



System of Funding Ukrainian Higher Education Institutions in Wartime: Problems and Risks

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System of funding ukrainian higher education institutions in wartime:

Financial model transformation ***in the face of***

*Uncertainty,
Student migration,
Infrastructure destruction*

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Sources of funding:

Budget funds

(state order, general fund)

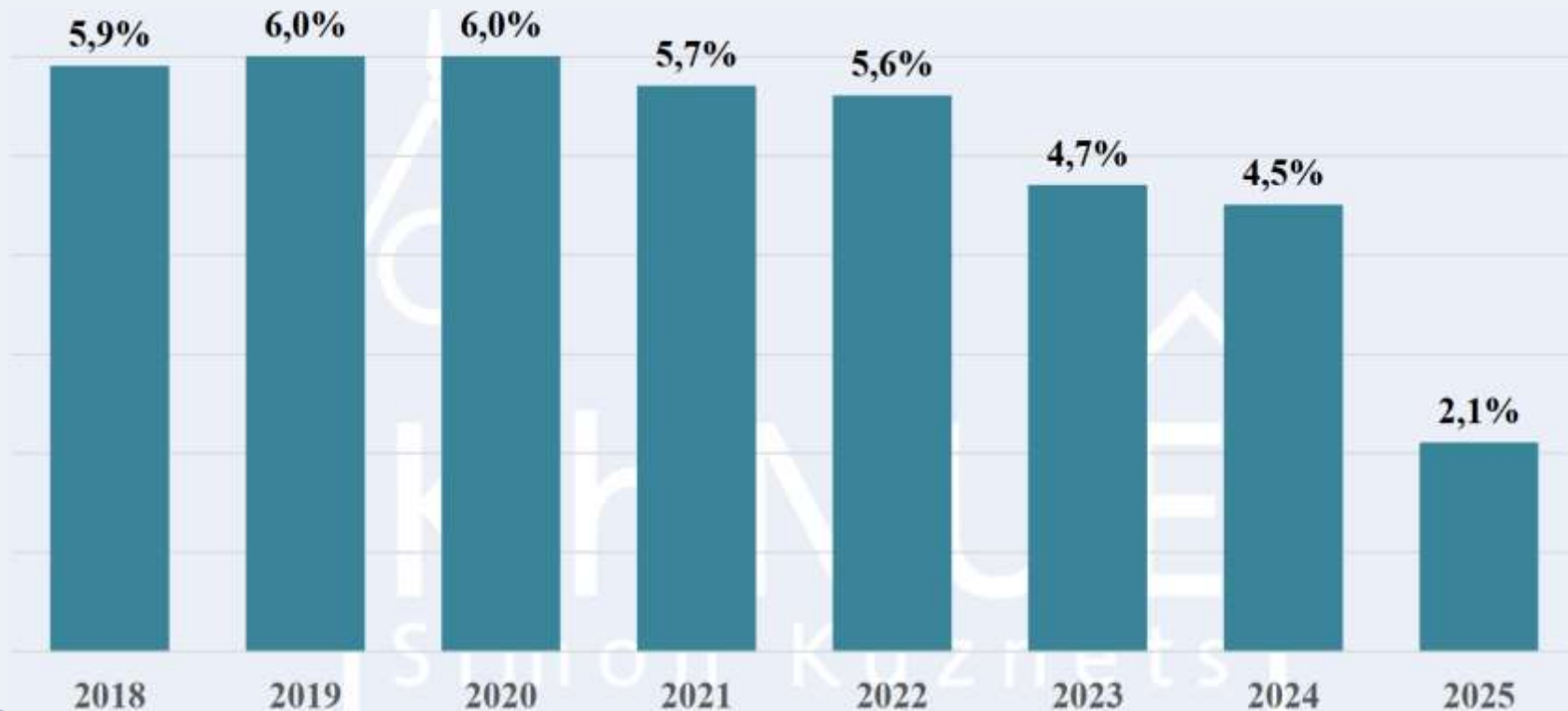
*Funds of individuals and legal entities (contract,
special fund)*

Alternative sources

(grants, loans, vouchers)



