Towards Impact Economies:

Aligning government action and private capital for public good

A Policymaker's Toolkit 2025

About GSG Impact

GSG Impact builds impact economies. We do this by working to embed social and environmental impact at the heart of every political, investment, business and consumption decision.

We connect global leaders, governments, investors, regulators and social innovators, so that together we can build the infrastructure and incentives for social and environmental impact to be central to all decision making.

GSG Impact is the cornerstone of the wider GSG Impact Partnership – a global network of 43 National Partners representing 48 countries: more than half in emerging markets.

GSG National Partners represent

48 countries

covering 2/3 of the global population.

Learn more at **gsgimpact.org**

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The Rt. Hon. Nick Hurd
Chair, GSG Impact

Impact economies are a practical path to achieving better value for taxpayers and more resilient societies.

Governments everywhere are under increasing pressure. Public finances are stretched, debt burdens are rising, and citizens are demanding better results from their taxes. Yet the social, environmental and economic challenges facing our societies are becoming only more urgent. Policymakers are therefore confronted with a difficult reality: they must find ways to do more with less.

An impact economy is one such way. By creating the conditions to align private capital and enterprise with their policy goals, some policymakers are delivering better outcomes for people, while reducing pressure on the state – doing more with less.

Using policy and regulation to unlock private investment, align it with government spending, and target it for public good not only leverages limited budgets more effectively, it builds trust with citizens that resources are being used wisely.

Whether through attracting investment into affordable housing and healthcare, supporting businesses that create jobs in left-behind communities, or stopping financial flows from generating social and environmental costs that fall back on taxpayers and their long-term savings, impact-driven approaches are proven to deliver results.

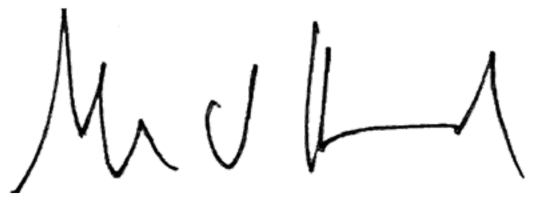
These experiences, many of which are documented in this report, show that impact economies are not an abstract ideal – they are a practical path to achieving better value for taxpayers and more resilient societies.

This is why I am proud to support the work of GSG Impact. We work with policymakers and partners globally to demonstrate what is possible, share lessons across borders, and help build the frameworks that embed impact on people and planet into economic and financial systems.

Governments cannot solve today's challenges alone – and they don't need to. By shaping the right environment, they can direct the energy, innovation and resources of the private sector towards solving pressing social and environmental problems. This is fiscally responsible, and it is in the clear interest of citizens, who expect both better public services today and a more sustainable future tomorrow.

The direction is clear, the tools exist and the examples are growing. The prize is a financial and economic system that directly contributes to the outcomes that societies most urgently need.

At GSG Impact, we are committed to supporting leaders who recognise this opportunity and are ready to act.



The Rt. Hon. Nick Hurd
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Foreword

Elizabeth Boggs Davidsen
Chief Executive Officer, GSG Impact

Policy is the key lever that can embed impact into every investment, business, and government decision.

When GSG Impact first launched the Policymaker's Toolkit in 2019, our aim was to provide practical examples of how governments could direct capital and resources toward social and environmental goals.

Since then, debt levels have risen, aid budgets have contracted, and for billions of people, debt service now exceeds national spending on health and education.

This updated Toolkit showcases a global range of up-to-date examples of policies that build transparency, unlock domestic financing, and create the enabling environments that allow capital to flow for impact.

Policy is the key lever that can embed impact into every investment, business, and government decision – GSG Impact's vision for impact economies. With the right frameworks – ranging from sustainable finance taxonomies and disclosure standards to national investment vehicles and pension fund reforms – governments can both safeguard public resources and mobilize private capital at scale.

Through our global coalition of 43 National Partners across 48 countries, we see this every day. Local leaders are rethinking regulation, piloting innovative instruments, and embedding impact into national strategies – even amidst fiscal constraints and geopolitical uncertainty.

This Toolkit is both a reflection of their progress and a resource for future policy traction. We invite governments, investors, and civil society to see these examples as tools.

Let's continue to use impact policy to provide the highest return on every dollar spent. Doing so will bring us closer to transparent markets and smarter capital allocation for people and the planet to thrive.

Elizabeth Boggs Davidsen

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Chief Executive Officer, GSG Impact

Introduction

Governments hold the key to unlock the trillions of additional dollars needed to solve the social and environmental challenges societies face worldwide, helping to bridge a long-standing financing gap[1], particularly in emerging markets where developmental issues are most acute.[2]

> *"Private capital is available in abundance. The challenge lies in creating the conditions for it to flow with urgency, scale and integrity into investment opportunities that reflect investor appetite and risk and return tolerances while having a positive impact on the public effort to meet our challenges."*[3]
>
> **Impact Taskforce (2021)**

This report outlines practical ways in which policymakers can fill such a financing gap to deliver on national priorities for citizens - by driving impact economies in which impact lies at the core of every investment, business, consumption and government spending decision.

Through models that prioritise measurable social, environmental and economic outcomes – especially in left-behind communities – and by mobilising private capital and enterprise alongside public funds, governments can stretch limited budgets, reduce fiscal pressure, and deliver more value for citizens. In doing so, they safeguard taxpayers' savings from increasing systemic risk, and invest in a more sustainable and resilient future.

The right policy and regulatory developments create the enabling conditions to direct the full spectrum of national economic resources – not just government money – towards the benefit of people and the planet.

Governments must learn how to grow the proportion (currently ~10%) of impact and sustainability-aligned capital in the US$305tn global financial markets.[45] Overcoming the false dichotomy between the public and private sectors will require rebuilding trust and strengthening coordination among policymakers, investors, and other economic actors to align capital flows with long-term societal goals.

This update of our original Policymaker's Toolkit, which brings together a global range of up-to-date examples of how policymakers can direct impact capital and wider resources towards policy goals, was developed in a world that looks very different from when the original report was published in 2019. Over the past six years, governments have significantly expanded their efforts to support sustainable investment and to channel private capital toward social and environmental objectives[6]. These advances include the proliferation of sustainable finance taxonomies, adoption of sustainability disclosure standards into national regulation, and development of other policies promoting impact economies. In this transformed landscape, this toolkit aims to move beyond offering a snapshot of existing public initiatives, to demonstrating which policies have proven effective in building impact economies worldwide.

We proudly present this Toolkit as a means to help continue shifting the global policy conversation, standing ready with our community of national partners spanning across 48 countries to support policymakers and wider public actors committed to enabling an economic system that puts impact at its core.

How can governments catalyse impact economies?

Just as for investors "impact investment" means investing to maximise measurable social and environmental outcomes alongside risk-adjusted financial performance***, an impact-driven approach to government activities means placing impact at the core of every public investment, spending and regulatory decision***. This can range from directly commissioning for outcomes through government expenditure and investment, to creating the incentives and enabling conditions for private capital to flow towards social and environmental goals**.**

In this report we identify a series of standardised types of policies and regulations that governments can draw on to foster impact economies. These fall under three main roles governments can play:[7]

A. ***MARKET PARTICIPANT:*** Implies thinking in terms of, and commissioning for, outcomes (e.g. educational achievement, or health levels) rather than activity (e.g. supplying school or hospital services/equipment) in direct governmental action and spending. This includes:

- adopting outcomes-based models to plan for and execute public policy, embedding clear, measurable outcomes into policymaking and budgeting;
- directly investing in and procuring impact-oriented products and services.

B. ***MARKET REGULATOR***: Involves creating incentives and removing barriers – through fiscal incentives, regulations, and legislation – for private capital to flow towards impact businesses and opportunities. Mandating the disclosure of sustainability and impact-related information has been a major focus of this type of policymaking in recent years – driving impact transparency.

C. ***MARKET FACILITATOR***: Encompasses convening, educating, and fostering the development of a thriving impact ecosystem. This strengthens market infrastructure and addresses information gaps, making it easier to launch or expand impact-focused initiatives. This can include reducing administrative burdens, streamlining decision-making, and ensuring that decision-makers have access to clear, comprehensive information.

The table below organises the (14) policy tools discussed in the report according to these three roles - conscious that in practice some instruments can fit under more than one category:[8]

Figure 1: Summary of 14 policy tools

Government as a **Market Participant**	1. Outcomes Partnerships
	2. Public Procurement for Impact
	3. Funding Programmes
	4. Sustainable Bonds
Government as a **Market Regulator**	5. Specific Legal Forms for Impact-driven Businesses
	6. Sustainability Reporting Standards
	7. Clarifying Investors' Fiduciary Duties
	8. Fiscal Incentives
	9. Facilitating Retail Investors' Participation in the Impact Economy
Government as a **Market Facilitator**	10. Sustainable Finance Taxonomies
	11. Dedicated Government Agencies
	12 Government-enabled wholesale funds
	13. National Impact Strategies
	14. Capacity Building Programmes

How to use this toolkit

This report describes how governments can embrace impact-focused approaches as a way to deliver policy priorities. It presents concrete examples of policies, regulations, public-private collaboration (and beyond), many of which stem from the 48 markets in which GSG Impact operates through its 43 National Partners. We aim to show what good looks like, highlight progress, and pave the way for deeper public sector-led impact solutions.

This document is designed for policymakers, government officials, and the wider ecosystem of actors who influence and support policy design and implementation. It is intended to serve as a practical toolbox to help identify policies and regulations that can foster impact economies, draw inspiration from successful examples around the world, and ultimately enable policy reforms across markets and geographies

The examples, selected in consultation with GSG National Partners and other industry experts, meet at least one of the following criteria[9]:

(i) mobilised capital at scale;

(ii) demonstrated effectiveness through impact evaluations;

(iii) were landmarks or first movers;

(iv) introduced innovative approaches;

(v) were adapted successfully to local contexts.[10]

Additional reading

Other policy resources from GSG Impact include:

- Driving Impact Policy Making, a practical guide on how to design and advocate for domestic impact policies, drawing on years of experience working with and supporting the efforts of National Partners;
- Shifting Gears: Challenges in scaling outcomes partnerships in government and strategies for success, a report developed in collaboration with Bridges Outcomes Partnerships that identifies challenges and pathways to scale outcomes-based approaches in government;
- The Impact Policy Tracker, an overview of successful policies and regulations adopted worldwide to foster impact economies (currently under development and available to GSG National Partners only).

