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Social Enterprise Ecosystem in Hong Kong

A Resource for Funders: Categorisation, Capital Flows and Gaps

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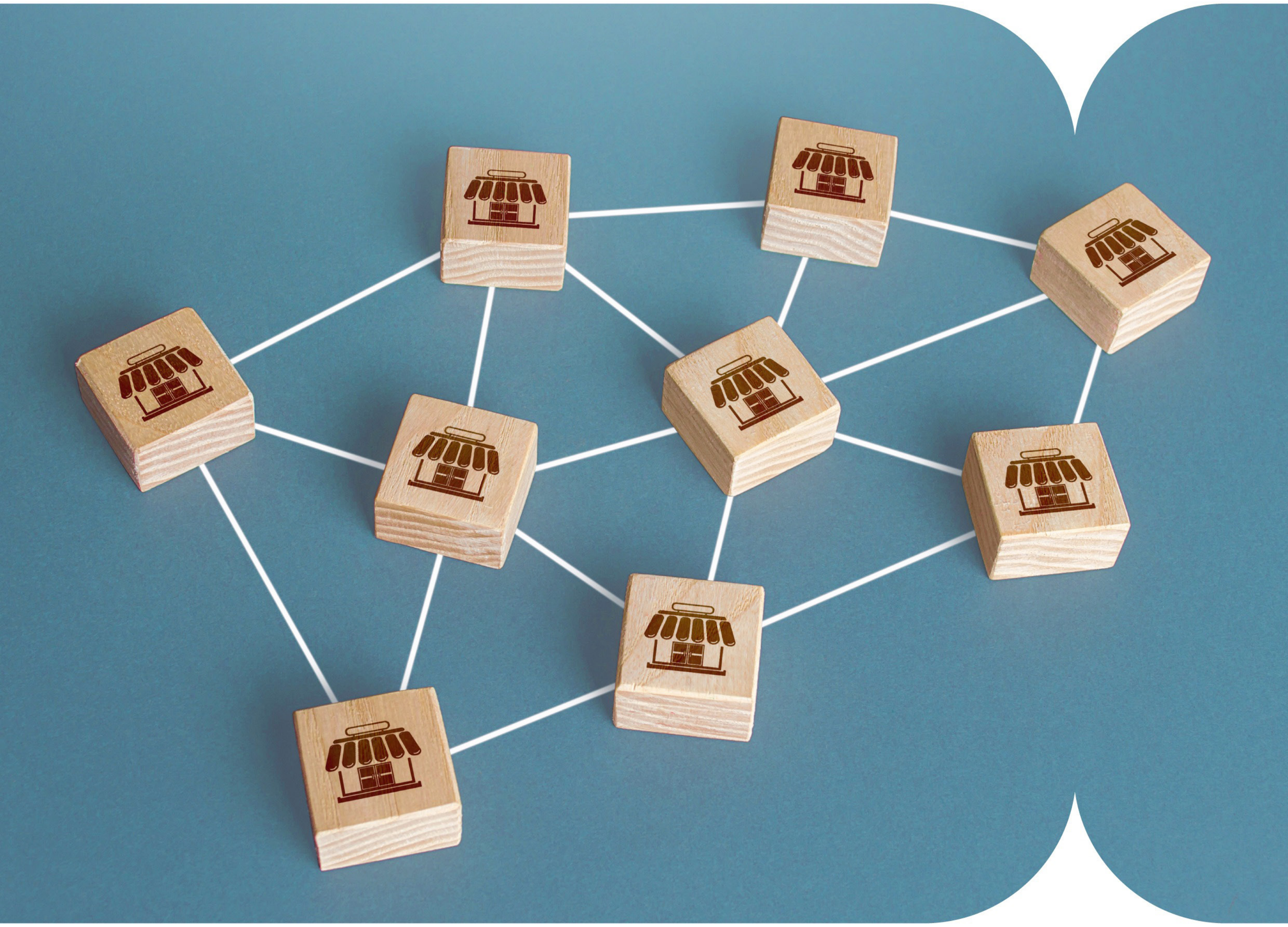

HKU Jockey Club Enterprise Sustainability Global Research Institute

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The Social Enterprise Ecosystem in Hong Kong
A Resource for Funders: Categorisation, Capital Flows and Gaps

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INTRODUCTION

Hong Kong's Social Enterprise (SE) sector comprises a broad landscape and robust pipelines of early-stage support. However, it lacks the means to help promising ventures scale. Most SEs remain microbusinesses because scale-up finance, operational strengthening, and reliable demand pathways are underdeveloped. Current funding approaches remain heavily skewed toward incubation and grants, which can misalign incentives for successful business models. The most impactful opportunities for funders, therefore, lie in post-incubator support, structured procurement access, and lightweight, recyclable tools that strengthen viability without distorting mission.

