

Enabling Social Innovation in Azerbaijan

Country Snapshot

Social innovation: "the processes and outcomes of developing novel approaches to address societal challenges facing people and planet." ¹

This snapshot represents a descriptive, non-exhaustive overview of key highlights from Azerbaijan's social innovation ecosystem

 Direct focus on social innovation  Connected but indirect focus on social innovation  No focus on social innovation

INSTITUTIONAL FRAMEWORK

Official Definition of Social Innovation



- Rather than having an official legal definition of social innovation, Azerbaijan uses a broader concept of public service innovation, anchored in the mandate of the State Agency for Public Service and Social Innovations (SAPSSI). The government's Azerbaijan 2030 National Priorities² (2021) identifies innovation and a knowledge-based economy as strategic goals, but does not define social innovation as a standalone concept.

Government Body for Social Innovation



- The State Agency for Public Service and Social Innovations (SAPSSI)³ (est. 2012) is the central executive body responsible for unified management of ASAN service centres, digital public services, and e-government integration. Its mandate focuses primarily on public service delivery innovation rather than broader social innovation across sectors.

Government Strategy for Social Innovation



- There is no dedicated social innovation strategy; however, relevant priorities are embedded in two broader frameworks: Azerbaijan 2030² (2021), which calls for an innovation ecosystem with incubators, accelerators and venture capital mechanisms; and the Socio-Economic Development Strategy 2022–2026⁴ (2022), which includes digital transformation and SME support as indirect enablers.

Policies, Laws & Regulations



- No social innovation-specific legislation exists. The broader enabling framework includes: the Law on Non-Governmental Organisations⁵ (2000, amended to 2021), which governs civil society; and the Law on Special Economic Zones⁶ which provides tax exemptions for tech and innovation parks (e.g. Alat Free Economic Zone). There is no dedicated social enterprise law, CSR tax, or social impact bond legislation in force.

Official Statistics



- No official statistics are collected specifically on social innovation. The State Statistical Committee collects general entrepreneurship and civil society data, but no dedicated social enterprise or social economy register exists. UNDP and EU project reports represent the primary source of ecosystem data, noting fewer than 30 identifiable social enterprises as of 2022.¹

Government Programs



- The ASAN Service / SAPSSI network³ (2012–present): a flagship public service innovation programme operating 100+ one-stop-shop centres providing 400+ services, which has received multiple UN Public Service Awards (2015, 2019). The Small and Medium Business Development Agency (KOBİA)⁴ supports SME ecosystem development, entrepreneurship culture and startup financing, and led Azerbaijan to rank 2nd globally in the GII 2025 "Entrepreneurship Policy and Culture" sub-indicator.

ECOSYSTEM

Stakeholders



- There is no dedicated non-governmental body for social innovation. Key actors in the adjacent space include: UNDP Azerbaijan² (EU-funded programme "Developing Innovation-Driven and Sustainable Civil Society in Azerbaijan," 2020–2023); the Agency for State Support to NGOs¹⁰ (est. 2021), which manages government grants to CSOs; and the ARCO Social Economy Unit (Italy/UNDP), which delivered training and platform design for social enterprises.
- Sectoral networks are nascent; no formal network for social enterprises currently exists. UNDP policy recommendations (2024) explicitly identified establishment of such a network as a priority. NGO networks operate under the Agency for State Support to NGOs, and KOBİA supports SME associations.
- Support organisations include: UNDP Azerbaijan (capacity building, policy), the EU Delegation (funding, advocacy), and a small number of private incubators/accelerators in Baku focused on tech startups (e.g. Technopark, ASAN iXəbər). The ARCO-managed Digital Knowledge Platform for social entrepreneurs was established in 2022–2023 under the EU/UNDP project.

Support Initiatives



- The primary non-financial support for social innovation has been delivered through the EU/UNDP project (2020–2023), comprising: training of trainers on social entrepreneurship; a Social Enterprise Platform (SEP) providing ideation, incubation, and acceleration; a Demo Day connecting social enterprises with investors; and a Digital Knowledge Platform². KOBİA also provides business development advisory for SMEs with a growing social focus.


Collaboration



- Cross-sector partnerships are limited but growing. The most prominent example is the EU/UNDP–Government collaboration: the policy recommendations for social enterprise development (2024)⁷ were aligned with the national Socio-Economic Development Strategy 2022–2026. SAPSSI has signed 20+ MoUs with international governments and organisations to replicate the ASAN model globally.³
- Key events include the annual ASAN Innovation Forum³ on e-government and public service innovation, and the UN Public Service Forum held in Baku (2019). No major dedicated social innovation awards currently exist; the broader COP29 presidency (Baku, 2024) generated sustainability-focused multi-stakeholder events.


