



**LUXEMBOURG**  
AID & DEVELOPMENT



# CLIMATE ADAPTATION & FINANCE FOR RESILIENCE

## in Hue city, Vietnam



### 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*

**InFiNe Visit, 27 October 2025**



# 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

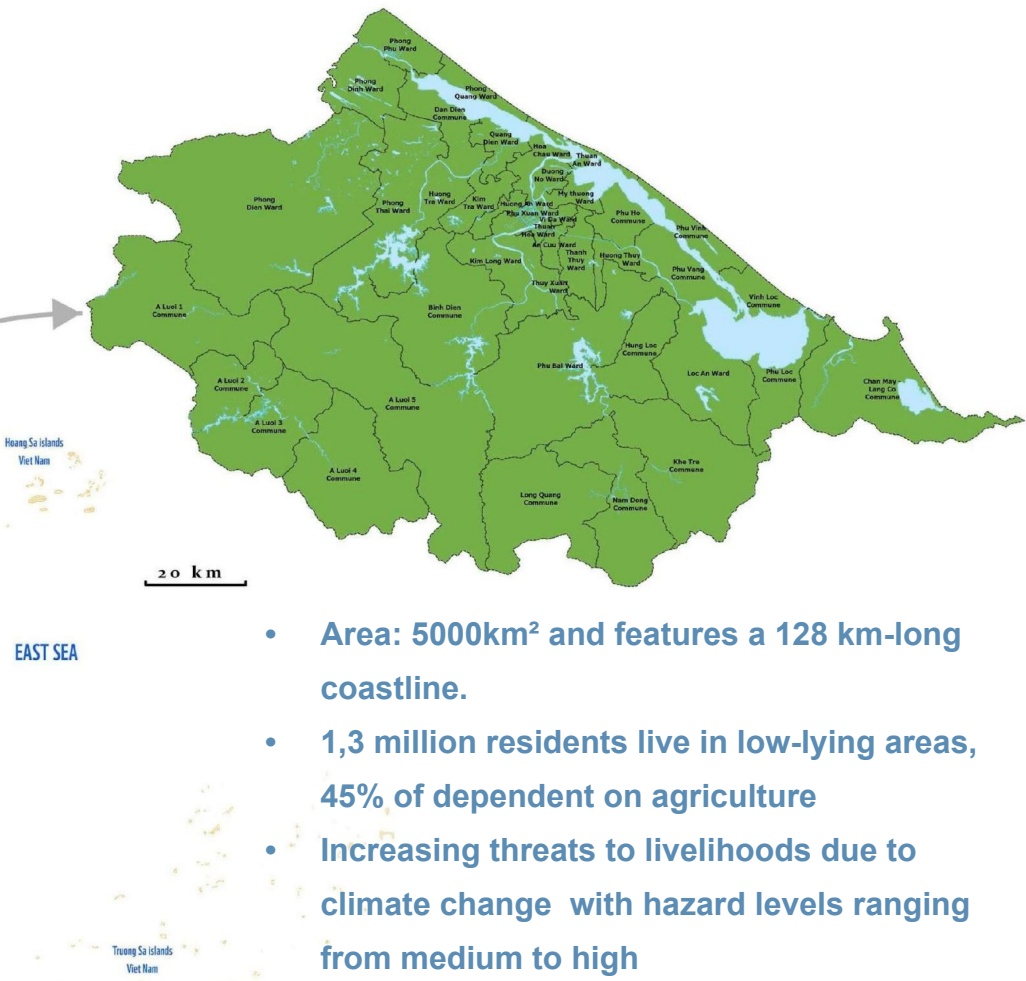
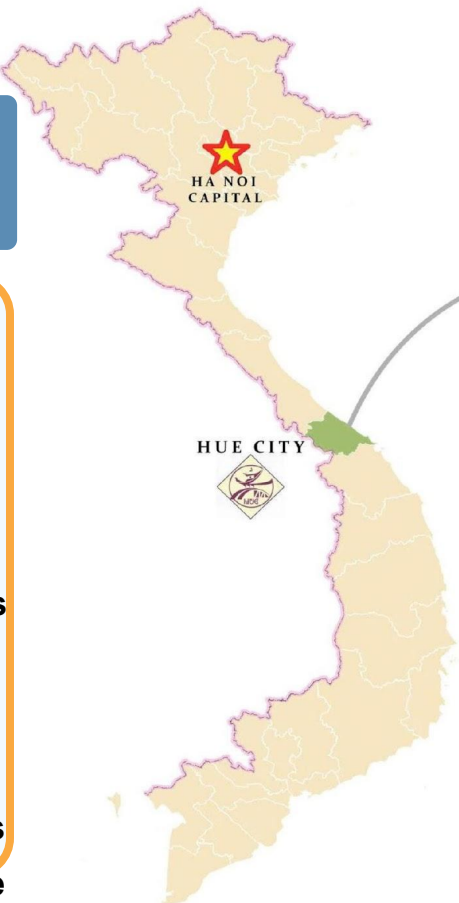


