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Financing of Infrastructure in Education: International Experience of Attracting Private Investments and Opportunities for Russia to Form a Knowledge-Driven Economy

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Abstract:

The article substantiates the role of education, proposes and confirms the hypothesis about the importance and necessity of social partnerships for financing and development of education in knowledge-driven economy. To confirm the advanced hypotheses we studied the evolution of concepts of social interaction and social responsibility to justify patterns of social partnerships in the knowledge-driven economy that allowed us, using the model of "triple helix", to show the necessity of the collaboration of government, universities and corporations to advance on the path of innovative development.

We considered the industrial districts as territories, which act as a space of coordination of actors, to whom the solution of new production problems is impossible without direct interaction with universities. The lack of budget funds for the development of education requires a search for other sources of funding for infrastructure facilities in education. We revealed the mechanisms of attraction of private funding of educational institutions in Russia, arising challenges, and possible solutions. The article considers the application of concession as a form of public – private partnerships in preschool education, which recently has found application in Russia.

Based on studying world best practices, the authors propose to use the investment funds, in particular, the mechanism of impact investment in education as a promising technology. Improvement of Russian legislation concerning investment funds will create the foundation for wide application of exchange-traded mutual funds for collective investments in social infrastructure. Formation of trust funds and grants to finance education becomes widespread in Russia.

Keywords: *Infrastructure, education, knowledge-driven economy, social partnerships, "triple helix" model, collaboration, public–private partnerships, concession, grant, endowment fund, mutual funds, impact investment, industrial districts, priority development area, charity.*

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1. Introduction

The relevance of the present study is determined by the role that education plays in the contemporary world, and the limited funds allocated by the state for the production of this socially significant benefit. The role of education in society is clearly manifested in the fact that this area forms the necessary competencies, creates and distributes knowledge as the main resource of knowledge-driven economy. The transition to knowledge-driven economy is associated with the transformations taking place in connection with radical transformation of the methods for the knowledge generation and transfer, and the emergence of innovative technologies resulting from the third wave of technological revolution. "Innovation is the result of investing in the development and obtaining of new knowledge, not previously unused idea for updating of people's life spheres (technology, products, organizational forms of existence of society, such as education, management, job arrangement, service, science, informatization, etc.) and the subsequent process of their implementation (production) with a fixed additional value (profit, advancement, leadership, priority, radical improvement, qualitative superiority, creativity, and progress)" (Goryainova, L.V., Danilina Ya. V., 2010; Sazhin, Y.V. and Y.V. Saraikin, 2016; Borovin *et al.*, 2015; Sazhin, Y.V. and Y.V. Saraikin, 2016; Gorina 2016; Medvedeva *et al.*, 2015; Sultanova and Chechina, 2016; Guskova *et al.*, 2016). This acts as a justification of the fact that intelligent, intangible assets predetermine the economic growth in the contemporary world.

Countries, occupying the top ranks in Global competitiveness index of the World Economic Forum, have high positions in education, development and distribution of information and computer technologies, as well as innovations, that ultimately has an impact on high figures of per capita gross domestic product (GDP) and improves the quality of the population life. In terms of quantitative indices, economy and education in Russia are quite successful, though in terms of quality they lag behind countries occupying places in the top ten. Russia's place in the world rankings in terms of economic and demographic indicators is determined by the following rankings: 9th place in gross domestic product at purchasing power parity, and 12th place in involvement of population in higher education. The ranking in the world rating of competitiveness of the World Economic Forum looks much worse: quality of vocational education and additional training – 52nd place, innovativeness – 82 place, professionalism of managers – 110 place (Center for humanitarian technologies: information – analytical portal, 2016). These indicators stipulate the investigation of mechanisms for attracting funding to improve education, as well as to address encountered challenges, and recommendations aimed at their solution.

The authors put forward a following hypothesis: the necessary condition for the successful attraction of private funding in education in the knowledge-driven economy is the social partnerships as a system of interaction of institutions and mechanisms for their concerted action.

