



ADAPTATION FUND

AFB/PPRC.38/30/Add.1
10 September 2026

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

Agenda Item 5 (i)

PROJECT FORMULATION GRANT FOR CAMBODIA, VIETNAM

I. Background

1. The Board at its eleventh meeting discussed the document “Funding for Project Formulation Costs” (AFB/11/6) and agreed, in its Decision B.11/18, that:

- i. project formulation grants (PFG) should be given once a project concept has been approved
- ii. consideration should be given in terms of differentiating between NIEs and MIEs, since some NIEs might have financial difficulties in trying to formulate project or programme proposals;
- iii. a flat rate should be given for project formulation costs;
- iv. a list of eligible activities and items still needed to be prepared; v. the grant should be additional to the project cost; and
- v. the fate of funds if the final project document was rejected should be determined.

2. There was consensus that a three-tiered system should be considered for project formulation grants: endorse a project concept with a PFG amount, endorse a project concept without a PFG amount, or reject the project concept.

3. Following the discussion, the Board decided:

To request the secretariat to reformulate the document, to include a comparison of eligible activities provided by other funds for project formulation grants, to take into account guidance provided by the Board at the present meeting, and to submit the document to the Board at its twelfth meeting, through the EFC. The EFC should review and finalize the process and policy of the project formulation grant focusing, in particular, on: the issue of unspent project funds; the procedures followed by other funds in that regard; and the determination of a flat-rate.

4. A document was prepared by the secretariat in response to the above mandate and presented at the third EFC meeting, which made specific recommendations to the Board at its twelfth meeting. Having considered the recommendation of the Ethics and Finance Committee, the Board, in its Decision B.12/28, decided that:

(a) Project Formulation Grants (PFGs) will only be made available for projects submitted through NIEs. The Board would continue reviewing the question of PFGs for projects submitted through MIEs and would solicit comments from members and alternate members by February 14, 2011; the views would be compiled by the secretariat for presentation to the Board at its March 2011 meeting;

(b) If a country required a project formulation grant, a request should be made at the same time as the submission of a project concept to the secretariat. The secretariat will review and forward it to the PPRC for a final recommendation to the Board. A PFG could only be awarded when a project concept was presented and endorsed;

(c) A PFG form, reproduced in Annex V, should be submitted;

- (d) Only activities related to country costs would be eligible for PFG funding;*
 - (e) A flat rate of up to US\$30,000 shall be provided, inclusive of the management fee, which cannot exceed 8.5 per cent of the grant amount. The flat fee would be reviewed by the Board at its thirteenth and all subsequent meetings;*
 - (f) If the final project document is rejected, any unused funds shall be returned to the Adaptation Fund Trust Fund;*
 - (g) Once a project/programme formulation grant is disbursed, a fully developed project document should come to the Board for approval within 12 months. No additional grants for project preparation can be received by a country until the fully developed project/programme document has been submitted to the Board; and*
 - (h) The Trustee was instructed to remove the set-aside of US\$100,000 for project preparation that had been decided at the June 2010 meeting, as project preparation would be approved on a project-by-project basis.*
5. In its twenty-fourth meeting, the Board had initiated steps to launch a pilot programme on regional projects and programmes, not to exceed US\$ 30 million and had requested the secretariat to prepare for the consideration of the Board a proposal for such a pilot programme (Decision B.24/30). In its twenty-fifth meeting, the secretariat submitted such document 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. The approved document AFB/B.25/6/Rev.2 contained provisions for the approval of project formulated grants for regional project and programme proposals, at different development stages, as follows:
- "It is proposed that the Board open a structured call for MIEs and RIEs to submit pre-concepts for regional projects and programmes. The optional pre-concepts would be very brief proposals of maximum 5 pages that would explain the proposed regional adaptation project/programme. The pre-concepts would be screened and technically reviewed by the*

secretariat, and subsequently reviewed by the PPRC. Together with the pre-concept, the proponent could submit a Phase I PFG request, up to the maximum level of US\$ 20,000. While endorsing the pre-concept, the Board could also approve the Phase I PFG request. The endorsement of the pre-concept would not create an obligation for the Board for later funding. As the next step, the proponent would submit a concept, and with it the proponent could submit a Phase II PFG request. The maximum AFB/PPRC.18/25/Add.1 level of the Phase II PFG would be US\$ 80,000 for proposals that had been previously granted Phase I PFG, and US\$ 100,000 for proposals that bypassed the optional pre-concept stage. While endorsing the concept, the Board could also approve the Phase II PFG request. The endorsement of the concept would not create an obligation for the Board for later funding, as it is the case for the national projects. The final stage of the proposal process would be the submission of the fully-developed regional project document”.

II. The Project Formulation Grant Request

7. This addendum to the document AFB/PPRC.38/30 “Proposal for Cambodia, Vietnam” includes a request for a Project Formulation Grant, requesting a budget of US\$ 30,000, which was received by the secretariat along with the concept for the regional programme AF00000485 “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”. This proposal was submitted by United Nations Industrial Development Organization (UNIDO), which is a Multilateral Implementing Entity of the Adaptation Fund, in time for consideration by the Adaptation Fund Board at its forty-seventh Board meeting.

8. In accordance with Decision B.12/28, paragraph (b), the secretariat carried out an initial review of the PFG request and found *that* the document provided detailed information on the use of the requested funds. The proposed activities were aligned with the goal of the project and would support comprehensive consultation process; baseline assessments; Gender and Social Inclusion analysis; and project design and planning workshop.

9. Therefore, the PPRC may want to consider and recommend to the Board to approve the PFG Request, provided that the related pre-concept proposal is endorsed.



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 prejudge 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



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 note ²
- 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	
Telephone	+43 1 26026 4117	
E-mail	TO: g.onysko@unido.org CC: gef@unido.org / glo@unido.org / f.haidara@unido.org	



KINGDOM OF CAMBODIA
Nation Religion King

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.