

# The social innovation ecosystem in Sweden

Requirements and challenges  
for the promotion of social innovation in Sweden

June 2022

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**Funded by  
the European Union**

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Mapping and analysis of the Swedish social innovation ecosystem

BuiCaSuS Deliverable 2.2.3



Funded by the EU Programme for Employment and Social Innovation (EaSI)

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## 1 Summary

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Europe and Sweden face many complex societal challenges in the form of, for example, unemployment, poverty, the ageing population and climate change. In the search for new solutions to these challenges, the importance of cross-sectoral collaboration and social innovation is increasingly highlighted. Social innovations have great potential to contribute to transformative and systemic change in society.

This report outlines the social innovation ecosystem in Sweden, as part of the European consortia Building Capacity for a Sustainable Society (BuiCaSuS) funded by the European Commission to establish competence centres for social innovation in its member states – where Forum for Social Innovation (MSI) coordinates the Swedish efforts. It summarises results from previous surveys and reports and describes the conditions, functions and actors involved in the Swedish ecosystem, outlining opportunities and challenges.

The report asserts that there are, essentially, good preconditions for social innovation in Sweden, in the form of engaged actors and manifold initiatives. The Swedish Government's strategy for social enterprise and social innovation has also provided a sound foundation and helped bring actors together. In addition, there is widespread commitment in many sectors to achieving the global sustainability goals of the 2030 Agenda.

At the same time, there is a lack of clear political support and guidance for social innovation and social enterprise in Sweden. Access to more long-term and systematic financing is needed to establish and scale social innovations and ventures. More knowledge and research are also needed. Overall, there is a need for a clearer organisation of the social innovation ecosystem.

At present, there is a need for specific ecosystems for social innovation and social enterprise, as this report shows. In the long term, however, even more actors need to adopt socially innovative methods to address complex societal challenges, renew the Swedish welfare system and achieve the global sustainability goals of the 2030 Agenda.

To strengthen the social innovation ecosystem in Sweden, this report makes the following recommendations:

- Clearer political leadership on national, regional and local levels
- Improved long-term financing of social innovation
- Strengthened coordination and cross-sectoral collaboration
- Ensure participation and influence for target groups
- Integrate social innovation in day-to-day activities
- Promote local and regional platforms

- Expand the role of academia and research in social innovation

## 2 Introduction

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### 2.1 Background

Cross-sectoral collaboration and social innovation are increasingly seen as important tools in meeting the most complex societal challenges of our time. In the Council for the European Social Fund in Sweden's programme for 2021–2027, social innovation is included both as a programme area and as a perspective that must be applied in the implementation of the programme as a whole.<sup>1</sup> To strengthen ecosystems for social innovation, the European Commission has funded competence centres for social innovation in every member state.<sup>2</sup> The purpose of these competence centres is to strengthen social innovation ecosystems in all member states and to act as a resource for managing authorities in their implementation of social fund programmes. In Sweden, the Forum for Social Innovation (Mötesplats Social Innovation – MSI) at Malmö University serves as a competence centre, in collaboration with Inkludera and Reach for Change.

Sweden's competence centre is part of 'Building Capacity for a Sustainable Society' (BuiCaSuS), one of six European consortia.<sup>3</sup> BuiCaSuS comprises partners from four countries (Sweden, Spain, Latvia and France). Between 2021 and 2023, it will strengthen the ecosystems of participating countries and contribute to an exchange of experiences of supporting social innovation. Its work also includes developing a strategy for the competence centres' continued work on a national level. This report is part of that work. The purpose is to outline the social innovation ecosystem in Sweden, including its challenges and context, based on previous surveys and reports.

### 2.2 Purpose and scope

The purpose of this report is to outline the social innovation ecosystem in Sweden, with a focus on the factors that facilitate and constrain its ability to contribute to and strengthen processes for social innovation.

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<sup>1</sup> <https://www.esf.se/vara-fonder/socialfondsprogrammet-esf-2021-2027/>.

<sup>2</sup> <https://ec.europa.eu/social/main.jsp?catId=629&langId=en&callId=604&furtherCalls=yes>.

<sup>3</sup> <https://buicasus.eu/>.

The outline is based on previous surveys and reports that focus on the social innovation ecosystem in Sweden, its context and the challenges it faces. In doing so, we aim to highlight the need for collaboration and co-creation between several different actors, in order to meet complex societal challenges – something which has been afforded attention in both Swedish and international research.<sup>4</sup> The focus on ecosystems implies that individual innovators and entrepreneurs are not expected to be able to improve the world independently, without necessary interaction and co-creation with other actors in society.<sup>5</sup> Support for individual innovators and entrepreneurs – and analysis of their circumstances – is something that is already done well by other actors in Sweden.<sup>6</sup> Reports and other input from these actors form the basis of this report.

The aim of this report is to give an overview of the Swedish ecosystem's status, its role, the types of actors involved, and the present challenges and opportunities. The intent, however, is not to provide a comprehensive picture of all actors and initiatives in the ecosystem. The competence centres' work is bound up with implementing the European Social Fund's programme, so the report also contains a section describing the fund's work in the area of social innovation.

## 2.3 Method and sources

In recent years, several studies and other reports have been done, describing the ecosystem around social innovation and social enterprise in Sweden. This report summarises the results and conclusions from some of the previous reports.

The studies that form the basis of this report are marked with an asterisk in the reference list, which can be found at the end of this report. These studies were produced by Sweden's innovation agency Vinnova, the Swedish Agency for Economic and Regional Growth (Tillväxtverket), the European Commission, the Nordic Council of Ministers, the Forum for Social Innovation (MSI), Lund University, Region Stockholm, Reach for Change, Ashoka and others.

