



ADAPTATION FUND

AFB/PPRC.38/30
10 September 2026

Adaptation Fund Board
Project and Programme Review Committee
Thirty eighth Meeting
Bonn, Germany, 19-23 October 2026

Agenda Item 5 (i)

PROPOSAL FOR CAMBODIA, VIETNAM

Background

1. The strategic priorities, policies and guidelines of the Adaptation Fund (the Fund), as well as its operational policies and guidelines include provisions for funding projects and programmes at the regional, i.e. transnational level. However, the Fund has thus far not funded such projects and programmes.

2. The Adaptation Fund Board (the Board), as well as its Project and Programme Review Committee (PPRC) and Ethics and Finance Committee (EFC) considered issues related to regional projects and programmes on a number of occasions between the Board's fourteenth and twenty-first meetings but the Board did not make decisions for the purpose of inviting proposals for such projects. Indeed, in its fourteenth meeting, the Board decided to:

- (c) Request the secretariat to send a letter to any accredited regional implementing entities informing them that they could present a country project/programme but not a regional project/programme until a decision had been taken by the Board, and that they would be provided with further information pursuant to that decision*

(Decision B.14/25 (c))

3. At its eighth meeting in March 2012, the PPRC came up with recommendations on certain definitions related to regional projects and programmes. However, as the subsequent seventeenth Board meeting took a different strategic approach to the overall question of regional projects and programmes, these PPRC recommendations were not included in a Board decision.

4. At its twenty-fourth meeting, the Board heard a presentation from the coordinator of the working group set up by decision B.17/20 and tasked with following up on the issue of regional projects and programmes. She circulated a recommendation prepared by the working group, for the consideration by the Board, and the Board decided:

- (a) To initiate steps to launch a pilot programme on regional projects and programmes, not to exceed US\$ 30 million;*
- (b) That the pilot programme on regional projects and programmes will be outside of the consideration of the 50 per cent cap on multilateral implementing entities (MIEs) and the country cap;*
- (c) That regional implementing entities (RIEs) and MIEs that partner with national implementing entities (NIEs) or other national institutions would be eligible for this pilot programme, and*

- (d) To request the secretariat to prepare for the consideration of the Board, before the twenty-fifth meeting of the Board or intersessionally, under the guidance of the working group set up under decision B.17/20, a proposal for such a pilot programme based on consultations with contributors, MIEs, RIEs, the Adaptation Committee, the Climate Technology Centre and Network (CTCN), the Least Developed Countries Expert Group (LEG), and other relevant bodies, as appropriate, and in that proposal make a recommendation on possible options on approaches, procedures and priority areas for the implementation of the pilot programme.*

(Decision B.24/30)

5. The proposal requested under (d) of the decision above was prepared by the secretariat and submitted to the Board in its twenty-fifth meeting, and the Board decided to:

- (a) Approve the pilot programme on regional projects and programmes, as contained in document AFB/B.25/6/Rev.2;*
- (b) Set a cap of US\$ 30 million for the programme;*
- (c) Request the secretariat to issue a call for regional project and programme proposals for consideration by the Board in its twenty-sixth meeting; and*
- (d) Request the secretariat to continue discussions with the Climate Technology Center and Network (CTCN) towards operationalizing, during the implementation of the pilot programme on regional projects and programmes, the Synergy Option 2 on knowledge management proposed by CTCN and included in Annex III of the document AFB/B.25/6/Rev.2.*

(Decision B.25/28)

6. Based on the Board Decision B.25/28, the first call for regional project and programme proposals was issued and an invitation letter to eligible Parties to submit project and programme proposals to the Fund was sent out on 5 May 2015.

7. At its twenty-sixth meeting the Board decided *to request the secretariat to inform the Multilateral Implementing Entities and Regional Implementing Entities that the call for proposals under the Pilot Programme for Regional Projects and Programmes is still open and to encourage them to submit proposals to the Board at its 27th meeting, bearing in mind the cap established by Decision B.25/26.*

(Decision B.26/3)

8. At its twenty-seventh meeting the Board decided to:

- (a) *Continue consideration of regional project and programme proposals under the pilot programme, while reminding the implementing entities that the amount set aside for the pilot programme is US\$ 30 million;*
- (b) *Request the secretariat to prepare for consideration by the Project and Programme Review Committee at its nineteenth meeting, a proposal for prioritization among regional project/programme proposals, including for awarding project formulation grants, and for establishment of a pipeline; and*
- (c) *Consider the matter of the pilot programme for regional projects and programmes at its twenty-eighth meeting.*

(Decision B.27/5)

9. The proposal requested in (b) above was presented to the nineteenth meeting of the PPRC as document AFB/PPRC.19/5. The Board subsequently decided:

a) *With regard to the pilot programme approved by decision B.25/28:*

(i) *To prioritize the four projects and 10 project formulation grants as follows:*

- 1. *If the proposals recommended to be funded in a given meeting of the PPRC do not exceed the available slots under the pilot programme, all those proposals would be submitted to the Board for funding;*
- 2. *If the proposals recommended to be funded in a given meeting of the PPRC do exceed the available slots under the pilot programme, the proposals to be funded under the pilot programme would be prioritized so that the total number of projects and project formulation grants (PFGs) under the programme maximizes the total diversity of projects/PFGs. This would be done using a three-tier prioritization system: so that the proposals in relatively less funded sectors would be prioritized as the first level of prioritization. If there are more than one proposal in the same sector: the proposals in relatively less funded regions are prioritized as the second level of prioritization. If there are more than one proposal in the same region, the proposals submitted by relatively less represented implementing entity would be prioritized as the third level of prioritization;*

(ii) *To request the secretariat to report on the progress and experiences of the pilot programme to the PPRC at its twenty-third meeting; and*

b) With regard to financing regional proposals beyond the pilot programme referred to above:

- (i) To continue considering regional proposals for funding, within the two categories originally described in document AFB/B.25/6/Rev.2: ones requesting up to US\$ 14 million, and others requesting up to US\$ 5 million, subject to review of the regional programme;*
- (ii) To establish two pipelines for technically cleared regional proposals: one for proposals up to US\$ 14 million and the other for proposals up to US\$ 5 million, and place any technically cleared regional proposals, in those pipelines, in the order described in decision B.17/19 (their date of recommendation by the PPRC, their submission date, their lower “net” cost); and*
- (iii) To fund projects from the two pipelines, using funds available for the respective types of implementing entities, so that the maximum number of or maximum total funding for projects and project formulation grants to be approved each fiscal year will be outlined at the time of approving the annual work plan of the Board.*

(Decision B.28/1)

10. At its thirty-first meeting, having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided:

- (a) To merge the two pipelines for technically cleared regional proposals established in decision B.28/1(b)(ii), so that starting in fiscal year 2019 the provisional amount of funding for regional proposals would be allocated without distinction between the two categories originally described in document AFB/B.25/6/Rev.2, and that the funding of regional proposals would be established on a ‘first come, first served’ basis; and*
- (b) To include in its work programme for fiscal year 2019 provision of an amount of US\$ 60 million for the funding of regional project and programme proposals, as follows:*
 - (i) Up to US\$ 59 million to be used for funding regional project and programme proposals in the two categories of regional projects and programmes: ones requesting up to US \$14 million, and others requesting up to US\$ 5 million; and*
 - (ii) Up to US\$ 1 million for funding project formulation grant requests for preparing regional project and programme concepts or fully-developed project and programme documents.*

(Decision B.31/3)

11. The following project pre-concept document titled “Building climate resilience through regional innovation empowering tourism, light Industry, and creative micro-, small and medium-sized enterprise value chains in Cambodia and Viet Nam” was submitted for Cambodia,

Vietnam by the United Nations Industrial Development Organization (UNIDO), which is a Multilateral Implementing Entity of the Adaptation Fund.

12. This is the fifth submission of the regional project pre-concept proposal using the three-step submission process. It was first submitted ahead of the forty-sixth Board meeting.

13. The current submission was received by the secretariat in time to be considered in the forty-seventh Board meeting. The secretariat carried out a technical review of the project proposal, with the diary number AF00000485, and completed a review sheet.

14. In accordance with a request to the secretariat made by the Board in its 10th meeting, the secretariat shared this review sheet with UNIDO, and offered it the opportunity of providing responses before the review sheet was sent to the PPRC.

