

# Mitigating Modern Slavery and Human Trafficking Risks in the MENA Region: The Role of Financial Intelligence Units

Nadine Kambriss



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## Acronyms

<b>AML</b>	Anti-money laundering	<b>ML</b>	Money laundering
<b>AML/CFT</b>	Anti-money laundering and counter-terrorist financing	<b>MENA</b>	Middle East and North Africa
<b>APG</b>	The Asia/Pacific Group on Money Laundering	<b>MENAFATF</b>	The Middle East and North Africa Financial Action Task Force
<b>CFT</b>	Countering/combating the financing of terrorism	<b>MNO</b>	Le mécanisme national d'orientation (des victimes de traite des personnes) (In English: National Referral Mechanism)
<b>CTED</b>	United Nations Counter-Terrorism Committee Executive Directorate	<b>MS/HT</b>	Modern slavery and human trafficking
<b>ESG</b>	Environmental, Social, and Governance	<b>OHCHR</b>	United Nations Human Rights Office of the High Commissioner
<b>FATF</b>	The Financial Action Task Force	<b>SARs</b>	Suspicious Activity Reports
<b>FL/HT</b>	Forced labour and human trafficking	<b>SDGs</b>	Sustainable Development Goals
<b>ICT</b>	Information and communications technologies	<b>STRs</b>	Suspicious Transaction Reports
<b>IFF</b>	Illicit Financial Flows	<b>TF</b>	Terrorist financing
<b>ILO</b>	International Labour Organization	<b>TIP</b>	Trafficking in persons
<b>INLTP</b>	Instance Nationale de Lutte contre la Traite des Personnes	<b>UN</b>	United Nations
<b>ISIL</b>	Islamic State of Iraq and the Levant (Da'esh)	<b>UNICEF</b>	United Nations Children's Fund
<b>INTERPOL</b>	The International Criminal Police Organization	<b>UNODC</b>	United Nations Office on Drugs and Crime
<b>IOM</b>	International Organization for Migration	<b>UNSCR</b>	United Nations Security Council Resolution
		<b>UPR</b>	Universal Periodic Review

# Methodology

This Handbook provides a deep-dive reflection into the modern slavery and human trafficking (MS/HT) reality in the MENA region, namely the following Member States of the Middle East and North Africa Financial Action Task Force (MENAFATF):

1. Arab Republic of Egypt (Egypt)
2. Federal Republic of Somalia (Somalia)
3. Hashemite Kingdom of Jordan (Jordan)
4. Kingdom of Bahrain (Bahrain)
5. Kingdom of Morocco (Morocco)
6. Kingdom of Saudi Arabia (Saudi Arabia)
7. People's Democratic Republic of Algeria (Algeria)
8. Republic of Djibouti (Djibouti)
9. Republic of Iraq (Iraq)
10. Republic of Sudan (Sudan)
11. Republic of Tunisia (Tunisia)
12. Republic of Yemen (Yemen)
13. State of Kuwait (Kuwait)
14. State of Libya (Libya)
15. State of Palestine
16. State of Qatar (Qatar)
17. Sultanate of Oman (Oman)
18. Syrian Arab Republic
19. The Islamic Republic of Mauritania (Mauritania)
20. The Lebanese Republic (Lebanon)
21. United Arab Emirates

This Handbook provides information on some of the above-mentioned countries whenever factors multiplying MS/HT risks exist, such as a crisis, conflict, and irregular migration.<sup>2</sup> Typical MS/HT transit countries are also emphasized, given the fact that more people are exploited in unstable and

challenging circumstances. Furthermore, relevant data relating to certain forms of MS/HT are provided for all MENAFATF Member States. Consequently, the Handbook offers a regional overview with some country-specific highlights of the MS/HT landscape. The Handbook was finalized based on data gathered from desk research and consultation of different UN publications and official websites, in addition to other sources provided by international agencies and local public authorities.

## Objectives:

- To define the most relevant MS/HT risks in the MENA region;
- To explain why it is crucial to tackle modern slavery and how Financial Intelligence Units (FIUs) in the MENA region can play a more prominent role in this fight;
- To describe how FIUs in the MENA region can better contribute to understanding modern slavery risks in the region;
- To share tools for FIUs in the MENA region to better generate and analyse financial intelligence relating to modern slavery;
- To emphasize the importance of collaboration with relevant stakeholders on national and international levels.

## Target audiences:

- FIUs;
- Law enforcement;
- Judiciary;
- Academia.

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1 “The MENAFATF is voluntary and cooperative in nature and independent from any other international body or organization; it was established by agreement between the governments of its members and is not based on an international treaty. It sets its own work, regulations, rules, and procedures, and cooperates with other international bodies, notably the FATF, to achieve its objective.” See: <https://www.menafatf.org/about>. The different MENAFATF Member States are listed in alphabetical order.

2 “Irregular migration” is referred to in FATF, *Financial Flows from Human Trafficking* (Paris: FATF, 2018) and “is meant to denote the movement of people precipitated by events or conditions such as war or drought.” Accessible at: [www.fatf-gafi.org/publications/methodandtrends/documents/human-trafficking.html](http://www.fatf-gafi.org/publications/methodandtrends/documents/human-trafficking.html).

# The Criminological Reality of Modern Slavery and Human Trafficking and Related Financial Transactions

Modern slavery is considered one of the most lucrative activities of international organized crime, and certainly one of those with the highest human cost.<sup>3</sup> While largely hidden for a considerable time, there is now a greater comprehension of the scope and seriousness of modern slavery among key stakeholders such as international organizations, public authorities, and members of the financial industry. Simple scenarios of domestic trafficking and exploitation of labour through human trafficking are further explored in literature, where data collection and

statistics unveil root causes and trafficking corridors. However, mere comprehension and recognition of the problem and its magnitude are insufficient; concerted efforts of different key actors are required to combat it.

The following section maps modern slavery and human trafficking (MS/HT), which, for the sake of the present Handbook, are referenced jointly. Nonetheless, nuances will arise while delving into MS/HT definitions and exploring its framework and different connected crimes.

## Mapping Modern Slavery and Human Trafficking

Prior to discussing the practical aspects of MS/HT, it is necessary to comprehend the concept itself. Therefore, a grasp of key definitions and characteristics pertaining to the concept is important. Furthermore, mapping the interconnections between MS/HT and other related crimes is crucial for its understanding.

