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Mobilising Capital, Talent and *Ambition*.

A research report on the case for, and design of, a Social Impact Coalition for Wales.

Professor Jane Lynch
Professor Peter Wells
Juan Pedraza
Cardiff Business School, Cardiff University

CONTENTS

What's *inside*.

ABSTRACT

An independent examination of the case for a *Social Impact Coalition* in Wales.

SYNOPSIS

This report examines the proposal to establish a Social Impact Coalition aimed at accelerating sustainable growth for voluntary, community-led, and social enterprises (VCSEs) in Wales. Different approaches applied globally are examined and these include pooling financial resources and better coordinating social impact activity based on geographical and demographic grand challenges.

Drawing on these global perspectives, the report identifies transferrable lessons for the Welsh context. These insights are further enriched through primary data collected from one to one interviews with key senior stakeholders. The findings from the academic literature and desk-based research are integrated with the empirical evidence to inform a set of recommendations for the development and implementation of a Social Impact Coalition in Wales.

The proposed Coalition seeks to direct financial investment in a fair, structured and evidence based manner, supporting VCSE leaders to address some of the most complex social and environmental challenges facing people living and working in Wales. This research report draws the lessons learned to inform a structured and rigorous approach in ensuring that those who need resources and support most will benefit.

45k	£5.7bn	64%	£25bn
Voluntary, community & social enterprises in Wales	Annual VCSE contribution to the Welsh economy	Operate below the £50,000 institutional investment threshold	Wales Pension Partnership assets under management

SECTION ONE

01

Introduction.

> *Wales is the first country worldwide to legislate well-being and focus on future generations. The question this report examines is whether that legislative ambition can now be matched with the institutional architecture to deliver it.*

The case for a Welsh impact coalition begins with what Wales already has.

Wales is the first country worldwide to legislate well-being and focus on future generations through the nation's Well-Being of Future Generations (Wales) Act 2015 (WBFGA) (Lynch, 2024). There are approximately 247,000 enterprises active in Wales, employing an estimated 1.1 million people (Welsh Government, 2026). Wales Council for Voluntary Action (WCVA online) reports an increase in voluntary sector businesses in Wales between 2023 and 2025, with approximately 45,000 currently registered as Welsh based enterprises. Social enterprises contribute more than £5.7 billion annually (Allies et al., 2025), and the grouping of voluntary, community-led, and social enterprises (VCSEs) provide a critical growth segment for the Welsh economy to economic wealth and wider, longer term social impact.

The Allies et al. (2025) report further highlights a link between greater social business presence and greater socio-economic deprivation across local authority regions in Wales, underscoring the important role that social businesses play in more deprived areas (ibid., p. 56). The social enterprise sector plays a critical role in growing and developing the Welsh economy and offers an unrivalled contribution to achieving social value (Cwmpas, 2025).

This report explores how, through a coalition approach, financial investment can be directed to leaders of VCSEs to help them scale up, develop and grow more sustainably in Wales.

> *A social impact coalition in Wales would be rooted in the values of community collaboration and the WBFGA — convening stakeholders including the Wales Pension Partnership, corporate investors, government procurers, and VCSE representative bodies.*

The term *coalition* refers to the temporary alliance of diverse political parties or groups united around a shared purpose, pooling expertise, networks, and resources while maintaining individual autonomy (Cambridge Dictionary; Common Knowledge Project, n.d.). Social value refers to the broader effects of an organisation's actions on community well-being and environmental outcomes. Social value extends beyond financial metrics to encompass collective community benefits from public contracts (Social Enterprise UK, 2012; University of Michigan, n.d.). For Welsh policy, social value is defined and framed through the Well-being of Future Generations (Wales) Act 2015 (WBFGA) through its seven goals and five ways of working (Lynch, 2024).

A social impact coalition in Wales would be rooted in the values of community collaboration and the WBFGA. It would convene key stakeholders including the Wales Pension Partnership (£25 billion assets under management), corporate investors, government procurers, and VCSE representative bodies. By pooling resources, aligning incentives, and co-creating investable pipelines, a structured coalition has the potential to leverage each partner's distinct strengths: patient capital from pension funds, procurement expertise from public bodies, and proven impact delivery from VCSEs on the ground.

Socially inspired coalitions apply collaborative models to advance multi-dimensional social, environmental, and wellbeing goals. They bridge public policy, private capital, civil society, and communities (Capitals Coalition, n.d.). Value emerges through stakeholder collaboration and shared norms rather than isolated efforts, with participants bringing distinct interests (what they seek) and strengths (what they contribute) to the partnership (Commons Volunteer Librarian, Smith, and Hammond, 2021).
Leaders of Welsh VCSEs contribute a substantial economic footprint, but many face persistent capital constraints. The report explores how traditional venture capital largely bypasses social enterprises due to mismatched expectations around growth trajectories and exit strategies. Meanwhile, 64% of third sector organisations operate on incomes below institutional investment thresholds of £50,000 (Third Sector, 2025). This structural funding gap limits scaling, innovation, and impact despite strong policy foundations like the WBFGA and the Social Partnership and Public Procurement (Wales) Act.

WORKING DEFINITION

For the sake of continuity, this report defines social impact as: the measurable and intended difference an organisation makes to people, communities, and places by improving well-being and reducing inequality.

1.1 · Research context

In Wales, organisations such as the Wales Council for Voluntary Action (WCVA) convene the voluntary, community, and social enterprise (VCSE) sector. This sector now comprises approximately 45,000 organisations that generate £5.7 billion in annual economic contribution, concentrated in deprived areas (WCVA, n.d.; Allies et al., 2025). Cwmpas (2025) social enterprise mapping demonstrates this sector's correlation with socio-economic deprivation across local authorities. It underscores VCSEs' critical role in local job creation, wellbeing support, and community resilience (Business News Wales, 2025). Welsh VCSEs face persistent capital constraints. Traditional venture capital largely bypasses social enterprises due to mismatched expectations around growth trajectories and exit strategies.

1.2 · Research aim

Drawing from existing models in the UK and globally, the purpose of this report is to propose a robust approach for managing 'Social Impact Coalition Cymru'. This includes the appropriate governance structure, funding architecture, and measurable outcomes aligned with WBFGA well-being goals. The findings explore how a social impact coalition could unlock new investment opportunities while delivering demonstrable and extensive community impact across Wales.

1.3 · Report structure

Transferrable lessons from UK and international structures are examined, for creating stable revenue, de-risking capital, and building organisational readiness for VCSEs.

