



CLIMATE ADAPTATION & FINANCE FOR RESILIENCE

in Hue city, Vietnam



InFiNe Visit, 27 October 2025

Economic and Climate-Resilient Initiatives for Inclusive Finance

- Share inclusive finance approaches
- Explore collaboration possibilities with LuxDev
- Discover investment opportunities in climate-resilient agriculture
- Network with other InFiNe members

THE CLIMATE CHANGE CHALLENGES

CLIMATE HAZARDS



SEA LEVEL RISE

64km riverbank erosion and 500m coastal plus saltwater intrusion in the last decade

Sea level rise may exceed 22 cm by mid century and 50 cm by 2100 under RCP 4.5 to 8.5



HIGH TEMPERATURE

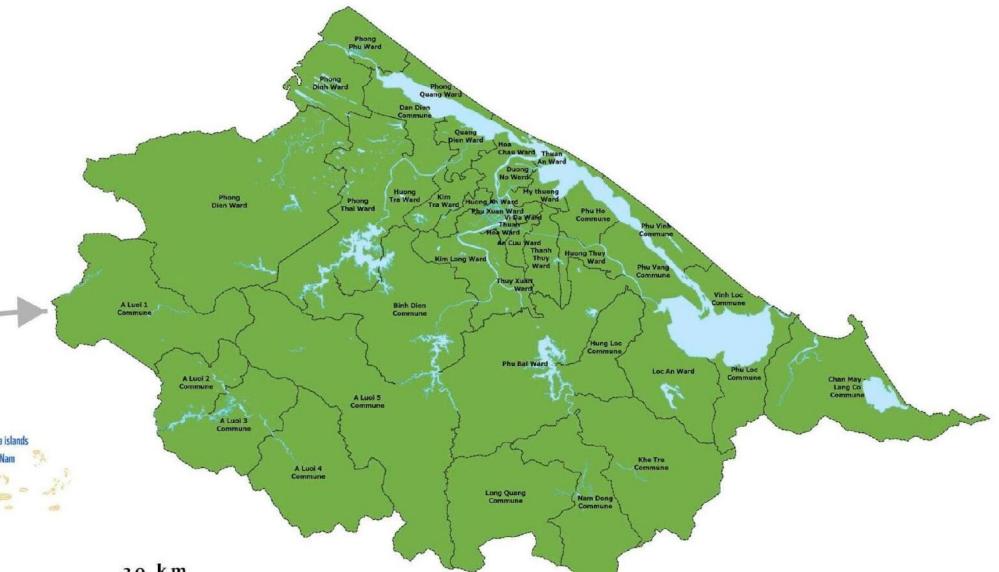
Over 330 forest fires affecting 1,000 hectares observed in the last decade due to increasing prolonged heatwaves and droughts.

Temperature may reach 30°C by 2100 under SSP5 5-8.5



FLOODS

An increase in both the occurrence and severity of floods has been driven by heightened intensity and variability of precipitation patterns in the whole province



- Area: 5000km² and features a 128 km-long coastline.
- 1.3 million residents live in low-lying areas, 45% of dependent on agriculture
- Increasing threats to livelihoods due to climate change with hazard levels ranging from medium to high

EXPOSURE

VULNERABLE

RISKS



- Geographical Exposure: Low-lying areas (are exposed to flooding. Forest areas (N. Dong, A Luoi) are exposed to forest fires caused by droughts and human induced activities.
- Sectoral Exposure: farming, irrigation and aquaculture face heightened exposure to floods, droughts and saltwater intrusion
- Human Exposure: 300 000 farmers, of which 38% are women



- 330.000 farmers rely on climate-sensitive crops and aquaculture but lack climate-resilient practices, climate information services, early warning system and resources
- 120.000 women face added challenges, as lower access to financial tools and assistance



