



Policy Paper



Enabling change from the ground up: Policy recommendations to foster social innovation in Europe

KEY TAKEAWAYS

- Social innovation is gaining attention across Europe – not only as a means to address social and environmental problems, but also as a powerful tool to transform how our societies work, produce, and consume.
- Social innovations such as repair cafés, local food networks, and digital tools for the common good build trust, encourage cooperation, and create new ways of living and connecting that support local bioeconomies.
- Social innovation often starts at the local level, rooted in the needs and ideas of citizens. Because every place is different, SI must be flexible and based on local knowledge and experience. Governments and institutions must create space for local action and support community-led initiatives.
- There are several concrete windows of opportunity within EU policy development in 2025 and 2026 where the concept of social innovation can be strategically positioned, strengthened, and mainstreamed. The policy recommendations presented in this paper can feed directly into these frameworks, helping to embed social innovation as a key enabler of an inclusive, sustainable bioeconomy across Europe.

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Contents

The role of social innovation for transformative change	3
Methodology	5
Addressing challenges in social innovation: Key barriers and policy recommendations	6
Financial challenges	6
Recommendations for policymakers	7
Regulatory challenges	9
Recommendations for policymakers	9
Collaboration and networking challenges	11
Recommendations for policymakers	11
A vision for social innovation: Pathways to inclusive and sustainable change	13
References	15

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The role of social innovation for transformative change

The transition to a sustainable bioeconomy requires transformative changes in both supply and demand, and consumer awareness and responsible consumption play a crucial role here by driving sustainable production and supporting effective bioeconomy strategies at all levels (EC 2018). In this context, social innovation (SI) initiatives¹ can be essential in fostering behavioural change, stakeholder collaboration, and inclusive governance models. The European Commission defines SI as “new ideas (products, services and models) that simultaneously meet social needs (more effectively than alternatives) and create new social relationships or collaborations” (EC 2010). To better align with the objectives of the 3-CO project – enhancing transparency in bio-based product value chains through digital tools and improved labelling and certification schemes – the 3-CO team adjusted this definition of SI as follows: “*Social innovations are new ideas (products, services and models) that simultaneously meet social needs (more effectively than alternatives), create new social relationships or collaborations and foster sustainable consumption patterns*”. By analysing successful SI initiatives across Europe and beyond and identifying barriers and enabling conditions, this paper derives policy recommendations that support socially and environmentally responsible consumption and production.

The European Union has introduced several funding programmes that advance social innovation as a key driver of sustainable consumption and production. These mechanisms offer financial support, capacity-building, and strategic alignment for initiatives combining environmental responsibility and social impact. For example, the European Social Economy Action Plan (SEAP) of 2021 strengthens the social economy sector. It emphasises the importance of promoting social innovation at regional and local levels by improving access to finance by introducing new financial models under the InvestEU Programme and encouraging participation in programmes such as Horizon Europe. Complementing this, the European Green Deal, the EU Bioeconomy Strategy and the EU Circular Economy Action Plan foster innovation in sustainable production and consumption, with targeted support for circular business models and behavioural change among consumers.

Funding programmes such as Horizon Europe and the European Social Fund Plus (ESF+)² further operationalise these goals. Through the European Innovation Ecosystems (EIE) programme, Horizon Europe supports SI initiatives and citizen empowerment in the context of the green transition³, while ESF+ funds initiatives focusing on building skills, creating jobs, and promoting inclusive society⁴. The ESF+ Social Innovation + initiative consolidates these efforts by offering funding, mentorship, and coordination to scale impactful projects, connecting local actors with broader EU opportunities.⁵ Social innovation is also integrated

¹ SI initiatives, in the context of this paper, refer to different kind of projects, social enterprises and other profit or non-profit businesses that develop and implement innovative solutions to address societal challenges.

