

Public Financing for Social Innovation (June 2026)



Case Study **Brazil**



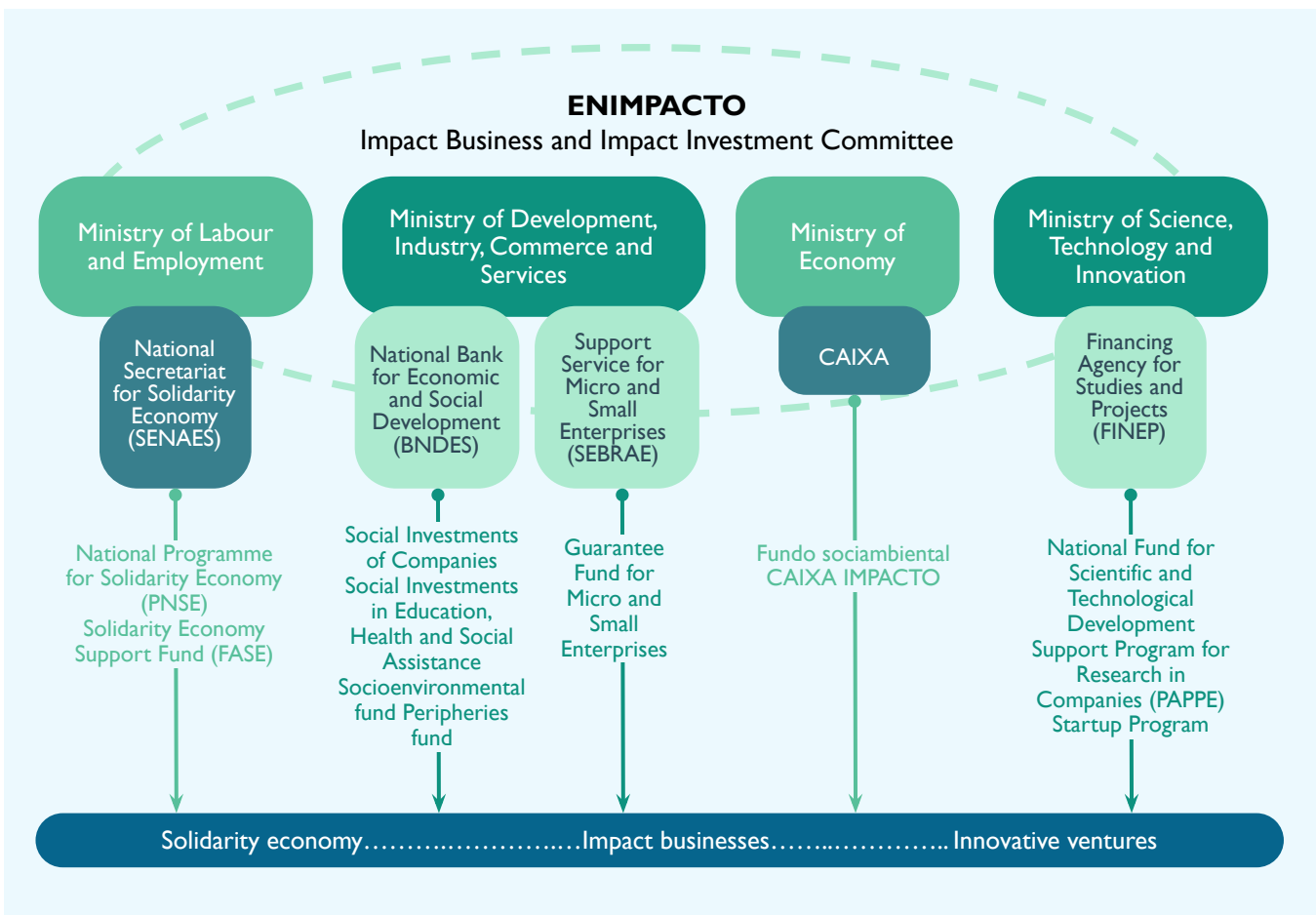
ENIMPACTO

Policy rationale

Brazil has developed one of Latin America’s most advanced frameworks for public financing of social innovation, deeply rooted in its solidarity economy (economia solidária) movement. The country counts more than 15,000 solidarity enterprises, encompassing cooperatives, worker-managed enterprises, community banks, and social technologies designed to drive inclusion, reduce poverty, and promote sustainable development.

