# Compliance Investigation Report

CAO Initiated Investigation of IFC's Investment in Bridge International Academies (Bridge-04)

Bridge International Academies/IFC Projects #32171, #38733, #39170, and #39224
October 3, 2023

# Contents

# Executive Summary

## Overview

This report presents findings and recommendations from a Compliance Advisor Ombudsman (CAO) compliance investigation into the International Finance Corporation's (IFC) investment in Bridge International Academies ("Bridge," the "client," or the "company"), which during the period of IFC's investment (2014-2022) operated the largest chain of low-cost private schools in Africa. Following a compliance appraisal initiated in January 2021 by the CAO Vice-President, the investigation centers on IFC's application of its environmental and social (E&S) requirements in relation to child sexual abuse[1] (CSA) risks and impacts associated with the Bridge investment. Although IFC exited its direct investment in Bridge in March 2022, IFC's indirect exposure to Bridge through Learn Capital, a financial intermediary, remained active at the time of writing this report.[2]

CAO finds that IFC failed to satisfy its E&Srequirements under the Sustainability Policy and related to Performance Standards 1 and 4 during pre-investment environmental and social due diligence (ESDD) and during its project supervision. IFC's supervision of CSA risks and impacts improved after CAO provided information about CSA-related incidents linked to Bridge and subsequently reported this information to IFC in February 2020. However, given the high and pervasive social risk inherent and evident in this project, CAO finds that IFC's supervision efforts fell short of its obligations. Prior to exiting the investment, IFC failed to work with the client to address CSA risks and impacts as required by the Sustainability Policy.

Considering these findings, CAO provides recommendations for IFC to take remedial actions to address the harm to CSA survivors identified in this report.[3] CAO also makes institutional-level recommendations to help IFC prevent and appropriately manage CSA risks in future operations.

## IFC Investment

The purpose of IFC's investment was to support the expansion of Bridge's network of kindergarten through grade 12 schools[4] serving low-income communities in Kenya and its entrance into three new countries (the "project").[5] At the time of IFC's investment, Bridge operated 211 elementary and secondary schools in Kenya, serving approximately 57,000 students.[6] IFC conducted pre-investment ESDD of the project in 2013, and the project received IFC Board approval in December 2013.[7] IFC classified the investment as Category B, indicating that its potential adverse E&S risks were "limited, largely reversible, and may be readily mitigated."[8] In January 2014,

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[1] **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.

[2] The focus of this investigation report is on IFC's direct investment in Bridge from 2014 – 2022. However, the report also briefly considers IFC's exposure to Bridge through Learn Capital, another IFC investment, particularly as it relates to the period following IFC's sale of its direct equity in 2022.

[3] As defined in the CAO Policy, "The purpose of the CAO compliance function is to carry out reviews of IFC/MIGA's compliance with E&S Policies, assess related Harm, and recommend remedial actions where appropriate." (para 76). Available here: https://www.cao-ombudsman.org/sites/default/files/documents/CAO%20Policy/ifc-miga-independent-accountability-mechanism-cao-policy.pdf.

[4] World Bank Group Independent Evaluation Group (IEG), June 2022, An Evaluation of International Finance Corporation Investments in K–12 Private Schools. Available here: https://ieg.worldbankgroup.org/sites/default/files/Data/Evaluation/files/IFCSupport_K12PrivateEducation_GS_and_MC.pdf.

[5] IFC, October 30, 2013, Summary of Investment Information (SII). Available here: https://disclosures.ifc.org/project-detail/SII/32171/bridge-international-academies. IFC's support of Bridge was executed through Bridge's Delaware parent company NewGlobe Schools, Inc. ("NGS"), which established Bridge in 2011 as its wholly owned Kenyan subsidiary.

[6] IFC, October 2013, SII Project Description. Available here: https://disclosures.ifc.org/project-detail/SII/32171/bridge-international-academies.

[7] Ibid.

[8] IFC, October 30, 2013, Environmental and Social Review Summary (ESRS). Available here: https://disclosures.ifc.org/project-detail/ESRS/32171/bridge-international-academies.

IFC made a preferred equity investment of US$10 million in NewGlobe Schools (NGS), Bridge's U.S.-based parent company (project #32171). Additional investments followed in July and November 2016 (projects #38733, #39170, and #39224). IFC's total equity investment in Bridge/NGS was US$13.5 million.[9]

In March 2020, against a backdrop of emerging concerns about low-cost private schools, the President of the World Bank Group (WBG) froze IFC direct investments in K–12 private schools.[10] IFC exited its direct investment in NGS in March 2022[11] and subsequently announced that it would maintain the freeze on direct investments in K–12 private schools.[12] At the time of this report, IFC had an indirect exposure to Bridge schools through a financial intermediary, Learn Capital Venture Partners Fund III (project #32429).[13]

## CAO Initiation of Compliance Investigation

This investigation, referred to as "Bridge-04," was initiated by the Vice President (VP) of CAO following CAO's receipt of information indicating instances of alleged child sexual abuse (CSA) in Kenya during a separate investigation into Bridge International Academies (Bridge-01).

As part of the Bridge-01 investigation, in February 2020, CAO staff spoke to community members in Nairobi, who reported fifteen child survivors[14] CSA at Bridge schools by two Bridge teachers. These alleged incidents were promptly brought to IFC's attention by CAO.

The information led the CAO VP in September 2020 to request a compliance appraisal of IFC's due diligence and supervision of CSA-related E&S risks and potential impacts from Bridge's operations (the Bridge-04 case).[15] This appraisal "conclude[d] that there are substantial concerns regarding the E&S outcomes of IFC's investment in Bridge considering: (a) specific allegations of CSA raised in the course of the Bridge-01 investigation; and (b) the E&S risk profile of the schools in light of their number and the vulnerable status of learners."[16]

[9] IEG, June 2022, An Evaluation of International Finance Corporation Investments in K–12 Private Schools. Available here: https://ieg.worldbankgroup.org/sites/default/files/Data/Evaluation/files/IFCSupport_K12PrivateEducation_GS_and_MC.pdf;

[10] WBG, March 20, 2020, Letter from WBG President to US Treasury Secretary. Redacted version available here: https://democrats-financialservices.house.gov/uploadedfiles/malpass_ltr_mnuchin_3202020.pdf.

[11] IFC, October 2013, SII Project Description. Available here: https://disclosures.ifc.org/project-detail/SII/32171/bridge-international-academies.

[12] IFC, 2022, Management Response to IEG Report. Available here: https://ieg.worldbankgroup.org/evaluations/evaluation-international-finance-corporation-investments-K–12-private-schools-7.

[13] Project #32429. IFC's investment in Learn Capital Venture Partners Fund III ("Learn Capital") was committed on July 2, 2014, and first disbursement took place on June 30, 2015. This investment generates an exposure to Bridge schools because Learn Capital holds equity in NewGlobe Schools. Information available here: https://disclosures.ifc.org/project-detail/SII/32429/education-innovation-fund.

[14] This report uses the terminology of incident(s) as an occurrence in relation to CSA, and of survivor(s) to refer to the children who suffered CSA. In addition, CAO utilizes the following terminology in this report.

[15] CAO, December 23, 2020, Bridge-04 Compliance Appraisal: Summary of Results, p. 16. Available here: https://www.cao-ombudsman.org/sites/default/files/downloads/CAOAppraisalReport-BIA-04-Dec23.pdf.

[16] Ibid.

Consequently, CAO launched the Bridge-04 compliance investigation covering IFC oversight of issues of child safeguarding and protection,[17] with a specific focus on CSA risks and impacts in Bridge's Kenyan academies.[18] These CSA risks and impacts fall within the scope of gender-based violence (GBV)[19] against children.[20] [21]

## IFC E&S Obligations Relevant to Child Sexual Abuse

IFC's E&S framework required that IFC only invest in Bridge if it expected Bridge's operations to meet relevant environmental and social Performance Standard (PS) requirements within a reasonable period of time, according to the Policy on Environmental and Social Sustainability ("the Sustainability Policy") (para. 22). While clients are responsible for managing E&S risks and impacts consistent with IFC's Performance Standards, IFC is responsible for undertaking pre-investment due diligence (ESDD), monitoring, and supervision of its investments to ensure that the business activities it finances follow PS requirements (Sustainability Policy, paras. 21–28). Furthermore, if after Board approval there are material changes in the E&S risk profile of the project, IFC is required to assess these and, consistent with the risks and the requirements of the Performance Standards, require the client to adjust its Environmental and Social Management System (ESMS) to address them (Sustainability Policy, para. 25). During the investment's lifetime, IFC's E&S supervision obligations required it to regularly monitor Bridge's compliance with PSs that were relevant to project-related CSA risks and impacts, and to work with Bridge to rectify any areas where the project was out of compliance (Sustainability Policy, para. 45).

IFC's E&S framework does not explicitly address risks and impacts pertaining to children except child labor and children's vulnerability to trafficking practices (PS2, para. 21 and footnote 13). However, the general requirements to assess, avoid, minimize, and—where residual impacts remain—compensate/offset the E&S risks and impacts of a business activity,[22] such as operating schools, are manifestly relevant and clearly applicable to project-related risks and imrepacts on children, including child sexual abuse and gender-based violence.

At the time of IFC's investment in Bridge, Kenyan law explicitly addressed CSA, including in school settings. In addition, international conventions ratified by Kenya, including the United Nations Convention on the Rights of the Child, are binding under Kenyan domestic law (Constitution of Kenya 2010, Art. 2(6)). Overall, it is well

[17] **Child safeguarding** refers to all of the actions a company takes to keep all children they come into contact with safe, and includes the proactive measures put in place to ensure children do not come to harm as a result of any direct or indirect contact with the company. Child safeguarding encompasses the prevention of physical, sexual and emotional abuse, neglect and maltreatment of children by employees and other persons whom the company is responsible for, including contractors, business partners, visitors to premises and volunteers.
**Child protection** is an important part of safeguarding and refers to the actions a company takes to address a specific concern that a particular child is at risk of significant harm due to her or his contact with corporate actors, business partners, products or services. Child protection is essential if there is a concern that a child is being abused or his or her safety is compromised.

[18] CAO, October 21, 2021, Bridge-04 Compliance Investigation Terms of Reference. Available here: https://www.cao-ombudsman.org/sites/default/files/downloads/Bridge-04%20ToR%20for%20Compliance%20Investigation%20FINAL.pdf.

[19] **Gender based violence** is violence that results in, or is likely to result in, physical, sexual, or psychological harm or suffering, against someone based on gender discrimination, gender role expectations, and/or gender stereotypes, or based on the differential power status linked to gender.

[20] See, for example, UNICEF, "Sexual Violence Against Children," (describing sexual violence against children as a form of "gender-based violence" and noting that both boys and girls are subject to sexual violence). Available here: https://www.unicef.org/protection/sexual-violence-against-children.

[21] CAO acknowledges that allegations of child sexual abuse referenced in this report could potentially qualify as crimes under Kenyan law, *but emphasizes that this report makes no finding as to any accused person's criminal or civil liability*. CAO's compliance process is non-adversarial, non-judicial, and "not intended or designed to be used in judicial or regulatory proceedings or for purposes of attributing legal fault or liability." CAO Policy at paras. 9 and 117. Available here https://www.cao-ombudsman.org/sites/default/files/documents/CAO%20Policy/ifc-miga-independent-accountability-mechanism-cao-policy.pdf. Furthermore, CAO notes that because compliance investigations are not judicial processes, the evidentiary standards necessary to constitute sufficient evidence in support of a CAO investigative finding are unrelated to any jurisdiction's criminal or civil evidentiary requirements.

[22] IFC, 2012, Performance Standards on Environmental and Social Sustainability, PS1, paras. 5 and 14. See also IFC, 2012, Policy on Environmental and Social Sustainability, paras. 6 and 20. Available here: https://www.ifc.org/content/dam/ifc/doc/2023/ifc-performance-standards-2012-en.pdf, and here: https://www.ifc.org/content/dam/ifc/doc/mgrt/sp-english-2012.pdf.

established that CSA poses a substantial risk to children's health, safety, and security, with devastating impacts on children's and communities' social development.[23] [24]

Two IFC Performance Standards intersect with addressing child sexual abuse, although they do not explicitly mention CSA: PS1 (Assessment and Management of Environmental and Social Risks and Impacts) and PS4 (Community Health, Safety, and Security). In relation to the investment in Bridge, these Performance Standards required IFC to:

- Require the client to identify and evaluate all relevant E&S risks and impacts of the project, and to manage those risks and impacts. Under PS 1, risk and impact management programs must prioritize avoiding risks and impacts. Where avoidance is not possible, clients must seek to minimize them, and, where residual impacts remain, clients must compensate for/offset them wherever technically and financially feasible (PS 1, objectives, para. 5, and para 14).

- Commit the client to comply with **national laws and regulations relevant** to the project, including those implementing international commitments (PS1, para. 6).

- Require the client's E&S risk identification processes to **be consistent with good international industry practice (GIIP)** (PS1, para. 7).

- Require the client, where a project has specifically identified aspects that are likely to generate E&S impacts, to: (1) identify individuals and groups that **may be 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 (PS1, para. 12).

- Require that preventative and control measures concerning community health, safety, and security be **consistent with GIIP,** and propose mitigation measures **commensurate with the nature and magnitude of the risk(s) and impact(s)** (PS4, para. 5).

In addition, GIIP and Kenyan domestic laws related to CSA in private K–12 education in low-income settings were already in place and easily accessible to IFC during project due diligence and became increasingly rigorous during the life of the investment.

CAO also notes that, parallel to this IFC investment, the World Bank Group's public sector arms were engaging on issues pertaining to GBV. In April 2015, the World Bank issued an education sector brief titled "Violence Against Women and Girls," which explained how, among other important social risks, school environments could reflect characteristics of the communities that surround them, including gender norms and violence. In October 2016, the World Bank President established an independent task force of external experts to strengthen Bank systems, tools, and processes to prevent and mitigate against the risk of sexual exploitation and abuse (SEA).[25]

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[23] See, UNICEF, 2014 Hidden in Plain Sight: A Statistical Analysis of Violence Against Children, p.62. See also IFC, EBRD, CDC, and Social Development Direct (2020), *Addressing Gender-Based Violence and Harassment (GBVH) in the Education Sector,* p. 1. Available here: https://data.unicef.org/resources/hidden-in-plain-sight-a-statistical-analysis-of-violence-against-children/, and here: https://www.ifc.org/content/dam/ifc/doc/mgrt/gpn-addressinggbvh-july2020.pdf.

[24] See, for example, Articles 19 and 34 of the UN Convention on the Rights of the Child (1989), and Convention on the Elimination of All Forms of Discrimination against Women (1981). Available here: https://www.ohchr.org/sites/default/files/crc.pdf, and here: https://www.ohchr.org/sites/default/files/cedaw.pdf.

[25] WBG, July 31, 2017, *Working together to prevent sexual exploitation and abuse: recommendations for World Bank investment projects.* Available here: https://documents1.worldbank.org/curated/en/482251502095751999/pdf/117972-WP-PUBLIC-recommendations.pdf.

That was followed by Good Practice Notes on Addressing Gender Based Violence in Investment Project Financing involving Major Civil Works (2018), Addressing Gender-Based Violence and Harassment in the Private Sector (2020; coauthored by the IFC), and Addressing Sexual Exploitation and Abuse and Sexual Harassment (SEA/SH) in Human Development Operations (2022).[26]

## CAO Findings

In reviewing IFC's actions against the above requirements, CAO presents the following findings:

1. **IFC failed to carry out its due diligence responsibilities as set forth in the Policy on Environmental and Social Sustainability ("the Sustainability Policy").** IFC's due diligence did not meet the requirements of the Sustainability Policy, particularly paragraphs 20–28, given the nature and large scale of Bridge's operations and the high CSA risks inherent to a project involving consistent contact between adults and co-ed, K–12 pupils in low-income communities. In Kenya, as is the case in many countries, child sexual abuse and overlapping forms of GBV against children are pervasive and unreported. Collectively, a 2010 report by the nongovernmental organization (NGO) co-managing the country's largest national CSA hotline,[27] a 2010 national survey on violence against children in Kenya,[28] and a 2011 United Nations (UN) country report on gender-based discrimination[29] all indicate a high prevalence of CSA and violence against women and girls, including in Kenya's educational settings.

   IFC did not consider the project's potential CSA risks, despite the known contextual risks, or consider the capacity of its prospective client to satisfy E&S requirements in relation to CSA risks and impacts. As a result, IFC proposed no differentiated mitigation measures to ensure that Bridge addressed such risks and impacts. Moreover, by assessing neither CSA risks and potential impacts of the project nor the client's ability to

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**Sexual Exploitation and Abuse** is any actual or attempted abuse of a position of vulnerability, differential power, or trust, for sexual purposes, including, but not limited to, profiting monetarily, socially or politically from the sexual exploitation of another. Sexual abuse is further defined as "the actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions." Women, girls, boys and men can experience SEA. In the context of World Bank supported projects, project beneficiaries or members of project-affected communities may experience SEA. (Good Practice Note Addressing Gender Based Violence in Investment Project Financing involving Major Civil Works, available here: https://documents1.worldbank.org/curated/en/399881538336159607/Environment-and-Social-Framework-ESF-Good-Practice-Note-on-Gender-based-Violence-English.pdf). **Note to the reader:** This report does not employ the term SEA ***except*** when citing certain IFC documents that explicitly employ that term.

[26] WBG, September 28, 2018, Good Practice Notes on Addressing Gender Based Violence in Investment Project Financing involving Major Civil Works; IFC, CDC, EBRD, July 2020, Addressing Gender-Based Violence and harassment in the Private Sector; and WBG, September 2022, Addressing Sexual Exploitation and Abuse and Sexual Harassment (SEA/SH) in Human Development Operations. Available here: https://documents1.worldbank.org/curated/en/399881538336159607/Environment-and-Social-Framework-ESF-Good-Practice-Note-on-Gender-based-Violence-English.pdf; here: https://www.ifc.org/content/dam/ifc/doc/mgrt/gpn-addressinggbvh-july2020.pdf; and here: https://thedocs.worldbank.org/en/doc/0e0825d39c28f61080380c6be9c40811-0290032022/original/SEA-SH-GPN-for-HD-Operations-CESSO-Issue-Version-September-26-2022.pdf

[27] Childline Kenya, 2010, Child Sexual Abuse in Kenya: Occurrence, Context, Risk Factors and Consequences, p. 8. Available here: https://childlinekenya.co.ke/assets/files/Child%20Sexual%20Abuse%20Research%20Report-CLK-2011.pdf. "The Kenya Demographic and Health Survey found that 12% of Kenyan women aged 15 to 49 reported that their first sexual intercourse was forced. This rose to 23% for women who reported their first intercourse occurred before the age of 15. A recent study by Girl Childline Network in 2011 with school children from the Tana River region of Kenya found that 25% of girls had experienced sexual violence in the form of touching and 10% had been subjected to forced or unwanted sex. Anecdotal evidence also suggests that sexual abuse is a common problem in Kenya."

[28] UNICEF, CDC, Republic of Kenya, and Together for Girls, 2010, Violence Against Children in Kenya (VAC) Survey. This survey—which tracks the lifetime and current experiences of 1,227 female and 1,456 male children from 13 - 24 years in age with violence prior to the age of 18—represents the most up-to-date and exhaustive survey ever conducted on the prevalence of sexual, physical, and emotional abuse of children under 18 in Kenya. Available here: https://evaw-global-database.unwomen.org/-/media/files/un%20women/vaw/full%20text/africa/kenya%20violence%20against%20children%20survey%20%202010.pdf?vs=1219.

[29] Concluding observations of the Committee on the Elimination of Discrimination against Women, 2011, CEDAW/C/KEN/CO/7. Available here: https://www2.ohchr.org/english/bodies/cedaw/docs/co/CEDAW-C-KEN-CO-7.pdf.

manage them, IFC lacked a basis to conclude that the project could meet IFC's E&S requirements related to CSA within a reasonable period of time—the threshold required for IFC to make an investment.[30]

Specific IFC non-compliance with its due diligence obligations prior to investment included its failure to:

- Request that Bridge prepare or commission a social risk assessment proportionate to the project's size and vulnerable target population and that included social risks of CSA and GBV (as required in PS1).
- Evaluate Bridge's existing policies and procedures for CSA and GBV prevention and response against GIIP and Kenyan domestic laws designed to safeguard children from sexual abuse (as required by PS1, paras. 6 and 7 and PS4, para. 5).
- Address Bridge's reliance on teachers who were not registered and therefore significantly increased the risk that existing government protections for children may not apply.[31]
- Consider intersecting vulnerabilities of pupils, such as sex, gender, age, and other factors, and evaluate whether Bridge enacted differentiated measures to ensure that adverse impactsa related to CSA did not disproportionally fall on subsets of (already) vulnerable pupils (as required in PS1, para. 12).

