Luxembourg Impact Finance Ecosystem Mapping

LSFI
Luxembourg Sustainable Finance Initiative

IIAB
Impact Investing Advisory Board



Commissioned by the Luxembourg Sustainable Finance Initiative (LSFI) and the LSFI Impact Investing Advisory Board (IIAB)

Conducted by Amarante Consulting

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Executive Summary

The Luxembourg Sustainable Finance Initiative (LSFI), through its Impact Investing Advisory Board (IIAB), commissioned this report to develop a structured, evidence-based picture of the actors and dynamics shaping Luxembourg's impact finance ecosystem. It was conducted in close coordination with InFiNe's parallel mapping of Luxembourg's inclusive finance ecosystem, using a shared survey instrument. The findings do not necessarily represent the views or positions of LSFI, the LSFI IIAB, their members, public authorities, regulators or organisations referenced in the report.

The data and insights were collected through a structured survey sent to 84 ecosystem actors and answered by 62 actors (response rate: 75%), followed by 23 selected in-depth interviews with senior ecosystem leaders. The 62 organisations that participated in the mapping reflect this rich ecosystem. Amongst this survey, ecosystem enablers (service providers, networks and ecosystem coordinators, education and academic organisations, and incubators and accelerators) were the largest single category in the Luxembourg ecosystem, reflecting its strength as a convening, knowledge, and enabling jurisdiction. It is followed by Intermediaries – organisations like wealth advisors, investment managers, or financial infrastructure that play a facilitating role in directing capital from asset owners to impact companies and projects. This means that some of the world's largest impact fund managers operate alongside multilateral institutions, international networks, specialist advisors, and public bodies, all within a small geography that enables the kind of proximity, iteration, and co-creation that complex impact fund structures require. What is less represented in Luxembourg's impact finance ecosystem are the Capital suppliers (asset owners), demand-side (impact businesses), and governmental actors. Activating local supply and demand of impact capital presents an opportunity to further strengthen and deepen the ecosystem.

The findings confirm that Luxembourg has assembled an impact finance infrastructure of genuine international quality. Its fund legislation, including notably SICAV, SIF, RAIF, and securitisation frameworks, is widely recognised as the most flexible in Europe for serving international investor bases. The CSSF's pragmatic and accessible regulatory approach is consistently cited by interviewees as a competitive differentiator for Luxembourg. The Luxembourg Green Exchange (LGX) is the world's first platform dedicated to green, social, and sustainable securities, accounting for 41% of international sustainable bond listings.[1] LuxFLAG certifies 209 investment and insurance products across its suite of ESG, Impact and Transition labels, representing €97 billion in AUM at the end of 2025.[2] The Luxembourg-EIB Climate Finance Platform (LCFP), the Luxembourg Earth Impact Fund (LEIF), the Financing Innovation Tool (FIT), and the Accelerating Impact programmes represent a set of catalytic public instruments that uniquely position Luxembourg as a global hub for impact finance. The proximity of the European Investment Bank (EIB) and European Investment Fund (EIF) as supranational anchor institutions for blended finance further strengthens the context.

The report's central finding is that Luxembourg's impact finance ecosystem is built deep and strong at the infrastructure layer including among others fund vehicles, regulation, labelling, intermediation, professional services, but it still has the opportunity to further activate the domestic Limited Partners (LPs) base to provide capital for impact strategies, and the pipeline of local social enterprises and project developers that should deploy that capital effectively.

[1] *Luxembourg Stock Exchange (LuxSE), LuxSE Sustainability Report 2025, Data as of 31.12.2025.*

[2] *LuxFLAG, Annual Report 2025, data as of 31.12.2025.*

Key Takeaways

- **A diverse and active institutional landscape:** The ecosystem benefits from a wide range of active organisations and initiatives, creating a strong ecosystem that is fit to support a wide range of international institutional investment managers that play a significant role in the global impact finance landscape.
- **A nascent domestic LP base:** Fund managers across the ecosystem confirmed they have few local investors. Institutions such as family offices, retail banks, pension funds and foundations exist, but were generally found to have limited participation in domestic impact funds and less active or visible participation in the impact finance ecosystem. This represents a significant opportunity to strengthen local capital mobilisation over time.
- **Limited ecosystem-wide market intelligence:** Luxembourg has not yet established a recurring, comprehensive market sizing exercise for its impact finance sector. Stakeholders consistently identified stronger market data and evidence as an important enabler for ecosystem visibility and credibility.
- **Opportunity to support emerging fund managers:** Compliance requirements associated with the AIFMD framework create proportionally higher fixed costs for smaller funds. Building on the numerous initiatives and support systems already in place, this presents an opportunity to explore innovative financing instruments tailored to the needs of smaller actors, helping them overcome initial scale constraints and realise their full potential.
- **An ecosystem still developing key support functions:** While Luxembourg has built strong capabilities in fund structuring and international finance, stakeholders highlighted opportunities to further develop complementary ecosystem actors, including impact research organisations, impact measurement and management (IMM) specialists, retail impact investment product offerings, and intermediaries that facilitate collaboration and deal flow across different parts of the ecosystem.

Conclusion

Luxembourg's structural strengths in fund infrastructure, regulatory pragmatism, and international connectivity are genuine and widely recognised. In recent years, Luxembourg has created a unique and strong enabling ecosystem for impact finance, which positions the country as one of the global hubs for impact finance.

Going beyond local initiatives, the LSFI and LSFI IIAB will also continue their international collaboration with GSG Impact, Impact Europe, and other partners, growing and developing impact finance not only in Luxembourg but also globally.

With the ambition cascading from the top, and a robust roadmap, followed by exceptional execution capacity, Luxembourg is well positioned to continue being a leader in global impact finance.

Disclaimer

The findings reflect the authors' analysis based on the survey and interview evidence and do not necessarily represent the views or policy positions of LSFI, the LSFI IIAB, their members, public authorities, regulators, or organisations referenced in the report.

While the results are based on individual inputs from the survey and interview participants, the data has been aggregated. The results therefore do not represent the views of any individual participant. Individual responses have been anonymised, and no finding in this report can or should be attributed to an identifiable individual or organisation.

While every effort has been made to ensure the accuracy and completeness of the information presented, the LSFI and the LSFI IIAB make no representations or warranties, express or implied, as to its accuracy, completeness, and accept no liability for any loss or damage arising from its use. The report reflects the situation as of the period during which the survey and interviews were conducted and may not account for subsequent developments in Luxembourg's impact finance ecosystem. This report is provided for informational purposes only and does not constitute financial, investment, legal, or tax advice; readers should seek independent professional advice before making any decisions based on its content.

The LSFI IIAB welcomes this independent mapping as an important contribution to understanding Luxembourg's impact-finance ecosystem. These findings will be used to inform the work of the LSFI IIAB and the LSFI, who retain full discretion over how they are used going forward.

CONTENTS

Executive Summary 2
Key Takeaways 3
Conclusion 3
Disclaimer 3
1. Background 6
2. Ecosystem Mapping & Insights 7
2.1 Overview of the Luxembourg Impact Finance Ecosystem 7
2.1.1 Ecosystem enablers (27 respondents, 44%) 8
2.1.2 Intermediaries (18 respondents, 29%) 8
2.1.3 Supply of Impact Capital (11 respondents, 18%) 9
2.1.4 Government (3 respondents, 5%) 9
2.1.5 Demand for Impact Capital (3 respondents, 5%) 9
2.1.6 Cross-Pillar Interactions and Collaboration Opportunities 10
2.2 Survey Findings 10
2.2.1 Overview of Survey Core Insights 10
2.2.2 Profiles of Surveyed Stakeholders 12
2.2.3 Trends: SDGs and Geographic Focus 14
2.2.4 Emerging Challenges 16
2.3 Findings from Interviews 19
2.3.1 Overview of the Key Messages 19
3. Conclusion 20
Acknowledgements 22
Annex A: Methodology 23
Annex B: Glossary 24
Annex C: Surveyed Organisations 26

1. Background

The Luxembourg Sustainable Finance Initiative (LSFI), through its Impact Investing Advisory Board (IIAB), commissioned this mapping exercise to develop a structured, evidence-based picture of the actors and dynamics shaping Luxembourg's impact finance ecosystem. The IIAB's mandate requires a clear understanding of who is active in the ecosystem, what roles they play, how they interact, and where structural gaps persist – information that does not previously exist in a consolidated form. This mapping was carried out in close coordination with InFiNe's parallel mapping of Luxembourg's inclusive finance ecosystem, using a shared survey instrument to reduce respondent burden while maintaining distinct analytical scope.

The findings reflect the authors' analysis based on the survey and interview evidence and do not necessarily represent the views or positions of the LSFI, the LSFI IIAB, their members, public authorities, regulators or organisations referenced in the report. The IIAB welcomes this independent mapping as an important contribution to understanding Luxembourg's impact-finance ecosystem. The findings of this will be used to inform the LSFI IIAB and the LSFI. The LSFI IIAB and the LSFI retain full discretion over how these findings will be used for future work.

