

MGIMO ENDOWMENT CELEBRATES ITS 10TH ANNIVERSARY

Marina Petrova, Director of MGIMO Endowment Fund

The first endowments appeared in Russia after the adoption of the Federal Law on endowments for non-profit organizations in December 2006, and in the following year the first funds were already created.

Of course, we are in the very beginning, and the entire market of Russian endowments is estimated at about 20 billion rubles (about \$ 300 million). Just compare: the largest university endowment is located in America, Harvard has 36 billion dollars. It is no surprise then that the USA is the indisputable leader here - the American market of endowments is 567 billion dollars.

The foundation of MGIMO Endowment was laid by our graduates who now occupy high positions in the Forbes list: Alisher Usmanov, Vladimir Potanin and Patokh Chodiev. They have contributed significant sums and regularly support the University projects. Their example was followed by other MGIMO alumni. For some, it is a sign of gratitude to alma mater for the knowledge gained or it's a manifestation of social responsibility, for others - the opportunity to present yourself and your company as a part of MGIMO community.

The strategy of MGIMO Endowment is determined by the University's management. The members of the Supervisory Board and the Board of Trustees give recommendations and support the most important projects for the University.

We have drawn up an investment strategy together with the management companies. It takes into account the optimal risk-return ratio. For MGIMO Endowment, these are mainly corporate and federal

bonds and, in part, currency instruments (Eurobonds, dollar deposits). The foreign exchange portfolio is justified by the fact that a significant part of the expenditures is carried out in dollars and euros (foreign trips of professors and student internships, invitation of foreign lectures). Thus, with fluctuations in the exchange rate, our costs remain unchanged. The bonds provide a yield of about 12-13% (based on the results of 2017). There are short and long-term bonds in the portfolio. The manager monitors and takes part in new placements. We look at the stock market, which may show more growth (or

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decline). However, the return of MGIMO Endowment is already an integral part of the university's budget, and the loss of funds is simply unacceptable. Conservative strategy allows not only to save funds, but also provides a real increase, by 5-7% ahead of inflation.

Our endowment develops a fundraising strategy, signs donation agreements, conducts grant competitions for students, administers project implementation and prepares reports. One of the latest interesting non-financial projects was "Mentor", where graduates act as mentors



to students, helping them to make the first steps in their careers.

MGIMO works actively with foreign partners and graduates. Significant assistance to MGIMO is provided by a large businessman Frederick Paulsen. A few years ago, IKEA made a big contribution to the Endowment, and recently we have had a collective contribution of the MGIMO Alumni Association in Vietnam.

Grantees of Endowment are employees of the University, professors and students - everyone can implement a project that philanthropists are ready to support: they conduct research, write books, organize scientific events. Such student conferences as "Days of Science" and "Business Spring" have already become traditional and iconic for our University. In addition, at Russian and international events, teachers and students represent the University and act as "ambassadors" of MGIMO.

Endowments unite in professional communities: the Donor Forum, UnivEn - the

University Endowment Association, these organizations work to popularize the notion and solve the tasks related to increasing efficiency.

10 years is not such a long term for endowments, but their role has grown significantly. 10 years ago, the contribution of Endowment to MGIMO budget was only 2%. Today, its part reaches 6% of the University budget, despite the fact that the budget itself has increased 2.5 times! And together with the sponsorship funds coming directly to the University, the share of the target means exceeds 10%. In total, 650 million rubles have been transferred to MGIMO within these years, and the endowment holds about 1.5 billion rubles.



Alisher Usmanov
Founder, USM Holdings

"I consider my contribution to the MGIMO Endowment Fund as an investment in enhancing the global competitive edge of Russian education. Today the University is one of the most widely recognized leaders of national higher education, training highly qualified experts; the political and business elite of Russia. MGIMO is the brightest educational institution in Russia, and therefore it's well-known far beyond our borders and the CIS.

The Endowment Fund for the University is an opportunity for greater financial sustainability and a pathway to independently determining long-term strategy for its own development."

The specific projects that the Endowment can be proud of are: MGIMO internationalization program, the strengthening of the University's positions in international rankings, "5 QS Stars" rating, the interna-



Vladimir Potanin
Founder and President,
Interros Company

"The Endowment of MGIMO, my alma mater, has become the first Endowment in Russia. I am really happy to have been able to contribute to it. It will sustain more than one generation and totally fits in with my vision on philanthropy as a systematic, well thought over and life changing action. The profit from the Endowment gives the University an opportunity for development. For us, its graduates, it's a chance to pay back a kind of a symbolic debt for our education which provided a ground for our success. I am continuing to support MGIMO beyond the framework of this endowment - for over 15 years with the support of my Foundation best MGIMO students have been going for internships to different countries worldwide before defending their theses. This year the program has expanded: its budget has increased up to 24 million roubles and students are able to become interns not only at the Foreign Affairs Ministry missions but also in foreign agencies under the Ministry for Economic Development as well as in international organizations. I have no doubt it will help them to make a deliberate choice in favor of a diplomatic career."

tional accreditation of higher education and MBA programs, the magazines included in the Scopus database, the social support of honorary professors and veterans, student grants, etc.

Patokh Chodiev
Board Member, Eurasian Bank
Co-owner, Eurasian Resources Group
and IMR (International Mineral Resources)

"Anatoly Torkunov asked us to set an example. Each of us donated 125 000 000 rubles. I also donated 50 000 000 rubles to support the veterans of the Foreign Ministry. Subsequently, every year, the three of us were increasing the capital of the Endowment Fund, donating \$US 1 000 000 on an annual basis. This enabled a real leap in quality, in terms of our support for the institute, because by doing this we were able to lay down a financial base for the Fund, the benefits of which allow MGIMO to independently plan its own growth... True, sometimes there are in-



deed more immediate and urgent needs. For example, in 2010 at a meeting of the Board of Trustees, Anatoly lamented that the machinery in the Institute's printing school were hopelessly obsolete, I immediately offered to finance the purchase of modern equipment, and that upgrade cost 20 000 000 rubles... The next qualitative stage started a few years back, when we set the goal of raising the amount of the Endowment Fund to one billion rubles. As far as I know, currently it has already exceeded one-and-a-half billion rubles."