



29th Meeting of the STCU Governing Board
Kyiv Polytechnic Institute, Kyiv, Ukraine
19 November 2009

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**STCU TWENTY NINTH GOVERNING BOARD MEETING
LIST OF PARTICIPANTS AND INVITEES**

CANADA

Ms. Sabine Hey, Senior Program Manager, Redirection of Former Weapons Scientists, Global Partnership Program, Foreign Affaires Canada
Mr. Henry Mantsch, Science Advisor, Advisory Committee Member
Ms. Naida Chamilova, Program Officer, Redirection of Former Weapons Scientists, Global Partnership Program

EUROPEAN UNION

Amb. Stefan Gullgren, EU Presidency, Embassy of Sweden to Ukraine
Ms. Mary Minch, Chairperson of the Board, Director-International Cooperation, European Commission
Mr. Robert Burmanjer, Head of Unit, Administration and Finance, European Commission
Mr. Alexis Loncke, Head of Unit, Administration & Finance, European Commission
Mr. Tarik Meziani, Scientific Officer, Specific international cooperation activities, European Commission
Mr. Juergen Sanders, Scientific Officer, Specific international cooperation activities, European Commission
Ms. Nadege Corere, Financial Officer, Administration and Finance, European Commission
Mr. Jean Paul Joulia, Head of Unit, Nuclear Safety, European Commission
Mr. Torsten Woellert, Deputy Head of Unit, Security Policy, European Commission
Mr. Renato Mele, Program Manager, Nuclear Safety, European Commission
Mr. Sorin Popa, Head of Sector, Nuclear Safety, European Commission
Mr. Philippe Servais, Program Manager, European Commission
Mr. Ulf Sör, Counsellor, Embassy of Sweden to Ukraine

UNITED STATES

Mr. Victor E. Alessi, Board Member for the US
Mr. Charles Jacobini, Coordinator for the U.S., Advisory Committee Member
Ms. Olga Martin, US Department of Energy

UKRAINE

Mr. Yaroslav Yatskiv, National Academy of Science of Ukraine, Board Member
Mr. Michael Zgurovsky, Rector, National Technical University of Ukraine "KPI"

FUNDING PARTIES

EU DELEGATION OF THE EUROPEAN COMMISSION TO UKRAINE

Mr. Hans Rhein, Head of Operations Section 3

UNITED STATES

Mr. James Pettit, Deputy Chief of Mission, Embassy of the USA
Mr. Ladislav Beranek, Economic Section, Embassy of the USA

CANADA

Mr. Michael Reshitnyk, Commercial Counsellor



OBSERVERS

AZERBAIJAN

Mr. Erfan Davudov, Economic Counselor, Embassy of Azerbaijan Republic to Ukraine

GEORGIA

Mr. Archil Motsonelidze, Acting Director, Georgian National Science Foundation

Mr. Akaki Peikrishvili, STCU Information Officer in Georgia

THE STCU SECRETARIAT OFFICIALS

Mr. Andrew A. Hood, Executive Director, United States

Mr. Igor Lytvynov, Senior Deputy Director, Ukraine

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

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

Mr. Landis Henry, STCU Deputy Executive Director, Canada

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

Ms. Iryna Rogovchenko, Executive Assistant, Ukraine



AGENDA
29th Meeting of the STCU Governing Board
Kyiv Polytechnic Institute, Kyiv, Ukraine
19 November 2009

1. Opening Session

- 1.1 Opening Remarks from the GB Chair (Chairman,
Governing Board)
- 1.2 Welcome from the Executive Director (Andrew Hood)
- 1.3 Opening Remarks from other GB Members/Invited Guests (GB Members/
Other Officials)

2. Administrative Topics

- 2.1 Adoption of the Agenda
- 2.2 Approval of the Minutes of the 28th GB Meeting (19 June 2008, Baku, Azerbaijan)
- 2.3 Decisions on STCU Executive Management Nominations

3. Primary Business Topics

- 3.1. Executive Director Report (Andrew Hood)
- 3.2. STCU Situation in Uzbekistan (Andrew Hood)
- 3.3. Summary of Audited December 31, 2008 Financial Statements (Curt "BJ" Bjelajac)
- 3.4. 2010 Budget Request (Andrew Hood/
Curt Bjelajac)
- 3.4.1. Canadian Request for New Supplemental Program (Canadian Party)

- 4. Review of Draft Record of Decisions (GB Members)

- 5. Review of Draft Project Funding Sheet (GB Members)

- 6. Review of Draft Press Statement (GB Members)

Lunch

7. Program Updates

- 7.1. 2009 AOB and SB Activity Update (Curt "BJ" Bjelajac)
- 7.2. Strategic Planning Update (AC Chair)
- 7.3. Partners & other Sustainability Program Updates (Victor Korsun)
- 7.4. Targeted R&D Initiatives Update (Landis Henry)
- 7.5. Seminars/Workshops/Promotional Mission Update (Michel Zayet)

8. Closing Session

- 8.1 Final Issues/Statements from GB Members (GB Members)
- 8.2 Final Remarks from Executive Director (Andrew Hood)
- 8.3 Closing Remarks from the GB Chair (Chairman,
Governing Board)



Executive Director Report
(Reporting Period: 6 June 2009 to 5 November 2009)

Major Issues

Uzbek Situation

There has been no significant change in the STCU situation in Uzbekistan since the 28th GBM in June.

On 11 June, the ED sent another letter to the Uzbek Ministry of Foreign Affairs, with copies to the Uzbek Academy of Sciences and the Uzbek Embassy in Ukraine. The letter noted the impending close of STCU project activity in Uzbekistan, the continued lack of a final decision on STCU diplomatic accreditation renewal (pending since March 2006), and the refusal of the Uzbek government to allow any new STCU projects or other activities to begin in Uzbekistan. The STCU letter noted the STCU concern that the mutually successful partnership between STCU and Uzbekistan was in jeopardy and urged the Uzbek government to re-consider the position it appears to have taken toward STCU.

On 24 July, the ED received notification from the STCU Regional Office in Tashkent that the director of the Institute of Nuclear Physics was unable to get permission from the Uzbek government to invite the ED to an annual conference and institute anniversary celebration this September. The last time that the ED traveled to Tashkent was under a visa obtained to attend this same conference in September 2006.

As 1 September 2009, the last of the remaining active STCU projects in Uzbekistan closed, six other Uzbek projects—4 Regular and 2 Partner Projects, together totaling approximately US\$1.13 million and €130,000—remaining in a “Funded-Suspended” status due to the Uzbek authorities not allowing project funds to be transferred to the Uzbek project participants.

The STCU Regional Office in Tashkent remains open, but STCU itself remains without any current Uzbek diplomatic accreditation certificate, and without a renewed agreement with the Uzbek Academy of Sciences to use their premises for the STCU office. The STCU Web Site still appears to be blocked within Uzbekistan.

For this 29th GBM, the Secretariat will request a Governing Board decision on what steps to take regarding STCU’s presence in Uzbekistan. In the 2010 Budget Request, the STCU Management is recommending that the STCU Regional Office in Tashkent be closed and the Regional Officer position eliminated, due to the lack of any STCU operations or activities in Uzbekistan.

STCU Headquarters Office Relocation.

STCU made approximately US\$17,850 in facility improvements to its temporary offices at 7A Metalistiv Street, using the remaining Non-Recurring Contingency funds as authorized at the 28th GBM. This amount included the fitting out of additional office space on the 2nd floor of the Metalstiv building, which KPI allowed STCU to occupy in September. Some problems were encountered during the summer, most notably a 4-day period where the entire Metalistiv building was without running water due to a breakdown in the building’s water system. The STCU ED has held regular meetings with the rector of Kyiv Polytechnic Institute during the summer months, and the rector was made aware of the problems and worked with STCU to resolve them. In sum, and given the summer vacation period (when KPI is not working full-time), KPI and STCU have been able to successfully accommodate the STCU office and staff needs.



According to the KPI leadership, engineering plan approval process for the new permanent building continued over the summer, and that in spite of the delays in getting final documentation approval by the various city and state bodies, KPI still felt that the construction schedule had not been affected.

It is worthy to note that for the first half of 2009, academic institutions such as KPI did not receive their funding from the Ukrainian state budget. The KPI rector noted that during this time, he had been using what non-state funds KPI had received (such as rents, etc.) to pay the KPI staff salaries and student stipends first, forgoing capital construction and building maintenance projects until more state budget funds arrived.

Other Party Issues

Final Japanese Funds Returned. On 31 July, the STCU CFO and an administrative person at the Embassy of Japan in Ukraine completed a wire transfer of the US\$33,000 in Japanese funds remaining at STCU. This apparently brings to an end Japanese involvement as an “STCU Sponsor”, which began in late 1998 and in which Japan financed nine STCU Regular Projects for a total of approximately \$1 million USD.

Ukrainian MinEdScience Funds Held by STCU. The STCU Secretariat continues to wait for word from the Ministry on a proposal for fairly disposing of both the 299,000 UAH held by STCU and the Ukrainian Party’s US\$139,000 in past debt that was incurred by the Funding Parties when the Ukrainian government missed STCU HQ office rental payments. Lately, the MES has been focused on its own issues, such as the Ukrainian economic crisis, the A/H1N1 flu outbreak, and the usual bureaucratic gridlock caused by upcoming Presidential elections. Thus, it is unlikely that MES will address this issue anytime soon. However, Senior DED (Ukraine) Igor Lytvynov will soon begin regular working-level meetings with MES and this issue will be put on the agenda for these near-term meetings.

Ukrainian Ratification of STCU Agreement: No further progress has been made with the Ukrainian Government on resolving the condition placed on the STCU ratification law, calling for an adjustment to the STCU Statute’s Article XIII (on IPR from projects). Thus, no further progress has been made on the other condition to this ratification law: Ukrainian Government concurrence of the 1997 Protocol to the STCU Agreement which allowed the European Union to accede to the STCU Agreement. The new Ukrainian translation of the STCU Statute text remains stuck within the Department of Legal Agreements of MFA for official certification. Senior DED (Ukraine) Igor Lytvynov has been discussing this matter with Ministry of Foreign Affairs officials, but there appears to be misunderstandings as to the legal steps that the MFA is obligated to take in resolving the Ratification Law conditions. Again, due to the wide variety of pressing political, public health, and economic issues facing Ukraine, it will be difficult to bring MFA focus back to this task until the after the first quarter of 2010.

Lease Problems with STCU Regional Office in Dnipropetrovsk. STCU received notification from the Ukrainian State Property Fund that it had brought legal suit against STCU for having its Dnipropetrovsk Regional Office occupying premises at the State Chemistry and Technology University in Dnipropetrovsk without a lease agreement. STCU received a formal summons from the court to appear before the court on 18 November.

In the legal complaint, the Dnipropetrovsk department of the State Property Fund asked the court to evict STCU from these premises and pay penalties of double the monthly rental price for the period of January through July 2009. The STCU Regional Office in Dnipropetrovsk has experienced lease problems with this office space for several years now, as a result of a past ownership transfer from the State University to the



State Property Fund, and changing new Ukrainian procedures on renting state property to non-state entities. In January 2009, STCU had requested that the State Property Fund grant an extension of the existing Dnepropetrovsk office lease, following the process of recent years. However, the Ukrainian review and approval process of the 2009 request has taken much longer than in the past. In the meantime, another office of the State Property Fund brought the suit against STCU, in spite of the fact that STCU had put in a proper extension request and was receiving (and paying) rental invoices from the State University

The ED sent a letter to the Ministry of Education and Science of Ukraine, with copy to the Governing Board, the Ukrainian Ministry of Foreign Affairs, and the main offices of the State Property Fund, explaining the situation and asking for Ukrainian government assistance in resolving it. The Ministry of Education and Science informed STCU that it would work with the State Property Fund to help facilitate a resolution to this misunderstanding. However, neither the Ministry nor the State University in Dnepropetrovsk was willing to deal with the legal complaint, leaving STCU somewhat alone in resolving the court case.

In the meantime, the Executive Director took decisions to limit the legal exposure of STCU to additional penalty fees (as the STCU Regional Office had occupied the spaces without an approved lease arrangement). On 2 November, DED (EU) Michel Zayet traveled to Dnepropetrovsk and secured the official transfer acts needed to return the office to the State University, and STCU vacated the office (bringing back some computer equipment and paper files to Kyiv, but leaving old, non-valuable office equipment and furniture in Dnepropetrovsk). In addition, the STCU Regional Officer for Dnepropetrovsk suddenly announced her resignation from STCU, effective 30 October (due to personal reasons). So the STCU ED took the decision to suspend a search for new office spaces in Dnepropetrovsk and to leave the Regional Officer position vacant, until the STCU management could re-evaluate the need for having a Regional Office in the Dnepropetrovsk region. All current STCU project activities in the Dnepropetrovsk region were re-distributed among the Ukrainian Senior Specialists, and STCU management will evaluate if all future STCU activities in that region could be handled from the STCU offices in Kyiv.

Current Activities

Institute Sustainability Program Update

STCU continues to process the project agreements for the three (3) Institute Sustainability Program (ISP) projects approved and funded at the 28th GBM. In addition, DED (US) Victor Korsun forwarded a request from the three (3) non-funded ISP proposals to reconsider the funding decision, in light of any informed improvements to the proposals out of the GB Party review process. The Funding Parties reminded DED Korsun that ISP proposals were following a competitive process, like Regular Projects, and that the decisions made were final. The Funding Parties noted that at the 28th GBM, they had explained the reasons behind the 3 ISP proposal rejections, and that DED Korsun should use those reasons for informing the 3 non-funded ISP project teams as to why their proposals were not funded.

Even as the pilot phase continues through 2010 with the 3 funded ISP projects, it is not clear to STCU Management whether this ISP pilot phase has met Governing Party expectations, or whether the STCU should make any adjustments to the program for the future. Indeed, it is an open question to the STCU Management whether the Funding Parties (after more than a year of developing the ISP pilot phase) have any significant interest in expanding the program to other STCU Recipient Parties, or to even continue the program beyond the current pilot phase.



Targeted R&D Initiatives Activity Update

Ukraine. The 2010 call for STCU-Ukrainian Targeted Initiative proposals was issued on 10 July, and currently the proposal submissions are being reviewed internally by the National Academy of Sciences of Ukraine. Full Form submissions to STCU have a deadline of 10 January 2010, and STCU plans to send the Full Form proposals to the Parties by 25 January 2010. Funding decisions for this STCU-NASU Targeted Initiative cycle will take place at the 30th GBM in May/June 2010.

Georgia. The 2010 call for STCU-Georgian Targeted Initiative was issued on 14 September, following the same general 2010 schedule as the Ukrainian TI cycle.

Azerbaijan. The current STCU-Azeri Targeted Initiative cycle continues, with final project funding decisions scheduled to be made at this 29th GBM. Fourteen (14) Azeri TI proposals were posted to the STCU web site and made available for Funding Party review and funding consideration.

Moldova. The inaugural STCU-Moldova Targeted Initiative cycle continues, with final project funding decisions scheduled to be made at this 29th GBM. Eight (8) Moldovan TI proposals were posted to the STCU web site and made available for Funding Party review and funding consideration.

Experts Workshops in Relation to Targeted Research Pilot Program (TRP)

Following on the GB endorsement from the 28th GBM, STCU held two subject matter experts workshops in June: a nuclear forensics workshop in Tbilisi and a biosecurity workshop in Annecy, France. Moderators from each workshop produced a workshop report summarizing the results and recommendations for STCU targeted research efforts within the nuclear forensics and biosecurity fields. Already, DED (Canada) Landis Henry has been working with some of the key U.S. and European program directors who attended the nuclear forensics workshop to design a targeted program, based on the principles and formats of the Targeted Initiatives program. More work is needed to further develop an STCU targeted effort on the recommendations from the Annecy biosecurity workshop, but similar donor interest has been identified.

The lessons learned from these workshops—and the developing STCU programmatic efforts resulting from these workshop recommendations—is helping the STCU management to develop a standard approach and steps for its proposed Targeted Research Program pilot. For example, it appears that a deliberate project planning approach, culminating in Partner Projects, will be the *modus operandi* for the Nuclear Forensics TRP. The targeted call for proposals approach (similar to that used by Targeted Initiatives Program) still appears to be a viable approach for other TRP scenarios, but it is not the preferred approach of the U.S. and European nuclear forensics program directors. Other potential fields for TRPs (namely, nuclear safeguards technology development) were identified and their feasibility as potential STCU TRPs will be explored further.

Partner Program/Sustainability Activity

When the STCU Secretariat reported at the 28th GBM in June, the 2009 outlook for Partner Project activity was still not clear, but it now looks more positive than first feared. At the 28th GBM, it was noted that the “spring GBM” typically approves the largest amounts of Partner Project funding for that calendar year, and thus the 24 Partner Projects and extensions approved at the 28th GBM—totaling \$2.42 million plus €192,144 (or approximately \$2.685 million USD equiv)—suggested that the 2009 Partner Project funding would see a large decrease (year on year).



But since the 28th GBM, 28 new Partner Projects or project extensions were approved, totaling approximately \$2.59 million and €1.27 million in funding. This would bring the 2009 total in new Partner Project funding to approximately \$7.1 million (USD equiv). This surge in Partner Project funding between June and November has pushed the 2009 Partner funding total slightly above the 2008 total of \$7 million (USD equiv), and well above the \$4-5 million that was projected in the Secretariat's "2010 Look Ahead" report in June.

Of note, a recent rise in the number of European Partner Projects has been evident. Of the 41 new Partner Projects or extensions started since 1 January 2009, 21 have been from European Partners (19 were U.S. Partners, and 1 was a Canadian Partner). Of the 15 Non-Governmental Partner Projects started since 1 January, 11 have been European (3 were U.S. NG Partners, and 1 was a Canadian NG Partner).

For comparison, during the entire calendar year 2008, 29 Partner Projects were started, of which 15 were U.S. Partners (9 GPs, 6 NGPs), 12 were European (4 GPs, 8 NGPs), and 2 were Canadian (both NGPs).

Project Agreement Processing

The STCU staff maintained the STCU internal performance goal of processing project agreements in as short a time as possible, with the average time to process GB-approved projects steady at approximately 95 days. However, as cited in previous GB meetings, the STCU Management is paying closer attention to the total number of active STCU projects, as well as the amounts of new GB-approved project funding and current year project expenditures. Using these strategic-level indicators, the STCU Management team monitoring not only the overall workload on the STCU organizations, but also analyzing the different workloads imposed on STCU staff by different project and supplemental program activities (i.e., the amount of work required to manage a Regular Project, versus a Partner Project, versus a Targeted Initiative Projects, etc.).

	2006	2007	2008	Jan-Aug 2009	Sep 2009	Oct 2009	As of 3 Nov 2009
Avg # of Active Projects per Month	220	247	242	219	208	227	223
Avg # of Days from GBM Approval to Project Signature	325	161	95	91	93	95	97
Min-Max # of Active Projects Over the Time Period	209-227	231-258	221-260	208-236			

Important Visitors/Meetings/Events

STCU – National Space Agency of Ukraine Meeting on Future Cooperation (Kyiv, 12 June 2009). STCU met with the National Space Agency of Ukraine (NSAU) and agreed on general activities and directions in mutual cooperation between the two organizations for the future. Many ex-USSR ballistic missile systems experts



work in institutes under the NSAU, and both STCU and NSAU sought to lay down a roadmap of partnership that would serve the interests of both. Some of the areas of cooperation included joint sponsorship of conferences, publications, and other activities, and both sides agreed to co-finance such activities.

Visit of the Canadian Ambassador to Ukraine (STCU HQ, Kyiv; 17 June). H.E. Ambassador Daniel Caron, Ambassador of Canada to Ukraine, paid a courtesy call on STCU and met with the ED and DED (Canada) Landis Henry. Mr. Michle Reshytnyk, the Canadian Embassy trade counselor, also attended the meeting. The ED gave an overview of STCU and discussions focused on STCU's participation and support to the Canadian Embassy events promoting commercial trade and ties.

STCU Mission to the FISA 2009 conference (Prague, the Czech Republic; 22-23 June 2009). FISA 2009 is the seventh in a series of international conferences on EU research and training in nuclear reactor systems organized by the European Commission's Directorate-General for Research. Using EU-designated Supplemental Budget funds, the STCU delegation led by DED (EU) Michel Zayet and included 9 Ukrainian scientists from Kyiv, Lviv and Kharkiv who took part in the plenary sessions of and in post-FISA topical seminars. The STCU delegation prepared 5 posters presenting targeted research achievements of Ukrainian scientific organizations. ISTC also participated in the event.

Visit of the ED Delegation Head to Ukraine (STCU HQ, Kyiv; 3 September). H.E. Ambassador José Manuel Pinto Teixeira, Head of the Delegation of the European Commission to Ukraine, paid a courtesy call on STCU and met with the ED and DED (EU) Michel Zayet. Mr. Hans Rhein and Mr. Andriy Bandura, both officials of the EC Delegation in Kyiv, accompanied Ambassador Pinto Teixeira to the meeting. The ED gave an overview of STCU, and there were general discussions on STCU future activities and potential program areas where STCU and EU agencies might find mutual interests.

Visit of the Royal Institute of Technology (STCU HQ, Kyiv; 10 September). A delegation of scientists, led by the Swedish Royal Institute of Technology, visited STCU for a introductory briefing and discussions. The delegation had meetings with Ukrainian scientists and institutes at various locations, and included a visit to the Chernobyl nuclear site.

Canada-Ukraine Aerospace Business Summit (Kyiv, 28-30 September). The STCU, the Canadian Embassy in Kyiv, and the National Space Agency of Ukraine (NSAU) organized this two-day business-to-business networking event aimed at exploring trade, science and technology and investment opportunities between Canadian and Ukrainian companies. Twenty three Canadian participants attended representing 13 companies, organizations and government agencies. There also were participants from 48 Ukrainian entities, including the National Space Agency of Ukraine and other institutes, universities, research organizations, and companies.

Matchmaking Mission to Sweden (12-16 October, Stockholm and Uppsala, Sweden). DEDs Michel Zayet and Igor Lytvynov led an STCU delegation of Ukrainian and Georgian scientists to several conferences and institute meetings in Sweden. This mission was financed, in part, using Swedish Supplemental Budget funds and was organized with the support of the Swedish Embassy in Ukraine.

ED Presentation to G8 Global Partnership Workshop (Rome, Italy, 26 October). STCU ED Andrew Hood gave a presentation on the Science Centers Concept to this workshop, organized under the Italian G8 Presidency by the Landau Network – Centro Volta organization. Workshop participants included several Canadian, European, and U.S. representatives to the G8 Global Partnership Working Group (including U.S. Ambassador



Bonnie Jenkins and DFAIT IGX Director General Troy Lulashnyk). The workshop focused on the “human dimension” of WMD nonproliferation and its relevance in the current and possible future Global Partnership strategic planning.

ISTC 15th Anniversary Conference (10 December, Moscow RF). STCU ED Andrew Hood accepted an invitation from the ISTC to participate in its 15th Anniversary celebration and conference, where several key speakers will discuss the role of ISTC and its programs in contemporary nonproliferation activities.

Andrew A. Hood
Executive Director



STCU and Uzbekistan: Summary of Relations

Uzbekistan acceded to the STCU in 1998, with the first STCU projects in Uzbekistan begun in early 1999. But it was not until 2002, when the STCU Information Office in Tashkent was opened, that the STCU-Uzbek cooperation expanded rapidly. Besides the over 100 STCU projects involving Uzbek scientists (and valued at over \$15 million USD plus €1 million euros), many notable STCU events took place in Uzbekistan as a result of the good cooperation. Most significant of the events was the 16th Meeting of the STCU Governing Board, held in Samerkand on 12 June 2003. Also, in Uzbekistan, STCU organized a regional Grants Writing Workshop (2004), organized the first technical coordination meeting of the Central Asian Seismic Initiative (2004), and opened a new Central Radioanalytic Laboratory (2004) at the Uzbek Institute of Nuclear Physics to perform state-of-the-art nuclear science and forensics work in Uzbekistan.

Prior to 2006, STCU and Uzbekistan were rapidly expanding and deepening their activities and cooperation. But towards late 2005, and more clearly at the start of 2006, a sudden change in the political attitude toward STCU began to make itself evident:

- In the latter half of 2005, STCU (and all other foreign grant assistance organizations) were directed to conduct their transactions only through two state-run banks inside Uzbekistan. STCU was not able to conclude new banking agreements and thus was limited to conducting its Uzbek-related financial transactions from outside Uzbekistan. Additional Uzbek governmental scrutiny of STCU project grant payments and other project-related payments through those state banks began causing delays in STCU funds reaching project participants, with some delays reaching approximately 2-3 months after STCU transferred the funds to the banks. Many times, travel advances for STCU-sponsored Uzbek scientists were not “approved” by the review committee in time for the travel. However, STCU was able to account for all funds transferred to Uzbekistan, either by confirming (through STCU project monitoring) that the Uzbek participants eventually received their grants, or by confirming the return of funds from the Uzbek state banks.
- STCU diplomatic accreditation in Uzbekistan, which was required to be renewed annually, expired on 1 March 2006. Although STCU had submitted the renewal package well in advance, the Uzbek government stated that STCU accreditation remained “under consideration” for renewal. In addition, the user agreement with the Uzbek Academy of Sciences for the STCU Regional Office premises expired in October 2006, and the Academy has not received approval from higher authorities to extend the use of its office space to STCU (however, the Academy has not evicted the STCU Regional Office, showing that the Academy, in principle, continues to support STCU).
- Since March 2006, no new STCU proposals were received from Uzbekistan because the Uzbek government stopped issuing Host Government Concurrences STCU project proposals.
- In September 2006, STCU discovered that its web site (www.stcu.int) was no longer accessible within Uzbekistan. All indications strongly suggest that the STCU web address is being blocked from inside Uzbekistan.
- In 2006, several U.S.-sponsored Defense Contract Accounting Agency (DCAA) project audit trips to Uzbekistan had to be cancelled because these U.S. audit team members from DCAA (Germany) and from the United States did not receive letters of invitation (for visas) from the Uzbek MFA. DCAA did manage to secure visas in 2008 (through the U.S. Embassy in Uzbekistan) to audit some USDA Partner Projects. But as the number of STCU projects in Uzbekistan declined, there were fewer reasons to schedule DCAA audit trips to Uzbekistan.



- STCU projects which commenced or were active in 2006 were allowed to continue, but many Uzbek sources confirmed that the Uzbek Government wanted all STCU projects to end by the end of 2008. Exceptions were granted for a few projects whose end dates extended into 2009.
- Project grants for six STCU projects that commenced on 1 December 2006 or later, were returned to STCU by the Uzbek state banks. The affected Uzbek project managers informally stated that as these projects were not on the “list of approve projects”, the Uzbek banks would not distribute the funds to the project participants. As no written request to terminate these projects was received, STCU ED decided to put these projects into a “Funded-Suspended” status.
- In May 2006, the STCU ED requested the Uzbek MFA that he planned to travel to Tashkent in June 2006 for official meetings on STCU, but the MFA denied permission to travel (even though the ED had a valid diplomatic service card) citing that the timing of the ED visit was “inconvenient” for arranging such meetings. Soon after, the diplomatic service cards of all the STCU executive staff expired, without any ability to renew these cards due to the lack of a valid diplomatic accreditation within Uzbekistan.
- In September 2006, the ED was granted a single-entry visa, obtained by the organizers of an international conference, to attend this conference in Tashkent. Using this opportunity, the ED attended the conference and spoke informally to several leading Uzbek scientists, including the current President of the Uzbek Academy of Sciences and the new director of the Institute of Nuclear Physics (the largest recipient of STCU grant funding and the leading institute in Uzbekistan). While these scientists were not free to speak officially, they indicated that the science community was pushing the Uzbek government to reconsider their views on STCU and to allow STCU to continue in Uzbekistan (several scientists commented that as much as 70% of the Academy of Sciences budget comes from STCU grants). But they acknowledged that these decisions were being taken at very high (and isolated) levels of the government and they had little insight and influence on the process.
- The ED attempted to attend this same September international conference in September 2009, but this time the conference organizer (the Uzbek Institute of Nuclear Physics) was not able to get Uzbek government permission to issue the ED an invitation letter.

Between 2006 and 2009, the STCU ED and representatives of the Governing Parties made multiple official and informal inquiries to the Uzbek government and the Uzbek diplomatic missions in the capitals. In spite of annual official letters from STCU to the Uzbek MFA, the Uzbek government never provided an official response to these STCU letters.

On 1 September 2009, the last active STCU projects in Uzbekistan reached their end date. Other than the STCU Regional Office, there are currently no STCU activities, projects, or other operations ongoing in Uzbekistan.

A Governing Board decision will be sought with regards to the six suspended STCU projects (with an ED recommendation to declared the projects terminated), and with the disposition of the Tashkent office and the Uzbek Regional Officer. STCU Management, in submitting its 2010 budget request, has assumed that the office and the Uzbek officer will be released and that no Uzbek-related administrative expenses will be budgeted.

**SCIENCE AND TECHNOLOGY
CENTER IN UKRAINE**

Financial Statements for the
Year Ended 31 December 2008

**Lubbock Fine
Chartered Accountants
Registered Auditors**

SCIENCE AND TECHNOLOGY CENTER IN UKRAINE

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SCIENCE AND TECHNOLOGY CENTER IN UKRAINE

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS

We have audited the financial statements, set out on pages 3 to 19, of the Science and Technology Center in Ukraine as at 31 December 2008 at the request of the Board of Governors. The financial statements comprise the Statement of Revenues and Expenditure, the Balance Sheet, the Statement of Cash Flows, Accounting Policies and the Notes to the financial statements.

Management's Responsibility for the Financial Statements

Management of the Science and Technology Center in Ukraine is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Except as discussed in the following three paragraphs, we conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

SCIENCE AND TECHNOLOGY CENTER IN UKRAINE

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS

Opinion

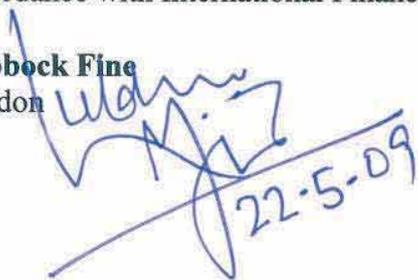
The terms of the project agreements, concluded between the Science and Technology Center in Ukraine and the recipient institutes, state that grant costs for a specific period of time may not be claimed by the recipient institutes if they are receiving reimbursements from other funding sources for the same period of time. Due to our inability to access appropriate records of the recipient institutes we were unable to satisfy ourselves as to whether the grant claims made by the recipient institutes include amounts for which they may have received reimbursements from other funding sources. There were no alternative audit procedures that we could adopt to confirm this.

Included within accounts payable at 31 December 2007 is USD 390,130 of travel advances made to project grantees. These amounts are offset against amounts payable to these project grantees. A significant amount of the travel these advances were given for occurred before 31 December 2007. However, the project grantees had not reported the exact cost of the travel to the Science and Technology Center in the Ukraine by 31 December 2007 and therefore we cannot verify whether project expenses are complete for the year ended 31 December 2007. Any adjustment necessary would increase project revenue and expenditure and decrease accounts payable – projects and designated capital – projects. There were no alternative audit procedures that we could adopt to confirm the error.

As more fully explained in the Accounting Policies, Property, plant and equipment used for both the Center and the projects funded by the Science and Technology Center in Ukraine, which have useful lives extending beyond the current year, were expensed immediately on acquisition to the Statement of Revenues and Expenditure. The management of the Science and Technology Center in Ukraine believe that because of the unusual nature and circumstances of its activities this treatment properly matches the revenues specifically contributed by the funding parties with the related expenditure. International Accounting Standard 16 requires Property, plant and equipment to be capitalized and depreciated over their expected useful lives. Capitalization and depreciation of Property, plant and equipment used for the Center and projects would have a consequential effect on the accompanying financial statements if it were applied.

In our opinion, except for adjustments that might be necessary as a result of the matters noted above, the financial statements give a true and fair view of the financial position of the Science and Technology Center in Ukraine as at 31 December 2008, and of the results of its operations and its cash flows for the year then ended and have been prepared in accordance with International Financial Reporting Standards.

Lubbock Fine
London



Handwritten signature and date: 22-5-09

SCIENCE AND TECHNOLOGY CENTER IN UKRAINE

ACCOUNTING POLICIES

Overview of the Science and Technology Center in Ukraine (STCU)

The Science and Technology Center in Ukraine (STCU) is an intergovernmental organization dedicated to nonproliferation of technologies and expertise related to weapons of mass destruction, including nuclear, biological and chemical weapons, and their delivery systems.

The United States, Canada, Sweden and Ukraine signed the agreement establishing the Science and Technology Center in Ukraine on October 25, 1993 (referred to as “the STCU agreement”). The European Communities acceded to the STCU agreement on November 26, 1998, and in so doing, replaced Sweden as a party to the STCU agreement.

The STCU helps develop, finance and monitor science and technology projects that engage the former Soviet weapons community in Ukraine, Azerbaijan, Uzbekistan, Georgia, and Moldova in peaceful civilian activities. The Funding Parties of STCU projects include: the signatories to the STCU agreement, Japan as a sponsor of the STCU agreement and Partners (government and non-government) approved by the Board of Governors.

The STCU is a legal entity and has been registered by the Ministry of Foreign Affairs of Ukraine as an intergovernmental organization with its headquarters in 7a Metalistiv Street Kiev 03057. The STCU has an international staff of 61 full time scientific, financial and administrative experts.

Basis of Preparation

The financial statements represent the results of the STCU as an individual entity and have been prepared under the historic cost convention and in accordance with applicable International Financial Reporting Standards (IFRS) except for International Accounting Standard (IAS) 16 relating to Property, plant and equipment as explained in the policy for Property, plant and equipment.

The financial statements have been prepared in United States Dollars (USD), as required by the STCU’s Financial Regulations.

Project Activity

The STCU authorizes and funds scientific projects which are performed at institutions within Ukraine, Azerbaijan, Uzbekistan, Georgia, and Moldova. Projects are financed by the Funding Parties either individually or jointly. All project agreements include a maximum amount of funding to be provided by the Funding Parties.

SCIENCE AND TECHNOLOGY CENTER IN UKRAINE

ACCOUNTING POLICIES

The project activity is accounted in the financial statements as follows:

Project Recognition

The projects are only recognized after signature of the project agreement between the STCU and the recipient institutes. Upon signature, the total project value is credited to the relevant Funding Parties Designated Capital Account in proportion to the level of funding agreed by each party. To the extent that the value of the signed projects are not covered by advance payments from the respective Funding Parties, a receivable is set up in the financial statements.

Project Expenditure

Project costs consist of three main components: grants to scientists, equipment and overhead. The STCU, being a non-profit making inter-governmental organization, does not envisage that any economic benefits will accrue to it in the foreseeable future from the financing of these projects. Accordingly all project costs incurred, including the purchase of project equipment, are charged immediately to the Statement of Revenues and Expenditure. Projects are performed on a cost reimbursable basis, with a ceiling of funds specified in the project agreements.

The STCU temporarily retains 50 percent of the allowable overhead for the individual projects, in accordance with the project agreements, until the submission, and acceptance of, the financial and technical reports prepared by the project recipients.

When a project has been completed, any funds committed in excess of actual costs are credited back to the relevant Funding Parties' Undesignated Capital Contributions Account.

Project Revenues

Project revenues recognized during the year in the Statement of Revenues and Expenditure are amounts equal to the total value of project expenditure incurred and written off during the year. These revenues are transferred from the Funding Parties Designated Capital Accounts for Projects.

Administrative and Supplemental Revenues and Expenditure

Administrative Operating Budget

Administrative Revenues recognized in the Statement of Revenues and Expenditure during the year equate to the amounts approved by the Board of Governors for the Administrative Operating Budget for the year. The budget is set and agreed at meetings of the Board of Governors in the previous financial

SCIENCE AND TECHNOLOGY CENTER IN UKRAINE

ACCOUNTING POLICIES

year. The agreed budgeted amounts are transferred from the Designated Capital Accounts for Administrative Expenses of the United States, Canada, the European Union, and Ukraine.

Administrative Expenses are charged to the Statement of Revenues and Expenditure when incurred and are matched against the Administrative Revenues for the year.

Any surplus/(deficit) Administrative Revenues arising during the year are re-allocated to the Undesignated Capital Contributions Accounts of the United States, Canada, and the European Union in the same ratio as the Administrative Revenues contributions.

Supplemental Budget

Supplemental Budgets are approved by the Board of Governors to provide funding for activities that are outside the scope of the Administrative Operating Budget and not directly related to the implementation of projects. Upon agreement of the Supplemental Budgets at Governing Board Meetings the total amount of such budgets approved are credited to the relevant Funding Parties Designated Capital Accounts for Supplemental Budgets in proportion to the level of funding agreed by each party.

Supplemental Budget expenses are charged to the Statement of Revenues and Expenditure when incurred. Supplemental Budget revenues recognized in the year are amounts equal to the value of the Supplemental Budget expenditure incurred in the year. These revenues are transferred from the Funding Parties Designated Capital Accounts for Supplemental Budgets.

Partner Fees and Interest

Partner projects may be charged a fee, usually 5% of the total project cost, for the services provided by the STCU to administer the project, which are recognized in the Statement of Revenues and Expenditure. The surplus partner fees are allocated to the Undesignated Capital Contributions Accounts of the United States, Canada, and the European Union in the same ratio as their Administrative Revenues contributions.

Interest earned on Funding Party bank accounts is recognized in the Statement of Revenues and Expenditure. Surplus interest earned is allocated to the Funding Parties Undesignated Capital Contributions Accounts, with the exception of Partner interest earned, which is allocated to the Undesignated Capital Contributions Accounts of the United States, Canada, and the European Union in the same ratio as their Administrative Revenues contributions. Interest earned on administrative and supplemental bank accounts is allocated to the Undesignated Capital Contributions Accounts of the United States, Canada, and

SCIENCE AND TECHNOLOGY CENTER IN UKRAINE

ACCOUNTING POLICIES

the European Union in the same ratio as their Administrative Revenues contributions.

Property, Plant and Equipment

Property, plant and equipment are acquired either for the Center's own use or for the projects and comprises of the following:

Center

Property and equipment acquired by the Center for administrative operations consist of vehicles, office furniture and equipment, including computer hardware and software and communications devices. All commitments and expenditures for administrative equipment are made in accordance with the Board's approved annual budget.

The cost of the Center's equipment is charged to the Statement of Revenues and Expenditure when acquired.

Project Equipment

Since the STCU does not expect to derive any foreseeable economic benefits from the ownership of project equipment, the expenditure incurred during the year on equipment under each project, is written off to the Statement of Revenues and Expenditure.

IAS 16 requires Property, plant and equipment with useful lives of beyond the current accounting period be capitalized and depreciated over their useful lives. The management believe that because of the unusual nature and circumstances of its activities, strict interpretation and application of this standard would not properly match the revenues specifically contributed by the funding parties with the related expenditure. Accordingly, the property, plant and equipment acquired for use by the Center and also the projects are charged in full upon acquisition to the Statement of Revenues and Expenditure in accordance with the accounting policy for property, plant and equipment set out above.