**HIGH TEMPERATURE**  
Over 330 forest fires affecting 1,000 hectares observed in the last decade due to increasing prolonged heatwaves and droughts.

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: 5000km<sup>2</sup> 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.



**Scaling up business models and finance mechanisms**

**2026-2029**  
**10mill \$**  
**(GCF, MECB)**

**EbA/NbS**  
**Forestation/**  
**Restoration**



**Early Warning System**  
**and Institutional**  
**Strengthening**



# 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**)

Famers and SMEs/ Women

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

## 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.

Both Demand and Supply

- ☐ Agriculture Value Chain Finance
- ☐ Climate and gender sensitive finance
- ☐ Social and Environment Performance Monitoring (SPTF\_Cerise)



## Improving Sector Level Knowledge and Awareness

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

Policy-maker /Regulators

- ☐ Financial Inclusion Strategy
- ☐ Climate and gender sensitive finance
- ☐ Social and Environment Performance Monitoring (SPTF\_Cerise)



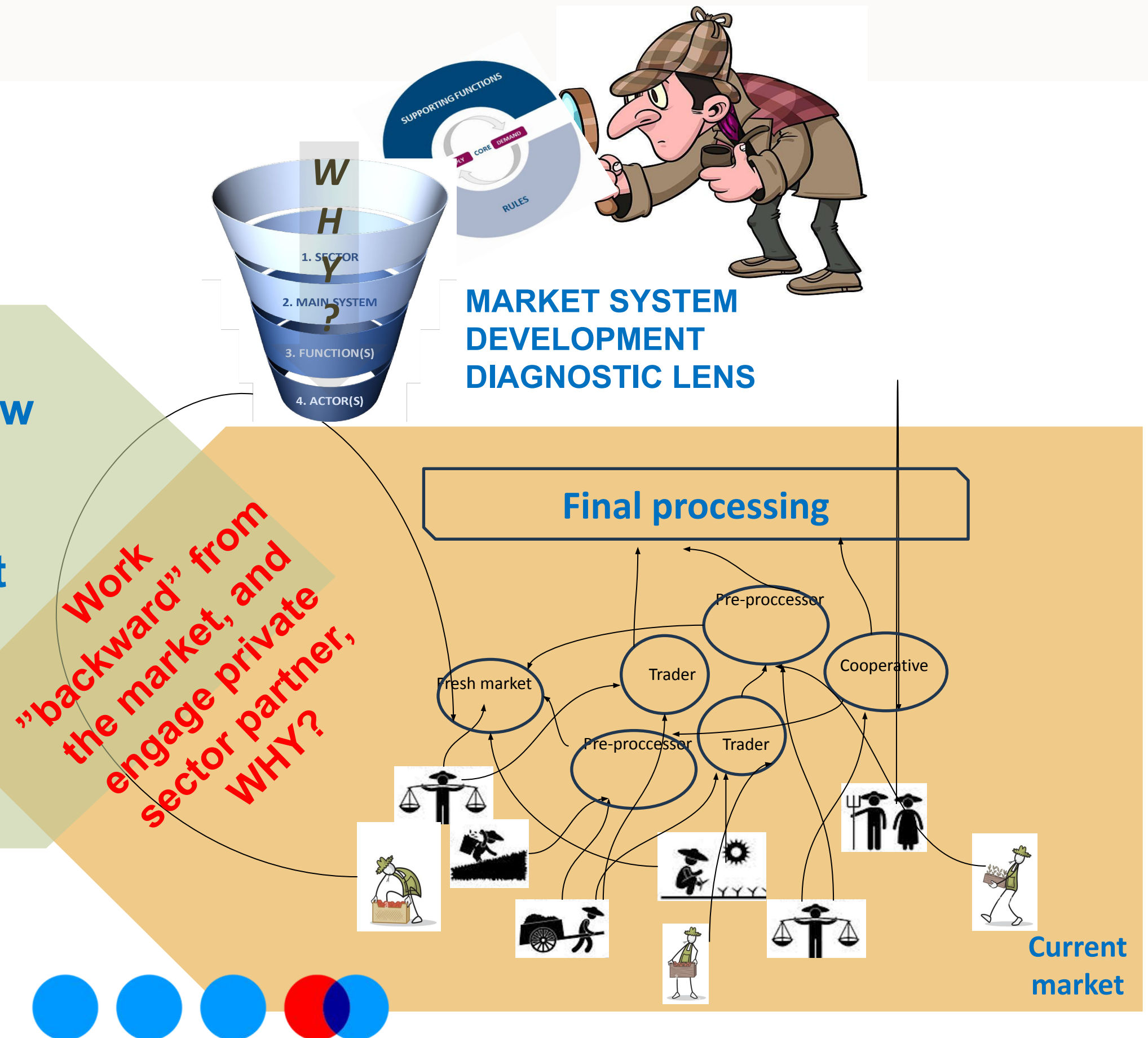
# VALUE CHAIN ANALYSIS AND MARKET ASSESSMENT (VCAMA) - ENTRY POINTS

## Challenges:

- Small scale production, low profit
- Climate change
- Access to finance and market
- “Underperforming market”
- Demand-supply paradox

