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**THE PROGRAM TO END MODERN SLAVERY:
A REVIEW OF STATE DEPARTMENT OVERSIGHT OF HUMAN
TRAFFICKING GRANT RECIPIENTS**

MINORITY STAFF REPORT

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EXECUTIVE SUMMARY

The State Department estimates that each year nearly 25 million people are trafficked globally and considered subject to modern slavery.¹ Since 2000, the Trafficking in Persons or “TIP” Office at the State Department has led the U.S. effort to combat human trafficking, mainly through the award of taxpayer dollars through grant funds.

Congress appropriated unprecedented funding to the Project to End Modern Slavery. This report documents how from 2017 to 2018, the TIP Office awarded \$46 million in U.S. taxpayer dollars to a brand-new entity with no prior experience in managing U.S. grant funds: The Global Fund to End Modern Slavery (or the “Global Fund”). In 2017, Congress authorized the Project to End Modern Slavery (or “PEMS”) through the *National Defense Authorization Act*. The purpose of PEMS was to fund “transformational programs and projects that seek to achieve a measurable and substantial reduction in the prevalence of modern slavery in targeted populations in specific countries or regions.” To date, Congress has appropriated \$150 million to PEMS, with the TIP Office receiving \$25 million per year through congressional appropriations for the program.

The TIP Office made an initial award of \$25 million in 2017 to Global Fund, and the next year the TIP Office made an additional \$21 million award in funding—for a total of \$46 million. The Global Fund received the additional 2018 award before it spent any of the initial award, and before it had established a successful record for managing U.S. grant funds to combat human trafficking. The Global Fund then selected sub-grantee projects to fund, which were supposed to fit the mission outlined by Congress in PEMS.

Sub-grantee awards by the Global Fund—despite unprecedented involvement of the TIP Office—led to wasted U.S. taxpayer dollars. From the start, the Global Fund failed to understand the rules and requirements for awarding U.S. grant funds to sub-grantees. Initial awards by the Global Fund resulted in a cancelled sub-grant with no notice to program participants, who showed up to find the program that promised them job skills was shuttered and abandoned. The Global Fund also failed to vet certain sub-awardees for human rights violations, referred to as “Leahy Vetting,” a requirement under U.S. law.

¹ The State Department acknowledges that exact human trafficking numbers are difficult to establish, and often cites 25 million people worldwide as a general estimate. *See, e.g.*, Antony J. Blinken, U.S. Sec’y of State, Remarks at the 2021 Trafficking in Persons Report Launch Ceremony (July 1, 2021), <https://www.state.gov/secretary-antony-j-blinken-at-the-2021-trafficking-in-persons-report-launch-ceremony/> (“Exact figures are sometimes hard to determine[, but] nearly 25 million people worldwide are victims of human trafficking”).

Other well-intentioned Global Fund awards proved ill-conceived. For example, one Global Fund sub-grantee provided pigs to program participants, but no corresponding veterinary care or funds to purchase medicine. Another Global Fund sub-grantee provided goods for human trafficking survivors to sell at market. However, there was no local market to sell those goods. In a third example, some sub-grantees provided trainings to participants regarding combating human trafficking in languages they did not speak. Yet another Global Fund sub-grantee proposed handing out cash to program participants, which was in direct violation of TIP Office policy.

The TIP office failed to oversee the Global Fund's award of grant funds. While the Global Fund made these awards, the State Department had unprecedented involvement in the decision process. A cooperative agreement between the State Department and the Global Fund mandated State officials have “substantial involvement” in funding decisions by the Global Fund. This led to the officials in the TIP Office reviewing each Global Fund project and the head of the TIP Office sitting on the Board of Directors of the Global Fund with final approval for all funding decisions. Ultimately, the Global Fund and the TIP Office had different views on what constituted “substantial involvement,” despite a detailed definition in the cooperative agreement listing a litany of TIP Office responsibilities. Global Fund staff stated they believed the TIP Office awarded funds to their organization to distribute at the Global Fund’s discretion, and that the TIP Office’s involvement in the award process constituted overreach.

Following the two initial awards to the Global Fund totaling \$46 million, the TIP office also awarded the Global Fund an additional \$5 million in 2021, which was beyond the scope of this review.

The TIP Office awarded funding to review the Global Fund’s work under the initial two grants. That third-party review of the sub-awards made by Global Fund did find some “mild or early signs of promise,” but the evaluation observed, “nothing conclusive can be said about early progress in reducing trafficking for any [Global Fund sub-awardee] project.” The review also found “serious concerns” with some of the Global Fund sub-awardees’ work. As such, it is unclear if the \$46 million in U.S. taxpayer dollars awarded to the Global Fund from 2017 to 2018 will make a long-term measurable difference in the fight against trafficking in persons.

FINDINGS OF FACT AND RECOMMENDATIONS

A. Findings of Fact

- (1) **It is unclear if the \$46 million in U.S. taxpayer dollars awarded to the Global Fund from 2017 to 2018 will make a long-term measurable difference in the fight against trafficking in persons.** A third-party review of the sub-awards made by Global Fund found some “mild or early signs of promise,” but the evaluation observed, “nothing conclusive can be said about early progress in reducing trafficking for any [Global Fund sub-awardee] project.” The review also found “serious concerns” with some of the Global Fund sub-awardees’ work.
- (2) **In 2017, the TIP Office awarded \$25 million in U.S. taxpayer funds to a new entity with no record of success, the Global Fund.** The TIP Office made this award through the Project to End Modern Slavery authorized by Congress, or “PEMS.” The Global Fund had minimal experience and infrastructure in place to manage federal grant funds. Global Fund executives expressed to the Committee the initial cooperative agreement with the TIP Office was a “heavier lift” than the TIP Office conveyed.
- (3) **The TIP Office approved sub-grant projects without adequate grant oversight procedures in place.** Despite the unprecedented amount of PEMS funding awarded to Global Fund, the TIP Office did not establish standardized site visit procedures for sub-grantees. This lack of timely site visits on sub-grantees resulted in a failure to identify concerns with sub-grantee budgets during approval stages, and canceled or reduced certain sub-grants after the sub-grantees had already received funding and began work.
- (4) **The Global Fund received an additional \$21 million in grant funds (or PEMS 2) from the TIP Office despite no evidence of success from the first round of funding.** The TIP Office awarded the second tranche of \$21 million to the Global Fund before the Global Fund had developed a successful track record of managing Federal funds. The TIP Office allocated \$2.25 million of PEMS 3 funding to EnCompass LLC to evaluate Global Fund’s work under the PEMS grant in September 2017.
- (5) **The TIP Office inconsistently evaluated Global Fund sub-grantees’ application materials.** TIP Office representatives told Committee staff they approved some “almost final but not quite final” sub-award budgets because they were eager to move forward to meet the award timelines. As a result, the TIP Office approved Global Fund sub-grantee projects without properly vetting them.

- (6) After the Global Fund awarded U.S. taxpayer dollars to sub-grantees, the TIP Office issued a corrective action plan to the Global Fund addressing problems that the TIP Office did not discover until it conducted site visits of awardees.** In total, the TIP Office issued ten recommendations following site visits to the Global Fund to improve its oversight over its sub-awardees.
- (7) The TIP Office cancelled a Global Fund sub-awardee project in a way that may have left participants vulnerable.** The TIP Office cancelled one project in the Philippines because of “comprehensive failings that could not be corrected.” The issues included a lack of knowledge regarding human trafficking monitoring and evaluation methods, suspect political connections, and a failure to follow U.S. laws regarding foreign assistance.
- (8) The head of the TIP Office sat on the Global Fund Board of Directors and approved all Global Fund sub-grants.** TIP Office officials told GAO auditors “they thought it was appropriate to exercise oversight through board participation, given the \$46 million in funding awarded to [the Global Fund].” Global Fund executives, by contrast, told Committee staff that they did not want the Global Fund to solely be associated with the U.S. Government as the original intent was to establish a true global fund.
- (9) Global Fund sub-awardees failed to vet for human rights violations, or “Leahy vetting.”** U.S. law prohibits the Federal Government from providing assistance or training to any nation’s security forces that have perpetrated gross violations of human rights. Cooperative agreements between the TIP Office and the Global Fund for both PEMS 1 and 2 funding contain Leahy vetting requirements. One Global Fund awardee in the Philippines was providing training to military personnel without proper Leahy vetting. Another, in Vietnam, was found to have a “poor understanding” of Leahy vetting requirements, evidenced by local police being unwilling to participate in the sub-awardee’s program.
- (10) A State Department commissioned evaluation of the Global Fund’s work raised questions about the success of Global Fund awardees’ work.** While an August 2021 report from EnCompass LLC found “mild or early signs of promise” in the Global Fund’s work, it also observed certain awardees to be “less grounded” in anti-human trafficking practices, and others to have a “poor understanding” of U.S. law pertaining to funding foreign security forces. It also found that certain awardee approaches and methods did not “fully meet beneficiary needs” and “serious concerns” about prevalence estimates performed by awardees.

B. Recommendations

- (1) The TIP Office should develop a standardized policy for site visits.** A standardized site visit policy in a global program would allow for uniformity across the grantees. This should include standardized site visit training for TIP Office staff.
- (2) The TIP Office should implement metrics for awarding future funding under PEMS that includes grantee past performance.** The TIP Office awarded a second round of funding to the Global Fund without assessing its preliminary work. Any award of grant funds should include a review of basic metrics, including past performance and whether a grantee's programs align with TIP Office mission goals.
- (3) The TIP Office should develop guidance regarding cancelling a project versus issuing a corrective action plan.** Although the TIP Office initiated corrective action plans on multiple Global Fund grantees, it only cancelled one project. According to the TIP Office, there is no standardized plan for when to cancel a project versus issuing a corrective action plan. This lack of guidance creates confusion for TIP Office staff, grantees, and oversight bodies when attempting to gauge program effectiveness and future steps.
- (4) Congress should ensure future grant authorization legislation includes funding for program oversight.** PEMS is an unprecedented funding effort by the United States to combat human trafficking. Congress should ensure no taxpayer dollars are wasted and allocate portions of existing funding for oversight and accountability of awarded funds.

I. BACKGROUND

Human trafficking is a global problem. The State Department defined trafficking in persons (in its cooperative agreement with the Global Fund to End Modern Slavery) as:

. . . the act of recruiting, harboring, transporting, providing, or obtaining a person for compelled labor or commercial sex acts through the use of force, fraud, or coercion. Under the Trafficking Victims Protection Act (TVPA) and consistent with UN Protocol to Prevent, Suppress, and Punish Trafficking in Persons (Palermo Protocol), individuals may be trafficking victims regardless of whether they once consented, participated in a crime as a direct result of being trafficked, were transported into the exploitative situation, or simply born into a state of servitude.²

Although modern slavery is most prevalent in impoverished countries and those with vulnerable minority communities, it also exists in developed countries, including the United States.³ As of 2021, according to the State Department, nearly 25 million people are in modern slavery globally.⁴

Grants are one tool the Federal Government uses to combat modern slavery. The U.S. State Department Office to Monitor and Combat Trafficking in Persons (TIP Office) manages the State Department's grant portfolio to fight human trafficking abroad.⁵ One of the primary recipients of grants from the TIP Office has been the Global Fund, a nonprofit organization whose mission is to unify anti-trafficking efforts and increase resources to end modern slavery.⁶

² STATE-2019-07-000253.

³ See OFF. TO MONITOR AND COMBAT TRAFFICKING IN PERSONS, TRAFFICKING IN PERSONS REPORT (June 2020), <https://www.state.gov/wp-content/uploads/2020/06/2020-TIP-Report-Complete-062420-FINAL.pdf>.

⁴ The State Department acknowledges that exact human trafficking numbers are difficult to establish, and often cite 25 million people worldwide as a general estimate. See, e.g., Antony J. Blinken, U.S. Sec'y of State, Remarks at the 2021 Trafficking in Persons Report Launch Ceremony (July 1, 2021), <https://www.state.gov/secretary-antony-j-blinken-at-the-2021-trafficking-in-persons-report-launch-ceremony/> (“Exact figures are sometimes hard to determine[, but] nearly 25 million people worldwide are victims of human trafficking”).

⁵ *Our Mission*, U.S. DEPT OF STATE, OFF. TO MONITOR & COMBAT TRAFFICKING IN PERSONS, <https://www.state.gov/bureaus-offices/under-secretary-for-civilian-security-democracy-and-human-rights/office-to-monitor-and-combat-trafficking-in-persons/>.

⁶ See *Our Approach*, GLOBAL FUND TO END MODERN SLAVERY, <https://www.gfems.org/our-work/our-approach/> (noting that the Global Fund “works with private sector leaders on improving their business practices and developing the tools that will help them identify modern slavery risks and expand the possibilities for progress”).

As of the date of this report, the Global Fund has received three grants from the TIP Office: (1) a \$25 million grant awarded in September 2017 (PEMS 1), (2) a \$21 million grant awarded in September 2018 (PEMS 2), and (3) a \$5 million grant in October 2021 (PEMS 5). The Committee did not review the 2021 award in this report. The TIP Office awarded all three grants through the State Department’s *Program to End Modern Slavery* (PEMS). The two initial awards accounted for 92 percent of the first two rounds of PEMS funding and 46 percent of the total amount of PEMS funds obligated by the State Department through 2021. Although awards to the Global Fund accounted for 22 percent of the TIP Office’s active funding projects from FY 2019 to FY 2020, the PEMS 1 and 2 funding awards to the Global Fund are the largest in the TIP Office portfolio and are over \$22 million more than the next largest award series.⁷

This section describes those two entities and provides information on the grant award process for each organization. Finally, this section describes the process for awarding a PEMS grant.

A. The State Department Office to Monitor and Combat Human Trafficking in Persons

1. History and Purpose

The State Department leads the United States’ global efforts to prevent human trafficking.⁸ The *Trafficking Victims Protection Act of 2000* (TVPA) created the TIP Office at the State Department to assist the Secretary of State in efforts to combat human trafficking abroad.⁹ To do this, the TIP Office partners with private

⁷ *TIP Office Active Projects During Fiscal Year 2019 and Fiscal Year 2020*, U.S. DEP’T OF STATE, OFF. TO MONITOR & COMBAT TRAFFICKING IN PERSONS (Jul. 19, 2021) (document on file with the Committee).

⁸ *Our Mission*, U.S. DEP’T OF STATE, OFF. TO MONITOR & COMBAT TRAFFICKING IN PERSONS, <https://www.state.gov/bureaus-offices/under-secretary-for-civilian-security-democracy-and-human-rights/office-to-monitor-and-combat-trafficking-in-persons/>; *see also* U.S. GOV’T ACCOUNTABILITY OFFICE, GAO-19-77, HUMAN TRAFFICKING: STATE AND USAID SHOULD IMPROVE THEIR MONITORING OF INTERNATIONAL COUNTER-TRAFFICKING PROJECTS 9 (2018) [hereinafter GAO REPORT: GAO-19-77] (The U.S. Department of State “leads the global engagement of the United States, and supports the coordination of efforts across the U.S government in counter-trafficking in persons”). According to the State Department, “human trafficking,” “trafficking in persons (“TIP”),” and “modern slavery” are all broad terms “used to refer to both sex trafficking and compelled labor.” *Human Trafficking*, U.S. DEP’T OF STATE, <https://www.state.gov/policy-issues/human-trafficking/>. This report adheres to the source material when using “modern slavery” or “human trafficking” broadly to mean the same thing.

⁹ Victims of Trafficking and Violence Protection Act, Pub. L. No. 106-386, § 105(e), 114 Stat. 1466, 1474 (2000) (codified as amended at 22 U.S.C. § 7103).

sector and government entities to implement strategies to combat modern slavery.¹⁰ Specifically, the TIP Office identifies global trends; supports strategic bilateral and multilateral diplomacy; builds coalitions of foreign assistance; coordinates anti-trafficking policies across Federal agencies; and “engag[es] and partner[s] with civil society, the private sector, and the public to advance the fight against human trafficking.”¹¹ To fulfill its responsibilities, the TIP Office awards grants to implementing partners around the world.¹² To build sustainable success, the TIP Office states that it looks for projects that strengthen the capacity of local communities and institutions to continue the activities after the project is over.¹³

The TIP Office awards grants each year through an open and competitive process.¹⁴ Recipients must use these grants to combat human trafficking overseas.¹⁵ During fiscal year 2018 and the first half of fiscal year 2019, the TIP Office managed 113 projects totaling over \$153 million in funding.¹⁶ These projects received grants ranging from \$150,000 to \$25 million.¹⁷ At present, the TIP Office PEMS team includes seven members: two civil servants, one Foreign Service Officer, and four contractors.¹⁸ Current staffing levels represent an almost 250 percent increase from when the PEMS program first began in 2017.¹⁹

¹⁰ *Our Mission*, U.S. DEP’T OF STATE, OFF. TO MONITOR & COMBAT TRAFFICKING IN PERSONS, <https://www.state.gov/bureaus-offices/under-secretary-for-civilian-security-democracy-and-human-rights/office-to-monitor-and-combat-trafficking-in-persons/>.

¹¹ *Id.*

¹² *About Us – Office to Monitor and Combat Trafficking in Persons*, U.S. DEP’T OF STATE, <https://www.state.gov/about-us-office-to-monitor-and-combat-trafficking-in-persons/#international>.

¹³ *See Guidelines for Submitting TIP Office Full Project Proposals*, U.S. DEP’T OF STATE, OFF. TO MONITOR & COMBAT TRAFFICKING IN PERSONS, <https://www.state.gov/guidelines-for-submitting-full-project-proposals/>.

¹⁴ *See* Press Release, U.S. Dep’t of State, The Off. to Monitor and Combat Trafficking in Persons, The TIP Office’s Fiscal Year 2018 Annual Grants Process Tutorial: Stage Two—Request for Full Proposals (Dec. 7, 2017), <https://2017-2021.state.gov/the-tip-offices-fiscal-year-2018-annual-grants-process-tutorial-stage-two-request-for-full-proposals/index.html>.