Foreign Currency Transactions

All foreign currency transactions are converted into USD at the exchange rates prevailing at the date of the transaction. Foreign currency gains and losses resulting from movements in the exchange rates between the date of the transactions and the date of settlement are charged to the Statement of Revenues and Expenditure under the administrative operating budget in the period incurred. Activities in Azerbaijan, Uzbekistan, Georgia, and Moldova are transacted in USD and, therefore do not result in any gains or losses from currency exchanges.

SCIENCE AND TECHNOLOGY CENTER IN UKRAINE

ACCOUNTING POLICIES

European Union Funded Projects

Project agreements are concluded in Euros if solely funded by the European Union, and in USD if projects are jointly funded.

For project agreements concluded in USD (jointly funded), the European Union provides funding in Euros, before the projects are signed by the STCU Executive Director, and the STCU immediately converts the Euros upon receipt into USD. The total amount of USD provided by the European Union is therefore known before the start of the project, and thus the project agreements are written to match the amount of USD received.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Receivables – Amounts due from funding parties

Amounts due from funding parties are recognised on signature of the project agreement or approval of the Administrative Operating Budget or Supplemental Budget and are carried forward at invoiced amount.

Cash at bank and in hand

Cash at bank and in hand includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Amounts payable

Amounts payable are recognised and carried forward at invoiced amounts.

Designated capital

Designated capital represents funding party contributions to the STCU which have been designated for a specific purpose by that funding party. Designated capital is initially recognised at committed amounts.

Undesignated capital

Undesignated capital represents funding party contributions to the STCU which have yet to be designated. Undesignated capital is initially recognised at received amount.

SCIENCE AND TECHNOLOGY CENTER IN UKRAINE

STATEMENT OF REVENUES AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 USD	2007 USD
REVENUES			
Project Revenue		18,657,918	19,305,482
Administrative Revenue			
- Administrative Operating Budget		2,206,214	1,930,515
- Supplemental Budget		2,529,333	2,659,250
Partner Fees		206,296	258,054
Interest Income		951,169	1,678,577
		<u>24,550,930</u>	<u>25,831,878</u>
EXPENDITURE			
Project Expenditure	1	18,657,918	19,305,482
Administrative Expenditure	2		
- Administrative Operating Budget		2,326,467	1,877,807
- Supplemental Budget		2,529,333	2,659,250
		<u>23,513,718</u>	<u>23,842,539</u>
NET SURPLUS	3	<u>1,037,212</u>	<u>1,989,339</u>

There are no recognised gains or losses other than the results for the year as set out above.

SCIENCE AND TECHNOLOGY CENTER IN UKRAINE

BALANCE SHEET AT 31 DECEMBER 2008

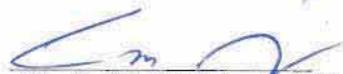
	Note	2008 USD	2007 USD
CURRENT ASSETS			
Receivables			
Amounts due from funding parties	5	8,074,071	7,191,651
Other receivables	6	69,739	188,839
Prepayments and accrued income	7	49,313	124,572
Cash and cash equivalents		33,213,300	39,815,985
		<u>41,406,423</u>	<u>47,321,047</u>
CURRENT LIABILITIES			
Amounts payable – projects	8	(2,903,114)	(2,680,786)
Amounts payable – non-project		(277,187)	(269,435)
		<u>(3,180,301)</u>	<u>(2,950,221)</u>
TOTAL ASSETS LESS LIABILITIES		<u>38,226,122</u>	<u>44,370,826</u>
CAPITAL CONTRIBUTIONS			
Designated capital – projects	9	19,490,308	25,063,117
Designated capital – administration	10	1,875,809	1,703,844
Designated capital – supplemental	11	3,699,919	3,749,553
Undesignated capital	12	13,160,086	13,854,312
		<u>38,226,122</u>	<u>44,370,826</u>

Signed on behalf of

The Science and Technology Center in Ukraine 20 MAY 2009



Andrew A. Hood – Executive Director



Curtis M. Bjelajac – Chief Financial Officer

SCIENCE AND TECHNOLOGY CENTER IN UKRAINE

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 USD	2007 USD
Cash Flows from Operations			
Cash Inflows			
Net Cash Received from Funding Parties	13	15,585,292	17,935,277
Interest Income and Partner Fees Received		1,239,466	1,989,707
Total Cash Inflows		<u>16,824,758</u>	<u>19,924,984</u>
Cash Outflows			
Project Expenditure		(18,435,590)	(18,901,080)
Administrative and Supplemental Expenditure		(4,177,686)	(4,402,987)
Total Cash Outflows		<u>(22,613,276)</u>	<u>(23,304,067)</u>
Net Cash (Outflows)/Inflows From Operations		(5,788,518)	(3,379,083)
Net Revaluation Gains/(Losses)		(814,167)	1,111,668
Cash and cash equivalents at 1 January		39,815,985	42,083,400
Cash and cash equivalents at 31 December		<u>33,213,300</u>	<u>39,815,985</u>

The net revaluation gains principally relate to amounts contributed from funding parties in currencies other than USD which are held in the source currency of the original contribution. These notional cash gains are fully offset by revaluations of funding parties capital accounts held in a source currency other than USD. Revaluation gains are not actual cash movements but a reflection of the changing value of the source currency. Foreign currency risk is managed as set out in the note 15.

SCIENCE AND TECHNOLOGY CENTER IN UKRAINE
NOTES TO THE FINANCIAL STATEMENTS

1. Project Expenditure

	USD
Amounts charged to the Statement of Revenues and Expenditure:	
2008	18,657,918
2007	19,305,482
2006	17,434,164
2005	16,291,450
2004	17,675,237
2003	17,937,532
2002	12,317,194
2001	10,100,633
2000	7,096,198
1999	7,904,566
1998	7,351,641
1997	4,987,540
1996	1,339,245
1995	-
Cumulative project costs incurred to 31 December 2008	<u>158,398,800</u>

Project expenditure comprises of grants to scientists, equipment costs, travel costs and overhead costs.

Under the terms of the individual project agreements signed, title to equipment costing less than 2,500 USD is vested with the recipient institutes upon acquisition. The title to all other equipment provided to projects will remain with the Center until termination or completion of the project at which time the title will be vested in the recipient institutes unless prior to or on that date the Center informs the project of its intention to retain title.

2. Administrative Expenditure

	2008	2007
	USD	USD
a) Administrative Operating Budget		
Business Operations	254,081	363,314
Public Affairs	15,221	12,699
Personnel	717,079	718,054
Personnel Support and Development	192,821	192,316
Legal, Auditing, and Banking	569,478	294,519
Property, Plant and Equipment	85,654	25,127
Headquarters and Branch Offices	492,133	271,778
	<u>2,326,467</u>	<u>1,877,807</u>

SCIENCE AND TECHNOLOGY CENTER IN UKRAINE
NOTES TO THE FINANCIAL STATEMENTS

Included within 'Legal, auditing and banking' are exchange losses of 324,691 USD (2007 – included losses of 36,106 USD).

Personnel costs comprises grants made to the grantees in the STCU headquarters and six regional offices located in Lviv, Kharkiv, Dnipropetrovsk, Baku, Tashkent, Chisinau, and Tbilisi.

	2008	2007
	USD	USD
b) Supplemental Budget		
Technical, Collaborator and Contractor Travel Support	70,213	29,750
Information Technology Support	-	486
Business Training/ Sustainability Group Support	114,710	242,872
Patent Support	1,016	1,950
Travel and Mobility Support	454,370	436,371
Expert Review and Advisors	55,090	1,162
Seminars/ Workshops Support	49,096	93,366
Service Contracts	1,763,508	1,755,338
Targeted Training	18,150	97,955
Institute Sustainability	3,053	-
Biosecurity & Biosafety	127	-
	<u>2,529,333</u>	<u>2,659,250</u>

3. Net Surplus Revenues Over Expenditure

The net surplus of 1,037,212 USD comprises the following;

	2008	2007
	USD	USD
Surplus/(Deficit) Administrative Budget Revenues	(118,061)	54,052
Investment Income	951,169	1,678,577
Partner Fees	206,296	258,054
Other Revenue/(Expense)	(2,192)	(1,344)
	<u>1,037,212</u>	<u>1,989,339</u>

The net surplus set out above has been allocated to the Funding Parties in accordance with the accounting policies and agreed responsibilities.

4. Taxation

Under the terms of the agreement establishing the STCU and also the Statute approved by the Board of Governors, the STCU is exempted from any form of taxation. However, only since December 1999 has the relevant legal framework been implemented in Ukraine, allowing the STCU to recover its VAT on Administrative expenditures.

SCIENCE AND TECHNOLOGY CENTER IN UKRAINE
NOTES TO THE FINANCIAL STATEMENTS

The VAT incurred on project expenditures has been charged to the Statement of Revenues and Expenditure as part of the project costs because, for the time being there is no practical process in place for the recovery of VAT for project purchases within Ukraine, Georgia, Uzbekistan, Moldova, and Azerbaijan. Management of the STCU continues discussions with the Governments of Ukraine, Georgia, Uzbekistan, Moldova, and Azerbaijan to investigate the possibility of establishing a procedure to recover project VAT for purchases made within these respective countries. However, the management of the STCU does not expect to recover the amounts incurred to date. Accordingly the VAT incurred on project expenditures has been charged to the Statement of Revenues and Expenditure as part of the project costs. Project items purchased abroad by the STCU and imported into Ukraine, Georgia, Uzbekistan, Moldova, and Azerbaijan are exempt from VAT.

The VAT on administrative expenditures for 2008 has been credited back to the corresponding expense account to which it relates.

5. Amounts Due from Funding Parties – Due Within One Year

	2008	2007
	USD	USD
United States	936,155	101,308
Canada	2,237,025	1,583,775
European Union	1,834,589	1,661,386
Partners	2,475,535	2,974,552
	<u>7,483,304</u>	<u>6,321,021</u>

Amounts Due From Funding Parties – Due After One Year

	2008	2007
	USD	USD
Canada	-	167,351
Partners	590,767	703,279
	<u>590,767</u>	<u>870,630</u>
Total due from funding parties	<u>8,074,071</u>	<u>7,191,651</u>

6. Other receivables

	2008	2007
	USD	USD
VAT Recoverable	13,527	14,437
Other Receivables	56,212	174,302
	<u>69,739</u>	<u>188,839</u>

SCIENCE AND TECHNOLOGY CENTER IN UKRAINE
NOTES TO THE FINANCIAL STATEMENTS

7. Prepayments and accrued income

	2008	2007
	USD	USD
Prepayments	35,801	29,059
Accrued Interest	13,512	95,513
	<u>49,313</u>	<u>124,572</u>

8. Amounts payable projects

	2008	2007
	USD	USD
Grants Payable	1,871,747	1,714,017
Overhead Payable	130,875	164,260
Overhead Retainage	900,492	802,509
	<u>2,903,114</u>	<u>2,680,786</u>

SCIENCE AND TECHNOLOGY CENTER IN UKRAINE
NOTES TO THE FINANCIAL STATEMENTS

9. Designated Capital Contributions - Projects

Designated Capital Contributions represent the amounts committed on signed projects net of project expenditures incurred to date.

	United States	Canada	Japan	European Union	Partners	Total
	USD	USD	USD	USD	USD	USD
Balance at January 1, 2008	4,872,210	711,520	44,875	8,802,222	10,632,290	25,063,117
New Projects Signed During 2008	539,534	2,241,371	-	4,742,168	6,190,059	13,713,132
Revaluation of Project Agreements	-	-	-	(192,553)	(21,168)	(213,721)
Adjustment for Closed Projects	(57,293)	(13)	(1,632)	(16,986)	(234,611)	(310,535)
Adjustment for Terminated Projects	-	-	-	-	(103,767)	(103,767)
Transfer to Statement of Revenues and Expenditure						
Expenditure Incurred on Projects in 2008	(3,229,883)	(860,678)	(43,243)	(5,717,975)	(8,806,139)	(18,657,918)
Balance at December 31, 2008	2,124,568	2,092,200	-	7,616,876	7,656,664	19,490,308

Note: Included within DCC projects is USD 1,287,954 (2007 – USD 1,125,120) relating to signed projects in Uzbekistan which have yet to commence. Management of the STCU believe there is a possibility these projects may not take place due to current difficulties between the STCU and the Government of Uzbekistan and that the funding may have to be returned to undesignated capital of the funding parties. However, until formal communication is received from the Government of Uzbekistan that these projects will not be allowed to progress the STCU still has a commitment to fund these projects.

SCIENCE AND TECHNOLOGY CENTER IN UKRAINE
NOTES TO THE FINANCIAL STATEMENTS

10. Designated Capital Contributions - Administration

	United States USD	Sweden USD	Canada USD	European Union USD	Partners USD	Ukraine USD	Total USD
Balance at January 1, 2008	823,402	-	188,493	691,949	-	-	1,703,844
Additional Contribution for 2008	28,333	-	28,334	28,333	-	417,370	502,370
Transfer to Statement of Revenues and Expenditure	(851,735)	-	(216,827)	(720,282)	-	(417,370)	(2,206,214)
Administrative Budget 2009	613,305	-	341,397	921,107	-	-	1,875,809
Balance at December 31, 2008	613,305	-	341,397	921,107	-	-	1,875,809

11. Designated Capital Contributions - Supplemental

	United States USD	Sweden USD	Canada USD	European Union USD	Partners USD	Ukraine USD	Total USD
Balance at January 1, 2008	1,483,647	109,633	645,862	1,224,030	286,381	-	3,749,553
Supplemental Budgets Approved	1,168,652	-	1,097,000	1,081,291	58,151	-	3,405,094
Transfer from/(to) Undesignated Capital Contributions	(351,718)	2,777	(179,105)	(380,277)	-	-	(908,323)
Adjustment for Revaluation	-	-	-	(17,072)	-	-	(17,072)
Transfer to Statement of Rev. and Exp.	(1,146,929)	-	(466,757)	(826,681)	(88,966)	-	(2,529,333)
Balance at December 31, 2008	1,153,652	112,410	1,097,000	1,081,291	255,566	-	3,699,919

SCIENCE AND TECHNOLOGY CENTER IN UKRAINE
NOTES TO THE FINANCIAL STATEMENTS

12. Undesignated Capital Contributions

	United States	Sweden	Canada	Japan	European Union	Partners	Other	Total
	USD	USD	USD	USD	USD	USD	USD	USD
Balance at January 1, 2008	5,620,264	-	-	31,667	4,203,976	4,091,373	(92,968)	13,854,312
Advances Received from Funding Parties	-	-	740,591	-	5,330,520	2,841,450	-	8,479,841
Transfer to Designated Capital for Signed Projects	(539,534)	-	(656,100)	-	(4,742,168)	(1,900,298)	-	(7,395,405)
Adjustment for Closed Projects	57,293	-	13	1,632	18,699	92,268	-	148,829
Allocation of Surplus Income for 2008	478,014	2,777	21,421	1,208	522,690	-	-	1,037,211
Adjustment for 2008 Other Purposes	1,068	-	229	-	895	-	(2,192)	-
Adjustment for Revaluation	-	-	-	-	(536,948)	(50)	-	(536,998)
Transferred to International Science and Technology Center (ISTC)	-	-	-	-	-	(155,875)	-	(155,875)
Transfer from Designated Capital – Supplemental Budget	351,720	-	179,105	-	380,277	-	-	911,102
Transfer to Designated Capital – Supplemental Budget	(333,804)	(2,777)	-	-	(1,283,948)	(58,151)	-	(1,678,680)
Transfer to Designated Capital - Administrative Budget	(641,639)	-	(229,115)	-	(633,497)	-	-	(1,504,251)
Balance at December 31, 2008	4,993,382	-	56,144	34,507	3,260,496	4,910,717	(95,160)	13,160,086

Note: The amount of (2,192) USD under ‘Other’ relates to the performance of the 2007 and 2008 audit. This amount is a timing difference between when the audit cost is accrued as an expense for financial statement purposes, and when the amount is accounted for in the Administrative Operating Budget. The audit cost is expensed in the year before it is included in the AOB. Thus, the 2008 audit cost is accrued as an expense in the 2008 Fiscal Year Financial Statements; however, the cash disbursement will affect the 2009 AOB.

SCIENCE AND TECHNOLOGY CENTER IN UKRAINE
NOTES TO THE FINANCIAL STATEMENTS

13. Net cash received from funding parties

	2008	2007
	USD	USD
Canada	3,077,578	512,961
Partners	7,177,194	8,205,969
United States	-	2,714,238
European Union	5,330,520	6,502,109
	<u>15,585,292</u>	<u>17,935,277</u>

14. Financial commitments

a) **Science and Technology Center in Ukraine**

No material commitments existed at December 31, 2008.

b) **Funding parties**

At December 31, 2008 the funding parties had approved but not signed 26 projects with a total funding of 3,864,103 USD (2007 – 3,489,429). The agreements for these projects are expected to be signed in 2009.

15. Financial Instruments

The STCU's financial instruments comprise:

- Cash, liquid resources and short term receivables and payables that arise directly from the STCU's operations.

These financial instruments are initially recorded at their nominal value and are stated in the accounts at their nominal value reduced by appropriate allowances for estimated irrecoverable amounts.

The main risks arising from the STCU's financial instruments are liquidity risk, credit risk, and foreign currency risk. The STCU management reviews and agrees policies for managing each of these risks and they are summarised below.

a) **Liquidity Risk**

The STCU's assets comprise mainly of cash and bank deposits which are readily realisable to meet funding commitments.

b) **Credit Risk**

The STCU manage credit risk by only paying project expenses up to the amount of cash received from the relevant funding party. The credit risk is therefore limited to project expenses incurred in excess of cash received from the relevant funding party. At 31 December 2008 the maximum credit risk was USD 323,708 (2007 –USD 62,130).

SCIENCE AND TECHNOLOGY CENTER IN UKRAINE
NOTES TO THE FINANCIAL STATEMENTS

c) Foreign Currency Risk

The STCU's income and expenditure and net assets could be affected by currency translation movement as some of the STCU's assets and revenues are denominated in currencies other than USD. The STCU manages foreign currency risk through keeping funds in the currency of commitment (USD or Euros) and minimizing funds held in local currency.

At the year end, financial assets and liabilities held by the STCU in currencies other than USD were as follows;

	Amounts due from Funding Parties USD	2008 Cash at Bank USD	Amounts payable USD
Euros	1,788,460	11,888,258	873,495
Ukrainian Hryvna	-	13,094	12,153
Azeri Manat	-	-	-
	1,788,460	11,901,352	885,648

	Amounts due from Funding Parties USD	2007 Cash at Bank USD	Amounts payable USD
Euros	1,975,628	12,933,372	100,274
Ukrainian Hryvna	-	246,864	2,935
Azeri Manat	-	3	-
	1,975,628	13,180,239	103,209

**LUBBOCK FINE
CHARTERED ACCOUNTANTS**

SCIENCE AND TECHNOLOGY

CENTER IN UKRAINE

MANAGEMENT LETTER

FOR THE YEAR ENDED 31 DECEMBER 2008

THIS REPORT HAS BEEN PREPARED FOR THE SOLE USE OF THE BOARD OF GOVERNORS AND THE MANAGEMENT OF THE SCIENCE AND TECHNOLOGY CENTER IN UKRAINE AND MUST NOT BE SHOWN TO THIRD PARTIES WITHOUT PRIOR CONSENT. NO RESPONSIBILITIES ARE ACCEPTED BY LUBBOCK FINE TOWARDS ANY PARTY ACTING OR REFRAINING FROM ACTION AS A RESULT OF THIS REPORT.

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22 May 2009

Mr A Hood – Executive Director
Mr C Bjelajac – Chief Financial Officer
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Dear Sirs

**SCIENCE AND TECHNOLOGY CENTER IN UKRAINE
FINANCIAL AUDIT FOR THE YEAR ENDED 31 DECEMBER 2008
MANAGEMENT LETTER – EXECUTIVE SUMMARY**

I. Introduction

We have now completed our audit of the financial statements of the Science and Technology Center in Ukraine (STCU), based in Kyiv, Ukraine, for the year ended 31 December 2008.

Our audit was performed in accordance with internationally recognised Auditing Standards. In planning and performing our audit we have considered the STCU's internal control structure in order to assess the level and nature of auditing procedures for the purpose of expressing an opinion on the financial statements.

In conjunction with our review of internal controls in place for the financial year ended 31 December 2008 we have also reviewed the Management Letter which we prepared for the year ended 31 December 2007, to ascertain whether the weaknesses identified in 2007 still exist in 2008.

In general we have noted that a number of improvements have been made by the STCU in the internal control and recording of transactions, however a number of weaknesses still exist where controls and procedures can be improved. All of the observations noted last year are still considered to be of significance and require some form of corrective action, although we would point out that in relation to some of these issues significant improvements have been made. The outstanding matters not yet resolved are all referred to in the body of this letter.

Please find below a summary of the observations, full details of which are set out in section II of the report. These observations were discussed with Curtis "B.J." Bjelajac prior to written comments being obtained, which are incorporated in this report.

This report has been prepared for the sole use of the Board of Governors and the Management of the Science and Technology Center in Ukraine. No responsibilities are accepted by Lubbock Fine towards any party acting or refraining from action as a result of this report.

Partners: Geoffrey Goodyear, Jeff Gitter, Pankaj Shah, Laurence Newman, Naresh Shah, Rohit Majithia, Russell Rich, Mark Turner, Martin Sans*, Philip Blackburn*, Lee Facey, Stephen Banks.

Consultants: Anthony Sober, David Levy, Alan Cushnir.

*All partners are Chartered Accountants except where indicated.

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II. Observations Summary

1. During the course of our review we noted that a number of contracts concluded with the project beneficiaries were not dated by all signatories of the contract. (See Observation No.1).
2. During the course of our review we noted a number of issues in connection with foreign exchange adjustments processed within Navision. (See Observation No. 2).
3. In relation to the technical and financial audits carried out by the USDCAA, it was noted that a number of issues were raised such as fraudulent claims made by grantees and grantees working in excess of 220 days. (See Observation No.3).
4. It was noted during the course of the audit the financial statements contain a significant amounts of receivables for travel advances which have not been reported back to the STCU in a timely manner. (See Observation No. 4).
5. It was noted during the course of the audit that the interest allocation to funding parties had not been calculated in a consistent manner due to errors in the formula used. (See Observations No. 5).
6. During the course of our review we noted that the STCU has not been maintaining an up to date fixed asset register since moving to the new premises. (See Observation No. 6).
7. It was noted during the course of our audit that for a number of partner projects expenses incurred on the project are in excess of the partners cash contribution to date, exposing the STCU to the risk of bad debts. (See Observation No. 7).
8. It was noted during the course of our audit that a number of administrative invoices could not be located by the STCU staff (See observations No. 8).

You will appreciate that the inherent limitations in any accounting and internal control system mean that errors or irregularities may nevertheless occur and not be detected. Also, the projection of any evaluation of the systems to future periods is subject to the risk that management information and control procedures may become inadequate because of changes in conditions or that the degree of compliance with those procedures may deteriorate.

This report has been prepared for the sole use of the Board of Governors and the Management of the Science and Technology Center in Ukraine and must not be shown to third parties without prior consent. No responsibilities are accepted by Lubbock Fine towards any party acting or refraining from action as a result of this report.

Yours faithfully

Lubbock Fine

I. AUDIT FINDINGS SUMMARY

AUDIT FINDINGS SUMMARY

Item No.	Title	STCU Comments (Agreed or Not Agreed)
1.	Contracts not dated.	Partially Agree
2.	Foreign exchange adjustments within Navision	Agree
3.	Technical and financial monitoring of projects	Agree
4.	Travel grants	Agree
5.	Allocation of interest between funding parties	Agree
6.	Fixed asset register	Agree
7.	Accounts receivable in excess of project DCC	Agree
8.	Filing of administrative invoices	Agree

II. AUDITOR'S REVIEW

This report has been prepared for the sole use of the Board of Governors and the Management of the Science and Technology Center in Ukraine. No responsibilities are accepted by Lubbock Fine towards any party acting or refraining from action as a result of this report.

Audit of the Science and Technology Center in Ukraine
For the Year Ended 31 December 2008
Management Letter

Observation No. 1

Title:	Contracts not dated.
Description:	<p>In the management letters for the years ended 31 December 1999 to 2007 we noted that in the majority of cases, contracts concluded with project beneficiaries were not dated by all parties.</p> <p>During the course of our audit it was noted that in some cases, the contracts are still not being dated. However, we would point out that this issue relates primarily to the institutes not dating contracts, and in some instances project partners, the STCU was noted to have dated all contracts.</p> <p>As well as not being in accordance with standard business practice, the issue of not dating contracts creates a further difficulty with respect to capital accounts. The accounting policy of the STCU states that a project becomes designated when the contracts are signed. If all participants do not date the contract, then the accounting policy becomes harder to implement, and increases the risk that capital may be wrongly credited to either designated or undesignated project capital.</p> <p>Whilst we have noted improvements in this respect since this issue was first noted in the management letter for the year ended 31 December 1999, there were still instances during the year where the contracts were not dated by some of the parties.</p>
Recommendation:	All contracts must be dated by all signatories. The project accountant must check that the contract is signed and dated by all parties, before releasing any monies to the institute under the contract.
STCU Comment:	The STCU partially concurs with Lubbock Fine's recommendations, and will continue to work to ensure that all contracts are dated by instructing the STCU Senior Specialists to work with all parties (e.g. lead institutes, participating institutes, and partners) to ensure that they date their signatures. The STCU agrees that the dating of signatures is standard business practice. However, the STCU must weigh the interest of the Parties to see the project agreements signed in a timely manner in order to meet their non-proliferation goals, versus teaching and enforcing a Western standard business practice. Dating signatures was not a general business practice in the former Soviet Union, which hampers the STCU in its efforts to teach the institute directors this Western business practice. Thus, although the STCU agrees that the dating of signatures is a very good practice, it will not return undated contracts to the signatory parties, because this will slow down even more an already lengthy process of starting an STCU project. The STCU feels that any further delays in the starting of STCU projects would be detrimental to the aforementioned non-proliferation goals of the Parties.

Audit of the Science and Technology Center in Ukraine
For the Year Ended 31 December 2008
Management Letter

Observation No. 2

Title: Foreign exchange adjustments within Navision

Description: In the management letter for the year ended 31 December 2007 we noted a number of errors with regard to the way in which the Navision system processes foreign currency revaluations. The STCU has implemented a number of our recommendations which has reduced the weaknesses identified in this system, however there are still certain areas that have not been addressed.

- a) An error was noted regarding the analysis performed for preparation of the Undesignated Contributed Capital (UCC) note. On receipt of BFA funds from the EU the entry debit cash at bank, credit UCC is made. This entry records the amount received as a prepayment against future project invoices at a certain Euro / USD exchange rate. When a project is approved the entries are to debit accounts receivable (A/R), credit Designated Contributed Capital projects (DCC - projects) at the exchange rate on the date of signing of the project. An entry is then made to transfer Euros from the UCC account to clear the A/R for the project. However, the final entry from UCC to A/R is recorded at the exchange rate used on the date of receiving the BFA funds, not the date of signing of the project. Therefore amounts entering DCC and leaving UCC are different (in USD) when they should be equal. Whilst this has no impact on the balance sheet or income statement (the error is corrected in UCC by a subsequent revaluation of the balance) it does misstate the notes that are prepared for the financial statements and a manual adjustment must be made.
- b) After undertaking the year end revaluation at 1 January 2009 (per Lubbock Fine's previous recommendation), the STCU then revalued the preceding months to December in late January and in February. This has caused some unexpected entries to be created in the accounts, resulting in incorrect balance sheet entries for September, October and November. Whilst this has no impact on the year end financials, it impacts the validity of STCU management accounts for these months.
- c) When a non-USD transaction is posted in 2008 during 2009 and this transaction is settled before the second December revaluation has been run an error occurs. Navision applies the exchange rate at the date the transaction was settled, not at the year end exchange rate. This means that at the year end some balances will not be calculated in compliance with IAS 21 Foreign Currencies.

Recommendation: In relation to the above we would make the following recommendations:

a) With regard to the revaluation at the year end, the STCU should continue to revalue the accounts as at 31 December or 1 January. After this point no further revaluations should be made to preceding months for the year in question. This will stop the large unexpected entries occurring as happened in 2008.

b) When transferring a project out of UCC the exchange rate to be used should be at the date the agreement was approved (equal to the rate used for DCC).

At the year end amounts transferred from UCC to DCC should agree in the UCC and DCC notes to the accounts. Any differences should be fully investigated.

c) When posting items back into the prior year, all efforts should be made to run a revaluation for the year end before payments are made in the following year. We understand that due to the length of time a revaluation takes, this may not always be possible.

It has been noted that the STCU have been unable to rectify a number of problems since the previous year and are still experiencing various difficulties with revaluations. At present the staff do not have the relevant experience to deal with the complex issues that the revaluations are causing. It is suggested that the STCU consult externally with a Navision expert regarding the revaluation difficulties in order to obtain a workable solution for future years .

STCU Comment: The STCU concurs with Lubbock Fine's recommendations and will perform the following steps related to these issues:

1. The STCU will continue to do a revaluation of December 31st on the first working day of January in order to ensure that transactions are revalued before additional transactions are added. Furthermore, the STCU will not run any additional preceding months revaluations after this revaluation.

2. This procedure for project signature was devised with the help of STCU's Navision provider, thus the STCU consulted with the Navision provider in 2008 to determine if there is a way to perform this procedure in a different manner in order to generate the revaluation as of the date of project signature. Unfortunately, according to the Navision provider, it is not possible in Navision to obtain the desired result without making a programming change to Navision. The STCU is hesitant to make this programming change, as it deals with the very foundation of Navision - making general ledger entries. Thus, the STCU will continue to work with Navision specialists to address this issue; however, if a programming change is deemed the only method for addressing this issue, the STCU will continue to address this issue with manual corrections at year end.

3. The STCU will attempt to implement this recommendation, but would like to highlight that this will not always be possible given

the length of time a revaluation takes, as pointed out by Lubbock Fine.

The STCU concurs that there are a number of revaluation problems related to Navision that are out of the scope of knowledge of the STCU staff, as well as the local Navision provider currently utilized by the STCU. Thus, the STCU will in 2009 look to work with a Navision expert from outside of Ukraine on this issue in the hope that the STCU will be able to find a workable solution for future years.

Audit of the Science and Technology Center in Ukraine
For the Year Ended 31 December 2008
Management Letter

Observation No. 3

- Title:** Financial and Technical monitoring of projects
- Description:** At the request of the U.S. Department of State, the STCU completed 6 U.S. sponsored technical and financial project audits in FY2008. The STCU worked closely with the U.S. D.O.S., Defence Contract Audit Agency (USDCAA), and a select group of technical auditors to perform integrated financial and technical audits.
- In relation to these audits the following issues were noted:
- (a) In relation to Project 3596 it was noted that the sub-project manager coerced two grantees to falsify time to increase the levels of grants that they received. These additional grants were then used to purchase additional materials for the project.
 - (b) In relation to Project 3596 it was noted that travel vouchers which had been submitted six months prior to the audit had not been processed by the STCU. Furthermore, there were instances where the travel vouchers had not been submitted yet travel had occurred in excess of six months prior to the audit.
 - (c) It was noted for Project 3631 that four participants had worked in excess of 220 days in a year without gaining approval from the STCU, in breach of Standard Operating Procedure 24.
 - (d) It was noted for Project 3594 that a participant had filled in time cards and his lab journal in advance of undertaking work on the project.
- Recommendation:** In relation to the above we would make the following recommendations:
- (a) With regard to fraudulent time claims, we recommend that the STCU undertake careful monitoring of time cards, paying attention to unexpected and large variances in participant's time. Such variances should be investigated. We recommend that this is undertaken on a quarterly basis by the project accountants.

We appreciate that in the event of collusion, fraudulent activity will be difficult to identify, however the STCU should remain vigilant to this risk.
 - (b) With regard to travel advances and travel vouchers please see our Observation 4 for recommendations.
 - (c) With regard to the 220 day rules being breached, it is recommended that the 220 day report is run on a monthly basis. Where there is evidence that a participant has breached the limit, or is close to the limit (210 days for instance) the participant in question should be informed on a timely basis to gain authorisation if 220 days are to be breached. Where a grantee continues to work above the 220 limit without authorisation, grants in excess of the 220 days should be

Audit of the Science and Technology Center in Ukraine
For the Year Ended 31 December 2008
Management Letter

Observation No. 3

withheld until authorisation is gained.

- (d) With regard to filling in of time cards in advance, we recommend that the STCU stress the terms contained in the Grant Letters to the participant, that clearly state that time cards are to be filled in on a daily basis, when the grant letter is signed.

STCU Comment: The STCU concurs with Lubbock Fine's recommendations and will continue to perform the following steps related to these issues:

- a) The STCU will continue to review timecards on a sample basis for unexpected and/or large variances as required by Section (a) 2 of STCU Standard Operating Procedure XIX – Project Accountant Manual for Checking Project Quarterly Financial Reports. However, as pointed out by Lubbock Fine, cases of collusion make it very difficult to detect issues with timecards even when timecards are examined closely.
- b) The STCU will review 220 day requirements on a monthly basis and work with grantees to ensure that they acquire permission to work more than 220 days when necessary. In the cases where grantees work more than 220 days without authorization, the STCU will consider withholding the grant amount in excess of 220 days until authorization is finally received.
- c) The STCU agrees with this recommendation and will continue to stress to project participants the terms contained in the grant letter that clearly state that timecards are to be filled in on a daily basis.

**Audit of the Science and Technology Center in Ukraine
For the Year Ended 31 December 2008
Management Letter**

Observation No. 4

Title: Travel grants

Description: In the management letter for the year ended 31 December 2007, we noted a number of weaknesses in the travel grants system. During the course of our audit work for the year ended 31 December 2008 some of these weaknesses were still apparent, however it is noted that the STCU has made significant improvements in this area.

Currently the system within the STCU is to advance travel grants to Scientists for subsistence while abroad and other small travel expenses. Normally, large hotel and airfares are paid directly by the STCU.

The accounting at the point of advance is to debit Accounts receivable (Project Grantee), credit Cash / Bank.

On receipt of the completed travel settlement voucher the STCU will debit Travel expense, credit Accounts receivable (Project Grantee). Any amount owed back to the STCU will be recovered from the scientist and any amount due to the Scientist will be recorded as a payable (usually paid with the next grant payment).

For supplemental budget travel the system is the same but the receivable is recorded under Accounts receivable from Non STCU/Non Project.

We have noted significant time delays between when travel has taken place and when travel is being reported back to the STCU. This leads to a number of issues:-

- a) For travel that has taken place within a financial year but has not been reported under the following the expense of travel will be understated with a corresponding overstatement of Designated capital for projects;
- b) There exists a possibility that the amount advanced will prove to be irrecoverable;
- c) The Scientist could be out of pocket should they be owed money from the STCU;
- d) The STCU will not have accurate information in connection with remaining Designated Contributed Capital under supplemental budgets related to travel.

Recommendation: In relation to the above we would make the following recommendations:

1. *STCU Grantees*

- a) When an advance is made it must be communicated to the grantee that receipts and a completed travel settlement voucher are to be submitted to the STCU within a specified time period (to be in line with SOP 5)
- b) When a travel grant is agreed, only a proportion of this money should be sent to the grantee, 80% being a figure we consider reasonable. It will now be likely that the grantee will have to use a small amount of personal funds when travelling and will therefore have an incentive to submit travel documents in a timely manner.
- c) Project accountants remain responsible for the travel grant procedures concerning STCU Grantees.
- d) The date of intended travel should be noted on Navision so it will appear on the quarterly expense report which is included on the project file.
- e) As part of the quarterly reports prepared by the project accountants, a review of travel advances should be made. For any travel receipts which have not been submitted within the specified time period, the grantee should be contacted directly.
- f) Consider implementing a policy where grants are withheld from grantees, up to the value of the travel advance, if they repeatedly ignore requests to submit documents (120 days for instance).
- g) When the documents are received from the grantee any amounts due to/from the grantee should be settled in the next grant payment.

2. *Non STCU Grantees*

- a) When an advance is made it must be communicated to the recipient that receipts and a completed travel settlement voucher are to be submitted to the STCU within a specified time period (to be in line with SOP 5).
- b) The date of intended travel should be noted on Navision so the time from the date of travel can easily be referred to. It may be clearer to the staff involved if some information were stored on Excel instead of Navision (for example, name, contact number, amount, date of travel, and days since travel).
- c) On a regular basis, say every two weeks, the travel advance position should be reviewed. Any documents or funds which are overdue should be chased by the treasurer.
- d) When the travel settlement vouchers are received they should be posted to Navision immediately. Reasons for late submission of vouchers must be noted so STCU can consider the recoverability of amounts due.

- e) At the year end, STCU should review the amounts outstanding regarding these advances to ensure that when supplemental budget lines are written back there will be enough left to cover outstanding travel advances.

STCU Comment: The STCU concurs with Lubbock Fine's recommendations and will continue to perform the following steps related to these issues:

1. *STCU Grantees*

- d) The STCU will continue to communicate its policy related to the timely settlement of project travel (SOP V - Project Participants Travel), within which states that the project participant is required to submit a travel settlement to the STCU within seven (7) working days of travel completion.
- e) The STCU agrees that this recommendation is reasonable, and thus will consider revising its policy and procedures to incorporate advancing 80% of the requested sum; however, given the success of the STCU in 2008 of reducing the amounts outstanding from travellers, it is still not clear to the STCU that this change in procedure is necessary. Thus, the STCU will monitor the situation in 2009, and if necessary, will incorporate this recommendation.
- f) The STCU agrees with this recommendation and thus the Project Accountant will remain responsible for project travel.
- g) The STCU agrees with this recommendation and will continue to include travel dates into the project expense report.
- h) The STCU agrees with this recommendation and will continue the quarterly financial report procedure of reviewing travel advances by the responsible project accountants. For any travel receipts which have not been submitted within the specified time period, the grantee will continue to be contacted directly by the project accountant.
- i) The STCU agrees with this recommendation and has already started withholding grants up to the value of the travel advance from grantees if they repeatedly ignore requests to submit documents.
- j) The STCU agrees with this recommendation and will continue to ensure that upon receipt of settlement documents, the STCU will move to settle any amounts due to/from the grantee in the next grant payment.

2. *Non-STCU Grantees*

- a) The STCU agrees with this recommendation and will continue to communicate to travellers their need to adhere to the settlement policy (also seven (7) days).
- b) The STCU agrees with this recommendation and will continue to include travel dates into Navision as well as utilize MS-Excel where deemed necessary.
- c) The STCU agrees with this recommendation and the STCU Project Accountant and Treasurer assigned to the travel review process will continue to meet every two weeks in order to ensure timely settlement of travels. Any delinquent travels will

be dealt with on a case by case basis to ensure timely settlement.