Share of consolidated budget expenditures on education in GDP





Budget funding of higher education institutions





FINANCIAL RISKS

Macro level

- Inflation risk (budget depreciation)
- Budget risk (redeployment of resources to defense)
- Risk of reduction in international aid to education

Micro level

- Liquidity (inability to cover current liabilities).
- Operational (increasing cost of utilities, repairs).
- Risk of dependence on one-time grants/assistance
- Increasing (non-core) costs (maintenance of internally displaced persons) for higher education institutions of Kharkiv region



KEY PROBLEMS OF THE FINANCIAL SYSTEM

- Physical **destruction** of infrastructure (direct damage)
- **Migration** (internal and external) – loss of contingent
(base for *formula (general fund)/contract (special fund)*)
- **Falling revenues** from contract training:
Decline in the solvency of the population,
Demographic crisis,
Outflow of university entrants abroad.
Consequences: Partial drop in income
- Need to **preserve human resources** (research and teaching staff) while reducing income. Risk of "washing out" qualified personnel.



Loss of the young

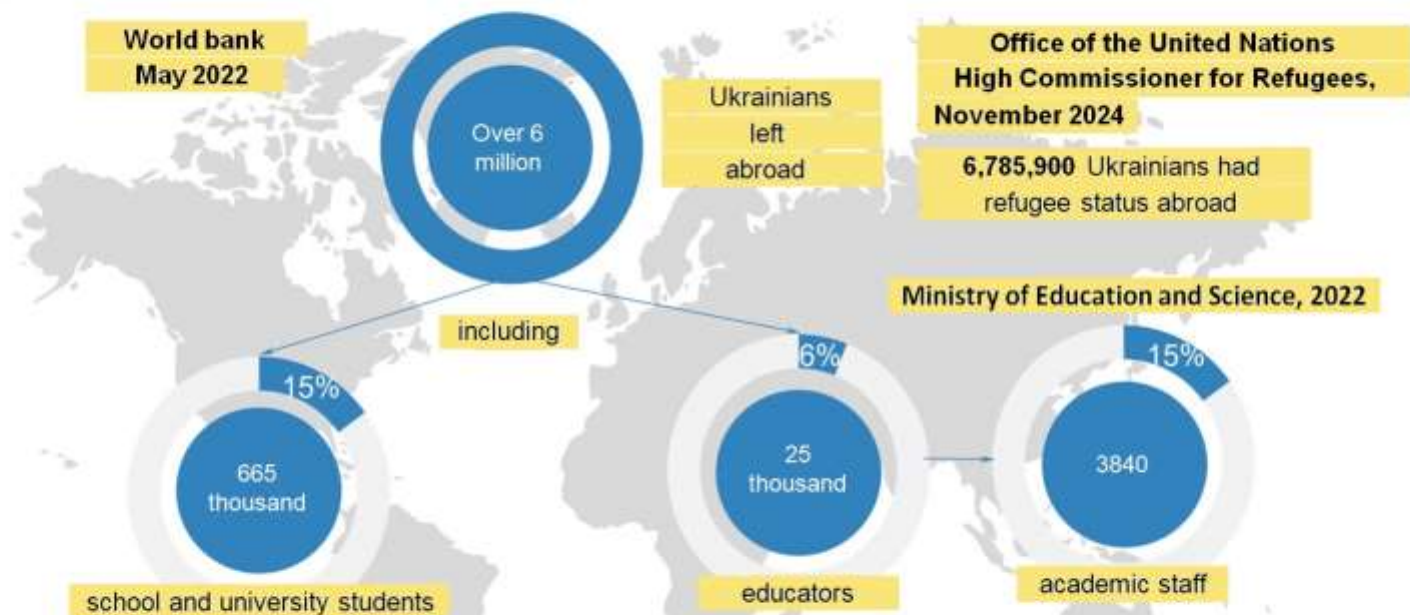
During the full-scale war, 340,000 teenagers left Ukraine with their parents.

Many of these young people have already started studying abroad or are almost enrolled in foreign universities.