This essay examines the conceptual and practical meaning of "social enterprise" in Hong Kong and seeks to understand deeper problems in SE revenue generation. It then maps and categorises the current funding and support landscape, outlining its evolution over the past decade and identifying gaps. Based on these findings, it suggests both general and specific directions for funders to capitalise on existing gaps. This report updates and builds on existing work[1] [2] to categorise, sort, and evaluate funding and support methods for SE in Hong Kong. While out of scope for this report, future work can use these frameworks and information to begin weighing intervention effectiveness.[3]

1 CUHK 'RESEARCH STUDY ON THE SOCIAL ENTERPRISE SECTOR IN HONG KONG'.
https://www.sehk.gov.hk/upload/pdf/SEreserach_fullreport_en_20160226.pdf

2 British Council Report 'The state of social enterprise in Hong Kong'.
https://www.britishcouncil.org/sites/default/files/british_council_hong_kong_social_enterprise_web_final.pdf

3 Disclaimer: This work is of the author's opinion, and does not intend to represent the views of HKU ESGRI, Migrasia, nor the Jockey Club.
The underlying rationale of analysis is successful, efficient, and effective allocation of capital by funders for their objectives.
This work does not intend to make a value judgment regarding policy goals, just approaches.

BACKGROUND

Defining Social Enterprise in Hong Kong

Social Enterprise (SE) is generally a highly contentious field, as there are no unifying definitions. The Government has not adopted a specific, binding, formal, or legal definition.[4] The most commonly accepted definition is a framework from the Home and Youth Affairs Bureau[5]. The main requirements are normative:

1. A business (as opposed to any organisation)
2. To achieve specific social objectives (as opposed to vague social welfare)
3. As its primary objective (as opposed to as a side goal)
4. Thus, profits are principally reinvested in the business for its social objectives (as opposed to profit-maximisation or shareholder distribution)

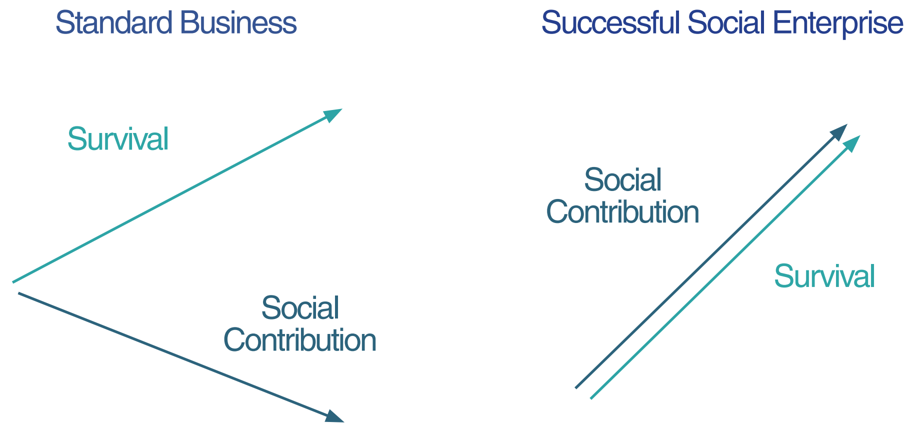
There are additional, more specific sets of concrete requirements from most organisations (HKCSS, the British Council, and the Government), but this discussion is out of scope. While limited liability corporations are common, SEs are legally classified in various ways.[6] However, informal categories through the SE Directory[7] and the SEE Mark have some traction[8], globally recognised certifications like B Corp never caught on in Hong Kong.[9] Since there is no legal classification, businesses can be fluid in their designation as Social Enterprises. Historically, many SEs in Hong Kong (and arguably the most successful type) have been Work Integration SEs, which primarily aim to provide meaningful employment to consistently underemployed groups, such as people with disabilities and older adults.

