

The cover features a large orange rectangle on the left and a grey triangle on the right. The text is white and centered on the orange background. There is a small orange triangle in the top right corner.

4FRONT

ANALYSIS OF BEAM PROJECTS

*REPORT ON PORTFOLIO ANALYSIS
FEBRUARY 2019*

K. LÄHDE, H. LAMMINKOSKI, K. HALME

Background

- This report presents the results of the Second Portfolio Analysis of the Business with Impact Programme BEAM, based on the situation in December 2018. The analysis is part of the Developmental Evaluation of BEAM Programme (Work Package 3.3.), conducted by the Evaluation Team (Kristiina Lähde, Helka Lamminkoski and Kimmo Halme) and presented to the Evaluation Steering Group (ESG) On 2018-12-21.
- This second portfolio analysis
 - studies the **evolution in the scope** of BEAM project portfolio since the last analysis,
 - reflects the updated Impact Framework with data and views collected through **project interviews**, and,
 - discusses the **anticipated and potential impact generation** of BEAM projects.
- The previous portfolio analysis (2015–8/2016 =**A**) is compared with the later part of the portfolio (9/2016–2018 = **B**). In addition, the entire portfolio is analysed as a whole (**AB**).
- The main dataset received for this portfolio analysis includes data of **163 project applications / 206 organisation specific applications**. Additional datasets were also provided with data on risk profiles and international partners.
- The application-phase data has been supplemented by analysing the outcome data reported by **50 finished projects / 61 organisation specific projects**.

PART 1.

Project portfolio

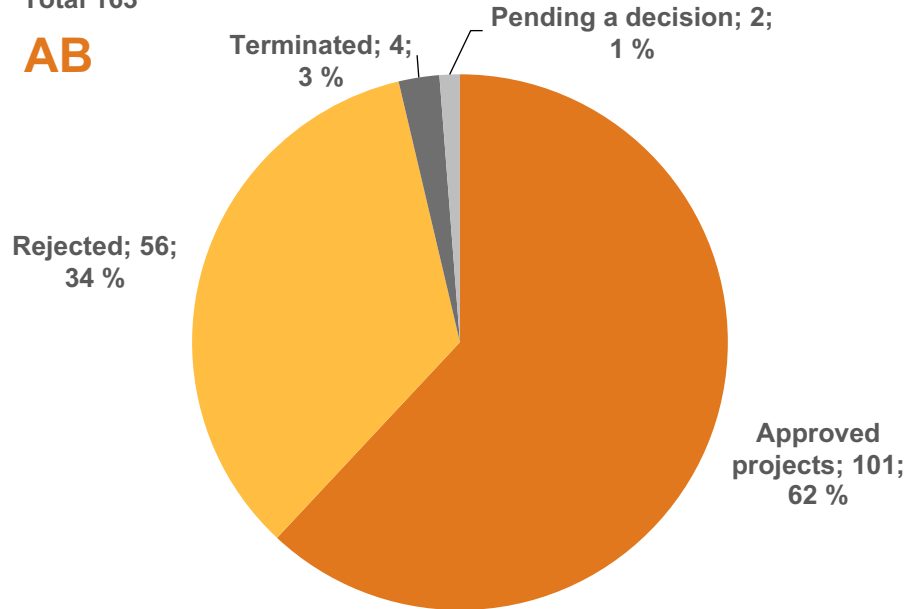


Project applications (AB)

BEAM project applications
2015–9/2018

Total 163

AB



Projects may include one or more implementing organisations

The chart shows the total number project applications and related decisions.

In total;

- 163 received project specific applications (that may include one or more implementing organisations)
- 101 approved BEAM-projects (incl. 128 organisation specific applications)

From applicant perspective, BEAM has received

- 206 organisation specific applications
- 133 positive funding decisions have been made, out of them 5 have been terminated
- 2 are pending a decision

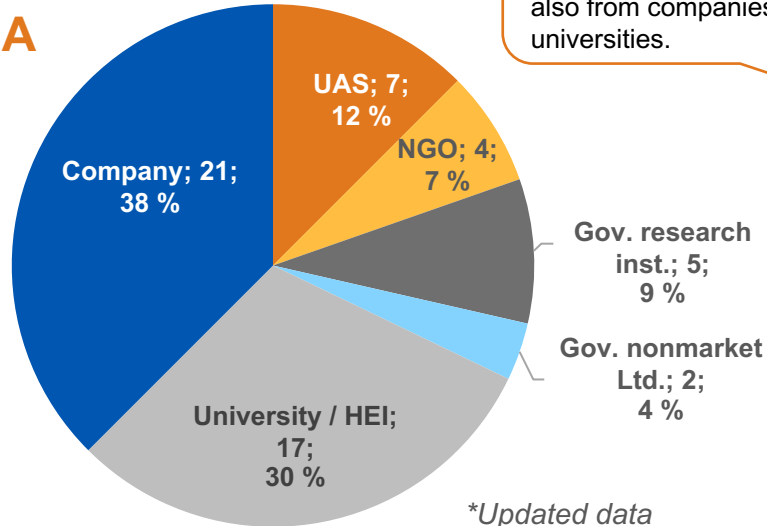
Approved applications by the type of organisation (A/B, total 128)

Portfolio analysis

2016

56 applications*

A



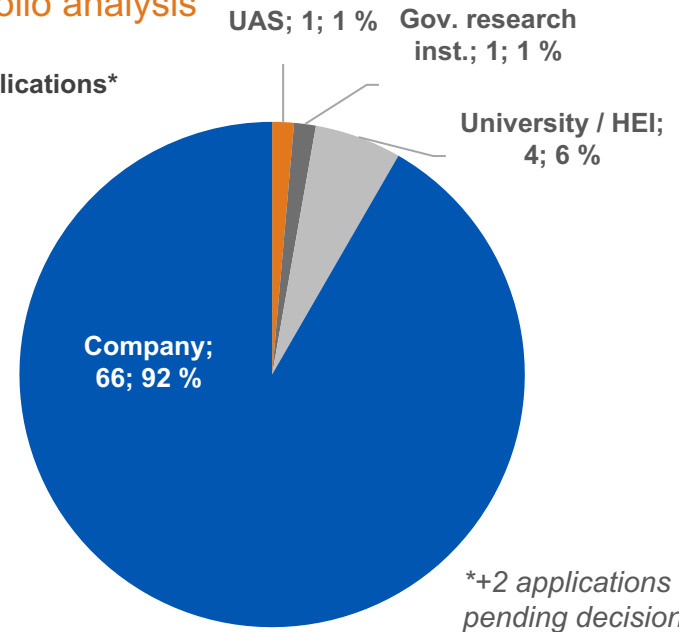
Clear shift to company-oriented projects. 18/20 rejected applications were also from companies, 2 from universities.

Portfolio analysis

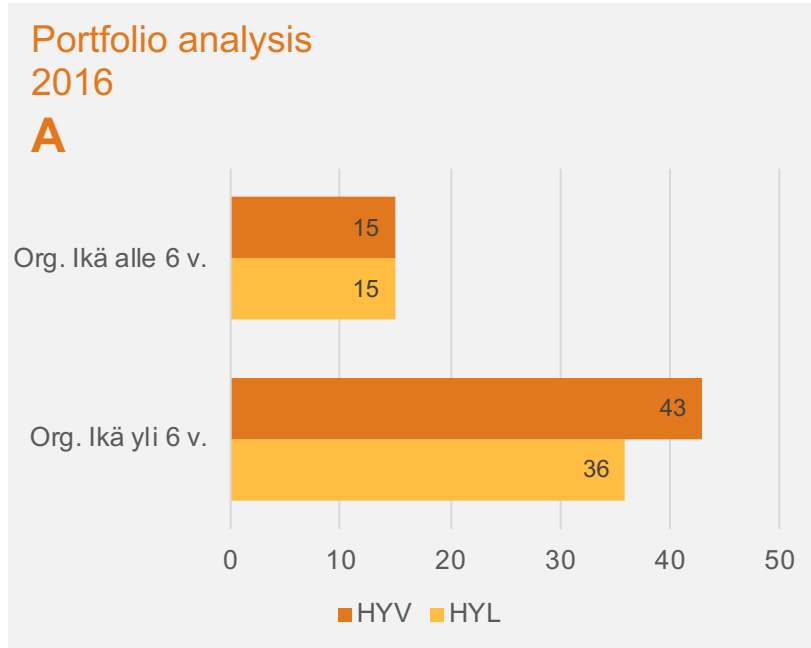
2018

72 applications*

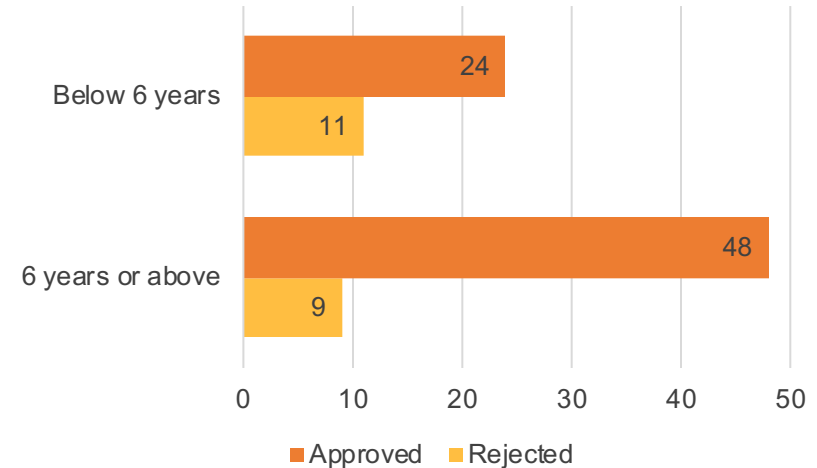
B



Age of applicant organisation compared with the funding decision (A/B)

