

Enabling Social Innovation in Iceland

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 Iceland'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 🔗



Iceland does not have a legal definition of *social innovation* in any law or official policy document. The concepts of social enterprise and social innovation have not been embedded in public policy, and these terms remain relatively unfamiliar in public discourse ². No formal government-endorsed definition is in use, aside from general European or academic descriptions of the term.

Government Body for Social Innovation ✓



There is no dedicated government agency solely responsible for social innovation. Instead, innovation-related responsibilities fall under broad institutions. Innovation Center Iceland (ICI) is the main public agency supporting innovation and entrepreneurship broadly, including some socially oriented projects ³. In 2015, the Ministry of Welfare launched a social innovation initiative in the welfare sector, including a temporary fund, but Iceland still lacks a permanent government office dedicated exclusively to social innovation ³.

Government Strategy for Social Innovation ✓



Iceland has no comprehensive national social innovation strategy. The closest equivalent is the **2015 Policy on Social Innovation in Welfare Technology** introduced by the Ministry of Welfare, which aimed to spur innovative solutions in social services ³. This policy led to the establishment of a welfare innovation fund, signaling preliminary government interest. Beyond this initiative, social innovation is not explicitly integrated into Iceland's broader innovation strategies, which continue to emphasize traditional business and tech innovation ³.

Policies, Laws & Regulations ✓ 🔗



Iceland still lacks a bespoke 'social enterprise' legal form, and social enterprises do not constitute a separate legal or statistical category. Most mission-driven organisations operate as associations, public-benefit foundations, or cooperatives under existing legislation, notably the Public Benefit Associations framework and the Cooperatives Act. These provide some tax advantages and legal recognition for public-benefit and cooperative entities, but hybrid or for-profit social enterprise models do not yet have a tailored legal form or dedicated tax regime. Public procurement law allows the use of social and environmental criteria in tenders, but there are no specific social-enterprise set-asides or procurement preferences ⁴.

Official Statistics 🔗



The government does not collect statistics on social innovation or social enterprises as a distinct category. Activities typically fall under the nonprofit or cooperative sectors. A 2018 study estimated that **258 organizations** in Iceland could be considered social enterprises with paid staff in 2017 ⁴. This offers a rough sense of scale, though social innovation is not tracked separately by official statistical agencies ³.

Government Programs on Social Innovation

In 2015, the Ministry of Welfare established a **Social Innovation Fund** to support innovative solutions in welfare services ³. This time-bound fund targeted areas such as elder care technology and inclusive education tools. Today, social innovators rely primarily on general innovation or public welfare funding sources, such as:

- The **Development Cooperation Fund**, supporting international social impact projects;
- The **Climate Fund** (2019–), financing innovative climate and green solutions ⁴;
- The **New Business Venture Fund** (public–private venture capital) and **Rannís Technical Development Fund**, offering grants and investment for innovative projects ⁴.

These mechanisms are **not specific** to social innovation but can be accessed by socially oriented startups and nonprofits.



ECOSYSTEM

Stakeholders

Iceland's social innovation ecosystem is modest but expanding. Key actors include:

- **University of Iceland Centre for Social Innovation and Social Entrepreneurship** (launched 2019), serving as a national knowledge hub supported by the Ministry of Innovation and the national NGO umbrella organization ².
- **Almannaheill**, the umbrella organization for Icelandic NGOs (est. 2008), which advocates for an improved enabling environment for nonprofits ³.
- **Kveikja – Social Enterprise Iceland**, a volunteer-driven grassroots initiative (founded ~2017) promoting awareness, education, and networking around social entrepreneurship ⁶.

Together, these emerging actors provide the groundwork for a more structured ecosystem.



Support Initiatives

Snjallræði (Smart Initiative), launched in 2018, is Iceland's first **social innovation accelerator**, offering mentoring, workshops, and incubation over a 16-week program focused on UN SDG-aligned ventures ⁵.

Other supports include:

- **Icelandic Startups (Klak)**, whose Golden Egg competition increasingly features social enterprise ideas ³
- General innovation support from **Innovation Center Iceland**, offering hackathons, mentorship, and training.