### Central Definitions

**Modern Slavery**<sup>4</sup> (MS) is an umbrella term covering “various exploitative and abusive practices (including human trafficking),”<sup>5</sup> such as forced labour, debt bondage, sexual exploitation, hazardous or worst forms of child labour, child sexual exploitation and abuse, and forced marriage.<sup>6</sup>

**Human Trafficking** (HT) is defined in Article 3 subparagraph (a) of the UN Protocol to *Prevent, Suppress and Punish*

*Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime*, also known as the Palermo Protocol,<sup>7</sup> as “the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum, the exploitation or the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs.”<sup>8</sup>

Article 3 of the United Nations Trafficking in Persons protocol also includes a subparagraph on child exploitation,

3 Frank Haberstroh and Simon Zaugg, *Detecting Financial Flows of Modern Slavery and Human Trafficking: A Guide to Automated Transaction Monitoring* (New York: United Nations University, 2023). Accessible at: [https://collections.unu.edu/eserv/UNU:9113/Indicators\\_Guide\\_Final.pdf](https://collections.unu.edu/eserv/UNU:9113/Indicators_Guide_Final.pdf).

4 The definition provided by the *Global Estimates of Modern Slavery: Forced Labour, and Forced Marriage* (Geneva: ILO, Walk Free and IOM, September 2022), is as follows: “Modern slavery covers a set of specific legal concepts, including forced labour, concepts linked to forced labour (i.e., debt bondage, slavery and slavery like practices, and human trafficking), and forced marriage. Although modern slavery is not defined in law, it is used as an umbrella term that focuses attention on commonalities across these legal concepts. Essentially, it refers to situations of exploitation that a person cannot refuse or leave because of threats, violence, coercion, deception, and/or abuse of power. Modern slavery, as defined for the purpose of the global estimates, is comprised of two principal components – forced labour and forced marriage. Both refer to situations of exploitation that a person cannot refuse or cannot leave because of threats, violence, deception, abuse of power, or other forms of coercion.”

5 International Organization for Migration (IOM) and United Nations Office on Drugs and Crime (UNODC), *International Classification Standard for Administrative Data on Trafficking in Persons (ICS-TIP)* (Geneva: IOM, 2023). Accessible at: [https://www.unodc.org/documents/data-and-analysis/tip/2023/ICS-TIP\\_2023-v4.pdf](https://www.unodc.org/documents/data-and-analysis/tip/2023/ICS-TIP_2023-v4.pdf).

6 United States Department of State, Office to Monitor and Combat Trafficking in Persons, *Trafficking in Persons Report* (Washington, DC: United States Department of State, 2023). Accessible at: <https://www.state.gov/reports/2023-trafficking-in-persons-report/>.

7 The Protocol to Prevent, Suppress and Punish Trafficking in Persons, especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime. This protocol entered into force on 25 December 2003. It is the first global legally-binding instrument with an agreed definition on trafficking in persons. See: <https://www.unodc.org/unodc/en/organized-crime/intro/UNTOC.html>.

8 Ibid.

as follows: “(c) The recruitment, transportation, transfer, harbouring or receipt of a child for the purpose of exploitation shall be considered “trafficking in persons” even if this does not involve any of the means set forth in subparagraph (a) of this article.

The same article provides a definition of child, as follows: “(d) “Child” shall mean any person under eighteen years of age.”

There are four main categories of actors, that can overlap, which are usually involved in human trafficking:<sup>9</sup>

- The victim;
- The recruiter;
- The exploiter;
- The customer.

Other actors may also be potentially involved.

**Forced Labour** is defined by article 2 of the Forced Labour Convention, 1930 (No.29),<sup>10</sup> as “all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.”

Based on the above-mentioned definition, forced labour<sup>11</sup> is independent of the work type or sector. The determining factor is whether the task was forced onto an individual via coercion. For a job to be classified as forced labour, it is necessary to have both the absence of voluntary and well-informed agreement, as well as the presence of coercion.

**Sexual Exploitation** is defined by the United Nations in connection with its internal policies as: “any actual or attempted abuse of a position of vulnerability, differential power, or trust, for sexual purposes, including, but not limited to, profiting monetarily, socially or politically from the sexual exploitation of another.”<sup>12</sup> Another example is the definition provided by the Model Law of the UN Office on Drugs and Crime (UNODC), as follows: “The obtaining of financial or other benefits through the involvement of another person in prostitution, sexual servitude or other kinds of sexual services, including pornographic acts or the production of pornographic materials.”<sup>13</sup>

**Trafficking in Human Organs** is a crime included in the definition of human trafficking provided by both the Palermo Protocol and the Council of Europe Convention on action against trafficking in human beings.<sup>14</sup> Although, there is no universal definition of trafficking in human organs.<sup>15</sup>

Trafficking in human organs and human trafficking for organ removal purposes, which constitute distinct offences, are sometimes used in literature interchangeably.<sup>16</sup> Confusing these two crimes might impede attempts to address both issues and to offer complete support to victims.<sup>17</sup>

**Forced Marriage** is defined by the United Nations Human Rights Office of the High Commissioner (OHCHR) as “a marriage in which one and/or both parties have not personally expressed their full and free consent to the union.”<sup>18</sup>

9 UNODC, IOM and GloACT, *Illicit Financial Flows Associated with Smuggling of Migrants and Trafficking in Persons From GLO.ACT Partner Countries to Europe* (United Nations, 2023). Accessible at: [https://www.unodc.org/documents/human-trafficking/2023/New\\_publications/GLOACT\\_Study\\_on\\_Illicit\\_Financial\\_Flows\\_-\\_E-Version.pdf](https://www.unodc.org/documents/human-trafficking/2023/New_publications/GLOACT_Study_on_Illicit_Financial_Flows_-_E-Version.pdf).

10 ILO, Forced Labour Convention, 1930 (No. 29). Accessible at: [https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:C029](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C029).

11 ILO, Walk Free and IOM, *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage*.

12 Secretary-General’s Bulletin, *Special Measures for protection from sexual exploitation and abuse*, UN Doc. ST/SGB/2003/13, 9 October 2003, Section 1.

13 UNODC, *Model Legislative Provisions Against Trafficking in Persons* (Vienna: UNODC, 2020).

14 Council of Europe, “Convention on Action Against Trafficking in Human Beings – Impact of the European Convention on Human Rights,” 16 May 2005, <https://www.coe.int/en/web/conventions/full-list?module=treaty-detail&treatyid=197>.