¹⁵ *Funding Opportunities*, U.S. DEP’T OF STATE, OFF. TO MONITOR & COMBAT TRAFFICKING IN PERSONS, <https://www.state.gov/annual-awards-competition-process/>; *see* 22 U.S.C. § 7114 (“The Secretary of State is authorized to make a grant or grants of funding to provide support for transformational programs and projects that seek to achieve a measurable and substantial reduction of the prevalence of modern slavery in targeted populations within partner countries”).

¹⁶ U.S. GOV’T ACCOUNTABILITY OFFICE, GAO-21-53, HUMAN TRAFFICKING: AGENCIES HAVE TAKEN STEPS TO STRENGTHEN INTERNATIONAL ANTI-TRAFFICKING PROJECTS 10, 12 (2020) [hereinafter GAO Report: GAO-21-53].

¹⁷ *Id.* at 12.

¹⁸ E-mail from U.S. Dep’t. of State to Committee staff (Jul. 21, 2021) (on file with the Committee).

¹⁹ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State Department (Sept. 18, 2020) (notes on file with the Committee) (noting that the TIP Office had only two employees dedicated to PEMS oversight work at the beginning of the program).

In addition to administering grants, the TIP Office produces an annual public report called the *Trafficking in Persons Report*.²⁰ This report assesses the efforts of the international community to prevent human trafficking.²¹ The report also summarizes State Department and global anti-trafficking efforts. The 2021 report notes that the State Department “strives to advance around the world the security, prosperity, and values that U.S. citizens share,” and that the U.S. will use “year-round engagement with governments, advocates, and the private sector to build a more effective anti-trafficking strategy.”²²

2. State Department Tools for Awarding Grant Funds

The U.S. Government, including the TIP Office, may use one of two tools to award grant funds: grant agreements and cooperative agreements.²³ Both are similar in that each serves as a “legal instrument of financial assistance between a Federal awarding agency or pass-through entity and a non-Federal entity.”²⁴ The distinction is that a cooperative agreement should be used only when “substantial involvement is anticipated between the executive agency, acting for the Federal Government, and the . . . recipient during performance of the contemplated activity.”²⁵ A grant agreement, by comparison, should be used when “no substantial involvement is anticipated between the executive agency, acting for the Federal Government, and the . . . recipient.”²⁶

²⁰ See U.S. DEPT OF STATE, *TRAFFICKING IN PERSONS REPORT* (2020).

²¹ U.S. DEPT OF STATE, *TRAFFICKING IN PERSONS REPORT* at MESSAGE FROM THE SECRETARY OF STATE (2019).

²² U.S. DEPT OF STATE, *TRAFFICKING IN PERSONS REPORT* at MESSAGE FROM THE SECRETARY OF STATE (2021).

²³ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State Department (Sept. 18, 2020) (notes on file with the Committee).

²⁴ 2 CFR § 200.24; 2 CFR § 200.51.

²⁵ Federal Grant and Cooperative Agreement Act § 6(2), Pub. L. No. 95-224, 92 Stat. 3 (1977), (codified as amended at 31 U.S.C. §§ 6301–6308) [hereinafter FGCAA]. Generally, “substantial involvement” pertains to the extent to which a Federal employee directly implements parts of the award. Grants.gov, *What is a Cooperative Agreement*, GRANTS.GOV COMMUNITY BLOG (Jul. 19, 2016), <https://blog.grants.gov/2016/07/19/what-is-a-cooperative-agreement/>. The final guidance on implementing the *Federal Grant and Cooperative Agreement Act*, issued by the Office of Management and Budget, provides “[a]nticipated substantial involvement is a relative rather than an absolute concept,” leaving the mechanisms of substantial involvement up to the administering agency. OFF. OF MGMT. & BUDGET, EXEC. OFFICE OF THE PRESIDENT, *IMPLEMENTATION OF FEDERAL GRANT AND COOPERATIVE AGREEMENT ACT OF 1977* (1978), <https://2010-2014.commerce.gov/sites/default/files/documents/2011/september/omb-grants-and-contracts-guide-1978.pdf>.

²⁶ FGCAA § (5)(2).

TIP Office Grant Award Process. The TIP Office holds an annual competitive award process.²⁷ Organizations eligible for TIP Office funding include both domestic and foreign nonprofits, higher education institutions, and for-profit organizations.²⁸ First, the TIP Office’s grant competition process begins when the TIP Office posts a Notice of Funding Opportunity solicitation.²⁹ Based on a review of the applications received, the TIP Office invites selected organizations to submit full proposals.³⁰

Next, full proposals undergo an interagency review process that includes TIP Office staff, relevant State Department bureaus and offices, and other relevant U.S. Government agencies, such as the Department of Labor and the U.S. Agency for International Development (USAID).³¹ This process evaluates which proposals would encourage sustainable progress in reducing human trafficking.³² The TIP Office weighs several qualities in applicants’ proposals before approval, including how the proposed project would address TIP Office programming objectives;³³ the relationship between the project’s goals, objectives, and proposed activities, and how they work together to achieve specific results;³⁴ methods for data collection;³⁵ and implementation timelines, line-item budget summaries, and budget narratives.³⁶

Finally, projects that receive TIP Office grants must also address at least one of the “3Ps” within the State Department’s strategy to combat human trafficking: (1) prosecuting trafficking cases; (2) protecting victims; or (3) preventing trafficking.³⁷ The 3Ps strategy is consistent with the United Nations *Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and*

²⁷*Fiscal Year 2017 Annual Grants Process Tutorial: Stage Two – Request for Full Proposals*, U.S. DEP’T OF STATE, OFF. TO MONITOR & COMBAT TRAFFICKING IN PERSONS (Nov. 28, 2016), <https://2009-2017.state.gov/j/tip/rls/other/2016/264467.htm>.

²⁸ *Funding Opportunities*, U.S. DEP’T OF STATE, OFF. TO MONITOR & COMBAT TRAFFICKING IN PERSONS, <https://www.state.gov/annual-awards-competition-process/>.

²⁹ *Id.*

³⁰ *Id.*

³¹ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

³² *Id.*

³³ See *TIP Office Funding Opportunity Common Questions and Answers (PEMS)*, U.S. DEP’T OF STATE, OFF. TO MONITOR & COMBAT TRAFFICKING IN PERSONS (Apr. 7, 2021) (describing State’s review process “will consider each proposal’s merit, as well as applicable limitations on U.S. foreign assistance.”); see also STATE-2019-07-000013 (noting that the TIP Office will not support programs with differing definitions of trafficking).

³⁴ *Fiscal Year 2017 Annual Grants Process Tutorial: Stage Two – Request for Full Proposals*, U.S. DEP’T OF STATE, OFF. TO MONITOR & COMBAT TRAFFICKING IN PERSONS (Nov. 28, 2016), <https://2009-2017.state.gov/j/tip/rls/other/2016/264467.htm>.

³⁵ *Id.* These common performance indicators include quantitative tools to measure the success of the project in achieving its stated objectives. *Id.*

³⁶ *Id.*

³⁷ *About Us*, U.S. DEP’T OF STATE, OFF. TO MONITOR & COMBAT TRAFFICKING IN PERSONS, <https://www.state.gov/about-us-office-to-monitor-and-combat-trafficking-in-persons-2/>.

Children, which supplements the United Nations *Convention against Transnational Organized Crime (Palermo Protocol)*.³⁸ After evaluating all the above components of an application, the TIP Office then awards funds to the selected organization.

The TIP Office also administers special programs separately from its annual solicitation process.³⁹ One such program is PEMS, the mechanism through which the Global Fund received U.S. Government funding to fight modern slavery.⁴⁰ Although the TIP Office administers PEMS grants separately from other programs receiving TIP Office funding, the review and decision process for PEMS grantees is identical to other TIP Office grant programs.⁴¹

Leahy vetting. The protection of human rights is an essential American value and a cornerstone of U.S. foreign policy.⁴² One way Congress has extended this value to foreign policy is through Leahy vetting, named after the sponsor of the legislation, Sen. Patrick Leahy. Leahy vetting—as implemented by the *Foreign Operations, Export Financing, and Related Programs Appropriations Act*⁴³—is a process that examines foreign military units or members for possible human rights violations.⁴⁴ The process is meant to prevent the U.S. Government from funding foreign security forces where there is credible information implicating that unit in the commission of gross violations of human rights.⁴⁵ The TIP Office includes Leahy

³⁸ *Id.* The United States ratified the Palermo Protocol on November 3, 2005. See *Status of Treaties: Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime*, UNITED NATIONS, https://treaties.un.org/Pages/ViewDetails.aspx?src=TREATY&mtdsg_no=XVIII-12-a&chapter=18&lang=en.

³⁹ *Funding Opportunities*, U.S. DEP'T OF STATE, OFF. TO MONITOR & COMBAT TRAFFICKING IN PERSONS, <https://www.state.gov/annual-awards-competition-process/>.

⁴⁰ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep't of State (Sept. 18, 2020) (notes on file with the Committee).

⁴¹ *Id.*

⁴² See *Foreign Operations, Export Financing, and Related Appropriations for Fiscal Year 1998: Hearing Before the S Subcomm. of the Comm. on Appropriations*, 105th Cong. 225 (1998) (statement of Madeline K. Albright, Sec'y of State) (observing, “[w]e all agree the United States is, and should remain, vigilant in protecting its interests, careful and reliable in its commitments and a forceful advocate for freedom, human rights, open markets and the rule of law”).

⁴³ *Foreign Operations, Export Financing, and Related Programs Appropriations Act of 1998*, Pub. L. No. 105-118, § 570, 111 Stat. 2386, 2429 (1997) (codified as amended in scattered sections of 22 U.S.C.).

⁴⁴ See STATE-2019-07-000258. See also S. REP. NO. 105-35, at 18 (1998) (noting that Leahy vetting “seeks to ensure that U.S. assistance does not go to units of foreign security forces whose members are implicated in human rights abuses, unless the government is taking steps to bring those individuals to justice.”).

⁴⁵ See 22 U.S.C. § 2378d. See also Sen. Patrick Leahy, *Human Rights Violations: U.S. Foreign Aid for Accountability and Prevention, Address Before the U.S. Institute of Peace*, United States Institute of Peace (Mar. 29, 2015) (transcript available at <https://www.usip.org/publications/2015/03/human-rights-violations-us-foreign-aid-accountability-and-prevention>) (noting that the “Leahy Law” is meant

vetting requirements in cooperative agreements where U.S. funds assist foreign governments.⁴⁶

B. Congress Authorized an Unprecedented Amount of Funding to Combat Modern Slavery: PEMS Grants

Congress authorized PEMS under section 1298 the *Fiscal Year 2017 National Defense Authorization Act (NDAA)*.⁴⁷ The *NDAA* defined the purpose of PEMS as funding “transformational programs and projects that seek to achieve a measurable and substantial reduction in the prevalence of modern slavery in targeted populations in specific countries or regions.”⁴⁸ The *NDAA* authorized \$37.5 million per year for fiscal years 2017 through 2020 for the grant program, totaling \$150 million over the life of the program.⁴⁹ This amount was an unprecedented U.S. Government investment to fight modern slavery.⁵⁰ To date, Congress has appropriated \$150 million for this program.⁵¹ Accordingly, the TIP Office received \$25 million per year through congressional appropriations for the program.⁵² As explained above, each year, the TIP Office facilitates an open and competitive award process to identify recipients for each tranche of PEMS funds.⁵³

PEMS Awards. In September 2017, after its competitive award process, the TIP Office awarded the entire appropriation (PEMS 1) to the Global Fund as a \$25 million grant.⁵⁴ In September 2018, the TIP Office competitively awarded the second \$25 million PEMS (PEMS 2) appropriation: \$21 million to the Global Fund

to “shield the [U.S.] from complicity in gross violations of human rights; and to encourage and assist foreign governments in bringing to justice members of their security forces when those crimes occur”).

⁴⁶ See, e.g., STATE-2019-07-000258, 003887.

⁴⁷ National Defense Authorization Act for Fiscal Year 2017 § 1298, Pub. L. No. 114-328, 130 Stat. 2563 (2016) (codified as amended at 22 U.S.C. § 7114); see also Consolidated Appropriations Act of 2016, div. K., tit. VI, § 7060, Pub. L. No. 114-113, 129 Stat 2809 (2016) (directing funds “shall be made available for a grant or grants, to be awarded on an open and competitive basis, to reduce the prevalence of modern slavery globally”).

⁴⁸ National Defense Authorization Act for Fiscal Year 2017 § 1298, Pub. L. No. 114-328, 130 Stat. 2563 (2016) (codified as amended at 22 U.S.C. § 7114).

⁴⁹ *Id.*

⁵⁰ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Dec. 2, 2020) (notes on file with the Committee).

⁵¹ *All PEMS Funding FY16–FY21*, OFF. TO MONITOR & COMBAT TRAFFICKING IN PERSONS (Jul. 19, 2021) (document on file with Committee). *Program to End Modern Slavery*, U.S. DEP’T OF STATE, OFF. TO MONITOR & COMBAT TRAFFICKING IN PERSONS, <https://www.state.gov/program-to-end-modern-slavery/>.

⁵² See Consolidated Appropriations Act of 2016, div. K., tit. VI, § 7060, Pub. L. No. 114-113, 129 Stat 2809 (2016).

⁵³ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

⁵⁴ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Apr. 3, 2019) (notes on file with the Committee).

and \$4 million to the University of Georgia Research Foundation.⁵⁵ In October 2019, for the third PEMS appropriation (PEMS 3), the TIP Office awarded \$15.75 million to the University of Georgia Research Foundation, \$7 million to the Freedom Fund,⁵⁶ and \$2.25 million to EnCompass LLC, an independent, external evaluator, to review the Global Fund’s management of PEMS 1 funding.⁵⁷ On October 22, 2020, the TIP Office announced the fourth tranche of \$25 million (PEMS 4): \$15 million to the Warnath Group; \$5.61 million to Innovations for Poverty Action; and an additional \$4 million to the University of Georgia Research Foundation.⁵⁸ In October 2021, the TIP Office announced the fifth round of PEMS funding (PEMS 5) to eight different organizations, including an additional \$5 million to the Global Fund for work in Brazil.⁵⁹ Current congressional authorization for PEMS grant funding expired on September 30, 2020.⁶⁰ Although the authorization ended, Congress appropriated an additional \$25 million for PEMS in fiscal year 2021, continuing the program through 2022.⁶¹ As of March 2022, the TIP Office has \$25 million in unobligated PEMS funding.⁶² In March 2022, Congress placed PEMS—previously a separately funded program—under the TIP Office.⁶³

⁵⁵ *Id.*

⁵⁶ Press Release, U.S. Dep’t of State, The Office to Monitor & Combat Trafficking in Persons Announces Recipients of 2019 Program to End Modern Slavery Awards (Oct. 1, 2019), <https://2017-2021.state.gov/the-office-to-monitor-and-combat-trafficking-in-persons-announces-recipients-of-2019-program-to-end-modern-slavery-awards/index.html>.

⁵⁷ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

⁵⁸ Press Release, U.S. Dep’t of State, Off. to Monitor & Combat Trafficking in Persons, The Office to Monitor and Combat Trafficking in Persons Announces Recipients of 2020 Program to End Modern Slavery Awards (Oct. 22, 2020), <https://www.state.gov/the-office-to-monitor-and-combat-trafficking-in-persons-announces-recipients-of-2020-program-to-end-modern-slavery-awards/>.

⁵⁹ *All PEMS Funding FY16–FY21*, OFF. TO MONITOR & COMBAT TRAFFICKING IN PERSONS (Mar. 10, 2022) (document on file with Committee); Press Release, U.S. Dep’t of State, Off. to Monitor & Combat Trafficking in Persons, The Office to Monitor and Combat Trafficking in Persons Announces Recipients of 2021 Program to End Modern Slavery Awards (Oct. 4, 2021), <https://www.state.gov/the-office-to-monitor-and-combat-trafficking-in-persons-announces-recipients-of-2021-program-to-end-modern-slavery-awards/> (noting that organizations receiving PEMS 5 funding include the Pan American Development Foundation, United Nations Office on Drugs and Crime, Freedom Fund, John Jay College of Criminal Justice, Johns Hopkins Bloomberg School of Public Health, Stanford University, and University of Massachusetts—Lowell).

⁶⁰ *See* 22 U.S.C. 7114(g).

⁶¹ Funding appropriated through the Consolidated Appropriations Act of 2021. *See* div. K, tit. VI, § 7060, Pub. L No. 116-260, 134 Stat 1182 (2020); *see also All PEMS Funding FY16–FY21*, OFF. TO MONITOR & COMBAT TRAFFICKING IN PERSONS (Jul. 19, 2021) (document on file with Committee).

⁶² *All PEMS Funding FY16–FY21*, OFF. TO MONITOR & COMBAT TRAFFICKING IN PERSONS (Jul. 19, 2021) (document on file with Committee).

⁶³ Consolidated Appropriations Act, 2022, H.R. 2471, 117th Cong. § 7060 (2020) (enacted).