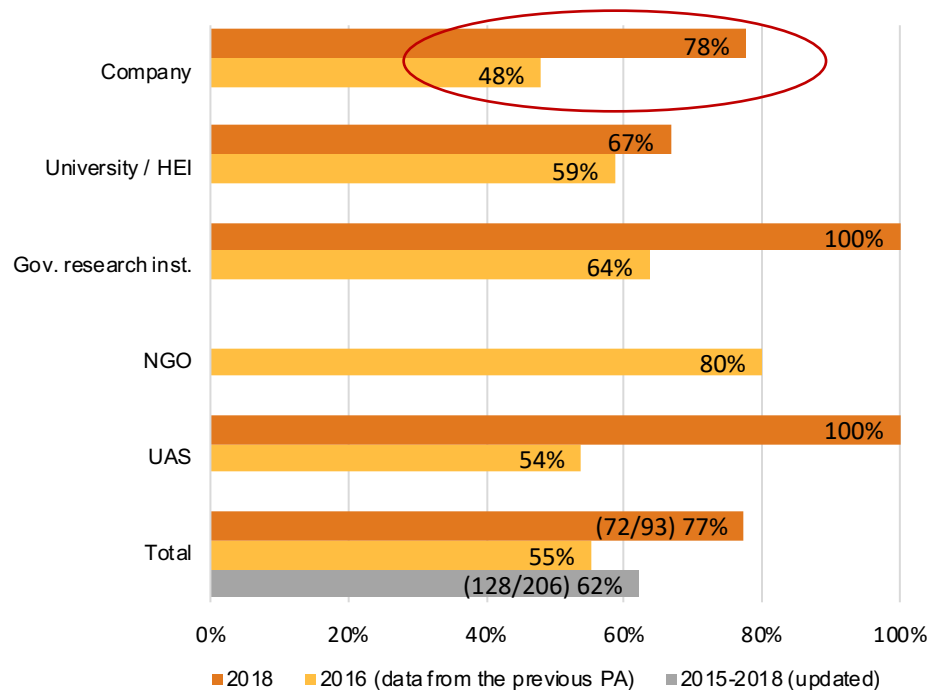


Portfolio analysis
2018
B



“Start-up-percentage” of the approved applications is
A= 26% (15/ 58)
B= 33% (24/ 72)

Success-rate by the type of organisation (A/B)

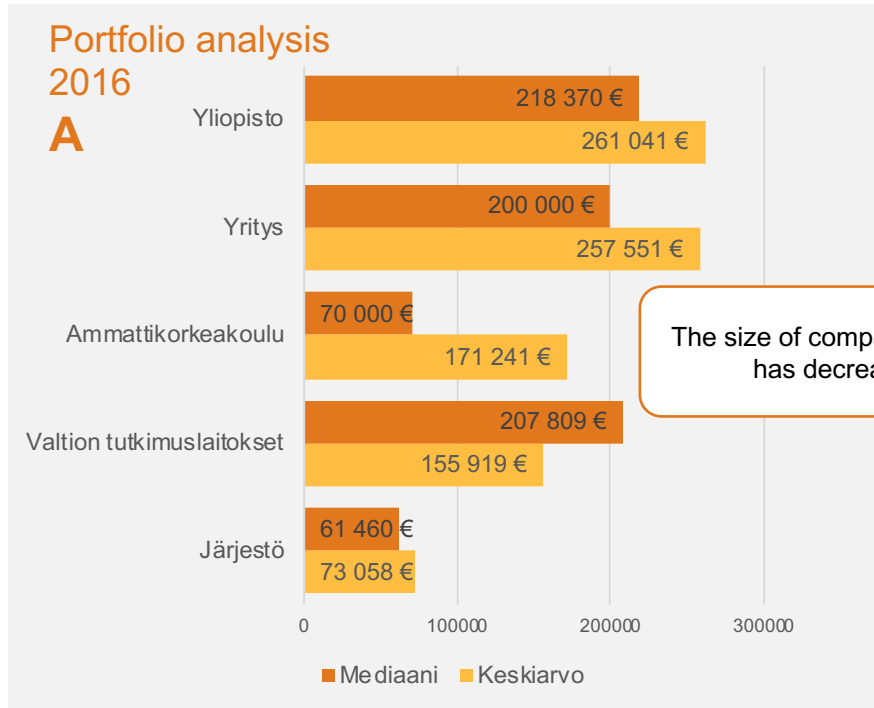


Application **success-rate has improved** since the previous analysis in 2016.

Noticable especially among companies.

In B-portfolio, the number of applications from both government research institutes and universities of applied sciences was only one.

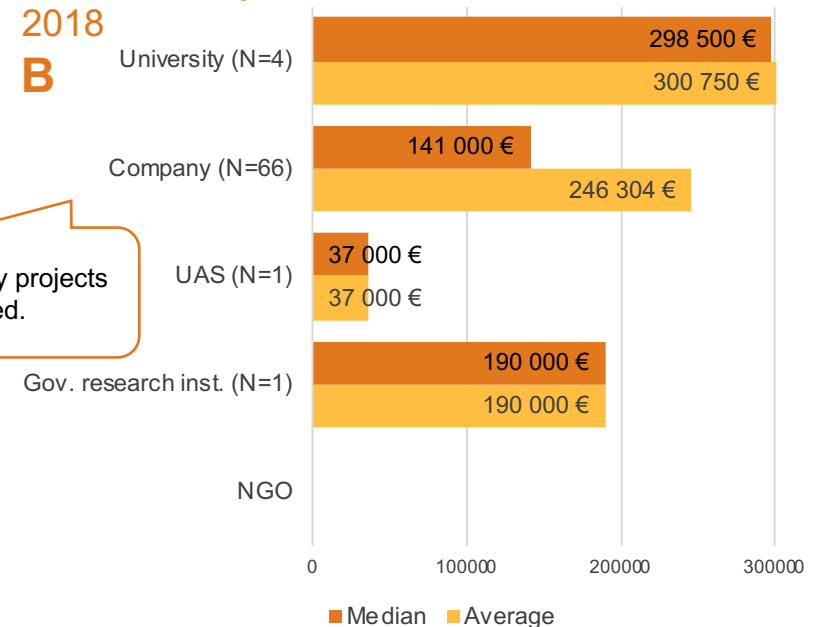
Average/median funding by the type of organisation (A/B)



