

IMPROVING THE MECHANISM OF MUNICIPAL FINANCING OF INNOVATIONAL COMPANIES

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Abstract: *The article researches the practice of applying financial tools to stimulate the innovational activity on the level of municipal formations. Analyzing the results of the innovational development of the Republic of Kazakhstan showed that in spite of the increase in state expenditures for scientific researches and developments, the level of the innovational activity of Kazakh companies remained low. According to the majority of standard indicators of the innovational activity, Kazakhstan is inferior to not only the developed countries but also to the countries with the developing economies like Russia or Byelorussia.*

The author offers a set of measures of the municipal innovational development program. It includes the formation and improvement of the regulatory framework of the innovational activity on the territory of the municipal formation; formation and improvement of the system of municipal order for innovational products; formation of the municipal register of innovational development; organization of venture fairs, annual exhibitions of innovational products, and creation of an innovational business incubator on the municipal level.

Keywords: *Research and development (R&D), innovations, venture funds, investments, development institutes, municipal innovational system, state support, stimulation of innovational developments, financial mechanisms of support.*

1. INTRODUCTION

The current stage of the economy development is characterized by a high level of complexity of processes, dynamic changes of the environment, crisis tendencies that bear a system nature and touch upon economic systems of the majority of the world countries. At this stage it is impossible to imagine not only the development but also the provision of the current efficiency of the country economy and maintenance of the quality of the people's lives without the innovational component (Litvinenko 2016).

In the existing situation of the deficit of financial resources, the decrease in financing of infrastructural projects Kazakhstan faces the necessity to reconsider

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its strategic position in the direction of innovational development that can adapt the Kazakh economy to the current situation, reconstruct the economic growth, and enter a new social and economic level in the future.

In order to achieve a stable growth in the long-term perspective, the Republic of Kazakhstan must increase the growth of the workforce productivity. It will require the radical improvement of conditions for using the innovational potential of the country (Strengthening Innovation 2013).

It is necessary to note that the current system of state management of innovations does not have enough flexibility for taking timely comprehensive management decisions. Up to now the Republic of Kazakhstan has not created an efficiently operating innovational system that can propel the country to the top on producing innovational products. The return of state expenditures for innovations is on the low level, and the implementation of R&D in production and commercialization of innovational ideas is an exception rather than a rule in the current system of administering innovations.

Attempts to apply foreign venture funds in the Republic of Kazakhstan actually happened to be a failure. State financing according to the line of the Research Fund, JSC "NATR" also failed to provide a considerable innovational breakthrough, and the current achievements are not strategic and have a local, tactic nature.

The current practice of financing innovations through federal and regional funds does not entirely comply with the existing needs according to research areas, volumes, forms, and rules of financing. Besides, possibilities of specific municipal formations are not taken into account in terms of labor resources, industrial specificity, citizens' interests, and geo-strategic position of the territory.

The majority of investment funds do not finance projects at the stage of the research and development works (R&D). At the same time small financial difficulties occur at the initial stages ("seeding" and "start") of the project life cycle. In the funds that practice such financing, its volume is not sufficient for industrial innovations.

Due to the low investment attractiveness for commercial structures of innovations that are at the early stages of their life cycles as well as a conflict of interests between the science, the innovations, and the business, at their early stages the development innovations must be financed by state bodies.

The lack of the vivid innovational policy on the part of the federal government and the transfer of powers related to solving tasks of social and economic, industrial and innovational development of territories to the regional and municipal level make regional and local governmental bodies individually solve these problems.

Issues related to creating the financial mechanism of managing the municipal innovational system, search for new tools to finance innovational companies on the municipal level acquire special urgency.

Methodology

The goal of this work is to develop offers on creating and successful functioning of the municipal system of financing companies on the territory of the municipal formation.

In order to achieve the set goal, the work solved the following tasks:

- To research international experience in the area of financing innovational systems,
- To study and systemize data about methods, forms, and resources of financing innovational projects that are wide-spread in the Kazakh practice, and
- To develop practical recommendations on creating the system of innovations on the municipal level.

For the purpose of this research, the system approach to the development and management of innovational processes was used. It allows to represent the model of mechanism related to financing the innovational system on the municipal level.