² The recently proposed amendments to the ESF+ introduce earlier intervention, greater flexibility, and faster access to funding. More information can be found here: https://employment-social-affairs.ec.europa.eu/news/commission-proposes-broader-faster-eu-social-and-employment-funds-2025-04-02_en, accessed on 16 April 2025.

³ <https://op.europa.eu/o/opportal-service/download-handler?identifier=6abcc8e7-e685-11ee-8b2b-01aa75ed71a1&format=pdf&language=en&productionSystem=cellar&part=>, accessed on 4 April 2025.

⁴ https://employment-social-affairs.ec.europa.eu/european-pillar-social-rights-20-principles_en, accessed on 3 April 2025.

⁵ <https://european-social-fund-plus.ec.europa.eu/en/esf-social-innovation-initiative>, accessed on 31 March 2025.

across various Horizon Europe clusters and topics as a key tool to drive behavioural change, promote sustainable consumption, and support the uptake of circular solutions through inclusive, place-based approaches. Another key tool for addressing social challenges across the EU is the LEADER programme, which fosters social innovation by empowering rural communities to lead development through local partnerships and bottom-up strategies.⁶

The situation at the national level varies. While some EU member states have established dedicated strategies and strong institutional ecosystems, others foster social innovation primarily through domain-specific agendas, such as Circular Economy Agendas, relying on public funding to promote sector-specific or regionally targeted social innovation initiatives. As examples of sustainability domain-focused agendas, the German Government has adopted a National Strategy for Social Innovations and Social Enterprises in 2023, which recognizes social innovation as a catalyst for sustainability and includes several measures to support SI initiatives.⁷ Complementary policies like the National Circular Economy Strategy offer incentives and grants for circular production and aim at fostering, facilitating, and strengthening new digital solutions for durable consumption and repair⁸. Similarly, Poland has adopted a Social Economy Strategy⁹ and a National Circular Economy Roadmap¹⁰ to improve the environment for social enterprises and sustainable production. In parallel, EU structural funds are actively leveraged to support local initiatives focused on green innovation and social impact. In the Netherlands, government policy supports social entrepreneurship through tax incentives, simplified public procurement, and accelerator programmes. The Dutch Circular Economy Programme (2021–2030) promotes social innovation through regional collaboration, inclusive repair infrastructure, and circular business models that empower citizens, support local initiatives, and extend product lifecycles.¹¹

In Finland the social innovation governance ecosystem is in a transitioning state. The Finnish Government has adopted a National Social Enterprises Strategy¹² and a National Circular Economy Strategy¹³. In addition to European and Finnish government funding, a collection of well-endowed foundations has advanced social innovation and enterprises, especially the Finnish Innovation Fund Sitra¹⁴. As social innovation in the country has traditionally contributed to the Nordic public welfare system, most initiatives have originated from and are governed by social and healthcare sector stakeholders (Lillberg et al. 2023).¹⁵ However,

⁶ https://rural-vision.europa.eu/action-plan/stronger_en#:~:text=Over%20the%20past%2030%20years%2C,for%20cooperation%20projects%20and%20exchanges, accessed on 16 April 2025.

⁷ https://www.bmwk.de/Redaktion/DE/Infografiken/Schlaglichter-der-Wirtschaftspolitik/2023/10/05-nationale-strategie-fuer-soziale-innovationen-und-gemeinwohl-orientierte-unternehmen-download.pdf?__blob=publicationFile&v=4, accessed on 3 April 2025.

⁸ https://www.bmuv.de/fileadmin/Daten_BMU/Download_PDF/Abfallwirtschaft/nationale_kreislaufwirtschaftsstrategie_bf.pdf, accessed on 3 April 2025.

⁹ <https://www.oecd.org/content/dam/oecd/en/topics/policy-sub-issues/social-economy-and-social-innovation/country-fact-sheets/country-fact-sheet-poland.pdf>, accessed on 4 April 2025.

¹⁰ https://circulareconomy.europa.eu/platform/sites/default/files/md_goz_final_en_r4_4.pdf, accessed on 4 April 2025.