Government as a Market Participant

Policy Tools	Description	Best Practices
Outcomes Partnerships	Innovative, results-based financing mechanisms that enable governments to mobilise private capital to address social or environmental challenges, with payments tied to the achievement of measurable outcomes	· MAS Pago por Resultados Programme (*Colombia*) · Ministry of Justice SIB Pilot (*Japan*) · Social Impact Partnerships to Pay for Results Act (*US*) · **SPOTLIGHT**: Outcomes Partnerships in the UK
Public Procurement for Impact	Public procurement policies (such as frameworks, strategies and guidelines) that integrate social and environmental criteria, shifting from a traditional cost-focused approach to one centred on "value for money"	· Procurement Act (*UK*) · Socially Responsible Public Procurement Policy (*Chile*) · Social Procurement Framework (*Australia*)
Funding Programmes	Public funding instruments (grants, loans, equity, guarantees) that foster the growth and development of impact-driven businesses	· Public-Private Partnership Impact Growth Fund (*Japan*) · Community ENABLE Funding (CEF) programme (*UK*) · European Social Fund Plus Social Innovation+ initiative (*EU*) · **SPOTLIGHT**: Australia's Emerging Markets Impact Investment Fund
Sustainable Bonds	Thematic bonds issued by governments to finance projects with social or environmental impact	· Climate Transition Bond (*Japan*) · Sovereign Sustainability-linked Bond (*Chile*) · Sustainability Islamic (Sukuk) Bond (*Malaysia*)

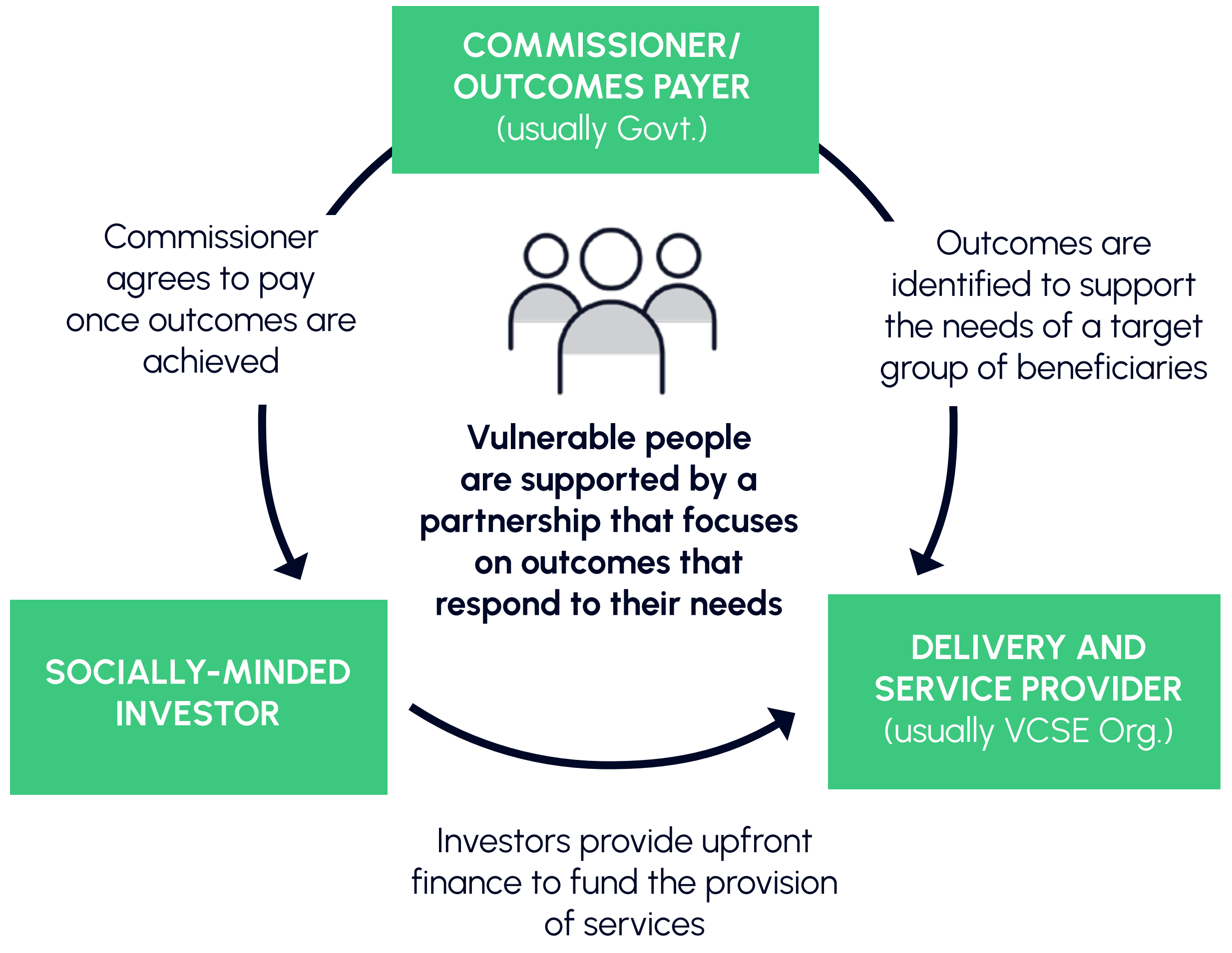
Outcomes Partnerships

Outcomes partnerships are **innovative financing mechanisms that tie payments to the achievement of measurable social or environmental outcomes**, rather than to the delivery of predefined services.[11] They typically involve three core parties: a government or public entity acting as the outcome payer, a service provider delivering the intervention, and a third-party investor supplying upfront repayable finance. The investor is repaid, partially or fully, only if the agreed-upon outcomes are achieved.

These mechanisms encompass instruments such as **Social Impact Bonds (SIBs), Development Impact Bonds (DIBs), Career Impact Bonds, and Outcome Funds**. Through them, national and local governments can encourage innovation in public service delivery by shifting from traditional input-based models to outcomes-based commissioning, attract private capital to address complex social and environmental challenges, and foster greater coordination across government agencies. Outcomes partnerships have emerged from pioneering efforts in the UK and were developed in response to the limits of traditional, one-size-fits-all service delivery, especially in sectors like health, education, and employment. They have helped improve public sector effectiveness (delivering up to 9x of public value for every $1 invested),[12] mobilise private investment for the public good, and strengthen performance management through iterative learning and adaptation.

More than innovative financial tools, outcomes partnerships represent a strategic shift in how governments design and deliver services. By aligning incentives with results, they ensure value for money, enhance service delivery, strengthen accountability in public spending and ultimately enable governments to deliver more tangible outcomes for citizens in areas where conventional approaches have fallen short.

Figure 2



Source: https://www.gov.uk/guidance/social-outcomes-partnerships

For more information on *outcomes partnerships*, visit:

- Tying Funding to Results (2021),
- Outcomes For All: 10 Years of Social Outcomes Contracts (2022),
- "People-Powered Partnerships" (2023),
- "Outcomes For All – Redefining Public Service Delivery" (2024)
- Shifting Gears: Challenges in scaling outcomes partnerships in government and strategies for success (2024)
- Outcomes-Based Financing in the New Financing for Development Architecture
- Lessons and opportunities for governments, development partners, and multilateral organisations (2025)

MAS Pago por Resultados Programme

MAS Pago por Resultados (formerly known as SIBs.CO) is **Colombia's pioneering programme aiming to promote further uptake of social impact bonds and results-based financing**. Led by the Social Prosperity Department (DPS), in partnership with BID Lab, Switzerland's State Secretariat for Economic Affairs (SECO) and Fundación Corona, the initiative marked a turning point in how public resources are mobilised to solve Colombia's most pressing social issues through public-private partnership and social innovation.

Through MAS, Colombia's three pioneering social impact bonds were launched: ***Empleando Futuro*** (the first SIB in a middle-income country, focused on inclusion and retention of vulnerable populations in the formal labour market, with proven results in improving participants' chances of accessing formal employment[13]), ***Cali Progresa con Empleo***, and ***Bono de Innovación en Emergencia***. Together, these instruments demonstrated the feasibility of results-based funding in Colombia and laid the groundwork for the creation of a national outcomes fund, the Fondo de Pago por Resultados.

Ministry of Justice's SIB Pilot

Launched in 2021, the Ministry of Justice's SIB in Japan aims to **support juvenile training school parolees who wish to pursue further education**, a group that faces significant barriers such as low school acceptance rates, lack of formal educational support, and difficult family or academic backgrounds.[14] This SIB is part of a broader long-term government strategy to mainstream results-based approaches. Since 2016, Japan's national government has embedded Pay-for-Success (PFS) mechanisms and SIBs into key policy frameworks, with **+80 government agencies adopting PFS models by 2022 and leading +130 projects by 2023**.

Social Impact Partnerships to Pay for Results Act (SIPPRA)

The Social Impact Partnerships to Pay for Results Act (SIPPRA) is a **U.S. federal piece of legislation designed to support Pay for Success mechanisms at the sub-national level**. SIPPRA **channels USD 100 million to help state and local governments launch or explore the feasibility of pay for success initiatives**. SIPPRA is a strong example of how, in federal countries, national policy can support the subnational development of impact investment ecosystems by directing federal resources to local outcomes-based projects.

By enabling state and local governments to access funding tied to measurable results, SIPPRA empowers communities to design, test, and scale solutions tailored to their specific social challenges. The Act prioritizes outcomes such as increasing employment and earnings among vulnerable groups, improving educational attainment, reducing reliance on welfare benefits, lowering recidivism and homelessness, improving child welfare and family stability, and advancing health outcomes including maternal, early childhood, and mental health.

SPOTLIGHT

Outcomes Partnerships in the UK: A Long Lasting Legacy

The **United Kingdom** is widely recognised as the **birthplace and global pioneer of social outcomes partnerships.** In 2010, the UK Ministry of Justice launched the world's first Social Impact Bond (SIB) in Peterborough, aimed at reducing reoffending rates among short-sentenced offenders. Initially conceived to mobilise socially motivated investment for hard-to-finance prevention programmes, this groundbreaking model opened the door to a new approach to commissioning public services.

Since then, **nearly 100 outcomes partnerships or impact bonds have been implemented across the UK**[15], spanning a wide range of policy areas such as youth unemployment, homelessness, education, health and child and family welfare. Many of these initiatives were supported by dedicated outcomes funds such as the Youth Engagement Fund, the Fair Chance Fund, the Commissioning Better Outcomes Fund, and the Life Chances Fund.

Until July 2025, the Life Chances Fund, with a total of GBP 70 million, had been the largest outcomes fund launched in the UK. That changed with the launch of the Better Futures Fund - **a GBP 500 million outcomes-based initiative designed to improve the lives of children and young people across the country**. Managed by the Department for Culture, Media and Sport (DCMS), the fund aims to drive measurable impact in areas such as family stability, youth reoffending, and homelessness. It supports early intervention and long-term opportunity creation, from safer homes to improved access to education and specialized services. As the **largest outcomes fund ever launched globally**, the Better Futures Fund was informed by the recommendations of the Social Impact Investment Advisory Group (SIIAG), where GSG Impact's UK National Partner, the Impact Investing Institute, chairs a dedicated working group focused on identifying high-potential areas for deploying impact capital.

The UK's leadership in outcomes partnerships is reflected not only in the scale of funding but also in the establishment of a **robust legacy of cross-sector collaboration between government, the third sector, and private investors**. Above all, the evolution of social outcomes partnerships in the UK demonstrates that a different way of working across the public, private, and third sectors is not only desirable and feasible - but also capable of delivering tangible economic and social results.

Image source: Pioneer's Post Expert Insight: How the UK's Better Futures Fund could create system-level impact

Public Procurement for Impact

Governments are among the **major buyers of goods and services** in most economies, with **public procurement accounting for around 13% of GDP** in OECD countries.[16] This purchasing power gives them a unique opportunity to promote positive environmental and social outcomes.

By moving beyond a traditional cost-focused approach to one centred on "value for money", they can drive meaningful environmental and social change. This shift considers not only price but also the broader impacts of procurement decisions across the entire lifecycle of goods and services, helping commissioners maximise the value of every pound they spend.

To institutionalise this approach, many jurisdictions have developed **frameworks and strategies for Sustainable and Socially Responsible Public Procurement (SPP and SRPP)**[17], aligning public spending with the Sustainable Development Goals (SDGs). These efforts are often supported by **capacity-building** initiatives, **training programmes**, and **practical guidance** to help procurement officials and suppliers define and measure social and environmental value. Instruments such as **standardised cost units**[18] and **certification labels for impact-driven businesses** can further support the assessment and verification of social impact in procurement decisions.

For more information on *public procurement*, visit:

- [Social procurement to promote social problem solving (2023)]
- [How Public Procurement Can Spur the Social Economy (2021)]

Procurement Act

The UK's Procurement Act, enacted in 2023 and fully implemented in 2025, represents a major milestone in the country's public procurement framework. As a **successor to the 2012 Social Value Act**, it raises the bar by shifting from merely requiring authorities to "consider" social, economic, and environmental impacts to a **binding legal duty to "have regard to the importance of maximising public benefit" in public procurement decisions.**

While the Act does not explicitly mention "social value," accompanying Procurement Policy Notes -particularly PPN 002- and the revised National Procurement Policy Statement introduce a **mandatory Social Value Model, requiring certain authorities to apply a minimum 10% weighting for social value in bid evaluations.** The Act consolidates over a decade of efforts and proven success[19] in embedding social value within UK public procurement.