A Conceptual Approach to Understanding Social Enterprise

The descriptors Social & Enterprise, in a way, do not match well. Enterprise is to produce something valuable enough to be compensated for costs within a transaction. Social is to substantially benefit broader society beyond just a transaction, perhaps by empowering the disadvantaged or addressing a global need. For standard businesses or enterprises, social contribution often takes a firm in a strategic direction away from its functioning business model. Social enterprise attempts to align those two strategic directions. The diagram below attempts to visually encapsulate this difference.

4 https://doi.org/10.1007/978-3-031-14216-1_29
5 https://www.sehk.gov.hk/en/concept.php
6 Table 5 British Council Report
7 ~550 SEs as of writing, Dec 10 2025. https://sedirectory.org.hk/en/sedb
8 ~128 SEs as of writing, Dec 10 2025. https://seemark.hk/en_GB/seemarkdirectory
9 ~40 SEs as of writing, Dec 10 2025. https://www.bcorpasia.org/hong-kong

Figure 1: Social Enterprise & Social Contribution



Ideally, all firms can allocate some capital to social goals. However, in a highly competitive, growth-oriented global economy, the margin for enterprises is ever thinner. Efforts towards social development require taking an essential slice of attention away from enterprise. What if they could be aligned? Instead of a tradeoff between social and enterprise, what if they could be harmonised?

Most firms incur costs. To pay, they exchange goods or services with a counterparty who values them: government, private parties, civil society, etc. The counterparty wants the firm's product, so they compensate the firm for it. A common conflation is between a counterparty and a set of counterparties. Even if a given industry, group, or even a society needs your product to survive, individual parties must still willingly give you their resources for it.

The world, or society at large, may require a wide range of goods and services, such as reducing atmospheric carbon, reducing pollution, increasing biodiversity, improving education, etc. But how can that be made a product that people are willing to pay for? Social enterprises attempt to do precisely that by selling goods and services that benefit society beyond the immediate transaction. Thus, to address the aforementioned problems, SEs sell carbon credits for emissions sequestration, pollution cleanup, reforestation, educational technology, and related activities.

Social Enterprise and the Scaling Problem

Aside from Ginkgo House, Green Monday, and a handful of exceptions, few Hong Kong SEs have scaled beyond the Small-to-Medium Enterprise (SME) stage. Over 98% of Hong Kong's ~370,000 enterprises[10] are SMEs[11]. Based on recent reports, [12]social enterprises likely constitute ~1% of enterprises in Hong Kong. Given that companies need time to scale and that the SIE (Social Innovation and Entrepreneurship) Fund was established in 2013, there are likely only a handful of Hong Kong Social Enterprises that have ever scaled. As the British Council report showed, most SEs are the size of microbusinesses, and generally make very little revenue. Please keep this in mind as the funding & support ecosystem is discussed.

10 Not to be confused with how many businesses are registered, which is a much larger number but is largely made up of conceptual redundancies like subsidiaries, legal fictions, etc.
11 https://www.success.tid.gov.hk/english/aboutus/what_are_sme.html
12 Uses a wide definition, estimated 3,000-6,000 from British Coungeneratecil Report.

FUNDAMENTAL MISALIGNMENTS FOR SOCIAL ENTERPRISES

SEs often have access to both funding accessible to traditional SMEs and funding accessible to charities. Traditional SMEs obtain funding primarily through private investment (usually personal savings), but also occasionally through a variety of grants and public funding schemes. Social enterprises, generally being SMEs themselves, have equal access to such regimes[13]. That said, much attention often focuses on technology companies, which inherently have strong potential for innovation, scale, and growth. As for grants, social funding programmes such as downstream organisations from SIE are grant-based.

However, there is a strong divide between the types of contracts that charities and businesses can fulfil, and thus between the types of recurring revenue they can generate. While all contracts are very price-conscious, contracts for charitable organisations are often KPI or impact-based.[14] Contracts for standard business are much more quid pro quo[15] i.e. with little consideration beyond the quality of required goods or services. While there are grey zones and a middle ground, this conceptual divide often remains highly important. Social Enterprises are theoretically capable of delivering on both types: 1. for charities (concerned with KPIs or Impact) and 2. standard contracts (concerned with the good/service) types.

