Government Council for Social Innovation

Advancing Social Impact

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Legal & Policy Frameworks for Social Innovation

A comparative analysis of 27 jurisdictions across all continents

HOGAN LOVELLS CADWALADER

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Legal & Policy Frameworks for Social Innovation

A comparative analysis of 27 jurisdictions across all continents

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Foreword

> Some of the most important ideas begin where existing systems have fallen short.

When people speak about social innovation, they often begin with ideas, energy and purpose. They speak of communities finding new answers to old problems; of entrepreneurs building models that serve people as well as markets; of governments searching for better ways to respond to need. But so do the systems around those efforts. Social innovation unfolds and takes shape within legal rules, institutional structures, and public frameworks that can either help it grow or quietly hold it back.

This report emerged from a simple but important recognition: that law and governance are not peripheral to social innovation. It is quite the opposite. They are part of its operating environment. They influence whether new models can be formed, funded, recognised, procured, measured and sustained, and whether promising initiatives remain local and fragile, or become embedded and enduring.

This report reflects a rich but uneven landscape across 27 jurisdictions. In some places, social innovation benefits from clearer legal pathways and intentional public structures. In others, it relies on workarounds, improvised solutions or systems not originally designed for it. In some jurisdictions, the building blocks are present but disconnected. Sometimes the ambition is visible, but the supporting architecture remains incomplete. That variation has consequences for whether social innovation can move from aspiration to implementation.

This report is a comparative resource: an effort to understand how different legal and institutional environments create space for social innovation, where they constrain it, and where the most meaningful development opportunities may lie.

This report is a useful resource for policymakers considering reform, practitioners, and those in civil society, philanthropy and the private sector seeking more durable structures around social purpose. It demonstrates how law can enable innovation, trust, and long-term public value, and where thoughtful reform could make the greatest difference. When the right conditions are in place, social innovation just doesn't start.
It endures.

Hogan Lovells Cadwalader Team

Executive Summary

This report presents a comparative legal analysis of the frameworks, policies, and regulatory instruments that shape social innovation across 27 jurisdictions worldwide. Drawing on jurisdiction-specific questionnaires analysed comparatively across seven thematic dimensions, the study identifies cross-jurisdictional patterns, regional variations, and actionable insights for policymakers, practitioners, and the international community.

Government Infrastructure

Whilst most jurisdictions acknowledge the importance of social innovation, few have established a centralised lead agency or a standalone national strategy. Only six countries, Germany, Luxembourg, Malaysia, Portugal, Senegal, and Thailand , have adopted a clearly dedicated national strategy or policy instrument for social innovation or the social economy. Oversight is more commonly embedded within existing ministries or distributed across multiple bodies, resulting in persistent gaps in accountability, continuity, and strategic coordination.

Coordination and collaboration mechanisms are widespread but rarely consolidated into durable structures. Monitoring and evaluation systems remain largely indirect, emerging from broader innovation or development frameworks rather than from dedicated social innovation strategies. Participatory and co-creation mechanisms are increasingly adopted across regions, though levels of institutionalisation vary widely. Regulatory sandboxes are now an established tool but remain largely sector-based, especially in finance, rather than operating as cross-government instruments for social innovation. Public–private partnerships play a significant role in enabling and scaling socially innovative initiatives, though their level of intentionality and institutionalisation varies considerably.

Organisational Forms

Dedicated legal forms for social-purpose enterprises remain the exception rather than the rule. Cooperatives and associations are the most widely recognised organisational forms, with foundations also appearing prominently. Where dedicated forms exist, such as community interest companies in the United Kingdom, societal impact companies in Luxembourg, social cooperative enterprises in Greece, or benefit corporations in Italy and Colombia, they typically embed codified public-benefit purposes, governance obligations extending beyond shareholder primacy, and limitations on profit distribution. However, the global diffusion of formalised social-enterprise regulation remains concentrated in Europe and Latin America, and is absent from Africa, Asia, and Oceania. Governments balance incentives, principally tax benefits and funding access, with constraints such as asset locks, reinvestment obligations, and employment quotas to safeguard mission integrity.

Directors' duties to pursue social or environmental objectives are largely entity-specific. Specialised organisational forms and hybrid corporate models may require directors to balance financial performance with broader stakeholder interests. Still, ordinary commercial companies continue to operate under shareholder-oriented governance frameworks. A growing number of jurisdictions have introduced hybrid corporate models, such as Colombia's Beneficio e Interés Colectivo (BIC) companies, Ecuador and Peru's collective-benefit companies, and Italy's benefit corporations, that explicitly integrate stakeholder governance voluntarily.

Environmental, social, and governance (ESG)-related obligations vary significantly in scope, intensity, and legal enforceability across the 27 jurisdictions. EU Member States and closely aligned jurisdictions have developed the most comprehensive and standardised ESG frameworks, driven by EU legislation including the Corporate Sustainability Reporting Directive and the Sustainable Finance Disclosure Regulation.

Market-oriented economies, such as the United Kingdom, Australia, and Singapore, rely primarily on disclosure-based approaches that emphasise transparency and investor information. In lower-income jurisdictions, ESG frameworks tend to be narrow, sectoral, or emerging, with requirements focused on environmental approvals, labour protections, or foundational governance expectations. Across all models, there is a clear trend towards increasing transparency, regulatory convergence, and the gradual expansion of ESG requirements.

Taxation

Tax systems increasingly serve as strategic tools for achieving social and environmental objectives. Corporate tax rates range from 10% (Bulgaria) to 35% (Colombia), with universal Small and Medium Enterprises (SME) support through tiered structures. Nearly all jurisdictions (96.3%) offer tax support for mission-driven organisations, with a clear shift towards accreditation-based frameworks requiring measurable impact reporting. Donation deductibility is near-universal, with state certification as the gateway for relief. Environmental taxation is more prevalent than social taxation, and no jurisdiction has adopted a dedicated Corporate Social Responsibility (CSR) tax for publicly traded companies. Governments use targeted incentives, including enhanced deductions, accelerated depreciation, and tax credits, to steer investment towards innovation, sustainability, and social outcomes.

Funding and Investment

The funding and investment environment for social innovation is no longer marginal. All 27 jurisdictions provide at least some pathway for financing socially and environmentally oriented activity, with mechanisms ranging from grants and subsidies through repayable finance, guarantees, outcome-based contracts, blended finance, and capital-market approaches. However, the depth, coherence, and scalability of those pathways vary substantially.

Public investment generally shows more direct integration of social and environmental considerations, whilst private investment is shaped more indirectly through disclosure, risk management, and market incentives. No jurisdiction has enacted a comprehensive, standalone law dedicated to impact investment or blended finance; most rely on a combination of general financial laws, sector-specific regulation, and policy frameworks. The strongest ecosystems are those that connect strategy, regulation, and finance into a reliable continuum from social purpose to investable scale.

Public Procurement

Public procurement systems are progressively embracing ESG integration, value-based evaluation, and innovation-oriented instruments, reflecting a broad global shift towards more sustainable and socially responsive procurement practices. ESG criteria are either permitted (50%) or mandatory (50%) across the 27 jurisdictions, with environmental criteria dominating whilst social and specialised criteria remain less established.

Most countries have moved beyond strict lowest-price approaches, with a clear three-level maturity pattern emerging: advanced systems that evaluate the most economically advantageous tender (MEAT); emerging frameworks that allow but only partially require value-based evaluation; and foundational regimes that remain predominantly price-focused. Innovation partnerships are formally available in 61% of jurisdictions, with a further 22% operating functionally equivalent mechanisms.

Research and Data

Research funding and data infrastructure are critical enablers of social innovation. Most of the 27 jurisdictions actively fund or incentivise research on social innovation, and the majority embed social and environmental criteria into their research funding frameworks. All 27 governments collect and publish data on social challenges such as poverty, health, unemployment, and education. However, data on social innovation and mission-driven organisations remains fragmented in many countries, with significant variation in legal definitions, dedicated statistical series, and coverage. Almost all jurisdictions have established open data laws and platforms, reflecting a near-universal trend towards greater transparency.

Sustainable Development Goals Integration

All 27 jurisdictions report Sustainable Development Goals (SDG) aligned programmes, but the extent to which social innovation is explicitly recognised as an implementation mechanism varies markedly across jurisdictions. Some countries, such as Estonia, Germany, Portugal, and Thailand, have developed comprehensive institutional architectures that embed social innovation within SDG governance. Others integrate it within broader innovation policy. A third group demonstrates growing recognition without yet having formalised it as a distinct policy domain.

SDG prioritisation reflects each country's principal development challenges rather than a uniform global template. EU membership creates a distinctive enabling environment, with shared instruments mainstreaming both SDG objectives and social innovation into national policy and financing.

The central finding of this comparative exercise is that no single legal or institutional model has emerged as dominant. The most effective jurisdictions for social innovation are those that align policy direction, legal recognition, funding instruments, disclosure standards, and market incentives into a coherent, mutually reinforcing ecosystem. Where these building blocks work in concert, social innovation is far more likely to move beyond isolated pilot projects and become embedded in the structures of governance, finance, and public service delivery.

I. Introduction

Governments increasingly recognise social innovation as a critical tool for addressing complex and interrelated societal and environmental challenges. It enables new ways of designing policies, delivering services, and mobilising diverse actors to generate public value. Social innovation refers to "*the processes and outcomes of developing novel approaches to address societal challenges facing people and planet.*" (*Luxembourg Declaration, 2025*) While such innovation can emerge within public institutions themselves, this report focuses primarily on the role of government in enabling social innovation beyond the public sector through legal frameworks, policies, and institutional arrangements that support external actors and ecosystems.

This report presents a global comparative analysis of the legal and policy frameworks shaping social innovation across 27 jurisdictions. Prepared in collaboration with **Hogan Lovells Cadwalader**, it examines the role of the government in creating the conditions for social innovation to emerge, develop, and scale, and the extent to which legal and institutional architectures support or hinder that process.

This report has been developed for and in consultation with the Government Council for Social Innovation (GCSI), a coalition of more than 50 governments working to embed social innovation at the heart of public policy, finance and service delivery. Intended as a practical comparative resource, this report's purpose is both analytical and practical: to contribute to the work of the GCSI and to support more informed, evidence-based discussion on how law and governance can advance sustainable and socially oriented progress of social innovation in practice.

The report is organised into **seven thematic chapters**, each addressing a distinct policy domain that touches on the legal and institutional environment for social innovation.

1. **Government Infrastructure:** The extent to which governments have formalised support for social innovation through strategies, coordinating bodies, monitoring and evaluation systems, operational support mechanisms, participatory processes, regulatory sandboxes, and public-private partnerships.
2. **Organisational Forms:** The legal vehicles available to social-purpose entities and the incentives, constraints and governance obligations associated with them.
3. **Taxation:** The core tax frameworks and targeted fiscal measures that influence the financing and sustainability of mission-driven organisations.
4. F**unding and Investment:** The financing mechanisms available to support social innovation and the legal and policy frameworks governing impact investment and public-private blended finance.
5. **Public Procurement:** The extent to which procurement regimes enable or constrain the incorporation of social and environmental criteria and innovation-oriented instruments.
6. **Research and Data:** How governments support research on social innovation and collect and publish data relevant to social challenges and mission-driven activity.
7. **SDG Integration:** How governments embed support for social innovation within the broader frameworks, programmes and policies through which they pursue the SDG.

What follows is a structured comparative assessment of the policy domains through which governments enable, shape, or constrain social innovation, rather than a description of national legal arrangements alone. Taken together, this report offers a cross-jurisdictional account of the legal ecosystems within which social innovation operates, identifying common patterns, notable divergences and practical insights for policymakers, practitioners and the wider international community.

Approach

A substantial cross-jurisdictional research exercise underpins this report. The underlying material was gathered from October 2025 to December 2025 through a detailed set of jurisdiction-specific questionnaires administered across the 27 jurisdictions covered by this study. The full questionnaire can be accessed in Annex 3. In each jurisdiction, responses were compiled across the full range of topics addressed in this report, including government infrastructure, organisational forms, taxation, funding and investment, public procurement, research and data, and the integration of the SDG. This report and its underlying material have been compiled in collaboration with Hogan Lovells Cadwalader.

In jurisdictions where Hogan Lovells Cadwalader does not maintain a local office, the firm worked alongside 19 local law firms to support the accuracy, depth and jurisdictional sensitivity of the analysis. In total, approximately 80 lawyers from across Hogan Lovells Cadwalader' global network contributed to the collection, review and synthesis of the underlying material. Those responses were then comparatively analysed to identify cross-jurisdictional patterns, regional divergences, and broader legal and policy trends. That comparative work provides the evidential foundation for the analysis that follows.

This report covers the following 27 countries: Australia, Bhutan, Bulgaria, Chile, Colombia, Ecuador, Estonia, France, Germany, Greece, Iceland, Italy, Kenya, Luxembourg, Malaysia, Montenegro, Nepal, Peru, Portugal, Rwanda, Senegal, Singapore, South Africa, Spain, Thailand, the United Kingdom, and Zambia.

Part 1

Government Infrastructure

Part I Government Infrastructure

While few countries have dedicated social innovation strategies or institutions, most countries actively support it through embedded policies, partnerships, and participatory mechanisms.

Government infrastructure provides the strategic and institutional foundation for fostering social innovation. It defines how policy priorities are organised, which actors are responsible for coordination, and how governments engage with citizens, academia, and the private sector to encourage experimentation and learning. Well-designed frameworks align political vision with operational delivery, helping social innovation move from isolated pilot projects to systemic policy approaches.

This section examines the extent to which governments have formalised their support for social innovation through national strategies, coordinating bodies, and operational tools. It also explores how governments build institutional capacity, promote training and education, and experiment with participatory and regulatory mechanisms. Together, these elements indicate the maturity and coherence of each country's approach to enabling social innovation.

I. National Strategies and Governance Frameworks

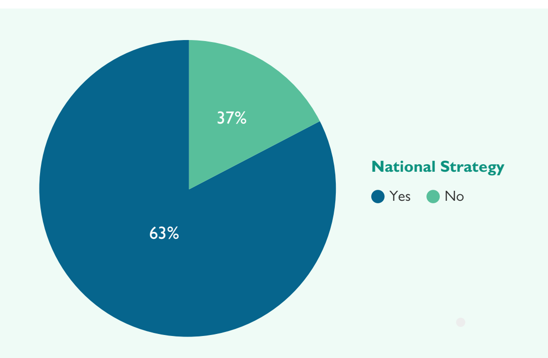
Dedicated national strategies and policies for social innovation or social economy

I.1. Introduction

Across the 27 jurisdictions, only Germany, Portugal, Malaysia, Thailand, Senegal and Luxembourg have adopted a clearly dedicated national strategy or policy instrument for social innovation or the social economy, with comprehensive strategies and targeted legislation. In contrast, most other jurisdictions address social innovation through broader, embedded policy frameworks.

Countries with a National Strategy for Social Innovation

Pie chart of countries with/without a national strategy for social innovation



I.2. Overall patterns

The six countries with dedicated frameworks demonstrate distinct but complementary approaches to institutionalising social innovation. Some have adopted comprehensive national strategies as seen in Germany, Portugal, Malaysia, Thailand, and Luxembourg, whilst others have established their frameworks primarily through dedicated legislation as in Senegal and Luxembourg. These approaches are not mutually exclusive; several countries combine strategic planning with legal frameworks to create robust institutional environments.

The key distinction lies in whether social innovation is treated as a standalone policy domain with its own dedicated architecture, or embedded within broader policy instruments. France exemplifies the latter. It's a highly developed framework based on the Social and Solidarity Economy Law (2014)[i] and major investment programmes such as France 2030[ii], operating without a single national strategy dedicated exclusively to social innovation.

Case study:

Germany

Germany has adopted a comprehensive National Strategy for Social Innovations and Social Enterprises (2023)[iii], which sets out multiple fields of action, concrete measures, and a monitoring framework. This positions social innovation as a distinct national policy domain, closely linked to funding, research, education, and impact measurement.

In the remaining countries, social innovation and the social economy are supported through integrated sector-based policy frameworks rather than through a single, formal national strategy. Governments typically embed social innovation within national development plans, science and technology strategies, social inclusion frameworks, recovery and resilience plans, and digital transformation agendas.

1.3. Conclusion

In conclusion, the six jurisdictions with dedicated frameworks show that social innovation can be institutionalised through different but complementary pathways, combining national strategies, legislation or both. The core divide is between countries that treat social innovation as a standalone policy domain and those that embed it within broader sectoral frameworks. Overall, dedicated frameworks remain the exception, and most countries support social innovation through integrated policy instruments rather than a single formal national strategy.

Dedicated government bodies overseeing social innovation

2.1. Introduction

Across the 27 countries included in this research, dedicated government bodies for social innovation are the exception rather than the norm. In most cases, oversight is embedded within existing institutions or distributed across multiple ministries, rather than centralised in a single, purpose-built authority.

2.2. Overall patterns

Oversight is concentrated in Science, Technology and Innovation Ministries

Governance of social innovation typically sits within existing ministries rather than in a dedicated, newly created government body. While responsibility may fall to labour or social affairs in some countries, the dominant lead is increasingly ministries focused on science, technology and innovation, with social innovation treated as a secondary policy stream. This diversity allows the use of existing structures but often dilutes focus and accountability.

A clear pattern emerges: while nearly all governments acknowledge the importance of social innovation, few have established a dedicated agency or permanent structure to oversee it. Instead, oversight tends to be integrated into broader policy domains or shared across multiple institutions.

- **Dedicated units are rare**

Only a handful of countries have created a named agency, task force, or national platform with a specific mandate to coordinate social innovation. Even in such cases, such as Germany's SIGU Platform[iv] or Thailand's National Innovation Agency (NIA)[v], the entities often operate within broader innovation ecosystems. They are not exclusively focused on social innovation. These structures typically serve as coordination hubs, knowledge centres, or funding intermediaries rather than regulatory authorities.

- **Oversight via existing ministries**

The most common model is for social innovation to be managed within existing ministries, particularly those responsible for labour, social policy, economy, or innovation, where it sits as one of several thematic areas under a broader mandate. For example, Bulgaria's Ministry of Labour and Social Policy leads on social economy and social enterprise development. Malaysia's Ministry of Science, Technology and Innovation oversees programmes that include social innovation components. This model allows governments to leverage existing administrative infrastructure, but it can dilute focus and accountability.

- **Functional equivalents and shared**

- **responsibility**

In many countries, oversight is not formally assigned to a single entity but is instead carried out by a constellation of actors. These "functional equivalents" include innovation councils, development agencies, inter-ministerial committees, or national planning bodies. For instance, Bhutan's Prime Minister's Office operates an Innovation Lab[vi] that supports policy experimentation. At the same time, Rwanda's National Council for Science and Technology[vii] plays a central role in coordinating innovation policy with a social impact focus. These arrangements often rely on informal coordination and can vary in effectiveness depending on political will, institutional capacity, and cross-sector collaboration.

- **Temporary or project-based structures**

Some countries have experimented with time-bound task forces or pilot initiatives. Australia, for example, hosted a Social Innovation Unit within the federal Department of Education, Employment and Workplace Relations (2010–2013) and later convened a Social Impact Investing Taskforce[viii] (2019–2020). Both contributed to policy development but lacked continuity, with no permanent successor body established.

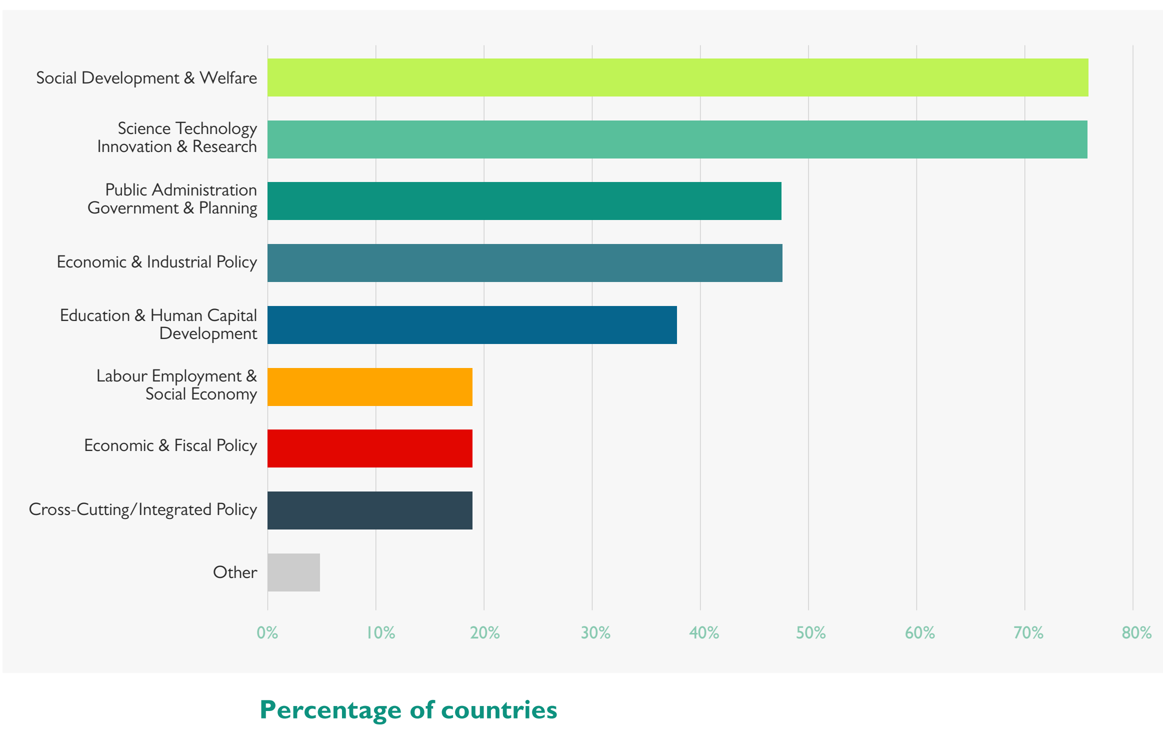
Lack of clear focal points

In several countries, oversight is spread across so many ministries and agencies that no single body is clearly in charge. In Nepal and Zambia, for example, social innovation is supported through general SME or innovation programmes, often in partnership with NGOs or international donors. These ecosystems are typically at an early stage of development and lack formal governance structures, making coordination and long-term planning more difficult.

In sum, while nearly all countries examined have some form of engagement with social innovation – whether through funding, policy frameworks, or programmatic support – very few have established a centralised, permanent oversight mechanism. The prevailing model is one of integration into existing ministries or reliance on functional equivalents, which can be pragmatic but often leads to fragmentation, limited accountability, and challenges in sustaining momentum over time.

Ministries Housing Social Innovation

Where social innovation sits within government institutional structures



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Income matters more than region in how governments coordinate social innovation

Across jurisdictions, income level, rather than geographic region, best explains whether governments have clear coordinating bodies for social innovation.

In high-income countries, responsibility for social innovation lies with established ministries, such as those covering labour, social affairs, the economy or innovation. It remains reinforced through platforms or cross-sector bodies. Germany's SIGU platform, Luxembourg's ministry-led social economy infrastructure, and long-standing coordination units in France, Italy, and the United Kingdom are examples of arrangements that benefit from stable funding, administrative capacity, and stronger inter-ministerial cooperation.

By contrast, lower-middle and low-income countries rarely have a clear institutional home, relying instead on fragmented oversight through innovation councils, donor-funded programmes, or NGOs, as seen in Nepal, Zambia, or Rwanda. This supports experimentation but often limits continuity and the ability to plan and act consistently over time. Senegal stands out as a notable exception through its dedicated ministry for the social and solidarity economy.

2.3. Conclusion

Social innovation is gaining recognition across the 27 countries studied, but governance remains weak. Most countries have no dedicated lead agency, spreading responsibility instead across existing ministries or temporary bodies. While this integrated approach reflects a trend towards mainstreaming, it continues to generate gaps in accountability, continuity, and long-term coordination. At the same time, emerging efforts to strengthen ministerial mandates and coordination mechanisms suggest growing recognition that more stable and coherent governance is needed to support effective social innovation policy.

Effective coordination and collaboration mechanisms between ministries or stakeholders

3.1. Introduction

Across the 27 countries, governments generally collaborate on programmes, funding schemes and innovation pilots, but struggle to maintain consistent coordination across sectors and ministries. In most countries, a ministry or agency carries primary responsibility, with councils, platforms or no dedicated body appearing intermittently, especially in lower-income countries. This points to a governance landscape that leans towards embedded responsibility, rather than distinct, centralised oversight

3.2. Overall patterns

- **Inter-ministerial and cross-government cooperation**

Inter-ministerial committees and working groups exist, but they are less common than expected. When present, they mainly serve to harmonise policy objectives, align strategic documents, and avoid duplication. Their role is more strategic than operational, and they seldom act as engines of implementation.

- **Innovation agencies and specialised platforms**

A more common driver of collaboration is the use of innovation agencies, national platforms, and competence centres. These structures sit adjacent to ministries and support them with technical expertise, pilot facilitation, stakeholder matchmaking, and experimentation or co-design methods. Because these bodies are usually aligned with innovation, science, or economic portfolios, they often act as cross-sector connectors, even in countries where otherwise ministries work in silos.

Case study:

EU-funded national competence centres

The European Commission has funded the creation of national competence centres for social innovation across the EU through the European Social Fund (ESF) and the Employment and Social Innovation (EaSI) programme. Six EU-backed consortia, covering 25 countries, are currently mapping national social innovation ecosystems, including key stakeholders, expertise gaps, and capacity-building needs, as a basis for establishing sustainable national competence centres and supporting scale-up.

- **Planning bodies and national councils**

In several jurisdictions, especially those where national development planning plays a central role, coordination is exercised through planning bodies or councils. Collaboration happens through planning cycles, mandated consultation processes, or cross-agency review mechanisms. These structures can be effective for setting direction, but variable in implementation.

- **Temporary task forces**

Task forces and committees with a fixed mandate offer a practical way to tackle specific issues or pilot innovations. They can be highly effective during their operational window but often lack continuity, leaving gaps once the mandate expires.

- **Participatory and co-creation mechanisms**

Many countries use participatory forums, innovation labs, or co-design processes. While not formal coordination mechanisms, they frequently become de facto spaces where ministries collaborate with civil society, agencies share responsibilities, and cross-sector experimentation occurs. These participatory mechanisms compensate for the absence of formal inter-ministerial bodies, making them informal but influential coordination tools.

Case study:

Asia-Pacific as the outlier

Asia-Pacific stands out for the diversity of its social innovation governance models, ranging from relatively centralised systems led by innovation agencies or councils to highly dispersed arrangements with fragmented ministerial mandates. This variation reflects structural differences between centralised, federal, and decentralised administrations, where strong subnational leadership can enable experimentation but often weakens national coherence.

While higher-income systems more often formalise coordination through strategies or advisory bodies, lower-income contexts rely on project-based or donor-supported arrangements. Overall, the region shows the widest spread of governance architectures, making Asia-Pacific a clear outlier in institutional design rather than a case of uniformly stronger or weaker coordination.

3.3. Conclusion

Coordination and collaboration mechanisms for social innovation are widespread but rarely consolidated into durable structures. Across the 27 countries, responsibility is most often distributed within existing ministries and supported by agencies, councils, platforms, or task forces that act as functional coordinators rather than formal authorities.

This patchwork model enables collaboration and programme-level alignment, but typically lacks the authority, continuity, and capacity needed for system-wide steering. As a result, common governance gaps persist, including the absence of a clear lead agency, fragmented mandates, reliance on short-term or ad hoc arrangements, and capacity constraints in resource-limited settings.

Most countries recognise collaboration as essential, but have yet to build coherent, whole-of-government structures capable of consistently guiding social innovation over time.

Government systems for monitoring, evaluation, and revision of social innovation strategies

4.1. Introduction

Governments across the 27 countries covered vary significantly in whether and how they monitor, evaluate, and revise social innovation policies and strategies. Most jurisdictions have no single national strategy for social innovation, and their monitoring systems reflect this, fragmented, inconsistent, or absent altogether.

4.2. Overall patterns

Across the countries analysed, monitoring and evaluation systems for social innovation tend to emerge indirectly from broader innovation, development, or funding frameworks rather than from dedicated national strategies.

- **Dedicated monitoring systems remain rare**

Only a handful of countries have developed structured mechanisms to track implementation and revise social innovation policy. Germany is the clearest example. Following its National Strategy for Social Innovations and Social Enterprises (2023), it established a formal monitoring system with measurable indicators, coordinated implementation through the SIGU Platform, and published a monitoring report showing 77% of the strategy's measures were implemented or underway. No other country studied has a comparable system dedicated specifically to social innovation.

- **Monitoring often occurs through broader innovation or development frameworks**

Several countries operate relatively structured evaluation environments for social innovation, but these are embedded within broader policy frameworks rather than dedicated strategies. France, Luxembourg, and Malaysia illustrate this approach, integrating monitoring and reporting through national sustainability, innovation, or social economy systems and specialised agencies. In these cases, social innovation is evaluated indirectly, as part of a broader innovation and development ecosystem rather than through standalone assessment frameworks.

- **Programme-level evaluation is more common than strategic monitoring**

In many countries, monitoring occurs primarily at the level of individual programmes rather than through national policy review mechanisms. For example, Chile produces regular programme-level reporting through agencies such as CORFO[ix] and FOSIS[x]. Colombia evaluates pilots through the Department for Social Prosperity and scales successful initiatives linked to national development and STI policy. However, these evaluations do not constitute a unified system for monitoring social innovation policy across government.

- **Limited monitoring capacity in emerging or lower-capacity governance environments**

In several countries, monitoring remains minimal or highly decentralised. Bhutan reviews innovation through its Five-Year Plans[xi] without independently evaluating social innovation. Kenya monitors innovation more broadly through institutions such as KeNIA[xii], but evaluation of social innovation initiatives remains programme-based. In Ecuador, Montenegro, and Nepal, monitoring is largely tied to donor-funded initiatives, sectoral programmes, or isolated innovation hubs rather than to a national policy framework.

Overall, the evidence indicates that while evaluation practices exist across many countries, they rarely operate within an integrated system capable of supporting systematic policy revision.

4.3. Conclusion

Across the 27 countries, most governments lack established systems for monitoring, evaluating, and revising social innovation policy, largely because few have a unified social innovation strategy. Where monitoring occurs, it tends to happen through programme-level reporting, broader development or innovation plans, or donor-driven evaluations.

Countries with strong innovation ecosystems, such as France, Germany, Luxembourg, and Malaysia, offer the closest equivalents to structured monitoring, embedding evaluation within national innovation or social economy frameworks rather than within dedicated social innovation systems. Where responsibilities are fragmented, or no clear policy lead exists, monitoring remains inconsistent and limited to individual initiatives, resulting in weak coordination, limited use of impact metrics, and few formal mechanisms for systematic policy revision.

2. Operational Support And Capacity Building

Operational resources, training, and advisory services available to support social innovation

1.1. Introduction

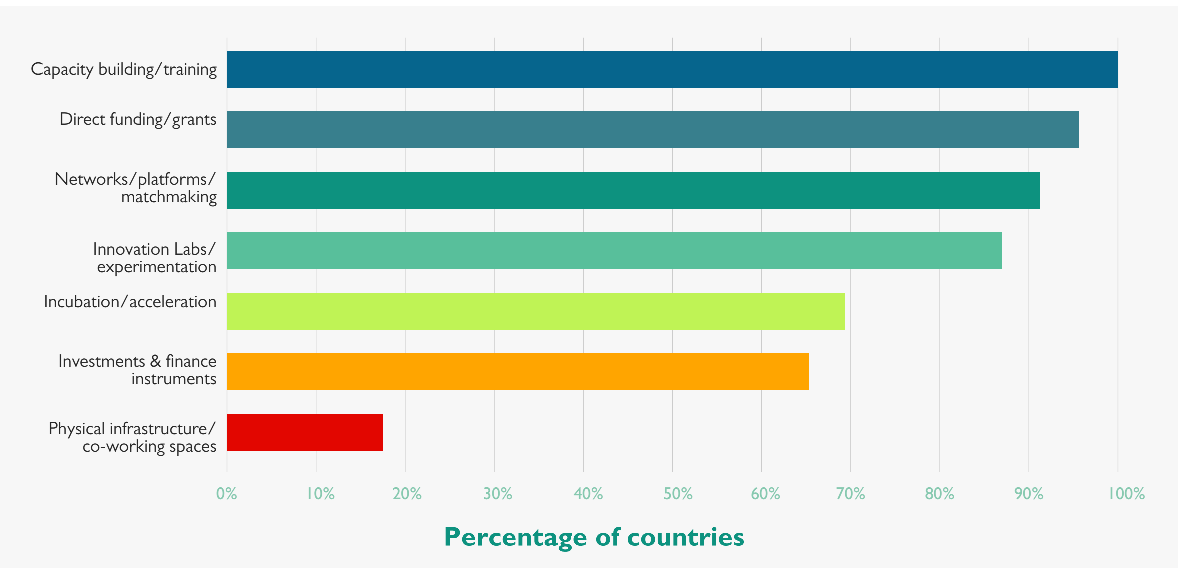
The 27 countries covered provide a broad yet uneven set of operational resources, training programmes, and advisory services that support social innovation. Few frame it as a standalone policy field; most offer support indirectly through entrepreneurship, digital transformation, social economy development, or innovation governance mechanisms.

1.2. Overall patterns

Across the countries analysed, operational resources and capacity-building support for social innovation tend to emerge within broader innovation, entrepreneurship, or social economy ecosystems rather than through dedicated policy frameworks.

Support for Social Innovation

Types of support provided for social innovation



- **Highly structured ecosystems in a limited number of countries:**

A small group of countries provides relatively institutionalised support systems that combine funding, advisory services, training, and dedicated infrastructure. France, Germany, Luxembourg, Portugal, Spain, Italy, Iceland, and Bulgaria illustrate this pattern, combining public funding, technical assistance, incubators, and national innovation platforms to support social innovation at many levels.

- **Training and skills development are the most common forms of support**

Training and skills development are the most common forms of government support across all regions, ranging from specialised social economy training in parts of Europe to broader entrepreneurship, digital, and cooperative programmes elsewhere. In many African and South Asian countries, such initiatives are closely linked to youth employment, digital transformation, and entrepreneurship agendas, indirectly supporting social innovation by strengthening technical and organisational skills.

- **Innovation incubators and accelerators are widely used but rarely specialised**

Many countries provide incubation and acceleration services, although these typically target entrepreneurship or innovation broadly rather than social innovation specifically. High-income economies such as Australia and Singapore offer comprehensive innovation ecosystems with national grant schemes, accelerators, and strong links to universities and lifelong learning systems. Middle-income countries such as Malaysia and Thailand also operate structured programmes through national innovation agencies, combining funding with advisory support and community innovation initiatives.

- **Fragmented or donor-dependent support systems in emerging ecosystems**

In several countries, particularly in Africa and parts of South Asia, advisory services remain fragmented and often linked to specific donor-funded initiatives or time-bound programmes. Examples include digital entrepreneurship programmes in Kenya, Rwanda, Senegal, and Zambia that focus primarily on ICT skills development, start-up incubation, and youth employment. In Bhutan and Nepal, capacity building and incubation programmes are frequently delivered through partnerships with civil society organisations and international development partners rather than through dedicated national systems.

1.3. Conclusion

Operational resources, training, and advisory support for social innovation are widespread but uneven in their level of institutionalisation and coordination across the 27 countries analysed.

Higher-income ecosystems, particularly in parts of Europe and the Asia–Pacific, tend to offer more stable support through advisory centres, incubators, innovation platforms, and legally recognised social economy frameworks. In many middle-income countries, support remains largely programme-based, often led by innovation agencies and focused on experimentation, incubation, and pilot funding rather than long-term advisory structures.

In lower-income or emerging ecosystems, government support is typically channelled through entrepreneurship, digital innovation, and skills programmes that indirectly support social innovation but are rarely tailored to it. Across jurisdictions, persistent gaps include limited specialised advisory services, weak national coordination, and continued reliance on donor-funded initiatives, with long-term institutional support and impact measurement remaining uneven.

Educational and lifelong learning initiatives for social innovation

Educational and lifelong learning initiatives related to social innovation are present across almost all countries reviewed, though their form and institutionalisation vary depending on the national policy model adopted.

Three distinct patterns emerge. Germany, Portugal, Luxembourg, and Malaysia have built education and capacity building directly into national frameworks supported by dedicated platforms and institutions. Social innovation features into higher education, vocational training, and professional development through university programmes, incubators, training vouchers, and structured advisory services linked to accreditation and impact measurement.

France, Italy, Spain, and Australia deliver education approaches and lifelong learning through mainstream higher education, vocational training, and innovation systems rather than dedicated frameworks. Universities provide executive and postgraduate courses, whilst EU-funded programmes and vocational education reforms support project-based learning and collaboration between training centres, enterprises, and social entities.

A third pattern, in smaller, decentralised, or donor-driven systems, emerges in Estonia, Iceland, Bulgaria, Rwanda, Nepal, Montenegro, Ecuador, and South Africa. Initiatives rely more heavily on EU-funded programmes, development cooperation, and project-based delivery through innovation hubs, incubators, and NGO-supported programmes.

Case study:

Luxembourg

Luxembourg operates a highly structured system linked to its National Strategy for the Social and Solidarity Economy. The University of Luxembourg offers entrepreneurship and impact programmes, including a Certificate in Sustainable Development and Social Innovation[xiii]. These are further supported by the national lifelong learning platform[xiv], public agencies providing sustainability and impact finance training, and the Social Business Incubator[xv] offering structured training aligned with accreditation and impact measurement.

3. Participation, Experimentation, and Partnerships

Promotion of participatory or co-creation mechanisms

1.1. Introduction

Governments across the 27 countries studied generally promote participatory and co-creation mechanisms relevant to social innovation, though the extent, formality, and depth of these mechanisms vary significantly. While nearly all systems acknowledge some form of citizen or stakeholder involvement, the actual practices range from legally mandated consultation to co-design through innovation labs, to experimental participatory pilots embedded in planning processes. Overall, the data reveal that participation is now a mainstream expectation in governance, even if implementation remains uneven.

1.2. Overall patterns

- **Formal consultation**

Most countries rely on formal consultation frameworks as the baseline mechanism. These include legally mandated public participation, as in Kenya, South Africa, Greece, and Iceland, advisory councils, or structured public comment processes tied to national strategies or legislative reforms. In some European countries, such as Iceland, these frameworks extend to statutory or constitutional-level rules requiring governments to consult stakeholders before adopting policies related to social innovation.

- **Co-design and co-production**

Beyond consultation, a growing number of countries employ co-design and co-production approaches. These mechanisms involve citizens, NGOs, social enterprises, and community groups directly in shaping services or policy interventions. Examples appear in innovation units or design-thinking labs within the administration, such as the United Kingdom"s Policy Lab[xvi], Bhutan's Innovation Lab, or Italy's participatory planning forums, which convene mixed groups to prototype and refine solutions before implementation. In Thailand and parts of Africa, university-community collaborations and local design workshops act as embedded co-creation spaces tied to social innovation outcomes.

- **Participatory policymaking and budgeting**

Many systems use participatory budgeting or community-driven planning, sometimes mandated in local government acts. Spain, France, Iceland, Colombia, Chile, Rwanda, Zambia, and Senegal all display variations of this approach. These processes allow residents to propose, deliberate on, and prioritise local initiatives, often producing social innovation projects that respond to community-identified needs.

- **Collaborative platforms, innovation labs, and living labs**

These occur across all regions and income groups. Europe's landscape includes living labs aligned with digital public services and sustainability agendas, while Estonia and Luxembourg operate robust digital co-creation tools linked to open government objectives. African countries such as South Africa and Senegal use living labs to co-develop community-focused solutions in fields including health, agriculture, and digital inclusion. In

Asia–Pacific countries, innovation labs and challenge platforms found in Thailand, Singapore, and Malaysia serve as recurring vehicles for citizen engagement, albeit often in more controlled, pilot-based formats. In Latin America, collaborative hubs emerge through planning ministries or social inclusion agencies, reflecting a tradition of community involvement in public policy.

1.3. Conclusion

Across the 27 countries studied, governments are increasingly adopting participatory and co-creation approaches to support social innovation, though levels of institutionalisation vary widely. Many engage citizens, NGOs, and communities through consultation, participatory budgeting, or legally mandated engagement, but in practice, these approaches are often project-based and unevenly implemented. Common challenges include weak continuity, fragmented responsibilities, limited inclusion of marginalised groups, and minimal evaluation of outcomes. Despite these constraints, there is a clear shift towards more collaborative, citizen-involving models, even if capacity and implementation gaps remain significant.

Countries that have introduced regulatory sandboxes for testing innovative social or financial models

2.1. Introduction

Regulatory sandboxes, controlled environments where organisations can test new approaches under relaxed rules, are used in most jurisdictions. They remain largely sector-based, especially in finance, rather than operating as cross-government instruments for social innovation, a pattern consistent across all 27 countries.

Most follow regulator-led models, such as the United Kingdom FCA sandbox, Bank Negara Malaysia, the Bank of Thailand, or Rwanda and Zambia's central bank frameworks, enabling controlled testing under sectoral supervision. A smaller group of countries have built broader frameworks that allow experimentation across multiple policy areas rather than a single sector. Examples include Portugal's Technological Free Zones, Italy's Sperimentazione Italia, Germany's Real World Laboratories, and Estonia's Accelerate Estonia.

Several countries have created similar testing environments in specific sectors without formally calling them sandboxes. Australia and Spain have done this in energy; France and Luxembourg have done this in data and AI. These allow organisations to test new approaches in support of social outcomes without requiring formal regulatory waivers.

Overall, sandbox use is diversifying; however, its contribution to social innovation remains indirect and fragmented.

2.2. Overall patterns

Regulatory sandboxes continue to be adopted primarily through a "finance-first" pathway, with early pilots focusing on payments, e-money, open finance, and digital identity verification across income groups. At the same time, broader test beds are gaining traction, extending sandbox use to energy, data and AI, and to cross-sector frameworks. This increases their relevance for social innovation by addressing public services, safety, and inclusion rather than purely financial products. There is also a growing shift from ad hoc experimentation towards adaptive regulation, with clearer learning and scale pathways emerging through mechanisms such as draft legislation or published outcome processes.

A small number of outliers illustrate more advanced or unconventional models, including cross-sector "free zones" in Portugal and Italy, Estonia's regulatory barrier-removal programme, and Iceland's informal, dialogue-based sandbox approach. Despite this progress, key gaps remain: few sandboxes explicitly target social policy experimentation beyond sectoral pilots; many lack clear routes from testing to national rollout; and capacity and coordination constraints persist, particularly in lower-resource settings and in multi-regulator environments. Overall, while sandbox models are diversifying and maturing, their application to social innovation remains uneven and largely indirect.

Europe as the sandbox outlier

Europe stands out for both the breadth of its sandbox coverage and the strength of its pathways from pilot to policy. Alongside financial services sandboxes such as the United Kingdom's FCA and the Bank of Greece, European jurisdictions have built cross-sector test environments, including Portugal's ZLT[xvii], Germany's Reallabore[xviii] and Italy's Sperimentazione Italia[xix], as well as data and AI supervisory sandboxes such as Luxembourg's CNPD[xx] and France's CNIL[xxi]. Many have explicit mechanisms to translate lessons into guidance or legislation, including Germany's draft Real-World Laboratories Act and ministry guidance in Spain.

Higher income levels help explain why Europe can sustain this breadth. Wealthier countries can afford more regulators, more specialised agencies and the staff to effectively run them. By contrast, lower-middle and low-income countries tend to focus on central-bank-led fintech sandboxes covering payments and e-money, or rely on innovation hubs and informal engagement between regulators and innovators, where the resources needed to run formal sandbox programmes are simply not available

2.3. Conclusion

Sandboxes are now an established regulatory tool across regions and income groups, with finance as the common entry point and select diversification into energy, data and AI. The most effective implementations pair clear legal bases and inter-agency coordination with transparent learning pathways from pilots to rule change. To better support innovative social models, jurisdictions could open testing environments beyond financial services, build social outcomes into the criteria for what gets tested, and create clear pathways from pilot to scale. This would turn scattered experimentation into systematic social innovation policy.

Public-private partnerships focusing on social innovation

3.1. Introduction

Public–private partnerships (PPPs) emerge as a widespread mechanism through which governments engage private actors to enable, finance, or scale social innovation across the 27 countries reviewed. Although the degree of institutionalisation varies, PPPs consistently appear as practical tools for addressing social challenges, testing new models, or expanding essential services, even in jurisdictions without a dedicated national social innovation strategy.

3.2. Overall patterns

PPPs play an important role in supporting social innovation, though their objectives and institutional settings vary across the 27 countries analysed, depending on policy maturity, governance structures, and available resources.

- **PPPs as instruments for scaling structured social innovation ecosystems**

In several countries, particularly those with relatively mature innovation or social economy frameworks, PPPs are used to strengthen and scale established ecosystems. European examples illustrate this pattern clearly. France's French Impact[xxii] initiative connects social innovators with municipalities and corporations, while Germany's Social Impact Labs and related partnerships support incubation, procurement-based scaling, and experimentation programmes. Luxembourg similarly deploys PPPs through initiatives such as the Social Business Incubator and cross-sector sustainability collaborations. In these contexts, PPPs contribute not only to service delivery but also to the long-term development of social innovation ecosystems, including impact measurement, incubation infrastructure, and collaboration platforms.

- **PPPs as vehicles for experimentation and collaborative innovation**

In many countries, PPPs support experimentation and pilot initiatives that bring together government, private sector, and civil society to address complex social challenges. Examples include Estonia's Accelerate Estonia[xxiii] initiative, which enables collaboration among ministries, start-ups, and civil society organisations to test solutions to regulatory or societal challenges.

Similar partnerships operate in innovation labs, incubators, and collaborative platforms across multiple jurisdictions, reflecting a growing use of PPPs to test and refine innovative policy or service models.

- **PPPs as tools to address capacity constraints and service delivery gaps**

In many countries, PPPs function primarily as pragmatic mechanisms for extending public service delivery or financing social initiatives where government capacity is limited. In Latin America, initiatives such as Colombia's Social Impact Bond[xxiv] illustrate how PPPs can mobilise private investment to achieve social outcomes. Chile's Fundación Chile[xxv] represents another longstanding public–private innovation partnership. In Peru, PPPs supporting sectors such as digital inclusion, health, and water services frequently incorporate socially innovative components while primarily addressing service expansion needs.

- **PPPs supporting national development and innovation agendas**

In several countries, PPPs play a central role within broader national development strategies focused on innovation, digital transformation, or inclusive growth. Kenya's Ajira Digital Program, implemented in partnership with the private sector, promotes youth employment through digital skills training. Rwanda's Kigali Innovation City[xxvi] combines government, private investors, and academic institutions to build an innovation ecosystem. Malaysia's Social Impact Exchange and regulatory sandboxes demonstrate how governments collaborate with the private sector to accelerate socially oriented technological and entrepreneurial solutions.

3.3. Conclusion

PPPs play a significant role in enabling and scaling socially innovative initiatives, though their level of intentionality and institutionalisation varies. In countries with more mature innovation ecosystems – particularly in parts of Europe – PPPs are often embedded within broader legal and policy frameworks, supporting incubators, social investment mechanisms, experimentation programmes, and collaboration platforms that strengthen social innovation ecosystems.

In middle and lower-income contexts, PPPs frequently compensate for limited public-sector capacity by mobilising private actors, development partners, and international organisations, often focusing on digital transformation, entrepreneurship, sustainability, and service delivery in sectors such as health, energy, and education. However, most countries lack legal frameworks explicitly tailored to PPPs for social innovation, with initiatives often fragmented, pilot-based, or donor-dependent. Strengthening coordination, legal clarity, and pathways for scaling remains key to making PPPs a more systematic driver of social innovation.

4. Conclusion

Across the 27 countries researched, government infrastructure for social innovation remains predominantly embedded rather than standalone, with only a limited number of jurisdictions adopting fully dedicated strategies, institutions, or frameworks.

- A first key finding concerns national strategies and governance frameworks. A small group of countries have established explicit national strategies or legal frameworks for social innovation, while most integrate it within broader policy agendas such as innovation, social economy, or development planning. This confirms that social innovation is generally not treated as an autonomous policy domain, but rather as a cross-cutting objective.

- Second, institutional responsibility and coordination remain largely fragmented. Dedicated government bodies are rare, with most countries relying on existing ministries, makeshift arrangements, or temporary structures. While collaboration mechanisms exist through innovation agencies, platforms, or participatory processes, they are generally informal or project-based and lack the continuity and authority needed for whole-of-government coordination.

- Third, monitoring, evaluation, and revision systems are underdeveloped. Only a few countries have structured mechanisms to assess progress and inform policy adaptation, while most rely on programme-level evaluation or broader development frameworks. As a result, they have limited means of learning what works and improving policy over time. Fourth, operational support and capacity building are widely available but unevenly institutionalised. Training programmes, incubators, and innovation platforms are common across jurisdictions. Still, advisory services and long-term support structures are more developed in higher-income countries, while lower-income contexts often depend on donor-funded or time-bound initiatives.

- Fifth, participation, experimentation, and partnerships are increasingly central features of government approaches. Participatory mechanisms, regulatory sandboxes, and PPPs are widely used to foster experimentation and collaboration. However, deploy these tools in a fragmented manner and rarely embed them within coherent governance frameworks.

Overall, the evidence points to a global landscape characterised by growing recognition and experimentation, but limited institutional consolidation. While many countries have developed promising components, such as innovation platforms, participatory tools, and partnership models, few have integrated these elements into comprehensive and durable systems capable of systematically supporting and scaling social innovation. Strengthening governance clarity, coordination mechanisms, monitoring systems, and long-term institutional capacity remains a key priority across all jurisdictions.

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Part 2

Organisational Forms

Part 2 Organisational Forms

Organisational forms for social innovation vary significantly in their design, legal recognition, and regulatory sophistication, reflecting diverse governmental approaches to balancing commercial activity with social and environmental objectives. Social innovation may emerge across all sectors of the economy, including within government, civil society and the private sector. In practice, however, a significant share of socially innovative activity is driven by organisations that pursue explicit social and/or environmental objectives alongside, or in place of, financial returns. These include social enterprises, cooperatives, foundations, community enterprises and hybrid corporate models that operate at the intersection of public-interest goals and market-based activity, and often require tailored legal frameworks to support their missions.

Organisational forms define the legal identity and operational flexibility of social innovators. They shape how entities balance profit and purpose, how capital can be raised, and what accountability obligations exist. Legal form choices are not neutral: they determine how social and environmental purposes are embedded in governance structures, how directors' duties are framed, and the extent to which organisations are required to account for their impacts on people and the planet. The diversity of legal structures – from cooperatives and community enterprises to hybrid models such as benefit corporations – reflects how governments conceptualise social innovation within broader economic systems.

Against this backdrop, this section explores the different legal forms most commonly used by social- and environmental-purpose organisations across the 27 jurisdictions. It examines how these forms operationalise social purpose through profit distribution, governance requirements, asset locks, and reporting obligations. In addition, it assesses whether and to what extent broader ESG requirements apply to organisations operating under other legal forms, including ordinary commercial companies, and how these requirements increasingly shape expectations around accountability, transparency and responsible business conduct.

This section examines whether and how governments create or adapt organisational forms to support social purpose entities. It looks at the range of legal options available, the incentives and requirements associated with each, and the extent to which such forms embed social or environmental missions into governance and reporting. It also explores emerging regulatory expectations around ESG disclosure for both enterprises and investors, as these shape the normative environment for responsible innovation.

I. Dedicated Legal Forms for Social-Purpose Enterprises

1.1. Introduction

Across the 27 countries, the availability of dedicated legal forms specifically designed for social enterprises, cooperatives, community enterprises, and similar mission-driven entities varies considerably. While certain jurisdictions have developed specialised legal vehicles that formally embed social purposes within corporate governance, others continue to rely on traditional structures adapted for social innovation activities.

1.2. Overall patterns

A clear pattern emerging from the comparative data is the predominance of traditional, well-established legal forms as the primary vehicles for social innovation across the examined jurisdictions. Cooperatives and associations stand out as the most widely recognised and accessible organisational forms, with nearly all countries providing for their establishment.

Foundations also appear prominently, recognised in the majority of countries, signalling the continued importance of philanthropic and grant-making institutions within the social-innovation ecosystem.

- **Dedicated social-economy forms in Europe:** Several European countries have created specific legal structures for social enterprises. These models are generally designed to ensure that organisations serve a social purpose through measures such as reinvesting profits, protecting assets for public benefit, and involving stakeholders in governance.
  - In Greece, Law No. 4430/2016 established Social Cooperative Enterprises (Koin.S.Ep.), including forms focused on social integration and collective social benefit.
  - Italy's Social Cooperatives, established under Law No. 381/1991, must promote community benefit or support the social integration of disadvantaged people.
  - Luxembourg introduced the Societal Impact Company (SIS), which formally recognises organisations with a social purpose and provides a tailored tax framework.
  - In the United Kingdom, Community Interest Companies (CICs), established under the Companies (Audit, Investigations and Community Enterprise) Act 2004, must meet a statutory community-interest test and comply with asset-lock requirements.

Case study:

Luxembourg

Luxembourg's SIS provides a well-defined legal structure for social purpose organisations. SIS entities benefit from an adapted tax regime and access to public procurement contracts at national and EU levels. To qualify, enterprises must include their social mission in their articles of association and comply with impact-related accreditation requirements. Managers are legally required to align with the organisation's social purpose and meet strict transparency and reporting obligations.

Case study:

Italy

Italy's Social Cooperatives are among Europe's earliest dedicated legal forms for social-purpose enterprises. These cooperatives must prioritise the community's general interest or the social integration of disadvantaged individuals.

Social Cooperatives pursuing work-integration objectives must employ at least 305 disadvantaged workers. Material benefits include reduced mortgage and cadastral taxes, preferential VAT rates on qualifying services, and access to tailored public agreements. Strict limits on profit and dividend distribution apply, with most surplus required to become non-distributable reserves.

- **Hybrid corporate structures:** A second approach involves hybrid corporate structures that formally integrate social or environmental objectives into traditional commercial companies, which may voluntarily opt into a recognised social-purpose status. Colombia's Collective Benefit and Interest Companies (Sociedad de Beneficio e Interés Colectivo, or BIC), established by Law No. 1901/2018,[iv] allow any commercial company to voluntarily register as a BIC while committing to generating positive social and environmental impact. Ecuador and Peru have adopted similar models that require companies to embed collective-benefit objectives in their constitutions.