2. **During the investment's lifetime, IFC did not fully comply with Sustainability Policy requirements pertaining to supervision (para. 45).** IFC's E&S supervision obligations required it to regularly monitor Bridge's compliance with PS requirements relevant to project-related CSA risks and impacts (para. 45, bullet points 1 and 2) and to work with the client to address adverse E&S impacts that resulted from changed business activity circumstances (para. 45, bullet point 3). The Sustainability Policy also mandated IFC to require the client to adjust its Environmental and Social Management System (ESMS) to respond to a material change in the project's E&S risk profile (para. 25) in a manner consistent with IFC's Sustainability Framework. IFC's supervision did not fully conform with these obligations, as described below.

    a. **Prior to CAO's February 2020 Bridge-01 field mission, IFC failed to regularly monitor or substantively address project-related CSA and GBV risks and impacts with its client.** These failures persisted despite IFC being alerted to CSA incidents in 2013, 2016, and 2017, and despite a 2019 survey showing widespread CSA and GBV against children in Kenya.[32] Specifically, IFC deviated from its obligations under paragraphs 25 and 45 of the Sustainability Policy by: (1) not assessing the changed social risk profile based on the reported CSA incidents nor requiring the client to adjust its ESMS to address CSA risks and impacts; and (2) not assessing the adequacy of Bridge's policy and procedural framework to manage CSA and overlapping GBV risks. After becoming aware of specific incidents, IFC should have required the client to adjust its ESMS to include the prevention and management of CSA impacts and risks, and to establish and implement a regular program of supervision for addressing CSA risks. In addition, IFC should have worked with Bridge to ensure the implementation of the following measures consistent with Performance Standards 1 and 4:

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[30] IFC, January 1, 2012, Policy on Environmental and Social Sustainability, paras. 20-28. Available here: https://www.ifc.org/content/dam/ifc/doc/2023/ifc-policy-on-environmental-and-social-sustainability-2012-en.pdf.

[31] The requirement to have registered teachers in sufficient numbers contributes to the minimization of risks of children since registered teachers not only have a professional degree in education that gave them training on how to safely work with children but also must provide a certificate of good conduct and a medical form, and convicted sex offenders are barred from registration. Teachers Registration and Recruitment Requirements. Available here: https://www.tsc.go.ke/index.php/services/teacher-registration/registration. See, also, 2015 Teachers Service Commission Code of Regulations, section 20. Available here: http://kenyalaw.org/kl/fileadmin/pdfdownloads/LegalNotices/196-Teachers_Service_Commission_Regulations__2015.pdf, and TSC Circular, 3/2010. Available here: https://www.tsc.go.ke/index.php/downloads-b/file/22-circular-on-protection-of-pupils-students-from-sexual-abuse-2010.

[32] UNICEF, 2019, Kenya Violence Against Children Survey (VACS). Available here: https://www.unicef.org/kenya/media/1516/file/2019%20Violence%20Against%20Children%20Survey%20(VACS)%20.pdf.

- A framework to assess and manage CSA and overlapping GBV risks against children (PS1, para. 5) and to compensate or remedy any residual adverse impacts to pupils (PS1, para. 14).
- A process to identify project-related risks of CSA and GBV against children that was consistent with GIIP (PS1, para. 7).
- CSA and GBV-specific preventative and control measures consistent with GIIP and commensurate with the nature and magnitude of project-related risks and impacts in these areas (PS4, para. 5).

b. **Starting in March 2020, IFC's supervision improved, but shortcomings persisted**. A month after CAO's Bridge-01 field mission in February 2020 brought reports of multiple alleged CSA incidents to IFC's attention, IFC conducted a site supervision visit to Bridge in Kenya focused on child abuse risks and child safety in school settings. For the first time, IFC closely examined and considered Bridge's CSA management approach and capacity. IFC identified and communicated significant areas for improvement to Bridge and proposed plans to collaboratively address issues around child health, safety, and CSA incident response. Nevertheless, IFC's supervision efforts continued to fall short of Sustainability Policy requirements in several ways:

- **IFC's access to client information on child protection and safeguarding was essential to its supervisory function, yet IFC failed to ensure that it received and reviewed all of the required information.** The information available to CAO indicates that IFC encountered challenges in accessing client documentation, in some cases never receiving requested documents, and therefore not being able to review, documents key to executing its supervisory obligations. This compromised IFC's ability to effectively supervise the project and to accurately determine if the project was in compliance with IFC Performance Standards. In addition, IFC did not pursue avenues to redress this situation, such as considering its rights of recourse (if any) under IFC's Sustainability Policy (para. 45) or its transaction documents with Bridge.
- **IFC did not supervise the client's management of CSA-related risks and impacts in accordance with IFC Performance Standards 1 and 4.** In September 2021, IFC determined that Bridge was compliant with Performance Standards related to GBV and sexual exploitation abuse and harassment (SEAH). CAO notes that IFC made this determination even though the client apparently failed to implement all the recommendations to address CSA/GBV risks that IFC proposed in 2020–2021. CAO finds that IFC's conclusion was not based on sufficient information since it had not reviewed essential documentation to make a compliance determination, particularly with respect to the implementation of the client's CSA risk management framework.[33] [34] After September 2021, IFC made no further proposals for improvements to Bridge.
- **IFC failed to adequately supervise the client to address CSA impacts that materialized.** IFC's supervision shortcomings were also marked by a failure to work with the client to effectively address impacts that emerged during project implementation. For example, Performance Standard 1 requires the client to compensate for residual impacts to the affected communities—in this case the survivors

[33] IFC considered GIIP related to CSA and GBV and applicable to private K–12 education in low-income settings as a "gold standard" that was not required for "baseline compliance" with project E&S requirements. This is in contradiction with PS1, which requires that the identification and evaluation of risks and impacts and "…will establish preventive and control measures consistent with good international industry practice (GIIP)." Available here: https://www.ifc.org/content/dam/ifc/doc/2023/ifc-performance-standards-2012-en.pdf.

[34] PS1 para. 5, 2012, requires that "clients must comply with applicable national law." PS4, 2012, requires that the client evaluate risks and impacts and l establish preventive and control measures "consistent with good international industry practice (GIIP)." Available here: https://www.ifc.org/content/dam/ifc/doc/2023/ifc-performance-standards-2012-en.pdf.

of CSA and GBV.[35] CAO did not find evidence that IFC required its client to do this or take other concrete steps to address CSA impacts that had materialized.

In addition, the CAO investigation notes that in early 2020, IFC received information that reportedly indicated the existence of 70 reports of CSA. CAO has not seen this information. What is clear, however, is that the information set forth in this document was a "red flag" that put an IFC staff member on notice of possible additional CSA incidents and that information was not acted upon by IFC.

## Harm

IFC was aware of multiple incidents of child sexual abuse, involving 23 survivors, by the time it exited the investment in March 2022. CAO notes that, in all but one instance, the abuse happened after IFC had invested in Bridge and during the supervision period when IFC should have been working with the client to develop and implement measures to assess and manage risks and impacts related to child safeguarding and protection, including CSA. In addition to the 23 known survivors, from 2014 through 2021, IFC was aware of additional reports of CSA. The physical and psychological harms of CSA are well documented. CSA survivors suffer lifelong and potentially transgenerational consequences, including acute and long-term damage to their physical, cognitive, social, and emotional development, in addition to economic disadvantage due to lost productivity, disability, and reduced quality of life.

## Underlying Causes of Non-Compliance

CAO finds that the following underlying causes precipitated the acts or omissions by IFC that resulted in the non-compliance identified above:

- **Deficient due diligence:** IFC's ESDD process did not identify or assess CSA and GBV risks and impacts, despite the known inherent and contextual CSA risks. As a result, there was no analysis of the client's ability to address these risks and no inclusion of any mitigation or gap filling measures in the agreed Environmental and Social Action Plan.[36] This in turn undermined IFC's ability to effectively supervise its client and may also have contributed to the client's insistence that CSA and GBV were not covered by IFC's Sustainability Framework when asked to address these issues.
- **Lack of expertise:** The IFC project team lacked social risk management expertise related to CSA and GBV during most of the investment, hindering its ability to identify and adequately monitor project-related risks and impacts in these areas. The two specialists with GBV expertise (one of whom also had CSA expertise) worked as part of the investment team on discrete tasks in early 2020 and in June 2021, respectively. Their participation came 16 months after CAO's field mission for the Bridge-01 investigation identified two CSA incidents involving 15 survivors.
- **Lack of information:** IFC's difficulty in obtaining the client information it requested on CSA incidents complicated efforts to constructively supervise and engage the company on matters related to CSA. Many E&S documents were only provided via a secure, electronic data room that prohibited users from downloading or printing documents, that was sometimes only temporarily available to specific users, and that tracked users' names and the dates and durations of time that documents were reviewed. CAO was

[35] IFC, 2012, Performance Standards on Environmental and Social Sustainability, PS1, Objectives and para. 14. Available here: https://www.ifc.org/content/dam/ifc/doc/2023/ifc-performance-standards-2012-en.pdf.
[36] The ESAP represents an agreed course of action between IFC and its client.

informed that this affected IFC's ability to efficiently access necessary information and made reviewing and analyzing the client's documents a laborious undertaking.

- **Institutional trends:** IFC apparently lacked institutional awareness of related developments in the broader World Bank Group. In 2016, WBG President Jim Yong Kim launched a GBV/SEAH task force to review potential GBV risks and impacts in the World Bank portfolio in response to GBV incidents addressed by the Inspection Panel's investigation into the Uganda Transport Sector Project.[37]
- **Project exit:** There was a lack of clarity within the IFC team on how compliance with Performance Standards should be addressed in the context of exit. This contributed to uncertainty about how to approach the client regarding PS compliance during the time in which exit was under discussion[38].

## CAO Recommendations to IFC

Under the CAO Policy, IFC Management will develop a Management Action Plan (MAP) to respond to the findings of non-compliance and related harm in this report. In doing so, CAO recommends that IFC consider the following project-specific and institutional-level actions.

### Project-Specific Recommendations

At the project level, CAO's recommendations are intended to facilitate providing remedy to survivors of CSA and their families and to help address any ongoing potential risks.

1. **Remediation for survivors of CSA.** IFC should work with Bridge to establish an Emergency Child Protection Response (ECPR) facility to support a claims process for survivors and their families to receive remedy. CAO notes that the World Bank helped develop an ECPR under the MAP that resulted from the Inspection Panel's Uganda Transport Sector investigation.[39] The ECPR should, at minimum, provide the following for the survivors of the IFC-financed project:

   - Counseling for survivors and their families
   - Healthcare support, including sexual and reproductive health services and treatment of sexually transmitted diseases
   - Community reintegration support to facilitate survivors' continued education or efforts to pursue gainful employment where CSA has interfered with such activity
   - Funding and referrals to legal services for families seeking legal redress against perpetrators
   - A mechanism that allows survivors to come forward, identify themselves if they so wish, and consent to any remedial action that is made available to them
   - Financial compensation, as appropriate.

[37] WGB, July 31, 2017, Report of the Global Gender-Based Violence Task Force. Available here: https://documents1.worldbank.org/curated/en/482251502095751999/pdf/117972-WP-PUBLIC-recommendations.pdf. See also information at World Bank Press Release, October 2016, World Bank Launches Global Task Force to Tackle Gender-Based Violence. Available here: https://www.worldbank.org/en/news/press-release/2016/10/13/world-bank-launches-global-task-force-to-tackle-gender-based-violence.

[38] IFC's exit from Bridge Academies was IFC's first attempt to apply responsible exit principles to an exit under the pilot modality.

[39] World Bank Group Inspection Panel, August 4, 2016, Investigation Report for the Transport Sector Development Project in Uganda. Available here: https://www.inspectionpanel.org/sites/default/files/ip/PanelCases/98-Inspection%20Panel%20Investigation%20Report.pdf.

Remedial measures should safeguard claimants' confidentiality and protect claimants and their families against any risk of threats or reprisals. In developing its ECPR, CAO strongly encourages IFC to consider partnering with nongovernmental organizations that have the appropriate local knowledge, capacity, and community trust to effectively implement the claims process.

2. **Strengthening community response to CSA and GBV against children within project communities.** IFC should engage with Bridge to help prevent potential future project-related harm by supporting training through community-based behavioral change interventions to reduce the social acceptance of CSA and GBV against children. Training should seek to enhance the capacity of Bridge pupils and local children to protect themselves against CSA and GBV risks and to adequately seek help if they experience either. In addition, training to respond to CSA and GBV against children should include parents; local health teams; mental health service providers; local chiefs and other community leaders; police, judges, and other law enforcement officials; and religious and cultural leaders. Such training should be provided in all communities where Bridge academies are located.

**Institutional-Level Recommendations**

This investigation revealed several underlying causes of non-compliance that would benefit from IFC-wide remedial action, as follows.

3. **Undertake a review of its Portfolio to identify all projects where children are a vulnerable and disadvantaged subset of affected communities to identify and assess if appropriate social risk management measures are in place and operationalized.** Where they are not, IFC should make every effort to bring the investments back into compliance, including:

    - Working with the respective client to identify management measures for mitigating CSA and GBV that have not been implemented or that were not identified during due diligence, and supporting the client in developing and/or implementing those measures
    - Revising investment agreements to clarify: (1) that child safeguarding and child protection measures must be considered within the scope of all clients' E&S obligations; and (2) that any credible grounds to believe child sexual abuse has taken place must be reported immediately to IFC E&S specialists
    - Revising Annual Monitoring Review Templates to include information and address questions related to violence against children—including CSA and GBV.

4. **Strengthen and clarify E&S provisions concerning children, as well as gender- and sex-differentiated harm, within the Sustainability Framework.** IFC should revise its Sustainability Framework to include the following:

    - New provisions in the Performance Standards that target and further articulate the client's child protection and safeguarding responsibilities and require them to respond to and remedy any project-related harm to children.
    - New provisions in the Sustainability Policy specific to children and to gender- and sex-differentiated harm that articulate IFC's responsibilities in terms of the identification, avoidance, mitigation, and remedy of project risks and adverse impacts to children and other vulnerable persons, including women and girls, LGBT+ persons, poor persons, older persons, disabled persons, ethnic minorities, Indigenous persons, and other vulnerable populations who may be especially at risk to violence, gender-based discrimination, or other forms of harm stemming from IFC-supported projects.

5. **Undertake institution-wide capacity building efforts to prevent CSA and overlapping forms of GBV from occurring in its investment projects, including**:

   - Training and sensitization on GBV and CSA prevention for all IFC employees with project responsibilities. Such training should be carried out periodically; updated as GIIP related to child protection, child safeguarding, and GBV prevention evolve; and designed to effect prompt and appropriate response to any GBV and CSA concern raised in an investment.

   - Development of guidance material on violence against children consistent with a harmonized WBG approach. IFC should develop guidance specific to managing the risk of violence against children across all its projects, with particular attention to CSA, leveraging World Bank experience in addressing CSA and related GBV.

6. **Establish a global GBV task force to advise IFC** on strengthening its approach to identifying and managing GBV across its investments, including supporting the implementation of the recommendations detailed above. The task force should have strong expertise on preventing child sexual abuse and should include diverse internal and external experts.

7. **Clarify expectations for project compliance with Performance Standards when planning an exit.** Criteria for exiting a project when PS compliance with Performance Standards has not been achieved should be included in IFC's Draft Responsible Exit Principles.

In submitting the above recommendations, CAO emphasizes that the institution-level recommendations and lessons underlying the report's findings are relevant to IFC's overall E&S performance beyond the education sector. Consequently, they remain pertinent despite IFC's May 2022 announcement that it will refrain from undertaking any investments in private K–12 education in the foreseeable future.[40]

## Next Steps

On completion of its investigation, IFC has sent this report to IFC Management. Following CAO Policy, IFC Management will prepare a Management Report that will include, for Board approval, a Management Action Plan (MAP) in response to CAO findings of non-compliance and related Harm. The MAP will be comprised of time-bound remedial actions proposed by Management. The compliance investigation report, the Management Report, and MAP will be made public, and CAO will monitor the effective implementation of the actions set out in the MAP.

[40] IEG, June 2022, An Evaluation of International Finance Corporation Investments in K–12 Private Schools; and IFC, 2022, Management Response to IEG Report. Available here: https://ieg.worldbankgroup.org/sites/default/files/Data/Evaluation/files/IFCSupport_K12PrivateEducation_GS_and_MC.pdf and here: https://ieg.worldbankgroup.org/evaluations/evaluation-international-finance-corporation-investments-K–12-private-schools-7.

# 1. Background

This section provides the country, educational, and investment context in which IFC took on Bridge International Academies ("Bridge," the "client," or the "company") as a client and summarizes the investment history. It then describes the background to CAO's investigation of IFC's approach to potential risks and impacts related to child sexual abuse from Bridge's operations in Kenya and provides a timeline of key events. Finally, it describes CAO's approach to and conduct of the investigation, including definitions of relevant terms and constraints on information gathering.

## 1.1. Country and Education Sector Context

The United Nations (UN) Sustainable Development Goals include ensuring that all children complete free, equitable, and quality primary and secondary education by 2030 (Goal 4). However, governments in many low-and-middle-income countries have struggled to keep pace with rising populations, resulting in school crowding or lack of adequate provision. To help meet demand, international actors, including foundations, philanthropists, private investors, and development finance institutions, have partnered with for-profit companies to provide low-cost education to underprivileged children.[41] Kenya, where over 1.13 million children ages 6 to 13 years were out of school in 2020,[42] is among the countries where Bridge saw a large opportunity to provide low-cost for-profit education services.

Another important contextual factor for IFC's investments in this sector is that school settings of all kinds present well-known and widespread risks of gender-based violence—globally[43] and in Kenya specifically. Of 153 countries covered in the 2020 Global Gender Gap Report, Kenya ranked 109, with a score of 0.671, representing significant inequalities in educational attainment, health outcomes, and labor market participation.[44] Despite recent legislative and policy reforms related to gender equality across all sectors, women and adolescent girls remain the most vulnerable group in Kenya,[45] and children remain highly vulnerable in schools. In 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 sexual violence.[46] Kenya's government responded with an ongoing National Prevention and Response Plan on Violence Against Children, which includes promoting and strengthening a "safe, secure and enabling school environment."[47]

When IFC made its 2014 investment in Bridge, World Bank Group institutions did not contain explicit language on child sexual abuse (CSA) in the guidance documents on environmental and social risk management. However, this situation evolved during IFC's supervision of the investment. Following the sexual abuse of children related to a transport sector project in Uganda, then World Bank Group President Jim Yong Kim launched a World Bank Global Gender-Based Violence Task Force, whose findings made clear that schools

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41 Ibid.
42 UNESCO Institute for Statistics, 2021, *Global Out of School Children Initiative (OOSCI): Kenya Country Study.*
43 UN, 2006, 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. Available here: https://documents-dds-ny.un.org/doc/UNDOC/GEN/N06/491/05/PDF/N0649105.pdf?OpenElement
44 USAID, April 2020, Gender Equality and Female Empowerment Fact Sheet. Available here: https://www.usaid.gov/kenya/document/gender-equality-female-empowerment-kenya.
45 Ibid.
46 UNICEF, 2019, Kenya Violence Against Children Survey (VACS). Available here: https://www.unicef.org/kenya/reports/The-2019-Violence-Against-Children-Survey.
47 UNICEF, National Prevention and Response Plan on VAC 2019-2023, p38. Available here: https://www.unicef.org/kenya/media/1526/file/National%20Prevention%20&%20Response%20Plan%20on%20VAC.pdf

were among the locations where children were at risk of sexual abuse.[48] The Task Force's recommendations included strengthening assessment and monitoring of project-related risks of sexual abuse and gender-based violence (GBV). The World Bank subsequently developed Good Practice Notes on addressing sexual exploitation and abuse and sexual harassment (SEA/SH) risks for public works projects (2018) and the education and health sectors (September 2022).[49]

This is the country and World Bank Group (WBG) institutional context in which IFC conducted its due diligence and supervision of its investment in Bridge International Academies.