This mapping is not meant to be an exhaustive census of every organisation with a connection to impact finance in Luxembourg. It is a structured exercise based on a survey of 84 identified impact actors (62 of which responded), complemented by 23 in-depth interviews with senior ecosystem leaders. The impact actors were identified from LSFI and InFiNe contacts, and selected based on their local presence and proactiveness in impact finance. While Luxembourg is known for its role as the domicile of impact funds, it also has active impact actors operating outside of Luxembourg. These actors were not targeted by the survey. The survey was also not targeted at impact businesses; hence, the "demand for impact capital" part of the ecosystem is not well represented in this survey.

Luxembourg hosts one of the largest investment fund industries globally. Assets under management (AUM) in Luxembourg-domiciled funds exceeded €8 trillion in 2025, making it the largest fund centre in Europe.[3] Within this broader universe, sustainable finance-labelled private market funds' AUM in Luxembourg are estimated at €855.6 billion at the end of 2024 (77% of total European sustainable private market funds' AUM). Similarly, sustainable finance-labelled public market funds' AUM in Luxembourg reached €815.4 billion (31% of the total sustainable public market funds' AUM in Europe).[4] These figures position Luxembourg as a leading centre for cross-border fund domiciliation and distribution, but they also underscore the gap between the volume of capital structured through Luxembourg and the share of genuinely impact-oriented, intentional investment that it represents.

A central ambition of this report is to clarify the characteristics of Luxembourg's impact ecosystem – what are its strong points and where there lies an opportunity for future development. Luxembourg's strengths – flexible fund vehicles, a responsive regulator, the proximity of EIB and EIF, and its role as the primary EU passporting hub for international impact fund managers – are widely recognised. The mobilisation of local capital and the domestic impact economy remains the defining ambition for the future.

[3] Luxembourg For Finance, Luxembourg financial centre records strong growth across sectors in 2025

[4] LSFI & ALFI, Sustainable Finance in Europe and Luxembourg 2025: Navigating recalibration

2. Ecosystem Mapping & Insights

2.1 Overview of the Luxembourg Impact Finance Ecosystem

Luxembourg's impact finance ecosystem is best understood through the lens of the Global Steering Group for Impact Investment (GSG) pillar framework, which maps impact ecosystem actors to five interconnected functions:[5]

- **Supply of Impact Capital:** Actors that provide funding, directly or indirectly, to impact businesses. These include institutional investors such as pension funds, banks, and philanthropies.
- **Demand for Capital:** Businesses and entrepreneurs that provide impact solutions and have financing needs to carry out those solutions.
- **Intermediaries:** Enabling the exchange of impact capital between the supply and demand side. These include private equity funds and public stock exchanges.
- **Government** as a catalyst for impact through its roles as regulator, market builder, and direct participant.
- **Ecosystem enablers:** Facilitating the impact economy, without necessarily providing capital. These range from financial advisors to academic institutions to networks.

As shown in Figure 1, the GSG pillar framework was applied to 62 survey respondents, supplemented by key insights identified through the benchmarking and interview exercises.

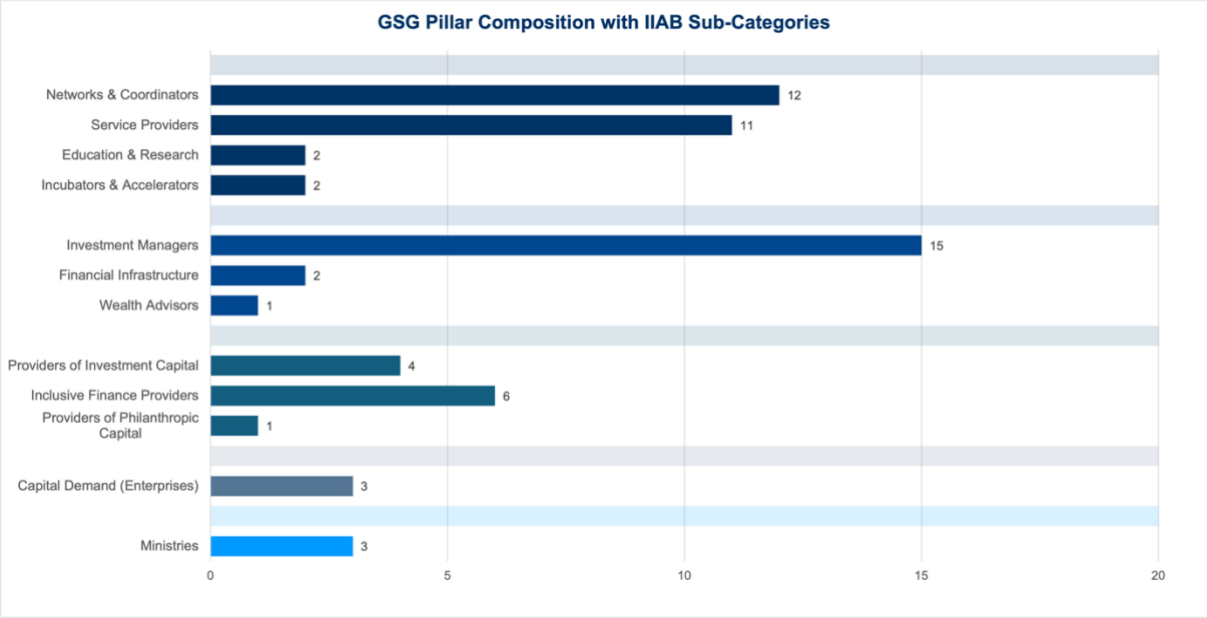


Figure 1: Luxembourg Impact Finance Ecosystem through the lens of GSG pillars, with IIAB-defined sub-categories.[6]

[5] GSG Impact, The 5 pillars of a successful impact economy

[6] Organisations were mapped to GSG pillars using a methodology developed jointly with LSFI/IIAB. While the survey allowed respondents to self-identify their primary ecosystem function, the final pillar allocation was determined by LSFI/IIAB based on each organisation's profile and how they fit within the IIAB's understanding of the ecosystem structure. While the results are based on individual inputs from the survey and interview participants, the data has been aggregated. The results therefore do not represent the views of any individual participant and no finding in this report can or should be attributed to an identifiable individual or organisation.

GSG Pillars and IIAB Sub-Categories

When mapped to GSG pillars, the imbalance between ecosystem enablers (44%) and supply (18%) and demand (5%) actors is clear. The ecosystem has built the infrastructure, but capital has yet to flow at scale. This is not a criticism of any individual actor; market-building is necessary at an early stage of ecosystem development, but at some point, the convening and enabling function must translate into activated capital and investable opportunities, or it risks becoming self-referential.

2.1.1 Ecosystem enablers (27 respondents, 44%)

Ecosystem enablers are the largest single category in the Luxembourg ecosystem, reflecting its strength as a convening, knowledge, and enabling jurisdiction. Ecosystem enablers are organisations that are primarily facilitating the impact economy, without necessarily providing capital. Key actors include service providers, networks and ecosystem coordinators, education and academic organisations, and incubators and accelerators. Several global networks with Luxembourg-based secretariats or offices are also part of this layer.

The large share of market builders relative to supply-side actors reflects both Luxembourg's ecosystem-enabling role and a structural imbalance: the ecosystem has more institutions convening around impact than deploying or demanding it. A field-level practitioner community – investors who travel to the field, share deal flow from emerging markets, and serve as knowledge partners – is notably absent, potentially leaving operationally engaged actors feeling isolated within the ecosystem.

One further gap that cuts across the market-building layer: impact measurement and management (IMM) specialists and social impact consultancies are thinly represented, reflecting the broader practitioner-level challenge of building IMM capacity. More significantly, there is no Luxembourg-based impact research or data institution capable of producing independent, recurring market intelligence comparable to the GIIN, IFB (Impact Finance Belgium), or SSF/Tameo in Switzerland. This absence limits the ecosystem's ability to size itself credibly, benchmark against peers, and make evidence-based advocacy to policymakers, a gap that LSFI/IIAB's own market sizing workstream is beginning to address.

2.1.2 Intermediaries (18 respondents, 29%)

Intermediaries are organisations that move capital between investors and investees as their primary function – essentially organisations that play a facilitating role in directing capital from asset owners to impact companies and projects, but do not invest primarily from their own balance sheet. The intermediation layer is one of Luxembourg's greatest strengths. This is not a surprise, as Luxembourg also concentrates a high density of enablers within a small geography. This proximity reduces transaction costs, enables fast iteration on fund structures, and facilitates relationship building.

This layer is sophisticated and internationally recognised, but it predominantly serves international capital flows rather than routing domestic capital toward local impact.

2.1.3 Supply of Impact Capital (11 respondents, 18%)

Suppliers of impact capital are actors that provide funding from their own balance sheet, directly or indirectly, to impact businesses. These are essentially the asset owners, and they can be categorised as providers of investment capital, providers of philanthropic capital, and specialised inclusive finance players.

The mapping shows that critically absent from this layer are domestic limited partners (LPs). Luxembourg-based family offices, pension funds, retail savings channels, and foundation assets are not deeply engaged in impact finance. This is the single most widely cited structural gap in the ecosystem, confirmed by both the survey (access to capital cited by 42% as the main constraint) and interviews.