Socially Responsible Public Procurement Policy

Chile's Socially Responsible Public Procurement Policy, launched in 2012, marked a turning point in integrating sustainability, social inclusion, and gender equality into public procurement by **requiring contracting authorities to evaluate social and environmental criteria alongside value-for-money considerations.**[20]

ChileCompra, the country's central procurement authority since 2003, has issued key directives to support implementation - such as Directive No. 13 on sustainable procurement and Directive No. 20 on a gender approach in public procurement. Mercado Público, one of ChileCompra's main digital platforms, manages procurement processes for all government entities and has proven essential to centralising public purchases and facilitating access for SMEs and sustainable suppliers.

Did you know?

ChileCompra has placed **gender equality** at the heart of its procurement strategy, earning the **UN Public Service Prize in 2019 for its role in promoting gender-responsive public services**. A key initiative is the **Sello Empresa Mujer** (Woman Company Label), which certifies women-owned businesses and enables procurement officers to prioritise them in contract evaluations.

Social Procurement Framework (SPF)

In 2018, the state of Victoria (Australia) introduced the Social Procurement Framework (SPF), establishing the country's **first whole-of-government policy to embed social and environmental objectives into public procurement.** The framework mandates that all government departments and agencies incorporate considerations such as inclusive employment, supplier diversity, and environmental sustainability into their procurement processes, and sets out ten procurement objectives such as creating opportunities for Indigenous people and individuals with disabilities as well as promoting fair workplaces and environmental outcomes.

Victoria's experience illustrates how subnational governments can lead on social impact when decision-making is decentralised. **Its success has inspired other Australian states: Western Australia** introduced its own Framework and Procurement Act in 2020, while **New South Wales** -the country's largest state-level spender- recently committed to implementing recommendations from a parliamentary inquiry to strengthen social procurement.

Discover successful case studies on how Victoria Government agencies leveraged public procurement for impact here.

Funding Programmes

Funding programmes - which provide financial resources in the form of **grants, loans, equity, and guarantees - can be used by governments and public institutions to address financing gaps and attract private sector participation**, often through dedicated funding windows, government-backed funds, and public-private partnerships, towards businesses that place social and/or environmental impact at their core. By doing so, they help grow a pipeline of mission-oriented organisations capable of addressing systemic challenges while contributing to inclusive and sustainable economic development.

This support can take various forms: capital provided directly to enterprises to meet early-stage or growth financing needs; investments channelled through intermediary funds to reach a broader range of businesses; or blended finance models where public or philanthropic actors absorb higher risks to make investments viable for private investors. The design of these mechanisms is often catalytic, helping to build investor confidence, promote financial inclusion, and strengthen the resilience of social enterprises across diverse sectors and geographies.

Public-Private Partnership Impact Growth Fund

Formally established by the Tokyo Metropolitan Government in March 2025, the Public–Private Partnership Impact Growth Fund **aims to expand financial support for growth-stage startups** with high potential to address pressing social challenges and scale globally. With **an initial public investment of ¥JPY10 billion (USD ~67 million), and a target fund size of ¥30 billion over a ten-year period**, the fund will invest in mid- to late-stage impact-driven startups, fostering solutions that contribute to a more inclusive and sustainable society and exemplifying how subnational governments can play a catalytic role in mobilising capital for impact.

Community ENABLE Funding (CEF) programme

Led by Britain's state-owned development bank, **the CEF programme was designed to increase the availability of finance to the social impact sector** through Community Development Financial Institutions (CDFIs), not-for-profit lenders that focus on underserved small businesses, offering affordable debt finance. With a bias towards underserved communities, the programme aims to support underrepresented groups such as women and ethnic minority entrepreneurs -who receive a disproportionately low share of mainstream business finance despite their strong presence in the UK's small business ecosystem- and **seeks to grow CDFI lending to businesses from USD 135m to over USD 1.3bn per year by 2029, unlocking an extra USD 1.3bn for 15,000 SMEs** in the UK's most disadvantaged areas.

European Social Fund Plus Social Innovation+ initiative

The ESF+ Social Innovation+ initiative is an EU programme designed to **transfer and scale up innovative solutions to societal challenges**, particularly in employment, education, skills, and social inclusion. It supports the development and dissemination of social innovations that address pressing issues like long-term unemployment and the upskilling of vulnerable youth. With a **dedicated budget of EUR 198m (USD 225m) for the 2021–2027 period**, the initiative provides transnational grants through EU-level calls for proposals, enabling organisations to replicate tested approaches and build partnerships for collaboration across the Union.

SPOTLIGHT

From Aid to Investment: Australia's First Impact-Focused Development Finance Fund

The Emerging Markets Impact Investment Fund (EMIIF) was launched in 2020 by Australia's Department of Foreign Affairs and Trade as **a pioneer financing mechanism that channels ODA funding with an impact investment lens.** The Fund seeks to unlock capital for early and growth-stage small and medium enterprises (SMEs) in regions where risk-adjusted returns are typically too low to attract commercial finance alone, and provides them with technical assistance to improve their impact measurement and financial management, making investees more attractive to future investors.

Unlike traditional ODA (in the form of grants), **EMIIF uses impact investment as a development tool**, by providing equity and debt to intermediaries that support SMEs, with the dual goal of achieving both financial returns and measurable development outcomes. The Fund uses **public concessional and first-loss capital** to attract private investment into high-impact SMEs, investing through local funds using equity, debt and hybrid instruments. Its concessional terms help **de-risk investments and mobilise private co-financing**, making it easier for commercial capital to enter challenging markets.

According to its first impact study, **the Fund has been able to mobilise over five dollars from the private sector for each dollar invested**, a rate way above the benchmark for the region.[21]

Image source: Emerging Markets Impact Investment Fund (EMIIF) IMPACT STUDY 2021-2022

Sustainable Bonds

Green, Social, Sustainability, Transition, Blue, Gender and Sustainability-Linked bonds (often collectively referred to as GSS+, ESG, thematic, labelled or sustainable bonds) have gained prominence in recent years for their potential to help bridge the SDG financing gap.[22] Governments, especially in emerging economies, play a catalytic role in scaling these instruments. By issuing sustainable bonds, national, regional, and local public entities mobilise capital for long-term investments with broad social and economic benefits, which often fall outside the scope of conventional, profit-driven financing.

Public issuers are not only large players in terms of volume, representing approximately 50% of sustainable bond issuances annually since 2020[23], but also critical market enablers. Government-led issuances serve as signals of policy commitment to sustainability, helping to build investor confidence and drive demand from both domestic and international capital markets. Moreover, public sector issuances typically align with international standards and best practices, such as the ICMA principles, thereby setting a benchmark for transparency, impact reporting, and accountability. This leadership lowers the perceived risk for other issuers and facilitates replication by subnational governments, state-owned enterprises, and even private entities.

For more information on *sustainable bonds and their market trends*, visit :

- S&P Ratings "Sustainable Bond Outlook 2025"
- Sustainable Fitch "Sustainable Finance Outlook 2025"
- "OECD's Global Outlook on Financing for Sustainable Development 2025", ICMA Principles & Guidance (2025).

Climate Transition Bond

In the context of Japan's Green Transformation (GX) programme, aiming to mobilise USD 1 trillion over the next decade in support of advanced sustainable technologies, the Government of Japan issued a **USD 11 billion Climate Transition Bond, the first of its kind issued by a sovereign.**[24] This is particularly significant given that around half of CO_2 emissions cannot be reduced with existing technologies alone, according to the International Energy Agency.[25] In this context, innovation support through sovereign bonds is critical as leveraging national credit can help address challenges and risks that may not be fully manageable by private sector actors alone.

Sovereign Sustainability-linked Bond

As part of Chile's Climate Change Financial Strategy and after presenting the Sustainability-linked Bond (SLB) Framework, **the government issued a USD 2 billion SLB to implement actions that fulfill the country's greenhouse gas (GHG) reduction commitment** agreed on its National Determined Contribution (NDC) and to implement a national clean energy agenda.[26] The bond sustainability performance targets (SPT), aligned with its NDC, require Chile to pay investors a higher coupon if it fails to limit GHG emissions and increase its share of electricity derived from renewable sources. After being the first country in the Americas to issue a green bond in 2019, with this issuance, **Chile became the first country in the world to issue a SLB**. The bond was oversubscribed more than 4 times (+USD 8bn), evidencing the market appetite for the instrument.

Sustainability Islamic (Sukuk) Bond

Since the launch in 2014 of the Sustainable and Responsible Investment (SRI) Sukuk Framework, the Islamic-based sustainable finance market has grown rapidly, driven by the collaborative efforts of key regulators and industry stakeholders.[27] In 2021, **the country issued the world's first sovereign sustainability sukuk (USD 1,3bn) to fund eligible social and green projects aligned with the UN SDGs**. A heavily oversubscribed landmark issuance, it evidenced the intense demand for such instruments and marked Malaysia's leadership in the Islamic finance realm. The bond was issued in line with Malaysia's Sustainable and Responsible Investment (SRI) Sukuk Framework and the ASEAN Green and Sustainability Bond Standards (which are fully aligned with the International Capital Market Association (ICMA) principles), attracting a wide pool of investors not only from Asia but also from Europe and the US.

SPOTLIGHT

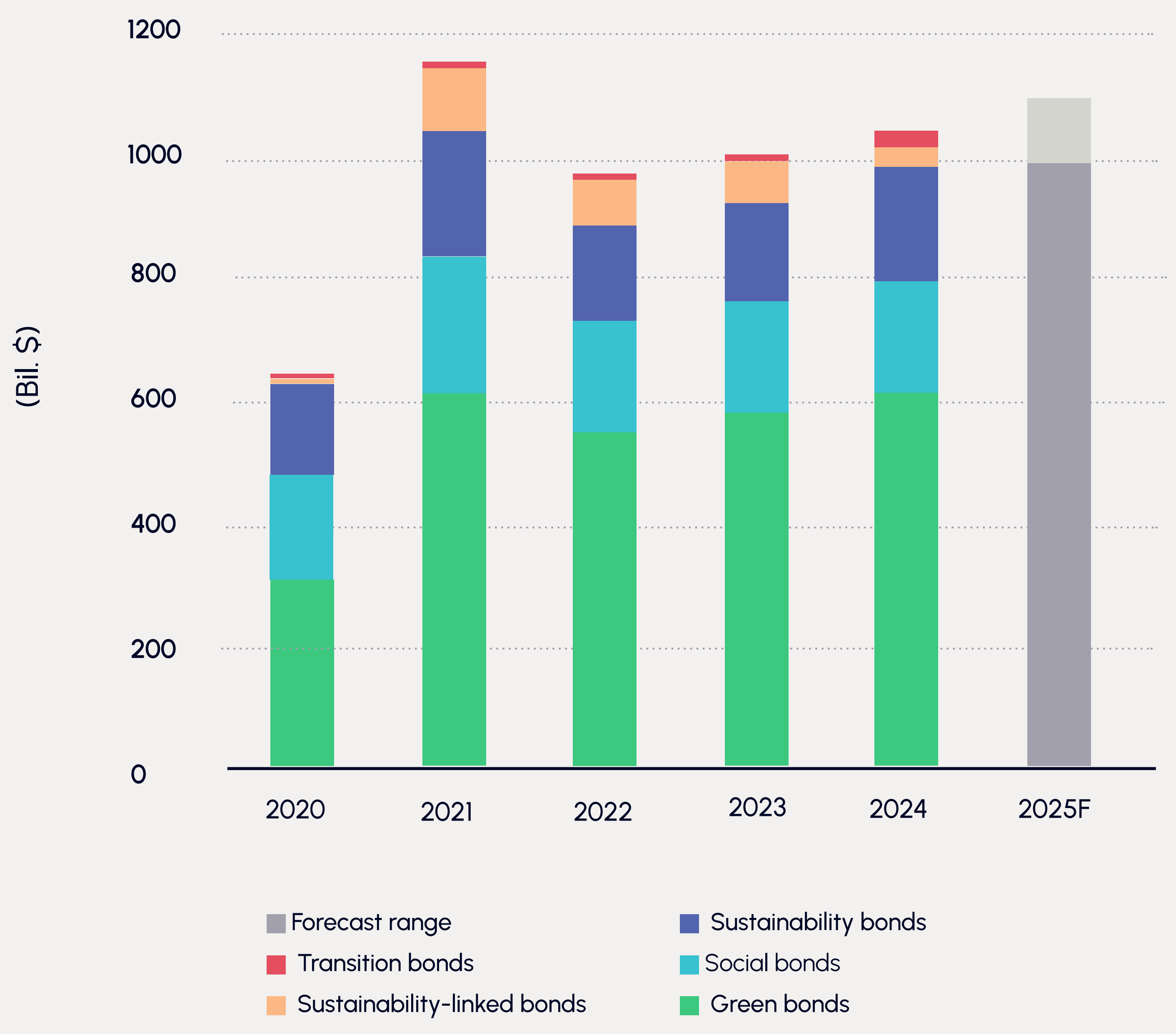
How Sovereigns Can Pave the Way for the GSSS Bond Market