- d) The STCU agrees with this recommendation and will continue to ensure that upon receipt of settlement documents, the STCU settles any amounts due to/from travellers as quickly as possible.
- e) The STCU agrees with this recommendation and will continue to carefully review the settlement situation at year end for these travellers in order to ensure that when supplemental budget lines are written off to Designated Capital Supplemental accounts, that there will be enough remaining budget to cover outstanding travel advances.

**Audit of the Science and Technology Center in Ukraine
For the Year Ended 31 December 2008
Management Letter**

Observation No. 5

Title:	Allocation of interest between funding parties
Description:	<p>During the course of our audit it was noted that the formula being used to allocate bank interest received between the funding parties was being applied incorrectly.</p> <p>This arose as the model used did not take into account where an expected positive parameter became negative.</p> <p>As a result the amount of interest receivable which is allocated to each funding party has not been calculated in accordance with the level of cash held by the STCU in respect of each funding party.</p>
Recommendation:	<p>We recommend that the formula used to calculate the interest allocation is amended to perform the calculation regardless of whether a parameter is positive or negative.</p> <p>We further recommend that these calculations are checked, on a sample basis, each month to ensure that the automatic calculation is working as expected.</p>
STCU Comment:	The STCU concurs with Lubbock Fine's recommendations and in 2009 will amend the formula used to calculate the interest allocation between funding parties, as well as check on a sample basis each month that the amended automatic calculation is working as expected.

**Audit of the Science and Technology Center in Ukraine
For the Year Ended 31 December 2008
Management Letter**

Observation No. 6

Title:	Fixed asset register
Description:	<p>It was noted during the course of our audit that the STCU does not have an up to date fixed asset register, nor has an asset inventory been undertaken since the STCU moved to their new premises at 7A Metalistov Street.</p> <p>As a consequence the STCU does not have a record of where its fixed assets are currently held, which will make it difficult to assess if the assets of the STCU are being appropriately safeguarded.</p> <p>We appreciate that due to the STCU moving buildings in 2009 it has not been possible to keep this information up to date, however STCU should seek to rectify this at the earliest possible opportunity.</p>
Recommendation:	<p>We recommend that a full fixed asset inventory is undertaken during 2009. This is to include the following;</p> <ul style="list-style-type: none">a) Agreeing that items that were held at 21 Kameniariv Street are now held at 7A Metalistov Street. Where items have not been transferred, these items should be investigated and removed from the register if appropriate.b) Ensuring that all additions to fixed assets made since the 24 December 2008 (the date the last register) have been included on the fixed asset register.c) Verification of all fixed assets, noting their location and identification number displayed on the asset.
STCU Comment:	The STCU concurs with Lubbock Fine's recommendations and at the earliest possible opportunity will implement recommendations a, b, and c listed above.

Audit of the Science and Technology Center in Ukraine
For the Year Ended 31 December 2008
Management Letter

Observation No. 7

- Title:** Partner project expenses incurred in excess of cash contributions
- Description:** During the course of our audit we have noted that as at 31 December 2008, 36 projects had incurred project expenses in excess of the cash the STCU has received for that project from the relevant funding party.
- This means that the amounts receivable (A/R) from funding partners is in excess of Designated Capital Contributions – projects (DCC - projects) for certain project which exposes the STCU to the risk of bad debts. This risk exists as the STCU is the contracting body with the project grantees and may therefore be obliged to make grant payments in excess of cash receipts from partners. It should be noted that this situation has yet to arise.
- The STCU currently has a procedure which stops payments being made for projects when DCC - projects is equal or less than accounts receivable. However, this safeguard still allows expenses to be accrued for a project, which could potentially create an obligation for the STCU to settle these amounts, whether or not the cash is ever received from the funding partner.
- Recommendation:** In relation to the above we would make the following recommendations:
- a) As part of the quarter end procedures the amount of available funds remaining for the project should be noted by the project accountant on the project file (Being DCC - project less A/R).
 - b) This should be compared to the budgeted spend for the following quarter to ascertain if it is likely that the project will go into a 'negative' funding position in the next quarter.
 - c) Where a project does go into a negative funding position, the funding partner should be contacted immediately and informed of the situation. The project should be suspended if it appears the partner will delay in providing the STCU with the next cash payment to fund the project.
 - d) Where it is expected that project funding will become negative in the next quarter, the STCU should contact the partner and remind them of the expected due dates for project funding.
- STCU Comment:** The STCU concurs with Lubbock Fine's recommendations and during 2009 will implement recommendations a, b, c and d listed above.

**Audit of the Science and Technology Center in Ukraine
For the Year Ended 31 December 2008
Management Letter**

Observation No. 8

Title:	Filing of administrative invoices
Description:	<p>During the course of our audit it was noted that a number of invoices relating to administrative and supplemental cost could not be located by STCU staff.</p> <p>There appears to have been a breakdown in the way in which such invoices are filed, which will make it increasingly difficult to trace supplemental and administrative expenditure to source documentation.</p>
Recommendation:	It is recommended that the STCU implement a consistent policy for the filing of administrative and supplemental invoices. This system should be designed to allow any individual to trace a purchase made Navision to the invoices utilising referencing and a systematic method of filing the invoices.
STCU Comment:	The STCU concurs with Lubbock Fine's recommendations and will implement a consistent policy to ensure that administrative and supplemental invoices are filed in a manner that allows them to be found consistently



Summary of 2010 STCU AOB & SB Requests

1



Summary of 2010 AOB

- Total AOB of \$1.78M compared with AOB of \$1.88M in '09. \$97.5K Decrease (- 5.20%). However, only 1.25% decrease compared to '09 AOB when \$75K of contingency for building removed.
- Recurring Costs of \$1.70M compared with \$1.75M in '09. 2.88% Decrease.
- Non-Recurring Costs of \$77.98K compared with \$124.95K in '09. 37.60% Decrease.

2



AOB as % of Project Expenses

AOB Expenses

- 2010 Est. \$1.78M (13.2%)
- 2009 Est. \$1.74M (11.6%)
- 2008 Actual \$1.55M (8.3%)
- 2007 Actual \$1.63M (8.4%)
- 2006 Actual \$1.75M (10.1%)
- 2005 Actual \$1.80M (11.1%)

Project Expenses

- 2010 Estimated \$13.5M
- 2009 Estimated \$15.0M
- 2008 Actual \$18.7M
- 2007 Actual \$19.3M
- 2006 Actual \$17.4M
- 2005 Actual \$16.3M

3



AOB as % of Project & SB* Expenses

AOB Expenses

- 2010 Estimated AOB \$1.78M (11.9%)
- 2009 Estimated AOB \$1.74M (10.9%)
- 2008 Actual AOB \$1.55M (7.9%)
- 2007 Actual AOB \$1.63M (8.1%)
- 2006 Actual AOB \$1.75M (9.7%)
- 2005 Actual AOB \$1.80M (10.7%)

Project + SB Expenses

- 2010 Estimated \$13.5M + SB = \$1.4M = \$14.9M
- 2009 Estimated \$15.0M + SB = \$900K = \$15.9M
- 2008 Actual \$18.7M + SB = \$766K = \$19.5M
- 2007 Actual \$19.3M + SB = \$903K = \$20.2M
- 2006 Actual \$17.4M + SB = \$688K = \$18.1M
- 2005 Actual \$16.3M + SB = \$496K = \$16.8M

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

4



Personnel - Local Grant Payments

- Total Cost of \$806.4K compared with \$792.9K in '09. 1.69% Increase.
 - One (1) position eliminated, resulting in savings of \$11.3K
 - Minimum salary increase 5.0% and 0.0% one-time bonus as per compensation system adopted at Dec. 2003 GBM, resulting in total increase to budget line of \$24.8K
 - Two together: Decrease of \$11.3K and Increase of \$24.8K result in \$13.5K overall increase to line

5



Personnel (cont.)

- Staff Training total Cost of \$92.9K compared with \$110.6K in '09. 12.7% Decrease.
 - MBA program eliminated except for honoring 2nd year of one staff member (\$5K)
- Employee Morale & Welfare total Cost of \$30.0K compared with \$20.0K in '09. 50% Increase.
 - Lunches provided for all staff

6



Personnel

■ Personnel Costs

- 2009
 - '09 costs of \$1.03M (5.0% increase over '08)
 - 54.8% of total AOB
- 2010
 - '10 costs of \$1.03M (0.0% decrease over '09 – flat budget request)
 - 57.7% of total AOB

7



Travel

- Travel w/in CIS cost of \$130.0K compared with \$150.2K in '09.
 - 13.47% Decrease
 - Monitoring costs reduced because of smaller quantity of active projects
- Local Travel cost of \$16.1K compared with \$30.0K in '09.
 - 46.25% Decrease.
 - Bus from STCU to metro for only winter months (3 mo.'s)

8



Travel (cont.)

- Travel Costs

- 2009

- '09 costs of \$224.2K (10.3% increase over '08)
- 12.0% of total AOB

- 2010

- '10 costs of \$191.1K (14.8% decrease over '09)
- 10.8% of total AOB

9



Office Operations

- Telecommunications Services \$60K compared with \$75K in '09.

- 20.00% Decrease
- Decreased because of UAH devaluation

- Bus. Meetings & Conferences \$14K compared with \$6K in '09.

- 133.33% Increase
- Increased for 15 year STCU anniversary event (\$8K)

10



Office Operations (cont.)

- Office Operations Costs
 - 2009
 - '09 costs of \$370.1K (3.4% increase over '08)
 - 19.7% of total AOB
 - 2010
 - '10 costs of \$349.3K (5.6% decrease over '09)
 - 19.6% of total AOB

11



Non-Recurring

- Computer Hardware cost of \$24.8K compared with \$7.7K in '09
 - 221.8% increase
 - Need to replace twelve (12) desktops & eight (8) laptops
- Computer Software cost of \$19.2K compared with \$10.3K in '09
 - 87.32% increase
 - Largest costs are Navision annual maintenance & Microsoft Upgrade

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Non-Recurring (cont.)

■ Non-Recurring Costs

- 2009
 - '09 costs of \$125.0K (3.6% decrease over '08)
 - 6.7% of total AOB
- 2010
 - '10 costs of \$77.8K (37.60% decrease over '09)
 - 4.4% of total AOB

13



Summary of 2010 Shared SBs

- Total Gross Shared SB request of \$281.0K compared with \$582.7K approved in '09 (51.8% decrease).
 - Bus. Training/Sus. Support SB is \$138.0K of \$281.0K (49.1% of total Shared SBs)
 - All other shared SBs total \$143.0K

14



Shared Supplemental Budgets

- Bus. Train./Sus. Supp. cost of \$138.0K compared with \$185.0K in '09
 - 25.4% decrease from '09
 - Five (5) events, including:
 - Banff Venture Forum
 - TechConnect Summit
 - RENTECH 2010
 - Continue CTCO program
 - Support start-up of CTCO ACPA Association
 - Work with Oxford University Tech Transfer office to assist selected CTCOs and ISP Institutes in technology commercialization plans
 - **Total Pledged Funding Approx. \$138.0K**

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Shared Supplemental Budgets (cont.)

- Patent Supp. cost of \$43.0K compared with \$70.0K in '09
 - 38.6% decrease from '09
 - Approve up to six intl. patents in '10
 - Work with NERAC database
 - **Total pledged funding approx. \$30K**
- Travel and Mobility Supp. cost of \$0K compared with \$25K in '09
 - Line eliminated in '10, because of other SB funding sources available

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Shared Supplemental Budgets (cont.)

- Seminars/Workshop Support cost of \$60K compared with \$39.1K in '09
 - 34.8% increase from '09
 - Grant-Writing Workshop as per FP request
 - One or two other workshops planned in '10
 - **Total pledged funding approx. \$60K**
- Targeted Training cost of \$0K compared with \$12.0K in '09
 - Line eliminated in '10
 - Procurement training to be funded from AOB

17



Shared Supplemental Budgets (cont.)

- Institute Sustainability cost of \$40K compared with \$251.6K in '09
 - 84.1% decrease from '09
 - Contracting different expert consultant to assess Year 1 progress of three (3) ISP projects in the last quarter of 2010
 - **Total pledged funding approx. \$30K**

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AOB Funding %

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

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AOB Funding % (cont.)

- Projected throughput (grants, equipment, and overhead)* for 2010:

	U.S.**	Canada	European Union**	Total
Projected Project Expenses	\$2,046,483	\$1,690,810	***\$3,984,441	\$7,721,734
% Share of Project Expenses	26.50%	21.90%	51.60%	
	80.00%	80.00%	80.00%	
Distribution of 80%	21.20%	17.53%	41.27%	
Distribution of 20%	06.67%	06.66%	06.67%	
Calculated Sharing %s	27.87%	24.19%	47.94%	

* Does Not Include Projects approved at upcoming 29th STCU Governing Board

** Includes Non-Fee Paying Government Partners

*** Assumes €1 = \$1.40

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AOB Funding % (cont.)

■ Comparison - Actual Project Funding at GB 27 & 28:

	U.S.*	Canada	European Union*	Total
Actual Funding at GB 27 & 28	\$3,488,648	\$1,983,777	**\$4,624,855	\$10,097,280
% Share of Actual Funding	34.55%	19.65%	45.80%	
	<u>80.00%</u>	<u>80.00%</u>	<u>80.00%</u>	
Distribution of 80%	27.64%	15.72%	36.64%	
Distribution of 20%	<u>06.67%</u>	<u>06.66%</u>	<u>06.67%</u>	
Calculated Sharing %s	34.31%	22.38%	43.31%	

* Includes Non-Fee Paying Government Partners

** Assumes €1 = \$1.40 for 27th and 28th

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AOB Funding % (cont.)

■ Calculated AOB Funding %s

- United States	27.87%
- Canada	24.19%
- European Union	<u>47.94%</u>
Total	100.00%

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Science and Technology Center in Ukraine
2010 Administrative Operating Budget and Supplemental Budget Presentation

17 November 2009

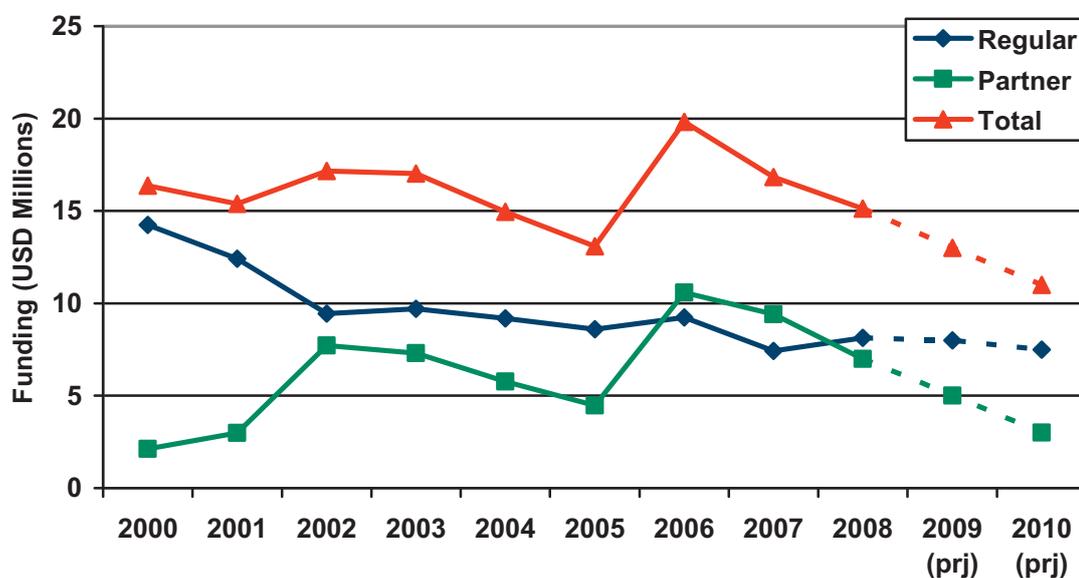
Overview

The STCU has delivered its 2009 budget plan on target, with a projected total AOB under-spend of approximately \$132K. Much of this under-spend is due to the lower-than-expected Ukrainian-based expenses resulting from the weakening of the Ukrainian currency in late 2008 through 2009. Also, both Shared and Party Supplemental Budgets will be under-spent due to fewer program activities and Party requests than planned.

For 2010, the STCU Management has built its Administrative Operating and Supplemental Budget requests under the following assumptions:

1. The strategic plan, as directed by the Governing Parties, will remain the same in 2010 as before, following the existing 2004 strategic plan. Project activity (Regular, Partner, Targeted Initiative, and Institute Sustainability) will remain the dominant factor in administrative management.
2. Some minor facility improvements may be needed to the temporary office premises at 7a Metalistiv Street, but major facility maintenance and repair work will be the responsibility of the facility owners, Kyiv Polytechnic Institute. STCU will maintain its 7a Metalistiv office space to the extent needed to keep a positive working environment for the STCU staff, but with appropriate regard will be given to temporary nature STCU's occupancy and to the proper responsibilities of Kyiv Polytechnic Institute.
3. The economic situation in Ukraine and other Recipient Parties will remain tough during 2010, with high local unemployment and persistent inflation projected. This situation will create both opportunities and challenges for STCU operations and for the professional situation of the STCU staff.
4. The political support from the Parties will remain steady, but the level of program financial support will decline from the 2009 levels. This will cause a continued decrease in the number of active projects and the number of related administrative transactions. In contrast, there is a possibility of an equal or increased level of administrative transactions from Party-Designated Supplemental Budget programs.

New GB-Approved Project Funding, Per Year



Under these assumptions, STCU Management has focused its 2010 program plan and supporting AOB/SB budget requests based on the 2004 Near-Term Strategy and with the following program planning and budgeting targets:

- Until a new strategic plan is approved by the Governing Board, STCU Management will seek to maintain its current set of programs, but will explore some pilot concepts of new or modified programs in line with the current draft Strategy Concept document now with the Advisory Committee.
- Facing a decline in administrative needs due to falling project activity, but also mindful of the views expressed by the STCU Governing Board to protect the long-term viability of the Center, STCU Management will plan for a “neutral” 2010 program and Administrative Operating Budget, i.e., one where the requested 2010 AOB total amount is not significantly different from the approved 2009 AOB total amount.
- The previous bullet point means that, in spite of the projected decline in overall program activity levels (led by the decrease in the number and workload of active projects), the STCU Management shall not use any administrative overhead percentages to guide its 2010 AOB request planning.
- STCU will maintain its current overall staffing level, seeking to hire replacement personnel only for those positions that become vacant during 2010 and that the Management feels are necessary to fill. However, STCU Management will recommend that 1 local staff position be eliminated.
- Within the 2010 AOB, sub-budget lines will be adjusted to accommodate necessary increases (such as a proposed staff salary increase), but will be offset by available decreases in other sub-budget lines in order to maintain a neutral overall AOB total.
- STCU Management is planning on decreased funding levels for all 2010 Shared Supplemental Budget (except Seminars/Workshops) compared with 2009.
- As the Funding Parties will be contributing to Shared Supplemental Budgets according to their individual Party policy priorities, STCU Management no longer has *prima facie* understanding as to which Shared Supplemental Budget Programs will be supported and to what level of funding. Thus, the STCU Management will be prepared to adjust its plans for Shared Supplemental Budget programs according to the final financial contributions made by the Funding Parties.
- STCU Management will make whatever recommendations it has for funding the individual Party-Designated Supplemental Budget requests, but will look to the individual Funding Parties to clearly define their 2010 activity plans and funding contributions for the Party-Designated Supplemental Budgets.

Executive Director Office

The Executive Director Office provides the strategic leadership for STCU and conducts the strategic-level planning, management policy guidance, and executive supervision for the entire organization. The office is also responsible for developing and implementing Center-wide policies, procedures, and practices to ensure the professional effectiveness and integrity of the STCU.

Performance in 2009

In 2009, the ED Office led the Secretariat through the relocation of the STCU Headquarters office from 21 Kamenyariv Street to the Ukrainian-provided temporary offices at 7a Metalistiv Street. This office relocation was conducted over a 2-week period, with HQ office operations suspended for approximately 3 weeks in February 2009. Only minor disruptions to project-related activities were experienced during this relocation period, although some major activities—such as preparation of the 2008 Annual Report and the closing and auditing of the 2008 financial statements—had to be delayed by several weeks.

The ED Office continued to facilitate Governing Board discussions on the STCU's strategic planning and future direction, and continued to implement the existing programs in accordance with the current near-term strategy approved by the 18th Governing Board Meeting (14 June 2004). The ED Office, along with the Management Committee, directed implementation of the GB-approved 2009 AOB/SB plan and continued efficiency improvements to internal processes and practices. Other ED Office actions in 2009 included:

- Successfully planned, arranged, and executed the 28th Governing Board Meeting in Baku, Azerbaijan, with much of the preparations having to be done while working around the STCU office relocation. Planning for the 29th GBM in Kyiv began soon after the Baku meeting.
- Continued efforts to secure a renewal of STCU accreditation in Uzbekistan and renewal of office use agreement with Uzbek Academy of Sciences for the STCU-Uzbek Regional Office. The ED and the Governing Parties delivered new diplomatic communications to the Uzbek government in 2009, but with no apparent impact on the STCU's situation in Uzbekistan.
- Directed STCU program activity planning, as project activity continued to decline from the new project funding peak in 2006 and from the highest-ever level of project expenditures in 2007. Conducted forward-planning with STCU Management Committee to adjust administrative resources in balance with the projected change in future administrative demands. Also, worked with the STCU management, staff, and Governing Parties to incorporate sound fiscal discipline in administrative operating and supplemental activity costs while maintaining a high level of quality and program delivery.
- Initiated development of a new targeted research program concept to attract new donor programs to STCU by focusing STCU proposal submissions on donor R&D interests and needs. Directed the Deputy Executive Directors to organize Expert Workshops in the areas of nuclear smuggling/nuclear forensics and biosafety/biosecurity to aid in designing tailored calls for research proposals that would focus proposal development on the experts' recommendations in these areas.

- Worked with CFO in scheduling and supporting the STCU external financial audit for the fiscal year 2008 (with schedule adjustments due to the STCU office relocation), resulting in the timely completion of the 2008 financial statements and management system audit.
- Directed the 2009 annual STCU program performance survey to assess the state of institutes and technical units involved in active STCU projects and the impact of STCU programs on these units. Also directed program performance evaluations of several STCU programs, including the CTCO Program, Patent Support Program, and STCU-organized/EU-focused Seminars.

The ED traveled to field activities in Baku, Lviv, and Tbilisi. The ED had hoped to travel to Uzbekistan during 2009, but found no opportunity with the Uzbek government to do so. Also, there were two “between GBM” Advisory Committee meetings held outside of the CIS: in Ottawa, Canada (which the ED could not attend due to a medical condition, but where all of the STCU DEDs and CAO attended) and in San Francisco, USA.

The ED worked closely with the Ukrainian Ministry of Education and Science, Kyiv Polytechnic Institute, and the ambassadors of the Canadian, European Commission, and United States to press the Ukrainian Government for actions necessary to complete renovations of the 7a Metalistiv Street office facility, so that the facility met the Governing Board requirement of “ready for immediate occupancy” and “uninterrupted operations”. The ED also continued communication with the Ministry of Education and Science as well as Kyiv Polytechnic Institute about the promised future STCU offices (to be constructed by Kyiv Polytechnic Institute with financial support from the Ministry of Education and Science) in the next 2-3 years. The ED also negotiated general cooperation plans with the National Space Agency of Ukraine and with Kyiv Polytechnic Institute.

Plan for 2010

The ED Office expects to see more activity in 2010, including planning and implementing changes to STCU programs, procedures, and organization due to the anticipated implementation of the new STCU Strategic Plan. Also, the ED Office expects to be engaged in active discussions with the Parties on the future STCU operations as the STCU continues to experience changes in the level of its funding support. The ED Office will also plan on one Governing Board Meeting in Kyiv, and one GBM outside of Ukraine (probably in Tbilisi, Georgia). Finally, the ED Office will request support for organizing a major event during the GBM week in the autumn, in celebration of 15 years of STCU operations (the first STCU Governing Board meeting and project approvals took place on 15-16 December 1995).

Staff Travel (2009 Budget Allocation = \$194,240. 2010 Budget Request = \$175,000: \$45,000 for International Travel, \$130,000 for Travel Within CIS).

In recent years, much of the STCU staff travel has occurred in conjunction with events and activities planned under a Supplemental Budget, and therefore the AOB Staff Travel lines have not had to be used as much. Given that 2010 Supplemental Budget programs are expected to be as active (or more so) as in 2009, it has been decided to consolidate the AOB Staff Travel into two budget lines—AOB/Staff Travel (International) and AOB/Staff Travel (Within CIS)—under the authority of the Executive Director and available for any STCU staff travel requests (subject to Executive Director approval). For 2010, AOB/Staff Travel (International) expenses are projected to be approximately \$45,000 and AOB/Staff Travel (Within CIS) projected to be approximately \$130,000 (including approximately \$75,000 in staff-conducted project monitoring). Also included in this anticipated STCU Staff Travel are the following possible trips:

STCU Executive Staff Travel (International):

- Two Advisory Committee meetings in Europe/North America.
- Consultation Meetings in the Funding Party capitals.

STCU Executive Staff Travel (CIS):

- One GBM outside Ukraine (probably Tbilisi, Georgia).
- ISTC-STCU Coordination Meeting in Moscow.
- Manager oversight visits to Regional Offices

Staff Training (2009 Budget Allocation = \$24,500. 2010 Budget Request = \$9,500).

The ED Office will continue to ensure the professional integrity and standards of the STCU operations and its staff through “management by objectives” policies, employee performance evaluations, and review of STCU standard operating procedures. The ED Office itself will strive to maintain its own level of professional training, particularly in modern management practices/skills.

The 2010 staff training activity is anticipated to be the same as in 2009, with the exception of STCU Staff MBA Program. In 2009, the MBA Program competition showed only a few staff members interested in participating in the competition. Therefore, the STCU Staff MBA Program will be suspended for 2010, and only enough training funds (\$5,000) will be requested to support the one STCU staff member who will complete the second (and final) year of their MBA program.

Representation (2009 Budget Allocation = \$10,000. 2010 Budget Request = \$10,000).

Based upon past Representational expenses, which included financing official receptions involving executive-level officials and visitors, STCU ED-sponsored round tables, or other executive-level needs, it is anticipated that the amount of 2010 Representational expenses will be approximately the same as 2009.

15th Anniversary Event (2009 Budget Allocation = \$0. 2010 Budget Request = \$8,000 in AOB-Business Meetings & Conferences).

In 2010, the STCU will reach 15 years of operation on the anniversary of the 1st Governing Board Meeting (15-16 December 1995). To celebrate this occasion, the ED Office proposes to organize an event on the day after the planned 31st GBM in the autumn of 2010 in Kyiv. The 15th Anniversary event will include speeches from invited government officials and past STCU officers, and also will include a buffet and poster exhibition of past STCU success stories resulting from STCU in projects and other programs.

Executive Director Office Budget Request for 2010

	2009 Planned	2009 Actual	2010 Request	Change from 2009
Staff				
- Party	1	1	1	0
- Local	1	1	1	0
Staff Total	2	2	2	0
Staff Support				
- Travel (Inter'l)	44,000	45,811	45,000	+1,000
- Travel (CIS)	150,240	143,737	130,000	-20,240
- Staff Training	24,500	22,958	9,500	-15,000

Staff Support Total	218,740	212,506	184,500	-34,240
Representation	10,000	8,357	10,000	0
15th Anniversary Event (Business Meetings & Conferences)	0	0	8,000	+8,000
Office Total				
Staff	2	2	2	0
Funding	228,740	220,863	202,500	-26,240

Administrative Office

The Administrative Office is responsible for the administration of the Center's assets, including maintenance and security, support to financial, project monitoring and project management needs; and administration of project and Center procurements. The Office also administers the Center's HR functions, maintaining contractual documents and relationships with the STCU local staff.

Performance in 2009

STCU HQ Office Relocation – The Administrative Office took the lead in monitoring the Ukrainian Government actions in securing the new temporary STCU Headquarters (HQ) office premises at 7a Metalistiv Street and working with the landlord of 21 Kamenyariv Street facility during January-February 2009 lease extension and final lease close-out. The Administrative Office also took the lead in managing the secure shut-down and move of the HQ office beginning on 13 February 2009, and the logistics and relocation from Kamenyariv to the Metalistiv facility, with the resumption of operations on 2 March 2008.

During the STCU relocation, the Chief Administrative Officer, the Head of Maintenance, and the internal guards kept a vigil on both buildings and the move of STCU physical assets. Once the move was completed, the Administrative Office again took the lead in managing the re-assembly of furniture and equipment and sorting out the final relocation of the staff. These issues are still ongoing as there needs to be certain aesthetic improvements within the office to provide a suitable working environment.

Office Staff – The Administrative Office has seen a relatively stable staffing situation in 2009, with only the departure of the one Kitchen staff member at the beginning of the year. Due to the lack of a full kitchen/café area in the new Metalistiv facility, the staff lunch program was modified whereby STCU pays directly to a caterer for all STCU staff to have a lunch provided. This change made the need for a dedicated STCU kitchen staff member unnecessary. Also, the maintenance staff was fully engaged with the office move, including the disassembly/reassembly of the HQ office furniture and minor facility improvements. However, as the STCU HQ offices now reside inside of a state-controlled building, the future amount of maintenance work required of STCU should be reduced from that of previous years (when STCU HQ was in separate privately-owned buildings and STCU needed to maintain its offices and buildings on its own). With only one customs clearance officer now available, the office has resorted to using the STCU drivers to assist more in the customs clearance administrative steps (e.g., getting signatures from various authorities) to allow the customs officer to concentrate on the actual customs-clearing of materials.

Projects/Procurement – As of 16 July 2009, the four Procurement Officers processed project-related procurements on 265 projects (221 active projects—including 61 projects that will be completed in next 6 months—and 44 project agreements in preparation). Compared to same period in 2008, the total volume of procurement actions in 2009 is substantially down (by this same time in 2008, project-related

procurements took place on 336 projects—including 236 active projects, 49 completed projects, and 51 project agreements in preparation).

Also, the procurement and customs officers continued their field training initiative on STCU's project procurement and customs-clearance processes for STCU project managers and other participating scientists. This training now has been conducted at the Kharkiv and Lviv Regional Offices and the remaining planned training (in Moldova, Baku, Tbilisi, and Dnipropetrovsk) will take place mainly from August onwards (due to the STCU situation in Uzbekistan, no training will be performed there).

Customs – Even during the office relocation period, customs clearance operations continued without interruption, but with using only one Customs Clearance Officer. While this has put more burdens on this person, some of the administrative tasks (e.g., taking customs papers to various governmental offices for signature) have been given to the STCU drivers to allow the Customs Officer to concentrate on clearing the goods through customs. In spite of the fewer active projects underway In 2009, STCU has yet to see a substantial decline in shipment clearance actions, when compared to the same period last year: for the period 1 January - 30 June 2009, there have been 132 shipment clearance actions (compared to 136 during the same period in 2008), including 87 imports (88 in 2008) and 45 exports (48 in 2008).

At this current rate, the customs volume for 2009 is projected to be 14% less than in 2008 (i.e., approximately 265 actions in 2009). But this projection could change in the 2nd half of 2009 (as it did in 2008 when there was an acceleration of clearances).

Travel Coordination – As of 9 July 2009, a total of 826 travel grant requests were processed (compared 809 during the same period in 2008), as well as 84 visa support letters (vs. 63 in 2008) and 6 bank support letters (vs. 32 in 2008). Further, STCU made 105 hotel bookings (not including numbers of occupants staying), and ordered 258 railway tickets, which was similar to the volume seen in 2008. However, for the remainder of 2009 the estimated annual total of STCU-made travel arrangements will reach only 1650 (compared to 2531 by the end of 2008), i.e., a potential 35% reduction in travel arrangements, year on year. Much of this projected reduction in volume depends on the number and scope of STCU-sponsored participation in events through the 2nd half of 2009.

Plan for 2010

STCU HQ Premises – The building situation appears to be settled for 2010 (and for the next few years) with STCU remaining in its temporary offices at 7a Metalistiv until the promised new offices are constructed (planned for around 2012). No new “building crises” are expected while the STCU remains in these state-owned temporary office premises. The resulting office space of the 7a Metalistiv facility is almost half that of previous office premises at Kamenyariv, meaning a more cramped office environment and limited common area space for kitchen/café areas, meeting rooms, etc. However, as these premises are considered temporary until the permanent offices are built, the Administrative Office will endeavor to make only those facility improvements that are deemed appropriate by the STCU Management to make the working environment as suitable as possible for the STCU staff.

That being said, the amount of maintenance work required of STCU will be less than in previous STCU HQ locations, as the Metalistiv premises are smaller and much of the facility maintenance responsibilities will be with Kyiv Polytechnic Institute. Thus, as no further increase in maintenance demands are anticipated in 2010 (and not at least until STCU HQ moves again in 2-3 years time), the Administrative Office proposes to eliminate one of the three current maintenance staff positions.

Also, as mentioned above, the reduction in kitchen/café space at the Metalistiv facility led to an STCU Management decision to have STCU staff lunches paid in full for the staff (rather than subsidized as in the past) so that lunches are brought to STCU already prepared and without need for a full kitchen area or an STCU kitchen staff member to manage the lunch arrangements. Thus, with the departure of the full-time Kitchen Staff member from the Administrative Office, this vacant staff position was converted by the Executive Director into a Specialist position and moved to the Science Excellence Department to fulfill the Deputy Executive Director (EU)'s request for a dedicated events coordinator in that department.

STCU Staff Grant & Bonus Budget (2009 Approved Compensation = 25% plus further adjustments of approximately 1% made after the market salary review. 2010 Compensation Request = 5% Adjustment to Grants for all Staff plus a 0% for Performance Bonuses to be paid in January 2011)

After last year's extraordinary across-the-board salary increase of approximately 26%, and with the negative impacts on local labor market demand from the current financial and economic crisis, these factors have created an environment where STCU staff turnover has practically ground to a halt in 2009. Since the beginning of 2009, the only staff departures were one Senior Specialist (who had actually committed to a new private-sector job in the latter half of 2008), one Kitchen Staff member (STCU Management decision), and one Project Accountant in the Finance Office (who left STCU for personal reasons not connected to her job or career). There are currently 61 staff positions in STCU, including one position (in the Finance Office) currently vacant. With the economic crisis (and resulting weak labor market) likely to continue through 2010, STCU does not foresee any significant staff turnover for the rest of 2009 and throughout 2010.

The economic crisis has hit Ukraine and other STCU Recipient Countries very hard, resulting in severe declines in economic growth, persistently high price inflation, high unemployment, and uncertain personal purchasing power due to devaluations in local currencies. This has compounded the difficult situation for people in Ukraine. Under such circumstances, it is impossible to assess the STCU staff salary structure against the external market. However, given that there were no staff salary increases in 2009 (the 25% increase came in mid-2008) and no job performance bonuses were included in the 2009 AOB, the STCU Management agreed that some increase in the STCU staff salaries was justified for 2010.

Compensation Request for 2010

<u>Salary % Increase 2010</u>	vs	<u>2009</u>	/	<u>One-Time Bonus % Increase 2010</u>	vs	<u>2009</u>
5%		26.0%		0%		0%

The 2010 budget request will consist of a 5% across-the-board staff salary increase at the beginning of the fiscal year, and another year without the year-end staff job performance bonus.

Staff Training (2009 Budget Allocation = \$22,150. 2010 Budget Request = \$22,000)

Performance in 2009

Of the 13 Administrative Office staff, 5 staff undertook relevant professional training or familiarization courses during 2009, mainly in the areas of procurement, project management and language skills training. The main expense comes from professional procurement/contracting practices training, with 2 staff members attending professional procurement training in 2009. Because of staff turnover, changes were made to give priority to the new staff who had moved or been promoted into the procurement roles.

Plan for 2010

The Administrative Office plans for 7 staff to take some form of professional training in 2009. Special emphasis will remain on the modern procurement practices (particularly for the 1 new procurement officer who has not yet attended any procurement training course), and on developing cross-discipline skills to allow flexibility when adjusting staff workload. Because modern procurement/contract management training is a type of specialized training not currently available in Ukraine, the Office will schedule 2 selected staff (those who have not taken such training since 2007 or at all) to attend the usual Procurement / Contract Skills courses offered by the Institute of International Procurement (Turin, Italy) or similar. Should an acceptable local procurement/contract training course become available at lower cost, this will be considered more favorably. Additional local courses are planned for staff professional development and some language training.

Staff Travel (2009 Budget Allocation \$5,000: \$5,000 within CIS, No International Travel budgeted): 2010 Budget Request = (Consolidated into the single AOB Travel Line Lines under Executive Director)

Performance for 2009

During 2009, the CAO visited the Regional Offices of Kharkiv in Ukraine, Baku, and Tbilisi, where office inventory audits were conducted. The Baku and Tbilisi trips were postponed from 2007. There remain two field office trips to Dnipropetrovsk & Lviv planned for the end of the year

Plan for 2010

Travel will be planned travel to the Regional Office in Moldova and to one other Regional Office (with priority given to the Tashkent office, if the STCU accreditation in Uzbekistan is resolved). Travel also will be planned for visiting each of the 3 Ukrainian Regional Offices, for possible administrative actions involving those offices. Also planned is a consultation trip to ISTC to meet with ISTC administrative staff. This ISTC-STCU coordination will become more useful now that the EU Party has requested that STCU seek to revise its procurement procedures in the same manner as was done at ISTC, so as to better conform to EU procurement standards.

Facility Improvements, Furniture & Fixtures, Office Equipment, and Telecoms Equipment (2009 Budget Allocation = \$7,000: \$0 for Facility Improvements; \$3,000 for Furniture/Equipment, and \$4,000 for Office Equipment. 2010 Budget Request = \$9,000: \$2,000 for Facility Improvements; \$3,000 for Furniture/Equipment, and \$4,000 for Office Equipment)

Performance in 2009

Because of the uncertainty of the STCU HQ office situation at the time the 2009 AOB was approved, the 2009 budget amounts for these physical asset purchases were kept low. After the relocation to the Metalistiv facility, the Governing Board allowed use of Non-Recurring Contingency funds to perform some high-priority facility improvements to the office premises. Currently, several of these facility improvements are in process and the remainder should be completed during 2009.

Plan for 2010

In past relocations to new offices, STCU management found that budgeting for further Facility Improvements was warranted as new physical infrastructure issues arose over time. Thus, a small budget of \$2,000 for facility improvements is included in the 2010 budget for unforeseen requirements. Finally, the 2010 budget request for Office Equipment is to be kept at the same level as 2009.

Vehicle Operations (2009 Budget Allocation = \$27,000 for Vehicle Operations. 2010 Budget Request = \$30,000 for Vehicle Operations.

