



## UK's development finance 'harming society and the environment': civil society organisations respond to critical report by UK Parliamentary International Development Committee

**Joint civil society organisation statement in response to Report on Investment for  
development - The UK's Strategy towards Development Finance Initiatives**

The recent report by the International Development Committee (IDC) of the UK House of Commons, entitled '[Investment for development - The UK's Strategy towards Development Finance Initiatives](#),' raises major concerns about the UK's investments as part of development aid which the signatory organisations working on education share and reiterate. We are

particularly concerned about the British International Investment's (BII) activities and impacts in key sectors responsible for delivering human rights including education and health.

The report, published on 15 September, highlights serious failings regarding the oversight, transparency and accountability of BII. We note with grave concern the Committee's findings, in particular its conclusion that the use of financial intermediaries coupled with a 'hands off' approach has led to investments which 'do not have a clear poverty focus, are in conflict with the UK Government's policies or may actually have harmed society and the environment'.

The report [highlights the UK's continued investment](#) in for-profit education chains such as Bridge International Academies (Bridge), also known as New Globe Schools, a for-profit education chain operating in five African countries and India. The UK maintains investments in Bridge despite the [recent divestment](#) by the World Bank's International Finance Corporation, following a series of scandals and serious complaints to the IFC's independent accountability mechanism. As noted in the Committee's report, we, the signatory organisations, [provided evidence to the inquiry](#) regarding Bridge in which we highlighted serious concerns about the quality of education offered, the high costs in relation to family income, poor labour conditions, and the respect for the rule of law.

It is therefore troubling to note that the Committee finds that BII remains invested in Bridge through an intermediary fund, Novostar. In reference to the intermediated investment, the report cites Nick O'Donohoe, CEO of BII, who said:

**'Novostar make their own decisions as to when they are going to divest, and they have not yet divested of their position in Bridge. Because we are one of their fundholders, a small part of that accrues to us'.<sup>264</sup>**

The undersigned organisations believe that the continued investment in private K-12 schools, particularly Bridge International Academies<sup>268</sup>, whether through intermediaries or direct finance, puts the realisation of the right to education at risk. The extent to which the UK is meeting its human rights obligations has been brought to the attention of the [UN Committee on Economic, Social and Cultural Rights \(CESCR\)](#), whose experts are questioning the UK regarding support to low-cost private schools overseas.

The IDC report goes on to flag 'conflicting accounts' regarding BII's strategy toward the financing of fee charging K12 private schools, with the BII CEO, ministers and the [Technical Strategy](#) offering differing perspectives on the prioritisation of public finance to private education at different levels. In light of the World Bank International Finance Corporation's (IFC) independent investigation and subsequent decision not to resume investments in these schools because of their negative impacts of poverty, inequality, and education outcomes, the Committee highlights that it expects 'BII to ensure its K-12 investments do not have unintended consequences on international development, or to exit those investments'. We support the Committee's call to carefully monitor the consequences of K12 investments. We share the serious concerns raised by the UK International Development Committee. They amplify those

raised in our submission, and we reiterate our call to BII to uphold the right to education by taking the following steps:

1. **Formally commit to cease investments in for-profit schooling including through intermediated investments: there is a growing consensus that public funds should not support for-profit education.** BII should follow the decision of IFC and commit to ceasing all *direct and indirect* investments in for-profit preschool through secondary education provision, and should cease to provide policy advice in this area.
2. **Exit investments in New Globe Schools/ Bridge International Academies:** In light of the documented concerns about the behaviour and operations of Bridge International Academies, we reiterate our call that BII exit in the shortest possible time from its investments in the company and refrain from making any future investments. BII should fulfil its legal due diligence obligations and responsibilities, investigate concerns about the company's behaviour and take action to respond to the harms caused by these investments.
3. **Ensure all investments in education support the right to education,** comply with human rights standards, and contribute to strengthening the public education system in host countries, as well as supporting good governance, democratic control, transparency and accountability. The UK Government should commit to supporting the development of free, quality, public education systems in line with its commitment to the achievement of SDG4 by 2030.

