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CONDITION AND AREAS OF IMPROVEMENT OF THE GOVERNMENT REGULATION OF INNOVATIVE ACTIVITIES IN UKRAINE

Innovations and innovative development are the premium mobile needed by the domestic economy to ensure the economic independence of Ukraine and to cover the gap between our country and developed states using the “Overtake without Catching Up” principle. One of the key institutions of an innovative economy is the state, which must refrain from direct interference with innovation processes. Yet, as such, its functions include the creation of an institutional environment that would be sufficient to ensure the proper financing of organizational structures entrusted with generation of innovative products, the minimization of opportunistic behavior of economic entities at the stage of commercialization of innovations, and provision of financial support to innovators in the branches of economy that are strategically important for the economic security and competitive performance of the national economy [3].

Government regulation of innovative activities can include various methods, tools and impactors. All the methods of government regulation of innovative activities can be divided into direct and indirect ones. In its indirect form, government regulation of innovative activities is aimed at ensuring the presence of advantageous conditions for direct investors when financing R&D and innovations, which are created by public authorities in a given state.

Compliance with the innovative way of economic development requires the creation of a system of interaction of all participants in scientific and innovative activities, as well as mechanisms for their functioning, which are adequate to the set objectives. The main link of this system is the state, which performs the following key tasks:

- definition of scientific, technological, and engineering priorities against the background of limited resources;
- development of innovative and scientific and technical policies that reflect the mutual interests of science, industry, and investors;
- direct budget financing of so-called basic innovations (i.e., large-scale research and development) and bringing their results to practical industrial application;
- creation of conditions for the effective functioning of the innovation market.

Provision of funding for scientific, scientific and technological, and innovative activities is one of the key problems faced by public innovation policies. For each country, these costs make up a significant portion of its budget. However, as paradoxical as this may seem, the secret of scientific success lies not

only in funding. Great importance is given to efficient, purposeful, and continuous scientific and technological policies that are implemented in the state.

In accordance with the current legislation, innovation development in Ukraine is provided at the expense of financing from various sources. The Law of Ukraine “On Scientific and Scientific and Technical Activity” establishes that budget financing is one of the main instruments for the implementation of the public policy in the field of scientific and scientific and technical activities. The state is required to provide budget financing for scientific and scientific and technical activities (except for defense expenditures) at a rate of 1,7% of Ukraine's GDP or more (Article 48) [2].

Budget financing remains one of the main financial instruments of the scientific and technical policies of economically developed countries and the main form of direct public support of their scientific and technological development.

Total expenditures of the state budget of Ukraine in 2016 were aimed at financing the scientific field to 23 main spending units under 44 budget programs. The above budget programs include the following: amounts scheduled for spending for a total of UAH 5,608.45 million, including UAH 3,924.55 million (or 70%) at the expense of the general-purpose fund of the state budget; UAH 1,683.90 million (or 30%) at the expense of the special-purpose fund of the state budget; amounts of the actually provided funding: UAH 5,287.75 million, including UAH 3,898.21 million (or 73.7% of the volume funded) at the expense of the general-purpose fund; and UAH 1,389.54 million (or 26.3%) at the expense of the special-purpose fund [1]. With a view to determining the current condition of government regulation of innovative activities, the author has performed a SWOT analysis of the state innovation policy of Ukraine.

The performed analysis has allowed the author to conclude that at the current development stage, one should primarily determine which of the sectors of the national economy are to be classified as being of top priority so as to ensure a significant increase in the competitive performance of the state and detection of obstacles within the system, which prevent the development of innovations and new technologies, through the development and stimulation of such sectors.

In light of the above, the following measures should be adopted in order to improve the government regulation of innovative activities:

- improvement of the interaction between the innovation infrastructure and economic factors, and promotion of the formation of an appropriate environment for the development of innovations;
- increase in the innovative activity not only in the part of development but also in the part of implementation and application of new technologies;
- creation of joint research projects together with foreign scientists;
- formation of a network structure of innovative companies and clusters in the promising branches of the economy;
- development of technological opportunities for domestic business structures in the strategic perspective;
- efficient funding of fundamental and applied research.

Reference

1. Analytical Report “The Condition of Development of Science and Technology; Results of Scientific and Scientific and Technological Activities for 2016” // <https://mon.gov.ua/storage/app/media/nauka/informatsiyno-analitychni/na-sajt-mon-ad-kmu-11.07.17.pdf>

2. Law of Ukraine “On Scientific and Scientific and Technical Activity” No. 848-VIII dated November 26, 2015 [Electronic resource] // Website of the Verkhovna Rada of Ukraine - Access mode:

<http://zakon3.rada.gov.ua/laws/show/848-19>

3. Innovative Ukraine 2020: National Report / under the general editorship of V. M. Heyts et al.; National Academy of Sciences of Ukraine - Kyiv, 2015. - 336 pp.