Performance in 2009

STCU maintained 2 vehicles (VW Minivan & Peugeot), which was adequate for STCU's purposes. With the HQ office relocation to a more central location, this has made vehicle operations easier, although certain changes in the amount of customs clearance work have increased the vehicle use. Petrol prices have continued to see general increases over the year, rising from UAH5.7 per liter to the current UAH7.8-8.0 per liter, with the likelihood of continued price increases in 2010. The maintenance costs for these two relatively new vehicles were relatively low in 2009, and should remain so in 2010. Weekly monitoring and reporting of vehicle costs is still in force and regularly checked.

Plan for 2010

Because the cost of fuel is expected to continue rising in 2010, the budget request for Vehicle Operations will be slightly higher (\$30,000 vs. \$27,000 in 2009), in spite of the expected stable maintenance costs and no changes to the STCU vehicle fleet as reported above.

Administrative Office Budget Request for 2010

	2009 Planned	2009 Actual	2010 Request	Change from 2009
Staff				
- Party	1	1	1	0
- Local	14	13	12	-2
- Part-Time	3	3	3	0
Staff Total	18	17	16	-2
Staff Support				
- Staff Training	22,150	22,748	22,000	-150
Staff Support Total	22,150	22,748	22,000	-150
Admin Programs				
- Facility Improve	0	0	2,000	+2000
- Furn. & Fix.	3,000	2,946	3,000	0
- Office Equip.	4,000	3,613	4,000	0
- Tel. Equip.	0	0	0	0
- Veh. & Oper.	27,000	26,405	30,000	+3000
- Vehicle Purchase	0	0	0	0
Programs Total	34,000	32,964	39,000	+5,000
Department Total				
Staff	18	17	16	-2
Funding	56,150	55,712	61,000	+4,850

Finance Office

The Finance Department is responsible for the financial operations of the Center, which include accounting, banking, auditing and budgeting functions and the assembling, and preparation of financial and budget information. The office oversees the development of all policies and procedures related to the internal financial control of the Center.

Enterprise Resource Planning (ERP) Maintenance (2009 Budget Allocation = \$20,500 for Software (\$8,500) and Other Professional Services (\$12,000). 2010 Budget Request = \$20,000: for Software (\$8,000) and Other Professional Services (\$12,000).)

Performance in 2009

In 2007, the STCU completed the transfer of remaining projects from its legacy financial systems to the new NAVISION integrated system. Thus, all finance and administrative transactions in 2008 and 2009 were processed solely in the NAVISION system. Given the completion of this project, the 2009 budget spent was for the cost of Microsoft Navision annual maintenance fees (\$7,916) and for consulting services (\$17,020).

Plan for 2010

For 2010, there will be budgeted the Microsoft Navision annual maintenance fee of \$8,000 and forecasted consulting services of \$12,000 (\$1,000/month). The consulting services budget for 2010 was maintained at the same level as 2009.

Staff Travel (2009 Budget Allocation = \$5,240: \$5,240 within CIS; \$0 International Travel. 2010 Budget Request = (Consolidated into the single AOB Travel Line Lines under Executive Director)

Performance in 2009

In 2009, travel for the Finance Office was for the establishment or support of banking operations.

The 2009 plan for banking support travel consisted of two parts: (1) review of banking operations in Baku and Tbilisi, and (2) re-establishment of local banking operations in local currency (Tsum) and hard currency in Uzbekistan. The STCU decided to cancel the CFO's trip to Tashkent due to a lack of progress on the Uzbek issue. The review of banking operations in Baku was conducted at the same time as the 27th GBM in the first week of June 2009. Thus, the travel costs for this activity were covered by the costs of traveling to the Governing Board (Travel Within CIS – ED). The review of banking operations in Tbilisi will be moved to 2010 because of schedule conflicts in the second half of 2009 (visit of Canadian auditors, San Francisco Advisory Committee meeting in October).

Plan for 2010

In 2010, the STCU will again budget for the CFO for the re-planned travel to Tbilisi to review banking operations in 2010. There are no plans to review the Uzbek banking situation in 2010.

Staff Training (2009 Budget Allocation = \$16,930. 2010 Budget Request = \$17,900).

Performance in 2009

For 2009, the following staff training was completed:

- Association of Certified Chartered Accountants (ACCA) training for two people.
- Certified Management Accountant (CMA) training for five people.
- Internal audit training for three people.

Plan for 2010

For 2010, the following staff training is planned (total \$17,900):

- ACCA Training for two people at \$1,200 per person.
- CMA Training for five people at \$1,000 per person.
- Internal audit training for three people at \$3,500 per person.

Finance Office Budget Request for 2010

	2009 Planned	2009 Actual	2010 Request	Change from 2009
Staff				
- Local	9	9	9	0
- Party	1	1	1	0
- Part-Time	0	0	0	0
Staff Total	10	10	10	0
Staff Support				
Staff Training	16,930	17,897	17,900	+970
Staff Support Total	16,930	17,897	17,900	+970
Programs				
- ERP Installation				
○ Software	8,500	7,916	8,000	-500
○ Other Professional Services	12,000	12,020	12,000	0
Programs Total	20,500	19,936	20,000	-500
Department Total				
Staff	10	10	10	0
Funding	37,430	37,833	37,900	+470



Information Technology Group

The IT Group is responsible for maintaining all STCU information technology and telecommunications equipment and services. The IT Group is also responsible for the continued maintenance of the STCU website, Projects (Technical) Database, and all the STCU custom software applications.

IT Group Staff

The STCU Information Technology Department currently consists of four individuals: the IT Group Manager, the System/Network Administrator, the Database Administrator / Web Master, and a Program Analyst. These four people are responsible for all aspects of IT at the Center, the hardware, the software and the day-to-day activities including problem solving and customer / client interaction.

Performance in 2009

The focus of the STCU IT Group activities during the first quarter of 2009 was to move the entire STCU IT infrastructure from the Kaminyariv Office to the new Metalistiv office complex. This was accomplished with no major problems. For the rest of 2009, the IT Group focused on maintaining the already existing STCU hardware and software infrastructure. With the exception of replacing a small number of old computers with newer ones, there were no major hardware or software improvements implemented during 2009. The IT Group continued to perform various tasks to improve staff efficiency and productivity which included: continuing to ensure IT system security; empowering STCU staff and clients with various off-line & on-line tools which included providing a means for Project Program Managers to access Project Budget information online; various Web-based tools that allowed STCU staff to better manage project information within the STCU Database; and the ability for STCU staff to convert Partner Project Proposals into Partner Project Agreements within the STCU proprietary Project software.

Plan for 2010

The focus of the IT Group activities for 2010 will be to maintain the existing hardware and software infrastructure within the STCU Office, replace 16 computers that have become obsolete, continue with the systematic replacement of laptop computers in the Kyiv office with desktop computers, provide on-site technical support to STCU Regional Offices, continue to ensure continuous IT system operations and security, and empowering STCU staff and clients with various off-line & on-line tools as the need arises. These changes are reflected in an increase in the IT Groups budget request for 2010.

Computer Hardware (2009 Budget Allocation = \$7,700. 2010 Budget Request = \$24,775)

During calendar year 2009, the IT Group provided hardware maintenance and repair support to the STCU offices. There were no substantial hardware upgrades or replacements provided during 2009. The requested budget increase for 2010 reflects the need to continue with the already established three-year hardware replacement program. Of the 18 Laptop Computers that are currently being used by STCU Staff, 13 units are over 5 years old, and the remaining 5 units are over 4 years old. During 2010 the IT Group would like to replace three laptop computers that are being used in the STCU Regional Offices with new laptop computers, replace nine laptop computers with new desktop computers and replace one laptop & three desktop computers with refurbished STCU desktop computers, at a total cost of \$16,000. In addition to these computer upgrades, the IT Group needs to increase our backup capabilities with the purchase of a Multi-Cartridge Tape Back-Up Unit at a cost of \$1,700. With the elimination of 10 laptop computers from the



STCU IT inventory, the IT Group would like to purchase 4 small laptops to be used on travel by STCU Staff at a cost of \$1,800.

Computer Software (2009 Budget Allocation = \$1,750. 2010 Budget Request = \$11,200)

No major software allocations were requested during 2009. The IT Group is requesting a substantial increase in the 2010 software budget, compared to last year's request, in order to comply with Microsoft license requirements for their software products being used within the STCU office network environment. This is a one time cost of \$6,500. Additional license fees for Antivirus Software, Server Software and miscellaneous software applications will cost an estimated \$3,700.

Other Professional Services (2009 Budget Allocation = \$2,250. 2010 Budget Request = \$2,250)

As in 2009, the annual cost of off-site backup tape storage is the sole amount requested for 2010

Staff Training (2009 Budget Allocation = \$3,000. 2010 Budget Request = \$1,500)

The IT Group training budget request for IT Staff during 2010 has been decreased from last year, as the majority of the budget request for 2009 was used to train new IT staff members in the software programs used within the STCU IT system. However, to continue to build cross-discipline backup capability within the IT Group staff and to ensure IT staff proficiency, the amount of \$1,500 is requested for 2010.

Staff Travel (2009 Budget Allocation = \$2,000 2010 Budget Request = (Consolidated into the single AOB Travel Line Lines under Executive Director)

The travel budget request for 2009 was not fully utilized during the calendar year, primarily due to an increase in IT staff workload in order to complete the relocation to the new Metalistiv offices. The IT Group needs to visit the STCU Regional Offices during 2010 and this is reflected in our budget request for 2010.

IT Group Budget Request for 2010

	2009 Planned	2009 Actual	2010 Request	Change from 2009
Staff				
Party	1	1	1	0
Local	3	3	3	0
Total	4	4	4	0
Staff Support				
Training	\$3,000	\$2,201	\$1,500	-\$1,500
Total	\$3,000	\$2,201	\$1,500	-\$1,500
Programs				
Hardware	\$7,700	\$7,272	\$24,775	+\$17,075
Software	\$1,750	\$2,244	\$11,200	+\$9,450
Oth. Prof. Svcs	\$2,250	\$2,000	\$2,250	\$0
Total	\$11,700	\$11,516	\$38,225	+\$26,525
IT Dept Totals				
Staff	4	4	4	0
Funding	\$14,700	\$13,717	\$39,725	+\$25,025

Science Excellence Department

The Science Excellence Department leads STCU efforts to develop self-sustainable, civilian research employment for former weapon scientists by facilitating science excellence that produces competitive quality research and a credible, worldwide reputation of the STCU participating scientists and institutes. The Department coordinates the processing and management of STCU Regular Project applications, organizes Workshops, and participates in various international science exhibitions. It is in charge of all the efforts to promote STCU countries FWS in the European Union. Finally, the Department is also responsible for the Georgian and the Dnipropetrovsk (Ukraine) Regional Offices.

Department Staff

In 2009, the Department saw the departure of one Senior Specialist at the beginning of the year (the Senior Specialist left STCU to pursue her career with a private sector company). Further, the schedule of EU-specific workshops and missions was such that the Department administrative assistant and one Specialist (the Project Information Officer) were overwhelmed with the planning and preparations of these multiple events. Thus, at the request of the Deputy Executive Director (EU), the Executive Director approved the filling of the vacant Senior Specialist position, as well as adding a new “event coordinator” Specialist position to the Department by converting the vacant Kitchen Staff position (under the Administrative Office) into that Specialist position.

The Department also transferred the Project Information Officer to the Performance/Public Outreach Department. Because this Officer is also responsible for various operational activities between STCU and specific Recipient Party governmental agencies, the Executive Director decided to consolidate all Recipient Party governmental relations under the Senior Deputy Executive Director (Ukraine). Therefore, the overall level of staff in the Department will remain unchanged in 2010, as no further staff changes are planned (excluding the possibility of voluntary staff departures).

Project Management

Performance in 2009

The Department evaluated its past efforts to improve the quality of the project applications, as during the year observations from the Funding Parties Expert Reviewers indicated that quality had dropped or is still weak on average. By recommending scientists to participate in meetings abroad and by facilitating increased interaction with foreign scientific collaborators, the Department increased the level of exchanges which will lead to a better quality of projects both at preparation stage and during their implementation.

Plan for 2010

Following the two Experts' Workshop, the Department expects to see targeted calls take place in the fields of Nuclear Forensics and in Biosafety/Biosecurity. The Department will continue supporting the Sustainability Promotion Department initiative to encourage scientist-generated Technology Profile Forms (TPF) based on STCU project results, and on Institute Profile Forms (IPFs) to promote the capabilities of institutes to potential contract research customers. This will be mainly conducted in the form of an easier web interface to help foreign scientists navigate through the project results and descriptions of institutes to locate either technologies or future partners for collaborative research.

Project Proposal Processing

Performance in 2009

The Department concentrated on improving the information formats used in project proposals to render them more useful for Funding Party reviewers, and for later reference in program evaluations and other studies related to the expected impact of funded projects. The Department continued to work on Host Government Concurrence issues with the Ministry of Education and Science of Ukraine to seek the shortest possible period for rendering HGC decisions.

The on-line, standardized internal process of Project Contract Agreement concurrence saw measurable improvements in project processing during the year, and revised information formats for Letters of Collaboration and Letters of Support brought more clarity to these important references to project research. Also, the Technology Marketplace section of the STCU Web Site was revised into a comprehensive format based on the STCU nine primary science & technical areas.

Plan for 2010

In 2010, the Department will concentrate on the pure quality of scientific content in project proposal applications. The Host Government Concurrence and overall project registration process functions were transferred to the Performance and Public Outreach Department, to be under the STCU Senior Deputy Executive Director (Ukraine). This change was made to (1) put the STCU functions related to Recipient Party governmental relations under the Senior DED, and (2) to allow the Department more staff flexibility to focus on seminars/workshop event planning and preparation.

Seminars/Workshops (2009 Budget Allocation = \$39,060 for Shared Supplemental – Seminars/Workshops, plus €40,000 for EU Designated Supplemental - Seminars/Workshops. 2010 Budget Request = \$ 0 for Shared Supplemental – Seminars/Workshops, plus € 20,000 for EU Designated-Supplemental Seminars/Workshops).

Performance in 2009

The Department organized or sponsored participation in several science promotion events, mostly in the European Union, with participating scientists from several STCU Recipient Countries and in association with the ISTC. Using EU Party-Designated Supplemental Budget funds, the Department organized scientist delegations to travel to:

- Hanover Messe 2009 Technology Exhibition (Hanover, Germany)
- STCU Experts' Workshop on Nuclear Forensics (Tbilisi, Georgia)
- FISA 2009 Conference - Research and Training in Reactor Systems (Prague, Czech Republic, on the occasion of the Czech EU Presidency)
- EU Contact Expert Group Meetings (Severe Accident Management – Nuclear Power Plant Lifetime Management - Fusion)
- ISTC Space Conference (Yerevan, Armenia)
- STCU Experts' Workshop on Biosafety and Biosecurity (Annecy, France)
- EUCASS 2009, 3rd Conference for Aerospace Sciences (Paris, France)
- THERMEC 2009, International Conference on Advanced Materials (Berlin, Germany)
- Biomass and Energy Workshop on Resources, Conversion Technologies, Biofuels (Orleans, France)



- Thematic Roundtables, Regional Visits, and Training (Stockholm, Sweden)
- Tekniska Massan 2009, International Technological Exhibition (Stockholm, Sweden)
- Energy 2050, International Symposium organized by the Royal Swedish Academy of Sciences, in association with the Swedish EU Presidency (Stockholm, Sweden)
- Conference on Energy and Environment (Swedish Embassy in Ukraine, Kiev, Ukraine)

The high number of activities with Sweden came from a renewed focus by the Swedish Embassy in Ukraine (at the behest of STCU) to make use of the Swedish Travel Mobility Support Supplemental Budget line. The Science Excellence Department was placed in charge of proposing a series of Swedish-focused actions supporting STCU Recipient Party scientists in developing more collaboration with Swedish scientists.

Plan for 2010

The Department plans to sponsor recipient scientist delegations to the two European countries holding the EU Presidency in 2010: in Spain, with a Workshop at the Barcelona “European Joint Undertaking for ITER and the Development of Fusion Energy”, followed by Belgium which might take the form of participation in the Innova Exhibition. Also planned is a coordination meeting on selected thematic subjects with ISTC and participation in the 2010 edition of Hanover Messe Technology Exhibition, which still remains the major venue for STCU partnership promotion and commercial matchmaking in the EU.

Staff Training (2009 Budget Allocation = \$12,500. 2010 Budget Request = \$12,500).

Performance in 2009

The Department used very little of its training budget, primarily as a consequence of the heavy workload after the move to our new premises. Still, some courses will be considered before year end.

Plan for 2010

For 2010, planned Department staff training will include staff-chosen training in professional development. An effort will be made to encourage STCU staff to seek more business-related skills training to better understand the factors involved in building self-sustainability in science & technology.

Staff Travel (2009 Budget Allocation = \$14,000: \$6,000 within CIS; \$8,000 International. 2010 Budget Request = (Consolidated into the single AOB Travel Lines under Executive Director)).

Performance in 2009

Staff travel was used as needed to send Senior Specialists and Regional Officers to seminars, conferences, and meetings. Often, this staff travel was conducted under Supplemental Budget programs, both Shared Supplemental and Party-Designated Supplemental Budget lines (e.g., FISA 2009, planned missions to Sweden, etc.).

Plan for 2010

The level of non-project-related, non-SB-supported Department staff travel is expected to be similar that in 2009, and will be primarily related to attending ad hoc international conferences, as requested by the staff

and approved by STCU Management. Party-Designated Supplemental Budget funds will be used for STCU staff travel only when the relevant Party requests such STCU staff travel.

EU Designated Supplemental Budget - Patent Support (2009 Budget Allocation = €10,000. 2010 Budget Request = €5,000).

Performance in 2009

STCU received no EU Party request to provide financial support for a patent application through STCU, therefore the €10,000 allocated was not spent. All of the unused 2009 funds will be returned to the EU Party's undesignated capital contributions at the end of the year.

Plan for 2010

Following guidance from the EU Party, a minimum amount of €5,000 is requested for this EU Party Designated Supplemental Budget line to provide possible financial support of local patent application expenses in conjunction with a future European patent application.

EU Designated Supplemental Budget - Expert Review and Advisors (2009 Budget Allocation = €95,000. 2010 Budget Request = €90,000).

Performance in 2009

Three EU Expert reviewers were hired as of 1 January 2008 to provide expert advice on scientific policy matters and project proposals. Their main tasks included:

- to advise the EU Party, the STCU Secretariat, and (by extension) the STCU Governing Parties on the fields and subjects of research with the highest priorities for the civilian conversion of WMD scientists;
- to assist the EU Party evaluating STCU proposals for the purposes of rendering project approvals and funding commitments;
- to help Ukrainian and CIS weapon scientists in their search for potential western-especially European-partners and vice versa;
- when appropriate, to assist in the organization, and to participate in, STCU Seminars or Workshops.

The DED (EU) is responsible for immediate supervision of these European Expert-Reviewers, on behalf of the STCU and the EU Party.

Plan for 2010

The EU Party has proposed budgeting €90,000 for the purposes of prolonging the contracted services of these European Expert-Reviewers. These Expert-Reviewers would form an EU scientific advisory forum to provide European expertise on scientific policy matters and project proposals, for the benefit of the EU Party and the STCU Governing Board.

Regional Offices (Georgia and Dnipropetrovsk)

Regional Officer Travel (2009 Budget Allocation = \$5,000: \$3,000 for Tbilisi; \$2,000 for Dnipropetrovsk). 2010 Budget Request = \$5,000: \$3,000 for Tbilisi; \$2,000 for Dnipropetrovsk)

The Regional Officers traveled to Kyiv on one occasion, to attend Regional Officer Meetings at STCU Headquarters, and also traveled within their regions of responsibility.

Regional Office Operations and Other Professional Services (2009 Budget Allocation = \$9,000: \$4,000 for Tbilisi; \$5,000 for Dnipropetrovsk. 2010 Budget Request = \$8,000: \$4,000 for Tbilisi; \$4,000 for Dnipropetrovsk)

The Regional Office operations in Tbilisi and Dnipropetrovsk experienced a typical level of activity in 2009. The office operations in both locations should have relatively the same level of activity and expenses in 2010, with Dnipropetrovsk expected to have slightly less activity, thus the slight decrease in this office's budget.

Science Excellence Department Budget Request for 2010 (except solely funded EU SB budgets)

	2009 Planned	2009 Actual	2010 Request	Change from 2009
Staff (persons)				
- Local	7	7	7	0
- Party	1	1	1	0
- Part-Time	0	0	0	0
Staff Total	8	8	8	0
Staff Support				
- Staff Training	12,500	516	12,500	0
RO Operations				
- Travel	5,000	5,730	5,000	0
- Overhead & Oth.Prof. Serv.	9,000	9,649	8,000	-1,000
Staff Support Total	26,500	15,895	25,500	-1,000
Workshops, Seminars – Shared	39,060	39,452	0	-39,060
Programs Total	39,060	39,452	0	-39,060
Department Total				
Staff	8	8	8	0
Funding	65,560	55,347	25,500	-\$ 40,060

Science Excellence Department Budget Request for 2010 (*Solely Funded EU SB Budgets Only*)

	2009 Planned (EUR)	2009 Actual (EUR)	2010 Request (EUR)	Change from 2009
EU Designated Tech. Collab., and Cont. Travel Support	€30,000	€15,163	€15,000	-€15,000
EU Patent Support	€10,000	0	€5,000	-€5,000
EU Designated Travelers & Partner Promotion	€90,000	€79,450	€70,000	-€20,000
EU Expert Review and Advisors	€95,000	€34,673	€90,000	-€5,000
EU Seminars/Workshops	€40,000	€27,765	€20,000	-€20,000
EU Partner Promotion & Support	€0	€0	€200,000	+€200,000
Programs Total	€265,000	€157,051	€400,000	+€135,000

Technology Advancement Department

The Technology Advancement Department leads STCU efforts to assist former weapon scientists by coordinating the processing and management of STCU projects and proposals; organizing seminars/workshops; and managing the Targeted R&D Initiatives Program.

Department Staff

The Department saw no changes to its staff during 2009, and the 2008 addition of the Program Specialist position has allowed the Department to adequately balance its current workload. However, the Deputy Executive Director (Canada) has expressed his concern that there is a significant amount of uncertainty surrounding the Department's workload in 2010 and beyond.

Therefore during 2010, the Department plans to stay at its current staff level and staff profile, but will be closely monitoring its net staff workload, as there is a potential for the certain Regular Project volume decreases might be offset by the potential increases in other STCU programs. If these program activity increases overcome the workload reduction from falling Regular Project activity, then the Department might consider proposing staff changes to the STCU Management in the latter half of 2010.

Project Management

Performance in 2009

The Department continued to process project proposals and coordinate active Regular and Partner projects, both in Kyiv and in the Moldovan Regional Office. The active project workload on the Department's Senior Specialists remained steady for most of 2009.

Plan for 2010

The Department anticipates that there may be some additional project-related work in 2010, perhaps led by new Canadian Partner Projects (if the proposed Canadian program to attract new Partner interest begins

and accelerates quickly through 2010). Also, additional work for the Department staff may come from the STCU's pilot Targeted Research Program, seen as an adjunct to the Targeted Initiatives Program which will focus on attracting new types of governmental donor programs to STCU. .

In the meantime, the Department will continue its efforts to improve STCU procedures that enhance the technical quality of submitted proposals, and will continue to ensure that all project technical monitoring reports and quarterly progress reports submitted by the Project Managers are accessible to the Funding Parties through the STCU Project Database.

CA Designated Supplemental Budget – CA Designated Tech. Collab., and Cont. Travel Support (2009 Budget Allocation = \$250,000. 2010 Budget Request = \$120,000).

Performance in 2009

Some travel of Canadian experts was funded from this Canadian-Designated Supplemental Budget line, primarily to support Canadian participation in the STCU Expert Workshops on Nuclear Forensics and Biosafety/Biosecurity in June 2009. Otherwise, this Canadian-Designated Supplemental Budget line was under-spent in 2009, due to the general lack of travel identified for this fund.

Plan for 2010

STCU Management will look to the Canadian Party for the amount of funding Canada will contribute to this Supplemental Budget line, and will use the budget to support any specific plans for Canadian experts or collaborator travel that the Canadian Party authorizes. Otherwise, during 2010 STCU will make recommendations to the Canadian Party when opportunities arise that the STCU Management feels are appropriate to receive travel support from this Supplemental Line.

CA Designated Supplemental Budget – CA Travel and Mobility Support (2009 Budget Allocation = \$250,000. 2010 Budget Request = \$250,000).

Performance in 2009

At the direction of the Canadian Party representatives, STCU used funds from this Canadian-Designated Supplemental Budget to support recipient scientist travel to Canada on five Technology Missions. Otherwise, this Canadian-Designated Supplemental Budget line was under-spent in 2009, due to the general lack of travel specified for this fund. .

Plan for 2010

STCU Management will look to the Canadian Party for the amount of funding Canada will contribute to this Supplemental Budget line, and will use the budget to support any specific plans for Canadian experts or collaborator travel that the Canadian Party authorizes. Otherwise, during 2010 STCU will make recommendations to the Canadian Party when opportunities arise that the STCU Management feels are appropriate to receive travel support from this Supplemental Line.

CA Designated Supplemental Budget – Biosecurity & Biosafety (2009 Budget Allocation = \$125,000. 2010 Budget Request = \$400,000).

Performance in 2009

This Supplemental Budget, approved by the 27th Governing Board Meeting in November 2008, saw little activity throughout 2009 except for supporting the travel of Ukrainian recipient scientists to Canada for training and coordination of program work. However, the Deputy Executive Director (Canada) was in contact with the Canadian Party regarding this program's planned activities for the remainder of 2009, and the indications were that additional program activity would be started before the end of 2009.

Plan for 2010

2010 will see an increase in program activity and funding from DFAIT's Biosecurity and Biosafety initiative. From informal discussions with the principle officers of DFAIT's Global Partnership program, the Deputy Executive Director (Canada) knows that biological non-proliferation has assumed a higher priority within the Global Partnership program, and thus explains the increase in this STCU Supplemental Budget program.

Targeted R&D Initiatives

Performance in 2009

For the fifth year, the Targeted R&D Initiatives Program continued with successful Ukrainian, Georgian, and Azeri cycles, and added the inaugural cycle with Moldova (through the Moldovan Academy of Sciences). In 2009, Ukraine, Georgia, Azerbaijan, and Moldova contributed project co-financing of \$600,000, \$385,000, \$500,000 and \$150,000 respectively, for a combined total of \$1,635,000.

The STCU reached agreements with the participating Targeted Initiative recipient agencies on expanded cooperative audit procedures for Targeted Initiative projects in Ukraine, Georgia and Azerbaijan. These new procedures will facilitate greater transparency and accountability of the two financial halves of these projects, namely: the STCU share and the share provided by the participating Ukrainian, Georgian and Azeri national science bodies.

STCU continues to align the Targeted Initiative R&D priorities of the Recipient and Western Funding Parties. In June 2009, STCU organized two expert workshops, one on Nuclear Forensics in support of anti-nuclear material smuggling efforts, and one on Biosecurity. From these two workshops, STCU intends to design criteria for soliciting research proposals in these two areas, based on the expressed S&T needs of the workshop's subject-matter experts from U.S., Canada, Europe, and other organizations. The Department has taken the lead in using the framework, procedures, and schedules of the Targeted Initiative programs (including the co-funding commitment from Recipient Party agencies) to solicit targeted research proposals in Nuclear Forensics and Biosafety/Biosecurity, and expand the number of donors financing the selected projects. STCU are actively working with ISTC to develop these initiatives.

Plan for 2010

The Department proposes to continue with the existing Targeted Initiatives without significant programming changes in 2010. Tentatively, for 2010 the STCU is expecting the total Recipient Party Targeted Initiative co-financing pledges to be \$1.7 million, divided among the current Recipient Party participating agencies in the following amounts: National Academy of Sciences in Ukraine = \$600,000; Georgian National Science Foundation = \$400,000, Azerbaijan National Academy of Sciences = \$500,000 and the Moldovan Academy of Sciences = \$200,000.



In 2010, the Department expects to develop a number of new co-financing program elements under the pilot Targeted Research Program concept, based on the established Targeted Initiatives concept. More specifically the Department will pursue partnering with:

- The U.S. Department of Energy in the areas of nuclear forensics and biosecurity
- JRC-ITU (European Union) in the field of nuclear safeguards and forensics.
- Lawrence Livermore National Laboratory in the field of nuclear safeguards and forensics (which may evolve into a Caucasus regional effort that will require partnering with ISTC).
- World Health Organization in the field of biosafety / biosecurity.

Aside from these “targeted research programs”, there are requests to expand the current Targeted Initiatives program to the Ukrainian Ministry for Education & Science (as requested by the Deputy Minister of Education and Science at the 28th Governing Board Meeting), the National Space Agency of Ukraine, the Ukrainian Ministry of Environment, and the Agrarian Academy of Ukraine.

Seminars/Workshops- (2009 Budget Allocation = \$0 in Supplemental–Shared. 2010 Budget Request = \$60,000)

Performance in 2009

The Department assisted the Science Excellence Department in quickly organizing the two “experts workshops” in June: the Nuclear Forensics Experts Workshop in Tbilisi, and the Biosecurity Experts Workshop in Annecy, France. The Department also worked closely with the panel moderators from both of these workshops to synthesize the workshop results and recommendations into a designed, targeted call-for-proposals concept that made use of the experience gained from the Targeted R&D Initiatives Program.

In addition, the Deputy Executive Director (Canada) and the Department staff were involved in co-organizing the Canada – Ukraine Aerospace and Aviation Business Summit (Kyiv, 29 – 30 September) with the Canadian Embassy in Ukraine and the National Space Agency of Ukraine.

Plan for 2010

In 2010, the Department plans to work with the other STCU Departments in organizing one or two more Experts Workshops in thematic areas of interest to the Parties’ regional/global security and stability programs. As with the Nuclear Forensics and Biosecurity workshops, these 1-2 Expert Workshops will be organized to produce specific recommendations for R&D work that would address the needs and priorities of Party global security, threat reduction, nonproliferation, and regional stability programs. Some possible themes for the 2010 Expert Workshops could include: nuclear safety/security, climate change risk assessment/adaptation, energy security (including renewable energy technology), chemical export control and security, etc.

In addition, as per Funding Party request, the STCU will conduct a grant writing workshop for its recipient scientists, similar to that conducted recently by the ISTC.

Staff Training (2009 Budget Allocation = \$15,000. 2010 Budget Request = \$13,000)

Performance in 2009

In the context of enhancing the core competence of the personnel within the Department and across the Centre, staff in 2009 participated in Project Management, Presentation Skills, and Time Management training.

Plan for 2010

The aforementioned training will span a two-year period and therefore the requested 2010 budget is to finance the remainder of this staff training plan.

Staff Travel (2009 Budget Allocation = \$20,000: \$5,000 International; \$15,000 within CIS. 2010 Budget Request = Consolidated into the single AOB Travel Lines under Executive Director).

Performance in 2009

The Department conducted a normal amount of travel in 2009, with a focus on Moldova, Azerbaijan, and Georgia to discuss operational issues with these Recipient Countries' Targeted Initiative Programs. Often, however, the Department staff travel was performed in conjunction with a Shared- or Party-Designated Supplement Budget activity, and thus this staff travel was financed by the relevant Supplemental Budget Travel lines (and not the AOB Staff Travel lines).

Plan for 2010

The level of non-project-related, non-SB-supported Department staff travel is expected to be similar to that in 2009, and will be primarily related to attending *ad hoc* conferences (as requested by the staff and approved by STCU Management) or DED visits to Regional Offices, when necessary. Shared- and Party-Designated Supplemental Budget funds will be used for STCU staff travel in conjunction with Supplemental Budget program activities.

Regional Offices (Kharkiv, Lviv, and Chisinau)

Regional Officer Travel (2009 Budget Allocation Travel = \$8,500: \$3,500 for Kharkiv; \$2,000 for Lviv; \$3,000 for Chisinau. 2010 Budget Request = \$8,500: \$3,500 for Kharkiv; \$2,000 for Lviv; \$3,000 for Chisinau)

In 2009, the level of Regional Office travel was normal and within the expected expenses. In 2010, the Regional Officers will conduct similar travel as in 2009, including travel to Kyiv to attend the Regional Officer Meeting at the Kyiv headquarters. To the greatest extent possible, Regional Office travel will be in conjunction with project monitoring travel, so as to leverage this expenditure of travel funds.

Regional Office Operations (2009 Budget Allocation = \$18,500: \$9,500 for Kharkiv; \$5,000 for Lviv; \$4,000 for Chisinau. 2010 Budget Request = \$18,500: \$9,500 for Kharkiv; \$5,000 for Lviv; \$4,000 for Chisinau)

Regional Office operations in Kharkiv, Lviv, and Chisinau were normal throughout 2009 and were under the planned budgetary expenses. A similar level of office operations is expected in 2010. The Department is requesting that the Kharkiv Regional Officer continue to have a part-time administrative assistant, given the high number of project activity in the region (on average 55 – 60 projects).

Technology Advancement Departmental Budget Request 2010

	2009 Planned	2009 Actual	2010 Request	Change from 2009
Staff				
- Local	8	8	8	0
- Party	1	1	1	0
- Part-Time	0	0	0	0
Sub Total	9	9	9	0
Staff Support				
- Staff Training	\$15,000	\$15,766	\$13,000	-\$2,000
RO Operations				
- Kharkiv	\$13,000	\$10,817	\$13,000	0
- Lviv	\$7,000	\$5,000	\$7,000	0
- Chisinau	\$7,000	\$4,183	\$7,000	0
RO Operations Total	\$27,000	\$20,000	\$27,000	0
Programs				
- S.B. Conferences / Workshops – Shared	\$0	\$0	\$60,000	+\$60,000
- S.B. – Tech., Collab., Cont. Travel – Canada	\$250,000	\$8,562	\$120,000	-\$130,000
- S.B. – Travel & Mobility – Canada	\$250,000	\$139,281	\$250,000	0
- S.B. – Biosecurity & Biosafety – Canada	\$125,000	\$28,235	\$400,000	+\$275,000
- S.B. – Partner Promotion & Support	\$0	\$0	\$250,000	+\$250,000
Programs Total	\$625,000	\$176,078	\$1,080,000	+\$455,000
Department Total				
- Staff	9	9	9	0
- Funding	\$667,000	\$211,844	\$1,120,000	+\$453,000

Sustainability Promotion Department

The Sustainability Promotion Department seeks to increase the ability of STCU recipient FWS scientists to enhance their self-sustainability in civilian research employment by developing long- term partners within the private and government sectors, securing intellectual property rights, guiding scientists in commercial licensing negotiations, and building experience in beneficial technology transfer and strategic growth planning.

Department Staff

The Department is now fully staffed and will not request additional positions for 2010.

Institute Sustainability Program (2009 Budget Allocation = \$251,625 in Shared Supplemental Budget – Institute Sustainability Program. 2010 Budget Request = \$40,000 in Shared Supplemental Budget – Institute Sustainability Program).

Performance in 2009

In the pilot phase of the Institute Sustainability Program (ISP), 6 selected institutes prepared their Institute Sustainability Proposals (and associated presentations) with the help of external consultants (the University of Missouri "International Technology Commercialization Institute") and collaborators. The Department conducted a set of meetings for the participating institutes to explain the Institute Sustainability Program, to educate institute leadership on importance of strategic planning, and to coach them throughout the process. Preliminary ISP assessments were conducted by external consultants, based on meetings and interviews with institute directors and senior management, and the institute draft proposals and presentations were reviewed and critiqued by STCU and the consultants. Finally, ISP program funds were used to support the travel of the institutes' directors, vice-directors and CTCOs to Ottawa, Canada, to make their Institute Sustainability Project proposals to the Funding Party representatives during the 6 May AC Meeting.

At the 28th Governing Board Meeting in Baku, 3 of the 6 ISP proposals were accepted for funding by the Funding Parties. Many informal comments from the Funding Party reviewers (in particular, from the EU Expert Reviewers) suggested that some changes to the ISP proposal development approach were needed, if this program was to satisfy the Party expert opinions regarding the likely effectiveness of future ISP projects.

STCU received the University of Missouri consultants' final report "Assessment and Evaluation Services in support of the STCU's ISP and CTCO Programs" in the framework of the ISP consultant contract.

Plan for 2010

In 2010, the ISP will require Shared Supplemental Budget funds for contracting expert consultant assessments of the three ISP projects in the last quarter of 2010, so as to provide an independent performance evaluation of the projects after the first year of work. Throughout the year, the Department will monitor the progress of the projects (\$40,000).

Partnership Promotion (2009 Budget Allocation = \$ 101,850 from Shared Supplemental Budget – Bus. Training/Sus. Support. 2010 Budget Request = \$58,000 from Shared Supplemental Budget – Bus. Training/Sus. Support)

Performance in 2009

There was a decrease in new Partner Project funding in the first half of 2009, continuing the trend in declining Partner funding seen in the same periods in 2007 and 2008. Looking at the number of possible Partner Project proposals under consideration, there is a chance of a sharp increase in approved Partner Project in the last half of 2009. If this increase materializes, it could push the 2009 Partner Project funding toward an annual total similar to that reached in 2008 (i.e., \$7 million USD). Whatever the end-of-year amount ends up being, the 2009 Partner Project activity continued to challenge STCU in terms of its variability, volatility, and due to its large share of the overall STCU project activity.

In 2009, STCU conducted five Partner Promotion road shows (two in the United States, one in EU and two in Ukraine) to provide former weapon scientists with first-hand experience in marketing S&T capabilities as well as to promote the STCU and its Partners Program to governmental and non-governmental customers.

World Best Technologies Showcase (Texas, USA, 23-25 March 2009). STCU took part as an exhibitor and presenter in this investment conference. The WBT Showcase is a major investment event with a large collection of vetted and mentored companies and technologies emanating from top universities, labs, research institutions, and the private sector from across the USA and worldwide. STCU's booth offered presentations, materials, and business plan executive summaries of 4 FWS-formed Ukrainian start-up companies. Useful contacts with business angels and venture capitalists were established.

TechConnect Summit Investment Conference (Houston, Texas, USA, 3-7 May 2009). STCU led a 4-member delegation of former weapon scientists, who made their 10-minute presentations and then acquired dozens of contacts with commercial technology representatives, and also received company-specific technology R&D needs for further consideration.

Hannover Messe (Hannover, Germany, 20-23 April 2009). STCU took 4 Ukrainian scientists plus 2 CTCO's from Azerbaijan to this event. The main purpose of this event was presentation of new technologies developed by former WMD institutes of the National Academies of Science of Azerbaijan and Ukraine, including innovations developed as a result of STCU projects. In total, 10 meetings and presentations with industrial companies were held during the exhibition. As a result of these meetings, new international contacts have been created. It was agreed that the meetings would be followed by further development of joint researches in the field of the proposed innovations.

Seed Forum (UK investment firm working in Kyiv, 26 May 2009). STCU invited four former weapon scientists, based on their business plan submissions, to participate in this international investment forum, sponsored by the Ukrainian Chamber of Commerce. The entire Department staff took part in the forum with the STCU booth, offering STCU promotional materials and technology profile forms to potential investors and visitors.