## Opportunities:

- Increasing market demand
- Multiple crops





# 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?*

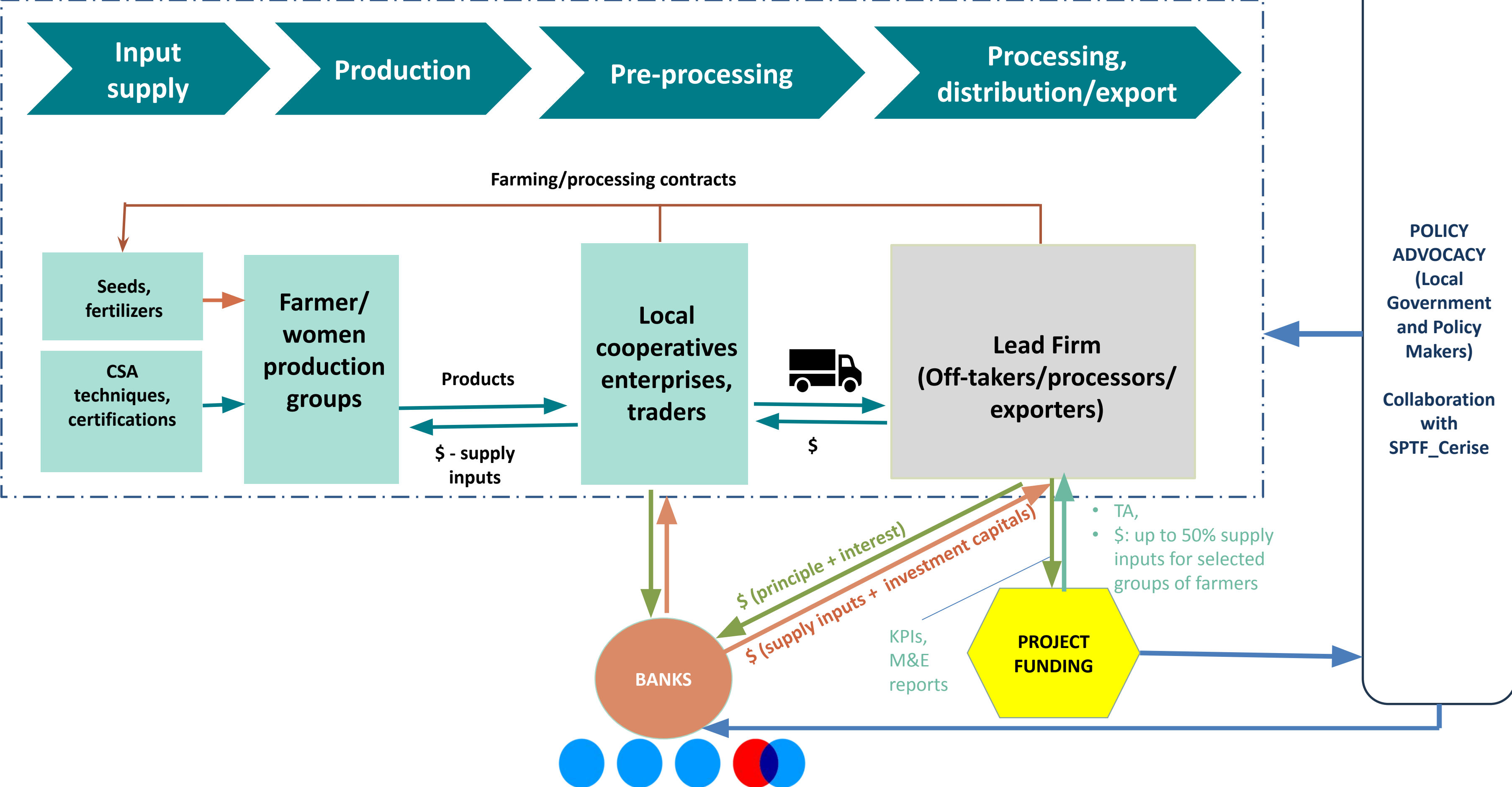
*Why hasn't this happened already?*

*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)



