



*The Independent Accountability Mechanism for IFC & MIGA*

## **Compliance Appraisal Report**

Regarding Complaints of Child Sexual Abuse at Bridge International Academies (Kenya), a Former Sub-Project of IFC's Investment in Learn Capital Venture Partners III

## About CAO

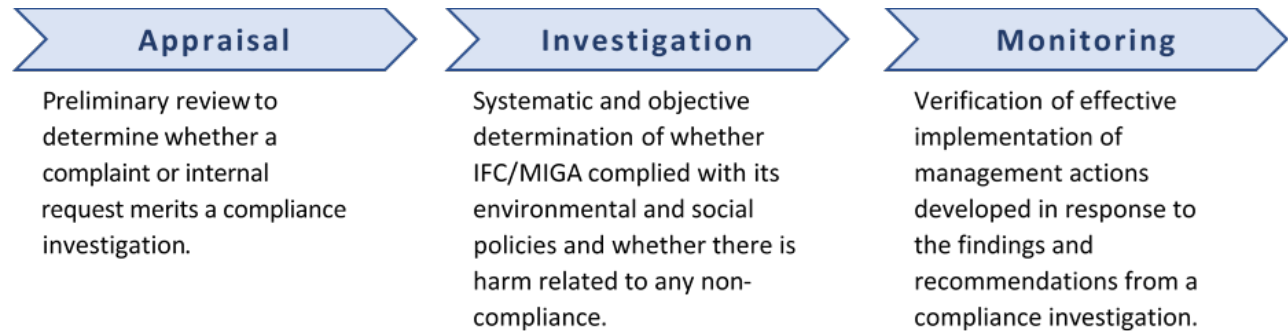
The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism of the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA)—members of the World Bank Group. We work to facilitate the resolution of complaints from people affected by IFC and MIGA projects in a fair, objective, and constructive manner; enhance environmental and social (E&S) project outcomes; and foster public accountability and learning at IFC and MIGA.

CAO is an independent office that reports directly to IFC and MIGA Boards of Executive Directors. For more information, see [www.cao-ombudsman.org](http://www.cao-ombudsman.org).

### About the CAO Compliance Function

CAO's compliance function reviews IFC and MIGA compliance with E&S policies, assesses related harm, and recommends remedial actions where appropriate.

CAO's compliance function follows a three-step approach:



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## Acronyms

E&S	Environmental and Social
ESMS	Environmental and Social Management System
FI	Financial Intermediary
IFC	International Finance Corporation
GBV	Gender-Based Violence
MAP	Management Action Plan
LC	Learn Capital Venture Partners III
MIGA	Multilateral Investment Guarantee Agency
NGS	NewGlobe Schools
PS	Performance Standard (IFC)
PS 1	Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts
PS 4	Performance Standard 4: Community Health, Safety, and Security

## 1. Background

This section provides background information on investments by the International Finance Corporation (IFC) in Learn Capital Venture Partners III LP (LC) and NewGlobe Schools, Inc. (NGS), formerly the parent company of Bridge International Academies (Bridge). It also explains the compliance appraisal process of the Office of the Compliance Advisor Ombudsman (CAO).

### 1.1. IFC's Investments in Learn Capital Venture Partners III and NGS/Bridge

In 2013 and 2016, IFC invested US\$13.5 million of direct equity in NGS, the former parent company of Bridge,<sup>1</sup> Africa's then largest chain of low-cost private schools.<sup>2</sup> According to IFC, at the time of its investment, Bridge operated 211 schools serving over 57,000 students in Kenya and aimed to provide quality education to children of families earning less than US\$2 per person per day. The investment was intended to support an increase in the number of schools in Kenya and expansion to three new countries. While IFC exited its direct investment in NGS/Bridge in March 2022, at the time that the four complaints subject of this compliance appraisal were filed (between June and August 2023), IFC still had an indirect exposure to NGS/Bridge through its separate investment in the financial intermediary (FI) Learn Capital Venture Partners III LP (LC).

IFC has committed US\$21.9 million to LC since 2014, with the objective of establishing an Education Innovation Fund—a US\$150 million venture capital fund to invest in early to mid-stage education companies that would expand access to education in emerging markets. The investment in LC was classified as category FI-2 according to IFC's Environmental and Social Review Procedure, meaning that the existing or proposed portfolio of the FI comprises or is expected to comprise business activities with limited potential adverse environmental and/or social risks or impacts, which are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of business activities with potential significant adverse environmental or social risks or impacts that are diverse, irreversible, or unprecedented.<sup>3</sup>

During CAO's assessment process—the phase preceding a compliance appraisal<sup>4</sup>—CAO was informed by Bridge and LC that, in February 2024, Bridge had transitioned to become an independent foundation from NGS,<sup>5</sup> now called Bridge International Academies Foundation.<sup>6</sup> The transition terminated all financial engagements between NGS and Bridge, thereby also ending IFC's indirect exposure to Bridge as an LC subproject.

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<sup>1</sup> NewGlobe Schools was Bridge's parent company since the time IFC first invested in Bridge in 2013 until 2024, when CAO received information that Bridge had transitioned into a foundation independent from NGS. See, IFC, Summary of Investment Information, Bridge International Academies (#32171) at <https://officecao.org/3zVfqZL>.

<sup>2</sup> Bridge operated exclusively in Africa until 2016, when it expanded into India. Currently, it has operations in Kenya, Nigeria, Uganda, and India. See Bridge International Academies website at <https://officecao.org/3ydtswG>.

<sup>3</sup> IFC, *Environmental and Social Review Procedures Manual* (2012), p. 3, <https://officecao.org/4c8vdt0>; see also IFC, *Policy on Environmental and Social Sustainability* (January 1, 2012), para. 40, <https://officecao.org/3WYfE9x>.

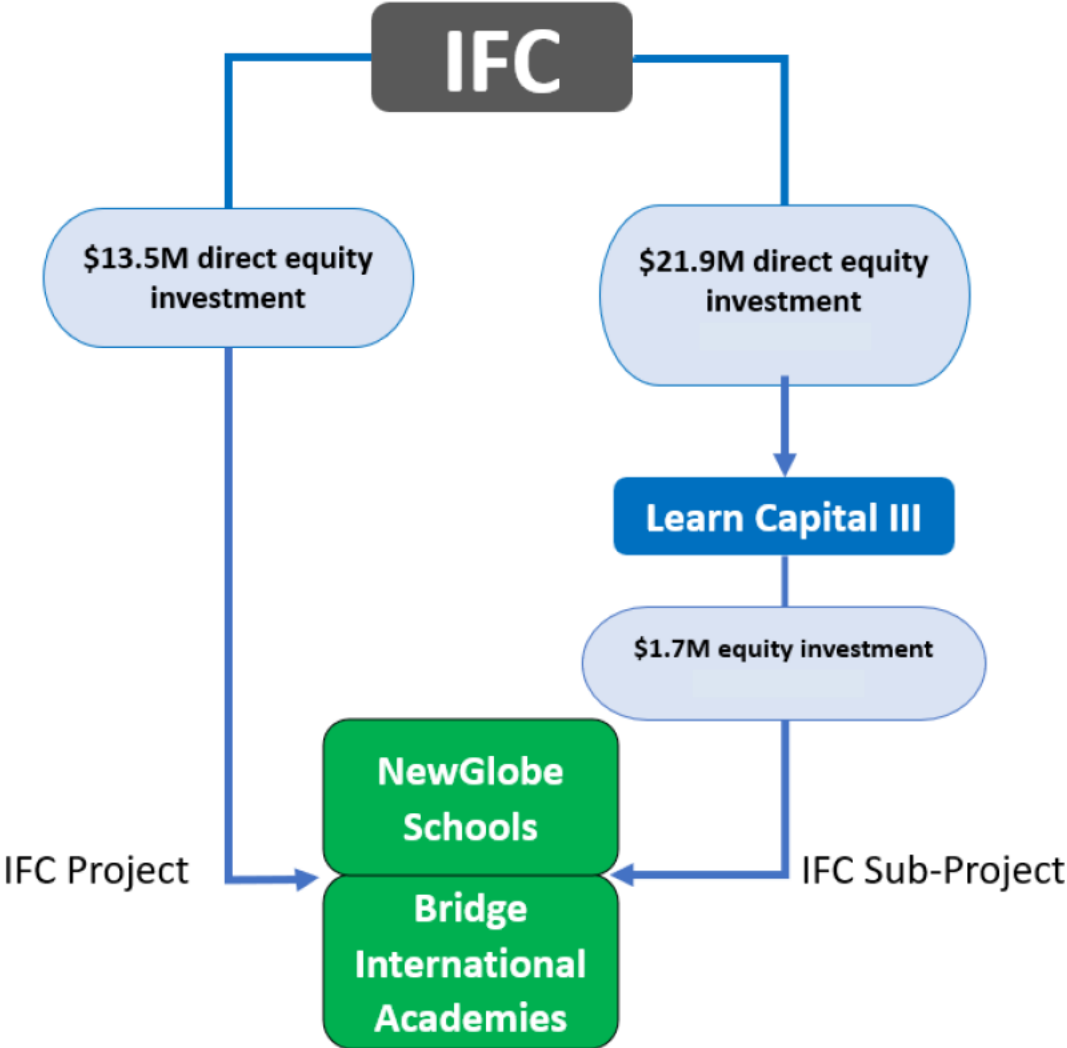
<sup>4</sup> According to CAO Policy (paras. 50–61), the objective of the assessment phase is to develop a thorough understanding of the issues and concerns raised in the complaint, explain CAO's different functions to the parties, and ultimately determine if the parties will seek to initiate CAO's dispute resolution or compliance functions.

<sup>5</sup> CAO, *CAO Assessment Report Regarding Concerns in Relation to Bridge International Academies in Kenya Through IFC's Investment in Learn Capital Venture Partners III LP*, IFC Project #32429 (May 2024), p. 5, <https://officecao.org/3LCIFve>.

<sup>6</sup> See Bridge International Academies website: <https://officecao.org/3ydtswG>.

Figure 1 illustrates IFC’s historical financial relationships to LC and NGS/Bridge International Academies. IFC held a direct equity investment in NGS/Bridge from 2013 to March 2022, and an indirect equity investment (as an LC subproject) from November 2016 to February 2024.<sup>7</sup> IFC has held a direct equity investment in LC since 2014. Since Bridge’s February 2024 transition into an independent foundation, it is now neither owned nor controlled by NGS and, by the time that this compliance appraisal was initiated, neither IFC (indirectly) nor LC had any exposure to Bridge.

**Figure 1. IFC’s Historical Financial Exposure to NGS /Bridge International Academies**



<sup>7</sup> In December 2013, the IFC Board of Directors approved the direct investment in NGS/Bridge International Academies, a preferred equity investment of US\$10 million. This initial investment in NGS was made in January 2014 (project #32171), followed by investments totaling an additional US\$3.5 million in July and November 2016 (projects #38733, #39170, and #39224). At the same time, IFC invested in the financial intermediary Learn Capital Venture Partners Fund III (project #32429) in 2014 to establish the Education Innovation Fund. IFC initially committed US\$20 million to the Fund (project #32429). In 2018, IFC committed a pro-rata increase of US\$1.94 million to the Fund, which was processed as a rights issue (project #42095), bringing IFC’s total commitment in Learn Capital III to US\$21.9 million. It was only in November 2016 that the Education Innovation Fund invested in NewGlobe Schools, Inc., the parent company of Bridge International Academies, US\$1.7 million in equity investment.

## 1.2. The Complaints in the CAO Process

Between June and August 2023, CAO received four individual complaints raising concerns related to child sexual abuse and harassment of four former students at a Bridge International Academies school in Kenya. In October 2023, CAO found the complaints eligible for assessment. During CAO's assessment, the complainants, LC, and Bridge were not able to mutually agree to a CAO-facilitated dispute resolution process, and the complaints were therefore referred to CAO's compliance function for appraisal in late May 2024.