## 1.2. IFC Investment

During the period of the investment, Bridge International Academies owned and operated the largest chain of low-cost private schools in Africa. The client is a wholly owned Kenyan subsidiary of NewGlobe Schools, Inc (NGS), founded in 2009 and based in Delaware, United States.[50] In 2021, Bridge's activities included operating approximately 161 private elementary and secondary "community schools" across Kenya, Nigeria, and Uganda, as well as a smaller number of nongovernmental organization (NGO) partnership schools in India and Kenya. NGS also provides educational services to government-run partnership schools in China, Liberia, Nigeria, and Rwanda.[51]

In 2013, IFC identified Bridge as a potential client, in line with IFC's then approach of investing in for-profit schools serving low-income communities. At the time, Bridge operated 211 schools serving 57,000 students in Kenya, with the aim of providing education to children from families earning less than US$2 per person per day.[52]

IFC's pre-investment due diligence described Bridge's model as building private schools in high-density, low-income communities and employing "centralized curriculum development, teacher training, and a comprehensive technology platform to provide quality education at an affordable cost."[53] IFC expected the project to promote access to basic education, promote affordability, improve quality and accountability, create jobs, and improve student nutrition.[54] If successful, IFC anticipated that the project would provide a "demonstration effect," attracting other companies in the sector to employ similar strategies.[55]

In December 2013, the IFC Board of Directors approved a preferred equity investment of US$10 million to grow Bridge's network of schools in Kenya and support the company's expansion into three new countries.[56] This initial investment in NGS was made in January 2014 (project #32171), followed by investments totaling an additional $3.5 million in July and November 2016 (projects #38733, #39170, and #39224). Other investors

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[48] WGB, July 31, 2017, Report of the Global Gender-Based Violence Task Force. Available here: https://documents1.worldbank.org/curated/en/482251502095751999/pdf/117972-WP-PUBLIC-recommendations.pdf. See also information at World Bank Press Release, October 2016, World Bank Launches Global Task Force to Tackle Gender-Based Violence. Available here: https://www.worldbank.org/en/news/press-release/2016/10/13/world-bank-launches-global-task-force-to-tackle-gender-based-violence.

[49] WGB, September 28, 2018, Good Practice Notes on Addressing Gender Based Violence in Investment Project Financing involving Major Civil Works; and WBG, September 2022, Addressing Sexual Exploitation and Abuse and Sexual Harassment (SEA/SH) in Human Development Operations. Available here: https://documents1.worldbank.org/curated/en/399881538336159607/Environment-and-Social-Framework-ESF-Good-Practice-Note-on-Gender-based-Violence-English.pdf; and here: https://thedocs.worldbank.org/en/doc/0e0825d39c28f61080380c6be9c40811-0290032022/original/SEA-SH-GPN-for-HD-Operations-CESSO-Issue-Version-September-26-2022.pdf.

[50] IFC, October 30, 2013, Summary of Investment Information (SII). Available here: https://disclosures.ifc.org/project-detail/SII/32171/bridge-international-academies; and IFC, October 30, 2013, Environmental and Social Review Summary (ESRS). Available here: https://disclosures.ifc.org/project-detail/ESRS/32171/bridge-international-academies.

[51] NGS, The History of NewGlobe. Available here: https://newglobe.education/history/.

[52] IFC, October 30, 2013, Summary of Investment Information (SII). Available here: https://disclosures.ifc.org/project-detail/SII/32171/bridge-international-academies.

[53] IFC, October 30, 2013, Environmental and Social Review Summary (ESRS). Available here: https://disclosures.ifc.org/project-detail/ESRS/32171/bridge-international-academies.

[54] IFC, 2013, SII. Available here: https://disclosures.ifc.org/project-detail/SII/32171/bridge-international-academies.

[55] Ibid.

[56] Ibid.

included the Commonwealth Development Corporation, Gates Frontier LLC, the National Education Association, Omidyar Network, and the Chan Zuckerberg Initiative.[57]

IFC classified the investment as Environmental and Social Risk Category B, indicating that its potential adverse environmental and social (E&S) risks were "limited, largely reversible, and may be readily mitigated."[58] Following IFC's exit in March 2022, IFC maintained an indirect exposure to Bridge schools through a financial intermediary, Learn Capital Venture Partners Fund III (Project #32429),[59] in which IFC has a capital commitment of US$21.94 million. IFC's indirect exposure to Bridge through Learn Capital remained active at the time of writing.

At the outset of IFC's investment, Bridge's primary focus was on scaling up the "community schools," known as "academies," that it owned and operated. At the time, IFC projected that, through subsequent capital raising and growth, Bridge would establish around 2,100 schools serving approximately 1 million children by the 2020 fiscal year—a 1,500 percent increase in students.

From 2014 to 2016, Bridge experienced rapid school growth, from 211 community schools serving 57,000 3–14-year-olds to 520 community schools serving approximately 87,600 students. Bridge also expanded to operate community and NGO partnership schools in India, Nigeria, and Uganda, as well as NGO partnerships schools in Kenya.[60]

### 1.2.1. IFC exit and decision to cease investment in fee-paying K–12 private schools

On March 22, 2020, the President of the World Bank Group (WBG) wrote to the U.S. Treasury Secretary stating that IFC would freeze direct investments in K–12 private schools. He also committed to initiate a consultation process and Independent Evaluation Group assessment of IFC's investments in this subsector to determine whether there might be any exceptional circumstances under which such investments could occur in the future.[61] Two years later, in March 2022, IFC exited from its investment in the Bridge parent company, NewGlobe Schools.[62]

In June 2022, the Independent Evaluation Group (IEG) published its evaluation of IFC investments in K–12 private schools, advising against resumption of such investments. The evaluation deemed several elements of IFC's existing business model unsuitable for investment in private K–12 education (including for low-income students). It concluded that "IFC would have to change its business model if it were to pursue equitable access [to education], aim to reach lower-income and impoverished students, improve the quality of education, and make a sufficient return on investment."[63] In order to resume such investments, the evaluation recommended several changes to IFC's business model.[64] IFC's Management Response to the evaluation agreed with the

[57] IEG, 2022, An Evaluation of International Finance Corporation Investments in K–12 Private Schools. Available here: https://ieg.worldbankgroup.org/sites/default/files/Data/Evaluation/files/IFCSupport_K12PrivateEducation_GS_and_MC.pdf.
[58] IFC, 2013, ESRS. Available here: https://disclosures.ifc.org/project-detail/ESRS/32171/bridge-international-academies.
[59] IFC, April 2014, Summary of Investment Information (SII) for Project #32429. Available here: https://disclosures.ifc.org/project-detail/SII/32429/education-innovation-fund.
[60] IFC, May 31, 2018, Annual Environmental and Social Monitoring Reports (AMR) (2016.3.1-2017.12.31). Bridge Webpage, Programmes. Available here: https://www.bridgeinternationalacademies.com/.
[61] WBG, March 20, 2020, Letter from WBG President to US Treasury Secretary. Redacted version available at: https://democrats-financialservices.house.gov/uploadedfiles/malpass_ltr_mnuchin_3202020.pdf.
[62] IFC, April 2014, Summary of Investment Information (SII) for Project #32429. Available here: https://disclosures.ifc.org/project-detail/SII/32429/education-innovation-fund.
[63] IEG, June 2022, An Evaluation of International Finance Corporation Investments in K–12 Private Schools. Available here: https://ieg.worldbankgroup.org/sites/default/files/Data/Evaluation/files/IFCSupport_K12PrivateEducation_GS_and_MC.pdf.
[64] Ibid. Recommendations included:

- Engaging a wider spectrum of stakeholders likely to be affected by the IFC investment in the education system
- Explicitly addressing equitable education access and inclusion and the quality of education

IEG's conclusions and recommendations and stated that IFC did not envision resuming such investments "in the near future."[65]

## 1.3. Origins of CAO's Bridge-04 Investigation

### 1.3.1. Bridge-01 complaint, appraisal, and investigation

In April 2018, CAO received a complaint from the East Africa Centre for Human Rights (EachRights), a Kenyan NGO, on behalf of current and former parents and teachers (the "Bridge-01 complainants") regarding IFC's investment in Bridge in Kenya (the Bridge-01 case). The complaint raised concerns about Bridge's compliance with international and Kenyan law, Kenyan national curriculum requirements, and alleged use of non-qualified teachers. It alleged that Bridge was in breach of IFC's Performance Standards (PS) in relation to environmental and social risk (PS1); labor and working conditions (PS2); and community health, safety, and security matters (PS4), including building construction and safety, school sanitation, and child safety concerns. The Bridge-01 complainants have requested that their identities be kept confidential. CAO's subsequent compliance appraisal concluded that there were substantial concerns regarding the E&S outcomes of IFC's investment in Bridge and potential for noncompliance with Performance Standards 1, 2, and 4.[66] CAO therefore initiated a compliance investigation in October 2019.[67]

#### *CAO Vice President initiates Bridge-04 compliance appraisal*

As part of the Bridge-01 investigation, CAO staff traveled to Kenya in February 2020. The investigation team spoke to complainants, community members, client representatives, and local authorities. In these discussions, community members informed CAO of allegations involving multiple instances of child sexual abuse (CSA) at Bridge schools by two Bridge teachers involving at least 15 survivors. In response to the serious nature of these incidents, CAO sought information from Bridge management about the company's systems for child safeguarding and protection and how it had handled past incidents of this kind. CAO also briefed IFC staff and management on the situation. In September 2020, the CAO Vice President (VP) issued a request that CAO conduct a separate compliance appraisal of how IFC reviewed and supervised E&S risks and potential impacts from Bridge's operations related to CSA.

#### *Summary of Bridge-04 compliance appraisal*

CAO completed its Bridge-04 compliance appraisal in December 2020 and published the Appraisal Report in January 2021.[68] As explained in the publicly available report, CAO's initial review of IFC's project documentation raised questions about the adequacy of IFC's pre-investment due diligence and client supervision against its E&S requirements. In particular, these questions related to whether IFC's due diligence and supervision of the project properly considered the requirements of IFC Performance Standards 1 and 4, Kenyan national law, and good international industry practice (GIIP) as relevant to child safeguarding and protection risks.

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- Improving project monitoring and supervision to assess factors beyond business indicators, including those related to education access, quality, and positive and negative spillover effects on other schools and local education systems
- Considering possible trade-offs between achievement of educational outcomes (including access, equity, and quality) and the financial sustainability of IFC investments in K-12 private education.

[65] Ibid.; and IFC, Management Response to IEG Report. Available here: https://ieg.worldbankgroup.org/evaluations/evaluation-international-finance-corporation-investments-K–12-private-schools-7.

[66] CAO, October 21, 2019, Bridge 01 Compliance Appraisal Report, p. 2. Available here: https://www.cao-ombudsman.org/sites/default/files/downloads/CAOAppraisalReport_BridgeInternationalAcademies_English.pdf.

[67] Ibid.

[68] CAO, December 23, 2020, Appraisal Report Bridge International Academies-04. Available here: https://www.cao-ombudsman.org/sites/default/files/downloads/CAOAppraisalReport-BIA-04-Dec23.pdf.

CAO concluded that "there are substantial concerns regarding the E&S outcomes of IFC's investment in Bridge considering: (a) specific allegations of CSA raised in the course of the Bridge-01 investigation; and (b) the E&S risk profile of the schools in light of their number and the vulnerable status of learners." As a result, CAO determined that a compliance investigation into the issues raised in the CAO VP's request was merited.

In making this decision, CAO took into account the "seriousness of the risks and impacts raised, the [large] scale of the client's business globally, the [young] ages of the children who attend Bridge schools, and the vulnerable status of children and families who are the target market for Bridge schools."[69]

### *Launch of the Bridge-04 compliance investigation*

Consequently, CAO launched this compliance investigation in January 2021 covering IFC oversight of issues of child safeguarding and protection, with specific focus on CSA risks and impacts in Bridge's Kenyan academies. These CSA risks and impacts fall within the scope of gender-based violence (GBV)[70] against children.[71] [72]

[69] Ibid, p. 16.
[70] **Gender based violence** is violence that results in, or is likely to result in, physical, sexual, or psychological harm or suffering, against someone based on gender discrimination, gender role expectations, and/or gender stereotypes, or based on the differential power status linked to gender.
[71] See, for example, UNICEF, "Sexual Violence Against Children," (describing sexual violence against children as a form of "gender-based violence" and noting that both boys and girls are subject to sexual violence). Available here: https://www.unicef.org/protection/sexual-violence-against-children.
[72] CAO acknowledges that allegations of child sexual abuse referenced in this report could potentially qualify as crimes under Kenyan law, *but emphasizes that this report makes no finding as to any accused person's criminal or civil liability*. CAO's compliance process is non-adversarial, non-judicial, and "not intended or designed to be used in judicial or regulatory proceedings or for purposes of attributing legal fault or liability." CAO Policy at paras. 9 and 117. Available here: https://www.cao-ombudsman.org/sites/default/files/documents/CAO%20Policy/ifc-miga-independent-accountability-mechanism-cao-policy.pdf. Furthermore, CAO notes that because compliance investigations are not judicial processes, the evidentiary standards necessary to constitute sufficient evidence in support of a CAO investigative finding are unrelated to any jurisdiction's criminal or civil evidentiary requirements.

## 1.4. Timeline of Key Events[73]

### Bridge 04 Investigation

2013

IFC Board approves initial Bridge investment (Project #32171) of $10 million.
**Dec 2013**

IFC learns of an incident of child sexual abuse (CSA).
**Dec 2013**

2014

IFC makes first disbursement to NewGlobe Schools, Bridge's parent company.
**Jan 2014**

2015

The World Bank Group issues an Education Sector Brief on Violence Against Women and Girls. A key point of the report is that sexual harassment is widespread in educational settings in many parts of the world.
**Apr 2015**

2016

IFC learns of incidents of CSA.
**Apr 2016**

IFC requests information related to CSA.
**Jun 2016**

IFC makes second disbursement.
**Jul 2016**

World Bank Group President Jim Yong Kim launches Global Gender-Based Violence Task Force. Its aim is to strengthen the institution's response through its projects to issues involving sexual exploitation and abuse.
**Oct 2016**

IFC makes third and fourth disbursements.
**Nov 2016**

IFC conducts a site visit.
**Nov 2016**

2017

IFC conducts site visit; learns of incidents of CSA.
**Jul 2017**

2018

CAO receives Bridge-01 complaint from EACHRights, a Kenyan NGO, on behalf of current and former parents and teachers.
**Apr 2018**

World Bank issues Good Practice Note on Addressing Gender Based Violence in Investment Project Financing involving Major Civil Works.
**2018**

2019

Kenya's Ministry of Labour and Social Protection, with the support of UNICEF, publishes its Violence Against Children Survey.
**2019**

Continued

## Bridge 04 Investigation (cont.)

**2020**

CAO Bridge-01 investigation field mission receives information on alleged CSA incidents.
**Feb 2020**

CAO notifies IFC of CSA incidents.
**Feb 2020**

The World Bank Group freezes investments in K-12 private education. IFC and Bridge begin working together to improve the company's child safeguarding performance.
**Mar 2020**

IFC conducts a site visit; learns of incidents of CSA.

IFC requests information related to CSA.
**Mar 2020**

Bridge and IFC enter a supplemental confidentiality agreement.
**Jun 2020**

CAO Vice-President initiates the Bridge-04 compliance appraisal focused on child sexual abuse in Bridge schools.
**Sep 2020**

CAO publishes Bridge-04 Appraisal Report.
**Dec 2020**

**2021**

CAO launches Bridge-04 investigation.
**Jan 2021**

IFC conducts a site visit.

IFC undertakes desk review and conveys determination of compliance.
**Jun 2021**

CAO publishes Bridge-04 investigation terms of reference.
**Oct 2021**

**2022**

IFC exits its investment in Bridge.
**Mar 2022**

The World Bank Independent Evaluation Group (IEG) publishes its evaluation of IFC investments in K-12 private schools. IFC announces its decision not to resume investments in K-12 private education.
**Jun 2022**

[73] These sources pertain to the timeline above. The World Bank, April 2015, Education Sector Brief on Violence Against Women and Girls. Available here: https://openknowledge.worldbank.org/server/api/core/bitstreams/7a81b7cb-8ba5-5c96-9a80-9f32821f170e/content. WGB, July 31, 2017, Working Together to Prevent Sexual Exploitation and Abuse. Available here: https://documents1.worldbank.org/curated/en/482251502095751999/pdf/117972-WP-PUBLIC-recommendations.pdf. World Bank Press Release, October 2016, World Bank Launches Global Task Force to Tackle Gender-Based Violence. Available here: https://www.worldbank.org/en/news/press-release/2016/10/13/world-bank-launches-global-task-force-to-tackle-gender-based-violence. See also, The World Bank, September 2018, Good Practice Note Addressing Gender Based Violence in Investment Project Financing involving Major Civil Works. Available here: https://documents1.worldbank.org/curated/en/399881538336159607/Environment-and-Social-Framework-ESF-Good-Practice-Note-on-Gender-based-Violence-English.pdf.

## 1.5. Definitions

This report uses the terminology of *incident(s)* as an occurrence in relation to CSA, and of *survivor(s)* to refer to the children who suffered CSA. In addition, CAO utilizes the following terminology in this report. These definitions are taken from the World Bank's Good Practice Note Addressing Gender Based Violence in Investment Project Financing involving Major Civil Works (2018), UNICEF's *Child Safeguarding Toolkit for Business* (2018), UNESCO, the UN Women's *Global Guidance on Addressing School-related Gender Based Violence* (2016), and the Interagency Working Group on Sexual Exploitation of Children's *Terminology Guidelines for the Protection of Children from Sexual Exploitation and Sexual Abuse.*[74]

**Child.**[75] Any individual under the age of 18, regardless of whether the national age of majority is younger.

**Child abuse.**[76] All forms of physical and/or emotional ill treatment, sexual abuse, neglect, negligent treatment, or commercial or other exploitation of a child resulting in actual or potential harm to the child's health, survival, development, or dignity.

**Child sexual abuse (CSA).**[77] The involvement of a child in sexual activity, including "non-contact abuses" such as sexual harassment of a child, that the child 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 such activity between a child and an adult or another child who by age or development is in a relationship of responsibility, trust, or power, with the activity being intended to gratify or satisfy the needs of the other person.

**Child safeguarding.**[78] Child safeguarding refers to all actions a company takes to keep all children with whom they come into contact safe, including proactive measures put in place to ensure children do not come to harm as a result of any direct or indirect contact with the company. Child safeguarding encompasses the prevention of physical, sexual, and emotional abuse, as well as neglect and maltreatment of children by employees and other persons for whom the company is responsible, including contractors, business partners, visitors to premises, and volunteers.

**Child protection.**[79] Child protection, an important part of safeguarding, refers to the actions a company takes to address a specific concern that a particular child is at risk of significant harm due to her or his contact with corporate actors, business partners, products, or services. Child protection is essential if there is a concern that a child is being abused or that his or her safety is compromised.

[74] UNICEF, May 2018, *Child Safeguarding Toolkit for Business,* 2018. Available here: https://www.unicef.ch/de/media/1049/download; and Susanna Greijer and Jaap Doek, 2016 *Terminology Guidelines for the Protection of Children from Sexual Exploitation and Sexual Abuse (Adopted by the* Interagency Working Group on Sexual Exploitation of Children *in Luxembourg, 28 January 2016). Available here:* https://ecpat.org/wp-content/uploads/2021/05/Terminology-guidelines-396922-EN-1.pdf.

[75] UNICEF, May 2018, *Child Safeguarding Toolkit for Business.* Available here: https://www.unicef.org/thailand/media/2601/file/Child%20Safeguarding%20Toolkit%20for%20Business.pdf.

[76] Ibid.

[77] Susanna Greijer and Jaap Doek, 2016, Terminology Guidelines for the Protection of Children from Sexual Exploitation and Sexual Abuse, p. 19. This Guideline's definition of "child sexual abuse" was first issued by the WHO in its *Report of the Consultation on Child Abuse Prevention* (WHO, Geneva, 29-31 March 1999). Available here: https://ecpat.org/wp-content/uploads/2021/05/Terminology-guidelines-396922-EN-1.pdf, and here: https://apps.who.int/iris/handle/10665/65900.

