

Elevating Social Procurement: From Fragmented Initiatives to Scalable Impact



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COMMON GOOD
MARKETPLACE

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Forward – A message from SAP

As a corporation we have always believed that business can be a force for good, but today, that conviction is more urgent than ever. Social inequities, the climate crisis, and global instability are not just headlines—they are risks that live in our supply chains and communities. As the digital backbone for 98 of the world’s 100 largest companies and a platform for over \$6.1 trillion in annual global commerce across 190 countries, we have a unique responsibility to not only help businesses run, but to help them run better for society.

For more than 20 years, SAP Corporate Social Responsibility has supported social enterprises, businesses prioritizing people and planet over profit. There are more than ten million enterprises dedicated to tackling challenges like poverty, unemployment, and environmental degradation, often right in their own neighborhoods. These are not just social ventures; they are powerful engines of economic growth and resilience. They collectively generate more than \$2 trillion in annual revenue and employ an estimated 200 million people. The problem? They often remain invisible to the large corporations and public agencies that have the power to help them scale.

This is where the real opportunity lies: procurement. Imagine the impact if a small fraction of the trillions of dollars spent annually on corporate and government purchasing was intentionally shifted to these purpose-driven suppliers. This is not charity; it is a strategic investment. It is about leveraging the enormous power of a company’s purchasing budget to build a more sustainable and equitable economy. This is why we were so eager to support this groundbreaking research into our

current and future effectiveness of investments made into the social procurement ecosystems across key markets including Brazil, Europe, India, and the United States of America.

We invite you to read this report not just as a document but as a call to action. Join us in leveraging the power of theories of change to create better business practices that help the world run better and improve people’s lives. The future of commerce is no longer just about what we sell, but who we buy from.



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PREFÁCIO ECO A



O avanço da compra de impacto (social procurement) representa uma oportunidade estratégica única de bilhões de dólares para empresas e governos. No Brasil e no mundo, cadeias de produção são um vetor subaproveitado para gerar impactos sociais e ambientais positivos — com potencial para responder por até dois terços do impacto socioambiental corporativo, de acordo com o Fórum Econômico Mundial. Só na SAP Business Network, são US\$ 6.1 trilhões em transações anuais em 190 países. Se pudermos alinhar 5% dos orçamentos de compras corporativas ao impacto socioambiental positivo, colocaremos a força do setor privado à serviço do desenvolvimento sustentável.

No cenário brasileiro, o conceito de social procurement está ganhando tração: 8 em cada 10 empresas reconhecem sua relevância e 40% possuem programas dedicados. A demanda do consumidor também é clara: 86% dos brasileiros afirmam priorizar marcas sustentáveis e 53% já deixaram de consumir de empresas sem responsabilidade social. Em paralelo, os investimentos nos negócios de impacto movimentaram cerca de R\$18 bilhões em 2021 (ANDE no Brasil), refletindo maior diversidade, receitas crescentes e expansão de relações B2B. Além disso, há um alinhamento entre oferta e demanda de arranjos comerciais entre negócios de impacto e compradores

corporativos, com 59% dos negócios de impacto no Brasil atuando no modelo de venda B2B e 36% no modelo B2B2C (PipeLabo).

Globalmente, a integração de empresas sociais nas cadeias de suprimentos responde não apenas a exigências regulatórias emergentes — como a CSRD na Europa e as novas resoluções da CVM no Brasil baseadas nos padrões ISSB — mas também a pressões de investidores, clientes e funcionários por transparência e responsabilidade.

Talvez, ainda mais relevantes são as oportunidades apresentadas pela prática de social procurement, outro termo que se refere à prática de compras sustentáveis, inclusivas e/ou de impacto social. Este relatório apresenta uma análise estratégica sobre o potencial das compras sociais para deixarem de ser ações isoladas e se transformarem em uma abordagem estruturada e expansível. Essa evolução pode fortalecer os compromissos com a sustentabilidade, aumentar a resiliência das cadeias de produção e suprimentos, estimular a inovação e gerar valor duradouro para as organizações.

Apesar do potencial, barreiras persistem:

- **Corporativas:** desalinhamento entre áreas de compras e sustentabilidade; foco excessivo em custo; ausência de métricas integradas de impacto, dificuldade na identificação e retenção de fornecedores de impacto positivo.

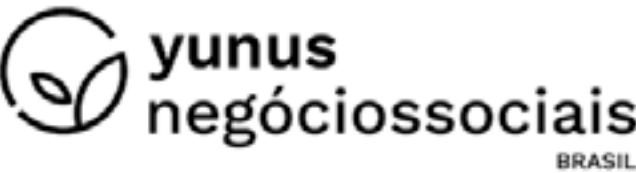
- **Empreendimentos Sociais/Impacto Positivo:** dificuldade de atender requisitos corporativos, acesso limitado a capital de giro e baixa visibilidade no mercado.
- **Sistêmicas:** ausência de padrões globais unificados de certificação e medição; regulação fragmentada.

Oportunidades emergem de modelos colaborativos, como a Ecoa - Coalizão para Compras de Impacto, que apoia as grandes empresas e os negócios com impacto socioambiental positivo a estabelecer relações comerciais duradouras e ganha-ganha por meio de programas de capacitação, produção de conhecimento, grupos de trabalho com design participativo que promovem soluções inovadoras em trono de alavancas sistêmicas como certificações, instrumentos financeiros e políticas de compras.

Muitas empresas já embarcaram nessa jornada, com destaque para iniciativas como o Inclusive Sourcing da L’Oréal Brasil, que conecta biodiversidade amazônica e comunidades vulneráveis às cadeias globais de fornecimento.

Este relatório consolida diagnósticos regionais, dados de mercado e estratégias práticas, oferecendo um

roteiro claro para que empresas e governos avancem de iniciativas isoladas para estratégias integradas e mensuráveis de impacto socioambiental. O momento é propício: a convergência entre pressão de mercado, novas regulações e maturidade crescente do ecossistema cria uma janela única para reposicionar as cadeias de suprimentos como motores de inclusão e sustentabilidade.



About this Report

This report builds on SAP Corporate Social Responsibility's goal to establish a global ecosystem of social procurement hubs, enabling social enterprises to better provide goods and services to corporate clients in a manner that also delivers tangible social and environmental outcomes.

To support this initiative, SAP partnered with CGM to design a structured Theory of Change (ToC) that serves both its global social procurement strategy from a corporate social responsibility perspective and specific regional market programs. This assessment is intended to:

- Outline a globally aligned ToC leveraging key stakeholders' inputs, sector best practices, and monitored data
- Identify and address systemic gaps in data collection and impact measurement across the social procurement ecosystem
- Provide actionable recommendations for improved metrics and strategic alignment, ensuring outcomes are captured in a structure that is feasible for all parties.

Building on the Global Theory of Change, this collaboration focuses on developing tailored and actionable insights for key regional markets: Brazil, Europe, India, and the United States. Each market's unique challenges, opportunities, and socio-

economic dynamics will be considered, building on the global framework while incorporating CGM's framework.

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About SAP

As a global leader in enterprise applications and business AI, SAP stands at the nexus of business and technology. For over 50 years, organizations have trusted SAP to bring out their best by uniting business-critical operations spanning

finance, procurement, HR, supply chain, and customer experience.

SAP's purpose remains steadfast: to help the world run better and improve people's lives. Together with more than 100,000 employees who represent more than 160 nations and cultures, they activate employee expertise, technology solutions, and a global ecosystem of customers, partners, and community investments to make this purpose a reality.

Corporate Social Responsibility (CSR) at SAP focuses on driving long-term positive social and environmental impact and business value through two focus areas that create equitable access to economic opportunity, education, and employment. The vast majority of SAP's social investments (2024: €27.5M) are aligned with the United Nations (UN) Sustainable Development Goals (SDGs) and focus primarily on quality education (SDG4), decent work and economic growth (SDG 8), reduced inequalities (SDG 10), climate action (SDG 13), and partnership for sustainable development (SDG 17).

Learn more at www.sap.com or www.sap.com/csr.

About Common Good Marketplace

Common Good Marketplace is the global impact marketplace of world changers committed to delivering real, verified results to address the world's greatest problems through a strategy and process designed to advance the common good.

Leveraging best practices in impact measurement and management, outcome-based finance, and impact valuation, CGM delivers verified social impact—shifting the paradigm from funding good intentions to real results. Its Impact Framework, grounded in methodologies such as the Impact Management Project's Five Dimensions of Impact (What, Who, How Much, Contribution, Risk), provides a data-driven basis for transparency, credibility, and alignment with corporate and global development priorities.

Learn more at www.commongoodmarketplace.com

Executive Summary

Amid rising global volatility, shifts in public funding, and increasing consumer demand and regulatory requirements for sustainability, social procurement is gaining traction as a strategic lever for companies seeking to align business objectives with broader social and environmental priorities. When rooted in clear outcomes, it offers a market-based solution to extend the reach and reliability of impact delivery by integrating social enterprises into corporate purchasing opportunities and value chains.

This report provides a strategic assessment of how social procurement can evolve from fragmented initiatives into a scalable, outcome-linked approach that not only supports sustainability commitments, but also enhances supply chain resilience, drives innovation, and contributes to long-term value creation.

Despite growing interest, the path to scale remains constrained. Structural barriers such as limited market opportunities for social enterprises, misaligned procurement incentives, and the lack of clear frameworks for defining and assuring outcomes continue to limit the broader adoption of social procurement.

This report outlines a global approach designed to address these challenges by embedding measurable impact into procurement structures and enabling outcome-linked supplier engagement. The analysis is complemented by regional insights from Brazil, Europe, India and the United States, helping ground the global strategy in practical, adaptable frameworks.

The proposed strategy identifies three critical enablers for scaling social procurement: aligning procurement mechanisms with impact delivery, strengthening enterprise capacity and market access, and building robust systems to verify outcomes and safeguard against impact-washing. Together, they point to the emergence of a new procurement model, where business value and social impact are integrated by design, not treated as parallel objectives.

Social Procurement in Context



As regulations like the Corporate Social Responsibility Directive (CSRD) and impact accounting initiatives like Impact Weighted Accounts¹ take shape, corporations face increasing pressure to measure, verify, and report on their social and environmental impact. At the same time, unexpected shifts in global funding, such as the rollback of USAID financing,² highlight the fragility of social progress efforts that rely solely on public and philanthropic capital.

In this shifting landscape, corporate purchasing and supply chains have become a critical lever for change. As attention on tangible impact intensifies, so does the opportunity to harness corporate purchasing power as a force for social and environmental progress. Social procurement³ has the potential to help bridge social progress funding gaps by unlocking significant capital for social change while meeting ongoing demands of corporate procurement.

The Organization for Economic Co-operation and Development, OECD (2023), defines social procurement as the acquisition of goods, services, and works by public and private actors with the explicit goal of creating social value. The International Labour Organization (ILO, 2021) goes further, stating that social and environmental impacts must be “as decisive as the value of the service and product demanded.” Yunus Social Business (2022), now called Yunus Social Innovation, reinforces this, emphasizing that businesses must have “the explicit intention of creating social or environmental impact through their procurement.” The Schwab Foundation’s Advisory Group on Social Enterprise Data (World Economic Forum & Schwab Foundation, 2025) aligns with this convergence, identifying three foundational criteria: (i) primary social or environmental purpose, (ii) revenue through trading, and (iii) reinvestment of surpluses toward mission.

Therefore, rather than simply replacing traditional procurement priorities, social procurement expands the lens by also emphasizing the intention to create

positive social and environmental outcomes. This broader framing does not override commercial imperatives but positions impact as a meaningful differentiator, particularly when products or services are otherwise comparable.

