



United States Department of State  
and the Broadcasting Board of Governors

*Office of Inspector General*

JAN 15 2010

Dear Mr. Chairman:

In accordance with Section 232 of the William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008 (TVPRA) P.L. 110-457, the Department of State Office of Inspector General (OIG) is pleased to submit this summary of activities and findings related to trafficking in persons for the period January 1, 2009 to December 31, 2009. During the year, OIG's four offices employed a coordinated, cross-disciplinary, and global approach to the issue of trafficking in persons. Information gathering by the Office of Inspections assisted the Middle East Regional Office (MERO) and led to referrals for the Office of Investigations, while reporting from MERO provided key findings for potential future audit and investigative work. Summaries of each office's 2009 activities and findings related to trafficking in persons are detailed below.

Middle East Regional Office

To address widespread concerns about trafficking in the Middle East region, MERO is incorporating trafficking in persons objectives into all audits involving Department of State (Department) contractors and subcontractors in Afghanistan, Iraq, and Pakistan. In addition, OIG completed the survey phase and initiated the audit phase of a regional review that will directly address the TVPRA mandate to audit a sample of contracts under which there is a heightened risk that a contractor may engage, knowingly or unknowingly, in acts related to trafficking in persons (Section 232, part b).

The Honorable

Howard L. Berman, Chairman,  
Committee on Foreign Relations,  
United States House of Representatives.

A performance audit of the Baghdad Embassy Security Force (BESF), provided through a contract with the private security company, Triple Canopy,<sup>1</sup> was the first audit in which OIG specifically examined the risk of trafficking in persons through document review, site visits, and interviews. OIG found that the BESF contract does contain a clause on combating trafficking in persons as required by Federal Acquisition Regulations (FAR 52.222-50). This clause states that contractors shall not engage in any severe forms of trafficking in persons, procurement of commercial sex acts, or use of forced labor. Through structured interviews with 84 randomly selected Peruvian and Ugandan BESF guards on recruitment, work and living conditions, and compensation, the OIG team found no evidence that Triple Canopy was recruiting or maintaining labor through the use of force, fraud, or coercion. However, Triple Canopy's guard personnel were housed in unsafe conditions in violation of the contract, several safety codes, and Department regulations. In addition, the Department lacked a policy regarding the number of consecutive days guards can work. Guards reported working as many as 30 days without a break, which impacts alertness and undermines security.

Using lessons learned from the BESF audit, OIG is refining its techniques for a forthcoming regional report to be completed in 2010 on contractor involvement in trafficking in persons. In 2009, OIG completed the survey phase of this review, which identified contracts in the MERO area of responsibility<sup>2</sup> susceptible to labor and other forms of trafficking. In consultation with experts from the Office to Monitor and Combat Trafficking in Persons, the Office of International Labor and Corporate Social Responsibility, the Department of Labor's Bureau of International Labor Affairs, and the International Labor Organization, OIG analyzed Department contracting for unskilled labor in fields such as construction, facility support, and hospitality OIG especially scrutinized firms that provide low-wage labor for the fields listed above, as well as firms with documented infractions in news articles, embassy cables, or prior audits and investigations.

To select sites for field work, OIG ranked countries by volume of contracting and compared this ranking to each country's tier in the Department's 2009 Trafficking in Persons Report. Tier 1 includes countries whose governments comply fully with minimum standards of the Trafficking Victims Protection Act of 2000 (TVPA) and

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<sup>1</sup> The Bureau of Diplomatic Security Baghdad Embassy Security Force, Performance Audit, MERO-A-10-05, due to be issued in January 2010.

<sup>2</sup> The MERO area of responsibility includes all countries under the Bureau of South and Central Asian Affairs, all countries under the Bureau of Near Eastern Affairs, the Palestinian Territories, and Turkey.

thus pose the lowest risk of trafficking problems. Tier 2 countries (including Afghanistan, Israel, Jordan, and Oman) do not comply with TVPA minimum standards but are making significant efforts to bring themselves into compliance. The Watch List for Tier 2 includes countries in most of North Africa, the Persian Gulf, Central Asia, and South Asia, not in compliance with TVPA that have committed to improve, but pose a greater risk due to the number of victims and/or lack of evidence of improvement. Tier 3 countries (including Saudi Arabia, Kuwait, and Syria) pose the highest risk of trafficking because these governments do not comply with minimum standards and are not making significant efforts to do so. Since no country in the MERO region is in full compliance with TVPA, OIG is focusing its study on MERO countries outside of Iraq, Pakistan, Afghanistan that have received the most Department contract funding for the last three fiscal years while receiving proportionally little funding for trafficking prevention programs.

