



Crowdfunding: Development of Private Investment in the Agricultural Region

Shamil Arslanov¹ ^a and Karina Baliyants¹ ^b

¹*Institute of Social and Economic Research of the Dagestan Federal Research Center of the RAS, Makhachkala, Russia*

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Abstract: The aim of the study is to determine the main directions and problems of the development of crowdfunding in the regions of the Russian Federation, as well as to determine the prospects of the tools of crowdfunding in the agricultural sector of the economy. The possibilities of developing crowdfunding in agriculture in the region are investigated. The main problems of the development of crowdfunding technologies in modern conditions are identified, the features of the implementation of crowdfunding investments are established with the specification of the specifics of legal regulation and opportunities for the development of crowdfunding. The accompanying risks inherent in crowd investments are considered. According to the results of the study, the features and specifics of the crowdfunding tools as an alternative mechanism for the development of private investment are established. The results of the study can be applied both in the course of the formation and implementation of regional socio-economic policy as a whole, and its structural elements separately.

1 INTRODUCTION

Today, the Republic of Dagestan, being the southernmost region of the Russian Federation, with a population of more than 3 million people and an area of 50.3 thousand square kilometers, being a predominantly agricultural region, has only a 20 percent share of agriculture in the Gross Regional Product.

Such a small share of agriculture in the GRP indicates that the agricultural sector of the Republic of Dagestan is in dire need of an influx of investment. The lack of financial and investment funds in the republic is explained by the current unfavorable investment climate.

The reasons for the unfavorable investment climate of the Republic of Dagestan are primarily: (Arslanov Sh, 2020)

- high risks of investment activity;
- low level of regulatory and legal regulation of investment activities;
- lack of investor protection mechanisms and investment processes;
- uncertainty of state mechanisms for supporting investment projects.

The existing regional experience of attracting investment in agriculture cannot boast of successful projects. Rather, on the contrary, there are frequent court proceedings on "priority" regional investment projects.


In such conditions, even those who have successfully started their activities, the enterprises of the agricultural industry, finding themselves in a difficult situation, do not have a real opportunity to use the mechanisms of support and recovery from the state authorities. A striking example of this is the recently announced bankruptcy of the Kikuni plant.


The current situation, actualizes the search for new innovative opportunities to attract private capital as an investment resource that allows the development of agriculture in the region. (Dokholyan S.V., 2020)

In our opinion, such investment tools should be crowdfunding technologies.

2 MATERIALS AND METHODS

Considering crowdfunding and crowdfunding (Ahlers G., 2015) as a tool for improving the

^a  <https://orcid.org/0000-0002-5461-8610>

^b  <https://orcid.org/0000-0002-6407-7774>

agricultural sector of the region, it is necessary to ask the following question: what is the best way to organize and implement crowdfunding technologies in the agriculture of the republic?

The solution to this issue is not new and there is a positive experience of other regions.

For example, the project "LavkaLavka", created by Boris Akimov, deserves attention. Which is the embodiment of the implementation, based on crowdfunding technologies, of the interaction of agricultural producers and end (urban) consumers.

The LavkaLavka project began in 2009 when B. Akimov organized a digital resource for the sale of natural village food. The essence of the project was to give the residents of the metropolis the opportunity to buy natural products directly from the farm, so to speak "first-hand".

The project made it possible for any farmer to present their products on the site, subject to its thorough verification and certification. The idea of reducing intermediaries between the consumer and the producer of agricultural products became profitable, as the consumer received complete information about the quality of the product, and producers received a new market where customers were willing to pay for natural products.

The LavkaLavka project was implemented without attracting bank loans, based on the collection of financial funds among the farmers and buyers themselves. That is, B. Akimov himself acted as the organizer, and buyers and farmers financed a mutually beneficial project.

Organizationally, "LavkaLavka" is a limited liability company, in which private investors own 49%.

Of the fee announced by the organizers in the amount of 5 million rubles, one half was financed by potential buyers, and the second by farmers. Each funded project received a 20% discount, and at the time of opening, the store had about 5 thousand such customers.

Another example of creating a crowd-investment platform in the field of agriculture is the Internet portal "Rublemania". Which, according to the creators, should become the first investment platform in Russia, allowing to direct the collected private investments to the revival of the country's agriculture.

The project is implemented only on the basis of attracted funds from private investors, implementing the principle of "profitable investment in agriculture".

According to the project "RubleMania", absolutely any investor automatically becomes a co-owner of the project in which he invests, and,

according to the organizers, receives a guaranteed profit of 18% of the investments made.

It should be noted that crowdfunding and equity crowdfunding are innovative and at the same time alternative financial instruments for generating investment resources based on attracting an unlimited number of investors (Belleflamme P., 2014).

Crowdfunding, in our opinion, should become very popular in the Republic of Dagestan, because as an alternative financial instrument, it allows you to finance startups, as well as all "young" projects that need additional investment, without incurring burdensome interest.

At the same time, an investor who invests his funds in projects implemented on the basis of crowdfunding technologies gets the opportunity to be involved in a large and significant project (Bi S., 2017).

Therefore, crowdfunding platforms are also an attractive opportunity for anyone who wants to receive passive income, since the so-called "promising" level of profitability of projects on such platforms significantly exceeds the profitability of other types of passive income.

