

STCU Governing Board 50
11 August 2020
Draft List of Participants

ACTING CHAIR: Ms. Eva-Maria ENGD AHL, European Commission

European Union

Sorin POPA Programme Manager
European Commission

Ukraine

Yuliia BEZVERSHENKO Director General
Directorate on Science and Innovation
Ministry of Education and Science of Ukraine

Sofiia ZHEREBCHUK State expert
Directorate of Science and Innovation
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United States of America

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Office of Cooperative Threat Reduction
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Regina CARTER National Nuclear Security Administration
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ISTC

Ronald LEHMAN Chairman of the Governing Board
International Science and Technology Center

David CLEAVE Executive Director
International Science and Technology Center

Sonya VEKSTEIN Chief Financial Officer
International Science and Technology Center



Secretariat STCU

**Curtis "B.J." BJELAJAC
Mykola LUBIV
Anthony NICHOL**

AGENDA
50th Meeting of the STCU Governing Board
August 11th, 2020
Via WebEx

1. Opening Session

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

2. Administrative Topics

- 2.1 Adoption of the Agenda

3. Agenda

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|------|---|--------------------------|
| 3.1. | Review and Approval of minutes of 49th GB teleconference as of February 19, 2020 (with US comments) | (GB Members) |
| 3.2. | Review of 50th Draft Record of Decisions and Funding Sheet | (GB Members) |
| 3.3. | Executive Director Report | (Curtis "B.J." Bjelajac) |
| 3.4. | Presentation of 2019 Annual Report w DOE Changes | (Curtis "B.J." Bjelajac) |
| 3.5. | Approve 1 year Contract Extension of STCU CFO/CAO | (GB Members) |
| 3.6. | Discuss/Approve 51st GB schedule | (Curtis "B.J." Bjelajac) |
| 3.7. | Finalize 50th GB Record of Decisions and Funding Sheets | (GB Members) |
| 3.8. | AOB (Any Other Business) | (GB Members) |

4. Closing Session

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| 4.1 | Final Issues/Statements from GB Members | (GB Members) |
| 4.2 | Closing Remarks/Adjournment | (Chairman, Governing Board) |

Minutes of the STCU 49th Governing Board Meeting November 21, 2019 Yerevan, Armenia

List of Participants

Eddie MAIER Chair of the STCU Governing Board, European Commission

Georgia

Zviad GABISONIA Director General, Shota Rustaveli National Science Foundation
Jaba SAMUSHIA Deputy Director General, Shota Rustaveli National Science Foundation

Moldova

Sveatoslav POSTORONCĂ Senior Consultant, Department for International Cooperation & Sustainable Development, National Agency for Research and Development

South Korea

Yeun-Soo CHOI Office Director, Global Network, NRF
Sungbeen PARK Researcher, Global Exchange Program Team, NRF

Ukraine

Denis AVTONOMOV Chargé D'affaires, Embassy of Ukraine in the Republic of Armenia
Dmytro CHEBERKUS Director General, Directorate of Science, Ministry of Science and Education of Ukraine
Kateryna OVSIANA Chief Specialist, Department of Science, Ministry of Education and Science of Ukraine

United States of America

Sarah BANERJEE Acting Board Member, Office of Cooperative Threat Reduction, US Department of State
Regina CARTER Program Director, National Nuclear Security Administration, US Department of Energy

ISTC

Ronald LEHMAN Chairman of the Governing Board
David CLEAVE Executive Director
Sonya VEKSTEIN Chief Financial Officer

STCU Secretariat

Curtis "B.J." BJELAJAC Executive Director
Mykola LUBIV Deputy Executive Director
Anthony NICHOL Chief Financial Officer

1. Opening Session

- 1.1 The Chairman Eddie Maier opened the session of the 49th STCU Governing Board meeting by welcoming all to Yerevan. Mr. Maier kicked off the meeting by drawing the GB Members attention to the fact that he will wear two hats at today's meeting – that of the Chairman and the EU Board Member. Mr. Maier also reminded the meeting participants that unlike the ISTC, the STCU conducts only one physical GB meeting (there was a teleconference conducted in August '19) and in order to facilitate travel of the Board members, the winter GB meetings for both organizations are held back-to-back. Last year the winter GB meetings were held in an STCU country (Ukraine), and this year in an ISTC country (Armenia). With that the Chairman asked for any opening remarks.

- 1.2 Ms. Banerjee thanked Chairman Maier for his opening remarks, as well as the Secretariat of the STCU for all of the planning and work that went into the preparations for this meeting. Ms. Banerjee mentioned that as she flipped through the 2018 Annual Report she could see many examples of all of the good work that the STCU performed recently. Ms. Banerjee concluded her remarks by stating that the US party was very pleased to be here in Yerevan and was looking forward to a productive meeting.