## **SIGNATORIES**

- ActionAid
- Africa Network Campaign on Education for All (ANCEFA)
- Asia South-Pacific Association for Basic and Adult Education (ASPBAE)
- Brazilian Campaign for the Right to Education
- Campaña Latinoamericana por el Derecho a la Educación (CLADE)
- Coalition for Transparency and Accountability in Education (COTAE)
- East African Centre for Human Rights (EACHRights)
- Education For All (Sierra Leone)
- Education International
- Eurodad
- Global Initiative for Economic, Social and Cultural Rights (GI-ESCR)
- Global Campaign for the Right to Education (GCE)
- Global Justice Now
- Initiative for Social and Economic Rights (ISER), Uganda
- National Education Union (NEU)
- Oxfam
- RESULTS UK
- Right to Education Initiative (RTE)
- World Organization for Early Childhood Education (OMEP)

## NOTES TO EDITORS

### **About Bridge International Academies (BIA / Bridge)**

In 2018, civil society groups published an [open letter to investors](#) in BIA, outlining concerns and urging them to cease support. Since then, additional concerns and scandals have been highlighted in the media, including the reported [electrocution death](#) of a child in a BIA school in Kenya, major teacher pay cuts in [Liberia](#) and [Kenya](#) during COVID-19, and [charges of fraud and theft](#) brought against a former Bridge director in a previous role.

In 2019, [more than 170 civil society organizations from 64 countries called on the World Bank Group to end support to for-profit private education](#).

In 2020, [the IFC committed to freeze investments in for-profit K-12 schools](#).

Similar recent policy shifts have included the Global Partnership for Education's decision in its [2019 Private Sector Strategy](#) to prohibit funding to for-profit provision of core education services, and a 2018 resolution by the [European Parliament](#) that declared the European Union and its Member States must not use development aid money to fund commercial private schools.

Summary of CAO cases on IFC's investment in BIA:

- [BIA-01/Kenya](#) case: In April 2018, 10 parents and former and current teachers at BIA submitted a [complaint](#) highlighting BIA's negative impacts, especially on the right to education, health and safety, and on labor rights. In its Appraisal Report published in October 2019, the CAO announced its decision to carry out a full compliance investigation into the adequacy of the IFC's due diligence and supervision of its investee. The compliance investigation is ongoing.
- [BIA-02/Kenya](#) and [BIA 03/Kenya](#) cases: In June 2020, the CAO confirmed acceptance of two new cases on BIA, filed by the parents of two children who were electrocuted while in a BIA school in Nairobi, Kenya. The electrocution caused the death of one child and injuries to the other. The Complainants and the Company agreed to engage in dispute resolution to try to arrive at a mediated settlement. The dispute resolution process is still ongoing.
- [BIA-04/Kenya](#) case: In the course of the BIA-01/Kenya investigation, CAO staff and experts travelled to Nairobi in February 2020. The investigation team spoke to community members who raised concerns regarding instances of child sexual abuse at Bridge schools. In December 2020, the CAO concluded in its appraisal report that there are "substantial concerns regarding the child safeguarding and protection outcomes of IFC's investment in Bridge considering: (a) specific allegations of child sexual abuse involving Bridge staff and students; (b) the child safeguarding and protection risks of the schools in light of their number, their student body (coming from low-income families), and the young age of students." The compliance investigation is ongoing.

### **About the International Development Committee**

The International Development Committee (IDC) is a UK House of Commons Select Committee, established to scrutinise the spending, administration and policies of the Department for International Development (DFID) and monitors the expenditure of Official Development Assistance (ODA) by other UK government departments.

Since 1 September 2020, DFID and the Foreign and Commonwealth Office have been merged to form the Foreign, Commonwealth and Development Office (FCDO). The IDC continues to be responsible for scrutiny of UK aid and ODA expenditure, including by the FCDO, and taking forward the work of the Independent Commission on Aid Impact (ICAI).