[78] UNICEF, May 2018, *Child Safeguarding Toolkit for Business.* Available here: https://www.unicef.org/thailand/media/2601/file/Child%20Safeguarding%20Toolkit%20for%20Business.pdf.

[79] Ibid.

**Gender-based violence (GBV).**[80] Gender-based violence is an umbrella term for any harmful act that is perpetrated against a person's will and that is based on socially ascribed (i.e., gender) differences between males and females. It includes acts that inflict physical, sexual, or mental harm or suffering; threats of such acts; coercion; and other deprivations of liberty. These acts can occur in public or in private. Women and girls are disproportionately affected by GBV across the globe.

**Sexual exploitation and abuse (SEA).**[81] Any actual or attempted abuse of a position of vulnerability, differential power, or trust for sexual purposes, including but not limited to profiting monetarily, socially, or politically from the sexual exploitation of another. Sexual abuse is further defined as "the actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions." Women, girls, boys, and men can experience SEA. In the context of World Bank supported projects, project beneficiaries and members of project-affected communities may experience SEA. **Note to the reader:** This report does not employ the term SEA *except* when citing certain IFC documents that explicitly employ that term.

In addition, CAO notes that child sexual abuse falls within the scope of gender-based violence (GBV) against children. While gender-based violence is often discussed in relation to its impact on women and girls, it can and does impact women and men, girls, and boys, as well as gender-diverse persons. As explained by UNICEF:

> "Restrictive social norms about gender and sexuality also contribute to violence and discrimination against boys, men, and individuals with diverse gender identity, gender expression, and sexual characteristics, including lesbian, gay, bisexual, transgender, queer or questioning and intersex (LGBTQI+) children and adolescents. As a result, both researchers and international agreements have called for violence prevention and response efforts to take a gender-transformative approach, meaning one that addresses the causes of gender-based inequalities and works to transform harmful gender roles, norms, and power imbalances."[82]

## 1.6. CAO Approach to Bridge-04 Compliance Investigation

The purpose of the CAO compliance function is to carry out reviews of IFC's compliance with E&S policies, assess any related harm,[83] and recommend remedial actions where appropriate. In accordance with the IFC/MIGA Independent Accountability Mechanism Policy (CAO Policy), effective July 1, 2021, this report presents investigative findings with respect to IFC compliance, non-compliance, and related harm in the form of child sexual abuse. It also includes CAO's conclusions about the underlying causes of the non-compliance identified during the investigation and recommendations for IFC to consider in developing a Management Action Plan to remediate project-level non-compliance and related harm. In addition, this report includes steps needed to prevent future non-compliance, as relevant to the circumstances.[84]

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[80] WBG, September 28, 2018, Good Practice Note Addressing Gender Based Violence in Investment Project Financing involving Major Civil Works. Available here: https://documents1.worldbank.org/curated/en/399881538336159607/Environment-and-Social-Framework-ESF-Good-Practice-Note-on-Gender-based-Violence-English.pdf.

[81] WBG, September 28, 2018, Good Practice Note Addressing Gender Based Violence in Investment Project Financing involving Major Civil Works. Available here: https://documents1.worldbank.org/curated/en/399881538336159607/Environment-and-Social-Framework-ESF-Good-Practice-Note-on-Gender-based-Violence-English.pdf.

[82] UNICEF, April 2020, Gender Dimensions of Violence Against Children and Adolescents (Strategy Paper), p.2. Available here: https://www.unicef.org/media/92376/file/Child-Protection-Gender-Dimensions-of-VACAG-2021.pdf.

[83] Harm is defined in the CAO Policy 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" (p. iv). Available here: https://www.cao-ombudsman.org/sites/default/files/documents/CAO%20Policy/ifc-miga-independent-accountability-mechanism-cao-policy.pdf.

[84] CAO Policy, June 2021, para. 120c. Available here: https://www.cao-ombudsman.org/sites/default/files/documents/CAO%20Policy/ifc-miga-independent-accountability-mechanism-cao-policy.pdf.

As outlined in terms of reference published on October 21, 2021,[85] the Bridge-04 investigation of IFC's investment in Bridge International Academies concerns issues of child safeguarding and protection, with a specific focus on CSA risks at Bridge schools in Kenya. However, many of the reviewed Bridge child protection policies and procedures are global in nature, and several CAO recommendations are relevant across IFC's varied investments impacting children around the world.

The investigation assesses whether IFC's pre-investment due diligence and supervision of Bridge's systems and actions to prevent and address CSA were consistent with the following requirements:

- Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts
- Performance Standard 4: Community Health, Safety, and Security
- Kenyan national law related to child protection and child safeguarding
- Good international industry practice[86] in the field of private K–12 education in low-income settings.

As established by CAO policy, this investigation makes determinations of compliance or non-compliance based on information available at the time decisions were made; it does not make findings and conclusions with the benefit of hindsight.[87] While the purpose of this investigation is to evaluate IFC's E&S compliance, CAO considers Bridge's E&S performance as necessary to evaluate IFC's project due diligence and supervision and to make findings regarding harm and whether any harm is related to any IFC non-compliance with E&S policies.[88]

In conducting this investigation, CAO staff worked with child protection and safeguarding experts and undertook the following activities:

- Conducted interviews with interested stakeholders and individuals directly linked to the investment as well as Kenyan civil society organizations with expertise in child protection and child safeguarding
- Conducted a desk review of project documentation provided by IFC and Bridge
- Reviewed publicly available reports on the prevalence of CSA in Kenya and at Bridge schools specifically
- Reviewed Kenyan laws and policies as well as international conventions deemed enforceable under Kenyan law with child protection and safeguarding aims and implications
- Reviewed documents shaping GIIP published between 2013-2022 on child protection and child safeguarding in private, K–12 education in low-income settings.

CAO did not conduct a field mission for this investigation, which coincided partially with the second year of the COVID-19 pandemic. However, CAO staff working on the case had access to relevant information collected by colleagues on the ground during the Bridge-01 field mission in February 2020. This information included the detailed allegations that triggered the CAO VP's request for a compliance appraisal of CSA in Bridge schools in

[85] CAO, October 21, 2021, Compliance Investigation Terms of Reference Bridge-04. Available here: https://www.cao-ombudsman.org/sites/default/files/downloads/Bridge-04%20ToR%20for%20Compliance%20Investigation%20FINAL.pdf.

[86] The IFC Performance Standards define good international industry practice is "as the exercise of professional skill, diligence, prudence, and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally or regionally." PS1, para. 7, footnote 10. Available here: https://www.ifc.org/content/dam/ifc/doc/2023/ifc-performance-standards-2012-en.pdf.

[87] CAO Policy, 2021, para. 116. Available here: https://www.cao-ombudsman.org/sites/default/files/documents/CAO%20Policy/ifc-miga-independent-accountability-mechanism-cao-policy.pdf.

[88] Ibid., para. 114.

Kenya. In addition, CAO engaged a consultant to undertake further fact finding in Kenya as part of the investigation.

### 1.6.1. Access to Information and Disclosure

According to CAO Policy, and consistent with the IFC and WBG institutional mandates, in carrying out its work, CAO will apply a presumption in favor of disclosure of environmental and social information, and at the same time, maintain, as appropriate, the confidentiality of sensitive commercial information (para 27).

CAO is required to comply with the Access to Information Policies (AIPs) of IFC and MIGA. Accordingly, CAO may disclose information gathered during its activities, subject to the AIPs and other applicable requirements. Where IFC/MIGA have raised confidentiality concerns that remain unresolved after CAO has reviewed and addressed IFC/MIGA comments resulting from the factual review and comment process, these may be subject to an escalation procedure under para 28 of the CAO Policy. This stipulates that any issue of information access or disclosure should be discussed between the CAO Director General (DG) and Management with a view to resolution.

If the issue is not resolved, including whether any information is confidential and whether and how it can be disclosed or protected, the CAO Policy stipulates that “it will be referred for discussion among the IFC/MIGA General Counsel (in his/her institutional capacity), CODE Chair and Vice-Chair, CAO DG, and Management” (para 29).

In relation to this case, confidentiality requirements between IFC and Bridge were set forth in an Investor Rights Agreement (IRA) in 2013. In 2020, IFC and Bridge entered into a supplemental confidentiality agreement. This 2020 Letter Agreement refers to the AIP and prior agreements between the parties. However, it goes beyond the IRA by identifying four specific categories of documents and information that are to be treated as confidential and subject to the IRA’s confidentiality obligations. Although negotiated and signed without CAO’s engagement or consent, and before the current DG was appointed, the Letter Agreement explicitly states that each of these provisions applies to CAO.

The timing of the 2020 Letter Agreement created an appearance of seeking to chill CAO’s investigation and raised questions as to how CAO could execute its mandate in light of the confidentiality agreement’s provisions with respect to the disclosure of the Bridge-01 and Bridge-04 compliance investigations. CAO engaged an independent legal counsel to provide advice in understanding: i) the implications of the confidentiality agreements, together with the AIP, on CAO disclosure of the reports; and ii) options for disclosure to fulfill CAO’s mandate for transparency and disclosure while respecting legitimate confidentiality interests. The legal counsel reported directly to CAO’s Director General and also assisted CAO in developing a proposed methodology and supporting materials for the discussions undertaken under para. 28 & 29 of the CAO Policy. Although the 2020 Letter Agreement ultimately did not restrict CAO’s ability to access information nor to conduct its investigation as intended, it did result in time delays and additional financial costs for CAO. From CAO’s perspective, this experience with the 2020 Letter Agreement raises key issues that need to be considered should any similar agreement ever be negotiated in the future. They include how to take into account the mandates and standards set in the CAO Policy, particularly as they relate to CAO independence, its transparency and disclosure mandates and standards, and the importance of consulting with CAO in advance.

# 2. Applicable Standards, Policies, and Practices on Child Sexual Abuse

This section presents IFC environmental and social (E&S) policies, procedures, and Performance Standards (PSs) concerning project-related child sexual abuse (CSA) risks. It then summarizes applicable Kenyan national laws and established good international industry practice (GIIP) relevant to private K–12 education in low-income settings, which IFC was also required to appraise and supervise under the Sustainability Framework. For this investigation, CAO evaluated IFC's actions against these requirements to determine whether IFC complied with its E&S responsibilities during its due diligence and supervision of Bridge International Academies.

## 2.1. Applicable IFC Standards

IFC's engagement with this client was initiated in the context of IFC's 2012 Policy on Environmental and Social Sustainability ("the Sustainability Policy") and the 2012 IFC Performance Standards, together referred to as the "Sustainability Framework." These policies and standards are designed to protect people and the environment from harm related to IFC investments.

The Sustainability Framework does not specifically address risks and impacts pertaining to children, apart from child labor and children's vulnerability to trafficking practices (PS2, para 21 and footnote 13). However, the general requirements to assess, minimize, mitigate, and remedy the social risks and impacts of a business activity under the Sustainability Framework are clearly applicable to project-related CSA risks and impacts, given that:

- CSA poses a substantial risk to children's health, safety, and security, with devastating impacts on the social development of children, their families, and communities.[89]
- Children's established human rights entitle them to freedom from all forms of abuse and discrimination, including gender-based violence (GBV) and other forms of gender-based discrimination.[90]

Under PS1, children are a subset of disadvantaged and vulnerable groups that IFC clients must identify and then manage risks that may disproportionately affect them (para 12, see also section 2.1.1. below). In addition, the World Bank Group explicitly addressed project-related CSA risks during the lifetime of IFC's investment in Bridge, as described in sections 1.1. and 1.2. above. IFC's Sustainability Framework also outlines its commitment to "ensuring that the costs of economic development do not fall disproportionately on those who are poor or vulnerable" (Sustainability Policy, para 9). The Sustainability Policy and Performance Standards, which IFC clients must abide by, contain specific protections for vulnerable groups, including children, women, and girls.[91] PS1, for example, states that disadvantaged or vulnerable status "may stem from an individual's or group's race,

[89] See, UNICEF, 2014, Hidden in Plain Sight: A Statistical Analysis of Violence Against Children, p.62 ("Experiences of sexual violence in childhood hinder all aspects of development: physical, psychological and social."). Available here: https://data.unicef.org/resources/hidden-in-plain-sight-a-statistical-analysis-of-violence-against-children/; and IFC, EBRD, CDC, and Social Development Direct, 2020, Addressing Gender-Based Violence and Harassment (GBVH) in the Education Sector, at p. 1 (acknowledging that "GBVH is a serious and systemic issue in the education sector" that occurs in all educational settings and has "long-term impacts on student's learning, health, wellbeing and pathway to employment," as well as potentially gender-differentiated consequences for boys and girls). Available here: https://www.ifc.org/en/insights-reports/2020/publications-gpn-addressinggbvh.

[90] See, for example, Articles 19 and 34 of the UN Convention on the Rights of the Child (1989)) and CEDAW (1981). Available here: https://www.ohchr.org/sites/default/files/crc.pdf and here: https://www.ohchr.org/sites/default/files/cedaw.pdf.

[91] See, for example, Policy on Environmental and Social Sustainability, 2012, at para. 9; and IFC, 2012, Performance Standards on Environmental and Social Sustainability, PS1 (paras. 12, 27, 30); PS2 (paras. 2, 21, 22, 27); PS4 (paras. 1 and 9); PS5 (para. 8 and 19); and PS7. Available here: https://www.ifc.org/content/dam/ifc/doc/mgrt/sp-english-2012.pdf and here; https://www.ifc.org/content/dam/ifc/doc/2023/ifc-performance-standards-2012-en.pdf.

color, sex, language, religion, political or other opinion, national or social origin, property, birth, or other status. The client should also consider factors such as gender, age, ethnicity, culture, literacy, sickness, physical or mental disability, poverty or economic disadvantage, and dependence on unique natural resources."[92]

The Sustainability Policy recognizes "the responsibility of business to respect human rights" and to acknowledge that this responsibility "means to avoid infringing on the human rights of others and to address adverse human rights impacts business may cause or contribute to" (para 12).

Under the terms of Sustainability Policy, IFC will invest in a project only when the activities it finances "are expected to meet the requirements of the Performance Standards within a reasonable period of time" (para 22). IFC conducts pre-investment E&S due diligence (ESDD) to evaluate whether a potential project can be reasonably expected to meet this requirement (Sustainability Policy, para 20–28). This due diligence must be "commensurate with the nature, scale, and stage of the business activity, and with the level of environmental and social risks and/or impacts" (para 26). Furthermore, if after Board approval there are material changes in the environmental and social risk profile of the project, IFC is required to assess these and, consistent with these risks and PS requirements, require the client to adjust its Environmental and Social Management System (ESMS) to address them (Sustainability Policy, para 25).

Throughout an investment, IFC is required to regularly monitor the project to ensure compliance with the conditions in the investment agreements and applicable IFC policies and standards (paras 7, 25, and 45). If the client fails to comply with agreed commitments in the E&S conditions undergirding IFC's investment, "IFC will work with the client to bring it back into compliance to the extent feasible, and if the client fails to reestablish compliance, IFC will exercise remedies as appropriate" (para 45).

In addition, multiple elements of Performance Standards 1 and 4 intersect with project-related CSA risks and impacts and have specific relevance to IFC's investment in Bridge. These are summarized below.

### 2.1.1. IFC Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts

PS1 requires that clients identify and evaluate "all relevant environmental and social risks and potential impacts" related to the project and adopt a "mitigation hierarchy" to anticipate and avoid or, where avoidance is not possible, minimize risks and impacts to workers, affected communities, and the environment. Where residual impacts remain, clients are required to compensate or offset risks and impacts (Objectives and para 14). PS1 notes that each IFC Performance Standard has human rights dimensions and that due diligence against the standards enables clients to address human rights issues relevant to their project.

Regarding CSA risks and impacts, while not specifying CSA by name, PS1:

- Requires the IFC client to identify, evaluate, and manage the project's E&S risks and impacts. Risk and impact management programs prioritize avoiding risks and impacts. Where avoidance is not possible, they seek to minimize them, and, where residual impacts remain, clients must compensate/offset them wherever technically and financially feasible (Objectives, paras 5 and 14).
- Requires the client's E&S risk identification processes to be consistent with good international industry practice (para 7).

[92] PS1, 2012, para. 12, footnote 18. Available here; https://www.ifc.org/content/dam/ifc/doc/2023/ifc-performance-standards-2012-en.pdf.

- Requires clients for projects with specifically identified physical elements, aspects, and facilities likely to generate E&S impacts to: (1) identify individuals and groups that may be 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 (para 12). Children are included among these groups due to their age (para. 12).[93]

- Commits clients to comply with national laws and regulations relevant to the project, including those implementing international commitments (paras 6 and 16).

PS1 also establishes important process requirements to help IFC clients implement the required actions above. These include:

- Establishing a PS-consistent E&S policy and communicating the policy to all staff (para 6).

- Developing E&S management programs that contain mitigation and performance improvement measures that address the project's identified E&S risks and impacts (para 13).

- Where risks and impacts cannot be avoided, identifying mitigation and performance measures and establishing corresponding actions to ensure the project will operate in compliance with applicable laws and regulations and meet PS requirements (para 15).

- Developing E&S Action Plans, typically agreed with IFC, that include desired outcomes, time-bound actions, estimates of resources, and responsibilities for implementation (para 16).

- Establishing, maintaining, and strengthening an organizational structure to implement the E&S Management System (para 17) and to monitor and measure its effectiveness, involving affected communities' representatives in monitoring activities where appropriate (para 22).

In addition, PS1 requires clients to conduct stakeholder engagement commensurate with a project's risks and adverse impacts (para 25), including providing relevant information on any risks to and potential impacts on affected communities and relevant mitigation measures (para 29). Clients must establish a grievance mechanism scaled to the risks and impacts of the project with a focus on affected communities as the primary users (para 35).

### 2.1.2. IFC Performance Standard 4: Community Health, Safety, and Security

PS4 is also relevant to IFC's investment in Bridge and the related CSA risks and impacts due to the project's setting in elementary and secondary schools. The standard requires clients to:

- Avoid and minimize routine and non-routine community health, safety, and security risks (para 1).

- Evaluate those risks and impacts throughout the project (para 5).

- Establish related preventative and control measures consistent with GIIP and mitigation measures commensurate with the nature and magnitude of the risks and impacts (para 5).

The measures clients take to comply with PS4 must favor avoidance of risks and impacts over their minimization (para 5).

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[93] Ibid., para. 12: "This disadvantaged or vulnerable status may stem from an individual's or group's race, color, sex, language, religion, political or other opinion, national or social origin, property, birth, or other status. The client should also consider factors such as gender, age, ethnicity, culture, literacy, sickness, physical."

## 2.2. Kenyan Laws Applicable to Private K–12 Education in Low-income Settings

IFC's Performance Standard 1 requires clients to establish a PS-compliant E&S policy that commits their project to comply with applicable laws, including laws implementing international commitments (para 6). In this case, during IFC's project due diligence (2013) and supervision (2014–2022) phases, relevant Kenyan laws included progressively more comprehensive protections against child sexual abuse and consequences for CSA perpetrators. These laws apply to private educational institutions—such as Bridge schools—and their staff, consultants, and volunteers.

The key provisions of laws and regulations that were in place during IFC's pre-investment due diligence of Bridge operations are summarized below.[94]

**Applicable during IFC due diligence:**

- Prohibit all forms of violence against children, criminalize child sexual abuse, and recognize children's rights to protection from violence and abuse
- Establish procedures by which government authorities should receive and respond to reports of children requiring care or protection
- Require private and public basic education to be provided without any form of child abuse or gender-based discrimination
- Require teachers to report within 24 hours any reasonable grounds to believe that a child has been sexually abused to the head teacher, education officials, school management committees, board of governors, police, or any organization working with child protection issues, and to the Teachers Service Commission (TSC)
- Establish a process for all teachers to be registered in order to lawfully teach in Kenya, and exclude convicted sex offenders from this process
- Under the Constitution of Kenya (Art. 2(6)), deem all international agreements enforceable under domestic law, including the following ratified by Kenya prior to 2010: African Charter for the Rights and Welfare of the Child (1990); UN Convention on the Rights of the Child (1989); and Convention on the Elimination of All Forms of Discrimination Against Women (1979).[95]

[94] See the following Kenyan laws: Children's Act of 2001, Sexual Offences Act of 2006, Constitution of 2010, Penal Code of 2010, Teachers Service Commission Circular 3/2010, Teachers Service Commission Act of 2012, and 2013 Basic Education Act.