15. The secretariat is submitting to the PPRC the summary and, pursuant to decision B.17/15, the final technical review of the project, both prepared by the secretariat, along with the final submission of the proposal in the following section. In accordance with decision B.25.15, the proposal is submitted with changes between the initial submission and the revised version highlighted.



ADAPTATION FUND

ADAPTATION FUND BOARD SECRETARIAT
TECHNICAL REVIEW OF PROJECT PROPOSAL FOR
"BUILDING CLIMATE RESILIENCE THROUGH REGIONAL INNOVATION EMPOWERING
TOURISM, LIGHT INDUSTRY, AND CREATIVE MICRO-, SMALL AND MEDIUM-SIZED
ENTERPRISE VALUE CHAINS IN CAMBODIA AND VIET NAM"

Project Title	Building climate resilience through regional innovation empowering tourism, light Industry, and creative micro-, small and medium-sized enterprise value chains in Cambodia and Viet Nam
Project ID	AF00000485
Category	Regular size project (over \$1 million)
Type	Regional project
Stage	Pre-concept
Country	Regional (Cambodia, Vietnam)
Implementing Entity	UNIDO
Financing Requested	USD 30,000,000.00
Reviewer	Justice Issah Surugu Musah

Co-reviewer(s)

IE Contact Person

Ganna Onysko, Mark Grigoryan, Natale Guarnaccia, Olga Gordiievska, Stefan Kratzsch, Stefan Pahl

Secretariat's Overall Comment

The project “Building climate resilience through regional innovation empowering tourism, light Industry, and creative micro-, small and medium-sized enterprise value chains in Cambodia and Viet Nam” seeks to strengthen the climate resilience of MSMEs in Cambodia and Viet Nam — particularly in along the value chains of tourism, creative industries, and light manufacturing — by embedding adaptive capacities into MSME clusters, subnational development plans, and national support systems.

The proposal includes a PFG request for US \$30,000.

The initial technical review raised several issues, such as climate change adaptation rationale, the need for more specific objectives and components, consistency of the budget throughout the document, and clarification of roles and responsibilities of executing entities, as was discussed in the number of Clarification Requests (CRs) and Corrective Action Requests (CARs) raised in the review.

The second technical review found that the pre-concept note addressed most of the CRs and CARs. However a clear explanation on impact of climate change on vulnerable communities and proposed solutions as well as clarification of outcomes and outputs and need for additional grant support were still missing.

The third technical review finds that most of the issues raised in the second review were addressed. However, a few issues remain including clarification about the budget for Component 3.

The fourth technical review raises a few issues, such as clarification on how demonstration projects will be supported without the grant to MSMEs, alignment with strategic results areas of the fund and coherence between portal entry and document submitted as was discussed in the Clarification Requests (CRs) and Corrective Action Requests (CARs) raised in the review.

Date: 13 July 2026

The fifth technical review finds that all CRs and CARs raised at this stage have been cleared. 27 August 2027

Country Eligibility

Are all of the participating countries party to the Kyoto Protocol, or the Paris Agreement?

Response: Yes

Secretariat: Cambodia has ratified both the Kyoto Protocol (14 January 2008) and the Paris Agreement (21 September 2016).

Viet Nam has ratified both the Kyoto Protocol (22 August 2002) and the Paris Agreement (06 February 2017).

Date: 16 December 2025

Are all of the participating countries developing countries particularly vulnerable to the adverse effects of climate change?

Response: Yes

Secretariat: Cambodia and Viet Nam are increasingly exposed to climate risks—floods, droughts, saline intrusion, and temperature extremes—which directly affect MSMEs across the value chains of tourism, creative industries, and light manufacturing.

Please ensure that the concept note provides disaggregated climate risk evidence.

Date: 16 December 2025

Project Eligibility

Have the designated government authorities for the Adaptation Fund from each of the participating countries endorsed the project/programme?

Response: Yes

Secretariat: As per the Cambodia Endorsement letter dated August 4th, 2025.

As per the Viet Nam letter dated November 13th, 2025.

Date: 16 December 2025

Has the pre-concept provided necessary information on the problem the proposed project/programme is aiming to solve, including both the regional and the country perspective?

Response: Not Cleared

Secretariat: Unsure

The project provides some regional and subnational information; however, its overall objective is not clear. The

proposed project should clearly demonstrate the linkage between MSMEs and climate change for each country, as well as collectively, to justify a regional approach.

CR1: Kindly provide a clearer, evidence-based linkage between the climate change impacts affecting each country, the critical impact of these climate change effects on MSMEs and vulnerable communities, and the proposed solutions. These references should be specific to show this correlation and properly justify the proposed project.

Date: 16 December 2025

Response: Not Cleared

Secretariat: CR1: Not Cleared

The Project/Program Background and Context section (pg 2) explains climate change impacts and risks under different models in the first paragraph, noting effects on MSMEs and vulnerable communities. The second paragraph details the impact of climate change on MSMEs (pg. 2).

Proposed solutions are provided, section Project/Program Objectives and are linked to background information (pg 3-4).

However, the impact of climate change (and proposed solutions) on vulnerable communities is mentioned, but not clearly explained. Please thoroughly explain.

CR1 (NEW):

1. Pre-concept exceeds 5 pages. It is currently 11 page long
2. Kindly define the acronym MSME when it first appears

Date: 4 May 2026

Response: Not Cleared

Secretariat: CR1: Cleared.

The PCN now makes a stronger link between climate impacts, proposed solutions, and expected results in terms of addressing those impacts. In the full CN it will be important to provide additional specifics on how MSME-focused solutions are expected to create adaptation benefits for vulnerable communities.

CR1 (NEW): Cleared.

1. As per shortened document.
2. As per acronym definition at first instance.

Date: 12 June 2026

Response: Cleared

Secretariat: The revised document has substantially improved the response to the previous comment. It now provides a clearer explanation of the climate risks facing Cambodia and Viet Nam, the relevance of MSMEs to vulnerable communities, and the rationale for supporting MSME adaptation through a regional approach. However, when developing this into a concept note or a full proposal, further strengthen the country-specific and evidence-based linkage between climate hazards, impacts on MSMEs in the targeted value chains, impacts on vulnerable communities, and the proposed project solutions. In particular, Cambodia and Viet Nam should be treated more distinctly before drawing out the regional rationale.

Have the project/programme objectives, components and financing been clearly explained?

Response: Not Cleared

Secretariat: Unsure.

The proposed project provides an outline of the objectives, components and financing. However, the description of objectives, components and outputs are not clearly defined.

CR2: Kindly provide brief yet clear explanations of what will be financed under each component.

CR3: Please revise the objectives to ensure that they are properly specified and do not mix aims with results. For example, Specific Objective 1 combines an aim with results ("more than 1,000 MSMEs"). It would be helpful if these could begin with verbs in the infinitive form.

The proposal states that it targets vulnerable MSMEs and addresses the challenge of MSMEs being highly exposed to climate risks while remaining underserved by adaptation finance (Page 2). However, further clarification is required on the following points:

CR4:

1. Please clarify how "vulnerable MSMEs" are defined, and explain why their vulnerability is primarily attributed to climate change impacts, rather than to the competitiveness of the products or services they provide.
2. Please also provide further explanation as to why the project focuses on MSMEs as the primary entry point, rather than directly targeting vulnerable communities.
3. Please explain why MSMEs require dedicated access to adaptation finance.
4. Please also clarify whether the project includes any form of grant-based support for MSMEs.
5. Kindly revise the outcomes and outputs for each component to ensure they are properly defined. Not all details should be in the indicators definition. Please note that indicators must be Specific, Measurable, Achievable, Relevant, and Time-bound (SMART).

CR5: Paragraph 3 refers to climate-related trade requirements (e.g. ESG scrutiny, the EU Carbon Border Adjustment Mechanism, and deforestation-free regulations). Please clarify how these trade requirements are linked to climate change adaptation.

Date: 16 December 2025

Response: Not Cleared

Secretariat: CR2: Cleared

Explanation provided in Part II: Project/Programme Justification, pages 6-7.

CR3: Cleared

Objectives are specific and clear, per section Project/Programme Objectives, pg 3-4

CR4: Not Cleared

1. Cleared. Vulnerability of MSMEs to climate change is explained in footnote 28, page 3
2. Cleared. Explanation for focus on MSMEs given, per section Project / Programme Background and Context, third paragraph, page 2-3, and in footnote 20 and 21 (pg. 2-3)
3. Cleared. Explanation for dedicated access to adaptation finance given, per section Project / Programme Background and Context, third and fourth paragraph (pg 2-3)

4. Not cleared. No clarification is provided in the proposal on whether the project will need additional grant support. Please clarify.

