

STCU Governing Board 54

May 4, 2022

List of Participants

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

European Union

Natalie PAUWELS

Board Member
Head of Unit
Stability and Peace - Global and Transregional
Threats
Service for Foreign Policy Instruments
European Commission
Programme Manager
European Commission

Sorin POPA

Jaba SAMUSHIA

Georgia

LEPL, Shota Rustaveli National Science
Foundation

Rusudan JOBAVA

LEPL, Shota Rustaveli National Science
Foundation

Tamara ZHUNUSSOVA

Norway

Norwegian Radiation and Nuclear Safety
Authority (DSA)

Lee Young-Ouk

South Korea

Korea Atomic Energy Research Institute

Ihor TARANOV

Ukraine

Director General
Head of the Expert group on Integration into
European Research Area
Directorate on Science and Innovation
Ministry of Education and Science of Ukraine
Head
Division of the International Scientific and
Research Programmes and Projects
Ministry of Education and Science of Ukraine
Head Technician
Ministry of Education and Science of Ukraine

Andrii OSTAPENKO

Oksana LASHKOVA



United States of America

Ryan TAUGHER

Acting Board Member
Director
Office of Cooperative Threat Reduction
Bureau of International Security and
Nonproliferation
U.S. Department of State

Barbara HALL

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

Mark SCHELAND

Acting Team Chief
Counterproliferation, Chemical Security, &
Nuclear Security Programs
Office of Cooperative Threat Reduction
U.S. Department of State

Laura DENLINGER

Deputy Team Chief
Counterproliferation Programs
Office of Cooperative Threat Reduction
U.S. Department of State

Regina CARTER

National Nuclear Security Administration
U.S. Department of Energy

ISTC

Ronald LEHMAN

Chairman
International Science and Technology Center
Executive Director

David CLEAVE

International Science and Technology Center
Chief Financial Officer

Sonya VEKSTEIN

International Science and Technology Center

Secretariat STCU

Curtis "B.J." BJELAJAC

Mykola LUBIV

Anthony NICHOL

AGENDA
54th Meeting of the STCU Governing Board
May 4, 2022

Hybrid Meeting (Brussels/Zoom)
Start time: 13:00 Brussels time/14:00 Kyiv time/07:00 D.C. Time

1. Opening of the Meeting

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

2. Administrative Topics

- 2.1 Adoption of the Agenda

3. Agenda

- 3.1. Review and Approval of minutes of 53rd GB Zoom meeting conducted on November 30th, 2021 (GB Members)
- 3.2. Review of 54th Draft Record of Decisions & Funding Sheet (Curtis "B.J." Bjelajac)
- 3.3. Approve 1 year Contract Extension of STCU Senior DED (GB Members)
- 3.4. Approve 1 year Contract Extension of STCU ED (GB Members)
- 3.5. STCU Status/ Contingency Plans (in-lieu of Strategic Discussion) (GB Members)
- 3.6. Russian Disinformation (Curtis "B.J." Bjelajac)
- 3.7. Discuss/Approve 55th GB schedule (Curtis "B.J." Bjelajac)
- 3.8. Finalize 54th GB Record of Decisions and Funding Sheet (GB Members)
- 3.9. AOB (Any Other Business) (GB Members)

4. Closing of the Meeting

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



**Summary of the STCU 53rd GOVERNING BOARD MEETING via ZOOM
November 30th, 2021**

Azerbaijan:

Mr. Gulam BABAYEV, Azerbaijan Information Officer, STCU

European Union:

Ms. Natalie PAUWELS, Board Member, Head of Unit, Stability and Peace - Global and Transregional Threats (FPI.1), Service for Foreign Policy Instruments, European Commission

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

Georgia:

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

Moldova:

Mr. Vadim IATCHEVICI, Head of the Innovative Projects Directorate, National Agency for Research and Development

Ukraine:

Mr. Oleksii SHKURATOV, Board Member, Deputy Minister for European Integration, Ministry of Education and Science of Ukraine

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

Mr. Andrii OSTAPENKO, Head, Division of the International Scientific and Research Programmes and Projects, Ministry of Education and Science of Ukraine

Ms. Oksana LASHKOVA, Head Technician, Ministry of Education and Science of Ukraine

United States of America:

Mr. Phillip DOLLIFF, Board Member, Deputy Assistant Secretary for Nonproliferation Programs, Bureau of International Security and Nonproliferation, U.S. Department of State

Ms. Kathryn INSLEY, Acting Board Member, Director, Office of Export Control Cooperation, Bureau of International Security and Nonproliferation, U.S. Department of State

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

Mr. Mark SCHELAND, Acting Team Chief, Counterproliferation, Chemical Security, & Nuclear Security Programs, Office of Cooperative Threat Reduction, U.S. Department of State

Ms. Laura DENLINGER, Deputy Team Chief, Counterproliferation Programs, Office of Cooperative Threat Reduction, U.S. Department of State

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

Mr. Don HATCH, National Nuclear Security Administration, U.S. Department of Energy

Ms. Kathleen ELLIS, National Nuclear Security Administration, U.S. Department of Energy

Mr. Randolph LONG, Defense Threat Reduction Agency, U.S. Department of Defense



Secretariat ISTC

Mr. David CLEAVE, Executive Director, International Science and Technology Center
Ms. Sonya VEKSTEIN, Chief Financial Officer, International Science and Technology Center

Secretariat STCU

Curtis "B.J." BJELAJAC
Mykola LUBIV
Anthony NICHOL
Elena TABERKO

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

Deputy Minister Shkuratov opened the meeting with the following remarks, "Dear board members, dear colleagues, first, thank you for this opportunity to address and welcome all of you to the 53rd Governing Board teleconference, on behalf of the Government of Ukraine and the Ukrainian scientific community. For those of you whom I haven't had the pleasure to meet, my name is Oleksiy Shkuratov. I am the Deputy Minister of European integration of the Ministry of Education and Science of Ukraine and today, it is my pleasure to participate in this meeting, jointly with my team.

I would like to thank the Secretariat and the wider STCU team for the preparation of today's meeting and express my gratitude to my fellow Board Members. Following today's agenda and reviewing the summary of the last 52nd Board Meeting, it is my understanding that the U.S. Party confirmed in its opening remarks, during the 52nd Board Meeting, that it would like to discuss alternative approaches for providing any additional administrative or operational funding beyond January 1, 2022. Thus, it is the Government of Ukraine's understanding that the discussion about what the US Party's contribution will be to the Center's budgets after January 1, 2022, will occur in the context of today's meeting. The Government of Ukraine sees this as the most critical issue to resolve at today's meeting. I would like to highlight that the STCU is certainly seen still as an extremely efficient and important partner for all Parties. The Center provides a lot of flexibility to implement actions that the U.S. and the E.U. see as being important as they arise.