Despite the growing momentum and increasing calls to action, there is still a lack of awareness regarding the opportunity for social and environmental impact through corporate purchasing. Further, broader challenges, such as complex regulations, assumptions about the higher price or lower capacity of many social enterprises⁴, and the lack of standardized impact frameworks further constrain the growth of demand for social procurement.

On the supply side, the lack of demand exacerbates many of the challenges faced by social enterprises, creating a cycle that constrains the sector’s growth. Financial instability, limited operational capacity, and difficulties accessing financing prevent many social enterprises from scaling to meet corporate requirements or competing effectively with traditional

¹ Impact Weighted Accounts is an initiative initially led by [Harvard Business School](#) that aims to integrate social and environmental impact into financial reporting, enabling corporations to account for their full impact beyond traditional financial metrics. See [IEVI](#) for more context.

² [Reuters - 2025-01-30](#)

³ Terminology varies by region. While “social procurement” is widely used in many markets, such as Europe, other regions refer to “impact-driven procurement,” “impact-led procurement,” “inclusive procurement,” or similar terms. Each carries nuanced definitions shaped by local policy, market maturity, and cultural context. For the sake of clarity and consistency, this report uses “social procurement” throughout.

suppliers. Without steady demand and supportive financial infrastructure, social enterprises struggle to invest in the capacity-building efforts needed to bridge these gaps, perpetuating this cycle of low visibility and constrained growth.

Moreover, the lack of consistent impact measurement and reporting standards makes it difficult for social enterprises to both quantify and communicate their true impact. While multiple frameworks and certifications exist, they often focus more on specific policies and practices rather than actual performance, leaving investors and buyers without a clear way to assess their most meaningful outcomes. At the same time, complex or inconsistent reporting requirements place an additional burden on social enterprises, limiting their ability to effectively showcase their contributions and attract investment.

Breaking this cycle requires not only addressing systemic barriers, such as regulatory complexity and impact measurement gaps, but also fostering a shift in corporate mindsets to recognize the strategic value and potential of social procurement to positively impact the communities where their customers, employees, and partners work and live.

Governments, for instance, are increasingly adopting policies and initiatives that prioritize social value in procurement processes, such as minimum thresholds for social and environmental benefits or the integration of impact reporting into contracts. For example, in the United Kingdom, the combination of the Social Value Act and the Procurement Act 2023 requires contracting authorities to “have regard to the importance of maximizing public benefit” when awarding contracts. Brazil has similarly introduced social clauses

and preferential treatment for cooperatives and inclusive enterprises within public tenders (ECO, 2025). In Australia, Victoria’s state-wide Social Procurement Framework mandates the inclusion of social enterprises and inclusive suppliers across all government procurement, regardless of contract size⁵.

Meanwhile, the private sector faces mounting pressure from investors, consumers, and employees to adopt sustainable practices, with certifications and verifications like B Corp, Fair Trade, and People and Planet First (PPF) increasingly influencing procurement criteria and supplier selection⁶.

Multi-stakeholder coalitions are playing a crucial role in shaping the future of sustainable and social procurement by bridging gaps between policy ambition and corporate action. The Sustainable Procurement Pledge, headquartered in Germany, is a global movement that empowers procurement professionals to integrate sustainability practices across supply chains, while Buy Social Europe B2B fosters collaboration between corporates and the public sector to scale social enterprise engagement. In the United

Combined, these challenges help explain why social procurement expenditures remain relatively limited, currently estimated at just over \$2.5 billion globally (Yunus Social Business and BCG, 2022). By comparison, the current market for public procurement represents 13% to 20% of GDP globally (nearly \$9.5 trillion), according to the World Bank (2020), while private sector procurement spending is estimated an additional \$13 trillion globally (OECD, 2023).

⁴ As explained by Yunus Social Business (2022), “the myth that social businesses are not competitive across a range of procurement criteria persists, and is one of the main impediments to initiating corporate-social enterprise partnerships.”
⁵ <https://www.buyingforvic.gov.au/social-procurement-framework>

⁶ These certifications and verifications recognize businesses that prioritize social and environmental responsibility, each with distinct standards and focus areas, such as ethical practices, sustainability, and accountability.

States, leading organization Purchasing with Purpose is advancing procurement-driven impact strategies by convening a decentralized network of grassroots actors and impact-first enterprises. In Brazil, the Ecoa Coalition for Impact Procurement, led by ANDE (Aspen Network of Development Entrepreneurs) and Yunus Social Business, is tackling procurement misalignment by helping corporations navigate social enterprise engagement and improve supplier inclusion models.

Corporate-led initiatives are also emerging as models for scaling social procurement. South Korea's SK Group, through its Social Progress Credit (SPC) model, has pioneered a procurement-linked incentive system that financially rewards social enterprises based on verified impact outcomes. By integrating structured measurement frameworks into procurement strategies, SK Group aims to demonstrate how corporations can drive scalable impact while aligning procurement with long-term business objectives (HYUN et al, 2024).

On the supply side, initiatives aimed at enhancing social enterprise procurement readiness — such as capacity-building programs, increased access to

blended finance, and the development of innovative financial mechanisms⁷ — are helping impact-driven enterprises verify, report, and monetize outcomes for investors and buyers (World Economic Forum, 2025a). However, in the absence of stronger alignment between policy, corporate action, and financing mechanisms, social procurement is likely to remain an underutilized market lever — limiting its potential to contribute at scale to both business value and SDG outcomes.



Scaled social procurement unlocks value far beyond compliance, delivering both business advantage and measurable societal outcomes.

SDG Contributions:

Supply chain management is one of the most powerful levers for corporate socio-environmental impact. According to the World Economic Forum’s Global Alliance for Social Entrepreneurship (2025), two-thirds of a company’s impact (positive or negative) originates in its supply chain.

Enhanced Brand & Reputation:

Companies that embed social and environmental value into procurement strategies are better positioned to strengthen brand equity and customer loyalty, while meeting rising stakeholder expectations around transparency, equity, and long-term responsibility (World Economic Forum, 2024b).

Access to Innovation:

Social enterprises are often well positioned to bring unique, localized solutions to market, enriching corporate offerings by leveraging community-driven innovation and sustainability-focused models (Yunus Social Business and BCG, 2022).

Supply Chain Risk Mitigation:

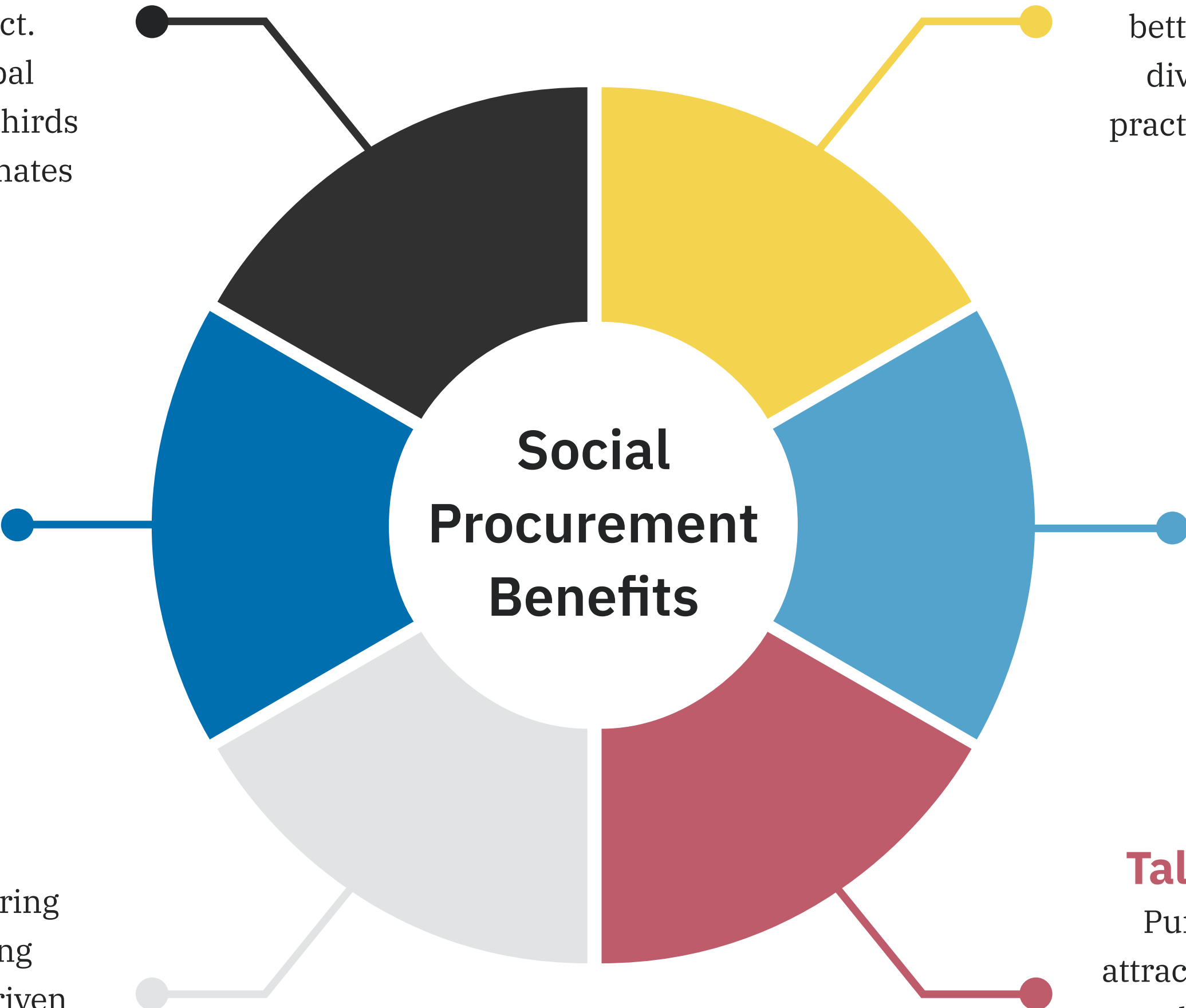
Companies engaging in social procurement are better positioned to manage supply chain risks by diversifying suppliers and supporting fair labor practices, sustainable sourcing and local economies.

Regulatory Compliance:

Engaging in social procurement helps companies stay ahead of evolving regulations, particularly those with extraterritorial reach.

Talent Acquisition and Retention:

Purpose-driven companies are more likely to attract and retain talent, especially among workers who prioritize environmental responsibility and social impact in their career choices (World Economic Forum, 2024b).



⁸ Recent [analysis](#) highlights the growing frequency and impact of supply chain disruptions, with social issues accounting for a significant portion, ranking second only to legal and regulatory events and ahead of environmental incidents.
⁹ According to the 2024 Chief Procurement Office Compass Report, 77% of procurement executives reported a rise in pressure to improve ESG performance over the last three years (GEP, 2024).

Social Enterprises in numbers

Key statistics illustrate the global scale of social enterprises:

¹⁰ Based on available data, nearly 75% of social enterprises seek external financing, including grants, equity, and debt financing. On average, they require funding equivalent to 75% of their annual revenue. Using global estimates of 10 million social enterprises with a collective turnover of \$2 trillion, this results in a projected \$1.125 trillion global financing need (World Economic Forum, 2024a).

10M

There are approximately **10 million social enterprises worldwide**, or approximately 3% of all businesses

(WEF & Schwab Foundation, 2024).

200M

Social enterprises create **over 200 million jobs globally**, generating around **\$2 trillion in revenue each year**

(WEF & Schwab Foundation, 2024).

75%

Over 75% of social enterprises align their impact metrics with SDGs, focusing on areas like poverty reduction, gender equality, and environmental sustainability.

(Yunus et al., 2022)

1 in 2

One in two social enterprises globally are led by women, compared to only 20% in conventional enterprises.