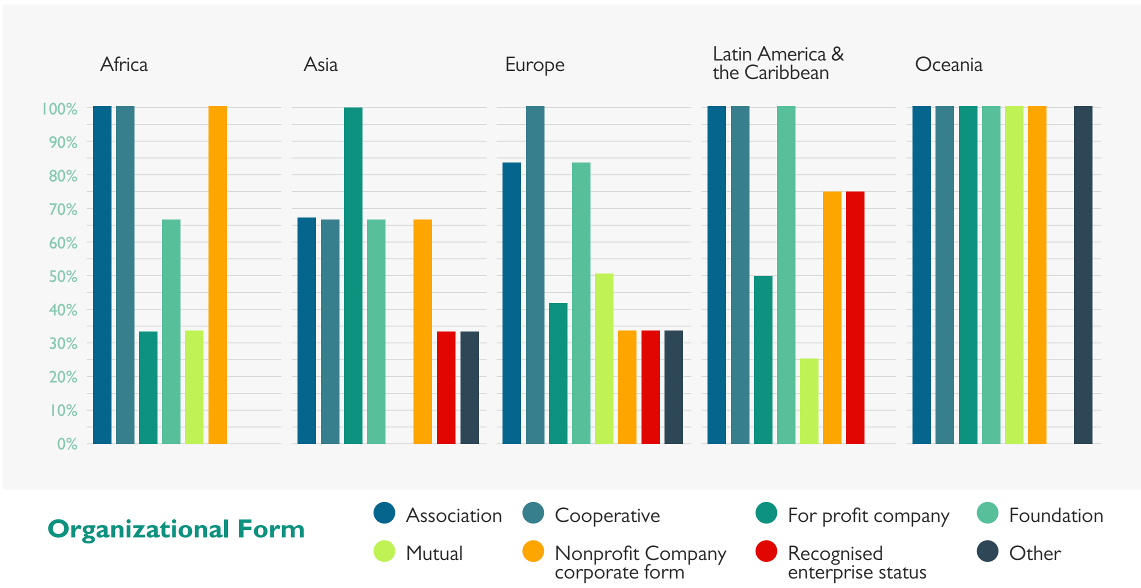
- **Reliance on traditional forms:** A third group of countries, including Australia, Bhutan, Bulgaria, Chile, Estonia, France, Germany, Iceland, Kenya, Malaysia, Montenegro, Nepal, Portugal, Rwanda, Singapore, South Africa, Spain, Thailand, and Zambia, has not enacted dedicated social-enterprise forms. In these systems, mission-driven organisations typically rely on existing corporate structures such as non-profit associations and foundations, cooperatives, or standard commercial companies with voluntary mission clauses.

- **Regional variation:** The regional breakdown confirms important differences. Foundations are highly prevalent in Europe and Latin America but appear far less frequently in Africa and Asia. Non-profit corporate forms are especially prominent in Africa and Asia, whereas Europe and Latin America rely less heavily on this model.

Recognised social-enterprise legal forms and an accreditation status for social enterprises appear almost exclusively in Europe, Latin America and the Caribbean. They are absent from Africa, Asia, and Oceania, suggesting that formalised social-enterprise regulation remains regionally concentrated and has not yet spread globally.

Organizational Forms by Region

Percent of countries in each region with each organizational form



1.3. Conclusion

The comparative analysis reveals that dedicated legal forms for social-purpose enterprises remain the exception rather than the rule across jurisdictions. Nonetheless, common elements emerge across jurisdictions with dedicated frameworks: codified public-benefit purposes, governance obligations that extend beyond shareholder primacy, limitations on profit distribution, and mechanisms to ensure transparency and accountability. The absence of a unified global model for social-enterprise regulation underscores the diversity of approaches, with most jurisdictions continuing to rely on general non-profit or cooperative structures rather than developing dedicated frameworks for hybrid, mission-driven enterprises. Formal legal recognition for social enterprises remains largely confined to Europe and Latin America and has yet to spread to the rest of the world.

2. Incentives and Requirements Embedded in Dedicated Social-Purpose Legal Forms

2.1. Introduction

Governments often balance incentives with requirements when designing legal frameworks for social-purpose entities. Some forms provide tax benefits or access to public funding, while others include reinvestment obligations or asset locks to protect mission integrity. This pattern is consistent across the 27 countries studied

2.2. Overall Patterns

- **Tax benefits and access to funding:** Jurisdictions with dedicated social-enterprise forms typically confer specific advantages to incentivise their use. In Greece, Koin.S.Ep. enjoy tax exemptions on the portion of profits retained as reserves and used for enterprise activities, alongside access to grants and social investment. Italy's Social Cooperatives receive reduced mortgage and property taxes, preferential VAT rates on qualifying services, and access to tailored public agreements. In France, entities accredited under the Social and Solidarity Economy (Économie Sociale et Solidaire) framework access favourable tax treatment and reserved public procurement opportunities. Cooperatives in Spain benefit from reduced corporate tax rates and reliefs under the Special Tax Regime for Cooperatives.

- **Asset locks and reinvestment obligations:** A common requirement across dedicated forms is the requirement to lock assets for community benefit and reinvest profits into the organisation's mission. The United Kingdom's CICs must adopt an asset lock preventing company assets from being used for private gain, with restrictions limiting distributable profits to 35%. Luxembourg's SIS entities face similar restrictions on dividend distribution and must comply with rigorous governance and transparency obligations. Italian Social Cooperatives face strict limits on profit and dividend distributions, with most surplus required to be set aside as non-distributable reserves.

Case study:

United Kingdom

The United Kingdom's CIC structure, established in 2004, provides an operationally flexible vehicle for community-benefit activities. CICs must pass a community interest test and file annual Community Interest Reports explaining stakeholder engagement and community service objectives. A statutory asset lock restricts profit distribution to 35% of distributable profits, ensuring assets are retained for community benefit. Directors must prioritise stakeholder and community interest over shareholder returns. Notably, CICs do not benefit from special tax treatment following the closure of the Social Investment Tax Relief scheme.

- **Employment quotas and purpose restrictions:** Certain forms impose operational requirements to ensure alignment with social objectives. Greek Integration Koin.S.Ep. must ensure that at least 30% of members or employees come from vulnerable social groups, or 50% from special population groups. Italian Social Cooperatives pursuing work integration objectives must employ at least 30% disadvantaged workers.

- **Reporting and transparency requirements:** Enhanced accountability mechanisms accompany dedicated social-enterprise forms. Colombian BIC companies must publish annual benefit reports assessing social and environmental performance. The United Kingdom's CIC directors must prepare annual Community Interest Reports explaining how the company's activities have benefited society. In Senegal, social economy organisations must regularly submit reports demonstrating adherence to mission, governance, and reinvestment requirements.

- **Limitations of hybrid models:** Hybrid structures, such as benefit, impact, and community companies, typically retain the structural flexibility of regular commercial companies, including the ability to raise capital and distribute profits. However, unlike traditional non-profits or foundations, they do not qualify for special tax regimes and continue to operate under standard corporate tax rules.

2.3. Conclusion

The comparative analysis demonstrates that governments employ a range of mechanisms to balance the incentivisation of social-purpose activity whilst safeguarding mission integrity. Tax benefits and access to funding remain the primary incentives across jurisdictions, whilst asset locks, reinvestment obligations, and employment quotas constitute the principal requirements.

A notable gap exists in the consistency of incentive structures. Some forms offer substantial fiscal advantages, others–particularly hybrid models provide limited material benefits beyond formal recognition. This inconsistency may affect the attractiveness of dedicated forms for social entrepreneurs, particularly in jurisdictions where traditional structures offer comparable flexibility with fewer requirements.

I. Directors' Pursuit of Social or Environmental Goals

3.1. Introduction

Across the 27 countries, the extent to which company directors are required or permitted to consider social or environmental objectives alongside financial performance varies significantly. While certain legal systems continue to rely on a shareholder-oriented governance model for ordinary commercial companies, several jurisdictions embed broader stakeholder considerations within specific organisational forms or through hybrid corporate models designed to pursue public-benefit purposes.

3.2. Overall patterns

Entity-specific duties to pursue social or environmental objectives

Case study:

United Kingdom

The United Kingdom illustrates how specific organisational forms embed social-purpose duties within corporate governance. Community interest companies must satisfy a statutory community-interest test and operate for the benefit of the community rather than private shareholders. Directors are required to act consistently with this purpose and must prepare an annual community interest report explaining how the company's activities have benefited society.

Hybrid corporate models integrating stakeholder governance

A growing number of jurisdictions have introduced hybrid corporate models that explicitly integrate social or environmental objectives into corporate governance. Under these frameworks, directors are required to balance financial performance with broader stakeholder interests, including social impact or environmental sustainability. These models are typically voluntary and require companies to embed collective-benefit objectives within their constitutional documents, alongside enhanced transparency obligations such as annual impact reporting.

Case study:

Italy

Italy combines entity-specific and hybrid governance models. Social cooperatives and mutual societies must prioritise the general interest of the community or the welfare of their members, with boards obliged to safeguard the cooperative purpose and ensure that benefits accrue primarily to members and the community rather than external investors. Hybrid corporate forms such as benefit corporations, which are required to pursue common-benefit objectives alongside profit. More broadly, listed companies and public-interest entities are encouraged or required to integrate ESG considerations into strategic decision-making through corporate governance codes and non-financial reporting obligations.

Shareholder-oriented governance in ordinary commercial companies:

Despite these developments, certain jurisdictions continue to maintain a traditional shareholder-oriented governance framework for standard commercial companies. Directors' duties generally focus on promoting the success of the company for its members or shareholders. However, in many jurisdictions, boards may consider broader stakeholder interests, including employees, communities or environmental impacts–where this aligns with the long-term interests of the company or where such objectives are incorporated into corporate statutes or governance policies.

Case study:

Kenya

Kenya reflects a predominantly shareholder-oriented governance framework in which directors are primarily focused on the company and its shareholders. Whilst companies must comply with environmental and social obligations under sectoral legislation, such as environmental impact assessments and labour regulations, these operate as compliance requirements rather than as integrated governance responsibilities requiring directors to balance stakeholder interests

Case study:

Thailand

Thailand similarly operates under a shareholder-oriented governance model for commercial companies. Directors' duties focus on corporate governance, transparency and compliance with applicable laws, including environmental and labour regulations. Although listed companies are subject to sustainability disclosure requirements and governance codes that encourage consideration of ESG factors, these do not generally impose a binding obligation on directors to prioritise social or environmental objectives over shareholder interests

3.3. Conclusion

Overall, the comparative analysis suggests that governance models requiring directors to pursue social or environmental objectives remain largely jurisdiction-specific. While specialised organisational forms and hybrid corporate models embed stakeholder considerations into directors' duties, most ordinary commercial companies continue to operate under shareholder-oriented governance frameworks.

4. ESG-Related Obligations

4.1. Introduction

Across the 27 countries, ESG-related obligations vary significantly in scope, intensity and legal enforceability. While some jurisdictions have developed comprehensive ESG frameworks, often driven by sustainability reporting and due diligence requirements, others rely on fragmented or sector-specific regulation, with obligations applying primarily to large companies, listed entities or financial institutions. ESG requirements may arise from statutory law, financial regulation or corporate governance codes, and in many cases differ depending on whether they apply to enterprises or investors.

4.2. Overall patterns

Comprehensive ESG frameworks

EU Member States and closely aligned jurisdictions have developed the most comprehensive ESG frameworks, largely driven by EU legislation. These frameworks typically combine mandatory sustainability reporting, environmental regulation and, increasingly, due diligence obligations relating to human rights and environmental impacts. ESG requirements apply primarily to large companies and public-interest entities, with enforcement supported by supervisory authorities and standardised reporting frameworks.

Case study:

France

France illustrates a comprehensive ESG framework combining national legislation and EU law. Large companies are subject to sustainability reporting obligations under the Corporate Sustainability Reporting Directive, which requires disclosure of ESG risks and governance in line with the double materiality principle, which requires companies to make an assessment on two distinct perspectives of ESG matters and report thereon. Additional obligations arise under national climate legislation, including carbon footprint reporting and climate transition requirements. Social requirements under the national Code du Travail include reporting on gender equality and employee representation on boards.

- **Sector-specific and fragmented ESG regimes**
  In several jurisdictions, ESG obligations are not consolidated within a single legal framework but instead arise through sectoral regulation, including environmental permitting, labour laws and project-based compliance requirements. These regimes are often enforceable but fragmented, with limited standardisation and fewer mandatory disclosure obligations at the entity level.

Case study:

Colombia

Colombia reflects a fragmented ESG regulatory approach. While there is no unified ESG framework, enterprises are subject to environmental licensing, labour regulation and community consultation requirements. ESG obligations for investors arise mainly through financial-sector regulation, which requires integrating environmental and social risks into investment decision-making and reporting. In addition, Colombia has developed regulatory guidance on sustainable finance instruments, including green and sustainability-linked bonds, to support ESG integration through capital markets.

- **Disclosure-driven and investor-focused ESG frameworks:**

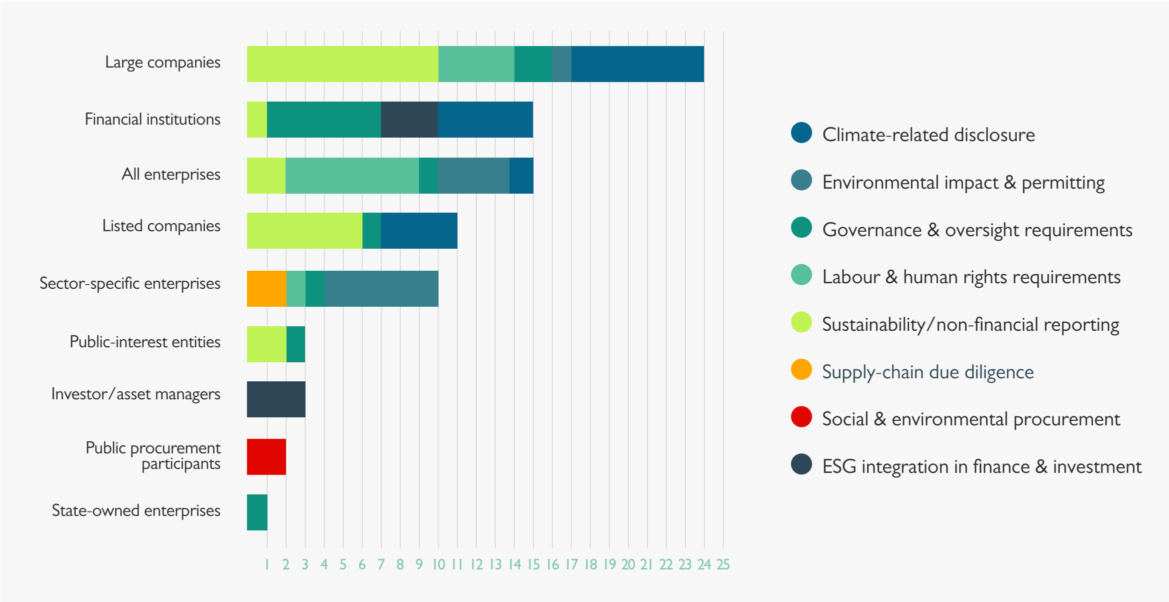
Several other jurisdictions, particularly common-law and market-oriented economies, rely primarily on disclosure-based ESG frameworks. These regimes emphasise transparency and investor information rather than prescriptive obligations, requiring companies and financial institutions to disclose ESG risks, policies and impacts. Market expectations, stewardship codes and regulatory guidance drive ESG integration more often than binding statutory duties.

Case study:

United Kingdom

The United Kingdom adopts a disclosure-driven approach to ESG regulation. Large companies are required to disclose climate-related financial information aligned with the Task Force on Climate-related Financial Disclosures (TFCD) framework, alongside broader non-financial reporting obligations. ESG requirements for investors focus on transparency. Pension funds and asset managers must disclose how they integrate ESG factors into investment strategies under the Sustainability Disclosure Requirements framework. Additional guidance, including the United Kingdom Stewardship Code, promotes ESG integration and active ownership on a comply-or-explain basis.

ESG requirements by requirement type and enterprise type



Number of occurrences

4.3. Conclusion

Overall, ESG-related obligations remain unevenly distributed across jurisdictions. While EU-aligned countries tend to apply the most comprehensive and standardised ESG frameworks, other jurisdictions rely on sector-specific regulation or disclosure-based approaches. There is a clear trend towards increasing transparency, regulatory convergence and the gradual expansion of ESG requirements for both enterprises and investors.

5. Integration of Frameworks into Corporate and Financial Regulation

5.1. Introduction

The integration of social-purpose organisational forms and ESG-related obligations into broader corporate and financial regulation varies significantly in scope, intensity, and legal enforceability across the 27 countries studied. Some jurisdictions have developed comprehensive frameworks driven by sustainability reporting and due diligence requirements; others rely on fragmented or sector-specific regulation

5.2. Overall patterns

- **Comprehensive frameworks in EU-aligned jurisdictions**

EU Member States and closely aligned jurisdictions have developed the most comprehensive integration of ESG frameworks into corporate and financial regulation, largely driven by EU legislation. These frameworks typically combine mandatory sustainability reporting under the Corporate Sustainability Reporting Directive (CSRD), environmental regulation and due diligence obligations relating to human rights and environmental impacts.

France, Germany, Italy, Spain, Portugal, Greece, Estonia, and Luxembourg apply expansive ESG requirements with enforcement supported by supervisory authorities and standardised reporting frameworks. Financial sectors in these jurisdictions are similarly regulated, with institutional investors subject to legally binding ESG disclosures and risk-integration standards under the Sustainable Finance Disclosure Regulation (SFDR).

Case study:

France

France illustrates the comprehensive integration of ESG requirements into corporate and financial regulation. Large companies are subject to sustainability reporting obligations under the CSRD, which require disclosure of ESG risks, impacts, and governance in line with the double materiality principle. Additional obligations arise under national climate legislation, including carbon footprint reporting and climate transition requirements. Social requirements include reporting on gender equality and employee representation on boards. Institutional investors must disclose alignment with climate objectives.

- **Sector-specific and fragmented regimes in emerging economies**

In several jurisdictions, ESG obligations are not consolidated within a single legal framework but instead arise through sectoral regulation, including environmental permitting, labour laws, and project-based compliance requirements. Colombia, Ecuador, Peru, Kenya, Nepal, Rwanda, and Thailand integrate ESG considerations primarily through environmental licensing systems, labour protections, and regulatory guidance for financial institutions. For example, Colombia and Ecuador impose environmental licensing obligations and labour protections, while Peru, Kenya, and Rwanda require Environmental and Social Impact Assessments before major projects proceed. Financial regulators in these jurisdictions promote ESG integration through risk-management guidelines, climate-risk supervision, or responsible-finance principles.

- **Disclosure-driven frameworks in market-oriented economies**

A third pattern emerges in market-oriented economies outside the EU, such as the United Kingdom, Australia, Singapore, Malaysia, and Chile, which implement disclosure-driven ESG regimes with varying degrees of mandatory obligation. The United Kingdom imposes climate-related financial disclosures for large companies aligned with investor-level sustainability disclosures under the Sustainability Disclosure Requirements framework. Australia enforces modern-slavery reporting and climate-related disclosure for significant entities, while Singapore mandates sustainability reporting for listed companies and is phasing in International Sustainability Standards Board (ISSB) aligned standards for large non-listed entities. These countries reflect liberal-market regulatory approaches where ESG frameworks guide transparency and investor decision-making rather than imposing prescriptive conduct requirements.

- **Emerging frameworks in lower-income jurisdictions**

In lower-income jurisdictions such as Bhutan, Zambia, Montenegro, and Nepal, ESG frameworks tend to be narrow, sectoral, or emerging. Requirements often focus on environmental approvals, labour protections, or foundational governance expectations, with limited obligations for investors and few cross-sectoral sustainability reporting duties. Where ESG integration appears, it tends to be voluntary, capacity-building-oriented, or linked to specific funding or investment incentives.

- **Regulatory convergence trends**

There is a clear trend towards increasing transparency, regulatory convergence, and the gradual expansion of ESG requirements for both enterprises and investors. The adoption of international frameworks suggests progressive alignment, albeit at different speeds and with varying degrees of enforcement.

5.3. Conclusion

The comparative analysis reveals that the integration of social-purpose organisational forms and ESG obligations into corporate and financial regulation remains unevenly distributed across jurisdictions. EU-aligned countries tend to apply the most comprehensive and standardised frameworks, reflecting higher institutional capacity and long-established sustainability policy frameworks.

Middle-income countries increasingly align with global standards yet remain fragmented, compliance-focused, and centred on high-impact sectors. Market-oriented economies employ disclosure-based approaches to guide transparency rather than prescribe conduct.

Lower-income jurisdictions demonstrate more constrained administrative capacity and reliance on general compliance frameworks. A key gap remains the absence of comprehensive ESG integration in jurisdictions lacking dedicated regulatory infrastructure, where social-purpose entities may operate without standardised accountability mechanisms.

6. Conclusion

Across the 27 jurisdictions covered in this research, organisational forms for social innovation reflect a fragmented and unevenly developed regulatory landscape, with no single dominant model emerging globally.

A consistent pattern across jurisdictions is the continued reliance on traditional legal structures, such as cooperatives, associations and foundations, as the primary vehicles for social-purpose activity. Dedicated or hybrid legal forms that embed social or environmental objectives remain concentrated in a limited number of countries, particularly in Europe, and have not yet been widely adopted. Where such forms exist, they usually combine enabling features, such as access to funding or recognition, with safeguards to preserve mission integrity, including reinvestment obligations and enhanced transparency requirements. However, the availability and attractiveness of these frameworks vary significantly, with some jurisdictions offering limited incentives for their use.

At the governance level, obligations for directors to pursue social or environmental objectives remain largely confined to specific organisational forms, whilst most ordinary commercial companies continue to operate under shareholder-oriented models. At the same time, ESG-related obligations are increasingly shaping expectations across jurisdictions, contributing to a gradual convergence in transparency and accountability standards.

Overall, the analysis highlights both emerging convergence, particularly through ESG frameworks, and persistent structural gaps, notably the limited availability of coherent and scalable legal models for social-purpose enterprises. These gaps may constrain the development and cross-border expansion of social innovation initiatives in jurisdictions lacking dedicated regulatory frameworks.

Part 3

Funding and Investment

Part 3 Funding and Investment

Countries increasingly embed social and environmental considerations in investment systems, yet integration remains partial, with stronger alignment needed to influence capital at scale.

Funding and investment frameworks determine how social innovation ecosystems are financed and sustained. They influence who can access capital, under what conditions, and with what expectations for social or environmental return. A supportive funding environment requires a balance between public grants, private capital, and blended finance models that combine social objectives with financial sustainability.

This section explores how governments and financial institutions mobilise resources for social innovation. It examines public funding mechanisms, regulatory frameworks for impact investment and blended finance, and the integration of ESG or social criteria in both public and private financing decisions. It also considers the emergence of alternative financial mechanisms, such as microfinance, crowdfunding, and social stock exchanges, as tools to broaden access to capital. Together, these elements reflect the evolving architecture of financial support for socially oriented initiatives.

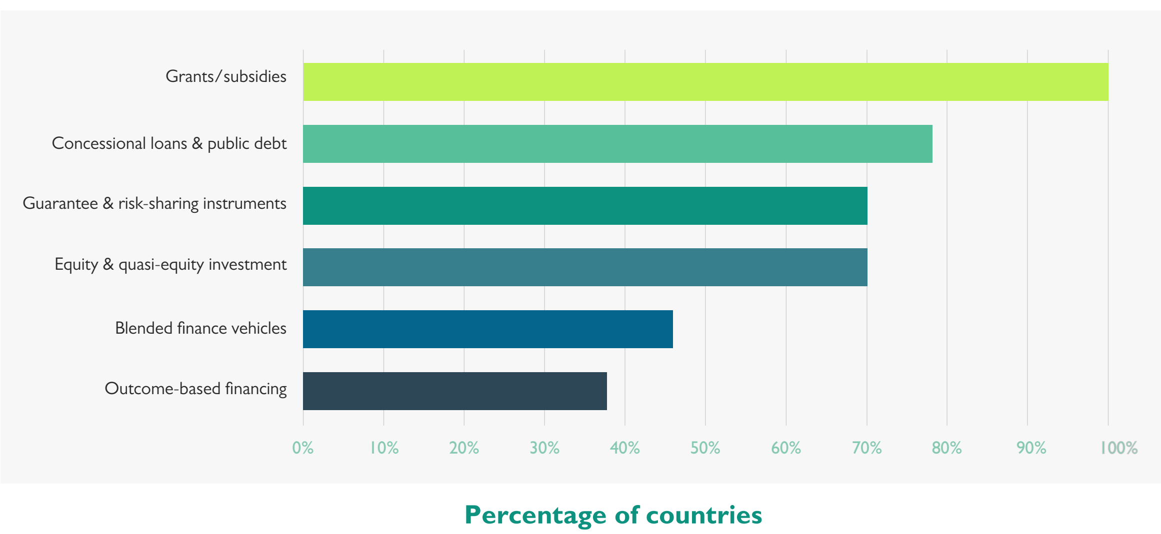
I. Types of Funding Mechanisms Available to Support Social Innovation

I.I. Introduction

Across the 27 countries reviewed, the funding mechanisms used to support social innovation include grants and subsidies, repayable or concessional finance (including public development finance), guarantees and other credit enhancements, outcome-based contracts/ pay-for-success mechanisms, blended finance and capital-market approaches (including thematic bond frameworks in some countries), and complementary channels such as microfinance and crowdfunding.

Figure: Availability of funding instruments across the countries

Public Funding Instruments for Social Innovation



1.2. Overall patterns

- **Grants and subsidies:**

Grants and subsidies are used across all countries reviewed, sometimes complemented by incubation and capacity-building support. Illustrative examples include Australia's Social Enterprise Development Initiative (SEDI) grants with training and mentoring; Chile's competitive public funds, co-financing schemes, and pilots through Corporación de Fomento de la Producción Innova Social (CORFO); France's Programme d'Investissements d'Avenir (PIA).[i]

- **Repayable or concessional finance:**

Repayable or concessional finance (including public development finance) is available in Bhutan, Ecuador, Colombia, Nepal, Thailand, and Germany, including public development finance channels and/or concessional lending features referenced in those systems.

- **Guarantees and other credit enhancements:**

A majority of countries provide guarantees and other credit enhancements, including Bhutan, Ecuador, Estonia, Colombia, Bulgaria and Germany, where development bank-style loans and credit instruments form part of the standard toolkit.

- **Dedicated impact investment facilities and outcome-based contracts:**

More sophisticated instruments such as dedicated impact investment facilities, outcome-based contracting and finance structures that blend public and private capital appear in a smaller subset of countries and are often associated with more mature policy and implementation systems.

- **Alternative funding:**

Finally, there are alternative and complementary channels such as microfinance, crowdfunding, and platform-based approaches that broaden the funding mix beyond the state and traditional banking. These are typically governed by either dedicated legislation or by broader financial services and market conduct frameworks.

1.3. Conclusion

Overall, countries deploy a diverse mix of funding mechanisms, combining public, private, and blended instruments to support social innovation at different stages of development.

2. Integration of Social and Environmental Considerations into Public and Private Investment

2.1. Introduction

Most countries now include social and/or environmental considerations in their policy frameworks, and this holds across the countries in our questionnaire database. Nonetheless, few countries integrate those considerations deeply into actual public and private investment decisions.

2.2. Overall Patterns

- **Distinguishing Social and Environmental Integration:**

It is useful to distinguish between social and environmental considerations and to examine how these would integrate into public and private investment. In our database, social considerations usually appear through programme-based and often outcome-oriented tools, such as social enterprise laws, inclusion programmes, employment measures, social innovation funds, and community-facing public services.

Environmental considerations more often enter through compliance, disclosure, and risk-management tools, such as environmental impact assessments (EIA), climate disclosure, sustainable finance rules, and green funding windows. In practice, this means social integration is often more direct in public spending decisions, while environmental integration is often more procedural and indirect, especially in private investment.

Our database of countries contains examples of both social and environmental considerations, with varying degrees of integration. Bhutan is an example of a model in which social and environmental goals are integrated at the level of national values, using a mechanism called Gross National Happiness (GNH) as a guiding development framework rather than a single metric, helping shape which policy considerations are prioritised. EU-linked countries such as Spain, France, Germany, and Portugal show stronger environmental integration in investment frameworks because EU reporting and sustainable finance rules create pressure to consider ESG factors.

Assessing Integration for Investment through five lenses:

To assess the extent to which social and environmental considerations are integrated into public and private investments, we analysed the countries through the following five lenses. These lenses help distinguish between policies that are merely referenced and those that are more likely to influence actual investment decisions.

1. National Policy and Strategic Planning

From the outset, it is worth establishing whether a country has national policy and strategic planning frameworks that identify social and environmental priorities, strategies, or recovery frameworks.

In simple terms, a strategy tells the market and public bodies: " This is a national priority." That matters because it creates legitimacy, aligns ministries, and gives officials a reason to direct funding towards social and environmental goals. Strategy alone does not move money. It often improves visibility more than capital allocation, which is why the answer to the question is only partial integration in many countries.

All countries reviewed have some form of national policy relevant to social and environmental considerations in investment at a broad level, such as national development plans, innovation strategies, social economy strategies, SDG-linked plans, or sectoral frameworks. Examples include Singapore's Research, Innovation and Enterprise (RIE) framework, Rwanda's Vision 2050 and transformation strategies, Peru's long-term development plan, and Spain and Portugal's social economy and impact agendas.

2. Dedicated Public Funding

Most countries have some sort of national policy; fewer have dedicated public funding and enforceable investments that materially shift how capital is allocated. These instruments matter. They create a practical route for money to flow into social and environmental projects, such as social innovation funds, grant schemes, and public co-investment tools.

Portugal is a strong example of a mission-based structure. The Enterprise and Social Innovation Programme (EMPIS 2030) delivers funding through regional programmes. It sets clear targets for how much money should be raised and directed into social innovation, including outcome-based contracting and social investment. Portugal also sets targets for how much capital should be mobilised and builds institutions to organise that flow.

Further, the United Kingdom combines grants, social impact bonds, blended finance, and impact investment vehicles within a broader social value and green finance ecosystem. Spain's €400 million Social Impact Fund (FIS), managed by Compañía Española de Financiación del Desarrollo (COFIDES), is another strong example of a dedicated public instrument with measurable impact ambition.[ii]

Germany uses targeted grant programmes and state-backed loans, guarantees, and blended finance through institutions such as Kreditanstalt für Wiederaufbau (KfW)[iii]. Colombia has a broad toolkit including challenge funds, social impact bonds, and pay-for-results mechanisms, although its model appears more exposed to political-cycle risk. Italy's Social Innovation Fund and Peru's AYNI Social Lab also show strong public experimentation capacity, but with less evidence of a fully integrated capital mobilisation architecture.

These tools are among the clearest ways in which social and environmental considerations are integrated into investment, because they translate policy priorities into fundable projects and scalable financing pathways. However, funding channels alone are not enough; integration also depends on whether the legal system recognises and supports the organisations seeking that capital.

3. Legal Recognition, Accreditation and Statutory Incentives for Mission-Driven Organisations

A third layer concerns whether a country has moved beyond policy language and created legal categories, accreditation systems, or statutory incentives for organisations delivering social and/or environmental value. This matters because it affects not just whether governments support social innovation in principle, but which organisations are legally recognised, what conditions they must meet, and what funding or tax benefits they can access. Such frameworks can improve investment integration by making mission-driven organisations more visible and eligible for support. However, they usually strengthen financing within the social economy segment, rather than forcing mainstream private investors to reallocate capital at scale (see below at 3.2).

4. ESG disclosure, reporting, and risk-management rules

The previous lens focused on legal recognition of social and environmental considerations. This section concerns legal and regulatory obligations that shape how companies and investors make decisions. In practice, this is often the strongest route through which environmental considerations are integrated into public and private investment, because disclosure, reporting, and risk-management rules directly affect what can be financed, how products are marketed, and what risks must be assessed.

This is particularly visible in EU-linked countries. In Germany, companies and investors are subject to EU frameworks such as the Corporate Sustainability Reporting Directive (CSRD) and Sustainable Finance Disclosure Regulation (SFDR). The CSRD requires detailed sustainability reporting based on "double materiality", covering both financial risks to the company and the company's impact on society and the environment. The SFDR requires disclosure of sustainability risks and principal adverse impacts at both the entity and product level. Further, major investor classes in Germany, including institutional and public investors, must integrate ESG considerations; examples include Germany's public nuclear waste disposal fund, KENFO [iv], and KfW operating under ESG-oriented mandates.

Spain provides another strong example. Listed companies must report on their environmental and social impacts under Law 11/2018, which introduced mandatory non-financial reporting known as the EINF, requiring companies to disclose how they manage issues such as climate risk, labour conditions, human rights and anti-corruption measures. Spain also highlights that institutional investors and asset managers must comply with SFDR and related EU sustainable finance rules, whilst the state's €400 million Social Impact Fund (FIS) supports projects with measurable social and environmental outcomes. This is a good example of disclosure rules interacting with public investment tools. In the EU, Greece, Bulgaria and Iceland offer clear examples of countries with disclosure frameworks.

Australia illustrates incremental ESG integration through reporting obligations: the questionnaires note mandatory reporting under the Modern Slavery Act and the Workplace Gender Equality Act, with climate-related financial disclosures becoming compulsory for large companies from 2024–25. This affects funding decisions because companies and investors increasingly need to evidence how they manage social and environmental risks to maintain market access and credibility.

There are also notable instrument-level environmental examples that are particularly relevant to green finance. Senegal's Sustainable Financing Framework, aligned with International Capital Market Association (ICMA) Green and Social Bond Principles, sets eligibility criteria for green and social expenditures in government bond issuance. The region also has a shared classification system developed by the West African Economic and Monetary Union (WAEMU/AMF-UMOA) that defines which projects qualify as green, social, or sustainable. Rwanda and Zambia also have ESG disclosure requirements and some listing-rule obligations.

This layer is an important part of how environmental considerations become integrated into investment: it moves systems from optional sustainability claims towards regulated disclosure, risk assessment, and eligibility standards. However, the integration often remains procedural rather than outcome-based. These rules can force firms and investors to measure, disclose, and manage environmental and social risks, but they do not always require them to prioritise positive outcomes over financial return. The result is meaningful progress, especially in environmental integration, but not yet a full transformation of capital allocation.

5. Procurement levers and regulatory sandboxes

The fifth layer captures mechanisms that shape investment incentives through market access, specifically procurement and regulated experimentation through sandboxes. These tools are important because they can influence how firms invest in social and environmental capabilities, even without direct funding or an ESG mandate.

Public procurement is one of the most direct ways governments can influence investment because it affects who wins contracts and earns revenue. The United Kingdom is a leading example, as the country includes "social value" requirements in procurement processes, meaning that social and environmental performance are criteria which can directly help a company win public business, not just improve its reputation. If tenders reward social value, companies are more likely to invest in better workforce practices, community benefits, and environmental performance to stay competitive. By contrast, most countries in the sample mention procurement only indirectly, or use it in a narrower, sector-specific way. As a result, procurement is often underused as a tool for integrating social and environmental considerations into mainstream investment decisions.

Regulatory sandboxes allow firms to test new products, usually on a limited basis. They can support social and environmental innovation indirectly by making it easier to trial solutions, such as in green finance, and may be linked with social or environmental objectives. South Africa is a useful example. Its financial regulators, including the Financial Services Control Authority (FSCA) and the South African Reserve Bank (SARB), have used sandbox initiatives to support experimentation in digital financial services, focusing on social outcomes of inclusion. However, sandboxes are best understood as enabling tools for experimentation, rather than core mechanisms for shifting capital allocation at scale.

2.3. Conclusion

Using the five lenses, the questionnaire database shows that social and environmental considerations are integrated into public and private investment to a meaningful, but uneven extent. All countries show some level of integration, but the strongest examples combine multiple layers: national policy and planning, dedicated funding mechanisms, legal recognition frameworks, ESG disclosure and risk rules, and procurement incentives.

Across the database, public investment tends to show more direct integration (through strategies, funds, and programmes), while private investment is more often shaped indirectly (through disclosure, risk management, and market incentives). The strongest systems are not those with a single measure, but those that align these tools into a more coherent investment ecosystem.

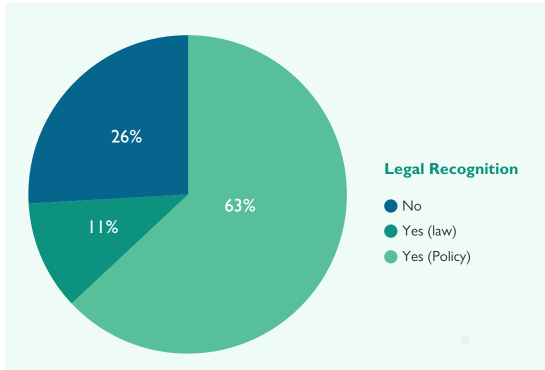
Overall, the comparative picture is constructive: the building blocks already exist across the countries. The extent of integration is greatest where governments combine planning, law, finance, and incentives so that social and environmental considerations influence actual investment decisions, not just policy language.

3. Legal and Policy Frameworks Governing Impact Investment and Blended Finance

3.1. Introduction

The 27 jurisdictions reviewed show significant differences in their regulatory and institutional approaches to impact investment and blended finance mechanisms. None of them has enacted a comprehensive, standalone law dedicated to impact investment or blended finance. Most of the jurisdictions rely on a combination of general financial market laws, sector-specific regulations, programmatic instruments, and policy frameworks. Individual jurisdictions vary mainly in the scope and detail of their regulations.

Legal Recognition of Impact Investing
Share of countries with a law/policy or no framework for impact investing



3.2. Overall patterns

- **Developed and Structured Frameworks:**

A first group of countries, including Australia, France, Germany, Malaysia, Spain and the United Kingdom, has developed comparatively systematic regulatory frameworks for impact-oriented finance. They combine political strategies, sector-specific legislation and institutional anchor points to expand blended-finance activity. For example, Germany's National Strategy for Social Innovations and Social Enterprises has generated tailored instruments such as guarantee schemes, mezzanine funds and outcome-linked financing.

- **Frameworks Based on General Investment and PPP Laws:**

A second group, Bulgaria, Iceland, Kenya, Peru, Ecuador, Nepal, Senegal, Zambia, and Rwanda, relies mainly on general investment, PPPs, or development-finance legislation, which enables blended finance without being purpose-built for it. PPP frameworks are the primary channel for combining public and private capital through tools such as viability-gap funding, guarantees and project-level blended structures. Some jurisdictions also employ concessional finance and co-investment from development banks to make impact-oriented projects investable. For example, Ecuador cooperates with the Development Bank of Latin America and the Caribbean, which provides concessional resources and technical assistance, particularly for renewable energy projects.

- **Early-Stage or Limited Frameworks:**

A third group, including Bhutan, Greece, Montenegro, and Estonia, has only nascent or selectively developed regulatory environments. Impact-investment activity is mostly limited to pilot projects, temporary initiatives or ad hoc agreements. Iceland stands out for having more advanced sustainable-finance architecture, whereas most other countries lack clear statutory guidance or coordinated institutions. These jurisdictions remain in early ecosystem-building stages and often rely on international cooperation or regional standards as they begin establishing more formal regulatory foundations.

Across nearly all jurisdictions reviewed, including Portugal, Italy, Colombia, and the United Kingdom, one recurring trend is the rising use of outcomes-based financing models, such as Social Impact Bonds and Pay-for-Results mechanisms. For instance, Colombia created a dedicated Pay-for-Results Fund to systematically scale outcome-based projects. At the same time, Portugal integrates outcome-payment mechanisms into its social-innovation programmes to link private and public capital to measurable social outcomes .

A further observation is the growing relevance of sustainability-related disclosure, governance, and risk management requirements. While not designed exclusively for impact investing, these requirements significantly influence the evolution of impact-oriented financing ecosystems. For example, under the Sovereign Sustainable Financing Framework (SFDR) in Iceland, institutional investors are required to disclose how sustainability risks and impact considerations are integrated into investment decisions.[v]

3.3. Conclusion

Overall, the comparative picture shows that while dedicated frameworks are rare, most jurisdictions are developing impact-oriented financing through a combination of general laws, targeted instruments, and emerging market practices.

4. Regulation and Support of Alternative Financing Mechanisms, Including Microfinance, Crowdfunding, Religious Finance, and Social Stock Exchanges

4.1. Introduction

This section examines how alternative financing mechanisms, including microfinance, crowdfunding, religious finance, and social exchange-type platforms, are regulated or supported across the jurisdictions reviewed. These mechanisms expand access to capital beyond traditional public funding and banking systems, but their regulatory treatment varies significantly depending on the maturity of financial markets and policy priorities.

4.2. Overall patterns

- **Faith-based Financing**

Few of the countries reviewed have standalone legislation specifically governing religious financing mechanisms. If there is a legal framework, it usually pertains to the legal status of religious organisations. Religious organisations typically operate as recognised non-profit or charitable entities and are often entitled to tax exemptions, public service funding, or property use benefits.

Some jurisdictions allow faith-based financial practices. For instance, Senegal recognises waqf, while Malaysia permits zakat-linked savings and Sharia-compliant financial products. These practices are integrated into general banking, securities, and tax frameworks. Malaysia provides a clear example. The Islamic Financial Services Act 2013 (IFSA) regulates Islamic banks and requires them to conduct Shariah-compliant operations.[vi] This legislation supports the development of innovative financial products. For example, zakat-linked savings accounts allow individuals to fulfil their zakat obligations, a mandatory 2.5% tax on savings that applies when total savings exceed the Nisab, equivalent to the value of 85 grams of gold. Additionally, waqf-based investment funds manage and invest in Shariah-compliant assets to generate sustainable income for charitable, religious, or social purposes.

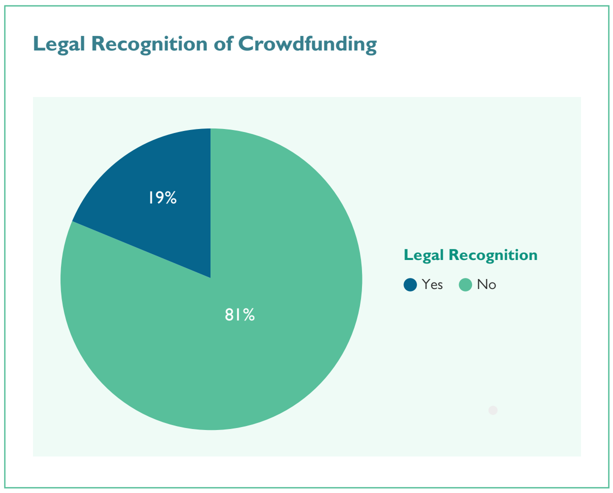
- **Microfinance**

Bhutan, Ecuador, Iceland, Italy, Nepal, Kenya, Montenegro, Rwanda, Senegal (with an emphasis on Islamic microfinance), Thailand, and Zambia have enacted specific legislation for microfinance. In many other jurisdictions, general banking and financial services laws, consumer protection statutes, or cooperative finance regulations govern microfinance activities. For instance, Australia regulates microfinance primarily under the National Consumer Credit Protection Act 2009. Despite differences in approach, most jurisdictions share common regulatory features such as caps on interest rates or fees, rules for licensing or registration.

- **Crowdfunding**

Most of the jurisdictions reviewed have a dedicated legal framework for crowdfunding. These specialised laws generally regulate equity-based and lending-based crowdfunding through platform licensing, investor protection measures, disclosure obligations, and anti-fraud safeguards. For example, the Capital Markets Regulations 2022 in Kenya set specific investment limits for retail investors, while institutional investors face fewer restrictions.

In the European Union, several member states implement the supranational European Crowdfunding Service Providers Regulation (EU) 2020/150366, enabling cross-border activity under a single licence. In South Africa, Thailand, Singapore, Nepal, and Montenegro, crowdfunding is governed by broader banking, company, or securities laws. Some countries, such as Iceland, Senegal, Rwanda, Bhutan, and Zambia, do not currently have legal frameworks regulating crowdfunding platforms or activities. In Zambia, crowdfunding is not an authorised financial product, and any pilot initiatives may operate only under the Securities and Exchange Commission's Regulatory Sandbox Guidelines.



- **Social Stock Exchange and Social Exchange-Type Platforms:**

To date, none of the 27 jurisdictions reviewed has an official, regulated social stock exchange. A social stock exchange is generally understood to be a trading platform listing only social businesses, but the term is used inconsistently. Various initiatives and platforms, however, support social finance and impact investment. These include:

  - The South African Social Investment Exchange (SASIX), launched in 2006 as a non-profit initiative that allowed investors to fund vetted social projects, was not a,formally licensed exchange and has since ceased operations.[vii]

- In 2009, Portugal launched Bolsa de Valores Sociais (BVS) within the Euronext network to connect social organisations with investors. It was discontinued after three years.[viii]
- In 2013 the United Kingdom launched the Social Stock Exchange (SSX UK) as a segment within the NEX Exchange, now part of Aquis Stock Exchange, offering a directory of companies that meet social impact criteria. This platform Kingdom was more of a directory of social businesses rather than a trading platform. It is no longer active in its original form.[ix]

Many jurisdictions use their existing capital markets infrastructure to support social bond listings and facilitate access to capital. Examples include the Australian Securities Exchange, Euronext Paris, the Bulgarian Stock Exchange, and the Bolsa de Comercio de Santiago and Bolsa Electrónica in Chile. Luxembourg took a significant step in 2016 by launching the Luxembourg Exchange (LGX), a platform that promotes social and sustainable finance.[x]

Some jurisdictions have established separate platforms to help impact enterprises raise capital. Singapore operates the Impact Investment Exchange, and Nepal offers a dedicated SME platform index on the NEPSE. The Stock Exchange of Thailand (SET) manages the SET Social Impact Platform, which connects social enterprises, foundations, and other social organisations with investors and corporate partners.[xi] This platform supports social impact investment, capacity-building, and business matching. Colombia is developing new platforms to link social enterprises with impact investors. Malaysia is also advancing in this area, with the Social Exchange Pilot Programme (SEPP25) pilot running from January to June 2025.[xii] The full Social Exchange platform went live in February 2026.

4.3. Conclusion

Most of the jurisdictions reviewed have implemented microfinance, crowdfunding, or both as alternative funding mechanisms. Religious finance, on the other hand, is present in only a few countries. To date, none of the jurisdictions reviewed currently has a social stock exchange.

5. Conclusion

Across all jurisdictions reviewed, at least one mechanism for financing socially and environmentally oriented activity exists. However, the depth, coherence, and scalability of those pathways vary substantially. Some jurisdictions have implemented funding mechanisms only sporadically, whereas others combine multiple mechanisms to create a functioning ecosystem that supports social innovation. The more individual funding mechanisms are combined to form a functioning ecosystem, the more effective the support for social projects becomes.

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Part 4

Taxation

Part 4 Taxation

Fiscal frameworks shape social innovation through tax rates, incentives, and targeted reliefs that influence capital flows and mission-driven organisations.

Tax systems shape incentives for social innovation by affecting the cost of capital, the availability of philanthropic resources, and the feasibility of mission-driven business models. The mix of baseline taxes (income, corporate, consumption, wealth, inheritance) and targeted provisions (reliefs, deductions, environmental levies) determines how easily social value creation can be financed and scaled.

This section maps core tax structures and targeted instruments that influence social innovation. It examines standard tax pillars and rates, preferential regimes for purpose-driven organisations, the treatment of donations, and the presence of social/environmental tax mechanisms. It also notes how these features differ across income levels and regions, reflecting varying fiscal priorities and administrative capacities.

I. Corporate Tax

I.I. Introduction

Across the 27 jurisdictions covered in this research, corporate income tax rates vary significantly, reflecting diverse national strategies and levels of economic development.

I.2. Overall patterns

- **Global rate disparity**

Standard rates range from 10% (Bulgaria) to 35% (Colombia), with developing economies generally applying higher rates. European jurisdictions have converged towards a rate of 25%, while capital-attraction-focused jurisdictions such as Singapore (17%) maintain lower rates[i].

- **Universal SMEs support**

Most jurisdictions including France, Thailand, Malaysia, Chile and the United Kingdom) apply reduced rates or preferential frameworks for small and medium-sized enterprises, allowing the tax burden to adjust to actual economic capacity.

- **Capital retention incentives**

Estonia's distribution system taxes retained and reinvested profits at 0%, while distributed profits (dividends or equivalent payments) are taxed at 22%, representing the most aggressive tool for incentivising reinvestment and maximising the internal capitalisation of companies.

- **Local taxation complexity**

In Germany and Luxembourg, nominal federal rates are misleading as municipal business taxes are a critical component of the actual tax liability. Germany's effective rate reaches 29.825%.

- **Taxation as a regulatory tool**

Some jurisdictions use corporate tax for transparency. Ecuador increases rates for non-disclosure of beneficial owners or shareholders located in tax havens or low-tax jurisdictions and sectoral regulation. Colombia's surcharges of up to 15% on extractive industries, raising their effective rates to 40-50%.

Case study:

Estonia

Estonia's distribution-based corporate tax system represents a unique approach: retained and reinvested profits are taxed at 0%, while distributed profits are taxed at 22%. This model maximises internal capitalisation of companies and has been designed to accelerate corporate growth by removing tax barriers to reinvestment.

1.3. Conclusion

Corporate tax systems across the 27 jurisdictions demonstrate significant variation in rates and structures, ranging from flat low rates designed to attract capital, such as Bulgaria's 10%rate, to higher progressive rates in developing economies such as Colombia's 35%. A universal trend is the protection of SMEs through reduced rates or tiered structures. The Estonian model stands out for incentivising reinvestment, while the complexity of local taxation in Europe highlights that nominal rates often understate effective tax burdens.

2. Social and Environmental Taxes for Individuals and Organisations

2.1. Introduction

Social and environmental taxation frameworks vary significantly in scope, legal form, and policy intent, falling into three broad groups across the 27 jurisdictions: explicit environmental taxes, indirect environmental taxation, and limited or no dedicated social or environmental taxes.

2.2. Overall patterns

- **Limited explicit social taxation**

Most jurisdictions, including France, Italy, Portugal and Spain, fund social objectives primarily through general taxation and social security systems rather than standalone social levies. Only a limited number of countries impose mandatory social levies distinct from general income or corporate taxation, such as Estonia, Germany, Iceland, Kenya, and South Africa.
Specific levies vary in purpose across jurisdictions. Kenya[ii] and South Africa impose skills and training levies to fund workforce development, whilst Thailand operates a community development fund.

- **Environmental primacy**

Environmental objectives are more commonly pursued through taxation than social objectives. Explicit carbon taxes exist in Chile, Colombia, France, Iceland, Luxembourg, and South Africa, whilst emissions trading systems (EU ETS) apply across EU Member States.

- **Diverse environmental levies**

Beyond carbon taxes, jurisdictions impose specific environmental levies. These include plastic and packaging taxes in Malaysia, Peru, Rwanda and the United Kingdom; vehicle and registration taxes linked to emissions in France, Germany, Italy, Portugal and Thailand; energy and fuel excise duties in Germany, Greece and Zambia; and water abstraction and pollution charges in Estonia and Spain.

- **Relief mechanisms**

Jurisdictions provide deductions, exemptions, or reliefs to reduce the burden of social or environmental taxes. Examples include exemptions for renewable energy and electric vehicles in Iceland and Italy, offset mechanisms in Chile, Colombia, and accelerated depreciation for green investments in Thailand and Zambia, balancing objectives with competitiveness concerns.

Case study:

Chile

Chile's Green Tax regime applies to qualifying industrial emissions and permits offsetting through certified emission-reduction credits, illustrating an environmental "polluter pays" approach.Organisations subject to Green Taxes may utilise compensation mechanisms to offset tax liabilities by investing in certified environmental projects.

2.3. Conclusion

There is no uniform global approach to social and environmental taxation. Frameworks vary significantly in scope, structure, and policy objectives. Targeted levies such as those on plastic, waste, fuel, and vehicles dominate broad-based environmental taxes. Environmental objectives are more commonly pursued through taxation than social objectives, with payroll-based social contributions remaining the primary tool for funding social systems.

3. Social and Environmental Taxes for Publicly Traded Companies

3.1. Introduction

Across the 27 jurisdictions, the dominant approach to social and environmental taxation is the absence of a dedicated CSR tax specifically targeting publicly traded companies. None of the jurisdictions imposes an India-style mandatory CSR tax payable to the treasury.

3.2. Overall patterns

- **No dedicated CSR tax**

Approximately 60% of jurisdictions, including Australia, Italy, Spain, Luxembourg, Malaysia, and the United Kingdom) confirm the absence of listing-specific social or environmental taxes applicable to publicly traded companies. Listed and non-listed companies are treated identically for fiscal purposes, with sustainability goals advanced through reporting obligations, governance standards and sectoral regulation rather than earmarked taxation.

- **Environmental pricing dominance**

Fewer than half of the jurisdictions operate explicit environmental taxes or carbon-pricing mechanisms. Although not linked to listing status, they can materially affect publicly traded enterprises due to their scale or sector exposure. Examples include Chile's Green Tax[iii] and carbon, energy, emissions-based or pollution-related charges in France, Portugal, Iceland, Thailand, Greece and Zambia.

- **Incentive-based approach**

About a third of jurisdictions rely on tax incentives, such as deductions, credits, and investment incentives, to encourage voluntary corporate engagement, including Singapore's enhanced deduction for volunteerism and green-investment incentives, and R&D reliefs in Spain, Portugal, Malaysia, Rwanda, Kenya, and Thailand.

- **Exceptional mandatory CSR**

Only a limited subset adopts mandatory CSR-style allocation mechanisms resembling fiscal levies. Bhutan and Nepal impose profit-based CSR allocation requirements. South Africa's BBBEE framework functions as a quasi-mandatory spending mechanism affecting many listed companies and is typically enforced through regulatory, rather than tax, systems.

Case study:

France

France's Contribution Sociale de Solidarité des Sociétés (C3S)[iv] applies to companies exceeding a revenue threshold and funds the social protection system, affecting large, publicly traded groups. This turnover-linked social contribution illustrates how general levies can materially impact listed companies without being designed as CSR taxes.

3.3. Conclusion

The absence of a dedicated CSR tax is universal across the 27 jurisdictions. Environmental pricing, such as carbon taxes, green taxes, and emissions trading, dominates profit-based CSR levies. Incentives play a central complementary role, with approximately one-third of jurisdictions promoting objectives through deductions and credits. For publicly traded companies, the real impact of social and environmental taxation is driven by sector, emissions profile, workforce size, and compliance obligations rather than formal CSR tax rules.

4. Tax Benefits for Social and Environmental Organisations

4.1. Introduction

Almost all jurisdictions recognise tax measures intended to support organisations delivering social and environmental value. There is a clear pattern between direct tax incentives granted to mission-driven entities in 88.9% of jurisdictions, and indirect tax incentives for donors, investors, or supportive stakeholders present in 92.6%.