In early 2010, OIG plans to audit a representative sample of contracts and conduct site visits through the following Embassies: 1) Abu Dhabi, United Arab Emirates; 2) Amman, Jordan; 3) Beirut, Lebanon; 4) Damascus, Syria; 5) Kuwait City, Kuwait; 6) Muscat, Oman; 7) Riyadh, Saudi Arabia; and 8) Tel Aviv, Israel. OIG's Office of Investigations will provide an agent to work with the MERO teams on this audit as a law enforcement advisor. In addition, during the year OIG issued a questionnaire by cable to collect data from contracting personnel at all missions in MERO's area of responsibility regarding contractor adherence to, and Department enforcement of, U.S. Government and Department acquisition regulations related to preventing trafficking in persons.

Based upon TVPRA Section 232 requirements and work conducted by the MERO survey team, the objectives for the audit phase of this review are to determine:

- Whether Department-funded contractors or subcontractors are engaged, knowingly or unknowingly, in acts related to trafficking in persons;
- Whether U.S. Embassies are effectively monitoring Department-funded contracts to verify that contractors and subcontractors are not engaged in trafficking in persons activities; and
- Whether U.S. Embassies are following Department guidelines and policies to prevent trafficking and whether these guidelines and policies are adequate to prevent trafficking.

MERO is scheduling multiple rounds of fieldwork between February and May and will report its findings in the summer of 2010. Once completed, MERO will be able to provide reasonable conclusions concerning Department compliance with TVPRA and possible recommendations for improving Department policies and procedures to prevent trafficking in persons among its contractors and subcontractors.

#### Office of Audits

Due to resource constraints, OIG initiated its FY 2010 study of contractor involvement in trafficking in persons within MERO's area of responsibility. However, TVPRA-mandated work for FY 2011 and FY 2012 may encompass countries in the Office of Audits' larger area of responsibility in Southeast Asia, Sub-Saharan Africa, or other regions particularly vulnerable to trafficking in persons.

#### Office of Inspections

OIG included trafficking in persons among its areas of emphasis for all Embassy and consulate inspections conducted in FY 2010. Inspectors were required to place special emphasis on detecting potential trafficking in persons activity during inspections and to address the issue specifically in inspection reports. During the fall round of inspections, teams completed "area of emphasis" questionnaires regarding contracted labor based on findings and interviews at the inspected missions. Questionnaire items related to trafficking in persons were also added to data collection instruments for the political and economic/commercial sections of each mission.

During site visits, inspection teams typically reviewed a sample of contracts at each facility for the inclusion of FAR clause 52.222-50. However, depending on the size of the mission and team resources, some teams were able to review every contract at their assigned mission and examine the issue in greater depth. For example, the inspection team for Riyadh took the additional step of interviewing the general services officer, regional security officer, and locally employed staff about contractors' behavior with respect to trafficking in persons. This yielded anecdotal evidence of some behavior that could be classified as labor trafficking (e.g. withholding passports, garnishing wages, and summary dismissal) and is the basis for some formal recommendations to be detailed in the forthcoming

inspection report for Embassy Riyadh. Inquiries into this area of emphasis on other inspections have yielded similar findings. OIG currently has several reports in draft that will provide greater detail. OIG's Office of Inspections will continue to refine inspection procedures to meet its TVPRA Section 232 obligations in 2010 and beyond.

Office of Investigations

During the year, the Office of Investigations actively followed up on investigative leads and referrals related to trafficking in persons as appropriate. The Office opened one investigation regarding possible trafficking violations based on information received from the Federal Bureau of Investigation. The Office of Investigations continues to look into trafficking and sexual exploitation allegations when they surface as part of large-scale, ongoing investigations conducted worldwide. Investigations involving violations of the Foreign Corrupt Practices Act are also being pursued, as some trafficking in persons-related allegations are covered by this Act. Finally, as noted above, the Office of Investigations will provide a law enforcement liaison to MERO during its TVPA-related reviews and site visits scheduled from February to April 2010.

Sincerely,

A handwritten signature in black ink, appearing to read 'H. Geisel', written in a cursive style.

Harold W. Geisel  
Deputy Inspector General