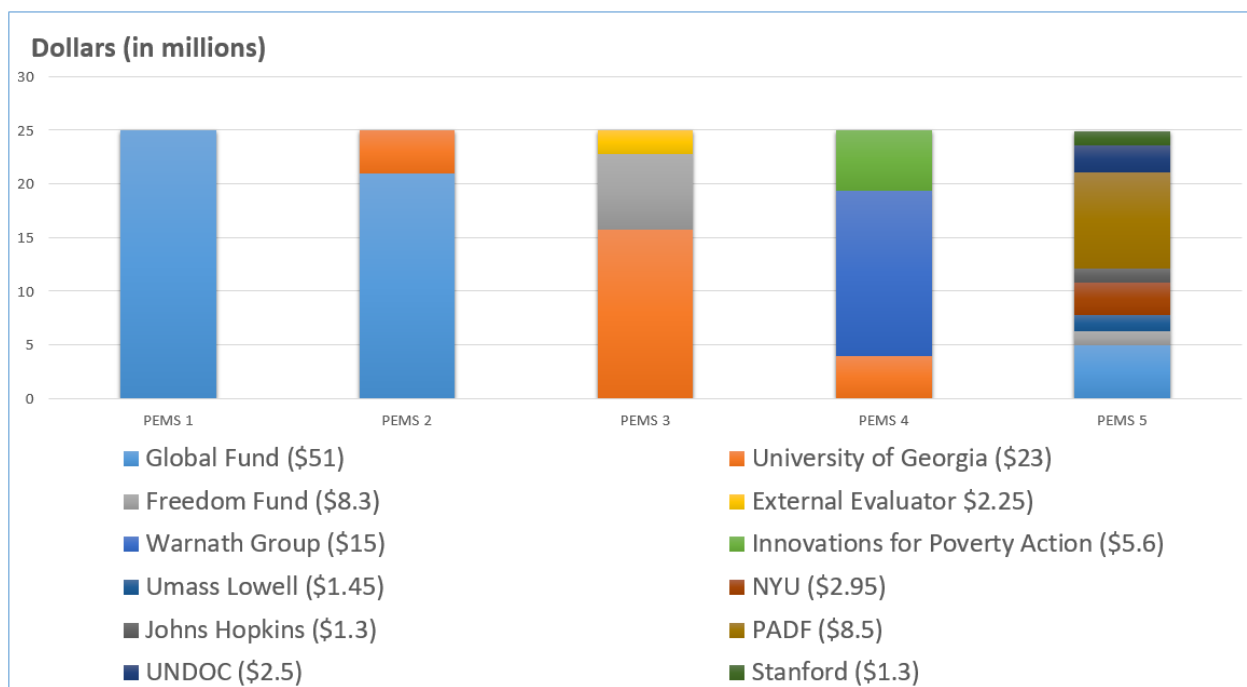


Figure 1: Department of State's Program to End Modern Slavery (PEMS) 1-5 Prime Award Recipients

C. The Global Fund to End Modern Slavery

The Global Fund aims to combat modern slavery by making it economically unprofitable.⁶⁴ As its name suggests, the Global Fund pools resources and targets funding to locations and sectors to achieve a measurable decrease in the prevalence of modern slavery and understand which activities are most effective.⁶⁵ The Global Fund currently works in six targeted sectors to address incidences of modern slavery: domestic work, manufacturing/apparel, construction, commercial sexual exploitation, ethical recruitment, and global finance.⁶⁶ In each of these sectors, the Global Fund stated that it has active projects, as well as several in the development stage.⁶⁷

1. History and Purpose

The Global Fund began as a global partnership among governments and the private sector to pool funds to invest strategically in effective programs to end

⁶⁴ *Our Approach*, GLOB. FUND TO END MOD. SLAVERY, <https://www.gfems.org/approach>.

⁶⁵ *Id.*

⁶⁶ *Portfolio*, GLOB. FUND TO END MOD. SLAVERY, <https://www.gfems.org/portfolio>.

⁶⁷ Interview with Glob. Fund Staff, Glob. Fund to End Mod. Slavery (Nov. 25, 2019) (notes on file with the Committee).

modern slavery.⁶⁸ It receives grants and donations from the U.S. Government, foreign governments, and private donors, and administers sub-grants globally to implementing partners.⁶⁹ Nearly half of its funding—\$46 million—came from the TIP Office through two tranches of the PEMS grant.⁷⁰ Other sources of funding include the U.K. Department for International Development,⁷¹ the governments of Norway and Liechtenstein,⁷² and private donors.⁷³ The Global Fund’s ultimate goal is to raise \$1.5 billion to “coordinate global anti-slavery efforts and finance projects that prosecute criminals and protect survivors.”⁷⁴

The Global Fund operates with an approach focused on partnership tailored to specific geographies and sectors.⁷⁵ To meet the objective of reducing modern slavery, the Global Fund pursues six major work streams: increasing resources, engaging governments, engaging the private sector, engaging civil society, funding transformative programs and technologies, and ensuring robust assessment of impact.⁷⁶ Using funds from governments and donors, the Global Fund often carries out these work streams via sub-grants to implementing partners in foreign countries.⁷⁷ The projects it funds focus on the core drivers of vulnerability and exploitation; the social, economic, and market conditions that allow exploitation to persist; and the lack of knowledge, skills, or capacity needed to mitigate risk, prosecute traffickers, or empower the vulnerable.⁷⁸

⁶⁸ See *Our Approach*, GLOB. FUND TO END MOD. SLAVERY, <https://www.gfems.org/approach>.

⁶⁹ See *Our Approach*, GLOB. FUND TO END MOD. SLAVERY, <https://www.gfems.org/our-work/our-approach/> (noting that the Global Fund works “with all necessary stakeholders, including in government and the private sector”).

⁷⁰ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

⁷¹ Prime Minister Theresa May, Address at the United Nations General Assembly (Sept. 19, 2017) (transcript available at <https://www.gov.uk/government/speeches/pm-speech-to-unga-on-modern-slavery-behind-these-numbers-are-real-people>) (noting the U.K. government announced a £20 million contribution to the Global Fund).

⁷² Press Release, Glob. Fund to End Mod. Slavery, Norwegian government partners with [the Global Fund] and contributes 100 million kroner to support Fund’s global efforts, <https://www.gfems.org/news/norway-funding-2018/>; Press Release, Glob. Fund to End Modern Slavery, Liechtenstein joins [the Global Fund] in the Fight to End Modern Slavery (Jan. 13, 2020), <https://www.gfems.org/news/2020/1/13/liechtenstein-joins-gfems-in-the-fight-to-end-modern-slavery>.

⁷³ Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee).

⁷⁴ Kieran Guilbert, ‘*Game-changing*’ anti-slavery fund aims to save millions of lives, REUTERS (Jan. 25, 2018) <https://www.reuters.com/article/us-davos-slavery-funding/game-changing-anti-slavery-fund-aims-to-save-millions-of-lives-idUSKBN1FE2P6>.

⁷⁵ Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee); see also Letter from J. Alexander Thier, former CEO, Global Fund to End Mod. Slavery, to Chairman Gary Peters and Ranking Member Rob Portman, U.S. Senate Committee on Homeland Security and Governmental Affairs (Sept. 9, 2021) (on file with the Committee).

⁷⁶ Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee).

⁷⁷ *Id.*

⁷⁸ *Id.*

2. The Global Fund Awards Funds to Grantees

Using the funds it receives from donors, including the U.S. Government, the Global Fund awards grants to entities it determines will implement projects to combat modern slavery effectively.⁷⁹ To date, the Global Fund has awarded over 40 grants or contracts to implementing partners.⁸⁰

As described to the Committee, Global Fund's grant award process is comprised of six stages: (1) design, (2) solicitation, (3) internal validation, (4) co-creation, (5) due-diligence, and (6) full proposals.

Stages 1–2 of the Global Fund Grant Award Process: Design and Solicitation

In the design phase, the Global Fund performs scoping studies to identify the needs of a country or region as they relate to combatting modern slavery.⁸¹ In some cases, the Global Fund contracts with an outside party to perform this work.⁸² This phase typically lasts three to nine months.⁸³

The Global Fund then develops a Request for Proposals for projects to combat modern slavery, which the donor or grantor who gave the funding must approve.⁸⁴ Per this practice, prior to the solicitation release, the TIP Office reviews and approves the Global Fund's solicitation for projects involving PEMS funds.⁸⁵ Following approval, the Global Fund publicly releases the Request for Proposals to over 2,000 individuals or organizations.⁸⁶

⁷⁹ *Id.*

⁸⁰ *Global Fund to End Modern Slavery Sub-Awards*, U.S. Dep't of State, Off. to Monitor & Combat Trafficking in Persons (Jul. 19, 2021) (document on file with Committee).

⁸¹ Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee); Letter from J. Alexander Thier, former CEO, Global Fund to End Mod. Slavery, to Chairman Gary Peters and Ranking Member Rob Portman, U.S. Senate Committee on Homeland Security and Governmental Affairs (Sept. 9, 2021) (on file with the Committee).

⁸² Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee); Letter from J. Alexander Thier, former CEO, Global Fund to End Mod. Slavery, to Chairman Gary Peters and Ranking Member Rob Portman, U.S. Senate Committee on Homeland Security and Governmental Affairs (Sept. 9, 2021) (on file with the Committee).

⁸³ Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee); Letter from J. Alexander Thier, former CEO, Global Fund to End Mod. Slavery, to Chairman Gary Peters and Ranking Member Rob Portman, U.S. Senate Committee on Homeland Security and Governmental Affairs (Sept. 9, 2021) (on file with the Committee).

⁸⁴ *Id.*

⁸⁵ *Id.*

⁸⁶ *Id.*; see also Letter from J. Alexander Thier, former CEO, Global Fund to End Mod. Slavery, to Chairman Gary Peters and Ranking Member Rob Portman, U.S. Senate Committee on Homeland Security and Governmental Affairs (Sept. 9, 2021) (on file with the Committee).

The solicitation is open for four to six weeks during which applicants submit a concept note to the Global Fund. Concept notes describe the proposed project and outline the proposed activities under the sub-grant.⁸⁷ In addition, the Global Fund expects applicants to submit a budget summary and two years of audited financial statements.⁸⁸

Once it receives the concept notes, the Global Fund reviews them for basic eligibility screening requirements. Using a 100-point scale,⁸⁹ at least two Global Fund staffers score the concept notes “according to detailed criteria.”⁹⁰ The review focuses on several components, each with a maximum score.⁹¹ The components of the evaluation include the applicant’s proposed technical and strategic approach, ability to have an impact at scale, sustainability, and implementation plan.⁹² If the two reviewers score a concept note significantly differently, there is a third review.⁹³ Once the reviews are complete, Global Fund staff uses a threshold score to determine whether an application proceeds to the internal validation phase.⁹⁴

Stage 3 of the Global Fund Grant Award Process: Internal Validation

In the internal validation phase, the Global Fund further evaluates the proposed projects to create a balanced portfolio and complete a due diligence analysis of each project with which they want to move forward.⁹⁵ For PEMS-funded projects, Global Fund staff provides the TIP Office with written justifications for the concept

⁸⁷ GLOB. FUND TO END MOD. SLAVERY, CALL FOR CONCEPT NOTES: SOLUTIONS ADDRESSING MIGRANT LABOR AND COMMERCIAL SEXUAL EXPLOITATION IN KENYA AND UGANDA (Apr. 2020).

⁸⁸ *Id.*

⁸⁹ *Id.* at 10.

⁹⁰ Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee); *see also* Letter from J. Alexander Thier, former CEO, Global Fund to End Mod. Slavery, to Chairman Gary Peters and Ranking Member Rob Portman, U.S. Senate Committee on Homeland Security and Governmental Affairs (Sept. 9, 2021) (on file with the Committee).

⁹¹ GLOB. FUND TO END MOD. SLAVERY, CALL FOR CONCEPT NOTES: SOLUTIONS ADDRESSING MIGRANT LABOR AND COMMERCIAL SEXUAL EXPLOITATION IN KENYA AND UGANDA 10–11 (Apr. 2020); *see also* Letter from J. Alexander Thier, former CEO, Global Fund to End Mod. Slavery, to Chairman Gary Peters and Ranking Member Rob Portman, U.S. Senate Committee on Homeland Security and Governmental Affairs (Sept. 9, 2021) (on file with the Committee).

⁹² *Id.*

⁹³ Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee); Letter from J. Alexander Thier, former CEO, Global Fund to End Mod. Slavery, to Chairman Gary Peters and Ranking Member Rob Portman, U.S. Senate Committee on Homeland Security and Governmental Affairs (Sept. 9, 2021) (on file with the Committee).

⁹⁴ Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee)..

⁹⁵ *Id.*; Letter from J. Alexander Thier, former CEO, Global Fund to End Mod. Slavery, to Chairman Gary Peters and Ranking Member Rob Portman, U.S. Senate Committee on Homeland Security and Governmental Affairs (Sept. 9, 2021) (on file with the Committee).

notes, detailing why they propose certain applications move forward and submit full proposals.⁹⁶

Stages 4–5 of the Global Fund Grant Award Process: “Co-Creation” and Due Diligence

During the “co-creation” phase, the Global Fund told the Committee it works with potential sub-grant recipients to design effective projects and determine the resources required to ensure the projects will produce the intended results.⁹⁷ When possible, the Global Fund staff conducts in-person workshops in the country where the project would be located and follow-up virtual sessions with the applicants.⁹⁸ According to Global Fund executives, in the “co-creation” phase, they are looking for models that work, are capable of growth and sustainability, and likely replicable.⁹⁹

The Global Fund also conducts due diligence on the potential sub-grant recipients to assess any known or identifiable risks.¹⁰⁰ Applicants must complete a 120-question form addressing “the applicant’s corporate governance, people management, risk management, sub-award management, internal controls, financial management, data protection and capacity to mitigate delivery risks, including safeguarding.”¹⁰¹ According to the Global Fund,

[a]nalysis of the potential recipient’s responses to the questionnaire as well as requisite policy documents submitted to the Global Fund is subsequently carried out by the Global Fund staff in order to determine the applicant organization’s ability to successfully carry out the project in compliance with the terms and conditions of the funding agreement, including applicable laws and regulations. Such evaluation considers the applicant organization’s capacity in terms of program operations, financial accounting, internal controls, and safeguarding, as well as the

⁹⁶ Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee).

⁹⁷ *Id.*

⁹⁸ GLOB. FUND TO END MOD. SLAVERY, CALL FOR CONCEPT NOTES: SOLUTIONS ADDRESSING MIGRANT LABOR AND COMMERCIAL SEXUAL EXPLOITATION IN KENYA AND UGANDA 9 (Apr. 2020).

⁹⁹ Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee); Letter from J. Alexander Thier, former CEO, Global Fund to End Mod. Slavery, to Chairman Gary Peters and Ranking Member Rob Portman, U.S. Senate Committee on Homeland Security and Governmental Affairs (Sept. 9, 2021) (on file with the Committee). Not all projects passing the co-creation phase see fruition and final funding. For example, the Global Fund took 19 concept notes into the co-creation phase and 11 projects went all the way through, but the Global Fund only awarded nine sub-grants from those.

¹⁰⁰ Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee).

¹⁰¹ GLOB. FUND TO END MOD. SLAVERY, CALL FOR CONCEPT NOTES: SOLUTIONS ADDRESSING MIGRANT LABOR AND COMMERCIAL SEXUAL EXPLOITATION IN KENYA AND UGANDA 33 (Apr. 2020).

political and economic environment in which the proposed recipient operates.¹⁰²

Stage 6 of the Global Fund Grant Award Process: Full proposals

Full proposals are complete after the “co-creation” and due diligence phases.¹⁰³ The Global Fund sends the complete proposals for PEMS sub-grants to the TIP Office, which provides feedback and can request certain conditions.¹⁰⁴ Once the TIP Office reviews the proposals, they move to the Technical Review Panel.¹⁰⁵ This panel consists of a TIP Office representative and other experts invited by the Global Fund to serve for one round of sub-grant selection.¹⁰⁶ Then, the package of proposed projects goes to the Global Fund board for approval.¹⁰⁷ The TIP Ambassador has final approval over the funded projects.¹⁰⁸

II. THE TIP OFFICE EXECUTED COOPERATIVE AGREEMENTS WITH THE GLOBAL FUND CONTAINING CLEAR REQUIREMENTS

The TIP Office awarded a total of \$46 million in grant funds to the Global Fund from 2017 to 2018 in two tranches, PEMS 1 and PEMS 2. This section describes those awards, as well as the requirements of the two cooperative agreements.

A. From 2017 to 2018, the TIP Office Awarded \$46 million to the Global Fund, which had no experience in Administering a U.S. Government Grant

1. PEMS 1

The TIP Office awarded the first tranche of PEMS funds to the Global Fund in September 2017.¹⁰⁹ The TIP Office initially planned to distribute the funds over a three-year period.¹¹⁰ To give the Global Fund more time to carry out projects, the TIP Office provided an 18-month no-cost extension, extending the grant timeline

¹⁰² Letter from J. Alexander Thier, former CEO, Global Fund to End Mod. Slavery, to Chairman Gary Peters and Ranking Member Rob Portman, U.S. Senate Committee on Homeland Security and Governmental Affairs (Sept. 9, 2021) (on file with the Committee).

¹⁰³ GLOB. FUND TO END MOD. SLAVERY, CALL FOR CONCEPT NOTES: SOLUTIONS ADDRESSING MIGRANT LABOR AND COMMERCIAL SEXUAL EXPLOITATION IN KENYA AND UGANDA 33 (Apr. 2020).

¹⁰⁴ Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee).

¹⁰⁵ *Id.*

¹⁰⁶ STATE-2019-07-000860.

¹⁰⁷ Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee).

¹⁰⁸ *Id.*

¹⁰⁹ *International Programs*, U.S. DEP'T OF STATE, <https://2017-2021.state.gov/international-programs/index.html>.

¹¹⁰ *Id.*

through June 2022.¹¹¹ The proposal the Global Fund submitted to the TIP Office was for a \$25 million grant, focused on targeting specific communities and industries to reduce the prevalence of modern slavery.¹¹² The TIP Office provided the Committee with documents showing that \$17.2 million of PEMS 1 funding went to the Global Funds research and implementation efforts, with \$7.7 million going to personnel, travel, and other expenses.¹¹³

According to the TIP Office, the award to the Global Fund followed a rigorous competitive process.¹¹⁴ The TIP Office published a notice of funding opportunity for organizations to submit proposals for PEMS 1 on February 15, 2017.¹¹⁵ Eleven applicants applied for the first round of funding;¹¹⁶ ten of those passed the technical review.¹¹⁷ After the technical review, a formal review panel, which consisted of the TIP Office, relevant regional and functional Bureaus of the State Department, and interagency representatives, evaluated the proposals on June 7, 2017.¹¹⁸ Then, based on the formal panel’s review and the TIP Office’s recommendation, out of the ten eligible applicants, TIP Ambassador Susan Coppedge approved the Global Fund as the sole PEMS 1 recipient of the total \$25 million grant.¹¹⁹

2. PEMS 2

For PEMS 2, the Global Fund proposed a \$25 million project continuing their PEMS 1 work.¹²⁰ Similar to its proposal for PEMS 1, the Global Fund proposed awarding sub-grants through an open and competitive process to implementing partners.¹²¹ The Global Fund argued that a second tranche of PEMS funds would “accelerate [its] ability to successfully expand near-term impact and deliver a long-term global coherent strategy.”¹²²

¹¹¹ GAO Report: GAO-21-53 at 20 n.33.