5. Not cleared. Outcomes and outputs need to be better defined. Output is the product, be it physical or virtual, e.g. improve access to water —.Outcome is the difference the product makes — e.g. strengthened oasis ecosystem to climate hazard.

Please address.

CR5: Cleared.

Based on explanation in the response sheet to the review that the quoted reference related to mitigation and not adaptation regulatory requirements.

CR5 (NEW):

1. Please assign number and short description to Table in page 4
2. Please ensure consistency of component names throughout proposal.

Date: 4 May 2026

Response: Not Cleared

Secretariat: CR4: Not Cleared.

4. Not cleared. The PCN now explicitly states that “Adaptation Fund resources will finance technical, demonstration activities, transaction advisory support, and capacity building. No credit line or grant to MSMEs will be established” (p. 4). The proposed budget for Component 3 is \$10,300,000, of which \$5,665,000 supports Output 2 (“Demonstration adaptation projects are implemented and a KPI set on climate, social and economic performance is developed and integrated into a launched toolkit”). Please clarify how demonstration projects are being funded and implemented if not through grant support to MSMEs.

5. Cleared.

1. As per updated outputs and outcomes.

CR5 (NEW): Cleared.

1. The number and short description has been added to table 4.
2. The component names are now consistently reflected in the proposal.

Date: 12 June 2026

Response: Not Cleared

Secretariat: CR4: Not Cleared.

4. Although Footnote 18 explains how the demonstration projects will be implemented, their financing still needs to be clarified. To address this, please include in the footnote the information provided in the Response Sheet, specifically regarding the activities to be financed under the Output 3.2 budget (USD 5,685,000), (technical design; procurement and installation; supervision and monitoring; and development of standardized KPIs).

Date: 13 July 2026

Response: Not Cleared

Secretariat: CR6 (NEW): Please ensure that the component numbers and names in the portal also reflect what is in the proposal document.

CAR1 (NEW): Please demonstrate alignment with AFs strategic outcome areas at paragraph 15.

Response: Cleared

Secretariat: We will clear this at the pre-concept stage, noting that the level of detail expected at this stage is necessarily limited and that some issues may be more fully elaborated during concept note or full proposal development. The revised document now states that the project contributes to AF strategic outcomes 2, 3, 6 and 8. This responds to the question on alignment; however, the current text does not yet provide sufficient explanation beyond listing the relevant outcomes.

Based on the project design, it can be reasonably inferred that the project contributes to these AF strategic outcomes. Alignment with Outcome 2 is reflected in activities that strengthen the capacity of MSMEs, subnational authorities, MSME support institutions, TVET partners and financial institutions to identify, plan for and respond to climate-related risks and losses. Alignment with Outcome 3 is reflected in the use of climate-risk information, advisory services, training, participatory cluster planning and stakeholder engagement, which support greater awareness and ownership of adaptation and climate-risk reduction processes. Alignment with Outcome 6 is reflected in support for climate-resilient MSME value chains, vocational skills, resilient livelihoods and income opportunities for vulnerable people, including women and youth. Alignment with Outcome 8 is reflected in the project's innovation-focused measures, including climate-risk intelligence tools, hazard-specific resilience packages, climate-smart enterprise models, demonstration adaptation projects, adaptation finance tools, regional knowledge platforms and replication mechanisms that support the scale-up of effective adaptation solutions.

The IE should ensure that, at the concept note or full proposal stage, this alignment is more clearly articulated and presented so that the contribution to the relevant AF strategic outcomes is well communicated.

Has the project/programme been justified in terms of how: - it supports concrete adaptation actions? - it builds added value through the regional approach? - it promotes new and innovative solutions to climate change adaptation? - it is cost-effective? - it is consistent with applicable strategies and plans? - it incorporates learning and knowledge management? - it will be developed through a consultative process with particular reference to vulnerable groups, including gender considerations, in compliance with the Environmental and Social Policy of the Adaptation Fund? - it will take into account sustainability?

Response: Not Cleared

Secretariat: Unsure.

The document outlines adaptation actions, solutions, alignment with relevant strategies and plans, cost-effectiveness, a consultative process, and includes a learning and knowledge management component. However, the added value at the regional level and basic information on the outlined topics remain unclear.

CR6: Please ensure the following:

- (i) Adaptation actions are specific, clearly explained and well-defined. For example, clarify what is meant by "resilient package". Actions should be explicitly linked to the objectives and aligned with the project's Theory of Change.
- (ii) Additional details on the proposed technical TA and to clarify its relevance to climate change adaptation

- (iii) The added value of adopting a regional approach should be clearly articulated and justified.
- (iv) Includes a sustainability approach and describes how it will be integrated.

Date: 16 December 2025

Response: Not Cleared

Secretariat: CR6: Cleared

- (i) Adaptation actions are specific and clearly explained, but partially linked to objectives and ToR per part II, page 5-6. Link to objective 1, 2 & 3 (pg 3) is well establish.
- (ii) Additional information and relevance TA in pg. 7, section "Technical assistance for adaptation"
- (iii) Added value of regional approach explained in pg 8-9, section "Added valued of a regional approach"
- (iv) Sustainability approach is included and how it will integrate (page 7-8), per section "considering the sustainability."

Date: 4 May 2026

Response: Not Cleared

Secretariat: No comments

Date: 12 June 2026

Response: Not Cleared

Secretariat: CR10 (New): When referring to the project's cost-effectiveness, the PCN states that UNIDO's experience and networks will, among other things, enable the efficient use of resources. This argument alone is not sufficient to substantiate the project's cost-effectiveness. Therefore, please (briefly) include quantitative estimates that compare the benefits of implementing the project (or the reductions in losses generated across different sectors) with the project's total cost if available otherwise please indicate that this will be done at the concept note stage.

CR11 (New): In paragraph 21 (page 6), it is stated that UNIDO will ensure compliance with national standards; however, these standards are not specified. Please (briefly) specify which national standards must be met.

CR12 (New): Please proofread the document to correct any grammatical or formatting errors. Note, for example, that footnotes 19–22 (page 6) have been inserted as numbers within the body of the document rather than using the appropriate footnote format. For an example of a correctly formatted footnote, please refer to Footnote 18 on page 4.

Date: 13 July 2026

Response: Cleared

Secretariat: CR10, 11 and 12 which were outstanding has been addressed.

Does the pre-concept briefly explain which organizations would be involved in the proposed regional project/programme at the regional and national/sub-national level, and how coordination would be arranged? Does it explain how national institutions, and when possible, national implementing entities

(NIEs) would be involved as partners in the project?

Response: Not Cleared

Secretariat: Yes, but further information is required.

Part III includes all implementation arrangements required. However, while some responsibility roles are outlined for UNIDO and the two executing entities, the specific tasks for each and their corresponding responsibilities by component remain unclear.

CR7: Please clarify the role of each entity and specify whether their responsibilities are at the regional or national/subnational level. Also indicate if any other entities are involved besides UNIDO, the Ministry of Environment of Cambodia, and the Ministry of Industry and Trade of Vietnam.

CR8: Please delete the AF project number inserted in the PFG request form as it is inaccurate. The AF project ID is AF00000485.

CAR1: Please delete Project / Programme Background and Context section from the cover page of the proposal.

Date: 16 December 2025

Response: Not Cleared

Secretariat: CR7: Cleared

Explanation of roles for UNIDO, the Ministry of Environment of Cambodia, and the Ministry of Industry and Trade of Vietnam, and additional entities stated, per Part III, page 9-10

CR8: Cleared

PFG Form has the correct ID #, per PFG form pg. 1

CR9 (NEW): Please update the PFG start date to a date after AFB47.

CAR1: Cleared

Section was deleted from cover page.

Date: 4 May 2026

Response: Not Cleared

Secretariat: CR9 (NEW): Cleared.

Date amended.

Date: 12 June 2026

Response: Not Cleared

Secretariat: CR13 (New): In Part III, para 27 (page 6), it is indicated that UNIDO (the Implementing Entity) will also act as the Executing Entity for some outputs. Please specify in para 27 which outputs, as defined in the Components Table (table 1), will be implemented by UNIDO.