¹¹ <https://www.government.nl/binaries/government/documenten/reports/2023/09/27/national-circular-economy-programme-2023-2030/NPCE+Circulaire+Economie+rapport+Engels.pdf>, accessed on 4 April 2025.

¹² Strategy for Social Enterprises – Valto, accessed on 25 April 2025. Yhteiskunnallisten yritysten strategian päivittäminen – Ministry of Economic Affairs and Employment (In Finnish). Accessed on 25 April 2025.

¹³ Uusi suunta : Ehdotus kiertotalouden strategiseksi ohjelmaksi - Valto (In Finnish). Accessed on 25 April 2025.

¹⁴ For example: Yhteiskunnallisen yrityksen toimintamallin kehittämistä jatkettava – Sitra (In Finnish). Accessed on 24 April 2025.

¹⁵ For example, Social innovations in child welfare (SOILA-coordination project) – THL and Yhteiskunnallisten innovaatioiden osaamiskeskus – THL (In Finnish) Innokylä on kaikille avoin yhteisen kehittämisen ja tiedon jakamisen ympäristö | Innokylä (In Finnish) are governed by Finnish Institute for Health and Welfare. Accessed on 24 April 2025.

social innovation now resides alongside the carbon neutrality initiatives in the Innovation and Skills in Finland program¹⁶, as the Ministry of Economic Affairs and Employment is taking a more prominent role in advancing social innovation.

Spain actively promotes social innovation and sustainable development through comprehensive national strategies like *España Circular 2030*, the *Recovery, Transformation and Resilience Plan*, and the *Green Book on Sustainable Finance*. These frameworks provide fiscal incentives, subsidies, and support for public-private collaboration, especially benefiting SMEs, to foster eco-innovation and inclusive economic growth. Social and environmental criteria are also integrated into public procurement and investment policy, reinforcing responsible practices across sectors.

As a good example of a comprehensive approach, Portugal promotes social innovation through the initiative “Portugal Inovação Social 2030”. Initiated within the scope of the “Portugal 2020” partnership agreement between Portugal and the European Commission¹⁷, it promotes innovative solutions to social challenges by mobilising public and private investment. The programme supports impact-driven projects through financing instruments like social impact bonds, venture philanthropy, and capacity-building funds, fostering a strong social entrepreneurship and collaboration ecosystem.¹⁸

This overview offers only a snapshot of the existing policies and funding programmes in selected EU member states, focusing on the countries covered by the 3-CO project (the Netherlands, Finland, Germany, Spain, and Poland) and, in addition, on countries highlighted as a good practice example during a series of interviews conducted with key stakeholders. It is important to acknowledge that member states not covered by our analysis may have developed similar strategies and instruments to support social innovation in the context of sustainable consumption and production

Methodology

To explore the challenges faced by SI initiatives and related policy needs, we conducted 17 in-depth interviews with SI initiators, identified as good practice examples of SI that contribute to greater social and environmental benefits. The examples span diverse types of initiatives such as toys and clothes reuse, mattress recycling, digital waste-sorting tools, inclusive employment, and policy support, and are implemented through a variety of governance models including non-profit organisations, social enterprises, community-driven initiatives, and multi-stakeholder public-private collaborations.¹⁹ The interviews were conducted between November 2024 and February 2025 and aimed at gathering insights into experiences that SI initiators have made in the establishment of their business models, focusing on three key policy dimensions: barriers to the implementation of SI, existing and desired support mechanisms, and their vision for an ideal policy landscape.

First, we investigated the challenges encountered during the establishment and implementation of SI initiatives. While some challenges were not directly related to the policy

¹⁶ Innovation and skills in Finland 2021-2027 | Structural funds. Accessed on 25 April 2025.

¹⁷ For more information: What is Portugal 2020 – PT2020, accessed on 15 April 2025.