4.2. Overall patterns

- **Shift to accreditation-based frameworks**

Systems are transitioning from general non-profit status to rigorous accreditation frameworks, under which commercially oriented companies may qualify for similar benefits, provided that they satisfy externally verified social impact criteria. Examples include Luxembourg's Société d'Impact Sociétal (SIS), France's Entreprise Solidaire d'Utilité Sociale (ESUS)[v], and the accredited social enterprise regimes in Malaysia and Thailand.

The data points to a discernible trend towards accreditation-based frameworks, under which commercially oriented companies may access similar tax benefits if they meet externally verified social impact criteria. However, this shift has not yet been widely or effectively implemented in practice. Accreditation or certification as a criterion for tax benefits remains relatively limited, appearing in only around 12% of countries.

Most jurisdictions continue to rely on more traditional frameworks. non-profit or charitable legal status (84%) followed by public benefit or charitable purpose requirements (72%). A significant group also applies non-distribution or surplus reinvestment conditions (48%), reporting or compliance obligations to maintain status (36%), and donor eligibility or deductible donation status (32%). More specific filters, such as environmental or energy-technology eligibility (24%) and activity-category eligibility (16%), remain less common.

- **Corporate income tax relief**

Most jurisdictions provide full or partial CIT exemptions for mission-driven entities on income applied towards the advancement of socially beneficial activities. , whether through exemptions (Australia, Bhutan, Germany, South Africa, the United Kingdom), reduced rates (Spain, France), special regimes (Colombia's 20% non-profit regime), or tax holidays/exemptions linked to green or social missions (Ecuador's exemptions for certain new investments in renewables/green hydrogen and Nepal's green-sector exemptions).

- **Environmental investment incentives**

Latin America and Asia have adopted enhanced deductions, in some cases up to 150% in Ecuador and accelerated depreciation allowances, including 33.33% per year in Columbia and 20% per year in Peru to encourage investment in renewable energy infrastructure recognising the tax code as a lever for sustainability.

- **Tax credits for innovation**

Some jurisdictions go beyond exemptions and deductions by using tax credits to actively steer investment towards innovation and sustainability (Chile's "Let's Invest in Chile" Plan[vi]; Italy's Transition 4.0 and Sustainable Investments 4.0 programmes).

Case study:

Singapore

Singapore operates a unique Corporate Volunteer Scheme (CVS)[vii], allowing businesses to claim a 250% tax deduction for qualifying expenditure incurred when employees volunteer for public-interest institutions (IPCs). This high-impact volunteerism incentive demonstrates how tax policy can mobilise corporate engagement in social value creation.

4.3. Conclusion

Governments are increasingly using the tax system as a tool to achieve specific SDG, with accreditation emerging as the primary gateway to fiscal benefits. Almost all 27 jurisdictions recognise donor-side deductions as a fundamental tool for mobilising private capital. The universal donor deductibility, combined with accelerated depreciation and tax credits, demonstrates fiscal policy's role as a driver of social innovation and sustainability.

5. Tax Deductibility of Donations

5.1. Introduction

Across the 27 jurisdictions, the legal framework for tax-deductible donations is nearly universal, with the majority offering fiscal incentives to both individuals and corporate entities.

5.2. Overall patterns

- **State certification as a gateway**

Donors can generally only claim relief if beneficiaries are endorsed by the state (including DGR status in Australia, IPC status in Singapore, and official registers in Spain and Colombia), with the state acting as the ultimate arbiter of social value.

- **Percentage-based caps:**

Most jurisdictions use percentage-based caps (commonly 10% of income) to safeguard the national revenue base, although some offer more generous limits (Colombia 30% of net income; Bulgaria 5% with a 65% total deduction cap). Enhanced "bonus" deductions

Several governments implement enhanced deductions for high-priority sectors, such as Thailand's 200% double deductions for educational contributions and Kenya's deductions for capital expenditure on constructing public schools, hospitals, or roads.

- **Incentivising micro-philanthropy**

There is a growing trend to incentivise small-scale individual donors through high initial deduction rates or credits such as in Spain's 80% deduction for the first €250 donated to encourage micro-philanthropy and broaden the base of civil society support.

- **Anti-abuse restrictions**

Standard safeguards include requirements that no donors receive material benefit from their gift, including Australia, Germany, and the United Kingdom), geographic restrictions to ensure the benefit remains within the national interest, as in South Africa; and digital compliance systems to prevent fraud, such as Thailand's e-Donation portal[viii].

Case study:

United Kingdom

The United Kingdom's Gift Aid scheme enables charities to reclaim the basic rate of tax paid by the donor, effectively increasing the donation's value by 25% at no additional cost to the donor. This unique model reverses the traditional deduction approach, directly benefiting recipient organisations rather than reducing the donor's tax liability.

- **Continued reliance on traditional deductibility criteria**

Tax-deductibility regimes continue to be structured mainly around the legal status of the recipient and its recognition by the state, rather than on more specialised policy filters. The chart illustrates that donor eligibility or deductible donation status is the most common criterion (77%), followed by non-profit or charity legal status (73%), and public benefit or charitable purpose requirements (69%).

A second tier of conditions includes reporting or compliance obligations to maintain status (46%) and, less frequently, activity-category eligibility (27%). More targeted anti-abuse or design features appear in a smaller share of jurisdictions, including genuine gift requirements with no material benefit to the donor (19%), geographic or territorial restrictions (16%), and form-of-donation restrictions and carry-forward rules (12% each).

Overall, the data suggest that most systems continue to rely on traditional status-based gateways, with more specific operational limitations playing a supplementary role.

5.3. Conclusion

The state acts as the ultimate arbiter of social value through rigorous certification processes. Governments use tax policy as a precision tool, offering higher relief for education, as in Thailand or for public infrastructure, as in Kenya, viewing philanthropy as an extension of public policy. There is a growing trend to incentivise small-scale individual donors in Spain through high initial deduction rates, for example. The shift towards electronic tracking in Thailand's e-Donation indicates that administrative oversight is being prioritised to maintain tax base integrity while promoting giving. In developing jurisdictions, the focus on corporate deductions suggests the prioritisation of larger capital pools over individual giving.

6. Individual Income Tax

6.1. Introduction

Almost all systems are constructed around the principle of progressive taxation, whereby the tax burden increases in proportion to the taxpayer's economic capacity across all jurisdictions covered.

6.2. Overall patterns

- **Wide rate disparity**

Top marginal rates range from 10% (Bulgaria) to 49% (Spain and Luxembourg – by combining the 42% top marginal rate with the 7% employment fund surcharge). High rates also appear in Portugal (48% + 5% solidarity surtax), Iceland (46.29%), and France, Germany, South Africa, and the United Kingdom all of which reach a peak rate of 45%. These disparities reflect significant differences in fiscal priorities and administrative approaches.

- **Flat-tax models**

Bulgaria (10%) and Estonia (22%) have opted for low, simple tax structures designed to attract investment and minimise administrative burden, rather than using tax as a tool for redistribution.

- **Multilayered tax arrangements**

In Iceland, Italy, Spain, and Montenegro, taxpayers' final liabilities are determined by national taxes combined with municipal or regional surcharges, meaning the effective tax burden varies by location.

- **Social policy integration**

Australia, Germany, Luxembourg, and Portugal integrate social policy instruments into the income tax system, such as solidarity-type surcharges that appear as an additional layer, for example, in Australia's Medicare levy (2%) and Germany's solidarity surcharge (5.5%).

- **Universal personal allowances**

Most jurisdictions protect low earners from taxation through zero-rate bands, personal allowances or refundable credits, ensuring that the income needed for basic subsistence is not taxed. This holds even in countries with comparatively high top marginal rates.

Case study:

Portugal

Portugal uses its tax code to attract high-value human capital through the Fiscal Incentive for Scientific Research and Innovation (IFICI) programme, offering reduced flat rates on income derived from scientific research and innovation activities. This approach demonstrates how income tax systems can actively incentivise innovation and talent attraction.

6.3. Conclusion

The individual income tax systems highlighted demonstrate a strong preference for progressive taxation (88.9%), with personal allowances nearly universal (92.6%). The variation in top marginal rates reflects divergent approaches to balancing social revenue needs against competitiveness for global talent. Governments increasingly use income tax to drive social outcomes, whether through funding healthcare, as in Australia supporting large families, common in Greece;or incentivising innovation, as seen in Portugal. Flat-tax models in Bulgaria and Estonia represent a deliberate trade-off that prioritises simplicity over redistribution.

7. Wealth Tax

7.1. Introduction

Across the 27 jurisdictions, an annual tax on the total net wealth of individuals is highly uncommon and cannot be characterised as a standard component of contemporary tax systems.

6.2. Overall patterns

- **Trend towards abolition**

Several jurisdictions have abolished wealth taxes to enhance competitiveness, including Iceland and Ecuador, or as a result of judicial scrutiny in Germany. This indicates that recurrent wealth taxation is not a priority in the assessed jurisdictions, reflecting concerns around administrative complexity, capital mobility, and economic efficiency.

- **Rare comprehensive systems**

Only Spain and Colombia maintain broad-based, recurring taxes on individuals' global assets. These cases demonstrate that, while exceptional, net wealth taxation remains a tool for addressing fiscal consolidation objectives under specific national circumstances.

Case study:

Spain

Spain's regime is progressive and largely administered at a regional level, allowing for significant variation in exemptions and effective tax burdens across autonomous communities.

Case study:

Colombia

Colombia has reinstated its Solidarity Wealth Tax as a mechanism to secure additional fiscal contributions from high-net-worth individuals, particularly during periods characterised by heightened public expenditure or economic stress.

- **Shift to targeted levies**

Most jurisdictions have transitioned from comprehensive wealth taxes to property-specific levies on capital gains, such as Australia and Nepal, high-value real estate, as in France[ix] and Portugal, or luxury assets in Peru[x] and Chile, balancing revenue needs with administrative simplicity.

- **Corporate wealth taxation**

Some countries apply wealth taxation only within the corporate sector. For instance, Luxembourg exempts individuals but taxes opaque companies through a Net Wealth Tax based on net asset value[xi].

Case study:

Luxembourg

Luxembourg's Societal Impact Companies (SIS) regime demonstrates how fiscal frameworks can align wealth taxation with social missions. SIS entities, in which 100% of capital is composed of impact shares, are entirely exempt from Corporate Income Tax, Municipal Business Tax, and Net Wealth Tax, incentivising social and environmental value creation.

7.3. Conclusion

There is a clear global trend of replacing general wealth taxes with targeted levies on capital gains, land, or high-value assets. The widespread absence of wealth taxes in financial hubs such as Singapore and the United Kingdom suggests prioritisation of capital attraction over the taxation of accumulated wealth.

Fiscal frameworks increasingly use exemptions as tools to incentivise the creation of social and environmental value, as evidenced by Luxembourg's SIS regime. In jurisdictions maintaining wealth or property taxes, exemptions or deductions are almost universally provided for the taxpayer's primary residence.

8. Inheritance Tax

8.1. Introduction

The tax treatment of wealth transfers upon death reveals pronounced global divergence, characterised by a movement towards abolition in several regions alongside the continued operation of kinship-based progressive systems in much of Europe and parts of Latin America.

8.2. Overall patterns

- **Trend towards abolition**

A significant number of jurisdictions do not levy inheritance taxes, including those that abolished them in recent decades as part of broader strategies to enhance economic competitiveness, including Australia in the 1980s[xii], Malaysia in 1991, and Singapore in 2008. Many countries have never implemented them, including Bhutan, Estonia, Kenya, Nepal, Peru, Rwanda, and Zambia.

- **Direct-line exemptions and kinship-based progressive systems**

Several countries apply direct-line exemptions, such as Bulgaria, Montenegro, and Luxembourg), progressive inheritance taxes remain embedded in European jurisdictions, including Germany, Spain, France, Greece, and Italy, as well as Latin American countries,, including Chile and Ecuador, with rates increasing based on the closeness of the family relationship. The highest marginal rates apply to non-relatives, reaching 60% in France, 50% in Germany, and 40% in Greece.

- **High thresholds**

Some countries restrict inheritance tax to the largest estates through high thresholds or substantial exemptions. In the United Kingdom, a 40% rate applies only above £325,000. In Thailand, the tax applies only to estates above THB 100 million, approximately £2.2 million. In Italy, spouses and direct descendants benefit from a €1 million allowance before tax applies.

- **Alternative mechanisms**

Several jurisdictions integrate inheritances into alternative levies. Colombia classifies them as occasional gains subject to a 15% flat tax. Portugal applies a 10% Stamp Duty on gratuitous transfers. South Africa uses an estate-based model in which the tax is levied on the deceased's net wealth at rates of 20 to 25%. Montenegro taxes the transfer of immovable property and high-value vehicles.

Case study:

United Kingdom

The United Kingdom system encourages charitable giving by reducing the inheritance tax rate from 40% to 36% when at least 10% of the net estate is left to a recognised charity. This philanthropic incentive demonstrates alignment between fiscal policy and the third sector, recognising the role charities play in social welfare and supporting communities.

8.3. Conclusion

Protecting wealth transfers within the immediate family is a near-universal priority, with spouses and direct descendants receiving the highest level of protection. Countries including Singapore and Kenya have abolished inheritance tax entirely as a deliberate strategy to attract global capital. The United Kingdom exempts bequests to charities, aligning inheritance taxation with third sector support.

9. Value-Added Tax

9.1. Introduction

The predominant indirect tax model is a multi-stage value-added tax (VAT) based on the destination principle, with a minority applying Goods and Services Tax (GST) or Sales and Services Tax (SST) systems

9.2. Overall patterns

- **High structural convergence**

VAT systems dominate globally, with 23 out of the 27 jurisdictions sharing consistent features across EU and non-EU VAT countries: taxable supplies, import VAT, mandatory registration thresholds, periodic returns, and audit-based enforcement. GST systems, as used in Australia, Bhutan, and Singapore, work in essentially the same way, while SST systems are narrower and less efficient at revenue collection.

- **Rate disparities**

Standard rates across jurisdictions range from 7% in Bhutan to 24% in Estonia and Iceland. Under the VAT system, European countries tend towards higher standard rates, between 15% and 24%, whilst non-European countries show greater variation and generally lower rates of between 10% and 19%. Countries operating the GST systems have standard rates no higher than 10%, whereas Malaysia applies a variable SST rate ranging from 5% to 10%, depending on the goods or services charged[xiii].

- **Universal essential goods treatment**

All jurisdictions provide exemptions or reduced or zero rates for goods and services considered essential or of special relevance. These are key levers for balancing revenue generation and social objectives.

- **Special regimes**

Whilst VAT systems are widespread and broadly consistent in structure, some countries apply special arrangements to accommodate particular circumstances. Spain, for example, operates simplified rules for small businesses, sector-specific provisions to support certain industries, group VAT arrangements and cash accounting options.

Case study:

Spain

Spain has special VAT regimes, including simplified rules for small businesses, sector-specific provisions for agriculture and fishing, group VAT arrangements, and a cash accounting option. These accommodate diverse scenarios, whilst the overall VAT system remains aligned with EU directives, demonstrating how special regimes can help reduce administrative burdens.

9.3. Conclusion

VAT and VAT-equivalent systems dominate globally, exhibiting significant structural convergence despite variations in standard rates. Standard rates range from 7% to 24%, with European countries generally applying higher average rates. All jurisdictions provide exemptions or reduced rates for essential goods and services.

Although GST systems as used in Australia and Singapore, are economically equivalent to VAT, Malaysia's SST system is narrower in scope and less efficient in terms of revenue collection.

10. Conclusion

This section has examined the tax frameworks across the 27 jurisdictions covered in this research, revealing several overarching themes relevant to social innovation.

Corporate taxation shows a significant rate disparity of between 10% to 35% with universal SME support through tiered structures. Estonia's distribution-based model represents the most aggressive capital retention incentive. Individual income taxation overwhelmingly favours progressive systems (88.9%), with personal allowances being nearly universal (92.6%), while flat-tax models found in Bulgaria and Estonia prioritise simplicity over redistribution.

Wealth taxation has declined globally, with a clear trend towards targeted levies on capital gains and high-value assets rather than comprehensive net wealth taxes. VAT systems dominate, exhibiting high structural convergence, and all jurisdictions provide exemptions for essential goods.
For mission-driven organisations, 96.3% of jurisdictions offer tax support, with a clear shift towards accreditation-based frameworks requiring measurable impact reporting. Donation deductibility is nearly universal, with state certification serving as the gateway. Environmental taxation is more prevalent than social taxation, with payroll-based contributions remaining the primary tool for social systems.

No jurisdiction imposes a dedicated CSR tax on publicly traded companies. Instead, effective exposure arises from sector profile, operational footprint, and compliance intensity. These findings demonstrate that tax systems are increasingly serving as tools to achieve social and environmental objectives, with governments balancing revenue generation, competitiveness, and sustainability commitments.

Part 5

Public Procurement

Part 5 Public Procurement

Shaping markets and driving innovation through ESG criteria, Most Economically Advantageous Tender (MEAT) value approaches, and innovation-driven, socially oriented solutions.

Public procurement is a powerful mechanism for shaping markets and scaling socially oriented innovation, as it can create demand for innovative goods and services that deliver social value. However, the extent to which public procurement can fulfil this transformative role depends heavily on the legal and regulatory frameworks that govern it. These frameworks shape the rules, procedures, and priorities for contracting authorities, thereby enabling or constraining the integration of social objectives into procurement processes.

This section compares how different national legal and regulatory frameworks enable or constrain the use of public procurement as a tool for social innovation.

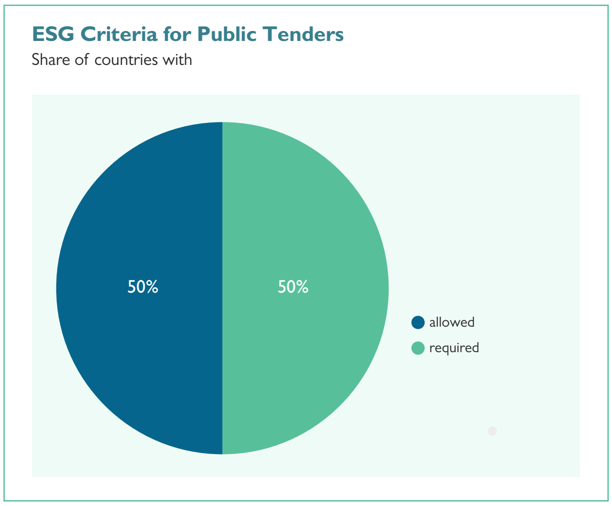
I. Permission of Procurement Law to Include Social and Environmental Criteria in Public Tenders

I.1. Introduction

The integration of ESG criteria in public procurement is widely recognised, yet implemented at varying levels of regulatory commitment. The openness of public procurement law to a set of non-financial factors used to evaluate the sustainability and ethical performance of companies and public-sector suppliers can complement the traditional principle of selecting the lowest price, which historically prioritised cost efficiency above all else.

I.2. Overall patterns

- **Widespread ESG integration, but split between optional and mandatory regi**



Half the jurisdictions permit ESG criteria in procurement and half require them, demonstrating broad consensus on their relevance but significant variation in regulatory commitment. Countries that treat ESG as optional view it as a tool to enhance sustainability and social responsibility.

Those who have made it mandatory have embedded it in binding regulations. This points to a broader global trend towards the institutionalisation of ESG principles in public sector decision making and suggests a continuing shift towards more uniform and stringent requirements over time.

Case study:

Spain

Spain's Law 9/2017 on Public Sector Contracts[i], which incorporates EU Directives into Spanish law, explicitly requires that public procurement incorporate social and environmental criteria linked to the contract. These criteria may be introduced as technical specifications, award criteria, or performance conditions.

The law promotes a value-based approach through MEAT, discouraging price-only awards, and oversight bodies, such as the Independent Office for the Regulation and Supervision of Procurement, have highlighted the risks of over-reliance on price and encouraged balanced evaluations that account for quality, innovation, accessibility, and green objectives.

Case study:

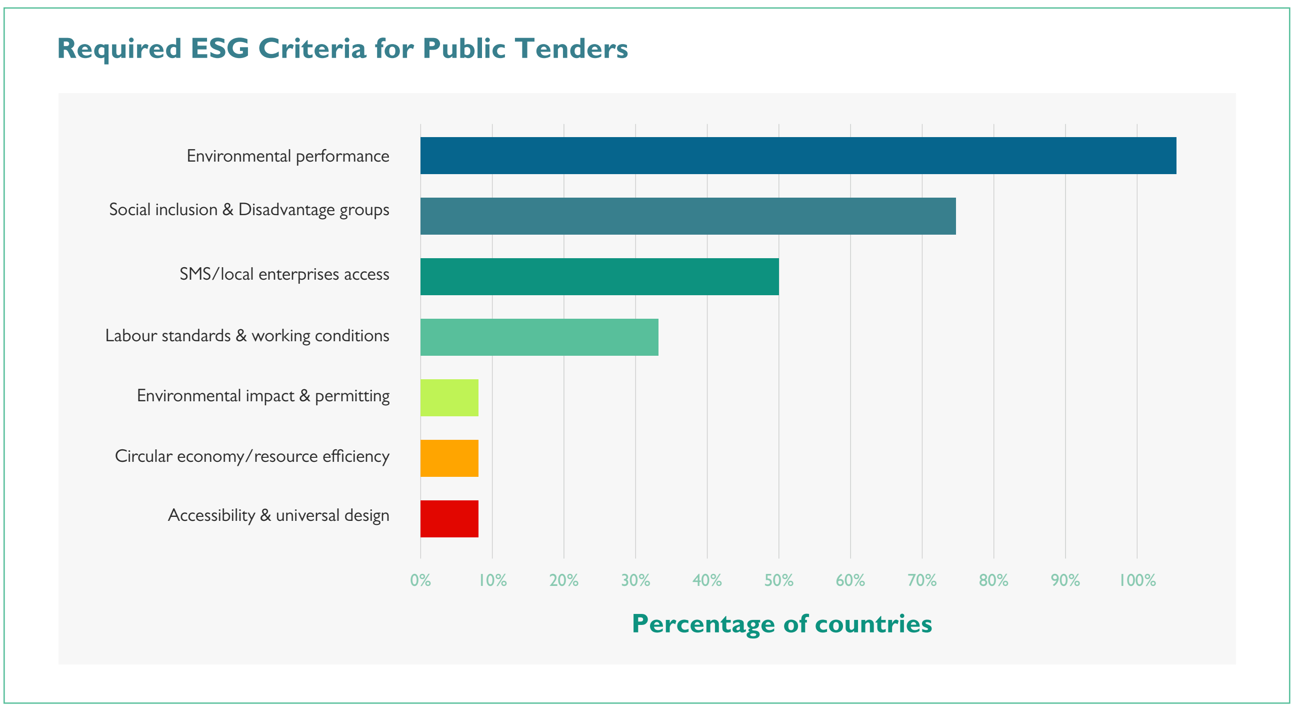
Chile

Chile's procurement law allows social and environmental criteria and adopts a value-for-money principle. It also mandates sustainability and innovation as statutory objectives. MEAT-type evaluations are operationalised through weighted technical and economic criteria, complemented by social factors such as gender inclusion and support for social-economy enterprises[ii].

- **Environmental criteria dominate, with social and specialised criteria being far less common.**

Nearly all jurisdictions apply environmental criteria, whilst social inclusion requirements appear in around ~75% of countries and SME or local access provisions in around half. More specialised factors including, labour standards, circular economy, resource efficiency and accessibility requirements appear in only 10–30% of jurisdictions. The clear pattern is one of strong environmental integration alongside weaker social and accessibility components.

When examining the main ESG criteria applied across the countries, the following picture emerges



The chart clearly shows that environment-related criteria are by far the most frequently required in public procurement. Environmental performance reaches close to 100% of countries, significantly surpassing all other ESG categories.

By comparison, social inclusion and support for disadvantaged groups are required by roughly 75% of countries, whilst SME and local enterprise access is mandated by approximately half.

Case study:

South Africa

South Africa's procurement regime is rooted in Section 217 of the Constitution and further elaborated by the Preferential Procurement Policy Framework Act and the new Public Procurement Act 2024 The Constitution authorises preferential policies to advance disadvantaged groups and social and environmental criteria are increasingly included in tender requirements.

In practice, this means a portion of the tender evaluation score is allocated to Broad-Based Black Economic Empowerment status, allowing factors such as black ownership, local enterprise development and employment to influence tender award decisions alongside price. Whilst cost-effectiveness remains a constitutional requirement and price a key evaluation factor, functionality scoring and reforms around lifecycle costing are creating growing space for value-based evaluation rather than a rigid lowest-price approach.

Criteria such as labour standards, circular economy, resource efficiency, and accessibility appear much less frequently, ranging from approximately 10% to 30%.

Case study:

Senegal

Senegal's 2022 Public Procurement Code (Decree No. 2022-2295) explicitly positions procurement as a tool for social innovation and sustainable development, requiring contracting authorities to integrate social, environmental, and economic dimensions of sustainable development into procurement. The Code permits and mandates social and environmental criteria. These include contracts reserved for social-and-solidarity-economy actors and SMEs, quotas and preference margins for women-led enterprises and companies employing people with disabilities or unskilled youth, and a requirement that at least 5% of the annual contract value be awarded to domestic SMEs and social-economy stakeholders.

Senegal does not prioritise the lowest price alone. Instead, it applies a most economically advantageous bid approach, allowing multi-criteria evaluations that combine price with technical performance, life-cycle costs, environmental measures, and local-content requirements.

This means that environment-related criteria are used around 30 percentage points more frequently than major social criteria, and up to 80–90 percentage points more frequently than specialised criteria, such as accessibility or resource efficiency.

This significant disparity highlights that environmental aspects currently play the dominant role in mandatory ESG requirements within public procurement, while social and accessibility-related dimensions remain far less established.

1.3. Conclusion

ESG criteria are now firmly embedded in public procurement, with both optional and mandatory approaches demonstrating broad international recognition of their importance. Encouragingly, nearly all jurisdictions are strengthening environmental considerations, whilst social and more specialised criteria are gradually gaining greater prominence. Overall, these developments indicate a steady expansion and harmonisation of ESG standards, further promoting sustainable and responsible procurement practices.

2. Cost-Priority Requirements In Procurement Law / Flexibility For Meat-Based Bid Evaluation

2.1. Introduction

Most countries have moved beyond a strict lowest-price approach and now evaluate based on broader criteria. In several European countries, particularly those aligned with EU directives, the Most Economically Advantageous Tender (MEAT) principle is widely applied, enabling consideration of quality, sustainability, and social impact alongside cost.

2.2. Overall patterns

- **Strong movement away from a lowest-price focus in most jurisdictions**

Most of the 27 countries allow MEAT-based evaluations that consider quality, sustainability, and social impact. EU jurisdictions and many Latin American systems apply MEAT broadly, whereas only a few, including Bhutan, Nepal, and Zambia remain strongly cost-driven without substantive value-based mechanisms.

- **The 27 jurisdictions can be divided into a clear three-level maturity pattern**

When looking more closely at how MEAT-based evaluation is applied, the jurisdictions show three different degrees of maturity in moving away from price-led procurement and towards broader value-based assessment:

1. Advanced regimes have fully developed MEAT frameworks with mandatory sustainability criteria;
2. Emerging regimes allow or encourage MEAT with only partial obligations; and
3. Foundational regimes remain predominantly price-focused, with minimal integration of social, environmental, or innovation objectives. This highlights distinct stages of progress towards value-based procurement across the countries.

Similar approaches are found in Latin American countries, where procurement laws reject lowest-price prioritisation for non-standardised goods and services and embed social and environmental objectives in statutory provisions.

However, there are still countries that stand out as exceptions, such as Bhutan and Zambia, where the focus is primarily on compliance and cost-effectiveness, without specific provisions for value-based evaluation similar to the MEAT approach.

Social value measurement and the integration of sustainability criteria also diverge across countries. For instance, France, Ecuador, Italy, Spain, Senegal, and Portugal have procurement frameworks embedding mandatory sustainability criteria – such as environmental, social, or both – within award criteria, contract performance clauses, or preparatory phases.

Case study:

Portugal

Portugal's Public Procurement Code (Decree-Law No. 18/2008), aligned with EU directives, explicitly allows and often requires the inclusion of social and environmental criteria in public tenders, at the level of technical specifications, award criteria and contract-performance clauses, and with MEAT as the central award principle.

Procurement decisions are not bound to the lowest price. Authorities may favour bids that deliver stronger sustainability, accessibility, or community impact if transparently linked to the subject matter and duly weighted[iii]. Recent measures, such as Council of Ministers Resolution 132/2023, further institutionalise ecological criteria across public contracts.

In Chile, sustainability and innovation are statutory objectives. Systems such as those in Germany, Estonia, Iceland, Luxembourg, Colombia, Greece, Kenya, Montenegro, Peru, Rwanda, Thailand, and the United Kingdom allow or encourage MEAT-based evaluations that incorporate social and environmental factors. However, most stop short of imposing a systematic obligation to measure impact during performance.

Case study:

Luxembourg

Luxembourg's public procurement framework expressly allows contracting authorities to use MEAT and to award contracts based on price, cost, or MEAT criteria[iv]. There is no legal obligation to prioritise the lowest price; price is one option among several permissible criteria. The law recognises innovation partnerships as a formal procedure to support the development and acquisition of innovative solutions, including those with social or environmental value. In addition, competitive dialogue and negotiated procedures are available, offering complementary flexibility where needed, such as for complex social services or energy-efficiency projects

In Malaysia, the MEAT approach will be allowed soon. In certain countries, social and environmental criteria are not mandated, but are allowed, such as in Bhutan and Singapore. In Nepal, for instance, whilst there is some flexibility to consider factors other than cost, a lowest-evaluated bid rule limits the integration of social or environmental criteria in practice.

Case study:

Nepal

Nepal's Public Procurement Act, 2063 B.S. 2007, focuses on transparency, fairness, competition, and cost-effectiveness. It does not explicitly mandate social or environmental criteria in tenders. Section 25 codifies a lowest evaluated bid principle, under which, once eligibility is met, the bid with the lowest evaluated amount must be selected, with only limited room for other considerations. The legal framework does not provide MEAT-type multi-criteria evaluation. Public entities may consider time, quality, or other practical factors in preparing contracts and cost estimates; there is no statutory structure for systematically weighing social or environmental factors over price.

Based on these findings, countries may be grouped according to the depth of value-based procurement:

(i) Advanced regimes: These include France, Italy, Spain, Germany, Portugal, Estonia, Iceland, Luxembourg, Chile, Australia, Ecuador, Kenya, Senegal, Peru, and the United Kingdom. These jurisdictions enable broad MEAT-based evaluation:

Case study:

Bulgaria

Bulgaria's Public Procurement Act (PPA), harmonised with EU directives, explicitly permits the inclusion of social and environmental criteria in tenders. Contracts may be awarded based on the MEAT approach, enabling evaluation beyond price to encompass qualitative, social, and environmental factors.

Case study:

United Kingdom

In the United Kingdom, the Public Contracts Regulations 2015 (PCR 2015), which transpose the EU Directive 2014/24/EU into domestic law and remain in force post-Brexit, permit contracts to be awarded based on MEAT, enabling the combination of price with qualitative, environmental, and social criteria linked to the contract, while Regulation 56(2) allows the exclusion of bidders that breach environmental, social, or labour law obligations.

(ii) Emerging regimes: These include Colombia, Greece, Montenegro, Rwanda, Thailand, Malaysia, South Africa, and Singapore, where MEAT-type approaches, and social or environmental criteria are clearly permitted and sometimes encouraged. However, obligations are partial, and innovation mechanisms vary.

Case study:

Colombia

Colombia's procurement law applies a most advantageous offer principle, similar to MEAT, allowing flexibility beyond price except for uniform technical goods or services. Social criteria are explicitly permitted under Colombian public procurement law. However, the incorporation of environmental criteria is not explicitly mandated.

Case study:

Thailand

Thailand's Public Procurement and Supplies Administration Act B.E. 2560 (2017), administered by the Comptroller General's Department, provides a modern framework emphasising best value for money, transparency, and accountability, and explicitly allows environmental and innovation-related criteria to be used in tender evaluation. The applicable laws permit evaluation based on the most advantageous offer, taking into account quality, technical performance, life-cycle costs, and environmental benefits[v]. Social value criteria are not yet fully codified, but policy initiatives have prompted pilot projects involving SME and social-enterprise participation, which may evolve into more formal mechanisms.

(iii) Foundational regimes: These include Bhutan, Nepal, and Zambia, where procurement frameworks prioritise cost-effectiveness or the lowest price, mandate limited or no value-based evaluation, and do not systematically integrate social, environmental, or innovation-related objectives. Zambia and Bhutan offer discretionary flexibility, and Nepal supports innovative projects at a sub-national level through external programmes.

Case study:

Zambia

Zambia's Public Procurement Act (2020) and Regulations (2022) explicitly permit the inclusion of social and environmental considerations in technical specifications and tender evaluation. Section 91 of the Public Procurement Act establishes preference and reservation schemes for target groups such as citizen suppliers, SMEs, women-, youth-, and disability-owned enterprises, and goods or services with local content, granting proportional margins of preference and enabling set-asides aligned with national development policies.

At the same time, the Constitution (Article 210) mandates fairness, transparency, competitiveness and cost-effectiveness, but does not impose a strict lowest-price rule; cost-effectiveness is to be pursued within a broader value-for-money framework under Section 57 of the Public Procurement Act. The law does not introduce a formal MEAT label, so innovation remains to be pursued within standard methods.

2.3. Conclusion

Overall, procurement practices show a broad but uneven global shift towards more flexible, sustainability-oriented evaluation methods.

Countries progress through distinct stages of value-based procurement, ranging from advanced MEAT-driven systems with mandatory sustainability criteria, to emerging frameworks that allow but only partially require such approaches. Foundational regimes continue to rely primarily on lowest-price evaluation. Several non-EU and EU jurisdictions increasingly integrate social and environmental considerations with varying depth, whereas a few countries, like Bhutan, Nepal, and Zambia maintain cost-focused models with limited mechanisms for systematic social-value assessment.

3. Recognition of Innovation Partnerships and Pre-Commercial Procurement

3.1. Introduction

The level of recognition of innovation partnerships such as ongoing collaborative relationships between different organisations seeking solutions by means of innovation, and pre-commercial procurement including procurement in the research and development phase prior to commercialisation, differs widely between the countries surveyed.

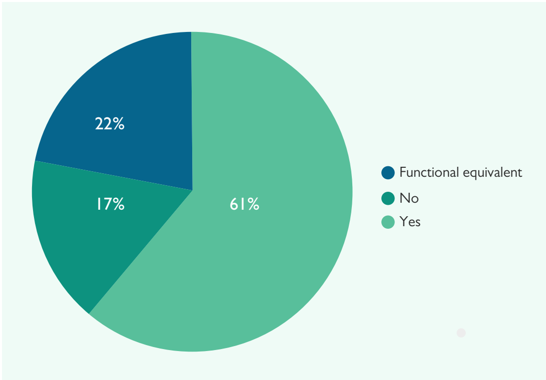
3.2. Overall patterns

- **Innovation partnerships and pre-commercial procurement are widely recognised but unevenly formalised**

Innovation partnerships are an important procurement instrument. They make it easy for public authorities to collaborate directly with the market to develop and purchase innovative new solutions, thereby fostering technological advancement and addressing complex public sector needs more effectively. Complementing this approach, pre-commercial procurement serves as an additional mechanism within public procurement that allows the state to intervene in a guiding and steering capacity. Through pre-commercial procurement, public authorities can procure research and development services before a solution reaches commercial maturity, thus supporting innovation and early-stage technological development.

Among the countries surveyed, 61% utilise formal innovation partnerships; 22% apply functionally equivalent mechanisms; and only 17% have no comparable structure. R&D and market unavailability are the two most common criteria across countries. The overarching pattern is broad adoption, but significant variation in legal codification.

Innovation Partnerships



The chart illustrates the extent to which countries make use of innovation partnerships within their public procurement frameworks. For a clear majority (61% of countries) innovation partnerships are explicitly available and used as a procurement instrument.

Case study:

Estonia

Estonia's Public Procurement Act requires social and environmental criteria and encourages strategic procurement aligned with sustainability goals. Innovation partnerships are formally recognised by law, enabling authorities to co-develop solutions through research, development and commercialisation phases.

A further 22% of the countries have established functionally equivalent mechanisms, even though they are not formally designated as innovation partnerships.

Case study:

Ecuador

Ecuador's procurement framework integrates social and environmental criteria, mandating at least one sustainability criterion during the preparatory phase of every procurement process. Although innovation partnerships are not specifically named, mechanisms exist to enable innovation-oriented contracting, prioritising technological relevance and sustainability while emphasising the inclusion of social economy enterprises (EPS) and SMEs.

Only 17% of jurisdictions appear to operate without any comparable structures.

Case study:

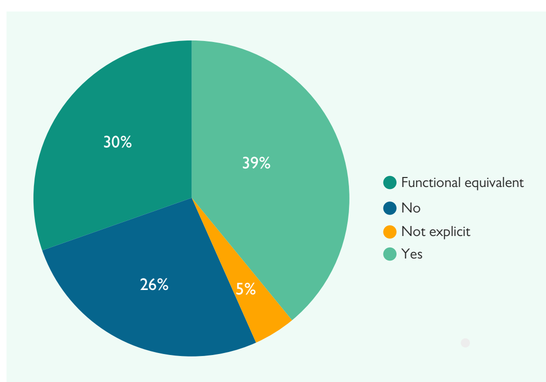
Bhutan

Bhutan's Procurement Rules and Regulations (2019) prioritise transparency and cost-effectiveness but allow for the inclusion of social and environmental criteria when the appropriate approvals are obtained[vi]. There are no formal mechanisms for innovation partnerships or pre-commercial procurement, although general exceptions are made. Reserved contracts for social enterprises, cooperatives or SMEs are not codified, and systematic measurement of social value is not mandated.

Overall, the results indicate that innovation-oriented procurement models are widely adopted, either through formal frameworks or equivalent arrangements. Only a small minority has not integrated such approaches into their procurement systems.

Focusing on pre-commercial procurement, a similar pattern becomes apparent, albeit with slightly lower adoption. Of the countries surveyed, 39% explicitly use pre-commercial procurement, 30% rely on equivalent tools, 26% do not use it, and 4% allow it without regulation. Criteria mirror those found in innovation partnerships, namely R&D, unmet need, and social/environmental objectives. The result is a generally innovation-friendly landscape, though with notable gaps in some jurisdictions such as Bhutan, Nepal, and Zambia. The chart that follows shows how much pre-commercial procurement is used across different jurisdictions.

Pre-commercial Procurement



The analysis indicates that 39% of jurisdictions explicitly utilise pre-commercial procurement.

Case study:

France

France's procurement law strongly supports social and environmental criteria, codified in the Public Procurement Code and reinforced by the Climate and Resilience Law. The law recognises innovation partnerships and pre-commercial procurement as legal instruments to foster social and environmental value creation. Reserved contracts for social enterprises and organisations employing disadvantaged groups are permitted by law. Tenders may also include clauses favouring suppliers meeting green production standards. Consequently, contracting authorities are encouraged to integrate ESG criteria into both the award and performance conditions of contracts.

A further 30% employ functionally equivalent mechanisms that fulfil a similar purpose, even though they are not formally designated as pre-commercial procurement.

Case study:

Peru

Peru's General Law on Public Procurement (Law No. 32069) and its regulations introduce sustainability as one of the guiding principles, making social, environmental, and economic sustainability factors explicit evaluation criteria that can award additional points to bidders. It also introduces a supplier reputation mechanism that rewards responsible environmental and social conduct. The law further recognises Public Procurement of Innovation, allowing contracts that include R&D activities to develop prototypes or test products not yet on the market, which may be capable of meeting the needs of the contracting authority. This functions as a tailored, innovation-oriented procedure akin to pre-commercial procurement. Preferential treatment is provided through, inter alia, a 5% bonus for micro and small enterprises (MSEs) and a 10% bonus for suppliers delivering services outside Lima and Callao, supporting inclusion of smaller and regional providers[vii].

Around 26% of jurisdictions do not use this type of procurement instrument, while in 4% of cases its application is possible but not explicitly regulated.

Case study:

Kenya

Kenya's Public Procurement and Asset Disposal Act (PPADA) embeds social and environmental considerations as guiding principles, including the promotion of local industry, sustainable development and environmental protection. It allows tender documents to include requirements for eco-friendly goods and demonstration of socio-economic impact. The PPADA does not provide a formal innovation-partnership or pre-commercial procurement procedure, but offers alternative innovation-friendly tools, notably design competitions and competitive negotiations, which can be used to generate socially and environmentally impactful solutions.

Kenya has a strong reservation and preference framework. At least 30% of public procurement opportunities are reserved for enterprises owned by youth, women, and persons with disabilities, and citizen contractors"benefit from scoring preferences that can favour slightly higher-priced bids delivering domestic socio-economic value.

Case study:

Singapore

Singapore's Government Procurement Act 1997 and associated rules do not refer to social or environmental criteria, but they do not exclude them. The legislation does not yet embed a statutory innovation-partnership or pre-commercial procurement; the government has announced an Innovative Procurement Partnership to enable contracts that cover both pilot and subsequent deployment of novel solutions, thereby offering a pathway to support social and environmental innovation once implemented.

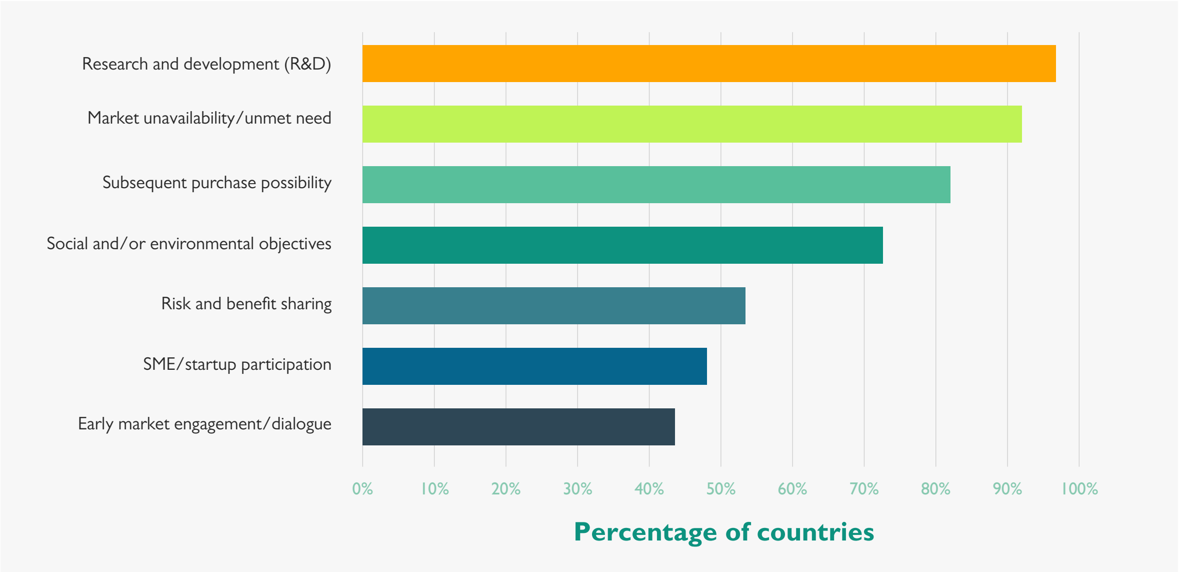
Overall, the results show that pre-commercial procurement approaches are widely used, either through formal frameworks or through comparable mechanisms, although a notable share of jurisdictions has not yet implemented such instruments.

- **Innovation partnerships and pre-commercial procurement criteria: focus on R&D and market gaps**

The following chart summarises the criteria most commonly applied in the context of innovation partnerships.

Criteria for innovation Partnerships

Percent of countries with each criterion



The analysis shows that research and development (R&D) is the most frequently used criterion, appearing in the clear majority of jurisdictions. This is closely followed by market unavailability or unmet need, reflecting the purpose of innovation partnerships to address gaps where no suitable solutions currently exist. The criterion of subsequent purchase possibility is also widely applied, indicating that many frameworks link the development phase to a potential procurement commitment.

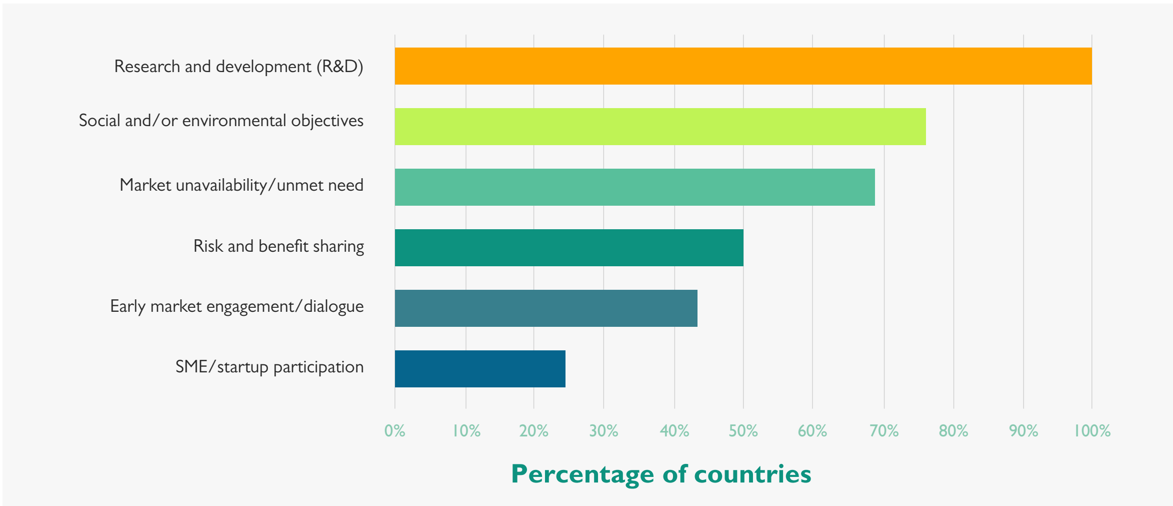
Social and environmental objectives, and risk and benefit sharing, appear in a moderate share of jurisdictions and highlight the collaborative nature of innovation-driven procurement. Criteria such as SME or start-up participation and early market engagement or dialogue are less frequently referenced but are still present in a significant number of cases, underscoring broader policy aims to support smaller innovators and promote early interaction with the market.

Overall, the results indicate that innovation partnerships are predominantly structured around fostering R&D and addressing unmet needs, with additional criteria applied according to jurisdiction-specific priorities.

A very similar picture emerges when focusing on the distribution of criteria most commonly applied in the context of pre-commercial procurement.

Pre-Commercial Procurement

Percent of countries with each criterion



The analysis shows that research and development (R&D) is once again the most frequently used criterion, appearing in the vast majority of jurisdictions. This is followed by social and/or environmental objectives, which also feature prominently, indicating that pre-commercial procurement often aims not only at innovation but also at delivering broader societal value. The criterion of market unavailability or unmet need is similarly widespread. This reflects the fundamental purpose of pre-commercial procurement: to enable public authorities to stimulate the development of solutions that are not yet available on the market.

Criteria such as risk and benefit sharing, as well as early market engagement or dialogue, appear in a significant number of jurisdictions, highlighting the collaborative and exploratory nature of this procurement instrument. In contrast, SME or start-up participation is referenced less frequently, though it still plays a notable role in several cases.

Innovation partnerships and pre-commercial procurement are embedded in many national frameworks, though their legal design and practical application vary. Several EU Member States including Bulgaria, Estonia, France, Germany, Greece, Iceland, Italy, Luxembourg, Portugal, and Spain. formally recognise innovation partnerships, whilst Iceland, Italy, and Spain also support pre-commercial procurement. A number of non-EU countries – such as Chile, Colombia, Kenya, Peru, Rwanda, Singapore, South Africa, and Thailand – likewise enable innovation-oriented procurement through similar mechanisms, even where innovation partnerships are not formally codified.

Case study:

Rwanda

Rwanda's Law No. 031/2022 on Public Procurement permits contracting authorities to include social and environmental considerations in technical specifications and evaluation criteria. It establishes a statutory "Made in Rwanda" preference for domestically produced goods and services, supporting local economic development. The law does not create a dedicated innovation-partnership or pre-commercial procurement, however, innovation can be encouraged via functional specifications, quality-weighted evaluation and, for complex projects, the applicable laws provide a lawful pathway for co-development and risk-sharing structures.

Australia promotes innovation through the Business Research and Innovation Initiative, whereas Malaysia provide incentives mainly through policy frameworks.

Case study:

Australia

Australia's procurement framework is governed by the Public Governance, Performance and Accountability Act 2013 (Cth) and the Commonwealth Procurement Rules (CPRs), which prioritise value for money rather than the lowest price. Innovation is actively promoted through various mechanisms, such as the Business Research and Innovation Initiative (BRII), which funds feasibility studies and prototypes to address government challenges, including those with social and environmental dimensions. Systemic measurement of social value is not mandated. CPRs provide consistency at the federal level, state and territory approaches vary, as the states and territories are responsible for the implementation of many social innovation-related policy areas, such as housing and homelessness.

Case study:

Malaysia

Malaysia's procurement system is built around value for money, which is often interpreted as the lowest price but remains a convention rather than a legal requirement. Policy instruments such as the Government Green Procurement (GGP) policy mandate environmental criteria and eco-labels for certain categories of goods and services[viii]. Bumiputera vendor preferences serve as a social-inclusion mechanism by reserving or favouring tenders for indigenous SMEs.

In practice, evaluations use a mix of technical and financial criteria such as innovation, sustainability, life-cycle costs, and service quality, approximating MEAT even though that terminology is not used.

Bhutan, Nepal, and Zambia, by contrast, lack dedicated innovation or pre-commercial procurement regimes, though some rely on flexible procurement tools or separate funding schemes.

- **Reserved contracts and preference regimes for social enterprises and SMEs also differ widely**

Countries with more structured systems include:

- Australia. Support for Indigenous-owned businesses via the Commonwealth Procurement Rules (CPRs), which embed the mandatory Indigenous Procurement Policy;
- France. Reserved contracts can be issued for social enterprises or organisations employing at least 50% disabled or marginalised individuals, and tenders may include clauses favouring suppliers that employ disadvantaged workers or meet green production standards;
- Ecuador. Preferences for EPS and micro- and small enterprises;
- Kenya. Under the Public Procurement and Asset Disposal Act, Cap. 412C, 30% of opportunities are set aside for youth, women, and businesses owned by people with disabilities;
- Senegal. Quotas for social-economy actors and domestic SMEs, as well as quotas and preference margins for women-led SMEs and companies that employ people with disabilities or unskilled young people;
- South Africa. Broad-Based Black Economic Empowerment (B-BBEE) linked preference points, such as social criteria like local enterprise development and equity in employment;
- Zambia. Preferences and reservation schemes for citizen suppliers, SMEs, women-, youth- and enterprises owned by people with disabilities and goods/services with local content; and
- Malaysia, to some extent. Bumiputera vendor preferences, reserving certain tenders for indigenous SMEs or offering price advantages.

3.3. Conclusion

Innovation partnerships and pre-commercial procurement provide powerful avenues for public authorities to collaboratively develop forward-looking solutions, enabling early-stage innovation and addressing unmet market needs in a structured, future-oriented way. The broad uptake of these instruments across jurisdictions, supported by a majority using formal or functionally equivalent mechanisms, reflects a growing global commitment to fostering technological progress and societal value through innovation-driven public procurement.

10. Conclusion

Across jurisdictions, public procurement systems are increasingly embracing ESG integration, value-based evaluation, and innovation-oriented instruments such as MEAT, innovation partnerships, and pre-commercial procurement, reflecting a broad global shift towards more sustainable, socially responsive, and future-focused procurement practices. Levels of regulatory commitment and implementation depth vary, however, the overarching trend shows growing alignment towards frameworks that reward innovation, support social enterprises and SMEs, and strengthen the strategic use of procurement to deliver societal and environmental value

Part 6

Research & Data

Part 6 Research & Data

Research funding and an infrastructure that enables access to data are critical enablers of social innovation. Government investment in social innovation research generates evidence on what works, while open access to data on social challenges empowers innovators to develop targeted, effective solutions.

This section examines how governments fund and incentivise research on social innovation, and whether and in what ways they make relevant data accessible. It identifies whether research and data frameworks:

- Provide dedicated funding or incentives for social innovation research;
- Incorporate social and/or environmental criteria in research funding allocation;
- Collect and publish data on social challenges (e.g., poverty, health disparities, unemployment, education gaps);
- Collect and publish data on the social innovation ecosystem itself (e.g., social enterprises, cooperatives, mutuals, foundations, mission-driven organisations); and
- Maintain open data laws and platforms that enable broad access to government-held data

The section also compares the jurisdictions by region.

I. Government Funding and Research Incentives to Promote Social Innovation

I.1. Introduction

Based on publicly available information across the 27 jurisdictions, government funding or incentives are available for social innovation research, with the exception of Greece. However, this finding should be interpreted cautiously, as it may reflect a lack of publicly accessible data rather than the absence of such support mechanisms. Given that Greece is a member of the European Union, it is unlikely that no funding or incentives for social innovation exist.

Case study:

Malaysia

Malaysia provides various grants on thematic challenges such as its Fundamental Research Grant Scheme and Transdisciplinary Research Grant, prioritising themes such as poverty eradication, inclusive society and social entrepreneurship.[i]

I.2. Overall patterns

Countries have different ways of providing funding and research incentives.

- **National funds granting subventions** for research on thematic priorities linked to social challenges;
- **National policies** such as 'Malaysia 10x vision', Portugal Social Innovation 2030, and Senegal 2050 Vision. set out country's goals relating to a specific subject or for their general growth and future, often including funding and research incentives to promote those goals

- **International funding** may flow through multilateral programmes such as Horizon Europe, bilateral cooperation funds such as the Newton-Utafiti Fund between the UK and Rwanda or the Swiss-Estonian Cooperation Programme 2024–2028, UN Development Programme country initiatives such as that in Bhutan, or targeted loans such as the World Bank financing for social innovation research in Peru.

- **Tax incentives** notably for Australia, Bhutan, Italy, Malaysia, and South Africa. These tax incentives can be either direct, by providing tax deductions, or indirect, by providing tax exemptions on imported research equipment as in Bhutan. The tax incentives approach is the least common, with only five jurisdictions out of 27 studied using this to incentivise social innovation.