Portfolio analysis

2018

B



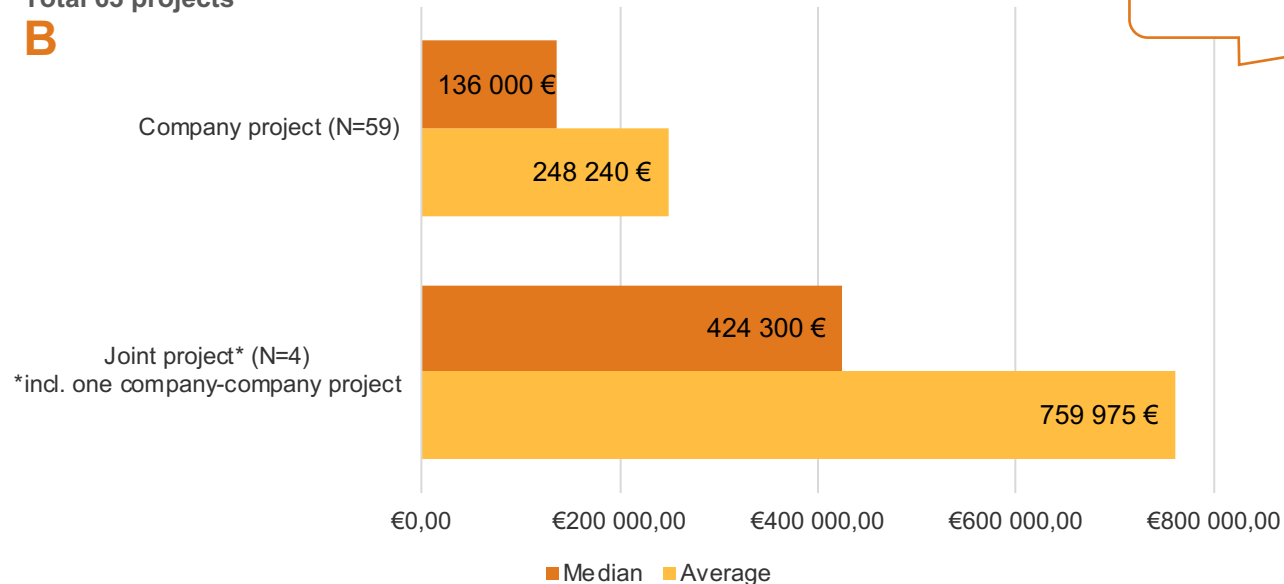
Size of company projects and joint projects (B)

Portfolio analysis

2018

Total 63 projects

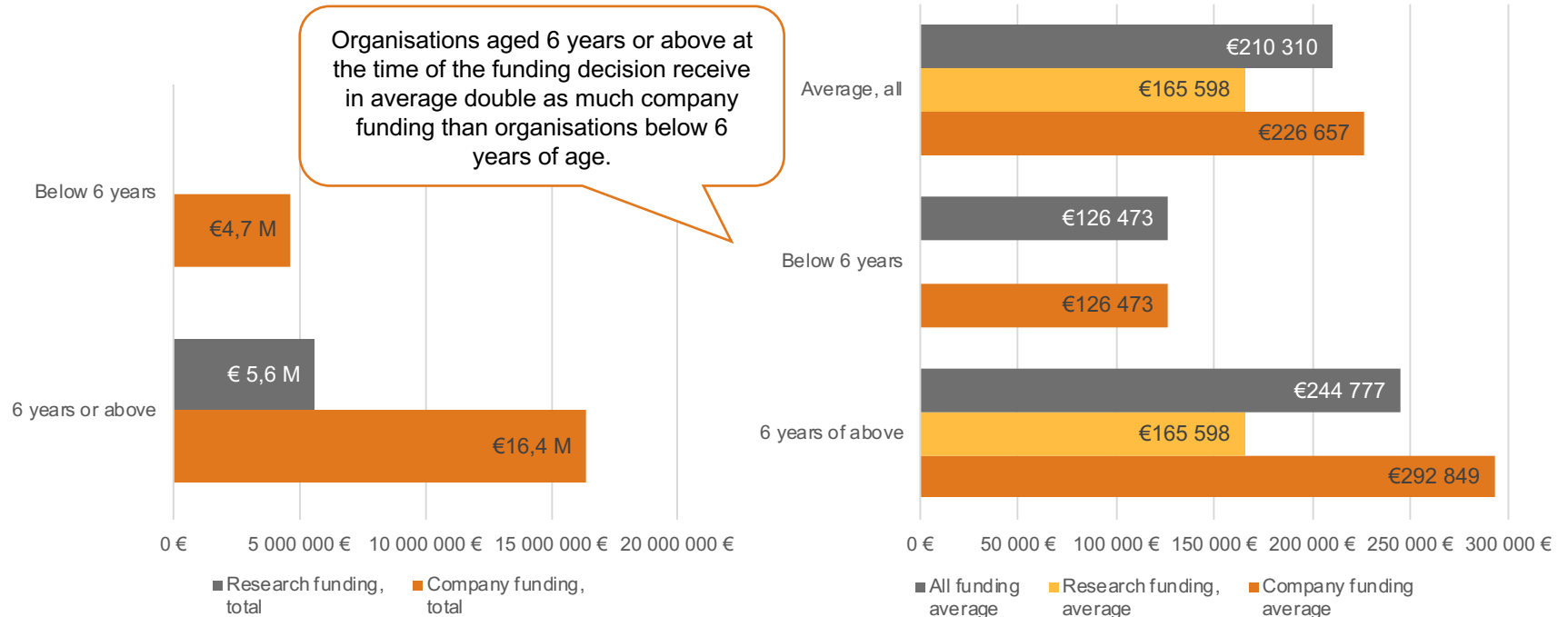
B



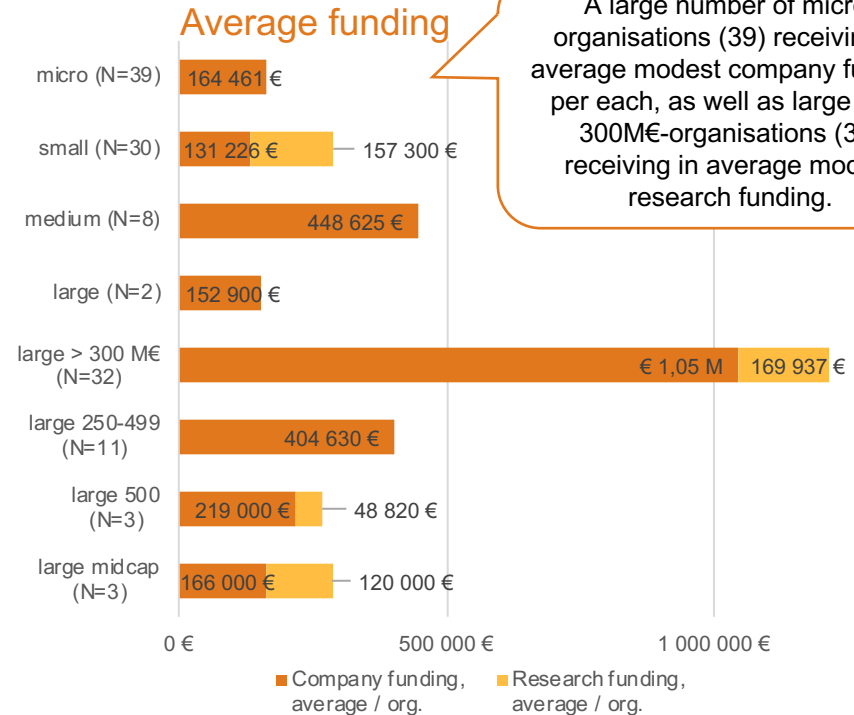
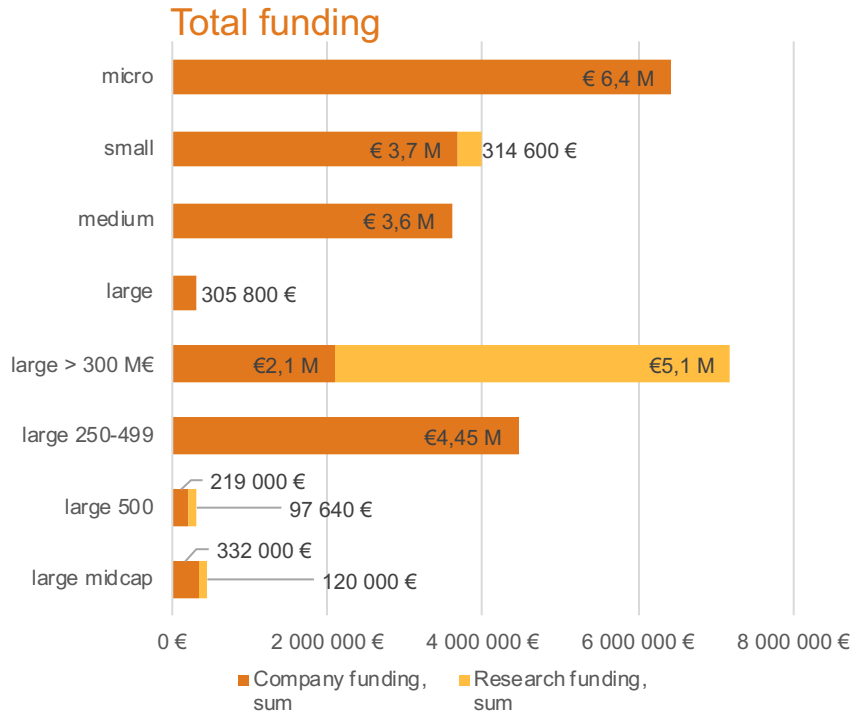
The size of single company projects is significantly smaller.