2.1.4 Government (3 respondents, 5%)

The “government” cluster maps the actors that, through their governmental role, enable the impact environment in Luxembourg. These actors could include ministries, municipal governments, regulators, and central banks; however, this survey sample includes only three ministerial actors (the Ministry of the Environment, Climate and Biodiversity, the Ministry of Finance, and the Ministry of Foreign Affairs).

The Luxembourg government provides strong support to the impact finance ecosystem, and through its multiple initiatives, it aims to position Luxembourg as a leader in sustainable and impact finance. Despite the strong governmental support, there is room for increased coordination and collaboration between the many government-supported initiatives.

2.1.5 Demand for Impact Capital (3 respondents, 5%)

While the demand side of the ecosystem was not in focus for this survey, three respondents (5%) were identified in the demand for impact capital cluster. Even if the survey was not targeted to the demand-side actors, the respondents were nevertheless able to self-identify as demand-side organisations, and some were reclassified as such after review. The low count therefore reflects a scoping choice rather than evidence that no local pipeline exists; such actors may be included more fully in future iterations of the mapping.

However, through the interviews, we observed that the local social enterprises and impact-oriented project developers, the organisations through which impact is ultimately generated, are largely absent from impact finance conversations in Luxembourg. The SIS (Société d'Impact Sociétal) structure provides a dedicated legal form that allows social enterprises to pursue a defined social or environmental objective while accessing equity and, where the impact share-class conditions are met, certain tax advantages for investors. To date, however, it has channeled only limited capital relative to the surrounding infrastructure.

2.1.6 Cross-Pillar Interactions and Collaboration Opportunities

The ecosystem's interactions between pillars are strongest where institutional relationships are well-established, for example, EIB/EIF as anchor investors in fund structures; LGX as the listing venue for impact bonds issued by ecosystem actors; LuxFLAG as the labelling partner for impact-aligned funds managed across the supply layer. In addition, programmes such as Accelerating Impact and FIT create structured pathways between market builders and early-stage capital suppliers.

Opportunities to further develop industry collaboration lie in coordination between the supply layer and the domestic LP base and structured dialogue between fund managers and local social enterprises to identify investable opportunities. These gaps in cross-pillar interaction are consistent with the fragmentation and silo concern raised in 85% of interviews.

2.2 Survey Findings

The survey captured a broad and representative sample of Luxembourg's inclusive and impact finance ecosystem, and the findings below offer a structured evidence base for understanding how the ecosystem is composed, where its strengths lie, and where structural gaps persist. Of the 62 respondents, 32 (52%) are self-identified capital deployers (in varying scales, not necessarily as their primary function), organisations that directly deploy impact capital as fund managers, investors, lenders, or grant-makers, and 30 (48%) play non-deploying roles such as advisory, convening, research, or policy. The respondent base spans both the narrower impact finance community and the broader sustainable finance field.

2.2.1 Overview of Survey Core Insights

Three structural observations frame the survey findings before we turn to the further details.

First: Luxembourg's impact ecosystem is genuinely operationally anchored. Of the 62 respondents, 57 (92%) hold both a legal registration and a physical office in Luxembourg. But as the interviews consistently confirm, operational presence does not mean investment decision-making presence. Front-office functions: portfolio management, deal origination, capital-raising, frequently sit outside Luxembourg, even for organisations whose back-office is entirely anchored locally.

Second: as seen in Figure 4, the ecosystem is split almost evenly between self-identified capital deployers and non-deployers (52% to 48%). This near parity is itself a finding. In a more mature ecosystem, one would expect the ratio to skew more heavily toward deployers as impact capital scales. The large share of non-deployers (advisory firms, networks, associations, convening bodies) reflects how much of Luxembourg's impact finance ecosystem is engaged in enabling, facilitating, and connecting rather than directly supplying capital. This is not a weakness but rather a structural characteristic of Luxembourg as an international sustainable finance hub.

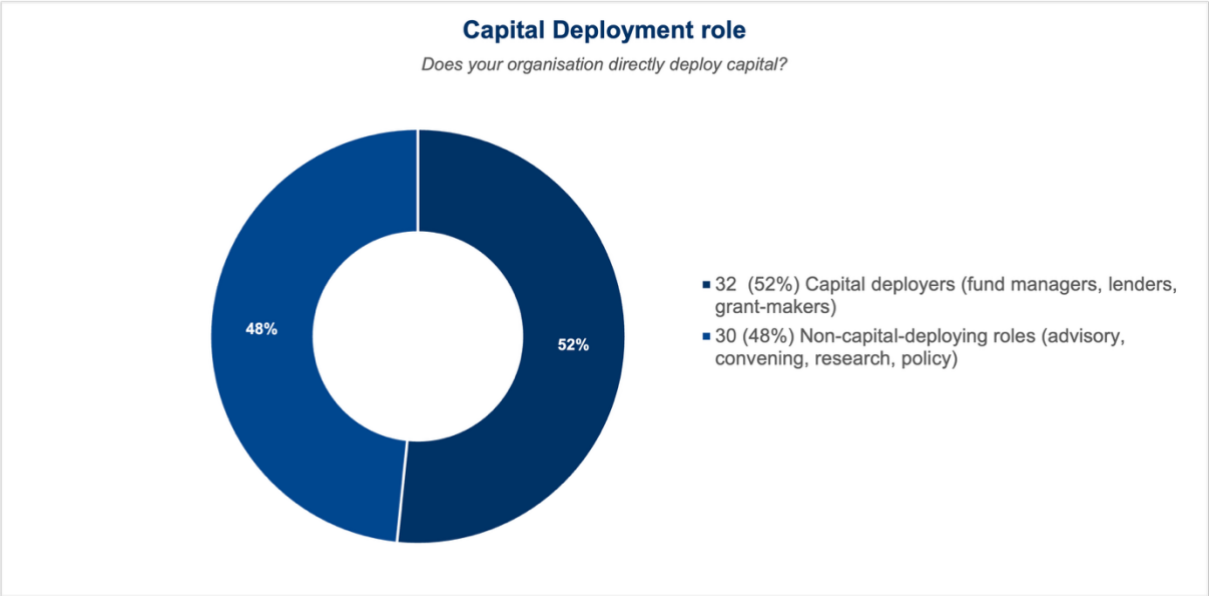


Figure 2: Capital deployment profiles - capital deployers vs non-deployers

Third: the ecosystem is polarised between deep specialists and broad institutional players, with almost no middle ground (Figure 5). 45% of respondents report that more than 90% of their staff dedicate the majority of their time to impact or inclusive finance; these are genuinely mission-driven organisations for whom impact is everything. At the other end, 37% report fewer than 10% of staff primarily in this space; these are large multilateral institutions or diversified financial firms for which impact is one strand of a broader mandate. The practical implication: these two groups need fundamentally different engagement strategies. The specialist community is already convinced; the challenge is reaching the broad institutional players in a language and at a scale that resonates with their core business.

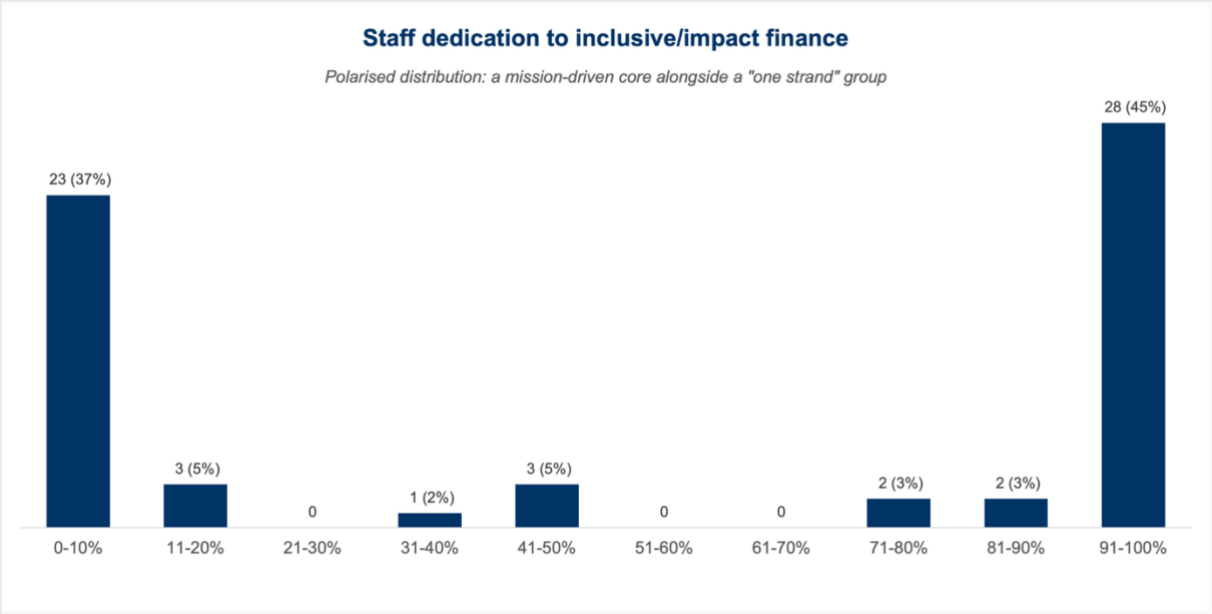


Figure 3: Share of staff dedicated to inclusive/impact finance

2.2.2 Profiles of Surveyed Stakeholders

The respondent base is anchored by asset managers (21%), but the structural observation is that the next three largest categories are all non-deployers. This is consistent with the overview presented in Figure 1, and reinforces the picture of an ecosystem that is stronger in market-building and knowledge functions than in direct impact capital supply and demand.