Date: 13 July 2026

Response: Cleared

Secretariat: Paragraph 27 now states that UNIDO will act as the Executing Entity for “selected regional and technical outputs (outcome 4)”, including regional coordination, knowledge platforms, adaptation labs, regional tools and methodologies, and quality assurance.

Resource Availability

Is the requested project / programme funding within the funding windows of the programme for regional projects/programmes?

Response: Cleared

Secretariat: Yes.

The requested financing from the Adaptation Fund is exactly USD 30,000,000.

Are the administrative costs (Implementing Entity Management Fee and Project/ Programme Execution Costs) at or below 10 per cent of the project/programme for implementing entity (IE) fees and at or below 10 per cent of the project/programme cost for the execution costs?

Response: Not Cleared

Secretariat: Yes, but some amendments are required.

All figures are rounded to a whole number. IE Management Fee (10%) and Project Execution costs (Around 8%) are correct in size. However, the figures do not add up across tables and components (Project / Programme Components and Financing table vs. Part II: Project / Programme Justification). The PFG requested is correct in size (USD 30,000).

CAR1: Kindly revise the budget for each component across the document (Project/Programme Components and Financing table vs. Part II: Project/Programme Justification) to ensure consistency.

Date: 16 December 2025

Response: Not Cleared

Secretariat: CAR1: Cleared

Budgets in table (pg. 4-5) and part II (pg. 6-7) are consistent

CAR3(NEW): Please include the budget in the amount column also at the output level.

Date: 4 May 2026

Response: Not Cleared

Secretariat: CAR3 (NEW): Cleared.

Budget figures now included at output level.

Date: 12 June 2026

Eligibility of IE

Is the project/programme submitted through an eligible Implementing Entity that has been accredited by the Board?

Response: Cleared

Secretariat: No.

United Nations Industrial Development Organization (UNIDO) is a Multilateral Implementing Entity (MIE).
Accreditation expiration date: 30 November 2025.

CAR2: Please kindly note that the UNIDO focal point as per AF website is Ms Haidara and hence her signature is required. Kindly attach change of IE representative name letter if available.

Please be advised that the findings of the AFB Secretariat's review of the funding proposal(s) do not reflect, indicate, or prejudice the outcome of the reaccreditation process currently underway. The Implementing Entity (IE) shall acknowledge that the funding proposal will not be approved by the Board if the IE's accreditation has expired, and reaccreditation has not been achieved at the time of the Board's decision. Notwithstanding this potential risk, the IE has elected to proceed with the development of the funding proposal.

Date: 16 December 2025

Response: Cleared

Secretariat: Yes.

As per Board decision B.46/9 UNIDO's current accreditation status is accredited.

CAR2: Not Cleared

PFG Form is not signed. Please ensure that a signed PFG accompanies the re-submission.

Date: 4 May 2026

Response: Cleared

Secretariat: CAR2: Cleared.

The PFG form is now signed.

Date: 12 June 2026

Response: Cleared

Secretariat: No comments.

Date: 13 July 2026



ADAPTATION FUND

PRE-CONCEPT FOR A REGIONAL PROJECT/PROGRAMME

PART I: PROJECT/PROGRAMME INFORMATION

Title of Project/Programme: Building climate resilience through regional innovation empowering tourism, light Industry, and creative micro-, small and medium-sized enterprise value chains in Cambodia and Viet Nam

Countries: Cambodia and Viet Nam

Thematic Focal Area¹: Innovation in adaptation finance

Type of Implementing Entity: Multilateral Implementing Entity

Implementing Entity: United Nations Industrial Development

Organization (UNIDO)

Executing Entities: Cambodia Ministry of Environment (MoE), Viet Nam, Ministry of Industry and Trade (MOIT) and UNIDO

Amount of Financing Requested: 30,000,000 (in U.S Dollars Equivalent)

Project Formulation Grant Request: Yes ☒ No ☐

Amount of Requested financing for PFG: 30,000 (in U.S Dollars Equivalent)

Letters of Endorsement (LOE) signed for all countries: Yes ☒ No ☐

NOTE: LOEs should be signed by the Designated Authority (DA). The signatory DA must be on file with the Adaptation Fund. To find the DA currently on file check this page: <https://www.adaptation-fund.org/apply-funding/designated-authorities>

Stage of Submission:

☒ This pre-concept has been submitted before

☐ This is the first submission ever of the pre-concept

In case of a resubmission, please indicate the last submission date: 5/27/2026

Please note that pre-concept should not exceed 5 pages (in addition to this first cover page)

Choose an item.

¹ Thematic areas are: Food security; Disaster risk reduction and early warning systems; Transboundary water management; Innovation in adaptation finance.

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Project / Programme Background and Context:

1. Cambodia and Viet Nam are increasingly exposed to climate risks^{2,3}, including floods, droughts, saline intrusion, and temperature extremes, affecting Micro-, small- and medium-sized enterprises (MSMEs) across the value chains of tourism, creative industries, and light manufacturing⁴ and the dependent communities. According to the IPCC AR6 (2022, Ch. 3, 6, 10)⁵, Southeast Asia faces more frequent and extreme rainfall, droughts, rising sea levels, and heat. Cambodia faces high exposure to climate impacts and risks are projected to grow: Cambodia is highly flood-exposed (4th in INFORM Risk Index) along the Mekong (including Kratie) and Tonle Sap floodplains (including Battambang), and experiences droughts every 5 to 6 years and heat stress (e.g., mean of 35.2 C in Battambang, compared to 31.9 C regional average).⁶ Viet Nam is highly exposed to riverine, flash, and coastal flooding (1st in INFORM Risk Index), to tropical cyclones and their associated hazards (ranked 8th), heat (up to 40% by 2080–2099 under RCP8.5, 8%) and drought (e.g., 2015–2017; projected increase of ~10% annually⁷). This compounds risks to cultural heritage, urban infrastructure, and MSME supply chains, directly undermining rural livelihoods, women's economic empowerment, and cultural preservation.
2. Climate change affects vulnerable communities in Cambodia and Viet Nam both directly and through the local MSME systems on which they depend. Climate hazards damage homes, roads, markets, and disrupt transport and basic services, while also increasing health risks and reducing food, water, and income security. Poor and rural communities are disproportionately exposed to climate hazards due to their reliance on climate-sensitive livelihoods, concentration in high-risk areas, and limited adaptive capacity.⁸
3. MSMEs transmit these climate shocks to communities as they are major sources of local employment, income, services, and market access in tourism, creative industries, and light manufacturing value chains. MSMEs contribute over 58% of GDP in Cambodia and represent 98% of companies in Viet Nam and 40% of GDP.^{9,10} They are critical in Cambodia's national plans like the CCCSP, supported by the 2023–2028 SP-ISID, and Viet Nam's National Adaptation Plan and Green Growth Strategy.^{11,12} When MSMEs lose productive assets, face supply chain disruption, experience reduced tourist flows, or are unable to operate due to climate shocks, households lose income and jobs, local services decline, and community resilience weakens¹³.
4. MSMEs face climate-induced challenges and adaptation barriers due to a lack of climate-risk information, technical expertise, and planning capacity to identify and implement adaptation options; thin financial buffers, minimal insurance, and insufficient collateral or credit history to invest in resilient technologies; and little redundancy in supply chains, making them highly vulnerable to climate-induced business interruption. Limited representation in policy processes further constrains their influence on national adaptation systems.¹⁴
5. Dedicated adaptation support is thus urgently needed. The UNEP Adaptation Gap Report 2024¹⁵ estimates that adaptation finance needs are 10-18 times greater than current flows. Cambodia requires over USD 2 billion by 2030; Viet Nam, over USD 254 billion by 2040.^{16,17} Although multilateral projects exist, few directly support MSMEs along this project's targeted value chains^{18,19}, despite their high impact on jobs and community-level resilience.
6. Therefore, supporting MSME adaptation is a direct pathway to strengthening community resilience: when MSMEs can anticipate climate hazards, protect assets and workers, maintain operations, and access adaptation finance, the households and communities that depend on them are better able to protect jobs, income, services, and cultural assets.

² The World Bank Group and Asian Development Bank (2021) and The World Bank Group and Asian Development Bank (2021).

³ The World Bank Group and Asian Development Bank (2021) and The World Bank Group and Asian Development Bank (2021).

⁴ Value chains include activities in the sectors themselves, but also in various sectors providing inputs along the value chains, like agricultural activities or auxiliary services.

