



CAO ASSESSMENT REPORT

Regarding concerns in relation to

IFC's Plato Project (#32583)

June 2015

Office of the Compliance Advisor Ombudsman (CAO)
for the
International Finance Corporation (IFC)
and Multilateral Investment Guarantee Agency (MIGA)
www.cao-ombudsman.org

About CAO

The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism for the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), the private sector arms of the World Bank Group. CAO reports directly to the President of the World Bank Group, and its mandate is to assist in addressing complaints from people affected by IFC/MIGA supported projects in a manner that is fair, objective, and constructive and to enhance the social and environmental outcomes of those projects on the ground.

For more information, see www.cao-ombudsman.org

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LIST OF ACRONYMS

CAO	Office of the Compliance Advisor Ombudsman
IFC	International Finance Corporation
MIGA	Multilateral Investment Guarantee Agency

1. OVERVIEW

In April 2015, CAO received a complaint from a former employee of Plato University in Bishkek, Kyrgyzstan, regarding IFC's investment in T.C. Plato Meslek Yuksekokulu ("Plato" or the "Company"). Following CAO's assessment of the complaint, and as a result of the parties' expressed preferences, the complaint is being referred to CAO's Compliance function for appraisal of IFC's environmental and social due diligence of the project. This Assessment Report provides an overview of the assessment process, including a description of the project, the complaint, the assessment methodology, and next steps.

2. BACKGROUND

2.1 The Project

According to IFC, Plato is a Turkish private education provider which started operations in 2009 with two vocational education institutes: Plato College for Higher Education in Istanbul, Turkey; and Plato University of Management and Design in Bishkek, Kyrgyzstan. IFC's investment in Plato is convertible loan of US\$6 million with the intent to support the company's expansion in Turkey, Central Asia (Kyrgyzstan and Kazakhstan), and the Middle East and North Africa (likely Egypt and/or other countries depending on opportunities). The total project cost is estimated at \$12 million.

2.2 The Complaint

In April 2015, CAO received a complaint in relation to Plato University of Management and Design in Bishkek, Kyrgyzstan. The complaint was lodged by a former employee of the University. The Complainant alleges that mismanagement by the Company led to the liquidation of the University and ultimately the Complainant's unlawful dismissal from work without due process and withheld compensation. CAO determined that the complaint met its three eligibility criteria in April 2015, and began an assessment of the complaint.

3. ASSESSMENT SUMMARY

The purpose of CAO's assessment is to clarify the issues and concerns raised by the complainant, to gather information on how other stakeholders see the situation, where relevant, and to determine whether the Complainant and Company would prefer to pursue a dispute resolution process under CAO auspices, or for the complaint to be referred for compliance appraisal of IFC's environmental and social performance. CAO does not gather information during its assessment to make a judgment on the merits of the complaint.

3.1 Assessment Methodology

CAO's assessment of the complaint consisted of email and telephonic correspondence with the Complainant; the Company, and the IFC team.

3.2 Summary of Issues

The Complainant's perspective

The Complainant is mostly concerned about alleged unfair dismissal from work and withheld salary and compensation. The Complainant also raised some allegations of corrupt work practices, which fall outside of CAO's mandate.

The Company's perspective

Plato clarified that the Kyrgyz entity was not liquidated, and is still operational today. It ceased educational activities in August 2014, however, and academic staff were dismissed at that time. The company reports that the Plato Group stopped being a shareholder in the Kyrgyz entity in April 2015. Plato contends that it has followed national law and acted in good faith in its dealings with its former employees. It prefers that the complaint be handled by CAO's Compliance function, and that disputes regarding national labor law and regulations be mediated or judged by local courts.

4. NEXT STEPS

Since a CAO dispute resolution process requires voluntary agreement to participate by the Complainant and Company at a minimum, in accordance with CAO's Operational Guidelines, this complaint will be referred to CAO Compliance for appraisal of IFC's environmental and social due diligence with regard to the project.

ANNEX A. COMPLAINT HANDLING PROCESS

The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism for the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), the private sector arms of the World Bank Group. CAO reports directly to the President of the World Bank Group, and its mandate is to assist in addressing complaints from people affected by IFC/MIGA supported projects in a manner that is fair, objective, and constructive and to enhance the social and environmental outcomes of those projects on the ground.

The initial assessment is conducted by CAO's Dispute Resolution function. 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.

This document is a preliminary record of the views heard by the CAO team, and explanations of next steps depending on whether the parties choose to pursue a Dispute Resolution process or prefer a CAO Compliance process. *This report does not make any judgment on the merits of the complaint.*

As per CAO's Operational Guidelines,¹ 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 the CAO (no more than 15 working days)

Step 3: **CAO assessment:** "Assessment of the issues and provide 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 120 working days."

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 or initiated by a Memorandum of Understanding and/or a 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 goal. 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 affected².

OR

¹ For more details on the role and work of CAO, please refer to the full Operational Guidelines: http://www.cao-ombudsman.org/documents/CAOOperationalGuidelines_2013.pdf

² 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 closed the complaint and transferred it to CAO Compliance for appraisal.

Compliance Appraisal/Investigation: If the parties opt for a Compliance process, CAO's Compliance function will initiate an appraisal of IFC's/MIGA's environmental and social due diligence of the project in question to determine whether a compliance investigation of IFC's/MIGA's performance related to the project is merited. The appraisal time can take up to a maximum of 45 working days. If an investigation is found to be merited, CAO Compliance will conduct an in-depth investigation into IFC's/MIGA's performance. An investigation report with any identified non-compliances will be made public, along with IFC's/MIGA's response.

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

Step 6: **Conclusion/Case closure**