ISTC Workshop on Perspective Materials, Devices and Structures for Space Applications (Yerevan, Armenia, May 2009). STCU sponsored the participation of 2 former weapon scientists from Ukraine to attend this workshop. During the Workshop, scientists had an opportunity to establish new business contacts and discussed promising ideas, approaches, and projects in aerospace area. An STCU representative described the Center's Partnership Program, the opportunities and benefits for Partners and scientists, and provided examples of STCU projects in aerospace sector.

Seed Forum (UK investment firm working in Kyiv, 5 December 2009). STCU is planning to take part in the second event of this biannual forum, in conjunction with the Ukrainian Chamber of Commerce, following the same plan as pursued in the May event.

Plan for 2010

The challenges posed by the global economic crisis likely will dampen Non-Governmental Partner interest in funding Partner Projects in 2010. However, the Department will take a more pro-active approach with existing Partners, in an attempt to encourage some 2010 Partner Project funding from these Partners. The Department also plans to focus on Partnership Promotion road-shows and events that show the best potential for increasing the number of Partner Projects and to arrange direct-contact meetings between CTCOs/recipient scientists and STCU Partner companies on the margins of these Partnership Promotion missions. The Department also anticipates a more concentrated effort to attract Governmental Partner funding as a result of the pilot Targeted Research Program's focus on research areas in the fields of global security and stability. Beyond this, and to achieve more synergy amongst programs (especially with the ISP

and CTCO programs), the Department plans to use more CTCOs in 2010 Partnership Promotion events in addition to the number of former weapon scientists. The following Partnering events are planned for 2009:

- **TechConnect Summit, USA, June 2010** (4 participants at \$4000 in travel support = **\$16,000**).
- **Banff Venture Forum, Calgary, Canada, September 23-24, 2010** (3 participants at \$4000 in travel support = **\$12,000**).
- **Seed Forum, Kyiv Ukraine** (8 FWS. Due to the active role of STCU in this event, STCU participation is free of charge).
- **“Small Business Financing and Innovation Policy” International Conference sponsored by the Ukrainian Ministry of Education and Science and the UN Economic Commission for Europe (15 – 17 May 2010, Kyiv, Ukraine)**. With key western business and government leaders, this conference will focus on financing of innovation, commercialization of intellectual property rights, and legal aspects on technology commercialization. STCU will plan to participate in this conference by sponsoring CTCO and ISP institute participation. The STCU will arrange with the conference organizers an exhibition of CTCO and ISP technologies and scientific skills on the 3rd day of the conference. (**\$10,000** for travel and promotional support).
- **Renewable Energy Technology Conference and Exhibition (RENTECH 2010), San Jose, CA**. Taking into account the interest in energy security and global climate change (recent G8 Summit key issues), the Department plans to sponsor STCU recipients to attend this conference and exhibition (5 FWS participants, \$4000 in travel support = **\$20,000**).

Sustainability Development (2009 Budget Allocation = \$83,150 from Shared Supplemental Budget – Bus. Training/Sus. Support. 2010 Budget Request = \$80,000 from Shared Supplemental Budget – Bus. Training/Sus. Support)

Performance in 2009

STCU launched CTCO Program in Moldova in December 2008 and conducted a 4-week technology transfer and IPR training for the newly appointed Moldovan CTCOs. The first half of the course consisted of distance-learning program developed especially for this STCU training.

Ukrainian CTCOs worked on establishing an Association of Professionals for Commercialization in Ukraine (APCU). The APCU Association was officially registered in Ukraine in April 2009. The main aims of the APCU Association are:

- To assist CTCOs and FWS institutes in the development of R&D for commercialization in Ukraine;
- To assist in the defense of technology transfer interests and rights of specialists and professionals of technology transfer.

The APCU Association already received an invitation from Georgian CTCOs to join similar Georgian efforts and to work together. The Agency of Technology Transfer in Azerbaijan, which was formed by Azeri CTCOs in 2008, continues to hold regular monthly meetings to discuss ideas and to share new knowledge received by CTCOs. Georgian CTCOs decided to create Consortium of Scientific Institutes in Facilitating the Development of High-technology, Small and Medium Businesses in Georgia in order to promote

Science Commercialization, Innovation Activity and Launching Research Intensive Production. Finally, 15 Georgian and 14 Azerbaijan CTCOs took English language courses, with the courses co-financed by the CTCOs themselves and by STCU funding.

Starting in 2008 and continued in 2009, an independent assessment of the CTCO Program was conducted by external consultants, who reviewed 13 Ukrainian institutes that have CTCOs in Ukraine. The consultants advised that the institutes' current marketing efforts generally attempt to market "everything to everyone". There was a recommendation for STCU to assist the CTCOs in making better use of market research techniques and available information about their potential clients and business partners so as to custom-tailor their institute's offerings to specific customers.

STCU initiated an assessment of barriers for technology transfer and commercialization in Ukraine. The study by the IPR institute in Kyiv used the Delphi method to interview 14 Ukrainian experts in the field. Among the findings, it showed that there are 80 Ukrainian laws and regulations that make it difficult to commercialize technologies developed at FWS institutes in Ukraine. A presentation of such regulatory barriers was developed.

In 2009, the Department conducted several IPR/Tech Transfer round-table workshops, attended by former weapon scientists, CTCOs, and other interested scientific personnel throughout the STCU Recipient Parties. These round-tables have been conducted by the Department since 2006, and the Department will continue the activity in 2010, but with a more targeted audience of STCU recipients, focusing on the IPR and commercialization issues they are facing in their STCU work and in their institutes.

STCU –hosted Tech Transfer, IPR, and Business Planning Roundtable presentations		
April 2	Tbilisi - Eliava Institute of Bacteriophage, Microbiology and Virology	15 attendees
April 28	Kyiv - Institute of Thermal Physics with representatives from Institute of Metal Physics	50 attendees
May 15	Lviv institutes and R&D Company "CARAT	30 attendees
June 23	Dnipropetrovsk - Ukrainian State University of Chemistry and Engineering with representatives from different institutes and universities from Dnipropetrovsk, Pavlograd, Dniprodzerzhinsk as well as managers engaged in decision making from Dnipropetrovsk city and oblast administration	70 attendees
July 7	Ivano-Frankivsk- participants from West Ukrainian Economics and Law University with representatives from Medical University of Ivano-Frankivsk, Institute of Oil and Gas	20 attendees
Other Conferences and Workshops		
May 26	Kyiv - Seed Forum investment conference	7 Ukr. CTCO +12 STCU scientists+5 STCU staff with a booth
April 20-24	Hannover Messe	3 Azeri CTCO + 4 Ukr FWS scientists
May	Astana – UNECE International conference on ways and means of attracting external finance for new innovative enterprises	4 CTCOs from Georgia, Azerbaijan and Ukraine +2 STCU staff

CTCO Seminars, Training Courses, Meetings		
March 30	Baku- STCU Commercialization Round Table with CTCOs' Institute Profile Forms and Technology Profile Forms Presentations	30 participants
April 1	Tbilisi- STCU Commercialization Round Table with CTCOs' Institute Profile Forms and Technology Profile Forms Presentations	15 participants
May 6	Ottawa – meetings and presentations at Canada Environment Protection Laboratory	5 CTCOs + 12 ISP institutes representatives (4 Institutes have CTCOs) + 3 STCU staff
May 8	Ottawa - meetings and presentations at Canada NRC	5 CTCOs + 12 ISP institutes representatives (4 Institutes have CTCOs) + 3 STCU staff

Plan for 2010

The Department plans to continue follow-up support activities for the current core group of CTCOs. The activities would include:

- Support the start-up activities of CTCO ACPA Association in Ukraine **(\$5,000)**.
- Western and other courses (such as from Oxford University tech transfer office, or similar) for CTCOs (technology/disclosure evaluation, market research, searching for partners, advertising and promotion). The Department plans on purchasing consulting and training services from the Oxford office to assist selected STCU CTCOs, ISP institutes, and recipient FWS scientists in technology commercialization plans (15 CTCOs from FWS institutes and individuals at \$3,000 per person = **\$45,000**).
- English language training support grants for selected CTCOs **(\$10,000** total, limited to individual grants of no greater than \$1000 covering no greater than 50% of the individual's training course fee) to be awarded on a competitive basis.
- Building on the experiences of the previous 3 years of IPR/Business Planning round-tables, organize 4 round-table workshops in 2010, each to be held in a STCU Regional Office city, and "by invitation only" for specific STCU program recipients, so as to focus the discussion on the particular issues and problems facing these invited STCU recipients **(\$20,000)**.

Patent, IPR Support and Market Analysis (2009 Budget Allocation = \$70,000 from Shared Supplemental Budget - Patent Support. 2010 Budget Request = \$43,000 from Shared Supplemental Budget – Patent Support)

Performance in 2009

As of mid-2009, the STCU Patent Review Committee has 5 patent applications in process of review for Patent Support Grants. Since 1995, STCU has issued a total of 243 Patent Support Grants (including 228

grants for Patent Applications in Ukraine, 3 grants for Patents Applications in Uzbekistan and 12 grants for Patent Applications in the STCU Donor Countries). The Patent Support Program is experiencing reluctance on the part of recipient scientists to patent their technologies internationally, given the potentially high costs of patent filing at the end of the 30-month PCT application period, and the inability of scientists to find suitable licensing Partners or investors quickly enough. Nevertheless, the Department continued pursuing Patent Support Program goals, and also continued working with the Funding Parties (primarily the EU patenting staff and the U.S. Department of Energy) to gain their support on patenting inventions developed under Regular Projects.

The Department is preparing to create a book of template documents and agreements for licensing opportunities, translated into English, Russian and Ukrainian languages. This will give FWS and their institutes examples of IPR-related and licensing agreements in their own languages, so that the institutes can develop approaches to protect their intellectual property when the FWS and CTCO's deal with foreign businesses and investors.

The Department also continues to publish an electronic newsletter (issued approximately every other month). This STCU newsletter is used to promote technologies of FWS institutes and to provide CTCOs and other Recipient scientists with Tech Transfer and IPR presentation materials, published articles, and other information to stimulate international scientific collaboration.

The Department also made use of purchased services of the database search firm, Nerac, to provide STCU-requested market information on 13 technologies of FWS scientists. For example, Nerac's reports described 850 patents similar to a Recipient scientist's technology, and yielded approximately 75 companies worldwide that have similar products, giving this scientist an idea of the potential competition. With such reports, the FWS have a better perspective of what others in their fields (especially competitors) are doing elsewhere in the world, and can seek partners for licensing and investment opportunities.

Plan for 2010

Although ambitious given the factors impeding the Patent Support Program, the Department will plan to award Patent Support Grants for up to 6 patent applications in 2010, and will plan to continue using a Ukrainian patent expert to participate on the Patent Review Committee and to assist in evaluating patent application submissions. We plan to continue the subscription for services of the Nerac database search firm because, for STCU, this is an easier source of information on market research, patents, and competitive analysis for patent and licensing opportunities that can be obtained via other, more general search means.

In summary, the Department plans on the following Patent Support, IPR, and Marketing activities for 2010:

- Up to 6 Patent Support Grants for international patent applications (**\$25,000**)
- Nerac database services for market and patent data (**\$8000**)
- Purchasing tailored market research and analysis information on promising STCU projects (**\$10,000**).

Staff Training (2009 Budget Allocation = \$12,500. 2010 Budget Request = \$12,500).

Performance in 2009

In 2009, the Department staff participated in several training and educational courses, but because of move to the new office there were some delays in executing the training plan. Other planned 2009 Department training will include staff-chosen training in professional development and with skills development in their areas of job responsibility.

Plan for 2010

In 2010, planned Department training will include a similar level of staff-chosen training in professional development and with skills development in their areas of job responsibility.

Staff Travel (2009 Budget Allocation = \$16,000: \$8,000 within CIS and \$8,000 International Travel. 2010 Budget Request = (Consolidated into the single AOB Travel Line Lines under Executive Director).

Performance in 2009

The 2009 travel budget was used for the DED and STCU staff to travel to multiple FWS training meetings, and Partner Promotion road-shows at European and North American technology exhibitions for matchmaking meetings between potential Partners and FWS scientists.

Plan for 2010

The level of non-project-related, non-SB-supported Department staff travel is expected to be similar as that in 2009. However, most of the Department staff travel will be conducted under Supplemental Budget programs. Party-Designated Supplemental Budget funds will be used for STCU staff travel only when the relevant Party requests such STCU staff travel.

Regional Offices (Azerbaijan and Uzbekistan)

Regional Officer Travel (2009 Budget Allocation = \$8,000: \$3,000 for Azerbaijan; \$5,000 for Uzbekistan. 2010 Budget Request = \$8,000: \$3,000 for Azerbaijan; \$5,000 for Uzbekistan).

The Baku and Tashkent Regional Officers traveled to Ukraine to attend Regional Officer Meeting at the STCU Headquarters and also traveled within their regions of responsibility. In 2010, the expected Baku Regional Office travel will be similar to that in 2009.

Regional Office Operations (2009 Budget Allocation = \$11,000: \$4,000 for Azerbaijan; \$7,000 for Uzbekistan. 2010 Budget Request = \$11,000: \$4,000 for Azerbaijan; \$7,000 for Uzbekistan).

In 2009, the Regional Office operations in Baku were normal but in Tashkent, no new program or project activity could be started and existing STCU-Uzbek projects began to reach their ending dates. The office operations in Baku should have the same level of expenses in 2010.

Sustainability Promotion Department Budget Request for 2010

	2009 Budgeted	2009 Actual	2010 Request	Change from 2009
Staff				
- Local	8	8	8	0
- Party	1	1	1	0
Staff Total	9	9	9	0
Staff Support				
- Staff Training	\$12,500	\$12,772	\$12,500	0
- RO Operations				
Travel	\$8,000	\$6,200	\$8,000	0
Overhead	\$11,000	\$7,619	\$11,000	0
Staff Support Total	\$31,500	\$26,591	\$31,500	0
SB Programs				
Shared SB Programs				
- Bus. Train/Sus. Oper.	\$185,000	\$172,069	\$138,000	-\$47,000
- Patent Support	\$70,000	\$35,064	\$43,000	-\$27,000
- Institute Sustainability	\$251,625	\$203,359	\$40,000	-\$211,625
Party SB Programs				
- Tech., Collab., Cont. Travel (US)	\$30,000	\$29,782	\$30,000	0
SB Programs Total	\$536,625	440,274	251,000	-\$285,625
Department Total				
- Staff	9	9	9	0
- Funding	\$568,125	\$466,865	\$282,500	-\$285,625

Performance / Public Outreach Department

The Department performs data gathering and analysis of STCU activities to assist the STCU executive staff and the Parties in evaluating and improving the STCU performance and effectiveness. The Department also produces the documents, finished reports, and promotional materials required for STCU program activities, as well as provide the STCU with promotional materials for its own public outreach. Finally, the Department oversees the general relations between STCU and the Recipient Party governmental agencies with regards to STCU programs and activities.

Department Staff

The supervising position of this Department, the Senior Deputy Executive Director (Ukraine), was finally occupied in January 2009, after the SDED and Ministry of Education and Science (Ukraine) agreed to terms of his contract. In addition, the position of Project Information Officer was moved from Science Excellence Department to Public Outreach Department because of need to consolidate STCU efforts in relations management with Ukrainian governmental entities involved in STCU program and project processes. This increases the Department staff by one position for the 2010 budget request, with one



position (Project Information Officer) and three staff positions remaining — the Secretary, the Publishing Coordinator, and the Performance Measures Officer.

Printing and Reproduction (2009 Budget Allocation = \$18,000: \$10,000 for 2008 Annual Report, \$8,000 for Brochures and Other Marketing Materials. 2010 Budget Request = \$19,000: \$10,000 for 2009 Annual Report Publication, \$9,000 for News Articles/Promotional Materials).

Performance in 2009

- Annual Report 2008. Annual Report was printed in English = 1,500 copies, Ukrainian = 300 copies and Russian = 300 copies.
- Brochures, News Articles, and Other Promotional Materials. Produced Governing Board and Advisory Committee meeting binders, purchased promotional items (e.g., pens, notepads with STCU logo, etc.), and produced pamphlets and brochures for STCU workshops and Partnership Promotion roadshows.

Plan for 2010

The Department will continue publicizing STCU activities, successes and opportunities in 2010, including a possible dedicated effort to purchase space in printed news media to highlight the contributions of STCU to the general public. This will be particularly important to highlight publicly the STCU's 15th Anniversary of operations and contributions.

- 2009 Annual Report. The 2009 Annual Report budget request will remain at the same in 2008, with any printing cost increase absorbed by printing fewer copies. .
- Brochures, News Articles, and Other Promotional Materials. The budget request is slightly more than the approved 2009 budget in order to more actively seek opportunities to purchase space/air time for STCU promotional articles in local news media (particularly in support of the STCU 15th Anniversary). The Department will also continue to provide print copy and electronic copy of STCU news articles, brochures and support materials for STCU-planned events and for other publication opportunities as they arise.

Travel Grant Support (2009 Budget Allocation = \$ 25,000 in Shared Supplemental Budget - Travel Grants. 2010 Budget Request = \$ 0 in Shared Supplemental Budget - Travel Grants).

Performance in 2009

The Travel Grant Support program was used in the past to finance travel by recipient scientists to research, public and industry organizations located in the STCU Funding Parties so as to recruit collaborators or Partners for these recipient scientists. In 2009, the entire allocation of funds from this Supplemental Budget line had to be used to cover outstanding (i.e., unsettled) travel claims from recipient scientist travel conducted in previous years. This did not affect the volume of travel activity, as the majority of travel support occurred in relation to a Shared- or Party-Designated Supplemental Budget program events. Thus, all of the STCU travel support in 2009 was financed by the relevant Shared- or Party-Designated Supplemental Budget line.

Plan for 2010

Because of the increasing financial contribution made available by the Funding Parties for Travel Mobility Support of local scientists through the Parties' Designated Supplementary Budgets (and because the STCU has become more focused in its approach to programs under which recipient scientists are invited to travel) it seems that general, unsolicited travel grant support is no longer a priority for STCU, and thus the Travel Grant Support budget is actually no longer needed. Therefore, the Department proposes to zero-out this general Travel Support Supplemental Budget line, with targeted STCU travel support being provided by other Shared- or Party-Designated Supplemental Budget lines.

Targeted Training Program (2009 Budget Allocation Request = \$11,967 in Shared Supplemental Budget - Targeted Training. 2010 Budget Request = \$0 in Shared Supplemental Budget – Targeted Training).

Performance in 2009

Much of the STCU training activities, such as workshop/conference preparations, Partnership Promotion missions, etc, were managed through specific Supplemental Budget lines. Thus, no general Targeted Training took place, although a significant amount of targeted Recipient scientist and STCU staff training did occur (but financed by other STCU budgetary lines).

Training Modules for the Administrative Office: As reported in the Administrative Office section of this document, training on STCU procurement and customs processes continued in 2009 in the STCU Regional Offices by customs & procurement staff.

Plan for 2010

Given the amount of “standardization” in STCU training packages (created by previous years' work under the Targeted Training Program) and the preference of STCU managers to include training elements within their other, specific program budgets (e.g., Workshop/Seminars, Partnership Promotion roadshows, Institute Sustainability Plans, etc.), the Department plans no general Targeted Training initiative for 2010. As the actual implementation and management of these training activities will be conducted by the specific STCU program, the Department, itself, will not directly coordinate or manage these specific, individual training activities.

Training Modules for the Administrative Office: As reported in the Administrative Office section of this document, training on STCU procurement and customs processes will continue in 2010 in the STCU Regional Offices by customs & procurement staff. However, given that this training has been ongoing for over 5 years, a specific training effort is assessed to be unnecessary. The STCU will pay for the staff travel costs associated with any planned “refresher” visits from the Travel within CIS budget line in the AOB (which in 2010 will be overseen by the Executive Director, as included in that section of this document). Thus, given that there are no planned targeted training activities for this budget line in 2010, the STCU proposes to eliminate this SB line altogether.

Performance Measures (2009 Budget Allocation = \$5,000 from Other Professional Services. 2010 Budget Request = \$5,000 from Other Professional Services).

Performance in 2009

Annual Sustainability Survey 2008. The survey was carried out both within Ukraine, Azerbaijan, Georgia, and Moldova. An electronic version of the final report will be published on the STCU Web Site, in the Documents Center. The 2009 round of this annual survey will begin prior to the end of the year, with a target completion date in mid-2010.

Regional Offices Survey. The Regional Offices continued to make use of the standard, on-line report form to record individual office activities and production during 2009.

Workshops and Partner Promotion Roadshow Evaluations. At the request of the Executive Director, performance evaluations will be performed on several 2009 STCU events, plus follow-up evaluations on previous STCU events. These evaluations will be used to adjust the plans and budgets of those STCU events proposed for 2010.

Plan for 2010

The Department will complete the 2009 Annual Sustainability Survey and prepare, organize, and conduct the 2010 Survey to provide current and comparative data on STCU performance and state of affairs at the technical unit level. After the 2010 Survey is begun, the Department will evaluate the results and trends in all of the Annual Surveys, and assess whether the Survey should be continued on an annual basis, and whether modifications to the survey are needed. The Department will also continue monitoring the Regional Office activities and performance data. Finally, the Department anticipates that it will begin standard performance evaluations of all STCU Supplemental Budget Programs: Seminars/Workshops, Partner Promotion, CTCO and Institute Sustainability Program activity conducted in 2010.

Given this anticipated increase in program performance analysis, the Department will budget for a part-time assistant to help the STCU Performance Officer in managing the various questionnaires, data gathering activities, and communications with surveyed recipient scientists.

Public Outreach/Performance Department Budget Request for 2010

	2009 Planned	2009 Actual	2010 Request	Change from 2009
Staff				
- Local	4	5	5	+1
- Party	0	0	0	0
Staff Total	4	5	5	+1
Staff Support				
- Staff Training	\$4,000	\$4,166	\$4,000	0
Staff Support Total	\$4,000	\$4,166	\$4,000	\$0
AOB Programs				
- Printing and Reproduction	\$18,000	\$18,622	\$19,000	+\$1,000
- Other Prof. Services	\$5,000	\$3,713	\$5,000	0
SB Programs				
- Travel Grant Shared	\$25,000	\$26,076	\$0	-\$25,000
- Targeted Training Shared	\$11,967	\$11,418	\$0	-\$11,967
Programs Total	\$59,967	\$59,829	\$24,000	-\$35,967
Department Total				
Staff	4	5	5	+1
Funding	\$63,967	\$63,995	\$28,000	-\$35,967

STCU 2010 BUDGET REQUEST SUMMARY FOR USD BUDGET LINES

	ED	AO	FO	IT	SE	TA	SP	PO	Line Total
Staff (# in 2009)									
Party	1 (1)	1 (1)	1 (1)	1 (1)	1(1)	1 (1)	1 (1)	0 (0)	7 (7)
Local	1 (1)	12 (14)	9 (9)	3 (3)	7 (7)	8 (8)	8 (8)	5 (4)	53 (54)
Part-Time	0 (0)	3 (3)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	3 (3)
Total Staff - Full Time	2 (2)	13 (15)	10 (10)	4 (4)	8 (8)	9 (9)	9 (9)	5 (4)	60 (61) FT
Total Staff - Part Time		3 (3)	0 (0)	0 (0)	0 (0)	0(0)	0 (0)	0 (0)	3 (3) PT
Staff Support									
Travel (Int'l)	45,000	-	-	-	-	-	-	-	45,000
Travel (CIS)	130,000	-	-	-	-	-	-	-	130,000
Training	9,500	22,000	17,900	1,500	12,500	13,000	12,500	4,000	92,900
Dept. Staff Supp.	184,500	22,000	17,900	1,500	12,500	13,000	12,500	4,000	267,900
Programs (AOB)									
Representation	10,000	-	-	-	-	-	-	-	10,000
Fixed Assets	-	9,000	-	-	-	-	-	-	9,000
New Car/Veh Ops	-	30,000	-	-	-	-	-	-	30,000
Printing and Rep.	-	-	-	-	-	-	-	19,000	19,000
IT Hardware	-	-	-	24,775	-	-	-	-	24,775
IT Software	-	-	8,000	11,200	-	-	-	-	19,200
Oth. Prof. Services	-	-	12,000	2,250	-	-	-	5,000	19,250
Regional Offices	-	-	-	-	13,000	27,000	19,000	-	59,000
Dept. Total (AOB)	10,000	39,000	20,000	38,225	13,000	27,000	19,000	24,000	190,225
Shared Supp. Budget Programs (SB)									
Bus. Training/Sus. Support	-	-	-	-	-	-	138,000	-	138,000
Patent/IPR	-	-	-	-	-	-	43,000	-	43,000
Workshops/Seminars	-	-	-	-	-	60,000	-	-	60,000
Institute Sustainability	-	-	-	-	-	-	40,000	-	40,000
Supp. Budget Programs (SB)	-	-	-	-	-	60,000	221,000	-	281,000
Party Specific Supp. Budget Programs (SB)									
Tech., Coll. & Cont. Trav.	-	-	-	-	-	120,000	30,000	-	150,000
Travel & Mob. Support	-	-	-	-	-	250,000	-	-	250,000
Biosecurity & Biosafet	-	-	-	-	-	400,000	-	-	400,000
Partner Prom & Supp.	-	-	-	-	-	250,000	-	-	250,000
Dept. Total Pgrms Voluntary (SB)	-	-	-	-	-	1,020,000	30,000	-	1,050,000
Total Request									
Staff	2	13	10	4	8	9	9	5	60 full
	0	3	0	0	0	0	0	0	3 part
Funding	194,500	61,000	37,900	39,725	25,500	1,120,000	282,500	28,000	1,789,125

**STCU 2010 BUDGET REQUEST SUMMARY FOR EUR BUDGET LINES (Solely Funded EU SB
Budgets Only)**

	ED	AO	FO	IT	SE	TA	SP	PO	Line Total
Solely Funded EU Programs (SB)									
EU Designated Tech. Collab., and Cont. Travel Support	-	-	-	-	€15,000	-	-	-	€15,000
EU Patent Support	-	-	-	-	€5,000	-	-	-	€5,000
EU Designated Travelers & Partner Promotion	-	-	-	-	€70,000	-	-	-	€70,000
EU Expert Review and Advisors	-	-	-	-	€90,000	-	-	-	€90,000
EU Seminars & Workshops	-	-	-	-	€20,000	-	-	-	€20,000
Partner Promotion & Support	-	-	-	-	€200,000	-	-	-	€200,000
Total Request Funding	-	-	-	-	€400,000	-	-	-	€400,000

SCIENCE AND TECHNOLOGY CENTER IN UKRAINE - STCU
2010 Administrative Operating Budget 01 January - 31 December, 2010

	2009	Spent	Projected	Projected	Projected	2010	% Change in	
	Budget	as of	Final	Final	Remaining	Budget	AOB Line	
	Budget	30-Sep-09	3 Mo. Exp	2009 Exp.	09 Budget	Request	Y-O-Y	Note
Personnel								
LOCAL GRANT PAYMENTS	\$ 792 946	\$ 561 357	\$ 195 000	\$ 756 357	\$ 36 589	\$ 806 380	1,69%	1
STAFF EDUCATION & TRAINING	110 580	60 523	38 500	99 023	11 557	92 900	-15,99%	2
EMPLOYEE MORALE & WELFARE	20 000	13 627	8 000	21 627	(1 627)	30 000	50,00%	3
MEDICAL & DENTAL PLANS	103 633	51 082	37 500	88 582	15 051	96 250	-7,12%	4
Subtotal	\$ 1 027 159	\$ 686 589	\$ 279 000	\$ 965 589	\$ 61 570	\$ 1 025 530	-0,16%	
Travel								
INTERNATIONAL TRAVEL	\$ 44 000	\$ 23 811	\$ 22 000	\$ 45 811	\$ (1 811)	\$ 45 000	2,27%	5
TRAVEL WITHIN THE CIS	\$ 150 240	\$ 112 137	\$ 31 600	\$ 143 737	\$ 6 503	\$ 130 000	-13,47%	6
LOCAL TRAVEL	30 000	9 528	4 000	13 528	16 472	16 125	-46,25%	7
Subtotal	\$ 224 240	\$ 145 476	\$ 57 600	\$ 203 076	\$ 21 164	\$ 191 125	-14,77%	
Office Operations								
REPRESENTATION	\$ 10 000	\$ 3 357	\$ 5 000	\$ 8 357	\$ 1 643	\$ 10 000	0,00%	8
POSTAGE AND DELIVERY	11 000	5 726	4 500	10 226	774	11 000	0,00%	9
CUSTOMS STORAGE	500	4	300	304	196	1 000	100,00%	10
GENERAL OFFICE SUPPLIES	30 800	17 953	10 000	27 953	2 847	30 800	0,00%	11
OFFICE EQUIPMENT REPAIR/MAINT	3 000	450	1 500	1 950	1 050	3 000	0,00%	12
VEHICLE OPERATIONS	27 000	19 405	7 000	26 405	595	30 000	11,11%	13
PRINTING AND REPRODUCTION	18 000	6 622	12 000	18 622	(622)	19 000	5,56%	14
TELECOMMUNICATIONS SERVICES	75 000	30 799	20 000	50 799	24 201	60 000	-20,00%	15
BUSINESS MEETINGS & CONFERENCES	6 000	4 607	1 500	6 107	(107)	14 000	133,33%	16
SUBSCRIPTIONS AND PUBLICATIONS	6 000	2 739	3 000	5 739	261	6 750	12,50%	17
BUILDING SUPPLIES	13 200	11 162	4 000	15 162	(1 962)	13 200	0,00%	19
BRANCH OFFICES OVERHEAD	\$ 60 000	\$ 26 149	\$ 23 050	\$ 49 199	\$ 10 801	\$ 59 000	-1,67%	20
INSURANCE EXPENSE	11 550	5 776	5 000	10 776	774	11 550	0,00%	21
BANK FEES - OFFSHORE	65 000	59 429	15 000	74 429	(9 429)	55 000	-15,38%	22
BANK FEES - ONSHORE	33 000	21 489	6 200	27 689	5 311	25 000	-24,24%	23
Subtotal	\$ 370 050	\$ 215 667	\$ 118 050	\$ 333 717	\$ 36 333	\$ 349 300	-5,61%	
Contracted Services								
LEGAL SERVICES	\$ 5 000	\$ 957	\$ 4 000	\$ 4 957	\$ 43	\$ 10 000	100,00%	25
ACCOUNTING AND AUDITING	95 160	95 160	-	95 160	-	95 160	0,00%	26
OTHER PROFESSIONAL	19 250	2 733	15 000	17 733	1 517	19 250	0,00%	27
Subtotal	\$ 119 410	\$ 98 850	\$ 19 000	\$ 117 850	\$ 1 560	\$ 124 410	4,19%	
Subtotal Recurring Costs	\$ 1 740 859	\$ 1 146 582	\$ 473 650	\$ 1 620 232	\$ 120 627	\$ 1 690 365	-2,90%	
Contingency - Recurring	10 000	-	-	-	10 000	10 000	0,00%	35
Total Recurring Costs	\$ 1 750 859	\$ 1 146 582	\$ 473 650	\$ 1 620 232	\$ 130 627	\$ 1 700 365	-2,88%	
Non-Recurring Costs								
FACILITY IMPROVEMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2 000	#DIV/0!	28
FURNITURE & FIXTURES	3 000	946	2 000	2 946	54	3 000	0,00%	29
TELECOMMUNICATIONS EQUIPMENT	-	-	-	-	-	-	#DIV/0!	30
OFFICE EQUIPMENT	4 000	(387)	4 000	3 613	387	4 000	0,00%	31
VEHICLE PURCHASE	-	-	-	-	-	-	#DIV/0!	32
COMPUTER HARDWARE	7 700	1 272	6 000	7 272	428	24 775	221,75%	33
COMPUTER SOFTWARE	10 250	8 360	1 800	10 160	90	19 200	87,32%	34
Subtotal Non-Recurring Costs	\$ 24 950	\$ 10 190	\$ 13 800	\$ 23 990	\$ 960	\$ 52 975	112,32%	
Contingency - Non-Recurring	100 000	75 868	24 000	99 868	132	25 000	-75,00%	35
Total Non-Recurring Costs	\$ 124 950	\$ 86 058	\$ 37 800	\$ 123 858	\$ 1 092	\$ 77 975	-37,60%	
TOTAL BUDGET:	\$ 1 875 809	\$ 1 232 640	\$ 511 450	\$ 1 744 090	\$ 131 719	\$ 1 778 340	-5,20%	

1. **Local Grant Payments.** **\$806,380**

53 Full-Time Staff (5% raise, 0% bonus)	\$783,380
Supplemental Security	<u>23,000</u>
Total	\$806,380

2. **Staff Education & Training.** **\$92,900**

- a. Training for ED, ED's secretary, and MBA program for one (1) selected staff.
Cost of Training: \$ 9,500
- b. Training for SDED and his direct reports.
Cost of Training: \$ 4,000
- c. Training for DED-EU and his direct reports.
Cost of Training: \$12,500
- d. Training for DED-CA and his direct reports.
Cost of Training: \$13,000
- e. Training for DED-US and his direct reports.
Cost of Training: \$12,500
- f. Training for CFO and Finance and IT Departments.
Cost of Training: \$19,400
- g. Training for CAO and Administrative Department.
Cost of Training: \$22,000

Total cost of Staff Education and Training \$92,900

3. **Employee Morale and Welfare.** **\$30,000**

Center subsidizes 100% of the cost of lunch for staff members. Furthermore, includes cost of bereavement contributions, Christmas and birthday activities, family functions, and special occasions.

Total Cost: \$30,000

4. **Medical & Dental Plans** **\$96,250**

- Medical Plan	\$80,000
- Dental Plan (Maximum \$250/family)	<u>\$16,250</u>
Total Cost	\$96,250

5. **International Travel.** **\$45,000**

a. Senior STCU staff travel (including Advisory Committee Meetings) as required and approved by the Executive Director.

Cost: \$20,000

b. Other travel associated with management and staff.

Cost: \$25,000

Total Cost: \$45,000

6. **Travel within the CIS.** **\$130,000**

a. Monitoring in Azerbaijan, Ukraine, Georgia, and Moldova.

Cost: \$75,000

b. Secretariat trips to non-Kyiv cities in Ukraine, as well as travel to Georgia, Moldova, and Azerbaijan, including possible Governing Board to be held in Tbilisi, Georgia.

Cost: \$55,000

Total Cost: \$130,000

7. **Local Travel.** **\$16,125**

Consists of taxis utilized by STCU staff when STCU vehicles are unavailable. Also, includes cost of providing transport to and from Kyiv Polytechnic Metro Station to the STCU headquarters in the mornings and at night (for 3 months – Dec., Jan., and Feb.), as well as the cost of providing secured cash transport to and from the STCU's bank (as per the auditor's recommendation to the Governing Board).

- Taxis	\$ 6,000
- Secure Cash Transport	\$ 5,625
- Bus to and from Kyiv Headquarters	<u>\$ 4,500</u>
Total Cost	<u>\$16,125</u>

8. **Representation.** **\$10,000**

Maintained same as 2009.

9.	Postage and Delivery.	\$11,000
	Maintained same as 2009.	
10.	Customs Storage.	\$1,000
	Increased by \$500 from 2008 budget.	
11.	General Office Supplies.	\$30,800
	Maintained same as 2009.	
12.	Office Equipment Repair/Maintenance.	\$3,000
	Maintained same as 2009.	
13.	Vehicle Operations.	\$30,000
	Increase slightly from 2009 (\$29K) due to aging of vehicles.	
14.	Printing and Reproduction.	\$19,000
	- Annual Report	\$10,000
	- Brochures and Marketing Materials	<u>\$9,000</u>
	Total Cost	<u>\$19,000</u>
15.	Telecommunications Services.	\$60,000
	Decreased from \$75K in 2009 to \$60K in 2010 because of appreciation of USD vs. UAH.	
16.	Business Meetings and Conferences.	\$14,000
	a. Board meetings.	2 * 1,500 = \$3,000
	b. Advisory committee meetings.	2 * 500 = \$1,000
	c. IO and FO Meetings	2 * 1,000 = \$2,000
	c. STCU 15 th Anniversary Event	= <u>\$8,000</u>
	Total cost of business meetings and conferences:	\$14,000
17.	Subscriptions and Publications.	\$6,750
	Increased slightly from \$6K in 2009 to \$6,750 in 2010 because of desired increase in orders of scientific periodicals.	
18.	Public Affairs.	\$0
	In the past utilized for financial support of conferences; however, eliminated in 2007 due to cost cutting measures.	