[95] In addition to these legally binding requirements, the Kenyan government has issued: the Safety Standards Manual for Schools in Kenya of 2008 (containing guidance on implementing school safety and identifying and responding to related risks, including teacher-on-learning sexual assault and other school violence). Available here: http://cwsglobal.org/wp-content/uploads/2017/01/CWS-SSZ-Schools-Manual_Kenya.pdf; the 2015 Education and Training Sector Gender Policy (establishing that schools should create a safe learning environment and prevent GBV). Available here: https://www.education.go.ke/sites/default/files/2022-05/EDUCATION-and-TRAINING-Sector-Gender-Policy-2015-FINAL-PRINTED-VERSION1.pdf; and the National Prevention and Response Plan on Violence Against Children in Kenya (2019-2023) (providing more detailed guidance on making education free from violence and abuse, and advising schools to: a) strengthen report mechanisms, suggestion boxes, referral directories and standard referral forms; b) increase the capacity of teachers to prevent, identify and respond to child abuse; and c) develop Standard Operating Procedures on School-Related Gender-Based Violence). Available here: https://www.unicef.org/kenya/media/1526/file/National%20Prevention%20&%20Response%20Plan%20on%20VAC.pdf.

**Applicable during IFC supervision:**

Kenyan law applicable to K–12 private education in low-income settings evolved further in 2014–2021 to:[96]

- Prohibit teachers not registered with the TSC from being employed in any facet of a school program
- Establish detailed restrictions on teachers' behavior to protect children against sexual abuse
- Establish the rights of survivors of crime, including survivors of sexual abuse
- Require alternative providers of basic education to be registered with the Ministry of Education and staffed exclusively by trained teachers.

These laws provided an increasingly robust national framework for safeguarding children against sexual abuse and gender-based violence, including in schools.

## 2.3. Good International Industry Practice Applicable to CSA-Related Issues in Private K–12 Education in Low-income Settings

GIIP in this area is well-established and extensive. Such practice is relevant to this investigation because the IFC Performance Standards require both the client's E&S risk and impact identification process (PS1, para 7) and its mandatory preventive and control measures related to community health, safety, and security (PS4 para 5) to be consistent with GIIP. The Performance Standards define GIIP as "the exercise of professional skill, diligence, prudence, and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally or regionally."[97]

For the Bridge investment, GIIP concerning the identification, prevention, and control of CSA risks in private K–12 low-income educational settings are applicable. Relevant good practice during IFC's due diligence and supervision of the project is summarized below.

### 2.3.1. GIIP during IFC due diligence

Established GIIP at the time of IFC's pre-investment due diligence of Bridge's operations in 2013 would have required private schools in low-income settings, such as Bridge, to:[98]

- Respect all internationally recognized human rights, including the rights of children to education and freedom from all forms of abuse, violence, and gender-based discrimination and violence[99]
- Assess (in collaboration with children and families) existing child safeguarding and protection functions to evaluate performance, identify risks, and develop a risk index that includes physical and sexual violence

[96] See the following Kenyan laws: Victim Protection Act of 2014, 2015 Teacher Service Commission Code of Conduct and Ethics for Teachers; 2015 Registration Guidelines for Alternative Provision of Basic Education and Training, establishing implementation procedures for the 2009 Policy for Alternative Provision of Basic Education and Training; and TSC Circular 14/2018, Additional Guidance to Enhance the Safety and Welfare of all Learners. Available here: 2018_TSC_Circular on Protection of Pupils - Students copy.pdf.

[97] PS1, 2012, para. 7, note 10. Available here; https://www.ifc.org/content/dam/ifc/doc/2023/ifc-performance-standards-2012-en.pdf.

[98] See, ), A/61/299; UNICEF Manual on Child Friendly Schools (2009); United Nations Guiding Principles on Business and Human Rights (2011); Keeping Children Safe Standards on Child Protection (2011); and UNICEF, Global Compact, Save the Children - Child Rights and Business Principles (2012).

[99] These rights had been established by the African Charter on the Rights and Welfare of the Child (ACRWC), UN Convention on the Rights of the Child (UNCRC), and the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW).

- Implement ongoing human rights due diligence that includes physical and sexual violence against children, track and communicate how these impacts are addressed, and include a child-sensitive process to remedy any adverse impact on children's rights that the business causes or to which it contributes

- Develop, communicate to staff, and implement a zero-tolerance child protection and safeguarding policy; associated codes of conduct and staff training; procedures to protect children from sexual harassment, abuse, violence, and bullying; and legally compliant complaint, referral, and reporting systems

- Establish safeguards and structures to protect girls and women from GBV, including specific protective measures for girls, children in urban slums, and children in rural areas, including requirements to sensitize staff on how gender differences put children at risk of harm

- Expel and seek prosecution against any teacher guilty of harassment or violence against a child, and do not under any circumstances transfer such teachers to other schools

- Respond to CSA incidents at school by ensuring that survivors' physical injuries are dealt with and by providing counseling and other forms of support while protecting the confidentiality of survivors

- Develop guidance on confidentiality and information sharing centered on child protection.

### 2.3.2. GIIP during IFC project supervision

GIIP applicable to K–12 private education in low-income settings evolved further between 2014 and 2019—the supervision period prior to the February 2020 CAO field mission that prompted this investigation. GIIP sources issued during this period required private schools in low-income settings to:[100]

- Develop, implement, and communicate to the public a child safeguarding and protection policy and related procedures that address school-related GBV

- Ensure that the enterprise's ongoing human rights due diligence processes integrate gender-responsive assessments, gender-transformative measures, and gender-transformative remedies[101]

- Recruit experienced teachers, including female teachers

- Make available investigation reports on breaches of conduct concerning school-related GBV

- Ensure that all incidents of violence against girls are reported and recorded

- Check the criminal records of applicants for school staff positions before they are hired.

[100] See: Special Representative of the Secretary-General on Violence against Children, Report from the consultation on tackling violence against children in schools (2014); Keeping Children Safe Standards on Child Safeguarding (2014); UNESCO-UN Women Global Guidance on Addressing School-related GBV (2016); CEDAW Committee General Recommendation 35 on Gender Based Violence against Women (2017); CEDAW Committee General Recommendation 36 on the Right of Girls and Women to Education (2017); UNICEF Child Safeguarding Toolkit for Business (2018); and Keeping Children Safe Standards on Child Safeguarding (2019).

[101] The UN working group on business and human rights has defined "gender-transformative measures and remedies" as those "capable of bring change to patriarchal norms and unequal power relations that underpin discrimination, gender-based violence and gender stereotyping." See Gender Dimensions of the Guiding Principles on Business and Human Rights (2019), and A/HRC/41/43, at para. 39.

During this same timeframe, new GIIP guidance specific to projects funded by international development finance institutions was issued, including by the World Bank Group and Inter-American Development Bank.[102] This guidance required practitioners to:

- Ensure that interventions related to violence against women and girls prevent revictimization, and consider the co-occurrence of such violence and child abuse
- Consider where and how schools are constructed to support student safety, including by incorporating girls' physical safety into the design of school infrastructure and ensuring adequate lighting, high visibility into and out of school rooms, and separate, adequate sanitation facilities
- Training all teachers and school staff to build their capacity to promote gender equitable norms and detect and prevent sexual abuse, including the involvement of parents and the wider community
- Disseminate government policies and reporting procedures on sexual harassment and abuse in schools to parents, parent-teacher associations (PTAs), school committees, and community groups
- Strengthen the capacity of parent/teacher and community organizations to monitor school performance on child safeguarding and to support prevention of and response to violence against women and girls
- Consider child safeguarding and protection in project planning, and require projects to implement child-safe recruitment and screening procedures for personnel and contractors
- Ensure client compliance with the strongest child protection and safeguarding requirements established under local, national, and international law.

From 2020 to 2022, during IFC's final years of project supervision, additional guidance on child sexual abuse and GBV was released with salience for international development finance institutions, including IFC.[103] In December 2020, IFC, the European Bank for Reconstruction and Development (EBRD), the Commonwealth Development Corporation (CDC), and Social Development Direct released *Addressing Gender-Based Violence and Harassment (GBVH) in the Education Sector*. This represented the first IFC guidance that explicitly targets child sexual abuse in education, acknowledging that "GBVH is a serious and systemic issue in the education sector" with "long-term impacts on student's learning, health, wellbeing and pathway to employment," as well as potentially gender-differentiated consequences for boys and girls (p. 1). The publication addresses GBVH between students, between teachers and students, among teachers and staff, and at home and in communities—all issues relevant to this investment.

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[102] Sources of GIIP issued during this time-period and targeting international development projects include: World Bank Group, Global Women's Institute, and the Inter-American Development Bank, Information Guidance on Violence Against Women and Girls (2014); World Bank Group, Violence Against Women and Girls Resource Guide: Education Sector Brief (April 2015); USAID Child Safeguarding Standards (August 2016); and Child Protection Policy by Australia Department of Foreign Affairs and Trade (DFTA) (2017). Notably, the World Bank Group's Good Practice Note on Addressing GBV in Investment Project Financing involving Major Civil Works (2018) is not *included in the GIIP summaries presented in this section as it does not cover violence against children.* However, the Note does specify that any sexual activity with individuals below the age of 18 is considered "child sexual abuse" since children are unable to provide informed consent to such activities. WBG, September 28, 2018, Good Practice Note on Addressing GBV in Investment Project Financing involving Major Civil Works, p. 6. Available here: https://documents1.worldbank.org/curated/en/399881538336159607/Environment-and-Social-Framework-ESF-Good-Practice-Note-on-Gender-based-Violence-English.pdf.

[103] Notably, neither the *World Bank Good Practice Note on Addressing Sexual Exploitation and Abuse and Sexual Harassment (SEA/SH) in Investment Project Financing involving Major Civil Works (2020)* or the *IFC Good Practice Note on addressing Gender-Based Violence and Harassment (2020)* apply to violence against children, but they do advance WBG practice surrounding GBV in other contexts. Available here: https://thedocs.worldbank.org/en/doc/632511583165318586-0290022020/original/ESFGPNSEASHinmajorcivilworks.pdf and here: https://www.ifc.org/en/insights-reports/2020/publications-gpn-addressinggbvh.

IFC also joined EBRD and CDC in commissioning guidance for investors and companies on private sector response to GBVH risks in emerging markets.[104] In addition, the United Kingdom's Foreign, Commonwealth and Development Office (formerly the Department for International Development) released updated *Child Safeguarding Due Diligence Guidance for External Partners* in 2020.

[104] IFC, July 2020, *Addressing Gender Based Violence and Harassment: Emerging Good Practice for the Private Sector*. Available here: https://www.ifc.org/en/insights-reports/2020/publications-gpn-addressinggbvh.

# 3. CAO Analysis and Non-Compliance Findings: IFC's E&S Due Diligence

## 3.1. Overview of IFC's E&S Pre-Investment Due Diligence

IFC's environmental and social due diligence (ESDD) of Bridge as a prospective client overlooked potential risks and impacts pertaining to child protection and child safeguarding, including the risk of child sexual abuse (CSA).

In conducting its appraisal from June to October 2013, IFC considered the following Performance Standards (PSs) to be applicable to the project:

- PS1: Assessment and Management of Environmental and Social Risks and Impacts
- PS2: Labor and Working Conditions
- PS3: Resource Efficiency and Pollution Prevention
- PS4: Community Health, Safety, and Security.[105]

IFC concluded that PS5 on Land Acquisition and Involuntary Resettlement was not applicable because new Bridge schools were generally sited within informal settlements or low-income areas where the land is highly degraded and converted.[106] It also stated that PS6 on Biodiversity Conservation and Sustainable Management of Living Resources and PS7 on Indigenous Peoples did not apply because Bridge schools were built within urban environments in Kenya.[107] Information provided by IFC cites the absence of risks and impacts pertaining to PS5 and PS6 as the main reason why IFC classified the transaction as Environmental and Social Risk category B—deemed as presenting limited, reversible, and readily mitigated E&S risks and impacts.[108]

At the time of IFC's due diligence, Bridge had been operating for four years and had established 211 academies in Kenya, serving approximately 57,000 students. Despite this extensive physical footprint and the many E&S risks associated with constructing and operating schools, IFC did not conduct site inspections during the ESDD process. Nor did it review the adequacy of the prospective client's identification of social risks and impacts from the project. Instead, IFC based its due diligence analysis primarily on a desktop review of documents selected by the client that focused on Bridge's approach to its schools' physical construction and occupational, health, and safety provisions as well as an environmental impact assessment for one proposed academy.[109] In addition, IFC conducted "telephonic interviews" with Bridge's chief executive officer and senior corporate finance associate who presented the environmental and social performance of Bridge schools.[110] Normally, the ESDD would involve engaging directly with the client's E&S specialist to review and verify essential information.

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[105] IFC, 2013, ESRS. Available here: https://disclosures.ifc.org/project-detail/ESRS/32171/bridge-international-academies.
[106] Ibid.
[107] Ibid.
[108] Ibid.
[109] The ESRS mentions how the following documents were reviewed by IFC during appraisal: "Life, Fire and Safety Plans; Occupational, Safety and Health Plan; Summary of Community Relations Systems; Facilities and Maintenance Guide; Latrine Design, Ratios and Siting Background Document; Bridge International Academies (BIA) Latrine Construction Provisions; Lunch Provider Management Procedures; Market Research and Site Selection Overview presentation; Real Estate Acquisition Process Presentation; Various construction plans; photographs of typical Bridge Academies and; the Environmental Impact Assessment for the Proposed Bridge International Academy (L13454) at Kimilili, Kenya." It appears that the IFC also reviewed the Employee Handbook, which is briefly mentioned in the section on Performance Standard 2 of the ESRS. IFC, 2013, ESRS. Available here: https://disclosures.ifc.org/project-detail/ESRS/32171/bridge-international-academies.
[110] Ibid.

With respect to requirements under PS1, IFC noted in its pre-investment Environmental and Social Review Summary (ESRS) for the project that Bridge was in the process of developing a group-wide Environmental and Social Management System (ESMS) that would identify and manage risks and impacts. The project's initial Environmental and Social Action Plan (ESAP), agreed between IFC and the client in October 2013, committed Bridge to develop and implement an ESMS for all its schools by January 31, 2014.

With respect to PS4, IFC noted in the project ESRS that Bridge schools at the time did not employ security personnel but did employ a "general laborer" who lived onsite and was instructed on how to respond to security issues.[111] In addition, IFC stated that "Bridge has strong mechanisms and procedures for community engagement."[112]

### 3.1.1. Due diligence and child safeguarding

IFC also commissioned a report by an internal industry (education) specialist as part of its ESDD of Bridge. While noting Bridge's high performing accountability culture, this report provided IFC with insights on the risk factors relevant to child safeguarding at schools operated by its potential client. Specifically, IFC learned that Bridge students generally lived on less than US$1 a day and might be facing academic and/or issues at home that could hinder their learning outcomes. In addition, IFC was made aware that Bridge was working closely at the time with the TSC to register all teachers in due time. This was important because it indicated that Bridge relied on teachers who were not registered, a factor that would significantly increase the risk that existing government protections for children (see section 2.2.) may not apply.

In reviewing IFC's general project due diligence documents, CAO found one reference to child sexual abuse. The document referenced a case *R v. Abdallah Changoma* (Kenya Criminal Case Number 491, 2013), in which a Bridge teacher was accused of abusing a student. Public records indicate that the teacher was initially convicted and sentenced to life in prison in November 2014, but that in October 2015 an appellate court overturned the conviction and acquitted the teacher.

## 3.2. CAO Findings

### 3.2.1. Overview

After reviewing IFC project documents and conducting interviews with the IFC project team for the Bridge investment, CAO concludes that IFC's pre-investment ESDD did not consider the full scope of potential social risks and impacts as required by IFC's Sustainability Policy (paras 12, 27, and 28). Critically, IFC did not consider potential risks related to child protection and child safeguarding in general, or to CSA-related threats to pupils.[113] As a result, prior to investment, no aspect of Bridge's existing policies to protect children from child sexual abuse (CSA) or overlapping forms of gender-based violence (GBV) were identified, assessed, or evaluated against GIIP or Kenyan legal provisions designed to safeguard children from sexual abuse. This meant, in turn, that during ESDD IFC did not consider, or prepare itself to work with Bridge to ensure, that the client had measures in place to prevent, mitigate, and manage those risks. The operational consequence was that CSA-related risks and mitigating actions were not included in the E&S Action Plan (ESAP)—a key document used by IFC and its clients to guide E&S risk management work during implementation of a project.

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[111] IFC, 2013, ESRS. Available here: https://disclosures.ifc.org/project-detail/ESRS/32171/bridge-international-academies.
[112] Ibid.
[113] CAO observes that no appraisal document reviewed during this investigation refers to: "child safeguarding," "child protection," "child sexual abuse," "child abuse," "violence against children" or "gender-based violence."

IFC's due diligence failed to consider and address social risks that were inherent to the education sector, despite being made aware of an incident of child sexual abuse through its appraisal documents in December 2013. As a result, the investment was approved without IFC identifying CSA risks and impacts and assessing the ability of the client to manage them. IFC did not verify that Bridge had the necessary E&S framework, policies, and procedures, and might lack the practical capacity to manage CSA risks or to satisfy related GIIP and Kenyan legal requirements as required by PS1 (paras 3, 6, and 7). While IFC did consider some risks to student safety from building construction, sanitation, and fire during ESDD,[114] it did not consider CSA-related risks in any way.

In addition, while due diligence documentation acknowledges that Bridge pupils were vulnerable due to poverty, IFC did not consider the intersection of vulnerability with sex, gender, age, and other factors (as listed in the Performance Standards),[115] which can compound poverty-related vulnerability and increase CSA risk. IFC also did not assess or ask Bridge about its child safeguarding and child protection performance. This omission occurred despite Kenya's child protection laws for educational settings and the availability of GIIP guidance on child protection standards.

Had IFC analyzed the level and quality of its client's social impact assessment and the prospective project's E&S performance and gaps in relation to the relevant PS requirements, it would have likely identified a broader set of social risks, including CSA. PS1 requires that as part of the process of identifying risks and impacts, the client identifies individuals and groups that may be directly and differentially or disproportionately affected by the project due to their disadvantaged or vulnerable status.[116] As a result, such an assessment would also likely have evaluated the project and its context against GIIP related to child protection and safeguarding in private K–12 education in low-income settings, as well as Kenyan laws for safeguarding and protecting children.[117]

### 3.2.2. Project potential for CSA risks

In examining the shortcomings of IFC's ESDD, it is important to recognize the institutional, national, and international context at the time, in which CSA risks—including in school settings—were well documented, including:

- **Globally,** CSA risk is inherent to all primary and secondary school settings because of the habitual and direct contact between pupils and staff with direct caretaking responsibilities. This prolonged interaction is associated with the recognized endemic risk of child sexual abuse across all education settings in all countries.[118]
- **In Kenya**, child sexual abuse and overlapping forms of GBV against children are pervasive, unreported, normalized, and influenced by the survivor's sex. Collectively, a 2010 report by the nongovernmental organization (NGO) co-managing the country's largest national CSA hotline,[119] a 2010 national survey

[114] See, for example, ESRS, October 30, 2013. Available here: https://disclosures.ifc.org/project-detail/ESRS/32171/bridge-international-academies.. .
[115] PS1, 2012, para. 12, footnote 18. Available here; https://www.ifc.org/content/dam/ifc/doc/2023/ifc-performance-standards-2012-en.pdf.
[116] PS1, para. 12. Available here; https://www.ifc.org/content/dam/ifc/doc/2023/ifc-performance-standards-2012-en.pdf.
[117] Ibid., para. 7.
[118] See, UNICEF's Manual on Child Friendly Schools (2009); IFC, December 2020, Addressing Gender-Based Violence and Harassment (GBVH) in the Education Sector; and UNESCO-UN Women, 2016, Global Guidance on Addressing School-related GBV. Available here: https://www.unicef.org/media/66486/file/Child-Friendly-Schools-Manual.pdf, here: https://www.ifc.org/content/dam/ifc/doc/mgrt/gpn-addressinggbvh-july2020.pdf, and here: https://www.unwomen.org/en/digital-library/publications/2016/12/global-guidance-on-addressing-school-related-gender-based-violence.
[119] Childline Kenya, 2010, Child Sexual Abuse in Kenya: Occurrence, Context, Risk Factors and Consequences, p. 8. Available here: https://childlinekenya.co.ke/assets/files/Child%20Sexual%20Abuse%20Research%20Report-CLK-2011.pdf. "The Kenya Demographic and Health Survey found that 12% of Kenyan women aged 15 to 49 reported that their first sexual intercourse was forced. This rose to 23% for women who reported their first intercourse occurred before the age of 15. A recent study by Girl Childline Network in 2011 with school children from the Tana River region of Kenya found that 25% of girls had experienced sexual violence in the form of touching and 10% had been subjected to forced or unwanted sex. Anecdotal evidence also suggests that sexual abuse is a common problem in Kenya."

on violence against children in Kenya,[120] and a 2011 United Nations (UN) country report on gender-based discrimination[121] all indicate a high prevalence of CSA and violence against women and girls, including in Kenya's educational settings.

