



Key messages from the developmental evaluation of BEAM

Business with Impact – BEAM has been a five-year programme (2015–2019) with an initial budget of EUR 50 million, equally financed by Business Finland and the Ministry for Foreign Affairs, and matched by co-funding from the participating companies and organisations. The aim of the BEAM has been to assist Finnish enterprises and other organisations, including research institutes, universities and civil society organisations to solve global challenges with the help of innovations and to make it successful and sustainable business.

The developmental evaluation of BEAM programme begun in September 2015 and has continued through the whole duration of the programme until the end of 2019. An important objective of the developmental evaluation has been to document the progress and the choices made during the course of the programme, and to provide the programme management team with informative means to learn from experiences in order to improve the service delivery. At the same time the objective of the evaluation has been to provide the means to verify achievements against intended results as well as unintended consequences – both positive and negative.

BEAM is addressing a relevant and timely topic

The evaluation concludes that overall, BEAM has addressed a very relevant societal challenge that otherwise would not have been equally well addressed, and that the programme timing has been very appropriate. It has been important to broadly engage the private sector into this theme and to incentivise their research and development towards addressing challenges in the developing markets. This has also offered important new growth potential to Finnish companies in a time when domestic market growth prospects have been modest. There appears to be further interest and demand for the topic and volume of programme funding has developed positively.

The unique additionality BEAM programme has offered has been the testing of viability and scalability of sustainable innovation and its 'gateway' into the developing markets. The programme has made some progress towards building a true multilateral collaboration among companies, researchers and NGO for sustainable innovation, however to this end there is still a work to be done.

Explorative, developing and clarifying programme

At the start of the BEAM, there was not yet a clear understanding of what kind of projects would eventually be

selected in the programme and what would be a realistic anticipation of programme's impact. The discussion among stakeholders was vivid and expectations for the programme were broad and some optimistic. The programme impact logic was not sufficiently elaborated and several aspects of the jointly organised programme administration, such as organisation of the programme monitoring, needed further working out. As the programme progressed, these have been sorted out and appropriate working models defined.

Over the course of the programme, the development of programme services, support and advice has been reflected in the better selection, maturity and viability of funded projects. This has been the impression and intention, at least. Particular emphasis has been put to understanding and communication the development impact of innovation projects. Practices for joint programme administration (between MFA and BF) have also been developed. Meetings among Business Finland and MFA specialists have been considered particularly helpful. The programme has also revised (i.e. narrowed) its geographical focus with the intention to systematically identify possibilities and build collaborations.

Exceptional programme structure...

The fact that BEAM has been an effort to combine the objectives, resources and operations of two separate

Team Finland actors (i.e. MFA and BF) and build on their synergies, has made it a genuine Team Finland programme – the first of its kind. Compared to a ‘normal’ Business Finland or MFA programme, the joint programme approach has brought more funding resources, more collaboration opportunities, broader set of services and a broader competence-base to support the projects.

BEAM programme has also been the first time Business Finland (or MFA) to apply a developmental approach in a programme evaluation. The developmental evaluation has regularly observed programme implementation and provided assessments, advice and specific analyses (such as analysis of programme portfolio) for the support of the programme management.

...with slightly heavier administration

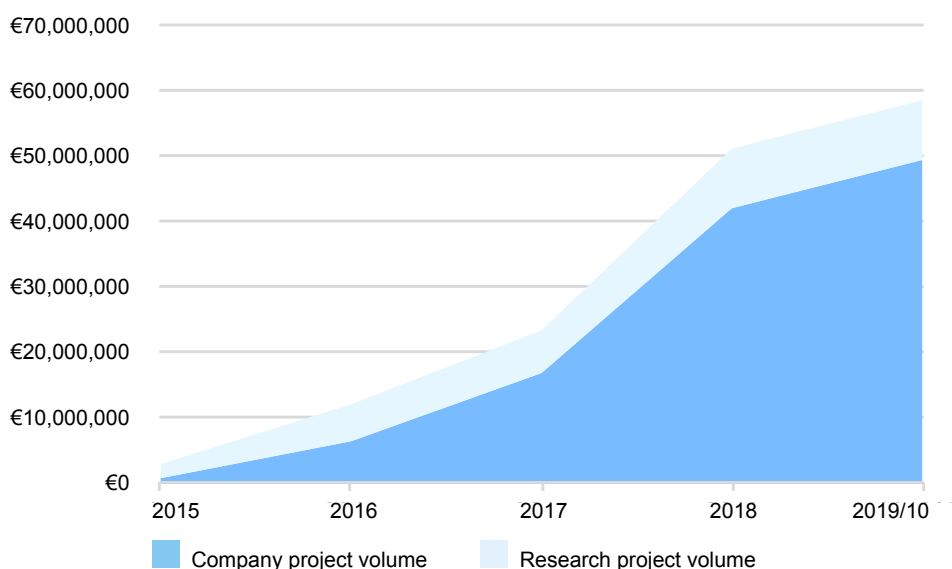
Despite the benefits of a joint structure, the exceptional organisation of BEAM has also brought some additional administrative burden; the programme management is a shared function of the two parties (i.e. MFA and BF), all project proposal are assessed and approved by both parties and the progress and results of the programme are reported to both parties. This, particularly at the beginning of the programme, resulted in heavier administration. Furthermore, since the MFA applies ODA-funding to BEAM, this brings additional criteria, advice and monitoring on top of the normal RDI funding processes of Business Finland. Moreover, promotion, collaboration and implementation of BEAM projects in distant (and often culturally and contextually very different) developing market environments, has expanded the requirements of programme management, coordination and evaluation. Overall, the management and coordination resources have in several occasions been considered insufficient for the demanding requirements of the programme.