Number of Ukrainian students at Western universities in 2023/2024 academic year (latest available data) is **115,000 people**



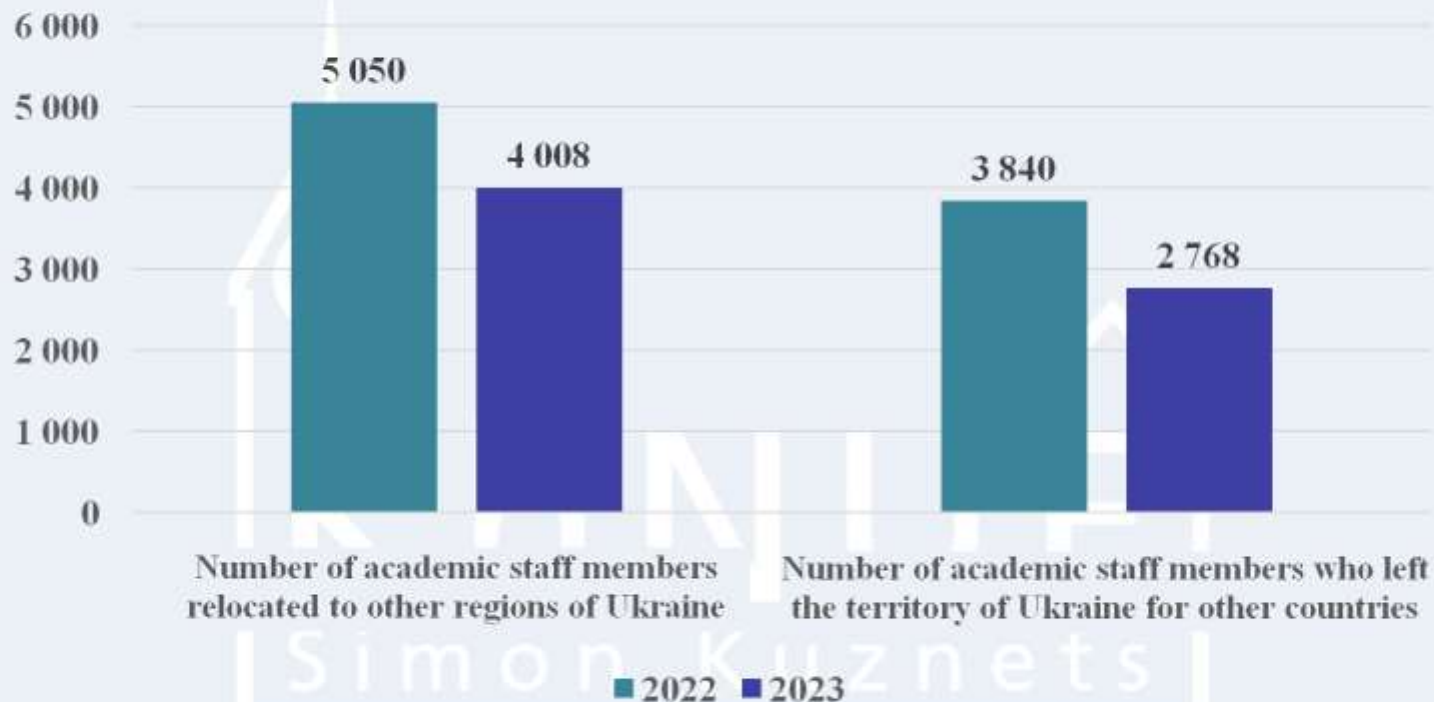
Migration abroad



Sources: **World Bank. Analytical report. Education: Impact of the War in Ukraine.** 2022. URL: https://reliefweb.int/report/ukraine/education-impact-war-ukraine-may-2022?gad_source=1&gclid=Cj0KCQjwY64BhCaARIsAIfc7Yax8l1NLEkog7HXCEo2iRrc0eUmGxW9J4qdiQqohfQjfkmmwQqHLSgsaAgaSEALw_wcB;
Office of the United Nations High Commissioner for Refugees. URL: <https://data.unhcr.org/en/situations/ukraine/>;
Ministry of Education and Science of Ukraine. Information and analytical reference on the possibilities of carrying out professional activities by subjects of scientific and scientific-technical activities of higher education establishments and scientific institutions under martial law, including research work of young scientists. URL: <https://mon.gov.ua/nauka/nauka-2/informatsiyno-analitichni-materiali>