¹⁸ <https://inovacaosocial.portugal2020.pt/en/about-us/portugal-inovacao-social/>, accessed on 3 April 2025.

¹⁹ More information about the selection process can be found in Vos, J. and Z. Kiresiwa (2025).

landscape, understanding them provided a broader perspective on the systemic issues that may hinder social innovation. Second, we examined the role of financial support mechanisms and other policy instruments in facilitating social innovation. Interviewees reflected on the resources they had utilised, including funding opportunities, consultancy services, and support structures such as innovation hubs or incubators. They also shared perspectives on additional mechanisms they considered crucial for future initiatives. Lastly, we explored how SI initiators envisioned an ideal policy environment. Participants shared expectations regarding the role of policymakers, public institutions, and other stakeholders in fostering a more supportive ecosystem.

The collected data was systematically analysed with the MaxQDA programme, which allows qualitative data analysis, and categorised into thematic clusters (e.g., financial, regulatory, and market-related challenges, existing support mechanism and instruments, and needs). On that basis, policy recommendations were derived and shared with the interview partners and other key stakeholders for validation. A dedicated online validation workshop titled “Strengthening Support for Social Innovation” was organised in March 2025, which brought together 21 stakeholders, including representatives of research institutes, consultancies, NGOs, SMEs, and R&D companies, that provided their feedback on the draft policy recommendations.²⁰ A final set of policy recommendations was developed based on the feedback received, addressing financial, regulatory, and networking and collaboration measures. These recommendations are primarily aimed at policymakers and public authorities, as well as funding and regulatory agencies at European, national and regional level who contribute to shaping the enabling environment for social innovation through supportive policies, funding instruments, and responsive governance frameworks.

Addressing challenges in social innovation: Key barriers and policy recommendations

Financial challenges

The interview findings highlighted that securing public and private funding for SI initiatives is a common challenge across different countries and sectors. In general, stakeholders perceived access to public grants as more difficult for initiatives focused on social innovations than for those focused on technological innovations due to policy and funding priorities being more strongly aligned with technological innovation agendas. Beyond financial constraints, uncertainty and lack of transparency in the funding process was reported to create further instability, making it difficult to plan resources and ensure team continuity, and hindering the ability to plan effectively or maintain stakeholder commitment. Many SI initiators highlighted the high dependency on public funding, which has become increasingly unreliable due to political instability and budget cuts at all levels. This further complicates planning, making it difficult for many initiators of social innovations not only to implement long-term strategies, but also to successfully upscale their initiatives and broaden their impact. In addition, participants of our validation workshop noted the inherent difficulty of monetising social

²⁰ More information on the workshop can be found here: <https://3co-project.eu/webinars/>.

innovations, particularly those providing cost-free, public-oriented solutions, making it harder to attract private investment or sustain operations through market-based models.

These findings align with scientific studies, which highlight systemic barriers that socially oriented businesses and initiatives face in accessing finance (Chalmers 2013, Krlev et al. 2021, Weber et al. 2024). A public consultation in the context of the development of Germany's Strategy for Social Innovations and Social Enterprises also showed a broad consensus regarding the importance of tailored financial, structural, and regulatory measures to enhance the role of social-driven enterprises in the economy (BMWK 2023). This targeted support is essential for integrating these enterprises into existing structures and for fostering networks among them.



Recommendations for policymakers

The following recommendations for regional and national policymakers have been derived based on the analysis of the interviews conducted.

To improve access to funding, application processes should be streamlined by reducing administrative burdens and simplifying requirements (e.g., clear expectations, uniform application methods and evaluation criteria across all funding schemes). Eligibility criteria should be expanded to ensure that a broader range of SI initiatives, including smaller start-ups and cooperatives, can benefit from EU grants and other funding instruments. Additionally, dedicated funding programmes tailored specifically to SI initiatives should be established and narrowed down to specific topics such as combating loneliness, integrating marginalised groups, promoting sustainable consumption, etc. To further support the application processes, advisory services for funding assistance should be made available, providing clear guidance on application procedures and impact measurement.