Evolution of BEAM

BEAM, and more generally sustainable business in developing markets, has raised increasing attention and interest, even though at the beginning of the programme it was not easy to find sufficiently good and concrete company projects. Further attention was paid to these issues in the mid-term evaluation of the programme, and from fall 2017 onwards Tekes made a strong effort to identify new, better matching (larger, more mature and clearer) projects for the programme. Companies were sought and activated amongst the broader clientele of Tekes. Programme communication was strengthened, and services improved to make the programme better known and more attractive. As a result, more projects have been taken on board and the programme has exceeded its volume objective of 50 million euros.

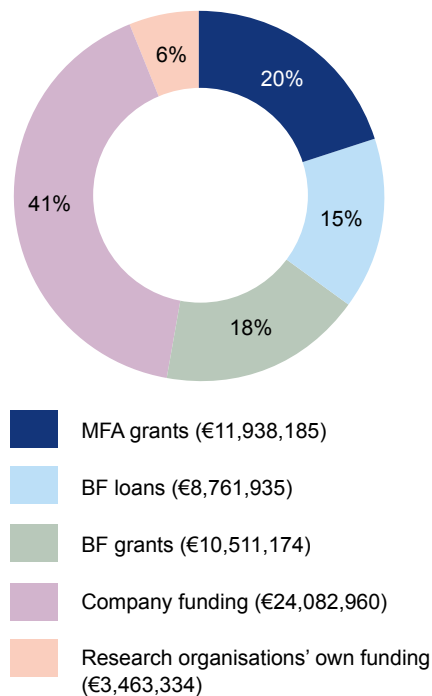
The total volume of funded projects has increased particularly over the years 2018–2019. The increase has come purely from company projects (in comparison to research projects). In October 2019, total volume of BEAM funded projects was 58,8 million euros. Out of this, the share of BEAM funding was altogether 31,2 million euros (53,1%), the rest coming from companies and research organisations. The contribution of Business Finland grants and loans was altogether 19,3 million euros (32,8% of total) and MFA grants 11,9 million euros (20,3% of total). Hence the difference between MFA and Business Finland shares, as BEAM portfolio has included also projects, which were not co-funded by MFA. The share of enterprises’ own funding was 24,1 million euros (41,0% of total) and research organisations’ 3,5 million euros (5,9% of total).

Figure 1. Development and distribution of BEAM project volume 2015–10/2019.



Source: Business Finland.

Figure 2. Distribution of BEAM project funding by source 2015–10/2019.



Source: Business Finland.

The majority of BEAM funding has been R&D grants to companies (16,7 million euros). The volume of R&D loans to companies was altogether 8,8 million euros. Funding to research organisations has been 5,8 million euros.

BEAM has received altogether 230 funding proposal over the whole programme period (2015–10/2019). 151 applications were finally approved and started. Based on this, the approval rate was reasonably high, 66,8%. Out of the 151 funded projects, 116 were company projects and 44 research projects. Average size of projects were 426,984 euros and 209 714 euros, respectively.

