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Article

Organizational and Legal Analysis of Financing Innovative Activities in Industrial Enterprises

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Abstract: This article examines the legal and regulatory foundations for organizing and developing innovative activities in the Republic of Uzbekistan, the priority directions of state innovation policy, and issues related to improving the financing system of innovative activities in industrial enterprises, particularly in the chemical industry. During the research process, laws, presidential decrees and resolutions, as well as regulatory legal acts of the Cabinet of Ministers aimed at supporting innovative activities by the state were analyzed. Furthermore, the importance of developing innovation infrastructure, strengthening the integration of science and industry, and improving financing mechanisms for innovative projects is highlighted. As a result of the study, scientific proposals and practical recommendations were developed for the effective organization of innovative activities and the improvement of financing systems in chemical industry enterprises.

Keywords: Innovation, Innovative Activity, Innovation Policy, Innovative Development, Innovation Infrastructure, Innovative Project, Technology Transfer, Industrial Enterprises, Chemical Industry, Innovative Financing, State Support, Scientific Research, Investment, Competitiveness

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1. Introduction

In the context of intensifying competition in the global economy, the level of economic development of countries is increasingly determined by their scientific and technological potential, opportunities for the development of innovative activities, and the extent to which they are capable of establishing production systems that generate high added value. In the modern economy, innovation serves as the primary driver of economic growth and plays a crucial role in enhancing the competitiveness of industrial enterprises, expanding export potential, and ensuring the sustainable development of the national economy. Therefore, the issue of effectively organizing innovative activities and improving state support mechanisms has become highly relevant from both scientific and practical perspectives.[1]

International experience demonstrates that an active state innovation policy, the integration of science and industry, technology transfer, and financial support systems for innovative projects play a significant role in the formation of an innovative economy. In particular, stimulating the production of innovative products in industrial sectors, attracting foreign investment, and developing innovation infrastructure are regarded as priority directions of economic development.[2]

In Uzbekistan, special attention has been paid since the early years of independence to establishing the legal and regulatory framework for organizing and developing innovative activities. In particular, Resolution No. 337 of the Cabinet of Ministers dated July 21, 1992, "On Measures for State Support of Science Development and Innovation Activities," became one of the first legal foundations for state support of innovative activities in the country. In subsequent years, numerous laws, presidential decrees, and resolutions aimed at developing innovative activities, introducing scientific research results into production, and stimulating innovation processes in various sectors of the economy were adopted.[3]

In recent years, the institutional system of innovative development in the country has been fundamentally improved. In particular, the establishment of the Ministry of Innovative Development, the adoption of the Law of the Republic of Uzbekistan "On Innovative Activity" (No. LRO'-630), and the identification of priority tasks aimed at developing an innovative economy within the framework of the "Development Strategy of New Uzbekistan for 2022-2026" have elevated innovative activity to a new stage. These reforms serve as an important foundation for the development of innovative activities in industrial enterprises, strengthening the integration of science and industry, and improving financing mechanisms for innovative projects.[4]

The issue of developing innovative activities in chemical industry enterprises is of particular importance. This sector is considered one of the strategic branches of industry capable of producing high-tech, import-substituting, and export-oriented products. From this perspective, improving the financing system of innovative activities in chemical industry enterprises, supporting innovative projects, and developing effective mechanisms for introducing scientific developments into production represent important directions of scientific research.

This study scientifically analyzes the legal and regulatory foundations for organizing innovative activities in Uzbekistan, the priority directions of state innovation policy, and issues related to improving the development and financing system of innovative activities in chemical industry enterprises.[5]

2. Material and Methods

During the research process on the stages of formation of organizational and legal knowledge related to further improving the financing of innovative activities in industrial enterprises, such methods as systematic analysis, induction and deduction, comprehensive assessment, logical analysis, and comparative analysis were employed.[6]

3. Results and Discussion

In the global market, scientific and technological achievements play a significant role as the main criterion of a country's economic development level. Achieving such progress requires the implementation of consistent and determined state measures aimed at stimulating demand for innovative goods and services produced by industrial enterprises, developing cooperation among participants in innovation processes, and attracting foreign investment and capital into priority sectors of the economy, particularly industry. Such measures are primarily reflected through the adoption of legal and regulatory documents that establish the legal foundations of innovative activity and define its development trends.[7]

In Uzbekistan, substantial efforts have been made to establish the legal foundations for the effective organization and implementation of innovative activities. In this regard, from the very first years of independence, the country laid the initial groundwork for creating the legal basis of innovative activity. In particular, on July 21, 1992, the Cabinet of Ministers adopted Resolution No. 337 "On Measures for State Support of Science Development and Innovation Activities," while during the leadership of the First

President of the country, the organization of innovative activities within sectors of the economy was identified as a priority area.[8]

This document paid considerable attention to strengthening scientific and technical potential, directing scientific research toward solving major socio-economic problems, and intensifying innovation activities. During the early years of independence, it also covered issues such as developing economic sectors on the basis of new products, services, and technologies, strengthening scientific and technical capabilities, enhancing the role of science in solving urgent socio-economic problems, and providing state support for expanding important research and innovation processes.[9]