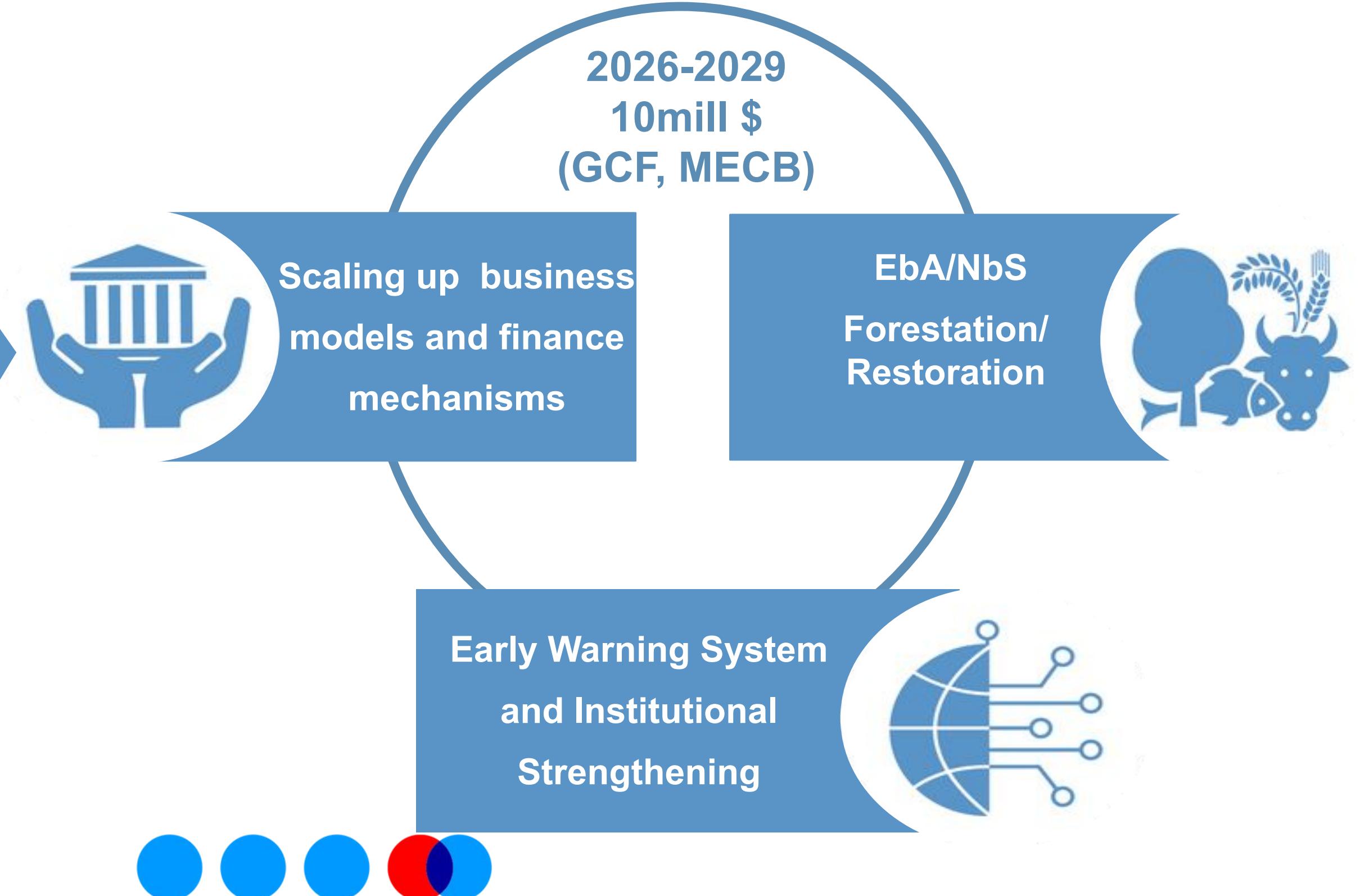
- Agricultural losses: increased annual costs of tens of billions of VND for pesticides, while productivity remains reduced
- Freshwater scarcity: Sea level rise and saline intrusion threaten ~1 million hectares of freshwater for aquaculture
- Livelihood challenges: income loss and worsening food insecurity and gender equality
- Ecosystem degradation

PROJECTS: CLIMATE ADAPTATION & FINANCE FOR RESILIENCE

In Hue, Vietnam

VIE/039 Finance for Resilience Project 2025 -2026 (2 mill EUR, MFA)

- Development of CSA and economic viable business cases.
- Development of financial mechanisms.