Regional development agencies can be key in strengthening bottom-up, community-based initiatives. To maximise the impact of such initiatives, it is essential that these agencies have financial and personnel resources to offer targeted assistance. Additionally, capacity-building programmes might be needed to equip them with the expertise to help SI initiatives access funding, receive training, and expand into new markets. Securing support from public institutions – whether through financial support, public endorsements, or political recognition – is essential for building credibility. Such support validates the initiative's legitimacy, enhances its visibility, fosters trust among stakeholders, and facilitates access to additional funding and resources.

Fiscal policies can be a powerful instrument to incentivise businesses to adopt sustainable practices and contribute to social impact. A specific measure highlighted by the interviewed SI initiators was tax incentives for companies that implement eco-friendly production methods or circular economy principles – a policy measure that already exists in some EU countries. Reducing corporate tax rates for SI initiatives can recognise and support their contributions to both social and environmental goals. Another suggested policy measure is exemptions or reductions on value-added tax for environmental-friendly products and services that generate positive social outcomes – a measure already implemented in several European countries. To support the development of SI initiatives, public green-venture funds and innovation grants could be established or expanded to provide early-stage capital for start-ups that focus on sustainable practices. Governments should actively

**More accessible
EU Funding and
simplified application
processes**

**Strengthening
regional
development
agencies**

**Tax incentives for
social innovation
practices and
social enterprises**

Government support for certification costs and special grants

promote impact investing, enabling private investors to fund SI initiatives and social entrepreneurs that deliver measurable social impact. Social Impact Bonds (SIB) are an example of such investment mechanisms, providing a way for investors to finance projects with clear social and environmental benefits.²¹ However, the interviewed stakeholders highlighted that there is still some uncertainty regarding their practical implementation and effectiveness in achieving meaningful outcomes. This underlines the need for further testing, refinement, and evaluation to ensure that such mechanisms are both practical and beneficial within the context of social innovation.

The costs of obtaining recognised certifications or eco-labels can present a substantial barrier for smaller organisations, particularly SI initiatives. These costs go beyond certification fees alone and often include significant administrative burdens, organisational complexity, and the need to hire external consultants. To address this challenge, direct financial support should be provided to help SI initiatives cover the costs of certification fees, audits, and compliance requirements. Additionally, special grants should be allocated to encourage SI initiatives to pursue certifications that align with sustainability and social impact goals. Furthermore, advisory and technical assistance programmes can be established to guide SI initiatives through the certification process, ensuring they meet industry standards efficiently and effectively.

The **LEADER Programme** empowers social innovation in rural areas through the establishment and support of Local Action Groups (LAGs). These groups are multi-stakeholder partnerships composed of representatives from public sectors (e.g. municipalities, local authorities), private sectors (e.g. small businesses, farmers), and civil society (e.g. NGOs, local associations, citizens). They are formed in specific rural territories and are responsible for implementing a Local Development Strategy designed by the local community. As such, LAGs play a key role in identifying local needs, mobilising communities, and supporting innovative solutions to social challenges. According to a recent EU-wide evaluation (European Commission, 2023), there is clear evidence of LEADER's effectiveness in enhancing participation, social inclusion, and social innovation at the local level. *More information can be found here:* https://ec.europa.eu/enrd/sites/default/files/leader-clld-implementing-lags-strategies_en.pdf

Regulatory challenges

In terms of the regulatory environment, interviewed stakeholders mentioned that legislative requirements are often inflexible and do not consider the specific conditions in the sector, thereby putting SI initiatives with a not-for-profit status at a disadvantage compared to other, better equipped market players. Market entry and penetration of SI-related products and services is often hampered, e.g. by costly certifications or lengthy regulatory approvals. Non-profit entities also face specific regulatory requirements when it comes to loans and other financing facilities, making it difficult to guarantee financial viability in the long term. For example, in Finland, Spain and Germany, the costs and complexity of acquiring permits and certifications was reported to consume a significant share of personnel and financial