Despite different ways of doing so, all countries are aligned on the idea that social innovation should be publicly funded. They also encourage collaborations between university and private partners in this respect.

Even though social innovation rarely has a fund dedicated to it, it seems to be encompassed in a number of fairly different research funds, proving that governments consider it to generate societal values.

The majority of the 27 jurisdictions have placed weight on social innovation as part of a long-term plan for the country and the goals it wants to achieve in the future including Horizon Europe, U Horizon, Rwanda 2030 Vision, or Nepal 2050. It is clear social innovation is not a goal in itself but a necessary means to achieve those goals.

Case study:

Horizon Europe

Horizon Europe is the EU's key funding programme for research and innovation. The programme strengthens the impact of research and innovation in developing, supporting and implementing EU policies while tackling global challenges. Funding of EUR 93.5 billion is provided from 2021 to 2027 and has already been renewed until 2034 with a further budget of EUR 175 billion. The second pillar of the Horizon Europe programme structure EU Horizon directly refers to social innovation in its relevant clusters.

1.3. Conclusion

Social innovation appears to be strongly linked to environmental considerations and each jurisdiction incorporates, to some extent, its cultural background into the definition of social innovation. Countries with an indigenous population such as Australia, Colombia, Ecuador, Kenya, and Peru also consider the various minorities in their countries to reflect historical, territorial and cultural differences within their own populations.

2. Governmental Promotion of Social Innovation Through Social and Environmental Criteria Being Considered to Fund Research

2.1. Introduction

Apart from Greece, as discussed earlier, there is evidence that all 27 governments include social and environmental criteria in their research funding requirements. Scientific merit is not the only criterion taken into account and the social relevance and environmental sustainability of the scientific rationale is very commonly considered, although often to different extents

2.2. Overall patterns

- **Social innovation – a criteria of funding and impact assessment.** . Social innovation is either included explicitly in research eligibility criteria and/or in the impact assessment of the relevant research. Examples include Colombia, Ecuador, France or Iceland . Others, such as Australia, Chile, Kenya, Malaysia and Spain work through thematic priorities falling under social exclusions such as poverty reduction, sustainability, inclusion, or climate or via legal or constitutional requirements such as part of the programme in Horizon Europe, the introduction of the notion of social innovation in the constitution of Ecuador or other legal commitments taken through a loan for Peru.

- **Environmental innovation – an established criteria for research funding.** Environmental considerations appear to be more explicit and mandatory than social criteria which can be framed more flexibly and under various headings such as inclusion, fight against poverty, and community benefit. This is notably shown by the EU "Do No Significant Harm" principle, notably applied in Italy with the alignment of national research with international EU climate and sustainability objectives.

- **Codification of the social and environmental criteria** Some countries have introduced the idea of a requirement of social or environmental improvement in their code or application for research grants. Examples include Nepal, Rwanda, Senegal, or Thailand. The majority of the 27 jurisdictions have made such improvement mandatory or sufficiently common that it is considered as one of the criteria to obtain a grant.

- **Limited dedicated social innovation funds.** Some jurisdictions, such as Ecuador, Germany, Portugal, Singapore or Thailand, go as far as having a dedicated social innovation fund, whereas most jurisdictions (including the above-mentioned ones) generally implement social innovation in non-dedicated funds and more generally in national policies and strategy.

1.3. Conclusion

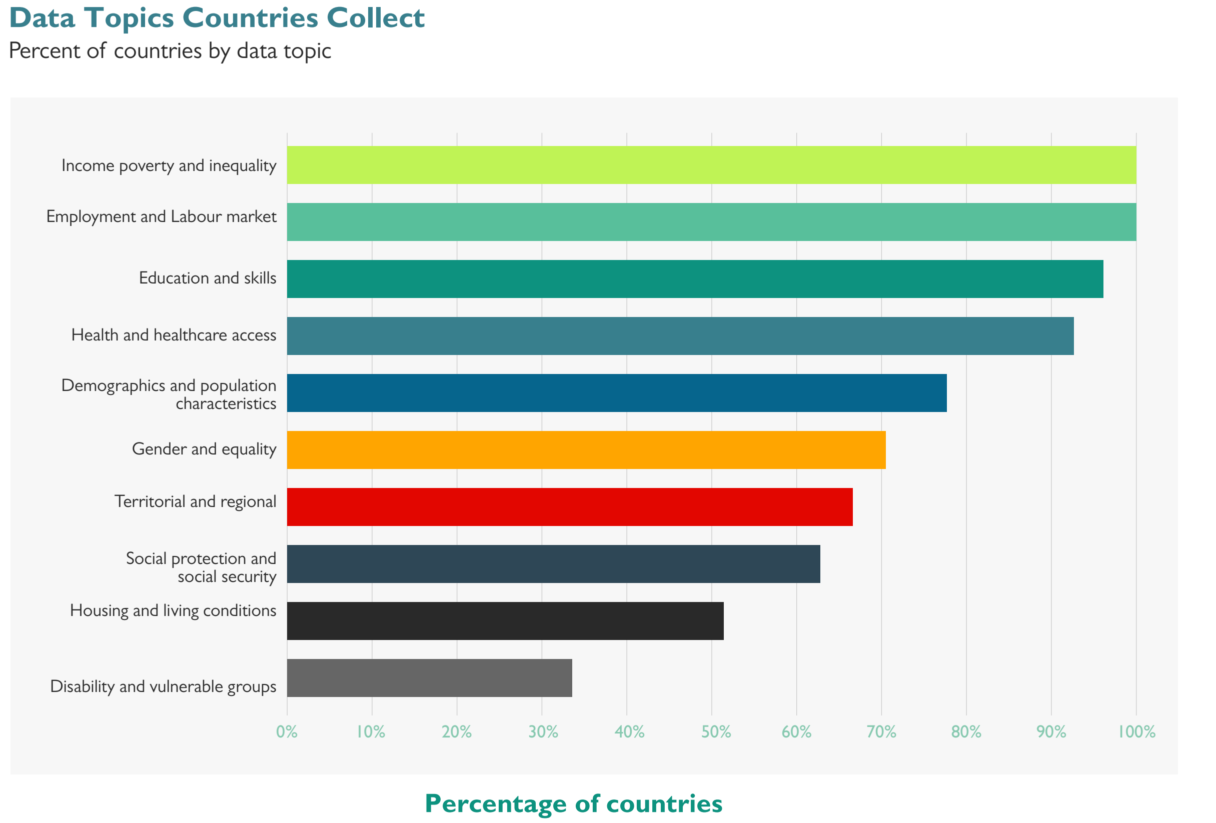
Although social innovation is becoming a key research criterion, at the time of writing, the environmental impact of the research is more strongly weighted. The environmental criteria can impact social innovation, yet there is still some progress to be made before social innovation can be considered as a criterion in its own right. The rate of change indicates that social innovation is likely to shift in the near term either for funding or impact assessment, both of which may shape funding further research.

3. Government Collection and Publication of Data on Key Social Challenges

3.1. Introduction

All the governments reviewed have confirmed that they collect and publish data related to major social issues, such as poverty, health inequalities, unemployment, and education disparities.

The following chart provides an overview of the topics for which data is collected across the 27 jurisdictions



3.2. Overall patterns

- **Most comprehensive and advanced systems.** Jurisdictions including Australia, Germany, Spain, and the United Kingdom have some of the strongest, most transparent and developed systems, supported by well-established national statistics offices and open data platforms. These jurisdictions also align with international standards (e.g., Eurostat, SDG), and have established national statistics offices and open data platforms.

- **Strong regional and SDG alignment.** EU member states also align closely with Eurostat and SDG frameworks, ensuring comparability and regularity.

- **Innovative approaches to well-being and social data.** Bhutan, Estonia, and Iceland stand out for their innovative or holistic data approaches. For instance, Bhutan is unique for integrating wellbeing and stress metrics alongside traditional socio-economic indicators. Iceland and Estonia provide internationally comparable, open-access data, with a focus on equity and inclusion.

Case study:

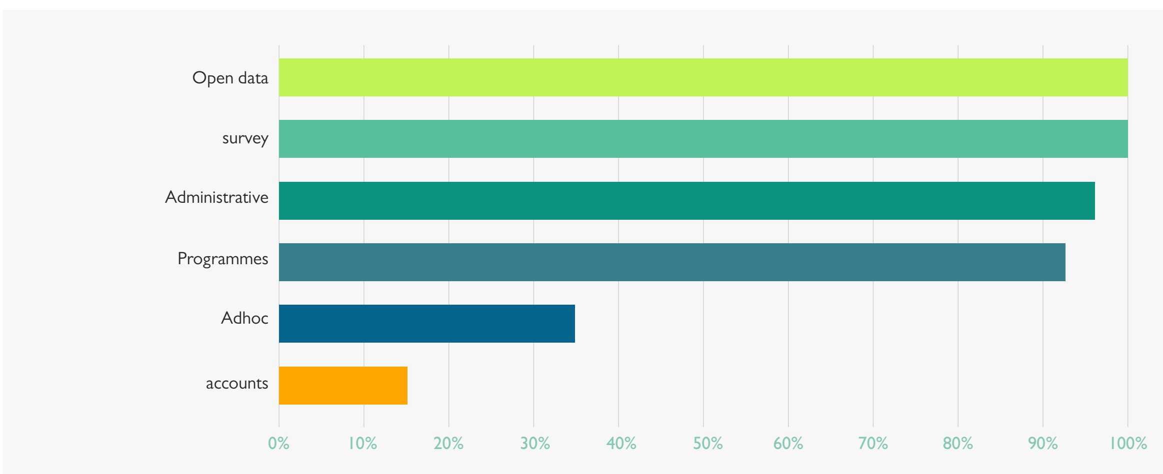
Bhutan

Bhutan's commitment to Gross National Happiness (GNH)[iii] guides holistic social data collection. The GNH Survey measures psychological wellbeing, community vitality, and social cohesion indicators. The government publishes this data openly via an Interactive Data Portal with over 1,000 statistical indicators, including poverty, health, education, and gender gaps. This transparent and comprehensive approach supports evidence-based policymaking and social innovation, illustrating Bhutan's integration of wellbeing metrics alongside traditional socio-economic data.

- **Open data and accessibility.** Malaysia, Thailand, and Singapore are regional leaders in data accessibility and integration with user-friendly platforms and real-time updates.
- **Progress and remaining challenges.** Many countries in Africa and South America are making notable progress including Chile, Colombia, and South Africa, although some, like Kenya and Senegal, still face challenges related to data integration, regular reporting, or open access.
- **Data collection methodologies overview.** The following chart provides an overview of the data collection methodologies across jurisdictions.

Data Collection Methodologies

Percent of countries by methodology



Percentage of countries

3.3. Conclusion

Overall, regarding social challenges, the global trend is towards greater transparency, more detailed data, and improved alignment with international standards. However, certain regions and data categories still show gaps, reflecting fragmented coverage, uneven reporting practices, and challenges in maintaining comprehensive datasets.

4. Government Collection and Publication on Social Innovation and Mission-Driven Organisations

4.1. Introduction

Most of the 27 governments collect and publish data on social enterprises, cooperatives, mutuals, and foundations, but coverage is often fragmented or incomplete. Some jurisdictions have well-developed reporting systems covering a wide range of mission-driven organisations, yet many track only specific types of organisations, leaving gaps particularly around social enterprises and social innovation.

4.2. Overall patterns

- **Coverage of social economy data and limitations.** General analysis reveals that in most jurisdictions, data on social enterprises, cooperatives, mutuals, and foundations is collected and published, but coverage is fragmented and not fully comprehensive. Only two jurisdictions, Greece and Senegal, indicated that they do not collect or publish relevant data. Additionally, the data collected by Montenegro appears to be very limited.

- **Advanced systems for social economy data reporting.** France, Italy, Portugal, Thailand and the United Kingdom have well-developed systems for collecting and publishing data on a wide range of mission-driven organisations, including cooperatives, mutuals, foundations, and to varying degrees social enterprises and social innovation.

- **Substantial but fragmented coverage.** Jurisdictions such as Australia, Germany, and Spain collect significant data but lack unified frameworks, especially in relation to social innovation.

- **Limited or ad hoc data collection.** Many jurisdictions only track cooperatives or non-profits, with little or no data on social enterprises or innovation. These include Bulgaria, Chile, Kenya, Luxembourg and Nepal

4.3. Conclusion

Overall, while most jurisdictions collect and publish data on social innovation, a few lack available data, underscoring persistent gaps in coverage. Even in jurisdictions with advanced reporting systems, inconsistencies remain, for instance in the types of organisations for which the data is collected.

5. Government Open Data Laws and Platforms

5.1. Introduction

All 27 jurisdictions covered in this research have open data platforms, meaning that they have data accessibility. All except Bhutan, Rwanda, South Africa, and Singapore, have open data laws although other steps towards data transparency have been taken

5.2. Overall patterns

The availability of data on open data platforms varies greatly across the 27 jurisdictions reviewed. Germany and Spain stand out as having the largest number of datasets, with access to over 130,000 and 100,000 datasets respectively. By comparison, the open data portals of Ecuador and Peru only grant access to 1,500 and 4,000 datasets respectively. Some jurisdictions, including but not limited to Estonia and Iceland, and Montenegro, do not have legal definitions or dedicated statistics for social innovation or social enterprises, which results in gaps in official data despite having otherwise strong data infrastructures. Australia's open data position is particularly strong, with its open data infrastructure combining legal frameworks, advanced platforms and robust oversight mechanisms to ensure widespread accessibility and ease of use.[iv]

Although as Rwanda, South Africa, Bhutan, and Singapore do not currently have open data laws, they have taken alternative steps towards data transparency. While Singapore does not have open data laws, it has an Open Data License that provides straightforward access to datasets related to societal and environmental challenges, as well as an open data portal.[v] Bhutan has an open data portal and a governance masterplan that emphasises transparency and data sharing.[vi]

5.3. Conclusion

Open data laws and/or platforms have been implemented in most of the 27 countries , to enable public access to government datasets. This reflects a broadly universal trend, with platforms typically established by legal mandate and aligned with international standards. However, the practical accessibility and usefulness of the data, including the availability of datasets, remain uneven across jurisdictions.

6. Conclusion

Most of the jurisdictions have government support for research on social innovation and open data laws and platforms. The exception is social innovation data, where the results are more disparate. This can be summarised as follows:

- **Social Innovation Research Funding/Incentives.** Most of the jurisdictions reviewed actively fund or incentivise research on social innovation, either through dedicated national programmes, integration into broader research and innovation strategies, or participation in international or EU funding schemes. Outliers include Greece, which does not currently provide dedicated funding or incentives for research on social innovation.

- **Social/Environmental Criteria in the Research Funding framework.** The majority embed social and/or environmental criteria into their research funding frameworks, often aligning with SDG or national sustainability strategies. This is a common trend across regions, with only minor variation in the degree of formalisation or enforcement.

- **Social challenges data collection.** Nearly all the jurisdictions systematically collect and publish data on social challenges including standard of living, health, education, and employment, typically through national statistical agencies or open data portals.

- **Data on social innovation and mission-driven organisations**. There is significant variation here. Whilst Ecuador, France, Portugal, and the United Kingdom systematically collect and publish data on social innovation, social enterprises, cooperatives, mutuals, and foundations, others including Estonia, Iceland Greece, and Montenegro lack dedicated statistical series or legal definitions for these categories, resulting in limited or fragmented data.

- **Open data laws and platforms.** Almost all of the 27 countries have established open data laws and/or platforms to facilitate public access to government datasets. This is a near-universal trend, with platforms often mandated by law and aligned with international standards.

Part 7

SDG Integration

Part 7 SDG Integration

This chapter compares how governments integrate support for social innovation within their frameworks, programmes, and policies addressing the SDG. By examining whether SDG-related legislation and programming explicitly recognise social innovation as an implementation mechanism, it reveals the degree to which policy frameworks enable collaborative, innovative approaches to sustainable development.

1. Introduction

The SDGs provide a universal framework for addressing pressing social, economic, and environmental challenges. Adopted in 2015 as part of the United Nations 2030 Agenda, the 17 SDGs offer governments a shared language and structure for coordinating development efforts across sectors. How governments organise their SDG-related legal frameworks and whether they formally recognise social innovation as an implementation mechanism reveals the degree to which policy frameworks enable collaborative, innovative approaches to sustainable development. The following analysis highlights emerging patterns, notable policy innovations, and instructive case studies that illustrate how governments are linking SDG implementation to social innovation.

This section examines how governments organise their flagship legal frameworks, programmes, policies, and initiatives around key SDG thematic areas, and whether these explicitly support social innovation. It identifies the breadth and depth of government programmes across SDG themes, including poverty reduction, health and wellbeing, education, gender equality, climate action, innovation and digital transformation, and financing and resource mobilisation.

It further assesses whether specific programmes or budget lines are tied to these SDG-linked policies, the extent to which frameworks explicitly include support for social innovation as an implementation strategy, and patterns in which SDG themes are most or least likely to incorporate social innovation approaches. Given the qualitative and illustrative nature of the data, the analysis applies case studies and thematic comparisons.

Countries are grouped by region and, where relevant, by shared regulatory environments, most notably the European Union, whose common policy instruments create a distinctive layer of SDG-related governance. The section also examines emerging patterns across Latin America, Asia-Pacific, and Africa to identify region-specific dynamics.

2. Overall patterns

2.1 Near-universal coverage of core SDG, with significant variation in depth

All 27 countries report policies addressing poverty reduction (SDG 1), health (SDG 3), education (SDG 4), decent work (SDG 8), and climate action (SDG 13), with gender equality (SDG 5) also featuring prominently in a majority of national strategies. Climate action has become a near-universal priority, but coverage of SDG related to water and sanitation (SDG 6), marine ecosystems (SDG 14), and biodiversity (SDG 15) is markedly less consistent across the sample.

2.2 SDG prioritisation reflects each country's principal development challenges

SDG prioritisation is shaped by national context rather than a uniform global template, with each country's principal development challenges, geographic constraints, and governance traditions determining which goals receive the greatest political and financial attention.

2.3 SDG governance matures across successive planning cycles

Across several countries, SDG governance shows a measurable deepening over successive planning cycles, evolving from broad declaratory alignment towards more selective, indicator-driven approaches with clearer prioritisation and stronger accountability mechanisms.

3. SDG Thematic Coverage and Prioritisation Patterns

Flagship programmes, policies, or initiatives aligned with SDG thematic areas exist across all surveyed countries. The depth and specificity of these frameworks vary significantly by income level, institutional capacity, and regional context. Certain SDGs emerge as priorities across nearly all respondents. SDG 1 (No Poverty), SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth), and SDG 13 (Climate Action) are the most frequently prioritised goals. Climate action, in particular, has become a nearly universal policy priority, driven in part by legally binding commitments under the Paris Agreement and, for European countries, by the EU Green Deal framework. SDG 3 (Good Health and Well-being) and SDG 5 (Gender Equality) also feature prominently in a majority of national strategies.

The specific combination of prioritised SDG tends to reflect each country's principal development challenges. For instance, Peru's overarching priority is SDG 3 (Health), motivated by its post-pandemic ambition to achieve universal healthcare, which in turn requires progress on SDG 1 (No Poverty), 8 (Decent Work and Economic Growth), 9 (Industry, Innovation and Infrastructure), and 16 (Peace, Justice and Strong Institutions) to build the necessary fiscal and institutional foundations. Colombia's SDG strategy is shaped by its post-conflict context, with SDG 16 (Peace, Justice, and Strong Institutions) occupying a central place alongside poverty reduction and education (SDG 1 and 4). Bhutan's distinctive Gross National Happiness philosophy aligns its SDG prioritisation with well-being, equity, and environmental conservation, placing particular emphasis on SDG 1 (No Poverty), 13 (Climate Action), and 15 (Life on Land). Singapore's island-state context drives a focus on resilience, food security, and climate adaptation (SDG 11, 2, and 13), encapsulated in its ambitious "30 by 30" food production goal and net-zero-by-2050 commitment.

In several countries, SDG prioritisation has evolved over time. Bhutan's priorities expanded from three goals under the 11th Five Year Plan (SDG 1, 13, and 15) to seven under the 13th Five Year Plan, now including education (SDG 4), gender equality (SDG 5), clean energy (SDG 7), and decent work (SDG 8). Thailand identifies nine accelerated-priority SDGs in its 2022 Voluntary National Review, reflecting institutional investment and measured progress. These shifts suggest a maturation of SDG governance over successive planning cycles

4. Budgetary Integration and SDG-Linked Financing

The degree to which SDG-linked policies are backed by dedicated budget lines and implementation mechanisms, rather than remaining aspirational, varies considerably across the sample. Three broad approaches can be identified.

At the most advanced end, a small number of countries have introduced explicit SDG budget tagging, systematically linking public expenditure to specific SDG targets. Iceland stands out as a leader in this regard. Since 2019, its Ministry of Finance has incorporated SDG-aligned objectives into the national budget structure, complemented by 40 well-being indicators and an annual Well-Being Report published alongside the State Budget. Thailand has operated an SDG Budget Tagging System since 2021, classifying expenditures by SDG contribution across all government agencies.[i] Chile introduced "climate budget tagging" under its Framework Law on Climate Change, while Italy has developed SDG-linked budget tagging to track public expenditure contributing to sustainability goals.

A larger group of countries integrates SDG financing through sectoral programme budgets rather than cross-cutting tagging systems. Australia, for instance, allocates substantial sums to specific SDG-relevant programmes, without necessarily labelling these as SDG spending. Germany channels SDG financing through hundreds of individual budget titles, with particularly significant allocations through the Special Fund for Infrastructure and Climate Neutrality and the Energy and Climate.[ii] South Africa's programme-based budgeting allocates nearly one-third of the state budget to poverty-related programmes under SDG 1 (No Poverty).

In some developing country contexts, SDG financing relies significantly on international cooperation and multilateral support. Nepal's federal government contributes about 70% of public SDG funding, with the remainder split between provincial and local levels, supplemented by major multilateral agencies including the World Bank, Asian Development Bank, and UNDP. Zambia's 2025 National Budget allocates 34% of expenditure to social sectors, with record funding for education and social protection, while also drawing on climate finance instruments such as the Green Climate Fund.

Innovative financing instruments are also emerging. Singapore has issued sovereign green bonds SGDs to fund green infrastructure. Chile's Sovereign Sustainable Bond Framework channels proceeds to eligible green and social categories aligned with SDG objectives. Rwanda uses performance contracts to monitor SDG-linked budget execution. These instruments suggest a growing sophistication in how governments connect fiscal policy to sustainability objectives.

5. European Union Member States: A Common Framework

A consistent pattern emerges among the ten EU member states in the sample. EU law and shared policy instruments create a distinctive layer of SDG governance that shapes national implementation in at least four ways.

First, the EU's overarching strategic frameworks, particularly the European Green Deal,[iii] the NextGenerationEU recovery instrument,[iv] and the EU cohesion policy architecture, provide a common set of policy objectives that national plans must address. As a result, EU member states uniformly report investments in green transition, digital transformation, social inclusion, and territorial cohesion (SDG 13, 9, 10, and 11), often funded or co-financed through EU mechanisms.

Second, EU structural and investment funds, particularly the European Social Fund Plus[v] and the European Regional Development Fund, channel SDG-relevant financing to member states with explicit requirements for social innovation. Bulgaria's Operational Programme on Human Resources Development, for instance, includes dedicated calls for social innovation projects such as new models for social services and social entrepreneurship. These EU-funded instruments effectively mainstream social innovation into national SDG programming.

Third, EU-level reporting and monitoring mechanisms, such as the European Semester, Country Reports, and Voluntary National Reviews, impose a common discipline on tracking SDG progress. Several EU states have adopted National Sustainability Strategies that serve as overarching coordination frameworks, including Germany's revised 2025 National Sustainability Strategy with 75 measurable indicators, Italy's Strategia Nazionale per lo Sviluppo Sostenibile and Portugal's National Roadmap for Sustainable Development 2030.

Fourth, the EU regulatory environment on climate, energy, and sustainability, including the Fit for 55 package, the Just Transition Mechanism, and national energy and climate plans, channels member-state action on SDG 7 and 13 in broadly comparable directions. Bulgaria, Estonia, and Greece all report climate action and participation in the EU Emissions Trading System.

6. Social Innovation as an SDG Implementation Strategy

Perhaps the most significant finding is the variation in how, and whether, countries explicitly integrate social innovation into their SDG frameworks. The findings reveal a spectrum ranging from countries with dedicated social innovation strategies embedded in SDG governance to those where social innovation remains largely implicit or absent from formal policy.

6.1 Countries with explicit and institutionalised social innovation support

Several countries have developed comprehensive institutional architectures for social innovation within their SDG frameworks. Germany adopted a National Strategy for Social Innovations and Social Enterprises in September 2023, coordinated across two federal ministries, with specific programmes opening federal research funding to social innovators and experimental innovation formats. Estonia's Social Innovation Competence Centre expressly strengthens the national social innovation ecosystem, complemented by a Welfare Technology Innovation Programme.[vi] Portugal's Social Innovation 2030 initiative channels European and national funds through dedicated instruments including capacity-building grants, social impact bonds, and partnerships for social innovation. Thailand's Office of Social Enterprise Promotion, established under its Social Enterprise Promotion Act, provides grants, technical assistance, and procurement preferences for certified social enterprises.

6.2 Countries embedding social innovation within broader innovation policy

A second group integrates social innovation into science, technology, and innovation strategies rather than through standalone social innovation policies. Chile's CTCI Policy explicitly identifies social innovation as a strategic axis, with administering instruments and funding community-based innovations.[vii] Colombia's National Council for Economic and Social Policy (CONPES) promotes social innovation as a mechanism for addressing societal challenges, supported by a dedicated Social Innovation Unit within the Department for Social Prosperity. Iceland's Science, Technology Development and Innovation Policy identifies social innovation as a central driver of sustainable growth, operationalised through funding programmes and the Prosperity Act's integrated welfare model. France's investment plan funds research and projects addressing social and environmental challenges, with social innovation embedded within the Programme.

6.3 Countries with emerging or indirect social innovation support

A third group of countries demonstrates growing recognition of social innovation without yet having formalised it as a distinct policy domain. Singapore's 2023 Voluntary National Review details concrete action plans and successful social innovations across multiple SDG though without a unified social innovation strategy. South Africa's National Development Plan calls for innovation in social delivery, and its Employment Stimulus funded community-driven social employment projects, but these remain programmatic rather than strategic. Nepal is exploring blended finance models for SDG investments but has not yet mainstreamed social innovation explicitly. Zambia's National Digital Transformation Strategy creates an enabling environment for tech-driven social solutions within its SDG framework.

Across all groups, certain SDG themes appear more likely to incorporate social innovation approaches than others. Digital transformation, employment and skills development, and climate action are the most common entry points. Public procurement, health service delivery, and education reform are also frequently cited as areas where governments apply innovative approaches. By contrast, SDG themes such as water and sanitation, food security, and peacebuilding less commonly feature explicit social innovation components, though notable exceptions exist, such as South Africa's community-based water purification innovations and Colombia's participatory peacebuilding programmes.

7. Illustrative Examples

The following six examples were selected to illustrate distinct models of integrating social innovation into SDG governance, each representing a different institutional logic along two analytical axes: how social innovation is embedded (fiscally, institutionally, or culturally) and at what level it operates (top-down government design versus bottom-up community mechanism).

7.1 Iceland: Integrating Social Innovation into Fiscal Governance

Since 2019, Iceland's Ministry of Finance has incorporated SDG-aligned objectives into the national budget structure. All ministries are required to map budget proposals to wellbeing objectives and SDG targets, supported by 40 wellbeing indicators that cover economic, environmental, and social dimensions. Social innovation is explicitly recognised in the Science, Technology Development and Innovation Policy 2025–2035 as a central driver of sustainable growth.
The policy's core principle, "innovation for the public good", establishes a framework for using technology, research, and entrepreneurship to generate social value.[viii] The Prosperity Act, one of Iceland's most significant welfare reforms, introduces cross-sectoral service teams, new coordination roles bridging administrative silos, and digital service platforms.[ix] This integrated model is designed as a social innovation framework within the public administration. Iceland's approach demonstrates that linking social innovation to SDG implementation can be reinforced through budgetary integration, legislative reform, and decentralised implementation.

7.2 Thailand: A Multi-Agency Social Innovation Ecosystem

Thailand SDG implementation is overseen by the Office of the National Economic and Social Development Council and is structured through the 20-Year National Strategy, the 13th National Economic and Social Development Plan, and the Bio-Circular-Green Economy Model. What distinguishes Thailand's approach is the breadth of agencies involved in promoting social innovation. The National Innovation Agency operates the Social Innovation Promotion Fund, Inclusive Innovation Challenge, and Innovation Voucher schemes. The Office of Social Enterprise Promotion, established under the Social Enterprise Promotion Act, supports certified social enterprises through grants, technical assistance, and procurement preferences. Research-to-practice channels are provided by the Ministry of Higher Education, Science, Research and Innovation, which funds community-based research and innovation clusters. The Digital Government Development Agency enables civic technology and service redesign, while demand-side measures such as the Thai Innovation List create pathways from prototypes to public tenders.

Thailand's SDG Budget Tagging System, operational since 2021, ensures that these social innovation investments are trackable across the government. With a dedicated budget of approximately USD 1.2 billion for 2021 to 2027, the country backs its institutional framework with substantial financial commitment. This multi-agency, demand- and supply-side approach to social innovation within SDG governance provides a model for countries seeking to move beyond isolated programmes towards systemic integration. Thailand's architecture assumes relatively strong and coordinated state institutions.

7.3 Colombia: Social Innovation as a Post-Conflict Development Tool

Colombia's integration of social innovation into its SDG framework is notable for its connection to the country's post-conflict development strategy. The government's SDG implementation established a dedicated institutional architecture with 156 indicators across all 17 SDG, tracked by the National Planning Department.[x] Social innovation is positioned as a key instrument for accelerating SDG progress, particularly in marginalised and post-conflict communities. The Department for Social Prosperity operates a dedicated Social Innovation Unit that uses open innovation and participatory methodologies to co-create solutions with communities, covering prototyping, piloting, and scaling of social innovation solutions. The national science and innovation policy promotes a territorial and participatory approach, encouraging local actors to co-create solutions that contribute to sustainable development. The current National Development Plan 2022–2026 positions public innovation as a central pillar for state transformation, including through a National Committee for Public Innovation that institutionalises innovation practices across government.

Colombia's approach illustrates how social innovation can serve as a bridge between global SDG frameworks and local realities. By embedding co-creation and community-driven experimentation within SDG governance structures, Colombia addresses the challenge of translating international commitments into context-specific, locally owned solutions, particularly in areas affected by decades of conflict. Colombia's co-creation model relies on dedicated public innovation units and a formal science policy framework.

7.4 Rwanda: Performance-Based Governance and Community-Driven Innovation

Rwanda's SDG implementation is embedded within the National Strategy for Transformation, which maps its objectives to the 2030 Agenda. SDG coordination is led by the Ministry of Finance and Economic Planning, with progress tracked through sector-specific indicators,[xi] Rwanda prioritises SDG 1 (No Poverty), 3 (Good Health and Well-being), 4 (Quality Education), 5 (Gender Equality), 8 (Decent Work and Economic Growth), 9 (Industry, Innovation and Infrastructure), and 13 (Climate Action). What distinguishes Rwanda's approach is the integration of SDG monitoring into its Imihigo performance contracts, an accountability tool rooted in pre-colonial culture that requires each district and institution to commit to annual, publicly tracked targets incorporating SDG-linked indicators, creating a direct line of accountability from international commitments to subnational delivery.

The Financial Sector Development Strategy (2025–2030) complements this architecture by earmarking funds for inclusive finance, with dedicated attention to women and youth under SDG 1 (No Poverty), 5 (Gender Equality), and 8 (Decent Work and Economic Growth). Social innovation in Rwanda is embedded within community-level participatory mechanisms. Programmes such as Ubudehe (community-based poverty classification and targeting), Umuganda (mandatory community service days generating local infrastructure and environmental solutions), and Girinka (the One Cow per Poor Family Programme) represent institutionalised social innovations that contribute to outcomes related to SDG 1 (No Poverty), 2 (Zero Hunger), and 10 (Reduced Inequalities) through community ownership and peer accountability, even though these goals are not among Rwanda's explicitly prioritised SDG.[xii] Rwanda's community mechanisms are institutionalised and state-directed.

7.5 Kenya: Regulatory Innovation and Youth-Driven Social Entrepreneurship

Kenya presents a model of SDG integration in which social innovation is advanced primarily through regulatory flexibility, youth entrepreneurship infrastructure, and decentralised climate financing. The country's SDG implementation is anchored in its Vision 2030, the long-term national development blueprint, which was operationalised through the "Big Four Agenda" focusing on food security, manufacturing, universal healthcare and affordable housing, and continues to guide sector-specific programming. In practice, however, the country's flagship programmes and budget allocations address a considerably broader set of goals, including SDG 1 (No Poverty), 4 (Quality Education), 5 (Gender Equality), 8 (Decent Work and Economic Growth), and 13 (Climate Action). Budgetary commitment is substantial; the 2025/2026 budget allocates approximately 28% of total expenditure to education.

Central to Kenya's approach to social innovation is the combination of regulatory pragmatism and direct government support for innovation ecosystems. The most prominent example is the Central Bank of Kenya's test-and-learn regulatory approach, which allowed mobile money to scale without premature regulation, transforming financial inclusion across East Africa and demonstrating how regulatory innovation can itself constitute social innovation. Building on this precedent, Kenya launched its Innovation Masterplan in 2023, providing a strategic framework for startup support.

Kenya's climate governance also incorporates innovative financing and decentralised delivery. The Financing Locally Led Climate Action programme, channels funds directly to counties governments for community-level climate resilience projects. Although this programme is primarily an innovative financing and decentralisation mechanism rather than a social innovation programme in the narrow sense, its design – empowering county governments and communities to identify and implement locally appropriate climate solutions – incorporates participatory principles that align with social innovation approaches.

The National Tree Planting Programme mobilises community groups, schools, and local administrations. Kenya's model illustrates how social innovation within SDG governance can emerge organically from an enabling regulatory environment and an entrepreneurial culture, rather than through a top-down institutional strategy. Kenya's model depends on a specific combination of regulatory flexibility and entrepreneurial culture that may be difficult to replicate elsewhere.

8. Conclusion

8.1 Move from aspirational frameworks to indicator-driven SDG governance

All 27 countries report SDG-aligned programmes, but maturity ranges from comprehensive, indicator-driven strategies with budget tagging to frameworks that remain largely aspirational. The most effective approaches combine clear prioritisation with dedicated financing, monitoring mechanisms, and cross-ministerial coordination. Governments at earlier stages of SDG governance should consider establishing a dedicated SDG coordination body, defining measurable national targets for prioritised goals, and instituting regular progress reporting.

8.2 Designate and fund social innovation as an explicit SDG implementation mechanism

Countries that have not yet formally linked social innovation to SDG governance should consider designating a lead agency or unit responsible for social innovation This would create dedicated funding windows within existing SDG budgets, and ensure that social innovation is included in calls for proposals under SDG-linked programmes as an eligibility or evaluation criterion. Opening existing research funding to social innovation actors, rather than creating entirely new funding lines, may be a particularly replicable approach for countries seeking to formalise social innovation support without building new institutional structures.

8.3 Adopt SDG budget tagging and innovative financing to strengthen accountability

Countries that systematically link public expenditure to SDG targets, whether through budget tagging, sovereign green bonds, or performance-based budgeting, demonstrate greater transparency, accountability, and strategic resource allocation. Governments seeking to strengthen the connection between fiscal policy and sustainable development, should begin with pilot SDG tagging in a limited number of ministries, progressively expanding coverage. Complementary instruments such as social impact bonds, blended finance mechanisms, and sustainability-linked sovereign debt, can further mobilise private capital for SDG-aligned social innovation.

8.4 Leverage shared regulatory environments for SDG coherence and social innovation mainstreaming

EU membership creates a distinctive enabling environment. Shared EU instruments provide member states with a common framework that mainstreams both SDG objectives and social innovation into national policy and financing. Non-EU countries and regional blocs should explore whether comparable multilateral instruments could establish a similar floor of policy coherence, particularly by integrating social innovation requirements into shared development funds and reporting mechanisms.

8.5 Expand social innovation into underserved SDG themes

Digital transformation, employment, and climate action are currently the most common entry points for social innovation within SDG frameworks. However, the data suggests significant untapped potential in themes such as water and sanitation, food security, peacebuilding, and biodiversity, where community-driven and participatory approaches may be particularly effective. Governments should actively encourage social innovation in these domains by including them in innovation funding calls, supporting regulatory sandboxes for testing novel delivery models, and documenting and sharing successful pilots through international peer-learning platforms.

9. Conclusion

This comparative review reveals a legal and institutional landscape that is both increasingly active and materially uneven. Across the 27 jurisdictions surveyed, social innovation is seldom ignored; but nor is it yet supported with a consistent degree of legal clarity, institutional commitment or policy coherence. Three broad conclusions may be drawn from the analysis.

First, legal recognition matters, but legal recognition alone is not enough.
Where jurisdictions provide clear legal pathways for mission-driven activity, whether through dedicated organisational forms, tailored governance models, fiscal incentives or procurement mechanisms, social innovation is more readily capable of being organised, financed and scaled. Yet formal recognition, taken in isolation, rarely proves decisive. The more effective frameworks are those in which legal form is matched by practical operability, credibility and continuity including access to funding, administrative usability, regulatory clarity and institutional support.

Second, fragmentation remains the principal structural weakness.
Across many jurisdictions, relevant measures exist in dispersed, incomplete or weakly coordinated form. Social innovation may be reflected in policy statements without being anchored in durable institutions; it may be encouraged through funding initiatives without corresponding legal recognition; or it may appear in procurement or ESG discourse without being integrated into a broader public strategy. In those circumstances, the ecosystem remains difficult to navigate and harder still to scale. By contrast, the jurisdictions that perform most convincingly are those in which the constituent elements such as law, policy, finance, procurement, research and data are aligned in a more coherent and mutually reinforcing way.

Third, no single model has emerged as universally dominant, but certain conditions recur with notable consistency.
The comparative exercise does not suggest that social innovation depends on one preferred legal tradition or institutional design, but certain features appear repeatedly in the stronger frameworks: clearer governmental direction, recognisable legal vehicles for social-purpose activity, more reliable access to finance, procurement systems capable of accommodating social value, and a closer connection between public-policy objectives and implementation tools. What matters most is whether the relevant framework operates as an intelligible and workable whole

The findings suggest that social innovation is most likely to move beyond pilot programmes and peripheral initiatives where it is supported by frameworks that are clear, coordinated and capable of enduring beyond short policy cycles.

Next steps

For One Family Foundation, the next phase of this work lies in translating comparative insight into practical direction, and identifying those areas in which reform, coordination or further institutional development may be most impactful. In that respect, this report is conceived as a foundation for continued engagement with policymakers, practitioners, philanthropic actors and other stakeholders working to strengthen the conditions in which social innovation can flourish.

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18.	Thailand	Atherton Legal
19.	Zambia	MAY and Company

Annexes

Annex I: Organisational Forms Annex – Directors' pursuit of social or environmental goals

	Country	Directors' ESG governance obligations (Yes/No)	Scope of obligations
1	**Australia**	**Entity-specific only**	For ordinary for-profit companies, directors are not legally required to consider social or environmental interests beyond shareholder value, although they may do so where consistent with the company's long-term interests. Mandatory prioritisation of social or community objectives applies only to specific organisational forms, including companies limited by guarantee, registered charities, co-operatives and Indigenous corporations, whose boards must act in accordance with their social, charitable or community purposes.
2	**Bhutan**	**Entity-specific only**	Ordinary for-profit companies are not required to balance interests beyond shareholder value, although they may access general sectoral incentives for socially beneficial activities. Mandatory prioritisation of social or community objectives applies to specific organisational forms. Cooperatives are governed on a one-member-one-vote basis and are required to operate for collective and community benefit, particularly in renewable natural resources sectors, subject to government-approved bylaws. Civil Society Organisations must pursue social objectives exclusively, reinvest all surpluses, and comply with statutory endowment and reserve requirements.
3	**Bulgaria**	**Entity-specific only**	Ordinary for-profit companies are not legally required to consider or prioritise social or environmental interests beyond shareholder value. Mandatory prioritisation of non-profit and public-interest objectives applies to non-profit legal entities (associations and foundations) governed by the Non-Profit Legal Entities Act. Boards and managers of NGOs must act exclusively in pursuit of their stated public-interest purposes and reinvest any surplus accordingly. Ordinary for-profit companies are not legally required to consider or prioritise social or environmental interests beyond shareholder value.

4	**Chile**	**Entity-specific only**	Ordinary for-profit corporations are not legally required to consider interests beyond shareholder value. Mandatory prioritisation of social, environmental and community objectives applies to specific organisational forms. Cooperatives must operate democratically and in the collective interest of their members under Law No. 19.832, rather than maximising profit. Foundations and associations are legally bound to pursue their non-profit public-interest purposes under the Civil Code. Mutual associations, particularly in the health and safety sector, must reinvest surpluses to serve members' welfare.
5	**Colombia**	**Entity-specific only**	Ordinary commercial companies remain governed by a shareholder-oriented model, although constitutional principles recognise the social function of enterprise and permit consideration of broader stakeholder interests. Mandatory balancing of shareholder, social and environmental interests applies to specific organisational forms. Under Law 1901 of 2018, administrators of Benefit and Collective Interest companies are legally required to balance the interests of the company, shareholders and identified collective benefits to society and the environment. Cooperatives inherently prioritise member benefit rather than profit maximisation, and non-profit entities (foundations and corporations) must act exclusively in pursuit of their social or charitable mission.
6	**Ecuador**	**Entity-specific only**	Ordinary commercial companies are not subject to a mandatory multi-stakeholder governance duty. Mandatory prioritisation of social, environmental and collective interests applies to specific organisational forms. Cooperatives and other Popular and Solidarity Economy entities governed by LOEPS are legally required to pursue member welfare, community development and solidarity principles through their governance bodies. Foundations and non-profit corporations must manage assets exclusively to fulfil their stated social purpose. In addition, Benefit and Collective Interest companies are for-profit entities that voluntarily adopt a social or environmental mission in their bylaws, requiring boards to balance financial performance with collective-benefit objectives and to publish annual impact reports.
7	**Estonia**	**No (but permitted)**	The Commercial Code requires directors to act in the best interests of the company, which is not limited to shareholder value. While private companies (OÜ) are not obligated to consider other interests, they may factor in employees, creditors, or community if it aligns with sustainable development. For listed companies and state-owned enterprises, the Corporate Governance Code and OECD guidelines encourage boards to consider stakeholders (employees, society) alongside financial performance.

8	**France**	**Entity-specific only**	Ordinary for-profit companies are not generally required to prioritise interests beyond shareholder value, although directors may take broader stakeholder and sustainability considerations into account where consistent with the company's long-term interests and applicable governance codes. Mandatory prioritisation of social and collective interests applies to specific organisational forms within the Social and Solidarity Economy. Associations, foundations, cooperatives and mutual societies are legally required to pursue a defined social or public-interest purpose and reinvest profits accordingly. In particular, *sociétés coopératives d'intérêt collectif* must include multiple stakeholder groups in governance, balance their interests, and reinvest the majority of profits, preventing capital investors from exercising control. Boards of these entities are legally bound to prioritise social utility over shareholder returns.
9	**Germany**	**Yes (several entity-specific)**	Mandatory prioritisation of social, environmental or public-benefit objectives applies to several specific organisational forms. Non-profit entities such as gGmbH and gUG must pursue charitable or public-benefit purposes under the German Fiscal Code and reinvest all profits in their mission. Foundations (Stiftungen) are legally bound to act in accordance with their statutes and maintain an asset lock in furtherance of their social or environmental purpose. Registered associations (e.V.) must operate democratically and pursue their stated non-profit objectives. Cooperatives (eG) are subject to democratic governance and must balance member interests, often including community or social benefit, rather than maximise shareholder returns.
10	**Greece**	**Entity-specific only**	Greek law does not explicitly require boards or managers of ordinary for-profit companies to prioritise interests other than shareholder value. However, Law 4430/2016 governing Social Cooperative Enterprises requires these entities to have a statutory purpose aligned with collective benefit, social benefit or sustainable development. While the law does not expressly mandate directors to balance interests beyond shareholder value, these considerations are embedded in the organisation's purpose and governance.
11	**Iceland**	**Yes (several entity-specific)**	Icelandic law allows and, in several organizational forms, requires boards to prioritize social, environmental or community interests over shareholder value. Associations must act in accordance with their non-profit objectives and use income solely to achieve the public or social goals set out in their bylaws.

			Foundations are legally bound to pursue their defined public or charitable purpose and have no shareholders. Cooperatives must operate under democratic governance principles and balance economic sustainability with member welfare and community benefit. Private limited companies are generally shareholder-oriented but may include social or environmental objectives in their articles of association, in which case boards are required to consider those objectives alongside financial performance. Partnership-based entities must act in the collective interest of partners and the shared purpose defined in the partnership agreement.
12	**Italy**	**Yes (several entity-specific)**	Benefit Corporations are required to pursue common-benefit objectives alongside profit. Directors must balance these objectives with shareholders' interests and publish an annual impact report. Failure to comply may give rise to liability under directors' duties rules. Social cooperatives must prioritise the general interest of the community and/or the social integration of disadvantaged individuals. Their boards are required to safeguard the cooperative purpose, maintain indivisible reserves and ensure that benefits accrue primarily to members and the community rather than external investors. Mutual societies similarly operate on a mutualistic principle, requiring managers to prioritise member welfare and statutory objectives over profit maximisation. In addition, listed companies are encouraged under the Corporate Governance Code and non-financial reporting obligations set out in Legislative Decree 254/2016 to consider ESG factors in strategic decision-making. Public-interest entities and companies accessing PNRR funds are subject to enhanced transparency and sustainability requirements.
13	**Kenya**	**No (but permitted)**	Under the Companies Act, Cap. 486, directors must act in good faith to promote the success of the company for the benefit of its members as a whole and, in doing so, have regard to other interests. In insolvency situations, directors are required to prioritise the interests of creditors over those of shareholders. Kenya does not have a specific "benefit corporation" model. However, governance standards reinforce stakeholder considerations. The Capital Markets Authority's Code of Corporate Governance for Issuers (2015) recommends that listed company boards adopt strategies promoting sustainability and consider ESG aspects relevant to long-term business sustainability. Overall, while the default corporate model remains shareholder-oriented, companies may incorporate non-monetary and stakeholder considerations into their governance frameworks and constitutive documents, making such considerations binding on the organisation.

14	**Luxembourg**	**Entity-specific only**	Certain organisational forms in Luxembourg require boards and managers to consider interests beyond shareholder value. Social Impact Companies must pursue a primary social or societal purpose through an ongoing economic activity. This purpose is embedded in the articles of association and accreditation conditions, and managers are legally required to act consistently with that mission and comply with impact and transparency reporting obligations. For non-profit associations and foundations, boards must act exclusively in furtherance of the organisation's stated non-profit objectives. Under the Luxembourg Law of 10 August 1915, directors of commercial companies must act in the "interest of the company". While this primarily refers to shareholders' long-term interests, boards may consider stakeholder interests such as employees, creditors, sustainability and reputation where aligned with the company's interest. For listed companies, the Luxembourg Stock Exchange's X Principles of Corporate Governance require adoption of a sustainability policy and transparent reporting on its implementation.
15	**Malaysia**	**Yes (several entity-specific)**	Under Malaysian company law, directors of ordinary for-profit companies owe their duties primarily to the company and its shareholders, and there is no general statutory obligation to prioritise social or environmental interests over shareholder value. Mandatory prioritisation of non-shareholder interests applies only to specific organisational forms. Companies limited by guarantee operate on a non-profit basis and require directors to act in accordance with the company's stated objectives, with profits reinvested and no distributions to members. Cooperatives, governed by the Co-operative Societies Act 1993, are member-owned and democratically governed, requiring boards to prioritise member welfare and collective benefit over profit maximisation. For listed companies, the Malaysian Code on Corporate Governance and Bursa Malaysia's Sustainability Framework encourage boards to oversee environmental, social and sustainability risks on a "comply or explain" basis, but these do not displace shareholder primacy in ordinary companies.
16	**Montenegro**	**No (but permitted)**	Under Montenegrin company law, directors and managers of for-profit companies owe their duties to the company and its shareholders. There is no legal requirement to consider or prioritise interests other than shareholder value when making decisions. The Company Law does not provide for public-benefit or multi-stakeholder corporate purposes, and shareholder primacy remains the default governance model. Non-shareholder interests (such as employees, community or the environment) may only be considered to the extent they align with the company's long-term success or are required by specific sectoral regulations.

17	**Nepal**	**Entity-specific only**	Private limited companies are primarily focused on shareholder value. However, other organisational forms are legally required or permitted to prioritise broader interests. Under the Cooperatives Act, cooperatives must promote the economic and social welfare of their members and contribute to community development, with governance rules aimed at accountability (including limits on directorships). Under the Companies Act, non-profit companies registered under Section 166 must pursue objectives such as education, health, environmental protection or social development, and are prohibited from distributing profits, which must be fully reinvested to achieve their stated purposes.
18	**Peru**	**Voluntary, entity-specific**	Peru has created a voluntary organisational form that requires boards to consider social and environmental objectives alongside profit. Companies that opt into the General Interest and Benefit Company (Sociedad de Beneficio e Interés Colectivo) regime must include at least one social and one environmental purpose in their bylaws, in addition to their economic objectives. Boards are required to ensure compliance with these purposes, approve a strategic plan to achieve them, and oversee transparency and accountability mechanisms. BIC companies must prepare an annual management report, verified by an independent third party, and submit it to shareholders and the Ministry of Production. Failure to comply may result in loss of BIC status, and shareholders may bring legal claims to enforce the declared social or environmental commitments.
19	**Portugal**	**Entity-specific only**	In Portugal, social economy legal forms require boards and managers to prioritise interests other than shareholder value. Cooperatives, under the Cooperative Code, must operate according to democratic governance, member participation and concern for the community, requiring decision-makers to balance members' interests and broader social objectives rather than profit alone. Mutuals and associations are governed by statutes that embed non-profit or mutualistic purposes, which boards are required to pursue. Foundations are legally bound, under the Framework Law for Foundations, to act exclusively in the interest of their stated mission and beneficiaries. For ordinary for-profit companies, directors' duties remain shareholder-oriented, but broader stakeholder interests may be reflected where expressly incorporated into the company's by-laws.

20	**Rwanda**	**Voluntary, entity-specific**	Under the Companies Law, directors owe duties to the company as a legal entity rather than exclusively to shareholders, and the corporate purpose is defined in the articles of association. There is no general statutory duty requiring directors to consider stakeholder interests across all companies. However, specific organisational forms embed broader interests in their governance. Companies limited by guarantee are primarily non-profit and require directors to act in line with the stated objects rather than member gain. Foundations must pursue public-interest purposes subject to an asset lock. Cooperatives are member-owned and governed by cooperative principles, requiring boards to balance member benefit with prudent management and statutory compliance. Non-governmental organisations operate under RGB oversight and must act consistently with their approved objectives.
21	**Senegal**	**Entity-specific only**	Under the OHADA Uniform Act, directors must act in the interest of the company as a legal entity, not solely in the interest of shareholders. For SAS companies, the articles of association may expressly require boards to prioritise social or environmental objectives over profit. Entities accredited under the Social and Solidarity Economy framework (LOESS, Law No. 2021-28) are legally required to reinvest surpluses, apply participatory and stakeholder-based governance, and balance social impact with financial considerations. In addition, the 2025 Investment Code (Law No. 2025-16) requires investors granted “Socially Responsible Investment” status to contribute to sustainable development, equity and social inclusion, obliging managers to prioritise community and societal interests. Cooperatives governed by the OHADA Cooperative Act must operate under democratic governance and act in the collective interest of members rather than individual profit maximisation.
22	**Singapore**	**Entity-specific only**	Singapore does not impose a statutory requirement on company boards to prioritise interests other than shareholder value. However, boards and managers may be required to balance social impact objectives alongside financial performance where the company voluntarily opts into recognised social enterprise frameworks. In particular, businesses that obtain raiSE Social Enterprise membership must demonstrate the ability to balance shareholder value with social impact objectives. raiSE membership is granted to ACRA-registered businesses that strategically integrate social impact into their business model and meet the principles of Intentionality, Additionality and Proportionality.

			Under this framework, social enterprises are expected to embed social impact within their governance and operations, including through inclusive employment, inclusive products and services, or capacity-building services for social organisations. While this does not arise from company law, it creates binding expectations for boards and managers of member entities to consider and manage social impact alongside financial viability as a condition of maintaining raiSE membership.
23	**South Africa**	Entity-specific only	South African company law is primarily shareholder-oriented, but several organisational forms and governance mechanisms require or permit boards and managers to consider interests beyond shareholder value. Non-Profit Companies and trusts are required to prioritise their stated public benefit objectives over profit. Directors and trustees owe fiduciary duties to the organisation's mission and beneficiaries rather than to shareholders, and assets and income must be applied solely to approved public benefit activities under the Public Benefit Organisation regime. In ordinary for-profit companies, directors' duties under section 76 of the Companies Act 2008 are owed to "the best interests of the company". While there is no explicit statutory mandate to balance stakeholder interests, this duty may include consideration of employees, creditors and long-term interests. In addition, certain large companies are legally required to establish a Social and Ethics Committee, which must monitor matters such as labour practices, health and public safety, consumer relations and environmental impacts, ensuring board-level oversight of these interests. Co-operatives are governed to act in the collective interest of their members, often including community development objectives, rather than maximising returns to external shareholders. Directors of state-owned companies are also required to align decision-making with public mandates. Separately, the King IV Code of Corporate Governance (non-binding) encourages stakeholder-inclusive governance and consideration of social, environmental and economic impacts, but does not impose a legal obligation.
24	**Spain**	Entity-specific only	Ordinary commercial companies (S.A. and S.L.) are not legally required under Spanish company law to consider or prioritise interests beyond shareholder value, unless such interests are expressly incorporated into the company's bylaws. Directors' duties remain primarily shareholder-oriented, and there is no general statutory obligation to balance social or environmental interests in decision-making.