Without any doubts, Ukraine highly appreciates the support and contributions that have been made and that are still coming from our allies and trusted Partners in regard to the Center's activities. Furthermore, Ukraine is open to discuss possible cooperation expansion, different forms of cooperation, including different funding modalities. We have high hopes that the US Party will make a specific proposal regarding their thoughts about further financing the Center and I believe we all just want to make sure that the Center continues, and receives sufficient funding, as continuity is very important to all of the Parties. I also want to thank our European colleagues and partners for sharing our concern on this issue.

Dear colleagues, thirty years after the restoration of Ukraine's independence, the bonds between the United States and Ukraine are stronger than ever. Our shared values and commitment to a Europe that is whole, free, democratic, and at peace, provide the basis for our strategic partnership. We are working together to address shared global challenges, including energy security and diversification, climate change, the COVID-19 pandemic, standing up to Russian aggression, deepening strategic defense cooperation, enhancing risk and cooperative threat reduction, collaborating on cyber security and many other key aspects that eventually serve as a cornerstone for security, democracy, and human rights in Ukraine and the broader region.

Ukraine welcomes the signing of the new U.S. - Ukraine Charter on Strategic Partnership and we sincerely believe that there will be room for the STCU within this partnership. In this regard, I would like to ask STCU's management to approach the Ukrainian Embassy in D.C. in order to strengthen interaction on developing and implementing mutually beneficial initiatives within bilateral science and technology cooperation.



Dear board members, in conclusion, the Ukrainian Party once again confirms the fulfillment of its international obligations within the framework of the STCU activities and regarding the placement of the STCU and will take the appropriate steps in providing appropriate assistance in the Center's activities. Thank you all and I would like to welcome once again all the participants and wish a fruitful and enjoyable 53rd Governing Board Meeting. Thank you."

Mr. Bjelajac thanked Mr. Shkuratov for his opening remarks. Mr. Bjelajac turned the floor over to the Deputy Assistant Secretary for Non-Proliferation Programs Mr. Phil Dolliff, for the US Party's opening remarks.

Mr. Dolliff provided the following opening remarks on behalf of the United States of America. "Thanks BJ. It's a pleasure to join you all today. I was pleased to be part of the last Governing Board meeting in April where I had the opportunity to meet with you virtually. It's my honor to represent the U.S. Party as Governing Board representative to the STCU. I want to express appreciation to the STCU Secretariat and the Executive Director "B.J." for preparing today's virtual meeting and commend him and the entire STCU for the historic year of unprecedented volume in project funding. The U.S. Party is delighted to be part of that effort and looks forward to continuing to find project opportunities within the STCU. The U.S. Party also thanks the Governing Board Chairman, Eddie Maier, who as BJ mentioned, is not able to join us today, but we were delighted by the extension of his tenure leading the Board and look forward to continuing our partnership in the STCU under his leadership. The United States is grateful as well to the Government of Ukraine for hosting the STCU and supporting the science collaborations that advance global security.

Let me take a moment to address the remarks of my Ukrainian colleague regarding the US commitment to the Centers. The US is strongly and deeply committed to the two centers, including the STCU. As my colleague notes, there are some financial issues that are in play. The US will continue to meet its financial obligations at the Center. For example, we have paid our Fiscal Year 2022 AOB contribution. There are some issues, as my colleague has pointed out, and we've been working those issues in partnership with the Secretariat, and with our EU colleagues, as well as our colleagues within the USG. I'm not actually sure BJ if it's on the agenda, but we'd be happy to have a discussion of where we are on these issues.

During our discussion today, we have made some specific proposals and some changes within the USG, and we also are working with partners to try to identify some solutions to address some of the issues. But rest assured, that from our perspective, while there are issues here, our financial commitment to the Center is strong and ironclad. We will meet our obligations and we will work in partnership with all the Parties to the center regarding those issues. So I appreciate my colleague raising these issues. We look forward to a conversation on these issues, and I assure you we will resolve them in the context of our deep financial commitment to the Centers.

I join you today in the context of the United States being deeply concerned with the increasing threats to the territorial integrity and sovereignty of Ukraine. We are increasing our diplomatic commitment to Ukraine and other States in the region. In the context of these threats, we are reaching out to international partners to band together to signal our deep collective commitment to the territorial integrity and sovereignty of Ukraine. In that context, I am pleased to announce that the U.S. Party, through my Bureau at the US Department of State, will be pursuing a \$400,000 Small Modular Reactor (SMR), nuclear security and energy capacity building project with Ukraine through the auspices of the STCU. This project is funded as part of the Foundational Infrastructure for Responsible use of Small Modular Reactor Technology (also known as the FIRST program) and complements our upcoming FIRST program engagement with Armenia through the International Science and Technology Center (ISTC). The FIRST program is a presidential initiative announced at the Leaders Climate Summit in April this year.

We are excited to embark on this project and to work with Ukraine to meet its energy needs consistent with the highest international standards of nuclear security, safety, and nonproliferation. The project's goal is to advance our shared priority to combat the climate crisis by supporting clean energy alternatives. Ukraine has been a steadfast and supportive host of the STCU, and we look forward to collaborating on this FIRST proposal to support Ukraine's energy independence. The US is also planning to launch new initiatives through the STCU in the areas of biosecurity and border security and is exploring partnering on these initiatives with the European Union.



As all the parties are aware, the STCU, with its strong leadership, talented staff, and network of branch offices provides an excellent platform for projects. We are committed to seek other potential opportunities for the STCU to advance our shared international security and nonproliferation objectives. But we are excited about this new opportunity, we are also increasingly concerned about the ongoing and escalating threats to Ukraine, and we look forward to working with Ukraine to strengthen its energy independence. This project announcement today emphasizes the important role that the STCU and its Parties have in supporting Ukraine and its territorial integrity.

We look forward to sharing more details on this exciting project, as well as the other projects we are exploring, and want to express our gratitude to the STCU, Ukraine, and the EU for their support and partnership over these many years. In addition to the FIRST SMR initiative with Ukraine, my office within the State Department is also excited to be working with Ukraine through the STCU on another project to strengthen Ukraine's ability to safely transport disused radioactive sources to the long-term storage facility in the Chernobyl exclusion zone.

The U.S. Party is determined to find additional project opportunities to support Ukraine's territorial integrity, sovereignty and independence and work similarly with parties in Azerbaijan, Georgia, and Moldova through the STCU. We believe that there are other opportunities to build the capacity of our partners in the region to strengthen energy independence, while meeting clean energy and nonproliferation goals. We are actively looking at other opportunities to counter malign actors in the region, that threaten the independence of sovereign countries, as well as those who pursue disinformation campaigns that erode confidence in global nonproliferation regimes and norms.

To conclude, the U.S. Party looks forward to continuing to work with our fellow partners in the STCU to make the center as valuable to each of us, nationally and collectively, as it can be. The STCU will continue to benefit from the support and engagement of U.S. partners such as the Department of Energy's National Nuclear Security Administration, today represented by Regina Carter, Kathleen Ellis, and Don Hatch, and other US government partners such as the Department of Defense, represented today by Randy Long, and the U.S. National Cancer Institute, as well as by private sector partners.