⁵ The Intergovernmental Panel on Climate Change (2022).

⁶ World Bank Group (2023) and Chea, N. (2024).

⁷ The World Bank Group and the Asian Development Bank (2021).

⁸ World Bank Group (2023) and World Bank Group and the Asian Development Bank (2021).

⁹ Department of Economic and Social Affairs of the United Nations (2020) and Viet Nam SME stats – SME Development Plan, World Bank data.

¹⁰ Department of Economic and Social Affairs of the United Nations (2020) and Viet Nam SME stats – SME Development Plan, World Bank data.

¹¹ National Climate Change Committee and the Ministry of Environment of Cambodia (2013), Economic and Financial Policy Committee (EFPC) of the Ministry of Economy and Finance of Cambodia (2023), Viet Nam NAP United Nations Development Programme, and Government of Vietnam (2021).

¹² E.g., ASEAN Access and Wedawatta, G., Ingrine, B., & Proverbs, D. (2012).

¹³ Among others UNFCCC (2023).

¹⁴ UNEP (2024).

¹⁵ Department of Economic and Social Affairs of the United Nations (2020) and Viet Nam SME stats – SME Development Plan, World Bank data.

¹⁶ Government of Cambodia (2025) and World Bank Group (2022).

¹⁷ GCF/GEF project reviews – fund documents.

¹⁸ GCF/GEF project reviews – fund documents.

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Project / Programme Objectives:

This project strengthens the climate resilience of communities by supporting MSMEs in Cambodia and Viet Nam across the value chains of tourism, creative industries, and light manufacturing by embedding adaptive capacities into MSME clusters, subnational development plans, and national support systems. It will directly target vulnerable MSMEs and MSME hotspots^{20,21} in six high-risk provinces²² while also creating enabling conditions for national and regional scale-up. Specific objectives include:

1. To generate localized climate-risk intelligence and embed decision-support tools enabling MSMEs and subnational authorities in six high-risk provinces to identify, prioritize, and plan responses to climate hazards affecting the targeted value chains.
2. To strengthen the climate resilience of MSME clusters by supporting the adoption of hazard-specific resilience measures and by developing climate-smart technical, operational, managerial, and innovation capacities among entrepreneurs and workers, with a focus on women and youth.
3. To translate climate-risk diagnostics into bankable adaptation investments and scalable practices by improving MSMEs' access to adaptation and green finance, demonstrating climate-resilient solutions, and institutionalizing effective models through regional knowledge systems, partnerships, and integration into national TVET and enterprise-support structures.

The project's Theory of Change is that if (1) localized climate-risk intelligence enables MSMEs and local authorities to understand specific hazards and inform planning and operational decisions (Component 1); and if (2) MSME clusters adopt clearly defined resilience packages²³, obtain climate-smart skills and innovate for adaptation solutions (Component 2); and if (3) MSMEs are supported to translate risk diagnostics into bankable adaptation investments and demonstrations, while financial institutions are better equipped to appraise adaptation investments (Component 3); and if (4) these practices are institutionalized and shared through regional knowledge systems, partnerships, and scale-up systems (Component 4); then MSMEs will reduce climate-related losses, maintain operations during climate shocks, and safeguard livelihoods, jobs, and cultural assets, making the communities more resilient.

Project / Programme Components and Financing

Table 1 shows the project's four components, expected outcomes, expected outputs and financing.

Table 1. Project Components, Expected Outcomes, Expected Outputs and Financing

Project / Programme Components	Expected Outcomes	Expected Outputs	Countries	Amount (USD)
1. Climate Risk Intelligence for Tourism, Creative, and Light Manufacturing MSMEs Lead: Cambodia MoE, Viet Nam MOIT	Outcome 1: MSMEs and local authorities in targeted clusters use localized climate risk information to inform planning and operational decisions.	Output 1.1 Climate risk and vulnerability profiles for MSME clusters in the six target provinces developed and validated. Output 1.2 GIS-based climate vulnerability maps and MSME zoning/cluster plans developed to identify MSME hotspots, guide adaptation planning, support public-private resource mobilization, and safeguard enterprises from flooding, heat, and water scarcity. Output 1.3 Climate advisory services and decision-support tools (seasonal forecasts, early warnings, practical adaptation tips) for MSMEs and local authorities developed and made available through chambers of commerce and TVET centers. Output 1.4 Climate risk tools embedded in national MSME and enterprise platforms (e.g., Cambodia Data Portal, Viet Nam e-Gov systems) to ensure sustained use and generate practical adaptation recommendations based on MSME risk level.	Cambodia, Viet Nam	4,522,958 1.1: 1,130,740 1.2: 1,356,887 1.3: 1,356,887 1.4: 678,444
2. Resilient Tourism, Creative, and Light Manufacturing Clusters	Outcome 2: MSME clusters demonstrate improved technical, operational, and managerial	Output 2.1 Hazard-specific resilience packages designed and implemented in targeted MSME clusters, including practical measures such as water harvesting, shade/green roofing, flood-proofing workshops, climate-smart tourism facilities, resilient craft production. Output 2.2 Workers and MSME entrepreneurs trained in practical climate-smart vocational skills (energy-efficient kilns, drought-resilient	Cambodia, Viet Nam	7,400,000 2.1: 3,700,000 2.2: 1,480,000

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²⁰ Vulnerability is defined as exposure to climate change shocks that result in a negative outcome because MSMEs cannot cope due to adaptation barriers. Exposure, in turn, is the business exposure of MSMEs to climate change shocks, e.g., because the MSME is located in a highly exposed area, or because the MSME sources highly exposed inputs, among others. Hence, MSMEs and MSME clusters will be identified by an analysis of exposure and the resulting vulnerability to climate change shocks.

²¹ Vulnerability is defined as exposure to climate change shocks that result in a negative outcome because MSMEs cannot cope due to adaptation barriers. Exposure, in turn, is the business exposure of MSMEs to climate change shocks, e.g., because the MSME is located in a highly exposed area, or because the MSME sources highly exposed inputs, among others. Hence, MSMEs and MSME clusters will be identified by an analysis of exposure and the resulting vulnerability to climate change shocks.

²² The project will target six high-risk provinces — Kratie, Battambang, and Pursat in Cambodia, and Son La, Ninh Binh, and Thua Thien Hue in Viet Nam — based on climate vulnerability mapping that highlights their exposure to floods, droughts, and typhoons. These provinces also represent MSME hotspots in tourism, crafts/design, and light manufacturing, sectors that are both highly climate-sensitive and critical for women and youth employment. Focusing on these provinces ensures that adaptation actions are locally relevant, directly benefit vulnerable MSME clusters, and generate scalable lessons for national and regional replication.

²³ Resilience Packages (RPs) are pre-defined, hazard- and sector-specific bundles of adaptation actions. Each RP contains: (i) a physical adaptation measure (e.g., flood-proofing, heat-mitigation, water-security), (ii) an operational/continuity protocol, and (iii) skills / training modules required for maintenance and safe operation. RPs are derived from the climate-risk intelligence of Component 1, tailored to the value chains of tourism, creative industries, and light manufacturing, and aligned with Outputs 2.1-2.3.