VIE/039: FINANCE FOR RESILIENCE

Climate-Smart Agricultural Value Chains

- Leverage private sector's expertise and **INVESTMENT CAPITAL** in development of CSA value chains (**MSD and WEE approach**)

Financing Mechanisms (Agriculture Value Chain Finance - AVCF)

- TA to Agribank to design ACVF products. Agribank provides **FINANCE/ AVCF loans**
- Farmers/SMEs: financial literacy training, market access, and business management.

Improving Sector Level Knowledge and Awareness

- Knowledge-sharing
- **POLICY** advocacy in financial inclusion and climate-smart agriculture financing

Farmers and SMEs/ Women

- VCMA
- Multi-crop climate resilient value chain
- Private Sector Engagement

Both Demand and Supply

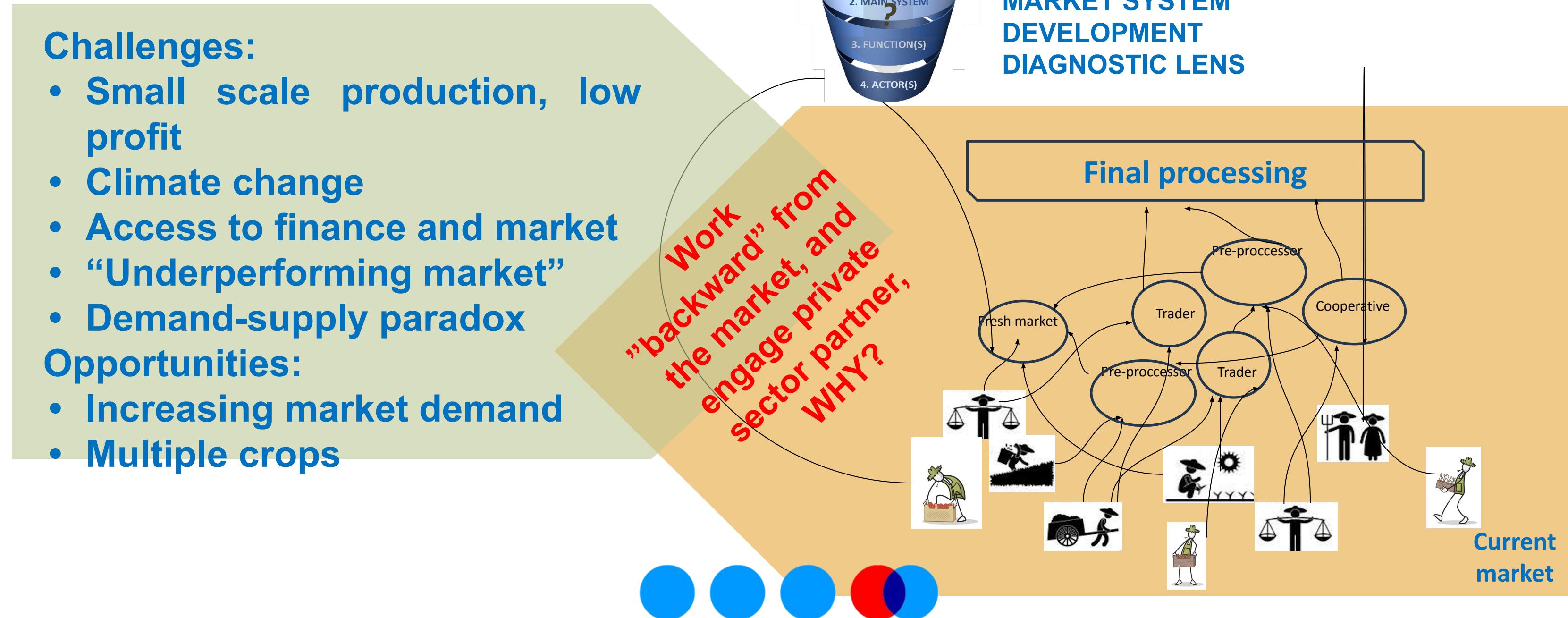
- Agriculture Value Chain Finance
- Climate and gender sensitive finance
- Social and Environment Performance Monitoring (SPTF_Cerise)