15 UNODC, *Trafficking in Persons for the Purpose of Organ Removal* (Vienna: UNODC, 2015).

16 The crime is with the organ itself, but in the context of human trafficking for organ removal, the crime centres around the individual being trafficked. The origins of organ trafficking may be rooted in situations of human trafficking for organ removal. However, organ trafficking often takes place independently of human trafficking situations. See: UNODC, *Trafficking in Persons for the Purpose of Organ Removal*.

17 Ibid.

18 “Child and Forced Marriage, Including in Humanitarian Settings,” OHCHR, last accessed on 2 February 2024, <https://www.ohchr.org/en/women/child-and-forced-marriage-including-humanitarian-settings>.



**Hazardous Child Labour/Worst Forms of Child labour** are framed by three central international conventions:<sup>19</sup>

- The International Labour Organization (ILO) Convention No. 138 concerning minimum age for admission to employment and Recommendation No. 146 (1973);<sup>20</sup>
- ILO Convention No. 182 concerning the prohibition and immediate action for the elimination of the worst forms of child labour and Recommendation No. 190 (1999);<sup>21</sup>
- The United Nations Convention on the Rights of the Child (1989).<sup>22</sup>

As stated by the *Global Estimates of Modern Slavery and Forced Labour* report,<sup>23</sup> the term “child labour” is often defined as work that deprives children of their childhood, their potential, and their dignity, and that is harmful to physical and mental development.

It refers to work that:

- Poses a significant risk to the mental, physical, social, or moral well-being of children; and/or:
- Disrupts their education by preventing them from going to school, forcing them to drop out early, or expecting them to juggle school and highly demanding employment.<sup>24</sup>

**Child Sexual Exploitation and Abuse** is identified by The UN Convention on the Rights of the Child, article 34, as follows, noting that different international instruments share the same understanding:<sup>25</sup>

- “(a) The inducement or coercion of a child to engage in any unlawful sexual activity;
- (b) The exploitative use of children in prostitution or other unlawful sexual practices;
- (c) The exploitative use of children in pornographic performances and materials.”

### **National Support Responses: Highlights from the United Arab Emirates<sup>26</sup>**

Member States of the MENAFATF adopted MS/HT legal and regulatory frameworks, reflective of the international standards set by the Palermo protocol, as well as their local specific context. Differences therefore exist among countries; some of them are more advanced on different levels, especially with regard to the effectiveness of their legal and regulatory framework. The following example from the United Arab Emirates (UAE) sheds light on MS/HT victims’ protection, as a good practice in the MENA region.

Federal Law No. 51 of 2006, as modified by Federal Law No. 1 of 2015, marked the beginning of the UAE’s formal steps to combat human trafficking on a local level and to strengthen its contribution to worldwide efforts aiming to eradicate human trafficking. Under the law, exploitation linked to human trafficking comprises all forms of sexual exploitation, and engaging others in prostitution, servitude, forced labour, trafficking in human organs, enslavement, and forced begging. Furthermore, the legislation enables the punishment of any individual who is knowledgeable about a human trafficking offense but fails to disclose it. The country has embedded a victim protection framework in its anti-trafficking laws. It has also established shelters for victims and provided medical care, psychological support, and legal assistance.

19 “Child labour,” UNICEF, last accessed on 26 February 2024, <https://data.unicef.org/topic/child-protection/child-labour/#:~:text=The%20issue%20of%20child%20labour%20is%20guided%20by,Nations%20Convention%20on%20the%20Rights%20of%20the%20Child>.

20 Convention No. 138 concerning minimum age for admission to employment and Recommendation No. 146, The International Labour Organization (ILO). Accessible at: [https://normlex.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:C138](https://normlex.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C138).

21 Convention No. 182 concerning the prohibition and immediate action for the elimination of the worst forms of child labour and Recommendation No. 190, ILO. Accessible at: [https://normlex.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:C182](https://normlex.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C182).

22 OHCHR, Convention on the Rights of the Child: <https://www.ohchr.org/en/instruments-mechanisms/instruments/convention-rights-child>.

23 ILO, Walk Free and IOM, *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage*.

24 ILO, Walk Free and IOM, *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage*.

25 Peter Newell, *Legal Frameworks for Combating Sexual Exploitation of Children* (UNICEF, 2008). Accessible at: <https://www.unicef-irc.org/files/documents/d-3743-Legal-frameworks-for-comb.pdf>.

26 “Combatting Human Trafficking,” *Government of the United Arab Emirates*, last accessed on 26 February 2024, <https://u.ae/en/about-the-uae/human-rights-in-the-uae/combating-human-trafficking>.

**The Abu Dhabi Refuge and Humanitarian Care Centre**, an affiliate of the Department of Community Development, oversees care, secure refuge, and health and psychological treatment to victims of human trafficking and all types of abuse, including domestic violence. In collaboration with appropriate authorities, the Centre's tasks include producing awareness programmes to combat human trafficking and all forms of abuse. Furthermore, there are various social assistance centres overseen by Abu Dhabi Police that care for victims of human trafficking. They provide essential coordination and collaboration with numerous important institutions.

**The Dubai Foundation for Women and Children** is the UAE's first certified non-profit refuge for women and children who have experienced domestic violence, abuse, or human trafficking. It was founded in July 2007 to provide victims with instant protection. There is also the General Directorate for Human Rights Protection, which operates under the supervision of Dubai Police and provides psychological, social, and legal help to victims of human trafficking.

In Sharjah, **the Women's Protection Centre of the Social Services Department of the Government of Sharjah (SSSD)** has established a toll-free number to offer social, psychological, and legal counseling, as well as solutions to household concerns by legal, social, and psychological professionals. SSSD also offers family consultations via its website.

## Combating Modern Slavery and Human Trafficking Framework

Modern slavery and human trafficking are serious violations of human rights. To effectively address MS/HT, a robust framework should encompass different key elements, including preventive measures, such as raising awareness and training, as well as detection, investigation, and prosecution mechanisms to condemn perpetrators and compensate victims. The following developments focus on severe violations of human rights and highlight the importance of combating and eliminating MS/HT as a global target included in the Sustainable Development Goals (SDGs). Considerations of environmental, social, and governance (ESG) sanctions regimes are emphasized as effective tools for combatting MS/HT.