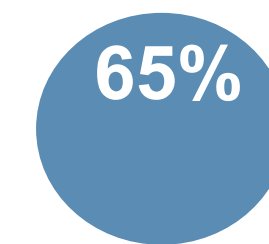
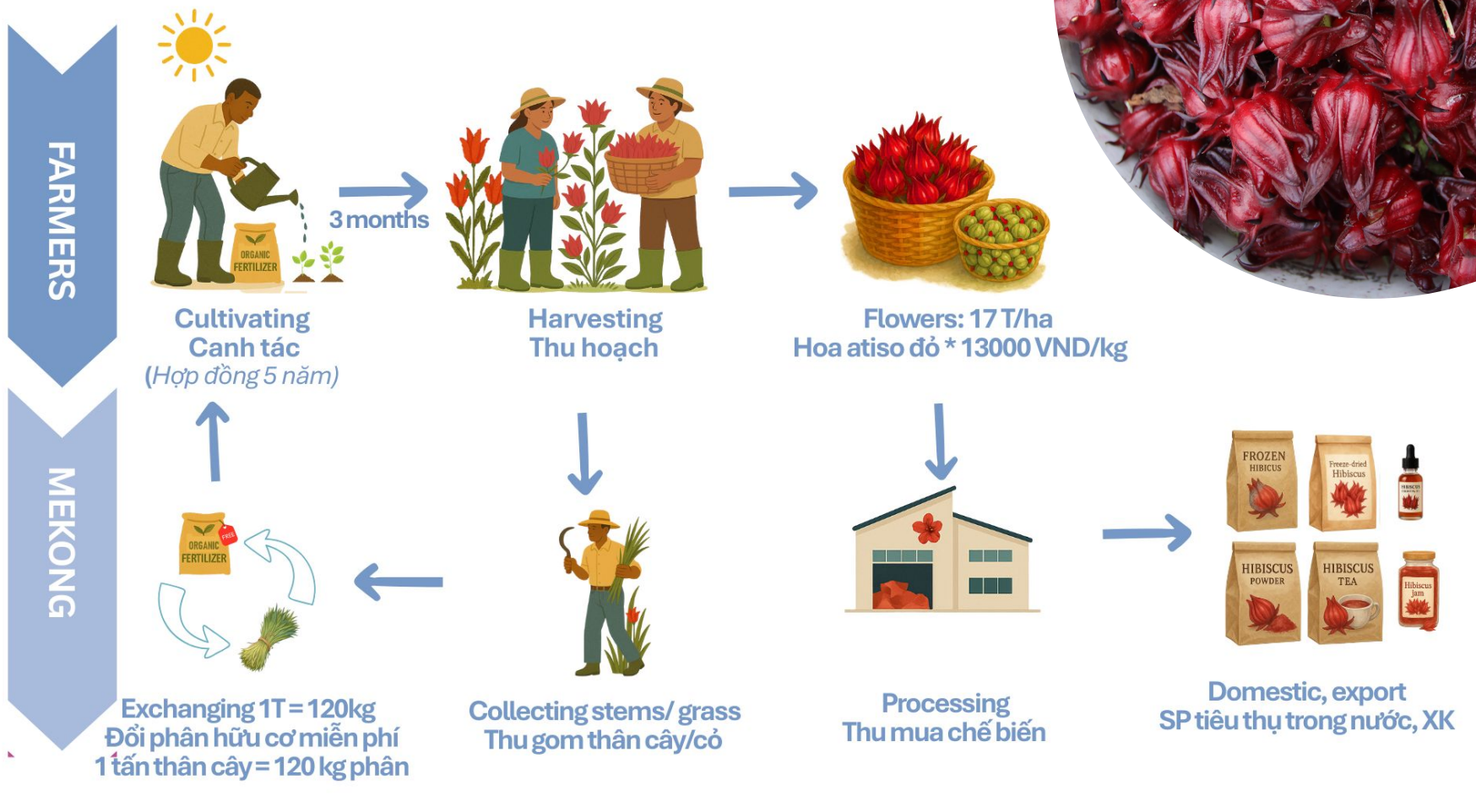
Co-financing Agreement , Initial investment: project 40% (195K) , MKH: 60% (for 60ha)



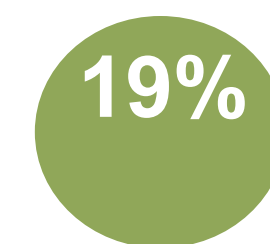
MKH signs 5 years – fixed price farming contracts, Trainings, digitalization, quality control, production group, purchase