¹¹² STATE-2019-07-000162.

¹¹³ *Global Fund to End Modern Slavery Sub-Awards*, U.S. DEPT OF STATE, OFF. TO MONITOR & COMBAT TRAFFICKING IN PERSONS (Jul. 19, 2021) (document on file with Committee).

¹¹⁴ Press Release, U.S. Dep’t of State, U.S. Awards \$25 Million to the Global Fund to End Modern Slavery (Sept. 14, 2017), <https://2017-2021.state.gov/u-s-awards-25-million-to-the-global-fund-to-end-modern-slavery/index.html>.

¹¹⁵ STATE-2019-07-000897.

¹¹⁶ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Dec. 2, 2020) (notes on file with the Committee).

¹¹⁷ STATE-2019-07-000897.

¹¹⁸ *Id.*

¹¹⁹ *Id.*

¹²⁰ STATE-2019-07-003987.

¹²¹ STATE-2019-07-003980.

¹²² STATE-2019-07-003987.

In its application for PEMS 2 funding, the Global Fund described “significant momentum” on PEMS 1.¹²³ The Global Fund claimed there was “global awareness and consensus around [the Global Fund’s] goals,” further citing “rapid growth in organizational capacity and resourcing.”¹²⁴ Additionally, the application stated, “[The Global Fund’s] key objectives naturally support achievement of [the TIP Office’s] priority outcomes under PEMS,” citing as examples work funded by Global Fund in the Philippines¹²⁵—where the TIP Office later cancelled one project for cause.¹²⁶ The TIP Office approved the PEMS 2 grant to the Global Fund with the understanding that securing foreign government and private sector funds would hinge on success of the PEMS 1 grant.¹²⁷ This would “ensure a sustainable pathway for long-term anti-slavery programming.”¹²⁸

During the selection process for PEMS 2, the TIP Office convened an inter-agency review panel to discuss potential recipients.¹²⁹ Although the review panel had disagreements,¹³⁰ Principal Deputy Director Kari Johnstone, Acting Director of the TIP Office, awarded the Global Fund another round of funding in September 2018.¹³¹ The TIP Office decided to split the award between two entities: the Global Fund, which received \$21 million, and the University of Georgia, which received \$4 million.¹³² The TIP Office provided the Committee with documents showing that \$14.8 million of PEMS 2 funding went to the Global Funds research and implementation efforts, with \$6.2 million going to personnel, travel, and other expenses.¹³³

B. TIP Office Cooperative Agreement with the Global Fund

¹²³ STATE-2019-07-004173.

¹²⁴ *Id.*

¹²⁵ STATE-2019-07-004174.

¹²⁶ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

¹²⁷ STATE-2019-07-004173 (“[The Global Fund] expects to secure [other government and private sector donors] based on productive discussions occurring under PEMS 1. High potential targets include . . . donors in Canada, Norway, and the Netherlands, [and] foundations like Rockefeller and Ford, and several [high-net-worth individuals]”).

¹²⁸ STATE-2019-07-004177.

¹²⁹ Briefing with GAO (Sept. 15, 2020) (notes on file with the Committee).

¹³⁰ *Id.*

¹³¹ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Dec. 2, 2020) (notes on file with the Committee).

¹³² Press Release, U.S. Dep’t of State, Off. To Monitor & Combat Trafficking in Persons, Office to Monitor and Combat Trafficking in Persons Announces Recipients of 2020 Program to End Modern Slavery Awards (Oct. 22, 2020), <https://www.state.gov/the-office-to-monitor-and-combat-trafficking-in-persons-announces-recipients-of-2020-program-to-end-modern-slavery-awards/>.

¹³³ *Global Fund to End Modern Slavery Sub-Awards*, U.S. DEP’T OF STATE, OFF. TO MONITOR & COMBAT TRAFFICKING IN PERSONS (Jul. 19, 2021) (document on file with Committee).

The TIP Office has two cooperative agreements with the Global Fund governing the PEMS 1 and 2 awards.¹³⁴ The agreements state the terms of the oversight responsibilities of the TIP Office over the Global Fund.¹³⁵ Despite the unprecedented level of funding awarded for anti-human trafficking efforts through the PEMS program, the TIP Office followed cooperative agreement oversight procedures typically used for much smaller grants.¹³⁶ This section discusses the requirements found in those cooperative agreements.

1. Cooperative Agreement Requirements

The cooperative agreements dictate the process the Global Fund must use to award funds to and oversee sub-grantees. In particular, the Global Fund must submit quarterly progress reports, including a certified financial report and programmatic report, comparing the actual accomplishments of sub-grantees to the objectives of the award.¹³⁷ The TIP Office told the Committee these progress reports are standard among TIP Office grants and, as explained below, are in addition to the substantial involvement requirements explained.¹³⁸ Prior to executing any sub-awards, the Global Fund “is required to submit a copy of the sub-award [and] the sub-award budget for approval by the [Department of State] Grants Officer.”¹³⁹

Despite the language of the cooperative agreements, the Global Fund and the TIP Office, from the beginning, had different ideas regarding PEMS grant oversight. The legislation authorizing PEMS grants, however, created specific requirements for monitoring and evaluation, such as implementing a system for measuring progress against baseline data and working with an independent monitoring and evaluation entity to review supported projects.¹⁴⁰ In addition, PEMS grants are subject to the standard terms, conditions, and oversight requirements accompanying Federal funds awarded by the TIP Office and additional oversight requirements under the substantial involvement section of the cooperative agreement.¹⁴¹ These requirements give the TIP Office several means to oversee and assist the Global Fund in administering its PEMS funding.¹⁴²

¹³⁴ STATE-2019-07-000246, 003887.

¹³⁵ STATE-2019-07-000249.

¹³⁶ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

¹³⁷ STATE-2019-07-000008.

¹³⁸ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

¹³⁹ STATE-2019-07-000010.

¹⁴⁰ See National Defense Authorization Act for Fiscal Year 2017 § 1298, Pub. L. No. 114-328, 130 Stat. 2564 (2016) (codified as amended at 22 U.S.C. § 7114).

¹⁴¹ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

¹⁴² See STATE-2019-07-000029.

The Global Fund told the Committee it believed oversight of its PEMS-funded projects would be similar to the requirements of comparable U.S. awards.¹⁴³ For example, when Congress authorized funding for the Global Fund to Fight AIDS, Tuberculosis, and Malaria, it included oversight requirements.¹⁴⁴ These requirements included the establishment of an Interagency Technical Review Panel to serve as a “shadow’ panel” to review proposals received by the Fund and provide guidance on the “technical efficacy, suitability, and appropriateness of the proposals”¹⁴⁵—a construct that allows for flexibility in grant management.¹⁴⁶

C. The Cooperative Agreements Mandated “Substantial Involvement” by the State Department in Global Fund Awards

The “substantial involvement” section of the cooperative agreements requires the TIP Office to be “substantially involved in carrying out” the management and execution of any Global Fund award.¹⁴⁷ As discussed above, the “substantial involvement” aspect of the cooperative agreements differs from a grant agreement in that it assumes the recipient will need substantial involvement from the awarding Federal agency to be able to execute the award responsibly.¹⁴⁸ The TIP Office told the Committee this level of involvement is common with cooperative agreements.¹⁴⁹

The PEMS 1 agreement made clear that J/TIP office would be substantially involved in the following ways:

Substantial Involvement

In carrying out the purposes of this Agreement J/TIP will be responsible for:

¹⁴³ Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee); *see also* Letter from J. Alexander Thier, former CEO, Global Fund to End Mod. Slavery, to Chairman Gary Peters and Ranking Member Rob Portman, U.S. Senate Committee on Homeland Security and Governmental Affairs (Sept. 9, 2021) (on file with the Committee).

¹⁴⁴ *See* United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act § 202(e)(2)(B), Pub. L. No 108-25, 117 Stat. 726 (2003) (codified as amended at 22 U.S.C. § 7622).

¹⁴⁵ *Id.*

¹⁴⁶ *See* Anna Triponel, *Global Fund to Fight AIDS, Tuberculosis and Malaria: A New Legal and Conceptual Framework for Providing International Development Aid*, 35 N.C. J. INT’L L. & COM. REG. 173, 201 (2009) (noting the Interagency Technical Review Panel “uses a set of proposal review criteria established by the board and recommends for funding only those [proposals] that reflect genuine, broad participation and ownership of all interested groups”) (citing THE GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA, GUIDELINES FOR PROPOSALS ROUND SEVEN 18–39 (2007)).

¹⁴⁷ *See* STATE-2019-07-000249–50.

¹⁴⁸ *See* FGCAA § 5(2), 6(2).

¹⁴⁹ Briefing with Off. to Monitor and Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

- A. Serving in the following capacities: J/TIP's Ambassador-at-Large will serve on the GFEMS Board, and J/TIP staff will serve on both the Technical Review Panel and the Expert Advisory Council (to include rotational J/TIP membership as necessary);
- B. Consulting with GFEMS and other donor partners in the development of any other governance structures and decision-making processes for GFEMS. J/TIP participation in any such GFEMS governance structures will be commensurate with that of other major donors;
- C. Reviewing and approving the process and criteria for selection, as well as final selection, of (1) focus countries to be considered for PEMS sub-grants, including countries considered for Budgeted National Plan; (2) regional and industry foci of Industry Transformation Plans for PEMS sub-grants; and (3) recipients of PEMS sub-grants via an open and competitive process;
- D. Consulting with GFEMS and other donor partners in the development of a methodology or methodologies for measuring modern slavery prevalence;
- E. Consulting with GFEMS and other donor partners in the development of strategies related to monitoring and evaluation and the development of the global anti-trafficking data platform to share analysis, lessons learned, and best practices to global efforts to combat modern slavery;
- F. Reviewing and approving any training materials, awareness raising materials, and other products funded under PEMS, including all documents that will be made publicly available;
- G. Tracking the source of funds leveraged from other donors and how those funds are used as part of GFEMS' standard quarterly reporting requirements to J/TIP;
- H. Ensuring compliance on PEMS-funded activities by GFEMS with U.S. government fundraising regulations according to 2 CFR 200.442 ("Fund raising and investment management costs") through the quarterly review and annual site visit process; and

- I. Hosting a bi-weekly standing call with GFEMS to review program progress and donor engagement efforts.¹⁵⁰

The PEMS 2 agreement also addressed the “substantial involvement” of the State Department and stated:

SUBSTANTIAL INVOLVEMENT:

The State Department will be substantially involved in carrying out the following aspects of this cooperative agreement:

- A. Serving the following capacities: J/TIP’s Ambassador-at-Large or Acting Director will serve on the GFEMS Board and J/TIP staff will serve on both the Technical Review Panel;
- B. Reviewing and approving the process and criteria for selection, as well as final selection, of (1) focus countries to be considered for PEMS sub-grants; (2) regional and industry foci of Industry Transportation Plans for PEMS sub-grants; and (3) recipients of PEMS sub-grants via an open and competitive process;
- C. Consulting with GFEMS and other donor partners in the development of a methodology or methodologies for measuring modern slavery prevalence and approving such methodologies;
- D. Reviewing and approving contracts and/or scopes of work with individuals conducting prevalence studies under this award, including budgets. This includes J/TIP’s clearance on requests for bids before they are publicly posted;
- E. Consulting with GFEMS and other donor partners in the development of strategies related to monitoring and evaluation and the development of the global anti-trafficking data platform to share analysis, lessons learned, and best practices to global efforts to combat modern slavery;
- F. Clearing on sub-award co-creation process guidelines following GFEMS’ consultations with J/TIP and USAID on co-creation best practices;
- G. Organizing a process to coordinate PEMS activities implemented by the Global Fund to End Modern Slavery and the University of

¹⁵⁰ STATE-2019-07-000249-250.

Georgia Research Foundation, Inc. to include, but not to be limited to, regular standing calls and meetings, or other activities as needed;

- H. Reviewing and approving any training materials, awareness training materials, and other products funded under PEMS, including all documents that will be made publicly available;
- I. Tracking the source of funds leveraged from other donors and how those funds are used as part of GFEMS' standard quarterly reporting requirements to J/TIP;
- J. Ensuring compliance on PEMS-funded activities by GFEMS with U.S. government fundraising regulations according to 2 CFR 200.442 ("Fund raising and investment management costs") through the quarterly review and annual site visit process; and
- K. Hosting a call at least every two weeks with GFEMS to review program progress, including donor engagement efforts.¹⁵¹

As shown above, the PEMS 2 cooperative agreement included two additional requirements for the TIP Office: (1) the review and approval of contracts with individuals conducting prevalence studies under the award, and (2) organizing a process to coordinate PEMS activities implemented by the Global Fund.¹⁵²

Even with the substantial involvement requirements included in the cooperative agreements, the TIP Office failed to identify several problems with sub-grantees,¹⁵³ taking mitigation efforts only after the Global Fund awarded, and sub-grantees spent taxpayer dollars.¹⁵⁴

D. Substantial Involvement Included a Representative of the TIP Office Serving on Global Fund's Board of Directors

The Global Fund's board of directors approves sub-grant proposals and makes high-level personnel decisions.¹⁵⁵ Under the cooperative agreement between the TIP

¹⁵¹ STATE-2019-07-000010.

¹⁵² STATE-2019-07-003892.

¹⁵³ See STATE-2019-07-000249–000250 (detailing PEMS 1 cooperative agreement "substantial involvement" provision); STATE-2019-07-003891–003892 (detailing PEMS 2 cooperative agreement "substantial involvement" provision).

¹⁵⁴ See STATE-2019-07-04921–04926 (showing a corrective action plan was put in place following the award of PEMS funds). The TIP Office informed the Committee that under 2 C.F.R. § 200.332, "the TIP Office [did not have] a responsibility to vet, conduct site visits, and ensure sub-grantees were able to comply with all U.S. rules and regulations"—this responsibility belonged to the Global Fund. The Committee does not agree with this interpretation.

¹⁵⁵ Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee).

Office and the Global Fund, the TIP Ambassador-at-Large serves on the board.¹⁵⁶ This is a requirement under the “Substantial Involvement” requirement further described below. A memorandum of understanding outlines three responsibilities for the TIP Ambassador with regard to the Global Fund: to attend board meetings, to make decisions on PEMS-funded sub-awards, and to communicate to the State Department the efforts undertaken by the Global Fund.¹⁵⁷ Upon conclusion of the PEMS grants projects, the TIP Ambassador will no longer serve on the board.¹⁵⁸

The requirement for a TIP Office representative on the Global Fund’s board in the cooperative agreement is unique to the Global Fund’s PEMS grant.¹⁵⁹ TIP Office officials told the Committee the Global Fund requested the TIP Ambassador’s participation on their board through their initial proposal.¹⁶⁰ Additionally, TIP Office officials told GAO auditors “they thought it was appropriate to exercise oversight through board participation, given the \$46 million in funding awarded to [the Global Fund]” from 2017 to 2018.¹⁶¹ Global Fund executives, by contrast, told the Committee that they did not want the Global Fund to appear to be solely associated with the U.S. Government as the original goal was to establish a true global fund.¹⁶² Further, other foreign contributors to the Global Fund did not want their governments represented on the Global Fund’s board out of concern that it could give rise to a perceived or real conflict of interest concern in their future oversight of the Global Fund.¹⁶³

¹⁵⁶ STATE-2019-07-000249.

¹⁵⁷ Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee).

¹⁵⁸ *Id.*

¹⁵⁹ GAO Report: GAO-21-53 at 22–23.

¹⁶⁰ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee) (the initial proposal was not made available to the Committee).

¹⁶¹ GAO Report: GAO-21-53 at 23 n.40.

¹⁶² Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee). Global Fund staff subsequently disputed attribution of this statement to the CEO. Letter from J. Alexander Thier, former CEO, Global Fund to End Mod. Slavery, to Chairman Gary Peters and Ranking Member Rob Portman, U.S. Senate Committee on Homeland Security and Governmental Affairs (Sept. 9, 2021) (on file with the Committee). Global Fund also subsequently clarified its staff’s position that Global Fund agreed with a TIP office representative but only as a non-voting member of the Board. Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee); Letter from J. Alexander Thier, former CEO, Global Fund to End Mod. Slavery, to Chairman Gary Peters and Ranking Member Rob Portman, U.S. Senate Committee on Homeland Security and Governmental Affairs (Sept. 9, 2021) (on file with the Committee).

¹⁶³ *Id.* (Global Fund staff told the Committee that the U.K. and Norway declined positions on the Global Fund board due to conflict of interest concerns); *see also* Letter from J. Alexander Thier, former CEO, Global Fund to End Mod. Slavery, to Chairman Gary Peters and Ranking Member Rob Portman, U.S. Senate Committee on Homeland Security and Governmental Affairs (Sept. 9, 2021) (on file with the Committee). The Global Fund also maintains a *Conflict of Interest Policy* that applies to board members. *See* STATE-2019-07-000863.

E. The Cooperative Agreements Required Leahy Vetting of any Grant Awardees

In line with Federal law, the cooperative agreements made clear that any award of grant must include vetting for Leahy violations. Specifically, the cooperative agreements stated:

Funds provided under this award are subject to Section 620M of the Foreign Assistance Act of 1961, as amended, a provision titled “Limitation on Assistance to Security Forces” (the “Leahy Amendment”). Subsection 620M(a) of that provision states: “(a) In General—No assistance shall be furnished under this Act [the Foreign Assistance Act] or the Arms Export Control Act to any unit of the security forces of a foreign country if the Secretary of State has credible evidence that such unit has committed gross violations of human rights.” Accordingly, none of the funds under this award may be used to provide training or other assistance to any unit or member of the security forces of a foreign country if the Department of State has credible evidence that such unit or individual has committed gross violations of human rights.

In signing this award, the Recipient agrees to exercise due diligence to ensure compliance with the Leahy Amendment provision and Department of State policy, and to cooperate with the Department of State in implementation of the requirement for funds under this award. The Department implements the Leahy Amendment requirement by vetting units or individuals proposed for training or other assistance to check for credible evidence of gross violations of human rights by such units or individuals. To facilitate State Department vetting, the Recipient must provide the following information for proposed participants at least sixty (60) calendar days prior to commencing award activities. This information should be submitted to the U.S. embassy in the country where the award will be implemented in order to initiate Leahy vetting procedures:

Information needed: Full name, date of birth, country of birth, country of citizenship, gender, rank, title, and organizational affiliation. Please also include the activity and date that the activity will take place—if the person will participate throughout an extended program, please note the timeframe. Participant information should be submitted in the format attached.