MSI performed the task of identifying and reviewing the relevant studies, focusing on reports that describe the Swedish ecosystem, its challenges and conditions. To provide as current an overview as possible of the Swedish ecosystem, the selection was limited to reports published after 2014.

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<sup>4</sup> See e.g., Butzin & Terstriep, 2018; Gawell et al., 2020; Mulgan & Pulford, 2010.

<sup>5</sup> Domanski & Kaletka, 2018, Kaletka et al., 2016.

<sup>6</sup> See e.g., <https://www.samhällsentreprenörskap.com>.

## 2.4 Key concepts

A clarification of the concepts central to this report follows.

### **Social innovation**

“Social innovations are innovations that are social in both their ends and their means. Specifically, we define social innovations as new ideas (products, services and models) that simultaneously meet social needs (more effectively than alternatives) and create new social relationships or collaborations.”<sup>7</sup>

The above definition of social innovation is taken from a policy report that forms the basis for EU policy in this area. In Sweden, MSI defines social innovation as "new innovative services, products, processes, collaborations and methods aimed at meeting society's challenges", in accordance with the European Commission's innovation and growth strategy.<sup>8</sup>

The EU report emphasises that social innovation is vital for finding new solutions to the societal challenges facing Europe in the form of unemployment, poverty, the ageing population, climate change, and so on.<sup>9</sup> In both politics and research, attention is also given to the potential of social innovations to contribute to transformative and systemic change in society.<sup>10</sup> Previous studies have noted that individual innovators and entrepreneurs – as well as civil society organisations, companies, local government and other authorities, and academia – can drive the development of such innovations, often in collaboration with each other.<sup>11</sup>

### **Social enterprise and social entrepreneurship**

Social enterprise refers to individuals and organisations conducting private business activities as a means of achieving socially beneficial goals.<sup>12</sup> According to the Swedish Agency for Economic and Regional Growth, social enterprises measure their results in socially beneficial goals reached and reinvest most of their profits into their business. Social enterprise is one of several forms of social entrepreneurship – that is, practical activities to realise new solutions to societal challenges and social needs, through

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<sup>7</sup> BEPA, 2010, p. 7.

<sup>8</sup> <https://socialinnovation.se/si/>.

<sup>9</sup> BEPA, 2010.

<sup>10</sup> Westley et al., 2017.

<sup>11</sup> See e.g., Butzin & Terstriep, 2018; Gawell et al., 2020; Lindberg 2021.

<sup>12</sup> <https://tillvaxtverket.se/arnesomraden/affarsutveckling/socialt-foretagande/vad-ar-socialt-foretagande.html>.

mobilising and combining different resources and actors, and by creating appropriate organisational structures and business models.<sup>13</sup> Social entrepreneurship can therefore be understood as a part of a process of developing social innovations.

### **Ecosystem**

Ecosystem is used here to refer to the environment of actors and framework conditions that are required in order for social innovations and social enterprise to be able to develop and grow.<sup>14</sup> One international research article, describes the ecosystem as an “onion” with four layers<sup>15</sup>:

**Structures** – referring to existing political, economic and technical systems, etc.

**Norms** – such as society's attitudes and frameworks, public sector responsibilities, etc.

**Functions** – referring to business models, working methods, management, distribution, scaling, etc.

**Roles** – referring to the motivations, attitudes, competencies, capacity, etc., of the relevant target groups and stakeholders.

Within the ecosystem, interactions and relationships between the various factors influence conditions, and the structure of the relevant functions can help or hinder progress and the chances of success, according to the Swedish Agency for Economic and Regional Growth.<sup>16</sup> All sectors of society have important roles in such an ecosystem, and collaboration is needed to create long-term processes and solutions.<sup>17</sup>

## **3 The social innovation ecosystem in Sweden**

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This section describes the ecosystem for social innovation in Sweden. First, the ecosystem's framework conditions are outlined, in terms of the policies and other structures that inform them. The report then describes the climate and the norms that exist for social innovation in Sweden. Finally, the functions encompassed by the ecosystem are described, along with an overview of the actors within those functions.

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<sup>13</sup> Lundgaard Andersen et al., 2016; Nordiska ministerrådet, 2014; European Commission, 2019.

<sup>14</sup> Domanski & Kaletka, 2018.

<sup>15</sup> Kaletka et al., 2016.

<sup>16</sup> Tillväxtverket, 2017.

<sup>17</sup> Domanski & Kaletka, 2018.



### 3.1 Social innovation policy

This section presents an overview of the policies, on various levels, that influence the Swedish ecosystem for social innovation and social enterprise.

#### International policies

On a global level, the 2030 Agenda is one of the instruments that influence the ecosystem for social innovation and social entrepreneurship in Sweden. It is a global initiative by the UN, that calls upon the world to transition into an economically, socially and environmentally sustainable society.<sup>18</sup> According to the Swedish Government's plan for coordinating the implementation of the agenda nationally, one important success factor is "initiating and promoting collaboration and partnerships between different societal actors".<sup>19</sup> The plan also cites human rights and gender equality as central starting points in Sweden's implementation of the 2030 Agenda, with a particular focus on children's rights, children's and young people's perspectives and right to participate, and on activities needed to reach especially vulnerable people, in order to leave no one behind. Social innovation is seen as central to achieving the global Sustainable Development Goals, which has been noted in Swedish research.<sup>20</sup>

The European Commission has prioritised social innovation through many initiatives, for example Horizon 2020, EaSI and the ESF. The aforementioned investment in competence centres for social innovation in all EU member states is a further example. In 2021, the European Commission launched a new social economy action plan, aimed at organisations with social purposes – the organisations must also be based on democratic values and be organisationally independent from the public sector. This includes associations, foundations, cooperatives and social enterprises.<sup>21</sup> The action plan presents proposals to mobilise the potential of the social economy through, among other things, social innovation which, it is claimed, offers new ways of meeting social needs and societal challenges, changes social relations, and opens up new approaches to policy renewal. In other words, it offers the potential to achieve systemic change. Social economy actors tend to work with a bottom-up perspective and are close to communities and citizens and the problems they face. Thus, it is argued, they are well-placed to contribute to innovative solutions.

