

# STCU

# УНТЦ

Science and Technology Centre in Ukraine

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## Fifth Meeting of the Governing Board of the STCU

### State of the STCU

final report by

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for presentation at the

**Fifth Meeting of the**

**Governing Board of the STCU**

15-16 December 1997

Kyiv, Ukraine

The following comments refer to the present state of the STCU and describe mainly some of more important achievements and events that have occurred since the Fourth Meeting of its Governing Board held in Kyiv, during May 1997. These comments are then followed by some general observations and suggestions.

#### **General Statement:**

It is obvious that the STCU is now fully established and fully operational in its own, leased, 3+1 floor office building and blessed with an experienced and dedicated group of hardworking staff. The Center is considered by Ukrainians and non-Ukrainians alike as a model organization - one who is well worth emulating. The STCU is successfully, effectively and efficiently fulfilling its mission - the minimization of the possible proliferation of scientific and technical knowledge regarding weapons of mass destruction (WMD) and their means of delivery, formerly developed and possessed by Ukrainian scientists. The Center has achieved an enviable level of acceptance, trust and respect among both its donors and recipients.

As of today's date (before the results of this round of project selections are announced tomorrow), the Center funds 119 R&D projects submitted by former Ukrainian WMD scientists, engaging over 2,200 of these, from most regions of Ukraine, to a total funding level of \$14,200,000. This is an impressive result and, may the Board rest assured, this result is well recognized and appreciated by the Ukrainian government, the National Academy of Sciences of Ukraine and the Ukrainian scientific establishment.

With any luck, the results of this present Fifth Meeting of the Governing Board, will add significantly to these already impressive results.

We are very pleased to report that our "Partnering Option" that allows the STCU to work with Western governmental and industrial organizations desiring to utilize Ukrainian scientific R&D expertise, is developing very successfully. We foresee that this element of the STCU's activity will take on an ever-increasing role in the future. It is an important element in our attempt to become at least to a degree more self-sustaining. The STCU must, however, be careful not to stray into pure commercialism as this seems not to be permitted within the bounds of our present Agreement. It is possible that the Ukrainian authorities may wish to reconsider this aspect and broaden our permitted set of activities while maintaining the privileges granted to the STCU and its operations. Dr. Arthur DuCharme will report on this item at greater length later.

On the political front, the Center is very close to having its Agreement ratified by the Verkhovna Rada, the Ukrainian Parliament. We have been assured by the Rada's Committee on Science and Education (supported by three other major committees) that once our documents arrive there (and this is expected daily), they foresee no major problems. Final ratification will clearly be a major achievement for the STCU. We only regret that we have been unable to present this as a "fait accompli" at this meeting of the Governing Board. Dr. Borys Atamanenko will later report in greater detail on these and other matters related to our relations with the Ukrainian government.

We are also disappointed that due to a variety of reasons we are, as of this moment, still unable to announce the accession of the European Communities to the STCU Agreement. To the best of our knowledge, we are practically there as well, in fact the final EC decision may happen as soon as 18 December 97. Possibly the observer from the EC can give some more up-to-date information. The accession of the EC is very important from many points of view: political, regional security, technical, scientific, industrial and availability of funds for STCU R&D projects.

With pleasure, we are able to inform you that all internal procedures regarding the possible accession of Uzbekistan and Georgia to the STCU Agreement are completed. We hope that this Meeting of the Board of Governors will be able to confirm this fact - and once the final "Document of Accession" is signed by both countries. We look forward to working with their scientists.

We are very pleased to present to the Governing Board copies of the STCU's first Annual Report for 1996 that, in fact, covers our history from the moment of inception in 1994. We believe that this is an impressive document, not only visually, but also in content. It serves as an excellent calling card and clearly illustrates what we have achieved. Of particular importance is the clarity of explanation of financial matters - an excellent example that could be followed by other agencies and organizations. The response to this Annual Report has been overwhelming - from the Western side as well as from the Ukrainian side - governmental, academic and scientific. The entire staff of the STCU is proud to be associated with this effort.

### **Some Points of Concern:**

The members of the Governing Board should be aware that although the STCU's achievements are by all accounts impressive, they however address only partly the non-proliferation of WMD-related knowledge from Ukraine. It should be noted that the hard sciences portion of the National Academy of Sciences of Ukraine (NASU) consists of over 20,000 scientists and engineers, most of whose work during the time of the Soviet Union, had been dedicated to the development of WMD and of their delivery systems. And these numbers do not even include the large number of powerful specialized non-NASU institutes and Design Bureaus (such as KB Pivdenne - the famous rocket designers) that all worked on WMD. Hence, even if we stick to the conservative estimate of 20,000 WMD scientists, the total efforts of the Parties through the STCU is able to affect and help to convert only 10-15% of the target population in Ukraine as defined by the STCU mandate. A full 80% would still not be affected, i.e.: possibly up to ten times the number we support today!

Some indication of support for this argument could be simple comparison of the number of R&D projects received during the STCU first and second call for proposals: 346 and over 900!

The situation becomes even more acute when we consider that with the possible accession of Uzbekistan and Georgia the target population of WMD scientists will increase even more.

Unfortunately, the STCU program finds itself today in a situation when the funds available for its important security-related mission are not keeping pace. They are not even being maintained at an even level, but are, in fact, decreasing.