- **Section 2** examines the existing knowledge through academic and practitioner literature on structures to manage the creation of social value. Lessons are drawn to inform research questions for collecting primary data.
- **Section 3** provides an outline of the research design and justifies the application of online, one-to-one interviews.
- **Section 4** presents the findings of interviews that test and challenge stakeholder perspectives on the success of implementing a coalition approach in Wales.
- **Section 5** presents the recommendations for a Social Impact Coalition Cymru before conclusions are reached.

SECTION TWO

02

Literature *Review*.

Policy foundations, sector scale, capital flows and four international comparators — what works elsewhere, and what Wales could learn from it.

Policy foundations: WBFGA and Social Partnership.

First the review examines sector readiness, and the shape and influence of national policy. Second, the report examines the scope of voluntary sector, social enterprises and community led organisations, and their challenges with sustainable growth. Third, the report explores global examples of collaborative models to deliver enhanced social value.

The Well-being of Future Generations (Wales) Act 2015 requires public bodies to pursue broad economic, social, environmental, cultural, and linguistic well-being outcomes. The Act is framed by seven well-being goals and five ways of working. Complementing this, Section 24 of the Social Partnership and Public Procurement (Wales) Act 2023 (SPPP 23) imposes a legally binding social responsible procurement duty on contracting authorities. Aligned with the well-being goals, the SPPP 23 (s. 24) mandates improvements to economic, social, environmental, and cultural well-being through public commissioning.

Wales has the landmark legislation focusing on well-being goals, and the UK Cabinet Office developed a social value model (Public Procurement Policy Note) PPN 002. The Welsh Government commissioned a social value report (2024) and the findings indicate that, although Wales has strong statutory anchors in sustainability and social value, there is still no consensus on one definition for social value. As a result, local authorities, health boards, and Welsh Government agencies use differing social value definitions, measurement approaches, and commissioning practices (see Table 1). This report will bring some clarity on what is meant by social value and how VCSEs play a critical role to deliver it, specifically in a Welsh context.

TABLE 1 · FRAGMENTATION IN WELSH SOCIAL VALUE PRACTICE ACROSS PUBLIC BODIES

AUTHORITY TYPE	SOCIAL VALUE DEFINITIONS	MEASUREMENT APPROACHES	COMMISSIONING PRACTICES
Local Authorities	Varying interpretations: some use Welsh TOMs, others bespoke frameworks	Software tools vs. subjective scoring matrices	Inconsistent weighting of social criteria
Health Boards	Fragmented application across boards and trusts: no unified approach	Ad-hoc impact assessments: varying TOMs adaptation	Different thresholds for social value pass/fail
Welsh Government Agencies	Multiple guidance documents: no single standard	Diverse toolkits and reporting templates	Varying contract lot sizes and social clauses
Cross-Authority	No consensus on core social value definition	No standard metric or reporting framework	Regional differences create cross-boundary challenges

Wales Procurement Policy Note (WPPN 01/20) defines social value as *a term used to describe the social, environmental and economic impacts of actions taken by communities, organisations, governments and individuals* (Social Value Report, 2024 online).

2.2 · VCSE sector scale and economic contribution

The growth in the number of VCSEs in Wales provides a substantial economic footprint, but leaders of these organisations face the same venture capital (VC) challenges that limit the broader Welsh and UK economies. VCSE organisations pursuing growth capital encounter a structural mismatch: their social-first missions rarely align with traditional VCs' high-growth, exit-driven expectations (Esmene et al., 2024). Access remains limited by low deal volumes, with many organisations falling below VC thresholds and left reliant on dwindling reserves amid rising operational costs (Third Sector Trends, 2025).

The wider Welsh investment environment compounds this. Wales recorded just 48 equity deals in Q1 to Q3 2024 compared with 600 in London and 135 in Scotland (British Business Bank/Beauhurst, 2024), and even in mainstream high-growth sectors the pattern holds: Wales hosts a £24 billion tech ecosystem, broadly comparable in scale to Scotland, yet attracted only £32 million of venture capital in 2024 versus Scotland's £660 million (Tech Nation, 2025; see Figure 1). Whether this reflects investor risk perception or the weakness of Welsh investment pipelines, the conclusion for the VCSE sector is the same: Welsh organisations of every kind compete for scarce, risk-tolerant capital — and VCSEs sit at the back of that queue.

FIGURE 1 · VENTURE CAPITAL INVESTMENT BY UK REGION, 2024 (SOURCE: TECH NATION, 2025)

2.3 · Converging momentum: capital and policy

The Office for the Impact Economy, established in November 2025, signals a clear UK Government commitment to mobilising the £106 billion UK impact economy (UK Government, 2025). This creates an important window for Wales to position itself strategically within a rapidly evolving national architecture, while maintaining distinctly Welsh approaches rooted in the WBFGA.

£106bn	£2tn+	82%
UK impact economy market size	UK pension fund assets under management	of fund trustees cite lack of risk-return data as the key barrier

2.4 · Pension funds

The Wales Pension Partnership (WPP) that pools £25 billion in Local Government Pension Scheme (LGPS) assets, represents substantial capital that could be channelled toward local infrastructure and impact-oriented investments aligned with pensioner return expectations (UK Government, 2025). Sir Ronald Cohen's Better Futures Fund provides a relevant precedent. It demonstrates how private investment can finance delivery organisations, with investors receiving their capital and a return based on measurable outcomes achieved (Cohen, 2026). For Wales, the opportunity lies in designing vehicles and governance structures that deploy them effectively and at scale in line with Welsh priorities.

Pension funds in the UK are amongst the largest in the world and represent a high investment opportunity. They manage over £2 trillion in assets and offer long-term capital with predictable horizons that provide investor confidence on returns and impact (DWP, 2024). Pension fund members support green and social investments, with many willing to accept higher fees for UK-focused assets like affordable housing and infrastructure, though engagement prioritises performance over social-impact oriented investments (DWP, 2024).

The Allenbridge (2017) UK social impact investment and pension survey found that, despite trustee interest, the overwhelming barrier remains the lack of hard data on risk-return characteristics, cited by 82% of fund trustees. Uncertainty also surrounds integrating social impact into asset class strategies and insufficient scalable products (ibid.). Trustees emphasise that decisions hinge on financial considerations first, with social impact secondary.