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<sup>18</sup> United Nations, 2015.

<sup>19</sup> Regeringen, 2020, p. 3.

<sup>20</sup> Bonnedahl et al., 2022.

<sup>21</sup> European Commission, 2021.

## National policies

The Swedish government launched a national strategy to support the development of social enterprise and social innovation in 2018.<sup>22</sup> The strategy's goal was to use social enterprise and social innovation to promote a sustainable society. Five areas with development needs were identified and initiatives implemented, as illustrated in Figure 1 below.

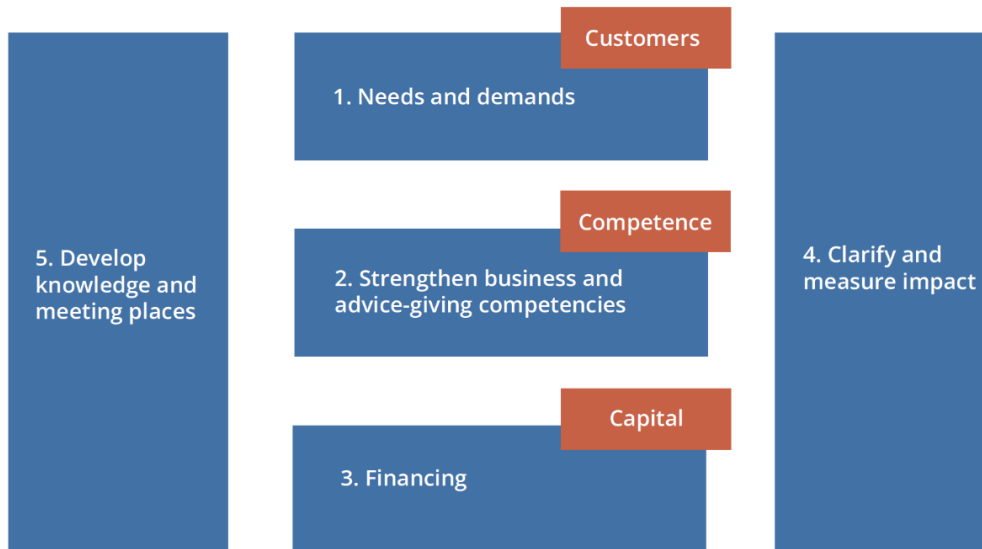


Figure 1. Development areas for social enterprise and social innovation in Sweden 23

When the strategy was launched, Vinnova and the Swedish Agency for Economic and Regional Growth were tasked with advancing financial initiatives to strengthen the development of social innovation and social enterprise, respectively.<sup>24</sup> The initiatives included support for individual projects, innovation promoters and business promoters, intermediaries, financiers, academia and so on.

The strategy and its accompanying initiatives covered the period of 2018–2020 and have not been officially renewed. Its status is described as ongoing,<sup>25</sup> although no funding has been allocated for its continuation. The strategy outlined the need for long-term efforts as a success factor in strengthening social innovation and social entrepreneurship.

<sup>22</sup> Regeringskansliet, 2018.

<sup>23</sup> Regeringskansliet, 2018, p. 6.

<sup>24</sup> <https://www.regeringen.se/pressmeddelanden/2018/02/regeringen-lanserar-strategi-for-att-starka-utvecklingen-av-sociala-foretag-och-social-innovation/>.

<sup>25</sup> <https://tillvaxtverket.se/amnesomraden/affarsutveckling/socialt-foretagande.html>.

A common theme throughout the reviewed reports is the lack of a comprehensive policy for social innovation and social enterprise in Sweden. There is, however, a great deal of interest in social innovation and social enterprise at the EU level, and investments on a national government level are being made in several member states.<sup>26</sup>

With regard to social enterprise in particular, more than half of the social enterprise practitioners surveyed by MSI stated that they experience low or very low political support for social enterprise in Sweden today.<sup>27</sup> Approximately one third, on the other hand, reported receiving moderate or high levels of political support.

### **Regional and local policies**

One of the selected reports states that regions and municipalities often lack governing documents, policies and strategies for promoting social innovation and social entrepreneurship.<sup>28</sup> In cases where they do exist, their language is often vague and not concrete enough to create a consensus. There is also a need for clearer goals, which might push these issues higher on local and regional agendas. The traditional silo-organised bureaucracy is not seen as matching the cross-sectoral networks and hybrid organisational structures that social innovation and social entrepreneurship often involve.