(WEF, 2024).

50%

Over 50% of social enterprises worldwide are certified by third-party organizations, increasing transparency and accountability in their operations.

(ILO, 2021)

75%

Around **75% of social enterprises seek financing** equal to ~75% of their annual revenue, creating a **global financing need of ~\$1.125 trillion¹⁰**

(Yunus et al., 2022)

Unlocking the Potential of Social Procurement



While momentum around social procurement is growing, turning interest into systems-level change remains elusive. Efforts are still fragmented, and the mechanisms required for scale (both market and structural) remain mostly underdeveloped.

Recent stakeholder engagement conducted by CGM (2025) reinforces these capacity gaps. Respondents across sectors pointed to a common set of priorities: strengthening social enterprise capacity, improving verification and traceability systems, and embedding long-term structural support.

These priorities align with global research (World Economic Forum, 2025a; World Economic Forum, 2024b; World Economic Forum & Schwab Foundation, 2024; OECD, 2023; Yunus Social Business, 2022; ILO, 2021), which collectively highlight the systemic barriers that continue to limit scale and market integration.

At the same time, the upside is significant: if these challenges can be addressed, an estimated \$500 billion annually could be redirected through social procurement strategies to social enterprises globally (Yunus Social Business & BCG, 2022). Unlocking this potential requires a shift from siloed initiatives to integrated strategy, starting with the strategic levers, and the structural constraints that must be addressed to enable them.

Key Challenges and Barriers

Corporates

Strategic Misalignment

Social procurement can be seen as a CSR initiative rather than integrated into core business strategies. This framing tends to limit cross-functional engagement and prevent teams from recognizing how it supports broader business goals such as supplier resilience, innovation, and inclusive growth.

- Seen in some companies as an additional cost rather than a driver of operational performance and long-term value.
- Internal stakeholders often lack a shared understanding of how social procurement contributes to resilience, innovation, and inclusive growth.
- Sustainability, procurement, and finance teams frequently operate in silos, reducing opportunities for coordinated implementation.

Institutional Barriers

Corporate procurement structures are often designed to prioritize scale, standardization, and risk mitigation. While these approaches serve operational needs, they can inadvertently create high entry barriers for smaller or mission-driven suppliers.

- Procurement evaluation criteria are frequently weighted toward cost and risk management, with limited flexibility to incorporate social value alongside these priorities in

supplier selection.

- While there is a spectrum of certifications for organizations supporting people and planet, specific verification requirements — such as the 50% reinvestment-of-surplus criterion in the PPF verification — can unintentionally limit access for otherwise procurement-ready, high-impact businesses whose reinvestment models differ from this standard, as noted by stakeholders regarding the Brazilian market (CGM, 2025).
- Compliance requirements, including extensive documentation and delivery guarantees, can pose barriers for suppliers without large administrative teams.

Measurement and Incentive Gaps

Even when social procurement delivers meaningful social and environmental outcomes, these results are not always systematically captured or used to guide future procurement decisions. Without consistent measurement practices and clear incentives, it can be challenging to demonstrate value and maintain long-term organizational commitment.

- Social value metrics are rarely embedded into internal reporting systems or supplier performance reviews.
- Practical tools for linking procurement decisions to measurable sustainability or social outcomes are often unavailable or underused.

- Variations in definitions, measurement methodologies, and reporting frameworks across markets reduce comparability and limit confidence in reported results.
- In attempting to aggregate disparate supplier metrics into a single narrative, companies risk overstating results, creating misleading comparisons, or inadvertently engaging in impact-washing (OECD, 2023).¹¹
- The absence of clear targets, accountability structures, or reward mechanisms can limit the motivation of internal champions.

Social Enterprises

Financial Constraints

Many social enterprises operate with limited cash reserves and restricted access to affordable financing. These constraints can make it difficult to manage the upfront costs of bidding for contracts, meeting compliance requirements, or sustaining operations under long payment cycles.

- Many remain reliant on public subsidies and grants, with limited access to stable revenue streams — such as long-term procurement contracts — that could strengthen financial resilience (OECD, 2023). In

some markets (such as the US), structural and policy barriers constrain eligibility for both public funding and long-term procurement mechanisms.

- Limited access to working capital constrains the ability to fulfill large or upfront orders, especially in sectors where payment cycles are extended. Standard corporate payment terms (e.g. net-90) are often misaligned with the financial realities of social enterprises, which, like many small and medium-sized enterprises, require more favorable terms (e.g. net-30) to maintain liquidity and operational capacity.
- Thin margins and barriers to affordable finance limit the ability to invest in systems, infrastructure, or certifications needed for procurement readiness.

Capacity and Skills Gaps

Many social enterprises operate with lean teams, which can limit the capacity to pursue, secure, and deliver large-scale procurement contracts. This includes both the human resources needed to respond effectively to complex tenders and the operational systems required to meet corporate standards.

- Limited bid-writing expertise and unfamiliarity with formal procurement processes can reduce competitiveness in tenders, particularly when

documentation requirements are extensive (ILO, 2021).

- Small administrative teams may lack the capacity to manage compliance obligations such as audits, legal documentation, insurance coverage, and supply chain reporting.
- In some markets, there is limited access to training, supplier development programs, or mentorship opportunities that build the skills and operational capacity needed for procurement readiness.

Market Access and Visibility

For many social enterprises, limited visibility within corporate supply chains and procurement networks constrains opportunities for growth. Even where demand for socially responsible sourcing exists, they may struggle to connect with decision-makers or to position themselves as credible, competitive suppliers.

- Limited access to established procurement channels, platforms, and reliable supplier directories reduces opportunities to engage with potential buyers — particularly across multiple markets.
- Geographic concentration, digital access barriers, and limited presence in industry networks can further reduce exposure.
- Limited marketing resources and brand recognition

¹¹ In South Korea, for example, the Social Progress Credits program — launched by SK Group as the world's first privately led pay-for-success initiative — found that several social enterprises previously recognized for best practices achieved significantly lower social performance than their reputations suggested (Hyun et al., 2024).

can make it difficult to compete with larger, more established suppliers, even when offering comparable quality and pricing.

- Persistent misconceptions that social enterprises are less competitive (more expensive, lower quality, or higher risk) continue to influence buyer behavior, despite growing evidence to the contrary.

Proving and Communicating Impact

While many social enterprises deliver measurable benefits for people and planet, demonstrating these outcomes in a way that resonates with corporate buyers can be challenging. Impact claims that lack independent verification or alignment with buyer expectations can weaken competitiveness, even when delivery is strong.

- VA business might qualify as a social enterprise in one country but not in another, or face entirely different compliance and reporting standards depending on the region (WEF & Schwab Foundation, 2025; ILO, 2021; Yunus Social Business & BCG, 2022).
- The cost and administrative burden of meeting diverse verification or reporting requirements for multiple buyers can be prohibitive for lean teams. While overly simplified approaches can reduce this burden, they often fail to reflect the depth and nuance

of contributions.

- Fragmentation in definitions and measurement frameworks across markets can lead to duplication of effort and inconsistent recognition of impact credentials. Unlike financial performance — measured through established revenue and profit metrics — impact performance still lacks a universal methodology and valuation models.

Unintended Consequences

While social procurement aims to deliver positive impact, outcomes can vary — and unintended consequences may emerge due to operational frictions that arise when strategy is translated into reporting and supplier engagement systems.

Misalignments between high-level goals for corporate buyers and ground-level realities for suppliers, especially for smaller or community-based suppliers, can create vulnerabilities as procurement priorities evolve. Left unaddressed, such frictions risk distorting incentives, excluding credible actors, or undermining long-term sustainability. Recognizing these risks is essential to designing systems that scale with integrity.

- Pressure to scale or meet corporate buyer expectations (such as faster delivery, lower margins,

or expanded volume) can force trade-offs that lead to mission drift, erode social value, or increase environmental externalities.

- Strategic goals may unintentionally marginalize certain suppliers by over-prioritizing specific criteria (e.g., locality, scale, outcomes, or certifications), sidelining complex social value creation.
- Overreliance on a few large contracts can make social enterprises financially vulnerable by crowding out efforts to build diversified, sustainable revenue models.
- Certification frameworks can inadvertently encourage enterprises to reshape their legal structures or external positioning to meet formal eligibility criteria, potentially misrepresenting their core impact models or diverting resources away from delivery.
- Smaller or informal enterprises may be excluded due to the administrative and financial burden of certification and reporting, or may incur compliance costs that undermine long-term commercial viability.
- Buyers may over-rely on certification as a proxy for impact, prioritizing formal eligibility over demonstrated outcomes and potentially excluding credible, uncertified suppliers delivering measurable results.

Mitigation Strategies

Tackling the challenges and risks outlined in this report will require more than a single intervention. A coordinated set of actions is needed to close infrastructure gaps, rebalance exclusionary practices, strengthen governance across the social procurement ecosystem, and establish clear boundaries that prevent impact washing. These actions must reduce supplier friction, enable sustained engagement with high-impact enterprises, and align with both on-the-ground constraints and broader sustainability priorities.

The following mitigation strategies offer a pragmatic starting point for reducing systemic barriers and enabling a more inclusive, accountable, and performance-oriented social procurement system.

Strengthening Ecosystem Infrastructure

Improving the underlying infrastructure of social procurement is critical to reducing fragmentation and enabling meaningful participation from diverse suppliers, particularly smaller and underrepresented social enterprises.

- **Digital platforms:** Leverage digital tools, like SAP Business Network or SAP Ariba Category Management, to improve supplier visibility, streamline onboarding, and centralize access to procurement opportunities¹². These platforms can

also support the standardization and aggregation of impact metrics, serving as a repository for tools and resources to help social enterprises report on their outcomes.

- **Localized solutions:** Tailor procurement strategies to underserved regions by supporting regional hubs, addressing infrastructure gaps, and enabling place-based market entry.
- **Intermediary-led aggregation models:** Strengthen the role of accelerators, networks, and support organizations in helping social enterprises meet procurement standards. This includes developing shared services, cooperative delivery models, or aggregator partnerships that bridge capacity, compliance, and visibility gaps across fragmented supplier markets. Mechanisms such as shared fulfillment platforms or consortium-based bidding can also help smaller or under-resourced enterprises collectively meet procurement thresholds, enabling inclusion without lowering standards. In parallel, data intermediaries like Supplier.io and Givvable play a critical role in surfacing diverse and impact-led supplier spend, diagnosing gaps, and supporting more strategic procurement decision-making.

Enhancing Supplier Viability

Many social enterprises face structural constraints that limit their ability to compete in procurement systems, increasing exclusion and preventing long-term supplier participation.

- **Capacity building:** Provide targeted training, technical support, and access to shared operational resources to help social enterprises meet procurement requirements related to scale, quality, documentation, and delivery timelines.
- **Financial mechanisms:** Expand the use of flexible payment terms, upfront payments, and catalytic grants. Explore innovative finance models and guarantee structures to improve access to working capital and reduce cash flow barriers for early-stage or smaller enterprises.
- **Tailored onboarding:** Adapt supplier qualification and onboarding processes to better include small businesses or social enterprises, without compromising procurement integrity. This includes simplified documentation, phased compliance requirements, and aligned supplier development pathways.

Inclusive Standards and Feedback-Driven Design

Certification and eligibility systems are essential to ensure transparency and integrity in social procurement.

- **Inclusive system design and governance:** Ensure that diverse voices—notably those historically excluded from procurement systems—can participate in defining and overseeing eligibility

standards, so that core definitions are developed through structured consultation.

- **Performance-based qualification:** Shift emphasis from formal status to demonstrated outcomes, using standardized impact frameworks that reflect real contributions to social and environmental goals.
- **Adaptive system governance:** Ensure procurement strategies remain responsive through structured stakeholder input, periodic reviews of enterprise participation, and continuous learning embedded in program design.