²¹ "A SIB is an innovative financing mechanism in which governments or commissioners enter into agreements with social service providers, such as social enterprises or non-profit organisations, and investors to pay for the delivery of pre-defined social outcomes." (OECD 2016)

resources. Such examples point to a broader pattern: regulatory frameworks, though formally neutral, often create unequal conditions for market access across different organisational types. Overall, sector representatives demand a more balanced level-playing field, meaning that the inherent competitive disadvantages, which SI initiatives often face vis-à-vis established market players, should be tackled by policymakers – by easing regulatory and administrative burdens and by providing targeted, easily accessible funding instruments.

Recommendations for policymakers

Incentivising social innovation through public procurement

According to sector representatives, public procurement schemes that privilege SI-related products and services could be a game changer, as they would help overcome the competitive disadvantages which those products and services face in the market. As a first step, this necessitates the formulation of legal requirements for fair and sustainable public procurement, such as binding human rights and environmental criteria for sensitive product groups. The public sector should be able to prioritise sustainable companies, especially those that work for the common good.

Improving value chain transparency

The competitive disadvantages that many SI initiatives face in the market could be overcome if improved regulatory standards are applied, e.g., regarding greenwashing and value chain transparency. This would enable SI initiatives, which follow strict and transparent criteria in the sourcing and production of their products and services, to realise competitive advantages over other players in the market, who are currently avoiding full transparency as regards the social and environmental impacts of their products and services. The proposed Directive on substantiation and communication of explicit environmental claims (Green Claims Directive) is a step in the right direction. Directive 2024/1760 on corporate sustainability due diligence should be fully implemented at the member state level. While stronger standards on transparency and sustainability, particularly in public procurement and market regulation, are crucial, these must be implemented in ways that do not overburden smaller SI initiatives with limited resources. This can be achieved by embedding proportionate compliance mechanisms, offering targeted financial and technical support, and designing smart, inclusive regulations recognising SI actors' unique value and capacities.

Reducing regulatory burdens

Regulatory and administrative tasks, i.e. ensuring compliance with regulations and managing submissions to regulators, pose considerable challenges to SI initiatives. They often lack the financial and human resources to cope effectively with legal reporting requirements (e.g. in the case of sustainability reporting). A simplification of reporting requirements and a general reduction of the administrative burden would enable the sector to utilise the limited resources available more effectively and to focus on their core activities.

Enhancing policy stability & predictability

Short-term policies and abrupt changes in the surrounding policy framework, including in financial support schemes, make it challenging for SI initiatives to plan and implement their work, which is often constrained by tight budgets. Policy and funding priorities targeting social innovations should ideally be defined long-term – this would help the sector plan and allocate their limited resources more effectively. Financial support schemes should also be

Developing criteria for impact-oriented funding

long-term and ideally disconnected from political developments (e.g. changes in government).

When allocating grants or other kinds of financial support, funding agencies look increasingly at the specific impacts and outcomes a proposed project or initiative aims to generate. With many social innovations, however, the focus is not only on direct results, but also on long-term changes. These are typically difficult to measure, as evaluating systemic change, such as cultural change, is more challenging than determining short-term results. It also needs to be considered that social innovations usually involve a combination of many factors that have an impact. Thus, there is a need for defined criteria to determine the impacts and outcomes of social innovations, and a monitoring framework that facilitates impact tracking and comparison of achieved or projected impacts vis-à-vis defined funding priorities. Establishing such a monitoring system could also enhance the role (and success) of SI initiatives in grant application processes.