19.	Building Supplies.	\$13,200
	Maintained same as 2009.	
20.	Branch Offices.	\$59,000
	- Tbilisi	7,000
	- Baku	7,000
	- Chisinau	6,000
	- Tashkent	12,000
	- Kharkiv	13,000
	- Dnipropetrovsk	7,000
	- Lviv	<u>7,000</u>
	Total Cost	\$59,000
21.	Insurance Expense.	\$11,550
	Three vehicles, the contents of the building and life insurance for the local staff.	
	- Vehicles	\$5,000
	- Assets	\$3,500
	- Staff Life Insurance	<u>\$3,050</u>
	Total Cost	\$11,550
22.	Bank Fees Off-shore.	\$55,000
	Based on forecasted 2010 STCU transactions.	
23.	Bank Fees On-shore.	\$25,000
	Fees charged by STCU's local banks (Ukraine, Azerbaijan, and Georgia) to conduct operations. Based on forecasted 2010 STCU transactions.	
24.	Legal Services.	\$10,000
	Increased from \$5K in 2009 to \$10K in 2010 because of requirements for drafting user agreement between STCU and Ministry of Science and Education for use of Metalistiv facility.	
25.	Accounting and Auditing	\$95,160
	Maintained Same as 2009.	
26.	Other Professional Support.	\$19,250
	- Off-Site Backup Tape Storage	\$ 2,250
	- Performance Measures	\$ 5,000
	- Navision Consulting	<u>\$ 12,000</u>
	Total Cost	\$ 19,250

27.	Facility Improvements.	\$2,000
	The STCU plans to complete all planned facility improvement in 2009, and thus budgets only a small amount for improvements in 2010..	
28.	Furniture and Fixtures.	\$3,000
	Maintained same as 2009.	
29.	Telecommunications Equipment.	\$0
	Maintained same as 2009.	
30.	Office Equipment.	\$4,000
	Maintained same as 2009.	
31.	Vehicle Purchase.	\$0
	No vehicles purchases planned for 2010.	
32.	Computer Hardware.	\$24,775
	(12) Desktop computers to replace older PCs	\$12,750
	(8) Laptops to replace older laptops	4,950
	Other Miscellaneous	<u>7,075</u>
	Total	\$24,775
33.	Computer Software.	\$19,200
	Navision Maintenance Fee	\$ 8,000
	Required Microsoft Windows Suite Upgrade	6,500
	Other Miscellaneous	<u>4,700</u>
	Total	\$19,200
34.	Contingency.	\$35,000
	Normal Recurring Contingency	<u>\$10,000</u>
	Total Recurring Contingency	\$10,000
	Normal Non-Recurring Contingency	<u>\$25,000</u>
	Total	\$35,000

Supplemental Programs Budget Request 2010 (For the EU these costs are associated with BFA 2009 Article 1.1)

	BUDGET ITEM	2009 APPROVED (USD)	2009 FORECASTED SPENT (USD)	2009 APPROVED (EUR)	2009 FORECASTED SPENT (EUR)	2010 REQUESTED (USD)	2010 REQUESTED (EUR)	2010 EU Pledged (EUR)	2010 US Pledged (USD)	2010 Canada Pledged (USD)
In-Place Shared Supplemental Programs										
4,01	Business Training/Sustainability Support	185 000	171 331	x	x	138 000	x	31 000	46 000	46 000
5,01	Patent Support	70 000	34 114	x	x	43 000	x	7 000	10 000	10 000
6,01	Travel Grant Fund	25 000	26 077	x	x	x	x	x	x	x
9,01	Seminars/Workshops	39 060	39 259	x	x	60 000	x	13 000	20 000	20 000
12,01	Targeted Training	11 967	11 580	x	x	x	x	x	x	x
13,01	Institute Sustainability Program	251 625	182 511	x	x	40 000	x	7 000	10 000	10 000
In-Place Party Designated Supplemental Programs										
1,01	Technic., Collabor., Cont. Travel Supp. - US	30 000	29 566	x	x	30 000	x	x	30 000	x
1,02	Technic., Collabor., Cont. Travel Supp. - EU	x	x	30 000	15 127	x	15 000	15 000	x	x
1,03	Technic., Collabor., Cont. Travel Supp. - CA	250 000	8 562	x	x	120 000	x	x	x	120 000
5,03	Patent Support - EU	x	x	10 000	0	x	5 000	5 000	x	x
6,02	Travel and Mobility Support - US	x	x	x	x	x	x	x	x	x
6,03	Travel and Mobility Support - EU	x	x	90 000	79 236	x	70 000	70 000	x	x
6,06	Travel and Mobility Support - CA	250 000	139 281	x	x	250 000	x	x	x	250 000
08,01	Expert Review & Advisors - EU	x	x	95 000	42 921	x	90 000	90 000	x	x
9,02	Seminars/Workshops - EU	x	x	40 000	27 807	x	20 000	20 000	x	x
10,01	Service Contracts - US	920 000	846 018	x	x	850 000	x	x	850 000	x
10,03	Service Contracts - CA	280 000	247 061	x	x	260 000	x	x	x	260 000
14,01	Biosecurity & Biosafety - CA	125 000	28 235	x	x	400 000	x	x	x	400 000
15,01	Partner Promotion & Support -CA	x	x	x	x	250 000	x	x	x	250 000
16,01	Partner Promotion Support - EU	x	x	x	x	x	200 000	200 000	x	x
TOTAL CONTRIBUTION		2 437 652	1 763 595	265 000	165 091	2 441 000	400 000	458 000	966 000	1 366 000

x = No Funding Required

(For the EU these costs are associated with BFA 2009 Article 1.2)

	BUDGET ITEM	2009 APPROVED (EUR)	2009 FORECASTED SPENT (EUR)	2010 REQUESTED (Euro)	2010 PLEDGED (Euro)
In-Place Party Designated Supplemental Programs					
10,02	Service Contracts - EU	369 384	344 542	360 000	360 000

Forecasted Project Expenditure by Funding Party for FY2010 - Final

Project #	Partner Name if Partner Project	U.S. Amount Funded Total	CA Amount Funded Total	EU Amount Funded Total	Total Funded by All FPs	Duration of Project in Months	# of Months in 2010 project active	U.S. Amount Budgeted in 2010	CA Amount Budgeted in 2010	EU Amount Budgeted in 2010	Total Amount Budgeted in 2010
3130		\$0,00	\$0,00	\$284 029,20	\$284 029,20	36	5	\$0,00	\$0,00	\$39 448,50	\$39 448,50
3290(R)		\$0,00	\$0,00	\$265 755,00	\$265 755,00	38	3	\$0,00	\$0,00	\$20 980,66	\$20 980,66
3464		\$0,00	\$0,00	\$99 400,00	\$99 400,00	24	1	\$0,00	\$0,00	\$4 141,67	\$4 141,67
3479		\$0,00	\$0,00	\$187 150,60	\$187 150,60	38	5	\$0,00	\$0,00	\$24 625,08	\$24 625,08
3481		\$98 231,00	\$0,00	\$108 143,00	\$206 374,00	36	1	\$2 728,64	\$0,00	\$3 003,97	\$5 732,61
3522		\$190 000,00	\$0,00	\$0,00	\$190 000,00	38	3	\$15 000,00	\$0,00	\$0,00	\$15 000,00
3558		\$0,00	\$0,00	\$169 734,60	\$169 734,60	32	4	\$0,00	\$0,00	\$21 216,82	\$21 216,82
3566		\$139 753,00	\$139 753,00	\$0,00	\$279 506,00	36	10	\$38 820,28	\$38 820,28	\$0,00	\$77 640,56
3623		\$0,00	\$201 118,00	\$0,00	\$201 118,00	36	12	\$0,00	\$67 039,33	\$0,00	\$67 039,33
3647		\$0,00	\$0,00	\$267 162,00	\$267 162,00	36	10	\$0,00	\$0,00	\$74 211,67	\$74 211,67
3663		\$145 541,00	\$0,00	\$164 133,20	\$309 674,20	36	3	\$12 128,42	\$0,00	\$13 677,77	\$25 806,18
3663		\$145 541,00	\$0,00	\$164 133,20	\$309 674,20	36	3	\$12 128,42	\$0,00	\$13 677,77	\$25 806,18
3665		\$0,00	\$0,00	\$143 183,60	\$143 183,60	38	4	\$0,00	\$0,00	\$15 071,96	\$15 071,96
3718		\$0,00	\$108 728,00	\$111 573,00	\$220 301,00	36	8	\$0,00	\$24 161,78	\$24 794,00	\$48 955,78
3729		\$0,00	\$0,00	\$118 008,80	\$118 008,80	36	8	\$0,00	\$0,00	\$26 224,18	\$26 224,18
3745		\$0,00	\$199 867,00	\$0,00	\$199 867,00	36	8	\$0,00	\$44 414,89	\$0,00	\$44 414,89
3829(R)		\$0,00	\$210 690,00	\$0,00	\$210 690,00	36	12	\$0,00	\$70 230,00	\$0,00	\$70 230,00
3832		\$0,00	\$198 472,00	\$0,00	\$198 472,00	30	12	\$0,00	\$79 388,80	\$0,00	\$79 388,80
3856		\$0,00	\$0,00	\$162 031,80	\$162 031,80	35	12	\$0,00	\$0,00	\$55 553,76	\$55 553,76
3863		\$0,00	\$60 000,00	\$61 570,60	\$121 570,60	38	12	\$0,00	\$18 947,37	\$19 443,35	\$38 390,72
3868		\$0,00	\$0,00	\$132 102,60	\$132 102,60	36	3	\$0,00	\$0,00	\$11 008,55	\$11 008,55
3870		\$0,00	\$0,00	\$171 501,40	\$171 501,40	37	2	\$0,00	\$0,00	\$9 270,35	\$9 270,35
3927		\$0,00	\$264 531,00	\$0,00	\$264 531,00	36	12	\$0,00	\$88 177,00	\$0,00	\$88 177,00
3959		\$0,00	\$0,00	\$116 008,20	\$116 008,20	24	1	\$0,00	\$0,00	\$4 833,68	\$4 833,68
3966		\$0,00	\$0,00	\$165 289,60	\$165 289,60	26	2	\$0,00	\$0,00	\$12 714,58	\$12 714,58
3979		\$0,00	\$120 404,00	\$0,00	\$120 404,00	24	1	\$0,00	\$5 016,83	\$0,00	\$5 016,83
3984		\$199 687,00	\$0,00	\$0,00	\$199 687,00	24	1	\$8 320,29	\$0,00	\$0,00	\$8 320,29
3988		\$0,00	\$0,00	\$294 000,00	\$294 000,00	36	1	\$0,00	\$0,00	\$8 166,67	\$8 166,67
3992		\$0,00	\$0,00	\$109 538,80	\$109 538,80	36	2	\$0,00	\$0,00	\$6 085,49	\$6 085,49
3997		\$0,00	\$296 100,00	\$0,00	\$296 100,00	30	7	\$0,00	\$69 090,00	\$0,00	\$69 090,00
3998		\$0,00	\$239 898,00	\$0,00	\$239 898,00	36	12	\$0,00	\$79 966,00	\$0,00	\$79 966,00
4012		\$0,00	\$0,00	\$300 694,80	\$300 694,80	24	10	\$0,00	\$0,00	\$125 289,50	\$125 289,50
4020		\$0,00	\$0,00	\$137 613,00	\$137 613,00	38	4	\$0,00	\$0,00	\$14 485,58	\$14 485,58
4032		\$0,00	\$0,00	\$271 178,60	\$271 178,60	36	9	\$0,00	\$0,00	\$67 794,65	\$67 794,65
4035		\$0,00	\$0,00	\$242 195,80	\$242 195,80	36	2	\$0,00	\$0,00	\$13 455,32	\$13 455,32
4049		\$0,00	\$0,00	\$305 802,00	\$305 802,00	36	7	\$0,00	\$0,00	\$59 461,50	\$59 461,50
4066		\$0,00	\$0,00	\$199 677,80	\$199 677,80	36	9	\$0,00	\$0,00	\$49 919,45	\$49 919,45
4073		\$0,00	\$0,00	\$190 846,60	\$190 846,60	36	12	\$0,00	\$0,00	\$63 615,53	\$63 615,53
4080		\$0,00	\$0,00	\$237 594,00	\$237 594,00	24	2	\$0,00	\$0,00	\$19 799,50	\$19 799,50
4082		\$0,00	\$0,00	\$203 252,00	\$203 252,00	36	12	\$0,00	\$0,00	\$67 750,67	\$67 750,67
4155		\$0,00	\$0,00	\$220 164,00	\$220 164,00	36	4	\$0,00	\$0,00	\$24 462,67	\$24 462,67
4170		\$0,00	\$249 340,00	\$0,00	\$249 340,00	36	12	\$0,00	\$83 113,33	\$0,00	\$83 113,33
4172		\$0,00	\$0,00	\$189 260,40	\$189 260,40	36	7	\$0,00	\$0,00	\$36 800,63	\$36 800,63
4202		\$0,00	\$0,00	\$215 689,60	\$215 689,60	26	4	\$0,00	\$0,00	\$33 183,02	\$33 183,02
4207		\$0,00	\$300 000,00	\$0,00	\$300 000,00	30	12	\$0,00	\$120 000,00	\$0,00	\$120 000,00
4216		\$0,00	\$0,00	\$315 443,80	\$315 443,80	36	12	\$0,00	\$0,00	\$105 147,93	\$105 147,93
4231		\$0,00	\$0,00	\$238 299,60	\$238 299,60	38	12	\$0,00	\$0,00	\$75 252,51	\$75 252,51
4259		\$0,00	\$0,00	\$203 266,00	\$203 266,00	36	12	\$0,00	\$0,00	\$67 755,33	\$67 755,33

Forecasted Project Expenditure by Funding Party for FY2010 - Final

Project #	Partner Name if Partner Project	U.S. Amount Funded Total	CA Amount Funded Total	EU Amount Funded Total	Total Funded by All FPs	Duration of Project in Months	# of Months in 2010 project active	U.S. Amount Budgeted in 2010	CA Amount Budgeted in 2010	EU Amount Budgeted in 2010	Total Amount Budgeted in 2010
4272		\$0,00	\$0,00	\$121 672,60	\$121 672,60	30	7	\$0,00	\$0,00	\$28 390,27	\$28 390,27
4277		\$0,00	\$76 736,00	\$0,00	\$76 736,00	24	9	\$0,00	\$28 776,00	\$0,00	\$28 776,00
4281		\$0,00	\$150 000,00	\$0,00	\$150 000,00	24	8	\$0,00	\$50 000,00	\$0,00	\$50 000,00
4294		\$0,00	\$0,00	\$212 023,00	\$212 023,00	36	12	\$0,00	\$0,00	\$70 674,33	\$70 674,33
4299		\$0,00	\$0,00	\$174 139,00	\$174 139,00	26	3	\$0,00	\$0,00	\$20 092,96	\$20 092,96
4301		\$0,00	\$0,00	\$211 103,20	\$211 103,20	24	12	\$0,00	\$0,00	\$105 551,60	\$105 551,60
4302		\$0,00	\$0,00	\$81 972,80	\$81 972,80	26	2	\$0,00	\$0,00	\$6 305,60	\$6 305,60
4362		\$0,00	\$49 500,00	\$0,00	\$49 500,00	26	1	\$0,00	\$1 903,85	\$0,00	\$1 903,85
4398		\$0,00	\$0,00	\$202 655,60	\$202 655,60	24	12	\$0,00	\$0,00	\$101 327,80	\$101 327,80
4418		\$0,00	\$0,00	\$72 021,60	\$72 021,60	24	9	\$0,00	\$0,00	\$27 008,10	\$27 008,10
4419		\$0,00	\$0,00	\$170 438,80	\$170 438,80	24	12	\$0,00	\$0,00	\$85 219,40	\$85 219,40
4424		\$0,00	\$0,00	\$50 034,60	\$50 034,60	24	8	\$0,00	\$0,00	\$16 678,20	\$16 678,20
4436		\$0,00	\$0,00	\$72 977,80	\$72 977,80	30	9	\$0,00	\$0,00	\$21 893,34	\$21 893,34
4440		\$0,00	\$360 000,00	\$0,00	\$360 000,00	37	12	\$0,00	\$116 756,76	\$0,00	\$116 756,76
4455		\$0,00	\$0,00	\$134 290,80	\$134 290,80	24	9	\$0,00	\$0,00	\$50 359,05	\$50 359,05
4460		\$0,00	\$0,00	\$105 267,40	\$105 267,40	24	12	\$0,00	\$0,00	\$52 633,70	\$52 633,70
4475		\$0,00	\$0,00	\$176 542,80	\$176 542,80	36	12	\$0,00	\$0,00	\$58 847,60	\$58 847,60
4481		\$0,00	\$0,00	\$146 892,20	\$146 892,20	24	9	\$0,00	\$0,00	\$55 084,57	\$55 084,57
4495		\$0,00	\$0,00	\$209 952,40	\$209 952,40	36	12	\$0,00	\$0,00	\$69 984,13	\$69 984,13
4518		\$0,00	\$25 000,00	\$0,00	\$25 000,00	24	12	\$0,00	\$12 500,00	\$0,00	\$12 500,00
4520		\$24 966,00	\$0,00	\$0,00	\$24 966,00	18	3	\$4 161,00	\$0,00	\$0,00	\$4 161,00
4523		\$24 866,00	\$0,00	\$0,00	\$24 866,00	24	9	\$9 324,75	\$0,00	\$0,00	\$9 324,75
4526		\$0,00	\$0,00	\$24 294,20	\$24 294,20	24	9	\$0,00	\$0,00	\$9 110,32	\$9 110,32
4534		\$0,00	\$0,00	\$146 969,20	\$146 969,20	36	12	\$0,00	\$0,00	\$48 989,73	\$48 989,73
4561		\$0,00	\$0,00	\$180 052,60	\$180 052,60	36	12	\$0,00	\$0,00	\$60 017,53	\$60 017,53
4568		\$0,00	\$0,00	\$98 284,20	\$98 284,20	36	12	\$0,00	\$0,00	\$32 761,40	\$32 761,40
4584		\$0,00	\$0,00	\$140 414,40	\$140 414,40	23	9	\$0,00	\$0,00	\$54 944,77	\$54 944,77
4587		\$0,00	\$0,00	\$32 221,00	\$32 221,00	24	12	\$0,00	\$0,00	\$16 110,50	\$16 110,50
4588		\$0,00	\$0,00	\$160 556,20	\$160 556,20	36	12	\$0,00	\$0,00	\$53 518,73	\$53 518,73
4591		\$0,00	\$116 481,00	\$125 104,00	\$241 585,00	36	12	\$0,00	\$38 827,00	\$41 701,33	\$80 528,33
4596		\$0,00	\$0,00	\$209 435,80	\$209 435,80	24	12	\$0,00	\$0,00	\$104 717,90	\$104 717,90
4599		\$0,00	\$0,00	\$247 027,20	\$247 027,20	30	12	\$0,00	\$0,00	\$98 810,88	\$98 810,88
4600		\$0,00	\$0,00	\$201 201,00	\$201 201,00	24	12	\$0,00	\$0,00	\$100 600,50	\$100 600,50
4610		\$249 904,00	\$0,00	\$0,00	\$249 904,00	36	12	\$83 301,33	\$0,00	\$0,00	\$83 301,33
4655		\$12 500,00	\$12 500,00	\$0,00	\$25 000,00	18	3	\$2 083,33	\$2 083,33	\$0,00	\$4 166,67
4660		\$0,00	\$12 375,00	\$11 141,20	\$23 516,20	18	3	\$0,00	\$2 062,50	\$1 856,87	\$3 919,37
4666		\$12 500,00	\$12 500,00	\$0,00	\$25 000,00	24	10	\$5 208,33	\$5 208,33	\$0,00	\$10 416,67
4669		\$25 000,00	\$0,00	\$0,00	\$25 000,00	24	9	\$9 375,00	\$0,00	\$0,00	\$9 375,00
4674		\$0,00	\$25 000,00	\$0,00	\$25 000,00	24	9	\$0,00	\$9 375,00	\$0,00	\$9 375,00
4677		\$0,00	\$0,00	\$22 506,40	\$22 506,40	18	3	\$0,00	\$0,00	\$3 751,07	\$3 751,07
4682		\$0,00	\$0,00	\$126 421,40	\$126 421,40	23	12	\$0,00	\$0,00	\$65 958,99	\$65 958,99
4682		\$0,00	\$0,00	\$126 421,40	\$126 421,40	23	12	\$0,00	\$0,00	\$65 958,99	\$65 958,99
4687		\$0,00	\$130 000,00	\$0,00	\$130 000,00	38	12	\$0,00	\$41 052,63	\$0,00	\$41 052,63
4703		\$0,00	\$0,00	\$144 417,00	\$144 417,00	36	12	\$0,00	\$0,00	\$48 139,00	\$48 139,00
4719		\$0,00	\$0,00	\$182 464,80	\$182 464,80	24	12	\$0,00	\$0,00	\$91 232,40	\$91 232,40
4726		\$0,00	\$0,00	\$112 154,00	\$112 154,00	24	12	\$0,00	\$0,00	\$56 077,00	\$56 077,00
4797		\$0,00	\$24 988,00	\$26 838,00	\$51 826,00	24	12	\$0,00	\$12 494,00	\$13 419,00	\$25 913,00
4798		\$46 112,00	\$0,00	\$0,00	\$46 112,00	24	12	\$23 056,00	\$0,00	\$0,00	\$23 056,00

Forecasted Project Expenditure by Funding Party for FY2010 - Final

Project #	Partner Name if Partner Project	U.S. Amount Funded Total	CA Amount Funded Total	EU Amount Funded Total	Total Funded by All FPs	Duration of Project in Months	# of Months in 2010 project active	U.S. Amount Budgeted in 2010	CA Amount Budgeted in 2010	EU Amount Budgeted in 2010	Total Amount Budgeted in 2010
4799		\$0,00	\$24 986,00	\$26 835,20	\$51 821,20	24	12	\$0,00	\$12 493,00	\$13 417,60	\$25 910,60
4801		\$49 970,00	\$0,00	\$0,00	\$49 970,00	24	12	\$24 985,00	\$0,00	\$0,00	\$24 985,00
4802		\$49 800,00	\$0,00	\$0,00	\$49 800,00	24	12	\$24 900,00	\$0,00	\$0,00	\$24 900,00
4803		\$49 992,00	\$0,00	\$0,00	\$49 992,00	12	5	\$20 830,00	\$0,00	\$0,00	\$20 830,00
4804		\$0,00	\$49 976,00	\$0,00	\$49 976,00	24	12	\$0,00	\$24 988,00	\$0,00	\$24 988,00
4818		\$0,00	\$0,00	\$222 286,40	\$222 286,40	24	12	\$0,00	\$0,00	\$111 143,20	\$111 143,20
4912		\$25 000,00	\$0,00	\$22 506,40	\$47 506,40	24	10	\$10 416,67	\$0,00	\$9 377,67	\$19 794,33
4913		\$0,00	\$50 632,00	\$0,00	\$50 632,00	24	8	\$0,00	\$16 877,33	\$0,00	\$16 877,33
4914		\$0,00	\$0,00	\$44 900,80	\$44 900,80	24	8	\$0,00	\$0,00	\$14 966,93	\$14 966,93
4918		\$16 666,00	\$16 666,00	\$15 005,20	\$48 337,20	24	9	\$6 249,75	\$6 249,75	\$5 626,95	\$18 126,45
4919		\$50 000,00	\$0,00	\$0,00	\$50 000,00	24	10	\$20 833,33	\$0,00	\$0,00	\$20 833,33
4921		\$0,00	\$0,00	\$45 012,80	\$45 012,80	24	9	\$0,00	\$0,00	\$16 879,80	\$16 879,80
4927		\$0,00	\$0,00	\$45 012,80	\$45 012,80	24	9	\$0,00	\$0,00	\$16 879,80	\$16 879,80
4928		\$50 000,00	\$0,00	\$0,00	\$50 000,00	24	9	\$18 750,00	\$0,00	\$0,00	\$18 750,00
4929		\$0,00	\$0,00	\$45 012,80	\$45 012,80	24	10	\$0,00	\$0,00	\$18 755,33	\$18 755,33
4930		\$0,00	\$0,00	\$45 012,80	\$45 012,80	24	10	\$0,00	\$0,00	\$18 755,33	\$18 755,33
4932		\$0,00	\$0,00	\$45 012,80	\$45 012,80	24	10	\$0,00	\$0,00	\$18 755,33	\$18 755,33
4936		\$50 000,00	\$0,00	\$0,00	\$50 000,00	24	9	\$18 750,00	\$0,00	\$0,00	\$18 750,00
4961		\$49 996,00	\$0,00	\$0,00	\$49 996,00	24	12	\$24 998,00	\$0,00	\$0,00	\$24 998,00
P215	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	\$630 000,00	\$0,00	\$0,00	\$630 000,00	36	6	\$105 000,00	\$0,00	\$0,00	\$105 000,00
P228a	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	\$98 000,00	\$0,00	\$0,00	\$98 000,00	12	4	\$32 666,67	\$0,00	\$0,00	\$32 666,67
P246	European Office of Aerospace Research and Development	\$60 000,00	\$0,00	\$0,00	\$60 000,00	38	3	\$4 736,84	\$0,00	\$0,00	\$4 736,84
P253	European Office of Aerospace Research and Development	\$59 940,00	\$0,00	\$0,00	\$59 940,00	36	7	\$11 655,00	\$0,00	\$0,00	\$11 655,00
P261	European Office of Aerospace Research and Development	\$60 000,00	\$0,00	\$0,00	\$60 000,00	36	7	\$11 666,67	\$0,00	\$0,00	\$11 666,67
P262	European Office of Aerospace Research and Development	\$60 000,00	\$0,00	\$0,00	\$60 000,00	36	1	\$1 666,67	\$0,00	\$0,00	\$1 666,67
P263	U. S. Environmental Protection Agency	\$240 000,00	\$0,00	\$0,00	\$240 000,00	36	3	\$20 000,00	\$0,00	\$0,00	\$20 000,00
P273	European Office of Aerospace Research and Development	\$60 000,00	\$0,00	\$0,00	\$60 000,00	36	2	\$3 333,33	\$0,00	\$0,00	\$3 333,33
P279	European Office of Aerospace Research and Development	\$60 000,00	\$0,00	\$0,00	\$60 000,00	36	7	\$11 666,67	\$0,00	\$0,00	\$11 666,67
P280	European Office of Aerospace Research and Development	\$60 000,00	\$0,00	\$0,00	\$60 000,00	36	1	\$1 666,67	\$0,00	\$0,00	\$1 666,67
P286	European Office of Aerospace Research and Development	\$60 000,00	\$0,00	\$0,00	\$60 000,00	36	3	\$5 000,00	\$0,00	\$0,00	\$5 000,00
P287	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	\$700 000,00	\$0,00	\$0,00	\$700 000,00	36	5	\$97 222,22	\$0,00	\$0,00	\$97 222,22
P300	U.S. Department of Health and Human Services / Biotechnology Engagement Program	\$249 930,00	\$0,00	\$0,00	\$249 930,00	30	12	\$99 972,00	\$0,00	\$0,00	\$99 972,00
P302	U.S. Department of Health and Human Services / Biotechnology Engagement Program	\$207 790,00	\$0,00	\$0,00	\$207 790,00	30	12	\$83 116,00	\$0,00	\$0,00	\$83 116,00
P322	U. S. Environmental Protection Agency	\$325 000,00	\$0,00	\$0,00	\$325 000,00	36	11	\$99 305,56	\$0,00	\$0,00	\$99 305,56

Forecasted Project Expenditure by Funding Party for FY2010 - Final

Project #	Partner Name if Partner Project	U.S. Amount Funded Total	CA Amount Funded Total	EU Amount Funded Total	Total Funded by All FPs	Duration of Project in Months	# of Months in 2010 project active	U.S. Amount Budgeted in 2010	CA Amount Budgeted in 2010	EU Amount Budgeted in 2010	Total Amount Budgeted in 2010
P333	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	\$545 000,00	\$0,00	\$0,00	\$545 000,00	24	12	\$272 500,00	\$0,00	\$0,00	\$272 500,00
P335	European Office of Aerospace Research and Development	\$90 000,00	\$0,00	\$0,00	\$90 000,00	37	12	\$29 189,19	\$0,00	\$0,00	\$29 189,19
P340	European Office of Aerospace Research and Development	\$60 000,00	\$0,00	\$0,00	\$60 000,00	36	12	\$20 000,00	\$0,00	\$0,00	\$20 000,00
P344	U.S. Department of Energy / Initiatives for Proliferation Prevention Program	\$210 000,00	\$0,00	\$0,00	\$210 000,00	36	10	\$58 333,33	\$0,00	\$0,00	\$58 333,33
P354	European Office of Aerospace Research and Development	\$20 000,00	\$0,00	\$0,00	\$20 000,00	13	5	\$7 692,31	\$0,00	\$0,00	\$7 692,31
P357	European Office of Aerospace Research and Development	\$20 000,00	\$0,00	\$0,00	\$20 000,00	12	4	\$6 666,67	\$0,00	\$0,00	\$6 666,67
P367	European Office of Aerospace Research and Development	\$20 000,00	\$0,00	\$0,00	\$20 000,00	12	1	\$1 666,67	\$0,00	\$0,00	\$1 666,67
P374	Department of Energy and Climate Change	\$0,00	\$0,00	\$318 527,00	\$318 527,00	24	12	\$0,00	\$0,00	\$159 263,50	\$159 263,50
P381	Department of Energy and Climate Change	\$0,00	\$0,00	\$200 710,00	\$200 710,00	24	12	\$0,00	\$0,00	\$100 355,00	\$100 355,00
P382	U.S. Department of Agriculture / Agriculture Research Service	\$300 000,00	\$0,00	\$0,00	\$300 000,00	24	12	\$150 000,00	\$0,00	\$0,00	\$150 000,00
P383	European Office of Aerospace Research and Development	\$20 000,00	\$0,00	\$0,00	\$20 000,00	12	7	\$11 666,67	\$0,00	\$0,00	\$11 666,67
Unsigned and Forecasted as if signed and started on September 1, 2009											
3913		\$0,00	\$0,00	\$262 701,60	\$262 701,60	36	12	\$0,00	\$0,00	\$87 567,20	\$87 567,20
4390		\$0,00	\$130 197,00	\$131 549,60	\$261 746,60	24	12	\$0,00	\$65 098,50	\$65 774,80	\$130 873,30
4618		\$0,00	\$0,00	\$242 494,00	\$242 494,00	36	12	\$0,00	\$0,00	\$80 831,33	\$80 831,33
4624		\$150 000,00	\$0,00	\$0,00	\$150 000,00	24	12	\$75 000,00	\$0,00	\$0,00	\$75 000,00
4688		\$0,00	\$103 690,00	\$0,00	\$103 690,00	24	12	\$0,00	\$51 845,00	\$0,00	\$51 845,00
4819		\$0,00	\$0,00	\$232 279,60	\$232 279,60	36	12	\$0,00	\$0,00	\$77 426,53	\$77 426,53
4827		\$150 000,00	\$0,00	\$0,00	\$150 000,00	25	12	\$72 000,00	\$0,00	\$0,00	\$72 000,00
4841		\$0,00	\$299 871,00	\$0,00	\$299 871,00	36	12	\$0,00	\$99 957,00	\$0,00	\$99 957,00
4872		\$199 482,00	\$199 482,00	\$0,00	\$398 964,00	36	12	\$66 494,00	\$66 494,00	\$0,00	\$132 988,00
4874		\$200 000,00	\$0,00	\$0,00	\$200 000,00	24	12	\$100 000,00	\$0,00	\$0,00	\$100 000,00
4876		\$200 000,00	\$200 000,00	\$0,00	\$400 000,00	36	12	\$66 666,67	\$66 666,67	\$0,00	\$133 333,33
4950		\$24 935,00	\$24 936,00	\$0,00	\$49 871,00	24	12	\$12 467,50	\$12 468,00	\$0,00	\$24 935,50
4951		\$0,00	\$24 992,00	\$25 251,80	\$50 243,80	24	12	\$0,00	\$12 496,00	\$12 625,90	\$25 121,90
4953		\$0,00	\$25 000,00	\$25 260,20	\$50 260,20	24	12	\$0,00	\$12 500,00	\$12 630,10	\$25 130,10
4954		\$0,00	\$25 000,00	\$25 260,20	\$50 260,20	24	12	\$0,00	\$12 500,00	\$12 630,10	\$25 130,10
4955		\$24 500,00	\$0,00	\$24 754,80	\$49 254,80	24	12	\$12 250,00	\$0,00	\$12 377,40	\$24 627,40
4956		\$0,00	\$49 500,00	\$0,00	\$49 500,00	24	12	\$0,00	\$24 750,00	\$0,00	\$24 750,00
4957		\$0,00	\$49 995,00	\$0,00	\$49 995,00	24	12	\$0,00	\$24 997,50	\$0,00	\$24 997,50
4960		\$25 000,00	\$25 000,00	\$0,00	\$50 000,00	24	12	\$12 500,00	\$12 500,00	\$0,00	\$25 000,00
4962		\$0,00	\$0,00	\$50 523,20	\$50 523,20	24	12	\$0,00	\$0,00	\$25 261,60	\$25 261,60
4973		\$0,00	\$0,00	\$49 498,40	\$49 498,40	24	12	\$0,00	\$0,00	\$24 749,20	\$24 749,20
4974		\$25 000,00	\$0,00	\$25 260,20	\$50 260,20	24	12	\$12 500,00	\$0,00	\$12 630,10	\$25 130,10
4993		\$17 496,00	\$0,00	\$17 677,80	\$35 173,80	24	12	\$8 748,00	\$0,00	\$8 838,90	\$17 586,90
4995		\$33 650,00	\$0,00	\$0,00	\$33 650,00	12	8	\$22 433,33	\$0,00	\$0,00	\$22 433,33
4996		\$0,00	\$35 000,00	\$0,00	\$35 000,00	18	12	\$0,00	\$23 333,33	\$0,00	\$23 333,33
4999		\$0,00	\$0,00	\$35 313,60	\$35 313,60	18	12	\$0,00	\$0,00	\$23 542,40	\$23 542,40
5001		\$17 500,00	\$17 500,00	\$0,00	\$35 000,00	24	12	\$8 750,00	\$8 750,00	\$0,00	\$17 500,00

Forecasted Project Expenditure by Funding Party for FY2010 - Final

Project #	Partner Name if Partner Project	U.S. Amount Funded Total	CA Amount Funded Total	EU Amount Funded Total	Total Funded by All FPs	Duration of Project in Months	# of Months in 2010 project active	U.S. Amount Budgeted in 2010	CA Amount Budgeted in 2010	EU Amount Budgeted in 2010	Total Amount Budgeted in 2010
5002		\$34 990,00	\$0,00	\$0,00	\$34 990,00	24	12	\$17 495,00	\$0,00	\$0,00	\$17 495,00
5008		\$0,00	\$17 500,00	\$17 682,00	\$35 182,00	21	12	\$0,00	\$10 000,00	\$10 104,00	\$20 104,00
5011		\$11 667,00	\$11 667,00	\$11 788,00	\$35 122,00	12	8	\$7 778,00	\$7 778,00	\$7 858,67	\$23 414,67
5012		\$17 326,00	\$17 326,00	\$0,00	\$34 652,00	24	12	\$8 663,00	\$8 663,00	\$0,00	\$17 326,00
5015		\$0,00	\$0,00	\$35 364,00	\$35 364,00	24	12	\$0,00	\$0,00	\$17 682,00	\$17 682,00
5016		\$0,00	\$0,00	\$35 364,00	\$35 364,00	24	12	\$0,00	\$0,00	\$17 682,00	\$17 682,00
								\$2 046 483,16	\$1 690 810,10	\$3 984 440,51	\$7 721 733,77
								26,50%	21,90%	51,60%	
								80%	80%	80%	
								21,20%	17,52%	41,28%	
								0,0667	0,0667	0,0666	
								27,87%	24,19%	47,94%	

ESTIMATED 2010 INVOICES TO FUNDING PARTIES AS OF Nov. 17, 2009

SECTION A - 2010 ADMINISTRATIVE OPERATING BUDGET DISTRIBUTION

	USA	CA	EU	TOTAL
Non-Recurring Contingency (1/3 each)	\$8 333	\$8 333	\$8 333	\$25 000
Non-Recurring (1/3 each)	\$17 658	\$17 658	\$17 658	\$52 975
Total Non-Recurring	\$25 992	\$25 992	\$25 992	\$77 975
Recurring (27.87% + 24.19% + 47.94%)	\$471 105	\$408 899	\$810 361	\$1 690 365
Recurring Contingency (27.87% + 24.19% + 47.94%)	\$2 787	\$2 419	\$4 794	\$10 000
Total Recurring	\$473 892	\$411 318	\$815 155	\$1 700 365
TOTAL DRAFT 2010 ADMINISTRATIVE OPERATING BUDGET	\$499 884	\$437 310	\$841 147	\$1 778 340

SECTION B - 2010 SHARED SUPPLEMENTAL BUDGETS DISTRIBUTION

	USA	CA	EU
04 - Business Training/Sustainability Support	\$46 000	\$46 000	€ 31 000
05 - Patent Support	\$10 000	\$10 000	€ 7 000
09 - Seminars/Workshop Support	\$20 000	\$20 000	€ 13 000
13 - Institute Sustainability	\$10 000	\$10 000	€ 7 000
TOTAL 2010 SHARED SUPPLEMENTAL BUDGETS	\$86 000	\$86 000	€ 58 000

SECTION C - PROJECTED 2010 INVOICES TO FUNDING PARTIES

	USA	CA	EU	EU Undesignated	TOTAL
2010 Administrative Operating Budget	\$ 499 883,68	\$ 437 309,66	\$ 841 146,66		\$1 778 340,00
2010 Shared Supplemental Budgets	\$ 86 000,00	\$ 86 000,00	See Table D Below		\$172 000,00
2010 Non-Shared Funding Party Supplemental Budgets	\$ 880 000,00	\$ 1 280 000,00	See Table D Below		\$2 160 000,00
Less 2009 Funding Party Interest Earned	\$ -36 060,72	\$ -22 878,11		\$ -52 241,88	-\$111 180,71
Less 2009 Partner Interest (32.70%, 18.20%, 49.10%)	\$ -18 473,29	\$ -10 281,80	\$ -27 738,23		-\$56 493,32
Less 2009 Partner Project Fees (32.70%, 18.20%, 49.10%)	\$ -62 130,00	\$ -34 580,00	\$ -93 290,00		-\$190 000,00
Plus 2009 Bad Debt Expense (1/3 Each)	\$ 7 000,00	\$ 7 000,00	\$ 7 000,00		\$21 000,00
Less 2009 Cash Over (1/3 each)	\$ -	\$ -	\$ -		\$0,00
Plus 2009 Exchange Losses (1/3 each)	\$ 10 000,00	\$ 10 000,00	\$ 10 000,00		\$30 000,00
Less 2009 AOB Non-Recurring Contingency Remaining (1/3 each)	\$ -44,08	\$ -44,08	\$ -44,08		-\$132,24
Less 2009 AOB Non-Recurring Remaining (1/3 each)	\$ -319,94	\$ -319,94	\$ -319,94		-\$959,82
Less 2009 AOB Recurring Remaining (32.65% + 17.12% + 50.23%)	\$ -3 265,00	\$ -1 712,00	\$ -5 023,00		-\$10 000,00
Less 2009 AOB Recurring Contingency Remaining (32.65% + 17.12% + 50.23%)	\$ -39 384,72	\$ -20 651,34	\$ -60 590,94		-\$120 627,00
Less 2009 Shared SBs remaining	\$ -34 793,90	\$ -35 523,42		\$ -24 896,32	-\$95 213,64
Less 2009 Solely Funded SBs remaining	\$ -65 584,87	\$ -450 606,87		-€ 154 139,13	No Sum, #s in USD & EUR
TOTAL 2010 PROJECTED INVOICES TO FUNDING PARTIES	\$ 1 222 827,16	\$ 1 243 712,10	\$ 671 140,47	No Sum, #s in USD & EUR	\$3 137 679,73

SECTION D - 2010 ESTIMATED EU DISTRIBUTION IN EUROS BY ARTICLE OF BFA 2009

	EU in USD	EU in Euro assume \$1.50 to 1 Euro
Article 1.1 of BFA 2009		
2010 Shared SBs		€ 58 000
2010 EU SB 01.02 - Technical, Collaborator, and Contractor Travel Support (Project Related)		€ 15 000
2010 EU SB 05.03 - E.U. Patent Support		€ 5 000
2010 EU SB 06.03 - E.U. Travel and Mobility Support		€ 70 000
2010 EU SB 08.01 - E.U. Tech. Reviewers		€ 90 000
2010 EU SB 09.02 - E.U. Sem. & Workshops		€ 20 000
2010 EU SB 16.01 - E.U. Partnership Promotion		€ 200 000
Total For Article 1.1 of BFA 2009		€ 458 000
Article 1.2 of BFA 2009		
EU Share of '10 AOB Net of interest, remaining '09 AOB, etc.(sum of all shaded in green above)	\$671 140,47	€ 447 427
2010 Request for EU SB 10.01 - E.U. Service Contracts		€ 360 000
Total Article 1.2 of BFA 2009		€ 807 427
TOTAL 2010 ESTIMATED EU DISTRIBUTION IN EUROS BY ARTICLE OF BFA 2009	\$671 140,47	€ 1 265 427

**STCU 29th BOARD RECORD OF
DECISIONS – NOVEMBER 19, 2009**



SCIENCE & TECHNOLOGY
CENTER IN UKRAINE

The STCU Governing Board, at its 29th meeting, made the following decisions:

- Approved nine (9) regular projects (including continuations) for a total of USD \$250,000 + €1,020,510 (subject to funds availability).
- Approved six (6) STCU-Moldovan Academy of Sciences Targeted R&D Initiative projects for a total of USD \$124,989 and €16,906 (subject to funds availability).
- Approved nine (9) STCU-Azerbaijan Academy of Sciences Targeted R&D Initiative projects for a total of USD \$370,409 and €50,711 (subject to funds availability).
- 2010 Administrative Operating Budget (AOB) approved as presented (Total \$1,778,340): sharing ratios for the 2010 AOB will be USA – 27.87%, EU – 47.94%, and Canada 24.19% (subject to funds availability).
- Approved Supplemental Budget (SB) as presented with \$92,000 & €31,000 for Activity 04.01, \$20,000 & €7,000 for Activity 05.01, \$40,000 & €13,000 for Activity 09.01, and \$20,000 & €7,000 for Activity 13.01, according to pledged amounts by each Funding Party, as well as \$880,000 assigned to Activities by the USA, €760,000 assigned to Activities by the EU, \$1,280,000 assigned to Activities by CA and \$12,000 assigned to Activities by Partners.
- Approved the creation of Supplemental Budget #15 – Partner Promotion & Support Program (Canada) and Supplemental Budget #16 – Partner Promotion & Support Program (EU).
- Accepted the 2008 STCU Annual Report as presented.
- Accepted the December 31, 2008 Financial Statement Audit Report and Management Letter as presented.
- Approved greater than ten (10) percent overspend of 2008 Administrative Operating Budget (AOB) Subscriptions and Publications, Building Supplies, Legal Services, and Other Professional Services line items.
- Approved greater than ten (10) percent overspend of 2009 Administrative Operating Budget (AOB) Bank Fees - Offshore and Building Supplies line items.
- Rejected the results of the tender for the auditor of the Year Ended December 31, 2009 and December 31, 2010 STCU financial statements, and instructed the STCU Secretariat to perform the tender again taking into account the instructions of the Governing Board.
- Confirmed extension of current Executive Director (US) Andrew A. Hood for a two-year term beginning on August 8, 2010.