Primary Organisation Type

The breakdown by primary organisation type adds texture to this picture. Asset managers are the largest single category (23%), while network associations, nonprofits/NGOs, advisory firms, and governmental/public agencies together form a substantial enabling layer. This mix reflects Luxembourg's combination of commercial fund management and civil-society and ecosystem-building institutions.

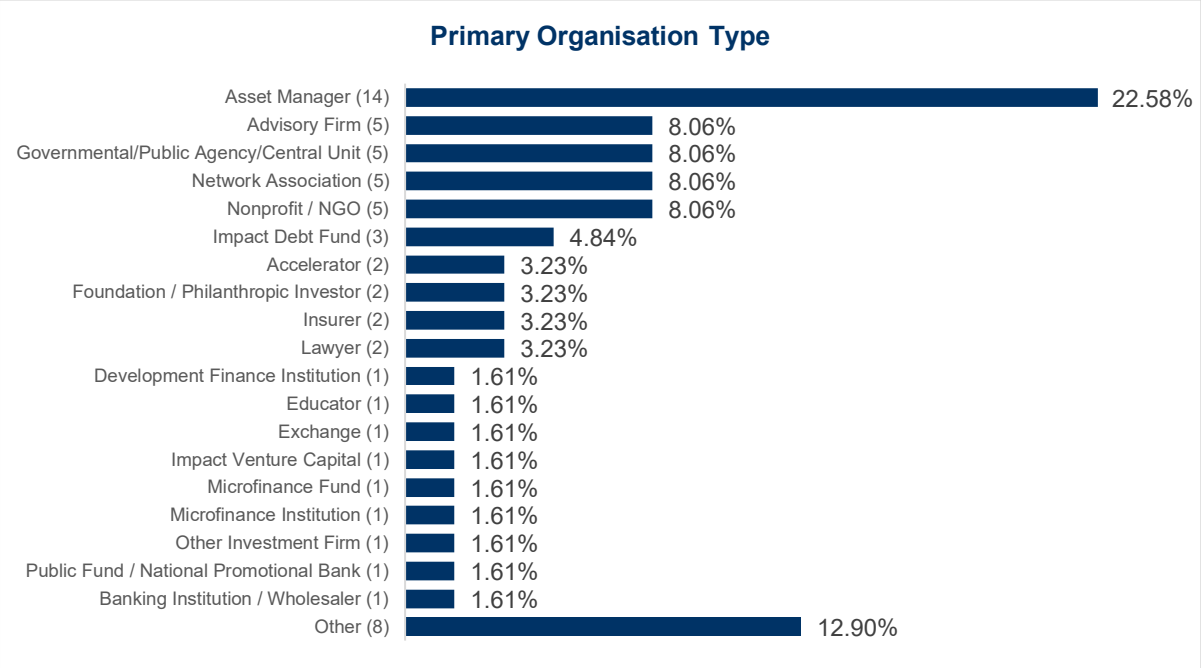


Figure 4: Primary organisation type of the respondents

Services Provided

The data reveals a gap that runs through the entire ecosystem. Convening, capacity-building, and fund management dominate the service landscape (35%–39%), which is expected. What stands out is the relatively thin representation of impact measurement and management services (16%) and research and data (16%). This gap is not unique to Luxembourg; it is a systemic challenge across the impact finance field, but it is particularly significant given Luxembourg's positioning as an impact finance hub.

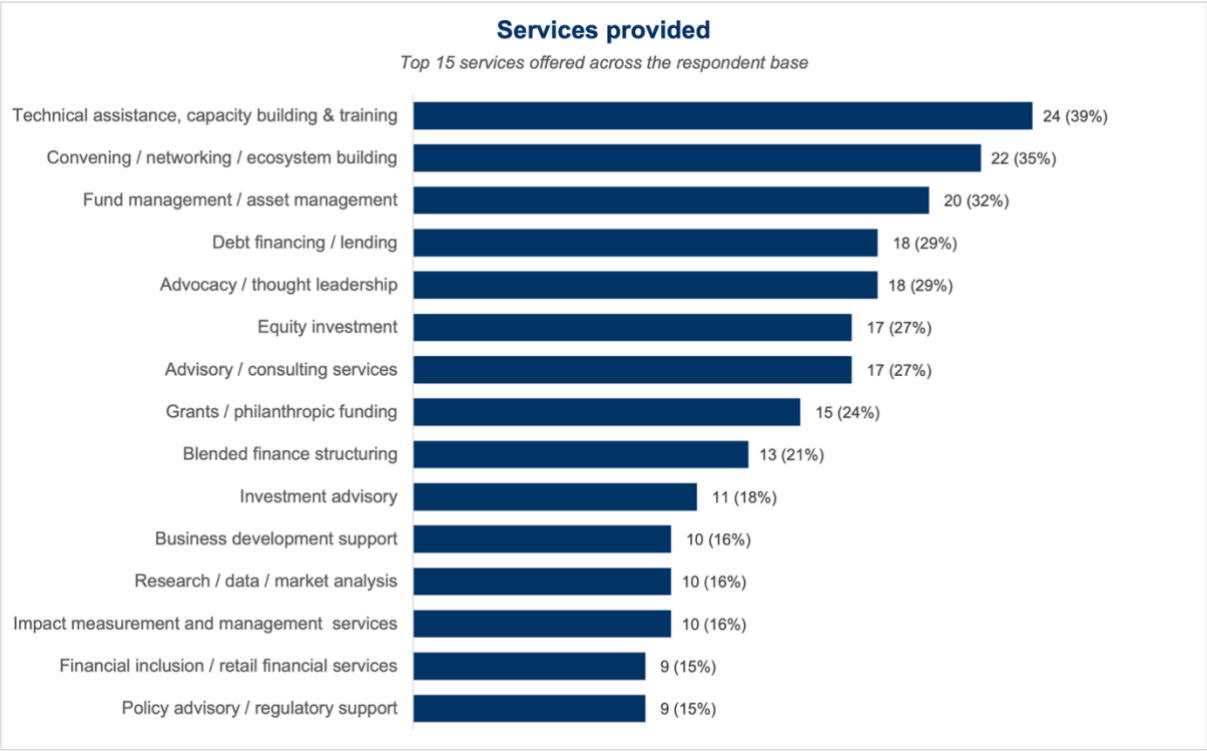


Figure 5: Services provided by respondents (multi-selection)

Staff size

The staff size distribution, with 58% of respondents reporting 1 to 20 employees in Luxembourg, reflects the dominance of small, specialist organisations. This is a genuine asset: small teams are agile, mission-driven, and often highly expert. But it also creates a structural vulnerability. Small organisations cannot easily absorb the compliance overhead of Luxembourg's regulatory environment, cannot serve as anchor LP investors in impact funds, and cannot independently drive the market-building initiatives that require sustained institutional commitment. The six large organisations (having >500 staff), primarily multilateral or quasi-public institutions, are important ecosystem anchors but are too few to compensate for the thin institutional mid-tier.

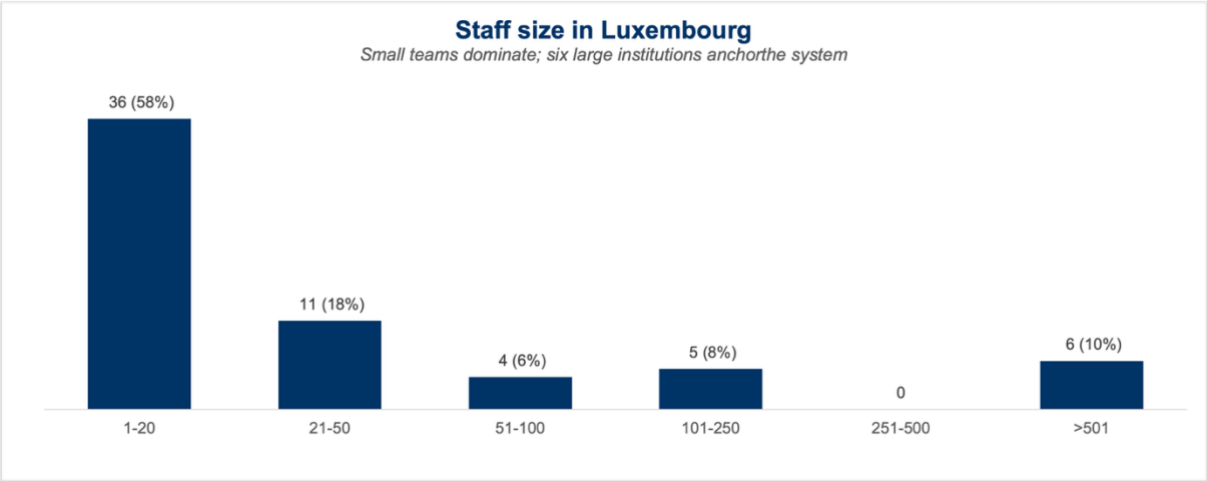


Figure 6: Staff size bands

Capital Deployment Profile and Activity

Diving deeper into data from the 32 self-identified capital-deploying respondents that were introduced earlier (Figure 4) offers a more concentrated picture of how Luxembourg-anchored impact capital is structured, sized, and allocated. The patterns below (Figures 10 and 11) are reported across this capital deployer sub-sample only, and percentages are computed against the deployer base (n = 32) rather than the full respondent population.