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13 Page 2627 https://www.legco.gov.hk/yr07-08/english/counmtg/hansard/cm1205-translate-e.pdf

14 Whether or not adding KPIs or impact measurement as a condition on grants is good is a different question. In the author's opinion it is necessary to uphold the trustworthiness and transparency of the sector, even if it redirects attention away from root causes.

15 Latin for "in exchange for something"

Business Model Failure & Drift

Furthermore, many startups, especially social enterprises, do not test their business models until the so-called “valley of death”, where “substantial work on a new enterprise has begun, but no sufficient revenue has been generated”[16]. Upon the common occurrence of encountering a failing business model[17], traditional businesses must either;

a. Pivot (i.e. change their business model);
b. Inject more capital (Venture capital, Series A, exits, etc.); orAs its primary objective (as opposed to as a side goal)
c. Liquidate.

Since the definition of Social Enterprise is already restrictive, strong pivots can involve mission/impact drift (towards a different social objective or away from social impact as a primary objective) or financial drift (away from financial self-sustainability, and towards primary reliance on grant funding). Both involve either serious strain or abandonment of their identity as a Social Enterprise. If SE is understood to be categorically unique to charity, it must be at least somewhat self-sustainable through its capacity to provide quid pro quo services. Unfortunately, SEs are often not competitive with standard enterprises in terms of price or quality. To avoid mission drift, they typically occupy a narrow niche, competing with standard businesses only on impact.

However, this refusal to address the underlying business problem causes financial drift. When the above model inevitably fails, grants become relied on more heavily, which causes fundamental misalignments. Firstly, an SE that is highly reliant on grants and endowments is conceptually not that different from a charity. Secondly, reliance on this type of funding will naturally divert attention away from enterprise, since chasing charity contracts requires different sets of skills and props up failing business models[18]. It is the author’s preliminary impression that this mission & financial drift problem underlie the Social Enterprise sector’s lack of development despite positive public opinion and two decades of government attention.

16 https://hbr.org/2022/04/an-entrepreneurs-guide-to-surviving-the-death-valley-curve
17 SEs, like regular businesses, have a substantial failure rate over time. https://www.ugc.edu.hk/doc/eng/ugc/rae/2020/im/uoa20/uoa20_cityu_impact_case_study_001.pdf
18 There is an argument to be made that SEs can be more efficient with grants as compared to charities, since there is less reliance on volunteer labour and the potential to extend the provided capital by investing in business. However, this is out of scope.

CONTEMPORARY SOCIAL ENTERPRISE FUNDING & SUPPORT

Categorisation and Typology

To further understand and nuance the approaches taken regarding SE funding, the existing types of Social Enterprise funding in Hong Kong must be grouped and categorised. The framework below is adapted from CUHK's 2015 Research Study on the SE Sector in Hong Kong and includes additions to reflect the contemporary landscape. Horizontally, interventions range from high engagement to low engagement, reflecting the amount of time and effort allocated to each Social Enterprise. Vertically is their target scope.

Table 1: Types of funding Interventions by Source & Level of Engagement

	Low Engagement	Medium Engagement	High Engagement
Individual Level: "build personal capacity of social entrepreneurs/ SE practitioners"	• One-off training[19] • Best-practice sharing platforms[20] • Study visits[21] • Informal networking[22]	• Mentorship schemes[23] • Structured certificate courses[24] • Impact-measurement & digital-capacity workshops[25] • Design-thinking / innovation bootcamps[26]	• Personal coaching[27] • Incubation for social entrepreneurs[28] • Fellowships & talent pipelines[29]
Organisational Level: "build up capacity of the Social Enterprise"	• One-off advisory service[30] • SE networking platforms[31]	• Single-project consultancy[32] • Change management[33] • Co-working / innovation hubs[34] • Certification & standards support [35] • MM system onboarding[36]	• Social investment/ ownership models[37] • Strategic impact-readiness & scaling support[38]
Sectoral Level: "enhance the whole SE sector's development"	• SE networking platforms[39] • SE awards / competitions[40] • Collective business solutions[41]	• SE awards + incubation[42] • Sector-wide consultancy[43] • Cross-sector design labs[44] • Shared impact-data initiatives[45]	• Social investment platforms[46] • SE incubators[47] • Impact-investor capacity building[48] • Ecosystem-level policy & knowledge platforms[49]