Mr. Cheberkus, on behalf of the Ministry of Education and Science of Ukraine, thanked the STCU Secretariat for the hard work that went into this meeting and for the Center's continued support of R&D in Ukraine. The new President of Ukraine (Mr. Zelenskyy) intends to establish a new National Scientific Foundation in order to enlarge the pool of funds available for R&D grants to Ukrainian scientists, to foster the development of R&D infrastructure, to support young scientists so that they don't emigrate from Ukraine, and to foster better international cooperation. The Government of Ukraine confirms its commitment to the STCU, including with its recent decision to extend the STCU's presence at its current premises (Metalistiv 7a) until December 31, 2030. Mr. Cheberkus passed on Mr. Strikha's best wishes to the Governing Board, and informed the GB that unfortunately Mr. Strikha is unable to join today's meeting. Mr. Cheberkus went on to mention that Mr. Strikha is no longer Deputy Minister, and that the Government of Ukraine is in discussions to nominate a replacement for Mr. Strikha to the STCU Governing Board. The new Minister of Education and Science requested that Mr. Cheberkus attend the meeting in Mr. Strikha's stead. Mr. Cheberkus concluded his remarks by reiterating the Government of Ukraine's appreciation for the STCU's support of Ukrainian R&D and that the Ukrainian party was very pleased to be here in Yerevan and was looking forward to a productive meeting.

Chairman Maier thanked Mr. Cheberkus for his opening remarks. He wished the Government of Ukraine the best of luck in their new initiatives in the R&D Sector. He also reminded the meeting participants that the member countries of the STCU are also members of the South East and Eastern Europe region of the EU CBRN Centres of Excellence and that the synergies between the two organizations can be used to promote projects within your laboratories and universities. The Chairman then passed the floor to the STCU Executive Director for opening remarks.

Mr. Bjelajac welcomed all to Yerevan and thanked our Armenian colleagues for their warm hospitality and help in setting up this meeting. Mr. Bjelajac continued by thanking our ISTC colleagues who did most of the administrative work in preparation for the meeting, and this burden sharing is a good example of the productive partnership between the two Centers. Mr. Bjelajac continued by passing on the best wishes of Mr. Strikha and despite his absence from the meeting, until a replacement can be found, Mr. Strikha is still the signing authority on behalf of the Government of Ukraine. Mr. Bjelajac concluded by stating that in his opinion there are only a couple of substantive issues on the agenda, and that if all goes well, the meeting will more than likely be closed on time.

2. Administrative Topics

2.1 Adoption of the Agenda

The agenda was adopted as presented.

3. Morning Session

3.1. Review and Approval of minutes of 48th GB teleconference conducted on August 13, 2019.

The Governing Board approved the minutes as presented.

3.2 Review of 49th Draft Record of Decisions, Project Funding Sheet, and GB Press Release

Mr. Bjelajac called the Board's attention to the draft of the 49th Record of Decisions and Funding Sheets which are scheduled for approval by the GB at the end of today's meeting.

3.3 Executive Director Report

Mr. Bjelajac submitted his report that covered the period from June 15 to October 25, 2019. Mr. Bjelajac highlighted the following issues in the report:

STCU's US Bank

Mr. Bjelajac drew the Governing Board's attention to the fact that in September '18, both STCU and ISTC were contacted by representatives of its US bank, Deutsche Bank Trust Company Americas (DBTCA), and were informed by DBTCA that it will no longer be able to provide banking services to the Centers past the end of 2018. Subsequently, DBTCA extended the deadline to February 28, 2019.

By February 28, 2019, the STCU moved all funds from DBTCA to BNP Paribas Fortis Bank, and that bank now services all STCU Euro and USD accounts. Mr. Bjelajac went on to inform the Board that in the upcoming week (Nov. 25th, '19), both the ISTC and STCU are scheduled to meet BNP Paribas Fortis Bank and at that meeting the STCU will ask for their bankers assistance in contacting Bank of the West, a U.S. bank owned by BNP Paribas. Furthermore, it is hoped that BNP Paribas Fortis Bank will be able to assist ISTC with opening accounts for them as well (currently ISTC has no bank in the US or E.U. that performs transactions).

Mr. Bjelajac concluded by stating that the two Centers continue to work together to try to find a US based bank for their USD operations.

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

Mr. Bjelajac continued by calling the Governing Board participant's attention to the big EU project in Kamyanske. On November 30, 2016 the STCU signed a contribution agreement (Agreement #INSC/2016/379-607) with the EU which provides €3.5M of funding for implementing emergency measures at the PChP.

Mr. Bjelajac explained that the contracts for the technical services and the regulatory framework have been signed and are being implemented. Under the contract for the first area an additional task was identified to assist the site operator SE Barrier to obtain a new license from the SNRIU (the Regulator). This has been achieved however there are conditions that still need to be fulfilled by Barrier to maintain the license. Some of the equipment under task 4 has been supplied as a consequence of this additional task in preparing Barrier for their license. Mr. Bjelajac concluded by stating that in November '19 it was decided that enough was done by the Government of Ukraine in relation to this matter to re-tender the construction contract, which was tendered once before in the summer of '19, but cancelled because of concerns related to SE Barrier's ability to support the construction.

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

Mr. Bjelajac informed the Governing Board participants about the DTRA contract signed by the STCU in the amount of \$2,169,839 on May 29, 2018 to continue the work implemented in Azerbaijan by Black & Veatch after its contract there ended on April 4, 2018. The goal of the project was to plan, develop, and implement a sustainable mentorship program in Azerbaijan in support of the Threat Agent Detection Response (TADR) system, comprised of a Central Reference Laboratory (CRL), Zonal Veterinary Laboratories (ZVL), and Anti-Plague Division (APD) Laboratories.

