



THE FINANCING INNOVATION TOOL (FIT)

Maximising donor impact to finance
innovative companies

HELPING SMALL, INNOVATIVE BUSINESSES TO INCREASE THEIR IMPACT

Despite their growth potential, innovative and impact-oriented SMEs, microfinance institutions and business support organisations in developing countries are often stifled by a limited availability of capital and lack of business skills.

The Financing Innovation Tool (FIT) closes this financing gap. FIT is owned by the Luxembourgish NGO Appui au développement autonome (ADA) as well as by the Directorate for Development Cooperation and Humanitarian Affairs of the Ministry of Foreign and European Affairs. This meets a strong demand for a secure,

government-backed channel for societal investing which benefits from an NGO's longstanding experience.

The investees' individual needs will be considered when combining financing from FIT with ADA's technical assistance to strengthen their internal governance and market readiness in a holistic and sustainable manner. The aim is to make the companies financially autonomous and investor-ready so that they may access further funding from professional impact investors.

Specific legal status ensures transparency for donors

FIT is the first société d'impact sociétal (societal impact company, SIS) dedicated to financial services. Approved by the Ministry of Labour, Employment and the Social and Solidarity Economy, FIT offers donors a new distribution channel with a measurable impact. As a societal impact company with 100% impact shares, all profits will be re-invested, thus maximising the effectiveness of donations.



Flexible financing solutions combined with technical assistance enable companies in developing countries to become investor-ready and increase their impact in line with their social mission.

INNOVATION AS A KEY FINANCING REQUIREMENT

Innovation and a strong sense of initiative are key selection criteria for FIT investees

This can take the form of a service, product or business model which constitutes an innovation for the institution itself, the sector, the market or the final beneficiaries.

FIT will build on ADA's longstanding experience in helping entrepreneurs in de-

veloping countries to identify promising and innovative companies for its investment pipeline. This will ensure the development of an investment portfolio with a strong focus on innovation and impact.

A HIGHLY EXPERIENCED MANAGEMENT BOARD

The FIT Management Board is composed of representatives of the inclusive finance and development sector in Luxembourg

Axel de Ville, Chairman of FIT and Director of Strategy and Innovation at ADA, has in-depth knowledge of development issues in Africa, Latin America and Asia and worked for the United Nations in Africa for several years.

Laura Foschi, Executive Director at ADA, is represented on the management boards of major inclusive finance actors and has extensive experience in the field (she spent over ten years in Latin America, Africa and the Balkans) as well as in providing inclusive finance training and lecturing.

Paul Weber, Secrétaire de légation, Coordinator inclusive and innovative finance

at the Ministry of Foreign and European Affairs, Directorate for Development Cooperation and Humanitarian Affairs. In addition to his experience related to inclusive and innovative finance, Mr Weber has been involved in various initiatives related to digital for development as well as private sector engagement.


The Management Board is complemented by a diverse funding committee composed of experts in impact investing, social impact, agriculture and forestry value-chains, entrepreneurship and access to basic services.

FLEXIBLE, TARGETED FUNDING AND TECHNICAL ASSISTANCE

FIT offers a broad range of financing instruments, including debt, subordinated debt, equity and guarantees. These diverse options will enable FIT to invest in impact-oriented companies at different stages of development, depending on their risk-return profile, size, scale, management structure and financial skills.

To ensure the donations to FIT reach structures that truly need and deserve to be supported, FIT will primarily target investees who already have a direct or indirect link with ADA.

An annual FIT impact report based on key social and environmental performance indicators will complement the audited financial statements. This full transparency will not only highlight the targeted nature of FIT financing but will also help donors to appreciate ADA's expertise in selecting innovative investees with a large potential for social and environmental impact.



PRIVATE DONATIONS SOUGHT TO COMPLEMENT PUBLIC SUBSIDIES

While ADA and the Luxembourgish government provided initial funding of EUR 5.5 million, FIT aims to collect EUR 10 million by 2025.

Institutional and individual private donors wishing to support FIT can consult the webpage www.fit-sis.lu or contact info@fit-sis.lu

**ALL DONATIONS ARE
FULLY TAX DEDUCTIBLE**



LUXEMBOURG
AID & DEVELOPMENT



*Expert in inclusive finance,
driver of partnerships
and innovation*

ADA (Appui au développement autonome) is a Luxembourgish non-governmental organisation that strengthens the autonomy of vulnerable people by leveraging inclusive finance to improve their living conditions. It is approved and co-financed by the Luxembourg Directorate for Development Cooperation and Humanitarian Affairs. ADA launched FIT as an independent societal impact company in 2023.

ADA is under the High Patronage of H.R.H. the Grand Duchess of Luxembourg.

The Directorate for Development Cooperation and Humanitarian Affairs (Ministry of Foreign and European Affairs) pursues the main objectives of contributing to the eradication of extreme poverty and of promoting economic, social and environmental sustainability. Its interventions are closely aligned with the Agenda 2030 and aim to promote meaningful progress in achieving the SDGs.

Luxembourg's focus lies on four inter-related thematic priorities: Improving access to quality basic social services, enhancing socio-economic integration of women and young people, promoting inclusive and sustainable growth and strengthening inclusive governance. In all of its activities, the Luxembourg Development Cooperation places a particular emphasis on implementing its three cross-cutting priorities, namely human rights, gender equality and environmental sustainability.

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