Over the last decade, the Impact Economy National Strategy (ENIMPACTO) has been a key driver in the institutionalisation and scaling of social innovation and impact-based businesses in Brazil, by shaping regulation, financing, public procurement, and ecosystem collaboration. Under ENIMPACTO, the initiative aims to promote enterprises that generate positive socio-environmental impact and positive financial results in a sustainable way, using market-based solutions to address social and environmental problems. Annual mappings of impact businesses in Brazil show a rise from 579 in 2017 to 1,011 in 2023, reflecting greater visibility, measurement, and support for social innovation.

Overview



In Brazil, public administration has historically promoted the solidarity economy, viewing social innovation as offering collective, democratic alternatives to unemployment and inequality. At the federal level, several public funders are committed to social innovation:

- The **National Secretariat for Solidarity Economy** (SENAES), created in 2003 under the Ministry of Labour and Employment, coordinates the **National Programme for Solidarity Economy** (PNSE), which supports production, fair trade, microcredit, and market access for solidarity enterprises.
- The **Financing Agency for Studies and Projects** (FINEP), under the Ministry of Science, Technology and Innovation, promotes "social technologies" through grants and subsidised credit, targeting low-cost, scalable solutions to social challenges such as housing and sanitation.
- The federal development bank, **BNDES** (*Banco Nacional de Desenvolvimento Econômico e Social*), offers concessional loans, equity, and guarantees for social projects, including solidarity economy and impact-driven innovations.
- **CAIXA**, Brazil's largest public sector bank by client count, is the primary channel for many federal social-benefit programmes. Through its *Fundo sociambiental*, provides mostly grant-based funding for projects related to environmental protection, community development and social inclusion.
- **Brazilian Support Service for Micro and Small Enterprises** (*Serviço Brasileiro de Apoio às Micro e Pequenas Empresas*, SEBRAE) is the main public agency for micro and small enterprises (MSMEs) in Brazil. It offers capacity building, credit facilitation and business support to entrepreneurs, including women, youth, and solidarity economy ventures.

The ENIMPACTO strategy benefits from long-term objectives and a multi-stakeholder governance structure at the federal level. The Impact Business and Impact Investment Committee is the central coordinating and monitoring body at the federal level, bringing together around 26 members, roughly half of whom represent federal public authorities, including various ministries and agencies. The remainder from the private sector, foundations, and civil society organisations, ensuring a joint-governance approach. This ensures a cohesive policy framework while allowing flexibility in state- and market-level implementation.

States play a crucial role in Brazil's federal system, often customising federal funds and running their own programmes. They act as innovation labs, with Research Support Foundations (FAPs) and state development banks disbursing resources locally. The most active states include Rio Grande do Sul, São Paulo, Minas Gerais, Espírito Santo, and Pernambuco, which have dedicated secretariats, funds, or accelerators for social innovation and solidarity economy. States typically match federal resources and prioritise local needs, such as poverty in the Northeast and agribusiness cooperatives in the South.