The existing theoretical and empiric publications devoted to researching innovational processes and financing the innovational development of enterprises are used as a theoretical basis and a beginning point. The informational basis of the research includes analytical collections, reports, and reviews made by the Kazakh and international companies, development institutes, official data of state statistics bodies, and publications in mass media and on the Internet.

The methodological tool of the research is synthesis of theoretical and practical materials, comparative analysis, and generalization and systematization of empiric data.

2. CURRENT STATE OF THE INNOVATIONAL SECTOR OF THE REPUBLIC OF KAZAKHSTAN

Estimating the dynamics of changing the position of the Republic of Kazakhstan in the Global Innovation Rating over the recent four years, it is possible to mention some positive shifts.

One of the key indicators of the innovational development of the world countries that are on different levels of economic development is the Global Innovation Index. According to the data for 2015 the Republic of Kazakhstan held position 82. It improved its positions by 2 points as compared to 2013 (The Global Innovation

Index 2015). In the group of EEU countries Kazakhstan holds the pre-last position and advances only Kyrgyzstan.

The potential of the Republic of Kazakhstan provides conditions for the development of innovational entrepreneurial activity. There is qualified staff and high interest in accelerating the innovational activity. The state Innovational System Creation Program is being implemented. It aims at developing the infrastructure and attracting investments (Research and Technical Cooperation as Factor of Eurasian Economic Integration 2015).

Kazakhstan has rather stable positions according to the simplicity related to protecting investors' rights (position 25), the level of informational and communicational technologies development (position 33), state of the business environment (position 35), and general infrastructure (position 54).

Low creative efficiency (position 117), weak development of the business environment (position 110), and low level of the innovations and inventions development (position 96) are still a problem.

For the period of 2013-2015 the position of Kazakhstan considerably worsened according to the stability of business (20 positions decrease in the rating), the development of market (-7 positions), and "technologies knowledge and results" (-4 positions).

The latest decade of the economic growth in the Republic of Kazakhstan was characterized by a low level of investments and innovations, and became more dependable on the temporal factors especially environment profits from the world prices for oil and gas.

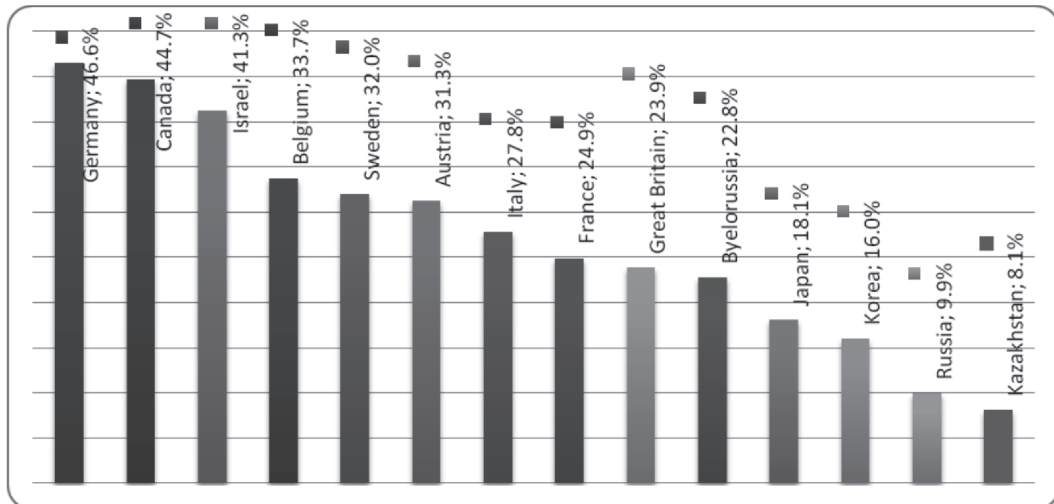
As a whole, innovational opportunities of the Republic of Kazakhstan remain low, especially if we take into account not only the potential in terms of human resources and research tradition, but in relation to the fact what will be required for a stable increase in efficiency within the whole economy.

According to many standard indicators of the innovational activity (expenses for R&D, number of researchers, export of technologies, patenting, etc.), the Republic of Kazakhstan lags behind countries with the developed economy, some countries with the developing economy such as, for example, Russia and Byelorussia.

Kazakh enterprises are less active in innovational activity than their colleagues from the OECD countries (Figure 1).