The breadth of instruments used, spanning market-rate equity and debt, blended structures, grants, and concessional instruments, is one of the ecosystem's genuine structural strengths (Figure 10). Luxembourg deployers are not single-instrument managers: the same organisation will often use blended equity, market debt, and concessional instruments within a single fund to match different risk-return profiles to different investor cohorts. This flexibility in capital structuring is a product of Luxembourg's versatile fund legislation.

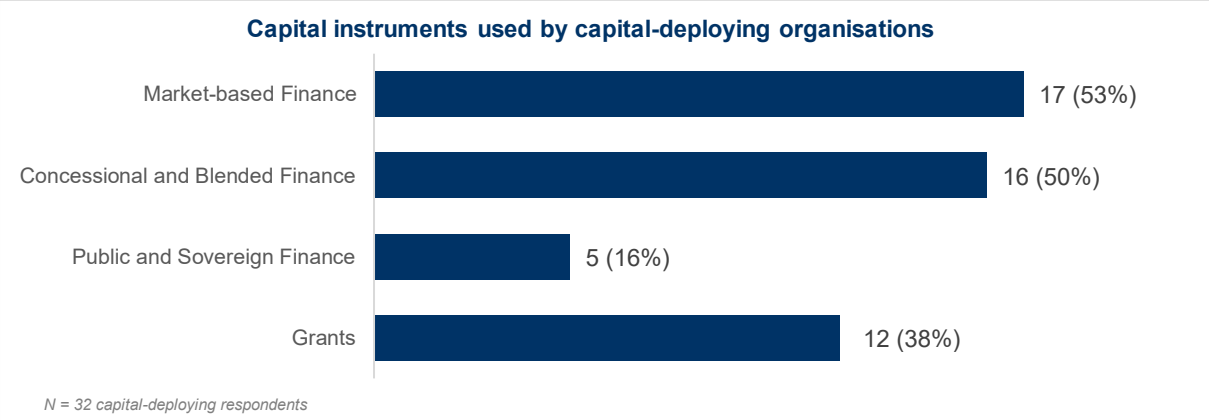


Figure 7: Capital instruments used by deployers (multi-select)

2.2.3 Trends: SDGs and Geographic Focus

SDG Alignment

The SDG alignment data is notable for what leads it: SDG 5 (Gender Equality) at 58%, ahead of both SDG 13 (Climate Action) and SDG 8 (Decent Work) at 53% each (Figure 14). This is not accidental. Luxembourg has a strong track record in gender finance; Luxembourg's Gender Finance Task Force (GFTF), Luxembourg's Women in Finance (WiF) Charter, 2X Challenge-aligned products on LGX, and the gender-focused strategies of several Luxembourg-domiciled microfinance vehicles all contribute to this prominence. Gender finance is embedded in the ecosystem's DNA, not just a theme that respondents claim as a box-tick.

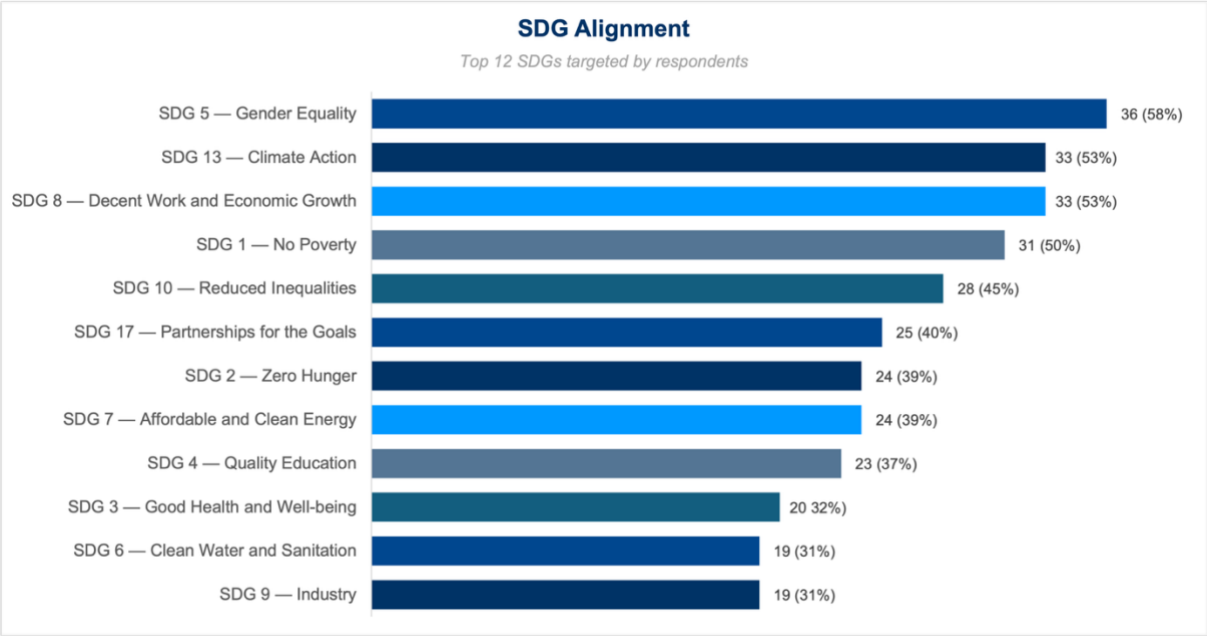


Figure 8: SDG alignment of respondents (multi-select)

Geographic Orientation

The geographic data confirms what the GSG overview anticipated: Luxembourg is overwhelmingly internationally oriented in its impact footprint, with Sub-Saharan Africa (40%) and Latin America and the Caribbean (37%) as the most frequently targeted regions (Figure 15). Luxembourg itself is cited as a geographic focus by only 35% of respondents, primarily associations, networks, and public institutions whose activities are locally anchored. Because this data point covers all respondents, including non-deployers, it should be read as an activity footprint rather than a direct measure of capital flows. The practical reading is straightforward: Luxembourg channels impact capital to global challenges rather than generating it for domestic ones. This means that the Luxembourg impact finance ecosystem rests almost entirely on its international deployment infrastructure rather than on a domestic impact economy.

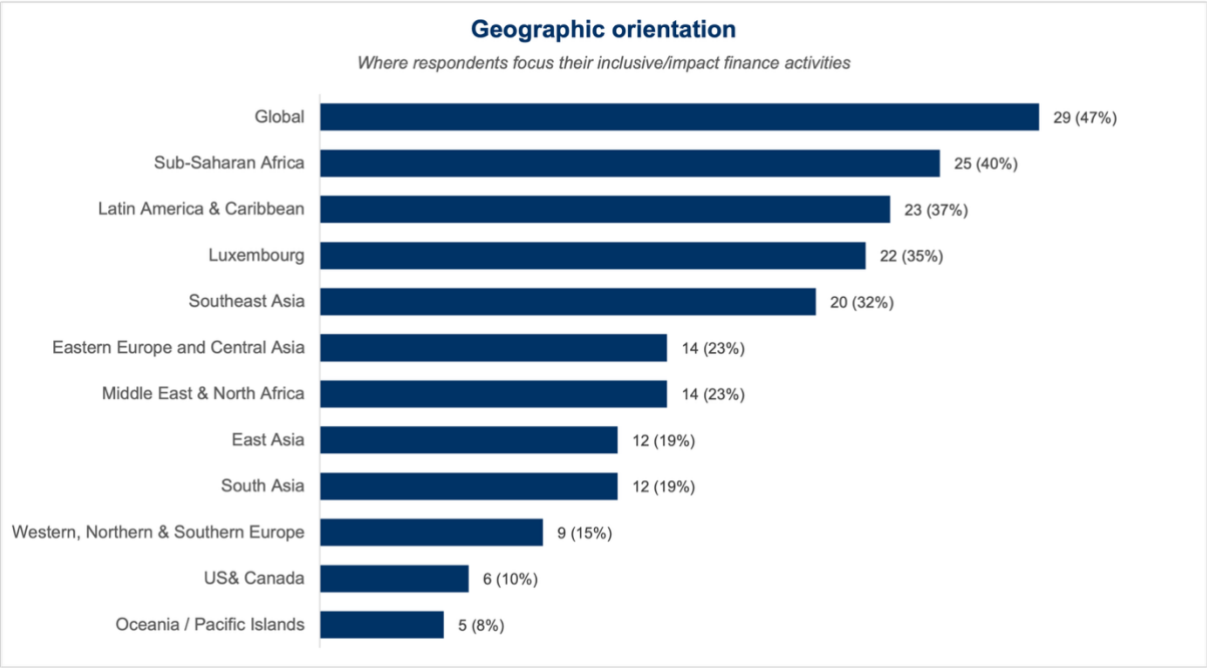


Figure 9: Geographic focus of respondents

2.2.4 Emerging Challenges

In order to better understand the obstacles impact finance players are experiencing, the survey asked respondents to indicate the main challenges in scaling up impact finance that they observed, including both internal and external factors.