## 1.3. Compliance Appraisal Scope and Methodology

The scope of this compliance appraisal<sup>8</sup> is limited to the issues raised in the complaints (see appendix A) and CAO's Assessment Report in relation to the complaint.<sup>9</sup> A CAO appraisal involves a preliminary review of available information. It does not lead to any definitive assessments or findings of harm or IFC noncompliance.<sup>10</sup>

In accordance with CAO Policy, the decision to initiate a new compliance investigation, close the compliance process, or merge complaints with an earlier compliance process is based on the appraisal criteria, as well as other relevant CAO Policy considerations. Each of these are further examined in subsequent sections of this report.<sup>11</sup> Under specific circumstances, the compliance appraisal process can also lead to the deferral of an investigation.<sup>12</sup>

The appraisal involved a preliminary review of the following information:

- The complaint and supplementary information provided by each of the complainants;
- Relevant documentation related to the complaints, including CAO's Assessment Report and IFC's Management Response to the complaints;
- Available IFC and client information, including documentation on the pre-investment environmental and social (E&S) due diligence and implementation of E&S requirements;
- Relevant publicly available information, including documents; and
- Information gathered through communications and interviews with complainants and IFC.

The appraisal also involved the review of the Bridge-04 compliance investigation, as well as IFC's Management Response and Management Action Plan (MAP) in response to the Bridge-04 investigation, given its relevance.

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<sup>8</sup> CAO. *IFC/MIGA Independent Accountability Mechanism (CAO) Policy* (June 28, 2021), para 88, <https://officecao.org/3YsQnPo>.

<sup>9</sup> CAO. *CAO Assessment Report Regarding Concerns in Relation to Bridge International Academies in Kenya Through IFC's Investment in Learn Capital Venture Partners III LP*, IFC Project #32429 (May 2024), <https://officecao.org/3LCIFve>.

<sup>10</sup> CAO Policy, para. 94.

<sup>11</sup> CAO Policy, paras. 96–97.

<sup>12</sup> IFC may request the deferral of a CAO decision to investigate to allow time to directly resolve the issues raised in a complaint (CAO Policy, para 86). CAO considers an IFC deferral request based on the application of four criteria: a) The severity of alleged Harm and potential compliance issues raised by the Complainant, including whether the issues of alleged Harm are clearly defined, limited in scope, and appear to be amenable to early resolution; b) Whether the Management response includes specific commitments that are commensurate with the issues raised in the complaint or during the assessment, and consistent with IFC/MIGA policy requirements; c) The views of the Complainant as to the impact (positive and negative) of a decision to defer; and d) Other information deemed relevant by CAO.2 (CAO Policy, para. 98).

CAO interacted with complainants in the presence of child protection specialists who understood the local context and guided the conversation in a culturally appropriate manner, following strict ethical protocols to minimize the potential risk of re-traumatization. Complainants requested that CAO keep their personal information confidential and safeguard their privacy. This report therefore omits some details about the survivors' experiences and interactions with CAO.

CAO extends its appreciation to all parties who shared their perspectives, knowledge, and time with the CAO compliance team.

## 2. Concerns Raised in the Complaints and During CAO's Assessment

From June to August 2023, CAO received complaints from four women who are former students of a Bridge International Academies school in Kenya. Each of the four complainants state that they were sexually abused and harassed by a teacher while they were enrolled students at a Bridge school. Three of the four complaints also mention that the school did not take any action after they informed the administration that they had been sexually abused and harassed.

During the assessment process, the complainants clarified that they were sexually abused and harassed on school premises.<sup>13</sup> The four complainants also stated that they were between the ages of 10 and 15 years old when the incidents occurred. All complainants said the abuse was not a single isolated incident but rather multiple incidents that occurred over an extended period while they were attending school. The teacher who perpetrated the abuse and harassment was the same individual, according to all complainants.<sup>14</sup>

Additionally, during the assessment process, the complainants declared that they suffered harm and that they wanted remedy for the harms they suffered. They expressed a desire for the following remediation measures:

- **Psychological counselling to heal from the trauma.** Complainants expressed that they wanted access to psychotherapy services for themselves as well as for their families because when the harm occurred, their families did not have access to the information

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<sup>13</sup> CAO, *Assessment Report*, IFC Project #32429 (May 2024), p. 5.

<sup>14</sup> CAO, *Assessment Report*, IFC Project #32429 (May 2024), pp. 6-7. The assessment report also includes the complainants' description of the school reaction after the incidents:

"The complainants shared that one of the survivors approached a different Bridge teacher in confidence to share information about the abuse and harassment incidents and ask for help. This teacher, in turn, called for a meeting between the school management and the survivors who had decided to come forward to report the abuse to the school. The parents of some of the survivors were also present at the meeting. According to the complainants, after that meeting, the survivors and their parents were taken to a police station to file a formal complaint and then to the hospital for a physical examination. The complainants shared that the police did not provide them with a formal record of the incidents being reported, nor have they ever received an update on how the police followed up on the report of child sexual abuse. The complainants also stated that the school took no further action to support them and that they never received psychological counselling. The complainants shared that after they came forward, the teacher who had perpetrated the abuse absconded, and was never arrested. The teacher who uncovered the abuse and helped them bring the issue to light, was allegedly transferred to another school shortly after. They expressed to CAO that for their remaining time at school, the teachers gossiped about them, treated them as "bad girls", and humiliated and shamed them. They also expressed facing similar issues at home with their families and friends, and that, to this day, they had been struggling emotionally with what happened to them, and with others' perception of them."



and guidance that would have allowed them to deal with their vicarious trauma and to support their children as survivors.

- **Financial support to pursue higher education.** Complainants informed CAO that, due to the emotional and psychological impact of the abuse and harassment, they struggled academically, which hampered their ability to obtain scholarships, pursue higher education, and ultimately obtain well-paying jobs.
- **Financial assistance to undertake legal action against their perpetrator.**
- **Compensation to remedy emotional harm and financial losses.** Complainants explained that their families struggled to support them as caregivers following their abuse, including spending money and taking time away from work to look for the perpetrator and bring him to justice. Because the complainants have not been able to contribute economically to their families' incomes since the time of the abuse, they want to be empowered to provide financial support to their families, including but not limited to helping an unemployed family member jumpstart a business, paying for medical bills in the event of an illness, supporting younger siblings with schooling, and providing family members with better housing.<sup>15</sup>

CAO has decided to follow the approach of the assessment report and address the four complaints in one appraisal report because the four individual complaints raise concerns of the same nature. Redacted versions of the complaints can be found in appendix A.

### 3. Summary of CAO's Completed Investigation of IFC's Investment in Bridge International Academies (Bridge-04)

The substance of the complaints submitted by the four women were examined in a previous compliance investigation related to IFC's direct investment in Bridge International Academies. As such, a summary of the investigation is pertinent to this appraisal.

In October 2023, CAO completed a self-initiated investigation that focused on IFC's application of its E&S requirements in relation to child sexual abuse (CSA)<sup>16</sup> risks and impacts associated with its direct investment in Bridge International Academies. CAO finds that the information provided by complainants, including the allegations of child sexual abuse, the context in which the abuse allegedly occurred, the alleged harm that it caused, and the nature of the requested remedy is consistent with the information that was analyzed by CAO during the Bridge-04

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<sup>15</sup> CAO, *Assessment Report*, IFC Project #32429 (May 2024), p. 7.

<sup>16</sup> Child sexual abuse is defined as the involvement of a child in sexual activity—including "non-contact abuses" such as sexual harassment of a child—that he or she does not fully comprehend, is unable to give informed consent to, or for which the child is not developmentally prepared and cannot give consent, or that violate the laws or social taboos of society. Child sexual abuse is evidenced by this activity between a child and an adult or another child who by age or development is in a relationship of responsibility, trust or power, the activity being intended to gratify or satisfy the needs of the other person. CAO, *Compliance Investigation Report CAO Initiated Investigation of IFC's Investment in Bridge International Academies (Bridge-04)*, Compliance Investigation Report (October 3, 2023), p. 5, <https://officecao.org/3xWXu7U>.

investigation. These specific incidents and the associated impacts and harms were among those that CAO reviewed and considered in that investigation.

The Bridge-04 investigation found that IFC failed to satisfy its E&S requirements under the 2012 Policy on Environmental and Social Sustainability (Sustainability Policy) and Performance Standard (PS) 1 on Assessment and Management of Environmental and Social Risks and Impacts, and PS 4 on Community Health, Safety, and Security. Specifically, during IFC's E&S due diligence prior to directly investing in Bridge, CAO found that IFC did not consider the project's potential child sexual abuse risks, nor did it consider the capacity of its client to satisfy E&S requirements in relation to child sexual abuse risks and impacts.<sup>17</sup>

CAO found that, during supervision, IFC failed to regularly monitor or substantively address project-related child sexual abuse and gender-based violence (GBV) risks and impacts with its client. IFC's supervision of child sexual abuse risks and impacts improved after CAO provided information about incidents linked to Bridge and subsequently reported this information to IFC in February 2020. However, CAO found that IFC's supervision efforts continued to fall short of its obligations, as IFC failed to ensure it received all required information or to take adequate steps to guarantee that the client's child protection and safeguarding approach was consistent with the Performance Standards.<sup>18</sup>

CAO's report included seven project-specific and institutional-level recommendations for IFC:

1. Provide remediation for survivors of child sexual abuse. IFC should work with Bridge to establish a facility to support a claims process for survivors and their families to receive remedy, including counseling, health care support, community reintegration support, funding and referrals to legal services, a mechanism that allows survivors to come forward, and financial compensation, as appropriate.
2. Strengthen community response to child sexual abuse and GBV against children in project communities.
3. Undertake a review of the IFC portfolio to identify all projects where children are a vulnerable and disadvantaged subset of affected communities to identify and assess whether appropriate social risk management measures are in place and operationalized.
4. Strengthen and clarify E&S provisions concerning children, as well as gender- and sex-differentiated harm, within the Sustainability Framework.
5. Undertake institution-wide capacity building efforts to prevent child sexual abuse and overlapping forms of GBV from occurring in its investments.
6. Establish a global task force to advise IFC on child sexual abuse and GBV-related matters, including the implementation of MAP actions.

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<sup>17</sup> CAO, *CAO Initiated Investigation of IFC's Investment in Bridge International Academies (Bridge-04)*, Compliance Investigation Report (October 3, 2023), pp. 37–38, <https://officecao.org/3xWXu7U>.

<sup>18</sup> CAO, *CAO Initiated Investigation of IFC's Investment in Bridge International Academies (Bridge-04)*, 45–50.

7. Clarify expectations for project compliance with Performance Standards when planning an exit.

In response to the CAO report, IFC submitted a management report and MAP to the World Bank Board of Executive Directors on December 19, 2023, and later submitted a revised report and MAP<sup>19</sup> on March 7, 2024, which the Board approved on March 13, 2024. The MAP outlines several commitments in response to CAO's recommendations:<sup>20</sup>

- IFC will directly fund a remediation program for survivors of child sexual abuse in counties where Bridge operated or currently operates in Kenya. The funding will be for a minimum of 3 years and a maximum of 10 years, to be adjusted based on outcomes of the design phase.
- IFC will provide financial support with the objective of enabling survivors of child sexual abuse to access the services covered in the program would be provided, on a case-by-case basis, as needed, after careful assessment.
- The remediation program will be complemented by prevention activities aimed at engaging local communities and services in Kenyan counties where Bridge operated or currently operates.
- Both the remediation and prevention programs will be informed by survivor-centered stakeholder engagement during design and implementation and by the input of an advisory committee, which will include relevant international and local GBV and child protection experts, some internal and some external to the World Bank Group.
- IFC is undertaking a review of its portfolio to identify child sexual abuse and GBV risks and to determine appropriate risk-management measures when needed. Progress on this review will be included in the first progress report on the implementation of the Management Action Plan in a manner that complies with IFC's Access to Information Policy.
- IFC is reviewing the E&S provisions in template investment agreements and will develop covenants to be included where appropriate in relation to child protection and GBV prevention and notification by clients of related incidents.
- IFC is building its capacity—by the hiring GBV experts, delivering staff training, and developing tools—to address and prevent GBV in projects. IFC will issue and operationalize a statement to staff on zero tolerance for inaction on, or reprisals for, addressing GBV or child protection issues.