We had hoped that this situation would have partly corrected itself by the accession of the EC but, as stated above, we are as yet unable to completely confirm this long awaited event. From the European and the US perspective - as underlined by the most recent agreement between them, Ukraine is considered to be a critical component of the regional security of Europe and should be actively supported along its path to a normal, democratic and market-oriented society. The EC's accession would greatly help along that direction.

### **Some Suggestions for Possible Courses of Action:**

I believe that might be appropriate that the following actions be considered by the members of the Governing Board, by the Parties - through their executing agencies and by the STCU Secretariat in order to improve the STCU's somewhat tight level of funding as visible from today's perspective:

1. If Ukrainian authorities are truly interested in continued support and conversion of their former WMD scientific establishment and capabilities through the STCU, they must take on a much more pro-active role in promoting this need and lobbying with the other Parties as well as possible new candidates for Parties, for increased support and participation. An indication of Ukrainian's strategic interests in the area of future scientific development would also be very welcome.

2. As Ukraine's economy begins to turn around, its government might well consider becoming an active co-funder of R&D activities through the STCU. This could be done through the cooperation of the Ministry of Science and Technology whose minister, Dr. Semynozhenko indicated to us this very possibility here, at one of the previous meetings of our Governing Board. Serious participation from Ukraine would make a big impact on the reaction from other Parties.

3. An all-out effort should be made by the Parties to finally bring the European Communities into the STCU fold. This would provide an immediate and significant positive effect on the situation I have described above. It is clearly to the EC's interest to help bring Ukraine as quickly as possible to the level of an equal partner.

4. Similar efforts should be exerted in making Japan an active participant in STCU R&D funding. I believe we are not really far away from achieving this goal, but we need some assistance from the Japanese government to clarify what exactly we should do in order to facilitate this.

5. A strong and concerted lobbying/promotional action should be made by all Parties with the government of the United States of America to significantly increase its commitment of funds to the STCU, whether through the Department of State, the Nunn-Lugar Program, USAID, DOD, major governmental Agencies, Departments or National Laboratories, Lab-to-Lab Programs, expanded industrial involvement or any other possible R&D funding.

Advantage should be taken of the very strong and positive letter recently sent by William G. Miller, US Ambassador to Ukraine, to the US Secretary of State, Madeleine Albright. Ambassador Miller's letter describes the STCU as one US assistance project that works in an exemplary fashion. It also contains many excellent arguments that might be profitably used during lobbying.

This lobbying action would, of course, have to be spearheaded by our Department of State colleagues but should be fully supported by presentations from the STCU's Executive Director and Secretariat.

6. The other Parties could also review their present funding levels and consider improving it somewhat. They should realize that it is possible to capitalize on the recognition and goodwill that the STCU has achieved with Ukrainian authorities and Ukrainian scientists and develop options that benefit donors as well as recipients. In particular, increased industrial "Partnering" involvement would be appreciated as it results in obvious benefits for both sides.

I would like, at this point, to highlight the extraordinary level of commitment to the STCU's aims exhibited by the government of the Kingdom of Sweden. Even though it will be absorbed into the "European" category upon the eventual accession of the European Communities, Sweden has unilaterally decide to contribute another half million dollars for direct bilateral support of STCU R&D projects. We gratefully acknowledge this support and appreciate Sweden's confidence in the work of the STCU.

7. Without any doubt, efforts to increase "Partnering" activities should continue as this approach delivers the ultimate in conversion: close cooperation with interested Western partners and the possibility of eventual commercialization of promising scientific ideas and technical achievements. This is the best way to develop international trust and cooperation. This avenue also assist the STCU to become somewhat more self-sustaining.

8. Attempts should be made to identify other possible donor Parties. Some suitable candidates already identified are South Korea, Switzerland and Norway.

9. We believe that it also may be time for the Parties to provide the STCU a more clear picture of their strategic interests as far as Ukrainian R&D project funding is concerned. The same guidance would be very useful from the Ukrainian side. This should help the Secretariat tackle the immense load of new projects that have been received. In our opinion, however, the Secretariat should not be given the authority to make go-no go decisions regarding projects as this would put our staff into a locally untenable position.

#### Closing Remarks:

As this the last meeting of the Governing Board for me, as Executive Director of the STCU, I would like to take the opportunity to thank everyone who has contributed to the success of the Center and made our task achievable. In particular, I would like to thank the following:

- the Founding Parties for their good will, generosity and foresight in creating the STCU.
- the Ukrainian authorities and our many friends in governmental agencies who trusted us and helped us achieve what we have today
- the various seconded scientists and advisors that came to help us in the initial stages of the STCU's development.
- the executive staff of the STCU for their unflinching dedication to their work for the good of the STCU, to Bill Luke, Frantisek Janouch, Arthur DuCharme, Lubomyr Baniias and, especially, to Borys Atamanenko without whose ability to deal with Ukrainian authorities probably nothing would have been achieved.
- our extraordinarily dedicated and hardworking Ukrainian staff who never ever need reminding of a job that must be done. They are our backbone, our first line of defense and they bear by far the heaviest burden of our work. I am proud to call all of these beautiful people my colleagues and my friends.
- the Canadian Government for having selected me for this position and having given me the opportunity of a lifetime to do something useful not only to Canada, but also to the country of my forefathers.

Finally, I would like to wish Leo Owsiacki, the Executive Director (Designate), the best of success with the STCU and the same degree of satisfaction with a job well done as I have had. I am pleased that the STCU will be in even better hands in the future.

  
Ostap Hawaleshka  
Executive Director

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