Development of institute of social contracts for investment of intellectual and innovative projects in modern economy

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Abstract. The problem of providing the low-income families with social contracts is review in this article. Analytics of economic indexes and the comparison with foreign countries' experience are provided and directions of such contract providing are reviewed. The possibility of social contract providing for development of modern intellectual and innovative business is also mentioned. Social support on the base of social contract was firstly applied in Russia in 2012. The low-income citizen can receive the allowance if he meets successfully the conditions of agreement with social agency: find a work, start the business, pass the advanced courses or other actions on improvement of his conditions. Until 2020, the regions will provide this service voluntary and out of local budget resources. Usual the social workers receive the direct payments for each employed, and he can be resigned from the work if does not meet the requirements. The service is outsourced by non-state providers - non-commercial organizations and private companies - for additional competitiveness.

1 Introduction

Now after virus surge and against the background of general economic development the business activity was seriously reduced as well as the increasing of unemployment and declining of living standards; moreover, it is the risk that over millions of people will stay without necessary means of subsistence according to forecast of High economic school for 2021. The 13.1% of population was already below the poverty line at the end of 2019. In these conditions, the government looks for new support ways of people who are staying without necessary means of subsistence and EI who are very close to smash up.

In state to Federal address in 2019 Vladimir Putin declaimed that government should support people to come out from difficult straits. In addition, President called the social

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contract as an effective measure on fighting against poverty. According to him, this mechanism is world-wide effective. In 2019 before pandemic 7 billion roubles were issued from federal budget for new form of social support - social contracts with low-income citizens. This measure is provided as support in fighting against unemployment and growth of poverty in country.

2 Problem statement

Social contract is the special agreement, which signed between centre of social support and low-income family (or single low-income citizen) for a specified period. According to this contract, the authorized body of social support of population assures that it will support socially the citizen, and citizen assures that he will realize the actions defining by social adaptation program [1].

The basic task of such contract is the providing and realization of tools and received knowledge to obtain the constant income in future. For example, the equipment and instruments can be purchased with issued money or they can be invested in own business. All these actions might either earn its keep or facilitate the improvement of finance conditions of family.

3 Research questions

Common recognising that social support system requires the serious modifications was arisen before pandemic. Developed countries always look for new ways to deal with poverty, young adult or retiring unemployment and aging of the population; all of these increase the load on social support system. The classic scheme of allowance payment was identified as wildly expensive for economies of developed countries, and they selected so called activating social policy. Its difference from traditional one (retired pay and allowance) is so that the citizens do not receive the allowance on the base of income or status only (for example, disablement). To receive such allowance they should to be active - start looking the work and be employed or they should start up their own business and receive the profit. Such social and economic policy has a task to change the human status from allowance receiver to status of active worker. Therefore, there is try to solve two challenges: to save the budget and stimulate the employment as well as corresponding tasks - the improvement of literacy (in case of education) new workplaces (in case of opening or branching out) and decreasing of poverty.

According to OECD the programs of activating type already works in one form or another in the USA, Australia, Great Britain, the most EU countries and some Asia and LTA region countries. The number of such regions was around 50 but the service was provided physical in some of them and less of 10 people per year received the service in the other ones. In 2021, 21 Russian regions have received the federal subsidies on experiment with social contract under obligation of decreasing the poverty on 50%.

Administration barriers against participation in activating programs are lower what allow engaging the people from deep poverty and from marginalized groups. An applicant receives the allowance as soon as passes the training and finds a work. The monitoring of mean expenditure is also aligned: the receiver performs the reports regularly on his achievements and meets with social agencies [2].

One more important feature of new foreign programs is the key performance indicators (KPI) for social agencies according to which the number of employed should be grown and the number of people receiving the allowance should be decreased.

4 Materials and methods

The study of activating program experience in other countries found the unexpected effects and expediency of social workers. Under pressure of KPI, they evaluated the employability of applicants approximately depriving the equality of rights of some groups, for example, people with dependences, with high or undefined requirements to employment and representatives of several ethnic groups. Assignment of incorrect time of visit, delaying the document execution and the negative recommendations for evaluation committee were found as screening tactics. In some cases, it was fighting against screening by KPI but there was no result. In other cases, informal practices became in formal requirements. It was proposed to social workers in Great Britain to use colours for rating the applicants. Depends on readiness to work they are assigned with green, yellow or red colours. In Arkansas State, the USA, there is TBPE test before contract conclusion.

However, the activating programs showed the formal effectiveness in most foreign countries, and the governments reported about necessary number of employed. However, the few independent researching showed that the poverty was not decreased. The most applicants found a bad low-paid work that did not improve the families' conditions. Predictably, the screened were kept be low-income.

In Russia, two groups of applicants are the standard receivers of social contracts. The first one is the representatives of middle class, first of all, the self-employed and individual businessmen, i.e. Who fully lost the income and meet all the program requirements. The second one is the current receivers of allowance who will obtain the new program and possibility of employment from social agencies.

The administrative barriers are also high in Russia. For example, they include the monitoring of income of family's members. It will deprive of contract those who live with working retired persons or who did not de-register the ex-marriage partner from apartment. Contract also requires the full-time employment, and it is the complicated task for single mothers and significant part of the poor in Russia. The social support can hardly help to those who are required the change of habits; it does not have the required qualification. Moreover, even the Internet surfing gives more vacancies than social contract [3].

There are also the informal sticking points. Like in other countries, the activating program is attended by KPI for executors. Firstly, the social agencies should gather the receivers in different ratio for each type of service. Not more than a half of applicants should receive the support in work search, 20% and 15% - for advanced training and start up correspondingly. Not less than a half of applicants should receive the income more than poverty rate after rendering the service, and the providing the new contracts may be possible but undesirable. It can be assumed that social agency will conclude the contracts not with all who meet the requirements but with those who will be useful for KPI.

