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Social Bonds As A Tool For Financing Higher Education.

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ABSTRACT

The article deals with the use of financial instruments for additional financing of higher education. The features and opportunities of SIB bonds (Social Impact Bonds) - bonds of social impact are revealed. SIB versions for the benefit of higher educational institutions are given.

Keywords: higher education, financing, financial instruments, bonds, investors.

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INTRODUCTION

Social bonds or social impact bonds (Social Impact Bonds or SIB) is one of the dynamically developing, innovative instruments for financing social projects on the basis of public-private partnership. In recent years, interest in this tool has grown rapidly, which is explained by its potential to attract long-term investments in the formation of the resource base of social projects. The study of innovative international experience in financing social projects is of particular importance for the Russian non-profit sector today, when it suffers from a shortage of funds, and the public request for participation of the non-profit sector in solving social problems increases [3].

Despite the reforms of higher education conducted, the previous methods of financing in the new conditions did not relieve Russian universities from complex systemic problems that seriously hamper development and hinder effective competitiveness in the educational services market [5-11].

Such problems are: low level of material and technical support of the educational process and depreciation of fixed assets, especially departmental universities; a decrease in the prestige of scientific and pedagogical work and the social status of the teacher; unsatisfactory level of development of scientific research in universities.

This is due to the fact that higher education institutions are largely dependent on budget funding. The current financial and economic situation in the country and the state budget of the state do not allow financing in full even the current costs of universities. This situation requires the heads of higher educational institutions to attract additional extra budgetary sources of funding. The question arises as to how to change the principles of financing higher education and to move away from residual financing in favor of investing in education.

MATERIALS AND METHODS

Foreign universities have always existed in market conditions and therefore one can turn to their vast experience of combining budgetary and funding from extra budgetary sources [1].

Most of the budgets of US universities are formed from the following sources: state budget funds (about 30%); income from tuition fees (about 25%); (more than 30%) - this income item includes additional educational services, investment activities, as well as the sale of goods and services. A significant part of the universities also provides services for living, eating, playing sports, etc.; funds of endowment funds (endowment funds), as well as various social and charitable programs; bonds of universities and SIB-bonds (social bonds) - bonds that are issued for the benefit of another person, but have certain conditions, so if the project financed in this way is successfully implemented, the costs are compensated by the state [2].

The tendency to reduce investment in higher education is becoming more and more evident lately both in Russia and abroad and requires the search for financing of new financial instruments [4]. It was this need that prompted the emergence in the Anglo-Saxon countries of a tool such as SIB. Intensive introduction of bonds of social impact in the daily practice of investment and social activities is aimed at increasing their economic efficiency.

In its simple initial form, SIB is a bond loan, which is organized by an investment bank and is aimed at attracting charitable funds. The money that will be received in the course of this loan should be directed to the financing of major university projects with the participation of the state or to implement a certain educational program that is implemented by a non-profit organization. An important participant in this agreement is the state, which assumes obligations that if the funded program is carried out successfully, the state compensates investors for their costs, and also pays the premium.

But if the results are not achieved, then the return of funds is not provided. Therefore, SIB-bonds have another name - "pay for success" ("payment for success").

Thus, the participants of the investment product in question are: the state, social impact sites, investment banks, non-profit organizations, investors, social auditors and investment advisers. The

effectiveness of investment and the achievement of the objectives set by all participants of the investment program depend on their coherent interaction.

RESULTS AND DISCUSSION

So far, no such bonds have been issued in the Russian Federation, while universities have the capacity to issue corporate bonds for their financing. The current situation is connected primarily with the fact that most universities in our country have an unstable organizational and legal position, the opacity of property and financial relations, as well as the difficulty of obtaining a credit rating.

Another direction of attracting additional financial resources of universities is issuing bonds, with a bond loan being issued in favor of an educational organization, for example, a bank or other financial structure. In this case, the bank is the guarantor for the investor. The bank undertakes to repay the bonded loan and pay the coupon income if the university fails to fulfill these obligations.

In this situation, a set of problems that can arise when issuing bonds by educational organizations is solved. First of all, the issue of the investment rating of bonds is being decided. The bank, issuing bonds in favor of the university, as a rule, already has an investment rating, which means that the rating of the bonds will be the same as the rating of the bank. At the same time, the bank takes on a number of problems presented earlier, such as volatility of the financial situation and instability of the organizational and legal situation. In this case, it turns out that the bond loan of the bank is bought by the investor.

Issuance of a bond loan by educational institutions can also be based on the methodology of SIB-bonds and used in such areas as: financing a university with the participation of the state in the implementation of major projects or without state support in the implementation of educational programs.

In its original understanding, SIB is a contract between investors and the state on the implementation of sponsorship programs. The projects proposed for financing tend to be high-risk and should be strictly controlled. The subject of control is directly the investor, who is interested in the success of the program, and can ensure the return of the invested funds. This approach puts the repayment of the loan in dependence on the effectiveness of the implemented investment program and allows overcoming the practice of the extremely cautious attitude of the state to issuing guarantees for bonded loans in Russia.

Some of the Russian state universities have a sectoral character, for example, the Stavropol State Agrarian University, and therefore buyers of these bonds should be targeted. They can be, in particular, representatives of the agro-industrial complex, agro holdings, agricultural enterprises and have a significant impact on the educational, research processes and development strategy of the university. Promising is financing by issuing bonds of such projects as research centers and laboratories that will be self-supporting and generate income from self-supporting activities. As a result, the efficiency of the use of state funds will increase, since the investor, the monitoring of the implementation of the project pursues long-term commercial goals.

Thus, investors in social impact bonds (SIB) can be: sectoral organizations that are interested in the studies conducted by the educational institution; organizations that are interested in implementing long-term training and retraining programs; investment companies that are interested in the successful development of the educational institution and implementing social and sponsorship programs.

Another option of using SIB-bonds is the creation of SIB for financing long-term educational programs that can have a great social and economic effect without state participation, where a large company implementing large-scale socio-economic projects acts as the state. An example of such an educational and at the same time socio-economic program can be a program for training entrepreneurs and creating small businesses.

The result of such an additional business education project will be not only the number of established companies, but also the social effect in the form of new jobs, services provided by newly created commercial organizations and their quality.

CONCLUSION

Thus, the bonds of social influence proceed from the logic of the development of modern sponsorship ideas: when not grants whose effectiveness is often questionable and investment programs for the development of social institutions and compensation of invested funds, if these social programs have achieved the set results, it is not charity, but investment activity.

This approach allows solving two main tasks of modern charity: the first is the attraction of new participants to active social activities at the expense of a wide range of investors, the second is the improvement of the quality and efficiency of social programs being implemented, as a new source of quality control of social programs is emerging - the investor. In addition, SIB-financing opens new opportunities for the development of public-private partnership in the social sphere, allowing the state to pay only for real-life social projects and to save money for other equally important and complex social tasks. To the full extent, the ideology of SIB-bonds is applicable to the financing of higher education.

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