### Modern Slavery and Human Trafficking as Serious Violations of Human Rights<sup>27</sup>

Article 4 of the Universal Declaration of Human Rights states: "No one shall be held in slavery or servitude; slavery and the slave trade shall be prohibited in all their forms." Unquestionably, MS/HT is a serious breach of human rights, which manifests in various forms and occurs at different phases of a victims' exploitation:

- MS/HT deprives victims of their fundamental right to freedom and autonomy;
- MS/HT deprives target children of their right to an education and to a family life;

- MS/HT often involves physical and psychological abuse, compromising the right to safety and security;
- Victims are often treated as commodities, bought and sold, which is a severe affront to their dignity;
- Many victims are targeted because of their perceived vulnerability and social exclusion, relating to, for instance, their gender, age, poverty, or immigration status, which contradicts the principle of equality and non-discrimination;
- Victims frequently lack access to justice;
- Victims often suffer from various health conditions due to inadequate living standards and physical abuse and neglect, violating their right to health;
- The right to just and favourable conditions of work is denied to victims of MS/HT.

In 1993, the World Conference on Human Rights, held in Vienna, recommended utilizing markers for measuring advancements in human rights. To this end, OHCHR created a set of indicators to meet the need for developing and using suitable statistical indicators to advance human rights.

The initiative was based on the values of universality, impartiality, objectivity, and collaboration to enhance the ability of Member States to fulfill their human rights duties. Human rights indicators encompass measuring human trafficking and other forms of modern slavery.

<sup>27</sup> "About Trafficking in Persons and Human Rights," OHCHR, last accessed on 26 February 2024, <https://www.ohchr.org/en/trafficking-in-persons/about-trafficking-persons-and-human-rights>.

## Highlights from Lebanon<sup>28</sup>

Despite the slow process of reforms<sup>29</sup> and the effectiveness of their applications in Lebanon, the *Kafala* system (sponsorship) mandates that every migrant/foreign worker must get sponsorship from a citizen of the host country. The employer, referred to as a *kafeel*, has the responsibility for the worker's legal status and visa. Upon the completion of the worker's term, the employer has the option to either extend it or terminate the worker's employment, resulting in the prompt deportation of the worker.<sup>30</sup> In August 2021, The Committee on the Elimination of Racial Discrimination,<sup>31</sup> while concluding its review of Lebanon's twenty-third to twenty-fourth periodic report, raised concerns about the *kafala* system and migrant domestic workers, the lack of a clear definition of racial discrimination, and the treatment of refugees, among other issues.

The Committee's experts noted that migrant domestic workers persistently experience discrimination and abuse, are frequently confined to their employer's residence, and often have their passports confiscated. It was necessary, the experts argued, to eliminate the *Kafala* or sponsorship system and the obligation for domestic workers to live at their employer's residence. Lebanon has not yet enacted legislation that specifically defines racial discrimination; the Lebanese Criminal Code prohibits any form of racial discrimination in broad terms. The Committee expressed worry about the legislation's lack of clarity in banning racist speech, stereotyping, and stigmatization towards migrants, and expressed apprehension over the use of curfew restrictions on migrants, namely Syrian refugees. The presence of checkpoints at the entrances and exits of refugee camps caused delays for ambulances, and were seen as a source of embarrassment for the migrants. The condition of Palestinian refugees was notably alarming, prompting the experts to request current information about any endeavours undertaken by Lebanon to advance and safeguard their rights.

The Committee's experts stated that Ministry of Labour decision 193 of 5 August 2017 outlined the specific documentation required for Palestinian refugees to acquire a work permit, which they successfully obtained. In 2003, the Government of Lebanon established a legal framework to safeguard refugees by entering into a Memorandum of Understanding with the United Nations High Commissioner for Refugees. This agreement guarantees temporary protection for refugees in Lebanon. Palestinian refugees had unrestricted mobility, both within Lebanon and when traveling internationally.

## The Importance of Modern Slavery and Human Trafficking in the UN Sustainable Development Goals

The 2030 Agenda for Sustainable Development, ratified by all UN Member States in 2015, outlines a collective strategy for achieving peace and prosperity for humanity and the environment, both presently and in the future. The 17 SDGs are the central focus and embody a pressing need for prompt action from all countries through global collaboration; the eradication of poverty and other forms of deprivation must be accompanied by efforts to advance health and education, reduce inequality, and foster

economic growth. These efforts must also address climate change and work towards the preservation of oceans and forests.<sup>32</sup>

The SDGs include many targets that aim directly or indirectly to eradicate human trafficking. The following targets tackle MS/HT from different perspectives:

**Target 5.2.1:** "Eliminate all forms of violence against all women and girls in public and private spheres, including trafficking and sexual, and other types of exploitation."

28 "Experts of the Committee on the Elimination of Racial Discrimination Ask Lebanon about the Kafala System for Migrant Domestic Workers, the Absence of a Definition of Racial Discrimination, and the Treatment of Refugees," *OHCHR*, 11 August 2021, <https://www.ohchr.org/en/press-releases/2021/08/experts-committee-elimination-racial-discrimination-ask-lebanon-about-kafala>.

29 "Lebanon Takes Crucial First Step Towards Dismantling Kafala in Lebanon," *ILO*, 10 September 2020, [https://www.ilo.org/beirut/media-centre/news/WCMS\\_755008/lang--en/index.htm](https://www.ilo.org/beirut/media-centre/news/WCMS_755008/lang--en/index.htm).

30 Patrick Rak, "Modern Day Slavery: the Kafala System in Lebanon," *Harvard International Review*, last accessed on 25 June 2024, <https://hir.harvard.edu/modern-day-slavery-the-kafala-system-in-lebanon/>.

31 The Committee on the Elimination of Racial Discrimination (CERD) is the body of independent experts that monitors implementation of the Convention on the Elimination of All Forms of Racial Discrimination. See: <https://www.ohchr.org/en/treaty-bodies/cerd>.

32 "The 17 Goals," *United Nations Department of Economic and Social Affairs Sustainable Development*, last accessed on 26 February 2024, <https://sdgs.un.org/goals>.

**Target 8.7:** “Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use

of child soldiers, and by 2025 end child labour in all its forms.”

**Target 16.2:** “End abuse, exploitation, trafficking and all forms of violence against, and torture of, children.”

## Highlights from Tunisia

Tunisia was the first country in the MENA region to officially abolish slavery in 1846.<sup>33</sup> In recent years, Tunisia has made substantial efforts to address and reduce the risks of MS/HT.

