



Dispute Resolution Conclusion Report Regarding Complaint Received in Relation to IFC's Investment in Bridge International Academies (IFC #32171) in Kenya, September 2022

SUMMARY

In February 2020, CAO received a complaint from the parents of a child (the “**Complainants**”) that was enrolled at one of the schools of Bridge International Academies (“**Bridge**” or the “**Company**”) in Nairobi, Kenya, about an incident which resulted in the death of their child.

IFC supported Bridge through a \$10M equity investment in 2014 and injected additional equity totaling \$3.5M in 2016. Effective March 3, 2022, IFC's shares were purchased by another existing investor and IFC successfully exited its investment in the Company.

CAO determined that the complaint met its three eligibility criteria and began an assessment in February 2020. The Complainants and the Company expressed an interest in engaging in a CAO dispute resolution (“**DR**”) process to resolve the issues raised in the complaint. Per the CAO 2013 Operational Guidelines, which were effective when the decision was made, the complaint was transferred to the CAO Dispute Resolution (“**DR**”) function in September 2020.¹

Due to World Bank Group's COVID-19-related restrictions on travel and social gatherings, both the assessment and a portion of the DR process were held virtually with the consent of the Complainants and the Company (“**the Parties**”). CAO used bilateral discussions and facilitated one online joint meeting to help the parties agree on the ground rules that governed the mediation process. Once the World Bank Group's COVID-19 restrictions were lifted in December 2021, the CAO mediator and interpreters based in Kenya held in-person joint meetings with the Company, the Complainants, and the supporting NGOs EACHRights and Katiba Institute.

As a result of the voluntary dispute resolution process, the Parties reached an agreement on June 16, 2022. The Parties agreed to a joint statement on the disputed circumstances related to the death of the Complainant's child, who, while attending a Bridge School, was electrocuted by a live connection from a building adjacent to the school. The case will now be closed in accordance with the CAO Policy.

This Conclusion Report provides an account of the assessment and the DR process and offers some reflections on challenges and lessons learned.

BACKGROUND

The Project

In 2014, IFC invested \$10M in equity in the parent company of Bridge International Academies, followed by an additional \$3.5M in 2016. According to IFC Disclosures, Bridge is Africa's

¹ [CAO 2013 Operational Guidelines](#).

largest chain of low-cost community schools, serving approximately 50,000 students as of March 2022 in Kenya. The Company seeks to “provide quality education to children from families earning less than \$2 per person per day”.² IFC investment aimed to increase the number of schools in Kenya and expand to three new countries.

On March 3, 2022, IFC updated its website to reflect the effective date of its exit from the investment in Bridge International Academies.

The Complaint

In February 2020, CAO received a written complaint from the parents of a child enrolled at a Bridge school in Nairobi, Kenya. EACHRights, a Kenyan NGO, supported the Complainants throughout the CAO process. Another NGO, Katiba Institute, joined the process during the dispute resolution process to also provide support to the Complainants. According to the Complainants, a fatal electrocution incident occurred after the child touched an electric wire hanging from a building adjacent to the school compound, next to the pre-primary two classroom. The Complainant stated that the Company failed to provide a clear account of how the incident happened and raised concerns about safety conditions at the school.

CAO Assessment

In February 2020, CAO determined that the complaint met its three eligibility criteria³ and began an assessment of the complaint. The purpose of the CAO assessment is to clarify the issues and concerns raised by the Complainants, gather information on the views of different stakeholders, and determine whether the Complainants and the IFC Project Sponsor would like to pursue a dispute resolution process facilitated by CAO, or whether the complaint should be handled by CAO’s Compliance function for appraisal of IFC’s performance. It typically involves a field visit to meet with the Parties and other relevant stakeholders, as identified by the Parties, to gain a better understanding of the situation. Due to the World Bank Group’s COVID-19-related restrictions on travel and in-person meetings, the CAO staff and consultants could not arrange in-person meetings with the relevant stakeholders in this case. With consent from the Parties, CAO conducted the assessment remotely through phone and video calls. CAO also conducted a desk review of IFC project documents and documentation provided by the Parties.