Had IFC conducted a comprehensive social assessment covering child protection and child safeguarding risks, it would have better understood the severity of the risk that project-related CSA and broader GBV against children posed both to individuals and to broader social development objectives. CSA survivors suffer lifelong and potentially transgenerational consequences, including acute and long-term damage to their physical, cognitive, social, and emotional development, in addition to economic disadvantage due to lost productivity, disability, and reduced quality of life.[122]

### 3.2.3. IFC non-compliance

**IFC failed to carry out its due diligence responsibilities as set forth in the Policy on Environmental and Social Sustainability ("the Sustainability Policy"), paragraphs 20–28.**

In reviewing IFC's actions against the Sustainability Framework requirements outlined in section 2, CAO finds IFC non-compliant in its execution of pre-investment due diligence. IFC's due diligence did not meet the requirements of the Sustainability Policy, particularly paragraphs 12 and 20–28, given the nature and large scale of Bridge's operations and the significant CSA risks inherent to a project involving consistent contact between adults and co-ed, K–12 pupils in low-income communities. IFC did not consider the potential CSA risks of the project or the capacity of its prospective client to satisfy E&S requirements in relation to CSA risks and impacts. As a result, IFC proposed no differentiated or other mitigation measures to ensure Bridge addressed CSA risks and impacts. Moreover, by neither assessing CSA risks and potential impacts nor the client's ability to manage them, IFC lacked a basis to conclude that the project could meet IFC's E&S requirements related to CSA within a reasonable period—the threshold requirement for IFC to make an investment.[123]

**Examples of non-compliance with its ESDD obligations included IFC's failure to:**

- Request that Bridge prepare or commission an E&S risk assessment proportionate to the project's size and vulnerable target population and that included social risks of CSA and gender-based violence (GBV) (as required in PS1)
- Evaluate Bridge's existing policies and procedures for CSA and GBV prevention and response against GIIP and Kenyan domestic laws designed to safeguard children from sexual abuse (as required in PS1, paras 6 and 7, and PS4, para 5)

[120] UNICEF, CDC, Republic of Kenya, and Together for Girls, 2010, Violence Against Children in Kenya (VAC) Survey. This survey—which tracks the lifetime and current experiences of 1,227 female and 1,456 male children from 13 - 24 years in age with violence prior to the age of 18—represented the most up-to-date and exhaustive survey ever conducted on the prevalence of sexual, physical, and emotional abuse of children under 18 in Kenya at the time. Available here: https://evaw-global-database.unwomen.org/-/media/files/un%20women/vaw/full%20text/africa/kenya%20violence%20against%20children%20survey%20%202010.pdf?vs=1219.

[121] Concluding observations of the Committee on the Elimination of Discrimination against Women, 2011, CEDAW/C/KEN/CO/7. Available here: https://www2.ohchr.org/english/bodies/cedaw/docs/co/CEDAW-C-KEN-CO-7.pdf.

[122] See, for example: UNICEF, 2014, Hidden in Plain Sight: A Statistical Analysis of Violence Against Children, p. 62. ("Experiences of sexual violence in childhood hinder all aspects of development: physical, psychological and social.); and IFC, EBRD, CDC, and Social Development Direct (2020), *Addressing Gender-Based Violence and Harassment (GBVH) in the Education Sector, p.1.* (Acknowledging that "GBVH is a serious and systemic issue in the education sector" that occurs in all educational settings and has "long-term impacts on student's learning, health, wellbeing and pathway to employment," as well as potentially gender-differentiated consequences for boys and girls). Available here: https://data.unicef.org/resources/hidden-in-plain-sight-a-statistical-analysis-of-violence-against-children/ and here: https://www.ifc.org/content/dam/ifc/doc/mgrt/gpn-addressinggbvh-july2020.pdf

[123] IFC, 2012, Policy on Environmental and Social Sustainability, para. 22. Available here: https://www.ifc.org/content/dam/ifc/doc/mgrt/sp-english-2012.pdf.

- Address Bridge's reliance on teachers who were not registered. This was particularly relevant to CSA risks since government registration standards included provisions that would contribute to the minimization of health, safety, and security risks of children. IFC due diligence indicated that registration was required under Kenyan law and IFC has an obligation to require clients to comply with relevant national laws (PS1, para 6). [124]

- Consider intersecting vulnerabilities of pupils, such as sex, gender, age, and other factors, and evaluate whether Bridge enacted differentiated measures to ensure that adverse impacts related to CSA did not disproportionally fall on subsets of (already) vulnerable pupils (as required in PS1, para 12).

### 3.2.4. Implications of IFC shortcomings in ESDD

The outcome of IFC's E&S due diligence of a proposed business activity is an important factor in its approval process and determines the scope of E&S conditions attached to IFC financing. By not undertaking the necessary due diligence, IFC triggered a cascading set of challenges for itself with respect to working with the client during supervision to bring the project into compliance with Performance Standards 1 and 4. Specifically, IFC began supervising the project without reaching agreement with the client on:

- Identifying individuals and groups that may be directly and differentially or disproportionately affected by the project because of their disadvantaged or vulnerable status[125]
- Mitigation and performance measures and corresponding actions in the ESAP and other conditions of IFC's investment to address CSA risks and ensure the project would operate with relevant national laws, meet the relevant PS requirements, and be consistent with GIIP[126]
- Monitoring and reporting requirements with respect to CSA incidents and client performance.

In particular, the lack of reference to CSA matters in the E&S Action Plan carried significant implications for IFC's supervision of CSA risks and impacts as they materialized during supervision. [127]

[124] The requirement to have registered teachers in sufficient numbers contributes to the minimization of risks of children since registered teachers not only have a professional degree in education that gave them training on how to safely work with children but also must provide a certificate of good conduct and a medical form, and convicted sex offenders are barred from registration. Teachers Registration and Recruitment Requirements. Available here: https://www.tsc.go.ke/index.php/services/teacher-registration/registration. See, also, 2015 Teachers Service Commission Code of Regulations, section 20. Available here: http://kenyalaw.org/kl/fileadmin/pdfdownloads/LegalNotices/196-Teachers_Service_Commission_Regulations__2015.pdf, and TSC Circular, 3/2010. Available here: https://www.tsc.go.ke/index.php/downloads-b/file/22-circular-on-protection-of-pupils-students-from-sexual-abuse-2010.

[125] IFC, 2012, Performance Standards on Environmental and Social Sustainability, PS1, para. 12. Available here; https://www.ifc.org/content/dam/ifc/doc/2023/ifc-performance-standards-2012-en.pdf.

[126] Ibid. para. 7 and 15. The Environmental and Social Action Plan (ESAP) identifies the key issues to be addressed during supervision and the actions to be executed by the client.

[127] IFC 2012 Performance Standards on Environmental and Social Sustainability Performance Standard 1 requires that the ESAPs, identified measures and actions "…be commensurate with the project's risks and impacts" (para. 15), and define "…desired outcomes and actions to address the issues raised in the risks and impacts identification process, as measurable events to the extent possible, with elements such as performance indicators, targets, or acceptance criteria that can be tracked over defined time periods and with estimates of the resources and responsibilities for implementation" and with estimates of the resources and responsibilities for implementation (para. 16). Available here; https://www.ifc.org/content/dam/ifc/doc/2023/ifc-performance-standards-2012-en.pdf.

# 4. CAO Analysis and Non-Compliance Findings During IFC Supervision

This section describes and analyses project supervision activities between January 2014 and IFC's exit from the project in March 2022. It focuses on two principal timeframes: i) the supervision period before CAO's February 7–14, 2020, field mission to Kenya for the Bridge-01 compliance investigation; and ii) the period following this mission until IFC's exit on March 3, 2022.

## 4.1. Overview of IFC Supervision

This section provides a description of what happened during the eight years of IFC supervision of its investment in Bridge International Academies, followed by CAO's findings regarding IFC non-compliance with its Sustainability Framework requirements during this period.

IFC is required under its Sustainability Policy to implement a regular program of client supervision in accordance with the IFC Environmental and Social Review Procedures (ESRP). As part of this, IFC was obliged to identify and review opportunities for further improving its client's E&S performance, work with the client to respond to changes in circumstances that might result in altered or adverse environmental or social impacts, and if necessary bring the client back into compliance.[128] Specifically, with respect to CSA risks and impacts, IFC's client was required to comply throughout the project's lifetime with Performance Standards 1 and 4, national Kenyan laws on child safeguarding, including in schools, and GIIP concerning child protection and child safeguarding in K-12 schools.

In evaluating the following record of actions and omissions by IFC, CAO viewed IFC's approach to supervision within this context. In summary, CAO observes that IFC had knowledge at various points during supervision of potential and actual risks and impacts of child sexual abuse in Bridge schools and, prior to March 2020, failed to adequately follow up on that information. While CAO recognizes that IFC made significant improvements in its supervision starting in March 2020, shortcomings remained. Overall, IFC's supervision was not commensurate with the gravity of the potential risk posed to children in its client's schools.

### 4.1.1. IFC supervision prior to CAO's February 2020 receipt of information of project-related CSA

IFC's approach to child safeguarding and protection in relation to the operation of Bridge schools differed substantially before and after CAO learned of CSA incidents while meeting with community members to investigate the Bridge-01 complaint. From disbursement of IFC funds to Bridge in January 2014 until February 2020, IFC seldom raised matters related to child protection and safeguarding with its client when it encountered information on CSA-related incidents. During this phase, IFC did not make an effort to include actions to address CSA risks and impacts and undertake child protection and safeguarding measures in the project E&S Action Plan (ESAP) to ensure that Bridge's E&S Management System addressed CSA risks and impacts.

IFC took this approach despite receiving information about several CSA incidents in 2013, 2016, and 2017, summarized below:

[128] The Sustainability Policy further requires IFC to excercise remedies as approporaite if the client fails to comply with its environmental and social commitments. IFC, 2012, Policy on Environmental and Social Sustainability, para. 45.

- One Kenyan criminal case in which a Bridge International teacher was accused of abusing a student in 2013. IFC received this report in December 2013, the same month the Bridge investment was signed. Public records indicate that in 2015 the teacher was acquitted.
- Three incidents of child sexual abuse (April 2016).
- Several concerns raised by parents and students about CSA and GBV against female pupils (July 2017).

IFC's consideration of and response to these reports is discussed below under "CAO Analysis and Findings on IFC Supervision."

Despite these warning flags, CAO found no IFC project supervision documentation issued prior to February 2020 that addresses any incidents, risks, or concerns related to CSA or GBV against children. In 2018, IFC's supervision documents acknowledged the training on child protection, child safeguarding, and gender-based violence that was reported. This represents the only mention by IFC that CAO has identified in project records of any matter related to child protection, child safeguarding, or GBV in relation to Bridge's operations between January 2014–December 2018.

In December 2019, five years into its supervision of Bridge, IFC learned of and expressed concern about additional information on potential CSA and overlapping GBV. Specifically, IFC discussed the results of a three-year randomized control trial by the Center for Global Development (CGD) comparing schools within the Liberian government partnership program "LEAP" with other government schools. Bridge was one of eight private operators co-managing the LEAP program.[129] Based on pupil surveys, CGD found that LEAP schools managed by several private providers, including 23 schools operated by Bridge, had failed to reduce sexual abuse against pupils. The report also stated that the higher drop-out rate in Bridge schools than in other LEAP schools and non-LEAP government schools was apparently driven by student pregnancies.[130] According to a news report on the CGD study reviewed by IFC, "Nearly 4% of [LEAP] students surveyed … in 2019 reported sexual intercourse with a teacher, and 7.5% said they had some form of sexual contact with a teacher."[131] In December 2019 and January 2020, IFC expressed concerns about the CGD's CSA-related findings to project leadership and also raised the findings with Bridge.  However, CAO found no evidence of follow-up action by IFC in response to the concerns raised by the CGD study.

### 4.1.2. IFC supervision February 2020 to project exit in March 2022

IFC began monitoring project-related CSA risks and taking actions to strengthen Bridge's child protection and safeguarding performance almost immediately following CAO's Bridge-01 field mission to Kenya that took place February 7-14, 2020. During this mission, CAO learned of incidents of CSA, reportedly affecting 15 child survivors, through conversations with Bridge parents who had reported the incidents and community members who provided support to survivors.[132] Upon the CAO investigative team's return to Washington, DC, CAO promptly notified IFC management of these incidents, neither of which Bridge had brought to IFC's attention. On

[129] See also information available at: Summary of Beyond Short-Term Learning Gains: The Impact of Outsourcing Schools in Liberia after Three Years (December 2019); Beyond Short-term Learning Gains: The Impact of Outsourcing Schools in Liberia after Three Years (December 2019); Article of Beyond Short-term Learning Gains (December 2019); and The Impact of Outsourcing Schools in Liberia to Bridge International Academies after Three Years (September 2020).
[130] Information available at: Summary of Beyond Short-Term Learning Gains: The Impact of Outsourcing Schools in Liberia after Three Years (December 2019).
[131] Devex, December 18, 2019, Liberia forges ahead with education experiment despite lukewarm evaluation. Available here: https://www.devex.com/news/liberia-forges-ahead-with-education-experiment-despite-lukewarm-evaluation-96238#.Xfo0ecjuZ0o.twitter.
[132] One case involved a Bridge teacher who allegedly sexually abused 13 students (11 females and two males) during 2016 and 2017. The second case involved a Bridge teacher who allegedly sexually abused two female students in 2019 and had been terminated by Bridge in relation to these actions.

February 25, 2020, IFC was made aware that the client would provide its own Board of Directors with records of all reports of child sexual abuse since 2013.

During the same month, IFC became aware of what were reportedly 70 incidents of CSA. CAO could find no indication that IFC took any action to address this report.

#### *4.1.2.1. March 2020: IFC supervision visit to Kenya*

IFC conducted a site supervision visit to Bridge's head office in Nairobi on March 4–5, 2020, devoted solely to discussing risks related to child abuse and child safety in Bridge operations. CAO's review of IFC project documentation indicates that this visit was the first time IFC's E&S specialists actively considered Bridge's child protection and safeguarding approach and capacity. During the visit, IFC also reviewed documentation from 2019 covering the client's children protection processes and policies, capacity, systems, and training.

IFC's notes from this supervision visit expressed concern about some elements of Bridge's procedures and capacity. In addition, IFC supervision also noted social considerations not previously identified by IFC. These included questions as to whether E&S Impact Assessments conducted for Bridge schools included child safety.[133]

On March 12, 2020, IFC became aware of an additional CSA incident. Under IFC's understanding of the procedures that had been recently instituted by Bridge, serious matters such as CSA would be tagged as "red flag" issues and an automatic notification would be sent to senior management. However, none of the E&S documents provided by Bridge to IFC between 2017-2022 disclosed any incidents of CSA. In early 2020, IFC did note that Bridge had put in place a centralized system for logging child abuse incidents and that Bridge staff had received both induction and refresher training on ESG topics, including CSA and child protection.

#### *4.1.2.2. March–September 2020: IFC proposal for a joint CSA action plan with client*

On March 5, 2020, IFC proposed to Bridge the development of 90- and 180-day plans through which IFC and its client would collaboratively address issues around child health, safety, and CSA incident response. IFC's proposal included: the designation of a Bridge E&S focal point to work with IFC; full transparency and reporting of information including any sexual assault incidents; a full health and safety review by independent experts on child protection; an incident response unit; and additional actions pending ongoing reviews.

The proposals mentioned above were considered by IFC and Bridge six days after the President of the World Bank Group (WBG) submitted a letter to the United States Treasury Secretary indicating that the IFC would freeze direct investments in K–12 private schools.[134]

On April 1, 2020, IFC became aware that Bridge had launched a review that would address all aspects of child safeguarding and protection. In June 2020, IFC received a copy of Bridge's review, which included a detailed list of child safeguarding and protection activities. IFC provided additional recommendations to Bridge prepared by an expert consultant on GBV whom IFC commissioned in early 2020. In September 2020, IFC asked its client for an update on actions taken in response to the consultant's recommendations. IFC supervision documentation from June 2021 indicated that these recommendations had not yet been addressed by Bridge, and CAO's

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[133] CAO's review indicates that at the time of the March 2020 supervision visit, Bridge had conducted a desk review of literature regarding the prevalence of CSA in the countries in which it operated but had not conducted a child abuse risk assessment.

[134] WBG, March 20, 2020, Letter from WBG President to US Treasury Secretary, redacted version available at: https://democrats-financialservices.house.gov/uploadedfiles/malpass_ltr_mnuchin_3202020.pdf.

investigation finds no evidence that IFC confirmed prior to its March 2022 exit that Bridge acted on the recommendations.

By March 2020, IFC had identified the need to close its knowledge gaps in relation to CSA allegations; and work with the client to improve its child performance and safeguarding performance. To pursue these efforts, IFC repeatedly articulated to Bridge the need for transparent and complete information related to CSA matters.

For example, in September, 2020, IFC requested an update on several documents related to Bridge's implementation of child protection measures. However, CAO's investigation indicates that IFC E&S specialists only received one of these documents, making an informed and accurate assessment of client performance in CSA risk management difficult to achieve.

CAO was informed that IFC's attempts to gain comprehensive information on CSA during this period, and to assist Bridge in strengthening its child safeguarding and protection policies and procedures, were hampered by the client's views on the relevance of CSA application of IFC's Performance Standards. CAO was also informed that IFC's client alsoviewed that the ESAP and other supervision documentation required by IFC did not include a reference to child safeguarding and therefore it was under no contractual obligation to report on CSA risks and impacts. IFC was informed that in Bridge's view, the Performance Standards do not explicitly address CSA, child protection, and child safeguarding risks.

From 2019 onwards, IFC staff repeatedly explained to Bridge that all risks relating to child abuse were covered by Performance Standards 1 and 4 and thus triggered E&S appraisal, monitoring, and supervision obligations by IFC under the Sustainability Framework. IFC also repeatedly asserted that CSA risks fell within the client's contractual reporting requirements. However there is no evidence that IFC took steps to update the ESAP and client reporting requirements to reinforce its views and to ensure that appropriate actions were taken. IFC seemed unable to convince its client to reverse its opinion and IFC took no further action to resolve this disagreement.

CAO was informed that IFC's difficulties securing information concerning Bridge's child protection and safeguarding activities limited IFC's ability to constructively supervise and engage the company. On several occasions, IFC informed CAO that its efforts to supervise CSA-related risks were hindered by its client's posture in relation to these issues, which rendered IFC's attempts to engage with Bridge "counterproductive." In an effort to increase access to Bridge's E&S information (including regarding child safeguarding and child protection performance), IFC entered into a supplemental confidentiality agreement with the client on June 23, 2020[135] (See also Background, section 1). However, documentation seen by CAO indicates that conditions governing access to Bridge information on CSA continued to be difficult following the execution of this agreement. Bridge often provided such information to IFC via multiple, secure online data rooms that limited IFC's ability to efficiently access the information as documents were restricted from download or printing.[136]

#### *4.1.2.3. IFC supervision July–December 2020*

In August 2020, IFC provided E&S feedback to Bridge based on their supervision of the client in 2019. These supervision documents were the first to express IFC's supervisory concern regarding child safeguarding and protection matters, and they detail previously unrecorded information about Bridge's distribution of child protection responsibilities throughout its operations. For example, the feedback observed that, since 2009,

[135] See Section 1.6.1 of this report.
[136] CAO encountered similar challenges in accessing documents.

Bridge had had policies in place and had conducted staff training in relation to child protection and prevention of corporal punishment.