Information required for “security forces” personnel: The above information is needed for each member of a foreign police or military unit (security forces, broadly defined) who will participate in any

activity under this award. This includes both civilian and military employees or security forces participating in any activities funded under this award, including training, workshops or meetings, conferences, or other activities.

The Recipient must collaborate with the relevant U.S. embassy on a case-by-case basis to determine if the Leahy requirement applies to specific activities or proposed participants. Individuals who are not members of the security forces but who participate in activities under the award (e.g., politicians, academics, etc.) generally do not need to be vetted.

Submission deadline: Each candidate must be cleared under Leahy vetting in advance of participation in activities funded under this award. The vetting process typically takes approximately one month, but may take longer if there are a large number of candidates or if issues arise. Thus, all information on proposed candidates must be received by the embassy at least sixty (60) days in advance of the training event or other activity.

The Recipient agrees that it will not include any security forces candidate in training or other activities funded under this award until the State Department advises that the candidate has cleared Leahy vetting and is approved for participation.¹⁶⁴

The cooperative agreement for PEMS 2 contained substantially similar provisions.¹⁶⁵

F. The TIP Office and the Global Fund Disagreed about the Cooperative Agreement Requirements

Both the TIP Office and the Global Fund failed to manage challenges stemming from different interpretations and expectations of their contract. As a result, disconnects developed between the TIP Office and the Global Fund in the execution and management of the \$46 million in PEMS funds awarded from 2017 to 2018. Specifically, the TIP Office and the Global Fund each told the Committee they had different views of the implications and obligations of the “substantial involvement” based on previous U.S. grants; however, according to the Global Fund,

¹⁶⁴ STATE-2019-07-000258-59.

¹⁶⁵ STATE-2019-07-003898-99.

they complied with all TIP Office requirements.¹⁶⁶ This resulted in duplicated efforts and lost opportunities for effective oversight and direction.

The language in the cooperative agreements creates multiple opportunities for oversight efforts and there are opportunities throughout the grant-making process for the TIP Office to raise concerns regarding potential sub-grantees.¹⁶⁷ For example:

The Global Fund, cited “considerable delays,” and approval requirements it saw as ‘overreach’ as challenges in receiving final approval for PEMS 1 funds.

- The TIP Office serves on the Technical Review Panel, which is a part of the internal review process the Global Fund undertakes to approve sub-grants.¹⁶⁸
- TIP Office staff reviews the applications separately as part of their own internal process.¹⁶⁹
- The TIP Ambassador sits on the board, which approves sub-grants,¹⁷⁰ resulting in multiple reviews by TIP Office employees at all levels at the same set of sub-grant materials.¹⁷¹

Despite its participation in all of the above required oversight checkpoints, the TIP Office approved sub-grants without a full understanding of the proposed projects that led to U.S. taxpayer dollars being spent that did not help or protect victims of modern slavery.

The Global Fund cited “considerable delays” and approval requirements it saw as “overreach” as challenges in receiving final approval for PEMS 1 funds.¹⁷² The

¹⁶⁶ *Compare* Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee) (noting that having the TIP ambassador on the board was a departure from the mission of the Global Fund), *with* Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee) (explaining that the “substantial involvement” portion of the contract was “standard” and that the added visibility was needed); *see also* GAO REPORT: GAO-21-53 at 23 n.40. *See also* Letter from J. Alexander Thier, former CEO, Global Fund to End Mod. Slavery, to Chairman Gary Peters and Ranking Member Rob Portman, U.S. Senate Committee on Homeland Security and Governmental Affairs (Sept. 9, 2021) (on file with the Committee).

¹⁶⁷ *See, e.g.*, STATE-2019-07-00248–00249 (PEMS 1 cooperative agreement noting compliance, reporting, and monitoring provisions).

¹⁶⁸ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

¹⁶⁹ *Id.*

¹⁷⁰ *Id.*

¹⁷¹ *Id.*

¹⁷² *ATTACHMENT B – Narrative Explanation of Exhibits*, GLOB. FUND TO END MOD. SLAVERY 8 (Feb. 3, 2020) (on file with the Committee). The Global Fund subsequently informed the Committee, “[t]he current relationship between the TIP Office and [Global Fund] is very strong and collaborative, with

Committee found that delays by both the TIP Office and the Global Fund in review and approval procedures led to slow distribution of grant funds.¹⁷³ Furthermore, additional challenges regarding the approach of the Global Fund persisted including, quality control,¹⁷⁴ validity of prevalence studies,¹⁷⁵ unexpected changes to previously approved projects,¹⁷⁶ and conflicting guidance on allowable costs.¹⁷⁷

III. OUTSIDE REVIEWS OF STATE DEPARTMENT GRANT PROGRAMS

The State Department Inspector General reviewed the Department’s administration of grants, while the Government Accountability Office (GAO) recently evaluated the award of PEMS funding. Further, EnCompass LLC reviewed the Global Fund’s award of PEMS 1 funds. This section summarizes those findings.

A. Inspector General Review of State Department Grant Administration

A 2020 report from the State Department Inspector General identified inadequate oversight of Federal grants as a “long-term management challenge for

regular and robust engagement.” Letter from J. Alexander Thier, former CEO, Global Fund to End Mod. Slavery, to Chairman Gary Peters and Ranking Member Rob Portman, U.S. Senate Committee on Homeland Security and Governmental Affairs (Sept. 9, 2021) (on file with the Committee).

¹⁷³ Compare ATTACHMENT B – Narrative Explanation of Exhibits, GLOB. FUND TO END MOD. SLAVERY (Feb. 3, 2020) (on file with the Committee) (noting the TIP Office’s “continuous and protracted” revision of documents), with Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee) (citing delays in document review and approval from the Global Fund).

¹⁷⁴ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee) (noting Global Fund quality control issues regarding sub-grantee vetting and oversight).

¹⁷⁵ TIP Office representatives told the Committee certain prevalence studies conducted by the Global Fund were not in sync with the context of the named country. Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee). However, “new prevalence methodologies” and “innovation-driven learning” were characteristics the Global Fund represented to the TIP Office when applying for PEMS 2 funding. STATE-2019-07-004175.

¹⁷⁶ Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee) (citing multiple instances in which the TIP Office approved projects and then unexpectedly cancelled, resulting in delays of grant spending); see also ATTACHMENT B – Narrative Explanation of Exhibits, GLOB. FUND TO END MOD. SLAVERY 8 (Feb. 3, 2020) (on file with the Committee) (noting “conflicting guidance and communications [from the TIP Office] resulting in mid-stream changes”).

¹⁷⁷ The Global Fund received conflicting guidance from the TIP Office’s policies on allowable costs versus OMB’s Uniform Guidance. See GFEMS_000110. OMB guidance defers to the Federal agency providing the funds to determine specific allowable costs in many cases. However, this puts the onus on the awarding agency to communicate its policies to ensure grantees are not inadvertently spending money inappropriately. The Global Fund never received information about how specifically the TIP Office’s internal policies are more restrictive than OMB guidance, resulting in confused priorities and program delays. See GFEMS_000111; GFEMS_000101; see also Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee).

the [State] Department.”¹⁷⁸ The report referred to the challenges as “serious, recurring, and systemic weaknesses.”¹⁷⁹ While the report did not examine programs administered by the TIP Office specifically, it summarized previous instances where offices awarded grants exceeding the offices’ ability to oversee the grants, resulting in “rarely performed site visits” and grant managers that did not “fully understand the time required to monitor [grant] awards.”¹⁸⁰ The State Department Inspector General further noted inexperienced program personnel who “developed performance indicators that were not appropriate for collecting, analyzing, and reporting performance data,” resulted in “a lack of alignment of program goals and objectives with [State] Department goals and objectives[,] and a lack of internal controls to ensure indicators were developed as required.”¹⁸¹ Finally, the State Department Inspector General report emphasized the importance of effective oversight, saying, “the [State] Department will not make meaningful progress in addressing this long-time management challenge . . . by assigning insufficiently trained and inexperienced personnel to oversee Federal assistance awards.”¹⁸²

“...potential waste, fraud, or abuse may go undetected [in TIP Office grant programs].”

Focusing on TIP Office programs, an October 2021 State Inspector General (OIG) report identified multiple concerns with TIP Office practices, including slow decision-making from leadership, and a lack of compliance with State Department requirements and standard operating procedures.¹⁸³ According to TIP Office staff members surveyed by the OIG, routine decisions by TIP Office leadership regarding grant management were slow and lacked decisiveness.¹⁸⁴ For example, in 2018, a two-month delay in awarding PEMS 2 funding “led to frustration, diffusion of accountability, lower morale, and delays in administrative and programmatic

¹⁷⁸ OFF. OF INSPECTOR GEN., U.S. DEPT OF STATE, AUD-CGI-20-44, INFORMATION REPORT: SYSTEMIC WEAKNESSES RELATED TO THE ADMINISTRATION AND OVERSIGHT OF DEPARTMENT OF STATE CONTRACTS AND FEDERAL ASSISTANCE FROM FY 2017 TO FY 2019 14 (2020).

¹⁷⁹ *Id.* at 21.

¹⁸⁰ *Id.* at 15–16.

¹⁸¹ *Id.* at 17.

¹⁸² *Id.* at 14 (noting “the [State] Department will not make meaningful progress in addressing this long-time management challenge . . . by assigning insufficiently trained and inexperienced personnel to oversee [f]ederal assistance awards”).

¹⁸³ *See* OFF. OF INSPECTOR GEN., U.S. DEPT OF STATE, ISP-I-22-01, INSPECTION OF THE OFFICE TO MONITOR AND COMBAT TRAFFICKING IN PERSONS (2021).

¹⁸⁴ *Id.* at 4.

processes.”¹⁸⁵ The State OIG, as a result, found that TIP Office leadership was not following State Department leadership and management principles.¹⁸⁶

State OIG also identified multiple instances where the TIP Office did not maintain required documentation or administer contracts in accordance with State Department requirements and standards.¹⁸⁷ For instance, OIG noted missing documentation regarding PEMS 2 cooperative agreement requirements.¹⁸⁸ The PEMS 2 cooperative agreement with the Global fund required that TIP Office staff “consult with the recipient regarding the development of monitoring and evaluation strategies, and review and approve training materials and any other materials intended to be publicly available.”¹⁸⁹ State OIG, however, was unable to locate any supporting documentation that the TIP Office had performed these actions.¹⁹⁰ In another example, OIG found that TIP Office contracting officers—in violation of Federal regulations—neglected to prepare quality assurance plans for contracts valued at \$50.8 million.¹⁹¹ The lack of documentation “undermines [the TIP Office’s] ability to demonstrate the effectiveness of its foreign assistance programs and increases the risk that potential waste, fraud, or abuse may go undetected,” State OIG found.¹⁹²

In addition, longstanding workforce challenges persisted at the TIP Office, the State OIG found.¹⁹³ The 2021 report identified “mission-critical challenges,” such as “a heavy and expanding workload, staff burnout, span of control issues, and attrition in key positions” as contributing to “lower morale and internal conflict.”¹⁹⁴ The report concluded that these challenges caused a lack of coordination between TIP Office teams.¹⁹⁵

B. Government Accountability Office Review of PEMS Awards

¹⁸⁵ *Id.* at 5.

¹⁸⁶ State Department “leadership and management principles outlined in 3 FAM 1214 include (1) model integrity, (2) plan strategically, (3) be decisive and take responsibility, (4) communicate, (5) learn and innovate constantly, (6) be self-aware, (7) collaborate, (8) value and develop people, (9) manage conflict, and (10) foster resilience.” *Id.* at 4 n.8.

¹⁸⁷ *Id.* at 10, 15.

¹⁸⁸ *Id.* at 11.

¹⁸⁹ *Id.* at 11.

¹⁹⁰ *Id.* at 11.

¹⁹¹ *Id.* at 15 (noting that “quality assurance surveillance plans should specify all work requiring surveillance and the method of surveillance [in order to] provide U.S. Government surveillance of the contractor’s quality control efforts to assure that they are timely, effective, and are delivering the results specified in the contract”). *See also* 48 CFR § 46.401.

¹⁹² *Id.* at 12.

¹⁹³ *Id.* at 5.

¹⁹⁴ *Id.* at 5.

¹⁹⁵ *Id.* at 6.

In the statutory authorization for PEMS, Congress required GAO to report on State Department programs “that address human trafficking and modern slavery, including a detailed analysis of the effectiveness of such programs in limiting human trafficking and modern slavery.”¹⁹⁶ In a 2017 report—which did not specifically address PEMS grants projects—GAO found “weaknesses in [the TIP Office’s] monitoring processes [that] limit their ability to collect reliable performance information and assess project performance.”¹⁹⁷ The 2017 report noted the TIP Office was aware of its staffing shortfalls that contributed to an inability to “ensure that project recipients use federal funds appropriately and effectively.”¹⁹⁸ GAO also found that overall, the TIP Office did “not have sufficient controls in place to ensure that the performance information they use [to assess grants] is reliable.”¹⁹⁹

More recently, GAO reported on the TIP Office’s administration of the PEMS grants.²⁰⁰ GAO interviewed TIP Office officials, “implementing partners, and [sub-grantees] about PEMS programming and oversight.”²⁰¹ It found the TIP Office’s “established policies for using findings from evaluations” met GAO’s “leading practices for evaluation use in foreign assistance,” which the TIP Office followed when administering PEMS grants.²⁰² The GAO report did not compare TIP Office policies for PEMS grants and non-PEMS grants.²⁰³

There are, however, challenges in measuring the effectiveness of anti-trafficking projects. The 2020 GAO report noted that internal and external challenges diminish grant-making agencies’ ability to measure and “evaluate the effectiveness of international anti-trafficking in persons projects.”²⁰⁴ Internal challenges include a focus on “outputs over outcomes,”²⁰⁵ “[e]valuation timing,”²⁰⁶ and “[l]imited resources.”²⁰⁷ The report cited external challenges as “limited

¹⁹⁶ Pub. L. No. 114-328, Div. A, Title XII, § 1298(h), 130 Stat. 2000, 2563 (2016); *see also* GAO REPORT: GAO-21-53 31 (2020) (noting that PEMS authorizing legislation “specified rigorous monitoring and evaluation”) (citing 22 U.S.C. § 7114(c)).

¹⁹⁷ GAO REPORT: GAO-19-77 at 38.

¹⁹⁸ *Id.* at 38; *see also id.* at 25.

¹⁹⁹ *Id.* at 26.

²⁰⁰ *See* GAO REPORT: GAO-21-53 at 3.

²⁰¹ *Id.*

²⁰² *Id.* at 39–40, 44.

²⁰³ *See generally id.*

²⁰⁴ *Id.* at 27.

²⁰⁵ *Id.* at 29 (noting “that many anti-trafficking projects tend to focus on outputs (e.g., number of people trained or materials produced) over outcomes (e.g., whether people trained are applying skills learned from training)”).

²⁰⁶ *Id.* (recognizing evaluations conducted “within the project’s life cycle” result in a lack of “longer-term results, such as behavioral change”).

²⁰⁷ *Id.* at 30 (noting, “because of limited data, evaluators and implementing partners may need to collect primary data, which requires significant time, resources, and expertise”).

data,”²⁰⁸ “[i]nconsistent terminology,”²⁰⁹ and “[e]thical considerations.”²¹⁰ These challenges, according to GAO, are “longstanding,”²¹¹ resulting in “little evaluation of international anti-trafficking projects and their effectiveness, U.S.-funded or otherwise.”²¹²

C. A Review by EnCompass Found Substantial Problems with Global Fund’s Awards under PEMS 1

The TIP Office allocated \$2.25 million of PEMS 3 funding to EnCompass LLC²¹³ to evaluate Global Fund’s work under the PEMS 1 grant.²¹⁴ Funding for this evaluation continued through March 2021. In November 2020, the TIP Office told the Committee that it expected to publish a final report documenting the work in August 2021.²¹⁵ State since provided the Committee with a copy of the EnCompass report, but does not appear to have released it publicly as of the date of this report. The review examines the effectiveness of the Global Fund’s sub-grants, processes, and methodologies.²¹⁶ TIP officials told the Committee that such a review—referred to as an “ex-post” evaluation by the State Department—is typical since the Global Fund received the bulk of PEMS 1 and PEMS 2 funding.²¹⁷ TIP Office officials acknowledged, however, these “evaluations can be challenging because it is difficult to identify and interview project beneficiaries after a project has been completed.”²¹⁸

²⁰⁸ *Id.* at 28.

²⁰⁹ *Id.* at 29.

²¹⁰ *Id.*

²¹¹ *Id.* at 30.

²¹² *Id.* at 27.

²¹³ *U.S. Department of State, Office to Monitor and Combat Trafficking in Persons (J/TIP) BPA, ENCOMPASS*, <https://encompassworld.com/project/state-department-combat-trafficking/> (“EnCompass conducts evaluations of [TIP Office] initiatives to improve its ability to formulate and adjust evidence-based programming and policy, monitor program risks, and communicate learning from program successes and impacts to a broad set of stakeholders”).

²¹⁴ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee); *see also U.S. Department of State, Performance Evaluation of the Program to End Modern Slavery, ENCOMPASS*, <https://encompassworld.com/project/performance-evaluation-of-the-program-to-end-modern-slavery/> (noting the evaluation will assess the “process and potential for progress” of PEMS 1 funding).

²¹⁵ Email from U.S. Dep’t of State to Committee staff (Nov. 20, 2020); *HSGAC Follow Up Questions – Global Fund*, OFF. TO MONITOR & COMBAT TRAFFICKING IN PERSONS (Jul. 19, 2021) (document on file with Committee).

²¹⁶ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee); *see also U.S. Department of State, Performance Evaluation of the Program to End Modern Slavery, ENCOMPASS*, <https://encompassworld.com/project/performance-evaluation-of-the-program-to-end-modern-slavery/>.