Compared to earlier, the number of joint projects has also decreased.

Type of funding and the age of organisation, AB (N=127)

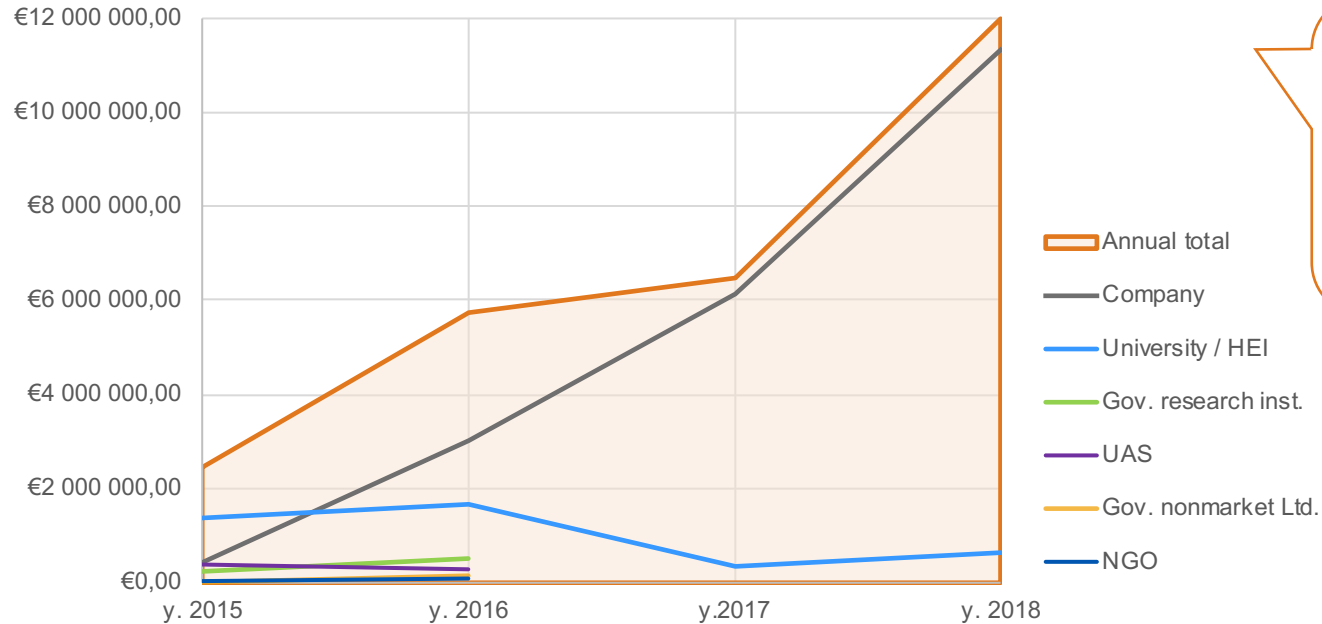


Org. size and granted funding, AB (N=127)



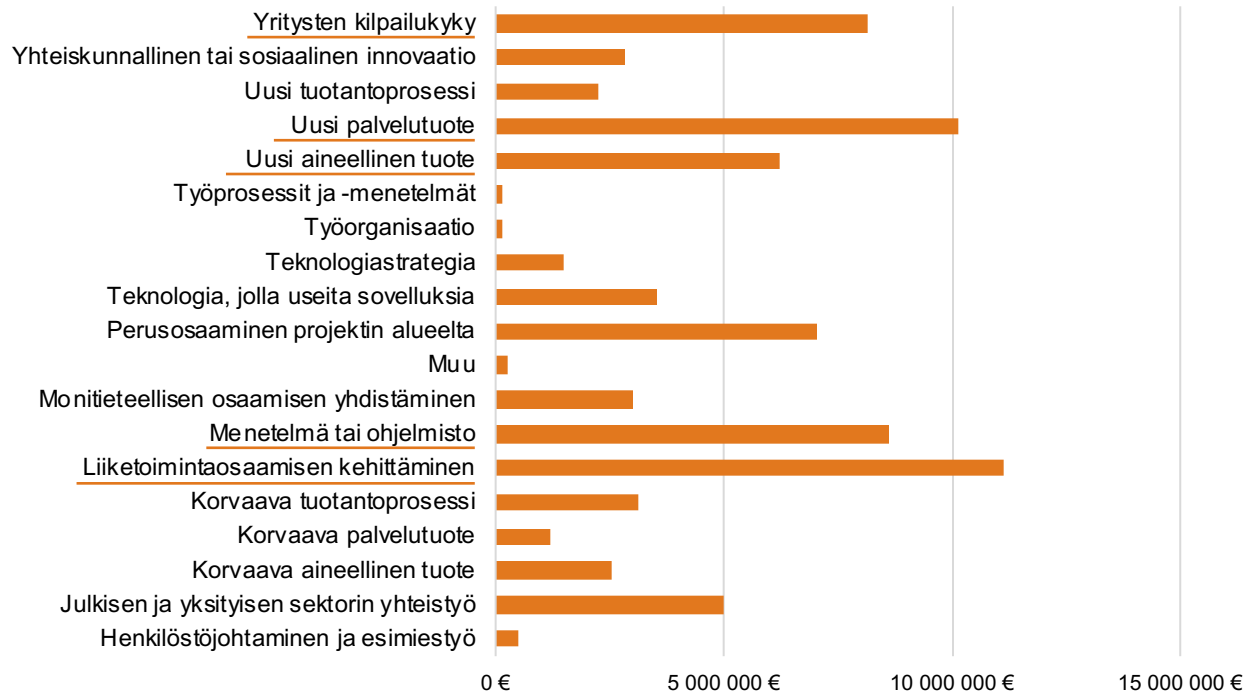
A large number of micro-organisations (39) receiving in average modest company funding per each, as well as large over 300M€-organisations (30) receiving in average modest research funding.

Annual total funding by the type of organisation (AB)

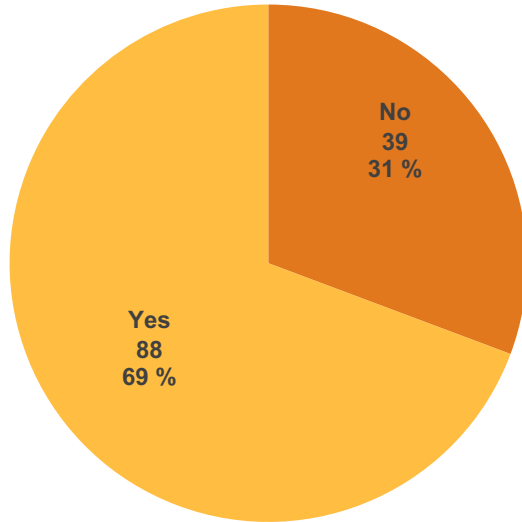


Among the funding decisions made in 2018 there are couple of large (above 100 000 EUR) and very small projects (incl. below 25 000 EUR).

Funding per development target (AB, N=127)



International cooperation, AB* (N=127)



Projects with no international cooperation include **pilot** and **development** projects, but also **19 second round funding projects**.

For possible further analysis in the next work packages, it could be interesting to compare cases from these two groups.