The US Party is proud that our DoD and DoE colleagues are a key part of the STCU's historic level of funding this year. The US Party will remain engaged diplomatically as well, and work with all of you to advance cooperation for international security and nonproliferation. Thank you for your invaluable partnership through the STCU and for your attention. I regret I will need to sign off from today's Governing Board meeting shortly due to a conflicting and inescapable commitment. My deputy, Ms. Kate Insley, will stand in for me with full powers as the Governing Board representative along with the rest of the U.S. Team. We deeply appreciate the opportunity to work together to strengthen our partnership. Thank you."

Mr. Bjelajac thanked the Deputy Assistant Secretary and wished him all the best on his next commitment and thank him for taking the time out of his busy schedule to be with us today. The ED then gave the floor to the European Union. He asked Ms. Pauwels to consider during her opening remarks, whether the EU is prepared to discuss financing issues, as suggested by the US Party. If the EU was open to discussion at this meeting, the ED suggested discussing it after the EU's opening remarks.

Ms. Pauwels provided the following opening remarks on behalf of the European Union. "Thanks, BJ, and good afternoon to everyone. I want to start by saying that, of course, as the EU Party, we're very pleased that Eddie Maier has been renominated Chairman of the STCU. Of course, we regret that he couldn't join us today. Eddie has a long-standing involvement with the Centers, as I believe many of you know, and has enormous experience to bring to this role. We really look forward to seeing him in future meetings. The EU Party is, of course, committed to fulfilling our obligations as a party to the STCU and continuing our long-standing support of the security of our partners in the region through our cooperation in the STCU.

We share the US Party's concerns, of course, about developments in the region, and I think this reconfirms the importance of our cooperation in this regard. To this end, the EU has already secured and transferred our funding contribution for 2022 to the STCU Secretariat, and this includes support, for example, to our export control activities in the region that are implemented by the STCU, and these are going to continue next year. I'm also really pleased to

note that this has been a record year for the STCU in terms of funding with over €21 million (~ \$24 million) from all the different partners. At the same time, we note that the Secretariat has been able to reduce its administrative operating budget request slightly, and this shows a constant effort to improve the efficiency of the organization overall, and we very much welcome those efforts.

The EU is proud to be running several important projects through the Center, and I'd like to highlight a couple of them here. First, our €5.5 million project to enhance the CBRN medical response in Southeast and Eastern Europe, which started earlier this year and is now picking up speed. Also, our €5.7 million in fresh funding from the EU's Instrument for Nuclear Safety Cooperation (INSC), which is supporting a new phase of a large-scale project that started back in 2016 to implement emergency measures for a former chemical plant (PChP) in the Southeast of Ukraine. In the framework of the EU CBRN Centers of Excellence we also are in the early stages of planning a biological field exercise with the State Border Guard Service of Ukraine in October 2022. We hope that this biological field exercise could eventually be linked with another project we're planning to develop in which we've had very preliminary discussions with our colleagues in the US Party about frontline biosafety and biosecurity. It is possible that this new project could also be implemented by the STCU. I'd be happy to provide further information on this project to those interested in due course.

In addition, we have our EU funded nuclear forensics projects that continue with participation extended to include colleagues in Armenia. The EU very much values its partnership with the Department of Energy in the context of the nuclear forensics projects. We think that these projects can serve as a model of cooperation that we'd like to see more of, if possible, in the future. In other words, a project that's funded by several parties, at a regional scale. Here, of course, I would like to acknowledge the offer of the United States Party to cooperate with them on the FIRST project mentioned by DAS Dolliff in his opening remarks. The EU will investigate the possibility of cooperating on the FIRST project quite carefully with colleagues here on the EU side to see how we can work together in this regard.

Looking back to the summary of our last Governing Board meeting in April, I noted that we had the ambition to use this meeting today to hold more strategic reflections on the way forward. This issue has been touched on a little bit by our two previous speakers. While it's true that the ongoing COVID-19 pandemic hasn't helped us to advance this issue as much as we would have liked, nor have various political and administrative changes affecting both the US and EU Parties, and these are, of course understandable and valid, I believe that we all agree that strategic discussions are very much needed and that they do depend on some certainty about the way forward in relation to the future core budgets of the Centers. The EU believes that this certainty is important in order to allow the STCU Secretariat to plan activities based on a sound strategic framework that is in line with the priorities set collectively by the Parties.

In the hopes of feeding such a strategic discussion next year, the European Commission has just launched an independent review of both the STCU and ISTC. I believe that I touched upon this in our last meeting, explaining that we were working towards launching this review. It's now been launched. It's going to take place over the course of the next months. It is our hope that the outcome of this review process, which is an independent and objective review, can help inform not only the future EU engagement and contribution to the Centers, but also our collective strategic reflections about the future direction we wish to take the Centers. We're also hoping that this can address some of the concerns or needs or constraints, in a sense faced by other Parties, including the US. For example, we have asked the evaluators to consider other potential models for supporting the Centers. Of course, we will be sharing the conclusions of this review with all Parties when they become available, probably towards the middle of next year.

The ongoing review of the Centers does not preclude continuing the discussions around core funding issues. I can confirm that we have been discussing this issue with the US Party with a view to finding a viable solution that will provide predictability and sustainability. This is a key concern for the European Union, and I think we'd like to see this advance as soon as possible, so that we can come to the next board meeting with more clarity.

We had of course, hoped that this board meeting could be held in person. We had offered to host it in Brussels. But again, the COVID-19 situation has not evolved in a positive direction, so that's proved to be not possible at this time. But if the situation allows, we maintain our invitation to hold the meetings next time here in Brussels. I really believe

that in person meetings can make a big difference where we would be able to speak more openly with each other, really engage in the kind of discussions that I think we need to be able to think strategically together and find solutions.

I don't believe that we're facing a major problem here, but I do think that it's important that we get some clarity soon in particular in relation to certain positions that need to be funded beyond the middle of next year, among other core funding matters. Finally, let me just close my opening remarks by joining the Deputy Minister and the Deputy Assistant Secretary, in thanking the STCU Secretariat for organizing this meeting. I'm looking forward to our discussions today. Thank you."

Note: By this point of the meeting, Deputy Assistant Secretary Dolliff and Deputy Minister Shkuratov had excused themselves, leaving Ms. Insley and Mr. Mozolevych acting on their behalf for the remainder of the meeting.

BJ thanked Natalie for her opening remarks and then he asked about the Deputy Assistant Secretary's opening remarks, within which he mentioned that the US Party is open to discuss the financing issues today. BJ asked Natalie if the EU is prepared to discuss these issues today?

Ms. Pauwels responded as follows, "Well, BJ, it depends on what exactly you're referring to? Because if it's about, for example, some of the costs that have until now been carried by the US Party and whether those could be taken up by other Parties or not, I think that we're not able to speak to those at this time. Those discussions are ongoing with the US Party, so we're not ready to reach a conclusion on these matters. What I can say is that we will continue to discuss these points offline, in order to find some way forward as soon as possible, because I think that this issue is really coming to a head now."

