

## Reasons of the Board relating to its decision on the Compliance Review Report for Case C-0006

*As adopted by the Board during its thirty-sixth meeting (B.36)*

### **Background**

- 1) At its thirty-sixth meeting, the Board concluded its consideration of the compliance review report in relation to FP146: “*Bio-CLIMA: Integrated climate action to reduce deforestation and strengthen resilience in BOSAWÁS and Rio San Juan Biospheres*” (the “**Project**”), submitted to the Board on 31 August 2022 (the “**Compliance Review Report**”).
- 2) The Compliance Review Report was first considered by the Board at its thirty-fourth meeting. By decision B.34/23 the Board decided, among other things, to further consider the matter at its thirty-fifth meeting, requested the Secretariat to prepare a management response (the “**Management Response**”), and permitted the Secretariat to share a redacted version of the Compliance Review Report with the relevant accredited entity and the executing entity to allow them to provide their written comments.
- 3) The Management Response was requested in order to support the Board’s consideration of the requirements under applicable GCF policies and procedures and the extent, if any, of the non-compliance with such policies, and not to review *de novo* the findings of facts with regards to the situation on the ground in the Project area or the actions of the accredited entity and/or executing entity.
- 4) The Board continued its consideration of the Compliance Review Report at its thirty-fifth meeting, in light of the Management Response. By decision B.35/14 the Board decided to further consider the matter at its thirty-sixth meeting, and confirmed that its decision was without prejudice to any and all rights of GCF under relevant legal agreements, all of which were specifically reserved.
- 5) Prior to the thirty-sixth meeting of the Board, the Secretariat exercised certain of GCF’s rights under the accreditation master agreement between the accredited entity and GCF dated 6 September 2017 (the “**AMA**”) and the funded activity agreement for FP146 between the accredited entity and GCF dated 11 August 2021 (the “**FAA**”) to address the instances in which the development of the funding proposal for FP146 was not in compliance with the policies and procedures of GCF.

### **Considerations and Reasons**

- 6) Following due consideration of the relevant Board documents, the Board takes note of the Compliance Review Report and the Management Response. The Management Response did not fully agree with the extent of policy non-compliance set out in the Compliance Review Report. In addition, the Compliance Review Report found that far more due diligence should have been undertaken by the Accredited Entity prior to Board Approval.
- 7) The Board considers that such other findings of policy non-compliance may be premature. The IRM recommended that more of the due diligence should have been frontloaded to the earlier stage of the programme and project approval cycle (prior to Board approval). Consistent with other projects and programmes approved by the Board where sub-projects and locations of relevant interventions are to be determined

---

post-Board approval, the sub-project / location-specific ESS instruments and relevant safeguards necessary under the Project are expected to be developed and put in place once the relevant locations are determined, and prior to implementation of relevant activities.<sup>1</sup>

- 8) Based on the foregoing, the Board took note of the action taken by the Secretariat under the FAA and AMA to address the matters referred to in paragraph 6) above.
- 9) For this reason, the Board decided to conclude its consideration of the Compliance Review Report without further action.

---

<sup>1</sup> As noted, for example, in paragraph 163 of the FP approved by the Board.