During the assessment, both Parties expressed their willingness to engage in a voluntary dispute resolution process facilitated by CAO.

Dispute Resolution Process

Between June and October 2021, CAO facilitated online bilateral meetings, email exchanges, and calls with each of the Parties, to discuss the ground rules for engagement in the dispute resolution process and to clarify the issues to be discussed and negotiated during the meeting (process agenda). As a result, the ground rules agreement was finalized and signed on December 14, 2021. Once the ground rules agreement was finalized, the Parties started discussions on substantive issues. After several consultations, the Parties reached an

² Ibid.

³ CAO eligibility criteria: <https://www.cao-ombudsman.org/how-we-work/intake-assessment>

agreement on June 16, 2022. CAO, with engagement and support from IFC, facilitated the drafting of the agreement which the parties requested to keep confidential. A joint statement by the parties signaling the resolution of the case was published on CAO's website. Accordingly, CAO will close the case as per the CAO policy.

CHALLENGES

COVID-19 related restrictions

The World Bank Group related travel restrictions made it challenging for CAO to convene in-person meetings with the Parties. The assessment and much of the dispute resolution process were all conducted online. Throughout 2020, the Company informed the CAO team of its preference to conduct the dispute resolution process in-person rather than online. At the time, in-country COVID-19 restrictions on in-person meetings had been lifted by the government, and by October 2020 there was a phased reopening of schools. Unfortunately, due to the World Bank related COVID-19 restrictions on in-person meetings and travels for World Bank staff, the dispute resolution process could not be held in person. The process was paused with the agreement of both parties, while waiting for World Bank restrictions to be lifted and in-person meetings to be allowed. In March 2021, with in-person meetings still restricted by the World Bank and with the Complainants seeking to proceed with the dispute resolution process online, the Company re-considered, given the protracted delay, and agreed to online mediation. DR resumed in March 2021. CAO organized a hotel venue in Nairobi and also used the IFC Country Office to ensure the sessions took place in a controlled environment. CAO worked with the Country Office to secure venues that observed all COVID-19-related protocols to ensure the safety of the meeting participants.

Delays in the mediation process

There were many delays, because of the COVID-19-related restrictions, scheduling conflicts, and lengthy deliberations on issues of contention. Despite all the delays, both Parties remained committed to the process.

Ground rules and process agenda

There was a significant delay in agreeing on the ground rules and process agenda. As the ground rules guide the framework for engagement, it was essential that the Parties agree on them before starting the dispute resolution process. Exchanges between the Parties on the ground rules took approximately six months to conclude. The DR process could not proceed without an agreed framework, which required agreement on the ground rules. However, after a few months, CAO helped the Parties reach consensus on the ground rules.

Identifying the Parties' needs

Neither party had engaged in a dispute resolution process before. Therefore, distinguishing the positions, needs, and interests of the Parties was both instructive and challenging. Getting the Parties to identify and distinguish these for purposes of strategic engagement helped understand the Parties' expectations better.

Building trust

Although reaching an agreement regarding ground rules took more time than expected, it contributed to building trust in the process. Parties could engage in dialogue with individuals that one or the other side had initially been opposed to including in the process.

Potential effects of IFC exiting the project

On March 3, 2022, IFC informed CAO of its exit from the Bridge Academies through a sale to a third party. IFC's exit came at a crucial stage in the dispute resolution process. Although IFC had previously informed CAO of the potential exit, the IFC team was not able to disclose the details pertaining to timelines. As part of the exit, the Company confirmed to IFC in writing that it would continue to use the IFC Performance Standards as a tool in its operations, and that it committed to continuing its operations in accordance with applicable IFC performance standards. The Company also committed to continuing its engagement with the CAO.

The Company continued to engage with the CAO process after IFC's exit as a shareholder.