FINANCE

Financing Schemes

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- No reliable estimate of total annual social innovation financing is publicly available. The ecosystem is at an early stage, and dedicated social innovation funding is limited.
 - Primary financing channels include: EU grants (the primary driver, e.g., the ~€2M EU/UNDP civil society project 2020–2023); government grants to NGOs via the Agency for State Support to NGOs (competitive, limited amounts); and KOBIA SME grants. The ADB Country Partnership Strategy 2025–2029 ¹¹ identifies blended finance and innovative financial tools as a future priority, but these are not yet operational for social innovation specifically. Social impact bonds, philanthropic foundations, and dedicated impact investment vehicles are absent.
 - Financing inclusivity is limited. UNDP/EU research (2022) ² found that most social enterprises are Baku-based with limited regional reach. Policy recommendations highlight rural communities, women, and people with disabilities as underrepresented groups in need of targeted support, with administrative barriers further excluding smaller organisations.

SOCIETY


Public Awareness of Social Innovation

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- Public awareness of social innovation as a concept remains low. The ASAN service model has broad public recognition as a public sector innovation success, but broader social innovation concepts are not yet prominent in public discourse. UNDP/EU research (2022) ² noted that even practitioners often do not identify their work as social entrepreneurship or social innovation. Media coverage is concentrated on e-government, tech startups, and COP29-related sustainability topics.

Research

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- Academic research on social innovation in Azerbaijan is nascent. Baku State University and ADA University conduct some research on entrepreneurship, civil society, and public policy. The primary research contributions come from international organisations: UNDP's Policy and Ecosystem Recommendations for Supporting Social Enterprises in Azerbaijan (2024) ⁷ and the EU/UNDP social enterprise ecosystem survey (2022) are the most prominent practitioner research outputs.

Education & Human Capital

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- No degree programmes dedicated to social innovation exist. Social entrepreneurship content has been introduced indirectly through KOBIA and the EU/UNDP project's training-of-trainers and Social Enterprise Platform. ADA University, the most internationally-oriented higher education institution, offers business and public administration programmes that touch on innovation and social impact. No estimate of graduates with social innovation-related credentials is publicly available.

Entrepreneurship



Business Environment:

Azerbaijan is not currently included in the EIU Business Environment Rankings¹² as a standalone entry with full scoring. As a reference point, the ADB Country Partnership Strategy 2025–2029¹¹ identifies ongoing structural reforms for SMEs and private sector development.

EIU Business Environment



Innovation performance

Azerbaijan ranks 94th out of 139 economies in the 2025 Global Innovation Index (GII)¹³, with a score of 22.9/100. Institutional environment is a relative strength (41st), while innovation outputs remain a weakness (112th).

Global Innovation Index 2025



Social entrepreneurship

GEM data on Azerbaijan is limited; the country is not currently a standard GEM participant. However, KOBIA submitted data enabling Azerbaijan's inclusion in the GII 2025 "Entrepreneurship Policy and Culture" sub-indicator, where Azerbaijan ranked 2nd globally⁸

Social & Environmental Consciousness



Solidarity

Per the World Values Survey Wave 7 (2017–2022)¹⁴, social trust in Azerbaijan is concentrated at the family and close community level; generalised interpersonal trust and engagement with broader societal causes is low, consistent with the country's authoritarian political context.



Political Participation:

Azerbaijan is classified as an authoritarian regime by the EIU Democracy Index 2024¹⁵. The 2023 EIU score for Azerbaijan was 2.80/10 overall (political participation sub-score is low given structural constraints on civic engagement)

EIU Democracy Index 2024



Culture of volunteerism

The CAF World Giving Index 2024¹⁶ identified Azerbaijan as recording the largest single-year fall in its giving score among 142 countries surveyed, reflecting a significant decline in charitable behaviours in 2023

CAF World Giving Index 2024



Sustainability

No Azerbaijan-specific ranking was retrievable from the 2024 Environmental Performance Index (EPI)¹⁷ country profile pages at time of research. Azerbaijan's economy remains heavily dependent on oil and gas (approx. 90% of exports), posing significant challenges for climate performance. A national climate adaptation plan was developed in 2024, and renewable energy targets have been set for 2030.¹¹

Environmental Performance Index (EPI) 2024