Over the past decade, **the Sustainable Bond market has evolved from a niche segment into a mainstream capital mobilisation channel.** Annual issuance of Green, Social, Sustainability and Sustainability-linked (GSSS) bonds surged **from roughly USD 80bn in 2015 to over USD 1tn in 2025**, pushing **cumulative global volume above USD 6tn**. The market has not only grown, but also diversified: although Green bonds still dominate (with around 60 % of deals overall), today's menu also includes Social, Sustainability, Sustainability-linked, Transition, Blue and Gender structures.

However, despite this impressive growth, the market has entered a period of relative stagnation. Since 2022, annual GSSS bond issuance has hovered between USD 0.9 and 1.1 trillion. Several headwinds have contributed to this: higher interest rates, rising scrutiny over greenwashing, and geopolitical instability have suppressed risk appetite, particularly in emerging markets. Despite these challenges, the market continues to mature. Taxonomies are converging, sustainability-linked instruments are being refined, and domestic investor participation is growing steadily. Renewed momentum will hinge on clearer policy signals, credible transition plans, and active public-sector leadership.

In this regard, and especially in emerging markets, sovereign issuances play a pivotal role. By issuing GSSS bonds, governments act as first movers, anchoring market confidence and setting pricing and transparency benchmarks. IMF research shows that **after a country's first sovereign green bond, the number and size of corporate green issuances rise significantly**, consistent with a 'benchmark effect' benefiting private issuers.[28] This leadership is especially important in countries with less developed capital markets: **by issuing first, governments can shoulder initial market uncertainties and signal a strong commitment to sustainability goals, effectively de-risking the space and accelerating subsequent private participation.**

Figure 3 S&P Global Ratings Forecast sustainable bond issuance of $1 trillion in 2025



Excludes structured finance issuance S&P Global Ratings forecast. Source: Environmental Finance Bond Data S&PGlobal Ratings

Government as a Market Regulator

Policy Tools	Description	Best Practices
Specific Legal Forms for Impact-driven Businesses	Legal frameworks and statuses that enable companies to pursue financial returns alongside social and environmental objectives, providing a clear signal of commitment to impact for investors and consumers	· Società Benefit (*Italy*) · Benefit and Collective Interest Companies (BICs) (*Colombia*) · Societies of Benefit and Common Interest (SBICs) (*Spain*) · SPOTLIGHT: One Size Doesn't Fit All: Recognising Social Enterprises Through Legal Forms and Certifications
Sustainability Disclosure Regulation	Regulatory requirements that mandate financial market participants to disclose both financially material sustainability-related risks and opportunities and societally material impacts on people and the planet	· Corporate Sustainability Reporting Directive (CSRD) & European Sustainability Reporting Standards (ESRS) · Brazilian Sustainability Disclosure Standards (CBPS 01 & CBPS 02) · Australian Sustainability Reporting Standards (ASRS): AASB S1 and AASB S2 · SPOTLIGHT: The State of Adoption of Sustainability Disclosures Standards Globally
Clarifying Investors' Fiduciary Duties	Regulatory frameworks that expand the interpretation of investor's fiduciary duties to explicitly include climate- and social-related considerations in investment decision-making	· Sustainable Finance Disclosure Regulation (SFDR) (*EU*) · Regulation 28 of the Pension Funds Act (*South Africa*) · Government Pension Investment Fund (GPIF) Sustainability Investment Policy (*Japan*)
Fiscal Incentives	Tax exemptions, deductions, or reductions implemented by governments to make impact investments more attractive for investors and to reduce costs for impact businesses	· "Madelin" Income Tax Reduction (*France*) · Tax Incentives for Social Impact Bonds (*Portugal*) · Social Investment Tax Relief (SITR) (*UK*)
Facilitating Retail Investors' Participation in the Impact Economy	Through regulatory frameworks that lower investment thresholds, labelling schemes for sustainable and impact products, and regulated avenues to invest in unlisted impact companies, governments facilitate retail investors' participation in the impact economy	· Solidarity-based Funds ("90/10 funds") (*France*) · European Long-Term Investment Funds (ELTIFs) Regulation (*EU*) · Venture Capital Trusts Scheme (*UK*)

Specific Legal Forms for Impact-driven Businesses

Specific legal forms for impact-driven businesses provide a clear and enforceable framework for companies that seek to combine profit generation with measurable social and environmental outcomes. Since the introduction of the *Benefit Corporation* (BC) model in the United States in 2010, several countries, including Italy (2016), France (2019), and Spain (2022), have established **specific legal statuses** -such as *società benefit* and *entreprise à mission*. These frameworks enable companies to **embed a public-benefit purpose into their core governance**, making it **a legally binding obligation** rather than a voluntary commitment.[29]

These legal forms can be powerful tools to:

- strengthen accountability by requiring companies to consider the interests of all stakeholders, including employees, suppliers, customers, communities, and the environment, alongside shareholder returns;
- enhance transparency through mandatory impact reporting against third-party standards;
- create an enabling environment for responsible business models, signalling government support for enterprises that contribute to public goods;
- attract and channel impact investment by providing investors with a recognised and credible signal of a company's commitment to its mission;
- encourage long-term value creation by offering directors legal protection when prioritising sustainable, long-term objectives over short-term profit maximisation.

Countries can also link such legal forms to fiscal incentives, as seen in Colombia, where recognised impact-driven enterprises benefit from targeted tax relief. The result is a business ecosystem that rewards mission-driven entrepreneurship, strengthens market trust, and aligns private sector activity with national sustainable development priorities.

For more information on *specific legal forms for impact businesses*, visit:

- The Rise of Benefit Corporations (2024)
- The International Handbook of Social Enterprise Law (2022)
- Designing Legal Frameworks for Social Enterprises (2022)

Società Benefit

In 2016, Italy became the **first country in the world to adopt the U.S. Benefit Corporation model within its civil-law system, introducing the *società benefit* (SB) through the** [2016 Stability Law](). This legal framework created a dual-purpose corporate structure, requiring companies to pursue both profit and common benefit.

While inspired by the US Model Benefit Corporation Legislation, Italy introduced a key innovation: instead of creating a new legal entity, the law allows existing company types under the Italian Civil Code (ICC) to adopt *società benefit* status. Unlike in the US -where only specific corporate forms can become benefit corporations- Italy's model is available to all types of for-profit companies and cooperatives recognised under the Civil Code.

Italy's adoption of the società benefit model set **a global precedent**, inspiring other civil law countries to follow suit, most notably France, which introduced the *entreprise à mission* in 2019.

Benefit and Collective Interest Companies (BICs)

In 2018, **Colombia became the first Latin American country to establish Benefit and Collective Interest Companies (BIC) through** Law 1901. To qualify, companies must align their corporate purpose with at least one of five areas: business model, corporate governance, labour practices, environmental practices, and community engagement. BICs must also report their impact using independent standards (e.g., B Corp, GRI, ISO 26000).

With over 2500 BICs registered[30] -including companies like Alpina, Movistar, Casa Toro, and Tetra Pak- these types of businesses enjoy **several incentives**, such as reduced industrial property fees, preferential access to government credit lines, tax advantages for employee stock distribution, and preferential treatment in public procurement.

Societies of Benefit and Common Interest (SBICs)

In 2022, **Spain introduced the legal framework for Benefit and Common Interest Companies (SBICs) through** Law 18/2022, adapting the U.S. Benefit Corporation model to the Spanish context. This legislation allows companies, such as Public Limited Companies (SA) and Limited Liability Companies (SL), to adopt a triple-impact model, aligning their corporate objectives with social and environmental goals.

Although Law 18/2022 lays out the SBIC framework and mandates high standards of transparency and accountability, its **detailed regulatory development is still pending.**[31] Specific indicators and reporting mechanisms have not yet been defined.

SPOTLIGHT

One Size Doesn't Fit All: Recognising Social Enterprises Through Legal Forms and Certifications

Italy, **South Korea** and **Australia** illustrate **three different approaches** to recognising and supporting social enterprises. Whether through a **dedicated legal form**, a **government-led certification**, or a **market-based scheme**, each country has tailored its response to its legal and institutional context, highlighting that the usefulness and necessity of creating a specific legal figure for impact businesses is highly **context-dependent**.

In **South Korea**, the government **opted for a state-led certification mechanism rather than creating a new legal form.**[32] Under the 2007 Social Enterprise Promotion Act, social enterprises are officially recognised by the Ministry of Employment and Labour and certified through the Korea Social Enterprise Promotion Agency (KoSEA). Certification grants these enterprises access to financial and technical support while allowing them to operate under existing corporate forms.[33]

In **Australia**, in contrast, there's been a **market-driven approach**. There is no specific legal structure for social enterprises, and little urgency to create one.[34] Certification schemes such as B Corp have gained widespread adoption, with Australia and New Zealand now representing **the fastest-growing region per capita for B Corp certifications**.[35] The flexibility of existing corporate forms, combined with the strong uptake of voluntary standards, has reduced the perceived need for regulatory reform. A similar situation can be observed in **Canada**, where there is **no national legislation for social enterprises**. However, certification schemes and existing corporate frameworks have made a national legal form seem unnecessary, even though there have been some efforts at the subnational level for provinces such as British Columbia that have experimented with benefit company legislation.[36]

In countries where a **specific legal form does exist** -such as Italy or France- its creation has been driven by several factors: the **expansion of the social enterprise sector**; the **dynamism of networks advocating for legal recognition** (as in Italy, where the first Law on Social Cooperatives was passed in 1991); and the **demand from local governments for clearer frameworks** to enable collaboration and design tailored fiscal and support programs.

These contrasting cases show that **there is no single blueprint for recognising impact-driven businesses** - what works in one place may not work in another. The decision to create a specific legal form depends on how best to support the sector within each country's broader institutional and legal framework.

Sustainability Disclosure Regulation

Sustainability Disclosure Regulation (SDR) requires financial market participants to report on their impacts on the economy, people, and planet, alongside financial information. To comply, organisations must use Sustainability Disclosure Standards, which **ensure that the information disclosed is comprehensive, verified, comparable and decision-useful - the pillars of impact transparency**.[37] This transparency ensures that investors, consumers, and policymakers can make decisions that fully reflect both financial materiality (risks and opportunities) and societal materiality (impacts on people and the planet). In doing so, SDR makes visible the full set of sustainability issues that can influence long-term economic performance and societal well-being, enabling capital to flow towards projects and enterprises that create positive impact, while protecting beneficiaries and taxpayers from hidden sustainability risks.