The **Dutch booklet** “10 praktijkvoorbeelden: Duurzaam inkopen loont” includes ten real-world public procurement examples from sectors like infrastructure, office facilities, and transport. The guide demonstrates that sustainable purchasing can be cost-neutral or even financially advantageous. These cases, sourced from various governmental levels, highlight benefits such as reduced CO₂ emissions, material reuse, and enhanced social outcomes. Additionally, the booklet offers practical tips for implementing sustainable procurement, including leveraging market knowledge, fostering innovation, collaborating with current suppliers, and initiating small-scale projects with significant impact.

More information can be found here:

https://www.pianoo.nl/sites/default/files/media/documents/2025-01/duurzaam_inkopen_loont-jan2025.pdf

Collaboration and networking challenges

Many interview respondents highlighted the relevance of networking activities that helped them to secure funding, enhance credibility, and increase their impact. For example, engaging with retailers and corporate partners sometimes facilitated market access and financial support. Participation in EU funding programmes such as Horizon Europe provided crucial resources for some SI initiatives. Business incubators, targeted programmes supporting SI initiatives, and knowledge-sharing networks provided opportunities to connect with mentors, policymakers, and funding bodies, strengthening the positioning of SI initiatives. Additionally, collaborations with community-driven initiatives and philanthropic organisations ensured long-term sustainability.

Despite these positive experiences, several challenges persist. A major obstacle is the lack of awareness and understanding among the public and (political) decision-makers of the goals of and challenges faced by SI initiatives. They are often not perceived as “real”

businesses in public perception, limiting their acceptance and access to institutional support. In some EU member states, SI initiatives have traditionally operated in isolation rather than as part of a larger network, leading to the development of structures that hinder collaboration. This lack of coordination affects joint planning, project implementation, and the ability to learn from successful initiatives in other regions).

Structural funding for social innovation initiatives

Recommendations for policymakers

Structural funding is needed to facilitate networking and collaboration among social-sector representatives, ensuring stronger connections between SI initiatives, non-governmental organisations, and public institutions. By enhancing knowledge-sharing and improving resource mobilisation, such funding can create a more integrated and efficient ecosystem for SI initiatives. Facilitating multi-stakeholder partnerships, including corporate actors, philanthropic organisations, and community-driven initiatives, can further strengthen SI efforts' resilience and long-term sustainability. Additionally, structural funding should encourage co-financing models, where governments, private investors, and socially oriented organisations work together to ensure the long-term financial viability of these initiatives.

Awareness raising

Public funding programmes should prioritise awareness and education efforts, including public outreach and informational events that increase understanding about the social and environmental benefits generated by social innovation. By raising public awareness, these initiatives can help reshape perceptions and thereby enhance support for SI initiatives.

The Platform for Social Innovations and Social Enterprises (**SIGU Platform**) provides a central, coordinated hub that supports SI initiatives and social enterprises in Germany by providing access to funding, capacity building, and networking opportunities. It directly responds to the National Strategy for Social Innovations and Social Enterprises by improving visibility, transparency, and the enabling environment for social innovation. Its collaborative approach and practical tools make it a good practice example for fostering systemic support for social impact initiatives.

More information can be found here: <https://sigu-plattform.de/en/homepage/>

A vision for social innovation: Pathways to inclusive and sustainable change

Social innovation is gaining attention across Europe – not just as a way to address social and environmental problems, but also as a powerful tool to change how our societies work, produce and consume. SI initiatives can help build cooperation, and new ways of organising daily life – from repair cafes and sharing initiatives to local food systems and digital platforms that serve the public good. Trust and transparency play a crucial role here. Labels and certifications can help guide consumer choices – but they should be fair, provide transparent and easy-to-understand information to consumers, and not be too complicated or expensive for smaller organisations to adopt.

To truly realise its potential, social innovation must be embraced as an integral component of building resilient, inclusive, and sustainable societies. Beyond its problem-solving function, social innovation fosters new relationships, democratic participation, and collaborative governance models that empower people and communities. It creates space for reimagining social norms and experimenting with novel ways of organising economic, social, and environmental systems.