Mr. Bjelajac continued by stating that the project started on June 1, 2018 and was scheduled to last for eighteen (18) months. Unfortunately, on September 6, 2019 the STCU was informed by DTRA's contracting unit that it would not extend the option of twelve (12) additional months at an additional cost of \$1,405,962, which would have brought the length of the project to thirty (30) months and the cost of the project to \$3,575,801. Thus, this project will end as currently scheduled on November 30, 2019 (just after this GB meeting in Yerevan).

Mr. Bjelajac mentioned that Dr. Robert Pope, the Director of Cooperative Threat Reduction for DTRA, was kind enough to send a e-mail to the STCU within which he stated, "I would like to stress that DTRA's course of action in this matter was an internal acquisition decision and in no way was it a reflection of the STCU's performance on this effort."

Mr. Bjelajac informed the Governing Board participants that in the week prior to this Board meeting, there was a Bio-related donor coordination meeting in Kyiv at which the ED was able to speak with Dr. Pope, who expressed his continued interest in trying to find ways that DTRA can work with the two Centers.

Mr. Bjelajac concluded by stating that the Centers are still in on-going discussions with DTRA on future collaboration. The Centers and DTRA both agree that there are some efforts we can pursue together, but these still need to be flushed out a bit more with Dr. Pope and the team at DTRA.

Table Top and Field Exercise in Serbia in 2020/2021 (LIONSHIELD2)

Mr. Bjelajac informed the meeting participants that the EU requested the STCU to work with the South East and Eastern Europe region to conduct a table top and field exercise related to Chemical Security in Serbia in 2020/2021. This exercise is a follow-on to the successful LIONSHIELD exercise conducted in Tbilisi, Georgia in June 2018. Mr. Bjelajac concluded by stating that the STCU is currently in the very beginning stages of the planning for this event with the identification of the exercise site and scenarios still under consideration.

Chairman Maier emphasized that the STCU (and ISTC) is a useful a tool because it is a multi-lateral organization with not only the EU, but also the US and Ukraine, sitting at the table. The Centers are uniquely positioned to handle multi-lateral excercises such as LIONSHIELD as opposed to the EU CBRN CoEs, because of this multi-lateral credibility, as you need to remember that the EU CBRN CoEs are voluntary structures that are less formal than the Centers. In closing Chairman Maier called attention to the fact that most difficulties in conducting multi-lateral events occur internally at lower levels of government within countries and the STCU is a useful tool to go to higher levels within the governments in order to resolve lower-level disputes.

Trends in Projects

At that point, Mr. Bjelajac turned the meeting participants' attention to some trends in STCU's key performance indicators. The STCU has seen the number of active projects drop considerably over the last few years (from an average of 228 active projects in 2012 to 110 active projects in October 2019). 2019 will prove to be close to \$12.5M in total project funding, due in large part to a good year in partner projects (approximately \$10.32M). Mr. Bjelajac highlighted that STCU management expects that even though the quantity of projects is going down, the rate of funding over the years will stay at an average of around \$10M/year.

Mr. Bjelajac concluded his presentation of the Executive Director Report and asked for questions or comments. Chairman Maier urged the STCU to continue its coordinating role not only at the bio and rad/nuc donor meetings and Global Partnership meetings (mentioned during the DTRA update and listed in the important meetings section), but also in its capacity to provide strategic guidance, especially to the Ministry of Health of Ukraine. Chairman Maier concluded by stating that he has watched the situation in Ukraine for a number of years, and the STCU could provide valuable input into the strategic development of Ukraine's health system.

Ms. Banerjee thanked the ED for his comprehensive report, and highlighted the \$10.3M of 2019 partner funding as a good reflection of the Secretariat's drive to diversify funding. She concluded by thanking the STCU Secretariat for its outreach efforts with Partners, especially non-government partners.

3.4. Update on 2019 AOB/SB Expenditures

Mr. Nichol presented an update on the actual to budget expenditures for the 2019 AOB and SBs to the Board. Mr. Nichol drew the GB members' attention to the fact that although overall expenditure did not exceed the total budget (the STCU is scheduled to utilize only 84% of the total 2019 AOB) for the year 2019, expenditures on the line Recurring Expenses – Medical and Dental Plans is forecast to be at about 106% utilization. Mr. Nichol mentioned that it is possible that this budget line will exceed its budget by more than 10% and thus requires Governing Board approval in the 49th GB Record of Decisions. The over spend is due to the strengthening of the Ukrainian Hryvnia (Medical and Dental costs are primarily incurred in UAH) against the US Dollar. To date, in 2019 the UAH has strengthened against the USD by approximately 12%.

Mr. Nichol concluded his presentation and asked for any questions or comments. Ms. Banerjee thanked the CFO for his presentation and his detailed explanation of the affects of currency movements (UAH to USD) on the STCU AOB.

3.5. 2019 AOB and SB Budget Request

Mr. Nichol presented the 2020 STCU Annual Operating Budget request and stressed that the budget is driven by the STCU's forecasted project activities in the upcoming year. Mr. Nichol pointed out that the 2020 estimated project expenditure will be \$10.6M. The balance for DCC Projects at January 1, 2020 is forecast to be \$21.1M and \$13.7M in UCC, so STCU can forecast project expenditure to be around \$10.5m for 2020. The SB activity will be slightly higher than 2019, with the main change being the €150,000 requested for the LIONSHIELD2 exercise scheduled to be conducted in Serbia. Mr. Nichol stated that the 2020 AOB request is \$864,000, which is slightly higher compared to the approved 2019 AOB.