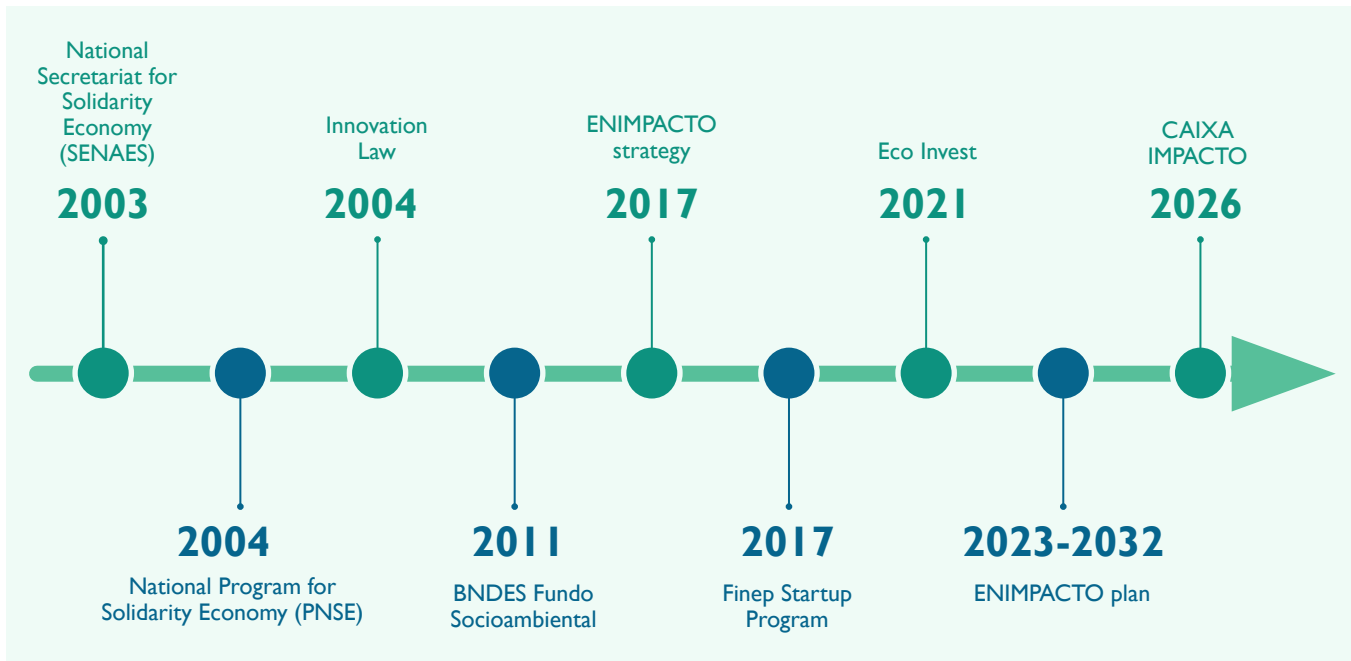
Timeline

Public financing for social innovation in Brazil has evolved over the past three decades, from niche solidarity economy support to a more structured, multi-stakeholder impact economy framework by the 2020s, with expansions in funding volume, instruments, and private-sector integration.

Before the 2000s, public financing for social innovation in Brazil remained embryonic, offering fragmented support through cooperatives and social technology pilots such as Finep's grants, without any unified national strategy. From 2003 to 2016, there was a book on the solidarity economy.

Key milestones included the creation of SENAES in 2003 and the launch of PNSE in 2004. The FASE fund began operations in 2005 with grants and technical assistance. BNDES introduced its social lines in 2004 for concessional loans and equity, while Finep scaled "social technologies" from around 2005 onward, referring to low-cost innovations aimed at reducing poverty.

Funding also expanded through sectoral funds established under Law 10,973 of December 2, 2004, known as the Innovation Law. Although primarily technology-oriented, sectoral funds have significantly bolstered social innovation through Finep's dedicated lines, which support low-cost, scalable solutions for poverty, inclusion, and basic services for social development.



In 2017, the ENIMPACTO adopted a strategy as a federal coordination mechanism led by the Ministry of Development, Industry, Commerce and Services, designed to align public policy, development banks, private capital, and civil society. The first pillar explicitly targets increasing capital supply for impact businesses through public instruments, with the federal government tasked to:

- Encourage development banks and agencies to create dedicated social and impact funds, loans, and financial vehicles tailored to early-stage social enterprises.
- Promote hybrid instruments like debt-with-equity, securitisation, and guarantees to de-risk investments in social innovation.
- Develop public funding programmes supporting large companies' social impact strategies and their supply chains, including procurement preferences for impact solutions.

Fiscal crisis and political shifts marked a short period of retrenchment, during which SENAES and FASE budgets were slashed, and BNDES and Finep credit lines declined sharply. Solidarity economy efforts continued at the state level, but diminished at the Federal level.

Since 2023, however, ENIMPACTO has been revitalised through a new federal decree, triggering a new focus on the impact economy. In parallel with Brazil's G20 presidency between 2023 and 2024 and the hosting of COP30 in 2025, BNDES and Finep disbursements for social technology and impact projects increased substantially. The same year, Brazil issued a USD 2 billion inaugural sovereign sustainable bond, with proceeds earmarked for green and social projects including deforestation control, renewable energy, climate adaptation, and sustainable land use.

The 2023 to 2032 ENIMPACTO plan, developed through a post-public consultation, prioritises addressing inequalities and citizen well-being, combining Brazil's solidarity economy with market tools. The strategy aims to achieve a tenfold increase in impact assets under management and support more than 12,500 impact businesses by 2032.

Public financing is gradually shifting from pure grants to blended, outcome-oriented models. The Impact Business and Investment Committee provides oversight and coordinates implementation at the federal, state and municipal levels. In 2025, the federal budget introduced a dedicated line item, "Fomento e Fortalecimento da Economia Solidária, Associativismo e Cooperativismo", with an allocation of BRL R\$ 72 million (USD 14.72 million) per year, institutionalising recurrent federal support for solidarity economy enterprises, cooperatives, and associative structures.