Many small companies and projects

The companies and projects accepted for BEAM have been found to be relatively small and their duration short. To this end, BEAM Portfolio analysis of 2018¹ stated that

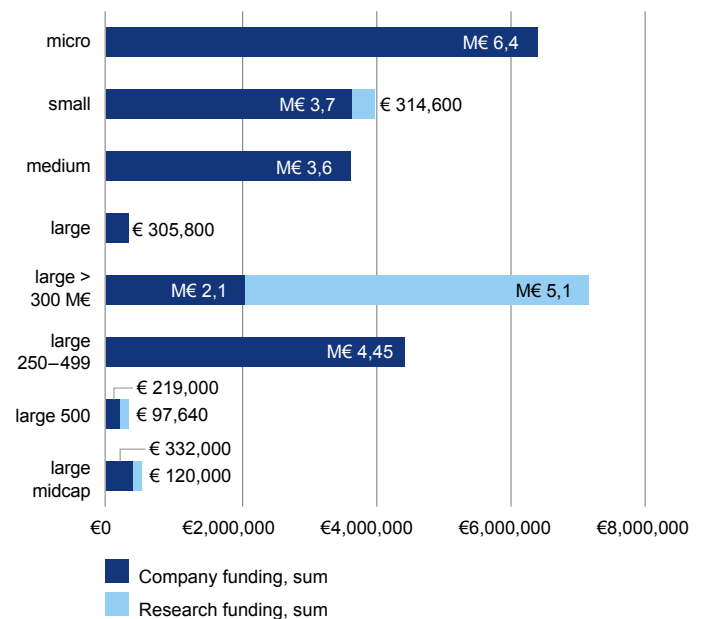
- Towards the end of the programme, the BEAM focus has shifted strongly to company projects (and away from research projects).
- The share of young companies has increased in the portfolio
- BEAM project portfolio consists of many small projects, and of a few very large ones.
- Size distribution of project partners is very uneven. Few large companies are leading the largest projects.

¹ Analysis of BEAM projects. Report on portfolio analysis, December 2018.

- Geographical distribution of projects is wide, while India, Vietnam, Tanzania and Namibia clearly stand out. Except for India, these are the countries where MFA also has innovation programmes.

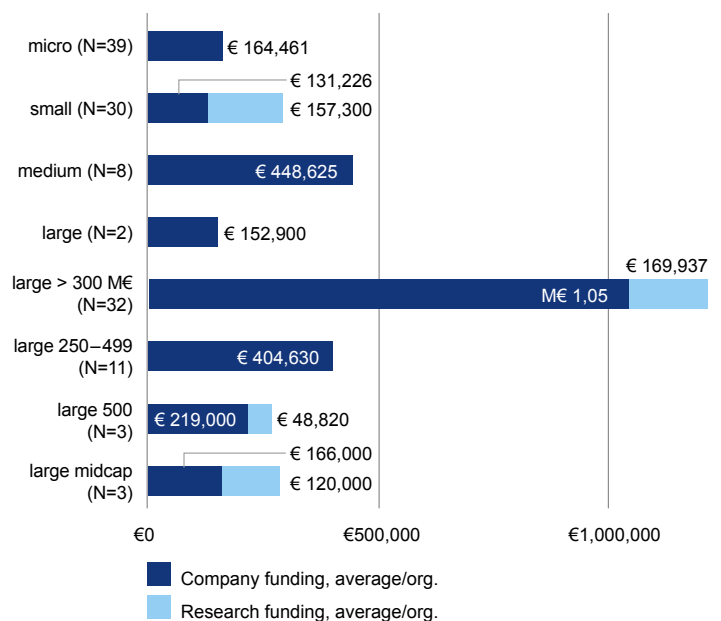
Based on the data, BEAM has succeeded to mobilise a large number (69) of projects from micro and small companies, and also many (30) new projects from large companies.

Figure 3. Distribution of company project funding decisions in BEAM, situation in 12/2018.



Source: BEAM Portfolio Analysis 2, 2019.

Figure 4. Average funding according to company size, situation in 12/2018.



Source: BEAM Portfolio Analysis 2, 2019.

BEAM has mobilised actors

BEAM has raised the awareness of, and the interest in the developing market opportunities amongst Finnish companies and Business Finland clients, and managed to generate a good number of collaborative RDI projects within the topic. The programme has facilitated the seeking and establishment of new partnerships. BEAM has also facilitated collaboration amongst public services that are aimed at supporting sustainable innovation and exports, as well as helped to build a joint vision among the service providers. The programme has significantly increased public sector understanding of sustainable innovation, building the capacity and requirements for developing markets.

BEAM has succeeded to mobilise a large number of projects from micro and small companies. Successful adoption and commercialisation of innovations in developing markets usually requires determined investment, adaption to unforeseen changes, a good amount of resources and time. This poses a challenge for most small companies. Towards the end of the programme, the focus has shifted strongly to company projects (and away from research / multilateral collaborative projects). The geographical distribution is also wide, although India, Vietnam, Tanzania and Namibia clearly stand out. Hence, the programme would most likely benefit from tighter strategic focus.