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Lead: Cambodia MoE, Viet Nam MOIT	capacity to adopt climate resilience measures.	tourism operations, circular packaging) via HP LIFE, LKDF, business support centers and TVET partners. Output 2.3 Women and youth completed the Leadership for Adaptation Program and participated in a Cluster Adaptation Advisory Network. Output 2.4 Climate-smart microenterprises incubated to test and deliver local adaptation services and products.		2.3: 740,000 2.4: 1,480,000
3. Climate-Smart Value Chains and Access to Adaptation Finance Lead: Cambodia MoE, Viet Nam MOIT	Outcome 3: Tourism, creative industry, and light manufacturing MSMEs adopt climate-resilient practices and improve access to finance for adaptation.	Output 3.1 MSMEs received technical support to conduct climate-smart diagnostics and prepare adaptation business plans integrating climate risk reduction and ESG compliance. Output 3.2 Demonstration adaptation projects are implemented and a KPI set on climate, social and economic performance is developed and integrated into a launched toolkit. Output 3.3 MSMEs received transaction advisory support, and financial institutions are trained; guidance on accessing green finance with standardized application templates developed and included in a green finance guidebook.	Cambodia, Viet Nam	10,300,000 3.1: 2,060,000 3.2: 5,665,000 3.3: 2,575,000
4. Regional Knowledge, Partnerships, and Scale-Up Lead: UNIDO	Outcome 4: Regional mechanisms enable sustained knowledge exchange and replication and scaling of climate adaptation solutions.	Output 4.1: Regional Adaptation Exchange Platforms established through South-South Adaptation Labs in Cambodia and Viet Nam, engaging stakeholders on climate risk intelligence, climate-smart entrepreneurship, ESG-ready value chains, and adaptation finance. Output 4.2. Multilingual Digital Knowledge Hub (English, Khmer, Viet Name) launched and maintained, providing practical adaptation toolkits, MSME case studies, and finance resources. Output 4.3 Adaptation knowledge institutionalized through partnerships and communication materials, and Climate-Adaptation Training module integrated into national TVET curricula in Cambodia and Viet Nam.	Cambodia, Viet Nam	2,800,000 4.1: 840,000 4.2: 980,000 4.3: 980,000
5. Project/Programme Execution cost				2,249,770
6. Total Project/Programme Cost				27,272,728
7. Project/Programme Cycle Management Fee charged by the Implementing Entity (if applicable)				2,727,272
Amount of Financing Requested				30,000,000

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PART II: PROJECT / PROGRAMME JUSTIFICATION

- Component 1: Climate Risk Intelligence for Tourism, Creative, and Light Manufacturing MSMEs (USD 4,522,958).** This component enables MSMEs and local authorities to use localized climate risk information for decision-making, addressing MSMEs' information and risk-awareness deficit. The expected outcome is improved understanding of climate exposure and identification of adaptation solutions. It will map vulnerabilities in six high-risk provinces, identify MSME hotspots, and deliver climate advisory services to 1,000 MSMEs (>50% women- or youth-led), safeguarding 5,000 jobs and 10,000 household members. It will develop six GIS-based climate vulnerability maps, six MSME zoning strategies, risk-tiered recommendations, and embed climate risk tools into two national platforms. Adaptation Fund financing will support data analysis, tool development, advisory services, stakeholder consultations, capacity building, and platform integration.
- Component 2: Resilient Tourism, Creative, and Light Manufacturing Clusters (USD 7,400,000).** This component strengthens the adaptive capacity of MSME clusters through resilience measures, technical and operational skills, and promotion of women and youth leadership. The expected outcome is that MSMEs better protect workers, assets, and operations from climate hazards. It will support six MSME clusters with tailored resilience packages (RP); train 12,000 workers and entrepreneurs; empower 400 women and youth leaders; and incubate 100 microenterprises providing adaptation solutions. Each RP, based on dominant climate hazards like flooding, heat stress, or water scarcity, delivers measurable reductions in operational disruption. RPs consist of physical infrastructure, technical measures, and business-continuity protocols, and are complemented by climate-smart vocational training, mentoring, and incubation for local adaptation solutions. Adaptation Fund resources will finance MSME resilience measures, climate-smart vocational training, leadership, and incubation support.
- Component 3: Climate-Smart Value Chains and Access to Adaptation Finance (USD 10,300,000).** This component improves the ability of MSMEs and financial institutions to advance adaptation investments. The expected outcome is increased MSME adoption of climate-resilient practices and increased financing for adaptation. It will support 600 MSMEs (≥40% women/youth-led), representing 3,000 jobs and 6,000 household members, to complete climate-risk diagnostics and prepare adaptation business plans, demonstrate practical adaptation solutions through eight

site-based projects, and consolidate lessons in a Resilience Toolkit.²⁴ Access to finance will be strengthened by advising 50 MSMEs and training 50 financial institutions. Adaptation Fund resources will finance technical, demonstration activities, transaction advisory support, and capacity building. No credit line or grant to MSMEs will be established.

10. **Component 4: Regional Knowledge, Partnerships, and Scale-Up (USD 2,800,000).** This component establishes regional mechanisms that institutionalize, share, and scale MSME-focused adaptation solutions. The expected outcome is reduced systemic and institutional barriers through integration of tools, curricula, and methodologies into national MSME and TVET systems and strengthened cross-border sharing. It will convene six Adaptation Labs, launch a multilingual Digital Knowledge Hub (5,000+ users), formalize five partnerships and produce five replication briefs for wider Mekong uptake. It will also support the integration of a Climate Adaptation Training into national TVET systems. Adaptation Fund resources will finance regional coordination, knowledge generation and dissemination, platform development, partnership building and replication tools.
11. Together, these four components systematically remove the informational, technical, institutional, and financial barriers that prevent MSMEs from adapting, strengthening the resilience of local economies and the communities whose livelihoods depend on them.
12. **Promoting new and innovative solutions:** Through Components 2 and 3, the project enables MSMEs to adopt green skills, climate-resilient technologies, and circular practices through demonstration projects and adaptation planning, providing scalable and sustainable solutions that reduce risks and strengthen competitiveness.
13. **Technical assistance (TA) for adaptation:** The project's TA directly reduces information, capacity, and transaction barriers that prevent MSMEs ~~to adapt from adapting~~ through: (i) localized risk analytics and practical advisories (C1); (ii) skills development and leadership for climate-smart operations (C2); (iii) diagnostics, adaptation business plans, demonstration evidence, and financial institutions-facing tools to finance adaptation (C3); and (iv) institutional knowledge systems for replication and policy feedback (C4). The TA is therefore necessary to shift MSMEs and the respective communities from awareness to investment and practice change.
14. **Cost-effectiveness of the project:** The project delivers concrete, locally led adaptation measures in six high-risk provinces while embedding tools and practices into national and regional systems. Leveraging UNIDO's expertise and networks, it efficiently uses resources, minimizes duplication, and provides affordable, tailored solutions that foster peer learning and replication across MSMEs. Quantitative estimates that compare the benefits of implementing the project with the project's total costs will be calculated at the concept note stage.
15. **Alignment with sustainable development and adaptation strategies:** The project advances SDGs 1, 5, 8, 9, 12, and 13 by strengthening MSME resilience, creating climate-smart jobs, and promoting inclusive, sustainable value chains. It is directly aligned with Viet Nam's NAP and Climate Strategy 2050 and Cambodia's National Strategic Development Plan, and contributes to AF strategic outcomes 2, 3, 6 and 8.
16. **Learning and knowledge management:** Learning is embedded via six Adaptation Labs, a multilingual Digital Knowledge Hub, and institutional partnerships with MSME agencies, chambers, and vocational institutes. Replication briefs and regional exchanges will capture lessons, strengthening governance, partnerships, and long-term MSME adaptation capacity across Cambodia, Viet Nam, and the wider Mekong region. Lessons will inform the integration and periodic update of the Climate Adaptation module in national TVET systems.
17. **Consultative process:** This pre-concept note draws on consultations with ministries in both countries to identify vulnerabilities and adaptation barriers. Aligned with national priorities, design will be refined through dialogue with local authorities and communities via stakeholder analysis.
18. **Considering the sustainability of outcomes:** Sustainability is ensured by embedding climate risk tools, resilience packages, and value chain practices into MSMEs and national platforms, supported by strengthened technical, financial, and institutional capacities. Institutional sustainability is anchored through integration into MSME and TVET platforms, establishment of cluster advisory networks within chambers/associations, and regional knowledge sharing through platforms and briefs. Each tool/platform will have an identified institutional owner with operations and maintenance responsibilities and budgetary commitments confirmed during full proposal development. Financial sustainability is ensured by covering the incremental costs of setting up climate risk tools and

²⁴ These site-based demonstration projects will be implemented as project-managed pilot interventions at cluster or value-chain level through the procurement of goods, works, and services by the project. The allocated budget under Output 3.2 (USD 5,665,000) will finance the technical design and engineering of adaptation solutions, procurement and installation of pilot systems, supervision, monitoring and performance validation, and the development of standardized KPIs integrated into the Resilience Toolkit. By testing and validating adaptation solutions under real operating conditions, the demonstrations will serve a de-risking and good public function by will generating performance evidence, cost benchmarks, and -replicable business cases. They serve as a bridge between climate-risk assessments (Output 3.1) and access to finance (Output 3.3), enabling the scaling of proven adaptation solutions through private and institutional investment.

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systems while strengthening MSMEs' and financing institutions' capacity to access future adaptation finance. Technical sustainability is ensured through open-license toolkits, maintenance manuals, and train-the-trainer packages for post-project operability of developed outputs.