To test this hypothesis, it is necessary to find answers to the following questions.

- Whether the emergence of new sources and forms of financing of the education sector in the knowledge-driven economy is possible without formation of social partnerships as the necessary condition?
- What are the institutions which can act as a regional basis for social partnerships in education?
- How broad is the selection of private investment forms in education?

2. Methodology

Theoretical and methodological basis of the article include research and development of Russian and foreign scholars and practitioners on the issues studied in knowledge-driven economy, education, investments, public–private partnerships, particularly in the form of investment funds in impact investing. The article uses a systematic approach to the study of problems, as well as applied scientific and special research methods such as comparative analysis, synthesis, analogy, classification, historical and logical methods, and tabular techniques.

Information base for this work includes normative and legal acts of the Russian Federation regulating public–private partnerships, investment activity, and functioning of investment funds. This article uses official statistical information and data of the official websites of research agencies, institutes, and other organizations.

3. Results

3.1. Social partnerships as a prerequisite for funding education in the knowledge-driven economy

Realizing the importance of education to advance towards a knowledge-driven economy, governments of most countries worldwide conduct reform in this area that required changes in the structure of the education and science system, the provision of conditions for the formation of the national innovation system, which is needed to ensure integration and social interaction between the state, universities, and business. The significance of social partnerships as a process instrument consists in the fact that it aims at supporting continuous interaction and coordination of interests between the partnership members.

The detection of evolution patterns of the social interaction and social responsibility concepts in economic theory brings the study to the concept of social responsibility of the state, corporations and universities in the field of education (Table 1).

Table 1: Evolution of the social interaction and social responsibility concepts (Gismatullina E.K., Goryainova, L.V., 2013)

No.	Period	The concept	The authors	The concept essence
1	The late XIX century	Social economy (Germany)	G.Shmoller	The state as a reformer of social life
2	40-50-ies of the XX century	Social market economy	A.Muller – Armack, K. Erhard	The synthesis of neoliberalism and the principle of social responsibility towards growing prosperity for all citizens
3	70-ies of the XX century	Corporate social responsibility	H.R.Bowen, P.Drucker	Business as part of the society to which it bears the responsibility. Corporations are responsible to the members of "interest groups".
4	Post-industrial economy of 80-ies of the XX century - early XXI century, Knowledge-driven economy	"Triple helix" theoretical model	G.Itskovich, L. Leidesdorff	The theory of post-industrial economy, a knowledge-driven economy. Partnerships between government, universities, and corporations.
5	Post-industrial economy of 90-ies of the XX century	Social responsibility of universities	The Bologna process documents	Social responsibility of universities as the demand of the interaction networks between society, business, and government.

The data of Table 1 allow drawing conclusion that the foregrounding of science and universities, producing science, become the crucial factor determining the course of development in the knowledge-driven economy. Therefore, partnership between the state and companies is complemented by a third subject – knowledge generating universities that is the characteristic feature determining the peculiarities of interaction between the state and companies in this period. The justification of conditions for the appearance and content of the emerging relations is represented by the Triple Helix Model for Innovation of G. Itskovich (Itskovich G., 2010).

The partnership is based on the system of relations between participants of the triple helix. Universities are responsible to the state for the results of their work as social institutions that are sustainable form of organization of joint activity of people in science and staff training. The state has obligations to the universities in terms of

ensuring the principles of academic freedom, as well as for legal, logistical and resource support, which is needed for the implementation of educational and scientific functions by university. Corporations, forming public staffing requirements and competencies for the training of specialists in the labor market, are responsible for ensuring jobs to specialists in accordance with the terms of the environment dynamism. Horizontal communications of these participants of social and economic relations are based on the principle of collaboration, that is, the exchange of knowledge, mutual use of assets, and coordination of their decisions (Itskovich G., 2010), while society as a whole receives benefits from the growth in the number of educated citizens.