**STCU 29th BOARD RECORD OF
DECISIONS – NOVEMBER 19, 2009**



SCIENCE & TECHNOLOGY
CENTER IN UKRAINE

- Confirmed extension of current Deputy Executive Director – (US) Victor Korsun for a one-year term beginning on June 15, 2010.
- Confirmed extension of current Chief Financial Officer (USA) Curtis Bjelajac for a one-year term beginning on July 1, 2010.
- Noted introduction of Nine (9) new Partners to the STCU since the June 2009 28th STCU Board of Governors meeting, including: **Mercator Ocean (EU); Forschungszentrum Karlsruhe (EU); CIEMAT (Centro de Investigaciones Energeticas, Medioambientales y Tecnologicas) (EU); KSM Technologies - KJT Enterprises Inc. (US); David D. Sweere & Sons Intl., Ltd (US); Inspirion Biosciences (US); National Institute of Allergy and Infectious Diseases (US); OGS (Istituto nazionale di Oceanografia e di Geofisica Sperimentale) (EU) and University of Liverpool (EU).**
- Confirmed seventeen (17) new Partner Projects activities approved since the June 2009 28th STCU Board of Governors Meeting for a total of **\$1,811,820 and €699,083**, including: **P-329 – IFREMER, (EU), P347 – U.S. Department of Health and Human Services, Bio-Technology Engagement Program (BTEP), (USA), P368 & P383–European Office of Aerospace Research and Development, (USA), P-379 – U.S. Environmental Protection Agency, (USA), P388- Department of Applied Physics of the Royal Institute of Technology of Sweden, (EU), P-391 – The Eaton Corporation, (USA), P-393 and P-404 – MARIS, (USA), P-394 – E.O. Paton International Holdings Inc., (CA), P-395 – U.S. DOE / IPP Program, (USA), P-396 and P-397 – U.K. Department of Energy and Climate Change, (EU), P-398 – Institute of Plasma Physics, Czech Republic, (EU), P-400 – Mercator Ocean, (EU), P-405 – Forschungszentrum Karlsruhe, (EU), and P-413 – The Boeing Company, (USA); also confirmed fourteen (14) Partner Project contract extensions with P-003j and P-003k - U.S. National Cancer Institute, (USA), P-143b and P-154a – DOE / IPP Program, (USA), P-170a - Institute for Radioprotection and Nuclear Safety (IRNS), (EU), P-179a - Meteorologische Messtechnik GmbH (METEK), (EU), P-207a - Discovery Technology, (USA), P-254a and P-256a – MARIS, (EU), P-259b – Scionix Holland B.V., (EU), P-269a – Thales Alenia Space, (EU), P-277a – U.S. Environmental Protection Agency, (USA), P-278c - Center for Biomolecular Magnetic Resonance (BMRZ), (EU), and P-334b – U.K. Department of Energy and Climate Change, (EU), for a total of **\$1,363,418 and €571,956**.**

Mr. V. Alessi
USA
Board Member

Ms. S. Hey
Acting Canadian
Board Member

Mr. Y. Yatskiv
Ukrainian Board
Member

Mrs. M. Minch
EU Board Member
(for the European Commission)

H.E. Amb. S. Gullgren
EU Board Member
(for the EU Presidency)



STCU Funding Table

29th Governing Board Meeting

19 November 2009

#	Country Code	City	Full Title	Leading Institution	Requested Funds	USA (US \$)	Canada (US \$)	European Union (EURO)	Other (US \$)	Total Funding (US \$)	Total Funding (US \$ + EURO)	Comments Conditions
3531	GE	Tbilisi	Development of effective ways to minimize negative consequences of attacks on underground systems of	G. Tsulukidze Mining Institute	\$165,562							US:2 Canada:2 EU:2
4182	UA	Kyiv	Development of new heat-resistant and heat cycling resistant material working in	Closed joint-stock company Scientific and Industrial Concern "Nauka"	\$200,376			€ 135,499			€ 135499	US:2 Canada:2 EU:5
4271	UA	Odessa	Improvement of the Sonar Detection Ability under Complex Acoustic	"Diskret" Special Design Office of Odessa National Polytechnical University.	\$480,380							US:2 Canada:2 EU:2
4283	UA	Kyiv	Multi-Agent Control of Autonomous Unmanned Vehicles under Conflict and	V.M. Glushkov Institute of Cybernetics	\$173,150							US:2 Canada:2 EU:2
4386	GE	Tbilisi	Lateral structure of Earth's crust of BlackSea according to seismo-gravitational tomography and three-dimensional seismomodeling	Institut of Geophysics, Georgian Academy of Sciences	\$299,877							US:2 Canada:2 EU:2
4450	GE	Tbilisi	Development and synthesis of nanostructure 3D-form products and coatings using the integrated	F. Tavadze Institute of Metallurgy and Material Sciences	\$192,548			€ 130,206			€ 130206	US:2 Canada:2 EU:5
4550	UA	Dnipropetrovsk	Hydrowave power generator	Ukrainian State Chemical and Technological University	\$59,598							US:2 Canada:2 EU:2
4582	AZ	Baku	Elaboration of method of distinction and improvement of saline soils by using cosmic information	Institute for Space Research of Natural Resources	\$149,740							US:2 Canada:2 EU:2
4607	AZ	Ganja	Working out of electrochemical and ozonized methods for purification of enterprises'	Azerbaijan Technical University	\$199,247							US:2 Canada:2 EU:2
4608	UA	Kharkiv	Development of control system for orientation and stabilization of elastic space	National Technical University "Kharkiv Polytechnical Institute"	\$79,792							US:2 Canada:2 EU:2
4613	UA	Kharkiv	Developing of dark matter detector on base doped	State Scientific Institution "Institute for Single Crystals"	\$69,728							US: Canada:2 EU:2
4620	UA	Kharkiv	Cryogenic pneumatic automobile (Development of design conception, safety and	B.I. Verkin Institute for Low Temperature Physics and Engineering	\$90,150							US:2 Canada:2 EU:2

1. Review Incomplete
2. Review Complete - No willingness to fund
3. Rewrite / resubmit - see comments
4. Same as 3

5. Approved for funding.
See comments
6. Proj. Dev Grant awarded
7. N/A



STCU Funding Table

29th Governing Board Meeting

19 November 2009

#	Country Code	City	Full Title	Leading Institution	Requested Funds	USA (US \$)	Canada (US \$)	European Union (EURO)	Other (US \$)	Total Funding (US \$)	Total Funding (US \$ + EURO)	Comments Conditions
4623	UA	Dnipropetrovsk	Technologies and Equipment for Seed Grain Presowing Ozone Treatment to Increase Crop Plant Emergence	"Elevator" Science and Production Enterprise	\$198,598							US:2 Canada:2 EU:2
4679	GE	Tbilisi	"Progenitors of Pirrolocoumarine Triclicce Condensed Systems with Aniviral Activity and for the Struggle Against	Georgian Technical University	\$82,000							US:2 Canada:2 EU:2
4680	GE	Tbilisi	SOFTWARE MODULES ELABORATION FOR IDENTIFIER ESTIMATING PLANT'S DIFFERENTIAL MODEL PARAMETERS	I. Vekua Sukhmy Institute of Physics and Technology	\$159,960							US:2 Canada:2 EU:2
4696	UA	Kharkiv	Development of position sensitive X-Ray detectors on base of rare earth high density oxide	Institute for Scintillation Materials of the Institute for Single Crystals R&D Corporation	\$220,945							US:2 Canada:2 EU:2
4713	GE	Tbilisi	Development of technology for production of environmentally friendly industrial explosives based on nitrocellulose	G. Tsulukidze Mining Institute	\$198,000							US:2 Canada:2 EU:2
4721	GE	Tbilisi	Development and fabrication of novel superhard materials based on shock wave and SHS technologies	F. Tavadze Institute of Metallurgy and Material Sciences	\$190,000							US:2 Canada:2 EU:2
4730	GE	Kobuleti	Development of technology of production and application in agriculture of the novel anti-pathogenic preparations	Plant Immunity Institute	\$199,975							US:2 Canada:2 EU:2
4732	GE	Tbilisi	Device for regulation of rail-cars' speed meant for technical stations	Georgian Technical University	\$65,096							US:2 Canada:2 EU:2
4744	GE	Tbilisi	Methods of nanoparticle production using extremophiles	E. Andronikashvili Institute of Physics	\$293,965		\$250,000			\$250,000	\$250000	US:2 Canada:5 EU:2
4745	GE	Tbilisi	Development of new environmentally safe technology for processing gold-bearing polymers	F. Tavadze Institute of Metallurgy and Material Sciences	\$170,926							US:2 Canada:2 EU:2
4753	GE	Tbilisi	Development of software for calculation and design of novel means for reliability of hydraulic pipelines	G. Tsulukidze Mining Institute	\$113,902							US:2 Canada:2 EU:2
4760	GE	Tbilisi	Data Base of Caucasian Natural Medicinal Means Based on the Ananlysis of Georgian Traditional Medicines	Tbilisi State Medical University	\$249,924							US:2 Canada:2 EU:2

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7. N/A



STCU Funding Table

29th Governing Board Meeting

19 November 2009

#	Country Code	City	Full Title	Leading Institution	Requested Funds	USA (US \$)	Canada (US \$)	European Union (EURO)	Other (US \$)	Total Funding (US \$)	Total Funding (US \$ + EURO)	Comments Conditions
4766	UA	Kharkiv	Effects of low-level electromagnetic radiation on cell death and survival	V.N. Karazin Kharkiv National University	\$90,000							US:2 Canada:2 EU:2
4772	AZ	Baku	Impact of agronomic, biometeorological and environmental physical activity factors on efficacy of	Institute of Botany	\$238,100							US:2 Canada:2 EU:2
4784	GE	Tbilisi	New technology of complex phytoremediation of soils on basis of biosurfactants and biological plants	Durmishidze Institute of Biochemistry and Biotechnology	\$250,000			€ 169,056			€ 169056	US:2 Canada:2 EU:5
4786	AZ	Baku	Creation of Radiation Resistant Electronic Materials for High Level	Institute of Physics	\$280,343							US:2 Canada:2 EU:2
4789	UA	Kharkiv	Biomechanical analysis in jawbone-face surgery and oral implantologists on the base computer tomography	KHARKIV STATE UNIVERSITY OF FOOD TECHNOLOGY AND TRADE	\$146,236							US:2 Canada:2 EU:2
4790	UA	Kyiv	Making safer the productive extraction of minor metals by eliminating intentional generation of gaseous	Physical and Technological Institute of Metals and Alloys	\$241,858			€ 155,532			€ 155532	US:2 Canada:2 EU:5
4816	UA	Kharkiv	Nano-Palladium on Spherical Silica as a Novel Renewable Catalyst for Microwave-Assisted Reactions	State Scientific Institution "Institute for Single Crystals"	\$190,348							US:2 Canada:2 EU:2
4848	UA	Kharkiv	Spin S=1 transitions in $^4\text{He}(\gamma, n)\text{T}$ reaction with photons of energies up to 50 MeV	National Science Center "Kharkiv Institute of Physics and Technology"	\$92,144							US:2 Canada:2 EU:2
4853	GE	Tbilisi	Nonoscale Molecular Machines Modeling Software Creation	Tbilisi I. Javakhishvili State University	\$114,450							US:2 Canada:2 EU:2
4854	GE	Tbilisi	The application of random fields theory to the windenergy potential investigation under mountainous complicated	Research Centre of Renewable Energy	\$189,208							US:2 Canada:2 EU:2
4856	UA	Dnipropetrovsk	Methodology Development for Ecocorridors and Buffer Zones Evolution Satellite Monitoring in Information	National Aerospace Educational Center of Ukrainian Youth	\$171,764							US:2 Canada:2 EU:2
4861	GE	Tbilisi	Development of environmentally friendly technology for purification of geothermal waters containing	Tbilisi I. Javakhishvili State University	\$168,850							US:2 Canada:2 EU:2

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See comments
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7. N/A



STCU Funding Table

29th Governing Board Meeting

19 November 2009

#	Country Code	City	Full Title	Leading Institution	Requested Funds	USA (US \$)	Canada (US \$)	European Union (EURO)	Other (US \$)	Total Funding (US \$)	Total Funding (US \$ + EURO)	Comments Conditions
4863	AZ	Baku	Participation by Azerbaijan in the establishment of the Biosafety Association for Central Asia and Caucasus	Republican Anti-Plague Station	\$25,000			€ 16,906			€ 16906	US:2 Canada:2 EU:5
4865	GE	Tbilisi	Development of Effective Disposal of Polluted Former Military Installations	Petre Melikishvili Institute of Physical and Organic Chemistry	\$146,688							US:2 Canada:2 EU:2
4866	GE	Tbilisi	Development of new B4C-BN TiC-SiC-C nanoceramic and polymer composites for working under other extreme conditions	Georgian Technical University	\$154,313							US:2 Canada:2 EU:2
4881	UA	Kharkiv	Phase transformations and corrosion in candidate materials for Super Critical Water Reactor: Theoretical	Institute for Theoretical Physics, National Science Center "Kharkov Institute of Physics & Technology"	\$99,992							US:2 Canada:2 EU:2
4887	AZ	Baku	EASTERN CAUCASUS-KOPETDAG: GEOLOGY-GEOPHYSICAL MODEL AND GEODYNAMIC RECONSTRUCTION OF ALPINE EVOLUTION OF THE TETHYS NORTHERN	Institute of Geology	\$215,786							US:2 Canada:2 EU:2
4888	GE	Tbilisi	Development of ATLAS tile Calorimeter, GRID Cluster and search for some rare processes	Institute of High Energy Physics and Informatization of TSU	\$420,084							US:2 Canada:2 EU:2
4896	UA	Kharkiv	Defect management for improvement of solar cells processing	National Science Center "Kharkiv Institute of Physics and Technology"	\$239,293							US:2 Canada:2 EU:2
4899	AZ	Baku	Creation of the Database of Regional Information Resources	SCIENCE INNOVATIONS CENTRE	\$269,305							US:2 Canada:2 EU:2
4903	UA	Kyiv	Multifunctional materials from approximants of quasicrystals based on advanced rapid solidification	Frantsevich Institute for Problems of Materials Science National Academy of Sciences of Ukraine	\$160,000							US:2 Canada:2 EU:2
4904	UA	Kyiv	Novel wear-resistant Fe-Cr-Al - based coatings	G.V. Kurdyumov Institute for Metal Physics	\$191,651							US:2 Canada:2 EU:2
4908	UA	Kyiv	Novel nanocarbon-polymer composites with enhanced shielding and thermal properties	Kyiv Taras Shevchenko University	\$208,225			€ 140,807			€ 140807	US:2 Canada:2 EU:5
4943	UA	Kyiv	Development of All-Optical Logic Gates Based on Two-Dimensional Semiconductor Photonic Crystals	V.E. Lashkaryov Institute of Semiconductor Physics	\$154,894							US:2 Canada:2 EU:2

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See comments
6. Proj. Dev Grant awarded
7. N/A



STCU Funding Table

29th Governing Board Meeting

19 November 2009

#	Country Code	City	Full Title	Leading Institution	Requested Funds	USA (US \$)	Canada (US \$)	European Union (EURO)	Other (US \$)	Total Funding (US \$)	Total Funding (US \$ + EURO)	Comments Conditions
4949	UA	Kyiv	Network nanostructure and abnormally high wear resistance of boride coatings on iron-chromium alloys	I.M. Frantsevich Institute of Problems of Materials Science	\$189,120							US:2 Canada:2 EU:2
5019	GE	Tbilisi	Natural Zeolite - Means for Increasing Cereal Crops Yield, Improving Product Quality and Environment Protection	Melikishvili Institute of Physical and Organic Chemistry	\$130,000							US:2 Canada:2 EU:2
5024	GE	Tbilisi	Elaboration of non-cyanide method for the extraction of noble metals from sulfide raw material	Agladze Institute of Inorganic Chemistry and Electrochemistry	\$103,840							US:2 Canada:2 EU:2
5039	UA	Kyiv	Low temperature treatment of tool steels	G.V. Kurdyumov Institute for Metal Physics	\$167,316			€ 113,143			€ 113143	US:2 Canada:2 EU:5
5067	UA	Kharkiv	Development of Novel Nanophotonic Technologies and Devices For Detection of Dangerous and Toxic Organic Substances in Air	Kharkiv State Technical University of Radioelectronics	\$235,663			€ 159,361			€ 159361	US:2 Canada:2 EU:5
5070	UA	Kyiv	Development of Soundproofing Materials Using Carbon Nanotube Reinforced Polymer	Kyiv Taras Shevchenko University	\$205,300							US:2 Canada:2 EU:2
5096	UA	Kyiv	Plasticizers for Polyamides with improved migration resistance	Institute for Bioorganic Chemistry and Petrochemistry	\$159,994							US:2 Canada:2 EU:2
5130	GE	Tbilisi	High density optical information recording in polymeric matrix activated with metal nanoparticles and organic dyes	A. Eliashvili Institute of Control Systems	\$91,535							US:2 Canada:2 EU:2
5141	GE	Tbilisi	Development of new generation nanofluid for thermosiphon cooling system	E. Andronikashvili Institute of Physics	\$89,640							US:2 Canada:2 EU:2
Subtotal Regular Projects Approved:					\$10,134,379	\$0	\$250,000	€ 1,020,510	\$0	\$250,000	\$ 250000 € 1020510	
5050	MD	Chisinau	Quantum interference effects and thermoelectricity in semimetal nanowires	Institute of Electronic Engineering and Industrial Technologies	\$50,000		\$25,000			\$25,000	\$ 25000	US:2 Canada:5 EU:2
5052	MD	Chisinau	Creation of the cataloged information resources "Freshwater Algae Data Bank of Moldova"	State University of Moldova	\$49,984	\$12,496	\$12,496			\$24,992	\$ 24992	US:5 Canada:5 EU:2
5060	MD	Chisinau	Development of Efficient Ecologically-Friendly Cavitation Technology of Preparation of Homogeneous Graphene for Textile Yarn	Institute of Applied Physics	\$49,999	\$12,499		€ 8,453		\$12,499	\$ 12499 € 8453	US:5 Canada:2 EU:5

1. Review Incomplete
2. Review Complete - No willingness to fund
3. Rewrite / resubmit - see comments
4. Same as 3

5. Approved for funding.
See comments
6. Proj. Dev Grant awarded
7. N/A



STCU Funding Table

29th Governing Board Meeting

19 November 2009

#	Country Code	City	Full Title	Leading Institution	Requested Funds	USA (US \$)	Canada (US \$)	European Union (EURO)	Other (US \$)	Total Funding (US \$)	Total Funding (US \$ + EURO)	Comments Conditions
5062	MD	Chisinau	Photo- and thermally induced spin transitions in molecule-based materials: from theory to applications	Institute of Applied Physics	\$50,000	\$12,500		€ 8,453		\$12,500	\$ 12500 € 8453	US:5 Canada:2 EU:5
5063	MD	Chisinau	Integration of the Methods of Physicochemical Biology in Organic Agriculture	Institute of Genetics and Plant Physiology	\$49,999	\$12,499	\$12,499			\$24,998	\$ 24998	US:5 Canada:5 EU:2
5064	MD		Elaboration of multicomponent filiform nanostructures for thermoelectrical applications	Research Institute "ELIRI" S.A.	\$50,000		\$25,000			\$25,000	\$ 25000	US:2 Canada:5 EU:2
5065	MD	Chisinau	Study of radionuclides and organochlorine pesticides environmental pollution influence and health risk	National Practical-Scientific Center of Preventive Medicine	\$49,998							US:2 Canada:2 EU:2
5071	MD	Chisinau	CO-OPERATIVE GAMMA-RAY GENERATION STIMULATED BY X-RAY PULSE	Institute of Applied Physics	\$49,961							US:2 Canada:2 EU:2
5074	AZ	Baku	Opportunities of making devices registering ionizing radiation on the base of TlInS2 semiconductor	Institute of Radiation Problems, Azerbaijan National Academy of Sciences	\$99,920							US:2 Canada:2 EU:2
5075	AZ	Baku	Quantum wall formation and creation of storage elements in the intercalated mezosopic layered	Institute of Physics	\$99,772	\$24,943	\$24,943			\$49,886	\$ 49886	US:5 Canada:5 EU:2
5076	AZ	Sumgait	Creation of heat-stable and electro-conducting composition materials, including rubbers with high	Institute of Polymer Materials	\$100,000			€ 33,811			€ 33811	US:2 Canada:2 EU:5
5077	AZ	Ganja	Development of two-phases polymer-inorganic systems for separation of components of biological liquids	Ganja Regional Science Center of National Academy of Sciences of Azerbaijan	\$96,110							US:2 Canada:2 EU:2
5078	AZ	Baku	DEVELOPMENT OF THE NEW MULTICOMPONENT SHAPE MEMORY	Special Design Engineering Office on complex treatment of mineral raw materials	\$100,000	\$25,000	\$25,000			\$50,000	\$ 50000	US:5 Canada:5 EU:2
5079	AZ	Baku	Production and follow-up biochemical modification of polyunsaturated fatty acids of microbial origin	Institute of Microbiology	\$100,000	\$25,000	\$25,000			\$50,000	\$ 50000	US:5 Canada:5 EU:2
5080	AZ	Baku	Reception and application of radioprophylactic extracts from some edible mushrooms and medicinal	Institute of Microbiology	\$99,992		\$49,996			\$49,996	\$ 49996	US:2 Canada:5 EU:2

1. Review Incomplete
2. Review Complete - No willingness to fund
3. Rewrite / resubmit - see comments
4. Same as 3

5. Approved for funding.
See comments
6. Proj. Dev Grant awarded
7. N/A



STCU Funding Table

29th Governing Board Meeting

19 November 2009

#	Country Code	City	Full Title	Leading Institution	Requested Funds	USA (US \$)	Canada (US \$)	European Union (EURO)	Other (US \$)	Total Funding (US \$)	Total Funding (US \$ + EURO)	Comments Conditions
5081	AZ	Baku	Development of the ecologically pure fertilizers biochemical production technology	Institute of Chemistry of Additives	\$100,000	\$25,000	\$25,000			\$50,000	\$ 50000	US:5 Canada:5 EU:2
5082	AZ	Baku	Development of biotechnological method for enhancement of oil recovery from exhausted oilfields on Azerbaijan	Institute of Microbiology	\$99,968		\$24,992	€ 16,900		\$24,992	\$ 24992 € 16900	US:2 Canada:5 EU:5
5083	AZ	Baku	Radiogeochemical mapping focal zones of earthquakes in Azerbaijan on the base of GIS technologies	Institute of Radiation Problems of Azerbaijan National Academy of Sciences	\$98,986							US:2 Canada:2 EU:2
5084	AZ	Baku	GIS analysis of the Caspian Sea environmental state using remote sensing and marine investigation data	Institute of Geology	\$98,992	\$49,496				\$49,496	\$ 49496	US:5 Canada:2 EU:2
5085	AZ	Baku	Geophysical monitoring of the exploitation of oil and gas-bearing horizons	Institute of Geology	\$92,078	\$46,039				\$46,039	\$ 46039	US:5 Canada:2 EU:2
5086	AZ	Baku	Simulating of hazardous natural processes within the instability conception	Geology Institute of ANAS	\$100,000							US:2 Canada:2 EU:2
5087	AZ	Baku	The analysis and direction of development of regional scientific information resources	SCIENCE INNOVATIONS CENTRE	\$100,023							US:2 Canada:2 EU:2
Subtotal Targeted R&D Init. Projects Approved:					\$1,785,782	\$245,472	\$249,926	€ 67,617	\$0	\$495,398	\$ 495398 € 67617	
P003J	UA	Kyiv	Scientific Protocol of the Study of Leukemia and Other Hematologic Disorders Among Clean-up Workers of Ukraine Following the Chernobyl Accident	Research Center for Radiation Medicine (RCRM)	\$46,319	\$46,319				\$46,319	\$ 46318.72	US: Canada: EU:
P003K	UA	Kyiv	Scientific Protocol of the Study of Leukemia and Other Hematologic Disorders Among Clean-up Workers of Ukraine Following the Chernobyl Accident	Research Center for Radiation Medicine (RCRM)	\$187,329	\$187,329				\$187,329	\$ 187329	US: Canada: EU:
P143b	UA	Kyiv	Cost-Effective Production of Powder Metallurgy Titanium Components for High-Volume Commercial Applications	Institute for Metal Physics	\$9,255	\$9,255				\$9,255	\$ 9255	US: Canada: EU:
P154a	UA	Donetsk	Process Development: Low Cost, Continuous Nano-Scale Purification Technology of Powdered Carbonaceous Materials for	L.M. Litvinenko Institute of Physical Organic and Coal Chemistry	\$114,800	\$114,800				\$114,800	\$ 114800	US: Canada: EU:

1. Review Incomplete
2. Review Complete - No willingness to fund
3. Rewrite / resubmit - see comments
4. Same as 3

5. Approved for funding.
See comments
6. Proj. Dev Grant awarded
7. N/A



STCU Funding Table

29th Governing Board Meeting

19 November 2009

#	Country Code	City	Full Title	Leading Institution	Requested Funds	USA (US \$)	Canada (US \$)	European Union (EURO)	Other (US \$)	Total Funding (US \$)	Total Funding (US \$ + EURO)	Comments Conditions
P170a	UA	Kyiv	Experimental platform in Chernobyl. Stage II (Epic-2)	Institute of Geological Sciences	€ 5,097			€ 5,097			€ 5097	US: Canada: EU:
P179a	UA	Kharkiv	Development of Meteorological Radars	Institute of Radio Astronomy	€ 365,000			€ 365,000			€ 365000	US: Canada: EU:
P207a	UA	Kyiv	Improvement of advanced high-resolution piezoelectric translation stages for optical and life science applications and manufacturing of pilot batch for marketing	"Lileya" Small Scientific Production Enterprise	\$24,150	\$24,150				\$24,150	\$ 24150	US: Canada: EU:
P254a	UA	Sevastopol	Black sea scientific network	Marine Hydrophysical Institute (MHI)	€ 48,740			€ 48,740			€ 48740	US: Canada: EU:
P256a	UA	Sevastopol	Black Sea Scientific Network, IBSS	O.O. Kovalevsky Institute of Biology of Southern Seas (IBSS)	€ 39,920			€ 39,920			€ 39920	US: Canada: EU:
P259b	UA	Kharkiv	Continuous single crystal growth and halide scintillator performance improvement	Amcrys Ltd.	\$839,966				\$839,966	\$839,966	\$ 839966	US: Canada: EU:
P269a	UA	Kharkiv	Experimental Evaluation of a Two-Phase Mechanically Pumped Loop Prototype as a Thermal Control Mean	(N.Ye. Zhukovskiy) National Aerospace University "Kharkiv Aviation Institute"	€ 88,000			€ 88,000			€ 88000	US: Canada: EU:
P277a	UA	Sevastopol	Development and Application of Diagnostic Tools for Identifying Causes of Environmental Impairments in the Estuarine Systems of Ukraine	O.O. Kovalevsky Institute of Biology of Southern Seas	\$80,000	\$80,000				\$80,000	\$ 80000	US: Canada: EU:
P278c	UA	Kharkiv	Stand for Quasioptical Researches SQR - 110/1	O.Ya. Usikov Institute of Radiophysics and Electronics	€ 25,199			€ 25,199			€ 25199	US: Canada: EU:
P329	UA	Sevastopol	Science and Policy Integration for Coastal Systems Assessment (SPICOSA)	Marine Hydrophysical Institute (MHI)	€ 10,600			€ 10,600			€ 10600	US: Canada: EU:
P334b	UA	Kharkiv	Creation of the Commercialisation Unit of the Scientific & Technological Products of the NSC KIPT	National Science Center "Kharkiv Institute of Physics and Technology"	\$61,599				\$61,599	\$61,599	\$ 61599	US: Canada: EU:
P347	UA	Lviv	Epidemiological Surveillance of Tuberculosis in Ukraine; a Geospatial Approach	Lviv Scientific Research Institute of Epidemiology and Hygiene	\$150,000	\$150,000				\$150,000	\$ 150000	US: Canada: EU:

1. Review Incomplete
2. Review Complete - No willingness to fund
3. Rewrite / resubmit - see comments
4. Same as 3

5. Approved for funding.
See comments
6. Proj. Dev Grant awarded
7. N/A
8. Review complete - to be considered at next GBM



STCU Funding Table

29th Governing Board Meeting

19 November 2009

#	Country Code	City	Full Title	Leading Institution	Requested Funds	USA (US \$)	Canada (US \$)	European Union (EURO)	Other (US \$)	Total Funding (US \$)	Total Funding (US \$ + EURO)	Comments Conditions
P368	UA	Kyiv	Novel manufacturing technologies for GHz/THz integrated circuits on a synthetic diamond substrates	Scientific Industrial Enterprise "Orion" MinMashProm	\$20,000	\$20,000				\$20,000	\$ 20000	US: Canada: EU:
P379	UA	Kyiv	Training Program on Carbon Finance Mechanisms in Ukraine	Institute of Engineering Thermophysics of NASU	\$50,000	\$50,000				\$50,000	\$ 50000	US: Canada: EU:
P383	UA	Kyiv	Advanced polarimetric analysis of anisotropic media with orthogonal eigenmodes	National Taras Shevchenko University of Kyiv, Department of Quantum Radiophysics	\$20,000	\$20,000				\$20,000	\$ 20000	US: Canada: EU:
P388	UA	Kyiv	Structural and magnetic analysis of diluted alloys and interfaces under heat treatment	Institute of Magnetism under NAS and MES of Ukraine	€ 57,000			€ 57,000			€ 57000	US: Canada: EU:
P391	UA	Kyiv	DEVELOPMENT OF WEARRESISTANT COATING FOR ALUMINUM ALLOY PRODUCT WITH COMPLEX GEOMETRY SUITABLE FOR MASS PRODUCTION	E.O. Paton Electric Welding Institute	\$15,000	\$15,000				\$15,000	\$ 15000	US: Canada: EU:
P393	UA	Kerch	BLACK SEA SCIENTIFIC NETWORK - Up -grade (Black Sea SCENE) - YUGNIRO	Southern Scientific Research Institute of Marine Fisheries and Oceanography	€ 61,591			€ 61,591			€ 61591	US: Canada: EU:
P394	UA	Kyiv	High-precision machine for electron beam welding of thin-walled products from thermostable steels	E.O. Paton Electric Welding Institute	\$845,616		\$845,616			\$845,616	\$ 845616	US: Canada: EU:
P395	GE	Tbilisi	Investigation of polymeric biofilms formed by dangerous pathogens, their formation preventing by disinfectants and bacteriophages	G. Eliava Institute of Bacteriophage, microbiology and virology	\$480,000	\$480,000				\$480,000	\$ 480000	US: Canada: EU:
P396	UA	Kyiv	Microstrip Metal Detectors	Institute for Nuclear Research	\$150,798				\$150,798	\$150,798	\$ 150798	US: Canada:
P397	UA	Kharkiv	Market Research and Business planning for "Ultra thin performance magnets"	National Science Center "Kharkiv Institute of Physics and Technology"	\$6,905				\$6,905	\$6,905	\$ 6905	US: Canada: EU:
P398	UA	Kharkiv	Stand for Quasioptical Researches BCA-COMPASS	O.Ya. Usikov Institute of Radiophysics and Electronics	€ 58,800			€ 58,800			€ 58800	US: Canada: EU:
P400	UA	Sevastopol	MyOcean	Marine Hydrophysical Institute (MHI)	€ 439,970			€ 439,970			€ 439970	US: Canada:

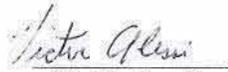
1. Review Incomplete
2. Review Complete - No willingness to fund
3. Rewrite / resubmit - see comments
4. Same as 3

5. Approved for funding.
See comments
6. Proj. Dev Grant awarded
7. N/A
8. Review complete - to be considered at next GBM



STCU Funding Table 29th Governing Board Meeting 19 November 2009

#	Country Code	City	Full Title	Leading Institution	Requested Funds	USA (US \$)	Canada (US \$)	European Union (EURO)	Other (US \$)	Total Funding (US \$)	Total Funding (US \$ + EURO)	Comments Conditions
P413	UA	Kyiv	Investigation and elaboration of high-strength alloys of aluminum 7xxx, additionally alloyed by scandium and TM.	I.M. Frantsevich Institute of Problems of Materials Science	\$73,500	\$73,500				\$73,500	\$ 73500	US: Canada: EU:
Subtotal Partner Projects Approved:					\$ 3,175,237 € 1,271,039	\$1,270,353	\$845,616	€ 1,271,039	\$1,059,268	\$3,175,237	\$ 3175236.72 € 1271039	
TOTAL:					\$ 15,095,398 € 1,271,039	\$1,515,825	\$1,345,542	€ 2,359,166	\$1,059,268	\$3,920,635	\$ 3920634.72 € 2359166	


Mr. V. Alessi*
USA
Board Member


Ms. S. Hey*
Acting Canadian
Board Member


Mr. Y. Yatskiv
Ukrainian
Board Member


Mrs. M. Minch*
EU Board Member
(for the European Commission)


H.E. Amb. Stefan Gullgren
EU Board Member
(for the EU Presidency)

* Commitment conditional upon availability of funds and granting of necessary government approvals.

Status 4 - Comments:

4790 - Recommend considering the result of project#3385

4744 - The project budget for Chavchavadze State University should be reduced by \$43,965, please consider the synergies with Project #5002. The budget for the other institutes should remain unchanged.

4863 - Project is encouraged to find an EU collaborator

Prior to commencement of all Canadian Funded Projects the project manager (PM) is expected to have a Canadian Collaborator. To facilitate this process the PM should engage the redirection team in Ottawa.

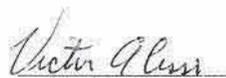
1. Review Incomplete
2. Review Complete - No willingness to fund
3. Rewrite / resubmit - see comments
4. Same as 3

5. Approved for funding.
See comments
6. Proj. Dev Grant awarded
7. N/A
8. Review complete - to be considered at next GBM



STCU Supplemental Budget 29th Governing Board Meeting 19 November, 2009

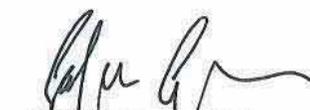
#	Full Title	USA (US \$)	Canada (US \$)	European Union (EURO)	Other (US \$)	Total Funding (US \$)	Total Funding (US \$ + EURO)
Supplemental Budget:							
Activity:							
01	Technical, Collaborator, and Contractor Travel Support (Project Related)	\$30,000	\$120,000	€15,000	-	\$150,000	\$ 150000 €15000
04	Business Training/Sustainability Support	\$46,000	\$46,000	€31,000	-	\$92,000	\$ 92000 €31000
05	Patent Support	\$10,000	\$10,000	€12,000	-	\$20,000	\$ 20000 €12000
06	Travel and Mobility Support	\$0	\$250,000	€70,000	\$12,000	\$262,000	\$ 262000 €70000
08	Expert Review and Advisors	\$0	-	€90,000	-	-	\$ - €90000
09	Seminars/Workshops Support	\$20,000	\$20,000	€33,000	-	\$40,000	\$ 40000 €33000
10	Service Contracts	\$850,000	\$260,000	€360,000	-	\$1,110,000	\$ 1110000 €360000
13	Institute Sustainability	\$10,000	\$10,000	€7,000	-	\$20,000	\$ 20000 €7000
14	Biosecurity & Biosafety	\$0	\$400,000	\$0	-	\$400,000	\$ 400000 €0
15	Partner Promotion & Support - CA	\$0	\$250,000	\$0	-	\$250,000	\$ 250000 €0
16	Partner Promotion & Support - EU	\$0	\$0	€200,000	-	\$0	\$ 0 €200000
Total Supplemental Budget:		\$966,000	\$1,366,000	€818,000	\$12,000	\$2,344,000	\$ 2344000 €818000


Mr. V. Alessi
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Board Member


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Ukrainian
Board Member


Mrs. M. Minch
EU Board Member
(for the European Commission)


Ambassador S. Gullgren
EU Board Member
(for the EU Presidency)

*Subject to the
availability of funds*

Joint Statement from the 29th Meeting of the STCU Governing Board Meeting - 19 November 2009, Kyiv Ukraine

The Twenty Ninth Meeting of the Governing Board of the Science and Technology Center in Ukraine (STCU) convened on 19 November 2009 in Kyiv, Ukraine, on the campus of the National Technical University of Ukraine "Kyiv Polytechnic Institute". Officials from the STCU Governing Parties of Canada, the European Commission, the Embassy of the Kingdom of Sweden (representing the EU Presidency), Ukraine, and the United States of America participated in this meeting. Also present were officials from local diplomatic missions and other representatives from the STCU member parties: the Embassy of Moldova in Ukraine, the Delegation of the European Commission in Ukraine, the Embassy of the United States of America in Ukraine, and the European Commission's Directorate of External Relations, EuropeAid Cooperation Office.