A low level of innovational activity of companies and entrepreneurial culture of enterprises (excluding agricultural and family business enterprises) (Review of the Innovational Development of Kazakhstan 2012), deficit of personnel that can manage innovational processes and projects, and the lack of competition remain

the basic factors that prevent the development of innovations in the Republic of Kazakhstan.



Source: OECD. Stat

Figure 1: Innovational Activity of Countries, %

The basic part of R&D is still performed in state industrial research institutes that are mainly separated from industrial enterprises and higher educational establishments.

Starting from 2012, more and more higher educational establishments have been involved in R&D. At the same time more and more research institutes decrease their research and technical activity (Table 1).

Table 1
Number of Organizations that Conduct Research and Development Works According to Types

Types of organizations	2011	2012	2013	2014	2015
Higher educational establishments	89	83	84	89	90
Research institutes	292	238	231	245	237
Total	381	321	315	334	327

Source: Research and Technical Activity in the Republic of Kazakhstan in 2015

Departments of the National Academy of Sciences of the Republic of Kazakhstan also make up a considerable share of the public performance of R&D. They carry out various fundamental researches conducted at universities of many OECD countries.

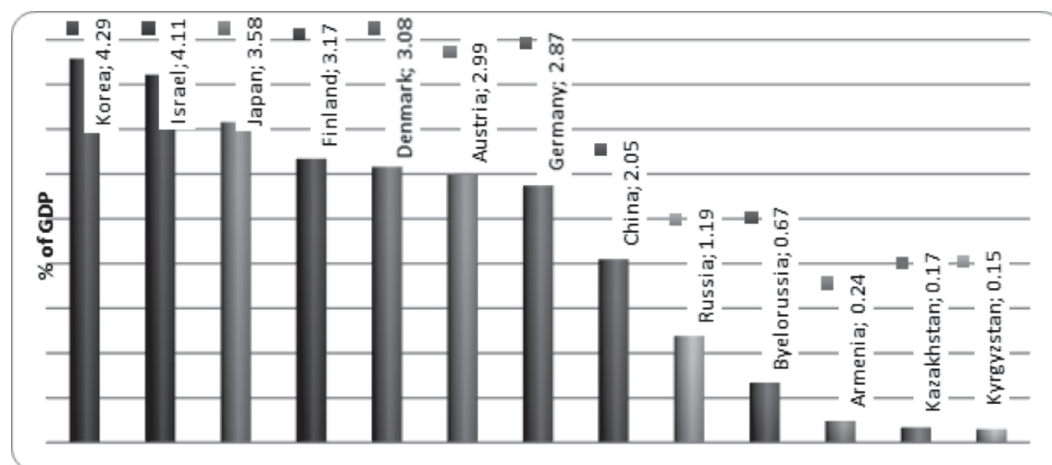
Research and development works are concentrated in large companies, especially in raw material industries. However, the majority of companies implementing

projects of the innovational development (PID) focus on modernizing production and training of personnel but not at supporting breakthrough researches and innovations.

Companies themselves have too few opportunities for innovations, low absorbing ability for innovations, weak relations with state research institutes and universities. And first of all easy access to resourceful rents decreases the stimulus for implementing innovations (Belova).

3. FINANCING INNOVATIONAL PROJECTS IN THE REPUBLIC OF KAZAKHSTAN

The share of gross domestic expenses for science in the gross domestic product characterizes the research intensity of GDP. Expenses for researches and developments in the Republic of Kazakhstan are considerably lower than the indicators of the countries with the developed and developing economies. In such countries as Israel, the Republic of Korea, Japan, Finland, Sweden, and Denmark this indicator exceeds 3%. In the Republic of Kazakhstan the gross expenses for R&D are 0.17% of the GDP (Figure 2).



Source: UIS. Stat

Figure 2: Gross Expenses for R&D of the Republic of Kazakhstan and Some Developed Countries in 2014, % of GDP

The basic structural peculiarity of the Republic of Kazakhstan that makes it different from the developed and some developing economies is the prevailing of the share of governmental financing. While in all developed economies the share of financing by the business prevails over the share of state financing, in the Republic of Kazakhstan the situation is opposite. The entrepreneurship sector of the Republic of Kazakhstan finances only 36.6% of the expenses for researches and

developments. To compare, in China the share of financing by the business is 76.6% of the R&D expenses, in Japan – 76%, in Germany- 67.2%, in France – 64.75%, and in Great Britain – 63.9% (UIS.Stat).