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



Farmer's income increase per ha



Lead firm's annual profit margin

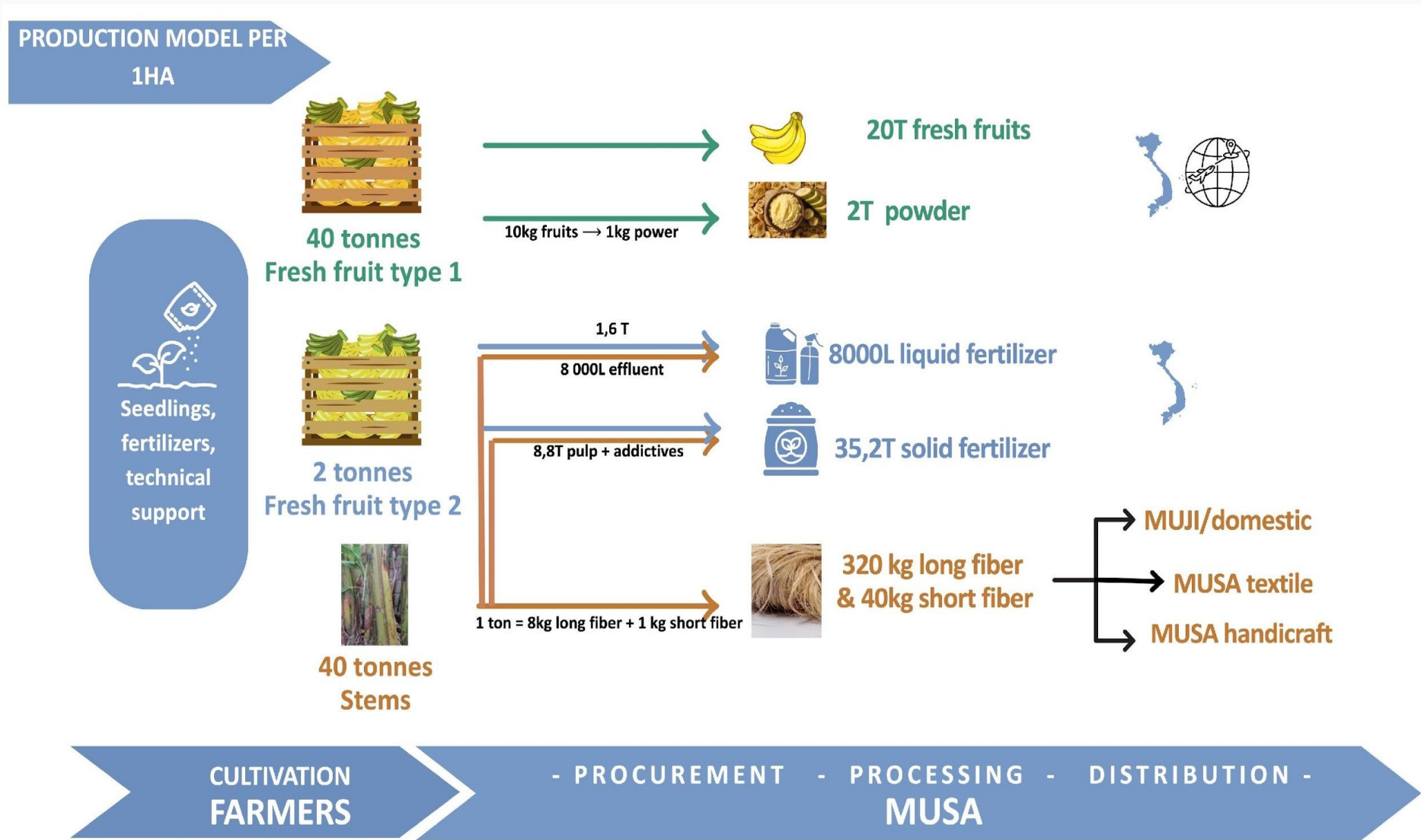


Potential investment leverage/ impact finance





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


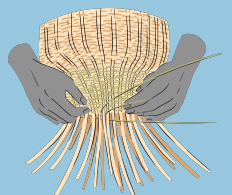






# WOMEN ARTISAN EMPOWERMENT THROUGH ALMOND GRASS INITIATIVE



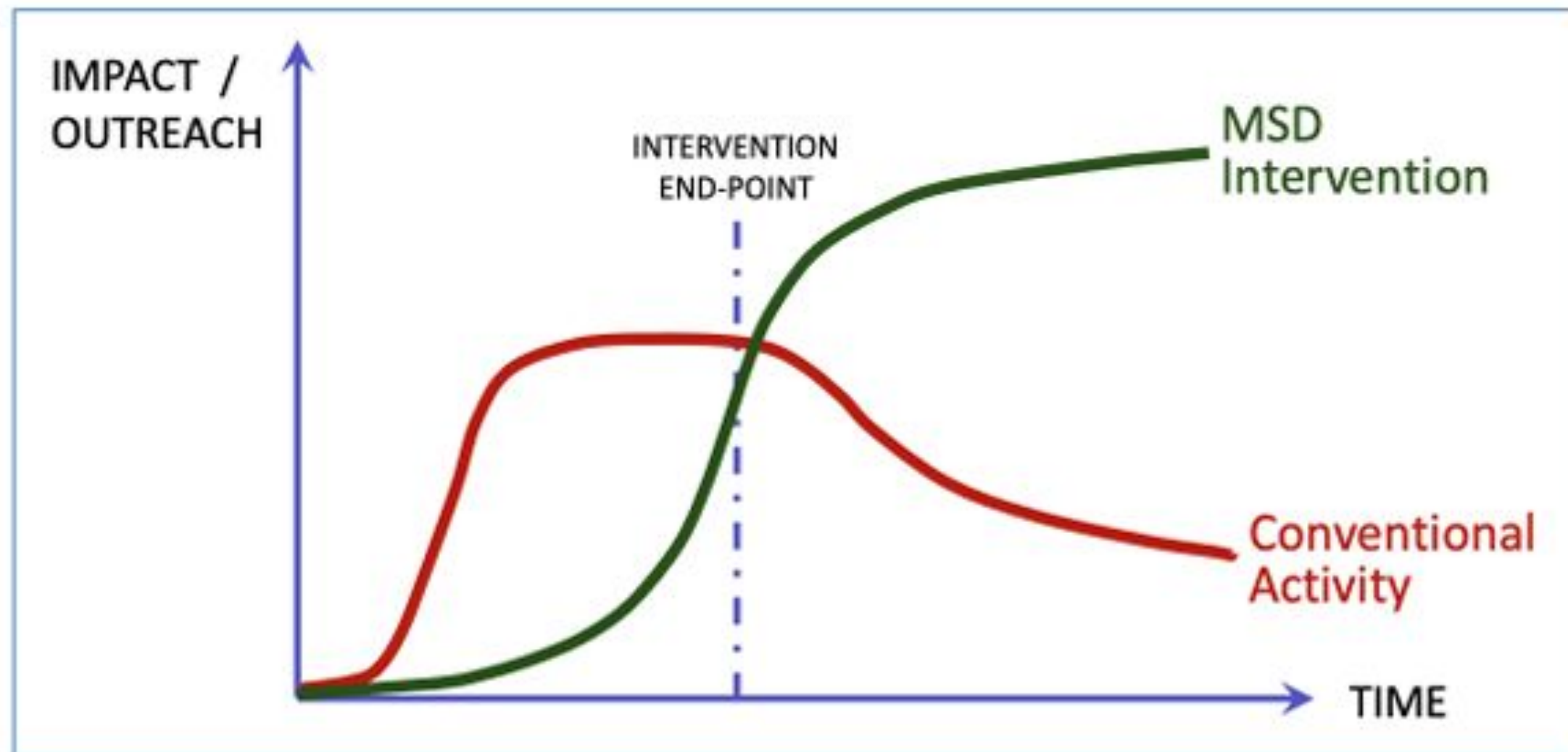
A women-lead enterprise on scaling-up to high-end market products

-  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



## 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.

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





## FINANCE FOR RESILIENCE: EXPERTISE NEED AND POTENTIAL COLLABOTATION/SYNERGIES

### EXPERTISE

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

### INVESTMENT

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

### COLLABORATION & SYNERGIES

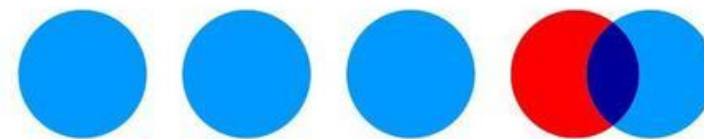
- ✓ Currently: WWF, AFD and SPTF-Cerise

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



**Xin cảm ơn!**  
**Thank you!**

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