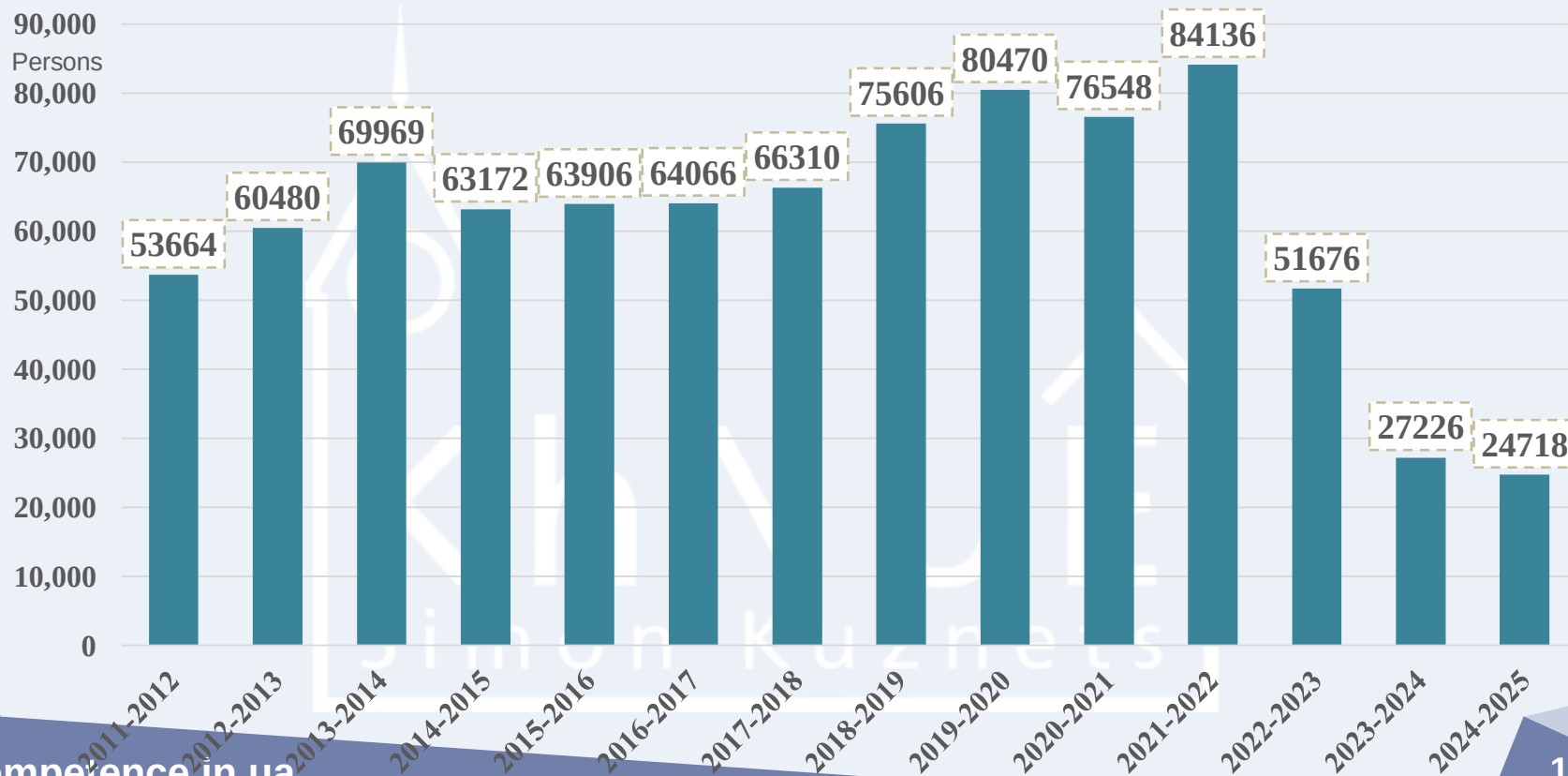


Academic staff migration





Dynamics of international student contingent (special fund replenishment)





Destruction and damage

**394 educational
institutions destroyed**

**3676 educational
institutions damaged**

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According to the Ministry of Education and Science of Ukraine.
URL: <https://saveschools.in.ua/>



Destruction and damage to higher education institutions

Higher education institutions

4 institutions completely destroyed

117 higher education institutions are damaged

in 19 regions of Ukraine

November 24, 2024

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According to the Ministry of Education and Science of Ukraine.