> *There is money looking for the investments but a lack of supply of good ideas with proper structure around them and proper metrics.*
>
> UK PENSION FUND TRUSTEES · ALLENBRIDGE, 2017

In Wales, the Wales Pension Partnership (WPP) exemplifies this potential. It pools £25 billion from 22 Welsh Local Government Authorities and drives local impact initiatives via private markets, such as £6.5m for Uskmouth battery storage (300 jobs), Llanarth affordable housing, and renewable infrastructure (WPP, 2025). More recently, Kleinman (2026) reported that a group of businesses such as Barratt Redrow, Heathrow Airport, Mitie, Vodaphone, and E. ON are backing the launch of a coalition aimed at tackling barriers to investment in local areas across Britain. The coalition aims to mobilise investment which delivers value to local communities.

2.5 · International evidence

To develop a robust methodology for establishing Social Impact Coalition Cymru, comparable international models for managing social capital investment in Ireland, Scotland, Netherlands and Australia, prove valuable.

2.5.1 IRELAND

The Irish Model: layered finance and deprivation weighting

The Irish government defines a social value business as *an enterprise whose objective is to achieve a social, societal or environmental impact, rather than maximising profit for its owners or shareholders. It pursues its objectives by trading on an ongoing basis through the provision of goods and/or services, and by reinvesting surpluses into achieving social objectives* (OECD, n.d.).

Ireland provides a compelling reference for cultivating impact investment markets through a layered ecosystem of grants, social lending, blended finance, and capacity building, rather than a single flagship fund (OECD, 2023). This integrated approach systematically addresses both supply (capital availability) and demand (investable social enterprises) while maintaining mission alignment.

Ireland strategically deploys national programmes to deliver stable, multi-annual grant income, particularly to social enterprises in disadvantaged and rural areas. The Community Services Programme (CSP) and Social Inclusion and Community Activation Programme (SICAP) support organisations delivering employment, inclusion, and community services (OECD, 2023). The Dormant Accounts Fund (DAF) channels resources into start-up and development grants (OECD, 2023).

CSP funding allocation uses transparent, weighted criteria administered by Pobal (2024) on behalf of the Department of Rural Community (DRCD). Table 2 highlights the metrics and evaluation weighting used in Ireland.

TABLE 2 · CSP FUNDING ALLOCATION CRITERIA (SOURCE: COMMUNITY SERVICES PROGRAMME 2023 ANNUAL REPORT)

METRIC	WEIGHTING	DESCRIPTION
Level of Deprivation	40%	Areas with highest deprivation score highest: CSP
Employees from Target Groups	20%	Higher recruitment from disadvantaged/marginalised groups boosts scores
Earning Potential of Services	40%	Organisations score higher based on net earnings, surplus/deficit, and turnover

How Ireland weights every CSP funding decision — deprivation carries equal weight to financial sustainability.

DRCD sets policy while Pobal manages scoring, allocation (2023 differential model), and compliance (Pobal, n.d.). SICAP operates through 33 Local Community Development Committees (LCDCs) with Pobal administering DRCD/European Social Fund Plus funding under the 2021 to 2027 EIST Programme (Pobal, n.d.). This predictable public backing normalises blending grants with trading income while driving governance and impact improvements.

Ireland's specialist lenders, Clann Credo, Community Finance Ireland (CFI), and the Social Finance Foundation (SFF), bridge commercial banking and community organisations with tailored loans featuring small ticket sizes, flexible security, and extended maturities (OECD, 2023). Capitalised through loan interest, consultancy fees, retail banks (AIB, Bank of Ireland), Council of Europe Development Bank loans, and European Investment Fund guarantees, these intermediaries mobilise private capital for public policy goals (Banking & Payments Federation Ireland, 2025). Multi-annual grants like CSP/SICAP absorb first-loss risk and signal priorities, enabling mission-driven underwriting for projects unviable under standard bank criteria (O'Shaughnessy & Olmedo, 2023, p. 8).

Rethink Ireland (formerly Social Innovation Fund Ireland) complements this with competitive funding across maturity stages, styled as "the venture capital fund of the social innovation sector" (Scallan, 2025). Private philanthropy matched by DRCD combines with EU, state, and corporate sources (Google, Microsoft, Bank of America) to scale growth-stage enterprises transitioning from grants.

TABLE 3 · IRELAND: SELECTION CRITERIA AND IMPACT METRICS

ORGANISATION	PRIMARY CRITERIA	KEY FEATURES	IMPACT	SROI
CSP Grants	Deprivation 40%, Target employment 20%, Earnings 40%	Annual compliance audits	Jobs, target group employment	NA
SFF Wholesale	SDG/policy alignment	€260m lent via specialist lenders	Jobs, facilities by region/sector	n/p
Clann Credo	Community benefit and financial return	No personal guarantees	2,400 jobs from €50m	n/p
CFI	Theory of Change for third sector	Social Value Engine	Health €19m, Infrastructure €14m	**3.69:1**

CSP prioritises deprivation-need; SFF funds SDG-aligned intermediaries; Clann Credo (€125 to €215m to 1,000 organisations) and CFI (€80m to 400 organisations) assess community benefit capacity with flexible terms. CFI quantifies social return on investment (SROI) of

3.69:1 (2023) using Social Value Engine methodology across health (€19m), infrastructure (€14m), and SDGs.

2.5.2 SCOTLAND The Scottish Model: a ten-year national strategy

Scotland's social enterprise landscape is defined by a long-term strategic framework and dedicated institutional support (Scottish Government, 2016). With 2016 serving as a foundational year for co-producing the national vision, the ten-year Social Enterprise Strategy (2016–2026) has since been implemented through three-year Action Plan cycles (Scottish Government, 2016). The latest iteration, the 2024–2026 Action Plan, continues to drive the three core priorities established at the strategy's outset: stimulating social enterprise, developing stronger organisations, and realising market opportunities (Scottish Government, 2024).

Government and specialist intermediaries such as Social Enterprise Scotland share the ambitions for delivery and act as the national representative body and policy voice (Social Enterprise Scotland, 2022); Just Enterprise and partners provide business support and investment readiness (Scottish Government, 2024); Social Investment Scotland manages repayable finances (Social Investment Scotland, 2023); National Buy Social campaigns and directories connect social enterprises into public and corporate procurement channels (Scottish Government, 2024). The architecture sits within a wider wellbeing economy framing. Social enterprises feature explicitly in the Programme for Government 2025 to 2026 to accelerate community wealth building and the drive towards Net Zero (Scottish Government, 2025).

Structurally, Scotland plays an outsized international role: the Social Enterprise World Forum (SEWF) originated in Edinburgh in 2008 and now incorporates as SEWF C.I.C., reflecting Scotland's early leadership in convening global networks and shaping shared definitions and standards for social enterprise (SEWF, 2022). Together, the national strategy, devolved delivery infrastructure, and global convening platform make Scotland a strong governance template for combining place-based support and procurement access.