For five years the internal expenses for research and development have increased by 59.9%, and in 2015 they achieved their maximum– 69,302.9mln. tenge или 312,56 million USD (Table 2).

Table 2
Financing Expenses for Research and Development in the
Republic of Kazakhstan in 2011-2015, mln. Tenge.

Index	2011	2012	2013	2014	2015	Change	
						+/-	%
The average annual value of the official dollar rate to tenge (according to the National Bank of Kazakhstan)	146,62	149,11	152,13	179,19	221,73	75,11	51,2%
Internal expenses for researches and developments, in current prices, mln. tenge	43 351,6	51 253,1	61 672,7	66 347,6	69 302,9	25951,3	59,9%
Internal expenses for researches and developments, in current prices, million USD	295,67	343,73	405,39	370,26	312,56	16,88	5,7%
- including budgetary means, million USD	156,31	205,97	258,16	241,89	183,64	27,33	17,5%
Ratio of the state in the volume of the internal expenses for R&D, %	52,9%	59,9%	63,7%	65,3%	58,8%	+ 5,9	п.п.
- Own funds of the company, million USD	136,92	114,50	117,24	110,82	114,36	-22,56	-16,5%
Ratio of the entrepreneurship sector in the volume of internal expenses for R&D, %	46,3%	33,3%	28,9%	29,9%	36,6%	-9,7	п.п.
Other sources of financing, million USD	2,44	23,26	30,00	17,56	14,55	12,11	495,9%
Ratio in the volume of internal expenses for R&D	0,8%	6,8%	7,4%	4,7%	4,7%	+3,9	п.п.

Over the five years the expenses for research and development financed by the state have increased by 17,5%. However, a considerable part of these funds is still allocated without due control or goals of the activity.

In 2015 the sector of higher professional education occupied the leading place according to the volume of the internal expenses for R&D. Its share included 40.1% of the internal expenses for R&D of the republic (National Report on Science 2016). At the same time the entrepreneurial sector decreased the expenses for R&D almost

twice. Financing of R&D by the entrepreneurial sector is mainly represented by own funds of the research organization. It witnesses about the lack of interest on the part of the real sector of economy that is a basic resource of the economic growth of the Republic of Kazakhstan.

While the volume of the allocated state and private funds to support innovations increases every year, the level of commercialization of innovations remains on the low level. In its turn it causes the loss of hundreds of millions tenge per year on the market of innovational products. One of its basic reasons is insufficient development of the system of financing innovational activity. It manifests itself in the lack of the coordination in the work of state financial institutes of development, as well as general distrust of private capital to innovational start-ups on the background of the low level of entrepreneurial and investment culture, as a whole.

At the present time basic elements of the national innovational system of the country are being formed.

In 2003 the National Innovational Fund was established. It finances innovational projects through the participation in the capital, without the controlling share (Order of the Government of the Republic of Kazakhstan No. 502 dated May 30, 2003). The basic areas of the fund activity include the foundation of venture funds, financing of innovational projects on various stages of development, establishment of specialized subjects of innovational activity (technological parks, business incubators), project financing, and purchasing highly technological companies abroad (Informational and analytical portal of JSC “Samruk-Kazyna Fund of National Welfare”).

In March 2012 the National Agency for Technological Development (JSC “NATR”) was established by reorganizing JSC National Innovational Fund and JSC Center of Engineering and Transfer of Technologies in order to assist in providing the coordination of processes of innovational development and provide measures of state support (Order of the Government of the Republic of Kazakhstan No. 836 dated July 21, 2011). The Agency invests in innovational projects according to priorities of technological development. However, the activity on financing new investment projects was ceased by the decision of the Board of Directors of the Agency No. 7 dated May 24, 2014. Since 2014 the Agency has refused from direct project financing and completely transferred to the development of the system of venture financing.

One of the basic areas of the Agency activity is the formation and development of the venture industry of the country. At the present time the investment portfolio of the Agency includes 4 national and 4 foreign venture funds. However, it is necessary to note that venture funds in Kazakhstan do not actively participate in financing innovational projects. First of all, it is stipulated by the directionality of the majority of projects on the internal market. It has increased risks. Secondly, in the Republic of Kazakhstan there is almost no legislation in terms of venture investments. It adds risks on administering investments.