URL: <https://saveschools.in.ua/>



Territorial location of higher education institutions – inequality of operating conditions

Proximity to the combat zone

Security factor, high-risk zone

Decrease in business activity within the region

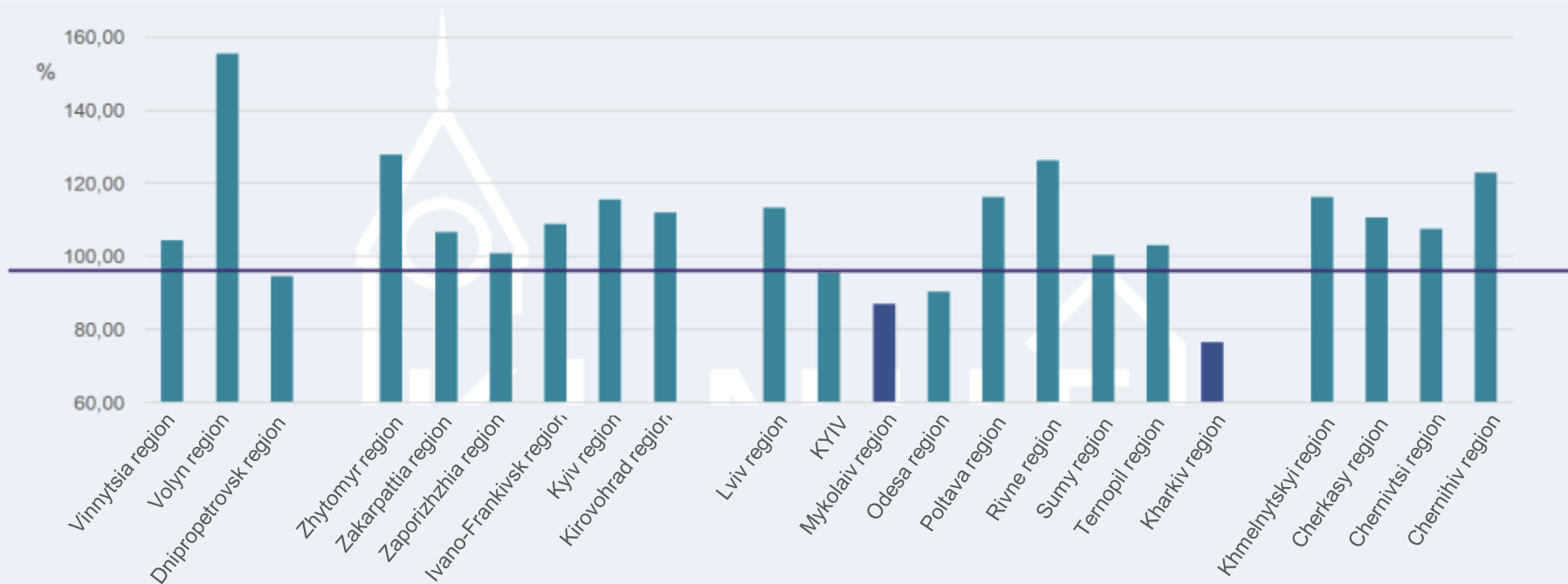
Decrease in the activity of international educational and scientific projects, grants, cooperation (reduction in presence in the region)

Image losses correlate with loss of rating positions and the volume of **funds** attracted (from various sources)

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Enrollment dynamics 2024 / 2021







