

Non-official translation

The Draft Law of the Republic of Armenia

On State Support For Innovation Activity

Chapter 1

General Provisions

Article 1. The Subject of Regulation of the Law

The present law regulates the basis of formation and implementation of state innovation policy, the mode of state support to innovation activity.

Article 2. The Basic Concepts of the Law

The basic concepts used in the law are as follows:

a) *Innovation* – a final creative result that can be implemented in economic turnover as a new or improved technological process, as a new or improved product or service

b) *Innovative project* - research and development projects aimed at creation of new or improved technological processes, creation of new or improved products or services that can be implemented in economic turnover

c) *State innovation policy* – a component of state economic policy aimed at developing and fostering the innovation activity

d) *Venture fund* – a non-commercial organization founded by a legal entity or person on the basis of voluntary investments to the joint-stock capital aimed at financing new kinds of production and/or mastering of new technologies in the result of highly riskful activities

e) *Innovation substructure* – organizations promoting innovation activity – innovation-research centers, business incubators, technology parks, innovation funds and other specialized organizations

f) *Innovation-research center* – a treaty-based union of scientific-research organizations, universities, technology parks, business incubators, industrial and other organizations having close links with corresponding foreign structures, and aimed at concentration of scientists, specialists, highly qualified manpower

g) *Technology park* – a legal entity or a treaty-based union of legal entities /participants/, the principal objective of which is realization of investments, innovation projects and carrying out scientific research, as well as implementation of high technologies, production of goods competitive in the world market through creation of innovative environment, formation of material and financial basis

h) *Business incubator* – an organization aimed at fostering small and newly founded business, having the status of a legal entity and operating independently or operating within a technology park

i) *State innovation programme* – an integrity of innovative projects and measures that are carried out with state budget funding of the Republic of Armenia

g) *Authorized body* – a state body in innovation sphere empowered by the Government of the Republic of Armenia.

Article 3. The Legal Base of Innovation Activity

- 1) Innovation activity is realized in accordance with the present law, other laws and legal acts of the Republic of Armenia, as well as according to treaties on innovation activity.
- 2) If the treaties provide other norms than that of the present law, the norms of the treaties are applied.

Chapter 2

The Kinds of Innovation Activity and Innovation Entities

Article 4. The Kinds of Innovation Activity

The kinds of innovation activity are as follows:

- a) Scientific and technological research activity aimed at creation of new or improved technological processes, creation of new or improved products or services that can be implemented in economic turnover
- b) Market research for organizing salesmarkets for innovative production
- c) Implementing of new technologies and organizing of production process for new or improved product or service creation
- d) Testing, standardizing and certification of new technological processes, products and goods
- e) Technology transfer
- f) Production of new or improved result in the initial period of application of new or improved technologies till the fulfillment of the leasing normative date of the innovative project
- g) Setting and developing innovation substructure
- h) Acquisition and transfer of rights to intellectual property, secret scientific, scientific-technical and technological information
- i) Financing and co-financing of innovation activity, investment making to innovation programmes and innovative projects.

Article 5. The Entities of Innovation Activity

Legal entities can be entities of innovation activity irrespective of their organizational-legal form, as well as persons, foreign organizations and

citizens, persons not having citizenship, who carry out activity provided by the present law.

Chapter 3

The State Support For Innovation Activity

Article 6. The Goals and Objectives of the State Support for Innovation Activity

1. The goal of the state innovation policy is the provision of economic, legal and organizational conditions for innovation activity.
2. The objectives of the state innovation policy are as follows:
 - a) to define the state innovation policy priorities,
 - b) to foster implementation of new technologies in economy, foundation and development of innovation substructure,
 - c) to create the legal base for cooperation among scientific-research institutes, universities, industry and financial-credit structures in the area of innovation activity.

Article 7. The Principal Directions of the State Support to Innovation Activity

The principal directions of the state support to innovation activity are as follows:

- a) creation of favorable legal environment for venture and investing funds' formation and innovation activity,
- b) financial and investment support, provision of guaranties,
- c) provision of rights for state assets' employment,

d) support to innovation substructure (innovation-research centers, business incubators, technology parks, innovation funds) setting and developing,

d) support to specialists' training engaged in innovation activity.

Article 8. State Guaranties For the Rights of Innovation Entities

The Republic of Armenia provides guaranties for innovation entities as follows:

- a) accessibility of information on the state innovation policy priorities,
- b) collection and dissemination of information on the results of innovation activity and on the demand for innovations, except for information that contains state, service and commercial secrets.

Article 9. The Implementation of State Innovation Policy

The state innovation policy elaborates and implements the Government of the Republic of Armenia.

The state support for innovation activity is implemented due to the Annual Programme (henceforth – the Programme) of innovation activity support. The Programme is specially financed by the state budget. The Programme includes measures in the directions as follows:

- a) innovation substructure set up and development,
- b) implementation of innovative projects,
- c) training of specialists,
- d) advisory activity,
- e) technology transfer and commercialization,
- f) implementation of international standards.

The Programme is elaborated accordingly to the priorities of innovation sphere development.

The Programme is implemented in accordance with the legal act defined by the Government of the Republic of Armenia. The report on the accomplishment of the Programme is presented as a composite of the annual report on the state budget realization.

The legal act on competition-based financing of innovative projects, that are presented to be included in the Programme, is elaborated by the Authorized body and is confirmed by the Government of the Republic of Armenia.

Article 10. The Competence of the Authorized Body

1) Forming the Programme from the requests of innovation entities for competition-based financing of their innovative projects,

2) Making a motion to the Government of the Republic of Armenia on defining the priorities of innovation sphere,

3) Presenting the draft of the legal act on competition-based financing of innovative projects, that are to be included in the Programme, to the Government of the Republic of Armenia,

4) Confirming the legal act on expertise and selection of innovative projects,

5) Coordinating international cooperation in innovation field,

6) Making a motion to the Government of the Republic of Armenia on innovation infrastructure setting up and its reorganization.

Article 11. The Financial Sources For Innovation Activity

The financing and cofinancing of innovation activity can be realized from the sources as follows:

1) the state budget

The state support to innovation activity is realized in the framework of the Programme as special financing from the state budget,

2) financial facilities of innovation entities, including facilities from other sources,

3) Financial facilities of local and foreign investors, as well as facilities of international financial organizations and funds,

4) Venture funds.

Article 12. International Cooperation in the Area of Innovation Activity

1) The Republic of Armenia fosters international cooperation in the area of innovation activity in the framework of treaties, joint innovation programmes and projects,

2) Foreign citizens, persons not having citizenship and foreign legal entities can found joint innovation organizations in the territory of the Republic of Armenia in accordance with the legislation of the Republic of Armenia.

Chapter 4

Conclusive Provisions

Article 13. The Enforcement of the Law

The present law is enforced the next day after it's official publication.