Policy-maker /Regulators

- Financial Inclusion Strategy
- Climate and gender sensitive finance
- Social and Environment Performance Monitoring (SPTF_Cerise)

VALUE CHAIN ANALYSIS AND MARKET ASSESSMENT (VCAMA) - ENTRY POINTS



MULTI-CROP CLIMATE RESILIENT VALUE CHAINS



Cluster 1:
Functional foods/nutraceuticals and health products (e.g. lotus, red hibiscus, banana, herbal plant ...)



Cluster 2:
Handicraft, home-decor products (Bamboo, almond grass...)



WHAT MAKES MSD DIFFERENT?



What problems do the farmers have?

*How can we help to
solve these problems?*

Conventional approach

project's interventions
can create sustainable
change and scale up
without the need for
continued support from
donors after the project
ends



What problems do the farmers have?

*Which systems provide best opportunity to
address these problems?*

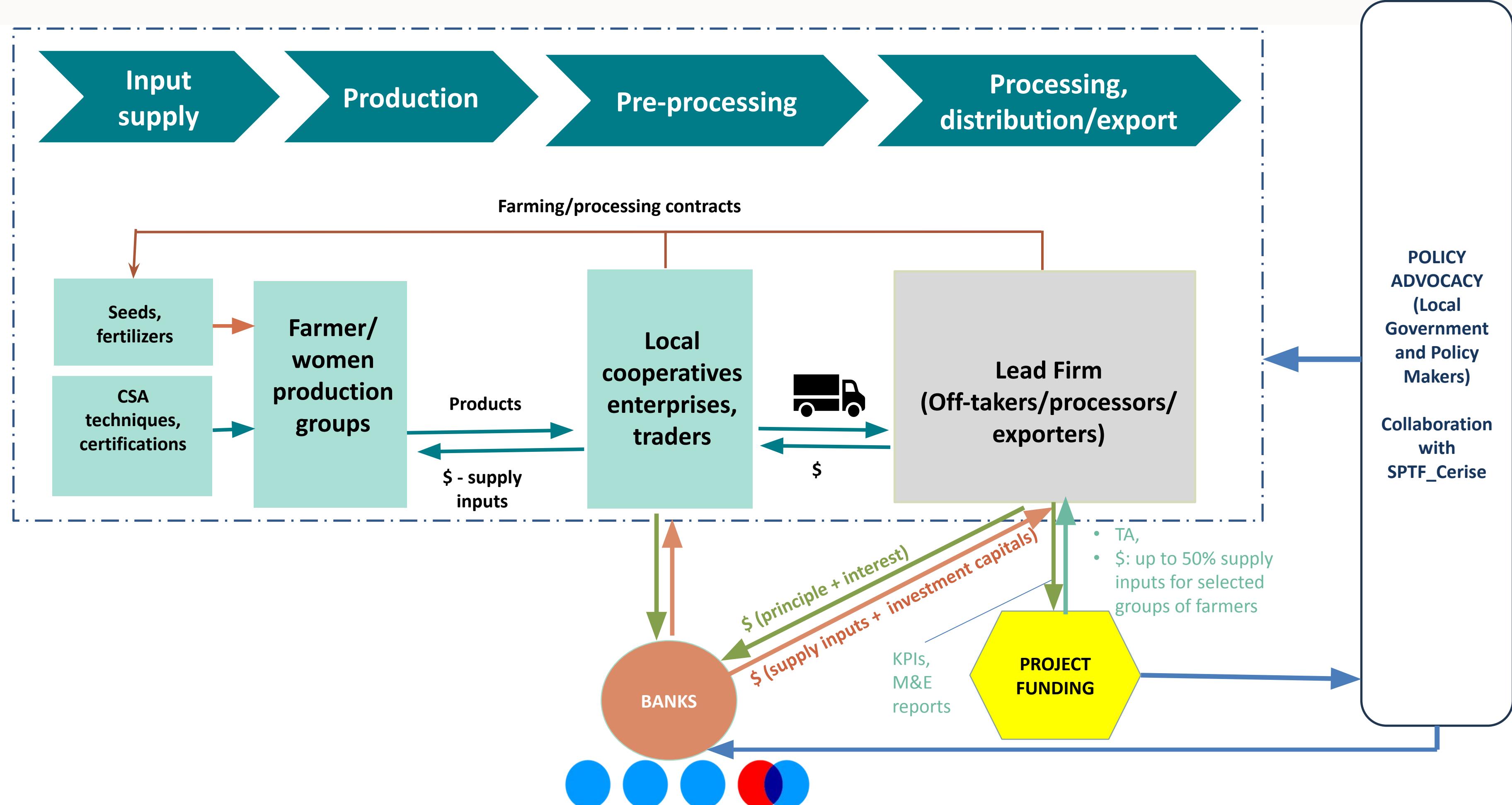
Why hasn't this happened already?

