opportunities for funding, collaboration, or employment.

The STCU is planning to conduct third and final two-day training courses in Warsaw, Poland in November '23.