A distinctive feature of the cooperation between the state, universities and corporations in the knowledge-driven economy, is that the competence of these subjects not only fit together and complement each other, but acquire also the property of substitution. Universities establish production centers and laboratories, companies create corporate universities, such as for example "Rostelecom" "Wimm-Bill-Dann", "Severstal", Design Bureau "Sukhoi", "Morion", "Uralkaliy", "AVISMA", "Kamkabel", "LUKOIL" and other companies. The state plays the crucial role of the creator of the Russian Venture Company and the Investment Fund, as well as state corporations, while corporations undertake the implementation of infrastructure projects. Exactly these collaboration principles can be used for possible implementations of a post-industrial breakthrough and the creation of a knowledge-driven economy.

A social partnership is manifested through the orientation towards formation of institutions and mechanisms aimed at solving problems at the level of the federal or the state entity for the development of vocational education through the establishment of councils at the governors with the involvement of employers, representatives of education, and ministries. Such institutions include the supervisory board, board of guardians, community board, governing board, and other types of boards and councils, established at educational institutions. These institutions allow attracting to the development of the education system, material, intellectual and scientific base of the university, both representatives of the educational institutions, and representatives of the state, private business, science, and the public at large. By personal participation, each of the actors aims at contributing to the development of the university: fundraising, strategy development, providing grants, assistance in employment of graduates, lobbying the university interest in authorities, dissemination of information about the university to the public and the mass media, and other forms of participation.

Another manifestation of social partnership is the formation of professional standards at the tripartite commissions on regulation of social-labor relations, with involvement of Deputy Chairman of the Russian Federation Government, representatives of the Russian Union of Industrialists and Entrepreneurs, and Federation of Independent Trade Unions (Leybovich A.N., 2013).

3.2. Industrial districts as a territorial basis of social partnerships in education

The inability to interpret the rapidly changing reality using the old theoretical models of "center - periphery" led to the emergence of spatial development models with new actors: universities, local authorities, and collective private actors, who are able to influence the process of economic and social change. Effective interaction of the "triple helix" participants at the local level ensures a rapid circulation of information with regard to consumer preferences, alternative technologies, new raw materials, components and semi-finished products, used in the production cycle, as well as new marketing, commercial and financial practices, the professional competencies, and end product markets. This helps to transform the knowledge of each individual actor into the overall economic wealth of the territory.

The system of industrial districts existing in Russia includes special economic zones, technoparks, industrial parks, and priority development areas. "The use of public – private partnership mechanisms in the format of the priority development areas enables to make a financial model of the project attractive to the investor under the conditions of limited budget funds, because widespread tax incentives and deregulation are the key principles of the priority development areas" (Krishtal, 2016).

The practice of creating industrial districts in Russia can form effective forms of partnerships in education. The mechanism looks as follows: the management company of the industrial district performs duties for the collection and collation of information about needs of the enterprises and organizations located in the area for needed employees of various specializations and qualifications, and submits the appropriate information to the education management authorities. Together with the management authorities and concerned enterprises of the district, the company places orders for training of specialists in educational institutions, provided assistance in the industrial work placement of the students at the enterprises and organizations of the industrial district, as well as assists in the subsequent employment of graduates of educational institutions.

In addition, together with educational institutions of vocational education the management company recruiting and staffing agencies, operating in the territory or representing the interests of the industrial district as well as large enterprises of the industrial district establish and provide activities of educational and methodical centers of the vocational post-training and retraining of specialists. Business incubators, created as part of major districts in conjunction with management companies and training centers, provide a coherent integration of science, education and production up to the placement within industrial districts or in the vicinity of a public (municipal), public-private, and non-governmental structural units of universities, colleges, professional schools, research centers, and other scientific-educational, educational as well as development and innovation systems. In the course of development, such activities will inevitably require integration, including

economic cohesion, into a unified system of continuous education and innovation of institutions at all educational levels, both existing and newly established in the territories, adjacent to the industrial district.

3.3. The involvement of private financing in education through the mechanism of public – private partnerships

A knowledge-driven economy has sparked growing interest in the quality of human capital that increased the role and importance of social infrastructure. In terms of reducing budget expenditure on education (Table 2), a significant problem for the implementation of the educational reforms is attracting private funds and competencies in both the construction, operation of facilities, and directly in the educational process.

