

**March 29, 2024**

**Subject: Recommendations on the Scope and Design of An External Investigation of Alleged Interference in the CAO Process**

Dear World Bank Group Executive Directors,

On March 13, 2024, World Bank Group President Ajay Banga announced an external investigation of allegations of interference in the CAO process as relates to IFC's investments in Bridge International Academies.

We welcome President Banga's announcement. It represents a positive albeit belated response to a [call made by 35 international human rights and labor organizations](#) in October 2023, in which we appealed for the Bank to:

“Conduct an expeditious, independent and thorough investigation 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 seek the resignation of anyone who is found responsible.”

As set out in a [November 2023 letter](#) from our organizations to the WBG President and Board, the investigation must “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.”

In particular, an “independent and through” investigation requires the following:

**1) The scope of the investigation should include all relevant allegations of interference in the CAO process that impacted the Bridge investigation, including those set out in our November letter:**

1. Between September and December 2020, IFC and Bridge staff discussed and then executed a plan which was designed to “neutralize” CAO's lead investigator on the Bridge case. The documented aim of this exercise was to delay publication of the allegations of sex abuse at Bridge schools with a view to raising additional capital for Bridge without “spooking investors.” **The investigation should determine whether this involved misconduct by IFC staff and/or fraud or attempted fraud against Bridge's other investors.**

2. IFC, advised by its then General Counsel, Chris Stephens, entered into a Non-Disclosure Agreement (NDA) with Bridge in June 2020. CAO has publicly criticized the NDA 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.” CAO has also said the NDA “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” and that it delayed CAO’s process as well as making it more costly. **The investigation should look into the circumstances of the signing of the NDA and make recommendations to ensure that CAO’s processes are not subsequently undermined by such practices.**
3. Also related to the NDA, CAO’s Bridge-04 investigation report states that “CAO engaged an independent legal counsel [who] ... reported directly to CAO’s Director General.” **The investigation should ascertain whether this external legal advisor was in fact independent of IFC management and whether they reported to the CAO Director General and/or also IFC’s legal department. The investigation should further ascertain: (a) whether the review of the CAO report by the external counsel was undertaken in a manner that was procedurally consistent with the CAO Policy; and (b) whether material critical of IFC or its client was unjustifiably removed from the CAO report on the basis of the legal review, IFC’s factual review and comment, or otherwise prior to finalization.**
4. It has been reported that CAO’s lead investigator on the Bridge case was put on involuntary administrative leave, shortly before completion of the report. **The investigation should determine whether this measure was retaliatory or otherwise in breach of the WBG Staff Rules.** We are concerned that the removal of the lead investigator left the CAO report vulnerable to dilution. **The external investigation should determine whether this was the case. Further, the investigation should determine whether the World Bank Group properly applied its whistleblower protection rules to the CAO staff who raised allegations of wrongdoing related to IFC’s investment in Bridge Academies.**
5. We are concerned that President Malpass pushed former CAO Vice President Gratacós out of his job when he would not compromise CAO’s independence. This decision was announced shortly after revelation of Bridge child sexual abuse allegations. In his [11/10/23 letter](#) to us, IFC CEO Makhtar Diop says Gratacós “served his full term.” This is false. Gratacós was employed for a five-year term that was extendable for one further five-year term (known as “the 5+5 model”). In fact, Gratacós was terminated part way through what should have been his second five-year term. **The investigation must look**

**into the decision not to allow Gratacós to serve his full second five-year term and determine whether IFC management unduly influenced this decision.**

6. The selection process for the head of the CAO, which took place in 2020 while the Bridge investigation was ongoing, was not independent from Bank management. It has been reported that the process was plagued by conflicts of interest and that it was “rigged” to facilitate management capture of the CAO. **The investigation must determine whether there were material irregularities in the selection process for the CAO Director General.**
7. It has been reported that a CAO staff member filed whistleblower complaints in relation to these matters, but that this did not result in an investigation by the World Bank Group’s internal justice system. **The investigation must determine whether the World Bank Group’s internal justice system handled these complaints appropriately and whether their processes were subject to interference.**

**2) The investigation should result in recommendations designed to address the immediate underlying causes of the alleged interference in the CAO process:**

1. Referring individual cases of misconduct and sanctionable practices to the appropriate WBG units (INT and EBC).
2. Clarifying the selection process for the CAO-DG to prevent management capture and conflicts of interest in the future.
3. Amending the staff rules to clarify that there is a duty to cooperate with CAO processes and that failure to cooperate, obstructing or interfering with CAO process is misconduct (for staff) and a sanctionable practice (for clients) triggering EBC/INT mandates and potential sanctions (disciplinary or debarment).
4. Clarifying the appropriate use of Non-Disclosure Agreements (NDAs) in IFC investments and the need to ensure that these are standardized and limited consistent with the requirements of the CAO Policy.
5. Amending WBG whistleblower protection rules to clarify that staff reporting of environmental, social and human rights concerns regarding WBG operations is a 'protected activity,' in response to which retaliation is prohibited.
6. Addressing any gaps or shortcomings that are identified from a review of the WBG’s Internal Justice System (EBC/INT) response to the matters under investigation.

7. Addressing the culture of hostility from IFC management towards CAO and its staff with consistent positive messaging from IFC senior management.

**3) The investigation must be methodologically robust and independent of WBG management:**

1. The investigation must be Board-initiated, and the investigative team must report directly to the Board.
2. All staff potentially implicated in the alleged interference must be recused from any involvement in the design or oversight of the investigation. This includes the WBG General Counsel and the CAO Director General.
3. No IFC staff should play any role in the design or oversight of the investigation.
4. The investigator must have full discretion to determine which WBG staff they interview and to request interviews with former WBG staff and other relevant witnesses as appropriate.
5. The investigator must have full discretion to determine what WBG documentation is relevant to their review and have unfettered access to any documentation they deem relevant to their inquiry, including any documentation produced and/or held by EBC, INT and the WBG legal departments, regardless of whether this is claimed to be confidential or privileged.
6. The budget for the investigation should be sufficient to thoroughly investigate these matters and commensurate to previous similar exercises.
7. The TOR for the investigation should be made public prior to procurement of the investigative firm.
8. Civil society organizations should have an opportunity to meet with and make submissions to the investigation team.
9. The investigator's report including conclusion, analysis and recommendations should be made public within a determined period after it has been received by the Board, with due consideration for confidential human resources information.

10. The implementation of the recommendations stemming from the investigation should be monitored and transparently reported to the public.

Without a thorough and transparent investigation into alleged interference with the IFC's accountability process, IFC and the WBG risk further reputational damage. Furthermore, IFC stakeholders, including communities affected by IFC projects, will lose even more trust in IFC's ostensible commitment to holding itself accountable for harm through a robust and effective independent accountability mechanism.

Sincerely,

Accountability Counsel

Inclusive Development International