Relatively good progress and results...

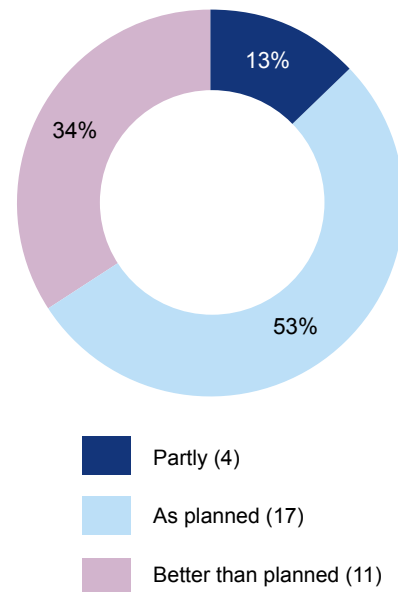
A monitoring survey on BEAM projects was carried out in spring 2019. Its objective was to map out how BEAM project managers considered their projects progressing, delivering results and achieving intended targets. Majority (87%) of BEAM project managers considered that their project had progressed as planned, or even better than planned, in relation to their objectives.

According to the same survey, 76% of BEAM project managers estimated that their project will eventually generate the anticipated impact. In particular, the impact on capacity development was considered most prominent in projects.

Majority (72%) of project managers considered that their project will meet, or exceed, its objectives. However, every third project had had some unexpected difficulties in meeting objectives. Challenging conditions in partner countries, cultural differences and slow progress of projects were the most common of unexpected hurdles.

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Figures 5. Meeting the objectives in BEAM projects. Perception of project managers.



Source: BEAM Monitoring Survey, situation 2019. N=34/124.

...but the generation of wider impact is a slow process

Many of the BEAM projects are still running or at best, they are still at the early phases of broader utilisation of project results. Normal BEAM project has a duration of 2–3 years and Business Finland typically collects project follow-up information three years after their completion. There are successful projects, but it is still early to collect evidence on larger commercial and development impacts from these projects.

Generating development impact has been one of the key objectives of BEAM. The programme has now gathered a good amount of experience on this, and this should be utilised for defining appropriate selection criteria and monitoring indicators for future projects. The new assessment tool for applications includes a set of criteria for assessing development impact. This should provide an important information base to build on and to elaborate further.

Funding model needs updating...

In order for BEAM to increase its economic and development impact, it would be beneficial to engage different types of partners in projects. This applies in particular to local partners in target countries. This has indeed been the aim of BEAM from the very beginning, but Business Finland's funding instruments do not properly support this. In order to go about this, it is suggested that in future, BEAM funding could consist of funding from other organisations, such as of Finnpartnership, on top of the Business Finland funding. This would bring more flexibility in funding and allow for a broader set of activities and partners to be included in BEAM.

...and funding of foreign collaboration and NGOs yet to be solved

The objective of BEAM has been, from its very beginning, to build a broad-based innovation collaboration both in Finland and in partner countries. In practice, this has not always been possible. One of the difficulties has been the limitations related to Business Finland's funding, which is not suited to funding of foreign partners. When other complementary funding sources have not been available, such as local RDI-funding in partner countries, practical project collaboration in partner countries has usually remained very limited. This is one of the clear limitations of the current funding model of BEAM.

Rather similar challenge has been with the engagement of NGOs in BEAM, as Business Finland's funding criteria does not approve activities without clear commercial interests, like those of the NGOs. NGOs often have strong networks, practical and cultural experience and presence in developing markets, which can be extremely important for finding suitable partners, understanding the application needs and opportunities for collaboration with local partners. They also have a true interest to help disseminate practical solutions to the challenges of people in developing markets.

By supporting earlier and better engagement of local partners and NGOs in sustainable innovation projects, BEAM could help to improve the design and uptake of innovations in the partner countries, and eventually increase their economic and development impact.

Further emphasis on programme-level collaboration

Much of the BEAM focus has so far been on the project level – in focusing on the right kinds of projects, partners and impact – and much less on programme, institutional or ecosystem level collaboration. In the future, this aspect should be given more emphasis, in order to leverage larger funding opportunities and more importantly, to general broader and more sustainable impact.

BEAM programme's objective to support to innovation in developing markets has many synergies with, for example export promotion and other forms (than development policy) of foreign policy and these synergies could be strengthened both at project level and particularly at the programme and institutional levels amongst other the Team Finland actors. Good examples of such synergies are the different funding instruments that are available, as well as the support of international offices and representations in partner countries, building on the different country strategies of MFA and connecting / taking stock of the procurement opportunities of IFIs, in which Finland is already formally present.