While these actions address critical friction points, their effectiveness depends on two foundational conditions: ensuring that enterprises can compete on cost and quality and building a credible system to recognize and verify the additional social and environmental value they deliver.

Developing a more inclusive and credible social procurement system will require clear, operational definitions of which types of enterprises should be prioritized (and why). These definitions must reflect how impact is delivered in practice, while also serving as a reference point for procurement eligibility, supplier engagement, and market development. Once

established, they should be formally embedded in an overarching Theory of Change to ensure consistency and accountability across actors and systems.

In parallel, a consistent and credible data infrastructure — anchored in impact measurement and management frameworks (IMM) — will be essential for tracking supplier contributions, maintaining meaningful verification standards, and informing procurement decisions with real, measurable outcomes.

Although the need for shared standards is widely acknowledged, current definitions are often shaped by a narrow set of certifiers or regulatory frameworks that may not reflect the diversity or operating realities of the social economy¹³. Conversely, overly flexible approaches risk diluting the discipline and accountability that make social procurement meaningful. Striking the right balance will require definitions co-developed with ecosystem actors and tracked over time through an actionable IMM system.

The next section introduces this strategic framework, outlining the types of enterprises to be engaged, the outcomes to be measured, and the mechanisms SAP and its partners can use to scale social procurement with integrity.

¹³ Social economy is used to describe a wide range of organizations that adhere to the principles of prioritizing social objectives over profit. These typically include cooperatives, mutual societies, non-profit organizations and social enterprises. (World Economic Forum & Schwab Foundation, 2025)

SAP's Social Procurement Strategy



SAP Corporate Social Responsibility’s social procurement strategy focuses on leveraging procurement as a transformative tool to drive social impact at scale through a dual approach:

- 1. Driving corporate demand** — creating awareness and encouraging organizations to integrate impact-driven purchases into their procurement opportunities and supply chains.
- 2. Removing systemic barriers** — investing in ecosystem intermediaries and enabling social enterprises to scale, supporting readiness and integration into procurement ecosystems.

Through this strategy, SAP CSR is working to catalyze a thriving global ecosystem for social procurement, bringing together corporations, governments, ecosystem builders, and social enterprises to drive systemic change in supply chains. Combined, these actions aim at closing the funding gap still faced by social enterprises, despite their significant economic contribution and commitment to sustainable development.

As part of this vision, SAP CSR is advancing social procurement by driving demand for social enterprises through regional collaborations and encouraging

public and private sector buyers to integrate impact-driven purchases into their supply chains. Initiatives like the Rise Ahead Pledge¹⁴ and the Social Procurement Innovation Accelerator¹⁵ are central to the strategy. These efforts are also aligned with evolving regulations that push companies toward impact-first strategies, ensuring that business practices support broader social goals. Beyond CSR investments, the SAP procurement organization is also committed to the opportunity for impact-led procurement and works alongside the CSR team to identify opportunities for social enterprise inclusion.

In parallel, SAP is working to address systemic barriers that prevent social enterprises from scaling. Collaborations with organizations like the Social Enterprise World Forum and People and Planet First enhance social enterprises’ access to global supply chains by integrating them into corporate and government procurement systems. Additionally, SAP Business Network, which facilitates \$6.1 trillion in annual transactions, connecting millions of businesses across 190 countries worldwide, increases visibility and streamlines procurement integration, while pro-bono business support through partners like MovingWorlds and Pyxera Global helps social enterprises meet corporate procurement standards and scale sustainably.

These initiatives create new market opportunities and enable social enterprises to deliver products and services whilst generating social value aligned with SDG contributions, such as poverty alleviation, job creation, climate resilience, and improved community well-being.

At a global level, the strategy aims to strengthen the ecosystem and infrastructure of the impact and solidarity economy through four key actions:

- **Increase the global adoption of verified enterprises** in procurement systems to enhance accountability and impact.
- **Strengthen regional collaborations** to address geographic-specific barriers to procurement integration.
- **Align procurement practices with global frameworks** to drive sustainable and inclusive supply chains.
- **Close the funding gap** for social enterprises, ensuring they can scale and address systemic challenges.

¹⁴ Launched during Davos, 2024, it is a corporate commitment to invest in social innovations to create a more just, sustainable and equitable world. [World Economic Forum](#)

¹⁵ A joint initiative designed to reshape procurement practices and amplify social impact” [SAP](#).

¹⁶ [SAP: The World’s Largest Provider of Enterprise Application Software.](#)

¹⁷ The solidarity economy refers to a system of organizations — including cooperatives, mutual societies, associations, and social enterprises — that prioritize social objectives, participatory governance, and solidarity-based practices over profit maximization. Closely linked to social procurement, these entities can function as both suppliers and buyers, fostering systemic change and sustainable economic models (OECD, 2023).

Global Theory of Change

The culmination of CGM's Stakeholder Survey and broader research is an integrated Global Theory of Change (ToC) that defines SAP's strategic objectives, acknowledges systemic barriers, and establishes clear metrics to track outputs and outcomes over time.

Grounded in best practices from the United Nations Sustainable Development Group (UNSDG, 2017), SAP's Social Procurement ToC provides a structured framework to connect procurement activities to long-term outcomes and broader contributions to the solidarity economy and the SDGs. It should be viewed as a living document, informing ongoing implementation and, in conjunction with data gathering and analysis activities, be used to inform and shape targeted products and services, as well as to optimize impacts based on stakeholder feedback and outcome data.

By clarifying how the interventions lead to measurable change, the ToC ensures alignment across corporate partners, supplier engagement, and ecosystem development, reinforcing SAP's role in advancing systemic impact through social procurement.

Driving Global Impact Through Measurable Outcomes

Effective impact measurement is critical to ensuring that SAP's social procurement strategy delivers on its intended outcomes and supports meaningful contributions to the SDGs and the solidarity economy. Grounded in the Theory of Change, the proposed indicators flow directly from its logic, translating high-level goals into measurable steps that can guide decision-making, facilitate feedback loops, track progress, and strengthen accountability. These indicators, however, are not intended as a definitive or universal set. Rather, they are provided as a starting point that organizations — including SAP — can adapt, expand, or refine to align with their own objectives, operational realities, and regional contexts.

A phased approach enables SAP and its partners to align efforts, reduce the reporting burden on social enterprises, and consolidate data in a way that supports both accountability and strategic decision-making. The rollout is structured to progressively build the evidence base, from basic inclusion metrics to ecosystem-level impact, while maintaining alignment with established frameworks and standards.

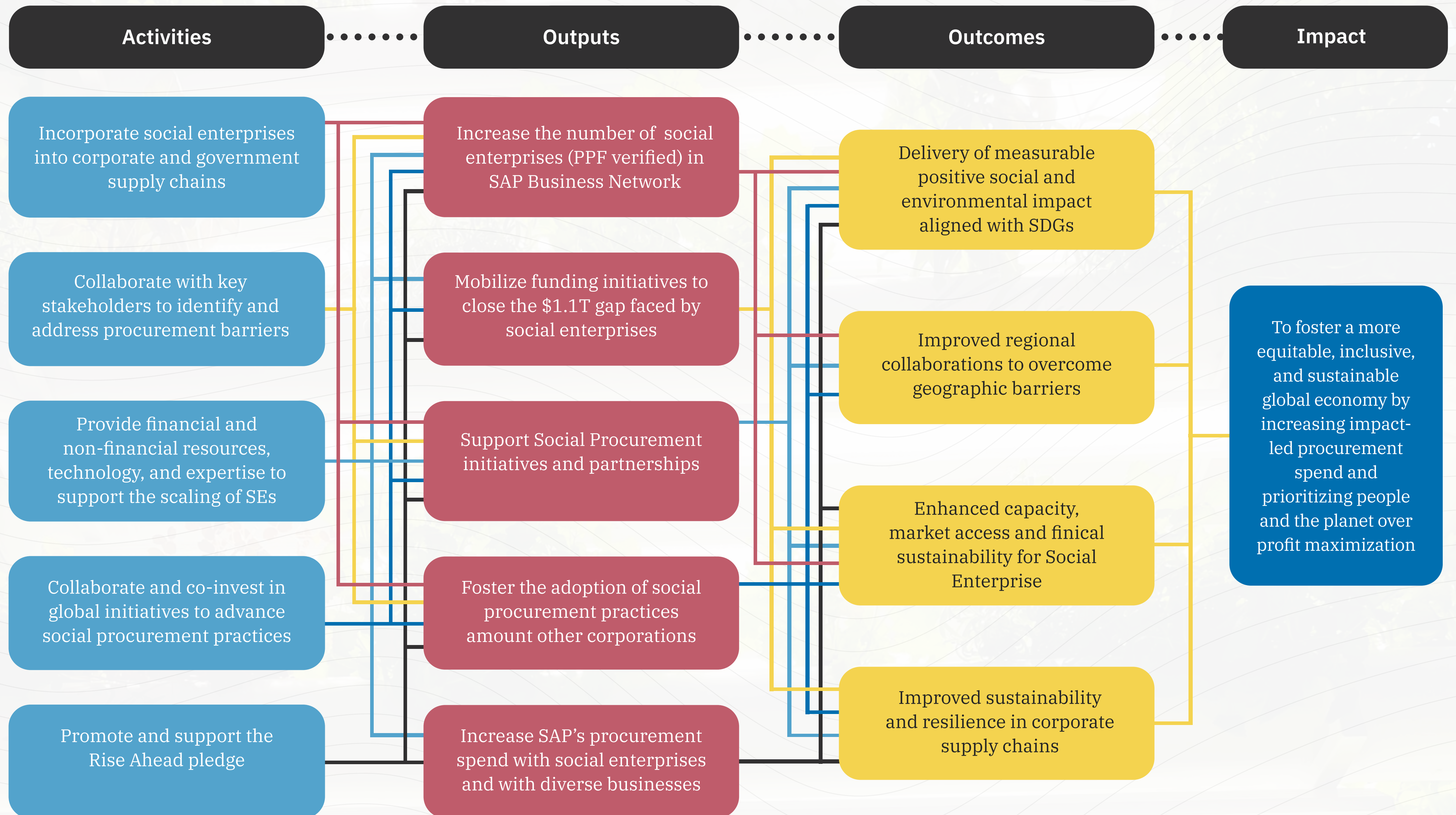
Identifying, Measuring and Verifying Impacts

To maximize SAP's impact management activities and increase reporting rigor and depth over time, CGM proposes a phased rollout of key indicators that bridges multiple data sources and stakeholders. Phase 1 will focus on key operational and financial indicators. Ecosystem-level metrics that reflect the broader system impacts of SAP's work will be integrated in Phase 2, culminating in robust downstream Social Enterprise impacts in Phase 3.

Each phase should incorporate a holistic approach to impact management that is grounded in the global Theory of Change and integrates best practices in stakeholder engagement, data collection, reporting and verification of claims.

For each selected indicator proposed in the Impact Maps below, SAP and its partners should quantify baseline conditions against which to measure any impacts and provide a clear path for operationalizing data collection. During the reporting and verification stage, third party audits can be used to refine processes and indicators, provide assurance of data received from Social Enterprises and lend credibility

Social Procurement Theory of Change



to impact claims. For SAP, this stage will require balancing global alignment with the flexibility to incorporate locally relevant metrics and evolving business priorities, while also minimizing the reporting burden on partners and social enterprises so that measurement strengthens rather than strains the ecosystem.

The implementation of these best practices in data collection, reporting and verification will set the foundation for exploring tradeable impact as a lever to deepen social procurement impacts and align incentives for impact performance across the broader ecosystem.