In 2016, Tunisia implemented Law 61-2016 to address human trafficking, resulting in the creation of a body named *Instance Nationale de Lutte Contre la Traite des Personnes (INLTP)*. The INLTP’s responsibility includes discovering and reporting instances of human trafficking and offering necessary assistance to victims. The INLTP is tasked with coordinating the activities of different stakeholders, such as government agencies, civil society organizations, and other relevant groups, to efficiently carry out their programme in safeguarding, aiding, and reintegrating victims.

The country has also participated in many international programmes<sup>34</sup> to improve national capacities to combat human trafficking, including collaborations with the European Union and the Council of Europe’s Support Project for Independent Bodies. This initiative aims to assist INLTP in establishing a National Referral Mechanism<sup>35</sup> (MNO) for victims of trafficking and guaranteeing its implementation. This programme is designed to make it easier to identify and connect victims to appropriate support services that ensure their protection and aid.

The MNO intends to coordinate efforts in implementing the protection and assistance process for victims, witnesses, and whistleblowers, as well as to:

- Establish the basic principles that help persons recognize and report suspected cases of human trafficking and modern slavery;
- Develop clear criteria to recognize individuals affected by MS/HT and provide them with essential assistance;
- Collaborate with civil society groups and other entities to establish programmes and activities to fight MS/HT.

To achieve these objectives, specific guidelines have been established, such as a detailed list of indicators to identify victims of MS/HT and a rights document for human trafficking victims. The rights document aims to clarify victims’ legal rights and offer advice on accessing psychological, social, legal, and judicial services to safeguard their well-being and integrity. This guide provides a set of typical questions for interviewing victims of trafficking. It is designed for professionals who interact directly with trafficking victims, witnesses, or individuals related to trafficking, such as the victim’s family or whistleblowers, during interview sessions.

To mark the National Day for the Abolition of Slavery on January 23, the INLTP launched *The Cards of Rights of Victims of Trafficking in Persons*. The *Passport of Victims’ Rights*, launched in July 2020, aims to provide victims with clear, comprehensible, and pragmatic details on their rights, as safeguarded by Tunisian legislation.<sup>36</sup>

33 “The Abolition of Slavery in Tunisia 1841–1846,” *UNESCO*, last accessed on 22 February 2024, <https://es.unesco.org/dataset/211#:~:text=Tunisia%20was%20the%20first%20country%20in%20the%20Muslim,of%20the%20nineteenth%20century%2C%20between%201841%20and%201846>.

34 “Cards to explain rights to victims of human trafficking in Tunisia,” *Council of Europe*, last accessed on 22 February 2024, <https://www.coe.int/en/web/portal/-/cards-to-explain-rights-to-victims-of-human-trafficking-in-tunisia>.

35 “Tunisia launches new initiative to better detect and help victims of human trafficking,” *Council of Europe*, last accessed on 26 February 2024, <https://www.coe.int/en/web/portal/-/tunisia-launches-new-initiative-to-better-detect-and-help-victims-of-human-trafficking>.

36 “Cards to explain rights to victims of human trafficking in Tunisia,” *Council of Europe*.

## The Role of Environmental, Social, and Governance Standards in Combating Modern Slavery and Human Trafficking

As corporations and investors work jointly to tackle significant global issues, the incorporation of ESG factors into private investments can help investors combine a risk management strategy with innovation to generate lasting benefits for both businesses and society.<sup>37</sup>

FAST initiative research<sup>38</sup> found that consideration of ESG risks is becoming more integrated into investment policies and pre-investment due diligence processes, outlining how material ESG risks and opportunities are integrated into investment decisions or active stewardship strategies. However, the research also found that the majority of investors interviewed are not intentionally addressing modern slavery risks in their ESG policies, unless triggered by a controversy, regulatory requirements, or financial risk.<sup>39</sup>

MS/HT presents significant risks to businesses and investors. For instance, investors can face both financial and reputational risks when their investees engage in exploitative practices. An illustrative example is Boohoo, who lost close to £2 billion of its market value in August 2020, after poor labour practices and low pay were found in its supply chain. Not only did Boohoo's reputation suffer, but a group of Boohoo's shareholders are considering filing a £100 million lawsuit<sup>40</sup> due to their financial losses.<sup>41</sup>

To effectively address MS/HT within the financial sector, it is necessary to adopt a comprehensive approach that encompasses regulatory oversight, investor accountability and leverage (including engagement with investees), survivor engagement, and collaboration across different sectors. This approach aims to align ESG standards with actions taken by the financial sector to combat MS/HT.<sup>42</sup>

Furthermore, the importance of establishing alliances and cooperating across different industries to effectively address modern slavery is crucial. It is necessary for governments, civil society organizations, academia, and the private sector to fully participate to achieve SDG target 8.7, each employing their unique leverage and expertise. Some key priorities for government authorities encompass streamlining and harmonizing ESG disclosures, including sustainability metrics, regulatory requirements, enhancing data collection and verification to improve corporate transparency, and fostering collaboration among diverse stakeholders. Through an analysis of the probable trajectory of ESG compliance requirements and their impact on the fight against MS/HT, different actors are acknowledging the significance of incorporating ESG elements into their efforts to prevent and address slavery;<sup>43</sup> although more senior leadership buy-in is needed.

It is worth noting that there are high risks of forced labour in extractive industries, fishing, agriculture, construction, and other environmentally-damaging activities such as deforestation. Furthermore, environmental degradation and climate change increase community vulnerability to modern slavery through exposure to resource scarcity, conflict, heat stress, and displacement.<sup>44</sup>

Moreover, it is important for ESG disclosures and standards to address the intersection of climate risks and decarbonization, social risks, and governance considerations, given the emerging evidence of the link between these factors, and current silos. For instance, FAST initiative research found that the environment is a bigger priority for South-East Asian investors, due to global trends, than social issues, and while investors understood the impact climate change has on social risks, they were not intentionally addressing both risks together.<sup>45</sup>

37 "Invest in Sustainable Development," *United Nations Global Impact*, last accessed on 29 March 2024, <https://unglobalcompact.org/take-action/action/private-sustainability-finance>.