BJ thanked Ms. Pauwels for her comments and confirmed that this was also his understanding from talking to the EU Party in preparations for this meeting. BJ then turned to Ms. Insley and our American colleagues, to inform them that despite the nice offer by the Deputy Assistant Secretary, we're not prepared to discuss the financing issues at this meeting, but we will discuss it in the lead up to the next board meeting. BJ closed by mentioning that during today's meeting, we'll talk about the timing for the next board meeting, and that he has it in his notes to look at having the 54th Governing Board meeting a bit earlier in the new year so that we can address this topic.

Ms. Insley agreed with this approach and thanked Natalie and BJ for their consideration of this topic.

The ED then moved on to his opening remarks by welcoming everyone and thanking them for taking the time to attend. He acknowledged that this time of the year is very busy given the holiday season and its very compact schedule. He also stated that he understands that this time of the year impacts the availability of the Deputy Assistant Secretary and the Deputy Minister, which is a large factor in why we're losing them for the remainder of the meeting. He then thanked those that will stay for the remainder of the meeting.

The ED continued by thanking the US party for their announcement of the FIRST project, and their \$400,000 contribution to assist Ukraine in better understanding small modular reactor (SMR) technology. The ED noted that there's a point in the Record of Decisions calling attention to the approval of the FIRST project at this governing board. He concluded this point by stating that there is another SMR project that will start at the STCU, and he will describe it in his ED Report.

The ED also thanked the donors, partners, and the Parties, for the record year that will be described in the Executive Director report. He continued by stating that you will see in this report that the STCU has almost \$25 million in new funding in 2021, which sets a record for the Center, with the next highest funding year at \$20 million. The ED pointed out that 2021 is 25% higher than the largest funding year that we have had in the Center's history and concluded that the Center's record year is due to the generosity and the consistency of the parties of putting projects through the Center. This amount of funding shows the commitment of the parties and the partners to the success of the organization, as well as the continued utility of the organization.

The ED continued by thanking the Secretariat for their hard work. He highlighted that it's been both a very difficult year (i.e. pandemic, reduction in office space), as well as rewarding (i.e. record amount of funding). The ED pointed out that without the Secretariat's hard work and commitment over the past year, the Center would not have the record success that will be described in the remainder of the meeting.

2.1 Review and Approval of the 53rd GB Agenda

The Governing Board agreed to revise the agenda in order to remove the Executive Session (which will be scheduled in the new year). The remainder of the agenda was accepted as presented.

3.1 Review and Approval of minutes of 52nd GB held via Zoom on April 28, 2021

The Governing Board approved the minutes as presented with the E.U. Party's requested small changes.

3.2 Review of 53rd Draft Record of Decisions and Funding Sheets

The ED called the Board's attention to the draft 53rd Record of Decisions and mentioned that there was one change to the documents presented. Given the decision to postpone the Executive Session, the bullet point in relation to the partner matter would be removed. He continued by calling the Board's attention to the Funding Sheets (projects and supplemental budgets) for approval by the GB at the end of the Zoom meeting. He pointed out that the record year in funding for the STCU is reflected in the project funding sheet as presented. The ED pointed out that in his upcoming Executive Director report, he would breakdown in more detail the project funding amounts. The ED concluded by asking if there were any comments or questions related to the documents as presented.

Ms. Pauwels stated that she understood that removing any decision in relation to the postponed Executive Session made sense; however, she asked the ED to clarify how this decision will be handled in the future.

The ED clarified that any decision taken by the Executive Session would be reflected in the next Record of Decision (54th Governing Board).

Ms. Pauwels thanked the ED for the clarification and there being no other questions the meeting moved to the next agenda item.

3.3 Executive Director Report

Mr. Bjelajac submitted his report that covered the period of March 18, 2021 to November 5, 2021. Mr. Bjelajac highlighted the following issues in the report:

- A. **COVID-19:** The ED opened by briefing the Governing Board on the status of the COVID-19 pandemic in Ukraine with the following high-level points:
 1. Since November 1st Kyiv in red zone (full lockdown = schools closed, restaurants take out only, etc.)
 2. COVID-19 may have long-term effects on STCU operations, especially in person events such as conferences, field exercises (LIONSHIELD2), etc..
- B. **NuScale Proposal to Work with STCU:** The ED informed the Governing Board that on November 15th USTDA provided formal approval of the project with NuScale Power. The project's scope is to perform a gap analysis to determine feasibility of the implementation of SMR technology in Ukraine. In the proposal, the STCU is tasked to provide oversight for the project. The ED informed all that a signing ceremony would take place on December 14th and the project kick-off meeting would take place in January 2022.
- C. **STCU completed a large project funded by USDOS/ISN/WMDT to improve cyber security at the State Nuclear Regulatory Inspectorate of Ukraine (SNRIU):** The ED informed the Governing Board about a project funded by DOS/ISN/WMDT to significantly improve cyber security at SNRIU through the upgrade of

the Information and Telecommunication System (ITS), as well as through the development of a Comprehensive Information Protection System (CIPS). The project involved the procurement of new equipment, deployment of subsystems, setup of active network equipment (including information security), development of a program for testing, and provision of pilot testing of the ITS. The STCU completed the project with a savings against the budget of ~\$83K (Budget was equal to \$616K, Actual amount spent was equal to ~\$533K). On July 6, 2021, the Head of SNRIU sent a letter of thanks addressed to the U.S. Department of State and The Norwegian Radiation and Nuclear Safety Authority (the Norwegians provided partial funding to this project via USDOS/ISN/WMDT).