*How can the system function better and more
inclusively... and can we do anything to
change it?*

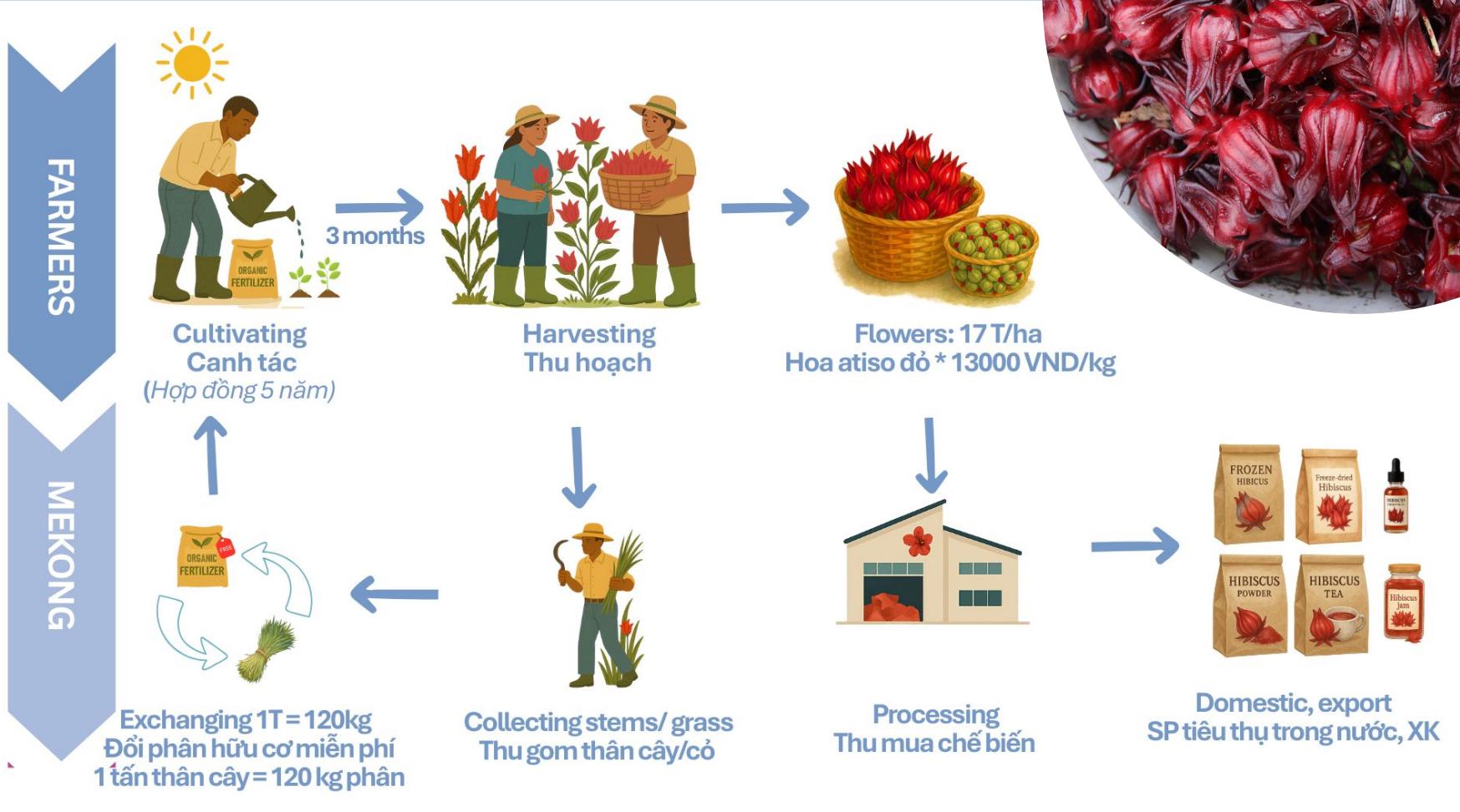
MSD approach



PRIVATE SECTOR ENGAGEMENT AND AVCF MODEL



THE ORGANIC RED HIBISCUS VALUE CHAIN (MEKONG HERBALS/MKH)



Co-financing Agreement , Initial investment: project 40% (195K) , MKH: 60% (for 60ha)



MKH signs 5 years – fixed price farming contracts, Trainings, digitalization, quality control, production group, purchase



Upon reaching 120ha: investment in processing facilities (min. 2 million EUR), crowding in other crops.