2.5.3 NETHERLANDS The Dutch Model: a decentralised, data-driven ecosystem

The Dutch Government developed a decentralised and data-driven social enterprise ecosystem, with governance shared between national policies, municipal experimentation, and a strong body, Social Enterprise NL (OECD, 2019; OECD, 2025). At the national level, there are no dedicated legal forms, nor is there a Social Enterprise Act. Social enterprises operate as associations, foundations, co-operatives, or standard companies under the Civil Code and mainly access general entrepreneurship, innovation, and transition programmes rather than bespoke schemes (OECD, 2019; European Commission, 2022).

The cross-government "procurement with impact" policy makes sustainable and socially responsible procurement the norm and requires ministries and agencies to apply social and environmental award criteria in a significant share of tenders but stipulates not to award contracts purely on price (van Berkel & Schotanus, 2021). This framework creates a practical route for impact-oriented businesses such as VCSEs to win public contracts and generate revenue in areas such as circular procurement, inclusive employment, and social services (OECD, 2019).
Much of the Netherlands' social enterprise sector governance is driven by Social Enterprise NL and sub-national governments. Social Enterprise NL (SENL) acts as the de facto peak body: it campaigns for a recognised definition and national register, lobbies for incentive policies that reward impact-first business models and explicitly positions social enterprises as frontrunners of a broader impact economy (Social Enterprise NL, 2024a). SENL liaises directly with provinces and municipalities to help them become business partners for social enterprises, further encouraging them to prioritise social return in procurement, appoint internal contact points or brokers for social entrepreneurs, and identify and remove local regulatory barriers that block new models (Social Enterprise NL, 2024a; OECD, 2025).

Like Scotland, its Buy Social programme builds a market for impact products and services by running a Buy Social Market and brokerage service, convening a network of corporate and public buyers, and supporting organisations to integrate social sourcing into purchasing strategies (Social Enterprise NL, 2024b). Alongside this, initiatives such as City Deal Impact Ondernemen bring together social enterprises, investors, municipalities, and central government to co-create solutions to regulatory and financing obstacles and test new partnership forms at city and regional level.

The Dutch social enterprise sector is well documented through recurring Social Enterprise Monitor studies, which features detailed accounts of who the enterprises are, how they are financed, and where the system is struggling and needs help or investment (Social

Enterprise NL, 2019; Social Enterprise NL, 2024c). The 2023 to 2024 Dutch Social Enterprise Monitor reports that the average social enterprise turns over approximately €2.2 million annually and has an average of 18 full-time employees.

> *Nearly 90% of Dutch social enterprises create substantive impact within the Netherlands — around half at national level and a third locally — with a large majority reporting revenue growth despite challenging macro-economic conditions.*
>
> SOCIAL ENTERPRISE NL, 2024

The Social Enterprise Monitor devotes an entire chapter to social procurement, reporting that the main way that Social Enterprises scale up operations is through access to public contracts. Yet barriers to public contracts are reported. Lack of political support, complex and fragmented procurement rules, and the absence of a legal form as key barriers they cannot solve alone (Social Enterprise NL, 2019).

In parallel, the OECD's in-depth country study "Boosting Social Entrepreneurship and Social Enterprise Development in the Netherlands" provides a system-level analysis of how policy, finance, and support structures interact (OECD, 2019). It documents the current situation rather than simply making recommendations: the prevalence of foundation and association forms, the reliance on general SME instruments rather than tailored finance, the early development of outcome-based funding pilots, and the role of intermediaries and municipalities in building capacity and markets (OECD, 2019; OECD, 2025).

The OECD notes that the Netherlands already uses the following instruments:

- Impact-oriented procurement
- Regional impact funds
- Outcome-based contracts

Outcomes include employment and social care, but these remain fragmented and are not yet underpinned by a unified national framework for social enterprises as a distinct category (OECD, 2019; OECD, 2025).

2.5.4 AUSTRALIA

The Australian Model: certification and blended finance

Extending globally beyond the UK and Europe, Australia provides a compelling example of how a national social enterprise coalition can deliver measurable economic contributions while advancing social impact. Coordinated by Social Enterprise Australia (SEA) and partners like Social Traders, the sector demonstrates scalable economic value (Social Enterprise Australia, 2021). According to Gales and Khalil (2022), Australia's 12,033 social enterprises generate $21.3 billion AUD in gross output and $13.09 billion gross value added (GVA), equivalent to 1% of national GDP. These social enterprises employ 206,278 people (1.6% of total workforce), with 9 jobs per $1 million turnover (Gales & Khalil, 2022).

12,033	$21.3bn	206,278
Social enterprises across Australia	Gross output (AUD), equivalent to 1% of national GDP	People employed across the sector (1.6% of workforce)

Australian social enterprises enhance investment readiness through Social Traders certification. This independently verifies core social enterprise status across 220 data points with risk-based audits (Social Traders, 2024b). Core criteria include a primary social purpose delivering public/community benefit, substantial trade income, and majority profit reinvestment into public/community benefit over private benefit (Social Traders, n.d.). This verification framework serves as a critical due diligence precursor, providing rigour required by impact investors to deploy blended finance effectively.

While Social Traders builds the buy-side of the market through procurement, organisations such as Social Ventures Australia (SVA) address the capital side by managing dedicated investment vehicles like the SVA Diversified Impact Fund and the Social Impact Trust Fund (Social Ventures Australia, 2024). These funds provide growth capital, often in the form of patient debt or equity, that allows certified enterprises to scale operations and meet demands of large-scale government and corporate contracts.

Social Traders operate a blended financial model that prioritises trade-generated revenue alongside strategic funding to support this verification process and broader advocacy efforts. The organisation generates primary income through annual Business and Government Memberships. It charges corporate and public sector buyers fees for access to its certified supplier database and impact reporting tools (Social Traders, 2024a; Social Traders, 2025b). Basic certification is available free of charge to ensure sector accessibility. Social Traders also offers a paid Connections tier for enterprises seeking direct networking opportunities and high-value buyer referrals (Social Traders, 2024c). This commercial income supplements further by government service contracts for state-wide sector development, professional training fees for social procurement masterclasses, and philanthropic grants from major foundations like the Paul Ramsay Foundation to fund research and market-building initiatives.