IFC began implementing the MAP in March 2024. The MAP explains that, during the first six months of implementation, IFC expects to finalize the design of the remediation program for survivors of child sexual abuse. During that period, IFC will undertake stakeholder consultations,

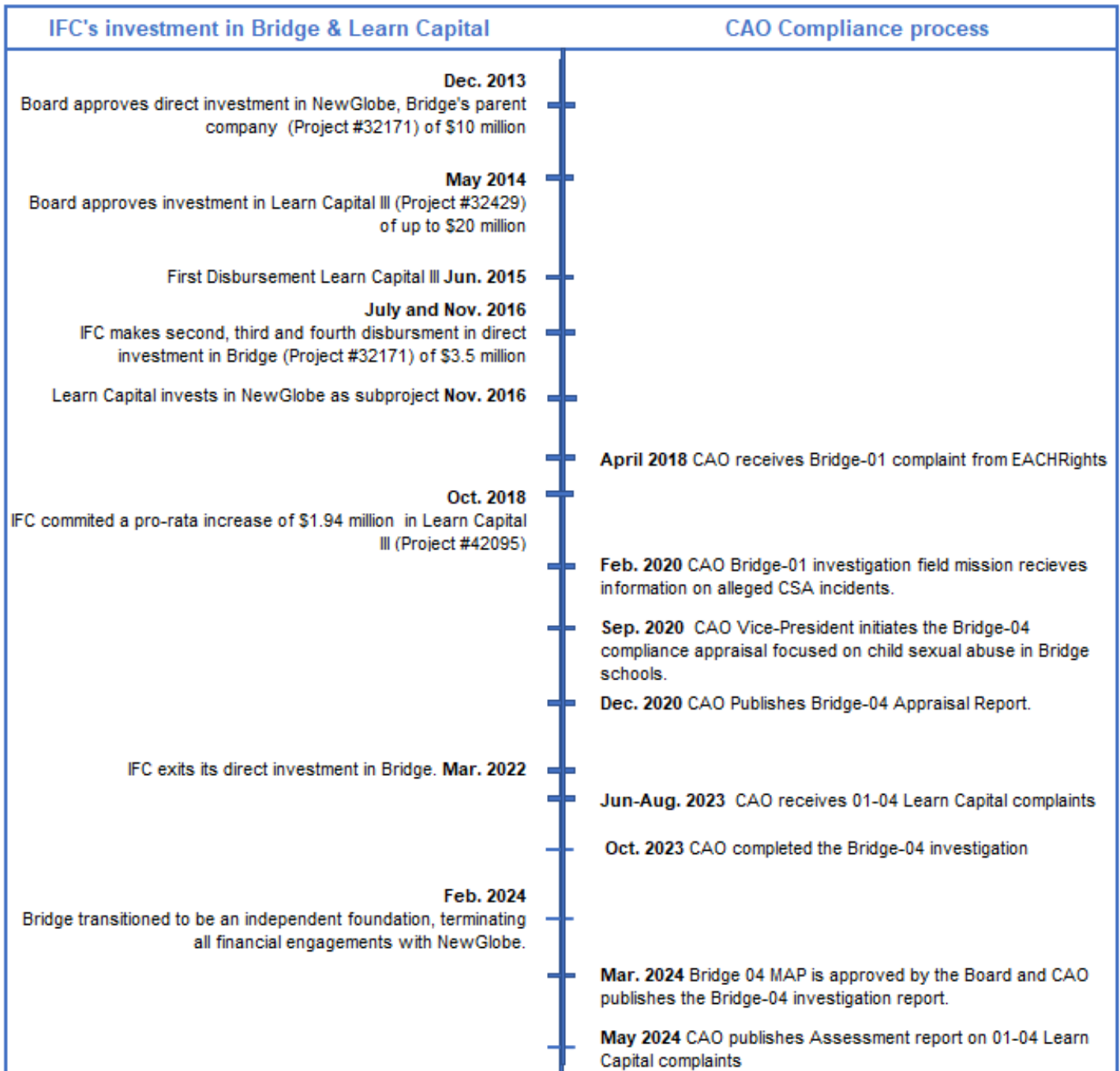
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<sup>19</sup> IFC, *Management Report and Management Action Plan in Relation to the CAO Compliance Investigation Report on Bridge International Academies (Bridge-04)*, projects #32171, #38733, #39170, and #39224 (March 7, 2024), <https://officecao.org/3zO6P2r>.

<sup>20</sup> IFC, *Management Report and Management Action Plan (Bridge-04)*, 25–31.

including with survivors of child sexual abuse who wish to participate, to inform the design of the remediation program.<sup>21</sup> At the time that this compliance appraisal was being developed, IFC was in the process of designing the consultation process.

**Figure 2 Timeline of IFC’s Investments in LC and NGS/Bridge and the CAO Compliance Process**



<sup>21</sup> IFC, *Management Report and Management Action Plan (Bridge-04)*, paras. 73 and 88 and annex A, no. 1.

## 4. Summary of IFC's Management Response

IFC's Management Response to the four complaints subject of this compliance appraisal states that the issues raised by the complainants are of the same nature as those analyzed in CAO's Bridge-04 compliance investigation (summarized above).<sup>22</sup> In its response to the complaints, IFC underscores that in its response to the Bridge-04 investigation,<sup>23</sup> IFC management acknowledged that IFC needs to better consider the risks to children and of GBV in projects during project appraisal and supervision and in working with clients, and that it needs to put in place strong measures to mitigate and address the above-mentioned risks.

IFC states that the Board-approved Bridge-04 MAP is designed to allow the continuous and meaningful participation of affected stakeholders, which includes remediation measures that will substantively address the issues brought forward by the four complainants. In that regard, IFC notes that it is directly funding a remediation program that builds on and supports established service delivery programs in counties where Bridge operated or currently operates in Kenya, including:

- Psychosocial support and counseling services for survivors of child sexual abuse;
- Health care support, including adolescent sexual and reproductive health services;
- Community reintegration support to facilitate survivors' continued education and/or age-appropriate efforts to pursue gainful employment; and
- Integration with quality legal services that are child-sensitive, survivor-centered, and competent in dealing with crimes against children for survivors seeking advice or legal redress against perpetrators.<sup>24</sup>

In its Management Response, IFC also mentions that "financial support with the objective of enabling survivors of child sexual abuse to access the services covered in the [remediation] program may be provided, on a case-by-case basis, as needed, after careful assessment," and that "the modalities of such financial support and eligibility criteria to access it will be determined in the design phase after consultation with stakeholders, including [...] survivors of child sexual abuse that wish to come forward."<sup>25</sup>

IFC asserts that it has "reached out to the CAO and civil society organizations advocating on behalf of the four complainants and invited them to participate in this [remediation] program and is committed to creating and maintain[ing] a safe and secure environment for the complainants to engage—together with CAO."<sup>26</sup>

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<sup>22</sup> IFC's *Management Response to the CAO Complaint on Kenya, Learn Capital III LP (Project No. 32429)* (June 14, 2024), para III. (See appendix B for full text of the Management Response.)

<sup>23</sup> IFC, *Management Report and Management Action Plan (Bridge-04)*.

<sup>24</sup> IFC's *Management Response to the CAO Complaint Learn Capital III* (June 14, 2024), para 14.

<sup>25</sup> IFC's *Management Response to the CAO Complaint Learn Capital III* (June 14, 2024), para. 16.

<sup>26</sup> IFC's *Management Response to the CAO Complaint Learn Capital III* (June 14, 2024), para. 24.

IFC states that an additional compliance investigation that is substantially related to the issues already analyzed under Bridge-04 would likely lead to very similar actions by IFC and expresses support for merging the complaints with the Bridge-04 monitoring process.

## **5. Client Response**

Learn Capital did not provide a statement in the context of this compliance appraisal.

## **6. Feedback from Complaints' Representatives**

In July 2024, CAO received a briefing note from the Complainants' Representatives outlining their views on how CAO should handle the complaints at the appraisal stage, concluding that:

1. The complaints meet CAO's core criteria for an investigation;
2. The complaints merit investigation considering the additional considerations in paragraph 92 of the CAO Policy;
3. The complaints should not be merged with the Bridge-04 complaint and ongoing MAP implementation process;
4. The complaints may be amenable to deferral; and
5. A distinct compliance process in relation to the complaints is consistent with the CAO's mandate, core principles, and commitment to a survivor-centered approach.

The full briefing note is included in appendix C.

## 7. CAO Analysis

This section presents CAO's analysis of the complaints following the three appraisal criteria required to initiate a compliance investigation:<sup>27</sup>

1. Whether there are preliminary indications of Harm or potential Harm.
2. Whether there are preliminary indications that IFC may not have complied with its E&S Policies.
3. Whether the alleged Harm is plausibly linked to the potential non-compliance.

Based on the analysis presented below, **CAO concludes that the child sexual abuse complaints regarding Bridge International Academies, a subproject in IFC's investment in LC, meets the three criteria for a compliance investigation.** Furthermore, in accordance with CAO Policy,<sup>28</sup> **CAO has determined that the complaints should be merged with the Bridge-04 compliance process, currently in CAO monitoring.** Additional considerations regarding CAO's decision to merge are included in section 7.4.

### 7.1. Analysis of Preliminary Indications of Harm

A CAO compliance appraisal assesses if a complaint raises "preliminary indications of Harm or potential Harm."<sup>29</sup> The CAO Policy defines harm as "[a]ny material adverse environmental and social effect on people or the environment resulting directly or indirectly from a Project or Sub-Project. Harm may be actual or reasonably likely to occur in the future."<sup>30</sup> A preliminary indication of harm determined at the compliance appraisal stage is present when CAO's initial review of available information generates a plausible or credible concern that harm has happened or is reasonably likely to occur. It is not equivalent to a finding of harm, which may only result from a compliance investigation.<sup>31</sup> In this case, **CAO's compliance appraisal concludes that there are preliminary indications of harm.**

#### 7.1.1. Harms Caused by Child Sexual Abuse

The specific harms caused by child sexual abuse are well known. In its seminal work *Hidden in Plain Sight: A Statistical Analysis of Violence Against Children*, UNICEF provides a detailed description of those harms:

"Experiences of sexual violence in childhood hinder all aspects of development: physical, psychological and social. Apart from the physical injuries that can result, exposure to HIV and other sexually transmitted infections, along with early pregnancy, are also possible outcomes. Other physical consequences of sexual violence include a range of self-harming behaviors, such as the

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<sup>27</sup> CAO Policy, para. 91.

<sup>28</sup> CAO Policy, para. 93.

<sup>29</sup> CAO Policy, para. 91.

<sup>30</sup> CAO Policy, glossary.

<sup>31</sup> In this regard, paragraph 94 of the CAO Policy establishes that "the appraisal process does not lead to a definitive assessment of IFC/MIGA's compliance with its E&S Policies or related Harm. CAO may make these assessments only in the context of an investigation."

development of eating disorders, like bulimia and anorexia. Children who have been abused are also more likely to attempt suicide, the more severe the violence, the greater the risk.