Mr. Nichol drew the Board's attention to the following significant changes in the 2020 AOB request:

- Local grants payments will go up slightly. Mr. Nichol pointed out that an additional staff member is required due to increase in workload on seminars and workshops (LIONSHIELD2, Export Control, DOE-INSEP, etc.).
- Appreciation of the Hryvnia against the US dollar (as mentioned in the previous agenda item) will increase Hryvnia denominated costs (particularly medical insurance) as a consequence.

Mr. Nichol continued by reviewing the AOB sharing formula, and explaining that for 2020 the sharing ratios will be as follows: 16.28% for the US which is equal to \$140,659 and 83.72% for the EU which is equal to \$723,341.

Mr. Nichol concluded with a short discussion of the Supplemental Budgets and highlighted that there are no SB activities foreseen for the US Party.

3.6. Projects Agreement Modification

Mr. Bjelajac reminded the Board that this issue was first raised at the 47th STCU Governing Board in Kyiv on December 6, 2018. At that meeting, the US Party asked the Secretariat for the following next steps:

- A. The Secretariat should send to the Board a detailed explanation of the proposed changes to the model partner project agreement with Energoatom (project involves physical protection at the South Ukraine Nuclear Power Plant) in order to receive Board approval for those changes.
- B. The Secretariat should send to the Board draft wording for a decision to be included in the 48th STCU Governing Board (this teleconference) Record of Decisions which provides the STCU Secretariat with written authorization to make changes to the model partner project agreement going forward.

The ED informed the Board that on January 23, 2019, the ED emailed an explanation as required in item A above and received positive approval from the US Party on January 31, 2019 and negative concurrence from Ukraine and the EU (the e-mail asked for any objection by February 15, 2019 and the STCU received none).

The ED continued by stating that In relation to item B above, the STCU consulted with the US Party and eventually sent draft wording to be included in the draft 48th Governing Board's Record of Decisions on June 14, 2019. The Board was not entirely comfortable with the draft wording presented, and all agreed that the draft decision should be removed from the 48th Governing Board Record of Decisions and this topic should be discussed further and placed on the agenda for this the 49th Governing Board.

In early November '19, the US Party (in agreement with the EU) provided the following wording for the 49th Governing Board consideration:

Recognizing the evolution of STCU activities, the Governing Board authorizes the STCU Secretariat to make modifications to Model Partner Project Agreements as necessary, and as follows: The Secretariat maintains responsibility for ensuring that the project terms remain consistent with the STCU Agreement, the STCU Statue, and previous GB decisions. Going forward the Secretariat shall send a mark-up of any modified templates for new projects to the Governing Board for negative concurrence 10 days before final signature. Any modifications related to intellectual property (ownership and exploitation of results), disputes, or liability require an active Governing Board decision.

Mr. Bjelajac continued by calling the Governing Board meeting participants attention to the fact that the activities of both Centers have changed dramatically in the past few years. In the early days of the science centers, the STCU and ISTC had the funding on hand, and the scientists provided proposals to receive financing already on hand at the Centers. Recently, this model has changed, and now the science centers have to go out more and more in order to receive funding from donors. Naturally, the donors have their own documentary requirements, and in many cases, the Centers are required to sign the project documentation of the donor. Mr. Bjelajac presented the DTRA agreement as an example of the type of documents that both Centers are now signing. These documents are not in addition to, but instead of the STCU Model Partner Agreements.

Thus, given this additional information, Mr. Bjelajac asked the Governing Board to consider the wording currently contained in Article 7 (a) of the ISTC Agreement as follows:

Projects approved by the Governing Board may be financed or supported by the Center, Parties, non-governmental organizations, foundations, academic and scientific institutions, inter-governmental organizations, and organizations in the private sector. Such financing and support of approved projects shall be provided on terms and conditions specified by those providing it, provided that any terms and conditions shall be consistent with this Agreement.

In the opinion of the STCU, the aforementioned wording from the ISTC Agreement better reflects the realities facing both Centers. Mr. Bjelajac expressed his concern that the wording currently proposed by the Parties is overly bureaucratic and could possibly lead to delays, etc. at a time when the Centers need to be much more responsive to Partners' time constraints in order to find alternative sources of funding.

Ms. Banerjee thanked the ED for his thoughts and asked clarifying questions related to procedures for new partner nominations and partner projects approval. Mr. Bjelajac confirmed that new partner nominations are subject to a 30-day negative concurrence process (an e-mail is sent to the GB with the partner request letter) and the GB can either approve in the affirmative or if no objection is raised, the partner is approved via negative concurrence. Mr. Bjelajac further mentioned that new partner projects are post-facto (the partner agreements have already been signed by the Executive Director, such as the case with DTRA) approved by the Governing Board in the funding sheets signed at each Governing Board meeting. Ms. Banerjee followed up with the ED and asked if approval for partner project agreements was historically "post

facto”. The ED confirmed that yes, it was historically “post facto”, and highlighted what has changed is that in the past the STCU stood firm in its position that everyone must use the model partner project agreement; however, recently government partners (i.e. DTRA, Horizon 2020, etc.) are taking a position that the STCU must sign their documentation. The ED concluded by stating that in the case of non-government partners, the STCU still stands firm that they must use the STCU’s Model Non-Government Partner Agreement. Ms. Banerjee thanked the ED for his clarifications, pointed out that the ISTC statute requires all Model Project agreements to be approved by the Board, and so even though the Article 7(a) of the ISTC agreement provides some flexibility, the ISTC Statute is very clear about changes to model project agreements.