- D. **Issues with PChP project** – The ED informed the Governing Board that in recent months the STCU had issues with various Ukrainian authorities in relation to the PChP project as follows:
1. The SBU this past spring requested redesigns to be made to the project plan. The STCU in conjunction with the Ministry of Energy, Barrier, and the contractors made some redesigns to the controlled areas to exclude certain parts of the territory. After these redesigns were made the issue appears to be closed.
 2. Prosecutor’s Office of Dnipropetrovsk Oblast opened a criminal investigation in relation to the project, but it is not clear as to who or what organization they are investigating, the crime appears to be two potentially unrelated events:
 - ✓ First is the removal of materials (in particular Phosphogypsum) from the PChP site. STCU and the EU are aware of the removal of materials from the site and it is one of the reasons for the project in the first place. This has nothing to do with STCU and it is unlikely that our contractors are involved.
 - ✓ The second alleged offence is regarding misuse of EU funds. This would be of concern to the STCU as implementers of the project and the EU the funding party of the STCU and of this project. However, we are firmly of the opinion that there is no case to answer and await further developments. After consultation with the Ministry of Education (the Ukrainian Government Ministry responsible for the STCU) the STCU provided relevant requested documents to the prosecutors office on September 15, 2021 and subsequent to the provision of docs has not been contacted by the Prosecutors Office of Dnipropetrovsk Oblast. This issue has gone quiet.
 3. On September 29, 2021 the STCU received a letter from the National Police within which they requested documentation related to the PChP project, as they are investigating the unauthorized removal of radioactive material from the site. The STCU sent a written response to the National Police within which we explained that on September 15, 2021 the STCU already provided all requested documentation to the Prosecutors Office of Dnipropetrovsk Oblast (see above) and kindly requested that the National Police coordinate with the Prosecutors Office of Dnipropetrovsk Oblast to obtain the requested documents. On October 19, 2021, the STCU learned that the National Police inquiry is more than likely related to an ongoing project with the University of Bristol which is not related to the STCU’s project with the EU. Thus, the STCU hopes that this ongoing investigation is not related to our project.
- E. **STCU has its largest year of new funding in its history (\$24.2M).** The ED informed the Governing Board that as reported at the previous 52nd Governing Board, the STCU signed most of the known projects outlined at the time, and as a result, 2021 is a record year in new funding approved for the STCU. The projects signed were as follows:
1. 5.4M Euros (~\$6.5M) for a new project with DG – Foreign Policy Instruments entitled, “Project 088: “Strengthening of CBRN Medical Preparedness and Response Capabilities in SEE countries “
 2. 5.7M Euros (~\$6.8M) for Continuation of Emergency Implementation Measures for PChP with DG – International Partnerships (formerly DG DEVCO)
 3. Additional \$1.3M for Continuation of Nuclear Forensics projects (EU & U.S. DOE)
- F. **Good News for start of 2022 (\$6.6M of possible new projects to be signed at the start of 2022).** The ED informed the Governing Board that the STCU was scheduled to sign the following list of new projects in early months of 2022:

1. 3.4M Euros (~\$4.1M) for a new project with DG – International Partnerships (formerly DG DEVCO) entitled, “Modernisation of the “Dosimetric Control System at the “Vector” Complex and the “Buriakivka” Disposal Facility”
2. \$1.5M for a new project with U.S. Department of State/International Security & Nonproliferation/Weapons of Mass Destruction Terrorism entitled, “Institutional capacity building for sound management of chemicals in Georgia”

The Executive Director concluded his ED Report by stating that if all the above projects were signed , 2022 would be off to a very good start (~\$6.6M). The ED then asked if the GB had any questions or comments in relation to the ED Report.

Ms. Pauwels thanked the ED for his very good overview, emphasizing that the report shows all the good work that's being done, as well as illustrating all of the relevant and important projects underway. She continued by stating that it is good to know the STCU is working to resolve the issues outlined in relation to the PChP project. Furthermore, she continued by making a comment in relation to the mentioned cyber security project with the SNIRU that the US Party financed, stating that her unit (FPI) is also working on cyber security projects which are focused on critical infrastructure protection. Ms. Pauwels elaborated on the projects by stating that so far the projects address cyber security capacity building, giving the example of working with partner countries around the world (not specific to the SEEE region) to look at how to build cyber resilience. Ms. Pauwels concluded by stating that the EU would be very interested in looking at the potential to work together with other Parties in the context of the STCU, to see whether it might be possible to come up with a project that would build on the work that's already been done, for example, or to look at where else the Parties could bring together cyber security and CBRN related concerns in a meaningful way.

The ED thanked Ms. Pauwels for her comments and asked if there were additional comments. Ms. Insley thanked the European Commission, her fellow Governing Board members, the Secretariat and all participants for welcoming her to the meeting. She continued by congratulating all on the success that the Center has had despite the issues presented by the COVID-19 pandemic. She pointed out that almost \$25 million in new funding is extremely impressive and is a true testament to the importance and effectiveness of the Center. She continued by voicing her interest in participating in future discussions about the strategic evolution and direction of the Center. She highlighted the point about cyber security raised by Ms. Pauwels, and agreed that this is an area where she believes the EU and US already have some ongoing coordination and collaboration. Ms. Insley welcomed the opportunity to bring the STCU into those conversations or to look at developing new projects in partnership with the STCU.

Ms. Insley continued by informing all that her office (Export Control Cooperation) has already had a number of conversations recently around traditional border security and border enforcement, and she thanked both the STCU and the EU for their participation in these conversations. She continued by thanking the ED for updating the Parties on the COVID-19 situation facing the STCU, and cautioned that we're clearly not out of the woods in relation to the pandemic. Ms. Insley mentioned that not all outcomes of the pandemic were bad and that we have learned over the past year or so how to effectively use remote technology. She encouraged the STCU and all member states to continue to improve and expand the use of virtual and remote engagement tools, both to get us through the remainder of the pandemic and as an enduring part of how the Center does business. She concluded her remarks by once again extending her sincerest congratulations to all on the record year, and thanked the ED for his report.

The ED thanked Ms. Insley for her comments and agreed that the Center will continue to look for ways to leverage remote technology. He also seconded her thoughts on the need for a strategic discussion and pointed out that this will definitely be a bullet point on the next Governing Board meeting. There being no further questions or comments, the ED turned the floor over to the CFO to cover the next topics.

3.4 Update on 2021 AOB/SB Expenditures

Mr. Nichol submitted his report on the 2021 AOB and SB actual expenditures and highlighted the following during his presentation:



- ✓ The approved 2021 AOB was \$773,000 with estimated actual year to date expenditures of \$647,000, which represents 84% of the budget.
- ✓ Mr. Nichol called the Governing Board's attention to the Other Professional Services budget line item which has a budget of \$20,000, but is forecast to have an actual amount expended of \$23,000. This represents a greater than 10% overspend which requires Board approval, so the STCU has included this approval in the draft record of decisions. Mr. Nichol highlighted that the reason for the overspend was due to larger than foreseen IT consulting services related to the upgrading of Navision (the STCU's financial accounting software).

Mr. Nichol concluded his presentation and there being no questions or comments, he moved on to the next agenda item.

3.5 2022 AOB and SB Budget Request

Mr. Nichol presented the 2022 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 2022 estimated project expenditure will be \$11.0M which can be derived by looking at the balance for DCC Projects at December 31, 2021 which will be \$33.0m and dividing by three (the average amount of years of an STCU project). Mr. Nichol stated that the 2022 AOB request is \$766,000, which is a very slight decrease compared to the approved 2021 AOB (\$773,000).

Mr. Nichol drew the Board's attention to the three "Ts" as they are the most important aspects of the 2022 AOB request:

- ✓ Talent
 - a. The STCU has a very strong team, which has worked very hard in these difficult times
 - b. STCU recommends a 5% pay increase for STCU local staff in 2022, as the last raise was in 2015
- ✓ Technology
 - a. STCU recommends investing in technology by providing all staff with laptops which enables remote working; access to office computer and servers; improved security of STCU data & systems; and staff will no longer have to use their own computers for work.
- ✓ Travel
 - a. With the better use of technology, the STCU will budgeted to reduce its travel budget considerably, and is better for the environment.

Mr. Nichol concluded his presentation and there being no questions or comments, he moved on to the next agenda item.