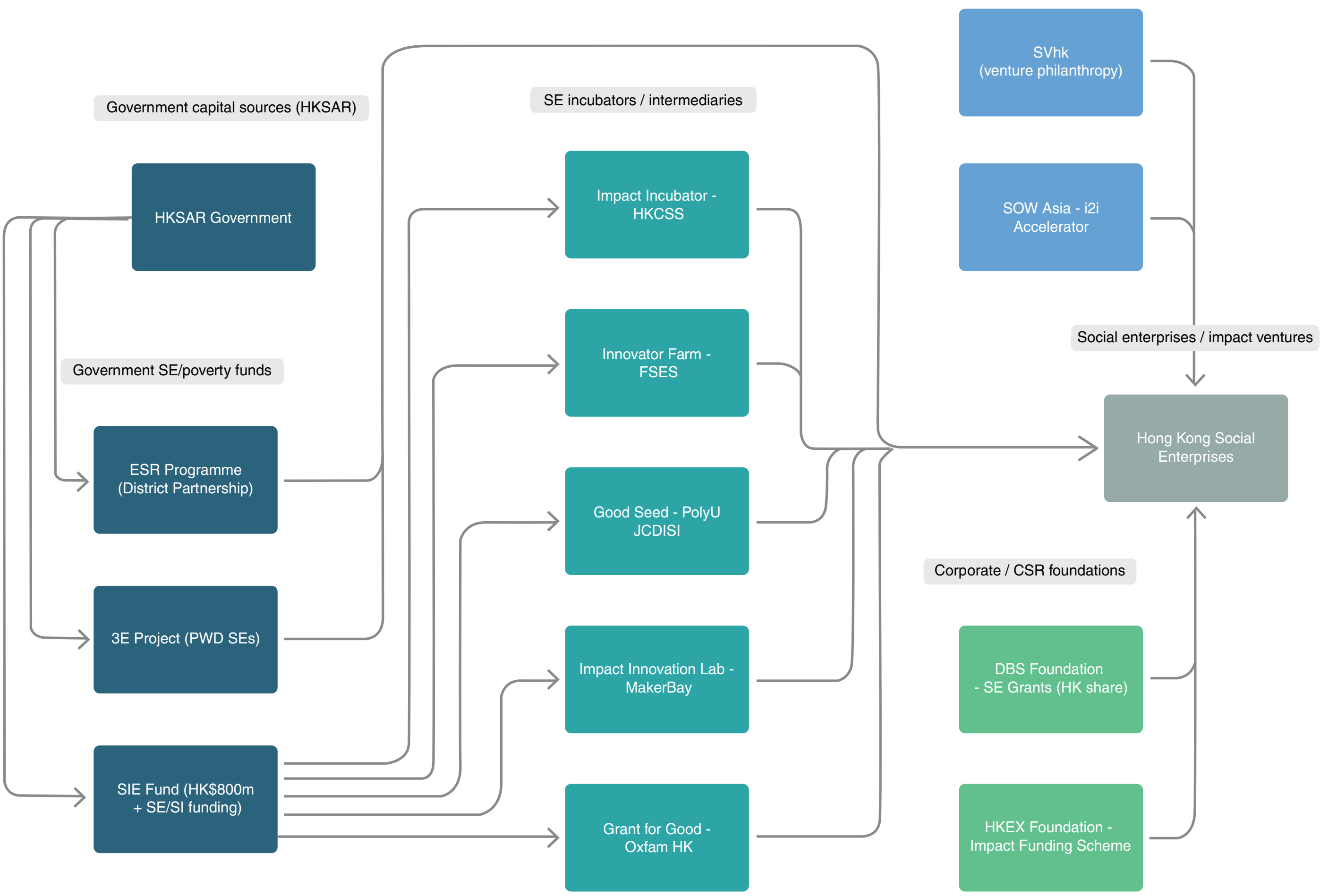
19 HKSEF, Good Lab
20 SES district events
21 JCDISI, SES
22 Dream Impact community events, new since CUHK report
23 Gov't, HKCSS
24 EFG, universities
25 New Category: IDCC, SIE CB projects
26 New Category: Good Seed, JCDISI Labs
27 SVhk, SONOVA
28 Many new players: Impact Incubator, Innovator Farm, Impact Innawards/ competitions ovation Lab, Good Seed, MakerBay Foundation
29 New, emerging category: Golden Age Fellows, CUHK/BU pipelines
30 Shrinking sector: FSES, HKCSS (previously also SEBC)
31 HKSEF, Dream Impact (new since CUHK report)
32 FSES, Good Lab
33 Good Lab, JCDISI
34 New Category: Dream Impact, HKFYG SI Centre
35 New Category: SEE Mark, B Corp HK
36 New Category, Impact Measurement and Management: IDCC capacity-building
37 SVhk portfolio, LightBe, incubated ventures, Social Impact Partners
38 New Category: Dream Impact scale programmes, SIE incubators
39 SES, HKGCSE
40 HKSEC, Asia Social Innovation Award
41 Mostly Defunct: SEBC-era schemes, joint procurement
42 HKSEC, certain level of incubation results
43 JCDISI, FSES
44 New, Emerging Category: SID Lab, Social Innovation Hackathons
45 New Category: IDCC
46 AVPN, SVhk, UBS, Hong Kong Academy for Wealth Legacy's Impact Link, HKJC Institute of Philanthropy
47 SIE intermediaries e.g. HKCSS Impact Incubator, FSES Innovator Farm
48 AVPN HK hub, Hong Kong Academy for Wealth Legacy, Sustainable Finance Initiative's trainings
49 New Category: SIE Fund flagships, Jockey Club gerontech ecosystem, Shared Value Initiative HK