The constraints and gaps in data tell a coherent story about an ecosystem that knows what it is and what it is not, and that is increasingly clear-eyed about the distance between the two.

Access to capital is the most cited constraint (42%). At first glance, this might seem paradoxical for an ecosystem that structures billions in impact capital annually. Fund managers struggle to identify Luxembourg-based LPs. This reading is confirmed by the interview findings in Section 2.2. To be noted that, concurrently, there is also an overall global and regional context of access to capital becoming more challenging.

Challenges with internal capacity and resources (34%) reflect the concentration of small organisations noted earlier. This is a systemic constraint for a market that requires significant institutional overhead, compliance, impact reporting, investor relations, and legal structuring to operate credibly. Regulatory and compliance burden (23%) is linked: for smaller actors, AIFMD-level compliance is not proportionate to the scale at which they operate.

Talent availability (11%) as a challenge is underweighted in the survey relative to its prominence in the interviews, where housing costs, front-office retention, and competition from bigger European capitals emerged as first-order concerns for impact fund managers. The survey's structured constraint menu may have led respondents to prioritise capital and capacity over talent; the qualitative evidence, however, suggests talent is a significant and growing constraint at the leadership level, just as much as service provider turnover.

The survey data points to five structural needs that run deeper than the individual constraint percentages suggest.

- **The capital access problem:** Access to capital is the most cited constraint (42%). Fund managers struggle to find Luxembourg-based limited partners against a regional and global context of access to capital challenges.

- **Small organisations are structurally overexposed:** Capacity and compliance burdens fall unevenly across the ecosystem, but not in the way one might expect. Internal capacity and resources (34%) is felt most acutely by small (39%) and mid-sized (50%) organisations, while regulatory and compliance burden (23%) is concentrated among larger organisations, with 56% of respondents with 51–250 staff citing it as a main constraint versus only 18% of small (1–20) organisations. So, small and mid-sized organisations struggle with capacity, while larger institutional actors carry the heaviest compliance weight, likely because they operate more regulated fund structures and face greater supervisory expectations. Access to capital, meanwhile, is the constraint that most clearly correlates with size: 58% of small organisations cite it versus 0% of large organisations (51–250 staff), confirming that capital scarcity is a structural challenge concentrated at the small end of the ecosystem**.**

- **Data is both a symptom and a cause:** Data and measurement capacity (19% as a constraint; 31% as the primary ecosystem gap) is not simply a technical problem. The absence of consolidated, credible impact market data limits LP engagement, weakens policy advocacy, and prevents the ecosystem from communicating its scale and ambition. Building measurement infrastructure is not a research project; it is a prerequisite for the LP activation and regulatory dialogue that everything else depends on.

- **The demand-side gap is the floor the ecosystem is missing:** The second most cited ecosystem weakness (29%) is demand-side weakness, the thin pipeline of locally investable impact projects and social enterprises. Without a strong domestic demand side, institutional investors have little to point to when explaining why Luxembourg-sourced impact capital should stay in Luxembourg.

- **Fragmentation is a self-inflicted constraint:** Ecosystem coordination is cited as both a constraint (13%) and a structural weakness (24%). The proliferation of overlapping networks, split ministerial budgets, and competing mandates is not creating more capacity, but rather it is dispersing the capacity that already exists.

These five needs - capital activation, a proportionate compliance environment, market measurement, a local demand-side pipeline, and more efficient ecosystem coordination - are precisely the themes that recur, with greater texture and specificity, across the interview findings in Section 2.2. The survey data tells us *what* the gaps are; the interviews explain *why* they persist and *what it would take* to close them.

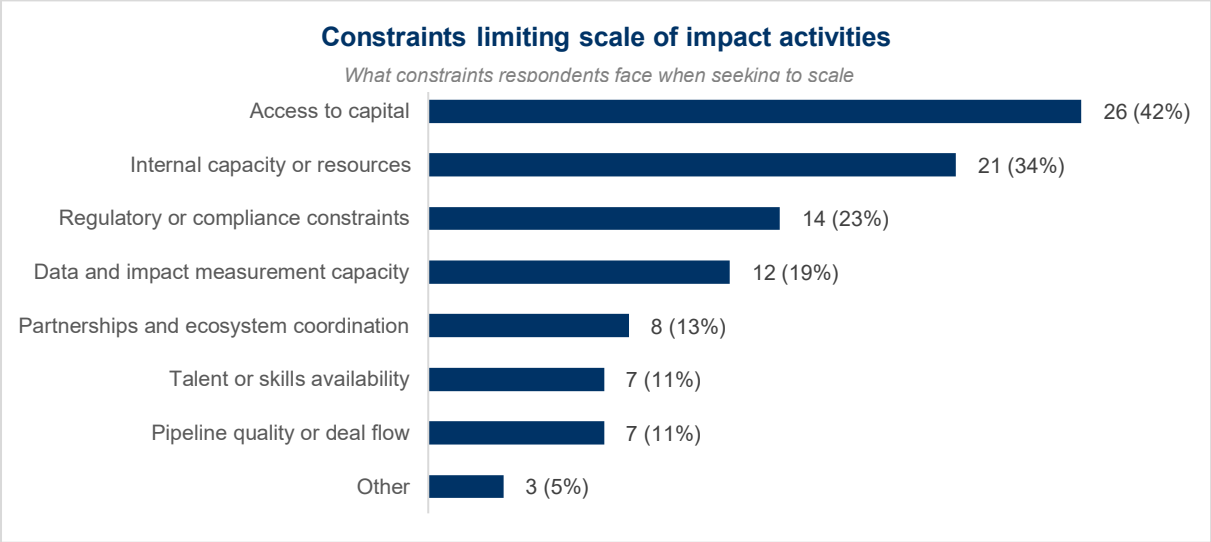


Figure 10: Constraints on scaling impact activities (N = 62, multi-select)

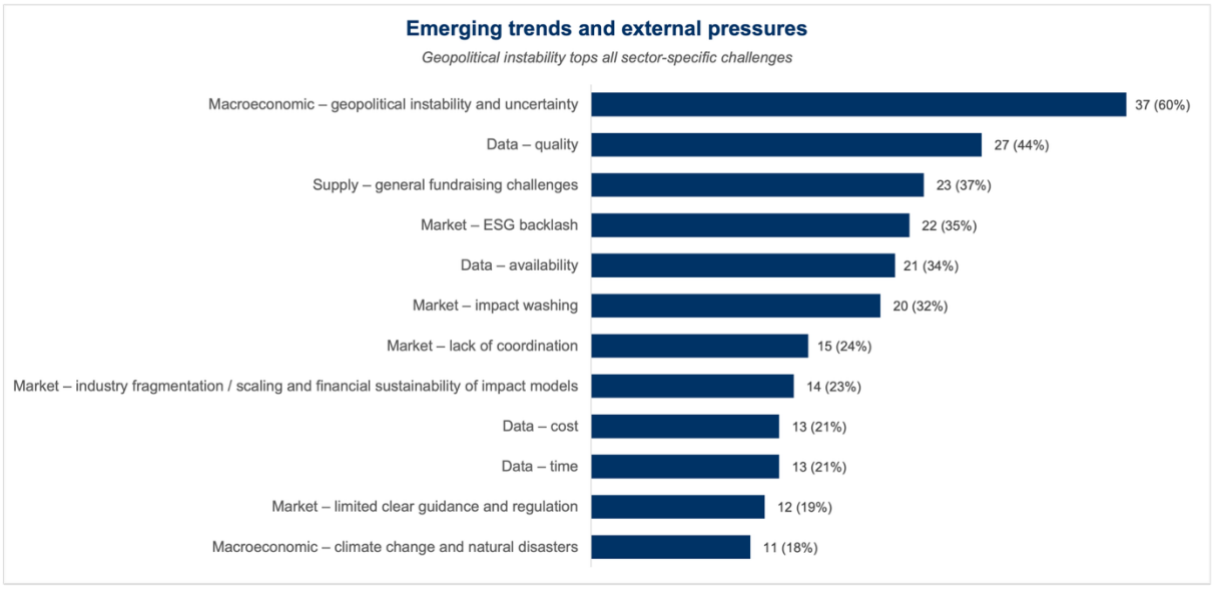


Figure 11: Emerging trends and external pressures reported by respondents

Looking ahead, respondents' expectations for their own organisation's impact activities over the next 12 to 24 months are mixed but lean toward growth (Figure 20). Most respondents expect their impact activities to grow or remain stable over the period, while a smaller group anticipates a scale-down. Roughly half of the respondent base, therefore, anticipates growth, but a non-trivial minority foresees contraction, reflecting both the resilience and the genuine challenges facing Luxembourg's impact finance community in the period ahead.