Table 2: *Budget expenditures on education in 2015-2016 (The website of the Center for Economic and Political Reforms, 2016)*

	2015	2016	Change (with regard to 2015)
Total spending on education, of which (by budget classification):	579 359 019.7	557 792 280.7	-3.72%
Preschool education	14 563 185.5	4 850 325.3	-66.69%
General education	34 921 158.0	26 441 557.4	-24.28%
Vocational secondary education	8 849 193.7	8 300 626.5	-6.20%
Vocational training, retraining and advanced training	7 227 636.7	7 340 182.9	+1.56%
Higher and postgraduate vocational education	491 303 104.5	484 140 509.4	-1.46%
Youth policy and children health improvement	1 131 857.8	Youth policy – 801 989.1	-29.14%
Applied research in the field of education	13 060 351.1	13 669 922.5	+4.67%
Other education issues	8 302 532.4	12 247 167.6 (among them 9 952 611.1 are distributed in the framework of the SIP "Development of education" for	+47.51%

		2013-2020)	
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World practice has developed several mechanisms to attract private capital in education: public – private partnerships, endowment funds, investment funds, and grants.

Public – private partnership has proven to be an effective mechanism for attracting private capital for implementation of projects in the industrial and social infrastructure. The Federal Law "On Public Private Partnership, Municipal Private Partnership in the Russian Federation and Amendments to Some Regulatory Acts of the Russian Federation" provides the novel about the possibility of private ownership on public infrastructure, on the condition that the investor has to provide full or partial financing of infrastructure facility and its operation for intended purpose, registered as encumbrance of the object. (The Federal Law of the Russian Federation of 13.07.2015 No. 224-FZ "On Public Private Partnership, Municipal Private Partnership in the Russian Federation and Amendments to Some Regulatory Acts of the Russian Federation"). This positive change in legislation compared to the provisions of the regional laws on public–private partnerships that existed prior to the adoption of the Federal Law introducing the concept of private property, makes investing in social infrastructure more attractive.

The international experience of attracting private investment in infrastructure sectors in countries with different levels of socio-economic development, shows that the partnerships are successfully used in transport and social infrastructure, housing and communal services, and other areas (prisons, defense, and the military sphere). While the transport infrastructure, followed by social infrastructure are the leading ones.

In the countries characterized by a high level of per capita gross domestic product, where the state provides a decent level of social protection, health care and education, public – private partnership is often dominated in the health and education sectors (Table 3).

Table 3: Draft public–private partnerships in Germany and Russia in the context of individual areas of activity (% of total)

No.	Economy sectors in Germany	Proportion of common number of projects	Economy sectors of Russia	Proportion of total number of projects
1.	Education	40	Education	6.3
2.	Federal objects	2	Transport infrastructure	26.6
3.	Sports and culture	26	Sports and tourism	12.7
4.	Penitentiary system	3	Communal infrastructure	17.7

5.	Administrative buildings	18	Culture	1.3
6.	Public health care	3	Public health care	13.9
7.	Other	8	Power economy	21.5

Source: *Compiled by the authors (the web-site of the Center for public-private partnership and Unified information system of state-private partnerships in the Russian Federation, 2016).*

It is seen from Table 3 that in Germany 40% of the projects of public-private partnerships account for education sector. In Russia, statistics shows different results: the proportion of projects in transport and energy infrastructure accounts for about 50% of all projects, while the proportion of the projects in education sector is just 6.3%.

We can conclude that there is a correlation between development level of the country and the sphere, which is chosen to attract investments based on a public-private partnership. Countries with a high level of socio-economic development give preference to the health and education sectors, whereas in emerging countries and economies in transition, these areas are not a priority. Given the lower level of economic development in emerging countries, the highest priority in attracting investments through public-private partnership is accounted for transport infrastructure: the construction and reconstruction of roads, ports, railways, etc. On that basis, important is not only the justification of the need to attract private funds into education in the knowledge-driven economy, but also the study of best international practices to adapt in Russia.