²¹⁷ Briefing with Off. to Monitor and Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020), notes on file with the Committee. *See also* GAO report (stating that “ex-post evaluations . . . completed to assess the sustainability of results . . . may be conducted directly after or long after completion” (citing OECD/DAC (2002))).

²¹⁸ GAO REPORT: GAO-21-53 at 33 n.65; *see also ENCOMPASS LLC, PROGRAM TO END MODERN SLAVERY (PEMS): PROCESS EVALUATION – FINAL REPORT* vii (2021) (observing that “Estimating the prevalence

This \$2.25 million evaluation is in addition to congressionally mandated reviews by GAO,²¹⁹ and came after the TIP Office discontinued funding the Global Fund through PEMS.

The EnCompass report found problems with Leahy vetting with Global Fund sub-grantees. Although the EnCompass LLC evaluation notes some “mild or early signs of promise” in Global Fund’s PEMS 1-funded work, the evaluation found that “nothing conclusive can be said about early progress in reducing trafficking for any [Global Fund subawardee] project.”²²⁰ The evaluation also identified multiple challenges affecting the implementation of

“...some subawardees were ‘less grounded’ in anti-human trafficking work.”

subawardee projects,²²¹ and that some subawardees were “less grounded” in anti-human trafficking work.²²² For example, the evaluation found that some subawardees had a “poor understanding” of the impact of proper Leahy vetting when working with foreign security forces.²²³ Cooperative agreements between the TIP Office and the Global Fund for both PEMS 1 and 2 funding contain Leahy vetting requirements,²²⁴ and, as shown below, require the Global Fund and all sub-grantees to adhere to U.S. law.²²⁵ The Global Fund is required to “exercise due diligence” in adhering to Leahy vetting requirements, the agreements note, adding that Global Fund must provide vetting information to the State Department “at least sixty calendar days prior to commencing award activities.”²²⁶ “Local [police] officials refused to participate in the Leahy vetting process,” a subawardee in Vietnam

of human trafficking is challenging for many reasons, including the often hidden and elusive nature of the crime; stigma around the crime and its victims; [and] legal, ethical, and definitional challenges”).

²¹⁹ National Defense Authorization Act for Fiscal Year 2017 § 1298(d), Pub. L. No. 114-328, 130 Stat. 2564 (2016) (codified as amended at 22 U.S.C. § 7114).

²²⁰ ENCOMPASS LLC, PROGRAM TO END MODERN SLAVERY (PEMS): PROCESS EVALUATION – FINAL REPORT 70 (2021). According to EnCompass, their evaluators were “unable to derive conclusive findings in terms of early progress in reducing trafficking largely because of a collective decision, between [the Global Fund and] TIP Office, to limit direct engagement with beneficiary groups during data collection due to potential safety issues and other sensitivities.” Further, EnCompass explained, “the evaluation team was unable to obtain a comprehensive set of . . . data from the awardee [Global Fund] (such as separate evaluation and research documents), that could have validated interview data obtained.” Email from EnCompass LLC to Committee staff (Sept. 9, 2021) (on file with the Committee).

²²¹ ENCOMPASS LLC, PROGRAM TO END MODERN SLAVERY (PEMS): PROCESS EVALUATION – FINAL REPORT 59 (2021).

²²² *Id.* at 80.

²²³ *Id.* at 61.

²²⁴ See STATE-2019-07-000258, 003898.

²²⁵ STATE-2019-07-000257.

²²⁶ STATE-2019-07-003898.

reported, resulting in missed training opportunities.²²⁷ Another subgrantee in the Philippines provided construction skills training to military personnel without having undergone Leahy vetting.²²⁸

17. Additional Foreign Assistance Provisions:

The Recipient is reminded that funds provided under this agreement must be used in a manner fully consistent with U.S. law.

Figure 2: Section from PEMS 1 cooperative agreement between the State Department and Global Fund

*The EnCompass report found that certain subawardee approaches and methods did not “fully meet beneficiary needs.”*²²⁹ Evaluators further noted “serious concerns” about certain prevalence estimates performed by Global Fund subawardees.²³⁰ In India, one subawardee provided livestock to program participants, but did not provide any corresponding veterinary care.²³¹ When livestock became sick, participants did not have sufficient funds to buy medicine.²³² Another project in India provided computer-based vocational training, but did not provide the needed computer skills and language training needed to complete the program.²³³ This program also proposed direct cash transfers to participants, a practice not allowed under TIP Office policy.²³⁴

Similar challenges presented in Vietnam. One subawardee provided goods for human trafficking survivors to sell at market, but there were no local markets at which participants could sell the goods.²³⁵ Another subawardee provided pigs for food or sale, but also did not provide veterinary care.²³⁶ As a result, when the animals became ill, participants were unable to care for them.²³⁷ The EnCompass report also reveals other examples in which sub-grantees provided trainings to participants in languages they did not speak.²³⁸ The employee of one sub-grantee recounted the subgrantee organizing a training for in targeted communities, saying,

²²⁷ ENCOMPASS LLC, PROGRAM TO END MODERN SLAVERY (PEMS): PROCESS EVALUATION – FINAL REPORT 61 (2021).

²²⁸ STATE-2019-07-04927–04928.

²²⁹ ENCOMPASS LLC, PROGRAM TO END MODERN SLAVERY (PEMS): PROCESS EVALUATION – FINAL REPORT 77 (2021).

²³⁰ *Id.* at ix.

²³¹ *Id.* at 78.

²³² *Id.*

²³³ *Id.*

²³⁴ *See id.* at 78, 80.

²³⁵ *Id.* at 80.

²³⁶ *Id.*

²³⁷ *Id.* at 78.

²³⁸ *Id.* at 61–62, 78.

“After the training, they conducted communications in their villages. However, many of them found it difficult to understand the training content because they could neither speak nor write Vietnamese language.”²³⁹ These challenges, EnCompass found, were a result of certain subawardees implementing programs “insufficient to allow for success,” and “a lack of understanding, research, or resourcefulness.”²⁴⁰ As a result of this evaluation, EnCompass LLC developed a tool to assist the TIP Office in evaluating the Global Fund’s work under PEMS 1. The TIP Office could also use the Prevalence Estimation Methodologies Features and Considerations (PEMFAC) tool in assessing future anti-human trafficking efforts.²⁴¹ EnCompass LLC designed the PEMFAC tool to assist the TIP Office in making effective human trafficking prevalence estimation decisions.²⁴²

IV. THE TIP OFFICE WAS SUBSTANTIALLY INVOLVED IN THE GLOBAL FUND’S MANAGEMENT OF PEMS GRANTS BUT FAILED TO IDENTIFY PROBLEMS WITH SUB-AWARDS TIMELY

A. Timeline of TIP Office Involvement

The timeline below describes the TIP Office’s involvement with the PEMS funds before the Global Fund obligated any funds to a sub-grantee. Per the cooperative agreements, there is a TIP Office representative on both the Technical Review Panel and the Global Fund board, meaning in addition to doing a full review of the proposals on their own, TIP Office representatives had several opportunities to identify concerns about potential sub-grantees or the management of the grant funds. The timeline shows that even though the Global Fund had not yet awarded any funding to a sub-grantee, the TIP Office awarded a second round of PEMS funding to the Global Fund.

September 2017	The TIP Office awarded the first PEMS grant to the Global Fund. ²⁴³
April 5, 2018	The Global Fund undertook an initial technical and substantive review on 119 received concept notes using the criteria cleared by the TIP Office, which were: impact at scale, sustainability,

²³⁹ *Id.* at 62

²⁴⁰ *Id.* Although acknowledging their evaluation “did uncover challenges in implementation [in certain sub-awardee programs],” EnCompass staff told the Committee, some sub-awardee processes “worked quite well, and while under difficult conditions including the current COVID-19 Pandemic.” Email from Encompass LLC to Committee staff (Sept. 9, 2021) (on file with the Committee).

²⁴¹ ENCOMPASS LLC, PREVALENCE ESTIMATION METHODS FEATURES AND CONSIDERATIONS (PEMFAC) TOOL 1 (2021) (noting that PEMFAC “was envisioned to have two purposes: 1) to provide the basis of developing a rubric by which prevalence estimation studies conducted under PEMS 1 would be assessed in the process evaluation, and 2) creating a stand-alone PEMFAC tool for future use”).

²⁴² *Id.*

²⁴³ STATE-2019-07-000243.

	strategic approach, and execution. ²⁴⁴ The Global Fund provided 50 concept notes for the TIP Office to review. ²⁴⁵
Late April to Early May 2018	The TIP Office provided the Global Fund with detailed input on concept notes and “co-creation” ideas. ²⁴⁶ The TIP Office initially requested 25 concept notes moved to full proposal/“co-creation” stage. ²⁴⁷ The TIP Office and the Global Fund eventually agreed on 17. ²⁴⁸
May 7 to June 30, 2018	The Global Fund began to work with applicants, with TIP Office oversight of integration of U.S. Government recommendations into proposals. ²⁴⁹
July 3 & July 9, 2018	The Global Fund sent the TIP Office full proposals for review, and the TIP Office circulated to relevant TIP Office, State, and inter-agency stakeholders for feedback. ²⁵⁰
July 20, 2018	The TIP Office provided the Global Fund consolidated feedback on 11 proposals following internal U.S. Government consultations. ²⁵¹
August 1, 2018	The Global Fund board (including the acting director of the TIP Office) unanimously agreed to move ten proposed sub-award projects (thirteen grants) forward for potential signing, pending TIP Office approval. ²⁵² The Global Fund and the TIP Office continued to discuss TIP Office-mandated conditions for integration into sub-awards. ²⁵³
September 2018	The TIP Office awarded \$21 million of the second PEMS grant to the Global Fund. ²⁵⁴

²⁴⁴ STATE-2019-07-00893.

²⁴⁵ *Id.*

²⁴⁶ *Id.*

²⁴⁷ *Id.*

²⁴⁸ *Id.*

²⁴⁹ *Id.*

²⁵⁰ *Id.*

²⁵¹ *Id.*

²⁵² *Id.*

²⁵³ *Id.*

²⁵⁴ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Apr. 3, 2019) (notes on file with the Committee).

B. The TIP Office Failed to Raise or Mitigate Concerns with Global Fund Awards to Sub-Grantees before Distributing Funds

Despite having access to sub-grantee application materials²⁵⁵—including the proposals and the sub-grantee budget documentation²⁵⁶—and reviewing and approving the sub-awards,²⁵⁷ the TIP Office failed to identify and remedy issues. The Committee found this was due in part to ineffective oversight by the TIP Office in the award approval process²⁵⁸ and the lack of a formal process requiring the TIP Office to conduct site visits to sub-grantees.²⁵⁹

In reviewing the Global Fund’s selected sub-awards, the TIP Office identified some possible problems. Before approving sub-grants, the TIP Office required pre-conditions for three projects.²⁶⁰ U.S. Consulate General Mumbai did not approve one of those projects “due to concerns regarding local political buy-in,” so it did not move forward.²⁶¹ The TIP Office required the other two sub-grantees to ensure reasonable protections for workers and adequate training on human trafficking rights prior to the award.²⁶² Despite these pre-conditions, TIP Office staff learned during a site visit that one sub-grantee had not addressed these problems.²⁶³ The TIP Office then canceled the project—but only after the sub-grantee spent almost \$100,000.²⁶⁴

The TIP Office only conducted site visits to sub-grantees when its staff deemed them necessary.²⁶⁵ The TIP Office’s policy regarding prime grantees, however, requires site visits.²⁶⁶ The TIP Office told the Committee it conducted site

²⁵⁵ Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee).

²⁵⁶ *Id.*

²⁵⁷ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020), notes on file with the Committee.

²⁵⁸ See *ATTACHMENT B – Narrative Explanation of Exhibits*, GLOB. FUND TO END MOD. SLAVERY 8 (Feb. 3, 2020) (on file with the Committee) (noting the TIP Office did not codify all review and approval requirements in the cooperative agreement, resulting in the approval of certain contracts without a TIP Office review).

²⁵⁹ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

²⁶⁰ STATE-2019-07-000881.

²⁶¹ STATE-2019-07-000687. U.S. Consulate General Mumbai is a branch of the U.S. diplomatic mission to India. It represents the United States in Western India and reviews, in consultation with the TIP Office, U.S. grants awarded in the region.

²⁶² STATE-2019-07-000881.

²⁶³ STATE-2019-07-04928 (“Villar . . . conducts no company vetting to ensure worker protection policies are in place before worker placement, and post-training follow-up is focused on *employer* versus *employee* satisfaction despite an August 6, 2018, pre-condition memo for the PEMS 1 grant.”).

²⁶⁴ GAO-21-53 at 19 n.32.

²⁶⁵ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

²⁶⁶ In a 2017 report, GAO found that the TIP Office would conduct site visits to “new grantees who have never received funding from the TIP Office.” GAO REPORT: GAO-19-77 at 20 n.32. These site visits aim to “evaluate recipient records, accomplishments, organizational procedures, and financial

visits in this case only because the sub-grantees (and not the prime grantee or the Global Fund) would be implementing the award.²⁶⁷ The lack of site visits for the sub-grantees prior to awarding funds resulted in the TIP Office failing to understand the projects it approved before the Global Fund awarded taxpayer dollars. In turn, the TIP Office awarded taxpayer dollars to Global Fund sub-grantees that did not protect victims or reduce the prevalence of human trafficking.

Through the end of 2018, the TIP Office imposed pre-conditions on the sub-grantees discussed above.²⁶⁸ Then, through its review of the Global Fund's PEMS 1 quarterly reports, the TIP Office identified concerns with one of the sub-contractors, IST Research (IST). Despite providing "ongoing technical assistance on a range of issues/topics, specifically related to sub-awards," the TIP Office staff raised no concerns with other sub-grantees, nor did it conduct any site visits to Global Fund sub-grantees prior to awards.²⁶⁹

C. TIP Office Identified Concerns with IST Research after Awarding Funds

IST is a Virginia-based research firm specializing in using technology to research hard-to-reach populations.²⁷⁰ By September 2018, the Global Fund had awarded \$2.25 million of PEMS 1 funding to IST as a part of its work to measure the prevalence of modern slavery.²⁷¹ The award to IST was specifically "to measure prevalence [of modern slavery] in India sex trafficking, India construction, Philippines migration, Vietnam sex trafficking, and Vietnam migration."²⁷²

In February 2019, the TIP Office raised several concerns with IST's work to the Global Fund.²⁷³ IST's contract included conducting surveys to determine the prevalence of human trafficking in select countries. It used two different survey designs, including Longitudinal Migration Tracking and the Network Scale-up Method.²⁷⁴ Of those, the TIP Office concluded, "IST is not best suited to continue conducting prevalence studies on Network Scale-up Method . . . under PEMS."²⁷⁵

control systems, as well as to conduct interviews and provide technical assistance as necessary." *Id.* at 20.

²⁶⁷ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep't of State (Sept. 18, 2020) (notes on file with the Committee).

²⁶⁸ See STATE-2019-07-000881.

²⁶⁹ STATE-2019-07-000319.

²⁷⁰ *Who We Are*, IST RESEARCH, istresearch.com/who-we-are/.

²⁷¹ STATE-2019-07-000907.

²⁷² *Id.*

²⁷³ *Id.*

²⁷⁴ *Id.*

²⁷⁵ *Id.*

The Network Scale-up Method is a “technique for estimating the size of hidden or hard-to-reach populations.”²⁷⁶ The method “rests on the assumption that people’s social networks—the set of people [who] you ‘know’—are, on average, representative of the general population.”²⁷⁷ The TIP Office found that the surveys from IST did “not meet best practice standards for [Network Scale-up Method] research on hidden populations.”²⁷⁸ TIP Office staff stated “IST has not demonstrated an ability to operate effectively in chosen countries” and it “did not demonstrate a nuanced understanding of administering surveys at a local level.”²⁷⁹

In addition to issues related to IST’s ability to conduct such a study, the TIP Office raised a concern about IST’s familiarity with human trafficking generally.²⁸⁰ The TIP Office was “concerned about IST’s firm understanding of human trafficking.”²⁸¹ For example, IST understood “the definition of trafficking under the TVPA was ‘up to [the Global Fund].’”²⁸² This concerned the TIP Office staff because they use a specific definition of trafficking in persons as defined by the *Trafficking Victims Protection Act*.²⁸³ IST conducted a study in the apparel sector of Vietnam, despite the TIP Office’s concerns at the time about the “design and implementation” of the study.²⁸⁴ After the study was conducted, the TIP Office recommended that the Global Fund contract with a new entity to re-do the study.²⁸⁵

D. The TIP Office Identified Problems with Sub-Grantees after Conducting Site Visits to the Philippines and Vietnam

As described below, the TIP Office conducted site visits to sub-grantees in the Philippines and Vietnam in May and June 2019, respectively, and identified problems with sub-grantees and the Global Fund’s management of sub-awards. The Global Fund awarded these sub-grantees PEMS 1 funding in October 2017.²⁸⁶ As a result of the visits, the TIP Office gave the Global Fund a corrective action plan to remediate issues, and ultimately canceled one sub-grant award altogether.²⁸⁷ The site visit to the Blas F. Ople Policy and Training Center (Ople Center), a sub-grantee

²⁷⁶ H. Russel Bernard et al., *Counting hard-to-count populations: the network scale-up method for public health*, 86 SEXUALLY TRANSMITTED INFECTIONS ii 11 (2010).

²⁷⁷ *Id.*

²⁷⁸ STATE-2019-07-000907.

²⁷⁹ *Id.*

²⁸⁰ *Id.*

²⁸¹ *Id.*

²⁸² *Id.*

²⁸³ Victims of Trafficking and Violence Protection Act § 103, Pub. L. No. 106-386, 114 Stat. 1466 (2000), (codified as amended at 22 U.S.C. § 7103).

²⁸⁴ STATE-2019-07-000908.

²⁸⁵ *Id.*

²⁸⁶ STATE-2019-07-04920.