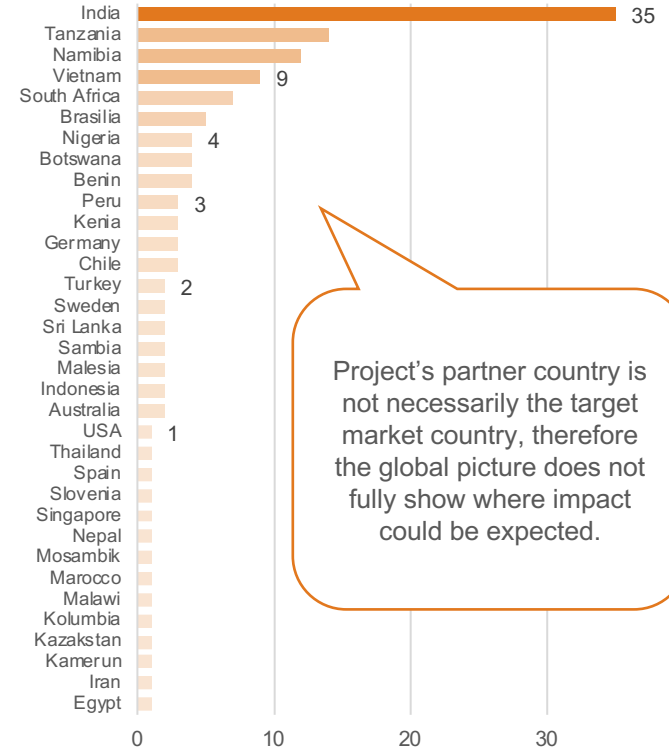
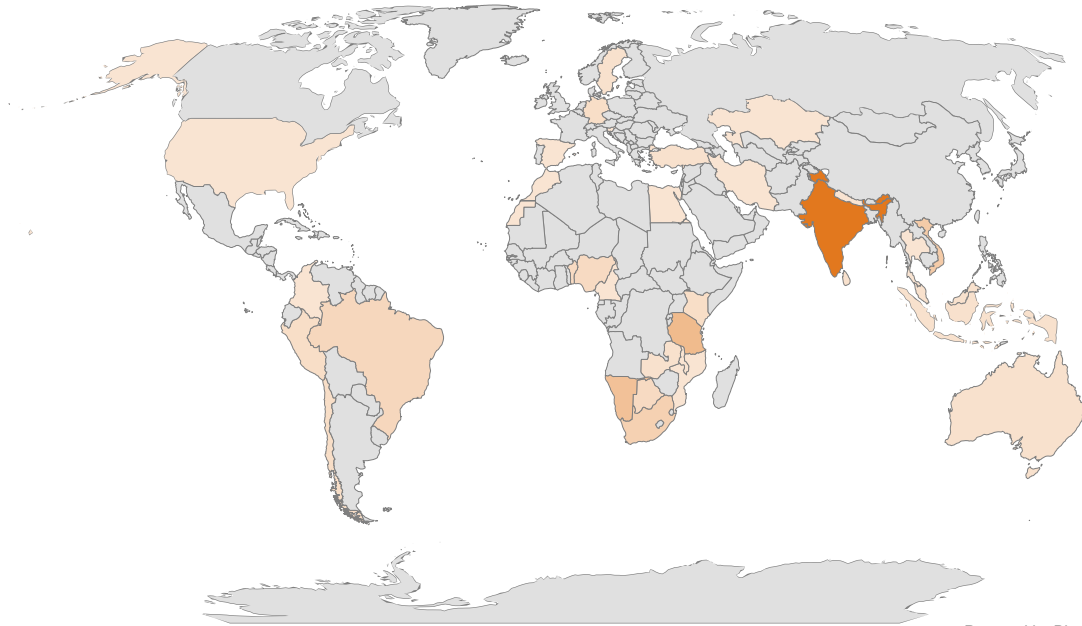
* Data excludes concluded projects that have received a second-round of funding.

Global breakdown of project partners, AB

Portfolio analysis
2015–2018

Total 134*

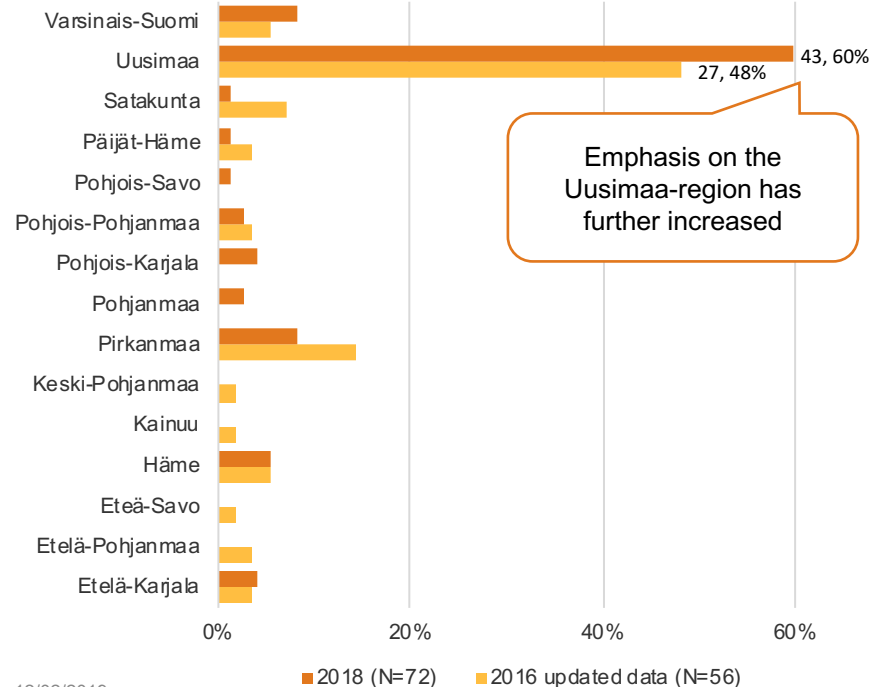
Number of projects
1 35



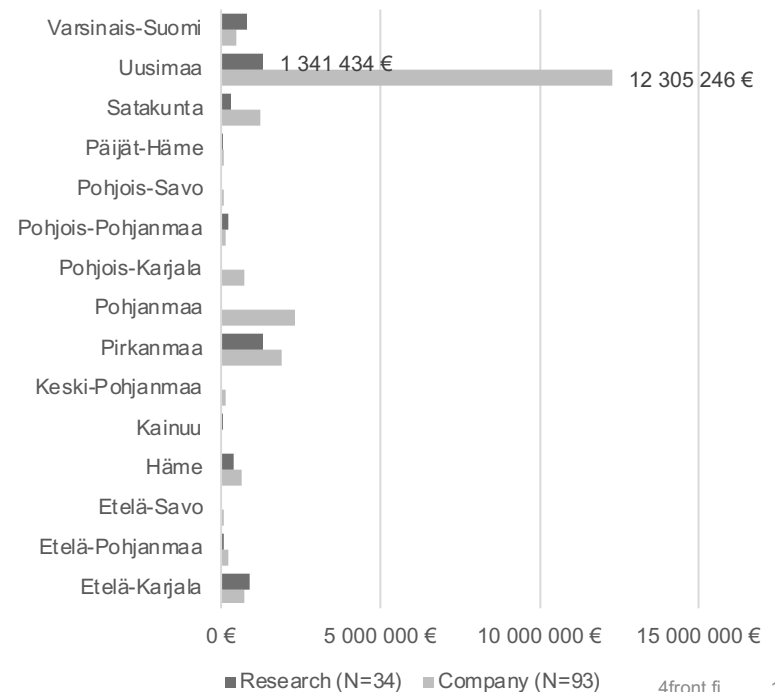
Project's partner country is not necessarily the target market country, therefore the global picture does not fully show where impact could be expected.

Regional breakdown of the project implementors and granted funding

A/B

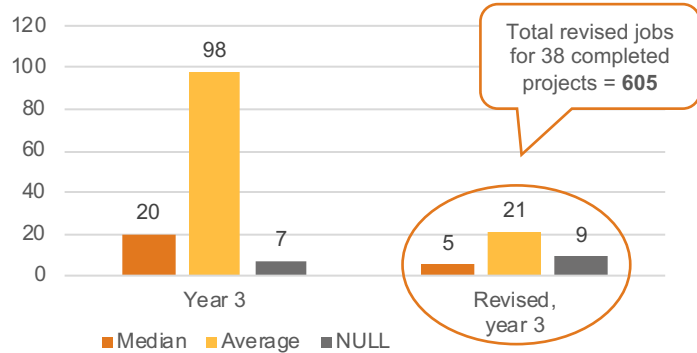


AB

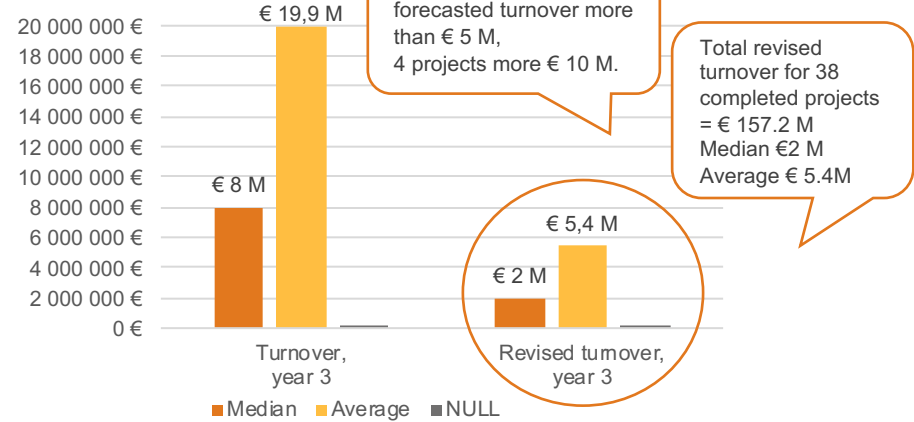


Evolution of *job creation, turnover and export forecast* in completed projects, AB (N=38)