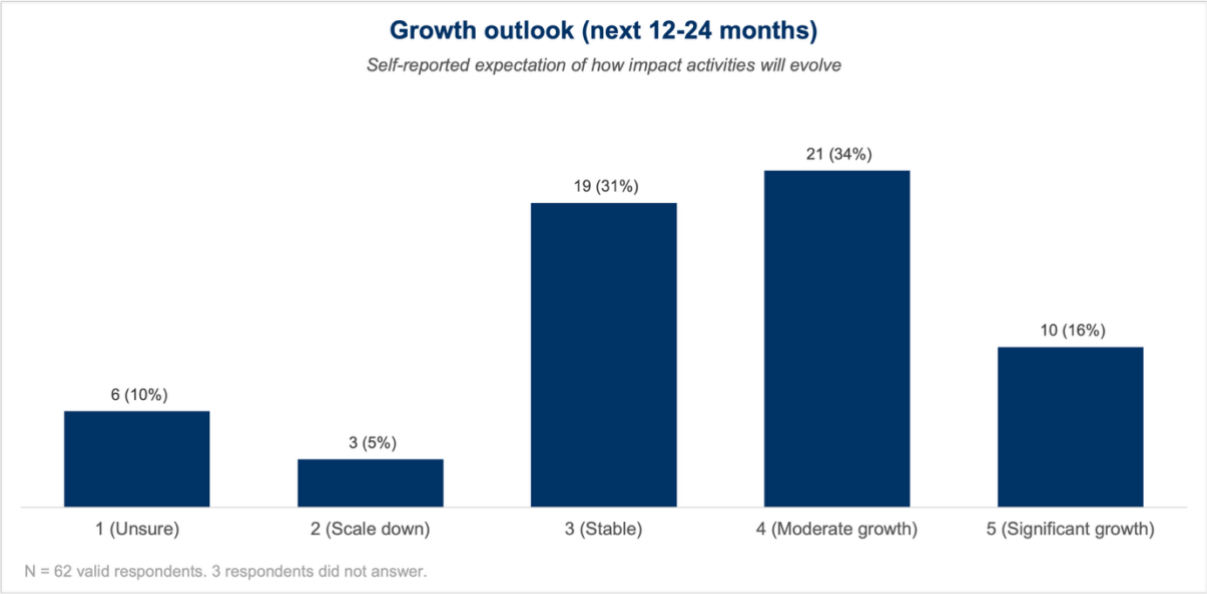


Figure 12: Expected trajectory of impact activities (next 12-24 months)

2.3 Findings from Interviews

In-depth interviews were conducted with 23 senior ecosystem actors between February and May 2026. Interviewees spanned fund managers, public institutions, infrastructure providers, advisory firms, and enabling organisations. While the sample is broadly representative of the ecosystem's established players, it does not claim to offer a complete picture. Voices from emerging fund managers and less established organisations are likely underrepresented, and some perspectives or experiences may therefore be absent from the findings below.

2.3.1 Overview of the Key Messages

The interview conversations collectively paint a nuanced portrait of Luxembourg as a jurisdiction that has built remarkable structural capacity for impact finance - sophisticated fund vehicles, a responsive regulator, a dense network of specialised service providers, and early-mover public instruments - while it could still unlock further potential through activation of private capital and local demand, and community cohesion.

It is worth noting that some of the key informants hold cross-cutting roles within the ecosystem, meaning their perspectives may reflect the priorities of multiple organisations or initiatives rather than a single institutional vantage point.

Six major themes emerged consistently across the interviews:

1. **Luxembourg's structural strengths are widely recognised:** Interviewees broadly appreciate the efficiency of Luxembourg's fund infrastructure, the pragmatic approach of the supervisor, and its business-friendly environment. However, these strengths amount to enabling infrastructure: the conditions are in place, but Luxembourg remains a conduit for capital rather than a source of it.
2. **Nascent domestic LP base:** Across interviews, a consistent diagnosis emerged: Luxembourg is a domiciliation and administration hub, not a front-office or conviction-capital hub. Institutions such as family offices, retail banks, pension funds and foundations

exist, but were generally found to have limited participation in domestic impact funds and less active or visible participation in the impact finance ecosystem. It was also seen that the broader retail public has minimal access to impact products. This represents a significant opportunity to strengthen local capital mobilisation over time.

3. **Risk of ecosystem fragmentation and silo proliferation:** Several interviewees expressed concern about the multiplication of networks, associations, and initiatives, each with partial mandates and partially overlapping audiences. This fragmentation risks diluting impact, splitting budgets, confusing internal and external audiences, and generating unnecessary competition for resources. The message across interviews was consistent: the ecosystem must collaborate and not compete.

4. **Impact finance and sustainable finance are fundamentally different disciplines:** A recurring point of divergence was the blurring of 'impact finance' and 'ESG/sustainable finance'. Several interviewees – particularly those closest to impact practice – explained that these are distinct fields by nature, with different challenges, investor bases, instruments, and timelines. Mixing the two risks diluting the impact agenda within a much larger sustainable finance narrative. When discussing impact finance, the focus should remain anchored on its defining characteristics - intentionality, additionality, and measurable impact. That said, it is worth exploring how ESG practice could progressively lean into these standards, rather than treating the two fields as entirely separate conversations.

5. **The regulatory environment, while generally appreciated, creates barriers for smaller actors:** The AIFMD and AMLD regulatory frameworks, while appropriate for institutional-scale funds, create relatively higher compliance and cost burdens for smaller impact funds (typically under €50–80 million AUM).

6. **Investor engagement requires narrative adaptation and scale, not only education:** Engaging mainstream Luxembourg investors, private banks, insurers, and family offices requires meeting them on their own terms: leading with risk-return and portfolio diversification arguments before introducing impact credentials. Institutional ticket size constraints also mean that sub-scale funds are structurally unattractive regardless of their impact quality. The implication is that LSFI/IIAB's convening authority positions it as a uniquely credible actor to initiate these conversations, and that the sequencing of the engagement strategy matters as much as its content.

3. Conclusion

Luxembourg's structural strengths in fund infrastructure, regulatory pragmatism, and international connectivity are genuine and widely recognised. In the past years, Luxembourg has created a very unique and strong enabling ecosystem for impact finance which positions the country as one of the global hubs for impact finance.

While Luxembourg fosters an active international impact finance market, one of the main challenges – and opportunity – is to also activate a broader set of players to take a bigger role in its impact finance ecosystem.

The results presented in this paper will be used to inform the LSFI's and the LSFI IIAB's future work in supporting and developing Luxembourg's impact finance ecosystem. Going beyond local initiatives, the LSFI and the LSFI IIAB will also continue their international collaboration with GSG Impact, Impact Europe, and other partners, growing and developing impact finance not only in Luxembourg but also globally.

With the ambition cascading from the top, and a robust roadmap, followed by exceptional execution capacity, Luxembourg is well positioned to continue being a leader in global impact finance.

Acknowledgements

This report was made possible by the generosity of the many individuals and organisations who gave their time, insights, and expertise. We are grateful to all professionals who participated in interviews, and to all those who responded to the survey. Their contributions were instrumental in shaping this work. LSFI and the LSFI IIAB would also like to thank Amarante Consulting for conducting this mapping and benchmarking exercise and for authoring the report, as well as all professionals who contributed their guidance, time, and expertise in facilitating access and outreach.

The findings of this report reflect perspectives gathered through a robust survey, in-depth interviews, and a benchmarking exercise carried out across six peer country ecosystems. The recommendations are the product of rigorous analysis and careful synthesis by the authors following an in-depth feedback and review process by LSFI/IIAB.

Annex A: Methodology

The mapping used a four-phase methodology — desk research, a survey, interviews, and finally data analysis — with findings refined iteratively through internal review and validation with the commissioning team.

Phase 1: Actor Identification and Scoping. The consulting team expanded an initial actor list from the LSFI IIAB and InFiNe into a comprehensive universe of actors with demonstrable involvement in Luxembourg's impact finance ecosystem. Inclusion criteria: substantial operational presence in Luxembourg; a self-declared commitment to impact finance (intentionality, additionality, measurability); willingness to participate; and alignment with the GSG ecosystem pillars (supply, demand, intermediation, enabling environment, demand-side enablers). A few non-impact-first actors were included for their enabling role (e.g., infrastructure, data, convening). Investees (social/environmental enterprises) were excluded, as the mapping covers the financial ecosystem around impact investment, not capital recipients.

Phase 2: Survey. A structured online survey went to all 84 identified actors; 62 responded (75%). It covered eight areas: organisational profile, role in the ecosystem, thematic focus, capital/financial flows, impact measurement, GSG-aligned partnerships, future priorities, and consent. It took 20–30 minutes, allowed saving progress, auto-skipped inapplicable sections, and was distributed in English by email with reminders. A Word-based fallback was available and cross-checked against online responses. Data was cleaned for entry errors and ambiguous answers, with percentages based on N=62 (multi-select totals exceed 62).

Phase 3: In-Depth Interviews. 23 semi-structured virtual interviews were conducted with a targeted subset of actors, using an Amarante-developed guide tailored to each respondent's survey answers. Questions were shared in advance; an LSFI representative joined each session. Interviews were recorded, transcribed, and noted, then anonymised and aggregated.

Phase 4: Data Analysis. Quantitative data was segmented by actor type, sector, geography, and capital deployment; qualitative data (open text and interview notes) was thematically coded. Organisations were mapped to one of five GSG pillars (Supply, Demand, Intermediaries, Ecosystem Enablers, Government) based on primary function, starting from self-reported roles but re-fitted to LSFI IIAB's working definitions — so some were reclassified from their initial self-identification.