### **Public procurement**

Several of the reports assert that public procurement can be a tool for promoting social innovation and social enterprise.<sup>29</sup> This can be done via methods including social clauses and reserved contracts. Voluntary sector organisation public partnership (VSOPP) (in Swedish, idéburet offentligt partnerskap or IOP) have emerged as an intermediate model of public procurement and public grants, for tackling societal challenges through collaboration between the public sector and civil society.<sup>30</sup> There is, however, uncertainty among public sector actors about how to legally reconcile these partnerships with Swedish and European procurement legislation.<sup>31</sup>

### **The absence of a uniform organisational form for social enterprises**

Social enterprises exist in a range of organisational forms – for example, limited companies, foundations, non-profit associations, economic associations, and sometimes

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<sup>26</sup> Ashoka & Reach for Change, 2021.

<sup>27</sup> Mötesplats Social Innovation, 2021.

<sup>28</sup> Region Stockholm, 2020.

<sup>29</sup> Region Stockholm, 2020; Tillväxtverket, 2017; Vinnova, 2018; European Commission, 2019.

<sup>30</sup> <http://www.socialforum.se/wp-content/uploads/2014/01/Faktablad-om-IOP-eng.pdf>

<sup>31</sup> Hugosson & Wefer, 2021; European Commission, 2019.

combinations of several – which can be challenging in the policy arena.<sup>32</sup> This heterogeneity emerged as a way for social enterprises to navigate different types of ownership structure, taxation, business models and governance demands linked to the various organisational forms. Without a uniform categorisation of social enterprises, it is hard to identify them and track their development via, for example, a database.<sup>33</sup>

## 3.2 The social innovation climate

This section describes the demand for social innovation in Sweden today, and the climate for developing and supporting social innovations.

Sweden's national strategy for social enterprise and social innovation outlines a need to promote these areas in Sweden to meet societal challenges at global, national, regional and local levels.<sup>34</sup> It also emphasises that social innovation is a key method for achieving the sustainability goals of the 2030 Agenda. The connection between social innovation and sustainability has also received academic attention in Sweden.<sup>35</sup>

One survey of the social enterprise ecosystem in the Stockholm region observes that social innovation can contribute to an increased inclination to change in public sector organisations. Such change can involve capturing needs that are otherwise overlooked, focusing on target groups and service users, promoting inclusion, improving the quality of welfare services, and increasing employment, skills supply and growth.<sup>36</sup>

Another Swedish survey outlines how social innovation and social entrepreneurship had, in ten years, become more relevant, going from a niche concern to something that "everyone talks about".<sup>37</sup>

The same survey highlights other national trends capable of influencing the climate for social innovation and social entrepreneurship in Sweden, for example, that it is seen as increasingly important that one's work is meaningful and that one's professional life contributes to a better world.<sup>38</sup> It also claims that there is increasingly clear consensus

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<sup>32</sup> Nagemson-Ekwall, 2021a, Nordiska Ministerrådet, 2014; Tillväxtverket, 2017; European Commission, 2019.

<sup>33</sup> Ashoka & Reach for Change, 2021.

<sup>34</sup> Regeringskansliet, 2018.

<sup>35</sup> Bonnedahl et al., 2022.

<sup>36</sup> Region Stockholm, 2020.

<sup>37</sup> Ashoka & Reach for Change, 2021.

<sup>38</sup> Ashoka & Reach for Change, 2021.

that cross-sectoral collaboration and partnerships between organisations are necessary in order to instigate and “scale” change.

### 3.3 Ecosystem functions

#### Knowledge and research

A sustainable social innovation ecosystem requires an understanding of what social innovation is, how it happens, and how it can be promoted. Here, academia and research can take an even more distinct role in, together with other actors, increasing knowledge and co-creating ways of using social innovation to meet societal challenges.<sup>39</sup> Research on social innovation has expanded in Sweden over the past ten years, but it is still depicted as a relatively neglected area, for which it is difficult to find funding.<sup>40</sup>

Several universities have taken prominent roles in promoting social innovation in Sweden. MSI has been established as a national learning hub at Malmö University, for example, along with regional hubs at Jönköping University, Luleå University of Technology, Umeå University and Örebro University.<sup>41</sup> In addition, many researchers in several disciplines work together with societal actors to understand and promote social innovation.<sup>42</sup>

#### Financing

Financing for social innovation in Sweden is primarily aimed at the earliest stages of the process, via fixed-term project financing to develop and test new ideas.<sup>43</sup> Long-term financing – backed by an understanding of the reality facing social innovators and social entrepreneurs – is lacking, something that individual organisations, innovators and practitioners identify as a major obstacle to establishing and disseminating novel approaches.<sup>44</sup>

Project funding is available for social innovation and social enterprise in Sweden, from various societal actors at local, regional, national and international levels. Locally and regionally, project funding can be sought from, for example, municipalities, regions and various foundations. Nationally, applications for project funding can be made to, for example, Vinnova, the Swedish Agency for Economic and Regional Growth, and the

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<sup>39</sup> Hansson et al., 2014; Nordiska Ministerrådet, 2014.

<sup>40</sup> Bonnedahl et al., 2022; Region Stockholm, 2020; Vinnova, 2018.

<sup>41</sup> <https://socialinnovation.se/msi/>.

<sup>42</sup> See e.g., <https://socialinnovation.se/si/forskning-i-samverkan/>.

<sup>43</sup> Gawell et al, 2020; Lindberg, 2021.

<sup>44</sup> Lindberg, 2021; Mötesplats Social Innovation, 2021; Nordiska Ministerrådet, 2014.

Swedish Inheritance Fund. Internationally, applications for project funding can be made to, amongst others, the EU, for example via their European Social Fund and, to a certain extent, from the European Regional Development Fund.

Other examples of long-term financing for the implementation and management of social innovation include public procurement of welfare services, social entrepreneurship involving commercial sale of socially beneficial goods and services, as well as microloans and internal funding.

