



United States Department of State
and the Broadcasting Board of Governors

Office of Inspector General

JAN 14 2011

Dear Mr. Chairman:

In compliance with Section 232 of the William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008 (TVPRA), the Department of State Office of Inspector General (OIG) is pleased to submit this summary of activities and findings related to trafficking in persons (TIP) for the period of January 1, 2010, to December 31, 2010. OIG has continued its efforts to coordinate and integrate its four offices' approaches in pursuit of a coherent and sustainable effort to address the issue of TIP. Summaries of each office's 2010 activities and findings related to TIP are detailed below.

OIG Middle East Regional Office (MERO)

In 2009, OIG completed a survey identifying contracts in the MERO area of responsibility⁹ susceptible to labor and other forms of trafficking. 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*. In 2010, OIG focused its study on MERO countries outside Iraq, Pakistan, and Afghanistan that have received the most Department contract funding for the past 3 fiscal years while receiving proportionally little funding for trafficking programs.

From January to March 2010, OIG examined six contracts in the Persian Gulf for janitorial, gardening, and local guard services to determine whether Department-funded contractors or subcontractors were engaged, knowingly or unknowingly, in

The Honorable

John F. Kerry, Chairman,
Committee on Foreign Relations,
United States Senate.

⁹ The MERO area of responsibility includes all countries under the Bureau of South Central Asian Affairs, all countries under the Bureau of Near Eastern Affairs, the Palestinian Territories, and Turkey.

acts related to TIP.² Field work was conducted at U.S. missions in Kuwait, Oman, Saudi Arabia, and the United Arab Emirates. OIG found no direct evidence that contractors violated the provisions of the Trafficking Victims Protection Act of 2000 (TVPA) or the *Federal Acquisition Regulation* (FAR) mandatory clause 52.222-50 (Combating Trafficking in Persons). However, using International Labor Organization indicators for trafficking, OIG found several contractor practices that increase the risk of TIP. These practices include coercion at recruitment and destination (through debt bondage and confiscation of documents), exploitative conditions of work (including payment and wage issues and bad living conditions), and abuse of vulnerability (including abuse of lack of education and lack of information). Furthermore, OIG found that four of the six embassies and consulates are following Federal contracting guidelines to prevent trafficking, but these guidelines do not specify how to monitor contractors for TIP, so OIG could not conclude that TIP monitoring is effective. Aside from mandatory citation of FAR clause 52.222-50 in each contract, contracting officer's representatives do not have standard procedures to monitor the clause's implementation. Standard contract language and Department regulations fail to address TIP-related issues such as passport security and accessibility, wages and allowances, housing quality, and safety for foreign workers.

From October to November 2010, OIG examined 10 Department contracts for janitorial, gardening, security/local guard services, and construction for TIP violations in the Levant. OIG conducted field work at U.S. embassies in Israel, Jordan, Lebanon, Syria, and at the Consulate General in Jerusalem. At each of these locations, OIG interviewed contracting officers, contracting officer's representatives, contractor owners and/or managers, and contract employees. To determine whether Department personnel are following Federal guidelines to effectively monitor Department-funded contractors and subcontractors for engagement in acts related to TIP, OIG interviewed contracting personnel from the Bureau of Administration and reviewed relevant Department guidance on TIP, including the *Foreign Affairs Manual* and the *Foreign Affairs Handbook*. OIG also interviewed management section personnel and regional security officers at each of the five posts visited. OIG plans to issue this report in early 2011.

² See *Performance Evaluation of Department of State Contracts to Assess the Risk of Trafficking in Persons Violations in Four States in the Cooperation Council for the Arab States of the Gulf*, MERO-I-11-06, January 2011.

