THE SWIO VENTURE BUILDER

The SWIO Venture Builder aims to reduce the threats to coastal ecosystems by improving the livelihoods of people, particularly women and youth, living within each of the SWIO seascapes. The SWIO Venture Builder does this through a unique combination of providing local incubation support through embedded innovation and entrepreneur support organisations coupled with the unlocking of critical barriers, such as market access, value chain development and portfolio level aggregation to enable risk return profiles attractive to the private-sector delivering social, economic and environmental outcomes at scale for people and nature. The SWIO Venture Builder’s strength is that it builds on WWF’s existing activities and implementation networks in the region, so benefiting from years of relationship-building, governance-enhancing and ecosystem-strengthening work.

WHAT IS THE SWIO VENTURE BUILDER’S TARGET GEOGRAPHY?

The SWIO Venture Builder focuses on micro, small, and medium-sized enterprises (MSMEs) in coastal communities in the SWIO region, the world’s second-most biodiverse ocean region and home to some of the most climate-resilient coral species on the planet. These communities are typically poor, under-resourced and highly dependent on their natural environment for food, building materials and livelihoods.

Through the SWIO Venture Builder, project partners aim to bring much-needed capacity-building and finance to the region to strengthen existing and start-up coastal community-based enterprises, which are often highly vulnerable, undervalued and unable to obtain the seed financing they need to develop into viable and sustainable businesses.

The SWIO Venture Builder is an inclusive, multi-sectoral and multi-stakeholder entity designed to support such MSMEs from inception to investment-readiness, so bridging the development gap that typically exists between the philanthropy-driven development of community MSMEs and the incubation of investment-ready businesses that will go on to deliver a sustainable income for communities and returns for financiers.

Once developed, these businesses will contribute to the development of an inclusive sustainable blue economy because these MSMEs are designed to do no significant harm to the ecosystems on which they depend while providing vital livelihoods to underpin local economies.
WHO ARE THE PRIMARY BENEFICIARIES?

Coastal communities in the SWIO region are often sidelined by disempowering policies and are frequently not able to access financing due to related high transaction costs, low and slow return rates, and limited local supply chains. Yet the people in these communities are the *de facto* stewards of their natural environment and rely heavily on the wide range of goods and services that healthy ecosystems provide.

This close link with nature means that coastal communities have a significant role to play in restoring, protecting and sustainably managing coastal ecosystems, which are the building blocks of the region’s sustainable blue economy. In doing so, they will also support delivery of national and global conservation and climate change commitments.

HOW WILL THE SWIO VENTURE BUILDER BE GOVERNED AND DELIVER ON THE GROUND?

The **SWIO Venture Builder** is a joint initiative of the GIZ-led Our Blue Future initiative. WWF developed the **SWIO Venture Builder** concept in 2022 with funding from NORAD and GIZ. Since then, WWF has worked with Finance Earth, the regional civil society organisation network SWIOTUNA, TechnoServe, OceanHub Africa and Miarakap to further develop the concept. This culminated in a workshop in September 2023 in which a range of potential partners across the region were invited to finalise the design of the governance structure and the full proposal.

The **SWIO Venture Builder** will be implemented by a network of locally embedded implementation support organisations (ISOs) and entrepreneur support organisations (ESOs). These organisations will receive strategic guidance from a regional steering committee consisting of SWIOTUNA, WWF, Finance Earth, GIZ WIOGI, TechnoServe, OceanHub Africa and Miarakap. Established at the September 2023 meeting, this steering committee will also oversee the programme’s financial management and monitor its outcomes. WWF will serve as the secretariat. Successful business models will be replicated through the Community of Practice which includes over 30 organisations working alongside coastal communities.

A key secondary role of the SWIO Venture Builder’s regional portfolio steering committee will be to strengthen the enabling environment for the SWIO Venture Builder’s long-term success by:

- Engaging national governments to shape and implement enabling policies
- Building local financing institutions’ interest and capacity to develop financial products better suited to the emerging sustainable blue MSME market
- Building the capacity of ISOs and ESOs in the region to better support coastal communities
- Identifying value chains and unlocking market access.
HOW WILL THE SWIO VENTURE BUILDER WORK?