65%

Farmer's income
increase per ha

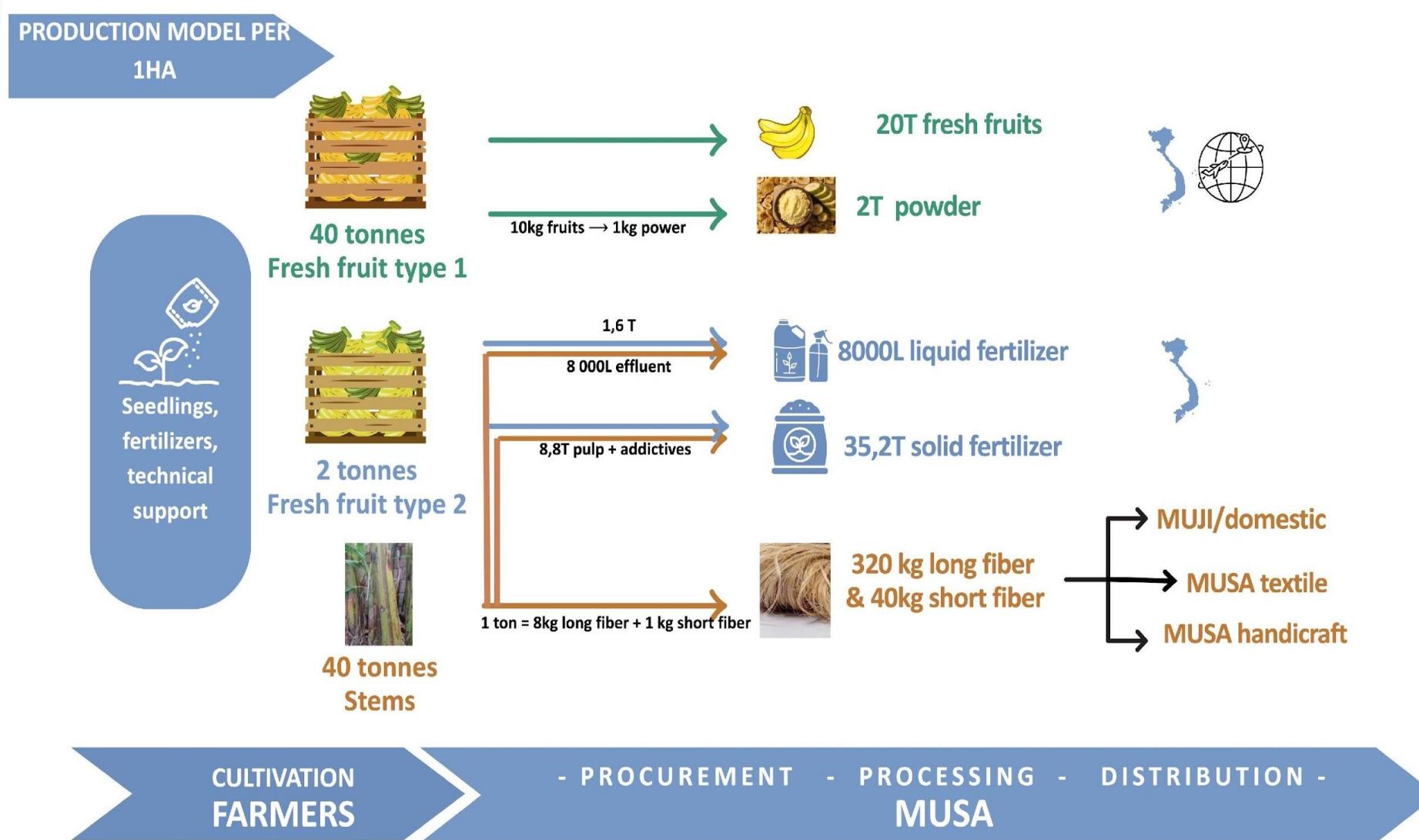
19%

Lead firm's annual
profit margin

2 mio
EUR

Potential investment
leverage/ impact finance

THE “ZERO WASTE” BANANA VALUE CHAIN (MUSA PACTA)