The Bank of Development of Kazakhstan (BRK), Fund of Entrepreneurship Development (FED), Samruk-Kazyna Fund of National Welfare, JSC “Parasat Research and Technological Center”, fund of direct investments JSC “Kazyna Capital Management”, “Central Asian Fund of Renewable Resources of Power”, etc. take active part in solving tasks related to the efficiency of the “innovational lift” work. They have their own resources and are included in financing enterprises at the relevant stage.

These institutes of development aim at supporting the limited number of areas of research works. Usually financial support is obtained by the innovational projects whose themes coincide with the “List of Critical Technologies” and the priority areas of the development of science and technique in the Republic of Kazakhstan (Order of the Ministry for Investments and Development of the Republic of Kazakhstan No. 219 dated February 27, 2015).

Regional institutes of development are established mainly as support funds, regional venture funds, and business incubators. As a rule, institutes of development support the activity of highly technological enterprises by providing grants, loans, and venture financing of their innovational projects on a competitive basis (Gribovskiy 2016).

In order to support the innovational business, the Government of the Republic of Kazakhstan offers a wide range of tools to stimulate innovations, including tax privileges, grants, subsidies to compensate expenses and interest rates, bonus depreciation, opportunity to debit expenses for R&D, support of institutes of development, and formation of the innovational infrastructure (regional technological parks, industrial development laboratories, territorial clusters, and technological platforms), etc.

State Program of Industrial and Innovational Development of the Republic of Kazakhstan for 2015-2019 is an important resource of financial support for innovations (Order of the President of the Republic of Kazakhstan No. 874 dated August 1, 2014). It provides measures on stimulating innovational companies.

However, the coverage of enterprises with measures of state support in the area of research, technologies and innovations remains low. Thus, for example, in 2014 JSC “NATR” received 280 applications. Only 38 innovators, i.e. 13.6% of them, obtained innovational grants (Annual Report of JSC “National Agency of Technological Development” for 2014).

The achievement of a strong position on the international level of innovations requires an accurately adjusted process financing innovational projects at the pre-seeding stage of the product introduction on the market. It is necessary to note that the attraction of private investors becomes more complicated and the system of financing innovations more and more intensely depends on the republic budget.

It is necessary to pay special attention to the fact that as a whole the bank system of the Republic of Kazakhstan is not focused on financing innovational projects. It is possible to specify one of the basic reasons that prevent commercial banks to integrate in the process of supporting the development of innovations: historically conservative attitude of banks to potential borrowers that from the very beginning set strict requirements in relation to the reputation, financial reporting, and target use of loans. Besides, banks do not get stimuli in the form of taxation rates when increasing their loan profile with innovational projects, as well as there is no distinct system of sharing risks between commercial banks and the state. The aggregate of these factors as well as indefinite perspectives of commercializing innovations, short periods of the existence of innovational projects cause the impossibility of their bank financing, in principle.

The experience shows that access to financing at the “seeding” stage of the project is one of the urgent problems. The volume of the provided investments is extremely limited. There are limitations according to the research themes, requirements to the age of some innovators and innovational companies, according to the size of the annual income, terms and conditions of providing investments, terms of competitions organization, and size of the share of the innovational company transferred as an exchange for investments, etc.

Non-compliance of the demand and supply of investments at the “seeding” stage of the project causes the fact that commercial structures that invest in start-ups of innovational projects, to the disadvantage of innovators, try to earn the maximum profit by obtaining a considerable share in the business as exchanged for investments required for the project start.

It is possible to assume that the current situation is to a great degree a consequence of the low efficiency of tools of financial support for innovational companies as basic drivers of the economy growth that exist in the Republic of Kazakhstan.

4. DEVELOPMENT OF MUNICIPAL PROGRAMS IN PURSUING INNOVATIONAL POLICY ON THE LOCAL LEVEL

One of the basic tasks of municipal governmental bodies is to form the economy of innovational type and to increase the investment attractiveness of the municipal formation. The domination of the innovational component of the economic growth will provide the growth of the life level of the population of the municipal formation, and strengthen competitive positions in the struggle for the limited resources (investments, informational, human, natural resources, etc.).

The municipal innovational policy must aim at the creation of a system that can use the existing research and technical potential within the limited terms and with

a high level of efficiency in order to increase the competitiveness of the products created by enterprises of the municipal formation.