			Mandatory prioritisation of social, environmental or community objectives applies to specific organisational forms within the social economy. Cooperatives, governed by Law 27/1999, must operate under democratic governance principles and prioritise member and collective interests, with reinvestment of surpluses rather than profit maximisation. Foundations, regulated by Law 50/2002, are legally bound to pursue general interest purposes and must prioritise public benefit over private gain. Insertion companies (Law 44/2007) are required to reinvest profits to fulfil their labour-integration mission, and labour societies (Law 44/2015) promote worker participation, employment stability and social cohesion through their governance structures.
25	**Thailand**	**No (but permitted)**	Ordinary private and public limited companies are not legally required under Thai company law to consider or prioritise interests beyond shareholder value. Directors of both private limited companies (under the Civil and Commercial Code) and public limited companies (under the Public Limited Companies Act 1992) must manage the company in accordance with the shareholders' resolutions and the company's regulations, and there are no statutory rules requiring boards to balance or prioritise social, environmental or other stakeholder interests in decision-making. However, soft-law frameworks promote broader consideration of non-shareholder interests. The 2017 Corporate Governance Code for Listed Companies, together with SEC and Stock Exchange of Thailand guidelines, encourage boards(particularly of listed companies)to consider ESG factors, sustainability and stakeholder impacts as part of good corporate governance. These principles are not legally binding and do not override shareholder primacy, but they permit and promote stakeholder-oriented decision-making where aligned with long-term corporate value and regulatory expectations.
26	**United Kingdom**	**Yes (several entity-specific)**	Certain organisational forms under United Kingdom law require boards and managers to prioritise interests beyond shareholder value. Community Interest Companies (CICs) must satisfy a statutory community interest test and operate for community benefit under the Companies (Audit, Investigations and Community Enterprise) Act 2004. Directors are required to act consistently with the company's community purpose and to report annually on social impact and stakeholder engagement. Co-operative and Community Benefit Societies (BenComs), governed by the Co-operative and Community Benefit Societies Act 2014, must operate for the benefit of the community rather than private profit. Their governance structures embed democratic decision-making and require boards to prioritise social objectives over shareholder returns. Charities are subject to fiduciary duties requiring trustees to act solely in furtherance of the charity's purposes and beneficiaries, not private financial interests.

			For ordinary companies under the Companies Act 2006, shareholder primacy remains the default. However, section 172 requires directors to "have regard" to wider factors such as employees, community impact and environmental considerations, although this duty remains subordinate to promoting the success of the company for its members.
27	**Zambia**	Yes	Under section 10(6) of the Companies Act, a company limited by guarantee may not carry on business for the purpose of making profit for its members or for anyone involved in its promotion or management. Directors are therefore required to prioritise the company's non-profit objectives and public or community purposes over member or shareholder profit.

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Annex 2: Organisational Forms Annex – ESG-related obligations

	Country	ESG-related obligations for private and public enterprises	ESG-related obligations for investors
1	**Australia**	Mandatory ESG-related requirements apply through reporting and compliance regimes, including the Modern Slavery Act 2018 (supply-chain reporting for large entities), Workplace Gender Equality Act 2012 (gender reporting), environmental compliance laws, mandatory climate-related financial disclosure for large listed and financial entities, sector-specific prudential supervision (APRA), and social and environmental considerations in public procurement.	No universal statutory ESG mandate for investors. ESG requirements arise through fiduciary duty expectations, disclosure obligations under the Corporations Act 2001, APRA prudential guidance (including climate-risk integration), and statutory mandates applicable to specific public funds (e.g. Clean Energy Finance Corporation).
2	**Bhutan**	Bhutan imposes social and environmental requirements on enterprises through multiple regulations. The Corporate Governance and CSR Code of Bhutan outlines responsibilities for companies to uphold ethical standards, environmental stewardship, and social accountability. The National Environment Commission enforces environmental clearance procedures under the Environmental Assessment Act (2000) and RECOP (2016), requiring businesses to assess and mitigate environmental impacts before undertaking development activities.	Bhutan introduced mandatory ESG reporting and funding requirements in 2022. Under the Corporate Governance & Corporate Social Responsibility Code of Bhutan 2022, company boards must formulate a CSR policy and all profitable companies are required to allocate at least 0.5% of their net profits annually to a CSR Fund for approved social and environmental activities. Enterprises must also comply with environmental impact assessment and clearance requirements under the Environmental Assessment Act 2000.

3	**Bulgaria**	Bulgaria has introduced social and environmental requirements for enterprises, primarily driven by EU legislation and national laws. Under amendments to the Accountancy Act in 2024, large companies are required to disclose non-financial information, including ESG aspects, in their annual reports in accordance with the European Sustainability Reporting Standards under the Corporate Sustainability Reporting Directive, with sustainability assurance requirements under the Independent Financial Audit Act. Environmental requirements are imposed through legislation such as the Environmental Protection Act and the Biodiversity Act, as well as the Climate Change Mitigation Act, which was amended to set a national target of climate neutrality and net-zero greenhouse gas emissions by 2050 and to expand emissions regulation under the EU Emissions Trading System. Social requirements arise from labour and anti-discrimination legislation, including the Labour Code, the Protection Against Discrimination Act and the Social Security Code, and from sustainability reporting obligations covering labour rights, human rights, employee well-being and community engagement. Governance standards are promoted through the National Code for Corporate Governance, which applies primarily to listed companies on a "comply or explain" basis.	Investors in Bulgaria are subject to ESG requirements through compliance with environmental, social and governance obligations embedded in national legislation and EU law, including environmental protection and emissions regulation, labour rights, diversity and human rights requirements. ESG compliance is linked to access to EU funding, including the Recovery and Resilience Plan and Cohesion Funds, and eligibility for sustainable and green finance. In addition, the Bulgarian Stock Exchange has developed ESG ratings and is preparing an ESG index for public companies, aimed at attracting ESG-focused investors, based on sustainability data and ratings provided by LSEG Data & Analytics.
4	**Chile**	Chile has embedded social and environmental obligations for enterprises through legislation, regulation and reporting requirements. Environmental Law No. 19.300 establishes the Environmental Impact Assessment System and provides the framework for emission standards, environmental quality standards and waste and	Investor-level ESG obligations are regulated primarily through financial-market and pension-fund regulations. CMF General Rules No. 386 (2015) and No. 461 require institutional investors, including mutual funds, insurance companies and pension funds, to disclose how ESG factors are integrated into investment policies and risk-management frameworks.

		pollutant management. The Health Code and related regulations establish sanitary and safety requirements for waste generation, treatment and disposal. Social requirements arise under the Labour Code and related decrees, which regulate occupational health, gender equality, non-discrimination and workplace safety, including mandatory preventive risk-management systems. Corporate criminal liability applies under Law No. 20.393, as expanded by Law No. 21.595, to include environmental crimes, human-rights violations and integrity-related offences. ESG reporting obligations apply to issuers of publicly offered securities and other companies required to file annual reports, under CMF General Rule No. 461, which mandates disclosure of environmental, social and governance factors aligned with international standards.	For pension funds, Decree Law No. 3.500 and Superintendency of Pensions Regulation NCG No. 276 require Pension Fund Managers to explicitly consider ESG factors in investment analyses and in the governance of proxy voting, aligned with the UN Principles for Responsible Investment adopted by Chile's pension sector.
5	**Colombia**	Colombia does not mandate a unified ESG framework. However enterprises are subject to social and environmental obligations under specific laws. Under Law No. 99 of 1993 and its regulations, companies whose activities impact natural resources must obtain environmental licences or permits prior to initiating projects and are subject to ongoing obligations on emissions and discharges, enforced by environmental authorities, with sanctions including fines or closure for non-compliance. Certain large projects must also conduct prior community consultations with affected indigenous or local communities under Law No. 21 of 1991 and ILO Convention No. 169. Social requirements arise under the Labour Code and related regulations, including minimum wage, working hours, social security and non-discrimination obligations. Decree	ESG requirements apply to investors in Colombia primarily through sector-specific regulation. In 2021, the Superintendence of Finance issued Circulars 007 and 008 requiring pension funds, insurance companies, banks and asset managers to integrate ESG factors into investment decisions and report on their implementation, including management of environmental and climate risks. For capital-market activities, the Superintendence of Finance issued Circulars 028 of 2020, 020 of 2022 and 005 of 2024 setting guidelines for the issuance of green, social and sustainability-linked bonds, including use-of-proceeds and impact-reporting requirements. ESG integration is further supported by voluntary initiatives, including adoption of the UN Principles for Responsible Investment by Colombian investment firms.

		No. 1072 of 2015 requires employers to implement a Workplace Health and Safety Management System, and employers must respect freedom of association and prohibit child and forced labour in line with ILO conventions. While not mandatory, many large companies voluntarily adopt international sustainability standards and publish sustainability reports, supported by regulatory guidance.	
6	**Ecuador**	Ecuador's framework imposes environmental and social obligations on enterprises through sectoral regulation rather than a consolidated ESG regime. The Código Orgánico del Ambiente establishes environmental rights, impact assessment requirements, pollution controls and a regulatory regime including sanctions and remediation duties. Regulated activities must obtain environmental permits, carry out environmental impact assessments, and comply with monitoring and reporting obligations. The Código Orgánico del Ambiente also provides incentives and environmental instruments. On the social side, constitutional provisions and sectoral laws impose obligations relating to labour protections, consultations and respect for collective and indigenous rights. Ecuador has not implemented a single mandatory ESG disclosure regime; instead, obligations are enforced through sectoral regulation, permitting, supervision and sanctioning processes.	Ecuador does not impose direct ESG obligations on private investors through a unified legal framework. ESG-related requirements arise mainly through sectoral licensing regimes, public procurement criteria and financial-sector regulation. Financial institutions are required to implement policies and procedures to identify, assess, manage and monitor environmental and social risks in credit processes. In the securities market, there are no mandatory national ESG regulations or taxonomy. Stock exchanges in Quito and Guayaquil have issued voluntary guidelines aligned with international green bond principles, and the government has published a Sovereign Green Bond Framework for public-sector issuances.
7	**Estonia**	Estonia imposes social and environmental requirements on enterprises, largely reflecting EU obligations. Under the Sustainable Development Act, economic activity must maintain the natural balance and may be restricted to protect nature. The Waste Act and the Packaging Act impose extended producer responsibility obligations. Estonia is	In line with EU rules, investors in Estonia are subject to ESG requirements mainly through the Sustainable Finance Disclosure Regulation, which requires sustainability-related disclosures. Estonia has also introduced a foreign investment screening regime for certain non-EU investors and is developing ESG data infrastructure, including a sustainability register, to support access to ESG information.

		implementing the EU Corporate Sustainability Reporting Directive, with reporting postponed for certain companies, and is developing tools to facilitate ESG data collection and to regulate environmental claims.	
8	**France**	France imposes environmental, social and governance requirements on enterprises through national legislation and EU law. Large companies are subject to ESG disclosure obligations under the Corporate Sustainability Reporting Directive, transposed into French law in December 2023, requiring reporting on ESG risks, impacts and governance in accordance with the double materiality principle. Environmental obligations also arise under the Loi Énergie-Climat and the Loi Climat et Résilience, including carbon footprint reporting, energy efficiency targets and climate risk assessments. Social requirements include mandatory gender equality reporting, anti-discrimination obligations and employee representation on boards under the Code du Travail.	France imposes ESG-related obligations on institutional investors primarily through EU regulation. Under the Sustainable Finance Disclosure Regulation, asset managers, pension funds and insurance companies must disclose how ESG risks and impacts are integrated into investment decisions. In addition, Article 173 of the Energy Transition Law and Article 29 of the Loi Énergie-Climat require financial institutions to disclose alignment with climate objectives, including the Paris Agreement. Compliance is monitored by the AMF and the ACPR, and voluntary ESG integration is promoted through the state-backed Label ISR.
9	**Germany**	Germany imposes social and environmental requirements on enterprises through national and EU law. Environmental requirements include mandatory greenhouse-gas reporting and emissions trading under the Treibhausgas-Emissionshandelsgesetz, binding CO_2 reduction targets under the Federal Climate Protection Act, and environmental compliance obligations under federal waste, pollution control and water laws. Environmental offences are subject to criminal sanctions.	ESG requirements for investors in Germany arise mainly from EU regulation. Under the Sustainable Finance Disclosure Regulation, financial market participants must disclose how sustainability risks and adverse ESG impacts are integrated into investment decisions and how financial products address ESG factors. Investors also rely on ESG disclosures made by companies under the Corporate Sustainability Reporting Directive and the EU Taxonomy Regulation. Compliance is supervised by the Federal Financial Supervisory Authority (BaFin).

		Social requirements include the Supply Chain Due Diligence Act, which requires large companies to identify and mitigate human rights and environmental risks in their supply chains, as well as anti-discrimination and pay-transparency obligations. Large companies are required to publish non-financial and sustainability information under the EU Corporate Sustainability Reporting Directive, with the scope expanding from 2026.	
10	**Greece**	Greece imposes ESG requirements on companies mainly through EU-derived legislation. Environmental requirements include mandatory carbon footprint reporting under the Greek Climate Law (Law 4936/2022) and monitoring, reporting and surrender of emission allowances under the EU Emissions Trading System for regulated sectors. Sustainability reporting is mandatory for large companies, listed SMEs and certain non-EU companies under the Corporate Sustainability Reporting Directive, transposed by Law 5164/2024, including climate transition plans and stakeholder-related disclosures. Corporate governance rules require certain companies to include sustainable development policies in their internal regulations. Greece is required to transpose the Corporate Sustainability Due Diligence Directive by July 2027, which will introduce mandatory human rights and environmental due diligence and climate transition plans.	Greece does not impose investor-specific ESG rules at national level. Investors are subject to EU rules with direct effect, in particular the Sustainable Finance Disclosure Regulation, which requires financial market participants and advisers to disclose how sustainability risks and adverse impacts are integrated into investment decisions and to classify financial products. On a voluntary basis, the Athens Stock Exchange promotes ESG disclosure through participation in the UN Sustainable Stock Exchanges initiative and the ATHEX ESG Reporting Guide.

11	**Iceland**	Icelandic law allows and, in some cases, requires boards of certain organizational forms to prioritize social, environmental or community interests over shareholder value. Associations must act in accordance with their non-profit purposes and use income solely to achieve social or public goals. Foundations are legally bound to pursue their defined public or charitable purpose and have no shareholders. Cooperatives must operate under democratic governance principles and promote members' economic, social and community interests rather than profit maximisation. Private limited companies may include social or environmental objectives in their articles of association, in which case boards may consider those objectives alongside shareholder interests. Public policy encourages organizations to integrate sustainability and social responsibility into governance.	Investors in Iceland are subject to ESG-related requirements aligned with EU rules. Under the Sustainable Finance Disclosure Regulation, implemented through Act No. 25/2023, financial market participants must disclose how sustainability risks are integrated into investment decisions. Icelandic pension funds are required to integrate ESG considerations into their investment processes, and the government applies ESG criteria through its Sovereign Sustainable Financing Framework.
12	**Italy**	Italy imposes ESG requirements on enterprises mainly through EU-derived legislation. Legislative Decree 125/2024 transposes the Corporate Sustainability Reporting Directive, requiring large undertakings, listed SMEs and certain financial entities to prepare sustainability reports in line with European Sustainability Reporting Standards, based on double materiality and subject to limited assurance. These obligations interact with the EU Taxonomy Regulation, requiring disclosure of taxonomy alignment and compliance with "Do No Significant Harm" principles. Companies accessing PNRR funds or participating in public procurement must comply with climate and social safeguards. Listed companies are encouraged by the Italian Corporate Governance Code to embed ESG strategies and disclose progress.	ESG requirements for investors in Italy apply primarily through EU regulation. Under the Sustainable Finance Disclosure Regulation, financial intermediaries, asset managers and insurance undertakings must comply with sustainability disclosure obligations and product classification rules. MiFID II requires firms to take clients' sustainability preferences into account in suitability assessments. Domestic authorities reinforce these rules through supervisory guidance, including expectations on integrating climate and environmental risks into governance and risk management. The EU Taxonomy Regulation also indirectly affects investors by defining sustainable economic activities.

13	**Kenya**	Kenya imposes environmental and social requirements on enterprises through sectoral legislation. Under the Environmental Management and Co-ordination Act, projects with potential environmental impact must undergo an Environmental Impact Assessment and obtain a licence from the National Environment Management Authority before proceeding, with ongoing compliance through audits and sector-specific regulations. Environmental violations are subject to criminal sanctions. Social requirements arise from the Constitution, the Employment Act and related laws, which mandate fair labour practices, non-discrimination, minimum wages, statutory benefits and safe working conditions. The Occupational Safety and Health Act requires employers to provide a safe and healthy workplace. These requirements are legally enforceable through regulatory authorities.	Kenya does not have a comprehensive mandatory ESG regime for investors. ESG-related expectations apply mainly through regulatory guidance and sector-specific measures. Banks are guided by the Kenya Bankers Association Sustainable Finance Initiative Principles and by Central Bank of Kenya guidance, including climate-related risk management requirements, which require banks to integrate climate and sustainability risks into governance, risk management and disclosures. Overall, ESG considerations for investors are promoted through regulatory guidance and self-regulatory frameworks rather than prescriptive statutory obligations.
14	**Luxembourg**	ESG requirements applicable to enterprises in Luxembourg derive primarily from EU law. Under the Luxembourg law of 23 July 2016 (implementing the Non-Financial Reporting Directive), certain large companies and groups are required to disclose non-financial information relating to environmental, social and employee matters, respect for human rights, anti-corruption and diversity. Additional ESG disclosure obligations arise under the Sustainable Finance Disclosure Regulation, which requires financial institutions to publish sustainability-related information at entity and product level. Luxembourg is in the process of transposing the Corporate Sustainability Reporting Directive, which will expand ESG reporting requirements. The EU Taxonomy Regulation applies as a classification system defining environmentally sustainable economic activities.	Institutional investors in Luxembourg are subject to ESG disclosure obligations under EU law, in particular the Sustainable Finance Disclosure Regulation, which requires disclosure of how ESG factors are integrated into investment decision-making. There is no requirement for individual investors to incorporate ESG criteria into their investment strategies, although the legal framework facilitates and promotes ESG-oriented investment.

15	**Malaysia**	Malaysia imposes ESG-related requirements on enterprises mainly through disclosure obligations, sectoral regulation and corporate governance codes, rather than a single ESG law. Listed companies are required by Bursa Malaysia's Sustainability Framework to disclose material ESG factors and climate-related risks, following a phased implementation approach. Corporate governance guidance under the Malaysian Code on Corporate Governance promotes board oversight of environmental and social risks on a "comply or explain" basis. Sector-specific requirements apply in areas such as banking, capital markets and palm oil production, and sustainability is promoted through green procurement policies, tax incentives for green technology and sustainability targets for government-linked companies.	ESG integration for investors in Malaysia is promoted through regulatory frameworks and guidance rather than mandatory investment quotas. Institutional investors are encouraged to integrate sustainability and governance considerations under the Malaysian Code for Institutional Investors. The Securities Commission has introduced guidelines and taxonomies for sustainable and responsible investment products, and financial institutions are guided to integrate climate-related risks into lending and investment decisions. Incentives such as tax deductions and green financing schemes support ESG-oriented investment.
16	**Montenegro**	Montenegro imposes social and environmental obligations on enterprises through general labour, anti-discrimination and environmental protection laws. These requirements are traditional compliance obligations rather than a modern ESG framework. There is no overarching ESG law requiring companies to adopt specific ESG practices or to report ESG metrics.	Montenegro does not impose specific ESG requirements on investors. The regulatory framework for investors is aligned with EU prudential and fiduciary standards but does not include binding sustainable finance rules such as the SFDR or EU taxonomy. Investors are not legally required to integrate social or environmental considerations into investment decisions.
17	**Nepal**	Nepal imposes environmental and social requirements on enterprises mainly through sectoral regulation. Under the Environmental Protection Act and related rules, projects with potential environmental impact must conduct an Initial Environmental Examination or an Environmental Impact Assessment, including public consultations, and obtain approval before implementation.	Nepal does not impose a comprehensive mandatory ESG framework for investors. ESG-related expectations arise mainly through environmental approval requirements for investment projects and through financial-sector regulation, including the Green Finance Taxonomy and environmental and social risk management guidelines for banks and financial institutions.

		Banks and financial institutions are required by the Nepal Rastra Bank to integrate environmental and social risk considerations into credit risk assessment and to assess climate-related risks under the Green Finance Taxonomy. Sustainability reporting and corporate social responsibility activities are encouraged but are largely voluntary, with governance guidance for listed companies issued by the Securities Board of Nepal.	Overall, ESG integration for investors is promoted through regulatory guidance and capacity-building initiatives rather than binding statutory obligations.
18	**Peru**	Peru imposes social and environmental requirements on enterprises through sectoral legislation rather than a single ESG law. Environmental obligations apply under the National Environmental Impact Assessment System, which requires companies to obtain approval of environmental studies prior to executing projects with environmental impacts, including associated social impacts. In the mining sector, companies are required to submit declarations on commitments to sustainable development under specific regulations. These requirements integrate environmental and social considerations into project planning and operations.	ESG requirements apply to investors mainly through financial-sector regulation. Under regulations issued by the Superintendence of Banking and Insurance (SBS), supervised financial institutions must apply social and environmental risk management procedures for large investment loans, including compliance with the Equator Principles and classification of projects by risk level. Financial institutions are required to monitor, report and disclose social and environmental risks and are subject to sanctions for non-compliance. Peru has also established a Sustainable Bond Framework for sovereign issuances, while broader ESG integration for investors is promoted through policy instruments rather than a general cross-sectoral ESG statute.
19	**Portugal**	Portugal does not impose a single mandatory ESG regime on all enterprises, but social and environmental requirements apply mainly to large and public-interest entities. Under the Climate Framework Law (Law No. 98/2021), Portugal commits to carbon neutrality by 2050 and establishes a climate governance framework, although private companies are not subject to mandatory net-zero targets.	ESG requirements for investors in Portugal apply mainly through EU regulation. Institutional investors, including banks, pension funds and asset managers, must comply with the Sustainable Finance Disclosure Regulation, which requires disclosure of how ESG risks and impacts are integrated into investment decisions, under the supervision of national regulators. There are no binding ESG obligations for individual investors, although responsible investment is encouraged through public policy and market practice.

		Large companies and public-interest entities are required to make non-financial sustainability disclosures in line with EU legislation, including the Corporate Sustainability Reporting Directive. Environmental compliance obligations apply through permitting, monitoring and reporting regimes, including the Single Environmental Permit and the industrial emissions framework. The Corporate Sustainability Due Diligence Directive will introduce mandatory human-rights and environmental due-diligence obligations once transposed.	
20	**Rwanda**	Rwanda imposes environmental requirements on enterprises through the Law on Environment (Law No. 48/2018), which establishes environmental principles, permitting, inspection and sanctioning powers. Environmental Impact Assessment obligations and sectoral licensing apply through ministerial instruments and competent authorities. For listed companies, the Capital Market Authority's Corporate Governance Code (2024) incorporates ESG matters and related governance and disclosure expectations on an "apply and explain" basis. In the financial sector, the National Bank of Rwanda has adopted climate, environmental risk management and sustainability disclosure guidelines for supervised institutions.	Rwanda does not impose a universal ESG obligation on all investors. ESG-related requirements apply mainly through prudential supervision of financial institutions under National Bank of Rwanda climate and sustainability disclosure guidelines. In capital markets, ESG-related governance and disclosure requirements for issuers under the 2024 CMA Code enhance transparency for investors. In addition, the national accountancy body has published a roadmap for adoption of IFRS Sustainability Disclosure Standards, aimed at improving comparability of sustainability information.
21	**Senegal**	Senegal does not have a standalone ESG law, but imposes environmental, social and governance obligations through sectoral and regional frameworks. Under the Environmental Code (Law No. 2023-15) and Implementing Decree No. 2025-227, projects subject to environmental risk must conduct an Environmental and Social Impact	Senegal does not impose a universal ESG mandate on all investors. However, investors must comply with environmental and social safeguards under the Environmental Code, including Environmental and Social Impact Assessments, and may be held jointly liable for environmental damage.

		Assessment and obtain a Certificate of Environmental Conformity before operations, applying the "polluter pays" principle and extended producer responsibility. Social and governance requirements arise under the 2025 Investment Code, which mandates corporate social responsibility, compliance with ILO standards, non-discrimination and prohibition of child labour, as well as anti-corruption obligations. Governance standards also apply through OHADA company law and regional capital market rules for listed companies.	The 2025 Investment Code establishes a specific socially responsible investment regime, requiring qualifying investors to meet environmental standards and local content obligations. Sustainable finance initiatives apply through government sustainable bond frameworks and regional capital market taxonomies developed by AMF-UMOA, promoting ESG-aligned investment.
22	**Singapore**	Singapore imposes ESG-related requirements mainly through mandatory sustainability disclosure. The Singapore Exchange (SGX) requires all listed companies to publish annual sustainability reports on a "comply or explain" basis. Sustainability reporting aligned with IFRS/ISSB standards is being phased in, starting with listed companies from 2025 and extending to large non-listed companies from 2027. Reporting includes greenhouse gas emissions, with Scope 1 and 2 disclosures required initially and Scope 3 disclosures phased in later, as well as external limited assurance requirements. In addition, the Monetary Authority of Singapore (MAS) has issued disclosure and reporting guidelines for retail ESG funds to address transparency and greenwashing.	Singapore does not impose direct ESG obligations on investors. Investors are not legally required to consider ESG factors when making investment decisions. ESG regulation in Singapore focuses on disclosure and transparency obligations for listed companies, large companies and ESG-labelled funds, with the objective of providing investors with ESG-related information to support informed decision-making.

23	**South Africa**	South African company law is primarily shareholder-oriented, but several mechanisms allow or require consideration of broader stakeholder interests. Directors must act in the "best interests of the company" under the Companies Act 2008, which may include long-term and stakeholder considerations. Certain companies are required to establish a Social and Ethics Committee to oversee matters such as labour practices, health and safety, consumer relations and environmental impacts. Non-profit companies, public benefit organisations and trusts must apply assets and income solely to their public benefit objectives. Co-operatives must act in the collective interest of their members. In addition, the King IV Code of Corporate Governance promotes stakeholder-inclusive governance and consideration of social, environmental and economic impacts, on a non-binding basis.	South Africa imposes ESG-related obligations on institutional investors, particularly pension funds. Regulation 28 under the Pension Funds Act requires pension funds to consider material environmental, social and governance factors as part of their fiduciary duties. Compliance is monitored by the Financial Sector Conduct Authority, and implementation is supported by stewardship codes such as the Code for Responsible Investing in South Africa. Other investor classes are subject mainly to regulatory guidance on climate and sustainability risks rather than binding ESG mandates.
24	**Spain**	Spain imposes ESG-related requirements on enterprises mainly through mandatory non-financial reporting obligations. Law 11/2018 requires large companies to publish a Non-Financial Information Statement covering environmental matters, social and employee issues, human rights, anti-corruption and board diversity, subject to independent verification and standardized reporting frameworks. In addition, Spain promotes voluntary ESG practices through national CSR strategies aligned with international standards. These requirements apply primarily to large enterprises, with broader adoption encouraged across companies of all sizes.	ESG requirements for investors in Spain apply mainly through EU regulation. Under the Sustainable Finance Disclosure Regulation, financial market participants must disclose how sustainability risks and impacts are integrated into investment decisions at both entity and product level. The EU Taxonomy Regulation applies by defining environmentally sustainable activities and informing investor disclosures. At national level, guidance and oversight by financial regulators promote responsible investment and stewardship, although ESG integration is not mandatory for all investor classes.

25	**Thailand**	Thailand imposes social and environmental requirements on enterprises through sectoral laws, policy frameworks and disclosure obligations. Environmental requirements apply under environmental and energy legislation and through mandatory Environmental Impact Assessments for certain projects, supervised by the Office of Natural Resources and Environmental Policy and Planning. Social requirements arise mainly from labour, occupational safety and anti-human-trafficking legislation. Corporate governance standards apply to listed companies under the Corporate Governance Code for Listed Companies and the Public Limited Companies Act, including governance, transparency and anti-corruption obligations. Listed companies are required to disclose information on sustainability, environmental and social matters, including carbon emissions and human rights commitments.	ESG-related requirements for investors apply mainly through regulatory initiatives and incentives. The Securities and Exchange Commission enforces ESG requirements for specific investment products, such as Thailand ESG Funds. The government promotes sustainable finance through a Sustainable Financing Framework aligned with international standards and offers tax incentives for investments in ESG funds. While there is no universal ESG mandate for all investors, these measures encourage ESG-aligned investment practices.
26	**United Kingdom**	The United Kingdom imposes ESG requirements mainly through mandatory disclosure and sector-specific legislation. Large companies and LLPs must disclose climate-related financial information aligned with the TCFD framework under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. Large and listed companies are also required to disclose non-financial information on environmental, social and employee matters under the Companies Act framework. Additional ESG obligations apply under the Modern Slavery Act 2015 (supply-chain transparency) and the Equality Act 2010 (non-discrimination and gender pay gap reporting). The Climate Change Act 2008 sets legally binding net-zero targets, indirectly affecting enterprises through reporting and regulatory compliance.	ESG requirements for investors mainly apply to institutional investors through disclosure-based regulation. Under the Sustainability Disclosure Requirements (SDR) framework, pension schemes and asset managers must disclose how ESG factors, including climate risks, are integrated into investment strategies (e.g. through Statements of Investment Principles and Implementation Statements). The United Kingdom is implementing United Kingdom Sustainability Reporting Standards (UK SRS), based on IFRS S1 and S2, to improve consistency and comparability of sustainability information for investors. In addition, the United Kingdom Stewardship Code (2020) promotes ESG integration and active ownership on a comply-or-explain basis.

27	**Zambia**	Zambia does not have a standalone ESG law. Instead, social and environmental requirements for enterprises are embedded in sectoral legislation, including environmental impact assessment and licensing laws, labour and occupational safety regulations, and corporate governance and disclosure rules applicable mainly to listed companies. ESG disclosure obligations arise primarily under LuSE listing rules and sector-specific regulatory frameworks rather than economy-wide mandates.	Zambia does not impose a universal ESG obligation on investors.

Annex 2: Country Profiles Annex

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I. Australia

1.1 Government Infrastructure

Australia lacks a unified national strategy for social innovation, relying instead on fragmented federal and state initiatives embedded within broader economic and impact investing policies. The Social Impact Investing Taskforce (2019 – 2020) proposed a ten-year plan, but its recommendations informed only a framework, not a standalone policy. Programs like the Social Enterprise Development Initiative (**SEDI**) offer time-limited, sector-specific support, while states such as Victoria and Queensland have adopted dedicated strategies. Governance remains decentralized, with responsibilities spread across departments and temporary taskforces, complemented by grants, training, university-led programs, and regulatory sandboxes. Public-private partnerships, including social impact bonds, provide scalable financing models, but national mechanisms for co-creation are absent. Overall, Australia favors flexible, program-based support over centralized direction, enabling innovation but limiting coherence and long-term continuity.

1.2 Organizational Forms

Australia does not offer a dedicated legal form for social enterprises, so mission-driven organizations adopt existing structures such as companies limited by guarantee (**CLGs**), co-operatives, mutuals, charitable trusts, incorporated associations, or proprietary companies, each with distinct trade-offs in governance, tax benefits, and profit distribution. CLGs and registered charities enjoy tax exemptions and donor deductibility but face restrictions on distributing profits, while co-operatives and mutuals operate under state laws with democratic governance but can be administratively complex. For-profit social enterprises typically register as Pty Ltd companies, which provide commercial flexibility but lack statutory obligations to prioritize social or environmental goals, as Australia has not enacted benefit corporation statutes. Mission alignment is therefore voluntary, often achieved through certifications like B Corp or internal governance documents. Indigenous corporations have a tailored legal form under the Corporations (Aboriginal and Torres Strait Islander) Act 2006, offering culturally appropriate governance. Directors of for-profit companies must act in the best interests of the company – usually interpreted as shareholder value – while not-for-profit, co-operatives, and Indigenous corporations are legally bound to prioritize mission or community interests. ESG requirements are evolving: mandatory reporting under the Modern Slavery Act and Workplace Gender Equality Act already applies, and climate-related financial disclosures will become compulsory for large companies starting in 2024 – 25. Investors face similar expectations through prudential guidance and disclosure rules, but broader social and environmental reporting remains largely voluntary. Overall, Australia's framework provides flexible structures and incremental ESG integration but lacks standardized legal forms or comprehensive mandates for social enterprises.

1.3 Funding and Investment

Australia does not legally require major investor classes – such as superannuation funds, banks, and asset managers – to integrate social or environmental factors into investment decisions. While ESG integration is not mandated, fiduciary duty principles and regulatory guidance from APRA and ASIC increasingly expect investors to consider material ESG risks, particularly climate-related financial risks, as part of prudent governance. Disclosure obligations and voluntary standards like the UN Principles for Responsible Investment (**UN PRI**) and Australia's Stewardship Code encourage adoption, and government entities such as the Clean Energy Finance Corporation (**CEFC**) and the Future Fund embed ESG principles in their mandates, though this is not system-wide. Social and environmental criteria appear in some government funding programs – such as DSS and Industry grants – and blended finance models through CEFC and NHFIC support low-emission and affordable housing projects. However, Australia lacks a dedicated legal framework for impact investing or blended finance, relying instead on general corporate and financial laws, including the Corporations Act 2001 (**Cth**), AFSL regime, and ASIC/ASX market conduct rules. Funding mechanisms include grants, social impact bonds, concessional loans, and guarantees, but uptake remains uneven and sector-specific. Institutional investors remain governed by prudential standards and market conduct laws rather than bespoke social finance legislation, and emerging tools like social stock exchanges or religious financing models are underdeveloped. Overall, ESG and impact investing are encouraged through soft law, disclosure requirements, and market norms rather than enforced through statutory obligations.

1.4 Public Procurement

Australia's national procurement framework, governed by the Public Governance, Performance and Accountability Act 2013 (**Cth**) and the Commonwealth Procurement Rules ("CPRs"), prioritizes "best value for money", broadly defined to include efficiency, effectiveness, and ethical use of public resources. Historically, CPRs permitted but did not mandate consideration of social and environmental factors; recent amendments now require officials to assess tenderers' practices on ethical employment, workplace health and safety, and environmental impacts, as well as supplier conduct. Mandatory policies embedded in the CPRs, such as the Indigenous Procurement Policy, aim to stimulate Indigenous-owned businesses. While the CPRs provide consistency at the federal level, state and territory approaches vary because the States and Territories are responsible for implementation of many of the policy areas that are directly relevant to social innovation, such as housing and homelessness. Some States and Territories also have specific frameworks designed to provide more structured approaches to embedding social value, such as Victoria's Social Procurement Framework. This framework provides a list of social procurement objectives and outcomes sought by the policy, as well as an express section on purchasing from social enterprise. By contrast, the Queensland government does not have a social procurement/enterprise policy or framework, however it has published guidance on how and why buyers can use their procurement process to deliver positive social outcomes.

1.5 Taxation

Australia's tax system is built around standard income, corporate, and consumption taxes, with few direct fiscal tools for social or environmental objectives. Individual income tax is progressive (0 – 45%) plus a 2% Medicare levy, while corporate tax rates are 25% for SMEs and 30% for larger firms, with no special levies for social or environmental obligations. There is no wealth or inheritance tax, and the Goods and Services Tax (**GST**), similar to VAT, remains at 10%, unchanged since 2000. Support for social and environmental value occurs mainly through concessions for registered charities and not-for-profits, including income tax exemptions, GST and FBT relief, and Deductible Gift Recipient (**DGR**) status, though commercial social enterprises receive limited benefits unless structured as charities. Donations to DGR-endorsed bodies are tax-deductible under strict conditions, and Australia relies on voluntary compliance, targeted subsidies, and regulatory schemes like the Safeguard Mechanism for emissions rather than mandatory levies. Publicly listed companies face disclosure obligations under the Modern Slavery Act and upcoming climate-risk reporting standards, but these do not impose fiscal duties. Overall, Australia favours incentives and transparency over compulsory taxation to advance social and environmental goals.

1.6 Research & Data

Australia funds and incentivizes social innovation research through a decentralized but robust framework embedded in national research and policy initiatives. Core mechanisms include the Australian Research Council's Linkage Projects, which foster academia – industry collaboration on socially impactful topics, and pilot programs like the Try, Test and Learn Fund for evaluating innovative social policies. Sector-specific streams such as the Medical Research Future Fund (**MRFF**) and National Environmental Science Program (**NESP**) prioritize health equity and sustainability, while strategies like the Digital Economy Strategy and Closing the Gap support digital and Indigenous innovation. ARC's Discovery and Linkage grants assess societal benefit and SDG alignment, and initiatives such as CRC for Remote Economic Participation embed inclusion goals. State-level frameworks, including Victoria's Social Procurement policy, reinforce funding for measurable social outcomes. Open data laws like the Data Availability and Transparency Act 2022 and platforms such as data.gov.au enable access to high-value datasets, supporting evidence-based policymaking. Applicants to ARC and MRFF must outline expected impacts, but post-project impact tracking varies by program, with no unified national system. Overall, Australia's approach combines targeted funding, capacity-building networks, and transparency measures, though impact assessment remains fragmented.

1.7 Sustainable Development Goals

Australia advances the Sustainable Development Goals ("SDGs") through flagship programs spanning poverty reduction, health, education, gender equality, employment, climate action, and infrastructure resilience. Key initiatives include the Social Security Act and Closing the Gap for poverty alleviation, Medicare and the National Preventive Health Strategy for health equity, and the Better and Fairer Schools Agreement and Fee-Free TAFE Skills Agreement for education. Gender equality is promoted through the Working for Women strategy, while youth employment is supported via Workforce Australia's Transition to Work program. Climate action is legislated under the Climate Change Act 2022 and complemented by the Powering Australia Plan and renewable energy targets, alongside infrastructure projects like Inland Rail and Snowy 2.0. Australia prioritizes SDGs 1, 3, 4, 5, 8, 9, 12, 13, and 16, backed by major 2025 – 26 budget allocations – AUD 32.8 billion for education, AUD 35.2 billion for health, and AUD 15.2 billion for infrastructure. Social innovation is supported through initiatives such as the Try, Test and Learn Fund, social impact investing, and enterprise grants, while wellbeing metrics and fiscal planning reinforce inclusive growth and sustainability.

2. Bhutan

2.1 Government Infrastructure

Bhutan does not have a dedicated social innovation strategy but embeds innovation within broader frameworks such as the 13th Five-Year Plan, Digital Drukyul Flagship, and policies guided by Gross National Happiness (**GNH**). Key enablers include the Bhutan Innovation Lab (2024), which drives citizen-centered policy experimentation, and agencies like the GovTech Agency and MoICE promoting entrepreneurship and digital transformation.

Operational support includes entrepreneurship training, incubation programs, and youth-focused initiatives such as Startup Acceleration and Youth Co:Lab. While formal co-creation laws are absent, participatory governance and living lab approaches are institutionalized through local government acts and the Innovation Lab.

Bhutan also operates a FinTech Regulatory Sandbox under the Royal Monetary Authority and promotes PPPs like Thimphu TechPark for tech and social innovation. Overall, Bhutan's approach integrates innovation across sectors rather than through a single authority.

2.2 Organizational Forms

Bhutan legally recognizes Civil Society Organizations (**CSOs**), cooperatives, and not-for-profit entities under the CSO Act (2007) and Cooperatives Rules (2010). These forms enjoy benefits such as tax exemptions, eligibility for grants, and foreign funding access, but face compliance requirements like endowment fund thresholds for CSOs. Cooperatives receive a 10-year tax holiday under the Fiscal Incentives Act (2017), while CSOs are exempt from income tax on operational income. ESG principles are embedded through the Corporate Governance & CSR Code (2022), mandating CSR spending (0.5% of net profits) and environmental compliance under the Environmental Assessment Act (2000). While ordinary companies lack special social-purpose benefits, Bhutan's legal framework strongly supports mission-driven organizations through fiscal incentives and governance standards.

2.3 Funding and Investment

Bhutan does not mandate ESG criteria for private investors, but government investments and grants inherently reflect social and environmental priorities aligned with GNH. Funding instruments for social innovation include grants (e.g., Nu 300M CSO Fund), concessional loans under the National Credit Guarantee Scheme, and financing through the CSI Development Bank. Equity investments occur via Druk Holding & Investments, which is exploring an Innovation Venture Fund. While social impact bonds and formal impact investment laws are absent, Bhutan leverages blended finance for conservation and renewable energy projects (e.g., Bhutan for Life Fund). Microfinance is regulated under the Financial Services Act (2011), while crowdfunding remains unregulated. Bhutan lacks a social stock exchange but is considering mechanisms like "GNH badges" for socially responsible companies.

2.4 Public Procurement

Bhutan's Procurement Rules and Regulations (2019) prioritize transparency and cost-effectiveness but allow inclusion of social and environmental criteria with approval. The framework supports Most Economically Advantageous Tender (**MEAT**) principles, enabling multi-factor evaluations beyond price, such as quality and sustainability. Green Public Procurement initiatives encourage agencies to integrate eco-friendly standards, though these are policy-driven rather than statutory. Innovation partnerships and pre-commercial procurement are not formally recognized, but ad hoc approaches (e.g., direct contracting for e-governance pilots) have been used. Future reforms under the 13th FYP aim to embed sustainability objectives more systematically.

2.5 Taxation

Bhutan applies progressive Personal Income Tax (0 – 30%) and Corporate Income Tax (25% for private firms, 30% for state-owned enterprises). GST is set at 7%, with no wealth or inheritance tax. Significant tax benefits exist for social and environmental organizations: CSOs are exempt from income tax, cooperatives enjoy tax holidays, and green businesses receive customs waivers and deductions. Donations to approved charities are deductible for corporations within limits, though individuals generally lack such deductions. Bhutan imposes green taxes on fuel and vehicles to curb emissions but does not levy carbon or CSR taxes; instead, CSR spending (0.5% of net profits) is mandated by regulation. Publicly listed companies benefit from slightly lower tax rates, incentivizing transparency and social responsibility.

2.6 Research & Data

Bhutan promotes social innovation research through the Bhutan Innovation Lab, which facilitates policy experimentation and solution testing. Modest research grants and tax exemptions on research equipment complement international partnerships (e.g., UNDP Innovation Challenge Fund). Social and environmental criteria are integrated into funding via screening tools like SESP and ESCP. The government actively publishes socio-economic data through the National Statistics Bureau, covering poverty, health, education, and employment. While there is no centralized dataset on social enterprises, Bhutan operates open data platforms such as data.gov.bt and the Interactive Data Portal, supported by a National Data Governance Framework. A formal Right to Information law is pending, but open data practices are expanding.

2.7 Sustainable Development Goals

Bhutan aligns its development agenda with SDGs through flagship programs in poverty reduction, health, education, gender equality, youth empowerment, climate action, and clean energy. Initiatives include the National Social Protection Policy, Health Flagship Program, Education Flagship, Climate Change Policy, and Bhutan for Life Fund. Digital transformation is driven by the Digital Drukyul Flagship and GovTech Agency, while food security and resilience are supported by RNR policies and disaster risk strategies. Bhutan prioritizes SDGs 1, 4, 5, 7, 8, 13, and 15, integrating them into the 13th FYP and national budgets. Social innovation is explicitly supported through the Bhutan Innovation Lab, which advances citizen-centered solutions for governance and sustainability.

3. Bulgaria

3.1 Government Infrastructure

Bulgaria does not have a single, dedicated national strategy for social innovation, but supports it through several broader national and EU-funded frameworks, such as the Social and Solidarity-based Enterprises Act, the National Development Programme: Bulgaria 2030, and the Operational Programme "Human Resources Development". The Ministry of Labour and Social Policy leads these efforts, coordinating funding, training, and capacity building for social enterprises and vulnerable groups, with support from other ministries, municipalities, and NGOs. Public participation in policymaking is ensured through legal frameworks for consultations and citizen assemblies, while co-creation mechanisms like living labs are mostly project-based. Although regulatory sandboxes are still emerging, Bulgaria has a growing ecosystem of public-private partnerships and educational initiatives that foster social innovation, entrepreneurship, and inclusive development.

3.2 Organizational Forms

In Bulgaria, social enterprises, cooperatives, foundations, mutuals, and associations are primarily organized as non-profit legal entities under the Non-Profit Legal Entities Act, which allows for the formation of associations (by at least three to seven founders) and foundations (by a single founder), both of which can operate for public or private benefit but cannot distribute profits. Public benefit organizations enjoy tax relief and easier access to manage state or municipal property. These entities are required to prioritize their stated social or public objectives over profit, and their boards or managers may consider broader stakeholder interests, provided their activities comply with constitutional and legal restrictions. Bulgaria has also implemented a robust ESG (Environmental, Social, and Governance) framework, largely driven by EU directives, requiring large and publicly traded companies to disclose non-financial information on environmental, social, and governance matters in their annual reports, with recent amendments expanding the scope and detail of such reporting. Environmental and social requirements are further embedded in national laws, such as the Environmental Protection Act, Labour Code, and Climate Change Mitigation Act, while governance standards are guided by the National Code for Corporate Governance. ESG compliance is increasingly linked to access to EU funding and investment opportunities, and the Bulgarian Stock Exchange is developing an ESG index and rating system to attract responsible investment.

3.3 Funding and Investment

Bulgaria does not impose a blanket legal requirement for major investor classes to incorporate social and environmental (**ESG**) considerations in investment decisions, but as an EU member, institutional investors and asset managers must comply with EU disclosure regulations such as the SFDR and EU Taxonomy. While social and environmental criteria are embedded in the eligibility and evaluation of EU-funded government grants and some national schemes, there is no comprehensive national mandate for ESG in direct government investments. The government supports social innovation primarily through grants, EU funding, guarantees, and concessional loans, but social impact bonds and equity investments remain rare. There is no dedicated legal framework for impact investment or blended finance, though some EU-aligned and sectoral laws enable such approaches indirectly. Bulgaria has no specific legislation on religious financing, and while there is no formal social stock exchange, the Bulgarian Stock Exchange has joined the UN Sustainable Stock Exchanges Initiative, launched an ESG index, and created platforms for SMEs and social enterprises. Microfinance and crowdfunding are regulated under broader financial laws and EU regulations, with the Financial Supervision Commission overseeing crowdfunding service providers and the Bulgarian National Bank supervising non-bank lenders.

3.4 Public Procurement

Bulgaria's Public Procurement Act (PPA), harmonized with EU directives, explicitly allows contracting authorities to include social and environmental criteria in public tenders. The law enables the use of the "most economically advantageous tender" (**MEAT**) approach, allowing bids to be evaluated not only on price or cost but also on qualitative, social, and environmental factors. There is no constitutional or legal requirement to prioritize cost above all else; instead, the PPA provides flexibility for authorities to balance price with other value-based criteria. The PPA also recognizes innovation partnerships and supports pre-commercial procurement, enabling public buyers to collaborate with suppliers on developing innovative solutions that can address social or environmental challenges. While these mechanisms are available, their practical use in Bulgaria is still developing and often linked to EU-funded projects.

3.5 Taxation

Bulgaria applies a flat 10% personal income tax and a 10% corporate income tax, with a 5% withholding tax on dividends. There is no wealth tax, but local taxes apply to real estate and vehicles. The standard VAT rate is 20%, with a reduced 9% rate for certain services. Inheritance tax applies only to non-direct heirs, with rates from 0.4% to 6.6%. Non-profit organizations serving the public benefit enjoy tax exemptions on non-profit income, and both individuals and companies can deduct donations to such organizations (up to 5% and 10% of taxable income, respectively). Bulgaria does not have a dedicated carbon or CSR tax, but environmental excise duties and the upcoming EU Carbon Border Adjustment Mechanism apply to certain goods and industries. Publicly traded companies are taxed at the standard corporate rate and have no additional social or environmental tax obligations, though they must comply with non-financial reporting requirements.

3.6 Research & Data

Bulgaria supports research on social innovation mainly through participation in EU-funded programmes like Horizon Europe and national initiatives such as the Bulgarian National Science Fund and operational programmes co-financed by the EU, which sometimes include social and environmental criteria in project evaluation. The government, primarily via the National Statistical Institute, regularly collects and publishes data on key social challenges – such as poverty, health, education, and employment – though comprehensive statistics on social enterprises and social innovation are limited and often based on ad hoc studies. While data on cooperatives and non-profits is available, detailed activity-based statistics for mission-driven organizations remain scarce. Bulgaria has strengthened its open data policies, with updated legislation and a National Open Data Portal, reflecting a commitment to transparency and improved public access to government data.

3.7 Sustainable Development Goals

Bulgaria implements a wide range of national strategies and flagship programmes aligned with the Sustainable Development Goals (**SDGs**), covering areas such as poverty reduction, health, education, gender equality, youth empowerment, employment, climate action, innovation, food security, infrastructure, water and sanitation, clean energy, governance, and resource mobilization. These initiatives are embedded in key frameworks like the National Development Programme: Bulgaria 2030, the Operational Programmes for Human Resources Development, Environment, and Education, and the National Recovery and Resilience Plan, often co-financed by the EU. SDGs prioritized include poverty eradication, quality education, clean energy, climate action, innovation, and decent work. Many of these programmes, particularly those focused on social inclusion, education, and employment, explicitly support social innovation through dedicated funding, pilot projects, and capacity-building measures, reflecting Bulgaria's commitment to inclusive and sustainable development.

4. Chile

4.1 Government Infrastructure

Chile does not have a standalone social innovation strategy. Instead, social innovation is woven through national science, technology, entrepreneurship, and social-policy frameworks. Core components include the CTCI strategy, CORFO programs such as Innova Social and Start-Up Chile, and MSDF-led social-policy pilots and inclusion initiatives. Chile's implementation of the 2030 Agenda, coordinated by the MSDF's National Council, strengthens cross-sector collaboration, participatory governance, and data-driven monitoring aligned with social innovation goals.

Oversight is distributed among MinCiencia, CORFO, FOSIS, and regional governments. MinCiencia integrates social dimensions into innovation policy; FOSIS leads poverty-focused pilots through Innova FOSIS; and regional governments promote context-specific innovation under Law No. 21.074. Operational support comes through competitive public funds, co-financing schemes, incubation spaces, technical assistance, SENCE and Mineduc training programs, and university innovation instruments, all subject to reporting and compliance rules.

Chile also employs participatory and experimental governance tools, including mechanisms under Law No. 20.500, environmental and indigenous consultation regimes, and co-creation practices tested during constitutional processes. Regulatory experimentation occurs through fintech-related pilots and MinCiencia's AI sandbox. Public-private partnerships, especially Fundación Chile, complement these efforts by scaling innovations across sectors and enabling territorial and multi-stakeholder collaboration.

4.2 Organizational Forms

Chile recognizes multiple legal forms that support mission-driven activity, cooperatives, foundations, mutuals, and associations, though it lacks a dedicated "social enterprise" statute. Cooperatives operate democratically under Law No. 19.832 and may receive tax benefits and public support. Foundations and associations, regulated by the Civil Code and Law No. 20.500, pursue non-profit public-interest purposes and benefit from oversight and certain tax advantages. Mutuals under Law No. 16.744 provide occupational health and safety services and reinvest surpluses into member benefits. All forms allow mission-oriented operations and varying degrees of public support or regulatory oversight.

These entities embed stakeholder governance: cooperatives must prioritize member welfare; foundations and associations must act in accordance with their non-profit mission; and mutuals must reinvest in service quality and member protection. While Chilean corporate law does not impose stakeholder obligations on traditional for-profit corporations, these organizational forms structurally require or permit boards to prioritize social and community objectives.

Chile imposes extensive social and environmental requirements on enterprises through laws on environmental impact assessment, occupational health and safety, waste management, gender equality, and corporate criminal liability, expanded in 2023 to include environmental and human-rights offenses. CMF reporting rules (NCG No. 461/519) require ESG disclosure aligned with international standards. At the investor level, financial-market and pension regulations mandate integration and disclosure of ESG criteria in investment policies. Publicly traded companies must include a Sustainability and Corporate Governance Report covering environmental strategy, social practices, and governance systems, with both qualitative and quantitative indicators.

4.3 Funding and Investment

Chile does not mandate ESG integration for all investors, but institutional investors must disclose ESG practices under CMF NCG No. 461, and pension funds follow rules requiring or guiding ESG incorporation. Government funding and sovereign investment apply social and environmental criteria through eligibility screens, impact reporting, and the Sustainable Bond Framework. Public investment vehicles and results-based contracts also embed climate and social-impact assessments.

Social innovation is financed through grants, blended-finance vehicles, equity co-investments, social-impact bonds, guarantees, concessional credit, and thematic sovereign bonds. Although Chile lacks a unified impact-investment law, blended finance operates through CORFO programs, Ministry of Finance initiatives, and multilateral pilots. Religious financing mechanisms are not separately regulated; faith-based organizations follow general civil and tax law.

Chile has no dedicated social stock exchange but promotes sustainable finance through ESG-oriented segments within its main exchanges. Microfinance is regulated indirectly through banking, cooperative, fintech, and consumer-protection rules. Crowdfunding is explicitly regulated under the Fintech Law (Law No. 21.521), which establishes CMF authorization, prudential safeguards, conduct standards, and AML/CTF obligations.

4.4 Public Procurement

Chile's procurement framework, Law No. 19.886 as amended by Law No. 21.634 and its Regulation, explicitly allows social and environmental criteria in tenders. Sustainability and innovation are statutory objectives, and ChileCompra may issue binding directives to implement them through evaluation criteria, technical specifications, and performance clauses, provided they remain proportionate and consistent with value-for-money, competition, and transparency principles. The law does not prioritize the lowest price: Articles 2 bis and 6 require assessing overall benefits and life-cycle costs rather than relying solely on price.

The system enables MEAT-type evaluations by requiring weighted technical and economic criteria and allowing complementary social criteria, such as support for social-economy enterprises or gender inclusion, so long as they carry lower weight and do not limit participation. Rules on evaluation, anomalous bids, and tie-breaking further support value-based decision-making.

Chile also formally recognizes innovation procurement and pre-commercial mechanisms. A national Innovation Procurement Policy (Decree No. 523/2024) authorizes procedures such as competitive dialogue, R&D contracts, prototype development, and phased validation when no adequate market solution exists. ChileCompra's CPI directives provide structured guidance on problem definition, market engagement, and staged contracting, enabling public agencies to procure innovative social and environmental solutions.

4.5 Taxation

Chile applies a progressive personal income tax system (IUSC and IGC) with marginal rates from 0% to 40%, taxing residents on worldwide income and non-residents on Chile-source income. Corporations pay the First Category Tax under either the 27% semi-integrated regime or the Pro-SME regime, which offers reduced temporary rates and full credit integration. Chile has no general wealth tax but imposes real estate surtaxes and a 2% annual tax on certain luxury assets. A uniform 19% VAT applies broadly to goods, services, and imports, with newly expanded coverage for cross-border digital sales. Inheritance and donations are taxed progressively up to 25% (or higher for distant relatives), subject to exemptions.