SDR is a critical lever to:

- **increase transparency and accountability** by ensuring companies disclose **consistent, reliable, and comparable information** on their impacts and dependencies;
- **support informed investment and capital allocation** by enabling investors to integrate sustainability considerations into financial decision-making;
- **align business practices with national and global sustainability goals**, including climate targets and social development priorities;
- **level the playing field** by standardising disclosure requirements across sectors, reducing the risk of "greenwashing" and strengthening market trust;
- **enhance international competitiveness** by aligning with widely adopted global frameworks, such as the IFRS Foundation's International Sustainability Standards Board (ISSB) standards, while adapting requirements to local realities.

While companies can voluntarily adopt leading standards such as those from the Global Reporting Initiative (GRI), many jurisdictions now mandate sustainability-related disclosure, often alongside financial reporting, for publicly listed companies and, increasingly, large private enterprises. The growing trend is towards integrating the ISSB's global baseline into national regulations, either in full or with adaptations that reflect local market contexts. **Well-designed SDR frameworks enable governments to channel private sector innovation and investment towards sustainable outcomes while improving risk management at the national level**.

For more information on *Sustainability Disclosure Standards*, visit :

- IFRS Sustainability Standards Navigator,
- GRI Standards,
- IPSASB Sustainability Reporting.

Corporate Sustainability Reporting Directive (CSRD) & European Sustainability Reporting Standards (ESRS)

In 2023, the CSRD came into effect, replacing the Non-Financial Reporting Directive (NFRD) adopted in 2014, **requiring companies to provide more comprehensive and granular disclosures covering the entire spectrum of sustainability topics**, as detailed in the ESRS, developed by the European Financial Reporting Advisory Group (EFRAG). The CSRD, together with its predecessor, the NFRD, are considered the **first regulation globally to legally mandate comprehensive, standardised sustainability disclosures** across a broad set of companies. In contrast to most mandatory sustainability reporting requirements, **the CSRD embraces a "double materiality" approach**, requiring companies to report not only about their sustainability-related risk and opportunities, but also on impacts.

Brazilian Sustainability Disclosure Standards (CBPS 01 & CBPS 02)

The Brazilian sustainability reporting standard-setter CBPS and the Brazilian accounting institute (CFC) issued **CBPS 01 and CBPS 02, fully in line with the IFRS Foundation's S1 and S2 Standards, to guide corporate sustainability disclosures in the country**. Brazil was **one of the first countries to adopt the ISSB Standards** when, in October 2023, the financial regulator CVM and the Ministry of Finance announced the integration of ISSB standards into their regulatory framework.[38] The country adopted a phased approach, allowing companies to voluntarily apply the Standards from annual periods beginning in January 2024 but requiring them to apply the Standards from annual periods beginning in January 2026.

Australian Sustainability Reporting Standards (ASRS): AASB S1 and AASB S2

As part of Australia's Sustainable Finance Strategy, released for open consultation in 2023, the Government proposed "improving transparency on climate and sustainability" as one of its three pillars, also laid out in their Sustainable Finance Roadmap. **After public consultation on the draft Australian Sustainability Reporting Standards (ASRS), where stakeholders urged alignment with the ISSB's IFRS S1 and S2,[39] the Australian Accounting Standards Board (AASB) approved the final ASRS** once Parliament passed the enabling legislation.[40] The standards will take effect in three phases, with start dates tied to company size thresholds for consolidated revenue, total assets and employee headcount.

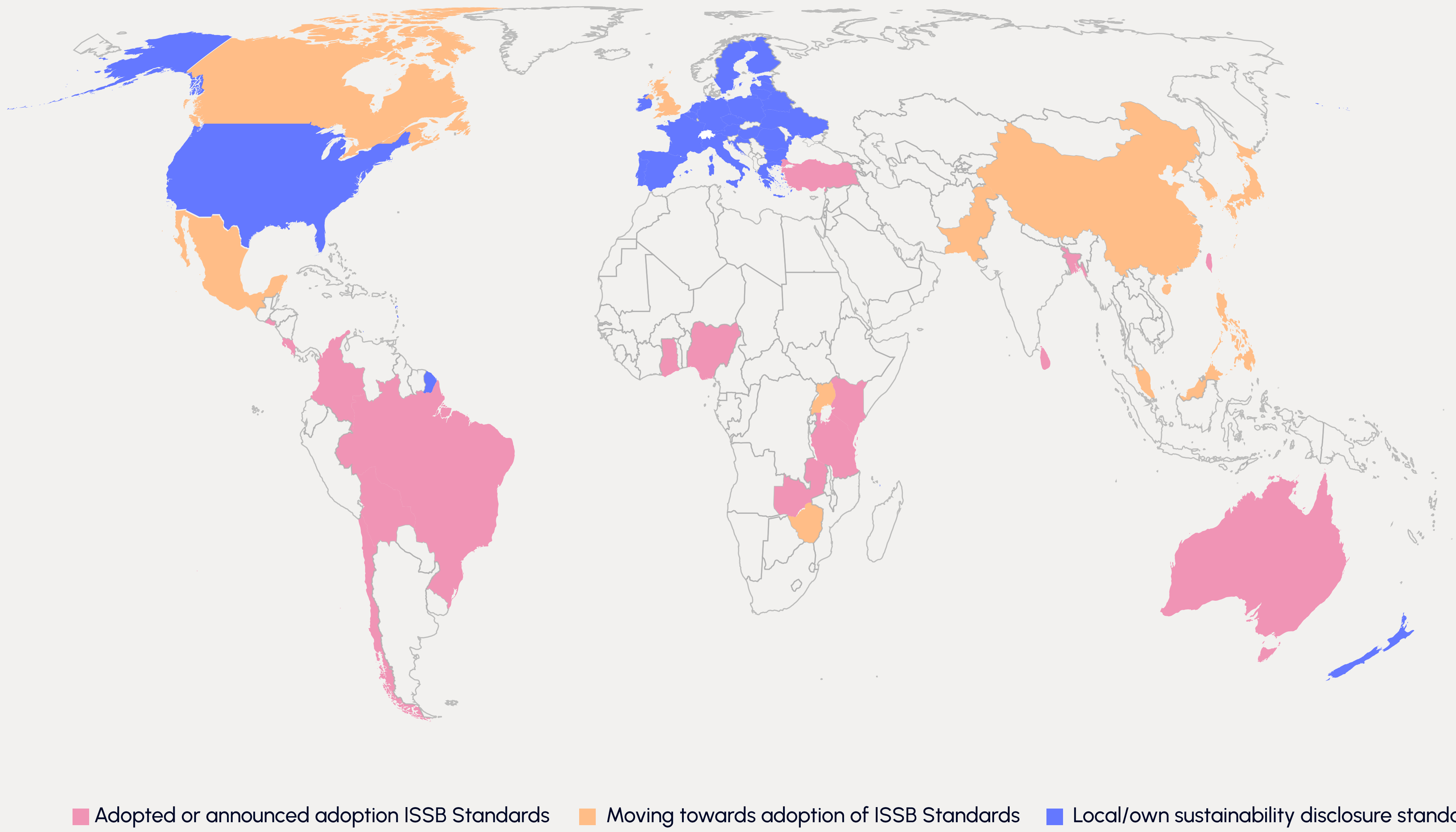
SPOTLIGHT

The State of Adoption of Sustainability Disclosure Standards Globally

Over the past years, a series of **sustainability disclosure guidelines** were developed to provide investors and other key market players with more, better, and **globally comparable information** on sustainability and impact-related risks and opportunities. At the outset, this included voluntary and issue-specific standards, such as those produced by the **GRI**, the **SASB**, the **TCFD**, and the **Integrated Reporting (IR) initiative**, amongst others. This led to a fragmented landscape which is only now beginning to move toward harmonisation, driven largely by the IFRS-ISSB and its efforts to establish a global baseline for sustainability-related disclosures, through the IFRS Sustainability Disclosure Standards (ISSB Standards).

As of late 2025, **16 jurisdictions have adopted the ISSB Standards**, either **in full or with local adaptations**. Additionally, despite headwinds from the suspended SEC climate-related disclosure rules and the European Union's simplification process, 20 jurisdictions are planning to introduce the standards into their regulatory frameworks in the future. Together, these jurisdictions represent **over half of global GDP** and **global GHG emissions**. Since their launch in 2023, emerging economies across multiple continents, including Brazil, Türkiye, and Nigeria, have been among the first to announce their adoption of the standards, setting a powerful precedent and demonstrating global momentum toward convergence.

Figure 4 State of adoption of sustainability disclosure standards



Adopted or announced adoption ISSB Standards		
Australia	Costa Rica	Sri Lanka
Bangladesh	El Salvador	Taiwan
Bolivia	Ghana	Tanzania
Brazil	Kenya	Turkiye
Chile	Nigeria	Zambia
Colombia	Singapore	

Moving towards adoption of ISSB Standards		
Canada	Malaysia	The Philippines
China	Mexico	Uganda
Hong Kong	Pakistan	United Kingdom
Japan	South Korea	Zimbabwe

Local/own sustainability disclosure standard		
European Union	New Zealand	United States

Source: ISSB (2024): Jurisdictional progress towards the adoption or other use of ISSB Standards & GSG Impact's research

Adopted or announced adoption ISSB Standards: either local standard-setter has an open consultation of standards based on ISSB or the local regulator has announced the adoption or other use of ISSB standards

Moving towards adoption of ISSB Standards: jurisdictions that have finalised decisions on adoption or other use of ISSB Standards

Local sustainability disclosure standard: jurisdictions that developed their own standards, before (such as New Zealand) or without necessarily considering ISSB

* *United States*: due to legal challenges, the SEC Climate Rule is currently in pause.

Clarifying Investors' Fiduciary Duties

Fiduciary duty refers to the obligation of investors to act in the best interests of their beneficiaries, traditionally understood through the principles of **loyalty** and **prudence**. In recent years, the interpretation of this duty has evolved to reflect the growing recognition that **Environmental, Social, and Governance (ESG) factors** can pose material risks and opportunities to long-term value creation. As a result, integrating financially material ESG considerations into investment decision-making is increasingly seen not as optional, but as a core component of fiduciary responsibility.

Under this expanded interpretation, fiduciaries are expected to **integrate financially material ESG considerations** into their investment decisions, engage in **active ownership** by promoting high ESG standards in their investee entities, and bolster the financial system's stability and resilience. They must also **disclose** their investment approach, detailing **how they incorporate beneficiaries' preferences** and **assess the associated risks and opportunities**.

In this context, governments have a critical role to play, since the definition of investors' duties has profound implications across the entire investment chain. **Through regulatory frameworks, governments can clarify that fiduciary duty**[41] **encompasses the consideration of climate and social-related risks**, and **establish mandatory disclosure requirements** to ensure consistent and transparent ESG practices across the financial sector. While voluntary or 'comply or explain' approaches represent progress, systemic change requires moving towards legally binding obligations. This means not only enabling investors to pursue sustainability objectives without conflicting with their fiduciary responsibilities, but also actively requiring them to do so in order to support a more resilient and accountable financial system.

For more information on *the modern concept of fiduciary duty -and how the integration of ESG factors has been clarified or mandated in different countries-* , visit:

- A Legal Framework for Impact (2021)
- PRI's report Fiduciary Duty in the 21st Century (2019)

Sustainable Finance Disclosure Regulation (SFDR)

Published in 2019 and effective from March 2021, the Sustainable Finance Disclosure Regulation (SFDR) introduces **mandatory sustainability-related disclosure requirements for financial market participants and advisers across the EU**. It applies broadly to **asset managers, pension providers, insurers, and financial advisers**, requiring both entity-level and product-level disclosures. The regulation also establishes a classification system for financial products, distinguishing between those that promote environmental or social characteristics (Article 8) and those with sustainable investment as an objective (Article 9), which by Q1 2025 accounted for EUR 6 trillion in assets -around 58% of the EU fund market-[42].