Phased Rollout Approach

The phases outlined below translate the Theory of Change into a sequenced set of indicators, starting with the most salient and achievable metrics and progressing toward ecosystem-level and downstream impacts of SAP's social procurement work. Rather than serving as a fixed prescription, they provide a practical baseline that SAP and its partners can adapt to local contexts, objectives, and evolving priorities. As the system for social procurement, data collection, and reporting matures, each phase adds new metrics and data sources, building a more complete and robust picture of impact over time.

Phase 1: Core Outputs and SAP Contributions

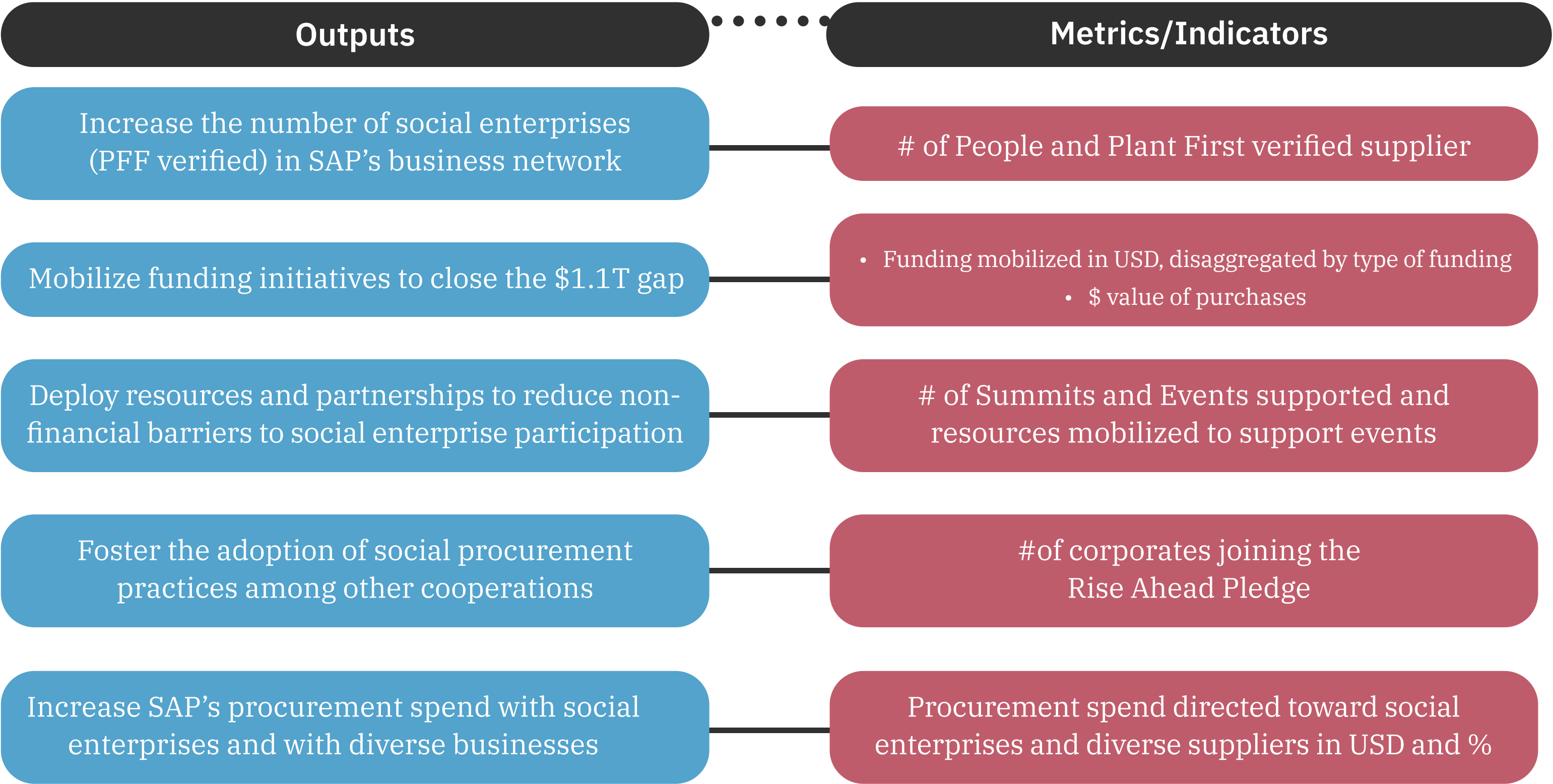
Objective: Build a clear baseline picture of where and how social enterprises are engaged across SAP and partner procurement networks, and track initial outcomes related to inclusion and spend.

Technical Recommendations: This phase will set the broad structure for data collection and reporting on social procurement impacts for SAP, establishing a model for other corporates to follow and enabling standardization across the ecosystem. In addition to the data collection activities, SAP should determine global and regional demographics for data disaggregation, establish baseline conditions and identify reporting and verification standards for alignment and standardization.

Impact reporting: Phase 1 metrics will facilitate high-level reporting on key impact indicators, focusing on the scope and scale of SAP's impacts on the social procurement ecosystem.



Phase 1: Core Outputs



Phase 2: Ecosystem-level change in social procurement

Objective: Phase 2 will deepen and widen the scope of impact data, both within SAP and the broader ecosystem. Building on the work of Phase 1, SAP will lead the broader social procurement ecosystem in establishing core reporting metrics and contextualizing their impacts within their corporation and the broader ecosystem. As SAP and their partners identify regional or demographic gaps in their social procurement work and deploy additional resources, the value and impact of these resources will be captured, pointing towards longer term outcomes of increased equity, sustainability and resilience of the social procurement ecosystem.

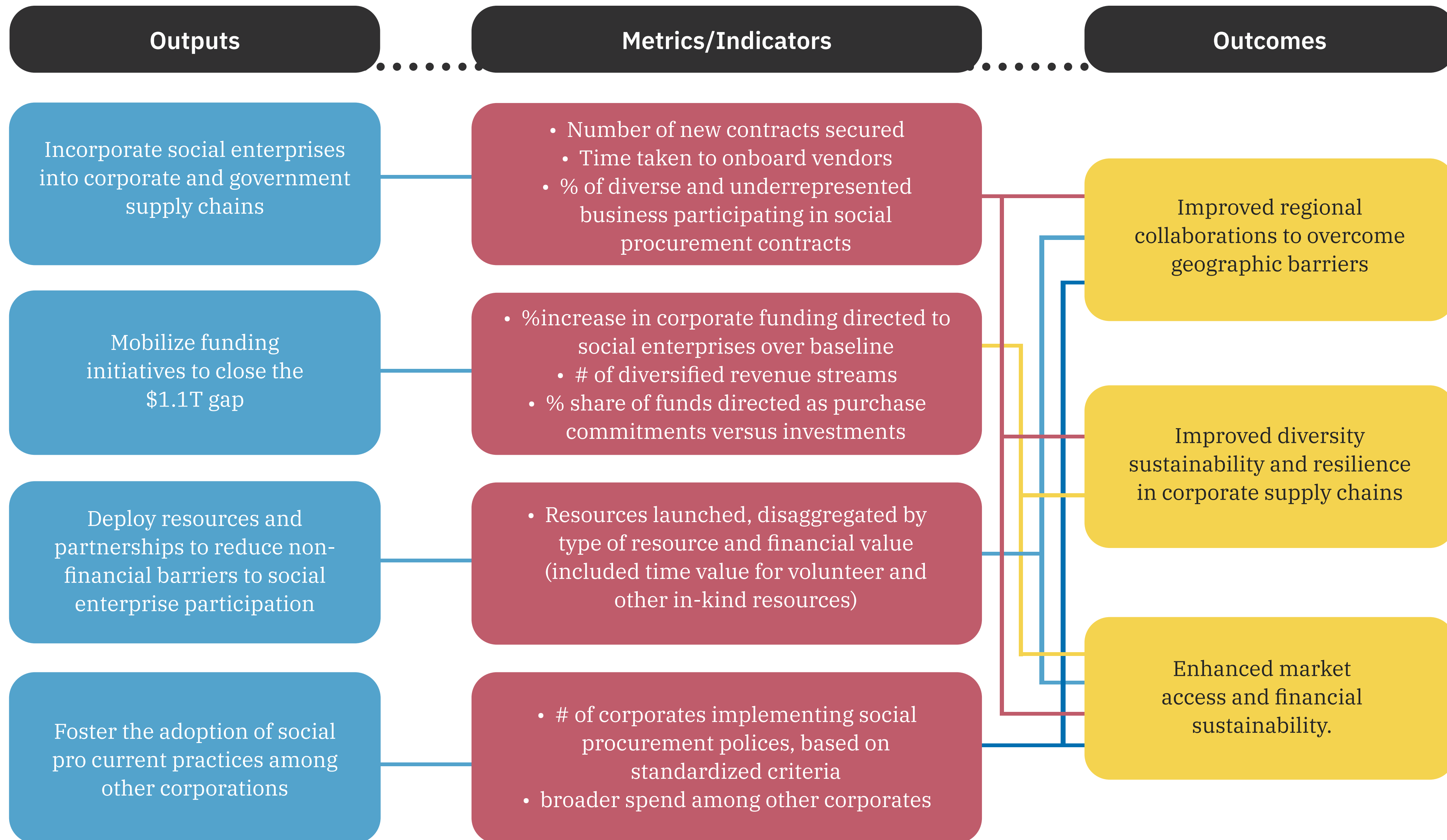
Technical Recommendations: This phase will set the foundation for standardization of impact data collection and reporting across the social procurement ecosystem. In this phase, robust

stakeholder feedback loops will enable SAP and its partners to identify gaps in resources and implementation that can actively be addressed through social procurement policies and ecosystem activities. Capturing granular and disaggregated data across the ecosystem will ground these feedback loops in data that clearly demonstrates the needs and impacts of distinct activities and resources. In this phase, clearly defined metrics and third party verification will facilitate aggregation of data across the ecosystem and foster credibility of impact claims.

Impact Reporting: Phase 2 metrics will expand on SAP's reporting to include broader ecosystem impacts. They will enable reporting on broader system impacts of regional equity and corporate social procurement sustainability and diversity.



Phase 2: Ecosystem-level change



Phase 3: Social Procurement as a Catalyst for Systemic Change

Objective: Phase 3 will incorporate the downstream impacts of social procurement and its impacts on the broader social and environmental landscape. This will enable a bridge between social enterprise data collection and reporting and the broader systemic impacts of their activities.