Ms. Banerjee concluded by asking if the STCU could live with the current wording listed in the Record of Decisions whilst continuing to examine the issue of how best to review and approve partner projects. Mr. Bjelajac agreed that the current wording is comfortable for the STCU, and the Secretariat would revisit the partner project approval issue and would welcome any guidance from the Governing Board.

Chairman Maier pointed out that even within the EU it is complicated, with each organization (DG DEVCO, DG Research, and the Union itself) having its own financial regulations. Thus, Mr. Maier understands how these various internal regulations can cause problems for the STCU.

Mr. Cheberkus thanked Chairman Maier and the EU on behalf of the Government of Ukraine for allowing the STCU act as a coordinating organization for a number of Horizon 2020 projects. Furthermore, he went on to say that he hopes that the STCU can continue in this role in Horizon Europe (the successor program to Horizon 2020).

Chairman Maier welcomed Mr. Cheberkus’ remarks and emphasized that both Centers should play a coordinating/facilitating role between DG Research and the various institutes and universities in their respective countries. He went on to point out that an entire generation at DG Research that knew and worked with the Centers (before DG DEVCO, the Centers were within the realm of responsibility of DG Research) has moved on, and the new generation either does not know the Centers or in a number of cases the oversight responsibility has been outsourced to organizations outside of DG Research. Thus, DG DEVCO can work with the Centers to reintroduce the science centers as mechanisms to facilitate Horizon Europe projects.

Mr. Cheberkus added to the Chairman’s comments by stating that the STCU is a vital instrument for assisting Ukrainian organizations in the current, highly regulated environment. Mr. Cheberkus concluded by stating that deregulation is a goal of the new government, and the STCU can assist in this transition, especially in the framework programs.

The discussion concluded with all in agreement that the wording for the Record of Decisions should remain as provided by the US Party (in agreement with the EU Party) at the beginning of November ’19.

4. Afternoon Session

4.1 Extension of STCU at Current Premises until December 31, 2030

Mr. Bjelajac provided some background to the Governing Board meeting Participants on the issue of the STCU’s premises. He mentioned that on July 10, 2019, the Cabinet of Ministers of Ukraine passed Resolution No. 609 which extended the STCU’s permission to stay at its current premises on Metalistiv Street until December 31, 2030. Mr. Bjelajac mentioned that the approval by the Governing Board of this proposed premises extension is included in the 49th STCU Record of Decisions; however, there are two important changes to this decision compared with previous decisions of the Governing Board

- 1). The STCU’s premises on Metalistiv Street were originally and until now considered “temporary”;

2). Because of point 1, the STCU was requested by the Governing Board to obtain annual one-year extensions at the fall Governing Board (for the next calendar year).

Mr. Bjelajac pointed out that the Secretariat of the STCU is putting forward the following draft decision in the 49th Record of Decisions which removes the phrase “temporary” and allows the STCU to stay long-term (until 2030):

Approved eleven-year extension (until December 31, 2030) proposed by the Government of Ukraine for the STCU's current premises on Metalistiv Street. The Governing Board thanked the Government of Ukraine for its proactive efforts to secure the long-term location of the STCU.

Ms. Banerjee thanked the ED for his presentation and asked what, if any, are the mechanisms available to the STCU if any problem (deemed unacceptable) arises between now and 2030 (assuming the GB approves the extension until 2030). Mr. Bjelajac answered by stating that the STCU would first try to resolve the issue with our Ukrainian partners, but if those efforts were unsuccessful, the STCU would then raise the issue with the Board, stating that the current premises are no longer acceptable, and request the Board's assistance. Mr. Bjelajac continued by stating that unfortunately, the STCU has a long history of problematic facilities (those with private landlords), and if in the future there was a problem, the STCU would do the same as in the past and raise it with the Governing Board. Ms. Banerjee thanked the ED for his clarification and highlighted that as long as the STCU is not tied to a facility that becomes unacceptable in the future, the US Party is comfortable with the decision as proposed.

The discussion concluded with all in agreement with the wording in the Record of Decisions.

4.2 Presentation of 2018 Annual Report

The 2018 Annual Report was adopted, noting that two changes needed to be made: (1) inclusion of the Chairman's Statement, and (2) inclusion of minor edits provided by US DOE prior to the meeting.

Mr. Cheberkus requested and the STCU Secretariat confirmed that the 2018 Annual Report will be produced in the Ukrainian language as well. Mr. Cheberkus stated that this is a requirement of various Government of Ukraine oversight bodies.