Sector Evolution: Emerging Trends and Dying Approaches

Since the last in-depth public report on SEs in Hong Kong[50], the Hong Kong SE ecosystem has shifted away from low-intensity workshops, generic advisory services, and collective discount schemes of the bygone era of the now-defunct Social Enterprise Business Centre[51]. There is now substantially more focus on SE platforms, infrastructure for impact investment and data, and high-engagement incubators. Sectors that used to appear larger, such as pure competitions, collective business solutions, and international NGO training, still exist but have been overshadowed by SIE-funded intermediaries and large philanthropic platforms. As the sector has matured, most of the stakeholders have realised that cultivating professional interest, acumen, and focusing on strong ecosystems is more important than simply (whether directly or otherwise) subsidising the sector.

In particular, the emerging forms of assistance include workshops/bootcamps/hackathons, associated pipelines, ecosystem support, investment/scaling support, and platforms. Below is a graph showing the most significant funders in the scene. Following our earlier categorisation, their focus tends to be on High Engagement across many scopes, with some emphasis on Medium Engagement. Many of these organisations are relatively new and account for the majority of the aforementioned emerging forms of assistance.

Figure 2: Major Players in Hong Kong SE Funding & Support Scene[52]



50 CUHK Study
52 Little success in methods, functions rolled into HKCSS and SE Directory in 2023
53 An indicative, generalised framework that glosses over secondary funders, non-major players and groups categories broadly. Summarised over many internal and external sources for each of these organisations.

SUGGESTED APPROACHES FOR FUNDERS

Hong Kong is heavy on early-stage grants and incubators, while light on scale-up finance, demand-side (procurement) tools, and aligned incentives. Areas such as Impact Measurement and Management are promising but likely too high-risk for consideration and pose significant barriers to entry. As evidenced by Social Ventures HK (SVhk)[53], the largest venture philanthropy platform, the number of SEs supported is not necessarily more important than quality.

Three practical directions emerge for funders. Firstly, shift the focus from incubation to scale-up with post-incubator support: operational strengthening, investment readiness, and patient, flexible financing. Secondly, develop realistic demand-side pathways. Hong Kong's public and quasi-public bodies already procure goods and services that SEs can provide. Helping SEs meet compliance requirements, understand procurement processes, and connect with buyers would create revenue, not just more pilots. Thirdly, use lighter-touch, recyclable tools. Revenue-share prizes and targeted mentorship offer high impact without permanently subsidising weak business models. They are organised into broad and narrow approaches. Broad suggests a general direction which funders can take as a policy direction, while narrow approaches are direct and specific interventions that can be adopted or modified by funders within their broader policy. They are not necessarily related.

Broad Approach: Scale-Up, Post-Incubator Funding & Support

Once a Social Enterprise reaches proof of concept and begins generating consistent revenue, there is very little capital available to help it expand or innovate[54]. Many SEs identify as in the scaling-up phase. However, many also say they are barely making money. There is no sizable, flexible funding mechanism focused specifically on growth-stage Social Enterprises that have demonstrated impact but need capital to scale operations, strengthen teams, invest in technology, or enter new markets.

