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## **SOURCES OF INNOVATION FINANCING IN MODERN ENTERPRISES**

Innovation is a main driver of economic transformation and development. Providing and developing innovation has long been considered a major strategic goal of economic policy in more developed countries, and in most developing countries it is given increasing attention [3].

Finance plays a major role in technological change and innovation. The availability of financial capital and the organization of financial markets strongly influence how new technologies are deployed and new techno-economic paradigms appear. Innovation often predicts significant capital investment and is an uncertain, risky task that makes it difficult to mobilize the necessary resources.

For enterprises, lack of financing is often a main obstacle to innovation, so ranking and classifying of innovation financing tools for businesses is an important aspect of any enterprise's development [2].

Therefore, the following types of enterprise innovation financing tools are proposed:

- personal savings, family and friends. In most cases, the initial stage financing is provided by the owner's equity as well as family and friends financing;
- personal partners' savings. Joining partners is a common way to finance part of the costs. Partners can bring experience as well as funding;
- business angel financing is an important source of funding for the early stages of development in many developed and some developing countries. Business angels are wealthy individuals who invest in new or young businesses;
- venture capital – recognized as an important source of equity financing for enterprise innovation;
- commercial bank loans. Commercial banks are the most traditional in most developing countries. It is the largest source of financing for enterprises.
- exchanges. Stock exchanges allow companies to raise money through

promotional offers, but only for established companies seeking to increase funding;

- bonds. Bond issuance is generally applicable to large, established companies and is not a source of funding for young firms or small early stage operations. For large firms, this can be a source of funding for innovation;

- micro-loans is small debt financing. In many developing countries, microfinance institutions are run by non-governmental organizations or created with the government support;

- Crowdfunding is a recent phenomenon that has emerged in some developed countries as a means of accessing early-stage funding. It works through the Internet to connect entrepreneurs with investors creating web-based schemes that match investors and businesses looking for investment financing [4];

- accompanying funds. Mutual investment funds provide public sector private equity co-financing and venture capital financing;

- innovation or technology funds provide direct funding for R&D (research and development) and innovation activities of enterprises, often in the early stages;

- international development assistance. International assistance from donors and development finance institutions can be used to finance innovation, but is generally not aimed at direct financing for enterprises [5];

- government spending on R&D and partnerships with scientific and technical activities in academic and governmental institutions. Most countries carry out state research and development work at state research institutes and universities [1].

Successful innovation financing programs tend to address clearly identified financial gaps. This requires understanding the needs and capabilities of different types of firms at different stages of development and functioning in different socio-economic conditions. Innovation funding programs should be formulated so that companies can access more sophisticated support mechanisms as they develop their technological capabilities.

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