Researchers have consistently found that sexual abuse of children is associated with a wide array of mental health consequences, including symptoms of depression and panic disorder. Anxiety and nightmares are also commonly observed in younger children who have experienced such violence. The psychological impact of sexual violence can be severe due to the shame, secrecy and stigma that tend to accompany it, with child victims often having to find ways to cope in isolation. The risk of developing adverse mental health outcomes has been found to increase in relation to the frequency and severity of children's exposure to sexual violence and to exert a lasting impact.

In addition to physical and psychological consequences, childhood experiences of sexual violence result in considerable social harm. Particularly when violated by a caregiver or trusted person, children may develop insecure or disorganized attachments to others and may face difficulty building and sustaining relationships later in life. Children who are subjected to sexual violence may experience heightened levels of fear and arousal and feel an intensified perception of threat or hostility from other people."<sup>32</sup>

There is also evidence of an enduring association between child sexual abuse and reduced life chances that begins during the school years and extends well into adulthood, affecting victims and survivors' educational attainment, employment rates, and income levels.<sup>33</sup>

### 7.1.2. Preliminary Indications of Harm to Complainants

CAO concludes that there are preliminary indications of harm based on the following factors:

- **The allegations made by complainants are likely to have occurred given that sexual abuse is a known potential adverse social impact in education-sector investments<sup>34</sup> and that violence against children is a widespread challenge at the national level.** School settings of all kinds present well-known and widespread risks of GBV,<sup>35</sup> including child sexual abuse. Existing data regarding the prevalence of sexual violence against children in Kenya suggests that it is a widespread challenge. According to a 2019 government survey supported by UNICEF, 49 percent of girls and 48 percent of boys ages 13–17 reported experiencing physical violence, and 11 percent of girls and 4 percent of boys reported experiencing sexual violence.<sup>36</sup> In its response to the survey, Kenya's

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<sup>32</sup> United Nations Children's Fund, *Hidden in Plain Sight: A Statistical Analysis of Violence against Children* (NY: UNICEF, 2014), p. 62, <https://officecao.org/4fgslNr>.

<sup>33</sup> Zeglin, R. J., M. R. DeRaedt, and R. P. Lanthier, "Does Having Children Moderate the Effect of Child Sexual Abuse on Depression?" *Journal of Child Sexual Abuse: Research, Treatment, and Program Innovations for Victims, Survivors, and Offenders*, 24, no. 6 (2015), pp. 607–26; Trickett P. K., J. G., Noll, and F. W. Putnam, "The Impact of Sexual Abuse on Female Development: Lessons from a Multigenerational, Longitudinal Research Study. *Development and Psychopathology*, 23 (2) (2011), pp. 453–47; Boden, J. M., J. Horwood, and D. M. Fergusson, "Exposure to Childhood Sexual and Physical Abuse and Subsequent Educational Achievement outcomes," *Child Abuse and Neglect* 31, no. 10 (2007), pp. 1101–14; Fergusson, D. M., G. F. McLeod, and L. J. Horwood, "Childhood Sexual Abuse and Adult Developmental Outcomes: Findings from a 30-year Longitudinal Study in New Zealand." *Child Abuse and Neglect* 37, no. 9 (2013), pp. 664–74; Pereira, P., L. Li, and C. Power, "Child Maltreatment and Adult Living Standards at 50 Years." *Pediatrics* 139, no. 1 (2017). These sources are taken from the UK Independent Enquiry into Child Sexual Abuse carried out in 2022 and updated in 2023: <https://officecao.org/4fgjkE4>.

<sup>34</sup> World Bank Group, "Addressing Sexual Exploitation and Abuse and Sexual Harassment (SEA/SH) in Human Development Operations," Good Practice Note (September 2022), <https://officecao.org/3zNnC5r>.

<sup>35</sup> United Nations, *Report of the Independent Expert for the United Nations: Study on Violence Against Children Submitted by the UN Secretary General to the UN General Assembly, A/61/299* (2006), <https://officecao.org/4d5qDgb>.

<sup>36</sup> Ministry of Labour and Social Protection of Kenya, Department of Children's Services. *Violence against Children in Kenya: Findings from a National Survey* (Nairobi, Kenya: Republic of Kenya, 2019), <https://officecao.org/3WvITSE>.



government put forward an ongoing National Prevention and Response Plan on Violence Against Children, which includes promoting and strengthening a “safe, secure and enabling school environment.”<sup>37</sup>

- **The allegations of child sexual abuse raised in the complaints are likely to have occurred given the level of detail and specificity in the preliminary information conveyed by the complainants.** CAO was made aware of the incidents included in the four complaints during the Bridge-04 investigation. CAO further spoke with the complainants about their alleged sexual abuse during the assessment and compliance appraisal process.<sup>38</sup> Complainants described their abuse as having been perpetrated by a teacher at Bridge International Academies. They spoke about their experiences in detail, describing how the alleged abuse occurred within school grounds, while they were students at the school, and when they were between 10 and 15 years old.<sup>39</sup>

During their engagement with CAO, complainants also described, with uniqueness and detail, the alleged negative psychological and social effects that the alleged abuse had on them. All complainants alleged material negative effects that are consistent with the examples provided in UNICEF’s definition (provided above) including depression, anxiety, dropping out of school, social stigma, and thoughts of self-harm.

## **7.2. Analysis of Preliminary Indications of IFC’s Non-Compliance with E&S Policy**

A CAO compliance appraisal must consider whether there are “preliminary indications that IFC/MIGA may not have complied with its E&S Policies.”<sup>40</sup> In relation to the complaints that are the subject of this compliance appraisal, **CAO concludes that there are preliminary indications that IFC may not have complied with its E&S policies** as set out in the 2012 Sustainability Framework.

### **7.2.1. Relevant IFC Sustainability Policy and Performance Standard Requirements**

IFC made an investment in LC under the 2012 Sustainability Policy, which is binding on IFC, and the Performance Standards, which are requirements for the client—together referred to as the Sustainability Framework.

The 2012 Sustainability Policy states that “[central] to [its] development mission are its efforts to carry out investment and advisory activities with the intent to ‘do no harm’ to people and the environment.”<sup>41</sup> To help meet this mandate, IFC seeks to ensure that “[p]roposed investments that are determined to have moderate to high levels of environmental and/or social risk, or the

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<sup>37</sup> UNICEF, National Prevention and Response Plan on Violence Against Children in Kenya 2019–2023 (Nairobi, Kenya: Republic of Kenya, June 2020), p. 38, <https://officecao.org/3YbNP88>.

<sup>38</sup> Complainants expressed a fear of threats and retaliation for coming forward with their complaints. To protect their identities, CAO has omitted personal details, including specific details of their personal narratives.

<sup>39</sup> UNICEF defines a child as, “Any individual under the age of 18, regardless of whether the national age of majority is younger.” See UNICEF, *Child Safeguarding Toolkit for Business* (May 2018), p. 13, <https://officecao.org/3SjRtcm>.

<sup>40</sup> CAO Policy, para 91.

<sup>41</sup> IFC, *Policy on Environmental and Social Sustainability*, para. 9.

potential for adverse environmental and/or social impacts will be carried out in accordance with the requirements of the Performance Standards.”<sup>42</sup>

### ***Pre-Investment E&S Due Diligence and Post-Approval Supervision***

As a first step, IFC is required to conduct pre-investment E&S due diligence of all its investment activities. For financial intermediaries, such as Learn Capital, that are potential clients, the 2012 Sustainability Policy states that

“to appropriately identify the environmental and social risks related to FI investments during the project E&S appraisal process, IFC reviews the existing portfolio and prospective business activities of its FI clients to identify activities where the FIs and IFC could be exposed to risks as a result of their investments, and defines requirements for managing these risks. IFC reviews the implementation capacity of FIs as well as their Environmental and Social Management System (ESMS), as required by Performance Standard 1.”<sup>43</sup>

Based on the results of the pre-investment review and taking into consideration “IFC’s investment type, the use of proceeds from the IFC investment, and the level of risk associated with the FI’s portfolio,” IFC is required to ensure that its FI clients “develop and operate an ESMS that is commensurate with the level of E&S risks in its portfolio, and prospective business activities, [and] [t]he ESMS should incorporate relevant principles of PS 1.” Furthermore, if IFC’s FI clients’ “portfolio and/or prospective business activities [...] present moderate to high environmental or social risks (i.e., Category FI–1 and FI–2),” those moderate- to high- risk portfolio and/or prospective business activities are required to “apply relevant requirements of the Performance Standards.”<sup>44</sup>

After an investment has been approved by the IFC Board of Directors, committed, and disbursed, IFC must, among other supervision requirements, periodically review the process and results of the E&S due diligence as conducted by FIs for its investments. IFC supervision may include visits to subprojects, the frequency and focus of which must be commensurate with the investments’ identified risks. IFC must work with its FI clients to help them address any shortcomings in their ESMS.<sup>45</sup>

### ***Applicable Performance Standards***

The following IFC Performance Standards are particularly relevant to the issues raised in the complaints:

- **PS 1: Assessment and Management of Environmental and Social Risks and Impacts.** PS 1 requires that clients identify and evaluate “all relevant environmental and social risks and potential impacts”<sup>46</sup> related to an IFC investment. Among them are risks and impacts pertaining to child sexual abuse. While not specifying CSA by name, PS1 requires clients with projects with specifically identified physical elements, aspects, and facilities likely to generate E&S impacts to: (1) identify individuals and groups that may be

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<sup>42</sup> IFC, *Policy on Environmental and Social Sustainability*, para. 3.

<sup>43</sup> IFC, *Policy on Environmental and Social Sustainability*, para. 34.

<sup>44</sup> IFC, *Policy on Environmental and Social Sustainability*, para. 35, bullet points 1 and 4.

<sup>45</sup> IFC, *Policy on Environmental and Social Sustainability*, para. 45, bullet point 6.

<sup>46</sup> IFC, *Performance Standards on Environmental and Social Sustainability*, PS1, para. 7, <https://officecao.org/3WMIJD1>

directly and differentially or disproportionately affected by a project due to their disadvantaged or vulnerable status; and (2) propose and implement differentiated measures so that adverse impacts do not fall disproportionately on these persons. Children are included among these groups due to their age.<sup>47</sup>

- **PS 4: Community Health, Safety, and Security.** Among other requirements, PS 4 expects IFC's clients to avoid and minimize routine and non-routine community health, safety, and security risks,<sup>48</sup> and to evaluate those risks and impacts throughout the life of the project.<sup>49</sup>

### **7.2.2. Preliminary Indications of Non-Compliance with IFC Policy**

Based on the information available during the compliance appraisal process, CAO finds preliminary indications that IFC did not comply with its Sustainability Policy obligations regarding its investment in LC in two key respects. First, there are preliminary indications that IFC did not appropriately identify all of the social risks related to at least some of LC's business activities prior to making its investment. Second, there are preliminary indications that, during supervision, IFC did not adequately supervise LC. Specifically, there are preliminary indications that IFC did not appropriately supervise LC's supervision of its subproject investment in Bridge International Academies.

#### ***Preliminary Indications of Non-Compliance During Pre-Investment Review***

Preliminary information provided by IFC indicates that specific risks to children were not considered during the pre-appraisal E&S due diligence process. IFC carried out its E&S due diligence of LC during the appraisal stage, between December 2013 and January 2014. According to preliminary information provided by IFC, the due diligence consisted of a review of the client's existing E&S management system; a call with the individual overseeing E&S issues, and the client's response to the IFC's standard Social and Environmental Management System questionnaire. Preliminary information provided by IFC indicates that risks and impacts on vulnerable people, which includes children in the context of schools, were not discussed with the client and did not form part of their review of LC's existing portfolio or past E&S performance. Preliminary information indicates that the same is true of IFC's client questionnaire.