4.3 Presentation of STCU Financial Forecasts

Mr. Bjelajac started off the presentation by providing background for those that were not involved in the discussions to date. On June 20, 2017, the US Department of State notified the STCU that they will no longer provide any additional funding for projects or operations going forward. However, DoS/ISN/CTR instructed the STCU to utilize funds on hand (~\$1M) to assist with the transition to a new sustainable funding model. Mr. Bjelajac informed the Governing Board that the Secretariat drew up a forecast on how the Center will be funded while the DoS/ISN/CTR funds are drawn down and initially presented it two years ago at the 45th GBM in Frankfurt, Germany. An update to the forecast was also presented last year at the 47th GBM in Kyiv in December 2018. Mr. Bjelajac went on to inform all that today is a recap and update on the forecast as presented at the 45th and 47th GBM with actual data included where known. As was mentioned previously, this is a living document because of all the assumptions made, and that the STCU management would continue to annually update the Governing Board on the forecast to actual. Mr. Bjelajac moved on to present the STCU Management's recap of assumptions. He then provided the following issues for the GB to consider:

- US funds are only scheduled to cover the first nine months of 2021
- US funds could be extended if EU agrees to pay for ED contract, or if ED and/or CFO positions filled with locals

- After funds expire does the US stay as a funding party? Agreement and Statute suggest they could be a party and, by agreement of the parties, yet not contribute
- What about US Partners? What fees should they pay? Historic rates as an original funding country, 10% or 15%

Mr. Nichol added that the STCU Statute states that the Parties shall contribute to the STCU as they have agreed. He continued by adding that it is possible that the US can remain a Party without contribution, assuming all other Parties agree. Mr. Nichol concluded by stating that if the ED contract was funded by the EU, this could extend the duration of US funds on hand at the STCU by a period of 3 – 5 years.

Mr. Bjelajac stressed that the message from the STCU Secretariat is that what was presented in 2017 and 2018 is still in effect/on schedule. Mr. Bjelajac concluded by asking the Governing Board if they had any questions/comments regarding the detailed calculations/points presented.

Mr. Maier started by stating that for the sake of this conversation, he speaks not as the Chairman of the STCU, but as the EU Board member. He continued by stating that at the Paris Global Partnership Meeting in early October '19, he had a short discussion with Deputy Assistant Secretary Dolliff where he reiterated the EU's position that it did not see DAS Dolliff's June 2017 letter as just a simple suspension of funding, but more as a political signal. DAS Dolliff replied to Mr. Maier that this was not the purpose of the letter. However, Mr. Maier reiterated to DAS Dolliff in Paris that it may not have been the purpose of the letter, but the EU still saw it as a political signal. Mr. Maier continued by stating that the EU sees this as more than just an accounting issue. In the eyes of the EU, it is a much bigger issue than that, and therefore he is not able to consider taking on financial obligations currently undertaken by the US Party. Mr. Maier concluded by stating that he is not sure that this is the forum to discuss this issue.

Mr. Bjelajac thanked Mr. Maier for his comments, assured him that the STCU Secretariat is not trying to force this discussion on the Board members; however, it is the intention of the STCU Secretariat to be transparent about the status of the US Party's funds on hand.

Ms. Banerjee, thanked the STCU Secretariat for its prudent management of DOS/ISN/CTR finances over the last few years, its efforts to make them last as long as possible. She continued by stating that there is no change to the funding decision (as explained in the June 2017 letter) by the US Party at this point. Ms. Banerjee stated that she can't comment on what other Parties or the STCU would/should do about US party membership in the future. Despite its inability to provide additional funding, Ms. Banerjee reiterated the US Party's commitment to the STCU, and of course the US Party would work with the other Party's and GB in the future to resolve this matter.

4.4. Approve 1 year Contract Extension of STCU Executive Director

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

4.5 Discuss / Approve 50th & 51st GB schedules

The Governing Board agreed to hold a summer 50th STCU Governing Board meeting via teleconference (with the GB requesting that the STCU use a teleconference provider that allows the ability to see presentations in addition to just the audio as was done in the past) and that the 51st STCU winter GB meeting will be conducted at a date and location to be determined later. Given that the ISTC is planning their Winter Board to be held in one of their member states, the STCU Governing Board left open the opportunity for the Centers to not meet “back-to-back” in 2020. Thus, the GB meeting discussed various locations including Uzbekistan, Moldova, or possibly a Western European capital (i.e. Brussels, etc.). The suggestion of Uzbekistan was considered premature by the meeting members. The ED also raised the possibility of conducting the 51st STCU GB in Brussels, “back-to-back” with the ISTC’s October 2020 coordination committee meeting (if held in Brussels). The discussion closed with all in agreement that the location and date for the 51st STCU GB would be decided during the course of 2020.

4.6 Sign 49th GB Record of Decisions and Funding Sheets

Record of Decisions and Funding Sheet were signed with no changes.

5. Closing Session

5.1 Closing Remarks/Adjournment

Chairman Maier thanked the STCU Secretariat for its board preparations and stated that it was a pleasure to work with the STCU Governing Board. He continued by stating that he hopes to stay in touch despite his upcoming retirement. Mr. Maier thanked the STCU partner countries (Georgia, Ukraine, Azerbaijan, and Moldova), without which the Center would not be effective. He concluded by thanking the US Party for its continued diligence, despite the tough financial times.