Importantly, social innovation is not confined to the realm of new products or services. It also offers the potential to reshape behaviours – the way people live, work, and connect. Therefore, supporting social innovation is not only about encouraging entrepreneurship, but also about enabling a broader cultural and structural shift towards solidarity, sustainability, and shared well-being.

One of the biggest strengths of social innovation is that it often starts at the local level and has the potential to create broad impact. It comes from the needs and ideas of citizens in their communities. Because every place is different, social innovation must be flexible and based on local needs, knowledge and experience. Governments and institutions must create space for local action, support community-led projects, and listen to the people closest to the problems and solutions.

Social innovation is already part of many European and national programmes and policies, from climate action to digital tools and community development. This growing interest creates a unique chance to give social innovation a more permanent role in how decisions are made and policies designed. There are several concrete **windows of opportunity within EU policy development** in 2025 and 2026 where the concept of social innovation could be strategically positioned, strengthened or streamlined:

- **Strategic Plan for the upcoming Research and Innovation Framework Programme (FP10) (2025-2026):** The work programme presents an opportunity to secure dedicated funding lines for social innovation. While the structure of FP10 is still being defined, current Horizon Europe thematic clusters may remain relevant. Cluster 2 (Culture, Creativity and Inclusive Society), Cluster 5 (Climate, Energy and Mobility), and Cluster 6 (Food, Bioeconomy, Natural Resources, Agriculture and Environment) are particularly relevant. These areas can continue to support SI as a tool to engage local communities, test new governance models, and promote responsible innovation.

- **EU Bioeconomy Strategy – Review and Update (2025):** The review of the EU Bioeconomy Strategy in 2025 creates an opportunity to highlight social innovation as a driver for sustainable and inclusive bio-based systems. Community-led initiatives, cooperative business models, and SI initiatives can play a key role in promoting responsible consumption, local value chains, and bio-based circularity. Integrating SI into the strategy would help ensure that the transition towards a bio-based economy is socially fair and participatory.
- **European Semester – Country-Specific Recommendations (2026):** The European Semester process provides a policy window to embed social innovation in national reform strategies. Country-specific recommendations could call for stronger national SI strategies, structural funding for SI initiatives, and reforms that support community-led innovation in employment, education, and public services.
- **Implementation of the Green Claims Directive (2025+):** As of May 2025, the EU Green Claims Directive is still being negotiated and is expected to come into force in 2027. Its forthcoming implementation across EU member states presents a timely opportunity to strengthen the role of social innovation in fostering transparency and consumer trust. In the course of transposing the Directive into national law, policymakers could consider financial and advisory support to SI initiatives for obtaining eco-labels and sustainability certifications.
- **Implementation of the Corporate Sustainability Due Diligence Directive (2025+):** The CSDD Directive has been adopted in 2024. Transposition at national level offers the opportunity to shape a more balanced level-playing field among producers regarding the transparency and sustainability of supply chains, reducing the competitive disadvantage many social businesses face in the market. EU member states could consider proportionate requirements for small and medium-sized social innovators to prevent the Directive from becoming a barrier to the sector.

Our work on the topic of social innovation emphasised the importance of trust, inclusiveness, and community-driven governance for transformative sustainability transitions. These findings will directly inform the label design guidelines to be developed in the frame of the 3-CO project and provide a building block to broaden the scope of label and certification schemes without compromising their integrity. Considering social innovation aspects, schemes can incorporate specific social innovation criteria that go beyond the traditional approach to measure social indicators. They can implement practical measures such as simplified and low-cost certification options tailored to SI initiatives and draw lessons from the inclusion of multi-stakeholder governance mechanisms in many SI initiatives to be incorporated in labelling schemes (e.g. citizen panels or advisory boards with NGO, SME and consumer representation). Label content that goes beyond environmental criteria and communicates social values, such as local job creation or community empowerment, can highlight the benefits and achievements of social innovation and foster more responsible consumer choices.

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