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 Area[1]: 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], 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 manufacturing[3] and the dependent communities. According to the IPCC AR6 (2022, Ch. 3, 6, 10)[4], 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).[5] 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% annually[6]). 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.[7]
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.[8] 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.[9] 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 weakens[10].
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.[11]
5. Dedicated adaptation support is thus urgently needed. The UNEP Adaptation Gap Report 2024[12] 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.[13] Although multilateral projects exist, few directly support MSMEs along this project's targeted value chains[14], 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.

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.

[2] The World Bank Group and Asian Development Bank (2021) and The World Bank Group and Asian Development Bank (2021)
[3] 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.
[4] The Intergovernmental Panel on Climate Change (2022)
[5] World Bank Group (2023) and Chea, N. (2024)
[6] The World Bank Group and the Asian Development Bank (2021)
[7] World Bank Group (2023) and World Bank Group and the Asian Development Bank (2021)
[8] Department of Economic and Social Affairs of the United Nations (2020) and Viet Nam SME stats – SME Development Plan, World Bank data
[9] 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)
[10] E.g., ASEAN Access and Wedawatta, G., Ingirige, B., & Proverbs, D. (2012)
[11] Among others UNFCCC (2023)
[12] UNEP (2024)
[13] Department of Economic and Social Affairs of the United Nations (2020) and Viet Nam SME stats – SME Development Plan, World Bank data
[14] GCF/GEF project reviews – fund documents

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It will directly target vulnerable MSMEs and MSME hotspots[15] in six high-risk provinces[16] 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 packages[17], 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 Lead: Cambodia MoE, Viet Nam MOIT	**Outcome 2:** MSME clusters demonstrate improved technical, operational, and managerial capacity to adopt climate resilience measures.	**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 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.	Cambodia, Viet Nam	7,400,000 **2.1**: 3,700,000 **2.2:** 1,480,000 **2.3:** 740,000 **2.4:** 1,480,000

[15] 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.

[16] 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.

[17] 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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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 Namese) 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

PART II: PROJECT / PROGRAMME JUSTIFICATION

7. **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.
8. **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.
9. **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.[18] Access to finance will be

[18] 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 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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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 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 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,

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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)[19] 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[20]. 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[21]; (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[22]; and (iv) financial-system convergence, aligning MSME diagnostics and risk tools with ASEAN-level guidance and taxonomies to unlock domestic adaptation finance[23]. 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

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

[19] A full analysis of applicable national standards, regulations, codes and permitting requirements for Cambodia and Viet Nam will be conducted and presented at the full concept note stage.
[20] 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)
[21] World Bank Group
[22] Mekong Tourism Coordinating Office (2025)
[23] UNEP (2025)

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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.

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

A. Record of endorsement on behalf of the government[24] *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: ttcuong@monre.gov.vn;* *Alternate emails: ttcuong@gmail.com;*	Date*: November, 13, 2025*
H.E. Chuop Paris *Secretary of State* *Ministry of Environment* *Morodok Techo Building, Lot 503, sangkat Tonie 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	

[24] 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.

KINGDOM OF CAMBODIA
Nation Religion King

Ministry of Environment
Nº : 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

MINISTRY OF AGRICULTURE AND ENVIROMENT OF VIETNAM
DEPARTMENT OF CLIMATE CHANGE

Ha Noi, 16 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 commmunicated 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.

Yours sincerely,

CỘNG HÒA X.H.C.N VIỆT NAM
CỤC BIẾN ĐỔI KHÍ HẬU
BỘ NÔNG NGHIỆP VÀ MÔI TRƯỜNG

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.

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Revised PFG Submission Form[1]

Project Formulation Grant (PFG)

Submission Date: 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	January 2027
Completion date of PFG	July 2027

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	

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:** 05 August 2026
Project Contact Person	Stefan Pahl s.pahl@unido.org	
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