However, despite of all difficulties, the contract will be most likely declare as effective and distribute in all Russia. It will be difficult to recognise the actual effect of contract on poverty ration without additional independent studies and evaluations. In addition, it is important to understand the effectiveness of program because contract can become the main support measure from additional one with predictable period of subsidy providing from federal budget for next 9 years.

5 Results

The providing the citizens with social contracts who desire to reanimate, recover or start own business began in Samara region from April 2021. Now there is a task for authorized bodies of Ministry of social, demographic and family policy of Samara region (hereinafter Ministry) to provide the citizens-applicants with means included in budget for realization of social

contracts in Samara region till the end of 2021, and the work goes on expedited basis. In 2021, one billion roubles were assigned for these objectives in urban city of Samara, and around 30% of means were issued as a result of 6 months period. However, some authorized bodies already issued all means assigned for these objectives in regions. Decision on providing with means is taken by special committee in authorized body of region Ministry.

To receive the contract the family of citizen should be named as low-income one demonstrating the income for last three months. Currently the poverty ratio to assign the family (citizen) as low-income is 11 000 roubles for children, 12 126 roubles for employable population and 8 751 roubles for retired people.

Social contracts are providing for period from 3 months to a year and not more than once in the year for work searching [4,5,6]. The payment has purpose character and can be used only on measures defined in social adaptation program.

For payment assignment, the citizen should provide the Municipal Institute of Social Support "Multiple centre of social services of Samara region" according to the residence or living or by suprema63.ru with full package of documents.

The amount of payment under social contract is defined according to Calculation Methodology of social support in the form of payment under social contract and cannot be more than 35 000 roubles in total. Social support in the form of money payments and social services under social contract is provided from the day of social contract conclusion for period from three to twelve calendar months and paid monthly or once according to social adaptation program.

6 Findings

Social support in the form of money payments and social services under social contract is assigned under basis of application-declaration of citizen on a personal level (for single citizens) or on behalf of family, application of legal representative where the applicator identifies the type of social support, information of family members, incomes, information about receiving the state social support in the form of social services and vested to him (his family) interest as property. Social support in the form of money payments and social services under social contract is assigned under condition of social allowance [7,8].

Social contracts are provided on three directions: work searching, on business including the personal small-holdings and on the other actions on negotiation of difficult circumstances (the last direction is rare). Average income for family should be lower of poverty ratio, the citizen should be registered as unemployed or looking for work or as EI, self-employed (or not if own business is firstly registered), or the existence of difficult circumstances are the conditions for providing with social contract.

Social contract on work search (up to 9 months) includes the providing by authorized bodies of region Ministry (MI CS "Multiple centre of social support") with the following help:

- sum of 12 126 roubles once and this sum monthly after employment not more than three months;
- up to 30 000 roubles on training if necessary;
- 6 063 roubles monthly for training period (not more than three months);
- support in employment in cooperation with employment centre.

The citizen should register in Employment centre as unemployed, in IAS Russian national vacancy base "Work in Russia", work search and employment as well as professional training or additional professional training if required.

Social contract on business (up to year) includes the following types of help:

- up to 250 000 roubles once (for personal small-holdings – up to 100 000 roubles), including up to 5% from sum - for registration as IE and up to 15% from sum – for renting;

- up to 30 000 roubles on re-training if required;
- support with business-plan development through Business-incubator (support with personal small-holdings through MI Economic Development Agency, Informative and Consulting Agency, Business-incubator);
- approval of business-plan on committee.

The citizen should register in FTS as EI or self-employed, develop the business-plan for committee review, obtain the means and interest (agricultural product) according to contract, realize the produced agricultural product and return the means in case of EI closing-down.

7 Discussion

Social contract in case of difficult circumstances (up to 6 months) includes the sum of 12 126 roubles for intended purpose: basic goods, medicines, medical support, goods and services of preschool education.

The citizen should perform the activities under social contract. The approximate list of goods includes clothes, footwear, home textiles, school kits, medicines, pet food, veterinary medicines, tools, water and gas installation, construction materials and equipment purchasing [9,10].

At the same time the social contract is not a base for termination of other state support measures if they are applied; the citizen can combine all measures of supports.

The citizen should also report on monthly base (every 5th day of month following accounting month) about means expenditure and unused means should be returned in budget. In case of over used means, the citizen can make additional payment at his own expense if he has it. However, the means returning in budget is more complicated and undesirable procedure than additional payment of own sum. Returning of social contract means is also included in case of termination of EI but it should work a least one year.

It should be noticed that with such social contracts it is possible to invest in creation of new intellectual or innovative companies or start-ups or even open the new intellectual business as EI or self-employed. It is particularly topical for last year's students, master's students and PhD students who live independent and meet the requirement as low-income family, for example, clothing manufacture and everyday objects from plastic, "intelligent technologies" for agriculture, game service creation, media business in Internet, co-working development, antibacterial cleaning of apartments, eco-restaurant, various devices for children and disabled people and so on [11].

Small innovative enterprises (SIE) are the economic societies created under universities with the aim of commercialization and implementation of results of intellectual activities of students, PhD students and scientists. These are the small economic objects; the function of them is directed on creation of production, technological, service, marketing, organization and management and other innovations that include the receiving of profit.

Social contract can be useful for them because the subjects of SIE is faced with significant difficulties during searching of investments and partners from representatives of medium- and large-sized businesses. The information sources of state support measures, marketing and logistic options, international cooperation possibilities and so on are not always available for SIE.

8 Conclusion

Therefore, for development of modern business the institute of social and contract investment, which is successfully realized, can be a start point for creation and development

of such companies as intellectual and innovative ones in conditions of deficit of state resources and negative economic situation.

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