19. **Economic, social and environmental benefits:** The project generates economic gains through MSME climate-smart tools and finance; social benefits by securing livelihoods and cultural assets, diversifying incomes, and empowering women, youth, minorities; environmental benefits through resource-efficient, low-carbon practices, safeguarding ecosystems, and building local resilience.
20. **Gender and vulnerable groups:** The project will apply a gender-responsive, socially inclusive approach aligned with the Adaptation Fund's Gender Policy, national strategies, and UNIDO guidelines. Guided by gender and vulnerability assessments, it will ensure equitable participation, benefit-sharing, and active engagement of women, youth, minorities, and marginalized groups.
21. **Compliance with technical standards:** The project will deliver small-scale, locally appropriate adaptation solutions for MSMEs, avoiding major infrastructure or harmful activities. UNIDO will apply its ESS Policy, ensure due diligence, and maintain compliance with national [technical standards](#) (e.g., [environmental protection requirements](#), [occupational health and safety standards](#), and [building/construction codes](#))²⁵ and the Adaptation Fund's Environmental and Social Policy.
22. **Avoidance of duplication with other funding sources:** The project will avoid duplication with past and ongoing initiatives by actively mapping and assessing relevant programs like AF-funded "Enhancing Climate Resilience of Rural Communities in the Mekong Delta" implemented by UN-Habitat in Viet Nam, or GEF-supported "Mainstreaming Climate Resilience into Development Planning" implemented by UNDP in Cambodia. Efforts will be made to align with and build on existing investments, policy frameworks, and institutional arrangements, as well as to coordinate closely with relevant stakeholders to ensure complementarity, synergy, and added value.
23. **Justification for funding request:** Climate change threatens Viet Nam's and Cambodia's tourism, creative, and light manufacturing value chains, critical for women, youth, and rural livelihoods. MSMEs in these value chains face a persistent adaptation gap: limited public resources and scarce climate finance prevent investment in resilient infrastructure, technologies, and skills. Adaptation Fund support is essential to cover the full cost of adaptation measures, including risk intelligence, resilient retrofits, climate-smart business models, and knowledge systems that would not otherwise be financed. By targeting vulnerable MSME clusters, the project will ensure adaptation resources are used strategically to protect enterprises, jobs, and communities from escalating climate risks.
24. **Added value of a regional approach:** Climate hazards in the Mekong, floods, droughts, heat extremes, and saline intrusion, propagate across borders through shared river systems, markets, and mobility, affecting tourism, creative industries, and light-manufacturing value chains that connect the two countries^{26,27}. A regional design therefore delivers benefits that a single-country project could not deliver, namely, (i) common analytics and advisory methods (risk maps, MSME risk-tiering, financial institution templates), achieving economies of scale and consistent standards^{28,29}; (ii) South-South transferability, where resilience packages and business-continuity practices are tested under similar hazards but different market contexts, improving the evidence base and speeding replication; (iii) regional market alignment for sectors promoted as a Mekong destination, avoiding fragmented approaches that undermine competitiveness^{30,31}; and (iv) financial-system convergence, aligning MSME diagnostics and risk tools with ASEAN-level guidance and taxonomies to unlock domestic adaptation finance^{32,33}. This approach operationalizes the IPCC guidance on coordinating adaptation across jurisdictions exposed to shared risks.
25. **Environmental and social impacts and risks:** The project will adhere to UNIDO's and the Adaptation Fund's Environmental and Social Policies. Based on the assigned ESS category, appropriate instruments will be prepared to address potential environmental and social risks and impacts. Screening and selection of MSMEs, as well as any future Unidentified Sub-Projects (USPs), will undergo due diligence in full compliance with the Adaptation Fund's USP policy.

PART III: IMPLEMENTATION ARRANGEMENTS

²⁵ A full analysis of applicable national standards, regulations, codes and permitting requirements for Cambodia and Viet Nam risks and regulatory requirements will be conducted and presented at the full concept note stage.

²⁶ Shaw, R., Y. Luo, T.S. Cheong, S. Abdul Halim, S. Chaturvedi, M. Hashizume, G.E. Insarov, Y. Ishikawa, M. Jafari, A. Kitoh, J. Pulhin, C. Singh, K. Vasant, and Z. Zhang (2022) and Adaptation Without Borders (2024).

²⁷ Shaw, R., Y. Luo, T.S. Cheong, S. Abdul Halim, S. Chaturvedi, M. Hashizume, G.E. Insarov, Y. Ishikawa, M. Jafari, A. Kitoh, J. Pulhin, C. Singh, K. Vasant, and Z. Zhang (2022) and Adaptation Without Borders (2024).

²⁸ World Bank Group.

²⁹ World Bank Group.

³⁰ Mekong Tourism Coordinating Office (2025).

³¹ Mekong Tourism Coordinating Office (2025).

³² UNEP (2025).

³³ UNEP (2025).

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26. UNIDO will lead the project as the Implementing Entity (IE), responsible for fiduciary management, compliance with Adaptation Fund policies, results-based monitoring and reporting, and strategic oversight. The Ministry of Environment (MoE) in Cambodia and the Ministry of Industry and Trade (MOIT) in Viet Nam will be the national Executing Entities (EEs). During the project formulation grant (PFG) phase, UNIDO will reconfirm both the EEs' operational and fiduciary capacity.
 27. In addition, UNIDO will act as the EE for selected regional and technical outputs [\(outcome 4\)](#), including regional coordination, knowledge platforms, adaptation labs, regional tools and methodologies, and quality assurance. A clear separation between UNIDO's IE and EE functions will be maintained in line with Adaptation Fund requirements, ensuring independent oversight, monitoring and fiduciary control.
 28. The national EEs will coordinate implementation at national and subnational levels, ensuring alignment with national policies, and overseeing engagement with provincial authorities, MSME clusters, business support institutions, and training providers. Implementation will be supported by local partners, including provincial and local authorities, MSME support organizations, chambers of commerce, vocational training institutions (TVETs), business associations, and specialized technical providers, under the coordination of the EEs (modalities to be defined during PFG phase).
 29. Oversight and strategic guidance will be provided by a Project Steering Committee (PSC), co-chaired by MoE and MOIT, with participation from relevant public, private, and civil society stakeholders. A Technical Expert Working Group will support methodological alignment and coordination. Project implementation will be managed through a three-part Project Management Unit (PMU), comprising teams based in Cambodia, Viet Nam, and UNIDO, ensuring coordinated delivery, knowledge exchange, and reporting.

PART IV: ENDORSEMENT BY GOVERNMENTS AND CERTIFICATION BY THE IMPLEMENTING ENTITY

- A. Record of endorsement on behalf of the government³⁴³⁵** Provide the name and position of the government official and indicate date of endorsement for each country participating in the proposed project/programme. Add more lines as necessary. The endorsement letters should be attached as annexes to the project/programme proposal.

Dr. Tang The Cuong General Director Climate Change Ministry of Natural Resources and Environment 10 Ton That Thuyet, Ha Noi Viet Nam Tel: +84 965 596 789 Email: tccuong@monre.gov.vn ; Alternate emails: tccuong@gmail.com ;	Date: November, 13, 2025
H.E. Chuop Paris Secretary of State Ministry of Environment Morodok Techo Building, Lot 503, sangkat Tonle Bassac, Khan Chamkarmon, Phnom Penh Cambodia Tel: (855) 17 169 07764 / +855 17 313 366 Fax: (855) 212 540 Email: sum.thy@moe.gov.kh ; Alternate emails: chuop.paris@moe.gov.kh ;	Date: August, 4, 2025

- B. Implementing Entity certification** Provide the name and signature of the Implementing Entity Coordinator and the date of signature. Provide also the project/programme contact person's name, telephone number and email address

I certify that this proposal has been prepared in accordance with guidelines provided by the Adaptation Fund Board, and prevailing National Development and Adaptation Plans (Cambodia: Cambodia's Climate Change Strategic Plan (2024-2033), National Adaptation Plan, and MSME Development Policy (2023–2028), and the Circular Strategy for Environment (2023–2028) ; Viet Nam: National Adaptation Plan (2021–2030, Vision to 2050), Green Growth Strategy, and SME Development Plan) and subject to the approval by the Adaptation Fund Board, commit to implementing the project/programme in compliance with the Environmental and Social Policy of the Adaptation Fund and on the understanding that the Implementing Entity will be fully (legally and financially) responsible for the implementation of this project/programme.