²⁸⁷ *Id.*

in the Philippines, however, showed positive results.²⁸⁸ The TIP Office staff noted, “Ople Center’s project combats [modern slavery] in a holistic approach by promoting ethical recruitment practices.”²⁸⁹ Ople’s project director also “demonstrated a deep understanding of a victim-centered approach,” and “[t]he project team . . . displayed due diligence . . . to TIP Office and State Department terms and conditions.”²⁹⁰

The site visits in both the Philippines and Vietnam demonstrated inconsistencies in documentation submitted by the Global Fund to the TIP Office.²⁹¹ Although the TIP Office stressed to the Committee the importance of site visits in the oversight process to “get in the weeds,” it acknowledged that site visits to sub-grantees are not a required element of TIP Office oversight.²⁹² This lack of a standardized site visit policy, the Committee found, resulted in lost opportunities for oversight and reduced benefits for human trafficking victims.

Philippines. From May 7, 2019 through May 10, 2019, TIP Office staff conducted a site visit to the Global Fund’s three sub-grantees in Manila, Philippines.²⁹³ While there, the TIP Office team spent one day with each of the three sub-grantees.²⁹⁴ During the site visits, the TIP Office identified problems at two organizations: the Fair Employment Foundation (Foundation) and the Filipino nonprofit organization Villar Social Institute for Poverty

...the TIP Office concluded, “[The Global Fund] does not provide adequate monitoring of its sub-grantees.”

Alleviation and Governance (Villar).²⁹⁵ As a result, the TIP Office concluded, “[The Global Fund] does not provide adequate monitoring of its sub-grantees.”²⁹⁶

Specifically, the TIP Office found, “sub-grantees each demonstrated little knowledge of [monitoring and evaluation]” noting that “[p]roject managers knew their Key Performance Indicator requirements from [the Global Fund, but they] could not explain how to measure project success.”²⁹⁷ Although the TIP Office found

²⁸⁸ See STATE-2019-07-04929.

²⁸⁹ *Id.*

²⁹⁰ *Id.*

²⁹¹ See STATE-2019-07-04927–04930.

²⁹² Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

²⁹³ STATE-2019-07-04927.

²⁹⁴ *Id.*

²⁹⁵ STATE-2019-07-04927–29.

²⁹⁶ STATE-2019-07-04927.

²⁹⁷ *Id.*

problems both the Foundation and Villar needed to correct, Villar’s issues were ultimately more serious, causing the TIP Office to cancel the grant.²⁹⁸

The TIP Office identified problems with the management of activities under the Global Fund sub-grant to the Foundation. The Foundation is a nonprofit employment agency, which aims to set industry standards for the ethical recruitment of migrant workers.²⁹⁹ Their mission is to “build market solutions to end the forced labor of migrant workers across Asia.”³⁰⁰ The TIP Office found the Foundation was not consistent in reporting its activities to the Global Fund, planned to expand their project without TIP Office approval, and did not have an approved victim-centric approach.³⁰¹ After its site visit, the TIP Office noted their concern that PEMS-funded activities may not be what Foundation reported to the Global Fund in its progress reports.³⁰² Also, the TIP Office found Foundation staff traveled to Singapore and Malaysia to explore regional expansion of the project—the TIP Office did not approve this potential expansion due to concerns over waivers needed to fund projects in Singapore.³⁰³ Finally, the TIP Office found that the Foundation “appears to place viability of the company ahead of victim protection.”³⁰⁴

The TIP Office also identified problems regarding Villar’s activities under the Global Fund sub-grant. The Global Fund awarded Villar a \$634,960 sub-grant to develop a job-training project intended to give participants skills to make them less vulnerable to trafficking.³⁰⁵ Villar’s website states it “is a non-stock, non-profit organization [that] aims to support projects geared toward helping . . . less fortunate [Filipinos] break free from the clutches of poverty.”³⁰⁶ The organization’s mission is “committed to uplifting the quality of life of indigent Filipinos through projects that provide for their basic human needs in order to restore their dignity, enable them to function as productive members of Philippine society and be of assistance to those who are even less fortunate.”³⁰⁷ The stated mission of the organization does not mention modern slavery or human trafficking.³⁰⁸

²⁹⁸ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee); *see also Global Fund to End Modern Slavery Sub-Awards*, U.S. DEP’T OF STATE, OFF. TO MONITOR & COMBAT TRAFFICKING IN PERSONS (Jul. 19, 2021) (document on file with Committee) (noting cancellation of Villar SIPAG sub-grant).

²⁹⁹ *Migration Journeys*, FAIR EMPLOYMENT FOUNDATION, <https://www.fairreport.org/>.

³⁰⁰ *Id.*

³⁰¹ STATE-2019-07-04929.

³⁰² *Id.*

³⁰³ *Id.*

³⁰⁴ *Id.*

³⁰⁵ STATE-2019-07-04938.

³⁰⁶ *Home*, VILLAR SIPAG, <https://www.villarsipag.org/>.

³⁰⁷ *What We Do*, VILLAR SIPAG, <https://www.villarsipag.org/page?id=60&menu=4>.

³⁰⁸ *See generally id.*

A TIP Office team identified problems with Villar and its handling of U.S. funds that ultimately led them to cancel the sub-award immediately after the site visit,³⁰⁹ but not until Villar had already spent almost \$100,000 of PEMS funding on the project.³¹⁰

Prior to the sub-award, the TIP Office identified Villar as potentially problematic and required the Global Fund to verify that Villar put protections for workers and training on human rights in place.³¹¹ It was not until after a site visit, however, that the TIP Office found “the Project Director did not demonstrate any understanding of basic grant terms and conditions leading to major compliance issues and other concerns.”³¹² The Project Director was reportedly also “not aware that [the] cost-share must adhere to U.S. government foreign assistance rules and regulations, resulting in over \$1 million dollars [sic] of cost-share under the project not being monitored as a part of State Department terms and conditions.”³¹³ The TIP Office also raised concerns about Villar’s political connections, noting, “[t]he project is closely associated with the politics of the Villar family, and the PEMS team found [political] flyers inside the training vans.”³¹⁴

The TIP Office found Villar’s “Project Director expressed no understanding of human trafficking and appears to have not heard of the *Trafficking Victims Protection Act* or the *UN Palermo Protocol*,”³¹⁵ both of which are fundamental to the U.S. Government’s efforts to fight modern slavery.³¹⁶ In addition, the cooperative agreement governing Global Fund’s work prohibits the TIP Office from supporting projects that do not adhere to the *Trafficking Victims Protection Act*’s definition of human trafficking.³¹⁷ The project also lacked “safeguards required to protect TIP victims and to provide worker protections.”³¹⁸ In general, the TIP Office found violations of grant provisions, conflict with legislative intention, budget

³⁰⁹ STATE-2019-07-04927–28. Global Fund disputes this, saying, “there was ever an issue around funds or [a] financial discrepancy.” Letter from J. Alexander Thier, former CEO, Global Fund to End Mod. Slavery, to Chairman Gary Peters and Ranking Member Rob Portman, U.S. Senate Committee on Homeland Security and Governmental Affairs (Sept. 9, 2021) (on file with the Committee).

³¹⁰ GAO Report: GAO-21-53 at 19 n.23 (noting the cancellation of Villar SIPAG’s sub-award was “because the subawardee did not fully adhere to the subaward’s terms and conditions”).

³¹¹ STATE-2019-07-000881.

³¹² STATE-2019-07-04927–28.

³¹³ STATE-2019-07-04928.

³¹⁴ *Id.*

³¹⁵ *Id.*

³¹⁶ See Trafficking Victims Protection Act § 105(e), Pub. L. No. 106-386, 114 Stat. 1466 (2000) (codified as amended in scattered sections of 8, 18, and 22 U.S.C.) (establishing the TIP Office); see also *About Us – Office to Monitor and Combat Trafficking in Persons*, U.S. DEP’T OF STATE, <https://www.state.gov/about-us-office-to-monitor-and-combat-trafficking-in-persons/> (noting that TIP Office recommendations in the TIP Report “are consistent with anti-trafficking standards set out in the Palermo Protocol”).

³¹⁷ See STATE-2019-07–003894.

³¹⁸ STATE-2019-07-04928.

inconsistencies, personnel obstacles, and an overall approach that would not reduce the prevalence of modern slavery.³¹⁹

As a result of these problems, the TIP Office told the Global Fund it was canceling the sub-grant to Villar.³²⁰ Global Fund staff informed the Committee they “immediately” issued a stop-work notice to Villar and subsequently terminated the project.³²¹ Villar had to dismiss staff and cancel planned training without an opportunity to inform participants.³²² Program participants showed up to the site for trainings only to find no one there.³²³ This unexpected, immediate cancellation did not allow the Global Fund to disengage responsibly from the project and resulted in an abrupt cancellation of services to potential victims.³²⁴

Response of Global Fund. Global Fund’s executives told the Committee that the TIP Office could have avoided the abrupt cancellation of the Villar project. Although the TIP Office approved the Villar sub-grant knowing it focused primarily on labor training,³²⁵ the sudden cancellation of the project highlighted the different views of the TIP Office and the Global Fund.³²⁶ The Global Fund believed by giving individuals relevant job training and skills, it would reduce participants’ long-term vulnerability to trafficking;³²⁷ however, this is outside the TIP Office’s traditional approach to combatting modern slavery.³²⁸

Response of the TIP Office. TIP Office representatives told the Committee they found the Villar project model “interesting” during the sub-grant review.³²⁹

³¹⁹ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

³²⁰ STATE-2019-07-04921.

³²¹ Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee); *see also* Letter from J. Alexander Thier, former CEO, Global Fund to End Mod. Slavery, to Chairman Gary Peters and Ranking Member Rob Portman, U.S. Senate Committee on Homeland Security and Governmental Affairs (Sept. 9, 2021) (on file with the Committee).

³²² Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee).

³²³ *Id.*

³²⁴ *Id.*; *see* 22 U.S.C. § 7114 (c)(5) (“establish, and revise on a not less than annual basis, specific and detailed criteria for the suspension and termination, as appropriate, of projects supported by the grantee”); *see also* Letter from J. Alexander Thier, former CEO, Global Fund to End Mod. Slavery, to Chairman Gary Peters and Ranking Member Rob Portman, U.S. Senate Committee on Homeland Security and Governmental Affairs (Sept. 9, 2021) (on file with the Committee).

³²⁵ STATE-2019-07-003329.

³²⁶ Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee). *But see* Letter from J. Alexander Thier, former CEO, Global Fund to End Mod. Slavery, to Chairman Gary Peters and Ranking Member Rob Portman, U.S. Senate Committee on Homeland Security and Governmental Affairs (Sept. 9, 2021) (on file with the Committee) (disputing that the cancellation deepened the communications gap).

³²⁷ *Id.*

³²⁸ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

³²⁹ *Id.*

Despite identifying concerns during the selection process and placing pre-conditions on the sub-grant, the TIP Office decided to move ahead and was unable to identify these problems occurring until it conducted site visits.³³⁰ Ultimately, what TIP Office staff encountered at the site visit was concerning enough to merit the cancellation of the grant funds.³³¹

Vietnam. From June 4, 2019, through June 7, 2019, the TIP Office conducted site visits to Global Fund sub-grantees in Hanoi, Vietnam.³³² After the site visits, TIP Office representatives were concerned about mismanaged grant funds.³³³ Specifically, the TIP Office found concerns with sub-grantees the International Organization for Migration,³³⁴ the International Labour Organization,³³⁵ the Youth Career Initiative,³³⁶ and Blue Dragon Children’s Foundation.³³⁷ Concerning projects in Vietnam, the TIP Office determined “[the Global Fund] does not provide adequate monitoring of its sub-grantees, nor [does it have] an intimate knowledge of sub-grantee financial and administrative operations.”³³⁸ According to the TIP Office, “it appears that [the Global Fund] largely does not [review and approve] . . . [memoranda of understanding], curriculums, or trainings of the sub-grantees”³³⁹ The TIP Office did not identify these problems earlier through the bi-weekly phone calls or quarterly reviews. Instead, the TIP Office realized these problems during the site visits, more than ten months after the TIP Office approved the sub-awards.³⁴⁰

The TIP Office was concerned that sub-grantees in Vietnam concealed PEMS money under existing Vietnamese Government-funded programs. Following a site visit, the TIP Office found problems with spending by the International Organization for Migration and the International Labour Organization. Although neither

³³⁰ *Id.*

³³¹ *Id.*

³³² STATE-2019-07-04932.

³³³ *See id.*

³³⁴ The IOM is an inter-governmental organization focusing on promoting humane and orderly migration, promoting international cooperation on migration issues, providing humanitarian assistance to migrants, and developing solutions for migration challenges. *See About IOM*, INT’L ORG. FOR MIGRATION, <https://www.iom.int/about-iom>.

³³⁵ The ILO is a “tripartite” United Nations (UN) organization, meaning it consists of three groups: governments, employers, and workers in UN member countries. *See About the ILO*, INT’L LABOUR ORG., <https://www.ilo.org/global/about-the-ilo/lang--en/index.htm>.

³³⁶ YCI is a partnership program with the hotel industry in Mumbai, India designed to provide job training to human trafficking survivors. STATE-2019-07-04937.

³³⁷ The Blue Dragon Children’s Foundation is a charity that works with vulnerable children in Vietnam to rescue them from trafficking, provide legal services when necessary, reunite them with their families, and provide other necessary services, such as food and shelter. *See What Does Blue Dragon Do?*, BLUE DRAGON CHILDREN’S FOUND., <https://www.bluedragon.org/our-work/>.

³³⁸ STATE-2019-07-04932.

³³⁹ *Id.*

³⁴⁰ *See* STATE-2019-07-04932–04935.

organization was required to place U.S. branding on U.S. Government-funded materials,³⁴¹ the TIP Office “discovered that U.S. Government funding [was] being purposefully hidden by [sub-grantees] under their existing programs blessed by the Government of Vietnam.”³⁴² “Unbeknownst to [the TIP Office], [the International Organization for Migration] had merely added PEMS project activities under its existing [joint Swedish and Vietnamese] project, [and the International Labour Organization] under its existing [Australian and Canadian-funded] project[,]” rather than funding separate projects with the Global Fund sub-grant.³⁴³ In other words, the TIP Office was concerned that both the International Organization for Migration and the International Labour Organization co-mingled U.S. taxpayer dollars with funding for projects provided by foreign governments.³⁴⁴ Recognizing the seriousness of the problem, the TIP Office concluded that “[i]t is extremely difficult to imagine a successful ‘business case’ to stakeholders under the project given existing, problematic legal frameworks governing recruitment in Vietnam.”³⁴⁵

The TIP Office later described as “miscommunications” the problems discovered with the International Organization for Migration and the International Labour Organization.³⁴⁶ However, the initial confusion noted by the TIP Office further highlighted the TIP Office’s lack of visibility into the on-the-ground realities of projects funded under the PEMS grants.

Further, the TIP Office found that sub-grantees did not understand TIP Office policies, including project terms and conditions. The Global Fund awarded \$486,113 in U.S. grant funds to the Youth Career Initiative, a part of Business in the Community.³⁴⁷ Business in the Community’s website states it is a “business-led membership organization dedicated to responsible business.”³⁴⁸ This project intended to support vulnerable people and trafficking survivors by training them for employment in the hotel industry.³⁴⁹ The TIP Office, however, found that the sub-grant to Business in the Community and the Youth Career Initiative “faces [a] challenge in recruiting survivors to join and is not on track to meet its targets in providing training to survivors.”³⁵⁰ Business in the Community and the Youth Career Initiative further sub-granted part of their award to REACH, a Vietnamese non-governmental organization specializing in vocational training and job placement

³⁴¹ *Id.*

³⁴² STATE-2019-07-04933.

³⁴³ *Id.*

³⁴⁴ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

³⁴⁵ STATE-2019-07-04933.

³⁴⁶ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

³⁴⁷ STATE-2019-07-04937.

³⁴⁸ *About us*, BUSINESS IN THE COMMUNITY, <https://www.bitc.org.uk/who-we-are/>.

³⁴⁹ STATE-2019-07-04937.

³⁵⁰ STATE-2019-07-04933.

services,³⁵¹ which “creates [sic] expensive overhead [costs] . . .”; according to the TIP Office, 12 percent—\$60,000 of the \$486,113 award—goes to facilitate services for survivors in Vietnam.³⁵² The TIP Office also flagged concerns that neither organization seemed to have “any understanding of [TIP Office] project terms and conditions or of [the TIP Office’s] relationship with [the Global Fund].”³⁵³ Finally, REACH and Business in the Community signed agreements that extended past the timeframe of the award, “indicating a lack of oversight from [the Global Fund] and poor understanding of grants management.”³⁵⁴

The TIP Office failed to inspect line-item sub-grant budgets for unallowable costs during the sub-grant approval process.³⁵⁵ Then, during the site visit, the TIP Office again evaluated the \$842,114 Global Fund sub-grant to Blue Dragon Children’s Foundation.³⁵⁶ The TIP Office found the “project includes unallowable costs due to working closely with the local government to implement the project.”³⁵⁷ Specifically, Blue Dragon negotiated a five-year memorandum of understanding with the Ha Giang government, which “included alarming clauses related to Government of Vietnam management of a project ‘independent bank account’ and the Government consistently referred to as project ‘implementers,’ as well as a lack of clarity on whether PEMS funds were directly funding Government officials.”³⁵⁸ Further, the TIP Office found that “[t]he project budget includes multiple line items to fund the Government’s office supplies, cell phone bills, and to conduct trainings.”³⁵⁹

During subsequent discussions with the Committee, TIP Office personnel stated that no PEMS funding went directly to Vietnamese Government officials.³⁶⁰ However, through the sub-grant review and approval process, per the cooperative agreement, the TIP Office received line-item budgets for the proposed projects, including for the Blue Dragon project,³⁶¹ but did not raise concerns over this possible misuse of funds until the site visit.

³⁵¹ *About Reach*, REACH, <https://reach.org.vn/about-reach/>.

³⁵² STATE-2019-07-04933.

³⁵³ STATE-2019-07-04934.

³⁵⁴ *Id.*

³⁵⁵ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

³⁵⁶ *See* STATE-2019-07-000911.

³⁵⁷ STATE-2019-07-04934.

³⁵⁸ STATE-2019-07-04935.

³⁵⁹ *Id.*

³⁶⁰ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

³⁶¹ STATE-2019-07-001051.