38 Maha Khan, Dr Sofia Gonzalez de Aguinaga, and Deborah Drake, "Accelerating Change: The Potential of Capital Market Actors in Addressing Modern Slavery," *UNU-CPR Insight Briefing* (New York: United Nations University, 2024). Accessible at: [https://collections.unu.edu/eserv/UNU:9269/accelerating\\_change.pdf](https://collections.unu.edu/eserv/UNU:9269/accelerating_change.pdf).

39 Ibid.

40 Aoife Morgan, "Boohoo faces £100 lawsuit over modern slavery breaches," *Retail Gazette*, 26 October 2023, <https://www.retailgazette.co.uk/blog/2023/10/boohoo-faces-lawsuit-slavery/>.

41 Deidre Hipwell, "Boohoo Loses Half Its Market Value as Labour Abuse Worries Mount," *Bloomberg*, 8 July 2020, <https://www.bloomberg.com/news/articles/2020-07-08/boohoo-starts-independent-review-amid-labor-abuse-concern?embedded-checkout=true>.

42 "Combating Modern Slavery Through ESG in the Financial Sector," *UNU-CPR*, 13 December 2023, <https://unu.edu/cpr/news/combating-modern-slavery-through-esg-financial-sector>.

43 Ibid.

44 "Ending Human Trafficking," *UNICEF*, last accessed on 26 February 2024, <https://www.unicefusa.org/stories/sustainable-development-goals-aim-end-human-trafficking>.

45 Maha Khan, Dr Sofia Gonzalez de Aguinaga, and Deborah Drake, "Accelerating Change: The Potential of Capital Market Actors in Addressing Modern Slavery."

## Sanctions Regimes as Important Tools for Combating Modern Slavery and Human Trafficking

The relationship between MS/HT and sanctions is complex and multifaceted; sanctions which are only employed as a final option in dealing with significant breaches of human rights, suppressing illicit trafficking, or restraining extremist organizations, are increasingly employed to bolster peace initiatives, guarantee the conduct of elections, or disband armed groups.<sup>46</sup> FIUs can play an important role in assuring the effective implementation of sanctions against human traffickers and other criminals, as the FAST initiative's report, *How Financial Intelligence Units can Support the More Effective Implementation of Sanction Regimes*,<sup>47</sup> shows.

The UN Security Council is one of the world's central sanctions authorities. Its capability to impose sanctions originates from the United Nations Charter. According to

Article 41 of Chapter VII, the Security Council has the authority to employ non-military enforcement measures, such as “complete or partial interruption of economic relations and of rail, sea, air, postal, telegraphic, radio, and other means of communication, and the severance of diplomatic relations.”<sup>48</sup>

Nonetheless, sanctions might inadvertently exacerbate vulnerabilities among civilians; they might push more people—including children—into unstable financial situations as they hamper economic growth and raise poverty rates. Because of these circumstances, marginalized populations may be more easily exploited or become victims of forced labour or human trafficking. The decrease in lawful economic prospects might lead to a rise in illegal activities, such as the use of people trafficking as a means of both labour and profit.<sup>49</sup>

### Highlights from Libya<sup>50</sup>

The connection between sanctions in Libya and modern slavery is closely linked to the country's recent history of conflict, political instability, and migratory problems. Concerning the conflict situation and the resulting migration crisis, the United Nations Security Council has taken note of the subject of human trafficking in Libya and has implemented measures within its sanctions framework to address the human rights violations of migrants being sold into slavery in Libya, after reports of such incidents.<sup>51</sup>

In 2018, a group of individuals were associated with human trafficking operations taking place in a detention center in Zawiyah which has long been the subject of public scrutiny and confidential reports detailing the suffering endured by migrants and asylum seekers. This includes instances of torture, sexual, and gender-based assault, as well as human trafficking. Three men employed at the Al Nasr detention center were sentenced to jail for engaging in the act of torturing

46 Erica Moret, *What is the Role of Financial Sanctions in Tackling Modern Slavery and Human Trafficking?* (New York: United Nations University Centre for Policy Research, 2022). Accessible at: [https://collections.unu.edu/eserv/UNU:8896/UNU\\_FAST\\_FinancialSanctions.pdf](https://collections.unu.edu/eserv/UNU:8896/UNU_FAST_FinancialSanctions.pdf).

47 Frank Haberstroh and Simon Zaugg, “How Financial Intelligence Units Can Support the More Effective Implementation of Sanctions Regimes,” *UNU-CPR Discussion Paper* (New York: United Nations University, 2023). Accessible at: [https://collections.unu.edu/eserv/UNU:9272/role\\_of\\_FIUs\\_sanctions\\_regimes.pdf](https://collections.unu.edu/eserv/UNU:9272/role_of_FIUs_sanctions_regimes.pdf).

48 “As Security Council imposes sanctions on six human traffickers in Libya, UN chief calls for more accountability,” *United Nations News*, last accessed on 8 June 2018, <https://news.un.org/en/story/2018/06/1011751>.

49 “Punishment of ‘Innocent Civilians’ through Government Sanctions Must End: UN Experts,” *United Nations News*, 11 August 2021, <https://news.un.org/en/story/2021/08/1097562>.

50 “As Security Council imposes sanctions on six human traffickers in Libya, UN chief calls for more accountability,” *United Nations News*; “Libya: UN Experts Alarmed at Reports of Trafficking in Persons, Arbitrary Detention, Enforced Disappearances and Torture of Migrants and Refugees,” *OHCHR*, 21 July 2023, <https://www.ohchr.org/en/press-releases/2023/07/libya-un-experts-alarmed-reports-trafficking-persons-arbitrary-detention>.

51 See: “As Security Council imposes sanctions on six human traffickers in Libya, UN chief calls for more accountability,” *United Nations News*.

migrants within the facility. The United Nations imposed sanctions on 7 June 2018,<sup>52</sup> which include a travel restriction and asset freeze on six individuals involved in human trafficking and smuggling in Libya. Among these individuals, four are Libyan nationals and two are Eritrean nationals. This is the first time in which the United Nations has enforced penalties against perpetrators of human trafficking.

In 2023, the situation was still alarming. UN experts<sup>53</sup> expressed their concerns regarding suspected traffickers who transported migrants and refugees, including trafficking victims, from the Sudan border to various places in Tazirbu, Libya. In these sites, they were held captive and subjected to severe breaches of their human rights, including torture, forced deprivation of food, and sexual abuse. According to reports, videos depicting torture and other forms of mistreatment were transmitted to the relatives of the victims, with the intention of demanding a ransom. Reports indicate the discovery of graveyards with the remains of a minimum of 20 migrants and refugees who were subjected to torture.<sup>54</sup>

### Modern Slavery and Human Trafficking and the Nexus with Other Crimes

Modern slavery and human trafficking have strong connections with several criminal activities, ranging from online child sexual exploitation and abuse to migrant smuggling, corruption, terrorism, and terrorist financing. Exploring the nexus between these organized crimes helps to understand the reality of transnational criminal enterprises and the flow of illicit money across the globe.