Formal philanthropy-backed incubators remain limited; most support programs are university-driven or ad hoc.



Collaboration

Cross-sector collaboration is limited but gradually improving. In 2019, the University of Iceland, the Ministry of Innovation, and Almannaheill signed an MoU to cooperate on strengthening social innovation in civil society ². Municipalities have begun partnering with NGOs and startups on welfare-related innovation pilots ³. Large-scale institutional partnerships remain rare; collaboration mostly occurs through informal networks.



Events & Awards

Iceland's ecosystem hosts emerging events to raise awareness. **Impact Iceland 2016**, the country's first social entrepreneurship conference, was crowdfunded by enthusiasts to jump-start national dialogue on social innovation ². Smaller university- and hub-led meetups occur irregularly. There is **no dedicated national social innovation award**, though socially oriented startups may receive recognition in mainstream entrepreneurship competitions such as the **Golden Egg**.



FINANCE

Financing Schemes

Iceland lacks specialized social finance institutions or impact investment funds solely dedicated to social enterprises. Social innovators typically rely on:

- Governmental project grants (e.g., welfare, municipal innovation funding);
- The **2015 Social Innovation Fund** for welfare innovation ³;
- Limited but growing interest in **impact investing** and **green bonds** ⁴;
- Mainstream loans, angel investment, or CSR-oriented grants;
- EEA funding for research and pilot projects;
- Occasional **crowdfunding**, which is legal and has been successfully used for social initiatives ⁴.

Iceland does not yet have social-enterprise-specific financial instruments (such as dedicated impact funds) targeted at underrepresented founders. However, several targeted public schemes—such as Women’s Employment Grants (Atvinnumál kvenna), the Gender Equality Fund, the Icelandic Youth Fund, and integration-focused grants for immigrants and people with disabilities—provide tailored grant support that social innovators from these groups can access.

SOCIETY

Public Awareness of Social Innovation

Public awareness remains low. Many Icelanders reportedly “do not even know what social entrepreneurship is” ². Media attention is increasing, and programs like Snjallræði have introduced the terminology into mainstream dialogue, but awareness is still concentrated among a small group of engaged stakeholders ³. Broader cultural recognition is expected to grow as more successful examples emerge.

Research

Academic research is young but developing. Iceland’s first comprehensive mapping of social enterprises was published in **2018**, identifying gaps and future needs ³. The University of Iceland’s Centre for Social Innovation aims to expand research and applied learning outputs ². Engagement in European networks (EMES, COST Action EmpowerSE) and Nordic collaborations has begun to strengthen Iceland’s research presence.

Education & Human Capital

Iceland has **one formal university course** specifically on social entrepreneurship, offered within the University of Iceland’s Faculty of Social Work ³. Other universities include entrepreneurship or CSR concepts but not dedicated social innovation curricula. Outside academia, accelerators like Snjallræði and networks like Kveikja provide practical skill-building. The talent pipeline remains limited but has strong potential given Iceland’s high education levels and entrepreneurial culture.

Entrepreneurship

26th / **88** countries 

Business Environment

Iceland scores highly in global business environment rankings

World Bank Doing Business 2020;

20th / **133** countries 

Innovation Capacity

This strong innovation culture benefits social entrepreneurs indirectly.

Global Innovation Index ⁷



Social entrepreneurship prevalence

However, surveys show only modest levels of social entrepreneurial activity, as the concept is still emerging domestically ². The foundation for growth is solid, but targeted support is still needed to translate national creativity into social innovation ecosystems.

Social & Environmental Consciousness



Solidarity



Political participation
is consistently classified as a full democracy, among the highest globally ⁸.



population

Volunteering

Volunteerism is common, and community engagement is strong. These societal traits create fertile ground for social innovation, even if explicit awareness of social entrepreneurship remains low.

10th

180 countries



Sustainability

Iceland exhibits high social cohesion and progressive sustainability values.

Environmental Performance Index 2022 ⁷