As the first EU regulation to set binding ESG labelling standards for financial products, the SFDR plays a critical role in ensuring consistent and comparable sustainability reporting across the financial sector, complementing disclosure requirements for companies and helping channel capital towards sustainable activities.

Regulation 28 of the Pension Funds Act

Enacted under South Africa's Pension Funds Act, **Regulation 28 requires pension fund trustees to consider environmental, social, and governance (ESG) factors as part of their fiduciary duty**. By embedding ESG considerations into the principle of prudent investing, the regulation makes sustainability a legal obligation rather than a voluntary practice. It requires all pension funds to develop a formal Investment Policy Statement (IPS) and mandates that boards of trustees assess ESG risks and opportunities throughout the investment lifecycle. Specifically, Regulation 28(2)(b) obliges funds to maintain an IPS, while Regulation 28(2)(c)(ix) states that trustees must consider any factor that may materially affect the sustainable, long-term performance of an asset - including, but not limited to, ESG factors.

To support implementation, the Financial Sector Conduct Authority (FSCA) issued Guidance Notice 1 in June 2019, setting **clear expectations for integrating ESG factors** into investment policy statements, active ownership practices, and public disclosures. Funds are **required to publish their investment policy statement and report annually on ESG integration**.

Government Pension Investment Fund (GPIF) Sustainability Investment Policy

Released in 2025, Japan's Government Pension Investment Fund (GPIF) Sustainability Investment Policy outlines a comprehensive approach to **integrating ESG and impact considerations into the investment and stewardship processes of the world's largest pension fund, with over USD 1.7 trillion in assets under management**.[43]

GPIF **explicitly includes "impact" in its definition of sustainable investment**, referring to investments that consider non-financial factors such as ESG issues and social or environmental effects. The fund commits to proactively disclosing information to investee companies and other capital market stakeholders, and requires its asset managers to embed ESG and sustainability considerations across both investment decisions and stewardship activities.

Fiscal Incentives

Fiscal incentives are public policy instruments that governments can use to direct private capital toward social and environmental objectives by making impact investments more financially attractive. These incentives typically take the form of **tax exemptions, reductions, or deductions**, either lowering investors' tax liabilities or providing relief directly to recognised impact enterprises.

Well-designed fiscal incentives can:

- **address financing gaps** by reducing the cost of capital for mission-driven enterprises that may struggle to access conventional finance;
- **stimulate private sector participation** in addressing public priorities by improving the risk–return profile of impact investments;
- **encourage formalisation and visibility** of the impact economy through linkage to specific legal forms or certification schemes.

Approaches vary across jurisdictions. However, in all cases, the effectiveness of these incentives depends on clear eligibility criteria, robust monitoring to avoid misuse, and integration with broader policies that strengthen the ecosystem for impact enterprises.

"Madelin" Income Tax Reduction

The "*Madelin*" tax reduction (IR-PME) is a French tax incentive established by law in 2014 that allows individuals domiciled in the country to benefit from an **income tax reduction when investing in the capital of small and medium-sized enterprises (SMEs).**[44] The incentive also includes a wide range of mission-driven entities recognised as **Social Utility Solidarity Enterprises (ESUS)**, also encompassing other organisations beyond social enterprises, such as associations, cooperatives, mutual societies, and foundations.

Despite a series of modifications over the years, the *Madelin* scheme has consistently maintained its core objective: encouraging individuals to invest in SMEs by offering upfront income tax reductions. One of the most recent changes highlighted the government's growing support for the ESUS sector, significantly increasing the tax reduction rate for investments in entities under this legal status, from 18% to 25%.

Tax Incentives for Social Impact Bonds

In 2018, Portugal became the second country in the world to introduce a **specific tax incentive to encourage investment in Social Impact Bonds (SIBs)** through its 2018 State Budget Law. Under this incentive, the amount invested by social investors in SIBs can be deducted from their taxable income, with a 30% bonus.[45] Given that investors receive indirect returns via tax benefits regardless of the financial performance of the SIB, this incentive makes such instruments more financially attractive.

Social Investment Tax Relief (SITR)

The Social Investment Tax Relief (SITR) scheme was introduced in 2014 through the UK's Finance Act 2014 to **incentivise private investment in social enterprises and charities**. Under SITR, individual investors could deduct 30% of the value of their investment from their income tax liability and defer capital gains tax when reinvesting gains into qualifying social enterprises. Additional benefits included loss relief and inheritance tax exemption (for equity investments). This tax incentive applied even if the investment generated no financial return, offering a form of indirect compensation through tax relief.

Between 2014 and 2020, **SITR supported approximately 110 social enterprises and mobilised GBP 11.2 million in investment**, before the UK government ended the scheme for new investments in April 2023.

Facilitating Retail Investors' Participation in the Impact Economy

Retail investors represent a significant yet often overlooked source of capital for the impact economy. While most discussions on mobilising private capital focus on institutional investors, **retail investors collectively hold +USD 100 trillion in savings**[46]. Unlocking even a fraction of this potential could channel billions towards projects that foster economic growth and deliver positive social and environmental outcomes.

Despite this potential, retail participation in sustainable and impact investing remains limited due to several structural barriers which include - but are not limited to- :

- low public awareness and visibility of available opportunities,
- the limited number of publicly listed impact companies - often due to their smaller size - making them inaccessible through mainstream investment channels,
- high minimum investment thresholds, and
- liquidity constraints, as many impact investments, particularly in unlisted companies or private markets, involve long lock-in periods that may not suit individual investors' needs.

Governments can play a key role in addressing many of these barriers by:

- **developing more flexible impact investment vehicles** to address liquidity concerns and high investment thresholds;
- establishing **reliable labelling schemes** for sustainable and impact products;
- **facilitating investment in unlisted impact enterprises**;
- tackling sustainable and impact investment literacy gaps through awareness campaigns.

Solidarity-based Funds ("90/10 funds")

Introduced by the 2001 Employee Savings Reform or "Fabius" Law (Law 2001-152), France's "Solidarity-based Funds" are a **unique financial vehicle designed to mobilise private capital for the Social and Solidarity Economy (SSE). Offered within employee savings schemes**, employees can choose to invest in these Funds, where 5% to 10% of their savings are allocated to social-purpose organisations (such as solidarity-based enterprises, microfinance funds and solidarity-based financial funders), with the remaining being invested in listed companies that meet France's Socially Responsible Investment (SRI) principles. The reliability is reinforced by the independent **Finansol Label**, which assures savers that their capital is directed to genuine solidarity economy actors.

This scheme has become a vital source of funding for small and early-stage social enterprises, which often face higher risk profiles and limited access to traditional capital markets. In just over two decades, the **solidarity finance sector** in France has expanded considerably - **from EUR 220 million in 2001, prior to the "Fabius" Law, to EUR 6 billion in 2013, and reaching a record EUR 30.2 billion in 2023**[47]. This hundred-fold surge has been powered above all by solidarity employee-savings vehicles (the 90/10 funds), which now represent roughly 60 % of total solidarity assets.

European Long-Term Investment Funds (ELTIFs) Regulation

Established in 2015 through Regulation (EU) 2015/760, **European Long-Term Investment Funds (ELTIFs)** are a category of Alternative Investment Funds (AIFs), **designed to channel non-bank capital into the real economy**, including infrastructure projects, SMEs financing, and other long-term investments. Given limited uptake, in 2023 the EU Commission reviewed the first version of the regulation and launched **"ELTIF 2.0."**, introducing more flexible investment rules for managers, broadening the scope of eligible assets, allowing funds of funds, easing borrowing limits, and, crucially, **removing key barriers for retail investor participation.**

Since the European Commission published its proposal, the number of ELTIFs has more than quadrupled, rising from 28 in October 2020 to 125 by June 2024[48]. They have been established across several Member States, including Luxembourg (84), France (20), Italy (13), Ireland (6), and Spain (2).

Venture Capital Trusts Scheme

Introduced in 1995 and updated by subsequent regulations, the UK's Venture Capital Trusts (VCTs) scheme creates a **regulated, tax-advantaged investment pathway for retail investors to channel capital into small, high-growth unlisted companies that would otherwise be out of reach** through the conventional offering of public markets. As a publicly listed company on the London Stock Exchange (LSE) and with low investment thresholds, VCTs gather funds from investors and invest in a diversified portfolio of qualifying early-stage, unquoted businesses.

Although not explicitly designed to support impact-driven businesses, the UK's Venture Capital Trusts (VCTs) illustrate how regulation can create accessible and regulated pathways for retail investors to invest in unlisted, early-stage companies - precisely the segment where social enterprises often operate. Their sustained relevance is evidenced by the market's remarkable expansion since 1995: **in the 2022/23 tax year alone, VCTs issued over £1 billion (~USD 1.3 billion) in shares, with 44 trusts raising funds and more than 26,000 investors claiming income tax relief on nearly £1 billion of investment**[49].

Government as a Market Facilitator

Policy Tools	Description	Best Practices
Sustainable Finance Taxonomies	Classification systems that define sustainable economic activities, creating a common language for financial markets and channeling investments toward environmental and social objectives	· Colombia's Green Taxonomy · South African Green Finance Taxonomy · Thailand Taxonomy · SPOTLIGHT: The evolution of Sustainable Finance Taxonomies World-wide
Dedicated Government Agencies	Specialized public agencies or units with a sustained mandate to develop the impact economy, ensuring the continuity of the agenda across political cycles	· Inclusive Economy Unit (*UK*) · Korea Social Enterprise Promotion Agency (KoSEA) (*South Korea*) · Social Investment Agency (*New Zealand*)
Government-enabled wholesale funds	Financial platforms established or supported with catalytic capital by governments to provide flexible financing for impact enterprises and intermediaries	· Better Society Capital (*UK*) · Social Impact Fund (*Spain*) · JANPIA (*Japan*)
National Impact Strategies	National roadmaps that set priorities, establish targets, and define responsibilities and coordination mechanisms to advance the impact economy	· 2030 Agenda for Impact *(Portugal)* · Grand Design and Action Plan for a New Form of Capitalism *(Japan)* · Social Innovation and Social Finance Strategy *(Canada)* · SPOTLIGHT: Building on Proven Success: ENIMPACTO as a Blueprint for National Impact Strategies
Capacity Building Programmes	Training initiatives that provide impact-driven businesses with technical assistance, mentorship, grants, and/or access to investor and advisor networks	· Social Enterprise Development Initiative (*Australia*) · REACT with impact (*Germany*) · J-Startup Impact (*Japan*)

Sustainable Finance Taxonomies

Sustainable finance taxonomies provide a common language to identify, classify and compare sustainable economic activities, listing and defining which sectors and activities qualify as sustainable based on specific criteria - either qualitative (e.g., social safeguards) or quantitative (e.g., emission thresholds).[50] As such, taxonomies help **assess whether economic activities are sustainable** and **channel investments** towards projects that **support environmental and social objectives**, while reducing the risk of greenwashing.

The emergence of taxonomies was partly driven by the rapid growth of the green bond market and early voluntary guidelines, such as the Green Bond Principles developed by the International Capital Market Association (ICMA), which encouraged transparency but did not define detailed, science-based eligibility criteria.[51] Over time, governments began formalising these definitions through national taxonomies to provide clear and consistent guidance for financial markets.

Taxonomies support better-informed decision-making and facilitate investment opportunities that contribute to achieving national environmental objectives. However, they are just one element of a broader policy framework. Once established, they can enable governments to **issue disclosure regulations** aligned with the taxonomy, develop **sustainability labels and standards**, **issue sovereign bonds** accordingly, and **monitor progress on national and international commitments** such as their contributions to the SDGs and the Paris Agreement.