Strategic areas of the development of innovations in a separate municipal formation and measures of municipal support must be correlated to the existing resources, structure of the municipal formation management, and can be stated in the municipal innovational program.

It is possible to be based on the experience of other countries related to developing programs that support researches and developments on the municipal level. For example, some Russian regions have an experience of implementing such programs (for example, municipal programs “Economic Development and Innovational Economy of the Municipal Formation” of the city of Taganrog, “Innovational Development of the City of Khabarovsk”, etc.).

The municipal program must provide a complex of measures, including the following:

1. Formation and improvement of municipal enactments that regulate the innovational activity of small- and medium-sized enterprises that perform their activity on the territory of the municipal formation,
2. Development/improvement of the system of municipal order for the products of innovational enterprises that perform their activity on the territory of the municipal formation.

While in the world practice purchases for state and municipal needs act as an important resource for forming the demand for innovations, in the Republic of Kazakhstan purchases are not a considerable tool to stimulate innovational activity.

For providing the principle of stimulating innovations, it is necessary to foresee efficient mechanisms aiming at increasing the volume of purchases of innovational products, including the following:

- When purchasing innovational products, to provide customers with an opportunity to use optimal ways to define the supplier (two stages contests, contests with limited participation, etc.),
- Informing municipal customers about innovational products,
- Methodological provision of municipal customers in relation to efficient strategies of purchasing innovational products, and
- To legislatively define the criteria of referring the products purchased for state and municipal needs to the category “innovational”.

3. Formation of the municipal register of innovational developments.

The municipal register can include only the projects acknowledged as innovational according to the results of the relevant expertise. The inclusion of the development in a specialized register will enable the companies that perform their activity on the territory of the municipal formation to attract additional attention of potential investors or customers to their products. Besides, the data provided by the register can be used by the local governmental bodies. It will enable applicants to obtain, on a priority basis, information about the possibility to participate in specialized congresses and exhibitions of the federal and regional level as members of the delegation from the specific municipal formation.

4. It is possible to specify such measures of municipal support of innovational enterprises planned within the target program as the organization of the municipal venture fair. This measure aims at organizing the constructive dialogue of the business, investors, and local power, as well as the development of investment and innovational sector of the municipal economy.

The goal of the organization and conduction of the Venture Fair is to raise private investments in the innovational sector, to form communicational interrelation between investors and representatives of innovational companies, to define the most efficient and rational ways of using innovational achievements of the research and educational complex of the municipal formation and integration on the market of the venture capital.

It makes sense to use the experience of the Russian Federation related to the organization of such fairs that have been conducted by the Russian Association of Venture Investing (RAVI) since 2000 (Russian Association of Venture Investing). The results of the conducted events have proved the efficiency of this tool that allows to gather a lot of interesting projects in one place, and to attract investors that are interested in research and technical and innovational cooperation.

5. Annual exhibitions of the innovational products made at the enterprises of the municipal formation can become one of the forms of municipal support for subjects of the innovational activity of the city. Innovational products are selected in accordance with the documents that prove the novelty and innovational character of products (patents for the invention/ useful model/ industrial sample, trademark).

6. Formation of the innovational business incubator on the municipal level.

One of the basic tasks of the local administration is to create favorable conditions for the development of small innovational business and to increase the share of their contribution in the economy of the municipal formation. The creation of an innovational business incubator on the municipal level can become an efficient tool to solve this task. The innovational business incubator is an object

of infrastructure whose activity aims at forming the maximum favorable environment for small innovational enterprises by providing privileged rent of the municipal property, as well as by providing informational services.

5. PROPOSALS ON IMPROVING THE SYSTEM OF FINANCING INNOVATIONAL COMPANIES ON THE LEVEL OF MUNICIPAL FORMATION

The existing system of financing innovational projects on the national and regional level cannot take into account the current resources and possibilities of separate municipal formations. That is why the creation of the municipal system of financing innovational enterprises will allow to improve the access of innovators to financial resources, and to decrease the asymmetry of the investment provision of research and innovational developments.

One of the areas of the municipal innovational policy is the formation of own institutes on financing innovational projects. Particularly, municipal formations can create municipal funds that provide innovational companies with grants, subsidies, and loans.