The practical success of this pipeline shows in enterprises like Jigsaw. It utilised Social Traders certification to secure high-value contracts, thereby establishing commercial proof-of-concept required to secure expansion capital from SVA managed funds (Social Ventures Australia, 2024). By aligning Social Traders certification with SVA financial backing, the Australian ecosystem ensures that blended finance directs toward entities with both proven mission integrity and sustainable trade models.

2.6 · Summary of the literature review

The review has examined four distinct funding models adopted by Ireland, Scotland, the Netherlands and Australia. While the UK and international examples largely focus on the investment and growth initiatives for social enterprises, the policy ambition in Wales is broader — encompassing voluntary organisations, community led organisations and social enterprises (VCSEs).

There is an urgent need to give these VCSE organisations an economic boost in Wales and not just focus on investment funding mechanisms for profit making organisations. The research highlights that VCSEs generate significant and sustainable impact as they grow. However, the review also finds that VCSEs often lack access to the capital required to scale impact, despite being disproportionately located in the most deprived communities where their contribution is most critical (Third Sector, 2025; Tech Nation, 2025; Allies et al., 2025).

The UK Government's establishment of the Office for the Impact Economy signals a national momentum in mobilising the impact economy (UK Government, 2025). This creates a strategic window to position distinctly Welsh approaches within an evolving architecture. Key and influential stakeholders including the Wales Pension Partnership, local authorities, health boards, Development Bank of Wales, CBI, Cwmpas and WCVA should act now to:

- Convene a coalition governance
- Pilot a deprivation-weighted allocation in one agreed Welsh region
- Launch certification standards
- Make better use of baseline sector data

The international case evidence in this review provides proof of concept — variations on these growth mechanisms work in Ireland, Scotland, the Netherlands, and Australia to deliver measurable returns through standards, data, and collaboration rather than using single flagship funds. Wales can lead by example, embedding a social impact coalition within the world's first nation that legislates and prioritises future generations. The coalition can further unlock the £5.7 billion sector's full potential while demonstrating how patient capital, rigorous standards, and community-rooted enterprises advance well-being at scale.

> *Wales can lead by example, embedding a social impact coalition within the world's first nation that legislates and prioritises future generations.*

2.7 · Transferrable lessons for Wales

The review has demonstrated that UK and global nations recognise the wider sustainable benefits of investing significantly in the growth of social enterprises. Each national approach provides some inspiration to become a more equal, a more globally responsible, and a more resilient Wales.

Lesson 1 · Deprivation-weighted grants (Ireland)

Wales could adopt Ireland's model using deprivation-weighted grants. Pobal delivers Community Services Programme grants by weighting over 40% of funding to high-need areas. Adopting this model, Ireland has directed over £100 million to more than 1,000 social enterprises (OECD, 2023). Wales could replicate this through Development Bank of Wales and Wales Pension Partnership funds prioritising, for example, Valley's hotspots at 40% deprivation weighting. Local allocation boards would ensure fair distribution to voluntary organisations in deprived communities, creating a more equal Wales.

Lesson 2 · Unified procurement and investment pipelines (Scotland)

Social Enterprise Scotland offers a blueprint for unified procurement and investment pipelines. Scotland's 10-year Social Enterprise Strategy aligned 32 local authorities via elected boards, delivering a £3.2 million Entrepreneurs Fund without silos (Scottish Government, 2016). Wales could establish a similar model to convene local authorities and health boards behind shared Development Bank of Wales and National Infrastructure Bank pipelines. This structure fosters a more prosperous and resilient Wales through streamlined growth capital for community enterprises.

Lesson 3 · Social Return on Investment (Ireland / CFI)

Social return on investment metrics, proven by Ireland's Community Finance Ireland, quantify impact for investor confidence. CFI delivers 3.69:1 returns, including €19 million in health outcomes through Social Value Engine methodology (Community Finance Ireland, 2024). Wales could apply this to value youth employment and community facilities under Better Futures standard operating procedures. Funders gain monetised evidence of preventive social value, supporting a more prosperous Wales.

Lesson 4 · Local broker model (Netherlands)

The Netherlands collaboration model means that using a local government led broker system, social enterprise is partnered with for profit firms for greater growth opportunities. The Dutch City Deal Impact appointed local contacts that increased joint value by 35% by linking for-profit firms and social enterprises (de Bell, 2023). Wales could operate a similar model in high-density areas such as Rhondda Cynon Taf, where voluntary organisations comprise 16% of activity. This would be a well-timed opportunity aligned with the ambitions for the Procurement Act 2023 and the Social Partnership and Public Procurement (Wales) Act 2023 to deliver more socially responsible procurement and to remove barriers for SMEs and VCSEs to find, bid for, and win public contracts. Wales could launch a WCVA or Cwmpas-administered certification for Wales Pension Partnership tenders, providing auditable due diligence.

Lesson 5 · Annual monitoring surveys (Netherlands)

Annual monitoring surveys, as used in the Netherlands, baseline sector data to drive policy. Social Enterprise NL reports show 90% impact measurement and average €2.2 million turnover, mapping gaps that shaped national strategies (Social Enterprise NL, 2024). Wales could pilot WCVA surveys across 45,000 voluntary organisations benchmarked to Well-being Goals. This evidence base ensures globally responsible outcomes with coherent reporting.

Social Impact Coalition Cymru will be a forerunner for delivering impact and is a critically important vehicle to provide growth opportunities for leaders of VCSEs. This will help to address the systemic funding gap facing Wales' 45,000 VCSEs. These organisations already contribute £5.7 billion annually to the Welsh economy.

Wales possesses unique assets to adapt any of these models, and the WBFGA provides a statutory anchor unmatched globally. In addition, this is a timely development because the Social Partnership and Public Procurement (Wales) Act 2023 places a duty on public bodies in Wales to embrace fair work and to deliver socially responsible procurement. This opens more opportunities for smaller businesses and VCSEs by removing barriers to tendering and delivering enhanced social impact through public contracts. Yet fragmentation persists:

there is no unified social value framework, and there are inconsistent measurements across authorities, and confusion about effective implementation that may undermine policy (Welsh Government, 2024).

Social Impact Coalition Cymru would mobilise these assets systematically. It would establish deprivation-weighted allocation boards channelling Development Bank of Wales and pension funds to Valley's hotspots or regions with severe social and economic deprivation. A consultancy, versed in social value, could administer social impact certification providing auditable due diligence for health and community tenders; social return on investment metrics valuing youth employment and community facilities under Better Futures procedures; and WCVA monitoring surveys benchmarking 45,000 organisations against WBFGA goals (OECD, 2023; Social Traders, 2025; Community Finance Ireland, 2024; Social Enterprise NL, 2024).