As can be seen from Table 4, preschool education is one of the most successful in terms of attracting private capital into elements of the Russian educational system, although the proportion of private investors attracted in Russia to the system of preschool education is still low, just 4-5% in comparison with that in advanced countries (22% in the UK, 18% in Austria, and 12% in Germany).

Table 4: *Priority sub-sectors of public-private partnerships and their potential in education sector*

Industry sector	Sub-sector	Current practice	Potential
Education	Preschool education	Extensive	High
Education	General education	Available	High
Education	Primary and secondary vocational education	Not available	Low
Education	Higher vocational education (and the relevant objects: dormitories, etc.)	Not available	High with regard to relevant objects
Education	Additional education of children	Not available	Low

Source: *Center for Public-Private Partnerships, 2016*

Infrastructural deficit in the preschool education system in Russia is quite noticeable: at the beginning of 2015, in Russia there were 2849.9 thousand children, who had no opportunity to attend kindergartens and were registered to be admitted to preschool educational organizations (Russia in Figures, 2016).

This situation is conditioned due to several reasons: the rising birth rate in recent years, transfer of part of the kindergarten premises for rent, and a decrease in the number of departmental kindergartens. The solution to this problem is possible with the use of concession as a form of public-private partnership.

The concession is a proven method of partnerships between the state and business, though not practically applicable in the field of education sector in Russia. Its essence lies in the fact that the concessionaire, at the expense of own or borrowed funds creates or reconstructs real estate, defined by concession agreement, property right to which belongs or will belong to the concession grantor, and operates with the object of the agreement. The concession grantor grants to the concessionaire for a period specified in the agreement, the rights of possession and use of the object of concession agreement for the implementation of educational activities.

There are two main concession models, which can be used for implementation of infrastructure projects in the system of preschool education.

1. "Build- Transfer - Operate" (BTO)"-model. This model suggests the conditions under which a private investor carries out construction and maintenance of the facility, not participating in the educational process. Cost recovery occurs through rental payments on the sublease agreement. In Russia, this model has been implemented in two projects: reconstruction of "Zharki" kindergarten for 124 children in the Novosibirsk Region at a cost of 60 mln rubles, and construction of "Golden Key" development center in the Perm Region for 124 children at a cost of 40 mln rubles.

For the private investor, there is a risk due to the fact that the main source of income are sublease payments without providing for direct payment of the concession grantor to the concessionaire. The public partner has a high burden on the budget and the risk associated with attracting private investors.

2. "Build- Operate -Transfer" model. After the adoption of amendments to the Federal Law "On concession agreements", allowing making direct payments of the concession grantor to the concessionaire, the model abbreviated as BOT will become an attractive to the state and the private investors (Federal Law of 21.07.2005 No. 115-FZ "On concession agreements"). At the implementation of infrastructure projects based on this model, it is possible that private partner organizes both the maintenance of the building and the educational process. Repayment of funds is through direct payments to the concessionaire. Risks for the

private investor are due to the search of the borrowed funds, since the title of ownership after the expiration of concession agreement is transferred to the public partner. This model is most attractive to state because it lowers the burden on the budget that contributes to the implementation of infrastructure projects on mutually beneficial conditions. If the concessionaire provides educational services himself, there may arise a risk due to the fact that currently the educational services operators market in preschool education system is missing.

In general, attracting private investment in preschool education system with the aim of its development in Russia requires the creation of educational services operators market, and promotion of consumer demand of the population for educational services in this system.

3.4. A transformative investment in education

The formation of investment funds may be another mechanism for attracting private investment in education. World practice testifies the relevance and effectiveness of this financial mechanism of the education system. In 2007, the Rockefeller Foundation held a discussion on the capabilities for the creation and development of the global industry of investment, taking into account social and environmental factors, that has resulted in the definition and development of the concept of "impact investment".