Mr. Cheberkus thanked the STCU for the professional conduct of the GB meeting. He concluded by stating that the cooperation shown between partner countries is extremely important to the Government of Ukraine.

Ms. Banerjee thanked the STCU Secretariat for the productive meeting, especially their highlighting the growth of partner projects at the STCU and the extra funding that comes with that. She continued by thanking all the partner countries for their contributions to the Center over the years. Ms. Banerjee concluded by wishing the Chairman well in his new life starting January 1, 2020.

Mr. Bjelajac thanked the meeting members for their professionalism and constructive approach to the issues facing the STCU. He then asked all meeting members to join him in thanking Chairman Maier for the many years that he has led and supported activities at the STCU. In honor of his retirement from his full-time duties working with the STCU, the STCU Secretariat presented the Chairman with an artwork produced by an STCU staff member. Mr. Bjelajac concluded by thanking the Chairman on behalf of the entire Secretariat, and wishing him all the best in his future endeavors.

There being no other business the 49th Governing Board Meeting was then closed.



Executive Director Report

(Reporting Period: October 26, 2019 – June 19, 2020)

Party Issues

COVID-19

The STCU has followed closely the instructions of both the Government of Ukraine and the Kyiv City Administration in relation to the COVID-19 pandemic. In Kyiv schools were closed on March 12th and many businesses were instructed to close (or work from home) on March 17th. Since March 20th, the STCU has worked in a mode of "preference to work from home, but if absolutely necessary, you can go into the office" until the date of this report. Most restrictions for businesses in Kyiv were lifted in the first couple of weeks of June. Despite the easing of restrictions, the STCU continues with a "work from home first" policy because the Secretariat wants to see more data given the lifting of restrictions. Unfortunately, the data has not been favorable, with the number of cases increasing (from about 400 new cases/day at the beginning of June to about 700/day cases the day of publishing this report) despite the number of tests being held constant ~10,000/day. This week brought the bad news that the wife of the President of Ukraine (Olena Zelenska) has not only tested positive for COVID-19, but has been hospitalized because of it. Thus, barring a change for the better, the STCU will continue to work from home as much as possible for the foreseeable future. Thankfully, the Secretariat is healthy and no members of the STCU nor their family members ever exhibiting any symptoms of COVID-19.

The COVID-19 pandemic has had different levels of impact on the STCU operations ranging from "very little" to "a complete stop". Ongoing projects have had very little disruption with no projects cancelled, and only a handful of projects suspended because of the pandemic. Furthermore, projects under preparation in March have continued to move forward, with a number of new projects signed (shown in the 50th Funding Sheet) during the March to June timeframe. However, the virus has had an impact on new projects and amendments, especially for non-government partner projects, given the higher level of uncertainty facing the world economy. The STCU will monitor this situation going forward. The Board can monitor this going forward as well, by watching the changes in new project proposals shown in the Monthly Snapshot of Partner Activities sent out by the STCU on the first of each month.

Finally, conferences and workshops have been severely impacted, with a small number moved to an online format (i.e. Zoom, etc.) whilst the rest rescheduled to a later time.

Disinformation Campaign Against STCU and USG

In late April, a Ukrainian Parliamentarian (Victor Medvechuk), accused the U.S. Government (the complaints were specific to the USG, not the other Parties of the STCU present or past) and international organizations (specifically the STCU) of nefarious activities involving biological laboratories in Ukraine. Mr. Medvechuk, as a Member of Parliament, formally requested information about the biological activities of USG/DTRA and international organizations/STCU in Ukraine from the



President of Ukraine, the Prime Minister, the Head of the Security Service of Ukraine, and the Minister of Health.

The STCU worked closely with Governing Board Member Strikha, the Ministry of Science and Education, and the U.S. Embassy (Mrs. Joanna Wintrol, the Chief of the Defense Threat Reduction Office) to provide all requested information. A number of responses were provided refuting the allegations including: a press release by the U.S. Embassy in Ukraine, a Facebook post by the Security Services of Ukraine, an official letter from the Ministry of Health of Ukraine, as well as numerous media pieces refuting the allegations.

By the end of May, the push back efforts yielded results as the strong offensive that was put in place by Mr. Medvechuk at the end of April died down. However, given past experiences, it is impossible to declare victory over this disinformation issue, as it comes in waves and has been ongoing for a number of years. The STCU will continue to monitor the situation and respond accordingly.

United Kingdom

Given the formal exit of the United Kingdom from the European Union on January 31, 2020, the STCU consulted with its UK colleagues (representatives of the UK Department of Business, Energy, and Industrial Strategy) to determine if there was an interest in the UK to accede to the STCU Agreement. Unfortunately, our contacts advised that their government preferred to work with the STCU on a case by case basis. The STCU informed our UK colleagues that partner fees were considerably higher (15% as opposed to 10%) and come with no other privileges that member Parties maintain. For the time being at least (possibly until the final details of the new relationship with the EU are finalized), the UK preferred to move forward with the STCU on a case by case manner and not accede to the STCU Agreement.

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

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

The principal objective of this project (Phase II) is to implement a number of emergency measures that will immediately improve the safety and security of the PCHP site. These measures are also

necessary precursors to the long-term remediation of the site (Phase III – which the EC is considering funding via the STCU in the amount of €5M).