This architecture delivers on all seven well-being goals: equitable capital to deprived areas builds a more equal Wales; key stakeholder coordination creates prosperous and resilient communities; procurement brokers foster cohesion; certification promotes health through de-risked contracts; social return on investment (SROI) metrics support prosperity; and monitoring ensures global responsibility.

The report concludes with the following research questions that will be addressed through primary data collection.

RESEARCH QUESTIONS

RQ1. What are the current metrics used to evaluate the performance of VCSEs?

RQ2. What are the current funding mechanisms for growth in VCSEs in Wales?

RQ3. How could key stakeholders collaborate to provide more support for VCSEs?

RQ4. Which areas in Wales should be targeted for investment growth?

SECTION THREE

03

Research *Design*.

A qualitative approach combining documentary analysis with eight semi-structured stakeholder interviews. Not a search for universal theory — an attempt to inform institutional design.

A qualitative design grounded in eight stakeholder interviews.

This report uses a qualitative research design that combines documentary analysis with semi-structured interview material as follows.

The documentary component included supporting policy material, secondary evidence on Welsh social enterprise development and international practice as discussed in section two. The primary component is reported in section four and is comprised of a set of eight online interviews via Microsoft Teams with key stakeholders who hold experience in funding, charity, and social enterprise support, regional development, corporate-community partnership, and social investment.

Participating Organisations

Community Foundation Wales · WCVA · Ashoka · CBI Wales · The Office of the Future Generations Commissioner for Wales · Admiral · National Lottery Community Fund (Wales) · Cwmpas

Ethical approval was gained prior to conducting the online interviews. The Cardiff University Senior Executive Responsible (SER) approved documentation (Ref: 3146) including consent forms, participant information sheets and the use of recording of transcription, its application, storage and disposal.

The interviews were analysed thematically. Rather than attempting statistical generalisation, the analysis sought to identify recurring ideas, tensions and priorities across the participant set. In line with the literature findings, particular attention was paid to views on collaboration, governance, representation, regional targeting, measurement, barriers to implementation and capital design. The findings from the interviews are intended to inform institutional design rather than produce universal theory.

SECTION FOUR

04

Interview *Findings*.

> *Eight institutions. Seven recurring themes. The strongest were unanimous — and the message they sent was strikingly consistent.*

Wales has substantial goodwill, but limited system integration.

The findings from each of the eight online interviews are now presented. A dominant theme across the interviews was that Wales has substantial goodwill and social purpose, but limited system integration.

Collaboration intent

Participant 7 argued that Wales is currently *"struggling with collaboration"* and linked this to funding scarcity and the lack of transparency in how organisations enter collaborative conversations. *Participant 6* similarly observed that funders often work as part of the same overall *"jigsaw"* around projects but still operate separately, with very little genuine collaboration. *Participants 3* and *4* also pointed to a landscape where different mechanisms and forums already exist, yet the wider picture remains siloed or unclear.

These views suggest that the problem in Wales is not simply the absence of actors. Instead, it is the absence of a coordinating mechanism that gives actors a clearer route into shared purpose, information and action. This finding aligns closely with VCSE literature, which stresses that institutions matter because they reduce friction, improve visibility, and create pathways across fragmented fields (OECD, 2019).

> *The problem in Wales is not simply the absence of actors. It is the absence of a coordinating mechanism that gives them a shared route into purpose, information and action.*
>
> SYNTHESIS OF INTERVIEWS

Transparency and trust are foundational

Transparency emerged as one of the clearest preconditions for effective coalition working. *Participant 7* stated that collaboration works best when participants are truthful about what they need and transparent from the start, because this is what creates trust. *Participant 3* similarly described the current social investment landscape as lacking transparency, not necessarily because actors are intentionally opaque, but because the system is siloed and difficult to interpret from the outside.

This is a crucial insight for coalition design. Before a coalition can become a vehicle for raising capital or scaling projects, it may first need to function as a transparency mechanism. If organisations do not understand how existing funding vehicles operate, what they prioritise or how they relate to one another, then a coalition that clarifies the landscape could already be creating value.

Governance: formal, tiered, and credible

The interviews strongly indicated that a Welsh coalition would require more than informal goodwill. *Participant 7* argued that the coalition would need a formal structure, especially if it were to handle significant capital, and suggested a chair and board. *Participant 8* similarly referred to the need for an advisory board and dedicated manager with financial oversight. *Participant 5* developed this further by suggesting a tiered structure in which a broader membership body would sit alongside a more focused strategic layer.

This evidence points toward a clear design principle. A coalition must be inclusive enough to carry legitimacy, but structured enough to act. *Participant 5* also warned that very large coalitions become difficult to manage and reach consensus with. This suggests that governance design is not a secondary issue. It is one of the main determinants of whether the coalition becomes useful or unwieldy.

A coalition must show clear value-add and avoid duplication

Multiple participants stressed that Wales already contains numerous bodies, forums, and partnership structures. *Participant 3* warned that a coalition should add clarity rather than further complicate an already crowded landscape, while *Participant 5* argued that it would need to be very clear about why it is different and why it is needed. *Participant 2* similarly stressed that the coalition would have to articulate its value-add within a busy VCSE sector. This implies that a coalition should address identifiable problems that existing institutions do not currently resolve or perform functions that existing organisations may not be well placed to deliver on their own.

Based on the interviews, those functions are less about replacing current organisations and more about connecting them more effectively. These include improving transparency across the support landscape, strengthening capital matching, developing clearer pipelines for investment and procurement, supporting more consistent approaches to measurement, and enabling stronger coordination across sectors and regions. This framing also helps reduce the risk of friction. Rather than displacing existing organisations or practices, the coalition would be expected to complement them by filling gaps between them, helping actors work together more coherently, and making the wider system easier to navigate for VCSEs, funders, businesses, and public bodies.

Wales-wide ambition should coexist with place-based variation

Most participants supported a Wales-wide model in principle. *Participants 3, 7* and *8* all argued that the coalition should serve the whole of Wales. However, there was equally strong recognition that the needs and conditions of different places vary considerably. *Participant 1* referred to rural areas in West, North, and Mid Wales. *Participant 3* highlighted rurality, language and cultural difference, particularly in Welsh-speaking contexts such as Anglesey. *Participant 5* suggested that Northwest Wales may offer strong conditions for pilot activity because of existing networks and appetite.

This suggests that a coalition should be national in mandate but adaptive in delivery. A single central design imposed uniformly across Wales might fail to recognise the varied geographies of poverty, resilience, language, market opportunity and institutional strength.