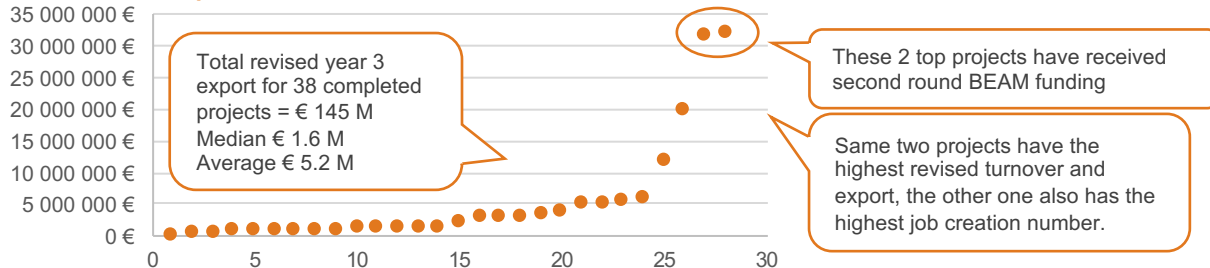
Job creation



Turnover



Exports



**Figures from years 0-3 are forecast from the company, "Revised" has been adjusted based on BF estimation on the probability of the forecast realisation. If the company has several projects, the % share of this project.*

PART 2.

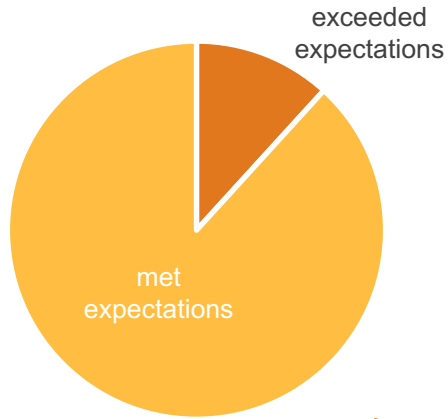
PROJECT OUTCOMES

AS REPORTED BY THE PROJECTS
AB, n=51



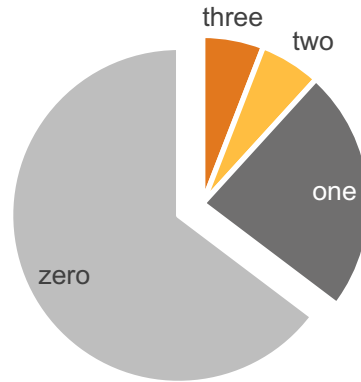
Research projects' key outcomes (N=17)

Project steering group
assessment

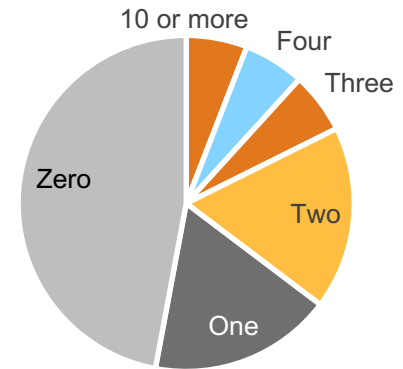


4 of the research projects indicated the project had either failed partially, failed completely or had not been completed as intended.

Number of academic theses
= 9

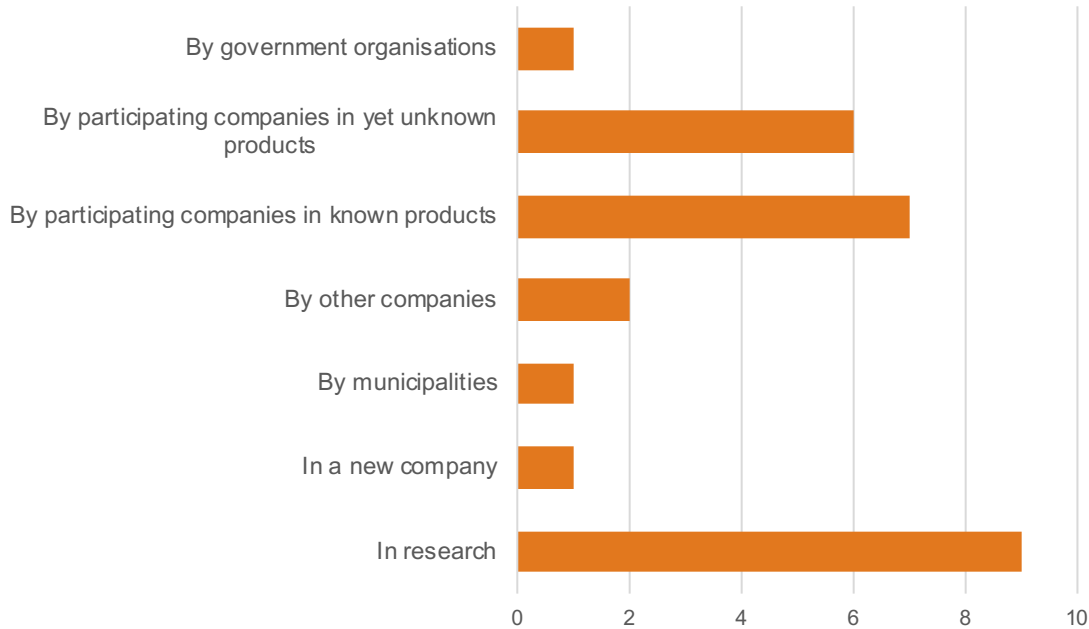


Refereed articles or
books \geq 26



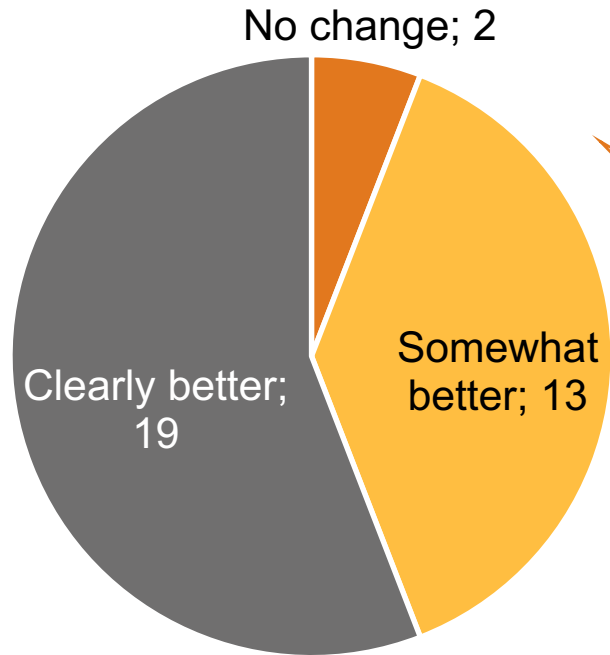
Number of patents or patent
applications: 0

Reserach projects, utilisation of results (n=17)



4 projects out of 17 expected to use the results only in research, all others expect companies to use them.

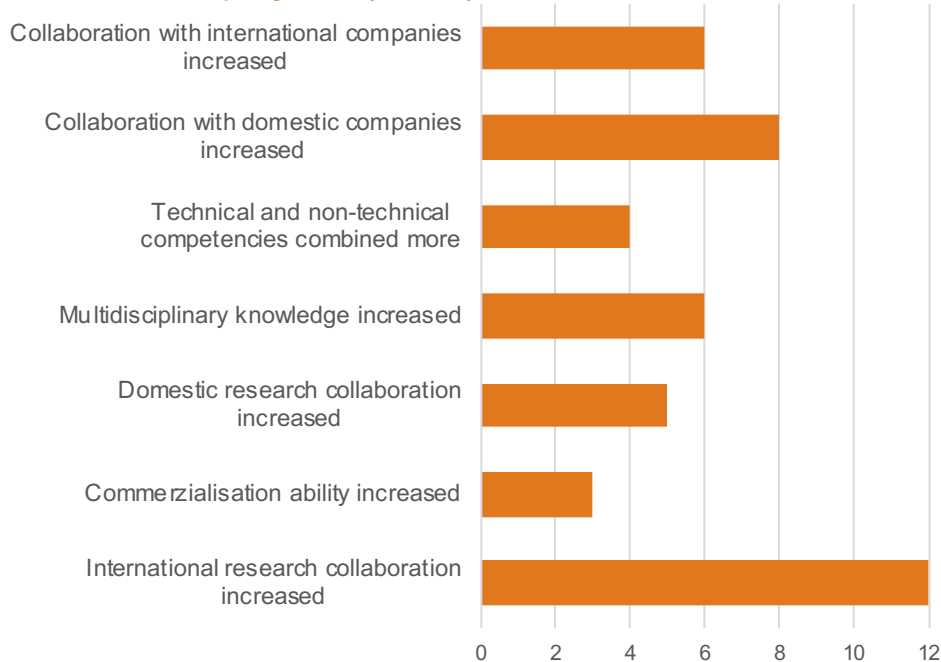
How is the project expected to change the market position of the company? (n=34)



7 of the development projects indicated the project had failed partially, failed completely or had not been completed as intended. In spite of that most expected an improvement in their market position.

