

Problem-Solving Report

IKI Project: 19_III_078

IKI ICM case: 2024-05

13.09.2025

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Problem-Solving Report

The Independent Complaint Mechanism (ICM) Policy of February 2022 of the International Climate Initiative (IKI) (hereinafter called the “ICM Policy”) sets out how the ICM deals with complaints from persons who may be/may have been negatively impacted by or during the course of an IKI project. The ICM provides a platform for affected individuals and communities to raise concerns and seek redress in a manner that is fair, transparent, and accountable.

The ICM operates independently of the operational units of the IKI and is mandated to address complaints related to environmental and social safeguards, budgetary and grant law, and incidents of economic crime or reprisals. In accordance with the ICM Policy, there are two principal approaches to handling complaints: (i) a problem-solving process, which is a voluntary, dialogue-based approach aimed at resolving concerns through mutual agreement; and (ii) a compliance investigation, which assesses whether IKI policies and standards have been violated.

Section 4.2.2(k) of the ICM Policy requires the preparation of a final report upon the conclusion of a problem-solving process.

1 EXECUTIVE SUMMARY

This Problem-Solving Report documents the resolution process and outcomes of a complaint submitted to the ICM concerning the IKI-funded project “Restoring Degraded Coffee Landscapes in Ethiopia” (Project ID: 19_III_078). The complaint alleged improper management practices by the local implementing partner, Hanns R. Neumann Stiftung Ethiopia, including the unjust termination of two direct workers.

Following a preliminary assessment and consultations with the parties involved, the ICM determined that the complaint would proceed to a problem-solving process. This decision was made in accordance with Section 4.2.1 of the ICM Policy and with the voluntary agreement of all parties.

The problem-solving process was structured as two parallel dispute resolution tracks between HRNS Ethiopia and each of the affected individuals. Both dispute resolution processes have been successfully concluded.

This report outlines the project, the nature of the complaint, the steps taken during the dispute resolution process, and the outcomes achieved.

2 PROJECT BACKGROUND

The project “Restoring Degraded Coffee Landscapes in Ethiopia” (the **Project**) is funded by IKI with a total allocation of EUR 1.48 million. The project is implemented by the Hanns R. Neumann Stiftung (HRNS), with HRNS Ethiopia serving as the local implementing partner. The project aims to build the capacity of smallholder coffee farmers in Ethiopia to grow and process coffee sustainably.

The allocation decision for the project was issued on 3 August 2018, making the IFC Performance Standards on Environmental and Social Sustainability applicable.

3 COMPLAINT

On 10 June 2024, the ICM received a complaint concerning the Project. The complainants requested confidentiality due to concerns about potential reprisals.

The complaint raised several allegations related to employment practices at HRNS Ethiopia. Specifically, it included claims of unjust termination of two direct workers.¹ These aspects of the complaint – particularly the allegations of unjust termination – were considered within the scope of the ICM's mandate and were declared eligible on 18 September 2024.²

Other elements of the complaint, which referred more broadly to general management practices at HRNS Ethiopia, were assessed but considered to fall outside the scope of the ICM's mandate and were therefore not pursued further.

4 PROCEDURAL HISTORY

Following its eligibility decision, the ICM initiated a preliminary assessment in accordance with Section 4.2.1 of the ICM Policy. The objective of this assessment was to determine the most appropriate course of action for addressing the complaint, either through a problem-solving process or a compliance investigation.

In close consultation with the former employees and HRNS Ethiopia, the ICM explored the potential for a consensual resolution. All parties expressed willingness to engage in a voluntary problem-solving process. Based on this mutual agreement – and in line with the ICM's preference for dialogue-based resolution where feasible – the ICM decided to proceed with problem-solving. The preliminary assessment concluded with the submission of a proposed plan of action and preliminary budget to the supervisory body, in accordance with Section 4.2.1(f) of the ICM Policy.

Based on the agreement by the parties, the ICM appointed a local conciliator to facilitate both dispute resolution processes in close cooperation with the ICM's expert panel member for dispute resolution.

5 OUTCOMES AND FOLLOW-UP

Both dispute resolution processes were concluded through duly executed settlement agreements, the specific terms and conditions of which are set forth in the respective conciliation agreements entered into by the parties. The parties have expressly undertaken to preserve the confidentiality of the settlement terms.

The ICM acknowledges and commends the parties and their representatives for their constructive participation and commitment to the amicable resolution of the matters in dispute.

¹ The complaint originally also raised concerns about delays in salary payments. Over the course of its complaint handling, the IKI ICM determined that these delays in salary payments occurred during the handover of management responsibility and that these were promptly addressed by HRNS.

² Eligibility Statement available at: https://www.international-climate-initiative.com/fileadmin/iki/Dokumente/Beschwerdemechanismus/IKI_ICM_Case_2024-05_Eligibility_Statement.pdf.