Another important aspect is that, over the years, certain legislative acts adopted in the field of innovation and innovative activity lost their validity and were updated in accordance with modern requirements and advanced foreign experience. For instance, Presidential Decree No. PD-438 dated July 8, 1992, "On State Support of Science and Development of Innovation Activities," was repealed pursuant to Presidential Decree No. PD-6075 dated September 27, 2020, "On Measures to Improve the Business Environment through the Introduction of a System for Reviewing Obsolete Legislative Acts."[10]

Presidential Resolution No. RP-916 dated July 15, 2008, "On Additional Measures to Stimulate the Introduction of Innovative Projects and Technologies into Production," as well as Presidential Resolution No. RP-3682 dated April 28, 2018, "On Measures to Further Improve the System for Practical Implementation of Innovative Ideas, Technologies, and Projects," have served as important legislative bases for modernizing production, technically and technologically upgrading industrial processes, widely introducing scientific and practical research results and know-how developments, and establishing close cooperation between scientific institutions and enterprises operating in the real sector of the economy.[11]

Subsequently, efforts in this direction were further intensified through the adoption of several regulatory documents, including the Resolutions of the Cabinet of Ministers "On Additional Measures to Support Innovative Activities," "On Establishing the 'Leader of Innovative Ideas' Badge," and "On Additional Measures to Expand Financing Sources for Innovative Development and Viticulture Projects," adopted on September 11, October 2, and October 4, 2018, respectively, as well as a number of other legislative and regulatory acts.

One of the most significant aspects of the state policy based on innovative activity was the establishment of the Ministry of Innovative Development on November 30, 2017, in accordance with Presidential Resolution No. RP-3416 "On Organizing the Activities of the Ministry of Innovative Development of the Republic of Uzbekistan." Currently, the Ministry of Higher Education, Science and Innovation serves as the state administration body responsible for implementing a unified state policy in the fields of higher education, science, innovation, and scientific-technical development aimed at ensuring the comprehensive development of society and enhancing the intellectual and technological potential of the country. [12]

State innovation policy envisages defining and developing mechanisms and strategies for supporting innovative programs and projects in priority sectors of the economy. Innovation policy constitutes an important component of the state's socio-economic policy.

At present, the principal legislative document regulating relations in the field of innovative activity within the Republic of Uzbekistan is the Law of the Republic of Uzbekistan "On Innovative Activity" (No. LRO'-630), adopted by the Legislative Chamber on April 7, 2020, and approved by the Senate on June 19, 2020. This law consists of six chapters and thirty-nine articles and covers all aspects of organizing and conducting innovative activities. The law explains the essence of the key concepts related to innovative activity, outlines the fundamental principles for organizing innovative activity, identifies

the main directions of state policy in this field, and specifies the powers of the Cabinet of Ministers and other state and local government bodies, as well as the main forms of state support and incentives.

As the principal legal document governing the organization of innovative activity, the law provides legal interpretations of concepts such as innovation, innovation infrastructure, innovative activity, innovative project, state orders for creating innovations, technology transfer, and many other innovation-related notions. It clearly establishes principles such as freedom of innovative activity, equal access to state support for innovation, transparency and targeted orientation of state support, promotion of competition, free exchange of information, legal protection of intellectual property objects created through innovative activities, and prevention of harm to human life, health, and the environment.[13]

Table 1 below presents the classification of the legislative framework of the Republic of Uzbekistan related to the financing of innovative activities according to the adopting authority.

Table 1. Classification of the Legislative Framework of the Republic of Uzbekistan Related to Innovative Activities by Adopting Authority

Date and Document Number	Type of Document	Adopting Authority	Title of the Document
21.07.1992, No. 337	Resolution	Cabinet of Ministers under the President of the Republic of Uzbekistan	On Measures for State Support of Science Development and Innovation Activities
15.07.2008, No. RP-916	Resolution	President of the Republic of Uzbekistan	On Additional Measures to Stimulate the Introduction of Innovative Projects and Technologies into Production
27.04.2018, No. RP -3682	Resolution	President of the Republic of Uzbekistan	On Measures to Further Improve the System for Practical Implementation of Innovative Ideas, Technologies, and Projects
11.09.2018, No. 721	Resolution	Cabinet of Ministers of the Republic of Uzbekistan	On Additional Measures to Support Innovative Activities
02.10.2018, No. 786	Resolution	Cabinet of Ministers of the Republic of Uzbekistan	On Measures to Establish the “Leader of Innovative Ideas” Badge
30.11.2017, No. RP -3416	Resolution	President of the Republic of Uzbekistan	On Organizing the Activities of the Ministry of Innovative Development of the Republic of Uzbekistan