3.6 Presentation of December 31, 2020 Audited Financial Statements and Management Letter

Mr. Nichol pointed out that the financial were audited by KPMG Latvia, and that they show an unqualified opinion. This is the second year in succession that the STCU has received an unqualified opinion. Mr. Nichol went on to point out some important trends in the financial statements as follows:

- ✓ On the income statement, Mr. Nichol pointed out that project revenue figures have gone down in from \$12.5M in 2019 down to \$8.5M in 2020. Mr. Nichol pointed out that this is due to the increase in government activities over time, and the fact that government projects tend to take take longer (i.e. ~4 years).
- ✓ Mr. Nichol pointed out that there was a dip in 2020 of new projects signed, possibly resulting from the start of the COVID-19 pandemic in the early days of 2020.
- ✓ On the income statement Mr. Nichol pointed out that one can see how cost effective STCU has been over the years, pointing out that overhead as a percentage of projects fluctuates between 10% and 14% depending upon the year. Mr. Nichol concluded by stating that there is a gradual decline in the overhead percentage over the years as the Center becomes more and more efficient.

- ✓ Mr. Nichol then showed a slide comparing the overhead percentage of the STCU versus other similar organizations.
- ✓ Mr. Nichol then moved on to the balance sheet pointing out that there was a slight decrease in the capital from 2019 to 2020, and this is a reflection of the low number and volume of projects that were signed in 2020. However, he then pointed out that when you look at the Center's total capital, you can see that the Center is in a very strong position going forward into 2022.
- ✓ Mr. Nichol concluded by mentioning that the Auditor's management letter had some very minor points.

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

Ms. Pauwels thanked Mr. Nichol for the slide which showed a comparison of overhead percentages for other organizations, as she found it useful and feels that it demonstrates how effective the STCU is at managing its budget and implementing projects in a cost effective manner.

Ms. Insley thanked Mr. Nichol for managing such a complex financial program under these difficult circumstances over the past year. She also thanked him for the detailed analysis, especially the comparative analysis, which is very important for US programming and foreign assistance. She called the Board's attention to the opening remarks of DAS Dolliff so as to ensure that the Parties are aware that the U.S. provided earlier this year a one time supplemental payment to cover the US Party's AOB contribution through the end of 2022, as well as funding for the Executive Director's contract to June 30, 2022. She continued by mentioning that the US Party is working closely internally and with the EU to finalize a proposal that would provide a sustainable approach to fund our obligations at the STCU beyond the current period of time. She concluded by stating that the US Party recognizes the importance of this funding and that the US Party looks forward to continuing those discussions and sharing the outcome with you as soon as possible.

Mr. Popa also pointed out in relation to the STCU's effectiveness, that due to the STCU's diplomatic status, the STCU does not have to pay taxes (i.e. VAT, payroll, etc.) within the countries that it operates (GUAM) which makes the STCU very attractive to potential partners especially for larger projects (i.e. EU Project 088: "Strengthening of CBRN Medical Preparedness and Response Capabilities in SEEE countries" with the EU).

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

3.7 Presentation of 2020 Annual Report

The Governing Board approved the 2020 Annual Report as presented.

3.8 Update on 2021 Financial Audit Tender

Mr. Nichol reminded the Governing Board that all agreed back in the summer to open the audit tender up to allow audit firms to participate that are not based in the US and EU, but also based in the GUAM countries. He went on to explain that this request was due in large part to the disruptions presented by the COVID-19 pandemic (the last two audits were done remotely), as well as this was another way for the STCU to reduce costs (local auditors do not incur travel expenses).

Mr. Nichol pointed out that the STCU received five proposals, all of which were from international firms, two of which came from the so called "big four". Mr. Nichol informed the Board that after reviewing the proposals, the evaluation committee recommended that the STCU select Crowe Erfolg Ukraine as its auditors for the financial years ended 2021, 2022, and 2023. The Governing Board approved the evaluation committee's recommendation.

3.9 Discuss/Approve 54th Governing Board Schedule

The Governing Board discussed the difficulty in conducting the 54th Governing Board meeting in the 2nd half of April 2022 due to Catholic and Orthodox Easter holidays for the EU and Ukraine, so the Parties agreed that the 54th Governing Board and strategic discussion would occur in the first two weeks of April 2022 and that dates would be confirmed in the upcoming months. The EU offered to host a physical board meeting in Brussels, but also noted that a physical meeting is subject to the constantly evolving COVID-19 pandemic. All agreed that they would consider a physical meeting in Brussels in the first two weeks of April 2022 with confirmation to be made in the first weeks of 2022.

3.10 Finalize 53rd GB Record of Decisions and Funding Sheets

The Governing Board approved the 53rd Governing Board Record of Decisions and Funding Sheets as presented (minus the Record of Decision point to be discussed in the postponed Executive Session) and instructed the Executive Director to start the signature process.

3.11 Any Other Business (AOB)

There was no other business raised by the meeting participants.

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

Mr. Bjelajac asked if Ms. Pauwels had any closing remarks of behalf of the EU. Ms. Pauwels responded with the following remarks, “I just want to say thanks again for organizing the meeting. I think it's been a good meeting despite perhaps falling somewhat short of expectations. If we think back to our last meeting in April, in terms of the more strategic discussions we had talked about, I mentioned it at the beginning. I think it's on the one hand, understandable, but I do believe that this meeting has already been very good in the sense of clearing up several important matters in terms of you and your team also being able to really show quite clearly that you are very much a cost effective and successful international organization.

The EU continues to believe very strongly that the STCU has a very important role to play for us. But I think also for all the Parties. Thus, I would hope that we're able to now work out the details in terms of finding a way forward on the remaining matters, which we haven't been able to really get to the bottom of yet. But I think that it's clear that there's an engagement and a commitment on the part of all the Parties. So, we just need to now make that happen. We're looking forward to the next meeting. We'll look at our agendas. The first half of April should work for us. I agree with you. We shouldn't wait much longer than that. Finally, we are also looking forward to having more informal discussions and contacts in between our meetings in order to come up with more ideas about where we can work together on projects. I'd like to highlight that we've had some good ideas come out already and we will continue to work to develop those ideas. With that, I'll conclude my closing comments. Thanks again BJ to you and the team.”

Mr. Bjelajac thanked Ms. Pauwels for her closing remarks. He then called upon Ms. Insley for any closing remarks that she might have on behalf of the U.S. Party.

Ms. Insley responded with the following closing remarks, “Thank you, BJ. I want to again congratulate you, Anthony, and the entire STCU Secretariat for this historic year of project funding. The U.S. party and its agencies (i.e., the Department of Energy, Department of Defense, the U.S. National Cancer Institute, etc.) are excited to be a part of this historic year. We are excited to continue discussions on the projects that we've mentioned already today, not just the FIRST project as introduced by the Deputy Assistant Secretary, but potentially biosafety/biosecurity, border security, and then the projects that, of course, have already been proposed. The U.S. Party is very much looking forward to continuing to build out our project portfolio with the STCU and its member States. Finally, I just want to emphasize the Department of State as the coordinator for the US Party, has been a steady supporter of STCU since the organization's founding, and that will continue. We remain deeply committed to the STCU's success and to its future, and we look forward to resolving some of these outstanding issues in the very near term. Thank you for a very productive meeting. And I wish everyone all the best until we see you again.”