"Impact investment" is defined as "investments, aimed at creating positive impacts in addition to financial return" (J.P. Morgan, the Global Impact Investing Network (GIIN) and the Rockefeller Foundation, 2013). The key factor is not only the combination of financial and social results, but also the fact that investors strive to obtain results in social and/or environmental field. "Impact investments" are active generators of positive social and environmental effects, since they invest in assets, companies and funds, whose abilities and results are more immense than capabilities of traditional charity organizations. In Russian literature, when referring to this investment technology, the authors use the term "impact investments" or "transformative investments" (Web site of Transformative investing, 2016).

Impact investments allow achieving beneficial social and environmental effects through improving access to services for the people in need or through production processes that have a positive influence on society through production techniques and methods, such as improving working conditions, enhancing energy efficiency, accelerating the accumulation of capital in the given territory, as well as through the purchase of intermediate goods and services from small local suppliers and contractors. House-building, education, health care, energy production, and financial services are the economy sectors and business potential to create a more favorable environment for the population through bringing social benefits by ensuring consumers the access to necessary goods and services.

An example of the implementation of impact investing technology can serve a retrofitting of educational institutions buildings in London in 2014 aimed at improving their energy efficiency and reducing carbon emissions. The project customers were the municipal authorities of London, which entered into a contract with an organization, specially created for the project, giving the company funding of social impact through social impact bonds. At that, the greater part of the money was collected through public funds and private organizations.

In consequence of the project implementation, the company obtained financial performance that attracted interest in private sector and established a base for further development of transformative investments. As a result of the project implementation, the old buildings of educational institutions with modernized higher energy efficiency consume less energy that positively affects the budget. The benefit to building owners is composed of the savings on quotas on emissions, the financial savings for housing and utilities, and receiving energy efficient buildings (Web site of Transformative investing, 2016). We can say that the use of transformative investments is the technology of turning worth into value.

Exchange-based instrument to attract funds for investment in these projects is Exchange Traded Fund (ETF), which became widespread in the West. In Russia, in accordance with the Federal Law "On amendments to certain legislative acts of the Russian Federation" of 28.07.2012 No. 145-FZ, stock mutual funds that can be considered the Russian equivalent of ETF are implemented among other funds.

Stock mutual funds are defined as follows: «Contractual funds are mainly widespread in the countries subject to Romano-Germanic Law. They are created as a property complex pursuant to a co-ownership agreement (agreement with investors). In this case, the management of property constituting the fund is delegated to a management company obliged to act for the benefit of investors. A nominee holder of investment fund assets is an entity performing asset accounting and preservation. The primary source of income for investors is the difference (spread) between buy and sell prices for an investment fund share (investment unit); however, sometimes it is possible to earn a current yield». (A.A. Vershinina, L.V. Goryainova, O.A. Zhdanova, T.P. Maksimova, 2016).

Presentation of the Bank of Russia "On the implementation of measures for the development of the financial market" refers to the complexities associated with the creation of the national analogue of the ETF: "The current legislation does not allow creating an instrument, called in the Western ETF. Exchange traded funds (indirect analogue of ETF in accordance with the Federal Law No. 156-FZ "About investment funds") are substantially different from ETF in terms of their concept" (Official website of the Central Bank of the Russian Federation, 2016). Currently, the concept of the ETF implementation in the Russian market is under development. The issues that require changes in legislation are being worked out. The instructions of the Bank of Russia "On the composition and structure of assets of joint stock

investment funds and assets of mutual investment funds" have been already developed. The Bank of Russia essentially simplifies the structure of the collective investments market. (Instructions of the Bank of Russia of 05.09.2016 No. 4129 "On the composition and structure of assets of joint stock investment funds and assets of mutual investment funds").

The implementation of impact investment in social infrastructure through exchange traded funds will allow combining the advantages of collective investments and exchange-traded instruments, as well as will provide the following:

- wide range of investors;
- reduced risk and protection of the investors (shareholders) interests;
- higher liquidity;
- standardization;
- special taxation scheme;
- effective assets management structure.