19.04.2018, No. RP -3674	Resolution	President of the Republic of Uzbekistan	On Establishing the Center for Advanced Technologies under the Ministry of Innovative Development of the Republic of Uzbekistan
12.01.2018, No. 24	Resolution	Cabinet of Ministers of the Republic of Uzbekistan	On Measures to Create Effective Mechanisms for Introducing Scientific-Innovative Developments and Technologies into Production
05.05.2018, No. RP -3697	Resolution	President of the Republic of Uzbekistan	On Additional Measures to Create Conditions for the Development of Active Entrepreneurship and Innovative Activity
17.10.2018, No. 832	Resolution	Cabinet of Ministers of the Republic of Uzbekistan	On Establishing the Youth Innovation Center under the Ministry of Innovative Development of the Republic of Uzbekistan
06.08.2018, No. RP -3899	Resolution	President of the Republic of Uzbekistan	On Measures to Improve the Efficiency of the System for Integration of Scientific and Innovative Activities
09.03.2020, No. 133	Resolution	Cabinet of Ministers of the Republic of Uzbekistan	On Measures to Further Improve the Regulatory and Legal Framework for the Development of Scientific Research and Innovative Activities
24.07.2020, No. LRO'-630	Law	Legislative Chamber and Senate of the Republic of Uzbekistan	On Innovative Activity
27.08.2021, No. 545	Resolution	Cabinet of Ministers of the Republic of Uzbekistan	On Measures to Organize the Management System of Scientific and Innovative Activities
19.04.2021, No. 222	Resolution	Cabinet of Ministers of the Republic of Uzbekistan	On Measures to Support Talented Youth Engaged in Scientific and Innovative Activities
09.03.2020, No. 133	Resolution	Cabinet of Ministers of the Republic of Uzbekistan	On Measures to Further Improve the Regulatory and Legal Framework for the Development of Scientific Research and Innovative Activities

01.04.2021, No. RP -5047	Resolution	President of the Republic of Uzbekistan	On Measures to Further Improve State Policy in the Field of Science and Public Administration in Innovative Development
03.04.2021, No. 172	Resolution	Cabinet of Ministers of the Republic of Uzbekistan	On Measures to Implement the Project "Modernization of the National Innovation System of Uzbekistan" with the Participation of the International Development Association
06.07.2022, No. PD-165	Decree	President of the Republic of Uzbekistan	On Approval of the Innovation Development Strategy of the Republic of Uzbekistan for 2022-2026

Source: The National Legal Information Center "Adolat" under the Ministry of Justice of the Republic of Uzbekistan (www.lex.uz).

To date, 764 legislative and regulatory documents covering processes related to the organization of innovation and innovative activities in priority sectors of the economy and public life have been developed.

In the course of studying the legal and regulatory framework for organizing innovative activities, the development of this process can conditionally be divided into three stages:

1. First stage (1992-1998) - the initial attempts to study the existing scientific and intellectual base and establish the legal and regulatory foundations for innovative activity during the early years of independence;
2. Second stage (1998-2015) - the development of legal foundations for forming new components of the national innovation system and organizing the processes of their implementation across various sectors of the economy;
3. Third stage (2016-present) - the introduction of new approaches and methods for organizing innovative activities within the framework of state innovation policy, as well as the formation of fundamentally new methodologies for managing innovation processes.[14]

In this regard, Articles 51-52 of Presidential Decree No. PD-60, signed by the President of the Republic of Uzbekistan on January 28, 2022, "On the Development Strategy of New Uzbekistan for 2022-2026," define several important tasks. These include the broad introduction of innovations into the economy, the development of cooperation between industrial enterprises and scientific institutions, the adoption of technologies for producing innovative products with up to 50 percent lower costs than existing analogues and creating value added 2-3 times higher than the price of raw materials in districts being transformed into innovation-oriented regions, as well as the implementation of 195 projects with a total value of 165.9 billion soums. The decree also emphasizes improving Uzbekistan's position in the Global Innovation Index and entering the top 50 countries by 2030, enhancing indicators in areas where the country demonstrates lower rankings, creating broad opportunities for the implementation of innovative projects, and introducing modern mechanisms for supporting research and innovative initiatives.[15]

4. Conclusion

In particular, in order to further improve innovative activities in chemical industry enterprises-the main object of this research-Resolution No. 753 of the Cabinet of Ministers of the Republic of Uzbekistan dated December 15, 2021, "On Measures to Establish an Innovative Chemical Research, Production and Educational Cluster for the Chemical Industry," was adopted. According to this document, the objectives include effectively organizing innovative cooperation between science and production in the chemical industry on the basis of advanced foreign experience, diversifying the production of chemical industry products, increasing the export potential of the sector through the direct implementation of scientific achievements into production, and providing the chemical industry with highly qualified personnel, including scientific staff.

State regulation of innovative activities through legislative acts represents a form of targeted influence on the national economic system aimed at coordinating economic activity by ensuring harmony between private and public interests, supporting changes in economic processes, and regulating production and commercial relations. The forms and methods of regulation (both direct and indirect) used by the state in implementing scientific and technical policy should remain flexible and adequate to socio-economic transformations occurring during the formation and development of market relations. At this stage, state policy should be directed toward comprehensive stimulation of the implementation and improvement of innovations.

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[4] President of the Republic of Uzbekistan, "On Measures to Further Improve the System for Practical Implementation of Innovative Ideas, Technologies, and Projects," Resolution No. RP-3682, Apr. 28, 2018.

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