For more information on *taxonomies* visit:

- SBFN Toolkit on Sustainable Finance Taxonomies (May, 2024)
- NATIXIS New Geography of Taxonomies (July, 2023)
- Green Taxonomy: A Guidance Note by UNESCAP
- PRI's Implementation guide for sustainable investment policy and regulation tools: taxonomies of sustainable economic activities (June, 2022)

Thailand Taxonomy

Thailand's Green Taxonomy was developed by the Thailand Taxonomy Board -a multi-stakeholder body comprising key public and private institutions, including the Bank of Thailand, the Securities and Exchange Commission, relevant ministries, and industry associations.

Phase I of the Taxonomy was adopted in 2023, covering the energy and transportation sectors. **Phase II**, launched in May 2025, expanded the scope to agriculture, construction and real estate, manufacturing, and waste management. Together, the six sectors account for 95% of Thailand's GHG emissions and over 40% of its GDP[53]. Its **phased approach** offers a practical model for jurisdictions seeking to begin with high-emission sectors and expand over time.

South African Green Finance Taxonomy

South Africa's Green Finance Taxonomy was officially launched in 2022, becoming the **first sustainable finance taxonomy in Africa**. Led by the National Treasury and developed through the Taxonomy Working Group (TWG) -a multi-stakeholder body under the Sustainable Finance Initiative- its development was supported by various public and private actors.

The taxonomy complements existing voluntary initiatives and policy measures, such as guidance on ESG risk management and disclosures. It aims to mobilise sustainable finance and strengthen the financial sector's contribution to achieving the Sustainable Development Goals (SDGs) and South Africa's National Development Plan (NDP).

Colombia's Green Taxonomy

Colombia's Green Taxonomy was officially published in 2022 as the **first green taxonomy in Latin America**. Led by the Ministry of Finance and Public Credit and the Financial Superintendence, its development was supported by international organisations, including the International Finance Corporation (IFC), the World Bank, and the Climate Bonds Initiative (CBI). The taxonomy plays a key role in mobilising finance for the country's green transition, complementing Colombia's Measurement, Reporting, and Verification (MRV) system, which has been tracking climate finance flows since 2017.[52]

Drawing inspiration from the EU Taxonomy to ensure **global interoperability and access to international capital**, Colombia adapted key elements to reflect **local priorities and realities**. While it shares six of the EU's seven environmental objectives, it includes an additional objective on **land use management**, highlighting the strategic role of **agriculture, forestry, and livestock** in its economy. The inclusion of activities linked to these sectors was later mirrored by other taxonomies developed in the region, such as **Mexico's Sustainable Taxonomy** (2023) and **Panama's Sustainable Finance Taxonomy** (2024).

SPOTLIGHT

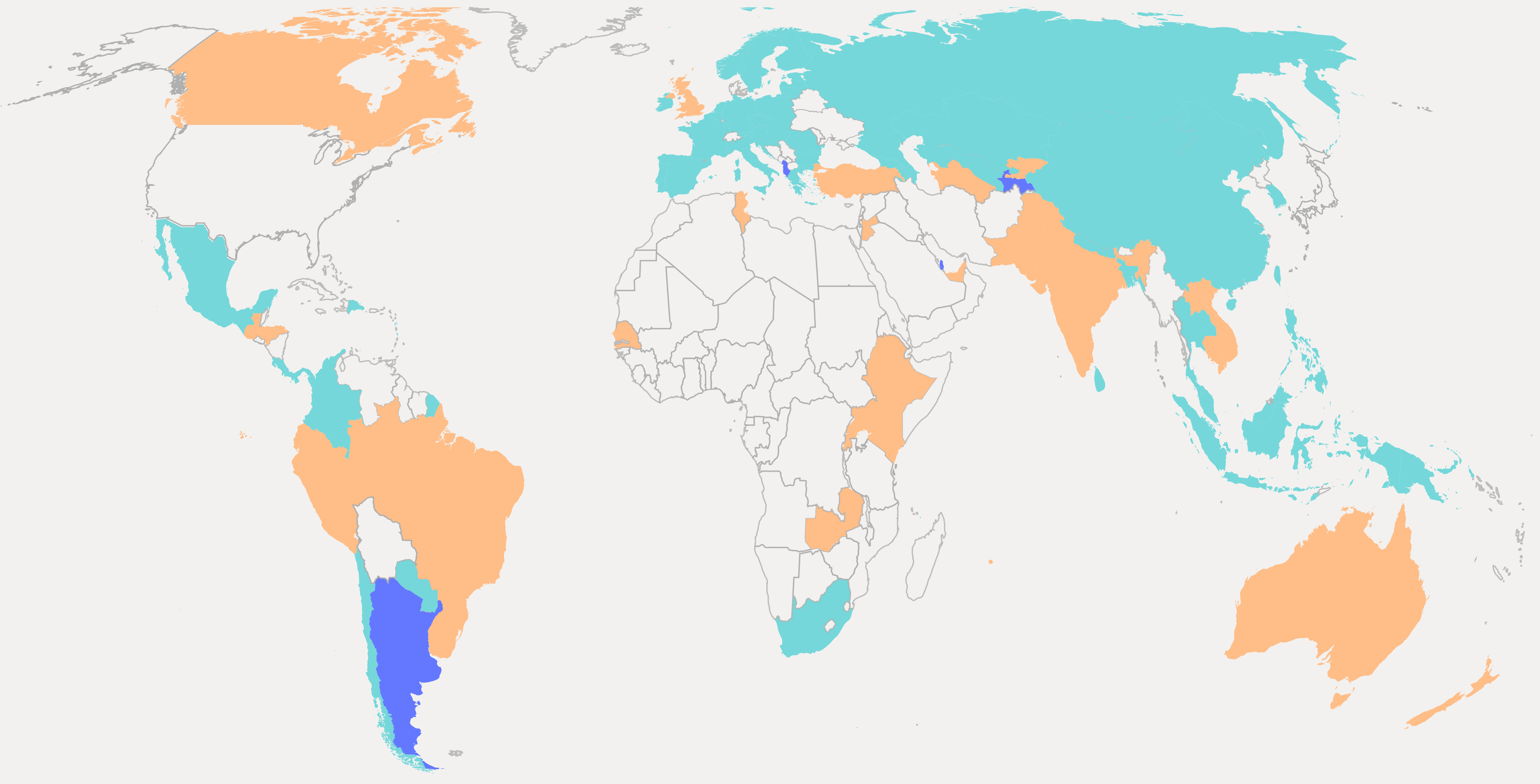
The evolution of Sustainable Finance Taxonomies Worldwide

The development of **sustainable finance taxonomies** has gained significant momentum globally, with **more than 53 taxonomies currently underway** and **24 already fully developed**. Asia and Europe are leading the way, together accounting for over 16 taxonomies, including two major regional frameworks: the European Union (EU) Taxonomy and the Association of Southeast Asian Nations (ASEAN) Taxonomy.

China was the first country to introduce a detailed and mandatory framework for assessing and approving green bond issuances, with the launch of the Green Bond Endorsed Project Catalogue in 2015 (updated in 2020), also referred to as the Chinese taxonomy. The **EU** followed with the publication of its taxonomy in 2020. These early efforts have become **key reference points** for countries developing their own frameworks. While **South Africa** and **Colombia** have followed the European model, **Mongolia's taxonomy** is primarily based on the Chinese approach.

Since these pioneering initiatives were implemented over a decade ago, taxonomy development has expanded significantly across other regions. **Latin America and the Caribbean**, for instance, have made steady progress, with seven taxonomies already published in Colombia, Mexico, Costa Rica, Guatemala, Chile, the Dominican Republic, and Panama. However, in other regions such as the Middle East and Africa, taxonomy development has not advanced at the same pace.

Figure 5 The Global Landscape of Sustainable Finance Taxonomies, 2025



Source: Center for Clean Air Policy (CCAP). The Next Wave: Global Trends in Sustainable Finance Taxonomies. 2025

Developed and implemented		
Azerbaijan	Indonesia	Philippines
Bangladesh	Kazakhstan	Russia
Chile	Malaysia	Singapore
China	Mexico	South Africa
Colombia	Mongolia	South Korea
Costa Rica	Nepal	Sri Lanka
Domincan Republic	Norway	Thailand
EU	Panama	Uzbekistan
Georgia	Papua New Guinea	
Hong Kong	Paraguay	

Under development		
Armenia	India	Senegal
Australia	Jordan	Tunisia
Brasil	Kenya	Turkiye
Cambodia	Kyrgyzstan	Turkmenistan
Canada	Laos	UAE
Ecuador	Mauritius	Uganda
Ethiopia	New Zealand	UK
Fiji	Pakistan	Uruguay
Guatemala	Peru	Vietnam
Honduras	Rwanda	Zambia

Plan to develop		
Albania	Argentina	Tajikistan
Qatar		

Dedicated Government Agencies Supporting the Impact Economy

Governments seeking to foster impact economies -whether through social investment, support for social enterprises, or broader ecosystem development- have established **dedicated agencies or units** with a clear and sustained mandate. These bodies are typically **responsible for implementing and overseeing** programmes that **drive impact investment** and **support the wider development of the impact economy**.

While their specific focus may vary by country -from promoting social enterprises and cooperatives in South Korea through the [Korea Social Enterprise Promotion Agency (KoSEA)], to strengthening the social investment agenda in the UK and New Zealand- these units enable **coordination across different government departments.** Beyond their operational roles, these agencies serve as **policy anchors**, ensuring continuity of the impact economy agenda **across political cycles** and enabling **long-term public–private collaboration**. They also act as **conveners and knowledge hubs**, facilitating cross-sector learning and alignment between government, civil society, and the private sector.

Inclusive Economy Unit

Established in 2016 within the UK's Department for Digital, Culture, Media and Sport (DCMS), the **Inclusive Economy Unit (IEU) aims to strengthen the UK's social investment agenda**. Building on over a decade of institutional evolution -starting with the Social Enterprise Unit in 2001, followed by the Office of the Third Sector in 2006 and the Office for Civil Society in 2010- the IEU consolidates efforts to harness private capital for public good, improve public service delivery, and promote responsible business.

The unit works across government departments and with partners in the private and third sectors to encourage investment that generates both social impact and financial returns. Its **priorities** include **scaling social enterprises, supporting innovative financing tools, and embedding impact into public procurement and commissioning processes**.

Korea Social Enterprise Promotion Agency (KoSEA)

Established in December 2010 under the Ministry of Employment and Labour and mandated by Article 20 of the Social Enterprise Promotion Act, the Korea Social Enterprise Promotion Agency (KoSEA) plays a central role in advancing the social economy in South Korea. As the **implementing agency of Korea's Fourth Master Plan for the Promotion of Social Enterprises (2023–2027)**, KoSEA plays a strategic role in advancing social economy policy nationwide. It supports social enterprises through **mentorship and training**, access to finance via **crowdfunding and investor matchmaking**, and market linkage support via **preferential procurement schemes**, among a comprehensive set of programmes.

A key function of KoSEA is **administering the country's rigorous certification process** that formally recognises organisations as social enterprises under the Social Enterprise Promotion Act. Since 2024, certification support has been decentralised through a nationwide network of centres to improve accessibility and reach. KoSEA also oversees the implementation of the **Social Value Index (SVI)**, an objective framework to measure the social impact of enterprises.

Social Investment Agency

Re-established in 2024 as a standalone Public Service department, the **Social Investment Agency (SIA)** is New Zealand's central government department responsible for **leading the implementation of the country's social investment strategy**. The SIA sets practice standards, strengthens data and evidence infrastructure, and supports government agencies in applying a social investment approach to spending. Positioned alongside the Treasury and the Department of the Prime Minister and Cabinet, it plays a central role in overseeing social investment across government.

As outlined in its Strategic Intentions 2024/25–2028/29, a key priority for the SIA is the **launch of the Social Investment Fund in 2025**. This fund will provide outcome-based financing to NGOs, iwi, and local service providers. The agency is also establishing a Social Investment Board, developing a system-wide outcomes-based contracting model, and leading the delivery of key components of Budget 2025 aligned with social investment priorities.