In response, IFC was also made aware that Bridge had not received any complaints or grievances related to CSA since the previously reported events of 2016. However, Bridge did not answer a series of questions related to child safeguarding and protection with the level of specificity required. Bridge stated that it was not obligated to provide a response because the topic fell outside the scope of its reporting obligations.

Relatedly, IFC and Bridge discussed changing the supervision template to explicitly include information on child safeguarding and child protection risks in late 2020. However, CAO's investigation indicates that these revisions were not made.  Bridge continued to argue that child protection and child safeguarding matters fell outside the scope of its client reporting responsibilities until IFC exited the project in March 2022.

#### *4.1.2.4. IFC Supervision 2021*

*IFC internal review of Bridge Kenya child safeguarding assessment*

In 2020 Bridge hired the consultancy Tunza Child Safeguarding to conduct a review of its child protection policies and procedures and evaluate their implementation. The resulting report, *Keeping Pupils Safe in Kenya: A Review and Assessment of Child Safeguarding in Kenya* (the "Tunza Report") was completed in August 2020, shared with IFC, and made available to the public in January 2021.[137]

The Tunza report reviewed data from academic, government, and NGO sources on child sexual abuse in government primary schools in Kenya as well as Bridge's written policies and procedures and all the sexual abuse recorded by Bridge from 2013 to 2019. The report also conducted a deeper review of 10 of these instances as well as interviews with 15 Bridge staff members and government staff.[138] The report concluded that:

- Bridge's child protection policies, distribution of child protection responsibilities, child protection procedures, and child safeguarding accountability measures were mostly compliant with the international Keeping Children Safe standards
- Bridge's child safeguarding efforts to protect against CSA by teachers fulfilled or exceeded the standards established by relevant Kenyan law, regulations, and policies
- CSA incidents were higher at government schools than at Bridge Kenya academies.[139]

IFC conducted a review of the Tunza Report, which echoed the report's finding that Bridge had in place policies on child protection and a well-run system of regular reporting and documenting incidents. However, within IFC, there was speculation regarding the robustness of the methodology. According to CAO's investigation, these concerns were not shared with Bridge.

*IFC review of Bridge's child protection and child safeguarding performance for Kenya operations*

In June 2021, for the second time, a GBV expert was called to participate in discrete tasks as part of the IFC project team. This E&S specialist with expertise in CSA and GBV undertook a desk review with the aim of evaluating whether any major E&S compliance gaps remained that would hinder IFC's efforts to responsibly exit the Bridge investment.

[137] TUNZA Child Safeguarding, August 2020, Keeping Pupils Safe in Kenya. Available here: https://tunzachild.com/wp-content/uploads/2021/01/2020_Keeping-Pupils-Safe-in-Kenya.pdf.
[138] Ibid, p. 34.
[139] Ibid, p. 29.

IFC's desk review consisted of 15 Bridge child safeguarding and protection documents applicable to its Kenyan operations from January 2016 to June 2021. These were the only documents shared by Bridge via timebound access to its dataroom. The contents, conclusions, and recommendations of this IFC review—but none of the underlying analysis—are included in an internal report dated June 2021. The relevant documents only were made available to two IFC E&S staff members involved in the exit process for a limited number of days in mid-2021.-The conclusions and recommendations were reproduced in IFC's supervision report for 2020 and 2021 in September 2021.

This IFC desk review included the Tunza Report. Although there was speculation within IFC regarding the methodology of the report, the June desk review concluded that the Tunza report was thorough, robust, and evidence-based, and objective. In addition, the review observed that the Tunza Report's methodological assumptions seemed well considered. However, CAO notes that, during interviews for this investigation, IFC staff consistently stated that: (1) they viewed Bridge's willingness to conduct a child safeguarding assessment of its Kenyan schools as a positive step towards strengthening this element of their social performance; and (2) because Bridge undertook the assessment independently, IFC lacked the authority and leverage to substantively engage the client in matters related to the report.

Overall, the desk review summary outlined continuous improvement in Bridge's child safeguarding operations from 2016 and concluded that Bridge was in compliance with PSs relevant to GBV/SEAH. IFC noted that Bridge had made progress and was now working on implementing measures that were aligned with GIIP, but that the client's efforts were still a work in progress. It also included seven recommendations, summarized below:

- Implement different grievance mechanisms and response procedures based on child development stages
- Conduct nuanced psychosocial work targeting girls and boys
- Expand child- and age-friendly safeguarding information, education, and communication resources
- Strengthen child- and age-friendly feedback and reporting mechanisms
- Broaden safeguarding training for teachers and staff on school grounds
- Consider operational reviews of safeguarding in Bridge's other countries of operation.

IFC's report based on its desk review also concluded that the project was compliant with Performance Standards related to GBV and SEAH. The report and its recommendations were reproduced in IFC's supervision documentation for 2020 and 2021, which was provided to Bridge in September 2021.

#### *4.1.2.5. January–March 2022: Bridge updates child safeguarding plan and project exit occurs*

In early 2022, Bridge provided IFC with an update and progress report on activities to improve child safety, indicating whether each action item was ongoing, completed, on pause, or eliminated from the plan, and provided a rationale for Bridge's decision for its actions. While the majority of actions were marked as completed, 12 were marked as eliminated.[140] For 10 of these eliminated items, the rationale given was the positive findings of the Tunza report. CAO's investigation found no evidence that IFC reviewed the updated plan or was aware that action items related to child safeguarding and protection had been removed.

[140] The 12 action items that were marked as eliminated range from hiring screening for school staff, training for school staff and students, and partnership development to facilitate achieving goals set out in the Plan. Specifically, four action items are relevant to the staff hiring screening process, and another eight are training-related plans for school staff and students.

IFC was informed that its client intended to continue to follow applicable IFC Performance Standards after IFC's exit. Specifically, NewGlobe Schools, Bridge's U.S.-based parent company, conveyed its intent to maintain an ESMS in accordance with applicable IFC Performance Standards,as well as a Quality, Health and Safety sub-committee led by an independent director with oversight on the quality of learning and the health, safety, and safeguarding of students.

NGS signed the project exit letter on March 3, 2022. At the time of exit, IFC had reviewed some of Bridge's child safeguarding documents and expressed overall satisfaction with Bridge's Kenya operations. At the same time, a number of child protection and safeguarding documents requested by IFC in advance of the exit had not been provided to IFC.

## 4.2. CAO Analysis and Findings

This section provides CAO's analysis and findings on IFC's performance against its E&S supervision obligations summarized in section 2. In considering IFC's actions, CAO also evaluated the existence of relevant national Kenyan law and good international industry practice on CSA.

In summary, IFC's E&S obligations under the Sustainability Policy required it to: regularly monitor Bridge's compliance with PS requirements relevant to project-related CSA risks and impacts (para 45, bullet points 1 and 2); work with the client to identify and address changes in the project's environmental and social risk profile (para 25); and work with the client to rectify any areas of non-compliance (para 45, bullet point 3). Also relevant in this case, the Policy mandated IFC to require the client to adjust its Environmental and Social Management System (ESMS) to respond to a material change in the project's E&S risk profile (para 25) in a manner consistent with IFC's Sustainability Framework. CAO finds that, during the investment's lifetime, IFC's supervision did not fully conform with these obligations.

Mirroring the previous section, the analysis of IFC's project supervision below is divided between two periods—before and after CAO's February 2020 field visit noted instances of child sexual abuse.

### 4.2.1. Analysis of IFC project supervision: 2014 to February 2020

Prior to CAO's February 2020 Bridge-01 field mission, IFC failed to regularly monitor or substantively address CSA and GBV risks and impacts. These failures persisted despite IFC being alerted to CSA and overlapping GBV incidents in 2013, 2016, and 2017, and despite a 2019 UNICEF Violence Against Children (VAC) survey showing widespread CSA and GBV against children in Kenya.

Specifically, IFC deviated from its obligations by: (1) failing to assess and address the changed social risk profile resulting from the reported CSA incidents which required the client to adjust its ESMS to address CSA risks and impacts (Sustainability Policy, para 25); and (2) not adequately assessing Bridge's policy and procedural framework to manage CSA and overlapping risks (Sustainability Policy, para 45). Once IFC became aware of specific incidents, it should have required an update of the project E&S Action Plan to establish actions for its client to take, including updating its ESMS to include the prevention and management of CSA impacts and risks. In addition, IFC should have established and implemented a regular program of supervision for addressing CSA risks and worked with Bridge to ensure implementation of the following measures consistent with Performance Standards 1 and 4:

- A framework to assess and manage CSA and overlapping GBV risks against children (PS1, para 5) and to compensate or remedy any residual adverse impacts to pupils (PS1, para 14)

- A process to identify risks of CSA and GBV against children consistent with GIIP (PS1, para 7)
- Differentiated measures to prevent adverse impacts related to CSA from falling disproportionately on children, girls, older children, or any other subset of vulnerable project-affected persons (PS1, para 12)
- CSA and GBV-specific preventative and control measures consistent with GIIP and commensurate with the nature and magnitude of CSA and overlapping GBV risks and impacts in these areas (PS4, para 5).

#### *4.2.1.1. In 2016, IFC's response to Bridge's reporting of additional CSA incidents in schools was inadequate, and its assessment of Bridge's child protection and safeguarding framework was unfounded.*

IFC was aware of four incidents of child sexual abuse in Kenya during the period of September 2014-August-2016. Subsequently, IFC requested that Bridge provide more information on the reported CSA together with any Bridge policies on these topics. IFC documentation does not indicate that it received and reviewed the information requested of its client.

During a reportedly unrecorded IFC supervision activity during summer 2016, IFC was apparently updated on its client's policies and procedures to address CSA allegations. CAO was informed that IFC found these procedures to be clear and was satisfied that project-related CSA issues were being addressed. IFC's basis for expressing satisfaction with Bridge's child protection and child safeguarding framework and response measures in 2016 is not recorded in any supervision documentation.

CAO finds that IFC's response to CSA disclosures in 2016 was inadequate and contrary to its obligations under the Sustainability Policy (paras 7, 25 and 45) on the basis that:

- Reports indicated that CSA risks had materialized and needed to be addressed. The review of the CSA prevention and response framework was superficial.
- There was no documentation of the review, including the analysis that led IFC to conclude that the CSA issues were being addressed satisfactorily by its client and that its client's procedures were acceptable and satisfactory

***IFC did not make substantive efforts to assess and establish whether improvements to its client's efforts were needed to address CSA risks and impacts consisent with requirements under o PS1, PS4,.***

#### *4.2.1.2. In 2017, IFC did not take adequate supervision measures in light of additional parent and pupil concerns of project-related GBV against children*

In 2017, IFC was informed of continuing concerns about gender-based violence in Bridge academies. Parents and female pupils made these allegations in the context of a supervision activity related to an assessment of Bridge's Kenyan academies.

In tandem with the assessment, IFC undertook a site supervision visit to nine Bridge academies in Kenya from July 18-20, 2017. During this visit, IFC was informed that some Bridge parents and teenage female pupils had voiced concerns about sexual violence and GBV against female students during the assessment. However, CAO found no indications that IFC took steps to recommend or require its client to undertake measures to address these concerns.

Given that, between 2013 and 2016, IFC had already been informed of five child sexual abuse incidents related to Bridge schools, it was obligated under the Sustainability Policy to ensure that the client's E&S management program was responsive to emerging evidence and growing concern around CSA incidents and risks.[141] While no school can reasonably be expected to prevent all incidents of CSA and related GBV, Performance Standard 1 requires clients to identify such risks, make efforts at CSA prevention, and promptly address any incidents that do occur.[142] There is no evidence that IFC took steps to confirm that its client did so.

CAO observes the well-documented fact that the under-reporting of CSA against children is common. IFC during supervision appeared to accept that the four CSA incidents reported by Bridge in 2016 reflected the total number of Bridge pupils to have experienced project-related sexual abuse. However, the common under-reporting of all forms of CSA suggests that the total number of survivors was likely higher. Regardless, a single report of CSA should have prompted IFC to monitor, assess, and follow up on reported incidents and associated risks. CAO finds that IFC's failure to do so after receiving five such reports between 2013 and 2016, with additional allegations in 2017, represents a clear supervision failure under its E&S obligations (Sustainability Policy, 2012, paras 7 and 45).

#### *4.2.1.3. In 2018–2019, IFC did not supervise risks of CSA and overlapping GBV against children*

After 2016, no Bridge pupil incident log or supervision document reported any incidents of child sexual abuse. Despite its knowledge of at least five prior CSA incidents, IFC supervision documentation showed that IFC did not question this absence or request any CSA logs from Bridge until after CAO's February 2020 Bridge-01 mission uncovered two additional incidents involving 15 child survivors. In addition, IFC did not discuss CSA and GBV risks in any of its 2018 and 2019 project supervision documents. In January 2020, IFC acknowledged the CSA and GBV training reported in Bridge's 2018 supervision documents, but did not ask Bridge why it decided to disclose this training for the first time. Notably, no ESAP or ESMS update was agreed by IFC and its client and issued over the course of IFC's investment discussed child safeguarding, child protection, CSA risks, GBV risks, or related considerations/actions specific to PS4 (Community Health, Safety, and Security).[143] CAO's investigation indicates that IFC never requested CSA or overlapping GBV risks to be addressed in these documents. CAO finds that these supervision failures depart from IFC's social supervision obligations under the Sustainability Policy (paras 7, 25, and 45).

#### *4.2.1.4. From 2017 to February 2020, IFC did not evaluate Bridge's child protection and safeguarding framework or ensure that the client took measures commensurate with the nature and magnitude of CSA risks*

CAO's investigation indicates that IFC failed to monitor and evaluate the significant updates that Bridge made to its written child protection and child safeguarding policies, procedures, agreements, and training between 2017 and the end of 2019. Without reviewing these documents in 2019, it is not clear how IFC could have concluded that Bridge's written child protection and child safeguarding documents satisfied the Performance Standards and associated GIIP related to CSA and GBV risks against children. Specifically, IFC's supervision did not document how IFC established that its client's child protection and child safeguarding policies, procedures, agreements, and training met PS1 and 4 and associated GIIP. Specifically, there is no evidence that IFC required its client to:

[141] IFC, 2012, Performance Standards on Environmental and Social Sustainability, PS1, para. 16.
[142] IFC, 2012, Performance Standards on Environmental and Social Sustainability, PS1, paras. 5 and 14. See also IFC, 2012, Policy on Environmental and Social Sustainability, paras. 6 and 20. Available here: https://www.ifc.org/content/dam/ifc/doc/2023/ifc-performance-standards-2012-en.pdf, and here: https://www.ifc.org/content/dam/ifc/doc/mgrt/sp-english-2012.pdf.
[143] Ibid. The application of PS4 is acknowledged in p. 3 of the document. Bridge, March 22, 2019, Environmental and Social Management System (ESMS) (The application of PS4 is acknowledge at page 6 of this document).

- Address the harm caused by CSA
- Communicate CSA policies to pupils, parents, local chiefs, and other non-staff members with child protection responsibilities
- Implement clear child protection and safeguarding procedures for staff and any CSA reporting procedures for parents and other non-staff members
- Hold mandatory training for the conduct of internal CSA investigations
- Provide sufficient safeguarding for CSA survivors to protect them from retaliation and from re-traumatization.

IFC Performance Standards required Bridge's CSA mitigation measures to be commensurate with the nature and magnitude of CSA risks and impacts (PS4, para 5). In relation to this requirement, CAO notes that the Kenyan government and partners published data in 2019 from its follow-up to the 2010 Kenyan Violence Against Children (VAC) survey. IFC's supervision documents reference neither this data nor the preceding 2010 survey. Yet, the 2019 data provided further evidence that CSA in Kenya remained pervasive, with girls facing specific and pronounced gender-based vulnerabilities.[144] Moreover, CAO observes that the number of schools comprising the project between 2014 and 2019 remained large—especially in Kenya—adding to the scale of risk posed to pupils.

Given the serious, largely irreversible, and potentially intergenerational harms experienced by child sexual abuse survivors, the pronounced vulnerability of Bridge's students given their socio-economic backgrounds, the inherent presence of CSA risks at schools, and the large scale of Bridge's community school operations between 2014 and 2019, CAO observes that the nature and magnitude of CSA risks and potential impacts were severe and substantial during this time period**.**

### 4.2.2. Analysis of IFC project supervision: February 2020 to March 2022 exit

From March 2020, there was a marked improvement in IFC's supervision, but shortcomings in supervision persisted**.** After CAO's Bridge-01 field mission in February 2020 brought reports of multiple alleged CSA incidents to IFC's attention, IFC conducted a site supervision visit to Bridge in Kenya focused on child abuse risks and child safety at Bridge Academies. For the first time, IFC closely examined and considered Bridge's CSA management approach and capacity. This review included the client's child protection and safeguarding capacity, management system, procedures (including incident response, internal investigation processes, and child-safe recruitment processes), and training. IFC identified and communicated significant areas for improvement to Bridge and proposed plans to collaboratively address issues around child health, safety, and CSA incident response. Nevertheless, IFC's supervision efforts continued to fall short of Sustainability Policy requirements in several ways, as presented below:

#### *4.2.2.1. IFC's access to Bridge information on child protection and safeguarding was essential to its supervisory function yet IFC failed to ensure that it received all required information*

Following the receipt of information of additional CSA incidents in February 2020, IFC made a concerted effort to work with Bridge to improve its child safeguarding and protection. IFC's proposal to respond to CSA and GBV risks emphasized the need for full transparency and information sharing with IFC on the sensitive and challenging subject matter of child sexual abuse. However, CAO's investigation indicates that IFC struggled to gain adequate visibility into Bridge's child protection and safeguarding framework. Notably, IFC failed to ensure that it received

[144] UNICEF, 2019, Kenya Violence Against Children Survey (VACS), p. 35. Available here: https://www.unicef.org/kenya/reports/The-2019-Violence-Against-Children-Survey.

all of the required information. The information available to CAO demonstrates that, prior to exit, IFC did not review documents key to executing its supervisory obligations despite multiple requests. This included updated versions of logs, policies, plans, and guidelines to respond to CSA incidents as well as other information essential to the supervision of the investment.

IFC received little and often delayed information about the client's implementation of its child protection and safeguarding framework. Without this information, it was difficult for IFC to monitor and assess the effectiveness of Bridge's CSA framework and make any recommendations for client improvements to effectively manage CSA and GBV risks in accordance with the Performance Standards. Yet, despite the clear and substantial gaps in IFC's review of Bridge's child protection and safeguarding performance, IFC informed Bridge in June 2021 and again in September 2021 that its desk review had determined that the investment was compliant with Performance Standards obligations related to GBV and sexual exploitation, abuse and harassment (SEAH). CAO finds that IFC's conclusion of its client's compliance with PS1 and 4 was not based on a full review and assessment of the key documents necessary to make that determination.

Moreover, IFC failed to pursue available measures to rectify its information gaps. For example, IFC's Sustainability Policy specifies that IFC may take remedial action against a client's non-compliance with reporting measures (para 45) or IFC could have pursued remedies against Bridge under the Fourth Investors Rights Agreement. Both the Sustainability Policy and the transaction documents allowed IFC to take remedial measures in instances of protracted E&S non-compliance by Bridge.[145]

#### ***4.2.2.2. IFC did not supervise the client's management of CSA-related risks and impacts in accordance with the requirements of Performance Standards 1 and 4***

IFC informed Bridge in September 2021 that it was compliant with Performance Standards related to GBV and sexual exploitation abuse and harassment (SEAH). CAO notes that IFC made this determination even though there is no record in IFC's supervision documentation that the client implemented all the recommendations to address CSA/GBV risks that IFC proposed in 2020-2021. Further, IFC's conclusion was not supported by a full review of the necessary documentation in order to make a compliance determination.

CAO's investigation finds that IFC's supervision documentation indicates that the project's compliance with the Performance Standards related to GBV and sexual exploitation abuse and harassment was not based on systematic evaluations of documentation and site visits. IFC did not provide CAO with any written analysis that would support the conclusion that the project was compliant with IFC PS in relation to managing CSA risks and impacts. CAO found no evidence that IFC had considered GIIP or relevant Kenyan national laws in its review of the CSA framework that Bridge had developed at the time.

CAO acknowledges that IFC had limited visibility into this framework during project supervision. However, CAO's investigation reveals that between 2020 and March 2022 IFC had received sufficient indication of ongoing CSA risks and impacts but took inadequate steps to ensure and confirm that Bridge's child protection and safeguarding approach was consistent with GIIP and thus in compliance with relevant PS as required under the Sustainability Policy (paras 7 and 45).

