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Government Offers Tax Incentives for Grants

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Vladimir Potanin

With some experts complaining about the decreasing quality of higher education, the government is planning to provide tax incentives for grants given to students.

Deputy Education Minister Igor Fedyukin said last week that amendments had been prepared by the government to encourage private donors to invest their money in education programs.

"Without those resources, we will not be able to get to the required level of higher education financing," Fedyukin, who oversees higher education, said at a panel organized by the Vladimir Potanin Foundation.

The foundation, established by billionaire Vladimir Potanin in 1999, is a major supporter of education programs.

Under the amendments, those receiving any private grants from NGOs focusing on education

will be exempt from taxes. Grant givers, who are currently exempt from taxes only on 25 percent of their donations, will not pay any taxes on them.

The government announces amendments to encourage private donors to invest money in education programs.

Other proposed measures are to increase the reporting period for the funding of scientific projects to three to five years in order to stimulate longer-term financing and to introduce unified standards for expert evaluations of scientific projects, Education Ministry official Yelena Dryganova said in April in an interview with the Science and Technology RF portal.

"We hope that proposed amendments will stimulate the private financing of science," she said.

Fedyukin also said financial resources accumulated by charities were still insufficient.

"The development of charity efforts in education is a key thing and we can't move further without it," he said.

The Education Ministry's amendments were welcomed by representatives of private organizations working in the field.

"Non-governmental investments are a resource that will become an important element in the development of domestic education and science," said Revaz Yusupov, a spokesman for the Vladimir Potanin Foundation.

The foundation spends over $10 million annually to support various education programs in Russia, including grants to students and professors. The program covers 58 universities in various regions.

The new amendments might also help foreign-funded NGOs focusing on education programs. Yelena Danilova, a member of the board of trustees of the New Eurasia Foundation, said the amendments allowed Russian participants to introduce their innovative projects at leading U.S. universities, such as the UCLA and the University of Maryland.

"Russian universities can go to the U.S., test their innovations and invite foreign investors," Danilova said at the panel.

The funding of science and education in Russia has benefited from the creation of endowments after legislation regulating them was passed in 2006.

There are currently 87 such endowments worth a total of 18 billion rubles ($581 million) in Russia. While the first endowment fund was founded in 2007 to support Skolkovo school for management, the majority of similar ones were established at leading Russian universities.

Potanin was among the active supporters of the endowment legislation and took part in the establishment of the MGIMO Development Foundation, created to support education programs at the Moscow State Institute of International Relations (MGIMO).

The businessman donated over $6.5 million to the university, his alma mater, from 2008 to 2012.

Ironically, MGIMO, which is considered prestigious among the local elite, was not included in the top five Russian universities in an annual ranking released by the Vladimir Potanin Foundation in May.

The St. Petersburg State University ranked first, followed by the Moscow Physics and Technology Institute, Boris Yeltsin Urals Federal University, Novosibirsk State University and Moscow State University.

Vladimir Potanin Foundation head Larisa Zelkova said the ranking rated the level of students' education, as opposed to university equipment or students' scientific publications.

Charitable spending by Russian billionaires from 2010 to 2012

Businessman	Charitable spending ($ millions)	Estimated Wealth as of April 2013 ($ billions)	Charity projects
Roman Abramovich	310	12.7	The Polus Nadezhdi Foundation supports the Chukotka region; He also supports arts and culture though targeted events and helped build the Jewish Museum in Moscow. An avid football fan, Abramovich also sponsors several children's football schools.
Alisher Usmanov	247	19.4	The Alisher Usmanov Arts, Science and Sport Charity Foundation has a broad range of related activities and helps sick children A former fencer, Usmanov also runs the For the Future of Fencing Foundation.
Viktor Vekselberg	160	14.4	Svyaz Vremyon culture foundation pays for the return of Russian art from abroad and has paid for restoration of historical buildings. It also supports mentally handicapped people.
Vladimir Potanin	110	13.8	The Vladimir Potanin Foundation supports education programs. Potanin also became a member of the Bill Gates Giving Pledge Foundation, committing to give half of his assets to charity.

Vladimir Lisin	105	13.0	No foundation, but Lisin's NMLK metallurgical plant pays for the restoration of monasteries. Lisin also helps the Makaryevsky Foundation, which gives awards to research in natural science.
Alexey Mordashov	103	10.6	Mordashov's Severstal company donates money to the Bolshoi Theater, supports the annual Voices film festival and provides grants to regional museums.
Mikhail Prokhorov	62	12.9	The Mikhail Prokhorov Foundation supports culture-themed projects in Russian regions. It also gives grants to young sportsmen.
Sergei Galitsky	60	10.3	He directly provides financial support to children's football leagues and spent over $60 million to establish the Children's Football Academy. He also donates money to charity projects in Krasnodar region, where his company is based.
Oleg Deripaska	56	8.0	Volnoye Delo charity foundation supports several Orthodox monasteries, the Bolshoi and Mariinsky theaters, and educational programs for students.
Vagit Alekperov	16	11.7	The Nashe Budushiye Foundation gives grants to socially oriented business start-ups, including those targeting disabled people. It also organizes charity sport tournaments and finances church restorations.

Sources: Bloomberg, Forbes Russian edition, websites of charity funds

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