

World Bank Group Board of Directors & President Ajay Banga  
1818 J Street, N.W.  
Washington, D.C. 20433  
U.S.A.

*via email*

cc Makhtar Diop, Managing Director, International Finance Corporation

22 November 2023

Dear Mr. Banga and Executive Directors,

We received Mr. Makhtar Diop's November 10<sup>th</sup> response to our October 19th letter to the Board demanding accountability for the child sexual abuse cover-up at Bridge International Academies.

The letter increases our alarm and furthers our conviction that an independent, Board-commissioned investigation of the IFC's apparent interference with the CAO and cover-up of child sexual abuse at Bridge schools is needed. It also furthers our conviction that IFC must contribute to a remedy fund for the benefit of the Bridge abuse survivors.

**Our concerns fall into two categories:** (1) IFC fails to take responsibility for the harm that its investment in Bridge International Academies caused; and (2) IFC is dishonest about Management interference with the CAO's independence.

We write to call attention to the following and look forward to a response from the President in his role as Chairman of the Board:

***IFC fails to take responsibility for the harm that its investment in Bridge International Academies caused***

- 1. IFC did not commit to remedying harm caused by its investment in Bridge Academies.** At the time Mr. Diop sent his letter, IFC had CAO's final investigation report.<sup>1</sup> It has been reported that the CAO's investigation finds the IFC non-compliant with its review and supervision responsibilities for the Bridge investment and ignored risks and evidence of child sexual abuse at Bridge

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<sup>1</sup> "Kenya: Bridge International Academies-04/Kenya," Compliance Advisor Ombudsperson, *available at* <https://www.cao-ombudsman.org/cases/kenya-bridge-international-academies-04kenya>.

schools from 2012 to 2020.<sup>2</sup> While Mr. Diop affirms that the IFC will review the report and address the findings “diligently and transparently” in a Management Action Plan, he does not commit to the remediation of harm. We seek an unequivocal commitment from IFC that it will contribute to the remediation of harm that it contributed to through its non-compliant investment in Bridge Academies. Further, we expect the IFC to consult with impacted communities on the Management Action Plan—consistent with the CAO Policy—and we request the Board to demand that this will occur.<sup>3</sup>

2. **IFC claims that it responsibly exited from Bridge. It did not.** Mr. Diop wrote that the IFC “left Bridge consistent with the pilot ‘Responsible Exit’ principles.” Civil society organizations have already argued that the pilot Responsible Exit principles are inadequate and have lamented that the IFC has kept confidential which projects were subject to the pilot.<sup>4</sup> Moreover, putting the inadequacy of the principles aside, the IFC didn’t meet them. Responsible Exit Principle 2 requires IFC to “Address E&S Issues.”<sup>5</sup> IFC has not addressed serious environmental, social and human rights impacts on children and workers that emerged from its investment in Bridge. The assertion that IFC conducted a “responsible exit” with no action taken to remedy harms suffered by survivors of child sexual abuse, makes a mockery of the concept.
3. **IFC’s claim that the confidentiality agreement benefited the CAO process is not credible.** IFC cannot characterize the confidentiality agreement as enabling CAO’s work when: (a) CAO was not consulted about it; (b) CAO did not agree to it; (c) CAO has publicly criticized the confidentiality agreement saying that it was “reached without CAO’s agreement or participation,” and “included commitments from IFC that CAO would not disclose information that the client asserts to be confidential;” (d) IFC hired an external lawyer to review CAO’s report and advise CAO on disclosure issues, and (e) IFC’s signatory to the NDA was reportedly in a meeting two months later with Bridge leadership, at which a plan to “neutralize” CAO’s lead investigator and obstruct CAO’s investigation was discussed.<sup>6</sup> IFC

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<sup>2</sup> “IFC slammed by its own watchdog for ignoring child sex abuse allegations,” Devex (Oct. 26, 2023), available at <https://www.devex.com/news/ifc-slammed-by-its-own-watchdog-for-ignoring-child-sex-abuse-allegations-106439>.

<sup>3</sup> The fact that the CAO separated Bridge 04 from other complaints about Bridge so that it could technically be claimed that there are no complainants does not remove the IFC’s responsibility to consult on a Management Action Plan. See IFC/MIGA Independent Accountability Mechanism (CAO) Policy, para. 133 (“While the MAP is the responsibility of Management, Management may incorporate input from relevant parties.”) and para. 134 (“During the preparation of the MAP, Management will be required to consult the Complainant and the Client.”).

<sup>4</sup> [Joint Civil Society Submission on Responsible Exit](#), Apr. 2023; see also [UN Human Rights Comments on IFC/MIGA Draft Approach to Remedial Action, including Responsible Exit Principles](#), April 2023.

<sup>5</sup> [Draft IFC Responsible Exit Principles](#).