IFC informed CAO that its conclusion on Bridge's compliance was not based on an evaluation of the client's framework against good international industry practice for two reasons. First, IFC viewed GIIP related to CSA and GBV and applicable to private K–12 education in low-income settings as a "gold standard" that was not

[145] IFC, 2012, Policy on Environmental and Social Sustainability, para. 45. Available here: https://www.ifc.org/content/dam/ifc/doc/mgrt/sp-english-2012.pdf.

required for "baseline compliance" with PS1 and 4. Second, IFC's most detailed evaluation of Bridge's child protection and safeguarding performance took place after June 2021, at which point IFC's main focus was on achieving a responsible exit and managing a challenging relationship with Bridge. IFC therefore judged that pursuing further improvements in Bridge's E&S performance would have required greater IFC leverage and client trust than was available. After September 2021, IFC made no further proposals for improvements to Bridge.

CAO finds that IFC's approach to reviewing Bridge's child protection and safeguarding documentation was inconsistent with its E&S obligations under the Sustainability Framework (para 7).[146] Specifically, IFC did not evaluate and confirm that:[147]

- Bridge's child protection and safeguarding performance (including its framework) complied with GIIP relevant to the project's CSA and GBV risks[148]
- Bridge's operations were compliant with national laws related to GBV and CSA project risks.[149]

#### *4.2.2.3. IFC failed to adequately supervise the client in addressing impacts that materialized during the project*

IFC's supervision shortcomings were also marked by a failure to work with the client to effectively address impacts that materialized during project implementation. Specifically, Performance Standard 1 requires that the client must compensate for residual impacts to Affected Communities—in this instance, the survivors of CSA and GBV. Specifically, PS1 requires clients to "compensate/offset" residual E&S impacts that the project is unable to avoid or minimize.[150] IFC is also obliged to supervise the client to ensure its compliance with this requirement.[151] As has been previously stated, CAO was informed that IFC project staff lacked access to Bridge logs capturing CSA incidents after 2016, and in turn this hindered their ability to track and follow up on these incidents and the welfare of survivors.[152] At the same time, CAO notes that although in March 2020 IFC did attempt to review its client's protocols for referral of reported incidents and training to staff, IFC did not ask specifically about the welfare of the child survivors of CSA known to IFC at that time.[153]

This failure of supervision occurred despite the fact that IFC had reason to suspect that Bridge's provision of remedy to child survivors might be inadequate.[154] During its 2020 March site supervision visit, IFC expressed concern that medical costs related to project-related CSA were covered by the survivors' families and not by Bridge. CAO's investigation noted that IFC never followed up as to whether this changed between 2020 and March 2022.

CAO finds that the non-actions described above constitute non-compliance with IFC's obligation to supervise its client's identification of residual adverse impacts concerning CSA and overlapping GBV and to compensate any such impacts, as required by PS1.[155]

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[146] IFC, 2012, Performance Standards on Environmental and Social Sustainability, PS4, para. 5 requires the client to evaluate the risks and impacts to the health and safety of the Affected Communities during the project life-cycle and establish preventive and control measures consistent with good international industry practice (GIIP), PS1 para. 5 requires that clients comply with applicable national law.
[147] IFC, 2012, Policy on Environmental and Social Sustainability, para. 7.
[148] PS1, 2012, para. 7; and PS4, 2012, para. 5.
[149] PS1, 2012, para. 6.
[150] PS1, 2012, objective and para. 14.
[151] IFC, 2012, Policy on Environmental and Social Sustainability, para. 7.
[152] However, in early 2020, IFC received a log from Bridge reportedly capturing a significant amount of reports (70) of CSA but did not take any action to follow up with the client.
[153] See Related Harm section of this report.
[154] CAO further notes that IFC repeatedly informed Bridge that, given the scale of Bridge's operations during 2020-2022, involving several hundred schools in Kenya alone, the lack of client logs capturing CSA incidents after 2016 was conspicuous.
[155] PS1, 2012, objective and para. 14.

# 5. Underlying Causes of Non-Compliance

CAO considers the following to be underlying causes for the non-compliance identified in this investigation. In the case of IFC's deficient pre-investment environmental and social due diligence (ESDD), this is both a cause of non-compliance during ESDD and an underlying cause of further non-compliance and harm during supervision.

## 5.1. Deficient Environmental and Social Due Diligence

IFC's ESDD process was insufficient. It focused exclusively on the review of a handful of documents provided by the client and on two interviews with Bridge's senior management rather than undertaking a systematic review of the level and quality of the client's risk and impact assessment. The over-reliance on client information, along with IFC's decision not to undertake a field visit during due diligence review—despite Bridge's significant school presence in Kenya—contributed to the underestimation of the investment's social risk profile, including the substantial risk of child sexual abuse. Furthermore, IFC did not request that the client prepare or commission an environmental and social (E&S) impact assessment that was proportionate to its potential risks and impacts, which would have identified the risk of child sexual abuse. This deficient starting point became, in turn, a major factor that made future attempts to bring the investment into E&S compliance extremely challenging for IFC. There was no analysis of the client's ability to address these risks and no inclusion of any mitigation or gap filling measures in the Environmental and Social Action Plan (ESAP) agreed with the client. These deficiencies significantly undermined IFC's ability to effectively supervise its client and may also have contributed to the client insisting that CSA and GBV issues are not covered by IFC's Sustainability Framework.

## 5.2. Lack of Social Risk Management Expertise during Supervision

The IFC project team lacked the necessary technical expertise to regularly and adequately monitor CSA and overlapping GBV risks. By IFC's account, the two specialists with GBV expertise (one of whom also had CSA expertise) worked as part of the investment team during a short period of time, on discrete tasks, in early 2020 and in June 2021, respectively. Their participation in the team came approximately four years after Bridge reported four incidents of child sexual abuse to IFC in 2016, and 16 months after CAO's field mission for the Bridge-01 investigation identified CSA incidents involving 15 children. The lack of social risk management expertise during most of the investment hindered IFC's ability to identify and adequately monitor CSA and GBV risks and concerns, and to pursue the preventive CSA-related actions IFC proposed to Bridge.

## 5.3. Difficulty with Accessing Information

CAO encountered consistent reports during its investigation that IFC's difficulties securing information about Bridge's child protection and safeguarding activities complicated IFC's ability to adequately supervise its client. In a number of cases, IFC received requested information later than anticipated, and in others it never received the requested information.[156] Many E&S documents, including on CSA and GBV risks, were provided via a secure, electronic data room that prohibited users from downloading or printing documents. Access to the electronic data room was sometimes only available to specific users for a temporary amount of time. Users' names and the dates and duration of time a document were tracked and reviewed. Although some of these

[156] See Section 1.6.1 of this report.

methods constitute standard commercial practice, in this case, it affected IFC's ability to efficiently access necessary information and made reviewing and analyzing the client's documents a laborious undertaking.[157]

## 5.4. Apparent Lack of Awareness of Broader Institutional Trends

As the project headed into its second year of execution, questions regarding how to address GBV and SEAH were being raised within the broader World Bank Group. Yet, it appears that IFC did not take into account the "red flag" raised by WBG President Jim Yong Kim's decision in 2016 to launch a GBV/SEAH task force and review potential risks and impacts in the World Bank portfolio. In 2017, the Global Gender-Based Violence Task Force issued findings that pointed to schools as locations where children were at risk of sexual abuse. However, CAO's investigation finds no evidence that IFC considered how these decisions could be relevant to its own projects. Reasons for this lack of awareness are unclear.

## 5.5. Lack of Clarity on Project Exit

CAO's investigation finds that a lack of clarity within the IFC project team regarding E&S compliance requirements at exit for this project may have influenced how IFC subsequently conducted its supervision of Bridge. IFC exited the investment in March 2022 without obtaining assurances from Bridge or its parent company that, post-exit, Bridge would adhere to IFC E&S requirements applicable to CSA risks and impacts. However, at exit, Bridge committed to use the IFC Performance Standards as a "tool" and to maintain an E&S management system in accordance with the applicable PS. No specific commitment was made for the management of GBV and CSA risks.

[157] CAO encountered similar challenges in accessing documents.

# 6. Harm

A compliance investigation's findings determine whether IFC has complied with its E&S Policies and whether there is harm related to any IFC non-compliance (CAO Policy, para 112). This section analyzes and finds non-compliance related harm, as well as circumstances that make harm reasonably likely to occur in the future, related to IFC non-compliance during its due diligence and supervision of Bridge, as identified above.

In summary, by the time of IFC's exit in March 2022, IFC was aware of multiple incidents of child sexual abuse, with 23 survivors. CAO notes that, in all but one case, the abuse happened after IFC had invested in Bridge and during the supervision period when IFC should have been working with the client to develop and implement measures to assess and manage risks and impacts related to child safeguarding and protection, including CSA.

In addition to the 23 known survivors, from 2014 through 2021, IFC was aware of additional reports of CSA. The physical and psychological harms of CSA are well documented.

## 6.1. Considerations Related to Harm

The CAO Policy defines "harm" as "any 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" (CAO Policy, glossary). Considerations of harm in this compliance investigation specifically concern child sexual abuse (CSA), which falls within the scope of gender-based violence (GBV) against children. In its seminal work "Hidden in Plain Sight: A Statistical Analysis of Violence Against Children," UNICEF provides a detailed description of the harm caused by child sexual abuse:

> "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 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."[158]

Following the CAO Policy, "sufficient, relevant evidence is required to afford a reasonable basis for CAO's compliance findings and conclusions" (CAO Policy, para 117). In relation to this case, CAO has made findings of harm where there is sufficient and relevant evidence to conclude that CSA occurred resulting directly or indirectly from the project. CAO also identified information reported to indicate additional reports of child sexual abuse which may have led to harm.[159]

## 6.2. Incidents of Harm

IFC and CAO are jointly aware of multiple incidents involving 23 child survivors. Below is a table that summarizes the known incidents, corresponding child survivors and alleged perpetrators.

### CSA Incidents Known to IFC and CAO

| Date | Number of Incident(s) | Date and Means Through Which IFC Learned of Incident(s) | Number of Children (survivors) and Description of CSA (if available) – Total of 23 | Alleged Perpetrator |
|---|---|---|---|---|
| January 2013<br>(Prior to IFC investment) | 1 (one) | -December 2013<br>-IFC appraisal activities | **1 (one) Bridge pupil** | 1 (one) Bridge teacher. The teacher was found guilty in 2014 and acquitted in 2015 by an appelate court[160] |
| a) October 8, 2014<br>b) January 21, 2015<br>c) February 19, 2015<br>d) May 16, 2016 | a) 1 (one)<br>b) 1 (one)<br>c) 1 (one)<br>d) 1 (one) | -April 2016<br>-IFC supervision activities | **4 (four) Bridge pupils**<br>(a) 1 (one) sexual assault outside of an academy<br>(b) 1 (one) sexual relationship between pupil and teacher<br>(c) 1 (one) sexual assault by relative of an academy caretaker on the way to school<br>(d) 1 (one) allegation of sexual harassment by a teacher | -2 (two) Bridge teachers<br>-Pupils from another school (unknown number)<br>-1 (one) relative of an academy caretaker |
| (a) June to August 2019<br>(b) 2016-2017 | Unknown | -February 2020<br>-CAO Briefing to IFC | **15 (fifteen) pupils**<br>(a) 2 (two) female pupils<br>(b) 13 (thirteen) pupils: 11 girls and 2 boys | (a) 1 (one) Bridge teacher. The teacher was dismissed as a result<br>(b) 1 (one) Bridge teacher |

[158] See, UNICEF, 2014 Hidden in Plain Sight: A Statistical Analysis of Violence Against Children, p. 62. ("Experiences of sexual violence in childhood hinder all aspects of development: physical, psychological and social."); and IFC, EBRD, CDC, and Social Development Direct (2020), *Addressing Gender-Based Violence and Harassment (GBVH) in the Education Sector,* p. 1 (acknowledging that "GBVH is a serious and systemic issue in the education sector" that occurs in all educational settings and has "long-term impacts on student's learning, health, wellbeing and pathway to employment," as well as potentially gender-differentiated consequences for boys and girls). Available here: https://data.unicef.org/resources/hidden-in-plain-sight-a-statistical-analysis-of-violence-against-children/#:~:text=Publications-,Hidden%20in%20Plain%20Sight%3A%20A%20statistical%20analysis%20of%20violence%20against,and%20data%20from%20190%20countries and here: https://www.ifc.org/content/dam/ifc/doc/mgrt/gpn-addressinggbvh-july2020.pdf.

[159] CAO's compliance process is non-adversarial, non-judicial, and "not intended or designed to be used in judicial or regulatory proceedings or for purposes of attributing legal fault or liability." CAO Policy at paras. 9 and 117. Available here https://www.cao-ombudsman.org/sites/default/files/documents/CAO%20Policy/ifc-miga-independent-accountability-mechanism-cao-policy.pdf.

[160] Due to the different, and lower, standard applied by CAO than is generally the case in criminal proceedings, the outcome of those proceedings does not necessarily indicate insufficient evidence to support the CAO's finding with respect to this incident.

| | | | | |
|---|---|---|---|---|
| April 30, 2019, or before (exact date unknown) | Unknown | -March 12, 2020<br>-IFC Supervision activities | **3 (three) pupils** | 1 (one) Bridge teacher |

In addition, CAO notes that there is information indicating that additional incidents of harm may have occurred. This information includes:

- An unknown number of reports conveyed to IFC during the development of a report commissioned as part of its July 2017 supervision activities. However, neither IFC nor CAO has detailed information about these reports and therefore CAO considers that there is insufficient information to determine whether there is related harm .

- A potentially significant number of CSA reports (70) that were shared with IFC in March 2020. Neither IFC nor CAO has detailed information about these reports and therefore CAO considers that there is insufficient information to determine whether there is related harm.

# 7. CAO Recommendations to IFC

Under the CAO Policy, IFC Management will develop a Management Report that may include a Management Action Plan (MAP) to respond to the findings in this report. In doing so, CAO recommends that IFC consider the following project-specific and institutional-level actions.[161]

## 7.1. Project-Specific Recommendations

At the project level, CAO's recommendations are intended to facilitate remedial actions for the survivors of child sexual abuse and their families and to help address any ongoing potential risks.

**a. Remediation for survivors of project-related CSA.** IFC should work with Bridge to establish an Emergency Child Protection Response (ECPR) facility to support a claims process for survivors and their families to receive remedy. CAO notes that the World Bank helped develop an ECPR under the MAP that resulted from the Inspection Panel's Uganda Transport Sector Investigation.[162] The ECPR should, at minimum, provide the following for the survivors of the IFC-financed project:

- Gender-transformative counseling for survivors and their families
- Healthcare support, including sexual and reproductive health services and treatment of sexually transmitted diseases
- Community reintegration support to facilitate survivors' continued education or efforts to pursue gainful employment where CSA has interfered with such activity
- Funding and referrals to legal services for families seeking legal redress against perpetrators
- A mechanism that allows survivors to come forward, identify themselves if they so wish, and consent to any remedial action that is made available to them
- Financial compensation, on a 'no-fault,' basis as appropriate.

Remedial measures should safeguard claimants' confidentiality and protect claimants and their families against any risk of threats or reprisals. In developing its ECPR, CAO strongly encourages IFC to consider partnering with nongovernmental organizations that have the appropriate local knowledge, capacity, and community trust to effectively implement the claims process.

**b. Strengthening community response to CSA and GBV against children within project communities.** IFC should engage with Bridge to help prevent potential future project-related harm by supporting training through community-based behavioral change interventions to reduce the social acceptance of CSA and GBV against children. Training should seek to enhance the capacity of Bridge pupils and local children to protect

[161] Under the CAO Policy: "*Where CAO finds non-compliance and related Harm, CAO **makes recommendations for IFC/MIGA to consider when developing a Management Action Plan** (MAP). Recommendations may relate to the **remediation of Project**- … level non-compliance and related Harm, and/or **steps needed to prevent future non-compliance**, as relevant in the circumstances."* (para. 113, emphasis added).
[162] World Bank Group Inspection Panel, January 8, 2016, Report and Recommendation. Available here: https://www.inspectionpanel.org/sites/default/files/ip/PanelCases/98-Inspection%20Panel%20Report%20and%20Recommendation.pdf.

themselves against CSA and GBV risks and to adequately seek help if they experience either. In addition, training to respond to CSA and GBV against children should include parents; local health teams; mental health service providers; local chiefs and other community leaders; police, judges, and other law enforcement officials; and religious and cultural leaders. Such training should be provided in all communities where Bridge academies are located.

## 7.2 Institutional-Level Recommendations

This investigation revealed several underlying causes of non-compliance that would benefit from IFC-wide remedial action, as follows.

**c. Undertake a review of its Portfolio to identify all projects where children are a vulnerable and disadvantaged subset of affected communities to identify and assess if appropriate social risk management measures are in place and operationalized.** Where they are not, IFC should make every effort to bring the investments back into compliance, including:

- Working with the client to identify management measures for mitigating CSA and GBV that have not been implemented or that were not identified during due diligence, and supporting the client in developing and/or implementing those measures
- Revising investment agreements to clarify: (1) that child safeguarding and child protection measures must be considered within the scope of all clients' E&S obligations; and (2) that any credible grounds to believe a project-related child abuse incident has taken place must be reported immediately to IFC.
- Revising Annual Monitoring Review Templates to information and address questions related to violence against children—including CSA and GBV.

**d. Strengthen and clarify E&S provisions concerning children, as well as gender- and sex-differentiated harm, within the Sustainability Framework.** IFC should revise its Sustainability Framework to include the following:

- New provisions in the Performance Standards that target and further articulate the client's child protection and safeguarding responsibilities and require them to respond to and remedy any project-related harm to children consistent with GIIP, acknowledging the specific vulnerabilities of women, girls, boys, and gender-diverse persons to all forms of gender-based discrimination. Finally, IFC should require clients to respond to other intersecting factors that contribute to the vulnerability that survivors of sex- and gender-based discrimination may face, including those related to sexual orientation, age, poverty, race, ethnicity, indigeneity, and disability.

- New provisions in the Sustainability Policy specific to children and to gender- and sex-differentiated harm articulate IFC's responsibilities in terms of the identification, avoidance, mitigation, and remedy of project risks and adverse impacts to children and other vulnerable persons, including women and girls, LGBT+ persons, poor persons, older persons, disabled persons, ethnic minorities, Indigenous persons, and other sub-populations who may be especially vulnerable to violence, gender-based discrimination, or other forms of harm stemming from IFC-support projects.

**e. Undertake institution-wide capacity building efforts to prevent CSA and overlapping forms of GBV from occurring in its investment projects, including**:

- Training and sensitization on GBV and CSA prevention for all IFC employees with project responsibilities. Such training should be carried out periodically; updated as GIIP related to child protection, child safeguarding, and GBV prevention evolve; and designed to effect prompt and appropriate response to any GBV and CSA concern raised in an investment.
- Development of guidance material on identifying, assessing, and responding to risks of violence against children consistent with a harmonized WBG approach. IFC should develop guidance specific to managing the risk of violence against children across all its projects, with particular attention to CSA, leveraging World Bank experience in addressing CSA and related GBV.

**f. Establish a global GBV task force to** advise the IFC on strengthening its approach to identifying and managing GBV across its investments, including supporting the implementation of the recommendations detailed above. The task force should have strong expertise on preventing child sexual abuse and should include diverse internal and external experts.

**g. Clarify expectations for project compliance with Performance Standards when planning an exit.** Criteria for exiting a project when PS compliance with Performance Standards has not been achieved should be included in IFC's Draft Responsible Exit Principles.

In submitting the above recommendations, CAO emphasizes that the institution-level recommendations and lessons underlying the report's findings are relevant to IFC's overall E&S performance beyond the education sector. Consequently, they remain pertinent despite IFC's May 2022 announcement that it will refrain from undertaking any investments in private K–12 education in the foreseeable future.

# Next Steps

On completion of its investigation, IFC has sent this report to IFC Management. Following CAO Policy, IFC will prepare a Management Report, that may include a Management Action Plan (MAP) for Board approval in response to this compliance investigation that considers the recommendations captured in this report. Both the compliance investigation report and the Management Report will be made public, and CAO will monitor the effective implementation of the MAP.