Government-enabled Wholesale Funds

Wholesale funds are financial platforms that aggregate large pools of capital to provide **flexible and catalytic financing** to businesses and intermediaries.[54] They help **grow the volume of private capital flowing to purpose-driven enterprises** and contribute to **broader market development**, mainly by supporting pipeline development, deploying de-risking mechanisms, and facilitating collaboration across the ecosystem.

Governments have played a critical enabling role in the establishment of wholesale funds. This has included enacting legislation to unlock dormant or unclaimed assets -as seen in the cases of Big Society Capital in the UK and JANPIA in Japan- or directly deploying catalytic capital to support the creation of these funds, as in the case of Spain. Regardless of the approach, government involvement in creating wholesale funds strengthens the impact economy, as these vehicles act as market builders that reinforce and expand the entire ecosystem.

For more information on *Wholesalers* visit:

- Impact Investment Wholesalers and Fund of Funds
- Building Impact Investment Wholesalers.

Better Society Capital

The **UK's** **Better Society Capital** (formerly known as Big Society Capital) was established in 2012 as the **country's leading social impact investor**, with the mission to increase the flow of capital to organisations tackling social challenges and inequalities. Initially capitalised with GBP 625 million (~USD 782 million), **BSC has mobilised nearly GBP 4 billion (over USD 5 billion) to social purpose organisations** via its own investments and co-investment partnerships, supporting more than 3,750 charities and social enterprises across the UK on issues such as homelessness, mental health, and financial exclusion.[55]

A key enabler for BSC's creation was the enactment of the Dormant Bank and Building Society Accounts Act (2008), which allowed for the redirection of unclaimed assets from dormant accounts towards social purposes. This legislation provided 60% of BSC's initial funding through English dormant bank accounts, with the remaining 40% contributed by UK retail banks.

Social Impact Fund

Spain's **Social Impact Fund** (FIS) was launched in 2024 as a **public financial instrument to boost impact investment and strengthen the country's social and impact economy**. Managed by COFIDES (Spain's Development and Cooperation Agency) and **backed by an initial allocation of USD 430 million** from the Recovery, Transformation and Resilience Plan, the Fund aims to mobilise private capital towards businesses and projects addressing social and environmental challenges.

The FIS offers flexible financing mechanisms -including fund investments, direct co-investments, and concessional loans- and provides technical assistance, particularly in impact measurement and evaluation. It explicitly adopts a definition of impact investment aligned with global best practices, targeting projects that intentionally pursue measurable social and/or environmental outcomes alongside financial returns.

JANPIA

Launched in 2019, **JANPIA** **-Japan's impact investment wholesaler-** is **responsible for directing dormant assets towards social good and strengthening the ecosystem of nonprofits and social enterprises** addressing the country's most urgent challenges. Since its inception, **it has allocated approximately USD 18.7 million in grants**, complementing national and local government funding and encouraging private sector engagement. As of February 2024, 279 Fund Distribution Organisations (FDOs) had supported over 1,073 organisations across Japan's 47 prefectures.

JANPIA was established under the 2016 Dormant Deposit Utilisation Act, which enabled unclaimed bank assets to be repurposed for public benefit. Each year, approximately USD 816 million in dormant deposits feed into the Dormant Utilisation Fund (DUF), which JANPIA has managed since 2019. The model was inspired by the UK's Big Society Capital, the first impact wholesaler globally, launched in 2012.

National Impact Strategies

National Impact Strategies serve as comprehensive **roadmaps** to advance impact economies, identifying government **priorities and actions** tailored to a country's specific circumstances, existing policies, and legal frameworks. These strategies typically: a) Set clear, measurable **targets** and **objectives**; b) Align the activities of multiple **sectors** and **levels** of **government**; c) Define specific **responsibilities** and **coordination mechanisms**; and d) Often **include legally binding measures**, usually supported by additional legislation to ensure effective implementation.

What makes these strategies especially relevant is that they adopt a **whole-of-government approach to advancing the impact economy**. Rather than pursuing isolated or fragmented reforms, they offer a coherent and integrated policy framework. This not only helps coordinate efforts across stakeholders and government agencies but also fosters the political consensus and alignment needed to design and sustain long-term reforms that can withstand political cycles.

While references to impact investing can be found in the national development plans of countries such as Zambia, Colombia, and Türkiye, comprehensive national strategies specifically designed to foster impact economies remain rare. Few countries have adopted dedicated frameworks for the impact economy, with Brazil's *Ten-Year National Impact Economy Strategy (2023–2032)* and Portugal's *2030 Agenda for Impact (AFI30)* standing out as among the most targeted, ambitious, and comprehensive strategies. Other national strategies or blueprints tend to have a narrower scope, typically targeting either the demand for impact capital -eg. blueprints for social enterprises or broader frameworks for the social and solidarity economy - or the supply of capital, often via green or sustainable finance strategies aimed at mobilising financial flows towards environmental goals.

2030 Agenda for Impact

Launched in 2022, **Portugal's *Agenda 2030 for Impact* is the national strategy to accelerate the country's impact economy**. Co-created through a participatory process involving over 400 organisations, the strategy sets clear 2030 targets, including **mobilising EUR 500 million for impact investment** and **supporting 2,500 impact enterprises**.

Key priorities include strengthening Portugal Social Innovation (PSI), expanding tax incentives for social investment, building capacity among social enterprises, and redirecting unclaimed assets into impact finance. It also promotes new financial instruments under PT2030 -such as green savings accounts and guarantee-free loans- and reinforces Portugal's commitment to outcomes-based mechanisms, targeting USD 160 million in related contracts and funding.

Grand Design and Action Plan for a New Form of Capitalism

Launched in 2024, **Japan's *Grand Design and Action Plan for a New Form of Capitalism* is the government's overarching strategy to drive economic transformation** under a renewed vision of capitalism that achieves economic growth while addressing pressing social challenges. Key pillars include labour market reform, industrial innovation, energy and food security, and the promotion of investments in Green Transformation (GX).

Impact investment plays a central role in the Action Plan, which outlines measures such as promoting impact startups through a national certification framework; expanding access to finance and public procurement opportunities for certified impact-oriented companies; creating the *Impact Consortium*, a platform for knowledge exchange and collaboration; and scaling up Social Impact Bonds.

Social Innovation and Social Finance Strategy

Launched in 2018, **Canada's Social Innovation and Social Finance (SI/SF) Strategy aims to build a more inclusive and sustainable economy** by supporting Social Purpose Organisations (SPOs) in the country. Developed through a co-creation process, the strategy consists of three main components: the Investment Readiness programme (IRP), which **allocated USD 74 million to help SPOs**; the Social Finance Fund (SFF), a **USD 559 million initiative to expand Canada's social finance market through intermediaries**; and the Social Innovation Advisory Council (SIAC), which advises the government on the strategy's evolution.

SPOTLIGHT

Building on Proven Success: ENIMPACTO as a Blueprint for National Impact Strategies

In 2023, Brazil launched its updated ***National Impact Economy Strategy* (ENIMPACTO)** through Presidential Decree 11.646/23, building on the *National Strategy for Businesses and Impact Investing* introduced in 2017. Led by the Ministry of Development, Industry, Trade, and Services (MDIC), the new strategy sets clear and ambitious targets, including supporting 12,500 impact businesses and certifying over 300 impact-focused incubators and accelerators.

Structured around five strategic pillars -expanding access to capital, growing the number of impact businesses, strengthening intermediaries, improving the regulatory environment, and deepening coordination with subnational governments- ENIMPACTO offers a comprehensive blueprint for fostering a vibrant impact economy.

The 2017 strategy significantly boosted Brazil's impact ecosystem. It expanded access to capital through the selection of three BNDES-backed Impact Funds (representing at least USD 160M), launched a Receivables Investment Fund call with a potential contribution of up to USD 800 million, and allocated an extra USD 350 million for COVID-19 response. The number of **impact businesses grew from 579 in 2017 to 1271 in 2021**, over **100 start-ups were accelerated**, more than **19,500 individuals received capacity building**, **75+ intermediary organisations were supported**, and 140 professors across 70 universities were trained in impact-related topics[56]. **Enimpacto also spurred significant subnational uptake[57]: eight Brazilian states and several municipalities** are currently developing or implementing their own local impact strategies, aligned with the national framework but adapted to the subnational context.

Taken together, these results position Brazil's National Impact Strategy as a **leading global example of how to design and implement national strategies that catalyse the impact economy**. With a proven track record of measurable results, the strategy not only mobilised capital and strengthened the national impact ecosystem but also successfully permeated subnational levels, inspiring states and municipalities to adopt and adapt it to their own contexts.

Image source: Video "Conheça a Enimpacto - Politicas Públicas para uma Nova Economia" MDIC

Capacity Building Programmes

Capacity-building programmes aim to **strengthen the skills, systems, and strategies of impact-driven enterprises** so they can grow sustainably, deliver measurable social or environmental outcomes, and attract investment. These programmes typically provide targeted support such as business planning, financial management, impact measurement and management (IMM), legal and governance structuring, and market access. **Support may come in the form of technical assistance, training, mentorship, grants, or facilitated access to networks of investors and advisors**. Capacity-building programmes often involve partnerships between governments, private sector actors, and intermediary organisations (such as incubators or accelerators). These programmes aim to bridge the gap between promising impact-focused initiatives and the investment ecosystem, enabling them to scale their operations and increase their positive impact.

Social Enterprise Development Initiative (SEDI)

The Social Enterprise Development Initiative (SEDI), launched in the Australian Government's 2023–24 Budget as part of the "Targeting Entrenched Disadvantage" package, **allocated AUD 11.6 million (USD 7.2 million) to strengthen the social enterprise sector**. The programme provides grants of up to USD 75k to social enterprises supporting the vulnerable (with a focus on First Nations communities and those in regional and remote areas), to build organisational capacity through services such as business planning, financial management, legal support, contract negotiation and impact measurement and evaluation. The SEDI also includes a sector-wide education and mentoring component coordinated by Social Enterprise Australia (SEA), which includes Understorey, a digital platform that serves as a central hub for learning, knowledge exchange, and peer support within the sector.

REACT with impact

The "REACT with impact – Promoting Social Entrepreneurship" programme **supported public-benefit small and medium-sized enterprises (SMEs) and social startups by offering tailored consulting services**. The programme's primary objectives were to provide stability and professionalise these organisations, enhance their investment readiness, and foster networking and cooperation among SMEs. The support services were delivered by organisations with network connections and direct expertise in supporting common good companies in the early growth phase, including incubators, accelerators, coworking spaces, business development agencies, chambers of commerce, technology and start-up centres and universities.

Did you know?

As a spinoff of "REACT with Impact", and as part of Germany's National Strategy for Social Innovations and Public Benefit Enterprises, the Ministry for Economic Affairs and Climate Action launched in 2024 a new funding programme to promote public benefit companies, building on its predecessor. The funding allocated is around EUR 110 million, the largest funding programme for public benefit companies in Germany to date.

J-Startup Impact

In 2023, the Ministry of Economy, Trade and Industry of Japan launched the **J-Startup Impact programme to support startups that tackle social issues while achieving sustainable growth**, with the potential to succeed globally. The programme operates through a public-private partnership, providing selected startups with intensive support to drive innovation and bring new value to the world. The ultimate goal of the initiative is to boost awareness and foster a ripple effect throughout Japan's impact startup sector. J-Startup Impact was launched as a dedicated track within the broader J-Startup, in line with the Japanese government's "New Form of Capitalism" vision.

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9 Given the absence of systematic impact evaluations to assess the results or outcomes of the 45+ policies and regulations highlighted as successful in this report, the GSG Team developed its own methodology - based on the criteria outlined above - to identify and select policies considered as best practices.

10 Where possible, priority was given to recent examples (i.e. implemented over the past five years), with special attention to those where GSG National Partners played a critical enabling role (for which we benefited from close consultation with and engagement from our global community, including members of the GSG "Coalition of Action on Impact Policymaking", to whom we are deeply thankful)

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