At this meeting, the Governing Board approved nine (9) new regular, government funded scientific projects for a total of \$250 thousand and €1.0 million. The Governing Board also confirmed seventeen (17) new Partner Projects valued at \$1.8 million and €700 thousand, and confirmed fourteen (14) Partner Project contract extensions valued at \$1.4 million and €572 thousand.

The Governing Board also approved nine (9) STCU-Azeri Targeted Initiative projects, totaling \$370,409 and €50,711 (with \$445,401 in matching funds from the Azeri National Academy of Sciences), and six (6) STCU-Moldovan Targeted Initiative projects, totaling \$124,989 and €16,906 (with \$149,991 in matching funds from the Moldovan Academy of Sciences).

The Governing Board also approved the 2010 Administrative Operating Budget and Supplement Budget requests from the STCU Secretariat. Within this approval, the Governing Board created new Canadian and EU Supplemental Programs designed to expand the recruitment of governmental and non-governmental organizations from these two Parties to the STCU Partners Program.

The Governing Board initiated planning for the 15th Anniversary of STCU operations, in commemoration of the first STCU Governing Board Meeting and project funding approvals which occurred in December 1995. To mark the occasion, a conference for senior officials, dignitaries, and past STCU leaders is planned during the time of the 31st STCU Governing Board Meeting, tentatively planned for November 2010.

The Governing Board also approved the re-appointment of the current STCU Executive Director, Mr. Andrew A. Hood, to another two-year term beginning in August 2010, and also approved the one-year extensions of the Deputy Executive Director (USA), Mr. Victor Korsun and the Chief Financial Officer, Mr. Curtis M. Bjelajac.

About STCU: The STCU is an intergovernmental, non-profit organization created with the goal of aiding unemployed or underemployed scientists previously working on the development of weapons of mass destruction. It was created and is governed by the 'Agreement to Establish a Science and Technology Center in Ukraine', originally signed by the governments of Canada, Sweden, Ukraine and the United States of America. Subsequently, Sweden was replaced by the European Union as a Governing Party; Azerbaijan, Georgia, Moldova, and Uzbekistan have also acceded to the STCU Agreement. The STCU finances projects that redirect the know-how of the

scientists, who were formerly involved in military programs, into peaceful sustainable civilian applications. Other than government funded projects, the STCU also works in a number of other spheres of activity: Matchmaking; Promotional Missions; Seminars and Workshops; Partnership Projects; Travel Grants; and Patent Support.

The STCU Governing Board meets on a semi-annual basis to determine the Center's policies and funding for scientific projects and supporting activities. The STCU Secretariat, located in Kyiv, Ukraine, is the main body responsible for fulfilling STCU decisions and policies on a daily basis.

The total STCU project funding to date, including funding from this 29th STCU Governing Board Meeting, now stands at approximately \$195.8 million, with the donors contributing the following amounts: Canada - \$9.3 M, U.S.A.- \$76.6 M, European Union - \$42.2 M (€33.6 M), Non-Government Partners Sector - \$27.8 M, Government Partners Sector - \$38.9 M and Other (Japan, CERN) - \$1.0 M.



Summary of 2009 STCU AOB & SB Results Jan 1st – September 30th, 2009



1



Summary of 2009 AOB



- Total AOB \$131.7K (7.02%) Forecast to be Underspent
 - Recurring Costs \$130.6K Forecast to be Underspent
 - \$36.6K unused local grants (because of turnover)
 - \$15.1K Medical (because of USD appreciation)
 - \$6.5K Travel w/in CIS (because of USD appreciation)
 - \$16.5K Local Travel (because of bus cancellation)
 - \$24.2K Telecomm. Serv. (because of USD appreciation)
 - \$10.8K Regional Offices (because Uzbek office not truly oper.)
 - \$10K unused Contingency-Recurring

2



Recurring Costs

- Local Grant Payments \$36.6K Forecast Underspent
 - One (1) SS departed in Jan '09, will not replace till July
 - Turnover in other two (2) positions left vacancies for a few months
- Medical \$15.1K Forecast Underspent
 - The medical contract is denominated in UAH, thus USD appreciation provided savings
- Travel within/CIS \$6.5K Forecast Underspent
 - Train tickets and hotel costs reduced slightly because of USD appreciation.

3



Recurring Costs (cont.)

- Local Travel \$16.5K Underspent
 - Bus required at Kameniariv, no longer needed at Metalistiv facility (metro nearby)
- Telecomm. Services \$24.2K Forecast Underspent
 - Telephone charges denominated in UAH, thus USD appreciation provided savings
- Regional Offices \$10.8K Forecast Underspent
 - Regional officers traveled only once to Kyiv HQ instead of twice (as budgeted)
- General Office Supplies \$2.0K Forecast Overspent
 - Will be greater than 10% overspent, requiring GB approval

4



Recurring Costs (cont.)

- Bank Fees Offshore \$9.4K Forecast Overspent
 - Originally forecast to be underspent because of “Phasing out” of Uzbek office means forecasted bank transfers to Uzbekistan did not materialize, leading to savings
 - July, Aug., and Sep. '09 the U.S. Federal Deposit Insurance Corporation required depositors with U.S. federally insured deposits to pay additional fees (see attached letter from Deutsche Bank). Additional Fees paid to U.S. FDIC amounted to approx. \$15K of fees
 - Will be greater than 10% overspent, requiring GB approval

5



Non-Recurring Costs

- Breakdown of forecast \$99.9K spent for Non-Recurring Contingency
 - \$45.0K paid to landlord at Kameniariv for rent Jan. and Feb. '09
 - \$15.3K paid to for labor and materials required to finish renovation to standard acceptable to STCU
 - \$2.8K installation of security system
 - \$1.3K installation of blinds on windows
 - \$35K to be spent in second half of 2009 for renovation of building facade, air conditioners, etc..

6

Shared Supplemental Budgets



- SB Activity 04.01 – Bus. Train./Sus. Support
\$172.1K forecast spent

- CTCO (\$136.8K)
 - \$22.6K CTCO Roundtables in Kharkiv, Baku, Tbilisi, Kyiv, Lviv, & Astana
 - \$20K 3-day roundtable with ISIS Innovations
 - \$27.5K for CTCOs to travel to companies & exhibitions in West
 - \$26K for printing Institute Profile Form (IPFs) booklets & posters for 15 CTCO institutes in STCU recipient countries
- Partnership Promotion (\$35.3K)
 - \$9.9K DOE/IPP meetings in D.C.
 - \$8.1K San Fran. Mar. '09, Munich June '09, Boston Sep. '08
 - \$9.7K Attend 22nd NREL (National Renewable Energy Lab) Industry Growth Forum – Nov. '09 in Denver

7

Shared Supplemental Budgets (cont.)



- SB Activity 05.01 – Patent Support Fund
\$35.1K forecast spent
 - \$5K IPR roundtables to be held in Ivano-Frankivsk, Simferopil, Tbilisi, Lviv, Odessa, and Dnipropetrovsk
 - \$18K perform six (6) Nerac searches
 - \$12K process six (6) patent applications
- SB Activity 06.01 – Travel Grant Fund \$26.1K
forecast spent
 - Fifteen (15) travelers funded

8

Shared Supplemental Budgets (cont.)



- SB Activity 09.01 – Workshops/Sem. Support \$39.5K forecast spent
 - \$23.5K spent on Nuclear Forensics workshop in Tbilisi, Georgia
 - \$16.0K spent on Biosafety & Biosecurity workshop in Annecy, France
- SB Activity 12.01 – Targeted Training \$11.4K forecast spent
 - Training sessions to be conducted in all STCU Regional Offices, except Tashkent – six (6) in total

9

Shared Supplemental Budgets (cont.)



- SB Activity 13.01 – Institute Sustainability \$203.4K forecast spent
 - \$89.7K on Univ. of Missouri assessment
 - \$37.7K on ISP Presentations, Ottawa, May 5 - 11, 2009
 - \$30K to support three ISP institutes which weren't financed at GBM28 (3 * \$10K for NERAC study)
 - \$30K for Travel of ISP institutes for participation in exhibitions
 - \$16K fund visits of collaborators to ISP institutes

10

EU Supplemental Budgets



- SB Activity 01.02 – Travel and Mobility Support €3.9K spent
 - €3.9K Korpela, Cumming, Bobokhidze, Foet, Roffi, Saron, Oscarsson
- SB Activity 06.03 – Travel and Mobility Support €55.5K spent
 - €5.0K Hannover-Messe '09
 - €3.0K Zurich, Switzerland, Mar. 10 - 13, '09 (CEG-SAM)
 - €2.0K STCU BioSafety & BioSecurity Workshop, Annecy
 - €27.8K FISA 2009, Prague, 22-24 June '09
 - €15.1K Exhibition & Thematic Rdttable, Stockholm, Oct '09

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EU Supplemental Budgets (cont.)



- SB Activity 08.01 – EU Expert Reviewers €24.7K spent
- SB Activity 09.02 – Seminars/Workshops €12.8K spent
 - €12.8K spent on Nuclear Forensics workshop in Tbilisi, Georgia

12

CA Supplemental Budget



- SB Activity 01.03 – Travel West-East CA
\$8.6K spent

- \$5.3K Vandergraaf visit to Baku & Jacqueline Smith to Kyiv May '09
- \$3.3K CA Public Health traveler to Annecy, France June '09

13

CA Supplemental Budget (cont.)



- SB Activity 06.06 – Travel East-West CA
\$139.3K spent

- \$6.0K BSC certification, USA, Eagleson Ins Aug 21-29, 08
- \$1.9K 51st ABSA Conference, Reno, USA, Oct. 19-22, 08
- \$2.3K NATO-ASI, Ottawa, CA, Nov. 23-Dec. 7, '08
- \$20.0K Montreal, CA, Americana Conference, Mar. '09
- \$35.3K Ottawa, CA, April 26 - May 3, 2009
- \$5.0K Biosafety Org. for Cauc. (BACAC) Almaty, May '09
- \$15.3K World Cong. Biotech & Biopro, Mont, July 19-22 '09
- \$37.2K 14th Semicond. Conf Hamilton, CA Aug 10-14 '09
- \$9.2K 2009 IEEE S & T for Humanity (Sept. 26-27, 2009)
- \$6.3K 2009 CA-UA Business Summit (Sept. 2009) in Kyiv

14

CA Supplemental Budget (cont.)



- SB Activity 14.01 – BioSecurity and BioSafety
CA \$28.2K spent
 - \$4.9K two (2) travelers to EBSA, Stockholm, June '09
 - \$6.8K two (2) travelers to Winnipeg, Mar. '09 to discuss Biorisk Management Standard
 - \$1.0K hotel for Russian scientist in Kyiv late May '09
 - \$9.9K delegation to ABSA Conference, Miami, USA, Oct.18-21, 09
 - \$4.5K Canadian Bio-workshop in Odessa, Oct 6-8, '09

15

US Supplemental Budget



- SB Activity 01.01 – Travel West-East US
\$21.8K spent
 - \$9.5K Alessi travel to Baku GBM in June '09
 - \$9.3K Gitomer travel to UA and GE for technical audits
 - \$3.0K Jonsson, Khoshbin, Zackowitz attendance of STCU BioSafety & BioSecurity Workshop, Annecy

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SCIENCE AND TECHNOLOGY CENTER IN UKRAINE - STCU
STATEMENT OF ADMINISTRATIVE OPERATING BUDGET (AOB)
January 1 - September 30, 2009

	2009	Spent	Projected	Projected	Projected	%
	2009	as of	Final	Final	Remaining	Budget to
	Budget	30-Sep-09	3 Mo. Exp	2009 Exp.	09 Budget	Actual
Personnel						
LOCAL GRANT PAYMENTS	\$ 792 946	\$ 561 357	\$ 195 000	\$ 756 357	\$ 36 589	4,61%
STAFF EDUCATION & TRAINING	\$ 110 580	\$ 60 523	\$ 38 500	\$ 99 023	\$ 11 557	10,45%
EMPLOYEE MORALE & WELFARE	20 000	13 627	8 000	21 627	(1 627)	-8,13%
MEDICAL & DENTAL PLANS	103 633	51 082	37 500	88 582	15 051	14,52%
Subtotal	\$ 1 027 159	\$ 686 589	\$ 279 000	\$ 965 589	\$ 61 570	5,99%
Travel						
INTERNATIONAL TRAVEL	\$ 44 000	\$ 23 811	\$ 22 000	\$ 45 811	\$ (1 811)	-4,12%
TRAVEL WITHIN THE CIS	\$ 150 240	\$ 112 137	\$ 31 600	\$ 143 737	\$ 6 503	4,33%
LOCAL TRAVEL	30 000	9 528	4 000	13 528	16 472	54,91%
Subtotal	\$ 224 240	\$ 145 476	\$ 57 600	\$ 203 076	\$ 21 164	9,44%
Office Operations						
REPRESENTATION	\$ 10 000	\$ 3 357	\$ 5 000	\$ 8 357	\$ 1 643	16,43%
POSTAGE AND DELIVERY	11 000	5 726	4 500	10 226	774	7,04%
CUSTOMS STORAGE	500	4	300	304	196	39,15%
GENERAL OFFICE SUPPLIES	30 800	17 953	10 000	27 953	2 847	9,24%
OFFICE EQUIPMENT REPAIR/MAINT	3 000	450	1 500	1 950	1 050	35,01%
VEHICLE OPERATIONS	27 000	19 405	7 000	26 405	595	2,20%
PRINTING AND REPRODUCTION	18 000	6 622	12 000	18 622	(622)	-3,46%
TELECOMMUNICATIONS SERVICES	75 000	30 799	20 000	50 799	24 201	32,27%
BUSINESS MEETINGS & CONFERENCES	6 000	4 607	1 500	6 107	(107)	-1,78%
SUBSCRIPTIONS AND PUBLICATIONS	6 000	2 739	3 000	5 739	261	4,35%
BUILDING SUPPLIES	13 200	11 162	4 000	15 162	(1 962)	-14,86%
BRANCH OFFICES OVERHEAD	\$ 60 000	\$ 26 149	\$ 23 050	\$ 49 199	\$ 10 801	18,00%
INSURANCE EXPENSE	11 550	5 776	5 000	10 776	774	6,70%
BANK FEES - OFFSHORE	65 000	59 429	15 000	74 429	(9 429)	-14,51%
BANK FEES - ONSHORE	33 000	21 489	6 200	27 689	5 311	16,09%
Subtotal	\$ 370 050	\$ 215 667	\$ 118 050	\$ 333 717	\$ 36 333	9,82%
Contracted Services						
LEGAL SERVICES	\$ 5 000	\$ 957	\$ 4 000	\$ 4 957	\$ 43	0,86%
ACCOUNTING AND AUDITING	95 160	95 160	-	95 160	-	0,00%
OTHER PROFESSIONAL	19 250	2 733	15 000	17 733	1 517	7,88%
Subtotal	\$ 119 410	\$ 98 850	\$ 19 000	\$ 117 850	\$ 1 560	1,31%
Subtotal Recurring Costs	\$ 1 740 859	\$ 1 146 582	\$ 473 650	\$ 1 620 232	\$ 120 627	6,93%
Contingency - Recurring	10 000	-	-	-	10 000	100,00%
Total Recurring Costs	\$ 1 750 859	\$ 1 146 582	\$ 473 650	\$ 1 620 232	\$ 130 627	7,46%
Facilities						
FACILITY IMPROVEMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
FURNITURE & FIXTURES	3 000	946	2 000	2 946	54	1,81%
TELECOMMUNICATIONS EQUIPMENT	-	-	-	-	-	N/A
OFFICE EQUIPMENT	4 000	(387)	4 000	3 613	387	9,69%
VEHICLE PURCHASE	-	-	-	-	-	N/A
COMPUTER HARDWARE	7 700	1 272	6 000	7 272	428	5,56%
COMPUTER SOFTWARE	10 250	8 360	1 800	10 160	90	0,88%
Subtotal Non-Recurring Costs	\$ 24 950	\$ 10 190	\$ 13 800	\$ 23 990	\$ 960	3,85%
Contingency - Non-Recurring	100 000	75 868	24 000	99 868	132	0,13%
Total Non-Recurring Costs	\$ 124 950	\$ 86 058	\$ 37 800	\$ 123 858	\$ 1 092	0,87%
TOTAL BUDGET:	\$ 1 875 809	\$ 1 232 640	\$ 511 450	\$ 1 744 090	\$ 131 719	7,02%

SCIENCE AND TECHNOLOGY CENTER IN UKRAINE - STCU
STATEMENT OF SUPPLEMENTAL BUDGET ACTIVITY
as of September 30, 2009

Activity	Sub-Activity	Supplemental Expense	Budget	Expended as of September 30, '09	Projected Rem. 3 mo. Exp.	Total Remaining Budget
01	TECHNIC., COLLABOR., CONT. TRAV. SUPP.		\$ 280000 + € 30000	\$ 30344.24 + € 3863.3	\$ 8000 + € 11300	\$ 241655.76 + € 14836.7
	01.01	- U.S. DESIGNATED TRAVELERS	\$ 30 000,00	\$ 21 782,26	\$ 8 000,00	\$ 217,74
	01.02	- E.U. DESIGNATED TRAVELERS	€ 30 000,00	€ 3 863,30	€ 11 300,00	€ 14 836,70
	01.03	- C.A. DESIGNATED TRAVELERS	\$ 250 000,00	\$ 8 561,98	\$ -	\$ 241 438,02
04	BUSINESS TRAINING/SUSTAIN. SUPP.					
	04.01	- SHARED	\$ 185 000,00	\$ 78 191,24	\$ 93 878,00	\$ 12 930,76
05	PATENT SUPPORT		\$ 70000 + € 10000	\$ 2564.47 + € 0	\$ 32500 + € 0	\$ 34935.53 + € 10000
	05.01	- SHARED	\$ 70 000,00	\$ 2 564,47	\$ 32 500,00	\$ 34 935,53
	05.03	- EU DESIGNATED	€ 10 000,00	€ -	€ -	€ 10 000,00
06	TRAVEL AND MOBILITY SUPPORT		\$ 640199.91 + € 90000	\$ 268920.07 + € 55450.05	\$ 10000 + € 24000	\$ 361279.84 + € 10549.95
	06.01	- TRAVEL GRANT FUND (SHARED)	\$ 25 000,00	\$ 26 076,11	\$ -	\$ (1 076,11)
	06.02	- U.S. DESIGNATED TRAVELERS	\$ -	\$ -	\$ -	\$ -
	06.03	- E.U. DESIGNATED TRAVELERS	€ 90 000,00	€ 55 450,05	€ 24 000,00	€ 10 549,95
	06.04	- PARTNER DESIGNATED TRAVELERS	\$ 255 566,66	\$ 17 001,24	\$ -	\$ 238 565,42
		06.04.01 U.S. Department of Agriculture	\$ 148 160,19	\$ 7 389,88	\$ -	\$ 140 770,31
		06.04.02 U.S. National Cancer Institute	\$ 41 269,72	\$ 783,67	\$ -	\$ 40 486,05
		06.04.03 U.S. Department of Energy/IPP Program	\$ 38 958,84	\$ 1 567,94	\$ -	\$ 37 390,90
		06.04.04 U.S. Environmental Protection Agency	\$ -	\$ -	\$ -	\$ -
		06.04.05 U.S. BioIndustry Initiative	\$ 5 632,12	\$ -	\$ -	\$ 5 632,12
		06.04.06 U.S. Bio Technology Engagement Program (BTEP)	\$ 1 576,79	\$ 273,86	\$ -	\$ 1 302,93
		06.04.07 U.S. Defense Threat Reduction Agency	\$ -	\$ -	\$ -	\$ -
		06.04.08 U.K. Department of Defense	\$ 19 969,00	\$ 6 985,89	\$ -	\$ 12 983,11
	06.05	- SW DESIGNATED TRAVELERS	\$ 109 633,25	\$ 86 561,90	\$ 10 000,00	\$ 13 071,35
	06.06	- CA DESIGNATED TRAVELERS	\$ 250 000,00	\$ 139 280,82	\$ -	\$ 110 719,18
08	EXPERT REVIEW AND ADVISORS					
	08.01	- E.U. DESIGNATED REVIEWERS	€ 95 000,00	€ 24 673,24	€ 10 000,00	€ 60 326,76
09	SEMINARS/WORKSHOPS SUPPORT			\$ 36951.81 + € 12764.82	\$ 2500 + € 15000	\$ 391.8099999999998 + € 12235.
	09.01	- SHARED	\$ 39 060,00	\$ 36 951,81	\$ 2 500,00	\$ (391,81)
	09.02	- E.U. DESIGNATED SEMINARS/WORKSHOPS	€ 40 000,00	€ 12 764,82	€ 15 000,00	€ 12 235,18
10	SERVICE CONTRACTS			\$ 859948.65 + € 263193.46	\$ 273000 + € 60000	\$ 67051.35 + € 46190.54
	10.01	- U.S. DESIGNATED CONTRACTS	\$ 920 000,00	\$ 641 632,87	\$ 213 000,00	\$ 65 367,13
	10.02	- E.U. DESIGNATED CONTRACTS	€ 369 384,00	€ 263 193,46	€ 60 000,00	€ 46 190,54
	10.03	- CA DESIGNATED CONTRACTS	\$ 280 000,00	\$ 218 315,78	\$ 60 000,00	\$ 1 684,22
12	TARGETED TRAINING					
	12.01	- SHARED	\$ 11 967,00	\$ 3 917,81	\$ 7 500,00	\$ 549,19
13	INSTITUTE SUSTAINABILITY					
	13.01	- SHARED	\$ 251 625,00	\$ 127 558,93	\$ 75 800,00	\$ 48 266,07
14	BIOSECURITY & BIOSAFETY					
	14.01	- BIOSECURITY & BIOSAFETY - CA	\$ 125 000,00	\$ 28 234,55	\$ -	\$ 96 765,45
	Total Supplemental Expenses		\$ 2 802 851,91	\$ 1 436 631,77	\$ 503 178,00	\$ 863 042,14
			€ 634 384,00	€ 359 944,87	€ 120 300,00	€ 154 139,13

June 23, 2009

Dear Valued Client,

As an FDIC-insured institution and participant in the FDIC's Transaction Account Guarantee Program, Deutsche Bank Trust Company Americas (DBTCA) provides its deposit holders with FDIC coverage in accordance with FDIC rules and regulations. FDIC coverage applies to all non-interest bearing accounts as well as MMDA and NOW accounts.

As you know, the benefits of FDIC coverage come with costs. Our historic practice has been to bill the charge of the FDIC insurance directly to clients based upon the ledger balances held in their FDIC-insured accounts.

Recently, the FDIC took action to levy a special assessment to rebuild its Deposit Insurance Fund and help maintain public confidence in the banking system.

Consistent with past practice, this special assessment from the FDIC will be levied on your account based upon your second quarter 2009 average ledger balances. The FDIC special assessment consists of an additional 10 basis points that will be added to the regular second quarter FDIC and FICO charges, then pro-rated across your July, August and September billing statements.

This special assessment is for the second quarter only. Please note that the FDIC also has the authority to impose additional assessments in 2009.

If there are further changes in FDIC or Transaction Account Guarantee Program assessment practices, FDIC/FICO rates, or associated coverage or dates, DBTCA will adjust billing accordingly without further notification.

If you have any questions regarding this matter, please contact your Deutsche Bank client representative who can provide you with more details.

Thank you.



Update on STCU's ISP Institute Sustainability Program, CTCO Program, and Partner Projects

Governing Board Meeting
November 19, 2009 Kyiv, Ukraine

Presented by
Vic Korsun, US Deputy Executive Director
www.STCU.int vic.korsun@msn.com



Chief Technology Commercialization Officer (CTCO) Program

- 50 CTCO's in Ukraine, Georgia, Azerbaijan and Moldova.
- On-going training at various venues in Ukraine and west.
- Preparing on-line training course.
- Forming a Tech Transfer Association in Ukraine, then possibly else-where. Organizing committee formed:
 - By-Laws prepared, officers elected, dues collected, registration in process now.
- CTCO's have helped write Strategic Plans for the ISP Program.
- Focus on CTCO's to go to trade exhibitions to represent institutes and promote institute technologies and services.





Partner Program Summary 2009



Partner Projections

Financial Crisis Giving Rough Start to 2009. However, we may be seeing a rebound from GP and NGP Partners

- Added 3 new GP - Government Partners
 - 1 from EU, and 2 from US
- Added 8 new NGP - Non-Government Partners
 - 4 from EU, and 4 from US
- Partner Project funding remains the same for 2009:
 - approximately \$7.0 million in 2009
 - compared to \$7.0 million in 2008.
- In 2009, all Partner Projects represented 40% of total amount of new STCU project funding.





Partner Projections for 2009 (cont'd)

- Additional \$4 million in Partner Project proposals are in the pipeline, but not all of these proposals may be funded in 2009-2010.
- Such variability of Partner Project activity makes it difficult to plan new STCU activities.
- Today's climate is very difficult for any prognosis. Taking into account current world-wide economical situation we could not expect any increase in Partner funding and especially in NGP sector.
- **It is clear that today we need support from our funding parties for any new STCU activities.**



Lessons from the past

Four major sources of Partner Projects

- Spreading information about STCU Partner Program in the Ukraine and CIS (during final monitoring and trainings)
- New additional Partner Projects from existing Partners (pressuring them does not work)
- Technology requests from companies and Partnership Promotion Department matchmaking
- CIDA missions + 50% incentive from Canada





Institute Sustainability Program – Pilot

- Focus on Building Institute Capability (i.e., Not with Individual Scientists)
 - Similar Concept as in CTCO Program: Focus on Improving those Institute-wide Functions that Contribute to Institute Self-Reliance
- Limited in Scope first year and for Selected Institutes.



6 institutes prepared ISP proposals

	3 Selected	Financing Party	Status
1	O.Ya. Usikov Institute of Radiophysics & Electronics, Kharkiv	US+Canada	Signed and started Oct. 1, 2009
2	Institute of Physics, Kyiv	US	
3	Institute of Technical Mechanics, Dnipropetrovsk	US+Canada	
	3 Not Selected		
4	I.M. Frantsevich Institute of Problems of Materials Science, Kyiv	Joint letter sent to Parties	
5	V.E. Lashkaryov Institute of Semiconductor Physics, Kyiv	Joint letter sent to Parties	
6	O.V. Palladin Institute of Biochemistry, Kyiv	Joint letter sent to Parties	





Usikov Institute of Radiophysics and Electronics National Academy of Sciences of Ukraine (IRE NASU), Kharkov, UKRAINE



STRATEGIC PLANNING FOR USIKOV INSTITUTE OF RADIOPHYSICS AND ELECTRONICS

STCU Project # 4872

(project beginning – October 1, 2009)

*Oleksandr Kogut, Project Manager, Deputy Director, Ph.D.,
kogut@ire.kharkov.ua
<http://www.ire.kharkov.ua>*



What has been done, so far

- 1. Office for Technology Transfer: room, information communications.**
- 2. Preliminary technology audit.**
- 3. E-page on Institute applied developments and technologies**
http://applied.ire.kharkov.ua/index_e.html
- 5. The agreement with Institute of Intellectual Property on carrying out of training**



The Nearest Steps

1. Trainings for project executors
2. The finishing of technology audit.
3. The carrying out of technical expertise.
4. The identifying of marketplace.
5. The looking for customers and investors.
6. Creation of website, publication of brochures.



Institute of Physics Kyiv, Ukraine

ROSE – Route Of Sustainable Evolution

Prepared exclusively for Vic Korsun to present ROSE progress at STCU board





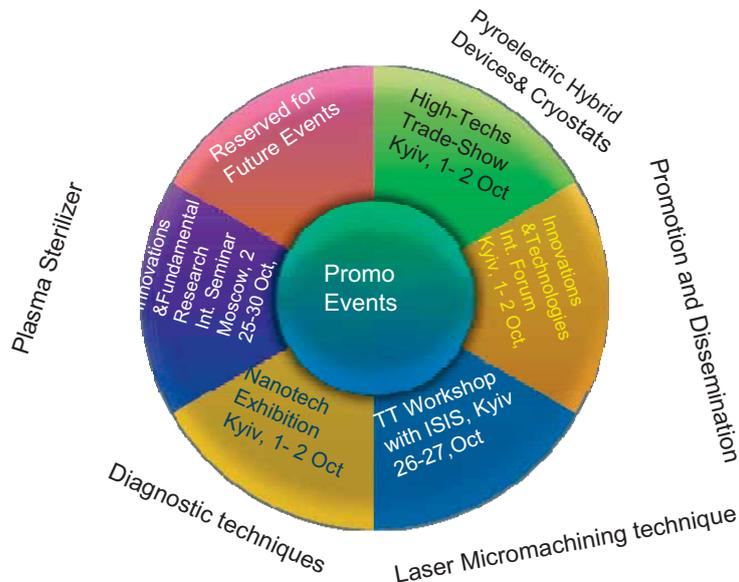
3-Level e-Marketplace: Official Website



Licensed exclusively to Victor Korzun to present ROSE progress on STC board ROSE, © 2009



Exhibitions, Workshops, Seminars



Nuclear Forensics

**Targeted Research
Program
Pilot Project**



Approach



- Organize “Experts workshops” in areas of international concern that could engage FWS
- Recruit multiple donor programs in “Targeted Scientific area” to use services of STCU
- Identify and Target Institutes with expertise / capabilities in nuclear forensics
- Coordinate interest of STCU participating States.
- Design new program capable of addressing the needs of other potential funding organizations

Potential Partners in New Initiative

- JRC Institute for Transuranium Elements (EU)
- US Dept. of Energy (USA)
- Lawrence Livermore National Laboratory (USA)
- Defence Research and Development Canada (Canada)
- National Academy of Sciences of Ukraine (Ukraine)

There is also a possible cooperation/coordination role with ISTC

Pilot – Research Projects

- **Approach**
 - Identify Institutes with capability in Target Area
 - DOE, JRC Inst., DRDC, NASU, STCU and each invited UA Institute develop projects
 - Define project objectives & deliverables, budget, time frame etc.
 - Policy and Technical Review with view to finance

Characteristics of New Program

- Develop in partnership with donor programs (**c.f. STCU Partner Project**)
- Unlike Partner Project that have a single partner the new program would provide the possibility of engaging multiple partners and / or institutes
- A given project can be co-funded by multiple partners (**c.f. Targeted Initiatives**)
- Develop to attract co-funding from Recipient State (**c.f. Targeted Initiatives**)
- Aimed at addressing specific needs whilst using expertise of FWS (**c.f. Targeted Initiatives**)

Regional Infrastructure Enhancement

- Both JRC Inst. and DOE have expressed interest in working with Ukraine, Georgia, Armenia etc.
- Projects likely to have reduced research component
- Projects unlikely to be co-funded
- Working with “donor programs” to develop framework or program and establish budget

Time Line

- **Details of program currently being developed with cross-functional STCU team**
- **Current goal is to have the first project(s) tabled for funding decision in May 2010**

Targeted Initiatives Update

GBM
Kiev Nov. 2009

2009 Overview

- 5th Cycle with NASU (Ukraine) – completed
- 3th Cycle with GNSF (Georgia) – completed
- 2nd Cycle with ANAS (Azerbaijan) – completed
 - 3rd will be completed at the current GBM
- 1st Cycle with ASM (Moldova)
 - Will be completed at the current GBM

2009 Overview

	NASU (Ukraine)	GNSF (Georgia)	ANAS (Azer)	ASM (Mold)
# of projects submitted	23	25	14	8
# of projects funded	12	11	GBM - 29	GBM - 29
Budget WFP	\$600K	\$385K	\$?	\$?
Budget of Recipient Parties	\$600K	\$385K	\$450K	\$150K
Commencement day of new call for proposals 2009 - 2010	6 th Cycle underway 10 th July 2009	4 th Cycle underway 14 th September 2009	4 th Cycle Launch March 2010	2 nd Cycle Launch March 2010

2010 Budget Projections

	NASU (Ukraine)	GNSF (Georgia)	ANAS (Azerbaijan)	ASM (Moldova)
	\$600K	\$400K	\$300K	\$150K
Total from Recipient Parties	1 650 000 USD			
Total from West. F. P.	1 650 000 USD			
Projected Budget for 2010	3.3 million USD			

Exchange of Financial & Technical Information

- In 2009, Agreements reached with NASU, GNSF and AAS re. exchange of financial and technical information
- We have now received first set of financial information re. completed projects from the NASU and ANAS
- Information from Georgia is expected shortly

New Initiatives for 2010

- Expansion of the Program?
 - Ministry of Health?
 - Ministry of Agrarian Sciences?
 - Ministry of Environmental Policies?
- Alignment of Priority Areas with interest of WFP



2009 Events: Experts' Workshops & Seminars



STCU Advisory Committee Meeting, 17 NOV 2009, Kyiv
Michel Zayet, Deputy Executive Director (EU)



2009 - Thematic Events

Nuclear Forensics

Detection Methods
Identification Methods
Safe Storage and Transport

FISA 2009 (Czech Rep.)

The Euratom Seventh Framework Programme (FP7) targets solving key problems for sustainability of **Nuclear Fission Energy**

In the context of the European Research Area, it fosters integration of European research efforts and technological infrastructures

It promotes closer links between National Programmes and Networks with International Organisations activities and Third Countries programmes.

Biosafety & Biosecurity

Detection & Counter Measures against Infectious Agents (managing bio-risks)
Devpt. Standard. Implement. of Good Laboratory Practices and Other International Standards
Biosafety Issues for Zoonotic and Animal Diseases

Thematic Promotional Action in Sweden

Sponsored by the Government of Sweden STCU Supplemental Budget, 17 FWS from Georgia and Ukraine attended this mission

4 Thematic Roundtables Meeting Days at KTH on:

- Renewable Energy (Hydrogen Sensors, Solar PV, Sea motion)
- Biomedicine, - Chemical Science, and - Materials Science
Visit of "Tekniska Massan" Stockholm Technology Exhibition

FOI and SIPRI Roundtable on Biosafety/Biosecurity

ENERGY 2050 Conference, Royal Swedish Academy of Sciences

IVA Ad Hoc Roundtable on the Future of Nuclear Energy





STCU NUCLEAR FORENSICS EXPERTS' WORKSHOP

Tbilisi, Georgia - 08 and 09 June 2009

- 39 Participants from 9 Countries (4 Recipient, all Funding Parties, + ISTC)
- Two days of Meetings, 11 Oral Presentations
- 20 Presentations online with a Final Report at :

www.stcu.int\nf2009



STCU NUCLEAR FORENSICS EXPERTS' WORKSHOP

Results

Potential Projects Areas of Concentration:

Detection Methods : Exploring Active Interrogation / Detection of Highly Enriched Uranium and Plutonium / Handling of false alarms

Identification Methods : ID of mixed and shielded sources (Modeling and experimental validation) / Advanced spectroscopy portal monitors

Safe Storage and Transport (of seized radioactive material) : New Storage Containers / Tagging of material (ID marker) / Detection and monitoring of moving objects / Transportation paths threat detection

Identified Partners and Sources of Financing

- JRC Institute for Transuranium Elements (EU)
- US Department of Energy (USA)
- Lawrence Livermore National Laboratory (USA)
- Defense Research and Development Canada (Canada)
- National Academy of Sciences of Ukraine (Ukraine)
- International Science & Technology Centre (ISTC)





STCU BIOSAFETY & BIOSECURITY EXPERTS' WORKSHOP

Annecy, France - 25 and 26 June 2009



- 34 Participants from 10 Countries (4 Recipient, all Funding Parties, + ISTC)
- One day of Meetings, 7 Oral Presentations
- 10 Presentations online and a Final Report at :

www.stcu.int/bb2009



STCU BIOSAFETY & BIOSECURITY EXPERTS' WORKSHOP

Results

Potential Projects Areas of Concentration :

Extreme importance of multilateral cooperation / Strong support to STCU idea to launch a special Call for R&D Proposals in Biosafety & Biosecurity.

Epidemiological survey capabilities to be increased on endemic infectious diseases at regional levels.

Develop an International B&B Networking with National Contact Points identified. Links between Human, Agriculture and Animal Health.

Create a verified epidemiological cartography and prepare response plans specifically in decontamination field.

Nine specific infectious diseases identified as of main interest for an R&D Call and a common vision that future projects should involve a large scientific collaboration, include both Research and Training components.

Identified Partners and Sources of Financing

Nine International and STCU Funding Parties' Organizations pre-selected to develop conversion civilian projects through the Science and Technology Centre in Ukraine





FISA 2009, Prague, Czech Republic

Opened by DG Research Deputy Director General Mr. Zoran Stančić, this 400 participants conference was attended jointly by a delegation from STCU and from ISTC

A side event took place in the form of an evening session with presentations from both Centers FW Scientists

Seventy five persons registered to listen and establish contacts



Results:

A co-operation request was launched in September by a letter from the President of the National Academy of Sciences of Ukraine to Mr. Quintana Trias, DG Research Euratom Director, to consider collaborative research projects in areas of joint interests. EC will answer positively and propose a working group meeting in January of 2010.



Promotional Mission to Sweden

Preparing for this promotional action required a fact-finding mission Among the several approached Ministries and government Agencies (Ministry of Education and Sciences, of Energy, Agency for the Innovation), a very limited interest was identified.



A much stronger response came from the existing Technical Collaborators of ongoing Regular STCU Projects Meeting the KTH Stockholm and Uppsala University researchers proved the real collaboration level was definitely closer to the laboratories





Promotional Mission to Sweden

Results

After the October stay in Stockholm, five Ukrainians are invited for a training period to deepen shared research interest. This continuation is made possible by a special grant finance contribution from Sweden.



Conclusion and look ahead

- Thematic events place FW Scientists in close contact with Funding Parties' pre-identified Technology Developers ready for co-operation
- Starting Discussion Groups where a new dialogue is needed is prone to further continuation
- For future editions funding plans would be ideally revealed and detailed ahead of time within the program documents

2009

Nuclear Forensics
 Nuclear Fission Energy
 Biosafety & Biosecurity
 Aerospace, Nanotech & Material Sciences,
 Renewable Energies,
 Environment Protection

2010

Nuclear Forensics / Nuclear Safety
 Possibly at the Belgian Nuclear Research Center, SCK-CEN during 2nd half of 10' (EU Belgian Presidency)

Biosafety & Biosecurity
 Possibly through a series of Scientific Conferences to be held in the STCU Participating Countries

Workshop on FWS Conversion
 Possibly at an Advisory Committee level / Identify most promising future Calls to reflect strategy