This gap is clearly not unique to Hong Kong. International examples show that ecosystems have tried to bridge the "post-incubator" stage through a mix of instruments and delivery models. In the UK, the Growth Fund by Access blended grants with loan capital to make smaller, unsecured loans to charities and social enterprises, circumventing traditional high delivery costs and perceived risk in.[56] In the US, the REDF Impact Investing Fund combines flexible lending with capacity-building support, reflecting a model where scale-up finance is paired with operational strengthening.[57] At the same time, outcomes-based approaches can be credible but demanding: a Harvard analysis highlights transaction costs driven by deal-by-deal customisation as a key constraint on scaling them.[58]

Funders should consider a growth and expansion programme that provides patient, flexible capital, in a standardised, trackable way. This could be revenue-linked loans or outcome/results-based finance.[59] This should include light-touch business support on financial planning, governance, and, most importantly, scaling. It would require targeted expert guidance on operations, pricing, governance, HR, and digital tools. It should clearly focus on ventures already showing market traction. A notable downside is that the bar is much higher than that of seed advisory and requires experts' time.

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54 https://app7.legco.gov.hk/rpdb/en/uploads/2025/ISSH/ISSH07_2025_20250403_en.pdf
55 British Council Report
56 https://access-socialinvestment.org.uk/what-we-do/programmes-and-funds/the-growth-fund
57 https://redf.org/impact-investing/?utm_source=chatgpt.com
58 https://www.hks.harvard.edu/sites/default/files/centers/mrcbg/files/Final_AWP65.pdf
59 The SIE Fund did a pay-for-success pilot for an Oxfam Hong Kong project in 2020, according to the website it is currently still open. https://www.sie.gov.hk/en/what-we-do/pay-for-success.html.
Results/outcome-based is elaborated on by the world bank here: https://documents1.worldbank.org/curated/en/230581623054776388/pdf/An-Introduction-to-Outcome-Based-Financing-GPRBA-s-Outcomes-Fund-MDTF.pdf. That said, their success has been mixed worldwide

Alternate Broad Approach: Public Sector Gap Closing

Most support for SEs focuses on the startup phase (training, incubation, startup funding). However, SEs consistently report difficulty accessing stable customers, especially from public institutions and large companies. Public-sector procurement of SE services remains limited, and SEs' engagement with the public sector is minimal.[60] Corporate procurement is growing but remains unstructured and reliant on individual champions rather than system incentives. Hong Kong has a coordinated, government-backed SE Directory that is explicitly positioned as a reference for responsible procurement and for corporate buyers. Hong Kong also had Good Goods actively matchmaking corporates and SEs (with 100+ corporate clients) until at least 2022, but they have slowed and pivoted.[61] Thus, this model should be approached with extreme caution. SEs can benefit by learning how to find and execute on public, rather than private contracts.

Hong Kong government procurement broadly operates on a tiered basis: low-value purchases are handled through quotation practices (requiring competing quotes >50,000 HKD).[62] High-value goods/services >1M HKD are often procured through open tenders.[63] In practice, many social enterprises remain small-scale and may be constrained in the size of contracts they can credibly bid for, even where tenders are formally open. Thus, realistic sectors could be small programme delivery, workshops, community event services, catering/packaging/gifts, printing, basic training, district-level engagements, and school/university units.[64] Although this does cause the SE to pivot away from its immediate business model toward something more fickle and KPI-based, it is not as strong as pursuing NGO-style grants/endowments and aligns incentives more strongly.

Funders should consider a Social Procurement Partnership Programme that provides technical, not certification, support for SEs to meet compliance, volume, and quality requirements. It may also be of interest to offer guarantees or risk-sharing tools to mitigate early-contract risks and to develop playbooks and frameworks that others can replicate. Lastly, although perhaps going too far into direct subsidy of the sector, work with major buyers to identify suitable procurement categories. Globally, this is rare, but several projects stand out. Prospera, by the Rockefeller Foundation, explicitly places procurement training and technical assistance as the central pillar of its procurement readiness program, and has scaled strongly.[65] Another, wider angle that can function as a stepping stone is a Social Procurement Readiness Checklist as established in New Zealand.[66] If turned into a pipeline, feedback and data can be collected for iteration, as well as integrated into existing services. These examples show that this concept, while new and logistically difficult, can be successful, even in places where social procurement is weak.