The questionnaire, which included questions pertaining to social impacts at the time it was answered, did not include specific questions regarding potential risks and impacts on children or other vulnerable groups. Notably, when the questionnaire was answered by IFC's client, it included a screening question on whether the client had invested in projects that entailed land acquisition -a question aimed at fleshing-out social risks pertaining to land acquisition and involuntary resettlement. At the time of answering, Learn Capital held an investment in Bridge International Academies as part of its existing portfolio, and noted that Bridge International Academies purchased land on which it built single-classroom schools, and that it had a well-outlined policy and procedure for doing so.

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<sup>47</sup> PS 1, para 12 and PS 1, para 12, footnote 18.

<sup>48</sup> PS 4, para. 1.

<sup>49</sup> PS 4, para. 5.

CAO finds that there are preliminary indications that IFC did not comply with its obligations to appropriately identify the prospective investment’s potential E&S risks and impacts at appraisal. Specifically, preliminary information indicates that IFC did not assess the risks and impacts on children, despite making an investment in the education sector where children are likely to be present and despite knowing that Learn Capital already had investments in its portfolio that included building and operating schools—in this case its investment in Bridge International Academies.

### ***Preliminary Indications of Non-Compliance During Supervision***

As stated previously, IFC’s Sustainability Policy requires IFC to periodically review the process and results of the E&S due diligence conducted by the FI for its investments. The Policy goes on to mention that IFC supervision may include visits to subprojects and that the frequency and focus of supervision visits must be commensurate with the investments’ identified risks. Also, IFC must work with its FI clients to help them address any shortcomings in their ESMS.<sup>50</sup>

CAO’s preliminary review of information indicates that IFC worked with LC to revise its ESMS. Among the revisions, IFC requested that LC establish differentiated risk management measures for subprojects in emerging markets. Preliminary information indicates that, as a result, LC’s ESMS included a process through which category B investments in emerging markets would develop a “Comprehensive E&S System.” LC, in turn, would provide IFC with E&S monitoring reports that would include information on the implementation of the E&S systems of category B subprojects in emerging markets.

Preliminary information provided by IFC indicates that LC provided E&S reports for all known category B investments in emerging markets, **except** for Bridge. Preliminary information provided by IFC indicates that this occurred because, during supervision, IFC agreed to rely on its own supervision of Bridge as a direct equity investment, and not undertake the additional supervision of Bridge as an LC subproject, as it should have.

As described in section 3, CAO’s investigation of IFC’s direct investment in Bridge International Academies<sup>51</sup> found that IFC failed to satisfy its E&S requirements under the Sustainability Policy, PS 1 on Assessment and Management of Environmental and Social Risks and Impacts, and PS 4 on Community Health, Safety, and Security. Specifically, during its supervision of its direct investment in Bridge, IFC failed to regularly monitor or substantively address project-related child sexual abuse and GBV risks and impacts. In its Management Response to the Bridge-04 investigation, IFC stated that they should “have better anticipated the risks to children” and that IFC’s supervision of the project’s compliance “should have been stronger.”<sup>52</sup>

CAO finds that there are preliminary indications that IFC did not comply with its obligations to appropriately supervise the social risk management of Bridge International Academies as an LC subproject. Specifically, IFC failed to regularly monitor or substantially address child sexual abuse risks and impacts. CAO’s preliminary analysis indicates that, by adopting a delegated approach,

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<sup>50</sup> IFC, *Policy on Environmental and Social Sustainability*, para. 45.

<sup>51</sup> CAO, *CAO Initiated Investigation of IFC’s Investment in Bridge International Academies (Bridge-04)*, pp.30–33.

<sup>52</sup> IFC, *Management Report and Management Action Plan (Bridge-04)*, p.3.

where IFC agreed to supervise the E&S performance of Bridge as its direct investment and not as both an LC subproject *and* an IFC direct investment, IFC relied exclusively on a faulty supervision process that a completed CAO investigation found to be in non-compliance.

### **7.3. Analysis of Plausible Link Between Harm and Non-Compliance**

Lastly, a CAO compliance appraisal must consider whether “the alleged Harm is plausibly linked to the potential non-compliance.”<sup>53</sup> In determining whether there is a plausible link, CAO considers the relationship between the potential non-compliance and alleged harm without requiring evidence of causation or contribution.<sup>54</sup>

In this case, **CAO considers that there is a plausible link between the complainants’ allegations of harm and potential IFC non-compliance in relation to the LC investment**, noting that the preliminary indications of harm identified in this compliance appraisal are the types of issues that IFC’s Sustainability Framework seeks to avoid, mitigate, and compensate by applying Performance Standards requirements to projects.

Complainants allege that they were sexually abused and harassed by a teacher while they were enrolled as students at a Bridge International Academies school. Three of the four complaints also claim that the school did not take any action after they informed the administration that they had been sexually abused and harassed.

Available preliminary information suggests that IFC’s pre-investment E&S review of the project did not adequately identify the potential risks and impacts on children, including the risk of child sexual abuse. This, despite information that LC held existing investments with known social risks and that most of LC’s investments are in the education sector, where children are key beneficiaries. This omission in the assessment of social risks and impacts, especially those pertaining to children, is plausibly linked to the harms alleged by complainants.

IFC did not supervise Bridge as an LC subproject, and instead agreed to supervise Bridge as an IFC direct investment. CAO’s Bridge-04 investigation found that IFC failed to fully comply with PS 1 and 4 during supervision of its direct investment in Bridge. IFC’s E&S supervision obligations required it to regularly monitor Bridge’s compliance with PS requirements that were relevant to project-related child sexual abuse risks and impacts—with which it did not comply. This non-compliance was found to have caused harms like those alleged by the complainants and is likely related to the allegations of harm in the four complaints.

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<sup>53</sup> CAO Policy, para. 91.

<sup>54</sup> Office of the United Nations High Commissioner for Human Rights, *The Corporate Responsibility to Respect: An Interpretive Guide*, (Geneva: OHCHR, 2012), p. 5, <https://officecao.org/4dbGzqK>; OECD, *OECD Guidelines for Multinational Enterprises on Responsible Business Conduct* (Paris, OECD Publishing, 2023), <https://officecao.org/4dbGCsW>; OHCHR, “OHCHR Response to Request from BankTrack and OECD Watch for Advice Regarding the Application of the UN Guiding Principles on Business and Human Rights where Private-Sector Banks Act as Nominee Shareholders” (OHCHR, August 30, 2021), p. 4, <https://officecao.org/3YiTPvT>.

## **Summary**

Based on available information, the section above shows that:

1. There are preliminary indications of harm to the complainants—in this case, harms related to child sexual abuse;
2. There are preliminary indications that IFC may not have complied with its E&S Policies; and
3. The alleged harm to the complainants is plausibly linked to IFC’s potential non-compliance.

### **7.4. Additional Policy Considerations**

Per paragraph 92 of the CAO Policy, a compliance appraisal takes into account a number of additional considerations.<sup>55</sup> In this case, three of the four considerations in paragraph 92 are relevant to this compliance appraisal:

- For a subproject where an IFC exit has occurred at the time that CAO completes its compliance appraisal, whether an investigation would provide particular value in terms of accountability, learning, or remedial action despite the exit.
- Whether Management has clearly demonstrated that it dealt appropriately with the issues raised by the Complainant or in the internal request and followed E&S Policies OR whether Management acknowledged that it did not comply with relevant E&S Policies.
- Whether Management has provided a statement of specific remedial actions, and whether, in CAO’s judgment after considering the Complainant’s views, these proposed remedial actions substantively address the matters raised by the Complainant.

#### **7.4.1. For a subproject where an exit has occurred, would an investigation provide particular value in terms of accountability, learning, or remedial action**

In cases where IFC has exited a project or subproject at the time that CAO completes its compliance appraisal, CAO must consider “whether an investigation would provide particular value in terms of accountability, learning, or remedial action despite the exit.”<sup>56</sup> This provision requires CAO to determine the value of conducting a compliance investigation where there is no longer an active financial relationship between IFC and the business activity subject to a complaint. In this case, when CAO received the four complaints, it found them eligible based on IFC’s exposure to Bridge through its investment in LC, for which Bridge was a subproject. In February 2024, while the assessment process of the complaints was ongoing, CAO was informed that Bridge had transitioned into an independent foundation, apart from NGS. The transition terminated all financial engagements between NGS and Bridge, thereby also ending IFC’s indirect exposure to Bridge as an LC subproject.

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<sup>55</sup> CAO Policy, para 92.

<sup>56</sup> CAO Policy, Para 92 (a).

In terms of learning, preliminary information indicates that undertaking an investigation is unlikely to provide particular value. The nature and circumstances of the alleged harm and related non-compliance raised by the four complaints was considered during the Bridge-04 investigation,<sup>57</sup> which IFC has responded to by acknowledging that its attention to risks and impacts of child sexual abuse was inadequate.<sup>58</sup> Furthermore, in the MAP developed in response to the Bridge-04 investigation, IFC committed to taking systemic and institutional level actions aimed at building its capacity to prevent child sexual abuse from happening in its investments, including institution-wide training and the development of guidance materials<sup>59</sup> While these actions are currently being designed under the MAP, which CAO is monitoring, there are preliminary indications that IFC is acting on the lessons learned around the appropriate management of risks and impacts pertaining to child sexual abuse that emerged from the Bridge-04 investigation. CAO therefore does not believe that a new investigation would lead to learning of particular value to the institution.

In terms of remedy, preliminary information indicates that undertaking an investigation is unlikely to provide particular value. As described in section 3, IFC will directly fund a remediation program for survivors of child sexual abuse in counties where Bridge operated or currently operates in Kenya. The funding will be for a minimum of 3 years and a maximum of 10 years, to be adjusted based on outcomes of the design phase.

The remediation program is expected to provide, among other measures, financial support, with the objective of enabling survivors of child sexual abuse to access the services covered in the program; psychosocial support and counseling services for survivors of child sexual abuse; health care support; community reintegration support to facilitate survivors' continued education and/or age-appropriate efforts to pursue gainful employment; and integration with quality legal services that are child-sensitive, survivor-centered, and competent in dealing with crimes against children for survivors seeking advice or legal redress against perpetrators.<sup>60</sup> It is important to mention that, although the remediation program does not explicitly include compensation, which was recommended by CAO and has been requested by complainants, CAO believes that an additional investigation is unlikely to lead to additional remediation measures beyond what IFC has already committed to under the Bridge-04 MAP. CAO therefore does not believe that an investigation would provide particular value in terms of remedy.

In terms of accountability, as mentioned previously, the Bridge-04 investigation was self-initiated by CAO. As a result, there are no formal complainants to provide remarks on IFC's progress monitoring reports regarding the implementation of the Bridge-04 MAP. By merging the complaints with the ongoing Bridge-04 monitoring process, complainants would gain formal status in the Bridge-04 monitoring process and would have the opportunity to provide formal feedback on the adequacy of IFC's actions and their implementation as part of CAO's compliance monitoring reports. This would enhance the accountability of the ongoing monitoring process.

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<sup>57</sup> The Bridge-04 investigation mentions that IFC and CAO were jointly aware of multiple incidents involving 23 child survivors. The four complainants in the Learn Capital 01-04 cases analyzed in this appraisal are among the 23 child survivors identified in this report. See CAO, *CAO Initiated Investigation of IFC's Investment in Bridge International Academies (Bridge-04)*, p. 54. 54.

<sup>58</sup> IFC, *Management Report and Management Action Plan (Bridge-04)*, pp. 11–12.

<sup>59</sup> IFC, IFC, *Management Report and Management Action Plan (Bridge-04)*, pp. 29–31.

<sup>60</sup> IFC, *Management Report and Management Action Plan (Bridge-04)*, pp. 25–27.

CAO does not see particular value in terms of accountability to initiating a new investigation that is likely to lead to a MAP with similar actions as those in the Bridge-04 MAP.

#### **7.4.2. Has Management acknowledged that it did not comply with relevant E&S Policies.**

CAO Policy also requires CAO to consider “whether Management has clearly demonstrated that it dealt appropriately with the issues raised by the Complainant or in the internal request and followed E&S Policies OR whether Management acknowledged that it did not comply with relevant E&S Policies.”