3.5. The formation and use of specialized endowment funds in education

Another mechanism to attract private funds into education is the creation of endowment funds. The relevant Federal Law "On formation and use of endowment funds of nonprofit organizations" came into force in Russia in 2007. The endowment fund is a national analogue of the fund, which is accumulating donations from alumni and concerned companies. Every year many universities announce the establishment of funds. In accordance with the current law, in order to make the fund operational, at least 3 million rubles should be collected during the year. This sum is then transferred as fiduciary funds to the management company (Federal law of Russian Federation of 30.12.2006 No. 275-FZ "On formation and use of endowment funds of nonprofit organizations").

The difference between the endowment and the charitable contribution consists in integrity of the endowment funds. The university has no right to spend the collected money; it can use only investment income. In addition to the fact that the endowment is a fund, it is also a source of financing of non-profit organization, and is an indicator of its successfulness. The portfolio structure of the endowment fund is conservative, consisting of deposits, bonds issued by various issuers, and a small proportion of shares that is conditioned by the need of fund to receive income. According to the law, the fund may be disbanded, if the net asset as a result of trust endowment management decreases more than by 30% within three years.

The fund should bear the costs of operation and services fees of the asset management company that can be amounted up to 10% of the endowment. Among the funds' functioning problems we should note the specific features of asset management in Russia: the asset management companies, as a rule, imply a strategy

for one year. According to the Russian law, the endowment fund is established for a minimum of ten years. One-year management horizon prevents the implementation of the objectives of the fund. It is quite difficult to universities, comprehending the specificity of endowment funds, to communicate to asset management companies the fact that endowment funds differ from pension funds, which cannot show a loss at year end. One of the largest endowment funds in Russia is established at the Moscow State Institute of International Relations (MGIMO), whose level reached 1 bln 410 mln rubles as of 01.04.2016 (the website of the MGIMO, 2016).

The Fund of Skolkovo Institute of Science and Technology (Skoltech) has a good growth prospects as well. The founders of the Fund have set an ambitious goal: to accumulate 1 bln dollars. In this case, the Fund will cover up to 30% of the Institute's budget. The ten-year plan suggests increasing the total capacity of the Fund up to 2 bln dollars (web site of the Skolkovo Institute of Science and Technology, 2016).

In the Russian practice, there are also charity funds. The most successful among them are the funds such as: "Dynasty", Potanin Fund, and "NPO School".

Grant based funding of education becomes increasingly widespread in Russia that is carried out in accordance with the Federal Law "On science and state scientific and technical policy" (Federal Law of the Russian Federation of 23.08.1996 No. 127 "On science and state scientific and technical policy").

4. Discussion

Comprehending the importance of education to build a knowledge-driven economy requires the formation of partnerships between actors involved in the public process and involved in building partnerships. At that, the question concerning the participant of these relations who should be most active in this system remains open. Russian practice points to the need for the active involvement of the government in addressing this issue especially as concerns to the improvement of the regulatory framework. Reduction of budget financing in education in Russia makes search for other sources and involvement of private capital in education sector an important challenge. Best international practices become the basis which can contribute to the development of in-house solutions to the problem becoming widespread in Russia. In this case, pre-school education still remains the most attractive when using public-private partnership instruments.

5. Conclusion

The involvement of private capital in education involves increasing the investment attractiveness of educational institutions, creation of mechanisms and incentives to invest private and corporate funds that requires institutional support of this process and first of all its statutory and regulatory framework. The general concept of

financing of educational organizations includes also measures to ensure the education of senior preschool age children, creating educational services market, as well as measures to encourage purchasing power of population for educational services.

The hypothesis presented by the authors at the beginning of this work, was confirmed. Certainly, the social partnerships relation considered in the present article is not complete, and possibly other players may show their social activity, contributing to the improvement of the education system and finding it possible to participate in funding this public good. In the future, the authors plan to analyze other relations that form the social partnerships as a foundation for socio-economic development on the basis of mutual funds.

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