Impact for the applicant

Research projects (N=17)

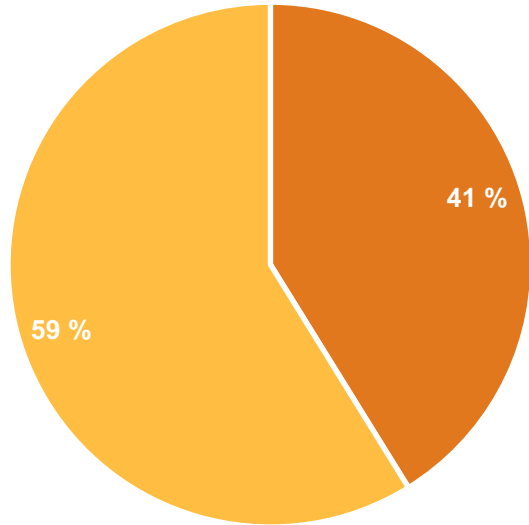


Company projects (N=34)

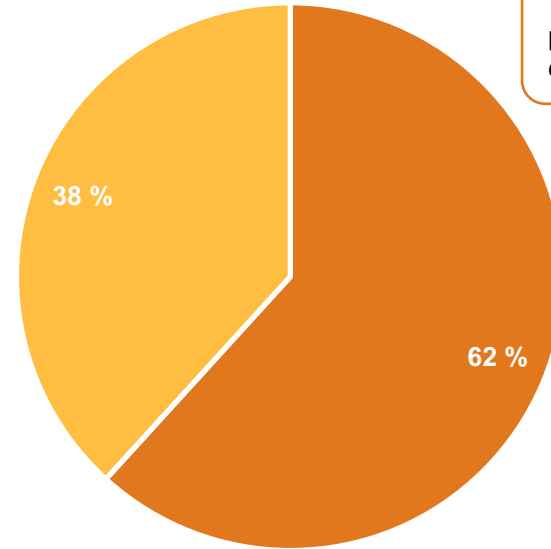


How did the project impact the learning and competitiveness of the applicant?

Impact in research projects (N=17)



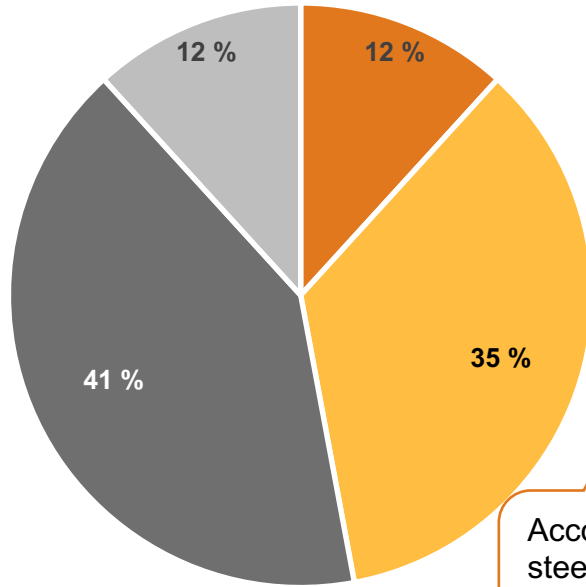
Impact in company projects (N=34)



- significantly increased
- somewhat increased

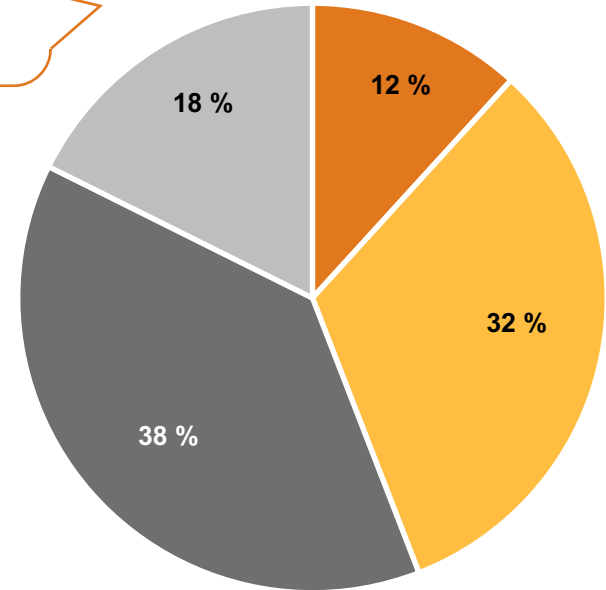
How well were the project goals reached?

Research projects (N=17)



Similar profile than with research projects; slightly better

Company projects (N=34)



- not as well as planned
- as planned but slower than expected
- as planned
- better than planned

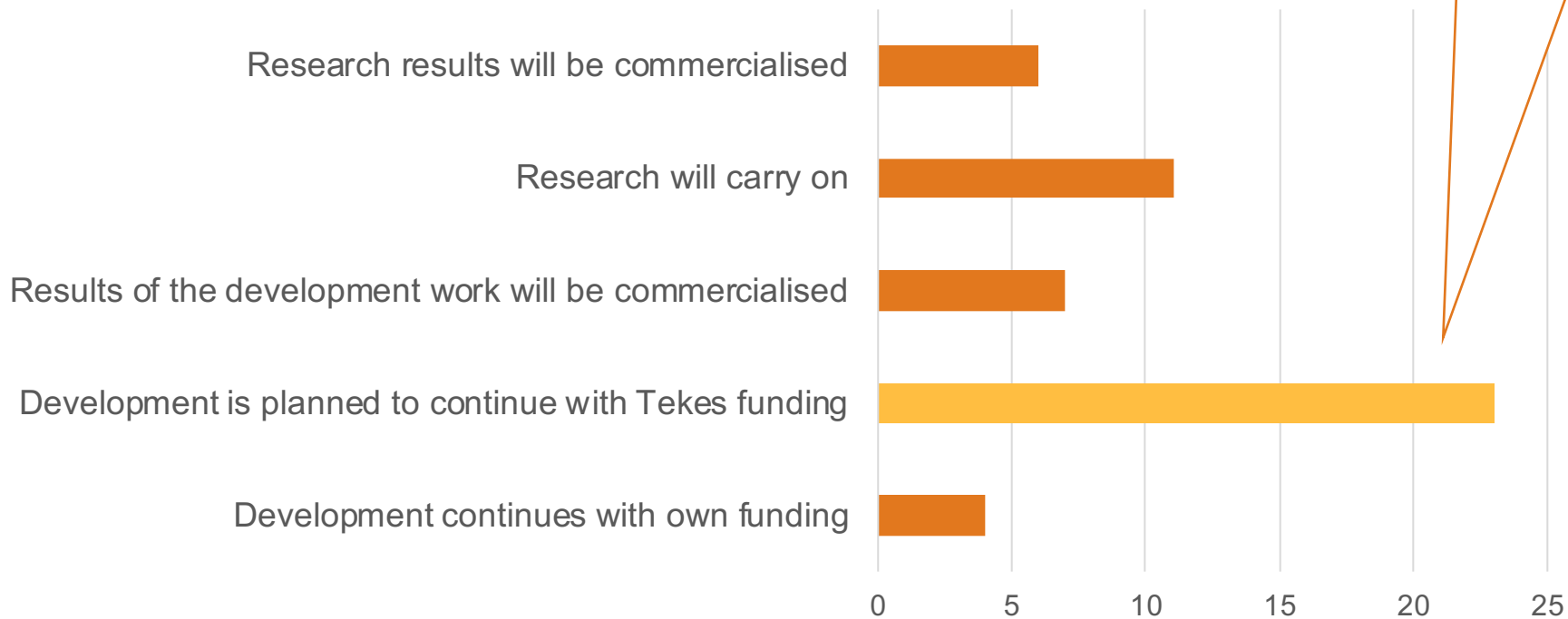
According to research projects' steering groups' assessment all projects had met or exceeded expectations

Project results (n=51)



Results point to early-stage, commercialisation – type projects

Next steps? (n=51)



45% plan to continue with Business Finland support

Typical BEAM project targets / outcomes

- Market research / business potential assessment / understanding local user needs
- Finalising the development of a new product, service or concept for local markets
- Piloting / launching a new products, service or concept in the local market
- Integration / localisation of a Finnish product, service or concept to local market
- Creating interest among certain number of local users / businesses
- Identifying partners / setting up a local network of partners
- MoU // business agreement with local partners / municipalities
- Reaching certain number of pilot users
- Next phase RDI / business plan / action plan for expansion
- Accessing new financing for the business implementation / expansion

PART 3.