CAO is of the view that IFC management has acknowledged that it did not comply with E&S policies directly relevant to the issues raised by complainants. In response to the Bridge-04 investigation, IFC acknowledged that it “should have better anticipated the risks to children”<sup>61</sup> and agreed with CAO that during both E&S appraisal and supervision its attention to risks of child sexual abuse was inadequate.<sup>62</sup> Similar language is reiterated in the Management Response to the four complaints subject of this compliance appraisal, where IFC asserts that, “In response to the Bridge 4 investigation, Management acknowledged that IFC needs to better consider the risks to children and of GBV in projects, during project appraisal and supervision, and in working with clients.”<sup>63</sup> In light of the above, CAO believes IFC has already acknowledged that it did not comply with relevant E&S policies applicable to the four complaints that are the subject of this compliance appraisal.

#### **7.4.3. Has Management Provided a Statement of Specific Remedial Actions and, in CAO’s Judgment After Considering the Complainant’s Views, Do the Proposed Remedial Actions Substantively Address the Matters Raised by the Complainants**

The final applicable consideration from paragraph 92 of the CAO Policy is “whether Management has provided a statement of specific remedial actions, and whether, in CAO’s judgment after considering the Complainant’s views, these proposed remedial actions substantively address the matters raised by the Complainant.”

Under the Bridge-04 MAP, IFC management has committed to establishing a “remediation program [that] will aim to facilitate the engagement and inclusion of available governmental services—or provide services if not available—for survivors of child sexual abuse and their families.”<sup>64</sup> In its MAP, IFC management notes that the program may include:

“(i) Psychosocial support and counseling services for survivors of child sexual abuse; (ii) Health care support, including adolescent sexual and reproductive health services; (iii) Community reintegration support to facilitate survivors’ continued education and/or age-appropriate efforts to pursue gainful employment and; (iv) Integration with child-sensitive, survivor-centered quality legal services that are competent in dealing with crimes against children for survivors seeking advice or legal redress against perpetrators.”<sup>65</sup>

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<sup>61</sup> IFC, *Management Report and Management Action Plan (Bridge-04)*, p. 3.

<sup>62</sup> IFC, *Management Report and Management Action Plan (Bridge-04)*, paras. 27 and 30.

<sup>63</sup> IFC’s *Management Response to the CAO Complaint on Learn Capital III*, para 12. (See appendix B for full text of the Management Response.)

<sup>64</sup> IFC, *Management Report and Management Action Plan (Bridge-04)*, p. 26.

<sup>65</sup> IFC, *Management Report and Management Action Plan (Bridge-04)*, p. 26.



Additionally, IFC management has committed to providing “financial support with the objective of enabling survivors of child sexual abuse to access the services covered in the program would be provided, on a case-by-case basis, as needed, after careful assessment.”<sup>66</sup>

The remediation measures mentioned above are largely consistent with the measures requested by complainants. As described in section 2 of this report, during the assessment process, complainants shared with CAO that they would like to receive the following measures to remediate the harm that they have suffered: (1) psychological counselling to heal from their traumatic experience; (2) financial support to pursue higher education; (3) financial assistance to undertake legal action against their perpetrator; and (4) compensation to remedy emotional harm and financial losses.

It is important to underscore that, at the time of writing this compliance appraisal, the specific remediation measures that will be available through the Bridge-04 MAP’s remediation program have yet to be fully defined and remain subject to the stakeholder engagement process outlined in section 3 of this report. IFC expects to undertake stakeholder consultations within the first six months of the life of the MAP to gather feedback to define the design of the remediation program, including the services that should be provided, the length of the program, budget, logistics, and other operational decisions.

Given the above, CAO believes that there is an opportunity for the complainants to meaningfully engage in the context of the MAP, and to provide feedback on the design of the remediation program. CAO is therefore of the view that the Bridge-04 MAP has the potential to substantially address the matters raised by the four complainants.

IFC has stated that it will consult CAO on the development of the remediation program. CAO will continue to closely monitor IFC’s implementation of the MAP, as requested by the Board.

### **Summary**

Based on available information, the section above shows that:

- At the time that this compliance appraisal was completed, IFC had exited its financial exposure to Learn Capital’s Bridge subproject. CAO finds that a new investigation would not provide particular value in terms of accountability, learning, or remedial action despite the exit.
- IFC Management has acknowledged that it did not comply with relevant E&S Policies relevant to the four complaints, specifically, that during both E&S appraisal and supervision of its investment in Bridge its attention to risks of child sexual abuse was inadequate.
- IFC has provided a statement of specific remedial actions, in this case the actions included in the Bridge-04 MAP and, in CAO’s judgment after considering the Complainant’s views, CAO believes that the proposed remedial actions can substantively address the matters raised by the complainants.

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<sup>66</sup> IFC, *Management Report and Management Action Plan (Bridge-04)*, p. 26.

Furthermore, per paragraph 98 of the CAO policy, CAO has not considered the possibility of deferring a decision to investigate because the specific circumstances that can lead to an investigation deferral are not present.<sup>67</sup>

#### **7.4.4. Considerations Regarding a Sub-Project That Has Already Been the Subject of a Compliance Investigation.**

A final relevant consideration for this appraisal comes from paragraph 93 of the CAO policy, which states:

“In relation to a Project or Sub-Project that has already been the subject of a compliance investigation, CAO may: (a) close the complaint; (b) merge the complaint with the earlier compliance process, if still open, and the complaint is substantially related to the same issues as the earlier compliance process; or (c) initiate a new compliance investigation only where the complaint raises new issues or new evidence is available.”

This paragraph is relevant because Bridge, a subproject in IFC’s LC investment, has already been the subject of a CAO investigation. CAO therefore turned its attention to whether the complaint should be closed, merged, or if a new complaint should be initiated.

After a thorough analysis of available information, CAO does not believe that the complaint should be closed or that a new complaint should be initiated. CAO does think that the complaints should be merged with the existing and ongoing Bridge-04 monitoring process. In making its decision, CAO considered the following: (1) the complaints are substantially related to the issues investigated under an earlier compliance process, and (2) there are no new issues raised and no new relevant evidence.

The four complaints are substantially related to the issues investigated under the Bridge-04 compliance process and do not raise new issues or provide new relevant evidence. All complaints pertain to child sexual abuse that occurred at a Bridge International Academies school and consist of instances previously known to CAO. The specific incidents and associated harms at the heart of the four complaints received were examined as part of the Bridge-04 investigation, and the root of the indications of non-compliance appears to be the same as that of the non-compliances identified in Bridge-04, namely that IFC did not consider children a vulnerable group, overlooking the significant risks and impacts of child sexual abuse.

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<sup>67</sup> IFC may request the deferral of a CAO decision to investigate to allow time to directly resolve the issues raised in a complaint (CAO Policy, para 86). CAO considers an IFC deferral request based on the application of the four criteria: a) The severity of alleged Harm and potential compliance issues raised by the Complainant, including whether the issues of alleged Harm are clearly defined, limited in scope, and appear to be amenable to early resolution; b) Whether the Management response includes specific commitments that are commensurate with the issues raised in the complaint or during the assessment, and consistent with IFC/MIGA policy requirements; c) The views of the Complainant as to the impact (positive and negative) of a decision to defer; and d) Other information deemed relevant by CAO.2 (CAO Policy, para. 98).

## 8. CAO Decision and Next Steps

In considering CAO Policy's paragraphs 92 and 93, and for reasons outlined in section 7, **CAO has decided to merge the complaints with the ongoing Bridge-04 monitoring process. Additionally, CAO will incorporate indicators pertaining to the supervision of risks and impacts on children, including child sexual abuse, in CAO's ongoing monitoring of IFC's financial intermediary portfolio.**<sup>68</sup>

This appraisal report will be published on the CAO website and shared with the Board, IFC management, the IFC client, and the complainants.<sup>69</sup>

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<sup>68</sup> CAO, Multi-Regional: CAO Compliance Audit of IFC's Financial Sector Investments, available here: <https://officecao.org/3ytzKs0>.

<sup>69</sup> CAO Policy, para. 106.

## Appendices

### Appendix A. Complaints<sup>70</sup>

#### Complaint No. 1

[REDACTED]  
[REDACTED]  
16/06/2023

Office of the CAO  
Washington DC [sic]  
U.S.A

Dear Sir,

Re: Complaint

I wish to lodge a complaint with you following the incident which took place at my former school [REDACTED] in 2014 and 2016 through one of the teacher [REDACTED]. Nothing was done by the administration even after it was confirmed that I and the other [REDACTED] were sexually abused and harassed.

I am looking forward for justice to prevail and action be taken against them.

Thank you

Your's faithful  
[REDACTED]

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<sup>70</sup> To protect the privacy and security of the complainants, the original handwritten complaints were transcribed, and personal information was redacted.

**Complaint No. 2**

[REDACTED]  
[REDACTED]  
[REDACTED]

19/06/2023

Office of the CAO  
Washington DC [sic]  
U.S.A

Dear Sir,

RE: Complaint

I wish to write a letter to you following the incident that happened at my former school Bridge [REDACTED] in 2014 and 2016 through [REDACTED]. The administration did not take any other action after we were sexually abused and harassed. The incident affected me mentally and any psychosocial asupport [sic] was not offered.

I am looking forward for an action to be taken against him.

Thank you.

Yours faithful,

[REDACTED]

**Complaint No. 3**

[REDACTED]  
[REDACTED]  
[REDACTED]

22/06/2023

The CAO Office  
Washington [sic]

Dear Sir,

Re: Formal complaint

I am writing this letter to your office to follow up for justice on the sexual abuse case which happened to me while at Bridge Academy in 2016 of which no action was taken against the perpetrator.

I look forward for storm measures against the whole management who did not follow up on the case. Thank you.

Yours faithfully,

[REDACTED]

**Complaint No. 4**

[REDACTED]  
[REDACTED]  
04/08/2023  
[REDACTED]

Office of the CEO  
Washington D.C [sic]  
U.S.A

Dear Sir,

Re: Complaint

I wish to lodge a complaint with you following the incident which took place at my former school Bridge [REDACTED] in 2014 and 2016 through one of the teacher [REDACTED]. Nothing was done by the administration even after it was confirmed that I and other [REDACTED] girls were sexually abused and harassed.

I am looking forward for justice to prevail and action be taken against them.

Thank you.

Yours faithful,  
[REDACTED]

**Appendix B. IFC Management Response**

**INTERNATIONAL FINANCE CORPORATION**

**MANAGEMENT RESPONSE  
TO THE CAO COMPLAINT  
ON**

**KENYA - Learn Capital Venture Partners III LP  
(PROJECT NO. 32429)**

**June 14, 2024**

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## **ABBREVIATIONS AND ACRONYMS**

CAO	Office of the Compliance Advisor Ombudsman
E&S	Environmental and Social
GBV	Gender Based Violence
IFC	International Finance Corporation
MAP	Management Action Plan
NGO	Non-Governmental Organization
PSs	IFC's Environmental and Social Performance Standards
US\$	United States Dollar
WBG	World Bank Group

## PREFACE

I. Child sexual abuse is unacceptable in any project financed by the International Finance Corporation (IFC). It is unacceptable in a country such as Kenya, where the 2019 Violence Against Children Survey shows that 15.6 percent of females experienced childhood sexual violence, among which nearly two-thirds (62.6 percent) experienced multiple incidents before age 18.<sup>71</sup>

II. IFC has taken serious note of the troubling allegations brought forward by the four complainants, stating they are survivors of child sexual abuse and harassment perpetrated by a teacher while they were students at a Bridge International Academies (Bridge) school in Kenya. We consider these women to be very courageous for coming forward.