**Child sexual exploitation and abuse:** Modern slavery and human trafficking target adults as well as children. Besides physical child sexual exploitation, online child sexual

exploitation and abuse is a rapidly evolving phenomenon, as a result of the misuse of digital technology, especially during the COVID-19 pandemic.<sup>55</sup>

Due to its importance, this topic is further developed in a different chapter.

**Migrant smuggling:** Human trafficking must be differentiated from migrant smuggling. There are three fundamental differences between these two phenomena; although they might intersect in some cases. These differences are highlighted by the Financial Action Task Force (FATF):<sup>56</sup>

52 Additionally, UN Security Council resolution 2437 (2018) “reaffirmed the necessity to put an end to the ongoing proliferation of, and endangerment of lives by, the smuggling of migrants and trafficking of persons in the Mediterranean Sea off the coast of Libya, and, for these specific purposes, acting under Chapter VII of the Charter of the United Nations, 1. Condemns all acts of migrant smuggling and human trafficking into, through and from the Libyan territory and off the coast of Libya, which undermine further the process of stabilization of Libya and endanger the lives of hundreds of thousands of people; 2. Decides, for a further period of twelve months from the date of adoption of this resolution, to renew the authorizations as set out in paragraphs 7, 8, 9, and 10 of resolution 2240 (2015), reaffirms paragraph 11 thereof and otherwise reiterates its resolutions 2240 (2015), 2312 (2106) and 2380 (2017) and its Presidential Statement S/PRST/2015/25; 3. Renews the reporting requests set out in paragraphs 17 and 18 of resolution 2240 (2015) from the date of adoption of this resolution; 4. Expresses its intention to continue to review the situation and consider, as appropriate, renewing the authority provided in this resolution for additional periods; 5. Decides to remain seized of the matter.” [Security Council resolution 2437 \(2018\) \[on renewal for 12 months of the authorizations as set out in paras. 7, 8, 9 and 10 of Security Council resolution 2240 \(2015\) concerning migrant smuggling and human trafficking into, through and from the Libyan territory and off the coast of Libya\]](#). See: UN Security Council, “Resolution 2437, adopted by the Security Council at the 8365th meeting,” United Nations, 3 October 2018, S/RES/2437 (2018).

53 The experts: Siobhán Mullally, [Special Rapporteur on trafficking in persons, especially women and children](#); Tomoya Obokata, [Special Rapporteur on contemporary forms of slavery, including its causes and consequences](#); Felipe González Morales, [Special Rapporteur on the human rights of migrants](#); Fernand de Varennes, [Special Rapporteur on minority issues](#); Aua Baldé (Chair-Rapporteur), Gabriella Citroni (Vice-Chair), Angkhana Neelapaijit, Grażyna Baranowska, Ana Lorena Delgadillo Perez, [Working Group on enforced or involuntary disappearances](#); Ms. Priya Gopalan (Chair-Rapporteur), Mr. Matthew Gillett (Vice-Chair on Communications), Ms. Ganna Yudkivska (Vice-Chair on Follow-Up), Ms. Miriam Estrada-Castillo, and Mr. Mumba Malila, [Working Group on arbitrary detention](#). The Special Rapporteurs are part of what is known as the Special Procedures of the Human Rights Council. Special Procedures, the largest body of independent experts in the UN Human Rights system, is the general name of the Council’s independent fact-finding and monitoring mechanisms that address either specific country situations or thematic issues in all parts of the world. Special Procedures’ experts work on a voluntary basis; they are not UN staff and do not receive a salary for their work. They are independent from any government or organization and serve in their individual capacity.” See: OHCHR, “Libya: UN experts alarmed at reports of trafficking in persons, arbitrary detention, enforced disappearances, and torture of migrants and refugees,” 21 July 2023.

54 Ibid.

55 United Nations Children’s Fund, *Ending online child sexual exploitation and abuse: Lessons learned and promising practices in low- and middle-income countries* (New York: UNICEF, 2021).

56 FATF, *Financial Flows from Human Trafficking* (Paris: FATF, 2018).

- **Consent:** The act of smuggling migrants, although sometimes carried out in hazardous or abusive circumstances, entails the voluntary participation of migrants who have given their agreement to be smuggled. Victims of human trafficking, however, have either never given their agreement or, if they initially gave consent, that consent has been made worthless by the forceful, deceitful, or abusive conduct of the traffickers;<sup>57</sup>
- **Exploitation:** Smuggling concludes upon the migrants' arrival at their intended location. But trafficking entails the continuous exploitation of the victims to create illegal income for the traffickers;<sup>58</sup>
- **Transnationality:** Smuggling is inherently transnational, although trafficking does not always include crossing borders. Victims of human trafficking can be trafficked either internationally or domestically, without requiring physical transportation, inside their own country of residence.<sup>59</sup>

However, there might be a direct connection between human trafficking and migrant smuggling:<sup>60</sup>

- When refugees and migrants who enlist the services of smugglers are subject to exploitation throughout their journey or upon reaching their destination, either by the same individuals involved in smuggling or by other criminal elements. Smugglers can transition into traffickers, for example, by trapping refugees and migrants in debt bondage to repay the money due for their smuggling services.
- When trafficking and smuggling happen along the same routes, employ the same modes of transportation, and in certain instances, are carried out by the same people or organizations.

**Corruption:**<sup>61</sup> Many traffickers can be seen operating in multiple geographical areas, ranging from local organizations to transnational criminal networks. Logistical support may be obtained from a diverse array of entities, including government officials, based upon their degree of sophistication and organization.<sup>62</sup>

The nexus between MS/HT and corruption, although not explored in great detail to date, shows that MS/HT relies on systemic corruption.<sup>63</sup> Corruption facilitates an easy and uninterrupted MS/HT criminal activity, starting with simplifying the act of exploitation, as an example, and ending with facilitating the re-trafficking of victims who managed to escape.<sup>64</sup> This also means that there is a critical phase in-between ensuring the 'safety' and 'security' of perpetrators in case the crime has been unveiled. Consequently, corrupt actors and acts can include the following,<sup>65</sup> depending on the scale and phases of exploitation.