Impact of military actions: A regional perspective

**Different conditions of
higher education
institutions' functioning
in various regions**

***NEED FOR
SUPPORT***

Security factor, operational safety

Migration processes

Business relocation

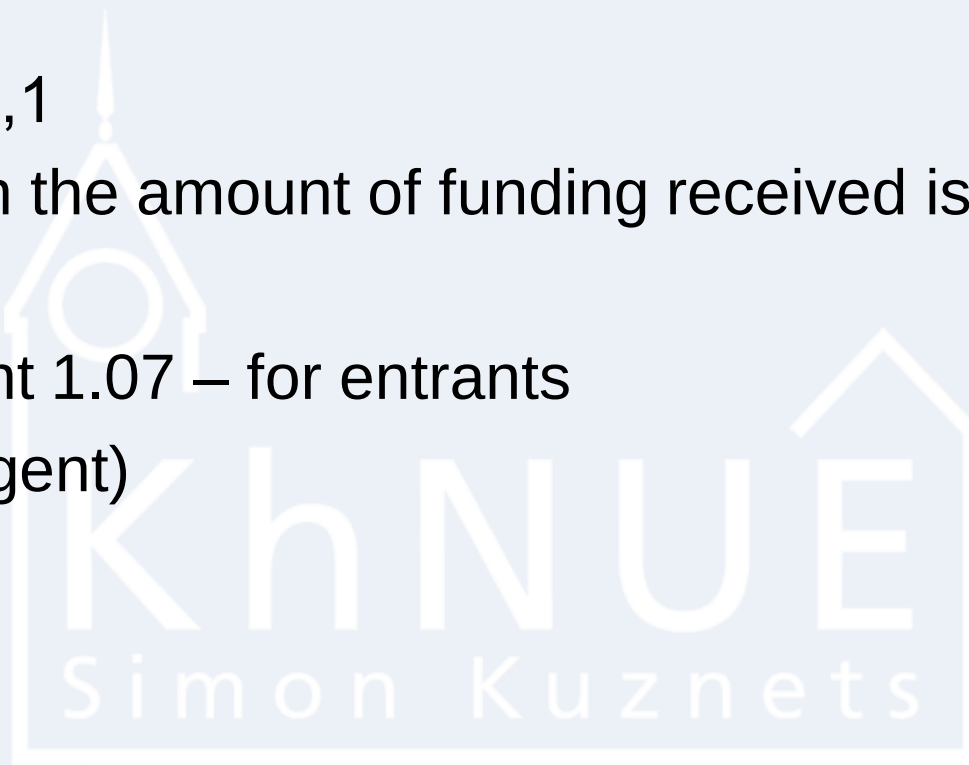
Business environment activity

Region's attractiveness for implementing international projects



Current support of higher education institutions in dangerous regions

- $RoR_i = 1,1$
- Impact on the amount of funding received is up to 1%.
- Coefficient 1.07 – for entrants (contingent)





Regional support (*current version 1146*)

Impact on the volume of funding for higher education institutions in the absence of regional support (**RoR** $_i = 1$ for all HEIs)

Region	Average deviation by HEI, UAH	Average % deviation for HEI of the region	Region	Average deviation by HEIs, UAH	Average % deviation for HEI of the region
Vinnitsia region	425 918,89	0,45	Mykolaiv region	-1 109 190,11	-0,76
Volyn region	1 455 198,93	0,74	Odesa region	-177 346,52	-0,26
Dnipropetrovsk region	-300 519,87	-0,25	Poltava region	-281 864,61	-0,29
Zhytomyr region	702 988,01	0,72	Rivne region	570 672,01	0,54
Zakarpattia region	616 152,06	0,50	Sumy region	-2 170 569,50	-1,31
Zaporizhzhia region	-429 951,97	-0,44	Ternopil region	453 235,62	0,35
Ivano-Frankivsk region	243 621,38	0,16	Kharkiv region	-2 158 436,38	-0,90
Kyiv region	548 580,61	0,67	Khmelnyskyi region	378 419,36	0,44
Kirovohrad region	-200 234,92	-0,30	Cherkasy region	361 208,11	0,42
Lviv region	1 813 076,10	0,52	Chernivtsi region	785 165,08	0,33
KYIV	1 172 615,92	0,38	Chernigiv region	-185 116,06	-0,23



Regional support (*current version*)

In the current version, when regional support is provided ONLY through the **RoR**, indicator and in the integrated index of HEI activity (A_i), this impact on the amount of funding received is insignificant and fluctuates within **1%**.