Chile offers targeted tax incentives for organizations delivering social or environmental value, including investment credits, accelerated depreciation, SME benefits, and environmental offsets under the Green Tax regime. Cooperatives, foundations, non-profits, and certified B Corps can access tax exemptions, subsidies, and preferential procurement treatment. Multiple donation laws, including Law No. 21.440's unified regime, grant tax-deductible benefits for contributions to eligible non-profits, subject to registration, reporting limits, and purpose-based restrictions.

Environmental taxation plays a significant role: Green Taxes apply to stationary sources emitting PM, NOx, SO_2, or CO_2, with compensation mechanisms allowing offsets via certified reductions. A vehicle Green Tax targets higher-emission cars. Publicly traded enterprises are not subject to a CSR tax but face Green Tax obligations and emissions reporting under environmental and financial supervision. Chile's tax policy increasingly integrates ESG considerations through incentives, mandatory disclosures, and fiscal instruments aligned with national climate and sustainability goals.

4.6 Research & Data

Chile actively funds and incentivizes research on social innovation through ANID and CORFO programs that support international collaboration, applied research, and the co-development of solutions to public challenges. Instruments such as ANID's international linkage grants and applied research funds, as well as CORFO's public-interest innovation challenges, prioritize interdisciplinary work with social and national impact. Government research funding frequently embeds social and environmental criteria, requiring applicants to address issues such as inclusion, sustainability, climate resilience, and community engagement. Additional programs, such as the Environmental Protection Fund, evaluate projects based on participation, education, national impact, and long-term sustainability.

The government systematically collects and publishes extensive data on social challenges through platforms like CASEN, the Registro Social de Hogares, the Social Observatory, and the Integrated Data Bank. These systems provide disaggregated information on poverty, inequality, health, education, employment, and program coverage. Data on mission-driven organizations is available in more limited form, with the Ministry of Economy publishing cooperative statistics, including activity breakdowns, membership, and growth rates.

Chile also maintains strong open-data frameworks. Law No. 20.285 guarantees access to public information and requires proactive publication, while Law No. 21.719 strengthens personal data protections and mandates anonymization in open datasets. The national open data portal, Datos.gob.cl, hosts thousands of datasets from public institutions and serves as a central hub for transparency and public-sector innovation.

4.7 Sustainable Development Goals

Chile advances the SDGs through national flagship programs and UN partnerships, chiefly the UN – Chile Sustainable Development Cooperation Framework and the UNDP Country Program. These initiatives support poverty reduction, social protection, health guarantees, education and digital inclusion, gender equality, youth employment, climate action, biodiversity protection, circular economy policies, resilient infrastructure, and sustainable finance. Core sectoral programs, such as Chile Seguridades y Oportunidades, PGU, AUGE/GES, national education and nutrition initiatives, SENCE labor programs, climate laws, and water and food-security projects, anchor SDG implementation across government.

Chile prioritizes SDGs tied to its principal development challenges, including SDG 1 (Poverty), SDG 3 (Health), SDG 4 (Education), SDG 5 (Gender), SDG 8 (Decent Work), SDG 9 (Innovation and Infrastructure), SDG 13 (Climate), and SDG 6 (Water). Budget allocations reflect these priorities: the 2025 Budget increases spending on health, education, housing, social protection, climate action, and inclusion, while climate budget tagging and sustainable bond frameworks align public investment with SDG objectives.

Social innovation is explicitly incorporated into major policies. The CTCI Policy identifies it as a strategic axis, MinCiencia and ANID fund community-focused research and applied solutions, and CORFO supports socially oriented entrepreneurship through instruments like Innova Social. Public-sector innovation is reinforced by the Laboratorio de Gobierno and regional innovation labs, while educational initiatives such as Protagonistas del Cambio nurture student-led community solutions.

5. Colombia

5.1 Government Infrastructure

Colombia's government actively enables social innovation through high-level policy and dedicated institutions. Rather than a standalone strategy, social innovation is embedded in national plans – the 2022 – 2026 National Development Plan includes it as a goal, and the national Science, Technology and Innovation policy commits to using innovation to reduce inequality and poverty. A lead agency, the Department for Social Prosperity (**DPS**), coordinates these efforts as an internal "innovation lab". DPS pilots new approaches to social challenges (in areas like rural livelihoods and financial inclusion) that can be scaled into larger programs, and it runs open innovation challenges inviting citizens, NGOs, and entrepreneurs to propose solutions, with incubation support and seed funding for winning ideas. The government also provides training and resources for innovators. Colombia's legal framework encourages co-creation of public policy, even the formulation of social innovation policies has involved multi-stakeholder input through regional dialogues. To spur experimentation, Colombia introduced regulatory sandboxes, allowing innovators in sectors like fintech and telecom to pilot projects under temporary relaxed rules and regulatory guidance. Public – private partnerships are another cornerstone – for example, Colombia launched Latin America's first Social Impact Bond in 2017 (with DPS, the Inter-American Development Bank and others) to finance job training for vulnerable populations on a pay-for-success model, and innovation hubs like Medellín's Ruta N (a city-utility joint venture) exemplify how government collaborates with private and academic partners to solve social challenges. This comprehensive infrastructure – clear policy mandates, a dedicated agency (DPS), supportive laws for participation and innovation, and multi-sector partnerships – creates an enabling ecosystem for social innovation in Colombia.

5.2 Organizational Forms

Colombia offers several legal structures tailored for social-purpose organizations, each with specific benefits and obligations. Traditional non-profit entities – such as fundaciones (foundations) and corporaciones (associations) regulated by the Civil Code – pursue social or community objectives. They cannot distribute profits to private individuals; any surplus must be reinvested in their mission. In return, qualifying non-profits enjoy a special tax regime that can exempt their income from tax as long as it's used for approved social purposes. Cooperatives are member-owned enterprises based on democratic principles. They aim to benefit members and their communities rather than external shareholders. Coops benefit from reduced tax rates and other fiscal advantages, but are required to reinvest a large portion of annual profits into the cooperative or community development funds (instead of paying dividends), and they face regulatory oversight to ensure they operate within their mutual benefit mandate. In 2018, Colombia created the Benefit and Collective Interest company (Sociedad BIC) through Law 1901. This is not a new entity type but a legal status any for-profit company can adopt by formally including a social and environmental mission in its bylaws. BIC companies must commit to measuring and reporting their social/environmental impact annually and balancing profit goals with their stated social purpose. They do not receive broad tax exemptions like non-profits, but the government offers them certain incentives (such as reduced fees for intellectual property registrations and preferential access to public programs or credit lines). Importantly, Law 1901 explicitly expands BIC directors' fiduciary duties: managers are required to consider the interests of employees, communities, and the environment – not just shareholders – when making decisions.

5.3 Funding and Investment

Colombia leverages both policy and financial instruments to direct capital toward social innovation. On the policy side, regulators have mainstreamed sustainability criteria in finance: since 2021, the Financial Superintendence (**SFC**) requires major institutional investors (pension funds, insurers, banks) to integrate ESG factors into their investment decisions and risk management. In public spending, the government similarly embeds social objectives. For example, infrastructure projects under public-private partnerships must undergo an ESG+R (Resilience) evaluation to assess environmental and social risks before approval, and many government grants prioritize proposals with clear social impact. There is no single "ESG law" for budgeting, but a mix of requirements and guidelines ensure that both public and private investments align with development goals. In terms of direct support, the Colombian government offers a diverse toolkit of funding mechanisms for social innovation, including: grants and challenge funds, outcome-based financing, soft loans and guarantees. Colombia has updated its laws to support innovative financing. Equity crowdfunding was legalized in 2018, allowing licensed online platforms where small and medium enterprises – including social businesses – can raise funds from individual investors in exchange for equity or debt. Similarly, a strong regulatory framework for microfinance enables microcredit institutions and cooperatives to serve low-income borrowers, with government incentives to expand financial inclusion. Blended finance approaches are also utilized. In sum, through mandatory ESG integration, targeted public funding, and enabling laws for innovative finance, Colombia has cultivated an investment ecosystem that actively supports social innovation.

5.4 Public Procurement

Colombian procurement law accommodates social goals and, in practice, encourages sustainable considerations, while balancing cost-efficiency. Key social criteria are explicitly allowed in public tenders. Law 816 of 2003 establishes a preference for domestic industry. Environmental criteria are promoted through policy guidelines rather than hard requirements. Colombia's Constitution enshrines the right to a healthy environment (Art. 79) and sustainable development (Art. 80), but procurement statutes do not force environmental award criteria. Instead, the national procurement agency (Colombia Compra Eficiente) and the Environment Ministry provide sustainable procurement guides encouraging agencies to integrate green considerations into tender specifications and contract performance clauses. Many procuring entities follow these recommendations, but there isn't a blanket legal obligation to award contracts based on environmental superiority alone. When it comes to price vs. quality, Colombian law uses a "most advantageous offer" principle akin to MEAT (Most Economically Advantageous Tender). There is no constitutional rule requiring lowest-price wins in all cases. Colombia also has mechanisms for innovation in procurement. While it doesn't have a named "Innovation Partnership" procedure as in EU law, it utilizes Pre-Commercial Procurement (Compra Pública para la Innovación, (**CPI**) to spur R&D and pilot projects. These CPI projects and other collaborative agreements permitted by the science and technology law serve a similar purpose to "innovation partnerships", enabling authorities to solve social or environmental problems through tailored innovation contracts.

5.5 Taxation

Colombia's tax regime is broadly standard but includes incentives to advance social and environmental objectives. Residents are taxed on worldwide income at progressive rates, with low incomes exempt and the highest bracket around 39% for top earners. Non-residents are taxed mainly via withholding on Colombian-sourced income (generally 15% on inheritances/gifts, 20% on dividends, 30% on other income). The general corporate tax rate is 35%. Some sectors face surcharges – for instance, large financial institutions pay an additional 5% temporarily (2022 – 2025) making their effective rate 40%, and oil/coal companies pay an extra sliding tax on windfall profits. Companies operating in designated Free Trade Zones enjoy a preferential 20% rate. As part of global reforms, Colombia is also implementing a 15% minimum effective tax for large groups starting 2024. Wealth Tax was reintroduced by Law 2277 of 2022, it applies from 2023 to individuals (and certain entities) with high net worth. Progressive rates of 0.5%, 1.0%, and 1.5% apply on net assets above approximately COP 3 billion (about USD $700k); primary personal residences are partially exempt up to a cap. The standard Value-Added Tax rate is 19% on most goods and services. However, many essential items have reduced rates or exemptions to protect households – basic unprocessed foods, medicines, public education, health services, and public transportation are zero-rated or exempt from VAT. Exports are zero-rated to enhance competitiveness.

5.6 Research & Data

The Colombian government prioritizes research and data initiatives that drive social innovation and evidence-based policy. Through its Ministry of Science, Technology and Innovation (MinCiencias) and allied agencies, Colombia directs substantial R&D funding to address societal challenges. The current national STI Policy (CONPES 4069 for 2022 – 2031) has set ambitious investment targets (on the order of several trillion pesos over the next decade) to promote research that contributes to social, economic, and environmental development. Generally, proposals that aim to reduce poverty, improve livelihoods, or protect the environment are given priority in government R&D programs. Colombia also emphasizes inclusive innovation: research projects are encouraged (and sometimes required) to involve or benefit marginalized regions, women, indigenous groups, or other vulnerable populations, ensuring that scientific advancements help narrow social gaps.

Colombia has robust systems for collecting and publicizing data on social indicators, which in turn supports social innovation by identifying needs and tracking progress. The National Administrative Department of Statistics (**DANE**) produces regular statistics on poverty (using both monetary measures and a Multidimensional Poverty Index), inequality (e.g., Gini coefficient), employment, health, education outcomes, and more. To promote transparency and civic engagement, Colombia enacted Ley 1712 de 2014 (the Transparency and Access to Public Information Law), which obligates government entities to release data in open formats. There is a national open-data portal (datos.gov.co) where over 9,000 datasets from 1,800+ public entities are freely available – covering everything from budget expenditures and school enrollment rates to air quality readings. Additionally, the government monitors the landscape of social organizations and enterprises: the public registry ("RUES") maintained by chambers of commerce records all non-profits, foundations, co-ops, and companies, providing insight into the social economy's scale.

5.7 Sustainable Development Goals

Colombia has aligned its national development framework closely with the UN Sustainable Development Goals (**SDGs**), using them as a roadmap for social innovation and public policy. The government's SDG strategy is codified in CONPES document 3918 (2018), which established a dedicated institutional architecture to implement the 2030 Agenda. The National Planning Department ("DNP") oversees coordination, ensuring that every ministry and sub-national government incorporates relevant SDG targets into their plans. Progress is rigorously tracked through 156 indicators across all 17 SDGs, with annual monitoring reports. Crucially, Colombia has prioritized specific SDGs that reflect its pressing challenges and post-conflict development needs. Top priorities include SDG 1 (No Poverty) and SDG 2 (Zero Hunger). SDG 4 (Quality Education) and SDG 3 (Good Health & Well-being) are also central.

To ensure these goals translate into action, Colombia has tied the SDGs to concrete budgeting and programs. The government created cross-sectoral "mission" programs in its National Development Plan that correspond to clusters of SDGs, each with assigned leaders and budgets. Social innovation is explicitly viewed as a key instrument to achieve the SDGs in Colombia. The national innovation policy calls for co-creation and citizen-driven solutions to address SDG gaps, and the government's dedicated social innovation unit (**DPS**) and science ministry frequently channel funds into community-led pilots that can accelerate progress on goals like poverty reduction, clean water access, or quality education. By embedding social innovation into its SDG approach – encouraging experimentation, fostering partnerships with civil society and business, and scaling what works – Colombia not only tracks progress on global targets but also continuously adapts its methods to more effectively meet those targets.

6. Ecuador

6.1 Government Infrastructure

Ecuador does not have a dedicated national social innovation policy or agency. Instead, social innovation is addressed through fragmented sectoral programs, constitutional principles, and initiatives under the National Development Plan and Open Government Partnership (**OGP**). Key ministries (Planning, Production, Education, **SENESCYT**) and platforms like Banco de Ideas support innovation, but efforts lack unified governance, measurable targets, and sustained funding.

Government support includes innovation hubs, seed funding, co-creation workshops, and training programs, often supplemented by international cooperation. Regulatory innovation exists mainly through Fintech sandboxes, while PPPs increasingly integrate social objectives but remain infrastructure-driven. Overall, Ecuador's approach is programmatic, multi-stakeholder, and project-based, rather than a consolidated national strategy.

6.2 Organizational Forms

Ecuador offers multiple legal forms for mission-driven entities, including cooperatives and other Popular and Solidarity Economy (**EPS**) entities, foundations and non-profit corporations, and standard commercial companies. While there is no dedicated legal category for social enterprises, companies can voluntarily adopt B.I.C. ("Collective Benefit and Interest Company") status to embed social and environmental objectives into governance.

Cooperatives and EPS entities enjoy statutory recognition, specialized supervision, and promotional benefits, but face governance and compliance requirements. Foundations and NGOs operate under civil law with nonprofit mandates and potential tax benefits. B.I.C. companies must balance profit with declared social purpose and publish impact reports.

Ecuador imposes environmental and social obligations through sectoral laws (e.g., environmental permits, labor rights) but lacks a unified ESG disclosure regime. Publicly traded companies and investors follow sectoral compliance and voluntary guidelines, with emerging practices like green bonds and sustainability reporting encouraged but not mandatory.

6.3 Funding and Investment

Ecuador does not impose a blanket ESG duty on private investors; integration of social and environmental factors remains voluntary and sector-driven, though financial institutions must manage environmental and social risks in certain projects. Public funding and investment mechanisms, however, mandate social and environmental criteria, with systems like SNIP and Banco de Desarrollo del Ecuador requiring alignment with national development plans and SDGs.

Government support for social innovation includes grants, guarantees, seed capital, and blended finance structures, often backed by international cooperation. Key instruments include FIEDS, Fondo Nacional de Garantías, and innovation incubator programs. Ecuador has introduced frameworks for impact investment and PPPs under laws like LOEI and Fomento Productivo, enabling blended finance and venture funding.

While there is no legal framework for religious finance or a formal social stock exchange, stock markets promote green and social bonds under voluntary guidelines. Microfinance is well-regulated under COMF and LOEPS, and crowdfunding is formally recognized under LOEI, with clear categories and SCVS oversight.

6.4 Public Procurement

Ecuador's procurement framework explicitly integrates social and environmental criteria into public tenders. The Organic Law of the National Public Procurement System (**LOSNCP**) and its Regulation mandate sustainability principles, reinforced by the 2024 SERCOP Guide, which requires at least one sustainability criterion in every procurement process. Constitutional provisions (Art. 288) further embed sustainable development and social equity into procurement policy.

The law does not prioritize lowest price alone; instead, it applies a value-based approach through mechanisms like Most Economically Advantageous Tender (**MEAT**). Evaluation combines technical and economic criteria, with consultancy contracts weighted heavily toward quality.

While Ecuador does not explicitly regulate "innovation partnerships" or "pre-commercial procurement", LOSNCP provisions and SERCOP tools enable flexible, innovation-oriented contracting, prioritizing technological relevance, sustainability, and inclusion of EPS and SMEs. These mechanisms allow procurement to function as a driver of social and environmental value creation.

6.5 Taxation

Ecuador's tax system combines a progressive personal income tax (0 – 37%), a flat corporate income tax of 25% (rising to 28% when beneficial ownership transparency is lacking), and a 15% VAT, with broad 0% exemptions for essential goods and services. Individuals may deduct significant personal expenses – capped using the basic family basket – with enhanced limits for dependents, persons with disabilities, and catastrophic illnesses, while small taxpayers may apply simplified RIMPE regimes.

There is no permanent wealth tax, though high-asset taxpayers must file informational asset declarations. Inheritance and gift tax is progressive (0 – 35%), depending on value and kinship. The corporate regime includes multiple incentives – rate reductions, investment contracts, ZEDE/free-trade zone benefits, and special regimes for micro and small enterprises.

Ecuador provides robust tax incentives for social and environmental impact, including enhanced deductibility for donations and expenditures benefiting education, health, vulnerable groups, environmental restoration, clean technologies, and renewable energy. Although there is no standalone carbon tax or CSR levy, several taxes pursue social or environmental goals, such as the tax on non-returnable plastic bottles, the Special Consumption Tax (**ICE**), FODINFA, mining royalties, and sovereign adjustments. Listed companies are subject to the same tax treatment as non-listed companies.

6.6 Research & Data

Ecuador actively supports social-innovation research through SENESCYT-led programs such as INÉDITA, the IDEARIUM funding platform, the Fondo de Innovación, and university research calls aligned with national development priorities. These initiatives direct resources to social inclusion, health, sustainability, and community-driven innovation projects.

Research funding is legally required to advance Buen Vivir, meaning proposals are evaluated on social impact, environmental sustainability, national relevance, and inclusion of marginalized groups. Ecuador applies multidimensional criteria that reward triple-impact projects, shaping investments in climate resilience, bioeconomy, health technologies, and community-based innovation.

The government also maintains a strong data ecosystem through INEC, SEPS, and SUIOS, publishing detailed statistics on social challenges (poverty, health, employment) and mission-driven organizations (cooperatives, EPS entities, foundations). Ecuador's open-data framework, anchored in LOTAIP and operationalized through the Datos Abiertos platform, provides public access to more than 1,500 datasets across social and economic sectors.

6.7 Sustainable Development Goals

Ecuador aligns its sustainable-development agenda with the PND 2025 – 2029, which integrates SDG priorities into national planning, budgeting, and investment. Key sectors – social protection, health, education, climate action, digital transformation, and open government – operate through established national strategies and programs tied to SDGs 1, 3, 4, 5, 8, 9, 10, 11, 13, 15, 16, and 17. These priorities are reflected in dedicated budget lines and SNIP-linked projects. Social innovation is embedded across policies through digital-government reforms, co-creation and participation mechanisms (**OGP**), and climate actions requiring technological and adaptive innovation.

7. Estonia

7.1 Government Infrastructure

Estonia does not have a national social innovation strategy. Efforts are led by the National Foundation of Civil Society (**NFCS**), which coordinates the Social Innovation Competence Centre (**SIKK**) and EU-funded projects like SIKK 2.0. Government support is fragmented, with limited funding and training mainly through incubators such as NULA. Formal education programmes are scarce, though Estonia promotes lifelong learning and digital skills via initiatives like AI Leap, aligned with the Education Strategy 2021 – 2035.

Participatory governance is supported through legal frameworks, platforms like Rahvaalgatus.ee, and Open Government Partnership commitments. Regulatory innovation is driven by Accelerate Estonia, a national sandbox enabling policy changes for new technologies. Public-private partnerships, including Accelerate Estonia and SIKK 2.0, foster cross-sector collaboration. Overall, Estonia's ecosystem is evolving but lacks a comprehensive policy, relying on civil society leadership and EU cooperation.

7.2 Organizational Forms

Estonia does not have a dedicated legal form for social enterprises, but organisations can operate as non-profit associations (MTÜ), foundations (SA), cooperatives (TuÜ), or companies (OÜ, AS). Non-profit associations are most common due to simple registration and favourable tax treatment for public-interest entities. The Corporate Governance Code promotes transparency, sustainability, and ethical conduct, especially for listed and state-owned companies. Social and environmental obligations largely follow EU standards. Key requirements include sustainable resource use, extended producer responsibility for waste, and mandatory sustainability reporting under the CSRD (phased from 2024). Estonia is also developing ESG tools and stricter rules on environmental claims. Investors must comply with the EU's SFDR, disclosing sustainability risks and impacts. Foreign investment screening applies to critical sectors, and ESG data platforms are being developed to support responsible investment. Public interest entities and large companies must disclose ESG factors in annual reports under CSRD, using European Sustainability Reporting Standards and the principle of double materiality. Although some deadlines have been postponed, Estonia is moving towards stronger ESG transparency and accountability.

7.3 Funding and Investment

Estonia does not mandate ESG integration for all investors, though institutional investors must disclose engagement policies and pension funds outline responsible investment principles. ESG adoption remains largely voluntary.

Government funding prioritises sustainability through grants for green projects, EU co-financed programmes, and large-scale investment support. Social innovation is backed by SME grants, civil society funding, and EIF loan guarantees.

There is no dedicated legal framework for impact investing, social stock exchanges, or blended finance, though initiatives like Impact Baltic promote capacity-building. Microfinance follows general credit rules and EU schemes, while crowdfunding is regulated under EU Directive 2020/1503 with strict authorisation requirements.

7.4 Public Procurement

Estonia's Public Procurement Act explicitly permits social and environmental criteria in tenders, allowing award decisions based on quality, sustainability, and innovation alongside price. While inclusion of such criteria is encouraged, it remains optional rather than mandatory. The law prioritises the best price-quality ratio and enables evaluation using life-cycle costs under the "Most Economically Advantageous Tender" (**MEAT**) approach.

Flexibility extends to technical specifications, eco-label requirements, and exclusion of bidders breaching social or environmental obligations. Estonia also recognises innovation partnerships and pre-commercial procurement, promoting solutions that deliver social and environmental value. These mechanisms align with EU directives and Estonia's strategic goals for sustainable and responsible procurement.

7.5 Taxation

Estonia applies a flat personal income tax of 22% (rising to 24% in 2026, subject to delay) with a standard allowance for residents. Corporate tax is unique: profits are untaxed until distributed, at a rate of 22% (planned 24%). There is no wealth or inheritance tax, but land tax applies at 0.1 – 1% of value. VAT follows EU rules, with a standard rate of 24% and reduced rates of 13% and 9% for specific goods and services.

Non-profits operating in the public interest benefit from income-tax exemptions and donors enjoy tax-deductible limits (€1,200 for individuals; capped percentages for companies). Environmental charges apply for resource use and pollution, but there is no carbon tax; Estonia participates in the EU ETS. Publicly traded companies face no special social or environmental tax obligations beyond standard levies.

7.6 Research & Data

Estonia actively supports social innovation research through programmes like the Swiss-Estonian Cooperation Programme (2024 – 2028), aligned with the Cohesive Estonia 2030 strategy. This initiative funds awareness-raising, capacity-building, and knowledge-sharing activities, including coaching, hackathons, incubation, and publications, with a budget exceeding €1.1 million.

Research funding incorporates social and environmental criteria via the Estonian Research Council (**ETAG**), which prioritises projects addressing societal challenges and sustainability. Estonia also participates in EU missions such as Horizon Europe's "Restore our Ocean and Waters", promoting ecosystem restoration and circular economy solutions.
The government collects and publishes extensive data on social issues – poverty, health disparities, unemployment, and education gaps – through Statistics Estonia and OECD reports. For example, in 2024, 19.4% of the population was at risk of poverty, and significant health inequalities persist by education level.

Data on mission-driven organisations (non-profits, foundations) is available, but official statistics on social enterprises remain limited due to the absence of a legal definition. Monitoring relies on surveys and NGO databases, such as the Estonian Social Enterprise Network.

Estonia has strong open-data policies under the Public Information Act and operates the national Open Data Portal (avaandmed.eesti.ee), hosting thousands of datasets, including business registry and legislative data, accessible via APIs under open licences.

7.7 Sustainable Development Goals

Estonia integrates the UN Sustainable Development Goals into its long-term strategy Estonia 2035 and related flagship programmes. Key initiatives include the Welfare Development Plan 2023 – 2030 for social protection and reducing inequalities, the Population Health Development Plan 2020 – 2030 for health resilience, and the Education Strategy 2021 – 2035 to strengthen skills and digital inclusion. Climate and environmental priorities are addressed through the Green Reform Action Plan 2023 – 2025, the National Energy and

Climate Plan, and the forthcoming Climate Resilient Economy Act, aiming for climate neutrality by 2050.

SDG priorities include health (**SDG 3**), education (**SDG 4**), decent work and growth (**SDG 8**), climate action (**SDG 13**), clean energy (**SDG 7**), and reduced inequalities (**SDG 10**). Estonia backs these goals with substantial budgets: €25 million for education, €1.5 billion for green transition actions, and €208 million for digital transformation under the Recovery and Resilience Plan.

Social innovation is embedded in several programmes, such as the Social Innovation Competence Centre ("SIKK 2.0"), welfare technology initiatives (€12 million), and migrant integration measures. Estonia also promotes circular economy, building renovation, and biodiversity through targeted plans and EU co-financed projects. Collectively, these strategies demonstrate Estonia's commitment to inclusive growth, sustainability, and digital transformation aligned with global SDGs.

8. France

8.1 Government Infrastructure

France embeds social innovation within its national policy framework through the "France 2030" investment plan and the Social and Solidarity Economy Law (**SSE Law**), aiming to drive ecological transition, digital transformation, and social cohesion. Coordinated by the Secrétariat Général pour l'Investissement (**SGPI**) and supported by ministries and regional bodies, the strategy mobilizes €54 billion for innovation, with dedicated support for social enterprises via the ESUS (as defined below) accreditation and access to public funding. Operational support is delivered through national and regional programs, including the "French Impact" accelerator, Bpifrance's impact investment, and the CRESS regional chambers, offering funding, training, and capacity-building services. France advances co-creation through legal frameworks for citizen assemblies, participatory budgeting, and living labs, and enables regulatory sandboxes in sectors like fintech and AI. Capacity building is integrated into higher education and lifelong learning via university programs, regional partnerships, and the national competence center for social innovation. Public-private partnerships are actively promoted under the SSE Law and national investment programs, ensuring a dynamic and inclusive social innovation ecosystem.

8.2 Organizational Forms

France fosters a dynamic social economy through its SSE Law, which formally recognizes associations, cooperatives (including SCOPs and SCICs), mutual societies, and foundations as primary legal forms for pursuing social utility and collective interest. While there is no single legal status for "social enterprises," these entities benefit from material advantages such as tax exemptions, access to public funding, reserved public procurement, and favorable regulatory treatment, provided they comply with requirements like asset locks, profit reinvestment, and democratic governance. The ESUS accreditation further extends these benefits to commercial companies that demonstrate a measurable social purpose and ethical management.

Governance structures in these forms are legally required to prioritize social, community, and stakeholder interests over shareholder value, with statutes mandating inclusive decision-making, stakeholder representation, and mission-driven management. France also imposes robust ESG obligations on large enterprises and institutional investors, including mandatory non-financial disclosures under EU directives such as CSRD and SFDR, and national laws like the Duty of Vigilance and Climate & Resilience Laws. Publicly traded companies must report on ESG factors in their annual reports, with regulatory oversight by the AMF and ACPR ensuring transparency, accountability, and alignment with national and EU sustainability goals.

8.3 Funding and Investment

France's legal and policy framework strongly promotes socially and environmentally responsible investment and enterprise through a combination of EU-aligned regulations and national initiatives. Major investors are required under SFDR and national law to integrate and disclose ESG factors, with oversight by the AMF and ACPR. Public grants and investments – especially via France 2030 and Bpifrance – mandate social and environmental impact criteria, reinforced by EU funds like ESF+.

A diverse range of funding instruments supports social innovation, including grants, loans, guarantees, and Social Impact Contracts, all underpinned by the SSE Law. While France lacks a dedicated social stock exchange, Euronext Paris offers ESG bond segments and the Label Finansol certifies solidarity-based financial products.

Religious financing is tightly regulated under laïcité, with limited exceptions, and Islamic finance is accommodated through specific regulatory guidance. Microfinance and crowdfunding are governed by national and EU rules, ensuring inclusion and transparency. This integrated approach embeds social and environmental goals across France's financial and innovation ecosystem.

8.4 Public Procurement

France's public procurement law explicitly permits and encourages the inclusion of social and environmental criteria in public tenders, as set out in the Code de la Commande Publique and reinforced by the Climate and Resilience Law. Contracting authorities are empowered to integrate ESG objectives into both award and performance conditions, with a legal requirement for at least one environmental criterion in all contracts from August 2026. Procurement is not limited to the "lowest price"; instead, the "most economically advantageous tender" (**MEAT**) approach allows for multi-criteria evaluations, balancing cost with quality, sustainability, and social value. The Climate and Resilience Law also recognizes innovation partnerships and pre-commercial procurement, enabling public buyers to collaborate with suppliers on innovative solutions to social and environmental challenges. This flexible, value-based framework aligns procurement with France's broader sustainability and inclusion goals.

8.5 Taxation

France's taxation framework features progressive personal income tax rates up to 45% and a standard corporate tax rate of 25%, with reduced rates for SMEs and specific incentives for social enterprises. While there is no general wealth tax, the Impôt sur la Fortune Immobilière ("IFI") applies to real estate assets above €1.3 million. VAT is charged at a standard 20%, with lower rates for essential goods and services.

The government provides significant tax benefits for organizations with social or environmental missions, including exemptions for qualifying associations, reduced corporate tax rates for ESUS-accredited enterprises, R&D tax credits, and favorable treatment for solidarity investment funds. Individuals and corporations can claim substantial deductions for donations to approved public-interest organizations, subject to limits and documentation.

France also levies environmental taxes such as the carbon tax, energy and pollution charges, and eco-taxes on products. Publicly traded companies are subject to additional social contributions and environmental levies, and must comply with mandatory ESG disclosure requirements, though there is no dedicated CSR tax. This integrated approach aligns fiscal policy with France's social inclusion and ecological transition objectives.

8.6 Research & Data

France actively funds and incentivizes research on social innovation through major initiatives like the France 2030 Plan, the National Research Agency (**ANR**), and ADEME, all of which embed social and environmental criteria in their funding programs. These initiatives prioritize projects addressing ecological transition, social inclusion, and sustainable development, and require measurable social and environmental impact. The government systematically collects and publishes data on social challenges and the social economy – including social enterprises, cooperatives, mutuals, and foundations – through agencies such as INSEE, CN CRES, and sectoral ministries. France's open data laws, anchored by the Digital Republic Law and the national platform data.gouv.fr, ensure broad public access to government datasets, supporting transparency, innovation, and evidence-based policy in the social and environmental domains.

8.7 Sustainable Development Goals

France pursues the Sustainable Development Goals (**SDGs**) through flagship initiatives like France 2030, the AFD Group 2025-2030 strategy, and the national Agenda 2030, which set priorities in climate action, innovation, education, health, and social inclusion. Dedicated budget lines across ministries and agencies support these goals. Social innovation is explicitly promoted, especially under France 2030, which funds research and projects addressing social and environmental challenges, making social innovation a key pillar of France's sustainable development strategy.

9. Germany

9.1 Government Infrastructure

Germany adopted a National Strategy for Social Innovations and Social Enterprises in September 2023. The strategy includes eleven fields of action and seventy concrete measures, such as improving legal frameworks, promoting entrepreneurship, expanding funding, supporting research, or strengthening education. A monitoring report shows that seventy-seven percent of these measures are already implemented or underway. Implementation is coordinated by the SIGU Platform, which inter alia provides tools for impact measurement, funding guidance, networking, and legal advice. Education initiatives such as the Impact Challenge at Universities and Innovative Hochschule integrate social innovation into higher education. Co-creation through citizen councils and living labs is promoted. Regulatory sandboxes (Reallabore) allow real-world testing of innovations. Public-private partnerships, such as Social Impact Labs and KOINNOvationsplatz, further strengthen the ecosystem. Germany's approach thus combines policy, funding, education, and participatory governance to embed social innovation into national development and address major societal challenges

9.2 Organizational Forms

Germany does not have a single bespoke legal form for social enterprises but offers several legal forms commonly used by mission-driven entities. The gGmbH is the most common form, combining entrepreneurial activity with strict rules on reinvestment and reporting. Associations (e.V.) suit member-driven non-profit initiatives, cooperatives (eG) enable collective ownership, and foundations (Stiftung) are based on significant capital for long-term missions. All structures require or permit boards to prioritize public benefit over profit. Recognized charitable entities enjoy tax advantages and access to funding, but face restrictions such as profit distribution bans. Germany has a comprehensive ESG framework combining EU and national legislation. The EU Taxonomy Regulation, Sustainable Finance

Disclosure Regulation (**SFDR**), and Corporate Sustainability Reporting Directive (**CSRD**) set standards for sustainable finance and reporting. The Supply Chain Due Diligence Act requires large companies to manage human rights and environmental risks. National law adds further obligations, including environmental criminal provisions under the German Criminal Code or sector-specific climate and waste regulations. Investors are subject to mandatory disclosure of sustainability risks and adverse impacts.

9.3 Funding and Investment

Germany promotes social innovation through targeted funding programs. Key programs include "Gesellschaft der Ideen" for social projects, "Nachhaltig wirken" for sustainability-focused enterprises, and start-up scholarships via the "EXIST" program. State-owned banks like KfW and NRW. Banks provide low-interest loans, guarantees, and blended finance options to support social enterprises. Additional financial instruments include grants, mezzanine funding, microloans, and selected pilot projects such as Social Impact Bonds. Public investors must integrate ESG principles into their investment decisions. Religious organizations can be granted the status of "corporations under public law". Constitutional law gives these religious organizations the right to levy a church tax. Religious organizations also enjoy tax exemptions and access to public funding for providing social services such as education and healthcare. Germany does not operate a dedicated social stock exchange. Microfinance is governed by general banking and consumer protection laws, requiring inter alia compliance with transparency rules. Crowdfunding is regulated under national law and the EU Crowdfunding Regulation, with rules on authorization, investor protection, and disclosure.

9.4 Public Procurement

German public procurement law explicitly permits contracting authorities to incorporate social and environmental (**ESG**) criteria into tenders. Contracts must be awarded based on the "most economically advantageous tender" (**MEAT**) – this allows contracting authorities to combine price with qualitative factors such as lifecycle costs, quality and social value. Procurement laws also provide mechanisms for innovation partnerships, enabling authorities to collaborate on research and development projects and purchase the resulting innovations without holding a separate tender. While pre-commercial procurement is not explicitly regulated under German law, it can be implemented through procedures such as competitive dialogue or negotiated processes. The Federal Ministry for Economic Affairs and Climate Action offers guidance on sustainable and innovative procurement through KOINNOvationsplatz, a private-public partnership for innovative procurement, aiding authorities in integrating ESG aspects into procurement processes.

9.5 Taxation

Germany has a comprehensive tax system that offers benefits to public benefit entities. Income tax for individuals is progressive with effective tax rates ranging from 0% to 45%, while corporations face an effective tax burden of around 30%. However, non-profit entities, such as gGmbHs, may qualify for tax exemptions. Although there is currently no wealth tax, there are indirect mechanisms in the form of property, inheritance and capital gains taxes. VAT is broadly applied at 19%, with a reduced rate of 7% for essential items such as food and books. Inheritance and gift taxes range from 7% to 50%, depending on the relationship between those involved and the value of the assets. Organisations recognized as non-profit under the German Fiscal Code are exempt from corporate and trade tax, and receive VAT relief for certain services, as well as reductions in property tax. Donations to these entities are tax-deductible within set limits. While Germany does not levy a social or environmental tax per se, there are sector-specific levies such as energy taxes, packaging fees, and CO_2 pricing, as well as social contributions by employers and employees. Publicly traded companies are not subject to any special tax regimes and must comply with these general regimes.

9.6 Research & Data

Germany actively funds research into social innovation through federal programs and strategic initiatives. Programs such as INSIGHT II and SINA explore the ecological, social, and economic potential of social innovations, as well as their intended and unintended consequences. Social and environmental criteria are embedded in research funding, with projects being required to address contributions to sustainability such as reducing emissions, protecting biodiversity and promoting social inclusion. The government systematically collects and publishes data on social challenges via the Federal Statistical Office and the "Sozialbericht", which covers areas such as poverty, health, education, and employment. Data on social innovation and mission-driven organisations is available via the SIGU platform, the Federal Statistical Office, and EU sources, although coverage remains fragmented. Under Germany's Open Data Strategy, implemented through laws such as the E-Government Act and the Data Use Act, open access to datasets is provided via the GovData portal. GovData hosts over 130,000 datasets and offers more than 1,000 APIs for developers. The German legal framework promotes the reuse of public-sector information by requiring free access, machine-readable formats, and non-discriminatory licensing.

9.7 Sustainable Development Goals

Germany implements the Sustainable Development Goals (SDGs) through a comprehensive set of strategies and programs. The revised 2025 National Sustainability Strategy serves as the roadmap for achieving the 2030 Agenda. The strategy focuses on climate neutrality, social justice, and sustainable economic and digital transformation, and is monitored using measurable indicators and public reporting. Germany prioritises SDGs through six areas of transformation, such as human well-being, energy transition, sustainable mobility, and pollution-free environments. The federal budget includes substantial financial commitments to back implementation. Examples include the Energy and Climate Fund, which will provide €211.8 billion for climate protection and transformation between 2024 and 2027, and the Special Fund for Infrastructure and Climate Neutrality, which will allocate €500 billion over twelve years. Further funding supports digital education, civil society engagement and global biodiversity protection. Programs such as Open-SI aim to make research funding accessible to social innovators and provide them with support.

10. Greece

10.1 Government Infrastructure

Greece does not currently have a standalone national strategy dedicated to social innovation. Instead, social innovation is embedded within broader frameworks such as the National Strategy for Research, Technological Development and Innovation (**RTDI**), the National Strategy for Social Inclusion and Poverty Reduction, and the Digital Transformation Strategy 2020 – 2025. These strategies collectively aim to modernise the economy, enhance public services, and promote social inclusion through research, technology, and digitalisation. Additionally, the Greece 2.0 National Recovery and Resilience Plan, funded by the EU, supports green and digital transitions, employment, and social cohesion, mobilising €60 billion in investments by 2026.

While there is no dedicated government agency for social innovation, the General Secretariat for Research and Innovation (**GSRI**) plays a key role in shaping and implementing RTDI policies, fostering synergies between research, industry, and public policy. Operational support is provided through initiatives such as the Hellenic Foundation for Research and Innovation (**HFRI**), Elevate Greece (a national startup registry), and R&D tax incentives. Capacity-building efforts include the Unit of Social Entrepreneurship at the Athens University of Economics and Business, which integrates social innovation into formal education and lifelong learning.

10.2 Organizational Forms

Greece has established specific organisational forms for social enterprises, most notably the Social Cooperative Enterprise (*Κοιν.Σ.Επ.*), introduced by Law 4019/2011 and governed by Law 4430/2016. These entities must pursue collective or social benefit and are categorised into integration cooperatives (for vulnerable or special groups), cooperatives of collective and social benefit, and Social Cooperatives of Limited Liability (*Κοι.Σ.Π.Ε.*), which focus on mental health integration. Benefits include access to grants and social investments, as well as tax advantages such as exemptions on retained profits. Restrictions relate to statutory purposes, membership composition, and governance requirements. Other forms include workers' cooperatives and legal entities engaging in activities of collective and social benefit.

While boards are not explicitly mandated to prioritise interests beyond shareholder value, the legal framework embeds social objectives into governance. Additionally, EU-level directives such as the CSRD and CSDDD indirectly require companies to consider environmental and social impacts through reporting and due diligence obligations. Greece also imposes ESG requirements on enterprises via laws implementing EU directives, including the Greek Climate Law, EU ETS, CSRD, and corporate governance rules. These require disclosures on carbon footprints, sustainability strategies, and climate transition plans. For investors, there are no national ESG-specific rules, but EU regulations like the SFDR apply, mandating transparency on sustainability risks and objectives. Publicly traded enterprises face extensive ESG disclosure obligations under the CSRD, covering strategy, impacts, governance, and double materiality assessments.

10.3 Funding and Investment

Greece does not impose additional national requirements on major investor classes beyond the EU framework. Investors are subject to the Sustainable Finance Disclosure Regulation (**SFDR**), which mandates transparency on how sustainability risks are integrated into investment decisions and whether products promote environmental or social characteristics or have sustainable objectives. At the national level, there are no specific ESG rules for investors.

The government incorporates sustainability considerations in certain funding and investment schemes, notably under Law 4887/2022, which promotes green transition and environmental upgrading of enterprises. While there is no dedicated funding for social innovation, Greece offers broader innovation support through programmes such as the €300 million "Research-Innovate 2021 – 2027" grant scheme, the Innovation Guarantee Fund (combining guarantees and grants), and EquiFund (venture capital and private equity investments). Law 5203/2025 also provides state aid for social entrepreneurship, including tax exemptions

10.4 Public Procurement

Greek public procurement law explicitly allows the inclusion of social and environmental criteria in public tenders, though only at the award stage, not during selection. Under Article 86 of Law 4412/2016, contracting authorities may apply the "most economically advantageous tender" (**MEAT**) principle, evaluating bids based on the best price-quality ratio. This approach permits consideration of qualitative, environmental, and social factors linked to the contract, such as employment of vulnerable groups, anti-discrimination measures, and gender equality. Contractors are also required to comply with EU environmental, social, and labour obligations during contract performance.

The law does not mandate prioritisation of lowest price; instead, it provides flexibility through value-based evaluation methods, including life-cycle costing. Furthermore, Law 4412/2016 recognises innovation partnerships (Article 31), enabling authorities to collaborate with suppliers to develop and procure innovative products, services, or works not yet available on the market. These partnerships follow phased research and development processes, with contracts awarded based on MEAT criteria, supporting social and environmental value creation alongside innovation.

10.5 Taxation

Greece applies a comprehensive tax regime covering individual and corporate income, property, VAT, and inheritance. In 2025, individual income tax is progressive, ranging from 9% to 44%, with reductions planned from 2026 and additional allowances for families with children. Capital income is taxed at rates from 5% to 20%, while property income ranges from 15% to 45%. Corporate tax is set at 22%, and VAT follows EU rules with a standard rate of 15% and reduced rates of 13% and 6% for certain goods. There is no wealth tax, but property tax (ENFIA) applies. Inheritance tax varies by relationship, from 0 – 10% for close relatives to up to 40% for others.

Tax incentives exist for organisations delivering social or environmental value, including exemptions for Social Cooperative Enterprises and benefits under laws promoting sustainable development and strategic investments. Individuals can deduct donations to approved social and environmental causes, subject to limits. Environmental taxation is embedded in EU and national frameworks, notably through the EU Emissions Trading System (**ETS**), road taxes based on CO_2 emissions, and excise duties on fuels. While publicly traded enterprises are not subject to a dedicated social or environmental tax, they share these obligations. Greece does not impose a CSR tax but aligns with EU sustainability objectives through regulatory and fiscal measures.

10.6 Research & Data

Greece does not currently provide dedicated funding or incentives for research on social innovation, nor does it include social or environmental criteria in its research funding schemes. However, the government actively collects and publishes data relevant to social challenges through the Hellenic Statistical Authority (*EL.STAT*). Key datasets include household budget surveys, income and living conditions (covering poverty risk, inequality, and access to services), and employment/unemployment statistics. These resources support evidence-based policymaking and social analysis.

While Greece does not collect or publish data specifically on social innovation or mission-driven organisations, it has a robust open data framework. Law 4727/2020 transposed the EU Open Data Directive, mandating free access to public sector information in machine-readable formats and introducing high-value datasets for reuse. The national open data platform hosts over 10,500 datasets across 17 thematic areas, enabling transparency, research, and the development of data-driven solutions. This infrastructure creates opportunities for innovation and civic engagement, even in the absence of targeted social innovation policies.

10.7 Sustainable Development Goals

Greece has several flagship programmes and policies aligned with key Sustainable Development Goal ("SDG") themes, even if not explicitly branded as SDG initiatives. These include the National Strategy for Social Inclusion and Poverty Reduction, the National RTDI Strategy for research and innovation, and the Digital Transformation Strategy 2020 – 2025, which promotes inclusive digital access and modernisation of public services. Other major frameworks include the National Skills Strategy, the Greek Climate Law (Law 4936/2022), and Law 5203/2025 on Sustainable Development, which aims to reduce inequalities and drive green and digital transitions. Two high-profile initiatives – Smart, Resilient and Climate Neutral Cities and GR-eco Islands – focus on sustainability, resilience, and innovation, targeting urban and island ecosystems with measures for climate neutrality, energy autonomy, and circular economy.

These initiatives prioritise SDGs 7 (Affordable and Clean Energy), 10 (Reduced Inequalities), 11 (Sustainable Cities), 12 (Responsible Consumption and Production), and 13 (Climate Action), reflecting Greece's strategic focus on climate resilience, green growth, and inclusive development. Funding is secured through national and EU resources, including the Recovery and Resilience Facility, NSRF, and a €1.6 billion Decarbonisation Fund expected to mobilise €3.8 billion in investments. While not explicitly labelled as social innovation programmes, both initiatives embed participatory governance and community-led approaches, fostering co-creation, behavioural change, and socially innovative business models.

11. Iceland

11.1 Government Infrastructure

Iceland does not have a single comprehensive national strategy on social innovation, but it integrates social innovation objectives into several key national frameworks. There is also no dedicated central government agency, taskforce or department to oversee social innovation. The Ministry of Higher Education, Science and Innovation; Icelandic Centre for Research (**RANNÍS**) and Ministry of Social Affairs and Housing all effectively carry out social innovation initiatives. The Icelandic government supports social innovation primarily through public funding mechanisms, capacity-building initiatives, and collaborative programs that link government, academia and the social economy. Iceland integrates social innovation capacity-building into its higher education, vocational training, and lifelong learning systems through national policy frameworks that link research, education, and societal impact. The government's goal is to cultivate innovation and problem-solving skills that address economic, social and environmental challenges across all levels of education. Iceland's legal and institutional framework strongly supports participatory and co-creative approaches to policymaking, grounded in the country's long democratic tradition and constitutional guarantees of civic engagement. At the constitutional level, Articles 65 – 75 of the Constitution of the Republic of Iceland (Stjórnarskrá lýðveldisins Íslands No. 33/1944) protect equality before the law, freedom of expression, freedom of association and the right to participate in public affairs. These provisions form the legal foundation for citizen assemblies, consultations and participatory mechanisms used in policymaking. Iceland has not yet established a single, nationwide regulatory sandbox law or framework covering all sectors. However, several government authorities have introduced targeted experimental environments that operate under sandbox-like principles – allowing innovators to test new technologies or services under supervised regulatory conditions. The most notable example is within the financial sector, where the Central Bank of Iceland (Seðlabanki Íslands) and the Financial Supervisory Authority of Iceland (Fjármálaeftirlitið, FME) have implemented flexible, dialogue-based regulatory approaches for fintech and digital finance innovation. Iceland also has several established public-private partnerships (**PPPs**) that actively promote innovation with strong social, environmental and regional development components.

11.2 Organizational Forms

Iceland does not have a dedicated legal status specifically titled "social enterprise". However, its national legal framework provides several organizational forms that are widely used for social innovation, non-profit and cooperative activities. These include associations, foundations, cooperatives and limited liability companies with social purpose clauses. Further, Icelandic law explicitly allows and, in some cases, requires boards and managers of certain organizational forms – including associations, foundations, cooperatives and public-benefit companies – to prioritize social, environmental or community interests over shareholder value. The Icelandic governance model is grounded in principles of democratic management, transparency and public accountability, encouraging directors to balance multiple stakeholder interests such as members, employees, beneficiaries and society at large. Icelandic regulations require investors to consider environmental, social and governance (**ESG**) factors in their investment decisions. These requirements are aligned with European Union regulations and reflect Iceland's commitment to sustainable finance. In Iceland, publicly traded companies are required to disclose ESG factors in their annual reports, in line with the European Union's Corporate Sustainability Reporting Directive (**CSRD**), which came into force on January 5, 2023.

11.3 Funding and Investment

In Iceland, major classes of investors – including pension funds, insurance companies, and other institutional investors – are required to incorporate ESG factors into their investment decisions. This requirement is primarily driven by the implementation of the European Union's SFDR which applies to financial market participants and advisers in Iceland. The Icelandic government mandates that ESG considerations are integrated into direct funding, grants and state-managed investments. It provides a variety of funding mechanisms to support social innovations, including grants, equity investments, guarantees and other financial instruments designed to promote social and environmental impact. The government has also established legal frameworks and policies that support impact investment and blended finance mechanisms, aligning with broader European Union sustainable finance regulations. The primary framework guiding these activities is the Sovereign Sustainable Financing Framework, which sets eligibility criteria for investments and ensures that proceeds from government-backed financing are directed to projects with positive social and environmental outcomes. Further, there are legal frameworks that govern religious financing mechanisms, primarily through the collection and allocation of a church tax (sóknargjald) to officially registered religious and life-stance organizations. Iceland does not have a dedicated government-backed social stock exchange or a formal platform exclusively for trading social impact investments but it does have specific regulations governing microfinance, particularly concerning consumer microloans. These regulations aim to protect consumers from exploitative lending practices and ensure transparency in loan agreements. Although Iceland is not a member of the EU, as a member of the European Economic Area (**EEA**), it adopts relevant EU financial legislation through the EEA Agreement, which includes the regulation of crowdfunding service providers and platforms.

11.4 Public Procurement

Iceland's national procurement legislation explicitly allows for the inclusion of social, environmental and sustainability criteria in public tenders, in line with its obligations under the EEA Agreement and its domestic commitment to sustainable development and equality. Icelandic law does not require contracting authorities to prioritize cost or the "lowest price" in public procurement decisions. Icelandic procurement law provides broad flexibility for contracting authorities to evaluate bids based on value-oriented and qualitative criteria, through the principle of "most economically advantageous tender" (**MEAT**). Iceland's public procurement framework explicitly recognizes and supports innovation partnerships and PCP as mechanisms to stimulate innovation while advancing social and environmental value creation.

11.5 Taxation

Individual income is taxed in Iceland under a progressive system that combines state income tax and municipal income tax. Iceland levies a corporate income tax on the profits of companies and other legal entities. The system distinguishes between different types of entities, with separate rates for limited liability companies, partnerships and non-profit organizations. Iceland does not currently impose a wealth tax on individuals or corporations. Iceland operates a comprehensive VAT system that applies to most goods and services supplied within the country, as well as imports. Iceland imposes an inheritance tax (fjárskiptagjald / erfðafjárskattur) on the transfer of assets upon death or as gifts. While Iceland does not have a single, unified legal category for social enterprises, the government provides a range of tax benefits and fiscal incentives for organizations that deliver social, cultural or environmental value. Both individuals and organizations in Iceland are permitted to make tax-deductible donations to recognized social, cultural, educational or environmental causes, subject to certain legal conditions and administrative requirements. Iceland requires both individuals and organizations to contribute to environmental and social objectives through a combination of environmental taxes, levies and mandatory contributions. Iceland does not impose a dedicated "corporate social responsibility (**CSR**) tax" or mandatory social expenditure requirement on publicly traded or private enterprises.

11.6 Research & Data

The Icelandic government actively funds and incentivizes research on social innovation, primarily through national research councils, public innovation funds and participation in European and Nordic research programs. It also systematically includes social and environmental criteria in its public research funding mechanisms. These criteria are embedded across national research and innovation programs and are aligned with the country's long-term strategies for sustainable development, social equality and climate neutrality. Rather than operating as standalone funding categories, social and environmental dimensions are integrated as cross-cutting priorities that guide project selection, evaluation, and impact assessment. In addition, the government systematically collects, analyzes and publishes data on a wide range of social challenges, including poverty, income inequality, unemployment, education, housing and health disparities. This includes collecting and publishing data on certain categories of mission-driven organizations, including non-profit associations, cooperatives, and foundations, although "social enterprise" and "social innovation" are not yet recognized as distinct statistical classifications within Iceland's national data framework. A comprehensive legal and institutional framework for open data exists and the government operates multiple national open data platforms to promote transparency, innovation and public access to information.

11.7 Sustainable Development Goals

The Icelandic government has developed a comprehensive framework of flagship programmes and policies that directly align with the SDGs. It has explicitly integrated the SDGs into its national policy and planning framework, and several SDGs have been identified as strategic priorities based on the country's social model, economic structure and environmental commitments. Iceland has established a comprehensive budgeting and policy coordination framework that directly links government programmes and fiscal planning to the SDGs. This integration is reflected in the State Budget Act (No. 123/2015), the Well-being Economy Framework, and the Government's SDG Implementation Mechanism coordinated by the Prime Minister's Office (Forsætisráðuneytið). The government explicitly recognizes social innovation as a key mechanism for achieving sustainable development outcomes and has incorporated it into several national policies, programmes, and funding instruments. Social innovation is understood as the development and implementation of new ideas, services, and collaborations that address social challenges, strengthen communities, and improve public welfare.

12. Italy

12.1 Government Infrastructure

Italy's social innovation framework is decentralised but supported by strong legislation, notably the Third Sector Code / the Social Enterprise Reform of 2017. Social innovation is embedded in broader strategies such as the National Recovery and Resilience Plan, Italia 2025, and the National Sustainable Development Strategy. Key actors include the Department for Public Administration, which manages the Social Innovation Fund, the Ministry of Labour and Social Policies, and the National Competence Centre for Social Innovation established in 2024 with EU support. Support measures combine EU-funded programmes, local training, and public consultations via the ParteciPa platform. While no social-innovation regulatory sandbox exists, partnerships such as Cassa Depositi e Prestiti's Fondo Investimenti per l'Abitare illustrate effective public – private collaboration for social outcomes.