<sup>6</sup> [Compliance Appraisal: Summary of Results](#), Compliance Advisor Ombudsman, (Dec. 23, 2020) (stating, among other things that “The confidentiality agreement was reached without CAO’s

signing a confidentiality agreement in the middle of a CAO compliance investigation is reported to be unprecedented,<sup>7</sup> and we understand that Bridge has already threatened to sue IFC over confidentiality issues.

4. **The measures IFC reports taking to address abuse at Bridge schools are largely beside the point.** Mr. Diop neglects to mention that any work IFC did to address child abuse issues occurred only after March 2020, when CAO presented IFC management with evidence of multiple cases. It has been reported that IFC turned a blind eye to risks and incidents of child sexual abuse at Bridge from 2012 to 2020.<sup>8</sup> In responding to this situation with a list of actions the IFC took – evidently all inadequate, Mr Diop shows the institution’s galling inability to accept responsibility for its failures.
5. **Although Mr. Diop acknowledges that there are protections in place for whistleblowers, he does not commit to apply those protections in this circumstance.** It has been reported that CAO’s lead investigator is on administrative leave,<sup>9</sup> and CAO staff who raise concerns about the erosion of the office’s independence are marginalized and retaliated against.<sup>10</sup> We seek confirmation that the World Bank Group will apply its whistleblower protections to staff who have raised allegations of wrongdoing related to IFC’s investment in Bridge Academies.

### ***IFC is dishonest about Management interference with the CAO’s independence***

6. **President Malpass pushed former Vice President Gratacos out when he would not compromise CAO’s independence.** Mr. Diop says Gratacos “served his full term.” This is demonstrably false. To ensure its independence, the Terms of Reference for the head of the CAO at the time Mr. Gratacos was hired provided that the CAO head “will serve for a term of five (5) years, once renewable ... for an additional five (5) years (5+5 model).”<sup>11</sup> Mr. Gratacos served his first five-year term from July 2014 to July 2019 and was terminated by President Malpass mid-way through what should have been his second five-year

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agreement or participation” and that the agreement “includes commitments from IFC that CAO will not disclose information that the client asserts to be confidential.”). See also [“NEUTRALIZE ADLER’ Whistleblower: The World Bank Helped Cover Up Child Sex Abuse at a Chain of For-Profit Schools It Funded,”](#) The Intercept (Oct. 17, 2023).

<sup>7</sup> [“Civil society groups lambaste IFC over response to sex abuse allegations,”](#) Devex (Nov. 21, 2023).

<sup>8</sup> [World Bank Helped Cover Up Sex Abuse at For-Profit School Chain \(theintercept.com\)](#)

<sup>9</sup> [World Bank Helped Cover Up Sex Abuse at For-Profit School Chain \(theintercept.com\)](#)

<sup>10</sup> [Civil-Society-Open-Letter-to-IAMNet-A-Call-to-Defend-the-Independence-of-IAMs.pdf \(inclusivedevelopment.net\)](#)

<sup>11</sup> [Process for Selecting the Vice President Office for the Compliance Advisor Ombudsman \(CAO\).](#) See also [“CAO Update,”](#) Issue 21, Quarter 2 (Fiscal Year 2021) (“World Bank Group President David Malpass first thanked outgoing CAO Vice President, Osvaldo L. Gratacós, for his **six years** of dedicated service at CAO.” (emphasis added)).

term. Civil society organizations wrote to President Malpass at the time, raising the alarm and objecting to the termination.<sup>12</sup> The Bank provided no explanation for Mr. Gratacos' premature departure, and it is reported that Gratacos has been muzzled.<sup>13</sup> Nevertheless, the reasons have since become known. Gratacos rebuffed intense pressure to compromise the independence of the office following a series of critical compliance investigations, and Bank management wanted to replace him with a more accommodating partner.<sup>14</sup>

**7. The process to select Mr. Gratacos' replacement was not "independent".**

The selection process for the head of the CAO was not independent from Bank management.<sup>15</sup> Concerns about the process led 60 civil society organizations to write to then President Malpass urging him to select a qualified candidate in October 2020.<sup>16</sup> There were other irregularities and concerns regarding the process that resulted in Ms. Ferretti's appointment, which require investigation. For example:

- We are reliably informed that IFC's General Counsel, Chris Stephens, was delegated by President Malpass to oversee the selection process, allowing IFC management to interfere in a process that was meant to be independent of management;
- Contrary to what Mr. Diop says, it has been reported that Ms. Ferretti's selection was not in fact "unanimous;"<sup>17</sup>
- It has since come to our attention that one of the business stakeholders on the selection committee,<sup>18</sup> Strive Masiyiwa, was in the middle of negotiating a \$100 million deal<sup>19</sup> with IFC while the recruitment process

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<sup>12</sup> [Letter re "Term of Renewal for the Compliance Advisor/Ombudsman \(CAO\) Vice President"](#) from civil society organizations to Mr. Malpass (Dec. 6, 2019) ("As we have heard no significant concerns about Mr. Gratacos' substantive performance, we fear that his shortened renewal is aimed at, or at least will have the effect of, undermining the independence of the CAO's office, including its ability to engage fully in the debates about accountability at the IFC/MIGA that will almost certainly follow the ongoing review.").