Limitations. The actor universe may not be fully exhaustive, especially for actors outside IIAB/InFiNe networks or on the margins of impact finance. More engaged actors may be over-represented in both survey responses and interview participation. Interview findings reflect a selected subset, not a full census of opinion. Self-reported quantitative data (AUM, capital flows, portfolio sizes) is unverified and indicative only. The exercise took place amid geopolitical and macroeconomic turbulence affecting development funding and ESG scrutiny, so findings should be read as a snapshot of an ecosystem in transition.

Annex B: Glossary

Note: This glossary covers technical terms, regulatory instruments, and non-survey organisations referenced in the main body of the report.

Impact Investing: [Per LSFI IIAB definition] Investments made into companies, organisations, and funds with the intention to generate positive, measurable social and environmental impact alongside a financial return. Impact investing is defined by three criteria: intentionality (the intent to generate impact is a stated goal), additionality (the investment contributes to impact that would not have occurred otherwise), and measurability (the impact is measured and reported against stated objectives). Impact investing is considered a subset of a broader impact finance concept.

Inclusive Finance: [Per InFiNe] The provision of financial services, including credit, savings, insurance, payments, and remittances, to individuals and businesses that are excluded from or underserved by traditional financial systems, with a particular focus on low-income populations in developing and emerging markets. In this mapping, inclusive finance is considered a subset of a broader impact finance concept.

Sustainable Finance: [Per LSFI] Financial services and investment activities that take into account environmental, social, and governance (ESG) factors in investment decisions and the financing of businesses. Sustainable finance encompasses a broad range of instruments and strategies, including ESG integration, responsible investment, green bonds, and impact finance.

The following glossary defines the key acronyms, institutions, instruments, and concepts used throughout this report. Terms are listed in alphabetical order.

Term	Definition
AIFMD	Alternative Investment Fund Managers Directive, EU directive regulating managers of alternative investment funds, including private equity, hedge funds, and real assets.
AMLD	Anti-Money Laundering Directive, the EU framework of anti-money-laundering and counter-terrorist-financing obligations applicable to financial sector actors, including fund managers.
Article 9 (SFDR)	Financial products that have sustainable investment as their objective under SFDR, the highest classification, most relevant to impact investing.
AUM	Assets under Management.
Blended Finance	Strategic use of public or philanthropic capital to mobilise additional private capital toward sustainable development goals. Typically structured with concessional capital absorbing first-loss or subordinated risk.
CSSF	Commission de Surveillance du Secteur Financier, Luxembourg's financial sector regulator.

DFI	Development Finance Institution, a government-backed institution that invests in private sector projects in developing countries, typically using concessional or blended capital.
ESG	Environmental, Social, and Governance, criteria for evaluating corporate sustainability practices. Distinct from impact investing, which requires intentionality, additionality, and measurable outcomes.
GIIN	Global Impact Investing Network, the leading global network dedicated to impact investing; publisher of market sizing benchmarks.
GSG Impact	Global Steering Group for Impact Investment, global platform for impact investing leadership; hosts national NABs.
IMP	Impact Management Project, now Impact Frontiers; developed the five-dimension impact management framework widely used in the field.
LCFP	Luxembourg-EIB Climate Finance Platform, government-backed blended finance vehicle providing junior equity for climate-related investments.
LEIF	Luxembourg Earth Impact Fund, umbrella blended finance fund structure for environmental and nature-related impact investments.
RAIF	Reserved Alternative Investment Fund, a flexible Luxembourg fund vehicle for qualified investors, not directly supervised by the CSSF.
SDG	Sustainable Development Goal, one of the 17 UN Sustainable Development Goals adopted in 2015.
SFDR	Sustainable Finance Disclosure Regulation, EU regulation requiring asset managers and financial advisers to disclose sustainability-related information at entity and product level.
SIF	Specialised Investment Fund, Luxembourg fund vehicle for well-informed and professional investors.
SIS	Société d'Impact Sociétal, Luxembourg legal status for social impact companies.
SSF	Swiss Sustainable Finance, the coordinating body for Switzerland's broader sustainable finance landscape.

Annex C: Surveyed Organisations

Organisation	Website
4Climate	www.4climate.lu
ABBL	www.abbl.lu
ACA	www.aca.lu
Accelerating Impact (ISFA-ICFA)	https://acceleratingimpact.org
Advans	www.advansgroup.com
AFI Luxembourg	https://afi-global.org
ALFI	www.alfi.lu
Allianz Asset Managers	www.allianzgi.com
Appui au Développement Autonome a.s.b.l.	www.ada-microfinance.org
Arendt & Medernach	www.arendt.com
Backbone	https://backbone.lu
Barents	https://barentsre.com
Blue like an Orange Sustainable Capital Fund	www.bluelikeanorange.com
Blue Orchard Impact Investment Managers	www.blueorchard.com
Camco IforD Management SARL	https://www.camco.fm
CARE Luxembourg	www.care.lu
Climate Asset Management	www.climateassetmanagement.com
CMS DeBacker	www.cms.law
Cube Infrastructure	www.cube-im.com
Deloitte	www.deloitte.com/lu
European Investment Bank	www.eib.org

Organisation	Website
European Microfinance Platform	www.e-mfp.eu
Expon	www.exponcapital.com
EY	www.ey.com/en_lu
Finance in Motion GmbH, Luxembourg Branch	www.finance-in-motion.com
Financing Innovation Tool (FIT)	https://adaimpact.lu/en/financing-innovation-tool
Fondation de Luxembourg	www.fdlux.lu
Fondation Demeter	https://fondationdemeter.com/index-fr.php
Fondation Grameen Crédit Agricole	www.grameen-credit-agricole.org
Fonds de Compensation	www.fdc.lu
Friendship Luxembourg	www.friendship.lu
GGGI	www.gggi.org
GGSF	https://ggs-fund.com
Handicap International Luxembourg	www.handicap-international.lu
House of Training	www.houseoftraining.lu
InFiNe	www.infine.lu
Innpact S.A.	www.innpact.com
LHoFT Foundation	www.lhoft.com
LSFI	www.lsfi.lu
Lux-Development	www.luxdev.lu
Luxembourg for Finance	www.luxembourgforfinance.com
Luxembourg Green Stock Exchange (LuxSE)	www.luxse.com

Organisation	Website
Luxembourg Impact Investing Association	https://www.linkedin.com/company/luxembourg-impact-investing-association-liia/home/
Luxembourg Ministry of Environment	www.environnement.public.lu
Luxembourg Ministry of Finance	www.mfin.gouvernement.lu
LuxFLAG	www.luxflag.org
M&G / responsAbility	www.responsability.com
Michel Maquil	https://www.maqit.lu
Microinsurance Network	www.microinsurancenetwork.org
Microlux	www.microlux.lu
Ministère des Affaires étrangères et européennes	www.maee.gouvernement.lu
Mirova	www.mirova.com
Nordea	www.nordea.lu
Oraxys	www.oraxys.com
Partners Group	www.partnersgroup.com
POST Finance	www.post.lu
Quintet Private Bank (Europe)	www.quintet.com
RIO Impact Luxembourg	https://www.rioimpact.lu
SPTF asbl	www.sptfnetwork.org
Spuerkeess Asset Management	www.spuerkeess.lu
Suricate Solutions SA	https://suricatesolutions.com/
Tiime	www.tiime.org
Université du Luxembourg	www.uni.lu

ABOUT THE LUXEMBOURG SUSTAINABLE FINANCE INITIATIVE (LSFI)

The LSFI is Luxembourg's coordinating entity on sustainable finance, driving change across the whole ecosystem as a Centre of Excellence and Knowledge Hub, supporting the financial sector to accelerate the financing of the transition, and measuring progress.

The LSFI was founded in January 2020 by the Luxembourg Ministry of Finance, the Ministry of the Environment, Climate and Biodiversity, Luxembourg for Finance, and the High Council for Sustainable Development (Conseil Supérieur pour un Développement Durable).

The Luxembourg Sustainable Finance Initiative is funded by the Luxembourg Ministry of Finance and the Luxembourg Ministry of Environment, Climate and Biodiversity.

THE GOVERNMENT
OF THE GRAND DUCHY OF LUXEMBOURG
Ministry of Finance

THE GOVERNMENT
OF THE GRAND DUCHY OF LUXEMBOURG
Ministry of the Environment,
Climate and Biodiversity

Find out more by visiting www.lsfi.lu.

ABOUT THE LSFI IMPACT INVESTING ADVISORY BOARD (IIAB)

The LSFI Impact Investing Advisory Board (IIAB) is an advisory body to the Luxembourg Sustainable Finance Initiative (LSFI). The IIAB acts as an independent think tank on impact investing matters. The LSFI is the Luxembourg National Partner of the GSG Impact network, and the IIAB acts as the Luxembourg National Partner's Board of Directors.

The IIAB operates independently within the definition of its objectives, vision, and activities. The IIAB has the expertise and is the key body covering impact investing matters within the LSFI.

Find out more by visiting www.lsfi.lu/impactinvestingboard/.

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