60 4% of revenue. Figure 24 British Council Report
61 https://www.taiwannews.com.tw/news/3703049. However, old social media abandoned; now links to Solutions Hub, Care Food.a tinyintended for pre-seed-level
62 https://www.aud.gov.hk/pdf_e/e72ch04.pdf
63 >HK$3m for consultancy services and >HK$1.4m for goods and other services. https://www.aud.gov.hk/pdf_e/e72ch04.pdf
64 These can realistically compete through standard quotation practices, especially if only SEs are invited to quote.
65 https://www.rockefellerfoundation.org/news/prospera-receives-funding-for-procurement-readiness-program/
66 https://static1.squarespace.com/static/5b02f1bd85ede13734718842/t/6052c1998799d1538a49daf0/1739147335906/Social+Procurement+Readiness+Checklist+Mar21+CC.pdf

Narrow Approaches: Specific Interventions

One specific intervention could be a mentorship matching program. Startup founders grant a very small percentage of their company to a mentor, in return for advice and strategic assistance. This has been an established practice in the US through networks and standardised frameworks like FAST[67], SCORE[68], MicroMentor[69], etc. With their stake, they are incentivised to help without the pressure to take complete control, guiding the business and offering advice when requested on difficult decisions. Few matching systems have been targeted to SEs in Hong Kong, and most are either 1. tied directly to an accelerator or incubation programme,[70] or 2. have strong shortcomings on matching and scope. [71] Even an informal matching system may be a strong way to both support SEs and create stronger links between the SE world and the traditional business world. This would be a highly cost-effective, scalable, flexible, and trackable intervention.

Within the broad approaches, funders should be looking for synergies between common elements from different tried and tested means of support; combining successful tools into a harmonised approach. For instance, combine 1. prize funding to top-performing (or most-promising) ventures with 2. a below-market rate simple revenue-based finance (RBF) agreement and 3. revolving funds recycling into a common pot. Funders could create a biannual prize (e.g. three winners per round) for SE scale-ups with strong, clearly functioning business models. Each winner gets a non-dilutive cash award to invest in growth. In return, they sign a light revenue-share: for example, three percent of revenue for three years once turnover exceeds a threshold. Repaid money funds future prize rounds, making it a semi-revolving scheme. This would be a standardised deal, and as such creates very clear KPIs and a clear structure for judgment.

67 https://fi.co/fast
68 https://www.score.org/
69 https://micromentor.org/
70 Sow Asia i2i accelerator and HKFYG incubation programme
71 HKU Space Alumni SEES Mentorship programme, for example, is only for the HKU Space Alumni and provides no matching for mentorship

CONCLUSION

This report had three main objectives. First, clarify what “social enterprise” means in Hong Kong, and why SEs face structural tension. Second, map recent developments in the SE funding and support ecosystem, showing an abundance of small-enterprise early support, but without real means to scale. Third, to outline some practical directions for funders, namely around SE scale support, procurement access, and concrete tools and angles to approach SE support.

In tandem with the SE sector overall, the SE funding and support ecosystem has grown significantly more sophisticated, diverse, and targeted over the past decade. However, it is clear that the same core problems persist. For the industry, SEs still occupy the same difficult niche: operating as businesses while prioritising tangential, non-competitive social outcomes. The challenge most SEs face is achieving long-term financial sustainability through revenue-generating activities, largely due to the constraints of their category and traditional support structures. Training, incubation, and small grants are readily available, inexpensive, and abundant. What is missing is the ability of SEs to grow: stable revenue, scalable financing, and practical operational and growth strategies. As a result, most SEs remain microbusinesses, and very few survive the transition from pilot to viable enterprise.

This report shows that the current landscape is strong on creating and funding SEs but weak on sustaining and scaling them. While innovative, promising approaches are emerging, the core structural issue is misalignment. SEs often rely on NGO-style grants while trying to behave like businesses, leading to mission drift, financial drift, or stagnation. Meanwhile, promising avenues such as public procurement remain underused, not because SEs cannot deliver, but because the system provides little guidance, technical support, or structured pathways to secure real contracts. Funders are encouraged to approach these as structural design challenges, focusing less on creating new social enterprises and more on enabling existing ones to secure revenue, scale operations, and survive beyond the pilot stage.

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