75%

Farmer's income
increase per ha

18%

Lead firm's annual
profit margin

5 mio
EUR

Potential investment
leverage/ impact financing

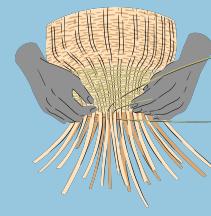


WOMEN ARTISAN EMPOWERMENT THROUGH ALMOND GRASS INITIATIVE

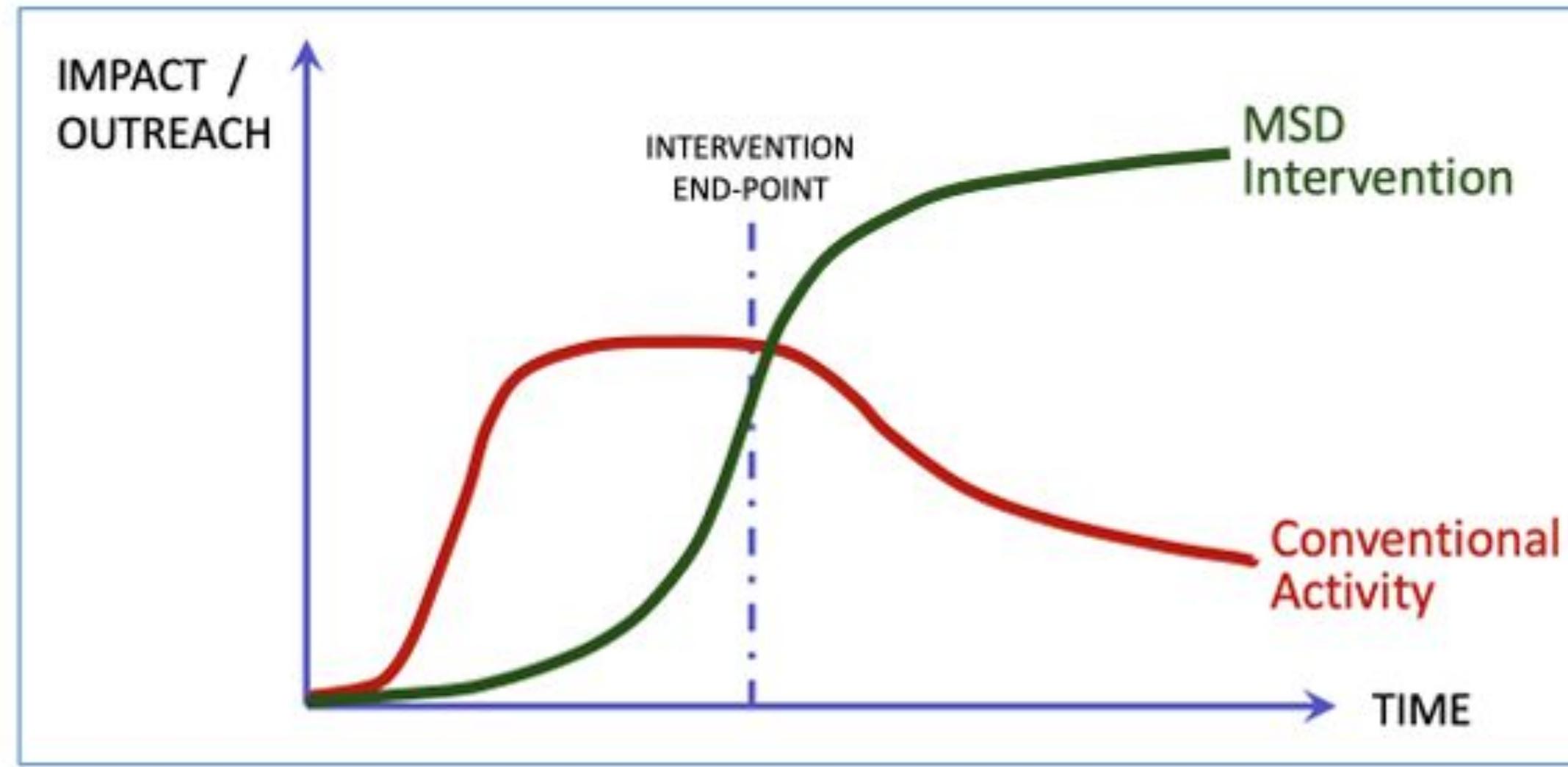


A women-lead enterprise
on scaling-up to high-end
market products



-  30 new jobs (women) and basic working tools
-  10 female trainers
-  Expanded plantation to unused land
-  Potentially linked to home-décor/bamboo

BALANCING ECONOMIC INCENTIVES AND INCLUSION



In MSD programmes, interventions reach scale and create lasting change that continues without ongoing donor support.

Trade-Off??

- Commercial viability and scale vs risk excluding the most disadvantaged groups
- Focus heavily on inclusion vs harder to scale or sustain without continued external support.



FINANCE FOR RESILIENCE: EXPERTISE NEED AND POTENTIAL COLLABOTATION/SYNERGIES

EXPERTISE

- ✓ WEE in MSD
- ✓ AVCF/ financing products
- ✓ Financial inclusion (literacy training, market access etc...)
- ✓ Impact readiness

investment

INVESTMENT

- ✓ Equity/impact funding
- ✓ Risk mitigation: Insurance

COLLABORATION & SYNERGIES

- ✓ Currently: WWF, AFD and SPTF-Cerise

HOW CAN WE COLLABORATIVELY
LEVERAGE OUR RESOURCES TO ENHANCE
INCLUSIVE FINANCE?



Xin cảm ơn!
Thank you!

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