Mr. Bjelajac thanked Ms. Insley for her closing remarks. He then called upon the Ukrainian Party for any closing remarks that they might have.

Mr. Ostapenko thanked the Governing Board for a productive meeting and expressed his hope that the 54th Governing Board meeting will be conducted in person.

Mr. Bjelajac thanked Mr. Ostapenko for his closing remarks. Finally, the Executive Director thanked all the meeting participants for a productive meeting and reminded all of them that he would soon be in contact in order to schedule two meetings of the STCU Governing Board: 1). An Executive Session in late January, and 2). The 54th STCU Governing Board in the first two weeks of April 2022 (possibly in Brussels, given a positive turn in the COVID-19 pandemic).

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

Status of STCU/Scenarios/Possible Strategies

As of April 13, 2022

Status of STCU

Personnel (Current Location)

Kyiv or Kyiv Region	Outside of UA*	Total**
13	10	23

*Canada, Romania, UK, Poland, Slovenia, Montenegro, Germany, Brazil, and Italy (2)

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

Physical Resources (Office, Servers, etc.)

As of the writing of this report, the STCU office located at 7a Metalistiv Street is undamaged and has all necessary utilities (power, internet, etc.) to allow remote work. Work in the office is currently discouraged by the Kyiv city authorities to avoid unnecessary movement (block posts, metro not working, etc.). If the STCU offices are damaged or lose necessary utilities, then the team’s ability to work would be severely limited (no access to the Navision financial system, etc.). Data is safe, backed up to the cloud, but a lot of STCU operations are dependent upon access to STCU’s servers.

What STCU Operations Cannot be Performed

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

- Procurement of items outside of Ukraine for direct delivery into Ukraine, past Lviv. It is possible to procure items outside of Ukraine and ship to a Ukrainian border point, and most recently, we have been told that we can now ship to Lviv. However, if the destination of the shipment is East of Lviv (i.e., Kyiv, etc.), then we need to work with the shipment recipients to determine a way to pick up the goods in Lviv.
- Provision of travel services for Ukrainians inside Ukraine to travel internationally (no airports, etc.). Men under 60 years old cannot leave Ukraine as per the conditions of martial law currently in place in Ukraine. Women can leave Ukraine; however, travel from Kyiv for example, is difficult. A woman traveling from Kyiv would need to train from Kyiv to Lviv, bus from Lviv to Warsaw, to fly out of Warsaw airport to their desired destination. As mentioned above, we do have some staff already located outside of Ukraine, so if we need STCU staff to support an event outside of Ukraine (i.e., STCU is supporting a DOE sponsored seismic conference outside of Ukraine), then we can consider sending a staff member already located outside of Ukraine.

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

Status of Projects

Overall

Overwhelmingly, most partners (both GP and NGP) do not want to suspend/terminate their projects. However, having said that, the STCU was required to suspend eight (8) projects (including 3 Horizon projects), all located in Kharkiv (representing 1/3 of all projects in Kharkiv), because the difficult situation facing that city and its inhabitants. Most partners have expressed to the STCU their desire to continue their projects (where possible) as they understand the financing helps the scientific teams (thus helps Ukraine) during this very difficult time. STCU is concerned about projects located in Kharkiv (as of today it continues to be shelled by RF forces) and non-government funded partner projects (private companies are much more risk averse to the security situation than GP projects). An analysis of these areas of concern are shown below. At the time of the Russian invasion, the STCU had sixty-eight active projects:

Breakdown of Active and Suspended (shown in brackets) Projects by Location

Kyiv	Kharkiv*	Other UA**	GE, AZ, MO	Regional	Total
21	16 (8)	9	7	7	68

* At the time of the invasion, Kharkiv had 24 active projects. As a result of invasion, 8 projects were suspended, leaving only 16 active projects

**Dnipro (3), Lviv (2), Chernobyl (2), Kamianske (1), Yuzhnoukrainsk (1)

Breakdown of Active Projects and Suspended (shown in brackets) by Type of Partner

Government	Non-Government*	Total
48 (6)	12 (2)	68

*Kyiv (4), Kharkiv (6), Dnipro (3), Tbilisi (1)

Newly signed projects

Since the invasion (24/2/2022), the STCU has signed one project €3.6M for upgrading communication networks and other monitoring infrastructure in the Chernobyl zone (since being modified to include more immediate monitoring and safety equipment) with the EC's DG-INTPA (nuclear safety). STCU doubts that non-government money will flow to Ukraine until there is much more clarity as to Ukraine's security situation or lack thereof. Additional government funding wants to come to Ukraine, mostly in the form of CBRN equipment and materials. STCU expects the number of newly signed projects to decrease in comparison with prior years. However, having said that, with the signature of the €3.6M project mentioned earlier providing a large boost, the 54th Funding Sheet to be signed by the Governing Board shows approximately \$5.36 in new funding for 2022. If we can add \$3M - \$5M in new funding over the next 6 months, the STCU would have a year in line with its historical average.

Finally, another indication that the invasion will have an impact on future turnover is that there were no new partners approved for this 54th Governing Board. It appears the Russian

buildup of troops and the eventual invasion have put a stop (possibly temporary) to the flow of new partners wanting to join the STCU.

Modified Projects

The STCU has worked closely with the EC's DG-FPI and DG-INTPA to amend two current projects to make funds available to purchase CBRN equipment/materials for the State Border Guard Service of Ukraine, Public Health Center of Ukraine, and the State Agency for the Management of the Exclusion Zone.

Projects suspended/terminated

Since the invasion the STCU has suspended eight (8) projects (all in Kharkiv). As of the publishing of this document, the STCU has not terminated any projects.

Events Postponed/Delayed because of Invasion

- Ukraine FIRST Project (looking to restart when possible, remotely)
- European Commission's Evaluation of STCU (unknown when this can be performed)
- P088 - Conference in Belgrade, Serbia (looking to reschedule soon)
- Tridentshield Biological Field Exercise (postponed until at least Spring 2023)
- Annual Financial Statement Audit (postponed until Summer at earliest)
- 2021 Annual Report Production (on hold until further notice, may need to consider merging 2021/22 Annual Report)
- Reconciliation of Contribution Agreement IFS 2020 420-370 (will ask for extension until the Summer 2022)
- ICEC Access to Radiotherapy Technologies Study funded by DOE (ISTC graciously offered to step in on STCU's behalf to work with colleagues from Moldova and Azerbaijan)

Political Considerations (Not to be included in the minutes)

Given the Russian Federation's invasion of Ukraine, the STCU would like to discuss how this has materially changed the political situation facing the Center and some of the countries within which it operates.