III. The issues raised in these four complaints are of the same nature as those investigated in CAO's self-initiated compliance investigation on allegations of child sexual abuse at Bridge schools in Kenya (Bridge 04).

IV. In response to the Bridge 4 investigation, IFC is directly funding a [remediation program](#) that builds on and supports established Gender Based Violence (GBV) service delivery programs in counties where Bridge operated or currently operates in Kenya. The remediation program will be led either by relevant international agencies and/or reputable international or local NGOs with a solid track record of addressing child sexual abuse and GBV. Services will be open for any survivors of child sex abuse to use, regardless of the environment in which the abuse occurred. IFC will support this remediation program for a minimum of three years and up to ten years, subject to design, evaluation and exit milestones, as described in the Management Action Plan (MAP) approved by the Board. IFC's MAP was designed to allow for continuous and meaningful participation of affected stakeholders and communities.

V. IFC will collaborate with CAO as it proceeds with an appraisal to determine whether an additional compliance investigation is warranted. In the meantime, IFC reached out to the CAO and civil society organizations that we understand to be in contact with the complainants, to invite the survivors to participate in the program design and benefit from the community services proposed under the remediation program in the MAP – in whatever way they feel comfortable.

VI. The CAO Policy provides the option to merge a complaint with an earlier compliance process that is substantially related to the same issues. IFC would be supportive if these cases are merged with the Bridge 4 compliance process, providing an opportunity for the four survivors to participate in the design of IFC's remediation program to support survivors of child sexual abuse in Kenya.

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<sup>71</sup> Ministry of Labour and Social Protection of Kenya, Department of Children's Services, 2019. [Violence against Children in Kenya: Findings from a National Survey, 2019](#). Nairobi, Kenya.

## **I. INTRODUCTION**

1. This Management Response constitutes the International Finance Corporation (IFC)'s response to the Compliance Advisor Ombudsman (CAO) Assessment Report on the complaints related to Bridge International Academies (Bridge) in Kenya through IFC's Investment in Learn Capital Venture Partners III LP (Learn Capital III) (IFC Project # 32429).

## **II. PROJECT BACKGROUND**

2. In 2013 and 2016, IFC invested a total of US\$13.5 million of equity in NewGlobe Schools, the parent company of Bridge, Africa's largest chain of low-cost schools. At the time of IFC's investment, Bridge operated 211 schools serving over 57,000 students in Kenya and aimed to provide quality education to children from families earning less than \$2 per person per day. IFC's investment was intended to support an increase in the number of schools in Kenya and expansion to 3 new countries. IFC exited its investment in NewGlobe Schools in March 2022.

3. IFC continued to have an indirect exposure to NewGlobe Schools through its investment in the financial intermediary Learn Capital Venture Partners III LP. IFC committed up to \$21.9 million to Learn Capital III to establish an Education Innovation Fund, a \$150 million venture capital fund to invest in early to mid-stage innovative education companies that would expand access to, and quality of, education in emerging markets. At the time of complaint receipt, Learn Capital III held equity in NewGlobe Schools, Inc. (NewGlobe Schools), which was the parent company of Bridge.

4. Since CAO's eligibility decision, Bridge has transitioned to be an independent foundation from NewGlobe Schools in February 2024. Bridge is now neither owned nor controlled by NewGlobe Schools. Hence neither IFC (indirectly) nor Learn Capital III has any further exposure to Bridge.

5. The investment in Learn Capital III was classified as Category FI-2 (medium risk), according to IFC's Sustainability Policy.

## **III. CAO COMPLAINT**

6. From June to August 2023, CAO received complaints from four women who are former students of one of Bridge's schools in Kenya. The four complainants stated that they are survivors of child sexual abuse and harassment perpetrated by a teacher while they were students at one Bridge school in Kenya and that they were between the ages of 10 and 15 years old when the incidents occurred.

7. In CAO's assessment report, the complainants shared their account: One of the survivors approached another Bridge teacher in confidence to share information about the abuse and ask for

help. This teacher called for a meeting between the school management and the survivors who had decided to come forward to report the abuse. Following that meeting, the survivors and their parents were taken to a police station to file a formal complaint and then to the hospital for a physical examination. The teacher who had perpetrated the abuse absconded and was never arrested.<sup>72</sup>

8. The complainants expressed their wish to receive counselling, educational and livelihood support and for the perpetrator to be prosecuted. They do not wish to engage with IFC's former client, Bridge.

9. Management understands that the complainants were informed about IFC's draft Management Action Plan (MAP) in response to the CAO self-initiated compliance investigation on child sex abuse in Bridge schools in Kenya and CAO's comments to IFC's Board on the draft MAP included the complainants' input.<sup>73</sup>

#### IV. MANAGEMENT RESPONSE

10. The CAO Policy provides specific appraisal criteria to determine whether a compliance investigation is necessary in relation to a project that has already been subject of a compliance investigation. In such a case CAO may: (a) close the complaint; (b) merge the complaint with the earlier compliance process, if the complaint is substantially related to the same issues as the earlier compliance process, and that process is still active; or (c) initiate a new compliance investigation when the complaint raises new issues or new evidence is available.

11. In its Assessment Report, CAO confirms that the issues raised by the four complainants are the same as analyzed in CAO's self-initiated compliance investigation on child sex abuse in Bridge schools in Kenya (Bridge 4).

12. In response to the Bridge 4 investigation, Management acknowledged that IFC needs to better consider the risks to children and of GBV in projects, during project appraisal and supervision, and in working with clients. IFC further acknowledged that it needs to put in place strong measures to mitigate and address those risks. IFC is continuously strengthening its capacity to identify risks preemptively, apply lessons learned, improve approaches to addressing GBV risks, particularly against children, and equip investment teams to take more action against GBV and to safeguard children.

13. In March 2024, the IFC Board approved a MAP in relation to Bridge 4 that proposed remedial actions to substantively address the issues that are now brought forward again in the Learn Capital complaints. The MAP was designed to allow for continuous and meaningful participation of affected stakeholders.

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<sup>72</sup> CAO Assessment Report, p.6, <https://www.cao-ombudsman.org/sites/default/files/downloads/Kenya-LearnCapital-01-04-CAO-Assessment-Report-May-2024-ENG.pdf>

<sup>73</sup> Ibidem.

14. IFC is directly funding a remediation program that builds on and supports established service delivery programs in counties where Bridge operated or currently operates in Kenya, led either by relevant international agencies and/or reputable international or local NGOs with a solid track record of addressing child sexual abuse and GBV. Services will be open for any survivors of child sex abuse to use, regardless of the environment in which the abuse occurred. Services will include:

- (i) Psychosocial support and counseling services for survivors of child sexual abuse.
- (ii) Health care support, including adolescent sexual and reproductive health services.
- (iii) Community reintegration support to facilitate survivors' continued education and/or age-appropriate efforts to pursue gainful employment.
- (iv) Integration with child-sensitive, survivor-centered quality legal services that are competent in dealing with crimes against children for survivors seeking advice or legal redress against perpetrators.

15. As indicated in the Bridge 4 management response, IFC carefully considered CAO's suggestion for the program to provide financial compensation, on a 'no-fault,' basis as appropriate. Management's deliberations to prioritize a survivor centered program open to all is guided by global good practices, based on evidence and GBV and child protection expertise.

16. In this context, financial support with the objective of enabling survivors of child sexual abuse to access the services covered in the program may be provided, on a case-by-case basis, as needed, after careful assessment. The modalities of such financial support and eligibility criteria to access it will be determined in the design phase after consultation with stakeholders including local and international child protection experts, local and international non-governmental organizations active in survivors support, and survivors of child sexual abuse that wish to come forward. This could include for example, cash payments for transportation and incidentals, as well as for lost wages resulting from accessing program services, and reimbursements for directly related past expenses that would otherwise have been eligible under the program, in accordance with the program procedures and subject to verification.

17. IFC will continue, as appropriate, to encourage other existing and former investors and stakeholders of Bridge to similarly develop and contribute to support survivors of child sexual abuse to ensure a consistent and measured response.

18. The program will be complemented with prevention activities aiming to engage local communities and services in target counties in Kenya to strengthen prevention and outreach to populations at risk of child sexual abuse and GBV, and to facilitate community discussions around harmful gender norms and behaviors. IFC will support this remediation program for a minimum of three years and up to ten years, subject to design, evaluation and exit milestones.

19. By partnering with established, competent service providers with existing programs in target locations, IFC will be able to support the strengthening of services, while also enabling the sustainability of these services after IFC concludes its support in accordance with the exit milestones. Furthermore, in recognition of the deeply entrenched nature and pervasiveness of GBV and child sexual abuse, IFC's proposed approach aims to contribute to the collective efforts of organizations working on combatting these challenges across the country.

20. The Bridge 4 MAP also includes comprehensive actions on institutional learning relating

to GBV. IFC has committed to improving its systems to better understand the risks to children and of GBV in projects and work with clients to put in place strong measures to mitigate or address those risks.

21. IFC has reached out to the CAO and civil society organizations advocating on behalf of the four women and invited the complainants to participate in this program. Together with the CAO, IFC is committed to creating and maintaining a safe and secure environment for the complainants to engage in.

22. IFC considers that the services included in the remedial actions of the MAP for Bridge 4 are aligned with the expressed needs of the complainants, and that IFC continues to welcome the participation of the complainants in this program. In light of the above, should the CAO decide to merge the Learn Capital III complaints with the earlier Bridge 04 compliance investigation on the Sub-Project, IFC would be supportive of this approach. An additional compliance investigation on the Learn Capital III Sub-Project which is substantially related to the same issues, and where IFC only had an indirect exposure in the past, would likely lead to very similar actions by IFC.

## **V. CONCLUSION**

23. IFC is taking serious note of the troubling allegations brought forward by the four complainants. We consider these women to be incredibly courageous for coming forward.

24. IFC is implementing a Management Action Plan (MAP) in response to the first CAO compliance investigation (Bridge 4). The MAP is directly funding a remediation program that builds on and supports established GBV services in relevant counties in Kenya. IFC has reached out to the CAO and civil society organizations advocating on behalf of the four women and invited the complainants to participate in this program and is committed to creating and maintain a safe and secure environment for the complainants to engage – together with CAO.

25. Should the CAO decide to merge the Learn Capital III complaints with the earlier Bridge 4 complaints, IFC would be supportive of this approach. An additional compliance investigation that is substantially related to the same issues, where IFC only had an indirect exposure in the past, would likely lead to very similar actions by IFC.

## **Disclaimer**

This IFC Management Response is provided in response to the Assessment Report of the Office of the Compliance Advisor Ombudsman (CAO) finding a complaint to a project supported by IFC finance or investment eligible for compliance appraisal.

Nothing in this IFC Management Response or in the process provided for in the CAO Policy (“CAO Process”) (1) creates any legal duty, (2) asserts or waives any legal position, (3) determines any legal responsibility, liability, or wrongdoing, (4) constitutes an acknowledgment or acceptance of any factual circumstance or evidence of any mistake or wrongdoing, or (5) constitutes any waiver of any of IFC’s rights, privileges, or immunities under its Articles of Agreement, international conventions, or any other applicable law. IFC expressly reserves all rights, privileges, and immunities. IFC does not create, accept, or assume any legal obligation or duty, or identify or accept any allegation of breach of any legal obligation or duty by virtue of this IFC Management Response.

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## **Appendix C. Briefing Note from Complainants' Representatives (July 2024)**

### ***Briefing note: How should CAO handle the Learn Capital 01-04 complaints at appraisal?***

#### *Summary*

Four Kenyan women, former students of Bridge International Academies (Bridge), filed complaints with CAO between June and August 2023. As IFC exited its direct investment in Bridge in March 2022, the complaints were not eligible in relation to IFC's investment in Bridge. However, at the time CAO received these complaints, IFC had an ongoing financial exposure to Bridge through a private equity client, Learn Capital. As a result, CAO found the complaints eligible in relation to IFC's investment in Learn Capital (and refers to them as Learn Capital 01-04).

