

Eligibility Statement

Project: *
ICM Case: 2024-05
Date: 18.09.2024

* EDITING OF THE ELIGIBILITY DETERMINATION: In line with the IKI ICM policy (Section 3.5.1), this eligibility statement is redacted so as not to disclose any information that could identify the person(s) and/or organizations which are the subject of the complaint. This also relates to information about the IKI project in question, particularly the country, name of the project, funding amount and the competent Ministry.

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1 INTRODUCTION

The Independent Complaint Mechanism (ICM) of the International Climate Initiative (IKI) was established to enable people who suffer (potential) negative social and/or environmental consequences from IKI projects, or who wish to report the improper use of funds, to voice their complaints and seek redress. The ICM Policy¹ dated 1 February 2022 sets out how the ICM deals with complaints from a person, group of persons, or community who may be/may have been negatively impacted by or during the course of an IKI project and/or would like to report significant adverse environmental impacts caused directly by the IKI project and/or that would like to provide evidence of economic crime or violations of budgetary or grant law by or in the course of an IKI project. Once a complaint is received, the ICM Policy requires the ICM to determine if the complaint is eligible. It is to be noted that this determination is procedural and that it does not represent a judgement on the merits of the case (Section 4.1.2 (g)).

2 SUMMARY OF ELIGIBILITY DETERMINATION

For reasons stated in this document, the ICM determines that this complaint is **eligible** under the ICM Policy.

3 COMPLAINT AND PROCEDURAL HISTORY

On 10 June 2024, the ICM received a complaint concerning a project in Africa (the “Project”).² The Project aims to build capacity of coffee farmers to grow and process coffee sustainably.

It is funded by IKI in an amount of EUR 1.48m and implemented by a German implementing organization (“IO”). The local office of the IO (local IO) is an implementing partner of the Project.

The complaint alleges improper management practices at the local IO, including the unjust termination of direct workers.

The ICM acknowledged receipt of the complaint on 17 June 2024.

The ICM reviewed the submitted documentation and contacted the complainants to obtain further information about the allegations. Further, the ICM obtained additional information and clarifications from ZUG.

In keeping with its policy,³ the ICM contacted ZUG and the IO and gave them the opportunity to comment on the complaint.⁴ For this purpose, the ICM provided the IO with a summary of the allegations. ZUG further informed the relevant Ministry.

¹ Available at: https://www.international-climate-initiative.com/fileadmin/iki/Dokumente/Beschwerdemechanismus/IKI_ICM_policy_EN_202202.pdf.

² The complainants requested confidentiality due to fear of reprisals.

³ IKI ICM Policy, Section 4.1.2(c).

⁴ Given the complainants' expressed fear of reprisals, the ICM confirmed with the complainants what information could be shared with the implementing organisation.

4 ELIGIBILITY ASSESSMENT

The ICM examined the eligibility of the complaint against the ICM Policy.

In this case, the eligibility assessment focused on the question of whether the alleged management practices at the local IO could constitute violations of the IKI environmental and social safeguards. The environmental and social safeguards of IKI are in line with the standards of the Green Climate Fund (GCF).⁵ The GCF, in turn, applies the IFC Performance Standards for Environmental and Social Sustainability.⁶

Performance Standard 2 of the IFC Performance Standards inter alia aims to protect workers, to promote the fair treatment of workers, and to improve the worker-management relationship. The complaint includes allegations of (a) termination of a direct worker during her maternity leave and without due process, (b) the termination of another direct worker without due process, and (c) delays in salary payments. These allegations fall within the remit of Performance Standard 2.⁷ Both terminated staff members were directly employed by the local IO. All requirements of Performance Standard 2 thus apply.⁸

The eligibility criteria and the ICM’s findings in relation to these criteria are set out in the following table.

The ICM reiterates that this assessment is procedural and does not present a judgement on the merits of the case. The IO in its comments to the complaint provided information regarding the reasons for the termination of the two employees and the circumstances concerning the delays in salary payment. The comments provided by the IO in this regard will be taken into consideration in the subsequent complaint handling process.