<sup>13</sup> [World Bank Helped Cover Up Sex Abuse at For-Profit School Chain \(theintercept.com\)](#)

<sup>14</sup> [A call to defend the independence of accountability mechanisms at the World Bank and other international financial institutions - Inclusive Development International.](#)

<sup>15</sup> The [Process for Selecting the Vice President, Office for the Compliance Advisor Ombudsman \(CAO\)](#) that applied for the search for Mr. Gratacos' replacement stated that the Selection Committee will "consult with the President on the process for establishing the short list" and "offer to the President a list of at least three final candidates" and that "CAO VP will be appointed by the President."

<sup>16</sup> [Letter re Selection of the next CAO Vice President from 60 civil society organizations to Mr. Malpass](#) (Oct. 16, 2020) ("as you consider your recommendation to the Board of Directors for this appointment, we urge you to prioritize candidates who have a strong reputation for independence and a demonstrated commitment to the CAO's accountability mandate. The new CAO Vice President should be someone who has proven experience addressing concerns raised by communities about the impacts of development projects and improving social and environmental outcomes on the ground. We also urge you to consider the importance of diversity in this appointment.")

<sup>17</sup> ["Civil society groups lambaste IFC over response to sex abuse allegations,"](#) Devex (Nov. 21, 2023)

<sup>18</sup> See [Selection Committee for Vice President, Compliance Advisor Ombudsman.](#)

<sup>19</sup> See <https://disclosures.ifc.org/project-detail/SII/44798/liquid-telecom-bond>.

was ongoing, creating a clear conflict of interest. Even more alarmingly, IFC kept this deal, which was approved in October 2020, secret until March 2021; and

- It has been reported that one candidate for CAO Vice President was asked in his interview how he would “handle” a CAO investigator who seemed “too aggressive when probing IFC investments.”<sup>20</sup>

Issues around the process leading to Ms. Ferretti’s appointment were so serious that three US senators wrote to President Malpass to raise concerns about it at the time.<sup>21</sup>

The IFC’s letter does nothing to allay our concerns. In fact they are exacerbated by the lack of honesty and failure to take responsibility. Therefore, we request the following:

1. We seek the following from President Banga and the Board:
  - a. **A board-commissioned independent investigation.** The insufficiencies and inaccuracies in IFC’s response all demonstrate why an independent board-commissioned investigation is so necessary. IFC leadership is either misinformed or disingenuous, but either way they cannot be trusted to get to the bottom of this scandal and rectify the reputational harm it has caused to the institution, much less the harm it has caused to the sexual abuse survivors in Kenya. The investigation should be given full authority to get to the bottom of the allegations that World Bank Group and Bridge management colluded to obstruct and delay CAO’s investigation of the child sexual abuse allegations, and subsequent allegations of retaliation against CAO staff.
  - b. **Publicly disclose CAO’s investigation report in full and without redactions, providing only for appropriate confidentiality for the victims, with no regard to the illegitimate NDA.** IFC and Bridge cannot use an NDA to hide things they find shameful or inconvenient. Per the CAO’s policy, it is required to publish its investigation report.<sup>22</sup> That policy should be followed here, without exception.
2. We seek the following from IFC:
  - a. **Consult impacted communities, including child sexual abuse survivors who filed complaints to the CAO, on its Management**

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<sup>20</sup> World Bank Helped Cover Up Sex Abuse at For-Profit School Chain (theintercept.com). Note this interview would have taken place in late September 2020, approximately 2 weeks after IFC staff were reported to be in a conversation where a plan to “neutralize” CAO’s lead investigator was discussed.

<sup>21</sup> [Letter from Senators Coons, Leahy, and Udall to Mr. David Malpass](#) (Oct. 20, 2020).

<sup>22</sup> CAO Policy, para. 138 (“Once the Board approves the MAP, CAO’s investigation report, the Management Report, and the MAP will be published on CAO’s website.”).

**Action Plan.** No attempt to address the findings of the CAO investigation can be considered serious if it does not involve the survivors of the abuse.  
**Commit to remediating harm.** It is most disappointing that IFC cannot make the simple commitment to do the right thing by the survivors of child sexual abuse at Bridge schools. This means funding the remediation of the harms that IFC contributed to by ignoring and covering up the abuse that was going on at these schools over almost a decade.

Thank you for engaging with us. We look forward to a response from the Board of Directors and would welcome a meeting to discuss further.

Sincerely,



David Pred  
Co-Founder and Executive Director  
Inclusive Development International



Margaux Day  
Policy Director  
Accountability Counsel

**This letter will be circulated for additional endorsements.**