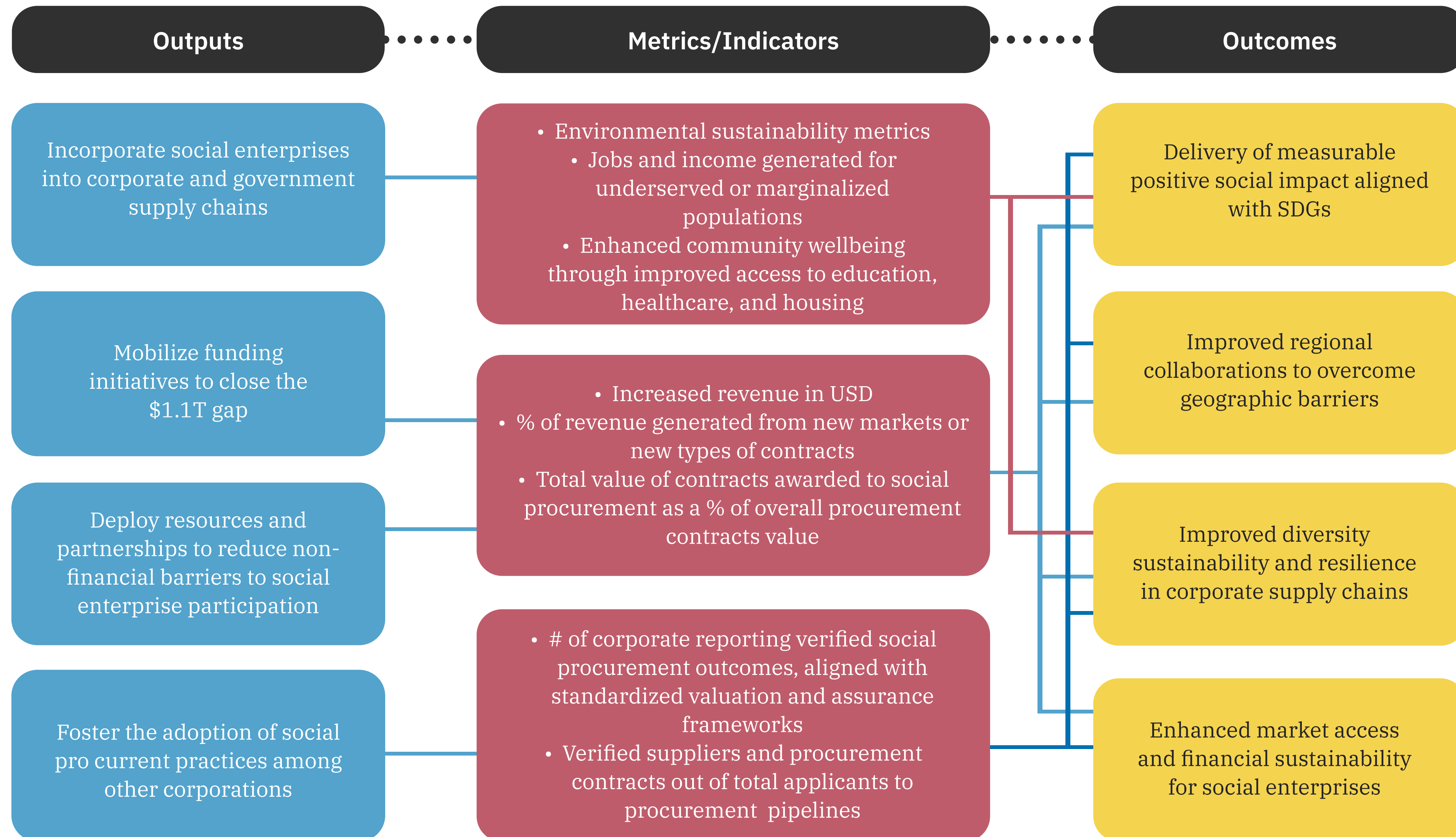
Technical Recommendations: To create robust and credible downstream impact information, SAP and its partners should identify standard metrics and leverage existing certification and verification frameworks to ensure consistent, comparable and credible impact data. Standardization and verification of impact data will be critical to ensure robust and credible reporting.

Impact reporting: Phase 3 targets the broader social and environmental impacts that result from social procurement activities, facilitating a holistic picture of corporate activities and broader

impacts of procurement on both corporate and social sustainability. Following best practices in impact reporting and establishing standardized data collection and verification practices will create a robust foundation for incorporating these impacts in corporate sustainability commitments and disclosures. As the broader ecosystem for corporate disclosures, impact weighted accounts and sustainability commitments advances, the activities in Phase 3 will establish a strong foundation for SAP to lead into the future of corporate procurement as a sustainability solution.



Phase 3: Catalyst for Systemic Change



Alignment with Reporting Standards

As social procurement becomes more embedded into corporate operations, the infrastructure for measuring, valuing, and verifying impact is steadily converging. Reporting standards, valuation methodologies, and assurance frameworks are increasingly interdependent—forming the technical foundation required to translate supplier-level outcomes into auditable, enterprise-level disclosures.

In practice, hybrid approaches are emerging that integrate standardized indicators, conservative valuation logic, and third-party assurance protocols. Many corporates are adopting verified impact reporting structures that align with international frameworks — such as the Global Reporting Initiative (GRI) for sustainability metrics — and incorporate independent assurance protocols like ISAE 3000. These shifts reflect growing anticipation of evolving sustainability disclosure requirements across jurisdictions.

Aligning SAP’s impact measurement system with such established frameworks will improve consistency, reduce duplication, and strengthen the credibility of reported outcomes, especially when aggregating data across themes, suppliers, geographies, or corporate value chains.

Measurement & Reporting

These frameworks offer standardized indicators for measuring outcomes across sectors and themes. They support the tagging of enterprise-level outputs and outcomes, enable cross-supplier comparability, and facilitate aggregation of impact at the program or corporate level.

- **Global Reporting Initiative (GRI):** GRI provides a comprehensive set of sustainability reporting standards that enable organizations to disclose their economic, environmental, and social impacts. As one of the most widely adopted frameworks globally, GRI facilitates transparency and accountability in corporate reporting.
- **IRIS+:** Developed by the Global Impact Investing Network (GIIN), IRIS+ offers a catalog of standardized metrics for measuring and managing social, environmental, and financial performance. It supports organizations in identifying and aligning with relevant indicators based on specific impact objectives.
- **Sustainable Development Goals (SDGs):** Established by the United Nations, the SDGs comprise 17 global goals addressing various social, economic, and environmental challenges. Mapping

impact metrics to the SDG indicator framework enables alignment with global development priorities and facilitates communication of contributions to the 2030 Agenda.

- **ISO Standards:** The International Organization for Standardization (ISO) provides globally recognized frameworks for verification and assurance across quality, environmental, and sustainability domains. While ISO sustainability standards are often voluntary guidelines rather than certification standards, they are increasingly used to define technical requirements for impact measurement, validation bodies, and assurance providers.

Impact Valuation & Monetization

These frameworks aim to monetize the social value created by enterprises across environmental and social dimensions. They go beyond outcome tracking to link impact performance with enterprise value, accounting systems, and in some cases, the design of tradable incentives or financial instruments tied to verified outcomes.

- **IFVI/VBA:** The International Foundation for Valuing Impacts (IFVI) and the Value Balancing Alliance (VBA) are standardizing how companies quantify

social and environmental impacts in monetary terms. Their methodologies aim to integrate social and environmental impacts into financial statements, enabling disclosure of the true cost or benefit of business activities. Aligned with ESG frameworks and rooted in economic logic, IFVI/VBA create a bridge between traditional accounting and outcome valuation.

- **Social Procurement Contracts (SPCs):** Developed by SK Group's Center for Social Value Enhancement Studies, SPCs are outcome-based instruments that link incentive payments to verified social performance, rewarding measurable results such as employment of vulnerable groups or implementation of upskilling programs. Since 2015, this mechanism has disbursed over \$52 million to 448 social enterprises in Korea, generating more than \$360 million in quantified social value. SPCs exemplify a functioning model for embedding valuation directly into procurement workflows, operationalizing payment-for-impact principles at scale.

Verification & Assurance

These standards define the principles, processes, and technical requirements for verifying, validating, or assuring reported outcomes. In social procurement

or impact valuation, credibility hinges not just on what is measured, but on how rigorously it is verified. Assurance standards serve as the trust infrastructure that underpins monetization, ESG disclosures, and impact claims.

- **ISAE 3000 (Assurance of Non-Financial Reporting):** Issued by the International Auditing and Assurance Standards Board (IAASB), ISAE 3000 is the standard most commonly used for independent assurance of ESG and impact reports. It underpins limited and reasonable assurance engagements and is already being used to validate corporate sustainability disclosures.
- **IFRS S1/S2 (ISSB):** Issued by the International Sustainability Standards Board under the IFRS Foundation, S1 and S2 set a global baseline for sustainability-related financial disclosures. While focused on enterprise risk and climate, they shape expectations for finance-grade ESG reporting. Alignment with these standards enhances the auditability of procurement-linked outcomes and ensures forward compatibility with emerging disclosure regimes.
- **AA1000 (Accountability):** The AA1000 standards

offer both implementation guidance and an audit framework for independent assurance of sustainability reports. The assurance standard can be used to independently audit and provide assurance of claims generated through GRI, ISSB or other reporting standards. The assurance and audit framework are primarily process oriented and do not offer robust assurance of impact claims. They provide guidance for limited and high-level assurance.

- **B Corp:** Administered by B Lab, B Corp Certification is a third-party verification framework that assesses a company's social and environmental performance, accountability, and governance. While not designed to verify specific impact outcomes, B Corp status serves as a credible signal of a company's broader commitment to responsible business practices. Within social procurement, it can be used as a screening tool to identify aligned suppliers, though it may require supplementation with outcome-level assurance frameworks for verified reporting.
- **People and Planet First:** Developed through global consultation and stewarded by Social Enterprise World Forum, Good Market, and Purchasing with Purpose, People and Planet First is a participatory

verification system for enterprises that prioritize social and environmental outcomes over profit. Enterprises complete a transparent public profile, then submit evidence demonstrating how they meet each of five internationally recognized standards. These claims are reviewed by an independent third party against publicly available guidelines and remain subject to ongoing community moderation. People and Planet First also recognizes equivalent certifications that meet or exceed its standards, allowing qualified enterprises to verify without incurring additional fees, while still meeting transparency and accountability requirements. This verification, among others, is integrated into the SAP Business Network, enabling verified social enterprises to connect with corporate buyers.

- **Process and Data Independent Audits:** As social procurement integrates with impact and financial reporting, third-party audits of processes and underlying data systems are foundational to building trust in reported outcomes and aligning with the global frameworks listed above. These audits assess the reliability, traceability, and replicability of data sources and measurement processes—ensuring that impact claims are not only methodologically sound but operationally verifiable.

Regional Analysis



While most adoption challenges are systemic, the success of social procurement ultimately depends on adapting global frameworks to specific regional contexts. A globally aligned approach ensures consistency, credibility, and scalability by harmonizing policy and financial incentives, verification mechanisms, and reporting standards. Yet effective implementation demands strategies tailored to local economic conditions, regulatory environments, and supply chain structures.

Global efforts must therefore account for regional priorities, institutional capacities, and market realities. As noted by the World Economic Forum and Schwab Foundation (2025), regional variations in definitions, data collection practices, and support ecosystems significantly affect social enterprises' ability to engage effectively in procurement systems. At the same time, their playbook stresses the importance of adapting standardized data collection practices to local contexts through collaborative approaches and inclusive stakeholder engagement. For instance, sustainability standards predominantly developed in the Global North — under very different socioeconomic conditions — risk excluding social enterprises from supply chains in countries like Brazil and India if not thoughtfully adapted through targeted capacity-building efforts.

Geographic disparities compound these risks, as support ecosystems tend to concentrate in economic hubs, leaving social enterprises in underserved regions without adequate access to procurement networks or technical assistance.

Other systemic challenges such as financing barriers, procurement misalignment, lack of impact standardization, power asymmetries, and geographic centralization have been addressed in earlier sections of this report. This section focuses exclusively on region-specific differentiators, contextual constraints, and actionable strategies.



Brazil

Brazil presents a growing but fragmented [social procurement landscape](#). While there is strong interest in impact-driven business models, systemic challenges continue to constrain scale. Public procurement, accounting for 12% of national GDP (ECOIA, 2025), remains the most structured entry point, with initiatives such as Enimpecto's¹⁸ roadmap and the National School Feeding Programme creating concrete opportunities for social enterprise integration, particularly in food systems and rural markets.

Brazil also has a well-established recognition of diverse-owned businesses, with corporate and public programs actively promoting supplier diversity (ECOIA, 2025). This creates a strong intersection between supplier diversity initiatives and the social procurement agenda, offering a pathway to elevate enterprises that prioritize people and planet. Aligning these efforts can amplify the role of diversity-owned enterprises as key drivers of environmental and social impact within supply chains.