The development of crowd technologies in agriculture of the republic, in our opinion, will have a very favorable impact on the entire socio-economic system of the region, and will certainly contribute to the achievement of the following strategic goals and objectives:

- development of small and medium-sized businesses in the agricultural sector of the economy;
- establishing the production and consumption of domestic agricultural products (which will accelerate the process of import substitution and reduce the consequences of international sanctions).
- increasing the investment attractiveness of the region.

At the same time, it should be remembered that the revival of agriculture in the region is a very labor-intensive and costly process that cannot be implemented without attracting the necessary amount of funding.

Therefore, the use of crowdfunding tools should be exactly the starting point for the rise of agriculture in the region, allowing you to create innovative projects for small and medium-sized businesses with the maximum participation of investors-consumers of agricultural products.

The development of alternative innovative financial instruments, in the context of the digitalization of the entire global economic space, is gaining a significant role in the investment process (Brown T.E., 2017). And, accordingly, requires its

own significant organizational, economic and regulatory development, which allows to exclude the risks of dishonesty in the implementation of investment activities.

Let's take a closer look at the problems associated with the implementation of crowd technologies as a tool for attracting private investment resources.

The main issue of investment is the issue of working out investment risks. Crowd technologies, being low-risk, do not completely exclude the investment risk that investors take on (Buttice V., 2017).

In this context, crowdfunding does not change the principles and mechanisms inherent in investing (with the exception of projects based on donations).

Accordingly, an important problem of the development of crowd technologies is the risks characteristic of innovative projects. For example, the organizers of an investment project bear the risk of borrowing an original business idea. This is due to the fact that it is necessary to voice your idea in order to attract financial resources for its implementation. In this aspect, the principle of transparency and openness creates the risk of unfair use of other people's ideas and technologies.

The same principle of openness precludes the protection of an idea through the protection of both industrial and intellectual property rights.

If you look at this problem from the other side, it is unlikely that a large number of projects will be announced on digital platforms that need to protect the uniqueness of the idea and technology. Existing projects show us that in most cases, projects that bring social benefits are implemented with relatively small investments. The average income of Russians and their lack of desire for technical innovation make it almost impossible to finance technologically complex projects.

However, the possibility of participating in a small part of technologically complex projects based on digital platforms is not excluded, in this case, crowdfunding allows large companies to attract additional sources of funding.

In this case, the use of crowdfunding technologies as a method of co-financing sufficiently large and ambitious projects will be considered as a competitive advantage in attracting investment resources (Chan R., 2017).

Quite another thing is the risks of investors, which are inversely proportional to the investor's ability to predict the success of the project and prospects.

At the same time, digital platforms are not responsible for the feasibility and success of the

declared project, since this is not included in the list of their tasks and powers (Guerini M., 2016).

This does not exclude, but rather encourages the desire of the organizers of digital platforms to thoroughly understand the proposed project together with its organizers, in order to make sure of the reliability of their intentions. Only this approach allows, to date, to avoid dishonesty in the field of crowd investment.

Control over the use of the collected financial resources is not exactly a risk, but only an actual issue that needs its own regulatory and legal elaboration. The lack of legal regulation in this area will sooner or later lead to problems.

At the same time, digital platforms that implement crowdfunding activities are not subject to the Law "On Countering the Legalization (Laundering) of Proceeds from Crime and the Financing of Terrorism", which practically excludes the influence of special services on their activities.

Of course, the development of crowd technologies is a stimulating factor for the development of the economies of the regions of our country. Therefore, competitive advantages will be given to those regions that can form a sufficiently successful digital investment potential, and we are talking not only about small and social projects, but also rather significant and large regional projects.

With regard to the regional aspect of crowdfunding, it can be argued that they will achieve the following qualitative indicators:

- increase the investment activity of all segments of the population;
- improve the investment potential of the region.

This makes the development and popularization of crowd investments in the Russian regions a strategic priority for their investment and digital development. And it creates an objective need to make changes in the legal and economic spheres of the region, which in turn will allow us to solve the following tasks:

- determine the possibilities of crowd technologies in relation to their practical application; popularize crowd technologies in society and the business community.

3 RESULTS AND DISCUSSION

It is determined that the development of modern crowd investments is a promising tool for improving the economies of the regions of our country. The absolute importance of alternative financial

instruments lies in the ability to implement vital financing for startups and "young" projects that need investment, without incurring burdensome interest.

The necessity of using the tools of crowdfunding in agriculture as a starting point for its rise, and a mechanism for creating innovative projects of small and medium-sized businesses with the maximum participation of investors-consumers of agricultural products is justified.

The tasks that will be achieved through the introduction of crowd technologies in the agriculture of the region are identified, which include:

- development of small and medium-sized businesses in the agricultural sector of the economy;
- establishing the production and consumption of domestic agricultural products (which will accelerate the process of import substitution and reduce the consequences of international sanctions).
- increasing the investment attractiveness of the region;
- to develop the investment potential of the region, through "digital" platforms for the formation of investment resources.

The factors hindering the development of crowdfunding both in Russia and its regions are identified, the most significant of which is the regulatory unsettled nature of crowdfunding, which often leads to their tacit prohibition.

4 CONCLUSIONS

In the current realities of regional economic development, alternative crowdfunding tools are a very promising mechanism that can attract significant investment funds in all sectors of the economy.

Stimulating the development and popularization of crowdfunding tools in the regions of the Russian Federation should become a strategic priority for the intensification of their investment activity.

At the same time, the lack of timely regulatory regulation of investment processes in the regions is the reason that some of the tools of crowdfunding remain under an unspoken ban.

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