Ms. Ganna Onysko
Senior GEF, GCF, AF Coordinator
Division of Funding Partner Relations
Directorate of Global Partnerships and External Relations
United Nations Industrial Development Organization - UNIDO
Implementing Entity Coordinator

Date: June 22, 2025 Tel. and email: g.onysko@unido.org; +43 1 26026 3647

Project Contact Person: Virpi Stucki with cc to Stefan Pahl

Tel. And Email: V.STUCKI@unido.org (+43 1 26026 3752); s.pahl@unido.org +43 1 26026 4117

³⁴ Each Party shall designate and communicate to the secretariat the authority that will endorse on behalf of the national government the projects and programmes proposed by the implementing entities.

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Ministry of Environment

N^o : 6380 / 0825 MoE

Phnom Penh, 4 August 2025

The Adaptation Fund Board

c/o Adaptation Fund Board Secretariat
Email: Secretariat@Adaptation-Fund.org
Fax: 202 522 3240/5

Title of Project/Programme: Building climate resilience through regional innovation empowering tourism, light industry, and creative micro-, small and medium-sized enterprise value chains in Cambodia and Viet Nam.

In my capacity as designated authority for the Adaptation Fund in Cambodia, I confirm that the above regional project proposal is in accordance with the Government of Cambodia's national priorities in implementing adaptation activities to reduce adverse impacts of, and risks, posed by climate change in Cambodia. The proposal directly supports the objectives outlined in Cambodia's Climate Change Strategic Plan (2024-2033), National Adaptation Plan, and MSME Development Policy (2023-2028), and the Circular Strategy on Environment (2023-2028), particularly by strengthening the resilience of micro, small, and medium-sized enterprises (MSMEs) in tourism, creative industries, eco-packaging, and light manufacturing.

Accordingly, I am pleased to endorse the above regional project proposal for submission to the Adaptation Fund. If approved, the project will be implemented by the United Nations Industrial Development Organization (UNIDO) and co-executed by UNIDO in collaboration with the Ministry of Environment (MoE) and other relevant line ministries of Cambodia, which will be identified during the next stage of project development. ✎



Sincerely yours,
For Minister

✎
CHUOP Paris, PhD
Secretary of State and
Adaptation Fund Primary
Contact Point

Ha Noi, March 2026

The Adaptation Fund Board

c/o Adaptation Fund Board Secretariat
Email: Secretariat@Adaptation-Fund.org
Fax: 202 522 3240/5

Endorsement for the Project's Pre-Concept Proposal Titled "Building Climate Resilience Through Regional Innovation Empowering Tourism, Light Industry, and Creative Micro-, Small and Medium-Sized Enterprise Value Chains in Cambodia and Viet Nam"

Regarding the project's titled "Building climate resilience through regional innovation empowering tourism, light industry, and creative micro-, small- and medium-sized enterprise value chains in Cambodia and Viet Nam" developed by the Agency for Innovation, Green Transition and Industry Promotion, Ministry of Industry and Trade (MOIT) of Viet Nam in collaboration with the United Nations Industrial Development Organization (UNIDO), the designated authority for the Adaptation Fund of the Socialist Republic of Viet Nam has delivered the endorsement letter for this project's pre-concept proposal to the Adaptation Fund Board on 13 November 2025.

After this, Mr. Nguyen Tuan Quang, Deputy Director General of the Department of Climate Change, Ministry of Agriculture and Environment of Viet Nam, was appointed as the new Senior-Level Signatory of the Adaptation Fund in Viet Nam, pursuant to Notification Letter No. 07/MAE-2026 dated 10 January 2026 issued by the Ministry of Agriculture and Environment and formally communicated to the Adaptation Fund.

Furthermore, in accordance with the requirements of the Adaptation Fund, and for the purpose of completing the documentation for the project approval process, a new Letter of No Objection duly signed by the Designated Authority officially registered with the Adaptation Fund is required.

Therefore, on behalf of Department of Climate Change, Ministry of Agriculture and Environment, as Viet Nam's designated authority for the Adaptation Fund, I hereby confirm that the project's pre-concept proposal titled "*Building climate resilience through regional innovation empowering tourism, light industry, and creative micro-, small- and medium-sized enterprise value chains in Cambodia and Viet Nam*" aligns fully with the priorities of the Government of Viet Nam in strengthening the climate resilience of MSMEs in Viet Nam.

Accordingly, I am pleased to endorse the above project pre-concept proposal and support its submission to the Adaptation Fund. If approved, the project will be implemented by the United Nations Industrial Development Organization and executed by the Agency for Innovation, Green Transition and Industry Promotion, Ministry of Industry and Trade of Viet Nam.

Your Sincerely,

Nguyen Tuan Quang

Deputy Director General
Department of Climate Change
Ministry of Agriculture and Environment of Viet Nam

Cc:

- The Agency for Innovation, Green Transition, and Industry Promotion, MOIT;
- UNIDO Viet Nam Country Office.



Revised PFG Submission Form¹

Project Formulation Grant (PFG)

Submission Date: ~~November 21, 2025~~ 05 August 2026

Adaptation Fund Project ID: AF00000485.

Country/ies: Vietnam and Cambodia

Title of Project/Programme: Building climate resilience through regional innovation empowering tourism, light Industry, and creative micro-, small and medium-sized enterprise value chains in Cambodia and Viet Nam

Type of IE (NIE/RIE/MIE): MIE

Implementing Entity: UNIDO

- **Executing Entity/ies:** UNIDO.

A. Project Preparation Timeframe

Start date of PFG	<u>June-January 2027</u> ~~6~~
Completion date of PFG	<u>January-July 2027</u>

B. Proposed Project Preparation Activities (\$)

List of Proposed Project Preparation Activities	Output of the PFG Activities	US\$ Amount	Budget note²
- Stakeholder Consultations and Engagement: Engage local communities, government agencies, NGOs, and private sector stakeholders to gather input and ensure	• Stakeholder engagement and consultation report • Minutes of meetings	10,000	- Two national level consultation workshops (one per country) for line ministries, key development partners and private sector stakeholders @ USD2,000 each;

¹ As presented in AFB/PPRC.33/40 Annex 1.

² The proposal should include a detailed budget with budget notes indicating the break-down of costs at the activity level. It should also include a budget on the Implementing Entity management fee use.

alignment with local needs and priorities.			- Two local consultation missions in target areas (one per country), executed by the EEs in target areas to consult stakeholders – local authorities, local development actors, local identified value chain actors, and sample communities @USD 3,000 each
2. Baseline Assessments: Conduct assessments to understand current climate vulnerabilities, socioeconomic conditions, and environmental status for further refinement of project design	• Baseline assessment report	10,000	A consultant to carry out the baseline assessment and prepare the findings report
3. Gender and Social Inclusion Analysis: Conduct analysis to ensure the project addresses gender and social inclusion, integrating these aspects into the project design	• Gender analysis report	3,273	A short-term gender expert to support technical working group in conducting gender analysis
4. Project Design and Planning Workshops: Develop detailed project plans, including objectives, activities, timelines, and budgets to ensure alignment with AF mission and strategic plan, alignment with country priorities and to ensure that all aspects of the project are thoroughly planned and that all stakeholders are aligned and prepared for successful project execution.	• AF concept note • Concept note formulation grant request	4,000	- Design and Development of concept note @USD 2,000; - Two validation workshops (one per country) @ USD1,000 each.
Total Project Formulation Grant		27,273	
Implementing Entity Fee	• IE admin and technical support for project development, monitoring and supervision • Compliance assurance	2,727	

Total Project Formulation Grant		30,000	
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Implementing Entity

This request has been prepared in accordance with the Adaptation Fund Board's procedures and meets the Adaptation Fund's criteria for project identification and formulation

Implementing Entity Coordinator, IE Name	Ms. Ganna Onysko Senior GEF, GCF, AF Coordinator Division of Funding Partner Relations Directorate of Global Partnerships and External Relations United Nations Industrial Development Organization - UNIDO Implementing Entity Coordinator	
Signature		Date: ~~6 February~~ <u>25 May</u> 2026
Project Contact Person	Stefan Pahl s.pahl@unido.org	
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E-mail	TO: g.onysko@unido.org CC: gef@unido.org / glo@unido.org / f.haidara@unido.org	