In 2010, MERO conducted three evaluations that included an assessment of potential TIP violations. In September 2010, MERO issued *The Bureau of Diplomatic Security Kabul Embassy Security Force Performance Evaluation* (MERO-A-10-11). During this evaluation, OIG found that the Kabul Embassy Security Force (KESF) contract with ArmorGroup of North America (AGNA) contains FAR clause 52.222-50 as required. The OIG team developed a questionnaire to determine whether AGNA is complying with the terms of the clause. In structured interviews with 69 KESF guards chosen at random, the OIG team found no evidence that AGNA was recruiting or maintaining labor through the use of force, fraud, or coercion. In December 2010, MERO issued *PAE Operations and Maintenance Support at Embassy Kabul, Afghanistan, Performance Evaluation* (MERO-I-11-05). OIG found that Pacific Architects and Engineering Government Services, Inc.'s (PAE) Embassy Kabul operations and maintenance support contract does not contain the required FAR clause. Using the same questionnaire, the OIG team interviewed all 13 third-country national employees (from the Philippines) employed by PAE. The team found no evidence that PAE was recruiting or maintaining labor through the use of force, fraud, or coercion. Finally, in January 2011, MERO will issue *PAE Operations and Maintenance Support for the Bureau of International Narcotics and Law Enforcement Affairs' Counternarcotics Compounds in Afghanistan, Performance Evaluation* (MERO-I-11-02). During this evaluation, the OIG team found that the required contract clause was added to the PAE task order in July 2009, after it had been in place for 6 months. In structured interviews with third-country national PAE employees and guard force personnel at Kunduz, the OIG team found no indication or evidence that PAE employees or guards have been subjected to TIP, and no evidence that PAE was recruiting or maintaining labor through the use of force, fraud, or coercion.

Finally, in 2010, OIG received information to a questionnaire cable collecting data from contracting personnel at 32 countries in MERO's area of responsibility regarding contractor adherence to, and Department enforcement of, U.S. Government and Department acquisition regulations related to preventing TIP. Based upon an analysis of these data and MERO's fieldwork in eight countries, MERO will be able to provide reasonable conclusions concerning Department compliance with TVPRA and possible recommendations for improving Department policies and procedures to prevent TIP among its contractors and subcontractors. Depending on the availability of staff resources, MERO plans to issue this report in the 4th quarter of 2011.

OIG Office of Audits (AUD)

The Office of Audits recently contracted with an independent public accounting firm to audit compliance with TVPRA's Section 232 on contracts awarded in the Department's Bureau of East Asian and Pacific Affairs. Its results will be a feature of OIG's reporting on FY 2011 activities.

OIG Office of Inspections (ISP)

As noted in last year's report, ISP designated TIP as an issue that all inspection teams would address in the course of their reviews of all embassy and consulate operations conducted in FY 2010 and FY 2011. This effort, termed "area of emphasis," is aimed at standardizing approaches across inspections and enabling a comparative and global treatment of the issue.

In 2010, as in 2009, inspection teams reviewed contracts at inspected embassies and consulates to determine whether FAR clause 52.222-50 was included. Embassies inspected in 2010 were Abu Dhabi, Addis Ababa, Amman, Ankara, Asmara, Bangkok, Beijing, Colombo, Dhaka, Djibouti, Doha, Harare, Hong Kong, Islamabad, Kathmandu, Kuala Lumpur, Lilongwe, Maseru, Mbabane, Muscat, Nicosia, Rome, Sana'a, and Vientiane. Area of emphasis questionnaires guided interviews regarding contracted labor at the inspected missions. Questionnaire items related to TIP were also added to data collection instruments for the political and economic/commercial sections of each mission. These questions helped assess each mission's efforts in working with host governments to deal with trafficking issues within those countries.

Overall, inspectors confirmed substantial adherence to Department guidance on contract documentation. Over 90 percent of the contracts reviewed contained FAR clause 52.222-50. In those locations where inspectors found that contracts and employee agreements did not contain the language required by FAR clause 52.222-50, their reports made formal recommendations to amend these contracts to bring them into compliance. This methodology also led, in some cases, to more in-depth scrutiny by the team. Inspectors concluded that no additional action was warranted.

OIG's Office of Inspections continues to refine its inspection procedures to meet TVPRA Section 232 obligations in 2011 and beyond, including through closer scrutiny of official residence staff, security guards services, and janitorial services.

OIG Office of Investigations (INV)

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 TIP-related allegations are covered by this act.

Sincerely,

A handwritten signature in black ink, appearing to read 'H. Geisel', with a large, sweeping flourish at the end.

Harold W. Geisel
Deputy Inspector General