Short-term Scenarios

The following two scenarios assume that Kyiv will remain safe and the STCU's offices on Metalistiv 7a functional. As outlined above, the STCU has many projects in Kharkiv, and as of the preparation of this document, that city is under bombardment by the Russian Federation. It appears to the STCU that given the number of projects that the STCU has in Kharkiv, the STCU faces two scenarios regarding these projects (all other projects are either in Kyiv, in other UA cities, or outside of UA).

1. Kharkiv safe and damage to institutes/universities is relatively manageable – As of the preparing of this document the STCU understands that some of the organizations that we have projects with have sustained damage. For example, the Neutron Source Facility located at Kharkiv Institute of Physics and Technology (KPIT), as well as Kharkiv National University named after Karazin (in the case of Karazin, the damage is extensive and will require the relocation of the University to different parts of Western Ukraine), were damaged due to Russian shelling and missile strikes. As mentioned earlier in this report, 1/3 of active projects in Kharkiv (8 projects) at the start of the Russian invasion have been suspended over the course of the first seven weeks of the war. It is the STCU's understanding that despite shelling, as of today, most infrastructure in Kharkiv is intact, but pockets of Kharkiv have been hit harder than others. Also, three of the STCU's largest projects in Kharkiv (2 with the Institute of Single Crystals and 1 with the Neutron Source Facility in Kharkiv) are still active and not suspended for now. However, having said that, the STCU believes that we will lose some projects in Kharkiv because of damage caused by the Russian invasion. For the purpose of this scenario, even assuming minimal damage, the STCU assumes that we would lose approximately one third to one half of all projects in Kharkiv (i.e., 8 - 12 projects) due to facility damage or unavailability of scientific team members. In this scenario, given a low rate of newly signed projects (i.e., NGPs risk averse, no new projects in Kharkiv, etc.), attrition (projects ending as per schedule), plus the loss of 8 - 12 projects in Kharkiv, the STCU projects at year end the Center would have approximately 45 - 55 active projects at year end (2022).
2. Kharkiv is no longer safe (i.e., occupied, needs substantial de-mining, etc.) and/or damage to institutes/universities is extensive – This is the worst-case scenario and would mean that approximately 1/3 of STCU's active projects would be in danger of termination or suspension. In this scenario, given a low rate of newly signed projects (i.e., NGPs risk averse, Kharkiv S&T not available, etc.), attrition (projects ending as per schedule), plus the loss of all STCU projects in Kharkiv (1/3 of the total before the invasion), the STCU projects at year end the Center would have approximately 30 - 40 active projects at year end (2022).

Ramification of Short-term Scenarios

- Adherence to AOB/Projects = 10% will be difficult, but will return in the longer term if project activities resume
- Will the STCU team/scientists currently located outside of Ukraine return? More on the scientists in a separate discussion below.

Discussion about possible short to medium-term strategies for STCU

Restart regular projects? - The STCU has been contacted by several entities in relation to how to help Ukrainian scientists during this very difficult time. These discussions have led the STCU to think about a possible dilemma facing the Center. The core mission of the STCU is to redirect former weapons scientists (including those with dual-use knowledge) by using grant money from the Parties/Partners to fund peaceful scientific projects *to be conducted in Ukraine, so that scientists would stay in Ukraine.*

However, what happens when the STCU is contacted to facilitate scientists and engineers to leave Ukraine? Clearly, the economic situation in Ukraine is going to be very difficult, akin to the period after the collapse of the Soviet Union. Should the STCU facilitate the process of scientists leaving Ukraine? The STCU believes that we should help to facilitate any process that helps to keep Ukrainian scientists in Ukraine (i.e. virtual, restarting regular projects, etc.). The STCU is very hesitant to facilitate any process that aids any scientist to leave Ukraine, even temporarily. Why? Because what makes the STCU effective is the trust that we have built with the Ukrainian government and institute directors that we are here to stop the “brain drain”. Given this argument, the STCU puts the following questions to the Governing Board and depending how they are answered, the Center will be able to develop a short to medium term strategy in what is still one of our core competencies (currently only for partner projects) – scientific redirection:

- Should the STCU help to facilitate the placement of Ukrainian scientists outside of Ukraine in general? Only short-term (three, six, 12 months)?
- It appears to the STCU that the Center should support any initiative that encourages scientists to stay in Ukraine and work remotely on projects funded by U.S. and E.U. entities, with other entities to be approved by the Governing Board as is done with partners (i.e. Canadian, Australian, etc.). In some sense, this is what a partner project is already. Funding from outside of Ukraine, used to finance research by scientists at their institute/laboratories in Ukraine.
- Should the STCU and its Parties reconsider restarting regular projects? In other words, the Center would open a call for proposals (for specific institutes and scientists), scientists would submit their proposals, and the EU/US would fund those proposals. If so, this would require an increase in human resources at the Center, as well as at the Parties (funding for the restart of the program, expert reviewers, etc.). What are the

ramifications of restarting this program? The STCU is aware that even suggesting the reopening of regular projects will cause consternation, as the wind down of the regular project process back in the early to mid 2010s was difficult, to say the least. However, are not the circumstances in Ukraine in 1993 (when the STCU Agreement was signed) and now, effectively the same? They are similar but with one distinct difference. Unlike in 1993, Ukrainians can travel and work in several places without a visa, the EU especially. For example, the Polish government just decreed that all Ukrainians that arrived after February 24th to Poland can live and work in Poland for up to 18 months. When a scientist (or any Ukrainian for that matter) looks at the situation in Ukraine today, there is a very good chance they are asking themselves “Where should I restart my life? In Ukraine, with all of the devastation incurred? Or in another place (Europe, Canada, etc.) where the transition will be difficult (no less difficult than staying in Ukraine), but the prospects for a larger benefit are more known?” The prospects for Ukraine are still unknown and might not be known for a while.

Continue to focus on CBRN Infrastructure/Capacity-Building Projects – These have been the main thrust of the funding parties’ activities in recent years (DoE, DGFPI, and DGINTPA). When Ukraine emerges from this war there is going to be a huge rebuild needed, including for CBRN needs, and the funding parties may need to review programmes and reassign funding. There will be opportunities for the funding parties and partners to use the STCU for implementation of CBRN infrastructure/capacity building actions as it will be an already proven actor in Ukraine.

Discussion about long-term strategies for STCU

Financing of the STCU’s AOB and ED contract going forward still to be discussed – By way of reminder, before the Russian invasion, the STCU was scheduled to utilize this Governing Board meeting for strategic discussions, including financing of the AOB and ED’s contract. As of today, the US Party has provided financing to finance their share of the AOB to approximately December 31, 2023 and the ED’s contract to June 30, 2023. What is the impact of the Russian invasion on this issue, if any?

What impact does the Russian invasion have on the long-term strategy of the STCU? – The rebuilding of Ukraine after the conclusion of the war with Russia will require massive amounts of funding to complete. As of today, I have seen estimates of close to \$1 Trillion needed to repair and reconstruct civilian architecture (i.e. schools, hospitals, roads, bridges), demine Ukrainian territory, etc... If international donors step in to help, can the STCU play a role in this effort, especially in the CBRN area?