12.2 Organizational Forms

Italy provides several dedicated legal forms for socially oriented organisations. These include social cooperatives, which deliver welfare and work-integration services under specific employment and profit-distribution rules; mutual aid societies, offering member-based welfare; associations and foundations; and Benefit Corporations, which combine for profit purposes with measurable public-good objectives. Boards of Benefit Corporations, social cooperatives, and mutuals must balance financial and social purposes, prioritising stakeholder and community interests over pure shareholder value.

Italy has transposed recent EU sustainability rules: the Corporate Sustainability Reporting Directive now mandates detailed ESG disclosures for large and listed companies, while financial intermediaries must comply with the EU Sustainable Finance Disclosure Regulation (**SFDR**) and related MiFID II provisions.

Publicly listed entities must publish annual sustainability statements under the new CSRD regime, replacing earlier non-financial reporting requirements and ensuring full alignment with EU standards.

12.3 Funding and Investment

Italy integrates social and environmental factors into finance mainly through EU-aligned rules. Banks, insurers, asset managers, and pension funds must include sustainability risks in governance and investment processes, under supervision by national regulators.

Public funding under the PNRR applies DNSH criteria, and green sovereign bonds finance climate and social projects. Social innovation is supported through grants, subsidised loans, guarantees, and impact-investment schemes co-funded with EU resources.

There is no single law on impact investing, religious finance, or a social stock exchange, though Borsa Italiana lists green and social bonds. Microfinance is regulated under the Banking Law, and crowdfunding follows the EU Regulation 2020/1503, overseen by CONSOB and the Bank of Italy.

12.4 Public Procurement

Italy's Public Contracts Code (Legislative Decree 36/2023) explicitly permits and often requires taking into account social and environmental criteria in public tenders, including but not limited to gender equality, inclusion, and compliance with Minimum Environmental Criteria.

The law does not prioritise lowest price; instead, contracts are awarded based on the "most economically advantageous tender" (**MEAT**), allowing evaluation of quality, sustainability, and innovation. It also recognises Innovation Partnerships and Pre-Commercial Procurement, enabling public authorities to co-develop and purchase innovative solutions with social or environmental value.

12.5 Taxation

Italy operates a progressive income tax system for individuals and a corporate income tax regime for businesses, combining a national corporate tax (IRES) and a regional tax on productive activities (IRAP). There is no general wealth tax, but specific levies apply to real estate holdings through the municipal property tax (IMU) and to foreign assets under the IVIE and IVAFE regimes.

The country applies a value-added tax (VAT) on goods and services, with standard and reduced rates depending on the category, alongside inheritance and gift taxes that vary according to the degree of kinship between donor and beneficiary. Organisations pursuing social, cultural or environmental objectives benefit from preferential fiscal treatment, including exemptions and reduced rates, and donations to recognised non-profit entities are deductible within statutory limits.

Although Italy does not impose a dedicated carbon tax or a social tax, environmental charges are integrated into the energy sector and emissions trading schemes, reflecting EU climate policy. Publicly listed companies are not subject to a specific corporate social responsibility tax; however, they are required to comply with EU sustainability reporting obligations under the CSRD which mandates disclosure of environmental, social and governance (**ESG**) information in line with European standards.

12.6 Research & Data

Italy actively promotes research on social innovation through a combination of national initiatives and EU co-funded programmes managed by the Ministry of Universities and Research. These programmes prioritise themes such as social inclusion, sustainability, and territorial cohesion, aiming to foster solutions that address societal challenges while supporting economic development. Funding calls often encourage collaboration between universities, research centres, and mission-driven organisations to ensure practical impact and knowledge transfer.

Research funding frameworks increasingly incorporate social and environmental criteria, reflecting alignment with the United Nations Sustainable Development Goals (SDGs) and compliance with the DNSH principle introduced under EU regulations. This approach ensures that publicly funded projects contribute positively to environmental protection and social equity, while avoiding adverse effects on climate, biodiversity, and resource efficiency. Evaluation processes now include sustainability indicators alongside traditional scientific merit, signalling a shift towards integrated impact assessment.

Italy also invests in robust data systems to support evidence-based policymaking. ISTAT, the national statistical institute, together with other public bodies, systematically collects and publishes data on social conditions, demographic trends, and the activities of mission-driven organisations. These datasets enable policymakers, researchers, and civil society to monitor progress on social innovation and assess the effectiveness of interventions.

A strong open-data framework underpins these efforts, providing free access to official statistics and research outputs through digital platforms. This transparency fosters collaboration among stakeholders, encourages secondary analysis, and strengthens accountability in the use of public resources. By combining targeted funding, sustainability criteria, and comprehensive data infrastructure, Italy positions social innovation as a strategic lever for inclusive and sustainable growth.

12.7 Sustainable Development Goals

Italy aligns its national policy framework with the UN 2030 Agenda through the SNSvS, which is coordinated by the Ministry of Environment and Energy Security. This strategy serves as the overarching reference point for integrating sustainability objectives into sectoral policies and public administration planning. It ensures coherence between national priorities and international commitments, while also embedding sustainability principles into legislative and regulatory instruments.

The strategy is structured around five core pillars – People, Planet, Prosperity, Peace, and Partnership – reflecting the multidimensional nature of sustainable development. Each pillar encompasses specific targets and actions, ranging from reducing social inequalities and promoting health and education, to safeguarding ecosystems, fostering economic resilience, and strengthening governance. Regional governments complement this national framework with their own sustainable development plans, ensuring territorial adaptation and alignment with local needs. These efforts are further reinforced by EU structural and investment funds, which finance projects consistent with the strategy's objectives.

Priority focus areas under the strategy include poverty reduction, gender equality, clean and affordable energy, climate action, innovation, and sustainable urban development. These areas are operationalised through targeted programmes such as energy-efficiency incentives, circular-economy initiatives, and digital transformation projects aimed at bridging social and territorial divides. The integration of social innovation is particularly evident in policies promoting inclusive education, gender mainstreaming, and community-based solutions for environmental challenges.

Dedicated funding mechanisms underpin the implementation of the strategy. Italy has introduced SDG-linked budget tagging to track public expenditure contributing to sustainability goals, enhancing transparency and accountability. In addition, green bonds and sustainability-linked financial instruments are issued to mobilise private capital for projects aligned with climate and social objectives. These financial tools not only support infrastructure and technological innovation but also incentivise investments in areas such as renewable energy, low-carbon mobility, and social housing.

Social innovation is embedded throughout the strategy as a cross-cutting driver of change. Initiatives promoting territorial cohesion leverage participatory governance models to engage local communities in decision-making. Digital inclusion programmes aim to reduce the digital divide and ensure equitable access to services, while gender equality measures focus on empowering women in education, employment, and entrepreneurship. Circular-economy projects encourage innovative business models that combine environmental sustainability with social impact, reinforcing Italy's commitment to a just and inclusive transition.

13. Kenya

13.1 Government Infrastructure

Kenya does not have a standalone social innovation strategy; instead, social innovation is embedded within broader national innovation and development frameworks. The country's Vision 2030 positions innovation as a driver of socio-economic transformation, and the Science, Technology and Innovation Act 2013 established a national innovation system led by the Kenya National Innovation Agency. The Agency coordinates actors across public, private, and academic sectors, manages the National Innovation Masterplan (2023 – 2033), and promotes inclusive innovation through hubs, digital technology, and public – private partnerships. The government provides operational support via programs like Huduma Whitebox Program, Ajira Digital Program, and affirmative funds for youth and women entrepreneurs. Education reforms, such as the Competency-Based Curriculum, integrate creativity and problem-solving, while universities host innovation hubs supported by government partnerships. Kenya's legal framework mandates public participation in policymaking and enables experimentation through regulatory sandboxes in fintech and insurance. Public – private partnerships, such as the Kenya Climate Innovation Centre, further scale social innovations.

13.2 Organizational Forms

Kenya does not have a dedicated legal form for social enterprises, but mission-driven organizations can choose from several structures: cooperatives, Public Benefit Organizations, trusts, companies limited by guarantee, and for-profit companies. Each form offers different benefits – cooperatives enjoy government support and credit access, while PBOs qualify for tax exemptions and donor funding but face strict compliance requirements. Companies provide flexibility and access to investment but lack automatic tax benefits unless registered as charities. Informal groups like self-help associations offer simplicity but no corporate status or liability protection. While Kenya has not introduced benefit corporations, governance codes encourage ESG considerations, and directors may incorporate social objectives in constitutive documents.

13.3 Funding and Investment

Kenya's government supports social innovation financing through affirmative funds, credit guarantees, and regulatory innovations. Flagship programs like the Youth Enterprise Development Fund, Women Enterprise Fund, and Uwezo Fund provide low-interest loans and grants to marginalized groups, coupled with training and mentorship. The SME Credit Guarantee Scheme reduces lending risk for banks, while the Capital Markets Authority introduced crowdfunding regulations in 2022, enabling startups to raise up to KSh 100 million annually under a legal framework. Though Kenya lacks a dedicated impact investment law, the Public Private Partnerships Act, Cap. 430 accommodates blended finance models, allowing public funds to complement private capital for socially impactful projects. Islamic finance products such as Sukuk bonds and Takaful insurance are legally recognized, broadening ethical financing options. ESG integration for investors is encouraged through guidelines – banks must manage climate risks, and pension funds are advised to consider ESG factors. Overall, Kenya's funding ecosystem combines targeted social programs, legal innovations, and emerging sustainable finance practices to enable social innovation.

13.4 Public Procurement

Kenya's procurement law explicitly integrates social and environmental considerations. The Public Procurement and Asset Disposal Act, Cap. 412C mandates principles of sustainability and local industry promotion, reserving 30% of opportunities for youth, women, and persons with disabilities. Tender documents may include requirements for eco-friendly goods and socio-economic impact, and the draft Sustainable Public Procurement and Asset Disposal Framework 2025 seeks to mainstream green criteria. While cost-effectiveness is a guiding principle, evaluation emphasizes value for money over lowest price, allowing flexibility through combined technical-financial scoring and total cost of ownership. Preferences for citizen contractors and design competitions further embed social value. Though Kenya lacks formal innovation partnership provisions, competitive negotiations and design contests offer avenues for creative solutions. Overall, procurement policy serves as a lever for inclusive development and environmental sustainability.

13.5 Taxation

Kenya's tax regime includes progressive income tax, corporate tax, VAT, and capital gains tax, but no wealth or inheritance tax. Social-purpose organizations benefit from exemptions: donations and grants are not taxable, and entities delivering public benefit can obtain Tax Exemption Certificates under the Income Tax Act. Donations to certified charities are tax-deductible, and approved expenditures on social infrastructure or disaster relief qualify for deductions. Mandatory levies like the Social Health Insurance Fund and Affordable Housing Levy link taxation to social welfare. While Kenya does not impose a carbon tax or CSR levy, ESG reporting obligations for listed companies and incentives for charitable organizations embed social and environmental considerations into fiscal policy. Overall, Kenya's tax framework offers targeted benefits for organizations advancing social and environmental goals.

13.6 Research & Data

Kenya funds and incentivizes research aligned with social innovation through the National Research Fund, which prioritizes projects addressing poverty, health, and climate resilience. Collaborative programs like the Newton – Utafiti Fund support research on sustainable development challenges, co-financed by government and international partners. Agencies such as KeNIA run innovation challenges and incubation hubs, offering seed funding for solutions to societal problems. Research funding criteria emphasize alignment with Vision 2030 and Sustainable Development Goals, ensuring social and environmental impact. Kenya also maintains robust data systems: the Kenya National Bureau of Statistics publishes poverty, health, and education indicators, while open data laws guarantee public access to government datasets. Overall, Kenya combines financial support, legal mandates, and data transparency to foster evidence-based social innovation.

13.7 Sustainable Development Goals

Kenya's Vision 2030 and related policies align closely with SDG priorities, driving flagship programs across poverty reduction, health, education, gender equality, youth empowerment, climate action, and innovation. Initiatives include the Inua Jamii flagship National Safety Net Program for vulnerable groups, Universal Health Coverage, Operation Come-to-School for inclusive education, and Women Enterprise Fund for gender empowerment. Youth-focused programs like Ajira Digital promote employment and entrepreneurship. Climate action is advanced through the National Tree Planting Programme and locally led Climate Action programs. Innovation hubs and Konza Technopolis exemplify Kenya's commitment to digital transformation. Budget allocations reflect these priorities, with education and health receiving the largest shares. Social innovation is explicitly supported through government-backed challenges, incubation, and funding for startups addressing national development goals. Overall, Kenya's SDG-linked policies create a comprehensive framework for inclusive, sustainable growth.

14. Luxembourg

14.1 Government Infrastructure

Luxembourg fosters social innovation through an integrated approach rather than a single national strategy. Key policies – such as Luxembourg 2030, the Social and Solidarity Economy Strategy, and the Third Industrial Revolution roadmap – embed social innovation within broader goals of sustainability, inclusion, and digital transformation. The Ministry of Labour plays a central role, supported by the Social Business Incubator and Luxinnovation, which provide legal guidance, incubation, and funding access. Education initiatives, including university programs and lifelong learning platforms, strengthen capacity-building. Participatory governance is institutionalized through e-petitions, municipal reforms, and citizen assemblies, while regulatory sandboxes in AI and fintech enable controlled experimentation. Public-private partnerships and impact finance initiatives complement this framework, creating an enabling ecosystem that combines legal certainty, operational support, and collaborative innovation.

14.2 Organizational Forms

Luxembourg offers a robust legal framework for social economy entities, with the société d'impact sociétal (SIS) as the flagship structure for social enterprises. SIS combines strong benefits – such as an appropriate tax regime, access to public procurement, and legal certainty – with strict governance, transparency, and limits on profit distribution to ensure that the social purpose is genuinely prioritized. Non-profit actors typically adopt an Association sans but lucratif (ASBL) or a Foundation, which are simple to establish but remain non-commercial. While Luxembourg lacks a dedicated B-Corporation status, companies can embed social objectives in standard corporate forms or seek external certification. Governance rules reinforce impact: SIS boards must prioritize societal goals, and listed companies face sustainability obligations under Luxembourg Stock Exchange's ("LuxSE") principles. Broader Environmental, social and governance (**ESG**) compliance is driven by EU regulations – Non-Financial Reporting Directive (**NFRD**), Sustainable Finance Disclosure Regulation (**SFDR**), Corporate Sustainability Reporting Directive (**CSRD**), and EU Taxonomy – requiring disclosure of social and environmental performance, particularly for large enterprises and financial institutions. These frameworks collectively embed sustainability and stakeholder interests into Luxembourg's corporate landscape, balancing innovation with accountability.

14.3 Funding and Investment

Luxembourg is progressively embedding social and environmental considerations into its investment and funding frameworks through targeted programs rather than blanket mandates. Initiatives such as Fit 4 Sustainability, State Aid Schemes, and the Social Business Incubator (**SBI**) provide grants and recoverable advances to support mission-driven projects. Additional instruments include public loans and the issuance of sustainability bonds, with Luxembourg pioneering Europe's first sovereign sustainability bond under its Sustainability Bond Framework. While there is no dedicated law on impact investing or blended finance, the country fosters these mechanisms through platforms like the Luxembourg Green Exchange (**LGX**) and its role as a global hub for sustainable funds. Luxembourg also accommodates Islamic finance under general financial laws and bilateral agreements with religious communities. Although it lacks a formal social stock exchange, LGX serves as a leading platform for sustainable securities and impact reporting. The ecosystem further supports microfinance – hosting major global actors and quality labels – and regulates crowdfunding under EU rules, requiring Commission de Surveillance du Secteur Financier (**CSSF**) oversight for certain platforms. Collectively, these measures create an enabling environment for social innovation financing without imposing rigid legal constraints.

14.4 Public Procurement

Luxembourg's procurement law (2018) transposes EU directives and explicitly allows social and environmental criteria in tenders under the Most Economically Advantageous Tender (**MEAT**) principle. Authorities can evaluate bids based on sustainability, innovation, and quality rather than lowest price alone. Guidance and digital tools such as the Portail des Marchés Publics (**PMP**) portal support integration of these criteria. Innovation partnerships are legally recognized, enabling co-development of solutions with social or environmental value, while competitive dialogue and negotiated procedures offer flexibility for complex projects. Although pre-commercial procurement lacks a dedicated statute, the framework permits R&D-focused tenders aligned with EU principles. These mechanisms position Luxembourg as supportive of impact-oriented procurement.

14.5 Taxation

Luxembourg applies progressive personal and corporate taxes but offers strong incentives for social impact entities. Accredited SIS companies benefit from full exemptions from corporate income tax, municipal business tax, and net wealth tax, while recognized non-profits and foundations enjoy similar advantages and eligibility for tax-deductible donations. Individuals and corporations can deduct donations up to 20% of net income or €1 million annually. Environmental taxation includes a CO_2 levy (€40/ton in 2025) and EU carbon pricing mechanisms, complemented by investment aid for green projects. While Luxembourg does not impose a dedicated "social impact tax", its fiscal framework integrates social and environmental considerations through exemptions, targeted credits, and sustainability-linked instruments such as green and social bonds.

14.6 Research & Data

Luxembourg promotes research on social innovation through its National research and innovation strategy, which emphasizes sustainability, diversity, and digital transformation. Key actors include the University of Luxembourg, Luxinnovation, the Luxembourg Institute of Socio-Economic Research (**LISER**), the Luxembourg Institute of Science and Technology (**LIST**), and the National Research Fund (**FNR**). Social and environmental criteria are embedded in funding schemes, aligning research priorities with national strategies. The government actively collects and publishes data on social challenges – such as employment, education, and inequality – via the National Institute for Statistics and Economic Studies (**STATEC**), or the Luxembourg National Data Service (**LNDS**). Transparency is reinforced through open data laws and platforms like data.public.lu, Guichet.lu, and Enquetes.public.lu, which provide free access to socioeconomic and environmental datasets. These measures create a robust ecosystem for evidence-based policymaking and innovation, ensuring that research and data serve as pillars for social progress and sustainable development.

14.7 Sustainable Development Goals

Luxembourg aligns its national strategies closely with the United Nations (**UN**) Sustainable Development Goals, embedding social innovation within broader frameworks such as Luxembourg 2030, the Social and Solidarity Economy (**SSE**) Strategy, the Luxembourg Sustainable Finance Initiative (**LSFI**), and Luxinnovation. These initiatives address key thematic areas including climate action, education, employment, governance, and innovation. The country prioritizes Sustainable Development Goals (**SDG**) 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), SDG 10 (Reduced Inequalities), and SDG 13 (Climate Action), reflecting its commitment to inclusive growth and sustainability. Dedicated programs and budget lines – such as the société d'impact societal (**SIS**) regime, Fit 4 Sustainability, and LSFI – support these priorities. Collectively, these measures demonstrate Luxembourg's integrated approach to achieving SDGs and promoting systemic change.

15. Malaysia

15.1 Government Infrastructure

Malaysia has established a robust policy framework to support social innovation. Key national strategies include the National Science, Technology and Innovation Policy 2021-2030, which emphasizes governance, commercialization of research, and alignment with the Sustainable Development Goals (**SDGs**). The Social Innovation Policy (**DIS**) 2025-2030 promotes locally driven solutions and cross-sector collaboration, while the Malaysia Social Entrepreneurship Blueprint 2030 ("SEMy2030") aims to accredit 5,000 social enterprises by 2030. Several agencies play pivotal roles, such as MOSTI for policy coordination, Yayasan Inovasi Malaysia (**YIM**) for grassroots innovation, Malaysian Research Accelerator for Technology and Innovation (**MRANTI**) for accelerators, and Ministry of Entrepreneur Development and Cooperative (**KUSKOP**) for social enterprise accreditation. Support mechanisms include capacity-building programs, advisory services, grants like the Malaysia Social Innovation Fund ("MyIS Komuniti"), innovation labs, and regulatory sandboxes such as National Technology & Innovation Sandbox ("NTIS") and fintech initiatives.

15.2 Organizational Forms

Malaysia does not have a distinct legal category for social enterprises, but multiple organizational forms are available. Companies limited by guarantee operate as non-profits with potential tax exemptions and strict reinvestment rules. Private limited companies offer flexibility for social businesses but are taxed as regular companies. Cooperatives enjoy preferential tax treatment and democratic governance whilst societies and associations provide simple registration but limited commercial activity. Trusts and foundations are used for charitable purposes and may qualify for tax exemptions. Governance frameworks encourage ESG integration, although shareholder primacy remains dominant except in companies limited by guarantee and cooperatives.

15.3 Funding and Investment

Malaysia promotes ESG-aligned finance through various mechanisms. The Malaysian Code for Institutional Investors (2022) encourages ESG integration among investors. Capital market instruments such as SRI Sukuk and SRI-linked Sukuk provide sustainable financing options, complemented by guidelines for sustainable funds. Government grants include MyIS Komuniti, NTIS Fund, Hasanah Social Enterprise Fund and Domestic Investor Accelerator Fund for ESG adoption. Blended finance initiatives like the MySDG Trust Fund and Malaysia Co-Investment Fund (**MyCIF**) support impact-driven ventures. Impact investment is facilitated through Securities Commission guidelines, with Khazanah's Dana Impak allocating RM 6 billion for SDG-aligned projects. Microfinance and regulated crowdfunding frameworks, including equity and peer-to-peer lending, further expand funding opportunities.

15.4 Public Procurement

Malaysia's procurement framework is governed by Treasury Instructions and the Financial Procedure Act, emphasizing value for money. The Government Green Procurement (**GGP**) policy mandates environmental criteria for certain categories, while Bumiputera vendor preference serves as a social inclusion mechanism. The upcoming Government Procurement Bill 2025, effective in 2026, will codify sustainability and best-value principles. Innovation partnerships, including pre-commercial procurement and sandbox programs, exist but lack formal legal recognition, signalling room for further development in socially innovative procurement practices.

15.5 Taxation

Malaysia applies a progressive personal income tax system with rates ranging from 0% to 30%, alongside rebates and reliefs. Corporate tax is generally 24%, with lower tiered rates for SMEs and sector-specific rates for petroleum. There is no wealth or inheritance tax, though Real Property Gains Tax (**RPGT**) applies to property disposals, and SST has replaced VAT/GST. ESG-related incentives include deductions for ESG expenditure up to RM 50,000 annually, tax exemptions for accredited social enterprises and approved charities, and green investment incentives such as Green Investment Tax Allowance and Green Income Tax Exemption. Donations are tax-deductible up to 10% of aggregate income, and zakat rebates apply for Muslims. A carbon tax targeting high-emission sectors is planned for 2026.

15.6 Research & Data

Malaysia supports social innovation research through MOSTI's MyIS Komuniti grants, MOHE research schemes, and international collaborations like the Newton-Ungku Omar Fund. Funding criteria often require SDG alignment and measurable social impact. Data systems are managed by DOSM, which publishes statistics on poverty, health, education, and labor, complemented by open data platforms such as data.gov.my and OpenDOSM. However, integrated data on social enterprises and NGOs remains limited, though cooperative data is available via Malaysia Cooperative Societies Commission. The Data Sharing Act 2025 mandates structured data sharing, and Malaysia ranks highly in global open data indices.

15.7 Sustainable Development Goals

Malaysia's implementation of the SDGs is integrated into national planning through the SDG Roadmap Phase II (2021-2025), the Twelfth Malaysia Plan, and the Shared Prosperity Vision 2030. Flagship initiatives include poverty eradication programs like BMTKM, health schemes such as MySalam and PeKa B40, education reforms under the TVET Master Plan, and digital transformation through MyDIGITAL. Climate action is addressed via the NETR and a pledge for carbon neutrality by 2050. Funding mechanisms include the MySDG Trust Fund, ESG tax deductions, and sectoral budget allocations. Social innovation is explicitly linked to SDG achievement through policies like DIS 2025-2030 and partnerships between UNDP and MOSTI.

16. Montenegro

16.1 Government Infrastructure

Montenegro does not have a dedicated national strategy for social innovation, though upcoming frameworks such as the Social and Solidarity Economy Strategy (2025 – 2029) and related action plans aim to address this gap. Oversight is fragmented across ministries, with advisory bodies like the Council for Innovation and Smart Specialisation and the Innovation Fund supporting innovation and offering grants and mentorship. Government-backed infrastructure, such as the Science and Technology Park, provides indirect support through events and partnerships, while most training programs are delivered via donor-funded NGO projects. Legal provisions enable citizen participation in local governance, and international initiatives have piloted co-creation models. Regulatory sandbox experience is limited to the financial sector through the CBCG FinTech Hub, and emerging public-private partnerships, such as the "Be Responsible" platform, demonstrate growing cross-sector collaboration for social impact.

16.2 Organizational Forms

Montenegro does not provide a distinct legal form for social enterprises; entities typically operate as NGOs, cooperatives, or commercial companies. NGOs, the most common vehicle, enjoy tax exemptions on grants and limited economic activity but face strict caps and reporting requirements, restricting scale. Company law enforces shareholder primacy, with no mandate to consider social or environmental interests in governance. While businesses must comply with labour and environmental laws, there is no overarching ESG framework for enterprises or investors, and sustainable finance rules remain largely unimplemented. Publicly traded companies follow IFRS-based reporting, with recent adoption of EU-aligned non-financial disclosure requirements for large entities, covering environmental, social, and governance factors.

16.3 Funding and Investment

Montenegro does not mandate investors to integrate social or environmental factors, though regulators encourage voluntary ESG adoption. Government funding lacks uniform social or environmental conditions, but programs via the Development Bank prioritize projects with public interest goals, offering concessional loans and guarantees. Advanced instruments like social impact bonds, blended finance, or social stock exchanges are absent, and there is no legal framework for impact investing or religious financing. Microfinance is regulated under the 2017 law, requiring licensing by the Central Bank, while crowdfunding remains unregulated and operates in a legal gray area. Overall, funding for social innovation relies on traditional mechanisms, with gradual movement toward sustainability principles.

16.4 Public Procurement

Montenegro's Public Procurement Law (2020) aligns with EU standards and explicitly permits social and environmental criteria in tenders, moving beyond price-only evaluation. While cost-efficiency remains a guiding principle, contracting authorities are no longer bound to award solely on the lowest price; they can apply the "most economically advantageous tender" (**MEAT**) approach, combining price with quality, innovation, and social value. The law also introduces advanced mechanisms such as Innovation Partnerships, enabling public bodies to collaborate with suppliers on R&D for tailored solutions, fostering innovation and potential social or environmental impact. Despite these provisions, practice still heavily favours lowest-price awards, though flexibility for value-based procurement is firmly established.

16.5 Taxation

Montenegro operates a progressive personal income tax system (0%, 9%, and 15% rates) and a tiered corporate tax (9 – 15%), alongside municipal surtaxes and property taxes, but no general wealth tax. VAT applies at a standard 21% rate, with reduced rates of 7% and 15% for essentials and tourism services. Inheritance tax exists for distant heirs, while immediate family is exempt. Tax incentives support social and environmental goals: NGOs enjoy income tax exemptions, and companies can deduct donations for public benefit purposes up to 3.5% of revenue (5% for sports). Individuals have minimal donation deductions. Environmental taxation includes an Emissions Trading Scheme for major polluters, but there is no CSR tax or mandatory social spending for publicly traded firms

16.6 Research & Data

Montenegro supports innovation research through the Innovation Fund, which finances projects addressing public-sector challenges and societal needs, alongside programs aligned with the Smart Specialisation Strategy that prioritize sustainability, energy efficiency, and health-related innovation. While social and environmental criteria are increasingly embedded in funding schemes, they are not uniformly applied. The government, via MONSTAT, publishes comprehensive data on poverty, unemployment, and education gaps but lacks dedicated statistics on social enterprises or the broader social economy, as these categories are not legally defined. Montenegro promotes transparency through the Law on Free Access to Information and operates an Open Data Portal, enabling public access to government datasets.

16.7 Sustainable Development Goals

Montenegro's National Strategy for Sustainable Development 2030 integrates all 17 SDGs into national planning, with flagship sectoral strategies targeting education, gender equality, employment, and climate action. Top priorities include SDG 1 (No Poverty) through social protection and welfare programs, SDG 4 (Quality Education) via inclusive education reforms and vocational training, and SDG 5 (Gender Equality) through dedicated strategies and legal protections. Programme-based budgeting aligns resources with SDG objectives, with significant allocations for poverty reduction, health, and education. Social innovation is explicitly supported under the Law on Innovation Activity (2020, amended 2025) and initiatives like the Social Impact Award, which foster youth-led solutions to community challenges, linking innovation to SDG-driven development.

17. Nepal

17.1 Government Infrastructure

Nepal offers several legal forms for mission-driven organizations, including Cooperatives, NGOs, Foundations, and Non-Profit Companies under the Companies Act. There is no distinct legal status for "social enterprises," requiring them to adopt existing forms with restrictions on profit distribution. Cooperatives enjoy tax exemptions and government subsidies, while non-profit companies reinvest earnings into social objectives. ESG requirements are embedded in laws such as the Environmental Protection Act, mandating EIAs for high-impact projects. Voluntary CSR practices are common, and financial institutions must integrate environmental and social risk management. Public companies disclose sustainability-related risks in annual reports, though ESG reporting remains limited and largely voluntary.

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17.3 Funding and Investment

Nepal mandates environmental and social assessments for major investments under the Environment Protection Act and Foreign Investment and Technology Transfer Act (**FITTA**). Government funding for social innovation primarily comes through grants, notably the Innovation Partnership Fund (**IPF**), which supports local governance and service delivery innovations. While impact investment and blended finance frameworks are emerging, Nepal lacks a dedicated Impact Investment Act. Recent amendments under FITTA and SEBON regulations enable specialized investment funds and blended finance structures. Microfinance and crowdfunding are regulated under existing banking and securities laws, though crowdfunding remains legally ambiguous. Religious financing is governed by the Guthi Corporation Act, and tax exemptions apply to charitable trusts.

17.4 Public Procurement

Nepal's Public Procurement Act (2007) emphasizes transparency and cost-effectiveness but does not explicitly mandate social or environmental criteria in tenders. The law prioritizes the "lowest evaluated bid" principle, limiting flexibility for value-based procurement. While innovation partnerships and pre-commercial procurement are not formally recognized, the Innovation Partnership Fund provides an alternative mechanism to support innovative projects at sub-national levels. PPP frameworks exist for infrastructure and service delivery but lack explicit provisions for social innovation.

17.5 Taxation

Nepal's tax regime includes progressive income tax rates for individuals, corporate tax rates ranging from 20% to 30%, and a standard VAT of 13%. There is no wealth or inheritance tax, but capital gains tax applies to property and shares. Significant tax incentives exist for organizations delivering social or environmental value, including full exemptions for community hospitals, educational institutions, and green industries such as EV charging and hydrogen energy. Startups receive 100% tax exemption for five years. Additional concessions apply to industries employing marginalized groups and those engaged in pollution control or recycling. Donations to approved charities and disaster relief funds are tax-deductible within defined limits.

The ITA serves as the foundational legislation governing income tax. Each year, GoN presents a Finance Bill to Parliament, which, once approved by Parliament and authenticated by the President, becomes the Finance Act for that fiscal year. The Finance Act introduces amendments to various tax laws.

17.6 Research & Data

Nepal allocates 1% of annual capital expenditure to research and development, including social innovation, and funds projects through mechanisms like the Innovation Partnership Fund and National Priority Area Research Grants. Environmental and social criteria are integrated into research funding, with grants supporting sustainability-focused projects. The government actively publishes data on poverty, health, education, and employment through the National Data Portal, though centralized data on social innovation is lacking. Open data initiatives are supported by the Right to Information Act (2007) and platforms such as Open Data Nepal, promoting transparency and civic engagement.

17.7 Sustainable Development Goals

Nepal aligns its national development plans with the SDGs, prioritizing poverty reduction, health, education, gender equality, youth employment, and climate action. Flagship programs include the Social Security Fund, National Health Sector Strategy, and School Sector Development Plan, alongside green energy incentives and climate adaptation policies. SDG financing is integrated into federal, provincial, and local budgets, with multilateral support from the World Bank, ADB, and UN agencies. High-level committees oversee SDG implementation and monitoring. While social innovation is not explicitly mainstreamed, blended finance models and startup incentives indirectly support SDG-linked innovation.

18. Peru

18.1 Government Infrastructure

Peru has developed a solid and institutionally embedded approach to social innovation, even in the absence of a standalone national social innovation strategy. Social innovation is integrated as a cross cutting pillar within the National Strategic Development Plan (**PEDN**) to 2050, coordinated by CEPLAN, and aligned with the 2030 Agenda for Sustainable Development. The framework prioritizes inclusive human development, territorial sustainability, innovation driven competitiveness, and democratic governance, supported by participatory strategic planning and continuous policy adaptation. Operationally, leadership is exercised through the Ministry of Development and Social Inclusion (**MIDIS**) and its AYNI Social Lab, which pilots and scales evidence based social innovations using behavioral insights and impact evaluation methodologies.

Peru's social innovation ecosystem is further strengthened through internationally supported initiatives, formal education and research institutions, and enabling legal and regulatory tools. Universities play a key role in capacity building for social entrepreneurship and sustainability, while participatory governance mechanisms – such as the Open Government Action Plan and Delibera Perú – institutionalize co-creation and citizen engagement. The country has also embraced regulatory sandboxes in finance and digital governance to foster responsible innovation, alongside a diverse set of public private partnership models (including PPPs and Obras por Impuestos) to deliver social infrastructure and services at scale. Collectively, these elements reflect a mature, pragmatic, and innovation oriented public policy ecosystem with strong potential for further integration and impact.

18.2 Organizational Forms

Peru provides a diverse and well defined set of legal organizational forms to support social enterprises and mission driven entities, including associations, foundations, committees, cooperatives, NGOs, and the Sociedad de Beneficio e Interés Colectivo (**BIC**). Traditional nonprofit forms – such as associations and foundations – are regulated under the Civil Code and offer tax exemptions and eligibility for donations, subject to strict non distribution constraints and public oversight. Cooperatives operate under a dedicated cooperative law and enable democratic, member owned enterprises that combine economic and social objectives while benefiting from tax incentives and development programs. NGOs function as associations or foundations engaged in international cooperation and are subject to oversight by the national cooperation agency (**APCI**). Together, these structures allow organizations to pursue public benefit, social inclusion, and collective economic goals, albeit with varying degrees of regulatory supervision and operational restrictions.

Peru has also advanced purpose driven corporate governance and ESG integration through targeted legal and regulatory instruments rather than a single comprehensive ESG statute. The BIC company regime is the primary vehicle requiring boards and management to balance profit with explicit social and environmental purposes, supported by mandatory strategic planning, independent impact reporting, and enforceable accountability mechanisms. More broadly, ESG obligations are embedded across sector specific regulations: enterprises face environmental and social impact requirements through the Environmental Impact Assessment System ("**SEIA**") and mining sustainability commitments, while investors and financial institutions are subject to mandatory social and environmental risk management under SBS regulations aligned with the Equator Principles. Publicly traded companies must disclose sustainability information annually under SMV oversight. Collectively, these frameworks reflect a progressive, principle based approach to social purpose, transparency, and sustainable finance, positioning Peru on a clear trajectory toward deeper ESG mainstreaming across its economy.

18.3 Funding and Investment

Peru has established a targeted regulatory framework that requires major institutional investors and public financing mechanisms to integrate social and environmental considerations, even in the absence of a single, comprehensive impact investment statute. Supervised financial institutions – such as banks, insurers, and pension funds – are legally required by the Superintendence of Banking and Insurance (**SBS**) to assess and manage social and environmental risks in large scale financing transactions in line with the Equator Principles, while public investment systems (Invierte.pe and PPP frameworks) mandate environmental impact assessments, social evaluations, and climate related cost benefit analyses. These requirements are complemented by sectoral standards, including INACAL's ESG guideline (ASP IWA 48:2025), circular economy incentives, and voluntary alignment with OECD responsible business conduct principles, collectively steering capital toward sustainable and inclusive outcomes.

On the financing side, Peru deploys a diversified mix of grants, co financing, credit lines, and sustainable capital market instruments to support social innovation. Flagship programs such as PROINNÓVATE and PROCIENCIA provide grants, seed capital, and technical assistance for innovation, scientific research, and socially impactful entrepreneurship. At the same time, sovereign and thematic green, social, and gender bonds, issued by both the state and development actors such as COFIDE, mobilize private investment for climate resilience, social infrastructure, and financial inclusion. While Peru lacks explicit legislation on impact investment, blended finance, religious finance, or a standalone social stock exchange, existing mechanisms – including PPPs, Obras por Impuestos, sustainable bond frameworks, regulated microfinance institutions, and a rapidly evolving crowdfunding regime – create a functional and increasingly sophisticated ecosystem for mobilizing capital with measurable social and environmental impact, supported by strong financial supervision and market transparency.

18.4 Public Procurement

Peru's public procurement framework explicitly enables the integration of social, environmental, and economic sustainability criteria into public tenders. The current General Law on Public Procurement (Law No. 32069) and its 2025 Regulations recognize sustainability as a governing principle, allowing contracting authorities to award additional evaluation points based on responsible practices, including environmental and social standards and supplier reputation. The framework also encourages inclusive economic development through explicit bonuses – such as preferential scoring for micro and small enterprises and for suppliers operating outside Lima and Callao – thereby embedding social and territorial equity objectives into procurement processes.

Unlike earlier procurement regimes that prioritized lowest price, the current law shifts decisively toward value based procurement. It assigns greater weight to technical quality (up to 70%) over price in services procurement and explicitly endorses a "value for money" approach equivalent to the most economically advantageous tender (**MEAT**) model. This flexibility allows public entities to consider innovation, sustainability, integrity, and local economic impacts when evaluating bids. Furthermore, Peru formally recognizes Public Procurement of Innovation (**PPI**) mechanisms, enabling contracts that include research and development activities to generate new or adapted solutions not yet available on the market. Collectively, these provisions position public procurement as a strategic policy tool for driving social innovation, environmental value, and inclusive economic growth, rather than merely a cost containment mechanism.

18.5 Taxation

Peru operates a comprehensive and broadly progressive tax system that applies to both individuals and corporations, while selectively leveraging fiscal instruments to support social and environmental outcomes. Individual income is taxed at progressive rates for domiciled taxpayers, with exemptions for lower income brackets, while non residents are subject to a flat withholding tax on Peruvian source income. Corporate income tax applies at a standard rate to resident companies' worldwide income, with special rates for certain types of non resident income. Peru does not impose a general wealth or inheritance tax; instead, asset specific levies – such as municipal property taxes and vehicle related taxes – capture limited aspects of wealth. A national VAT system is in place at a standard rate of 18%, with temporarily reduced rates for small and micro enterprises in selected tourism related sectors.

From a social and environmental policy perspective, Peru relies more on targeted incentives and corrective taxes than on redistributive levies. Non profit entities engaged in social purposes may qualify for income tax exemptions, while individuals can deduct charitable donations – subject to caps and qualification requirements – to approved foundations and associations. On the environmental side, fiscal policy includes behavior shaping taxes, such as the plastic bag consumption tax and differentiated fuel excise rates, alongside incentives for renewable energy investment through accelerated depreciation and exemptions (e.g., for electric vehicle imports). Notably, Peru does not impose mandatory social contribution taxes on corporations akin to India's CSR levy; instead, it promotes social and environmental value creation through exemptions, deductions, and environmental taxes embedded within the broader tax system. Together, these measures reflect a pragmatic, incentive based approach that integrates sustainability objectives into Peru's general taxation framework without introducing stand alone social or environmental tax regimes.

18.6 Research & Data

Peru actively funds and incentivizes research and experimentation in social innovation through its national science, technology, and innovation (**STI**) system. Flagship mechanisms include PROCIENCIA (under CONCYTEC) and ProInnóvate (under the Ministry of Production), which channel competitive grants, co financing, and technical assistance toward applied research, entrepreneurship, and impact oriented innovation aligned with the Sustainable Development Goals (**SDGs**). These efforts are reinforced by a US$100 million World Bank – financed program to strengthen the National STI System (**SINACTI**), expand human capital, and improve collaboration between academia, the private sector, and government. Social and environmental relevance is not only encouraged but embedded into funding criteria, with mandatory compliance with environmental and social standards, impact orientation, and – more recently – gender and inclusion considerations in entrepreneurship programs such as Startup Perú.

Beyond financing, Peru has invested in data infrastructure and transparency to support evidence based social innovation. The National Institute of Statistics and Information (**INEI**) systematically collects and publishes data on major social challenges – such as poverty, health, education, and employment – and maintains registries of mission driven organizations, including social enterprises, cooperatives, and foundations. This data ecosystem is underpinned by a robust open data legal framework and a national open data platform managed by the Presidency of the Council of Ministers, offering thousands of publicly accessible datasets across social, economic, and environmental domains. Together, these elements position Peru with a functional and increasingly integrated research to policy ecosystem, enabling social innovation to be informed by public funding, measurable impact criteria, and open, high quality data.

18.7 Sustainable Development Goals

Peru has established a comprehensive portfolio of flagship programmes and policy frameworks closely aligned with the Sustainable Development Goals (**SDGs**), coordinated through long term strategic planning and supported by international partnerships. The National Strategic Development Plan (**PEDN**) to 2050 serves as the primary instrument for implementing the 2030 Agenda, integrating poverty reduction, health, education, climate resilience, innovation, governance, and infrastructure across national and subnational levels. Key sectoral initiatives include MIDIS social protection programmes (Juntos, Pensión 65, Cuna Más), universal health coverage reforms, nutrition and food security strategies supported by the World Food Programme (**WFP**), large scale climate resilience and environmental sustainability initiatives backed by the World Bank, and digital transformation and skills development programmes aimed at youth, women, and vulnerable populations. Collectively, these initiatives span core SDG themes including poverty alleviation (**SDG 1**), health and wellbeing (**SDG 3**), education and skills (**SDG 4**), decent work and growth (**SDG 8**), climate action (**SDG 13**), and institutional strengthening (**SDG 16**).

Following the COVID 19 pandemic, SDG 3 (Health and Wellbeing) has emerged as Peru's primary long term policy objective, supported by targeted investments in health coverage, nutrition, and social protection. Recognizing fiscal and infrastructure constraints, the government has strategically prioritized SDG 1 (No Poverty), SDG 8 (Decent Work), SDG 9 (Innovation and Infrastructure), and SDG 16 (Strong Institutions) as enabling foundations. These priorities are operationalized through defined programmes and budget lines, notably via the SDG Push Framework – a government led, UNDP supported initiative that uses data modeling, costing, and multi stakeholder dialogue to align public budgets with high impact SDG accelerators. Importantly, several of these frameworks explicitly embed social innovation, promoting co-creation with civil society, decentralized experimentation, digital and AI supported policy design, and community based solutions for resilience, food security, and inclusive service delivery. Together, these elements position Peru's SDG agenda as strategically coherent, innovation oriented, and increasingly impact driven, with social innovation serving as a cross cutting enabler of sustainable and inclusive development.

19. Portugal

19.1 Government Infrastructure

Portugal has established a robust national strategy for social innovation through its "2030 Agenda for Impact," supported by the Portugal Social Innovation 2030 initiative, which aims to address pressing social challenges with innovative, outcome-driven solutions. Anchored by the EMPIS 2030 Mission Structure, the strategy sets ambitious targets including the creation of a National Competence Centre, promotion of 750 new social entrepreneurship initiatives, regulatory reforms, and mobilization of €150 million for outcome-based contracting and of 1,700 social investors with €200 million invested in social innovation. Operational support is provided via regionally managed programs funded by the European Social Fund+, offering financial instruments, training, and ecosystem services. The government also fosters co-creation through legal frameworks like Technological Free Zones, citizen assemblies and supports public-private partnerships under the Social Economy Framework Law. Capacity building is integrated into formal education and lifelong learning through university programs and initiatives like CONNECT, ensuring a sustainable and inclusive innovation ecosystem.

19.2 Organizational Forms

Portugal supports a diverse ecosystem of social economy organizations through its Social Economy Framework Law (Law No. 30/2013), which formally recognizes cooperatives, mutual societies, foundations, associations, Holy Houses of Mercy, and other private social solidarity institutions (**IPSS**) as key legal forms for delivering social value. While there is no single legal category for "social enterprises", these entities benefit from material advantages such as tax exemptions, eligibility for public funding, and administrative facilitation, provided they adhere to principles like asset lock and non-profit orientation. Governance structures within these forms require boards and managers to prioritize social and community interests over shareholder value, with statutes mandating democratic control, mission-driven decision-making, and transparency. Portugal also enforces ESG-related obligations for large enterprises and investors, including non-financial disclosures under EU directives like CSRD and SFDR, and has adopted national laws such as the Climate Framework Law and voluntary carbon market regime to promote sustainability. Publicly traded companies must report ESG factors in annual reports, and regulatory oversight ensures compliance.

19.3 Funding and Investment

Portugal's legal and policy framework actively promotes socially and environmentally responsible investment and enterprise development through a combination of EU-aligned regulations and national initiatives. Major investor classes, such as institutional investors, are required under the Sustainable Finance Disclosure Regulation (**SFDR**) to disclose how they incorporate ESG factors into their decisions, while government grants and investments – especially those tied to social innovation and sustainability – mandate clear social and environmental impact criteria. Funding for social innovation is diverse, including grants, co-investments, social impact bonds, and blended finance mechanisms, all coordinated under the Portugal Social Innovation 2030 initiative. Though Portugal lacks a dedicated legal statute for impact investing, it embeds these models within broader frameworks. Religious financing is regulated under Law No. 16/2001, with specific provisions for Catholic entities and general compliance requirements for others. The country has also supported innovative financing through a former social stock exchange, which operated between 2009 and 2013. Other mechanisms such as regulated microfinance under Decree-Law No. 12/2010 and crowdfunding via Law No. 102/2015, align with EU standards and foster inclusive, transparent financial ecosystems.

19.4 Public Procurement

Portugal's public procurement framework explicitly integrates social and environmental considerations, allowing – and in many cases requiring – contracting authorities to include such criteria in tender specifications, award decisions, and contract performance clauses. Governed by the Public Procurement Code (Decree-Law No. 18/2008) and aligned with EU directives, the law promotes value-based procurement through the "most economically advantageous tender" (**MEAT**) principle, enabling evaluation based on sustainability, innovation, accessibility, and community impact. Recent measures, such as Council of Ministers Resolution 132/2023, further institutionalize ecological criteria across public contracts. The law also supports innovation partnerships and pre-commercial procurement, fostering collaboration between public entities and market players to develop novel solutions. Importantly, procurement decisions are not bound by a "lowest price" mandate, allowing flexibility to prioritize quality and impact over cost alone.

19.5 Taxation

Portugal's taxation framework combines progressive personal and corporate income taxes with targeted exemptions and incentives to support social and environmental goals. Individuals are taxed on worldwide income at rates from 12.5% to 48%, with surtaxes for high earners, while corporations face a standard 20% rate, down from 21% in previous years, with reduced rates for SMEs and startups, and additional surcharges based on profit levels. Though Portugal does not have a general wealth or inheritance tax, property-related levies like AIMI and stamp duty apply selectively. VAT is levied at a standard 23%, with reduced rates for essentials and regional variations. The government offers substantial tax benefits for organizations delivering public-interest missions, including deductions for donations, exemptions from corporate tax, VAT, and property-related taxes, and the IRS allocation mechanism allowing individuals to direct 1% of their tax to eligible institutions. Environmental taxes – such as carbon levies and packaging fees – apply to both individuals and enterprises, while publicly traded companies must disclose ESG impacts but are not subject to a dedicated CSR tax.

19.6 Research & Data

Portugal actively supports research and data initiatives in social innovation through substantial public funding, strategic programs, and open data policies. The Portugal Social Innovation 2030 initiative, backed by over €150 million from EU and national sources, provides targeted financial instruments – including capacity building grants, social impact bonds, partnerships, impact entrepreneurship centers and experimental contracts – to empower mission-driven organizations and foster public-private collaboration. Research funding programs like Portugal 2030 and the Recovery and Resilience Plan embed social and environmental criteria, prioritizing projects that advance sustainability, inclusion, and climate goals. The government systematically collects and publishes data on social challenges and the social economy via the National Institute of Statistics (**INE**) and platforms like PORDATA, including detailed reports such as the Satellite Account of Social Economy. Open data laws (Law No. 26/2016 and Law No. 68/2021) and the national Open Data Portal ensure public access to thousands of datasets, reinforcing transparency and enabling innovation across sectors.

19.7 Sustainable Development Goals

Portugal has developed a comprehensive suite of flagship programs and policy frameworks aligned with the Sustainable Development Goals (**SDGs**), targeting areas such as poverty reduction, health and wellbeing, education, gender equality, youth empowerment, employment, climate action, digital transformation, and social inclusion. Key initiatives include the National Strategy for Combating Poverty, the National Health Plan, the National Youth Plan, and the National Energy and Climate Plan 2030, all supported by strategic funding through Portugal 2030 and the Recovery and Resilience Plan. Priority SDGs include climate action (**SDG 13**), life below water (**SDG 14**), quality education (**SDG 4**), gender equality (**SDG 5**), innovation and infrastructure (**SDG 9**), and reduced inequalities (**SDG 10**). These programs are backed by dedicated budget lines and transparent monitoring systems, with ministries managing sector-specific SDG-linked initiatives. Social innovation is explicitly supported through Portugal Social Innovation 2030 and embedded in broader strategies like the National Strategy for Social Inclusion and the National Strategy for Combating Poverty, fostering cross-sector collaboration and scalable solutions to social challenges.

20. Rwanda

20.1 Government Infrastructure

Rwanda advances social innovation through an integrated policy framework rather than a single dedicated strategy. Guided by the Science, Technology and Innovation Policy (2020), Vision 2050, and the National Strategy for Transformation (NST1/NST2), the government prioritises inclusive growth, digitalisation, and research for public benefit under the coordination of the National Council for Science and Technology (**NCST**).

Implementation is supported by programmes like the Vision Umurenge Programme (**VUP**) for social protection and financial inclusion, and digital initiatives under the Ministry of ICT and Innovation (**MINICT**), including Hanga Venture Ignite, the Rwanda Innovation Fund, and regional hubs within the Digital Acceleration Project. Capacity building and co-creation are embedded in initiatives such as Kigali Innovation City – a flagship public – private partnership uniting universities, incubators, and firms – and through Rwanda's decentralisation framework promoting participatory planning.

20.2 Organizational Forms

Rwanda supports a diverse ecosystem of organisations pursuing social purposes, even without a bespoke legal form for social enterprises. Social activities operate under existing frameworks – companies under the Companies Law (Law No. 007/2021), cooperatives regulated by Law No. 024/2021, foundations under Law No. 059/2021, and NGOs governed by Law No. 058/2024 – all enjoying legal personality and fast e-registration. These entities are bound by form-specific rules, such as asset locks, non-profit mandates, and surplus distribution limits, ensuring alignment with public-interest objectives.

Governance obligations emphasise fiduciary responsibility and mission integrity: company directors owe duties to the legal entity; foundations must pursue public-interest goals; cooperatives balance member benefit with prudential management; and NGOs are supervised by the Rwanda Governance Board to ensure adherence to approved objectives. ESG and sustainability standards are increasingly integrated through the Law on Environment (Law No. 48/2018), the Capital Market Authority's 2024 Corporate Governance Code, and the National Bank of Rwanda's recent guidelines on climate risk and sustainability disclosures. Listed enterprises must report ESG performance, while national adoption of IFRS Sustainability Disclosure Standards signals Rwanda's move toward global alignment and stronger transparency in sustainable finance.

20.3 Funding and Investment

Rwanda promotes responsible investment and sustainable enterprise development through sector-specific regulations and national financing mechanisms rather than a single ESG statute. Financial institutions supervised by the National Bank of Rwanda (**BNR**) must integrate climate and environmental risk management (2023 Guideline) and disclose sustainability information (2024 Guideline), while listed companies are subject to ESG reporting under the Capital Market Authority's 2024 Corporate Governance Code. Publicly funded projects must comply with the Law on Environment (Law No. 48/2018), requiring Environmental Impact Assessments, and sovereign financing has begun incorporating ESG principles, as reflected in MINECOFIN's 2024 ESG framework tied to a €200 million sustainable loan supported by the African Development Bank.

Funding for social innovation is channelled through programmes such as the Rwanda Innovation Fund (venture capital for tech-enabled startups), the Business Development Fund (credit guarantees for MSMEs), and sovereign or DFI-backed sustainable borrowing. While Rwanda has no specific Social Impact Bond or impact investing law, blended finance is enabled under the PPP Law (Law No. 14/2016) and capital-market regulations. Microfinance is governed by Law No. 72/2021, crowdfunding by CMA rules, and fintech innovations are tested within the BNR regulatory sandbox. Religious financing and Islamic securities remain under consideration within ongoing banking and capital-market reforms.

20.4 Public Procurement

Rwanda's public procurement framework integrates social and environmental objectives into tendering processes, promoting value-based procurement over a strict "lowest price" approach. Governed by Law No. 031/2022 on Public Procurement and operationalised through the UMUCYO e-procurement system, contracting authorities may include qualitative criteria – such as technical merit, delivery timelines, and after-sales service – alongside cost. The framework also establishes a statutory preference for "Made in Rwanda" goods and services to strengthen local economic development.

The Sustainable Public Procurement (SPP) Policy Framework (2024) further institutionalises sustainability by directing public entities to incorporate environmental performance, resource efficiency, and social outcomes, including employment and gender inclusion. While the 2022 law does not yet provide for formal innovation partnerships, similar outcomes are enabled through functional specifications and quality-weighted evaluations. For complex projects, the PPP Law (Law No. 14/2016) and RDB PPP Guidelines (2018) offer mechanisms for co-development and risk-sharing, reinforcing Rwanda's commitment to flexible, impact-oriented procurement practices.

20.5 Taxation

Rwanda's taxation framework combines progressive personal and corporate income taxes with target-ed incentives to drive investment, innovation, and sustainability. Individuals are taxed on worldwide income at rates of 0%, 20%, and 30%, with the top band applying to monthly earnings above RWF 160,000, while business income for individuals and corporations is generally taxed at 30%. Reduced rates of 15% apply to exporters and 0% to strategic international investors, alongside rules on thin capitalisation and transfer pricing. Rwanda levies no general wealth or inheritance tax, though property and capital gains on immovable assets and shares are taxed at 30%. VAT applies at a standard 18%, with zero-rated exports and exemptions for education and financial services under the e-Tax system. The government provides extensive incentives for organisations with social or environmental purposes, including reduced corporate tax rates, customs and VAT exemptions, and accelerated depreciation for green investments. Corporate donations to registered charities are deductible up to 1% of turnover. Environmental levies, such as duties on plastic packaging and pollution charges, apply under the Environment Law, while carbon taxation is under review as part of Vision 2050. Publicly traded companies follow the same corporate tax regime and ESG disclosure rules, with no dedicated CSR tax.