Another distinctive feature of Brazil's landscape is the bioeconomy¹⁹. As a key economic driver, especially in the Amazon and Cerrado regions, it offers a significant opportunity for procurement strategies tied to biodiversity protection and climate goals (CGM, 2025). Social procurement that engages agro-industrial cooperatives and sustainable producers in these biomes is essential for aligning impact sourcing with national environmental priorities.

Despite momentum in the public sector, corporate procurement continues to lag. Structured pathways for engaging social enterprises are largely absent, and corporate awareness remains low. Many of these enterprises still operate with a subsidy-dependent model, lacking greater access to markets and affordable finance that could enable them to meet commercial standards.

Geographic disparities further hinder social enterprise integration. Procurement support and supplier development programs remain concentrated in Rio de Janeiro and São Paulo, leaving businesses in other regions — notably the North and Northeast — with fewer resources and higher barriers to entry. Without regional expansion of corporate networks and procurement support, social enterprises outside major economic hubs struggle to integrate into supply chains (ECOIA, 2025).

Stakeholders (CGM, 2025) also emphasized the need to strengthen enterprises' negotiation power and their ability to influence procurement terms, addressing structural imbalances such as price pressure, extended payment terms, and last-minute discount demands, which undermine financial sustainability.

¹⁸ The National Impact Economy Strategy is a collaboration between federal public administration bodies and entities, the private sector, and civil society, aiming to foster a favorable environment for the development of impact investments and businesses. ([Brasil - Enimpecto](#))

¹⁹ The bioeconomy is the production, utilization and conservation of biological resources, including related knowledge, science, technology, and innovation, to provide information, products, processes and services across all economic sectors aiming toward a sustainable economy" ([FAO](#)).

Strategic Priorities:

- Leverage public procurement to drive private-sector adoption through clearer standards, incentives, and joint engagement platforms.
- Expand procurement hubs and intermediary networks into underserved regions across Brazil to build a more geographically balanced social ecosystem.
- Develop bioeconomy-specific procurement frameworks aligned with corporate commitments and value chains.
- Leverage Brazil's well-established supplier diversity networks and enterprises to accelerate social procurement adoption nationally, enabling businesses with demonstrated social and environmental commitments to access broader markets.
- Structural power imbalances in procurement leave social enterprises with little leverage to negotiate corporate terms. Aggregation models, matchmaking platforms, and intermediaries can help social businesses pool resources, access broader markets, and meet corporate procurement standards.

Get involved! Your opportunity to engage with the Brazilian ecosystem

In Brazil, social procurement is gaining momentum: 8 in 10 companies recognize its importance, and 40% already run dedicated programs. Consumers are driving this shift—86% of Brazilians prioritize sustainable brands, and over half have stopped buying from companies that lack social responsibility. The impact business ecosystem reflects this demand, attracting R\$ 18 billion in investments in 2021 and increasingly embracing B2B and B2B2C models.

Opportunities multiply through collaborative initiatives like the Ecoa Coalition for Impact Procurement, which helps large corporations and impact-driven enterprises forge lasting, win-win partnerships. Companies such as L'Oréal Brazil are already showing the way with inclusive sourcing that connects Amazonian biodiversity and vulnerable communities to global supply chains.

Led by ANDE and Yunus Social Business, and supported by corporates like SAP, Ecoa unlocks the power of supply chains as a force for good. By informing, connecting, and equipping key actors, Ecoa helps transform corporate and public procurement into a catalyst for addressing pressing socio-environmental challenges, weaving sustainability and social impact into the heart of value chains.

Through corporate trainings and collaborative working groups, Ecoa curates participatory design journeys that bring together local expertise and resources, fostering innovative and shared solutions around systemic levers such as certification, financial instruments, and procurement policies.

[Learn more and join us!](#)



Europe

Europe's social procurement landscape is anchored in a strong legal and strategic framework. The EU Social Economy Action Plan²⁰ outlines social procurement as a key lever to strengthen the social economy, while the 2014 EU Public Procurement Directives formally enable the integration of social considerations into public tenders through mechanisms such as Socially Responsible Public Procurement (SRPP). These directives allow contracting authorities to go beyond price in award criteria, reserve contracts for specific social economy actors, and apply social clauses focused on employment inclusion and sustainability.

Despite this enabling legal environment, uptake remains uneven. SRPP operates as a set of available instruments rather than mandatory requirements, leaving implementation largely at the discretion of national and subnational authorities. As a result, application varies significantly across member states and local governments, often reflecting differences in institutional capacity, technical knowledge, and political will (VARGA, 2021).

On the operational side, procurement officers often lack the training, support tools, or confidence to apply social criteria consistently. Tools such as lifecycle costing²¹ (Directive 2014/24/EU, Article 68) and social value methodologies

(e.g., the UK's Public Services [Social Value] Act 2012)²² are available but often applied inconsistently or avoided due to perceived legal risk or market competition concerns.

Private-sector engagement is similarly under-leveraged and remains largely voluntary. While frameworks like the Corporate Sustainability Reporting Directive (CSRD) and Sustainable Finance Disclosure Regulation (SFDR) create an opening to integrate social procurement into sustainability reporting, few companies have translated these obligations into clear procurement targets. The absence of explicit links between ESG compliance and supplier diversity strategies remains a key gap.

In this context, intermediary organizations and market enablers can play a critical role. Pre-market consultations, supplier-readiness programs, and industry associations help mitigate perceived procurement risks and reduce transaction costs, especially for local governments or corporates unfamiliar with social enterprise engagement. Unlocking these institutional connectors will be key to mainstreaming social procurement across the EU.

²⁰ [Social Economy Action Plan - European Commission](#)

²¹ This approach considers the full economic, social, and environmental costs of a product or service over its entire lifecycle, rather than just the initial purchase price ([Source](#))

²² See [Legislation Gov UK](#) for more information

Strategic Priorities:

- Advance corporate integration of social procurement by linking it directly to ESG obligations under CSRD and SFDR. Move beyond voluntary commitments by embedding social sourcing requirements into corporate sustainability strategies and reporting mechanisms.
- Ensure social procurement is measurable, auditable, and embedded into both public tenders and corporate sustainability disclosures. This includes incorporating social value and lifecycle costing calculations to quantify long-term benefits and embedding these requirements into contracts with clear performance indicators and monitoring and verification mechanisms.
- Strengthen intermediary infrastructure at the national and municipal levels to support procurement officers and social businesses. Expand pre-market consultations, supplier-readiness programs, and knowledge-sharing platforms to reduce market entry barriers.
- Facilitate cross-border replication of effective models by harmonizing procurement standards

across EU member states and high-potential sectors like sustainable textiles, circular economy, and local food systems. Promote interoperability of social clauses to enable social enterprises to operate across multiple markets.

Get involved! Your opportunity to engage in the European ecosystem

The Buy Social Europe B2B coalition, led by Euclid Network in partnership with Social Enterprise UK, Social Enterprise World Forum, Social Enterprise Netherlands, Social Entrepreneurship Netzwerk Deutschland (SEND), Yunus Social Innovation, and co-funded by the European Commission and SAP, is building a stronger European ecosystem for social procurement, bringing together corporate buyers, social enterprises, and ecosystem partners.

New reports summarizing the coalition's findings and next steps will be published at the end of 2025. Stay tuned and join the movement by visiting the [community page!](#)



India

India's [social procurement landscape](#) is shaped by structural diversity and institutional informality. While the potential is significant in uplifting self-help groups, micro-enterprises, and rural artisans, systemic barriers continue to limit scale and integration (CGM, 2025).

Over 80% of India's workforce operates in the informal sector (ILO, 2021), and many social enterprises lack the legal recognition, compliance infrastructure, and contracting experience required to participate in formal procurement channels.

Still at the national level, the absence of a dedicated regulatory framework for corporate social procurement has left the market fragmented and dependent on voluntary initiatives. This uncertainty also gives rise to risks of impact-washing, where companies adopt social procurement policies for compliance or branding, without embedding genuine impact or measurable outcomes.

Where engagement does occur, corporations often apply uniform performance and scale expectations to social businesses, mirroring those used for large, traditional suppliers. This mismatch excludes many high-impact enterprises that operate at smaller scale or under different business models. At the same time, the absence of centralized or trusted platforms for identifying and verifying social enterprises increases transaction costs for buyers and limits

social enterprise visibility. As one stakeholder noted, "Social procurement was designed to 'meet midway.' However, corporations continue to have the same expectations for social enterprises as they do for traditional suppliers" (CGM, 2025).

India has introduced several government-led platforms that aim to improve procurement access for smaller and informal enterprises (SATTVA, 2025). The Government eMarketplace (GeM) and the Open Network for Digital Commerce (ONDC) are beginning to lower entry barriers, while policy mechanisms such as the Business Responsibility and Sustainability Reporting (BRSR) framework are prompting companies to disclose procurement-related ESG practices.

However, these efforts are not yet systematically linked to corporate procurement strategies and uptake remains uneven. These disparities are further exacerbated by pronounced regional disparities. In states such as Bihar and Jharkhand, social enterprises face limited access to finance, market linkages, and ecosystem support—hindering their ability to compete or engage with corporate and public procurement processes (OECD, 2023).

Despite these challenges, several public and private initiatives are emerging that illustrate the evolving business case for social procurement that goes beyond compliance or CSR rationales.

Companies such as IKEA, FabIndia, ITC, and SV Agro Solutions have developed sourcing partnerships with social businesses and cooperatives, creating stable demand for rural producers. On the public side, procurement programs targeting smallholder farmers and sustainable supply chains show promise, particularly when aligned with corporate procurement standards (OECD, 2023).

Stakeholders also emphasized the role of intermediaries such as Social Enterprise World Forum in bridging capacity gaps, supporting compliance, and facilitating onboarding processes for social enterprises. Complementing this, digital procurement platforms and verification tools will be essential to reduce buyer-side friction and support social enterprise visibility at scale (SATTVA, 2025).

Strategic Priorities:

- Support social enterprises in building the institutional capabilities required to meet corporate procurement standards, , while expanding formal employment pathways for India’s largely informal workforce.
- Leverage social procurement as a rural economic driver (over 65% of India’s population depends

- on the rural economy) by embedding long-term sourcing commitments into corporate supply chains.
- Design targeted procurement initiatives that prioritize engagement with self-help groups, micro-enterprises, and rural artisans to promote sustainable agriculture, revive traditional crafts, and reduce economic drivers of rural–urban migration.
 - Address regional inclusion gaps by extending procurement programs, ecosystem infrastructure, and intermediary support to underserved states such as Bihar, Jharkhand, and the Northeast.

Get involved! Your opportunity to engage in the Indian ecosystem

Are you interested in helping to support an India secretariat to lead a neutral, multi-sector coalition of leaders to advance the social procurement movement across India? Whether you can offer financial or non-financial support to the Indian movement, SAP is working to solidify next steps to keep up momentum in India. Join us!

If you are interested in joining this movement, please submit your information through our [Expression of Interest form](#).

To learn more about the potential of social procurement, with a particular emphasis on India, see the SAP-commissioned report [Social Procurement – Paving the Way for Business Resilience and Sustainability](#).



United States

In the United States, [social procurement](#) continues to gain traction as corporations recognize its potential to enhance supply chain resilience, address social inequalities, and meet rising stakeholder expectations for transparency and sustainability. At the same time, shifting regulatory policies are also pushing companies to integrate social value into procurement — creating both the pressure and the opportunity to rethink how core spending can deliver impact.²³

At the federal level, evolving tax rules and funding priorities — including implications from The One Big Beautiful Bill²⁴ — are reshaping how companies manage the hundreds of billions of dollars they allocate annually to social spending. Beyond federal dynamics, state-level instruments and market infrastructure also shape adoption. Influential initiatives (such as California’s Social Enterprise Certification program and New York State’s Minority and Women-owned Business Enterprise certification and contracting program) have incentivized procurement from mission-driven and, especially, diverse enterprises²⁵.