E. After Site Visits, the TIP Office Issued a Corrective Action Plan to the Global Fund

In response to the above issues, the TIP Office instituted a corrective action plan for the Global Fund. The plan recommended the Global Fund bring oversight of their sub-grantees into compliance with TIP Office and U.S. Government requirements.³⁶² As noted above, immediately following the site visit to Villar, the TIP Office canceled the project because of “comprehensive failings that could not be corrected”; the other projects, although concerning, did not require cancellation.³⁶³ In total, the TIP Office issued ten recommendations to the Global Fund to improve its oversight over its sub-grantees in the plan.³⁶⁴ The TIP Office informed the Committee that, to date, the Global Fund has largely complied with the plan, completing most actions by July 2020,³⁶⁵ with all other issues “appropriately” resolved.³⁶⁶ Additionally, Global Fund executives told the Committee that it continues to hire staff to handle ongoing U.S. grants and is committed to ensuring trainings requested by the TIP Office are completed.³⁶⁷

V. THE TIP OFFICE AWARDED ADDITIONAL FUNDS TO THE GLOBAL FUND

A. The TIP Office Failed to understand how the Global Fund would Manage U.S. Grant Funds

The TIP Office failed to understand the implications of the Global Fund’s intention to co-mingle U.S. grant funds, creating a pooled fund to make sub-grants. The original intent of the Global Fund, Global Fund executives told the Committee, was to create a global pooled fund that its board could use as it saw fit to address

³⁶² STATE-2019-07-04922.

³⁶³ STATE-2019-07-04920–21; *see also* Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

(The TIP Office informed the Committee it does not have internal policy guidance concerning what triggers “cancellation” versus “corrective actions”).

³⁶⁴ STATE-2019-07-04922–25.

³⁶⁵ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

³⁶⁶ *HSGAC Follow Up Questions – Global Fund*, OFF. TO MONITOR & COMBAT TRAFFICKING IN PERSONS (Jul. 19, 2021) (document on file with Committee).

³⁶⁷ Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee).

modern slavery.³⁶⁸ The TIP Office was aware of the Global Fund’s intentions.³⁶⁹ Global Fund executives expressed to the Committee the initial cooperative agreement with the TIP Office was a “heavier lift” than the TIP Office conveyed.³⁷⁰ In receiving the PEMS grant, the Global Fund assumed it would have more flexibility on decision-making regarding U.S. grant funds.³⁷¹

Global Fund executives told the Committee that it built the organization in line with the approved PEMS grant proposal, which defined more flexibility in decision-making consist with their proposed “Theory of Change.”³⁷² The Global Fund

Global Fund executives found the requirement for the TIP Ambassador to serve on their board atypical.

staff explained to the Committee that they believed the “substantial involvement” section of the cooperative agreement with the TIP Office runs contrary to the idea of the Global Fund organization.³⁷³ Additionally, the Global Fund agreed with the inclusion of the TIP Ambassador as a non-voting member of the Board; however, the U.S. requirement to include a government representative was not a requirement by other governments who donated to the Global Fund. In particular, Global Fund executives found the requirement for the TIP Ambassador to serve on their board atypical.³⁷⁴ As noted above, TIP Office officials told GAO auditors that TIP Office representation on the board was “appropriate . . . given the \$46 million in funding awarded to [the Global Fund].”³⁷⁵ However, the Committee found that, similar to

³⁶⁸ Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee); *see also* Letter from J. Alexander Thier, former CEO, Global Fund to End Mod. Slavery, to Chairman Gary Peters and Ranking Member Rob Portman, U.S. Senate Committee on Homeland Security and Governmental Affairs (Sept. 9, 2021) (on file with the Committee) (noting that Global Fund used “evidence-based practices” to address modern slavery).

³⁶⁹ *See* STATE-2019-07-004173 (describing “global collective action and resourcing coordinated through a single, harmonized funding mechanism that can overcome the limitations of more fragmented and discrete efforts”).

³⁷⁰ Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee).

³⁷¹ *Id.*

³⁷² *Id.*; Letter from J. Alexander Thier, former CEO, Global Fund to End Mod. Slavery, to Chairman Gary Peters and Ranking Member Rob Portman, U.S. Senate Committee on Homeland Security and Governmental Affairs (Sept. 9, 2021) (on file with the Committee).

³⁷³ *Id.* In subsequent input to the Committee, Global Fund staff disagreed with this characterization, saying there was no issue with the TIP Ambassador being a non-voting member of the Global Fund board, and that the technical review panel was the appropriate forum for the TIP Office to weigh in on projects. Email from the Global Fund to End Mod. Slavery to Committee staff (Sept. 9, 2021) (on file with the Committee).

³⁷⁴ *Id.* Technical Review Panel Members are subject to the same *Conflict of Interest Policy* that applies to Global Fund Board members. *See* STATE-2019-07-000860.

³⁷⁵ GAO Report: GAO-21-53 23 n.40.

concerns from foreign contributors to the Global Fund,³⁷⁶ TIP Office representation on the board represented a conflict of interest that would hinder future oversight efforts. Following the Committee’s investigation into this matter, the TIP Ambassador no longer serves on the Global Fund board.³⁷⁷

B. The TIP Office Failed to Recognize the Need for a Different Approach to Oversee PEMS Grants

The TIP Office explained to the Committee “nothing about PEMS grants [was] normal.”³⁷⁸ TIP Office officials identified the unique aspects of PEMS grants, including the size of the grant and number of sub-grantees requiring oversight.³⁷⁹ However, it continued to use standard grant procedures—focused on administration and oversight of the prime grantee, the Global Fund—when administering PEMS funding, and did not focus on the unique requirements of PEMS until after awarding PEMS 2 funding.³⁸⁰

The TIP Office also inconsistently evaluated sub-grantee application materials. TIP Office representatives told the Committee they approved some “almost final but not quite final” sub-award budgets because they were eager to move forward to meet the award timelines.³⁸¹ As a result, the TIP Office approved sub-grantee projects not thoroughly vetted,³⁸² wasting U.S. taxpayer dollars on programs that did not deliver the intended results.³⁸³

Further, the TIP Office failed to staff the projects adequately to meet the unique requirements of PEMS grants. For example, when the TIP Office awarded PEMS 1 funding in September 2017, only one TIP Office staff member was dedicated to PEMS oversight—a second did not join until 2018.³⁸⁴ TIP Office representatives told the Committee that since they clear all sub-grant awards for PEMS, oversight was difficult with only two dedicated staff members.³⁸⁵ The TIP Office subsequently staffed up to five individuals dedicated to the PEMS program, but not until after

³⁷⁶ See Interview with Glob.l Fund staff (Nov. 25, 2019) (notes on file with the Committee).

³⁷⁷ According to the TIP Office, the TIP Ambassador no longer sits on the Global Fund’s board. Email from TIP Office to Committee staff (Sept. 9, 2021) (on file with Committee staff).

³⁷⁸ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

³⁷⁹ *Id.*

³⁸⁰ *Id.*

³⁸¹ *Id.*

³⁸² See STATE-2019-07-04927–04928 (noting that a sub-grant program included foreign military personnel receiving training “without having undergone Leahy vetting”).

³⁸³ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

³⁸⁴ *Id.*

³⁸⁵ *Id.*

awarding the first two tranches of funding.³⁸⁶ At present, the TIP Office has seven staff members dedicated to PEMS work.³⁸⁷

C. The TIP Office Awarded Additional Funds to the Global Fund without Assessing Results from Previous Grants

Despite the Global Fund being a new and unproven organization, the TIP Office awarded the second tranche of \$21 million to the Global Fund before it obligated the first \$25 million in grant funding or developed a successful track record of managing Federal funds.³⁸⁸

Additionally, the TIP Office did not make future funding to a grantee under PEMS contingent on its success in executing a prior Federal award.³⁸⁹ The *Foreign Aid Transparency and Accountability Act of 2016* defines the proper evaluation of foreign assistance programs as “the systematic collection and analysis of information about the characteristics and outcomes of the program” for the purpose of “improving program effectiveness” and “informing decisions about current and future programming.”³⁹⁰ The TIP Office, however, did not make the PEMS 2 award to the Global Fund contingent on its success under PEMS 1.³⁹¹ The TIP Office’s lack of systematic evaluation of the Global Fund’s prior performance³⁹² handicapped its ability to make an informed and reasonable decision to award subsequent PEMS funding.

Recent changes in TIP Office grant award policy. Since the Committee’s initial inquiry into the PEMS grant award process, the TIP Office has made a number of changes to the grant award processes. These changes, according to the TIP Office, incorporate lessons learned from work with the Global Fund on PEMS 1 and 2, and make updates to the notice of funding opportunity statement.³⁹³ The TIP Office highlighted six changes to Committee staff: 1) requiring applicants to focus on specific countries for anti-trafficking work instead of a global effort; 2) requiring applicants to identify research partners to measure prevalence and “experimental

³⁸⁶ *Id.* (noting the ultimate staffing goal is seven individuals dedicated to the PEMS program).

³⁸⁷ Email from U.S. Dep’t of State to Committee staff (Jul. 21, 2021) (on file with Committee).

³⁸⁸ See Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Department of State (Apr. 3, 2019) (notes on file with the Committee).

³⁸⁹ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

³⁹⁰ Foreign Aid Transparency and Accountability Act of 2016 § 2(2), Pub. L. No. 114-191, 130 Stat 666 (2016) (codified at 22 U.S.C. 2394).

³⁹¹ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

³⁹² See *id.* (noting no standardized site visit procedures and that despite the unprecedented funding amounts, PEMS was treated the same as lower dollar amount programs).

³⁹³ HSGAC Follow Up Questions – Global Fund, OFF. TO MONITOR & COMBAT TRAFFICKING IN PERSONS (Jul. 19, 2021) (on file with the Committee).

methodology to assess the effectiveness of programmatic efforts”; 3) allowing, but not requiring, prime applicants to sub-grant to other entities; 4) allowing primes to take part in direct programming; 5) allowing public international organizations to apply; and 6) allowing applicants to apply for select TIP Office lines of effort they wish to leverage, versus the entirety of the mission.³⁹⁴ Moving forward, the TIP Office told the Committee, improving program design and oversight would be an iterative process informed by after-action reviews of past work.³⁹⁵

D. PEMS 3

The Global Fund did not receive any PEMS 3 funding.³⁹⁶ The TIP Office announced the award of PEMS 3 funding on October 1, 2019 allocated in the following amounts: (1) \$15.75 million to the University of Georgia, (2) \$7 million to the Freedom Fund,³⁹⁷ and (3) \$2.25 million to EnCompass LLC to evaluate independently the Global Fund’s performance under the first PEMS award.³⁹⁸

The TIP Office offered the Global Fund a substantially lower amount of PEMS 3 funding than the Global Fund requested for activities it did not originally propose.³⁹⁹ The Global Fund declined the lower amount.⁴⁰⁰ As discussed further below, the TIP Office communicated to the Committee several challenges with the Global Fund, particularly under the PEMS 1 grant.⁴⁰¹ These included the Global Fund’s rate of spending, quality control of sub-grantees, and the methods the Global Fund used in studies measuring the prevalence of modern slavery.⁴⁰² While the TIP Office considered these issues when deciding PEMS 3 funding allocations, TIP Office representatives told the Committee the Global Fund’s proposal for PEMS 3 did not meet the grant’s requirements “as strongly” as other proposals.⁴⁰³ In 2021, the TIP Office awarded the Global Fund an additional \$5 million for work in anti-trafficking

³⁹⁴ *Id.*

³⁹⁵ *Id.*

³⁹⁶ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Dec. 2, 2020) (notes on file with the Committee).

³⁹⁷ Press Release, U.S. Dep’t of State, The Office to Monitor and Combat Trafficking in Persons Announces Recipients of 2019 Program to End Modern Slavery Awards (Oct. 1, 2019), <https://2017-2021.state.gov/the-office-to-monitor-and-combat-trafficking-in-persons-announces-recipients-of-2019-program-to-end-modern-slavery-awards/index.html>.

³⁹⁸ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

³⁹⁹ Interview with Glob. Fund staff (Nov. 25, 2019) (notes on file with the Committee).

⁴⁰⁰ *Id.*

⁴⁰¹ Briefing with Off. to Monitor & Combat Trafficking in Persons, U.S. Dep’t of State (Sept. 18, 2020) (notes on file with the Committee).

⁴⁰² *Id.*

⁴⁰³ *Id.* See also Email from U.S. Dep’t of State to Committee staff (Oct. 22, 2020).

“Research and Implementation” in Brazil.⁴⁰⁴ The Committee did not review the 2021 award.

The TIP Office continues to struggle to understand how to measure the prevalence of human trafficking. The TIP Office has sought to address these challenges through its recent PEMS grants. Between both PEMS 3 and PEMS 4 funding, the TIP Office awarded the University of Georgia almost \$20 million to research and develop new methods to measure the prevalence of modern slavery.⁴⁰⁵ At a May 2020 forum presented by the TIP Office and University of Georgia-based African Programming and Research Initiative to End Slavery (APRIES), TIP Ambassador John Richmond noted, “research of this scope and style, with this level of both coordination and specificity has never before been completed in the international human trafficking prevalence field.”⁴⁰⁶ Thus far, research by the University of Georgia has identified six shared definitions of human trafficking core indicators, for example, child flow in sex trafficking; adult forced labor in sex trafficking; and child flow in forced labor.⁴⁰⁷ These shared definitions, according to a July 2020 APRIES report, are intended to improve the ability of researchers and organizations to measure the prevalence of human trafficking, aiding in program evaluation.⁴⁰⁸

VI. RESPONSES FROM STATE DEPARTMENT AND GLOBAL FUND

In advance of publication of this report, Global Fund and the State Department had an opportunity to review excerpts of an earlier version of this report and provide a written response. The State Department, in their response to the Committee, disagreed with “assumptions and noted criticism in the report that the TIP Office had a responsibility to vet, conduct site visits, and ensure sub-grantees were able to comply with all U.S. rules and regulations.”⁴⁰⁹ According to the State Department, “Consistent with 2 CFR 200, the [State Department only] monitors the prime recipient of the award, reviews how much of the prime grant will be carried out by subrecipients or subcontracts, whether the prime grantee has appropriate

⁴⁰⁴ *All PEMS Funding FY16–FY21*, OFF. TO MONITOR & COMBAT TRAFFICKING IN PERSONS (Mar. 10, 2022) (document on file with Committee).

⁴⁰⁵ See *TIP Office Active Projects During Fiscal Year 2019 and Fiscal Year 2020*, U.S. DEP’T OF STATE, OFF. TO MONITOR & COMBAT TRAFFICKING IN PERSONS (Jul. 19, 2021) (document on file with the Committee).

⁴⁰⁶ James Hataway, *UGA to host human trafficking conference*, UGA TODAY (May 18, 2020) <https://news.uga.edu/uga-conference-human-trafficking/>.

⁴⁰⁷ See U. of Georgia African Programming and Res. Initiative to End Slavery & The U.S. Dep’t of State Off. to Monitor & Combat Trafficking in Persons, *Human trafficking statistical definitions: Prevalence Reduction Innovation Forum* (Jul. 2020) (document on file with Committee).

⁴⁰⁸ U. of Georgia African Programming and Res. Initiative to End Slavery & The U.S. Dep’t of State Off. to Monitor & Combat Trafficking in Persons, *Human trafficking statistical definitions: Prevalence Reduction Innovation Forum 4* (Jul. 2020) (document on file with Committee).

⁴⁰⁹ Email from U.S. Dep’t of State to Committee staff (Sept. 21, 2021).

procedures to manage subrecipients and subcontracts, and how payments will be issued.”⁴¹⁰ While recognizing State Department’s limited requirements under 2 CFR 200, the Committee does not recognize the regulation as preventing the Department from exercising effective oversight of a prime grantee that awards U.S. taxpayer dollars, including to subgrantees.

In its response, Global Fund did not dispute the accuracy of the report’s findings. Nonetheless, former Global Fund CEO J. Alexander Thier noted that the Fund believes investments from PEMS 1 and PEMS 2 funds “are having considerable impact in the fight against modern slavery, and that these investments represent considerable value for money for the State Department, the Congress, and U.S. taxpayers.”⁴¹¹ The response adds that the Global Fund “is further fulfilling its mandate by leveraging U.S. public investment with funding from a number of other governments, philanthropies, and private sector companies.”⁴¹²

Global Fund also expressed concern that this review did not discuss improvements the Fund stated it has made over the past two years as well as recent changes to the Fund’s strategy and operations, stating,

[T]his report—drawing on a previous moment in time—would . . . omit[] the very significant progress that has been made over the last two years, creating an incomplete and potentially misleading narrative. The current relationship between the TIP Office and GFEMS is very strong and collaborative, with regular and robust engagement that furthers GFEMS’ [Global Fund to End Modern Slavery] stewardship of federal funds. Independent reviews have documented the success of GFEMS’ programs.⁴¹³

In referring to other positive independent reviews, it is unclear if, at the time of Global Fund’s review of this report, the Global Fund had access to the independent review by EnCompass, which identified issues with the effectiveness of several subgrants.⁴¹⁴

VII. CONCLUSION

The lack of due diligence both the TIP Office and the Global Fund conducted on \$46 million of U.S. taxpayer dollars intended to fight modern slavery is

⁴¹⁰ *Id.*

⁴¹¹ Letter from J. Alexander Thier, former CEO, Global Fund to End Mod. Slavery, to Chairman Gary Peters and Ranking Member Rob Portman, U.S. Senate Committee on Homeland Security and Governmental Affairs (Sept. 9, 2021) (on file with the Committee).

⁴¹² *Id.*

⁴¹³ *Id.*

⁴¹⁴ *See* Part III, B, *supra*.

concerning. Oversight and programmatic failures led to poor management of U.S. taxpayer dollars and a lack of support and services for the intended recipients: victims of modern slavery.

While the TIP Office did identify and take actions to rectify concerns regarding the sub-grants awarded by the Global Fund, it failed to identify these problems during program development and provided additional funding without evaluating prior performance. Though oversight of modern slavery grant programs remains challenging, Congress should require clear metrics from the State Department for success in administering future U.S. grant funds.

Human trafficking is a horrific, yet globally pervasive crime. The victims of human trafficking need our help, making it even more important that the Federal Government closely monitor the resources allocated to address this tragedy.