Measurement must be common but proportionate

There was broad agreement that a coalition would need some form of shared measurement framework. *Participant 7* referred to social return on investment and bespoke metrics with real depth, while *Participant 8* suggested longer-term indicators linked to health, well-being, and employment. *Participant 6* emphasised that common measurement matters but warned that any framework must remain proportionate and workable for organisations receiving relatively small grants. *Participant 4* similarly noted that social value frameworks may become increasingly important as Welsh measures and reporting tools become more available.

The implication is that the coalition should not seek a perfect measurement model from the outset. Instead, it should establish a common framework that supports comparability across organisations while remaining flexible enough to reflect differences in scale, capacity, and context. This would allow the coalition to generate more consistent evidence without creating reporting expectations that smaller organisations struggle to meet.

Better capital matching is important

Several interviewees challenged simplistic assumptions about funding. *Participant 6* argued that grant systems are often inefficient because capital goes to the most financially sustainable applicants rather than those in greatest need. They also suggested that some organisations receive grants where a loan or blended model would be more appropriate, while others with higher need are left unsupported. *Participant 2* raised similar concerns about the need to identify an investment pipeline and improve VCSE investment readiness.

This suggests that a coalition should not define success solely in terms of attracting more funding into Wales. It should also improve how capital is matched to organisations, purposes, and stages of development. In this sense, intermediation and coordination may be as important as fundraising.

In summary, Figure 2 captures the frequency of key themes being mentioned during the interviews.

FIGURE 2 · THEME FREQUENCY ACROSS THE EIGHT INTERVIEWS

Ambition and governance were raised, unprompted, by every participant.

Ambition and narrative

A final major theme concerned ambition. *Participant 7* referred to an "*ambition gap*" in Wales. *Participant 1* mentioned that Wales would have a great opportunity with a Social Impact Coalition. *Participant 2* linked this to wider economic thinking by arguing that Wales needs to grow social enterprise and cooperatives more deliberately as part of its economic strategy. These findings help shape potential narratives about what kinds of institutions and economic futures are considered possible. In Wales, a coalition may therefore need to operate both as a practical mechanism and as a vehicle for a more impact-economy narrative.

SECTION FIVE

05

Discussion & *Recommendations*.

> *Wales does not lack values, organisations or policy support. It lacks a sufficient, coherent mechanism linking these assets together. The proposed model is presented as infrastructure — not as a project.*

The case for a coalition as institutional infrastructure.

The central inference emerging from both the literature and interviews is that Wales does not lack values, organisations or policy support. Rather, they suggest a lack of a sufficient, coherent mechanism linking these assets together. A Social Impact Coalition would therefore be of great use if it functions not simply as a convening space but as an institutional bridge between purpose, capital, delivery and evidence.

This interpretation has several consequences. First, the coalition should be conceived as infrastructure rather than as a project. Its value would lie in reducing fragmentation, lowering transaction costs, improving transparency, and building more reliable pathways from need to finance and from policy ambition to delivery. This is consistent with international evidence showing that VCSE sector maturity depends heavily on intermediary capability and coordination architecture (OECD, 2019; Social Traders, 2024c).

Second, the coalition must balance legitimacy and effectiveness. Broad representation is necessary in Wales due to the diversity throughout the VCSE sector. Yet a coalition that includes everyone in every decision might struggle to move with enough pace to build confidence. The strongest model is therefore likely to be tiered, with a broad membership base, a smaller governing board and a dedicated executive function.

Third, the coalition should begin with a deliberately limited scope. While the interviews showed strong support for a Wales-wide mission, they also revealed clear concerns about stretched organisational capacity, the time-intensive nature of collaboration, and the risk of duplicating existing activity. For that reason, a pilot phase focused on a single geography, one thematic area, or a small group of anchor partners may be more credible and manageable than an immediate attempt to operate across the entire ecosystem. The interview data also pointed towards areas where VCSE activity and support infrastructure are already relatively strong, suggesting that the coalition is more likely to gain traction where trusted community networks are already in place.

Fourth, capital design is central. The interviews make clear that the issue is not simply underfunding. It is also misallocation, poor matching, and the lack of a stronger pipeline from local need to appropriate financial instruments. A coalition could add substantial value if it helps determine where grants are essential, where blended finance is possible, where procurement opportunities can be opened and where organisations need investment-readiness support before they can absorb any form of capital.

Finally, measurements must be treated as an enabler rather than a barrier. The coalition will require a common outcomes logic, but it should avoid reproducing the kind of disproportionate reporting burdens that interviewees criticised. The most credible route could be a layered framework built around a small common core and additional thematic metrics where necessary.

5.1 · Proposed model for a Welsh Social Impact Coalition

PURPOSE

The coalition should exist to align capital, capability, commissioning and evidence around shared social, environmental and economic outcomes in Wales. Its purpose should be to reduce fragmentation, improve visibility, build pipelines of investable and supportable activity and create stronger routes between policy ambition and community-level impact.

CORE FUNCTIONS

The coalition should perform five interlocking functions.

FUNCTION 01

Transparency & mapping

Create a clearer picture of current mechanisms, priorities and routes into support.

FUNCTION 02

Pipeline building

Identify investable and commissionable opportunities across sectors and places.

FUNCTION 03

Capital matching

Determine when grants, loans, blended finance or procurement routes are most appropriate.

FUNCTION 04

Measurement & due diligence

Provide proportionate common frameworks and trusted verification.

FUNCTION 05

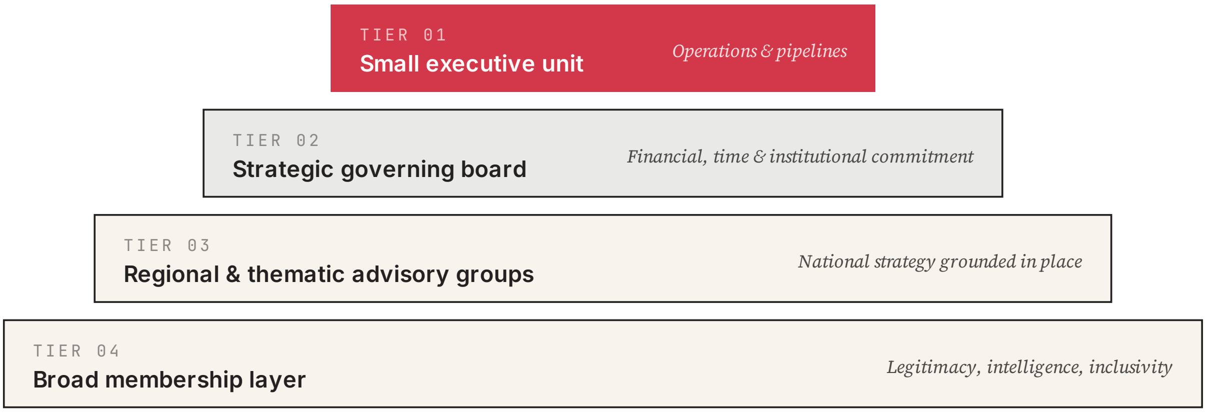
Strategic convening & learning

Enable government, business, funders and VCSEs to work from a clearer, shared perspective.