The **SWIO Venture Builder** will draw in grant funding from a range of donors, which will then be pooled into a collective fund for incubating a portfolio of coastal community-led sustainable MSMEs, as well as local value chains from across the region. Non-financial support to build on-the-ground business skills and delivery expertise and to strengthen market opportunities will also be offered through local and regional partners.

The **SWIO Venture Builder** will accommodate a range of enterprises – from small-scale, low-return prospects to those that are more promising in terms of private-sector financing. For the former, finance solutions may be as simple as connecting the business with local microfinance village loan schemes or banks. For the more scalable businesses, the **SWIO Venture Builder** has the networks and resources to facilitate scaling by potentially leveraging initial seed finance across the region.

Only businesses that are sustainable and align with the Sustainable Blue Economy Finance Principles will be eligible for inclusion in the **SWIO Venture Builder**’s portfolio of MSMEs.

**Enterprises will be specifically sought out if they:**

- **Support a transition away from destructive practices**, for example, if they switch to more sustainable fishing gear and practices.
- **Have net positive outcomes**, for example, if they restore and protect marine biodiversity and reduce marine pollution.
- **Support diversification of income and create value for community members** without causing significant harm to coastal ecosystems, so that there is less pressure on a particular resource at any one time. An example of such an enterprise is seaweed gleaning during a priority fishery’s closure period.

The risk of allocating grant funding to this historically under-funded region will be shared across the portfolio of MSMEs, de-risking opportunities for returns, even if one of the enterprises does not deliver as expected.
WHICH ECONOMIC SECTORS DOES THE SWIO VENTURE BUILDER TARGET?

The SWIO Venture Builder’s investment portfolio aggregates MSMEs at various stages of business development into six key sectors. The 35 projects below are those that have already been identified across the region. Additional projects will be identified, vetted and added during Stage I of project implementation (2024 to 2026).

**SWIO VENTURE BUILDER’S PIPELINE OF ENTERPRISES**

- **Small-scale fisheries supply chain**
  - Diverse range of activities including shared equipment, infrastructure, and business centres for fishing communities/co-operatives
  - **15 projects**

- **Aquaculture**
  - Diverse activities including offshore seaweed production, coastal abalone ranching and sea cucumber farming
  - **8 projects**

- **Blue carbon**
  - Mangrove restoration and/or protection, including through sustainable livelihood development
  - **4 projects**

- **Eco-tourism**
  - Community-led tourism offerings, including accommodation and demonstration activities
  - **2 projects**

- **Microfinance**
  - Loans and savings schemes enabling coastal communities to invest in sustainable blue economy activities
  - **5 projects**

- **Sustainable community enterprises**
  - Small-scale community enterprises that support the protection and/or restoration of marine and coastal ecosystems, e.g. beekeeping and mangrove honey production
  - **1 project**

WHAT TYPE AND SCALE OF INVESTMENT DOES THE SWIO VENTURE BUILDER SEEK?

The SWIO Venture Builder will be rolled out in two stages.

**Stage I (2024 to 2026) focuses on:**

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<th>Identifying at least 50 investment-ready enterprises to fill the gap in the available pipeline</th>
<th>Developing a suite of products that can be supplied to relevant markets (local and global)</th>
<th>Increasing a proven, regional-scale Venture Builder that can be scaled further</th>
<th>Strengthening the enabling environment and ecosystem of support for coastal communities’ businesses across the region</th>
<th>Improving knowledge of sustainable blue economy investment opportunities among local and national financial institutions.</th>
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Stage I will require US$5 million in public sector finance and philanthropic donations. Our aim is to leverage this funding to attract private capital investment for our portfolio of sustainable blue economy MSMEs.

By building capacity and unlocking finance at scale for the region’s underserved MSMEs, the SWIO Venture Builder will scale the delivery of a sustainable blue economy across the region, creating jobs and improving livelihoods for coastal communities while reducing the threats to coastal ecosystems.

**REGIONAL PARTNERS**

**EMBEDDED IMPLEMENTATION PARTNERS**

More information

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