As of May 2024, it is understood that Learn Capital no longer has an equity exposure to Bridge Kenya, as Bridge's parent company, NewGlobe, has spun Bridge Kenya off into what is described as an "independent non-profit" that is expected to launch in mid-July. Based on available information, however, it appears that IFC has an ongoing exposure to NewGlobe through Learn Capital.

As representatives and advisors to the four Complainants, we have prepared this note to share our opinion on how CAO should handle the Learn Capital complaints at appraisal. We conclude that these complaints:

Meet CAO's core criteria for an investigation;

1. Merit investigation considering the additional considerations in para. 92 of the CAO Policy;
2. Should **NOT** be merged with the Bridge 04 complaint and ongoing MAP implementation process;
3. May be amenable to deferral; and more generally that,
4. A distinct compliance process in relation to these complaints is consistent with the CAO mandate, core principles and commitment to a survivor centered approach.

An analysis of the above points is detailed below.

#### *Analysis*

### **The complaints meet the core criteria for investigation.**

Following the CAO Policy (para. 91), CAO's appraisal criteria are:

- a. Preliminary indications of harm;
- b. Preliminary indications of non-compliance with their E&S Policies by IFC; and
- c. A plausible linkage between the alleged harm and the potential non-compliance.

The Learn Capital 01-04 cases meet these criteria.

#### *a. Preliminary indications of harm:*



There is obvious harm to the Complainants, who were sexually abused by a teacher when they were students at Bridge. These harms have had a profound impact on the lives of the complainants and have yet to be remediated. Moreover, IFC's Bridge 04 MAP does not propose any form of direct remediation to the complainants or other survivors of sexual violence at Bridge schools. *Preliminary indications of non-compliance:*

It is difficult to speak to the specifics of IFC's review and supervision of Learn Capital given limited publicly available information. Still, the complainants' experience, considered together with the publicly available facts, strongly suggest non-compliance by IFC in its E&S review and supervision of its investment in Learn Capital.

IFC invested in the Learn Capital III fund (Project #32429) in June 2015.

Learn Capital has been a major investor in Bridge, through its parent company, NewGlobe. Based on [IFC disclosures](#) from 2013, Learn Capital was described as one of four institutional investors owning 63% of NewGlobe. Learn Capital's founder and managing partner, Greg Mauro, served on NewGlobe's Board of Directors. Still today, Learn Capital describes itself as "[the largest investor](#)" in NewGlobe.

Based on IFC's published ESRS, Learn Capital was required to review and supervise all of its investee companies (aka sub-projects) "to ensure that [E&S] risks ... are managed according to the Performance Standards..." To achieve this, Learn Capital was: (a) to develop an "ESMS and capacity to review all sub-projects per ... the Performance Standards," and (b) to supervise the sub-projects accordingly.

Considering the complainants experience of abuse at Bridge schools, and CAO's [compliance findings](#) in the Bridge 04 case, it is clear that NewGlobe was not managing the E&S risks at its schools (in particular risks of child sexual abuse) in accordance with IFC's requirements.

At the same time, CAO has documented the systemic shortcomings in IFC's approach to the review and supervision of its investments through financial intermediaries. In 2017, CAO's [monitoring](#) of IFC's FI portfolio found IFC materially non-compliant in more than two thirds of the investments it reviewed. CAO investigations of IFC investments in funds such as CIFI, India Infrastructure Fund and REAL LRIF confirm that compliance failings plague IFC's private equity investments.

Bridge's clear non-compliance with IFC's standards on child protection, IFC's own failure to address these issues as documented by CAO, and IFC's appalling track record in relation to the management of E&S risks and impacts of its FI investments more generally, all point to likely non-compliance in IFC's review and supervision of its investment in Learn Capital as relates to Bridge.

*b. Plausible link:*

The link between the potential non-compliance and the harms outlined above is clear. The Performance Standards (PS1 and PS4) required Bridge to have in place good international industry practice systems for preventing and addressing child sexual abuse at its schools. Learn Capital had a responsibility to put in place an ESMS to ensure that this happened. And IFC's responsibility was to ensure that Learn Capital in fact put in place such an ESMS. Thus, any non-

compliance in IFC's review and supervision of Learn Capital's ESMS is directly linked to the harm experienced by the complainants.

**1. The complaints merit investigation considering the additional considerations in para. 92 of the CAO Policy.**

In addition to the core criteria outlined above, the CAO Policy (para. 92) provides that CAO will consider the following factors that may be of relevance to the Learn Capital cases:

- a. *For any Project or Sub-Project where an IFC/MIGA Exit has occurred at the time CAO completes its compliance appraisal, whether an investigation would provide particular value in terms of accountability, learning, or remedial action despite an IFC/MIGA Exit.*

As of the time of writing, IFC maintained an investment in Learn Capital and Learn Capital maintained an investment in NewGlobe. Also, while NewGlobe has apparently spun off Bridge Kenya into a new entity, Bridge was a fully controlled NewGlobe subsidiary at the time the complainants were abused. As such this provision should not be applied. If, however, it were applied, it should be clear that a compliance investigation of the Learn Capital complaints would have particular value in terms of remedial action (because it would address the harms suffered by the complainants directly) and learning/accountability (because it would consider IFC's investment in Learn Capital, which was not analyzed in the Bridge 04 investigation).

- b. *The relevance of any concluded, pending or ongoing judicial or non-judicial proceeding regarding the subject matter of the complaint.*

Not applicable.

- c. *Whether Management has clearly demonstrated that it dealt appropriately with the issues raised by the Complainant or in the internal request and followed E&S Policies or whether Management acknowledged that it did not comply with relevant E&S Policies.*

Based on publicly available information, in particular IFC's response to the Bridge 04 investigation, IFC had not dealt appropriately with the issues raised by the complaint. Management has acknowledged that it did not comply with relevant E&S policies as applied to its investment in Bridge, but IFC has not made any similar acknowledgement of non-compliance as relates to its investment in Learn Capital.

- d. *Whether Management has provided a statement of specific remedial actions, and whether, in CAO's judgment after considering the Complainant's views, these proposed remedial actions substantively address the matters raised by the Complainant.*

Management's action plan in response to the Bridge 04 investigation does not sufficiently address the matters raised in the Learn Capital complaints, specifically because it provides for a general program for survivors of child sexual abuse (CSA) in Kenya and does not address the specific impacts on the Complainants or their specific needs for remedy. While the Complainants appreciate IFC's commitment to consult with them as part of the design of the Kenya CSA response, to date the program remains undefined. So it is at best premature to determine that it substantively addresses the matters raised by their complaint.

## 2. The complaints should not be merged with the Bridge 04 complaint.

In relation to a “project or subproject that has already been the subject of a compliance investigation”, the CAO Policy (para. 93) provides that: *CAO may:*

- a. *close the complaint;*
- b. *merge the complaint with the earlier compliance process, if still open, and the complaint is substantially related to the same issues as the earlier compliance process, or*
- c. *initiate a new compliance investigation only where the complaint raises new issues or new evidence is available.*

These complaints relate to an IFC investment in Learn Capital, a project that has not been the subject of a CAO compliance investigation. At the same time the complaints relate to the impacts of a subproject (Bridge) that has been the subject of a compliance investigation (Bridge 04).

As such para. 93 may be seen to apply. If this is the case, the question becomes whether the complaints are “substantially related to the same issues as the earlier compliance process” or whether they “raise new issues” and “new evidence”.

The Learn Capital complaints “raise new issues” and “new evidence.” Comparing the Learn Capital complaints to the Bridge 04 investigation, the following should be considered new issues and/or areas where new evidence is available:

- **IFC’s review and supervision of Learn Capital:** CAO’s Bridge 04 investigation mentioned IFC’s investment in Learn Capital but did not include any analysis of the compliance issues related to this investment or the role of Learn Capital as a major investor in Bridge. Consequently, CAO’s Bridge 04 investigation doesn’t look at Learn Capital’s ESMS and whether this is sufficient to manage the E&S risks associated with its investments. Further, a compliance process in relation to IFC’s investment in Learn Capital would cover the period March 2022 to date, which was outside the scope of the Bridge 04 investigation. Neither did CAO make any recommendation in relation to IFC’s ongoing supervision of Learn Capital. These are all “new issues” raising “new evidence” that were not considered in Bridge 04.
- **The specific harms suffered by the complainants:** The Bridge 04 investigation dealt with general concerns regarding child sexual abuse at Bridge schools. While the CAO team spoke with the Complainants in the course of its compliance process, the Bridge 04 investigation did not address the specific harms they suffered as survivors of abuse at Bridge schools. The Complainants may have additional evidence that they would like to provide in relation to the harms that they suffered and the associated need for remedy.
- **The remedy sought by complainants to directly benefit them:** Specifically in relation to remedy, the Complainants requested that they be consulted prior to the approval of the Bridge 04 MAP, however, IFC denied this request. The specific harms raised in the complaints, and not captured in the Bridge 04 investigation and therefore MAP process, give rise to specific remedy that the complainants are seeking. The broad scope of the MAP process (and therefore remedy outcome) will neither address the specific remedies of the complainants nor directly benefit them.

The CAO team has suggested that merging the Learn Capital complaints with Bridge 04 would be beneficial for the complainants and increase the likelihood of a suitable remedial outcome, because it would give the complainants formal standing in the Bridge 04 MAP monitoring phase and the remedial facility design process. We disagree with this approach. Regardless of whether a merger takes place or not, we believe the complainants' views—and the views of all Bridge survivors—on the design of the remedial facility under the Bridge 04 MAP should be taken into particular consideration by IFC and the Board given their special status that sets them apart from other stakeholders in the process.

### **3. These complaints may be amenable to deferral.**

The CAO Policy allows for deferral in defined circumstances as follows (see para. 98).

- a. The severity of alleged Harm and potential compliance issues raised by the Complainant, including whether the issues of alleged Harm are clearly defined, limited in scope, and appear to be amenable to early resolution;
- b. Whether the Management response includes specific commitments that are commensurate with the issues raised in the complaint or during the assessment, and consistent with IFC/MIGA policy requirements;
- c. The views of the Complainant as to the impact (positive and negative) of a decision to defer; and
- d. Other information deemed relevant by CAO.

Without prejudice to the complainants' desire that the complaints be investigated forthwith, the complainants see merit in deferral to allow consultation with them as part of the Bridge 04 MAP process. With appropriate refinements, the complainants are of the view that the Bridge 04 MAP could be refined to address the harms they have suffered in an appropriate manner.

Additionally, a deferral request from IFC in relation to the Learn Capital complaints could provide a framework for IFC to:

- Review Learn Capital's implementation of its ESMS and address any shortcomings;
- Propose measures for Learn Capital to contribute to the remediation of harms associated with its investments in Bridge; and
- Ensure appropriate consultation with the Complainants and other Bridge survivors as part of the Bridge 04 MAP process; and
- Define the remedial elements of the Bridge 04 MAP including meaningful access to financial support/compensation for the Bridge survivors.

**4. A distinct compliance process in relation to these complaints is consistent with the CAO mandate, core principles and a survivor-centered approach.**

In addition to the specific requirements of the appraisal process, CAO's decision on how to move forward with the Learn Capital complaints should be informed by its mandate, core principles and commitment to a survivor-centered approach.

CAO's mandate as articulated in the CAO Policy is to "facilitate access to remedy for Project-affected people" in a manner that is consistent with business and human rights principles. Following its core principles CAO is guided by a commitment to "accessibility," "responsiveness" and "equitability." Both CAO and IFC have also espoused a 'survivor-centered' approach to the Bridge child sexual abuse cases.

These principles support our conclusion that the Learn Capital complaints merit their own compliance process (unless meaningful remedy can be assured through a deferral) and should not be merged with Bridge 04.