Together, these changes are prompting companies to re-evaluate how social spending is allocated, reinforcing the case for social procurement as a mechanism to align corporate spend with social and environmental goals. By building on

existing procurement frameworks and incorporating impact

considerations alongside current criteria, companies can enhance purchasing strategies to generate measurable outcomes at scale without expanding philanthropic budgets.

Yet despite growing commitments and incentives, many mission-aligned enterprises remain disconnected from institutional buyers. Survey data indicates that 71% of social enterprises in the U.S. primarily sell to other mission-driven peers (Purchasing with Purpose, 2025). Though based on a limited sample, this pattern reinforces broader ecosystem observations. It demonstrates a degree of internal market resilience and the strength of mission-aligned networks, but also signals the absence of reliable integration pathways into mainstream procurement systems.

These constraints are not driven by supply-side fragmentation alone but reinforced by persistent policy and regulatory hurdles. Structural challenges continue to limit broader corporate adoption of social procurement in the U.S. Political volatility and periodic shifts in federal policy priorities have introduced uncertainty, complicating corporate procurement strategies and discouraging sustained engagement with social enterprises. According to SPP & Gartner’s 2024 Sustainable Procurement

²³ According to SPP & Gartner’s 2024 Sustainable Procurement Pulse, 64% of organizations report that supplier sustainability performance directly influences how they assess supplier competitiveness.
²⁴ The “One Big Beautiful Bill” is a U.S. federal tax package that materially affects corporate giving incentives by tightening charitable-deduction limits and timing, aligning deduction treatment with the corporate minimum tax, and expanding reporting/compliance for corporate foundations and donor-advised funds.

²⁵ This has contributed to a particularly well-established supplier diversity sector in the U.S., with 43 major corporations participating in the Billion Dollar Roundtable — each committing at least USD 1 billion annually to diverse suppliers. In 2023, 466 companies reported approximately USD 1.4 trillion in procurement spending with diverse suppliers (World Economic Forum, 2025b)

Pulse, 71% of organizations expect upcoming regulatory changes to significantly impact their procurement strategy, yet only 48% feel confident navigating these policy shifts.

Additionally, fragmentation across the 50 states and municipal and county-level jurisdictions results in inconsistent regulatory requirements and definitions, creating barriers for both buyers and suppliers.

This institutional complexity is compounded by at least two additional dynamics. First, misconceptions about cost, risk, and complexity (which are common globally and detailed earlier in this report) continue to deter the integration of social enterprises into mainstream procurement, despite evidence demonstrating long-term value. In the U.S., survey data (Purchasing with Purpose, 2025) suggests that many mission-driven enterprises struggle to access institutional buyers due to cost disadvantages, limited access to capital, and weak institutional networks. At the same time, most social enterprises also reported relying primarily on earned revenue rather than grants or donations — indicating a level of commercial orientation that challenges assumptions about their market readiness. While not statistically generalizable, these findings align with structural constraints frequently observed across the sector and underscore the need for

procurement reforms that promote inclusion without compromising standards. This suggests procurement reform should prioritize reducing access and transaction frictions rather than lowering performance standards (quality, compliance, etc.).

Second, the field itself remains fragmented. Many mission-aligned enterprises do not self-identify as “social enterprises,” instead using dozens of different terms such as nonprofit, impact business, or community organization (Purchasing with Purpose, 2025). This diversity reflects the decentralized evolution and dynamism of the U.S. ecosystem but also complicates procurement eligibility and limits the visibility of aligned suppliers. Practitioners further report confusion between social enterprise and diverse supplier certifications, creating additional challenges for signaling, eligibility, and supplier registration. While market access and scale are important, the diverse spectrum of certifications and verifications for what qualifies as a social enterprise can risk enabling “impact dilution” over time. Encouraging broader adoption of credible and accessible verification systems should help buyers and regulators distinguish truly mission-driven enterprises from those merely marketing social value.

Relatedly, vague definitions can be further exacerbated

by risks of mission drift, given the competitive intensity and scale of the US Market. As successful social enterprises grow, some are acquired by large multinationals, often losing their original mission alignment, governance models, or stakeholder accountability structures in the process. This risk is amplified by the fact that relatively few enterprises adopt formal mission-lock mechanisms, such as binding governance provisions or protective legal structures.

Finally, like the other analyzed regions, geographic disparities also pose significant challenges. Robust procurement ecosystems remain concentrated in major economic hubs such as New York City, San Francisco, Los Angeles, and Chicago. At the same time, rural areas, Indigenous communities, and regions across the Midwest and Deep South remain notably underserved, lacking sufficient access to networks, capital, and technical support, and often facing heightened difficulties with reliable logistics, access to high-speed digital infrastructure, and attracting a skilled workforce.

Taken together, these dynamics point to a practical agenda: align incentives across levels of government, standardize signals and verification, and lower the cost of integration for buyers and suppliers.

Strategic Priorities:

- Use evolving federal policy and tax structures to position social procurement as a cost-efficient way for companies to meet social and environmental objectives, particularly where philanthropic budgets are constrained or under reform.
- Align corporate procurement goals with public-sector priorities by strengthening multi-stakeholder platforms, regional industry networks, and third-party certifiers, improving enterprise visibility across jurisdictions.
- Apply successful state-level frameworks (e.g., California and New York) and replicate effective place-based models (e.g., Baltimore and Portland) to develop adaptable procurement templates and anchor-led initiatives that lower administrative barriers for social enterprises operating in multiple jurisdictions (NASPO, 2022).
- Reduce buyer confusion and improve supplier visibility by increasing awareness and use of the national supplier registry created by Purchasing with Purpose, which already enables filtering across 100+ recognized certifications.

- Deliver targeted procurement readiness programs in historically underserved rural areas, where over 46 million Americans remain underrepresented in supply chains (USDA, 2023).

Get involved! Your opportunity to engage in the United States ecosystem

There are more than 200 networks of companies identified across the United States prioritizing people and planet. Purchasing with Purpose, a nonprofit social enterprise, is working to better connect this ecosystem, making it easier for buyers to find companies offering quality goods and services that ultimately create an economic, social, or environmental impact in any area of the country.

With support from SAP among other private and public sector organizations, they are activating place-based purchasing initiatives in cities from coast to coast. [Click here](#) to see if a city you are interested in is already on the list, or reach out to [Purchasing with Purpose](#) to get involved.

Conclusion



Social procurement represents a transformative opportunity to align corporate purchasing power with sustainable development goals, driving both business and social impact at scale. In a landscape marked by economic uncertainty, geopolitical instability, and shifting development finance priorities, including the rollback of major donor programs, the role of market-based mechanisms in driving verifiable impact has become increasingly important.

The shift toward social procurement is accelerating, as companies progressively recognize its role in enhancing supply chain resilience, mitigating risk, and creating long-term value. Yet without structured, scalable solutions (including clear outcome metrics, measurement toolkits, assurance mechanisms, and stronger corporate integration), social procurement risks remaining fragmented and reinforcing exclusion rather than addressing it.

At this inflection point, isolated commitments are no longer sufficient. To meet both corporate priorities and societal needs, social procurement strategies must evolve from siloed CSR initiatives to scalable, accountable systems. This shift requires procurement to be measurable, embedded into core business functions, and structured around outcome-linked contracts that reward measurable impact and enable long-term adoption.

From Concept to Scalable Action

Unlocking this next phase will depend on three mutually reinforcing enablers:

1. Outcome-Linked Procurement Structures:

Social procurement practices need to evolve beyond compliance models to open pathways for new forms of value exchange, where social and environmental outcomes are embedded into the core logic of procurement ecosystems. This shift requires mechanisms that actively recognize and incentivize impact and social value delivery, such as tailored pricing structures, performance-based incentives, and the integration of outcome metrics into procurement decision-making.

2. Market Access and Operational Capacity:

Many social enterprises remain structurally excluded from procurement pipelines due to capacity constraints, onboarding complexity, or misaligned contracting standards. Reducing these barriers requires targeted and regional support, as well as streamlined procurement interfaces and matchmaking infrastructure. As corporate buyers expand their sourcing from social enterprises, investment in readiness and integration will be critical to ensure that increased demand translates into sustained participation and delivery.

3. Assurance and Reporting:

As social procurement scales, so does the need for trusted systems to assure the integrity of claimed outcomes. Independent assurance mechanisms play a central role in building confidence and enabling comparability. They also create the conditions for more sophisticated contracting instruments, where outcome delivery is recognized not just as a reporting metric, but as a tradable, performance-based value layer within the procurement process.

Taken together, these enablers point toward a new operating model for social procurement. If impact is measurable, contractual, and investable, social procurement can evolve from an emerging practice into a mainstream, high-impact strategy that strengthens corporate supply chains while advancing global sustainability goals.

With its global platform, strategic corporate social responsibility and business partnerships, and embedded presence across procurement ecosystems, SAP is uniquely positioned to drive this model at scale. By helping de-risk social procurement for businesses while aligning financial and non-financial incentives to enhance social businesses' operational capabilities and market access, SAP supports a more resilient, inclusive supply chain model, directly contributing to the Sustainable Development Goals through measurable, outcome-driven impact.

Methodology



Mixed-Method Stakeholder Consultation

This report draws on a multifaceted qualitative methodology, including insights from the G20 Impact Procurement Coalition, structured stakeholder consultations via online surveys, and analysis of leading social procurement strategies and case studies. By integrating global and regional feedback from corporate and ecosystem actors, alongside industry best practices, CGM ensures that SAP’s Social Procurement Strategy is grounded in evidence-based challenges and opportunities, with actionable recommendations to enhance its global impact.

G20 Impact Procurement Coalition

As a foundational pillar of this consultation, the G20 Impact Procurement Coalition (co-led by SAP, ANDE Brazil, and Yunus Negócios Sociais) served as both a movement-building initiative and a primary source of stakeholder data. Launched during the Ecoa Forum at the 2024 G20 meetings in Rio de Janeiro, the coalition convened corporate leaders, social innovators, and ecosystem enablers to accelerate inclusive procurement practices.

Its objective is to unlock corporate procurement spending to mobilize resources for small and growing businesses addressing pressing social and environmental challenges. Through structured dialogues, workshops, and interviews conducted during the Forum, the coalition generated valuable qualitative and quantitative data that helped inform the strategic framing, recommendations, and regional insights presented in this report.

Structured Stakeholder Survey

To complement and deepen the coalition insights, CGM conducted a targeted data collection exercise via an online survey, distributed to key SAP stakeholders. The consulted organizations included Agora Partnerships, Aspen Network of Development Entrepreneurs, Monte/Social Enterprise World, Pyxera Global, Purchasing with Purpose, and Socialab.

The survey was designed to elicit structured feedback across several thematic areas critical to SAP’s Social Procurement Theory of Change and global strategy alignment, including:

- **Impact Goal:** Define global and region-specific priorities for SAP’s social procurement outcomes

- **Corporate and Social Enterprise Challenges:** Identify integration barriers for buyers and access constraints for suppliers
- **Ecosystem Challenges:** Highlight systemic issues such as policy misalignment, awareness gaps, and reputational risks
- **Regional Insights:** Identify localized challenges and opportunities in procurement readiness
- **Opportunities:** Explore pathways to enhance strategic impact through partnerships, supplier development, and transparency tools
- **Impact Metrics and Outcomes:** Recommend indicators to track progress at both enterprise and ecosystem levels

Key findings from this survey are cited throughout the report. All responses have been anonymized and are hereafter referred to collectively as the “Stakeholder Survey”.

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