

**CROWDFUNDING AS A SOURCE OF FINANCE FOR INNOVATIVE CLUSTER OF  
POLESSKY STATE UNIVERSITY**

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Nowadays, many social projects cease to exist at the stage of business planning. The reason for this is the lack of support from the state for many projects. The way out of this situation for start – up entrepreneurs are sites on public financing–crowdfunding [1].

The first crowdfunding projects were implemented in the sphere of show business and cinema. In the late 90's and early 2000–ies activists organized several online campaigns to raise funds for the promotion of musical groups and movies. After this crowdfunding activities have become more popular: special websites dedicated to a particular project are being created, the scope of activities is expanding, an increasing number of participants is involved.

Today crowdfunding works in different areas. This is charity, politics, support of scientific and medical research, projects in the field of culture, sports, urban development, infrastructure, environmental protection, etc. Crowdfunding is the practice of funding a project or venture by raising many small amounts of money from a large number of people, typically via the Internet.

Crowdfunding is a form of crowdsourcing and of alternative finance. In 2015, it was estimated that worldwide over US\$34 billion was raised this way [2].

Although similar concepts can also be executed through mail–order subscriptions, benefit events, and other methods, the term crowdfunding refers to Internet–mediated registries [3]. This modern crowdfunding model is generally based on three types of actors: the project initiator who proposes the idea and/or project to be funded, individuals or groups who support the idea, and a moderating organization (the "platform") that brings the parties together to launch the idea.

#### **The Benefits of Crowdfunding**

From tapping into a wider investor pool to enjoying more flexible fundraising options, there are a number of benefits to crowdfunding over traditional methods. Here are just a few of the many possible advantages:

**Reach** – By using a crowdfunding platform like Fundable, you have access to thousands of accredited investors who can see, interact with, and share your fundraising campaign.

**Presentation** – By creating a crowdfunding campaign, you go through the invaluable process of looking at your business from the top level – its history, traction, offerings, addressable market, value proposition.

**PR & Marketing** – From launch to close, you can share and promote your campaign through social media, email newsletters, and other online marketing tactics.

**Validation of Concept** – Presenting your concept or business to the masses affords an excellent opportunity to validate and refine your offering.

**Efficiency** – One of the best things about online crowdfunding is its ability to centralize and streamline your fundraising efforts. By building a single, comprehensive profile to which you can funnel all your prospects and potential investors, you eliminate the need to pursue each of them individually. So instead of duplicating efforts by printing documents, compiling binders, and manually updating each one when

there's an update, you can present everything online in a much more accessible format, leaving you with more time to run your business instead of fundraising.

#### Disadvantages of crowdfunding

- it will not necessarily be an easier process to go through compared to the more traditional ways of raising finance – not all projects that apply to crowdfunding platforms get onto them;
- when you are on your chosen platform, you need to do a lot of work in building up interest before the project launches – significant resources (money and/or time) may be required;
- if you don't reach your funding target, any finance that has been pledged will usually be returned to your investors and you will receive nothing
- failed projects risk damage to the reputation of your business and people who have pledged money to you;
- if you haven't protected your business idea with a patent or copyright, someone may see it on a crowdfunding site and steal your concept;
- getting the rewards or returns wrong can mean giving away too much of the business to investors.

A cluster created at the biotechnological faculty in Polesky State University by means of crowdfunding mobilizes money for the funding of enterprises established on the basis of this cluster, with the participation of representatives of the Ministry of economy, Brest regional Executive Committee, the Pinsk city Executive Committee and science and technopark "Polesie". At present, work with the concept of creating an innovative industrial cluster in the field of biotechnology and the "green economy" is being completed in Polesky State University. The concept is based on modern scientific approaches, advanced foreign and domestic practices. The technological Platform of the cluster is based on the original scientific developments of scientists of Polesky State University. A distinctive feature of the cluster operation is the widespread use of some instruments of equity crowdfunding and other financial technologies. The cluster includes 50 high-tech companies at the first stage, which involves the creation of more than 1,500 new jobs.

There are eight directions within the framework of this project. One of them is organic agriculture. The developers of the innovation and industrial cluster have a number of projects to create berry plantations by small enterprises and farms. There are scientific and technological solutions for laying plantations of blueberry, honeysuckle, actinidia, sea buckthorn, quince.

The main component of the project is biotechnology. However, it is socially significant, as young people will have the opportunity to become entrepreneurs in new high-tech areas of activity. This is entrepreneurship of a different level. Economic and environmental outcomes are also important, because the scheme proposed by the cluster will reduce the harmful effects on the environment [4].

Thus, the issues of crowdfunding organization were considered in this article, as well as the use of such practice in Polesky State University. Such advantages like providing access to capital, hedging of risk, introduction of prospective loyal customers, providing of the opportunity of pre-selling and so on allow to consider crowdfunding one of the most effective ways of financing.

#### List of used sources

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