GOVERNANCE

A tiered structure is recommended.

FIGURE 3 · RECOMMENDED TIERED GOVERNANCE STRUCTURE



- A **broad membership layer** should provide legitimacy, intelligence and inclusivity.
- A **strategic governing board** should include actors able to commit financial, time, or institutional resources.
- A **small executive unit** should coordinate operations, partnerships, evidence and pipeline development.
- **Regional or thematic advisory groups** should ensure that national strategy remains grounded in place-based realities.

MEMBERSHIP

Interview evidence suggests that credible membership would likely include representatives from WCVA, Cwmpas, Welsh Government, local government or Corporate Joint Committees, social finance actors, philanthropic funders, major employers, regional networks and grassroots community organisations. The exact composition should be shaped through a formal scoping process, but the principle is clear: the coalition must combine authority, delivery knowledge, and geographic legitimacy.

FUNDING MODEL

The coalition's own operating model should be mixed. Core costs should be supported through anchor public and partner funding. Pilot thematic funds could be pooled from public, philanthropic and corporate contributors. Over time, limited fee-for-service elements could be considered for larger institutional users, particularly where the coalition provides enhanced due diligence, brokerage or market intelligence. The Australian example suggests that mixed funding models can help social enterprises remain both mission-led and operationally sustainable (Social Traders, 2024c).

MEASUREMENT

A layered measurement framework is recommended.

FIGURE 4 · LAYERED MEASUREMENT FRAMEWORK

LEVEL 03 · ONLY WHERE SCALE JUSTIFIES
Funder-specific reporting

LEVEL 02 · WHERE RELEVANT
Thematic indicators: employability, resilience, health, community wealth

LEVEL 01 · EVERY ORGANISATION
Common outcomes spine, linked to Welsh well-being goals

This model would provide enough consistency to build trust while respecting the diversity and resource constraints of participating organisations.

5.2 · Recommendations for Social Impact Coalition Cymru

i **Begin with a pilot phase.**

Early activity should test value in one geography or theme before wider roll-out.

ii **Welsh Government as an arms-length enabling partner.**

In line with international evidence included in this report, the Welsh Government should remain arms-length and have a limiting role without bias. They should act as a critical enabling partner, anchored in policy and present in governance.

iii **Create a transparent access portal and ecosystem map.**

This should be one of the coalition's first practical outputs, helping users navigate support, funding, and partnership routes more easily.

iv **Build a capital-matching and investment-readiness function.**

This would help ensure that the right organisations receive the right form of support, whether grant, loan, blended finance, or procurement-led opportunity.

v **Adopt a proportionate common measurement framework.**

Shared reporting should be consistent, usable, and not excessively resource intensive. *Participant 4's* reference to the Social Value Portal is useful here because it shows how a shared system can support measurement without forcing every organisation into a different bespoke process.

vi **Compensate meaningful participation where necessary.**

Smaller organisations should not be expected to carry the coalition on unpaid labour.

vii **Connect the coalition to Welsh procurement and regional development agendas.**

Without these links, the coalition risks remaining peripheral rather than shaping real opportunity within the Welsh policy environment.

viii **Frame the coalition as part of a wider Welsh impact economy strategy.**

It should be presented as an ambitious, future-facing national project rather than simply a response to funding scarcity.

5.3 · Research limitations

This report has several limitations. The interview data is qualitative and not statistically representative. Some of the international and policy evidence comes from grey literature and institutional publications rather than peer-reviewed academic research. In addition, the report does not include detailed financial modelling for coalition costs or investment scenarios. The literature review does not include content on structured approaches for managing collaboration of which there are many frameworks available including the principles of ISO 44001 Managing Collaborative Relationships (ICW).

These limitations mean the report should be treated as strategic design rather than a final implementation blueprint. A next phase of work should therefore include feasibility testing, structured stakeholder validation, legal options appraisal, financial scenario modelling and more detailed mapping of existing Welsh support and finance mechanisms.

SECTION SIX

06

Conclusion.

> *On that basis, the case for a Social Impact Coalition in Wales is compelling. The most credible next step is to move beyond concept and towards a carefully scoped, pilot implementation.*

Wales has the ingredients. What it lacks is the mechanism.

Wales already possesses many of the ingredients required for a distinctive and effective social impact ecosystem. It has a strong civic tradition, a substantial VCSE and social enterprise base, internationally distinctive well-being legislation and increasing recognition that economic development must generate wider social value. However, these strengths are constrained by fragmented funding, limited transparency, uneven organisational capacity and the absence of a coherent mechanism to align capital, capability and outcomes.

A Social Impact Coalition could help address these systemic weaknesses — but only if it is designed as a practical infrastructure rather than another symbolic partnership forum. To be effective, it must clarify the current landscape, strengthen pipelines of investable activity, improve capital matching, support proportionate and meaningful measurement, and bridge the gap between national Welsh well-being ambitions and the operational realities of community delivery, regional variation and institutional accountability.

At its core, a Social Impact Coalition should function as a cross-sector platform that coordinates funding and enables the scaling social impact across Wales. Core purpose would include:

- Convening actors across sectors to improve collaboration and alignment.
- Developing robust pipelines of investible projects.
- Strengthening the capacity of delivery partners.
- Directing capital more strategically towards impact outcomes.

The international evidence suggests that such ecosystems are most effective where policy legitimacy, intermediary capability, due diligence and market pathways are aligned. The Welsh interview evidence points to a clear appetite for this model, but also alongside a strong caution. The Social Impact Coalition must demonstrate tangible value, avoid duplication and be disciplined in both scope and design.

On that basis, the case for a Social Impact Coalition in Wales is compelling. The most credible next step is to move beyond concept and towards a carefully scoped, pilot implementation.

The case for a Social Impact Coalition in Wales is compelling. The most credible next step is to move beyond concept and towards a carefully scoped, pilot implementation.

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