KEY FIGURES

Federal budget allocation "Fomento e Fortalecimento da Economia Solidária, Associativismo e Cooperativismo" BRL R\$ 72 million/year (USD 14.27 million/year) for 2025 and 2026

The 2025 national call by SENAES awarded BRL R\$ 15 million (USD 2.97 million) to solidarity economy networks

Since its creation in 2010, CAIXA has committed BRL R\$ 462 million (USD 91.57 million) to more than 240 socio-environmental projects, reaching over 52 million direct and indirect beneficiaries and 3.9 million trees planted

ENIMPACTO aims to mobilise BRL R\$ 187 million (USD 37 million) in grants and microcredit from private capital, development banks, and institutional investors by 2032

Financial tools



- **Grants:** Dominates the social economy and early-stage social technology, such as FASE and Finep's PAPPE initiative, which funds capacity building and pilots.
- **Debt and Loans:** BNDES provides concessional credit at low rates, with grace periods of up to 36 months for social projects.
- **Equity:** Is merging through BNDES and Finep for scaling social enterprises, and remains less common than debt.
- **Guarantees:** FASE, BNDES and SEBRAE provide credit guarantees to de-risk lending (Solidarity Economy Support Fund, *Fundo de Apoio à Economia Solidária*) provides low-interest credit, guarantees, or grants to solidarity economy entities that struggle to access traditional bank services. It also offers technical assistance for capacity building and project incubation. It is implemented by executing agencies at the federal and state levels, including public banks, development agencies, and municipalities, under the strategic orientation and monitoring framework of SENAES.

Beyond the solidarity economy, several financing mechanisms have emerged to support impact businesses. BNDES operates several social financing lines that provide non-reimbursable or concessional-rate financing instruments for projects that generate jobs, income, social inclusion, and environmental benefits. Several of its instruments promote social innovation, including:

- **BNDES Social Investments of Companies** (*Investimentos Sociais de Empresas, ISE*): finances corporate social investment programs such as job-training, community development, health and education-related projects
- **BNDES Social Investments in Education, Health and Social Assistance** (*Educação, Saúde e Assistência Social*): supports public-sector and nonprofit-sector projects in education, health, and social-assistance infrastructure and services.
- **BNDES Fundo Socioambiental and Periferias**: provides non-reimbursable funds targeting low-income and collective entrepreneurs, especially in urban peripheries, with a focus on job creation, income generation, and socio-environmental improvement.
- **BNDES Fundo de Investimento e Participação (FIP)** invests in impact-oriented funds, which target start-ups and innovative ventures with social and environmental impact.

SEBRAE operates guarantee mechanisms such as FAMPE, the Fundo de Aval de Micro e Pequenas Empresas, which reduce risk for banks and allow micro and small companies to access loans at lower interest rates. By reducing the collateral barrier, FAMPE indirectly supports social innovators, including women, youth, and community-based entrepreneurs who struggle to secure traditional bank guarantees.

Finep

Finep complements this ecosystem by using a variety of tools, including equity and quasi-equity, to help scale social enterprises and impact-driven startups. Its main investment channels are:

- **National Fund for Scientific and Technological Development** (FNDCT, *Fundo Nacional de Desenvolvimento Científico e Tecnológico*) invests in technology-focused venture capital funds that provide equity to early and growth-stage companies. Some of these funds target sustainable technology, inclusive technology and social impact ventures, helping channel public capital into the scaling of social enterprises.
- **Finep Startup Program** invests directly in startups via stock purchase option contracts.
- **Support Program for Research in Companies** (PAPPE, *Programa de Apoio à Pesquisa em Empresas*) is a decentralised grant programme that funds innovation in small companies, especially early-stage research and development, in partnership with state-level research support foundations.





Eco Invest

Eco Invest is an innovative public finance mechanism designed to leverage public funds into much larger flows of private capital for green and climate-related projects. Coordinated by the Ministry of Finance, the National Treasury, BNDES, and Fundo Clima, the platform brings together stakeholders within a national public-private sector framework. Public capital, mainly from Brazil’s sovereign sustainable bond, is expected to catalyse 4x private investment from commercial banks and institutional investors through competitive auctions. Ecoinvest is currently in its fourth fundraising round. However, banks have not fully deployed the available capital due to a limited pipeline of qualified, bankable projects.

In 2026, CAIXA launched the CAIXA IMPACTO platform, which provides financial and technical support to impact-driven businesses, including grants, soft loans, and capacity building. Under this banner, CAIXA aims to mobilise BRL R\$ 500 million (USD 99 million) from private investors and support around 150 impact-focused businesses, social enterprises, micro- and small enterprises, cooperatives, and NGOs in the bioeconomy sector that serve low-income or marginalised populations.

Lessons Learned

Pitfalls to avoid	Success factors
<p>Commercial banks still struggle to identify a pipeline of bankable projects, especially when these projects are not properly linked to capacity building and visibility efforts.</p>	<p>Centralised coordination, multi-stakeholder participation, and long-term planning were the key enablers of the ENIMPACTO strategy.</p>

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