The funding that comes from local authorities and other public sector actors is often motivated by the need for cross-sectoral collaboration to meet complex societal challenges, where social innovation is seen as a possible path.<sup>45</sup> Public financing is often influenced by governance at EU and national levels, where social innovation is sometimes prioritised. For example, when the Swedish strategy for social enterprise and social innovation was launched, Vinnova and the Swedish Agency for Economic and Regional Growth were tasked with arranging funding for a large number of initiatives, including support for individual projects, innovation and business promoters, intermediaries, financiers, and academia.<sup>46</sup> Vinnova has also chosen to integrate new working methods within its regular operations. As with social innovation, these methods involve meeting current societal challenges in innovative ways, via co-creation and target group participation in the financing of development projects.<sup>47</sup>

There are also actors in the Swedish civil society who contribute to the financing of social innovation, such as Mikrofonden Sverige. It has made approximately 125 impact investments through microfinance, making it Sweden's largest social investor.<sup>48</sup> As well as providing funding, Mikrofonden has also advised actors about other financing opportunities.

There are alternative forms of financing that have been deemed capable of creating longer-term conditions for social innovation and social enterprise in Sweden, such as<sup>49</sup>:

- **Voluntary sector organisation public partnership (VSOPP)** are an intermediate type of funding, between public procurement and public

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<sup>45</sup> Lindberg m.fl., 2018; Regeringskansliet, 2018; Vinnova 2018.

<sup>46</sup> Regeringskansliet, 2018.

<sup>47</sup> <https://www.vinnova.se/m/missions/>.

<sup>48</sup> <https://mikrofonden.se/om-mikrofonden/>.

<sup>49</sup> Lindberg, 2021; Nachemson-Ekwall, 2021a, 2021b.

grants, for tackling societal challenges through cooperation between civil society and the public sector.

- **Social impact bonds** are a financing model that involves private investors and public actors jointly financing social development initiatives and allows individual social innovators or entrepreneurs to participate in their implementation.
- **Public social investment funds** involve municipal or regional public funds being carried over across multiple financial years and/or administrations to enable long-term social development programmes.

### Platforms and networks for social innovation

Another function of the Swedish ecosystem that several of the reports highlight is to coordinate environments, platforms or networks in order to promote social innovation.<sup>50</sup> In Sweden, examples of these platforms exist at the national level (MSI, for example),<sup>51</sup> at regional levels (the Partnership for Social Innovation in Örebro County, for example),<sup>52</sup> and locally (the Innovation Platform in Umeå, for example).<sup>53</sup> There are also networks that bring together support organisations from different parts of the country (Samhällsentreprenörskap Sverige, for example).<sup>54</sup>

There is not an overarching structure for coordinating the ecosystem's actors in Sweden that could provide long-term organisation and financing. In a survey of social entrepreneurs in Sweden, 70% stated that they do not belong to any support organisation.<sup>55</sup>

### Capacity-building, advice and support

According to the reviewed reports, another function of the Swedish ecosystem is capacity building in social innovation and social enterprise, through advice, skills development, support and access to networks.<sup>56</sup> It is done by both actors specifically targeting social

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<sup>50</sup> See e.g., Ashoka & Reach for Change, 2021; Nordiska Ministerrådet, 2014; Vinnova, 2018

<sup>51</sup> <https://socialinnovation.se/msi/>.

<sup>52</sup> <https://utveckling.regionorebrolan.se/sv/kultur-och-civilsamhalle/natverk-och-samverkan/partnerskapet-for-sociala-innovationer/>.

<sup>53</sup> <https://www.umea.se/investera/arkiv/nyhetsarkiv/nyheter/umeasinnovationsplattformforhallbarastader.5.6b6916c5176643deceea2f.html>.

<sup>54</sup> <https://www.samhällsentreprenörskap.com/>.

<sup>55</sup> Ashoka & Reach for Change, 2021.

<sup>56</sup> See t.ex. Nordiska Ministerrådet, 2014; Tillväxtverket, 2017; Vinnova, 2018.

innovators and entrepreneurs and by actors who broaden their regular target group to include social innovators and entrepreneurs.

### ***Actors that support social innovation specifically***

In Sweden, there are several different actors whose specific focus is on supporting social innovators and enterprises.<sup>57</sup> One especially experienced organisation is Coompanion, which has supported cooperative enterprise and social innovation by providing advice, education and information, as well as working on development projects. They have been in operation since the 1980s (formerly known as local cooperative development centres). Coompanion works in collaboration with individual cooperatives, social enterprises, study associations, public sector actors, and so on.<sup>58</sup> Ashoka has also supported social innovators and social entrepreneurs since the 1980s, although their Nordic branch – Ashoka Nordic – was not formally launched until 2011. Other actors in Sweden whose principal function is to support social innovators and social enterprise practitioners include Reach for Change, Inkludera, SE Forum, Norrskan, Impact Hub and Effektfullt.

### ***Conventional promoters of innovation and enterprise***

In Sweden, there are also promoters of innovation and enterprise, who have customarily supported entrepreneurship involving technology and industry. These include incubators, innovation offices and science parks, and they normally support individual innovators and entrepreneurs with advice, skills development, networks, premises, methods, and the like.<sup>59</sup> Their traditional focus has made it difficult for social innovators and entrepreneurs to gain access to appropriate support to realise their ideas. Since 2000, however, the focus of these organisations has begun to broaden, in order to make a better contribution to present societal challenges and to help meet the goals of the 2030 Agenda. This has led to increased emphasis on social innovators and entrepreneurs from groups including the Social Impact Lab at Örebro University<sup>60</sup> and The Joint Way, a collaboration between Ideon Innovation, Movexum, Bizmaker and VentureLab.<sup>61</sup>

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<sup>57</sup> Ashoka & Reach for Change, 2021; Nordiska Ministerrådet, 2014; Region Stockholm, 2020.