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

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

The designs for the construction were approved by SNRIU. The STCU successfully completed procurement proceedings for the large construction project and a small construction project (renovation of the ventilation system at the Analytical Laboratory of SE Barrier on the PChP Site).

As mentioned in prior ED reports the issue about the funding of Barrier has still to be resolved to the satisfaction of the European Commission.

- ✓ The site operator SE Barrier has not been provided with sufficient funding from the state budget to enable it to operate and some of its funds have been sequestered by the courts. Without Barrier and its workforce being in a stable state, the implementation of the project, which is designed such that the consultants and suppliers work in partnership with the operator to build capacity for the site's management and safe control going forward, is being hindered. The Ukrainian government has allocated funds for the PChP site but the funds have not been paid to the operator and the Ministry of Energy is in the process of rearranging aspects of the operation of its entities at PChP within the State Targeted Programme for remediation of former nuclear sites.

These matters are outside STCU's control and the European Commission is working with the Ukrainian government to resolve the problem. The SNRIU is reviewing the changes made to resolve the operating license and once funds have been made available Barrier should have its license returned.

Thus, the project moves forward; however, given the aforementioned issues, the STCU still may encounter problems.



Table Top and Field Exercise in Serbia in 2020/2021 (LIONSHIELD2)

The EU has asked the STCU to work with the Deputy Head of the Regional Secretariat of the SEEE region to conduct table top (TT) and field exercises (FE) related to Chemical Security in Serbia in 2020/2021. This exercise is a follow-on to the successful LIONSHIELD exercise conducted in Tbilisi, Georgia in June 2018.

The STCU is still currently in the very beginning stages of the planning for this event with the identification of the exercise site and scenarios still under consideration. Given the uncertainties related to the COVID-19 pandemic, the planning for this event is currently on hold until all Parties have more clarity, especially in relation to international travel.

Current Secretariat Activities

Partner Program/Sustainability Activity

The 49th GB approved a total of eleven (11) new partner projects totaling roughly \$3.96M (\$2,855,024 and €973,486), as well as nine (9) new partner project extensions totaling roughly \$3.10M (\$3,073,047 and €27,500). Couple this with the partner projects approved at the 48th GB in the summer of 2019, and 2019 resulted in a total of \$9.0M of new partner project funding received. Partner project funding in 2019 was almost the same (\$500K more) as received in 2018.

The 50th GB is scheduled to approve via written procedure in the summer '20, five (5) new partner projects totaling roughly \$1.05M (€927,650), as well as eighteen (18) new partner project extensions totaling roughly \$3.05M (\$2,926,668 and €104,062). The total for all new partner projects and extensions scheduled for approval at the 50th GB would thus equal roughly \$4.1M.

Trends in Projects

As the table below indicates, the STCU has seen the number of active projects drop considerably over the last few years (from an average of 179 active projects in 2013 to 90 active projects in June 2020).

2020 will be difficult to forecast given the ongoing complications related to the COVID-19 pandemic, but with \$4.1M in already signed projects for the first half of 2020, the STCU expects that 2020 funding should be at least in the range of \$6M-\$8M for the year.

	2013	2014	2015	2016	2017	2018	2019	June 2020
Avg # of Active Projects	179	125	120	110	135	135	110	90
Board Approved Project Funding (USD)	\$12.7M	\$14.1M	\$4.72M	\$11.2M	\$15.6M	\$13.5M	\$12.2M	\$4.1M*

* \$4.1M is the amount of funding approved for the period of Jan. 2020 – June 2020.



Important Visitors/Meetings/Events

First Donors' Biosafety and Biosecurity Conference in Ukraine (14th and 15th, November, 2019, Kyiv). Organized by the Government of Ukraine (Min. of Health, Min. of Foreign Affairs, and Public Health Center) with the financial support of DTRA, the ED and SDED attended the conference which provided a venue for the exchange of information in relation to current and future B&B projects.

Attendance of EU CBRN Centres of Excellence (CoE) Seventh Meeting of the Heads of Regional Secretariats (27th and 28th, November, 2019, Brussels). The STCU ED traveled to Brussels to work with the CoE regional secretariats to bring them up to speed on the second LIONSHIELD workshop planned to be conducted in 2020/2021 in Serbia.

Attendance of Countering Disinformation about COVID-19 Webinar (June 8, 2020). The STCU participated via ZOOM with representatives of USG, NGOs, etc. to discuss the issue of disinformation.

Attendance of GP Chemical Sub-Working Group Virtual Meeting (June 9, 2020). The STCU ED met via WebEx with representatives of chemical sub-working group.

Attendance of GP Biological Sub-Working Group Virtual Meeting (June 11, 2020). The STCU ED met via WebEx with representatives of biological sub-working group programs.

Introductory Meeting with MESU Representatives (June 18, 2020). The STCU ED and SDED met virtually with members of MESU to discuss a number of ongoing activities. On the ZOOM call was Ms. Yulia Bezvershenko (General Director of the Directorate for Science and Innovation, MESU), Andriy Ostapenko (Head of the Department of International Research programs and projects of the Main Directorate of Scientific and Technical Development of the Directorate of Science and Innovation, MESU), and Olena Savina (Senior Specialist, MESU).

Curtis "B.J." Bjelajac
Executive Director