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Regional support

$FA_i =$ **FSA** – amount of financing sustainable activities

PROPOSAL

$RoR_{i Ter}$ – regional support 1.1

+

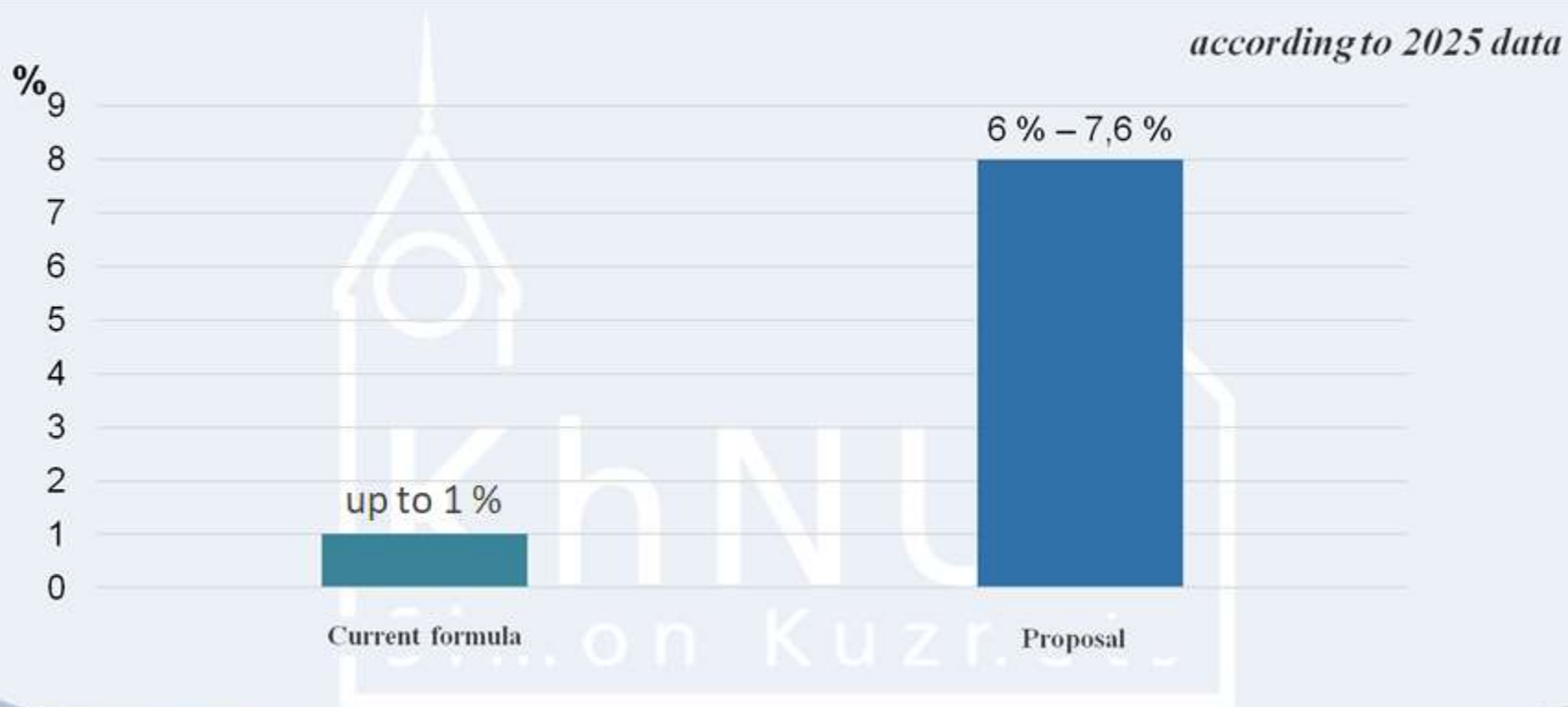
FAI – amount of funding by activity indicators

RoR_i – regional support 1.1

where **$RoR_{i Ter}$** – coefficient of regional support for higher education institutions located in zones of potential hostilities (Zaporizhia; Mykolaiv, Sumy, Kharkiv).



Impact on total funding amount





**Thank you for your
attention!**

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