<sup>58</sup> <https://coompanion.se/coompanion/om-coompanion/>.

<sup>59</sup> Lindberg, 2020, 2021.

<sup>60</sup> <https://www.oru.se/samverkan/oru-innovation/social-impact-lab/>.

<sup>61</sup> <https://www.thejointway.se/>.



## 4 The role of the European Social Fund in the ecosystem

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This report is intended to form the basis for the continued work of the Swedish competence centre for social innovation, in connection with the implementation of Sweden's social fund programme for 2021–2027. Therefore, the ESF is described in detail.

The European Social Fund (ESF) has long supported social innovation in the Swedish and European labour markets, through funding for projects at local, national and international levels.<sup>62</sup> Since it was established in 1957, the fund has financed initiatives to develop, test and disseminate innovative initiatives for skills supply, integration, poverty reduction, and inclusion in labour markets. In Sweden, the report, "Social innovation in the European Social Fund – a review of research and projects" demonstrated that many ESF-funded projects had developed innovative methods and activities for renewal and inclusion in the working life.<sup>63</sup>

The report identifies social innovation in ESF projects, for example in their innovative identification and understanding of societal challenges from multiple perspectives. Social innovation is also apparent in the involvement of target groups to help understand and address the societal challenges. The forward-thinking way that actors, sectors and countries were brought together to address the complexity of those challenges is another innovative element. Designing and testing new solutions was also central to addressing the societal challenges, as was the implementation of new solutions within the framework of new or continuing activities. Finally, the creation and continuation of social change for people, organisations and society via the implementation of these new solutions was an important component.

At the same time, it has been shown to be difficult for ESF projects to change core structures in organisations and society.<sup>64</sup> Project funding time constraints, earmarking, liquidity requirements and administrative burdens have meant that short-term efforts that focus on individual projects have been easier to implement than long-term, structural changes. Thus, ESF projects are deemed as being primarily capable of counteracting the symptoms of exclusion in society and the working life, rather than addressing their root causes. Also, ESF projects can risk obscuring structural problems in the labour market, which would require more traditional policy reforms to resolve rather than innovative projects.

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<sup>62</sup> European Commission, 2019.

<sup>63</sup> Lindberg et al., 2018.

<sup>64</sup> Ahmed et al., 2017; Lindberg et al., 2018.

In Sweden, the ESF's focus on social innovation will be further strengthened in the future. In part, this will be because a social innovation perspective is being adopted in the upcoming programme for the ESF in Sweden (2021 to 2027), in addition to social innovation being included as a particular programme area. This strengthened focus will also be partly a result of the Swedish national competence centre for social innovation, whose launch was financed by ESF and to whose work this report contributes.

## 5 Challenges and needs facing the social innovation ecosystem

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This section describes the needs and challenges that the Swedish social innovation ecosystem faces, within some of the key subject areas addressed in previous reports.

### 5.1 Insufficient policy support

A conclusion from previous reports is that, from a political point of view, there has been a lack of clearly articulated objectives and guidelines that would prioritise and apply social innovation as a means of effectively identifying and meeting societal challenges in Sweden.<sup>65</sup>

One survey emphasises the need to set goals for and evaluate social innovation efforts on the national political level.<sup>66</sup> Goals and governance at national, regional and local levels are needed to prompt more sectors, citizens and stakeholders to get involved in meeting societal challenges in innovative ways.

### 5.2 Shortage of long-term financing

The previous reports emphasise that a lack of financing for social innovation causes a bottleneck in supporting, developing and scaling social innovation in Sweden.<sup>67</sup> A European Commission report also asserts that Sweden is behind the rest of Europe in terms of creating good conditions for social innovation, resulting from the absence of established funding to support and scale it.<sup>68</sup>

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<sup>65</sup> Ashoka & Reach for Change, 2021; Region Stockholm, 2020; Vinnova, 2018.

<sup>66</sup> Region Stockholm, 2020.

<sup>67</sup> Ashoka & Reach for Change, 2021; Region Stockholm, 2020; Vinnova, 2018.

<sup>68</sup> European Commission, 2020.

One specific challenge is that financing opportunities vary for different parts of the innovation process. It is often easier to obtain funding for earlier stages like idea development and testing, whereas it is harder to get funding for implementation and scaling.<sup>69</sup>

One report that focuses on the emergence of a Swedish social financial market asserts that Sweden lags behind comparable countries in terms of the involvement of banks and investors in social sustainability.<sup>70</sup>

### 5.3 Poorly defined ecosystem

The shortage of both policy support and long-term financing contributes to vagueness in the Swedish social innovation ecosystem. There is a lack of appropriate funding and forms for long-term collaboration between different actors and initiatives to support social innovation. This influences the prerequisites for ecosystem actors to collaborate, drive social innovation, develop its quality and coordinate support for it. A similar factor is that individual innovators and entrepreneurs often lack sufficient support and networks during their development processes.<sup>71</sup> The lack of coordination resulting from the poorly defined ecosystem means that social innovations do not have good conditions for scaling. The Nordic Changemaker Map outlines, in particular, the need to connect individual innovators with other actors in order to find and scale solutions.<sup>72</sup>

### 5.4 Ongoing need to clarify social innovation

There is still a need to clarify the concepts and practices involved in social innovation, social enterprise and social entrepreneurship, as there are multiple understandings of this among various actors in Sweden.<sup>73</sup> Traditional conceptions of innovation and value creation lead to the possibility of the value and potential of socially beneficial initiatives being overlooked. Ignorance, low prioritisation and negative attitudes about social innovation and entrepreneurship remain among some actors. There is a need to clarify what social innovation means, based on established definitions and the value it can bring to individuals, organisations and society.

