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Legal & Policy Frameworks for Social Innovation

A comparative analysis
of 27 jurisdictions across
all continents

Executive Summary, May 2026

Hogan
Lovells

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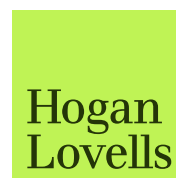


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The Government Council for Social Innovation (GCSI) is founded on the belief that social innovation is essential to building an equitable and sustainable economy, and that governments play a critical role in driving it. GCSI brings together government leaders from 51 countries who are embedding social innovation into the heart of public policy, finance and service delivery. Through GCSI, governments work collaboratively to co-create action plans on social innovation, including the development of dedicated national policies, financing mechanisms for social innovation, and strengthening the social innovation ecosystem.

One Family Foundation empowers communities, social entrepreneurs, and governments to co-create lasting solutions that tackle poverty, inequality, and exclusion.

Hogan Lovells is a global law firm committed to advancing innovation, collaboration, and inclusivity to drive sustainable progress. Guided by the UN Sustainable Development Goals, Hogan Lovells delivers legal solutions that empower people and communities. With deep legal experience, diverse perspectives, and a global reach, the firm advocates for a more positive and sustainable future. Its world-leading pro bono practice reflects this commitment, collectively delivering 156,000+ hours of pro bono advice each year. Hogan Lovells' social innovation work sits within HL BaSE, through which the firm supports innovators and entrepreneurs across the impact economy.

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 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.