For the purpose of attracting additional sources of financing start-ups of innovational projects implemented on the territory of the municipal formation, it is offered to form the Municipal Target Venture Fund (MTVF) within the local administration. This structure can act as an initiator, strategist, investor, and organizer of the innovational development of the territory of the municipal formation.

Strategic tasks of the MTVF may include the following:

- Formation of the greatest number of highly profitable companies and highly paid work places on the territory of the administration and territorial unit, and maximization of the price of innovational companies property,
- Provision of the additional inflow of financial resources to the municipal budget due to the increase in the business activity through personal income tax, and individual property tax, and
- Creation of the innovational infrastructure on the territory of the administrative and territorial unit in order to form favorable innovational and investment climate.

The capital of MTVF can be formed from the target deductions from the incomes earned from using the property located on the territory of the municipal formation. Resources of the Charter Capital of the MTVF may include:

- Target charges paid by individuals and legal entities,
- Funds of the municipal budget formed due to the incomes from selling the property of the municipal formation, providing services on the paid basis,

selling shares of the fund, financial resources of federal and regional programs of development, personal income tax, and aggregate income tax,

- Income from selling the fund shares, and
- Loans (credits, debentures).

The municipal system of financing innovations is peculiar of the shift of emphasis towards support for low budgetary research projects of small- and medium-sized business that are potentially demanded by the real sector of the municipal economy. One of the forms of low budgetary grant support of innovational companies on the “pre-seeding” and “seeding” stage is an innovation voucher.

The innovation voucher is a document on whose basis companies obtain financial support if they implement innovational projects jointly with a specific number of research or consulting organizations by paying for goods, services of these research organizations with an innovation voucher (Sergeeva 2015).

In other words, innovation vouchers are small credit lines provided by the government for small- and medium-sized enterprises to buy services from the knowledge supplier for the purpose of implementing innovations (new products, services or processes) in their economic activity.

This tool of supporting small-sized innovational entrepreneurship was tested and implemented in various European countries. However, the Republic of Kazakhstan almost does not use innovational vouchers. The only experience of using them is a competition for financing a part of the expenses for engineering services provided by the Tomsk Regional Engineering Center.

Depending on the value, lack of conditions about co-financing of small- and medium-sized innovational enterprises on the municipal level, it is reasonable to offer two types of innovation vouchers:

- Vouchers of low value (up to RUB 350,000) can be used without co-financing on the part of the applicant,
- If the value of the voucher exceeds RUB 350,000, the company can use the “accelerated” voucher scheme to cover project expenses subject to 50% co-financing of the project price.
- Innovation vouchers can be used for any type of innovations such as
- Development of a new product/process,
- Development of a new business model,
- Development of new services,

- Special training in the area of innovational management, and
- Innovation/technological audit.

The scheme related to the work of innovation vouchers is rather simple.

A small enterprise that plans to issue innovational products but does not have enough funds for the required research applies to the organization that issues innovation vouchers, for example, MTVF.

MTVF makes an estimation of the application according to the following criteria: new-to-world, convertibility in the product/service (or business process), initial stage of the development, high risks, and low chances for implementing the project without innovation vouchers.

If the application complies with the above criteria, the applicant obtains an innovation voucher, and applies for the consulting support to an expert organization from the list approved in advance. The invoice issued by the expert is paid by an innovation voucher.

Thus, innovation vouchers can be integrated in the municipal innovational system because they are a useful and accessible tool to support innovational enterprises that do not have financial resources and their own research basis.

At the present time various forms to support innovations like allocating grants for developing innovational projects, and various kinds of subsidies are applied.

6. CONCLUSION

The current system of financing innovational projects through the system of national and regional institutes of development, as well as within various state programs does not entirely comply with the needs of the current economy and does not take into account needs and opportunities of specific municipal formations.

In spite of relatively high state expenditures for R&D, the Republic of Kazakhstan maintains low innovational activity of enterprises as well as limited access to financing innovational projects at the initial stages.

A complex of measures aiming at supporting innovations on the level of a separate municipal formation can be expressed in the municipal program of the innovational development of the territory. The program must provide efficient mechanisms of financial support for innovational projects at the “pre-seeding” and “seeding” stages.

The represented offers will allow to create an efficiently functioning innovational system, to increase the accessibility to financial resources to carry out and implement R&D, and the expand the innovational activity of enterprises.

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