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<sup>69</sup> Lindberg, 2021; Nordiska Ministerrådet, 2014; Region Stockholm, 2020; Vinnova, 2018.

<sup>70</sup> Nachemson-Ekwall, 2021b.

<sup>71</sup> Ashoka & Reach for Change, 2021; Region Stockholm, 2020; Vinnova, 2018.

<sup>72</sup> Ashoka & Reach for Change, 2021.

<sup>73</sup> Region Stockholm, 2020; European Commission, 2019.

## 5.5 Lack of support and coordination in cross-sectoral collaboration

Cross-sectoral collaborations that address societal challenges are increasingly in demand in the Swedish society but lack sufficient support and organisation to occur more often than at present, according to several reports.<sup>74</sup> There is insufficient political oversight and a lack of practical examples of how to increase collaboration and coordination between different actors and areas of the social innovation ecosystem in Sweden. Previous reports highlight the need for a systems approach involving strategic coordination of large and small actors in this field.<sup>75</sup>

At the same time, coordinating different societal actors and sectors is complicated, and silo-busting in development work is easier said than done, according to several reports.<sup>76</sup> Different sectors and organisations often have different agendas and working methods, so collaboration requires time, perseverance and coordination. Coordination is also complex as it often covers several areas of policy and implementation. There are also challenges around the balance of power between sectors, and special measures may also be required to ensure that target groups and underrepresented sectors have the opportunity and incentive to participate.

## 5.6 Knowledge gaps around social innovation

In previous reports on the social innovation ecosystem in Sweden, ample knowledge is provided about the challenges and obstacles to social innovation and social enterprise, as well as about the various methods and efforts to address them. On the other hand, there are few analyses of the factors that contribute to the success of particular support mechanisms, or about which types of support are effective in promoting social innovation.

In general, there is a need for more knowledge and research on social innovation, since this is still a relatively new area of research for which it is difficult to find research funding.<sup>77</sup> There is also a need to clarify academia's role in social innovation, and to define how researchers, students and others should contribute to cross-sectoral collaboration to meet current societal challenges.

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<sup>74</sup> Hansson et al, 2014; Nordiska Ministerrådet, 2014; Region Stockholm, 2020; Vinnova, 2018.

<sup>75</sup> Ashoka & Reach for Change, 2021; Region Stockholm, 2020; Tillväxtverket, 2017.

<sup>76</sup> Ashoka & Reach for Change, 2021; Gawell et al, 2020; Region Stockholm, 2020.

<sup>77</sup> Hansson et al, 2014; Nordiska ministerrådet, 2014; Region Stockholm, 2020; Vinnova, 2018.

## 6 Discussion and recommendations

### 6.1 Discussion of the Swedish social innovation ecosystem

This section is a discussion about what is required to design and strengthen an ecosystem that can, in the short and long terms, effectively address societal challenges in Sweden. In particular, it discusses how the ecosystem can be strengthened to support social innovation in everyday activities and within existing systems.

The starting point for this discussion is the different elements and levels within the social innovation process, illustrated as loops below in Figure 2, based on Swedish and international research.



Figure 2. Elements and levels in social innovation.<sup>78</sup>

<sup>78</sup> The illustration is inspired by Lindberg, 2021; Mulgan & Pulford, 2010; Westley et al., 2017.

The components in the social innovation process involve:

- identifying and analysing societal challenges
- mobilising actors and resources
- developing and testing new solutions
- implementing and scaling solutions, and
- creating and making visible the values of the new solutions for individuals, organisations and society.

The levels within the social innovation process are the micro level, involving individual initiatives for social change; the meso level, involving the organisation of these initiatives; and the macro level, involving the social structures that influence and are influenced by the initiatives.

For social innovation to contribute to lasting societal change, the ecosystem's various functions and actors need to enable and facilitate all the elements and levels within the process. Some central areas for action are to:

1. Make visible the needs and societal challenges that exist according to diverse perspectives
2. Create conditions for cross-sectoral collaboration
3. Enable active participation by target groups and other stakeholders directly affected by the societal challenge
4. Ensure impact and benefits occur at individual, organisational and societal levels
5. Enable lasting solutions and long-term assessment of their impact

One subject receiving increasing attention, in both politics and research, is the potential of social innovation to contribute to transformative and systemic change in society.<sup>79</sup> To realise this, we may need to look at the broader picture beyond the existing social innovation ecosystem in Sweden. So far, there has been a need for ecosystems specifically for social innovation and social enterprise, as this report shows. In the long run, however, more and more actors will need to adopt socially innovative modes of working, in order to address complex societal challenges, overhaul the Swedish welfare system and achieve the global sustainability goals of the 2030 Agenda, in a system-altering and transformative way.<sup>80</sup>

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<sup>79</sup> Bonnedahl et al., 2022; Westley et al, 2017.

<sup>80</sup> Mötesplats Social Innovation, 2021.