Criterion	Yes/No/Not applicable	Reason(s)
Was required information provided to the ICM (see Sections 3.4 and 3.5 of the ICM Policy)?	Yes	
Does IKI have a funding relationship with the project (whether past, present or future)?	Yes	
Is there a link between the IKI-funded project and the subject of the complaint?	Yes	
Are there grounds for exclusion (Section 3.7) of the complaint?	No	While the complainants have also contacted the investigation

⁵ The current Safeguards Policy of the International Climate Initiative is available at: <https://www.international-climate-initiative.com/en/iki-media/publication/safeguards-policy-of-the-international-climate-initiative-1676/>. However, the current Policy is only applicable since 15 January 2023. Nevertheless, the IFC Performance Standards for Environmental and Social Sustainability are applicable to IKI projects since 2017. The allocation decision by the respective Ministry (“Zuwendungsbescheid” in German) dates to 3 August 2018. The IFC Performance Standards for Environmental and Social Sustainability are thus applicable.

⁶ The IFC’s Performance Standards on Environmental and Social Sustainability are available at: <https://www.ifc.org/en/insights-reports/2012/ifc-performance-standards>.

⁷ In particular, Guidance Note 2 clarifies that “Working conditions, as used in Performance Standard 2, refer to conditions in the workplace and treatment of workers. [...] Treatment of workers includes disciplinary practices, reasons and process for termination of workers [...]”.

⁸ Guidance Note 2 notes “Direct Workers: The client has a clear employment relationship and complete control over the working conditions and treatment of its direct workers. Therefore all requirements of Performance Standard 2 apply to this group of workers.”

		team of the Swedish International Development Cooperation Agency, this does not affect eligibility as per Section 3.7.
Is there at least one (1) complainant.	Yes	
Does the complaint relate to safeguards	Yes	Performance Standard 2 of the IFC Performance Standards (Labor and Working Conditions)
If so, (a) have the complainants credibly demonstrated that either they themselves or third parties are impacted or are likely to be impacted by an IKI project? ⁹ (b) Does the complaint include information about (potentially) significant (not) indirect adverse effects or risks to complainants or third parties?	(a) Yes (b) Yes	
Does the complaint relate to economic crime or violations of budgetary or grant law	No	
If so, has the complainant provided evidence of criminal acts or violations of German budgetary law?	Not applicable	
Does the complaint relate to reprisals of threats against complainants	No	While the complaint itself does not relate to reprisals, the ICM notes that the complainants have expressed fears of retaliatory measures. The ICM therefore reiterates that the IKI does not tolerate retaliation, including threats, intimidation, harassment, or violence against individuals who express their opinions on or opposition to projects funded by the IKI.
If so, have specific incidents of reprisals or threats been included in the complaint?	Not applicable	

⁹ Exception: in case of negative environmental impacts, this criterion of individual concern may be waived if the environmental impacts are direct, are significant, and are directly caused by the IKI project.

Other issues raised in the complaint:

The complaint also alleges a conflict of interest between the IO, a foundation, and the commercial activities of its funding company (the company). For example, the complaint alleges that this undue interference is visible in the support of the local IO of a program of the company in the region.

In its comments, the IO stated that “[the company] has no influence whatsoever over the operations of the IO and vice versa since both organizations operate completely independently from each other”. With regard to the program, the IO states that the program is not implemented in the project country and that there has not been any cooperation between the IO and the program in any other region.

This allegation neither relates to environmental and social safeguards as outlined in the IFC Performance Standards nor economic crime or violations of budgetary law.¹⁰ Nevertheless, a conflation of commercial and non-profit activities may have an impact on the effectiveness of the Project. The ICM has therefore referred the concerns and the respective statement of the IO to the ZUG project team to further assess and, where appropriate, address these allegations.

Lastly, the complaint raises concerns about general management practices of the local IO that fall outside the remit of the ICM. The ICM has forwarded these to the ZUG project team.

5 ELIGIBILITY DETERMINATION

Considering all the information available at this initial procedural stage, the ICM concludes that the eligibility criteria as set out by the ICM Policy are fulfilled. The ICM consequently determines that the complaint is **eligible**.

The ICM will inform the supervisory body, the complainants, the implementing organisation and ZUG that this complaint is eligible. A summary of this decision will also be published on the ICM website.

Issued by the ICM Independent Expert Panel

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¹⁰ If the alleged unfair dismissal were to be related to the conflation of commercial and non-commercial activities in any way, the latter could form part of an investigation.