PROJECT INTERVIEWS

Portfolio B, n=9

Various sizes, markets, industries



Interviews: testing the Impact Framework

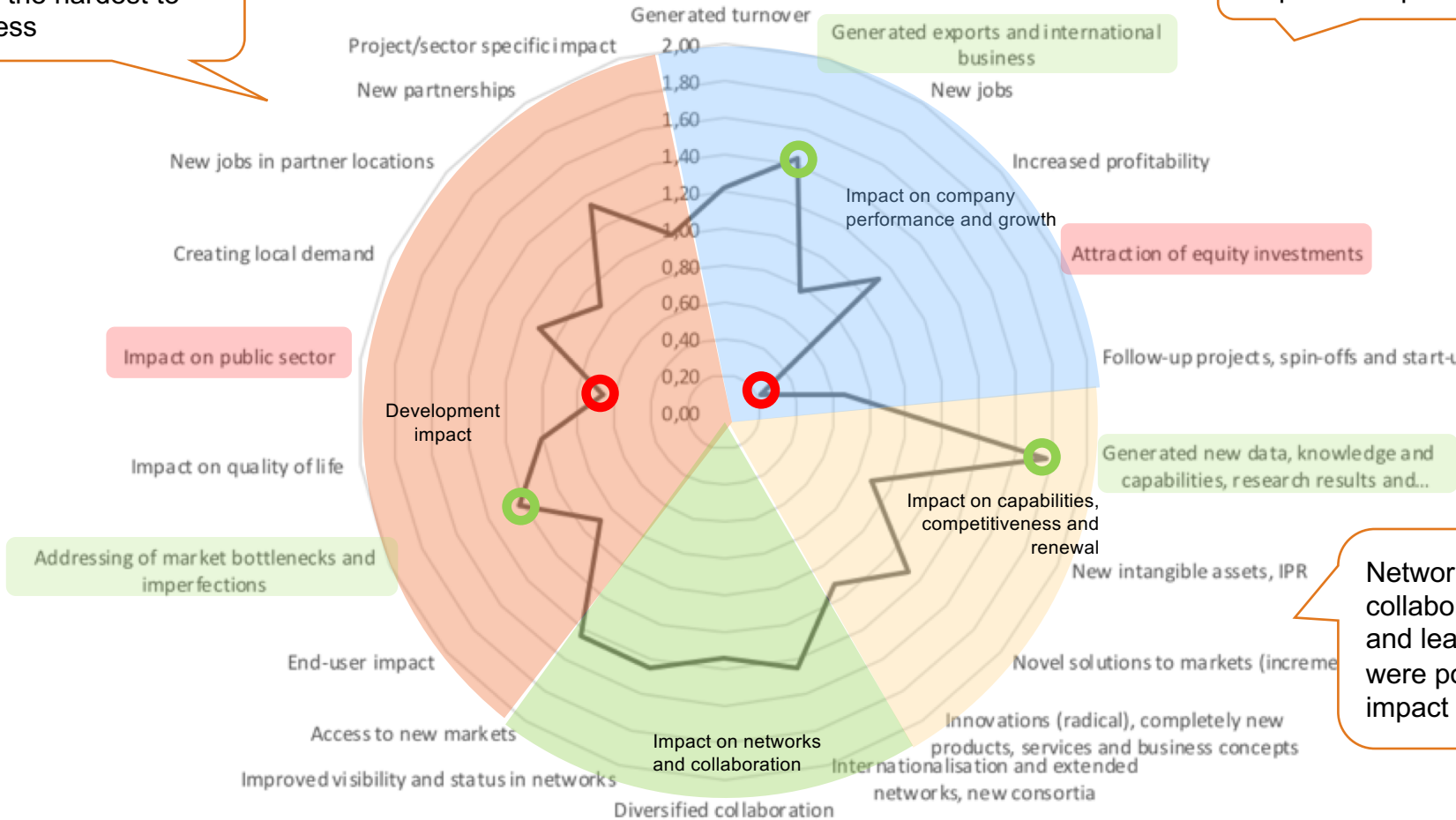
The objective of the interviews was to get feedback on the new **Impact Framework** from BEAM projects, and to get insights into the progress and expected outcomes of the projects.

- 9 organisations from projects started after the last portfolio analysis (**set B**), and had submitted either mid-term or end report were selected for the interviews. The projects were selected for maximum variance:
 - 2 universities, 7 companies
 - Partner countries: India 4, Tanzania 2, Vietnam 2, South America 1, Sri Lanka 1
 - All sizes from micro to large
 - Different industries
- Structured interviews were conducted by phone, and concentrated on the **project specific impact** groups:
 - Impact on company performance and growth
 - Impact on capabilities, competitiveness and renewal
 - Impact on networks and collaboration
 - Development impact
- The responses were coded into numbers for visualisation purposes

Project Impact dimensions (averages from interviews)

Development impact was the hardest to assess

Interviews asked about "expected impact"



Networks, collaboration and learning were popular impact areas

Development Impact

Development impact is a complex concept especially for companies. This makes it challenging to measure development impact by company self-assessment.

- Universities were better prepared to discuss development impacts than the companies in general. They were also **more positive** in their estimation of the development impacts of their projects.
- The companies found it **difficult to estimate the impacts** in this group. It was not always clear who the end-user is or **what the impact actually means**.
- Many interviewees commented that they could not imagine that one project could have a significant impact on public sector in any country
- Similar comment was made about new jobs – even when jobs were created, respondents felt it **would not be significant on country level**

What else would you like to say regarding assessing impact in BEAM projects?

*“The **time span is too short** for really significant impact in developing country context. We don’t really have any funding instrument which has a long enough strategic outlook.”*

*“The problems are too big for any one company to solve them. We should have a **systemic approach, to choose a challenge and a create an ecosystem around it**”*

*“It is a **problem that there’s no funding for the local partners**. BEAM applicants should be advised to **include that in their budgets**.”*

*“We (university) luckily also had **HEI-ICI funding** which allowed us to support capacity building in our partner organisations. Without that, the impact of our BEAM project would have been significantly smaller.”*

*“There are things we or Finland can’t influence, such as **change in politics** in target country. Would be good to ask about those too.”*

Similar comments were heard from the organisations interviewed in the field missions to Southern Africa and India

PART 4.

**REFLECTION AGAINST IMPACT
FRAMEWORK**



Overview of the BEAM portfolio

- There is a large number of very small projects, and a few quite large ones.
- Since the previous analysis, the emphasis of BEAM has shifted more towards companies (vs research or other types of projects).
- There are now more young companies
- The size-range of projects and organisations is broad. The largest organisations also have the largest projects.
- There is also a wide geographical range, in which India, as well as former and current MFA program countries Vietnam, Tanzania, Namibia stand out.
- Anticipated project results look quite good – but they are very tentative

Discussion points

- BEAM started with a big variety of projects and stakeholders, but has focused more to companies and resembles now "normal BF programme" in terms of participants. The number of joint projects and research projects has gone down, and the NGO sector has basically disappeared from the project portfolio.
 - *If BEAM is to engage other type of organisations into 'development innovation' projects, how can it be best done (e.g. engaging other funders or expanding projects)?*
- The average size of BEAM projects has remained small, or gotten smaller.
 - *To which extent is this a risk towards project success (in demanding conditions) or towards more significant impact?*
- The acceptance rate of BEAM has gone up.
 - *To which extent is this an indication of lowering entry level, hence quality risk?*
 - *To which extent is this an indication that there has not been sufficient volume of interest among target groups?*
- Most, if not all, BEAM projects aim first for innovation and commercial dissemination of results in developing markets, and only through that for generating development impact, and even less local ecosystem development.
 - *To which extent is relevant to expect / measure direct development effect from BEAM projects?*
 - *What kind of complementary projects/measures should be considered to boost developmental and ecosystem effects?*