Other programme level collaboration opportunities include various events, networks and innovation hubs, as well as building synergies with similar funding programmes of foreign and international development funders, such as the World Bank, SIDA, DANIDA, etc. Combining private sector innovation with development policy is not unique to BEAM and this has been tried (for example with Indian funder Gita) during the course of BEAM but setting up practical collaboration has been time and resource consuming and not always fruitful. In the long run, such programme level collaboration could bring strategic advantages to BEAM by opening up important scaling and efficiency gains.

Annex 1:

BEAM funding data

Situation at 10/2019. The data on funded projects excludes the data of project applications, which have been accepted, but have been withdrawn before commencement (typically due to lack of available matching funding).

	2015	2016	2017	2018	2019/10	Total
Project applications	47	77	42	46	22	234
New BEAM projects	19	42	31	39	20	151
Acceptance rate (%)	44,2	54,5	73,8	84,8	76,9	66,84
Company projects	8	23	30	38	17	116
Company project volume	€679,066	€5,719,286	€10,640,803	€25,296,103	€7,194,923	€49,530,181
Research projects	14	20	1	6	3	44
Research project volume	€2,213,103	€3,505,857	€580,052	€2,630,993	€297,402	€9,227,407
Total project volume	€2,892,169	€9,225,143	€11,220,855	€27,927,096	€7,492,325	€58,757,588
Total BEAM funding volume	€2,472,449	€5,758,752	€6,290,468	€12,902,025	€3,787,600	€31,211,294
...of which grants	€224,949	€2,462,810	€4,044,468	€7,424,159	€2,528,900	€16,685,286
...and loans	€241,000	€676,700	€1,898,000	€4,745,535	€1,200,700	€8,761,935
...and research funding	€2,006,500	€2,619,242	€348,000	€732,331	€58,000	€5,764,073
...of which MFA funding						€11,938,185
Average BEAM project size	€152,219	€219,646	€361,963	€716,079	€374,616	€389,123

Source: Business Finland

Annex 2:

Impact dimensions of BEAM

Proposal by the developmental evaluation.

1. Justification and strategic fit	2. Activation impact	3. Impact on economy and growth	4. Impact on capabilities, competitiveness and renewal	5. Impact on collaboration and networking	6. Development impact	7. Impact on innovation ecosystems
To which end have the basic assumptions behind the programme held true and programme been able to address them?	To which end has the programme been able to attract and engage new companies and other actors to development innovation and to developing markets?	To which end have the projects generated direct economic impact and growth.	To which end have the projects built capabilities, competitiveness, renewed operations or otherwise improved the capacity of participants?	To which end has the programme extended or enhanced collaboration or networks?	To which end have the projects generated development impact in partner or target countries?	To which extent has the programme contributed to the development of innovation ecosystems in Finland or in partner countries?
<ul style="list-style-type: none"> • Demonstrated need, opportunity and justification for intervention • Programme coverage, policy coherence (MFA/ MEAE) • Suitability of selected measures, programme structure and instruments • Resources available for the programme in relation to the objectives • Relevance of geographic and content area choices 	<ul style="list-style-type: none"> • Visibility of the theme and highlighting market opportunities (eg SDG) • Activation and collision of new players • Number, volume, quality of applications received • Programme content development and load capacity 	<ul style="list-style-type: none"> • Revenue growth • Growth in export / international business • New jobs • Improved profitability • Equity investments received • Follow-up projects, spin-offs / start-ups 	<ul style="list-style-type: none"> • Knowledge, skills, and abilities, research results, publications • Generated intangible assets, IPR • Emerging market solutions (incremental) • Innovations, new products, services, operating models 	<ul style="list-style-type: none"> • Internationalisation and expanded networks, consortia formed • Diversity of cooperation • Improved visibility and position in value networks • Opened market opportunities 	<ul style="list-style-type: none"> • The end-user-effects • Targeting market failures • Impact on quality of life • Impact on public sector activities • Creating local demand • Jobs created • New partnerships • Project / sector effects 	<ul style="list-style-type: none"> • Strengthening the development innovation ecosystem in Finland (operator collaboration, services, platforms) • Development of innovation programme activities, new practices, models and lessons learned. • Programme level collaboration with other actors and instruments (eg UNTIL, ICI, Finnfund, WB) • Strengthening innovation cooperation in partner countries with MFA innovation programmes (eg SAIS, IPP, TANZIS)

Source: Impact workshop 2018.

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