For example, would our capacity to meet social challenges be affected if socially innovative ways of working were applied not just to individual initiatives and support functions, but across society's systems more broadly? What value would be generated if all sectors of society became generally better at working together to identify and understand societal challenges that exist according to different perspectives, and created innovative solutions to benefit affected individuals, organisations and societal structures?

There are, essentially, good conditions for social innovation and social enterprise in Sweden, in the form of engaged actors and manifold individual initiatives. The Swedish Government's strategy for social enterprise and social innovation has also made a contribution, providing a sound foundation and helping bring actors together. In addition, there is widespread commitment in many sectors to achieving the global sustainability goals of the 2030 Agenda.

At the same time, there is a lack of clear political support and guidance for social innovation and social enterprise in Sweden. Access to more long-term and systematic financing is needed to establish and scale social innovations and ventures. More knowledge and research are also needed around social innovation, including the success factors and pitfalls for long-term societal change. Overall, there is a need for a clearer organisation of the Swedish social innovation ecosystem. Social innovation can be created and supported more effectively when it takes place within an organised, long-term framework.

One strength of social innovation is that it can help identify and address societal challenges that society's existing practices cannot currently meet.<sup>81</sup> It can be positive in delivering new and alternative initiatives, whereby individual actors step in to fill gaps in an insufficient welfare system. But there can also be a risk, if the state thus allows itself to abdicate from its main responsibility of ensuring public welfare.<sup>82</sup> Here, the focus of social innovation on participation, rights and co-determination in the public welfare system needs to be strengthened to avoid creating short-term and unsustainable diversions in the development of society.

What relevance has this report's descriptions of the ecosystem, its context and its challenges, as regards the implementation of Sweden's social fund programme for 2021 to 2027? The competence centres' purpose is to strengthen social innovation ecosystems in all member states and to be a resource for the managing authority in the implementation of the programme. The specific social innovation elements in the

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<sup>81</sup> Gawell et al., 2020; Lindberg, 2021; Lindberg et al., 2018; Region Stockholm, 2020.

<sup>82</sup> European Commission, 2019.

programme have the potential to contribute to the development and testing of new solutions for a more inclusive labour market, and perhaps also to scale and disseminate proven social innovations. Its financed projects could be strengthened by utilising existing knowledge about social innovation in Sweden and internationally. They could also be strengthened through support from those innovation and business advocates already supporting social innovators. There is also potential in examining and strengthening the ESF's "own" ecosystem for social innovation, that is, the fund's established networks of beneficiaries and other social actors. This can be an important next step in enabling projects that address societal challenges on a systemic level.

## 6.2 Recommendations

The following are some recommendations for strengthening the social innovation ecosystem in Sweden, as well as for incorporating socially innovative working methods in all parts of society.

- **Clearer political leadership** on national, regional and local levels, with goals, evaluations and budgets established for social innovation and social enterprise policies that enable long-term solutions to societal challenges.
- **Improved financing of social innovation** to create long-term conditions that support the development, implementation and scaling of social innovation. Different types of financial tools need to be tested and strengthened.
- **Strengthened social innovation ecosystem.** Greater coordination and stronger links between different societal actors and the ecosystem are required to enable broader societal change. This also includes supporting collaborations between social innovators/entrepreneurs, and other societal actors, in order to increase impact and facilitate scaling.
- **Ensure participation and influence for target groups** and those stakeholders directly affected by those current societal challenges that social innovation initiatives seek to address. In doing so, social innovation can promote an inclusive and democratic society.
- **Integrate social innovation in day-to-day activities** by having more societal actors adopting socially innovative ways of working to meet societal challenges. This can mean incentivising traditional innovation and business promoters to support social innovation and social entrepreneurship to a greater extent, as well as providing them with the skills to do so effectively. It can also be about ensuring that more investors focus on societal challenges and the 2030 Agenda, as well as



supporting more of the elements and levels inherent in social innovation. This can be facilitated by increased learning and collaboration between investors and other societal actors.

- **Promote local and regional platforms** for social innovation by disseminating knowledge and providing, as inspiration, examples of how existing platforms were established and organised.<sup>83</sup> Such platforms can become facilitators of social innovation by:
  - coordinating the regional or local social innovation ecosystem
  - bringing together actors from all sectors of society for co-creation, including processes to meet societal challenges
  - making social innovation knowledge and methods available
  - coordinating and making visible the results and benefits created through social innovation at local and regional levels.
  
- **Expanded role for academia and research** in social innovation via increased research funding and an increase in academia's participation in collaborative efforts to meet current societal challenges in innovative ways. Research is also an important source of external analysis in social innovation and social enterprise.
  
- **Make visible and strengthen the social innovation ecosystem via the ESF.** The implementation of the European Social Fund programme 2021–2027 can potentially increase social innovation competencies, improve contacts and disseminate methods among key actors – like administrators, project leaders and business partners – as well as foster closer connection to the Swedish social innovation ecosystem. This can increase the likelihood of ESF projects developing social innovations with better potential to contributing to systemic change and sustainable development.

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<sup>83</sup> See e.g., Partnerskapet för social innovation i Örebro län, <https://www.regionorebrolan.se/sv/regional-utveckling/kultur-och-civilsamhalle/civilsamhalle/partnerskapet-for-sociala-innovationer/>.

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BuiCaSuS is a transnational project aimed to strengthen the capacities of national competence centres for social innovation. Partners come from Spain, Sweden, Latvia, and France. It is one of six consortia funded by the European Commission. Amongst its tasks is to map current social innovation systems, support piloting and scaling schemes, foster transnational learning on tools for innovation, and develop policy propositions for National competence centres.



Funded by  
the European Union