20.6 Research & Data

Rwanda actively promotes research, innovation, and data-driven governance with a strong social and environmental focus. The National Research and Innovation Fund (**NRIF**), managed by the National Council for Science and Technology (**NCST**), finances projects that address key societal challenges and foster partnerships between academia, industry, and civil society. Flagship programs such as the Rwan-da Innovation Challenge and Academia-Industry Collaboration Grants support practical solutions in priority areas including sustainable energy, food security, health sciences, climate resilience, and digital transformation, as outlined in the National Research and Innovation Agenda (2021) and aligned with Vision 2050.

Research calls under the Science, Technology and Innovation (**STI**) Policy (2020) integrate social and environmental criteria, assessing impact on sustainability, inclusiveness, and socio-economic transformation. The government also invests in evidence-based policymaking through the National Institute of Statistics of Rwanda (**NISR**), which publishes comprehensive data on poverty, health, education, and employment via the Open Data Portal and the Integrated Household Living Conditions Survey (**EICV**). While Rwanda does not yet maintain centralized statistics on social enterprises or innovation, coordination among NISR, the Rwanda Cooperative Agency (**RCA**), and NCST is expanding coverage under the Data Revolution Policy. Open data governance, reinforced by the National Data Sharing Policy (2025) and the Law on Protection of Personal Data (2021), balances transparency with privacy, supporting inclusive digital transformation under the Smart Rwanda Master Plan and Vision 2050.

20.7 Sustainable Development Goals

Rwanda has embedded the Sustainable Development Goals (**SDGs**) within its long-term Vision 2050 and medium-term strategies, notably the National Strategy for Transformation (NST1: 2017 – 2024 and NST2: 2024 – 2029). These frameworks prioritise human development, competitiveness, urbanisation, and accountable governance, structured around three pillars – Economic Transformation, Social Trans-formation, and Transformational Governance. Core SDG priorities include poverty reduction (**SDG 1**), health and wellbeing (**SDG 3**), quality education (**SDG 4**), gender equality (**SDG 5**), decent work (**SDG 8**), innovation and infrastructure (**SDG 9**), and climate action (**SDG 13**). Key initiatives such as the National Environment and Climate Change Policy (2019), the Education Sector Strategic Plan, and the Financial Sector Development Strategy (2025 – 2030) drive progress in these areas.

Strategic financing is ensured through dedicated budget lines under NST2 for job creation, education, health, and climate resilience, monitored via MINECOFIN's budget reports and Imihigo performance contracts. Social innovation is explicitly integrated into national development planning, with the National Research and Innovation Agenda and the Rwanda Innovation Fund financing projects in health, education, and climate resilience. Digital transformation programmes under MINICT further advance data-driven governance and inclusive growth, supported by public – private partnerships, innovation challenges, and open data initiatives that align national action with global sustainability goals.

21. Senegal

21.1 Government Infrastructure

Senegal has established a policy and institutional framework that collectively supports innovation with social impact. At the policy level, Law No. 2021-28 on the Social and Solidarity Economy (**LOESS**) provides a comprehensive framework for inclusive economic participation. It defines social enterprise actors, establishes an accreditation system (**SEN LABEL ESS**), and mandates multi-level governance and fiscal/customs incentives. Complementing this, the Technological New Deal (2025) launched by the Presidency aims to accelerate digital public services, entrepreneurship, and innovation ecosystems, while the Digital Senegal strategy continues to guide ICT development. Institutional support is led by the Ministry of Microfinance and the Social and Solidarity Economy, which oversees LOESS implementation and outreach. The SEN LABEL ESS platform facilitates registration and formalization of social enterprises. Broader innovation support is provided by APIX (investment promotion), sectoral incubators, and regional bodies such as BCEAO's FinTech Committee and the Knowledge and Monitoring Bureau (**BCSF-UEMOA**), which offer guidance and engagement for financial innovators. Citizen participation is embedded in LOESS through participatory governance structures and decentralized implementation. The 2025 Access to Information Law strengthens transparency and supports co-creation. Regulatory innovation is enabled at the regional level: BCEAO sandbox materials and tightened licensing for payment institutions and e-money issuers, with several fintechs authorized in Senegal under the new framework.

21.2 Organizational Forms

Senegal does not offer a dedicated "social enterprise" legal form; however, several existing structures can accommodate social-purpose activities, notably OHADA companies such as Société Anonyme (SA), Société à Responsabilité Limitée (SARL), Société par Actions Simplifiée (SAS), as well as NGOs, Foundations, Cooperatives, and Economic Interest Groups (GIE). Additionally, these entities may seek Social & Solidarity Economy (ESS) accreditation under the Orientation Law No. 2021-28 (LOESS). Companies under OHADA provide limited liability and separate legal personality. SA allows broader capital raising, while SARL is simpler but more restricted; the SAS offers greater contractual flexibility for defining governance and social objectives. These forms, however, require profit distribution obligations and do not include an inherent social-purpose lock unless specific clauses are inserted. NGOs are governed by Decree No. 2015-145 and offer mission flexibility and potential tax or customs exemptions, but they often face funding constraints, governance challenges, and compliance duties. Foundations are established under civil law and include asset-lock provisions to ensure public-interest purposes, though they involve higher setup costs and reporting obligations. Cooperatives, regulated under AUSCOOP (2010) and the ESS Law, are member-owned and follow democratic governance principles with limited liability. They are well-suited for collective enterprise models but are subject to statutory surplus rules. Economic Interest Groups (GIE) provide a flexible structure for pooling resources with limited liability for members. ESS accreditation under LOESS applies across these forms, granting fiscal and customs incentives and formal recognition for qualifying entities. Regarding ESG, Senegal has no standalone ESG statute, but the regulatory landscape has shifted with the 2025 Investment Code and 2023 Environmental Code. ESG-related obligations are embedded across multiple frameworks. Environmental requirements are strictly governed by the Environmental Code and its 2025 Decree, which mandate Environmental and Social Impact Assessments (**EIA**) for projects and require a Certificate of Environmental Conformity. Social obligations arise under the Labor Code and occupational health and safety rules, and the new 2025 Investment Code which explicitly mandates Corporate Social Responsibility (**CSR**) and creates a specific "Socially Responsible Investment" (**ISR**) regime. Governance standards are set by the OHADA Uniform Act and reinforced by AMF-UMOA, which imposes governance and disclosure requirements for listed companies. ESG disclosures primarily occur under AMF-UMOA listing rules and now under the ISR regime reporting obligations. There is no comprehensive economy-wide ESG reporting obligation beyond listed entities and ISR-accredited investors. Issuers on the BRVM must comply with AMF-UMOA governance codes, which increasingly reference ESG factors. While Senegal lacks a national ESG reporting law, regional initiatives and OHADA accounting standards are converging toward IFRS Sustainability Disclosure Standards. Environmental reporting obligations also arise from compliance with EIA and sectoral permits.

21.3 Funding and Investment

Senegal is advancing toward sustainable and inclusive finance without a unified ESG law. ESG integration is voluntary for investors but encouraged through the 2023 Sustainable Financing Framework and WAEMU's 2024 green bond taxonomy. Government projects follow mandatory environmental and social assessments, sustainable procurement, and targeted social and climate programs. Social innovation is supported by grants, concessional loans, guarantees, and green or social bonds. The 2025 Investment Code and 2021 PPP Law promote socially responsible and blended finance, while Islamic finance operates under solid BCEAO and Waqf regulations. The new Microfinance Law enhances inclusion, but crowdfunding remains unregulated. Overall, Senegal is positioning itself as a regional leader in sustainable and impact-driven finance.

21.4 Public Procurement

Decree No. 2022-2295 of December 28, 2022, establishing Senegal's Public Procurement Code, uses public procurement as a powerful tool for social innovation and sustainable development. It requires contracting authorities to integrate sustainable development objectives into their social, environmental, and economic activities.

This mechanism translates into concrete actions to combat poverty, inequality, and exclusion, in particular by:

- Promoting Economic Inclusion: By establishing Sustainable Public Procurement (**SPP**) and preferential regimes that ensure privileged access for social and solidarity economy actors and national small and medium-sized enterprises (**SMEs**).
- Promoting Equality and Employment: Reserving quotas and preference margins for women-led SMEs and companies that employ people with disabilities or unskilled young people.
- Integrating Responsibility and Innovation: Requiring Corporate Social Responsibility (**CSR**) approaches and encouraging bidders to propose innovative social or environmental solutions.

21.5 Taxation

Senegal applies a progressive Pay-As-You-Earn system for individual income tax, with rates ranging from 0% for annual taxable income up to XOF 630,000 to 43% for income above XOF 50,000,000. Tax residents are taxed on worldwide income, while non-residents are taxed only on Senegal-source income. A minimum personal income tax applies in fixed amounts depending on income level, and payroll taxes include mandatory social security contributions, which are generally deductible. Corporate income tax is in place at a standard flat rate of 30% on profits for both resident and non-resident companies. Priority sectors such as agriculture, tourism, renewable energy, fisheries, and manufacturing benefit from a reduced rate of 15%, as do export-oriented entities including those in special economic zones. Branch profits are not subject to an additional tax after corporate tax payment. Senegal also levies VAT at 18% for most goods and services, 17% for financial services, and 10% for tourism-related activities. Overall, Senegal's tax system combines progressive personal taxation with a competitive corporate tax regime that includes sector-specific incentives and VAT differentiation to support investment and economic development.

21.6 Research & Data

Senegal actively funds and incentivizes research and innovation with social impact through programs like the National Research and Innovation Fund (**FNRID**) and DER/FJ, which support projects in health, education, agriculture, environment, and youth entrepreneurship. These funding schemes embed social and environmental criteria, requiring measurable benefits such as poverty reduction, gender equality, climate resilience, and renewable energy adoption. The government also collects and publishes extensive data on social challenges – poverty, health, education, employment – via the ANSD Open Data Portal and related platforms, though no dedicated series exists for social enterprises or innovation. Senegal has a strong open-data legal framework, including the 2016 Access to Information Law and harmonized statistical regulations, and operates portals like ANSD, GeoSSB, and the SDG Data Portal to ensure transparency and accessibility.

21.7 Sustainable Development Goals

Senegal has multiple flagship programs aligned with the Sustainable Development Goals (**SDGs**), including poverty reduction through the National Family Security Grants Program (**PNBSF**), universal health coverage under the National Health and Social Development Plan (**PNDSS**), and youth empowerment via DER/FJ for women and youth entrepreneurship. Climate action and environmental sustainability are embedded in Pillar 3 (Sustainable Development) of the "Sénégal 2050" National Agenda, while digital transformation is driven by the Digital Economy acceleration policies. Food security is supported through sectoral programs aiming for universal access. These initiatives prioritize SDGs such as No Poverty (**SDG 1**), Zero Hunger (**SDG 2**), Decent Work (**SDG 8**), Climate Action (**SDG 13**), and Strong Institutions (**SDG 16**). The 2025 Finance Law allocates dedicated budget lines for education, health, renewable energy, and ICT infrastructure. Social innovation is explicitly supported through the "New Deal Technologique", STI policy reforms under MESRI, and the Startup Act (Law No. 2020-01), which provide funding, incubation, and fiscal incentives to scale socially impactful and environmentally sustainable solutions.

22. Singapore

22.1 Government Infrastructure

Singapore does not maintain a singular national strategy or centralised agency for social innovation. Instead, its approach is characterised by a distributed ecosystem of government bodies and initiatives that collectively foster innovation across sectors. The Research, Innovation and Enterprise (**RIE**) plans, refreshed every five years since 1991, serve as a key cornerstone of this strategy. The latest RIE2020 plan commits approximately $25 billion – about 1% of GDP – to advancing Singapore's position as a knowledge-based, innovation-driven economy. While no single agency oversees social innovation, various ministries play enabling roles through programmes like the Youth Action Challenge and school-based service learning. Policy co-creation is actively encouraged, and regulatory sandboxes in finance, healthcare, and environmental services allow for experimentation in live environments. Public-private partnerships further extend the government's enabling role, with landmark projects like the Singapore Sports Hub and Marina Bay Financial Centre demonstrating innovative collaboration models.

22.2 Organizational Forms

Singapore supports social enterprises primarily through raiSE, the Singapore Centre for Social Enterprise, which acts as both a sector developer and membership body. Founded through a cross-sector collaboration, raiSE provides credibility, funding, capacity-building resources, and networking opportunities to social enterprises that integrate social impact into their business models. Membership is granted to businesses that meet criteria of intentionality, additionality, and proportionality, ensuring that social impact is not only embedded but also measurable and scaled appropriately. These enterprises are expected to balance financial viability with human-centered outcomes, reflecting a governance ethos that prioritises more than just pure shareholder value.

22.3 Funding and Investment

While Singapore does not impose legal requirements on investors to consider environmental, social, and governance factors, it has developed a robust framework for ESG transparency and reporting. Listed companies and large non-listed firms are subject to phased sustainability reporting obligations aligned with international standards. Government funding often incorporates social and environmental criteria, particularly under the Singapore Green Plan 2030. A wide array of grants and incentives support innovation aligned with national sustainability goals. Though there is no dedicated legislation for impact investment or blended finance, initiatives from regulators like the Money Authority of Singapore signal strong government support for mobilising capital toward decarbonisation and inclusive growth.

22.4 Public Procurement

Singapore's public procurement framework does not mandate the inclusion of social or environmental criteria, but the Guide to Singapore Procurement on the Singapore government's official procurement website allows for value-based evaluation beyond lowest-cost bids. Innovation partnerships are gaining traction, with the Innovative Procurement Partnership launched in 2025 to support pilot-to-scale contracts. This evolving procurement landscape reflects a growing openness to integrating social innovation into public service delivery.

22.5 Taxation

Individuals in Singapore are generally taxed progressively, whereas corporate income is generally taxed at a fixed rate. Schemes that allow for various tax-deductible donations exist to support corporate volunteerism and organisations delivering social and/or environmental value. A carbon tax also applies to large emitters, with rates set to rise significantly by 2030 in line with the Singapore Green Plan 2030, reinforcing Singapore's commitment to environmental accountability.

22.6 Research & Data

Government-funded research plays a pivotal role in advancing social innovation in Singapore. Grants such as the 4ST Partnership Fund and the Enabling Lives Initiative support innovation in social services and disability inclusion. The government also promotes open data publishing through platforms like data.gov.sg, which aggregates datasets from over 70 public agencies. While there is no specific legislation mandating open data, the government's Open Data License facilitates reuse and attribution, enabling researchers, developers, and citizens to co-create solutions to societal challenges.

22.7 Sustainable Development Goals

Singapore has demonstrated strong alignment with the United Nations Sustainable Development Goals created by the 2030 Agenda for Sustainable Development. The Singapore government regularly undertakes a voluntary review of its performance and progress in line with the 2030 Agenda, and publishes its second Voluntary National Review in 2023 (following the first in 2018). The country's SDG strategy emphasises sustainability, inclusion, digital transformation, and resilience. Flagship initiatives such as the Singapore Green Plan 2030, the White Paper on Women's Development, and the 30 by 30 food security goal reflect a whole-of-government commitment to sustainable development. Innovation is a recurring theme, with the RIE2025 Plan and sustainable finance ecosystem serving as key enablers. Through these efforts, Singapore positions itself as a regional leader in translating global goals into actionable national policies.

23. South Africa

23.1 Government Infrastructure

South Africa does not have a single, unified national strategy for social innovation akin to Portugal or Canada. However, it has policy frameworks on science, technology and innovation, national planning, and public policy-making embed mechanisms that support co-creation, stakeholder engagement, and innovation adoption across government, such as the National Development Plan 2030 (**NDP**), which emphasizes inclusive growth, social cohesion, and innovation to address poverty and inequality and the Department of Science and Innovation (**DSI**) which promotes social innovation through its White Paper on Science, Technology and Innovation (2019) and highlights the role of social innovation in addressing societal challenges.

23.2 Organizational Forms

South Africa's law does not create a unique "social enterprise" entity, but provides several forms often used for social purposes. Key forms include NPCs, Trusts and co-operatives.

23.3 Funding and Investment

The largest pools of capital in South Africa (especially retirement funds) are required to pursue responsible investment approaches, and this culture of ESG consideration is spreading across the investment industry by both regulation and soft law.

23.4 Public Procurement

In summary, South African law explicitly allows social criteria (through BEE preferences) and, while not formerly explicit on environmental criteria, the evolving legal framework and policies strongly support incorporating sustainability into tender processes.

23.5 Taxation

South Africa has progressive personal income tax, corporate income tax, VAT, and estate duty (but no wealth tax). It offers tax benefits for public benefit organizations and donor deductibility and levies a carbon tax to drive climate-aligned behavior. There is no CSR tax for listed companies.

23.6 Research & Data

The government further incentivizes research on social innovation broadly through a 150% research tax deduction for private sector research expenditures; while not specific to social innovation, it encourages all research (some of which is socially focused). Collaborative research programs addressing SDGs (health, food security, etc.) often have government co-funding, for example, the South African Medical Research Council funds social innovation in health delivery.

23.7 Sustainable Development Goals

In summary, South Africa addresses each SDG theme through a mix of laws, national strategies and high-profile programs as outlined above, forming a comprehensive SDG-aligned policy landscape.

24. Spain

24.1 Government Infrastructure

Spain does not have a standalone national strategy for social innovation but integrates it across key frameworks such as the Spanish Science, Technology and Innovation Strategy (**EECTI**), the Social Economy Strategy (**EEES**), and the Entrepreneurial Nation Strategy. Multiple ministries – Science, Labour, and Social Rights – support social innovation through funding, policy, and institutional initiatives. Notably, a national centre for social innovation was announced in 2025 under the EU-funded BIRDS project.

Operational support includes the €65.5M FSE+ programme for social inclusion and the ONE platform for entrepreneurial resources. Education initiatives, such as vocational training and the LOSU law, embed social innovation in lifelong learning. Co-creation mechanisms are evolving, with citizen assemblies and living labs gaining traction under open government plans.

Spain has implemented regulatory sandboxes in finance, energy, and AI to foster innovation within controlled environments. Public-private partnerships are actively promoted, especially through the AEI's collaboration subprogramme, which funds projects addressing societal challenges. While fragmented, Spain's multi-sectoral approach reflects growing institutional commitment to social innovation.

24.2 Organizational Forms

Spain provides a robust legal framework for social economy entities, including cooperatives, mutual societies, foundations, associations, and insertion companies. These forms benefit from tax incentives, public funding eligibility, and governance structures that prioritize social objectives over profit maximization. While social enterprises lack a distinct legal status, they often operate under existing forms such as cooperatives or labor societies.

Boards of these entities are legally required or permitted to consider broader stakeholder interests. Cooperatives and foundations must prioritize member or public benefit, while insertion companies and labor societies embed social inclusion and worker participation into their governance.

Spain mandates ESG (Environmental, Social, and Governance) disclosures for large companies under Law 11/2018, requiring detailed non-financial reporting verified by third parties. The upcoming Corporate Sustainability Reporting Act will expand these obligations to SMEs, aligning with the EU's CSRD directive.

Investors are subject to ESG-related regulations through the EU SFDR and Taxonomy Regulation, with national strategies promoting sustainable finance. Publicly traded companies must disclose ESG factors in annual reports, with increasing emphasis on standardized, digital formats and assurance.

Overall, Spain is advancing a comprehensive ESG and social economy framework, integrating sustainability into corporate and investment governance.

24.3 Funding and Investment

Spain is progressively embedding social and environmental considerations into its investment and funding frameworks. Institutional investors must comply with EU regulations such as the SFDR and Taxonomy Regulation, while national strategies like the EERSE promote ESG-aligned investment practices. The government mandates ESG criteria in public funding, notably through the €400M Social Impact Fund (FIS), managed by COFIDES, which supports projects with measurable social and environmental outcomes.

Funding instruments for social innovation include grants (e.g., FSE+), public loans, equity investments via ENISA and COFIDES, and innovation procurement. The FIS also serves as a legal framework for blended finance, combining public and private capital to scale impact.

Spain does not operate a formal social stock exchange but supports platforms like Bolsa Social and promotes alternative financing under the EEES. Religious entities benefit from legal recognition and tax incentives under cooperation agreements and Law 49/2002.

Microfinance is regulated under general financial laws, with key actors like MicroBank and ICO providing inclusive financing. Crowdfunding is governed by Laws 5/2015 and 18/2022, aligning with EU standards and enabling equity, debt, and donation-based models.

Overall, Spain's evolving legal and financial ecosystem reflects a strong commitment to impact-driven finance and inclusive economic development.

24.4 Public Procurement

Spain's public procurement law (Law 9/2017) explicitly allows and often mandates the inclusion of social and environmental criteria in tenders. These criteria can be applied at various stages – technical specifications, award criteria, and contract performance conditions – provided they relate to the contract's subject matter. The law promotes a value-based approach through the "most economically advantageous tender" (**MEAT**), enabling evaluation based on quality, innovation, and sustainability rather than lowest price alone.

The Green Public Procurement Plan and supporting manuals guide authorities in integrating environmental criteria. Oversight bodies like OIReScon discourage over-reliance on price and promote balanced evaluations.

Spain also recognizes innovation partnerships and pre-commercial procurement (**PCP**) to foster social and environmental innovation. The LCSP regulates innovation partnerships, while PCP is supported through national and EU programmes, including the Fomento de la Innovación desde la Demanda (**FID**) line and the PRTR, which allocates over €1 billion for R&D-intensive procurement.

A new Interministerial Commission, established by Royal Decree 364/2024, coordinates innovation in public procurement and oversees the national plan for its implementation. These frameworks position Spain as a leader in strategic, impact-oriented public procurement

24.5 Taxation

Spain's tax system includes a wide range of instruments affecting individuals and organizations, with progressive income tax (**IRPF**), corporate tax rates, and special regimes for startups, cooperatives, and non-profits. Wealth tax applies progressively, with regional variations, and is complemented by the Solidarity Tax on Large Fortunes for net worth over €3.7 million.

VAT is levied at standard (21%), reduced (10%), and super-reduced (4%) rates, with special regimes for small businesses and certain sectors. Inheritance and gift tax (**ISD**) is progressive and regionally administered, with significant rebates in some communities.

Spain offers tax incentives for organizations delivering social or environmental value, including reduced corporate rates and deductions under Law 49/2002. Individuals and corporations can claim tax deductions for donations to qualifying entities, subject to limits and documentation.

Environmental taxation includes EU ETS participation, taxes on energy products and fluorinated gases, and regional levies. A temporary energy levy applies to large energy firms. Publicly traded companies face ESG reporting and due diligence obligations under EU law, though no CSR-specific tax exists.

Overall, Spain's fiscal framework integrates social and environmental considerations through incentives, reporting requirements, and targeted levies.

24.6 Research & Data

Spain actively funds and promotes research on social innovation through national strategies and EU programmes. The Spanish Science, Technology and Innovation Strategy (**EECTI**) and Horizon Europe support projects addressing social cohesion, inclusion, and sustainability. Additional funding comes from the European Regional Development Fund (**ERDF**), European Social Fund Plus (**ESF+**), and Marie Skłodowska-Curie Actions (**MSCA**).

Social and environmental criteria are embedded in research funding, aligned with the 2030 Agenda and Horizon Europe's climate and SDG targets. Ministries and advisory bodies oversee allocations to projects promoting clean energy, digital inclusion, and social equity. Spain systematically collects and publishes data on social challenges – poverty, unemployment, education gaps, and health disparities – via the National Institute of Statistics (**INE**), SEPE, and Eurostat. Data informs policy and supports EU compliance.

While no unified framework exists for social innovation statistics, Spain maintains registries of cooperatives, mutuals, and foundations, and contributes to EU surveys like the Community Innovation Survey. Digital transformation metrics are tracked via DESI and the Digital Decade Country Report.

Spain's open data framework, led by datos.gob.es and aligned with EU directives, ensures public access to over 100,000 datasets. The European Data Act further expands access to private-sector data, reinforcing Spain's commitment to transparency and innovation.

24.7 Sustainable Development Goals

Spain has implemented several flagship programmes aligned with the UN Sustainable Development Goals (**SDGs**), primarily through the Recovery, Transformation and Resilience Plan (**PRTR**), funded by the EU's NextGenerationEU initiative. The PRTR allocates over €70 billion across four pillars – green transition, digital transformation, social and territorial cohesion, and gender equality – addressing key SDGs such as education (**SDG 4**), decent work (**SDG 8**), climate action (**SDG 13**), health (**SDG 3**), reduced inequalities (**SDG 10**), and innovation (**SDG 9**).

Dedicated budget lines support these priorities, including €19.9B for climate and energy, €20B for digital transformation, €10.5B for social inclusion, and €1.8B for gender equality. Funding is performance-based and monitored through EU mechanisms.

Social innovation is explicitly supported through the ESF+ Social Innovation+ Initiative, PRTR components, and the Spanish Social Economy Strategy (**EEES**). These promote inclusive employment, civic tech, community care, and digitalisation of mission-driven organizations. Spain also contributes to EU programmes like Horizon Europe and the Digital Decade, integrating innovation and inclusion into national planning. Monitoring is supported by open data platforms and national statistics, ensuring transparency and alignment with the 2030 Agenda.

25. Thailand

25.1 Government Infrastructure

The Thai government follows the 20-Year National Strategy focused on social innovation. Its main elements are centred around the Sustainable Development Goals (**SDGs**) and its Sufficiency Economy Philosophy. The National Innovation Agency (**NIA**) is tasked with spearheading social innovation and supports social enterprises through its Social Innovation Platform. The OSEP, NIA, and Thai Health Promotion Fund provide operational support under legal authority: Social Enterprise Promotion Act B.E. 2562, NIA Royal Decree B.E. 2551/2008, Public Organization Act B.E. 2542, and Health Promotion Foundation Act B.E. 2550. Grants and programs must comply with budget, auditing and PDPA rules. The OSEP registers, advises, trains and promotes social enterprises. Provides promotional measures for pre-social enterprises. The Higher Education, Science, Research and Innovation Policy and Strategy (2020-2027) works towards building capacity in social innovation through learning frameworks. Thailand allows citizen participation in policy-making through Sections 133 – 139 of the 2017 Constitution and the Initiative Process Act B.E. 2562 (2019), enabling civil society to propose legislation. It also uses living labs to engage with citizens. A regulatory sandbox, introduced in 2016, specifically supports fintech developments. The Private Participation in State Undertaking Act (1992) primarily regulates activities utilizing public assets in projects exceeding THB 1 billion (approximately USD 33.3 million) in value. However, no examples of public-private partnerships (**PPPs**) focusing on social innovation have been located.

25.2 Organizational Forms

Thailand does not have organizational forms specifically designed for social enterprises. It does have a Social Enterprise Promotion Act which established the Office of Social Enterprise Promotion (**OSEP**) and recognises social enterprises as separate legal entities in 2019. The Act does not specify a particular legal structure for social businesses, but it does place restrictions on business operations, business investments and profit distribution. Public and private limited companies are encouraged to consider interests other than shareholder value in decision-making such as ESG factors (should they be considered to diverge) by soft law frameworks such as the 2017 Corporate Governance Code and the Stock Exchange of Thailand's (**SET**) best practice guidelines. Thailand has ESG requirements for enterprises in the form of legislation such as the Labor Protection Act B.E. 2541 (1998), Occupational Safety, Health and Environment Act B.E. 2554 (2011), Anti-Human Trafficking Act B.E. 2551 (2008), Energy Conservation Promotion Act B.E. 2535 (1992), Public Limited Companies Act B.E. 2535 (1992) and Organic Act on Anti-Corruption B.E. 2542 (1999), alongside a number of government bodies that encourage the adoption of ESG best practices. The Thai SEC enforces ESG requirements for specific investment products. Apart from this, the government takes soft law and policy approaches to encouraging ESG practices amongst investors. Publicly traded enterprises are required to disclose ESG factors in their annual reports by the SEC.

25.3 Funding and Investment

Major investor classes are not required to incorporate ESG considerations into their investment decisions. The SEC and the Investment Governance Code set out principles institutional investors are "expected" to comply with such as investing in companies that integrate ESG factors into their business practices. If an investment recipient fails to implement ESG principles, investors are "encouraged" to engage with the company to improve ESG performance. The Capital Market Supervisory Board and Thai Cabinet have passed resolutions that may hold major investor classes to a higher standard in terms of incorporating ESG considerations in their investment decisions. Under the Sustainable Financing Framework July 2020, implemented through the ministerial regulations or notifications issued under the Public Debt Management Act B.E. 2548 (2005) and managed by the Thai Public Debt Management Office, projects financed under the framework must meet certain ESG requirements. The Social Enterprise Promotion Act B.E. 2562 (2019) establishes a statutory basis for government funding conditioned on measurable social or environmental outcomes, thereby representing one of Thailand's few legally binding ESG-linked funding mandates. Government funding available for social innovations include grants and fund matching. Thailand does not have a comprehensive statutory or regulatory framework expressly governing impact investment or blended finance, however the government is considering promoting a social finance system. The Thai government does have legislation on religious financing mechanisms under the Sangha Act 1962. Under the act, there is a state budget to support temples. The Ministry of Justice also allows the practice of Sharia compliant Islamic finance to accommodate Muslim populations in Thailand's southernmost provinces. The SET runs a Social Impact Platform, a social stock exchange. Thailand has regulations around microfinance in the form of Financial Institutions Business Act, B.E. 2551 (2008) and Village and Urban Community Fund Act, B.E. 2547 (2004) and the People's Financial Institution Act B.E. 2562 (2019). In terms of crowdfunding, reward based and donation-based crowdfunding are not regulated specifically but generally commercial and contractual principles remain applicable. The SEC oversees equity and debt-based crowdfunding.

25.4 Public Procurement

Thailand's public procurement system provides a structured yet flexible legal framework that increasingly supports sustainability and value-based purchasing. The central governing legislation – the Public Procurement and Supplies Administration Act B.E. 2560 (2017) – administered by the Comptroller General's Department (CGD) under the Ministry of Finance, sets out core principles of transparency, efficiency, accountability and value for money. The act explicitly permits government agencies to integrate environmental and innovation-related criteria into procurement processes. While social value considerations are not yet fully embedded in law, they are emerging as areas of policy development. Importantly, the legislation does not require awards to be made solely on the basis of the lowest price. Instead, it adopts a "best value for money" approach, enabling public buyers to consider both quantitative and qualitative factors, including performance, quality, innovation, and sustainability. Thailand's legal framework also allows bid evaluation based on principles comparable to the Most Economically Advantageous Tender used internationally. This provides contracting authorities with flexibility to balance price with broader outcome-oriented criteria. Although Thailand does not yet have formal procedures identical to innovation partnerships or pre-commercial procurement as found in the EU, the existing act offers sufficient flexibility for agencies to pursue innovation within procurement, particularly through mechanisms that allow consideration of innovative solutions and environmental benefits.

25.5 Taxation

Thailand's tax system is comprehensive, rules-based, and designed to balance revenue generation with economic competitiveness, social equity, and environmental sustainability. Under the Revenue Code, individuals are taxed progressively at 0% – 35%, with residents subject to tax on domestic income and foreign income remitted in the same year, and non-residents taxed only on Thai-source income. Multiple allowances, deductions, and employer withholding reinforce compliance, overseen by the Revenue Department. Corporate taxation is anchored by a 20% standard CIT rate, complemented by preferential regimes for SMEs, Board of Investment promoted activities, and businesses in innovation-driven zones such as the EEC. Compliance obligations include audited financial statements and periodic filings, ensuring alignment with regional competitiveness and national fiscal objectives. While Thailand does not levy a general wealth tax, it operates a nationwide Land and Building Tax with progressive rates from 0.01% to 3%, functioning as the country's primary mechanism for taxing accumulated wealth and supporting fiscal decentralization. A mature Value Added Tax (VAT) system applies at an effective 7% (temporarily reduced from its statutory 10% rate), with broad coverage and sector-specific exemptions to ensure efficiency and fairness. Thailand also imposes an inheritance tax on estates transferring assets above THB 100 million, at 5% for direct heirs and 10% for others, contributing to equity in wealth transfer. Alongside this, the government provides a wide array of tax and fiscal incentives promoting social and environmental benefits – including donation deductions, targeted allowances, and Board of Investment – supported tax holidays for green investments. Charitable donations are tax-deductible for both individuals and corporations, with enhanced deductions for approved public-interest initiatives, all monitored through formal criteria and the e-Donation system to ensure transparency. Although Thailand lacks a single "social" or "environmental" tax, a network of excise duties, pollution fees, resource-use levies, and green-investment incentives collectively supports environmental protection, social welfare, and sustainable development. Publicly listed companies are not subject to a dedicated CSR tax; however, they contribute indirectly through emissions-based taxes, environmental fees, community-development obligations, and mandatory ESG reporting. These frameworks collectively reinforce Thailand's commitment to inclusive growth, responsible business conduct, and alignment with the UN Sustainable Development Goals, while maintaining a competitive investment climate.

25.6 Research & Data

Thailand demonstrates a strong institutional commitment to sustainable development through integrated frameworks for open data, social economy monitoring, social statistics, research funding, and social innovation. Legally anchored in the Digital Government Administration and Services Act (2019) and the Official Information Act (1997), Thailand's open data ecosystem led by the Digital Government Development Agency ensures transparency and accessibility across sectors. Complementary systems managed by OSEP, Cooperative Promotion Department, Department of Provincial Administration and other agencies provide comprehensive data on social enterprises, cooperatives, and mission-driven organizations, while National Statistical Office, Office of the National Economic and Social Development Council and sectoral ministries maintain robust social statistics for evidence-based policymaking. Research funding mechanisms under MHESI, Thailand Science Research and Innovation, National Research Council of Thailand and NIA embed social and environmental criteria into all public research, aligning with the BCGE Model and SDG priorities. Additionally, Thailand actively promotes social innovation through dedicated funding, capacity-building, and procurement pathways, positioning innovation as a driver of inclusive growth and resilience. Together, these measures reflect Thailand's integrated approach to leveraging data, research, and innovation for sustainable and equitable development.

25.7 Sustainable Development Goals

Thailand has fully integrated the United Nations Sustainable Development Goals (**SDGs**) into its national development agenda through the 20-Year National Strategy, the 13th National Economic and Social Development Plan, and the BCGE Model, overseen by the Office of the National Economic and Social Development Council. The government prioritizes SDGs on poverty reduction, health, education, innovation, climate action, and governance (notably SDG 1, 3, 4, 8, 9, 10, 12, 13, and 16) and aligns fiscal policy through an SDG Budget Tagging System, with major allocations for health (THB 240 billion), education (THB 10 billion annually), BCGE initiatives (THB 41 billion), and climate resilience. Social innovation is explicitly supported via grants, procurement preferences, and research-to-practice channels led by agencies such as the NIA, the OSEP and MHESI, alongside digital government and public-sector innovation platforms. These integrated policies and funding mechanisms position Thailand as a regional leader in advancing inclusive growth, sustainability, and innovation under the 2030 Agenda.

26. United Kingdom

26.1 Government Infrastructure

The United Kingdom embeds social innovation within broader frameworks on innovation, social enterprise, and inclusive growth rather than through a standalone national strategy. Key policies such as the United Kingdom Innovation Strategy, National AI Strategy, and Digital Development Strategy (2024 – 2030) emphasize inclusive innovation, digital responsibility, and societal impact. Legislative instruments like the Public Services (Social Value) Act 2012, reinforced by the Social Value Model and upcoming National Procurement Policy Statement, mandate social, environmental, and economic outcomes in public procurement. A newly established Office for the Impact Economy, based in the Cabinet Office, aims to convene partnerships between government, business, and social investors to scale social impact. While there is no single lead agency, multiple bodies contribute to the ecosystem. Innovate the United Kingdom, under UKRI, acts as the national innovation agency, funding projects that often intersect with social innovation. The Department for Digital, Culture, Media and Sport (**DCMS**) supports voluntary and community enterprises through initiatives like the VCSE Business Hub, while the Department for Science, Innovation and Technology (**DSIT**) promotes responsible innovation through tools such as the Model for Responsible Innovation. The National Social Value Taskforce provides a standardized framework (National TOMs) for embedding social value in procurement. Government support includes funding and capacity-building programs such as the Social Enterprise Boost Fund (targeting disadvantaged areas), the Digital Inclusion Innovation Fund (£9.5 million to tackle digital inequality), and Innovate the United Kingdom's innovation loans and competitions. Education and lifelong learning initiatives also play a role: the Lifelong Learning Entitlement (launching 2026) will provide flexible funding for modular learning, while UKRI and regional innovation clusters invest in university spinouts and socially impactful research. Networks like What Works strengthen evidence-based policymaking. Together, these policies, funding mechanisms, collaborative platforms, and regulatory innovations create a multi-layered but fragmented ecosystem that supports social innovation across the United Kingdom.

26.2 Organizational Forms

The United Kingdom supports social enterprises and mission-driven organizations through a diverse set of legal forms rather than a single social enterprise statute. Key structures include Community Interest Companies (**CICs**), created under the Companies Act 2004, which require a community interest test and impose an asset lock limiting profit distribution to ensure reinvestment in social purposes. Charities, governed by the Charities Act 2011, benefit from tax reliefs such as Gift Aid and rate reductions, while Charitable Incorporated Organisations (**CIOs**) offer simplified regulation. Co-operative and Community Benefit Societies, under the 2014 Act, embed democratic governance and community benefit, and Community Amateur Sports Clubs (**CASCs**) enjoy tax advantages for promoting inclusive sports. These forms provide operational flexibility and limited liability but impose restrictions like asset locks and fiduciary duties to safeguard public benefit. United Kingdom law also embeds broader stakeholder considerations into governance. CIC directors must prioritize community benefit and report annually on impact, while co-operatives and BenComs institutionalize member and community interests. Under Companies Act 2006, Section 172, directors of traditional companies must "have regard" to employees, community, and environmental factors, though shareholder success remains paramount. Charities' trustees are legally bound to act solely in line with charitable purposes. Environmental, Social, and Governance (**ESG**) requirements are increasingly central to United Kingdom enterprise regulation. The Sustainability Disclosure Requirements (**SDR**) framework, aligned with IFRS standards, will mandate general sustainability and climate-related disclosures (UK SRS S1 and S2). Large companies already comply with TCFD-aligned climate reporting under the Companies (Strategic Report) Regulations 2022 and disclose non-financial information under the 2013 regulations. Additional obligations stem from the Modern Slavery Act 2015, Equality Act 2010, and Climate Change Act 2008, reinforcing social and environmental accountability. Publicly traded enterprises also face stringent ESG reporting duties. Overall, the United Kingdom's framework combines tailored organizational forms for social purpose entities, governance duties that extend beyond shareholder value, and robust ESG disclosure regimes for companies and investors. This multi-layered approach embeds social and environmental considerations into corporate and financial systems, creating an enabling – though complex – ecosystem for responsible business and social innovation.

26.3 Funding and Investment

The United Kingdom embeds social and environmental considerations into its investment, funding, and regulatory frameworks rather than through a single dedicated law. Major investor classes – including pension schemes, asset managers, and institutional investors – are legally required to integrate ESG factors into decision-making. Trustees of occupational pension schemes must publish Statements of Investment Principles and Implementation Statements, detailing how climate and social risks are addressed. The FCA ESG Sourcebook mandates TCFD-aligned disclosures for asset managers and insurers, while the United Kingdom Stewardship Code sets best-practice principles for responsible investment. These measures are reinforced by the Green Finance Strategy (2023) and the emerging Sustainability Disclosure Requirements (**SDR**), which aim to standardize ESG reporting across corporates and investors. Government funding and procurement also embed social value and sustainability. The Public Services (Social Value) Act 2012, supported by the Social Value Model, requires public authorities to consider economic, social, and environmental well-being in procurement. Central departments follow Sustainability Reporting Guidance and the Government Financial Reporting Manual, mandating climate and resource reporting. Grant schemes listed on the Find a Grant portal often include social or environmental eligibility criteria, while green finance instruments – such as green gilts under the United Kingdom Green Financing Framework – channel billions into low-carbon projects. Funding mechanisms for social innovation are diverse. These include direct grants, Social Impact Bonds (**SIBs**) via the Life Chances Fund, blended finance initiatives like the Natural Environment Investment Readiness Fund, and impact investment vehicles such as Better Society Capital. The Charities (Protection and Social Investment) Act 2016 provides statutory authority for charities to make social investments, while the Dormant Assets Scheme has unlocked over £1 billion for social causes. Overall, the United Kingdom's approach combines mandatory ESG integration for investors, social value requirements in procurement, innovative funding models, and supportive legal frameworks for impact investment and ethical finance. This creates a sophisticated ecosystem for mobilizing capital toward social and environmental outcomes, though fragmented governance and reliance on voluntary codes remain challenges.

26.4 Public Procurement

The United Kingdom's public procurement framework explicitly permits the inclusion of social and environmental criteria in tenders. The Public Contracts Regulations 2015 (PCR 2015), which transpose EU Directive 2014/24/EU, remain in force post-Brexit and provide flexibility through the "most economically advantageous tender" (**MEAT**) approach under Regulation 67. MEAT allows contracting authorities to consider qualitative, environmental, and social factors linked to the contract, alongside price. Regulation 56(2) enables exclusion of bidders who breach environmental, social, or labour law obligations. The Social Value Act 2012 further requires authorities to consider how procurement can improve social, economic, and environmental well-being, strengthened by 2021 guidance mandating social value evaluation in major central government procurements. Authorities may incorporate criteria such as employment for disadvantaged groups, sustainability measures, and community engagement. Innovation partnerships under Regulation 31 support collaborative development of solutions not available on the market, enabling phased R&D procurement with clear IP and confidentiality safeguards. Pre-commercial procurement is recognised through initiatives like the Small Business Research Initiative (**SBRI**) and Innovate United Kingdom, which fund early-stage innovation addressing public sector challenges. While MEAT is the preferred method, Regulation 67 also permits awarding contracts solely on price or cost-effectiveness, including life-cycle costing, but this is discretionary. Overall, the United Kingdom's procurement law provides a robust framework for embedding social and environmental value, fostering innovation, and maintaining competitive integrity.

26.5 Taxation

The United Kingdom operates a comprehensive tax system encompassing income tax, corporation tax, VAT, and inheritance tax, alongside targeted environmental levies and incentives. Individual income tax applies progressively, with rates from 20% to 45%, while corporation tax ranges from 19% for small profits to 25% for large companies. VAT is charged at a standard rate of 20%, with reduced and zero rates for essential goods and services. There is no standalone wealth tax, but wealth is taxed indirectly through capital gains and inheritance tax (40% above the nil-rate band). Environmental taxes include the Plastic Packaging Tax (£223.69 per tonne), Landfill Tax (£103.70 per tonne), and the Climate Change Levy, incentivising sustainable practices. Vehicle Excise Duty and company car tax favour low-emission vehicles. Charities benefit from corporation tax exemptions, business rates relief, VAT exemptions, and Gift Aid on donations. Companies can deduct qualifying charitable contributions from taxable profits. Individuals receive tax relief on donations via Gift Aid, with additional relief for higher-rate taxpayers. While there is no dedicated levy for social or environmental causes, fiscal policy integrates sustainability objectives through targeted taxes and incentives, supporting innovation and public benefit activities.

26.6 Research & Data

The United Kingdom actively supports research and data initiatives that advance social innovation through a combination of funding mechanisms, policy frameworks, and open data infrastructure. Public research funding is primarily administered by United Kingdom Research and Innovation (**UKRI**), which includes the Economic and Social Research Council (**ESRC**) and Innovate UK. ESRC funds academic research addressing societal challenges such as inequality and public health, while Innovate United Kingdom prioritises applied innovation projects contributing to net zero, clean growth, and inclusive technologies. Programmes like the Small Business Research Initiative (**SBRI**) enable pre-commercial procurement of R&D services to tackle public sector challenges, particularly in health, education, and sustainability. Nesta, originally established by statute, plays a pivotal role in shaping the social innovation ecosystem through research, experimentation, and investment, including its venture arm, Nesta Impact Investments, which provides growth capital to early-stage businesses delivering measurable social impact. Broader strategies such as the Industrial Strategy, Levelling Up agenda, and Net Zero Strategy embed funding streams for research aligned with social and environmental objectives.

Social and environmental criteria are integrated into research funding frameworks, with UKRI requiring applicants to demonstrate public benefit and impact pathways. Strategic programmes such as the Net Zero Innovation Portfolio and Levelling Up Fund mandate contributions to decarbonisation, regional equality, and community development. The United Kingdom also maintains a strong data infrastructure to inform policy and innovation. The Office for National Statistics (**ONS**), alongside departments such as DWP and DfE, publishes comprehensive datasets on poverty, health disparities, unemployment, and education gaps. Data on mission-driven organisations – including social enterprises, cooperatives, and charities – is available through sources such as the Social Enterprise Market Trends Report, FCA registers, and the Charity Commission. Open data is facilitated through data.gov.uk, the United Kingdom's central portal, underpinned by the Freedom of Information Act 2000 and the Re-use of Public Sector Information Regulations 2015. The Data (Use and Access) Act 2025 further modernises governance by introducing regulated data-sharing arrangements, transparency obligations, and privacy safeguards, unlocking economic and social value while ensuring compliance with United Kingdom GDPR and the Data Protection Act 2018. Collectively, these measures create a robust ecosystem for evidence-based policy, responsible innovation, and scalable social impact.

26.7 Sustainable Development Goals

The government committed to the SDGs in 2015 and published its first Voluntary National Review (**VNR**) in 2019, outlining progress and priorities. Key programmes include the legally binding Net Zero Strategy, which supports SDG 13 (Climate Action) through investments in clean energy, transport decarbonisation, and green innovation; the Levelling Up agenda, aligned with SDG 8 (Decent Work and Economic Growth) and SDG 10 (Reduced Inequalities), which funds regional development, skills, and infrastructure; and education policies under SDG 4 (Quality Education), focusing on attainment gaps and lifelong learning. Health-related initiatives such as the NHS Long Term Plan advance SDG 3 (Good Health and Well-being), while international development programmes led by the FCDO target global priorities including girls' education and pandemic preparedness. Budget allocations reflect these commitments, with over £26 billion invested in Net Zero measures, £2.6 billion through the United Kingdom Shared Prosperity Fund, and multi-year NHS funding settlements. Official Development Assistance continues to support SDG-linked projects globally despite reductions to 0.5% of GNI. Social innovation is embedded within these frameworks through mechanisms such as Innovate UK, the Small Business Research Initiative (**SBRI**), and procurement rules under the Public Contracts Regulations 2015 and the Social Value Act 2012, which enable innovative solutions to societal challenges. The Office for National Statistics tracks SDG progress via its dedicated reporting platform, ensuring transparency and alignment with international standards. Overall, the United Kingdom's approach combines legally binding climate targets, strategic domestic programmes, and international cooperation to advance SDG priorities, with a strong emphasis on innovation, inclusion, and sustainability.

27. Zambia

27.1 Government Infrastructure

Zambia has established a policy and institutional framework that collectively supports innovation with social impact.

At the policy level, the 2025 National Social Protection Policy sets out a roadmap for inclusive and lifecycle-responsive social protection, emphasising shock-resilient systems, data-driven planning, and integration with national development plans. Complementing this, the 2025 Science, Technology and Innovation Policy focuses on strengthening research and development, advancing emerging technologies, and building human capital through scholarships and skills programmes.

Institutional support is provided by the National Technology Business Centre, which promotes technology transfer, incubation, and commercialisation of innovations, alongside funding mechanisms such as the Technology Business Development Fund. Additional programmes, including ZICTA's ICT Innovation Programme, deliver training, mentorship, and financial support to young innovators in collaboration with public and private stakeholders. Citizen participation is reinforced through decentralisation laws, while regulatory sandboxes introduced by the Bank of Zambia and the Securities and Exchange Commission enable controlled testing of fintech and capital-market solutions.

27.2 Organizational Forms

Zambia does not offer a dedicated "social enterprise" legal form; however, several existing structures can accommodate social-purpose activities, notably Companies Limited by Guarantee (**CLGs**), NGOs, Co-operatives, and Clubs. CLGs, in particular, provide limited liability, separate legal personality, and eligibility for Public Benefit Organisation tax exemptions. Nevertheless, they entail higher compliance costs, restricted capital-raising capacity (as they cannot issue shares), and prohibitions on profit distribution. NGOs, by contrast, offer mission flexibility, operational independence, and potential tax benefits, although they frequently encounter funding constraints, governance challenges, and capacity gaps. Similarly, Co-operatives – being member-owned entities with limited liability – are well suited to collective enterprise models, while Clubs, though providing organisational structure, lack separate legal personality, thereby exposing members to personal liability.

From a regulatory perspective, Zambia has no standalone ESG statute. Instead, ESG-related obligations are embedded across multiple frameworks: environmental (Environmental Management Act 2011, Forest Act 2015, EIA Regulations 1997, and the Minerals Regulation Commission Act 2024), social (Employment Code 2019, Occupational Health and Safety Act 2010, and Workers' Compensation Act 1999), and governance (Securities Act 2016, Companies Act 2017, and the LuSE Listing Rules and Corporate Governance Code). Consequently, ESG disclosures arise primarily under LuSE and SEC regimes or through sectoral licensing requirements (for example, EIAs and the Green Loans Guidelines 2023). However, there is still no comprehensive, economy-wide ESG reporting obligation beyond listed entities.

27.3 Funding and Investment

Zambia does not currently impose a universal ESG obligation on investors. Existing prudential and disclosure frameworks – most notably those applicable to pension funds and issuers under the LuSE governance codes – prioritise sound management and transparency rather than binding sustainability criteria. Accordingly, ESG integration occurs predominantly at the instrument level, through regulatory initiatives such as the Green Bonds Guidelines (2019) and Green Loans Guidelines (2023). At the same time, voluntary alignment with international ESG standards is gaining momentum among corporates seeking to enhance their reputational standing and access to responsible capital.

Government financing mechanisms similarly embed social and environmental safeguards. These are implemented through Environmental and Social Impact Assessment (**ESIA**) requirements, investment screening under the Investment, Trade and Business Development Act (2022), and targeted community-development programmes, including the Constituency Development Fund (**CDF**). Available financing instruments encompass grants (for example, the NTBC's Technology Business Development Fund), state-backed investments via the Industrial Development Corporation (**IDC**) and blended-finance platforms, credit-guarantee schemes (**ZCGS**), and conventional capital-market products. Although no dedicated impact-investment legislation exists, enabling provisions under the Public-Private Partnership Act (2023) and the SEC's Regulatory Sandbox Guidelines provide a supportive framework for blended-finance and other innovative investment structures.

In addition, Zambia's broader financial framework recognises Islamic finance (Guidelines 2014) and microfinance (Act 2006), while crowdfunding remains unauthorised outside sandbox environments. Although the country has yet to establish a social stock exchange, existing capital-market guidelines are increasingly leveraged to advance sustainable-finance practices and foster the gradual mainstreaming of ESG-driven investment.

27.4 Public Procurement

Zambia's Public Procurement Act (2020) and Regulations (2022) explicitly permit the inclusion of social and environmental considerations in technical specifications and tender evaluation. Section 59 of the Public Procurement Act mandates factoring in socio-economic impact, environmental sustainability, lifecycle costs, and disposal impacts. Section 91 of the Public Procurement Act establishes preference and reservation schemes for target groups such as citizen suppliers, SMEs, women-, youth-, and disability-owned enterprises, and goods/services with local content, granting proportional margins of preference and enabling set-asides aligned with national development policies.

The Constitution (Art. 210) requires procurement to be fair, transparent, competitive, and cost-effective, but does not impose an absolute "lowest price" rule; rather, cost-effectiveness is balanced with value-for-money principles under Section 57 of the Public Procurement Act. However, the law does not provide explicit flexibility for MEAT (Most Economically Advantageous Tender) criteria nor recognise innovation partnerships or pre-commercial procurement frameworks.

27.5 Taxation

Zambia operates a progressive PAYE system for individuals (0% – 37%) and a corporate income tax regime at 30%, with sector-specific rates (e.g., telecoms 35%, farming exports 10%). There is no wealth or inheritance tax, but VAT applies at 16% on standard-rated goods and services. While Zambia lacks a dedicated tax regime for social enterprises, Public Benefit Organisations (**PBOs**) approved by the Minister of Finance enjoy income tax exemptions, and donors can claim deductions for contributions to PBOs (capped at 15% of taxable income).

Environmental incentives include zero-rated VAT and duty exemptions for renewable energy equipment, and 0% withholding tax on green bond interest, alongside targeted levies such as carbon-emission surtax on vehicles, fuel excises, and plastic taxes.

Publicly listed companies face ESG disclosure obligations under LuSE rules, but there is no CSR tax or broad-based ESG levy; emerging frameworks like the Green Economy and Climate Change Act (2024) introduce carbon-market mechanisms and a Climate Change Fund, signalling a gradual shift towards sustainability-linked fiscal measures.

27.6 Research & Data

Zambia actively funds and incentivises research with social impact through instruments such as the National Research Fund (**NRF**) and Science, Technology & Innovation Youth Fund (**STIYF**), complemented by commercialisation support via the Technology Business Development Fund (**TBDF**) and ZICTA's ICT Innovation Programme. These schemes prioritise projects aligned with national development goals – poverty reduction, health, sustainable agriculture, energy and climate resilience – and embed social and environmental criteria in selection processes. The policy framework is reinforced by the National Digital Transformation Strategy (2023 – 2027) and the STI Policy (2025), which promote inclusive innovation and tech-driven solutions.

On data, the Zambia Statistics Agency (ZamStats) and the SDG Data Portal publish comprehensive datasets on poverty, health, education and employment, while administrative registries track cooperatives and NGOs, though there is no dedicated statistical series on "social innovation." Open-data access is guaranteed under the Access to Information Act (2023) and Statistics Act (2018), with platforms such as the Zambia Data Portal, ZamStats' NADA/NSDP, and the Zambia Information Highway enabling public use.

27.7 Sustainable Development Goals

Zambia drives SDG implementation through flagship programmes in water and energy (NEWZA), gender equality (GEWE, National Gender Policy), social protection (Tisunge Zambia, cash plus schemes), education (Education Act, Children's Code, Skills Levy), and climate/green growth (National Green Growth Strategy, NCCP). Major investments include renewable energy projects, Scaling Solar, and off grid access, supported by ZEMA and environmental laws.

The 2025 Budget allocates 34% of spending to social sectors, with record funding for education and social protection. Priority SDGs: 1, 2, 4, 7, 8, 13, 17. Social innovation is embedded in the National Digital Transformation Strategy (2023 – 2027) and complementary ICT, AI, and cybersecurity policies, fostering inclusive, tech enabled solutions.

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