CONCLUSION

While there were various challenges in the process, the parties remained committed to the process and with the help of CAO, were able to overcome these challenges and resolve the dispute.

The Parties reached an agreement in June 2022. The case will now be closed in accordance with CAO's policy.

All documentation relevant to this case is available on CAO's website at www.cao-ombudsman.org.

See Annex A for more information on the CAO complaint-handling process.

ANNEX A. CAO COMPLAINT-HANDLING PROCESS

Once CAO declares a complaint eligible, an initial assessment is carried out by CAO dispute resolution specialists. The purpose of CAO's assessment is to: (1) clarify the issues and concerns raised by the Complainant(s); (2) gather information on how other stakeholders see the situation; and (3) help stakeholders understand the recourse options available to them and determine whether they would like to pursue a collaborative solution through CAO's Dispute Resolution function, or whether the case should be reviewed by CAO's Compliance function.

As per the IFC/MIGA Independent Accountability Mechanism (CAO) Policy,⁴ the following steps are typically followed in response to a complaint that is received:

- Step 1: **Acknowledgement** of receipt of the complaint.
- Step 2: **Eligibility**: Determination of the complaint's eligibility for assessment under the mandate of CAO (no more than 15 business days).
- Step 3: **Assessment**: Assessing the issues and providing support to stakeholders in understanding and determining whether they would like to pursue a consensual solution through a collaborative process convened by CAO's Dispute Resolution function, or whether the case should be handled by CAO's Compliance function to review IFC's/MIGA's environmental and social due diligence. The assessment time can take up to a maximum of 90 business days, with possibility of extension for a maximum of 30 additional business days if, after the 90-business-day period: (1) the Parties confirm that resolution of the complaint is likely or (2) either Party expresses interest in dispute resolution, and there is potential that the other Party will agree.
- Step 4: **Facilitating settlement**: If the parties choose to pursue a collaborative process, CAO's Dispute Resolution function is initiated. The dispute resolution process is typically based on or initiated by a Memorandum of Understanding and/or mutually agreed-upon ground rules between the parties. It may involve facilitation/mediation, joint fact finding, or other agreed resolution approaches leading to a settlement agreement or other mutually agreed and appropriate goals. The major objective of these types of problem-solving approaches will be to address the issues raised in the complaint, and any other significant issues relevant to the complaint that were identified during the assessment or the dispute resolution process, in a way that is acceptable to the parties affected.⁵

OR

⁴ For more details on the role and work of CAO, please refer to the full IFC/MIGA Independent Accountability Mechanism (CAO) Policy.

⁵ Where stakeholders are unable to resolve the issues through a collaborative process within an agreed time frame, CAO Dispute Resolution will first seek to assist the stakeholders in breaking through impasse(s). If this is not possible, the Dispute Resolution team will inform the stakeholders, including IFC/MIGA staff, the President and Board of the World Bank Group, and the public, that CAO Dispute Resolution has concluded the dispute resolution process and transferred it to CAO Compliance for appraisal.

Compliance Appraisal/Investigation: If the parties opt for an investigative process, the complaint is transferred to CAO's Compliance function. The complaint is also transferred to the Compliance function when a dispute resolution process results in partial or no agreement. At least one Complainant must provide explicit consent for the transfer unless CAO is aware of Threats and Reprisals concerns. CAO's Compliance function reviews IFC/MIGA's compliance with environmental and social policies, assesses related harm, and recommends remedial actions where appropriate, following a three-step process. First, a compliance appraisal determines whether further investigation is warranted. The appraisal can take up to 45 business days, with the possibility of extending 20 business days in exceptional circumstances. Second, if an investigation is warranted, the appraisal is followed by an in-depth compliance investigation of IFC/MIGA's performance. An investigation report will be made public, along with IFC/MIGA's response and an action plan to remediate findings of non-compliance and related harm. Third, in cases where non-compliance and related harm are found, CAO will monitor the effective implementation of the action plan.

Step 5: **Monitoring and Follow-up**

Step 6: **Conclusion/Case Closure**