On an operational level, perpetrators can be supported by the following corrupt actors and acts:

- **Corrupt actors:** "police, customs officers, embassies/consulates, border control authorities, immigration services, other law enforcement agencies, intelligence/security forces, armed forces (national or international), local officials, persons/groups/parties with influence on public officials, as well as private sector actors, such as travel agencies, airlines, transportation sector, financial institutions, banks, etc."
- **Corrupt acts:** "ignoring, tolerating, participating in and organizing trafficking in persons, ranging from violation of duties or corruption and involvement in organized crime."

Whenever perpetrators try to evade justice, corrupt actors and acts can include the following categories of accomplices and behaviours:

- **Corrupt actors:** "parliamentarians, government officials, police, customs border control, immigration services, and other law enforcement agencies, prosecutors, investigative judges, intelligence/security forces, local officials, as well as persons/groups, parties with influence on public officials."
- **Corrupt acts:** "passivity (e.g., ignoring, tolerating, and avoiding action) or actively obstructing investigations,

57 Ibid.

58 Ibid.

59 Ibid.

60 UNODC, IOM and GloACT, *Illicit Financial Flows Associated with Smuggling of Migrants and Trafficking in Persons from GLO.ACT Partner Countries to Europe*.

61 In 2015, the OECD issued 'Guiding Principles' on combatting corruption related to human trafficking, See: <https://www.oecd.org/governance/ethics/human-trafficking/>.

62 UNODC, *The Role of Corruption in Trafficking in Persons* (UNODC, 2011).

63 Ibid.

64 Ibid.

65 Ibid.



prosecutions and judicial proceedings, revealing and selling information, and betraying and altering the course of justice. Lack of awareness, capacities, and skills may cause such behaviour, which may range from mere violation of duties to corruption and involvement in organized crime.<sup>66</sup>

Special Rapporteur on trafficking in persons, stated in 2021 that governments frequently neglect to recognize and safeguard victims, mostly due to their suspected affiliation with terrorist organizations, as well as the accompanying humiliation, biases, and racism.<sup>69</sup> Responses to victims can also differ in relation to gender and gender stereotypes.<sup>70</sup>

**Terrorism and terrorist financing:** The heightened susceptibility and displacement of persons in and around conflict areas raises the risk of modern slavery and human trafficking, including the possibility of opportunistic criminal and terrorist organizations getting involved.<sup>67</sup> According to CTED,<sup>68</sup> non-State armed organizations, particularly terrorist ones, are increasingly drawn to human trafficking, much like other criminal organizations. The operational methods of the Islamic State of Iraq and the Levant (ISIL), also known as Da'esh, Boko Haram, and Al-Shabaab have prominently involved acts of violence related to human trafficking. Siobhán Mullally, the UN

In 2017, the UN Security Council adopted Resolution 2388, which requested “the Counter-Terrorism Committee Executive Directorate (CTED), within its existing mandate, under the policy guidance of the Counter Terrorism Committee (CTC), and in close cooperation with UNODC and other relevant entities, to increase its efforts to include in CTED’s country assessments, as appropriate, information regarding Member State efforts to address the issue of trafficking in persons where it is committed for the purpose of supporting terrorism, including through the financing of or recruitment for the commission of terrorist acts.”<sup>71</sup>

### Highlights from Iraq

According to UN reports,<sup>72</sup> ISIL members were “buying and selling” Yazidi women in “slave auctions”; ISIL militants exchange Yazidis for supplies at low rates as stated in a FATF report in 2015 on ISIL fundraising.<sup>73</sup> According to the UN Human Rights Council, some Yazidi women and girls knew how much was paid for them, which varied from \$200 to \$1500 based on factors including age, number of children, marital status, and perceived beauty. Additionally, payments were reportedly paid to middlemen to release Yazidi women who were being held captive.

66 UNODC, *The Role of Corruption in Trafficking in Persons*.

67 Dr Frank Haberstroh and Simon Zaugg, *Establishing an Agile Response Process to Crisis and Conflict-related Modern Slavery and Human Trafficking Risks* (New York: United Nations University, 2023).

68 Counter-Terrorism Committee Executive Directorate (CTED), *Identifying and Exploring the Nexus between Human Trafficking, Terrorism and Terrorism Financing* (CTED, 2017).

69 “Victims of human trafficking being ‘punished and stigmatized,’” United Nations News, 27 October 2021, <https://news.un.org/en/story/2021/10/1104242>.

70 Angharad Smith, Leona Vaughn, Toni Cela, Louis Herns Marcelin, Margaret Ohia-Nowak, Charu Hogg, and Ronny Marty, *Modern Slavery and Financial Exclusion: Exploring Crisis-Related Risks for Men* (New York: United Nations University, 2024). Accessible at: [https://collections.unu.edu/eserv/UNU:9414/diverse\\_men\\_crisis\\_risks.pdf](https://collections.unu.edu/eserv/UNU:9414/diverse_men_crisis_risks.pdf).

71 United Nations Security Council, “Resolution 2388, adopted by the Security Council at the 8111th meeting,” United Nations, 21 November 2017, S/RES/2388 (2017).

72 For example, see the report: Office of the United Nations High Commissioner for Human Rights and United Nations Assistance Mission for Iraq – Human Rights Office, *A Call for Accountability and Protection: Yazidi Survivors of Atrocities Committed by ISIL* (OHCHR, 2016). Accessible at: [https://www.ohchr.org/sites/default/files/Documents/Countries/IQ/UNAMIRReport12Aug2016\\_en.pdf](https://www.ohchr.org/sites/default/files/Documents/Countries/IQ/UNAMIRReport12Aug2016_en.pdf).

73 FATF, *Financing of the Terrorist Organisation Islamic State in Iraq and the Levant* (ISIL) (Paris: FATF, 2015).

## Prevalence of Modern Slavery and Human Trafficking in the MENA Region

The present section delves into the MS/HT reality in the MENA region, specifically examining prevalent forms of modern slavery such as forced labour, forced marriage, and sexual exploitation. Additionally, it illuminates significant information pertaining to the trafficking of human organs and the sexual exploitation and abuse of children, with country-specific highlights. It is important to emphasize that an overview of the MS/HT criminological landscape in the MENA region can be obtained by examining the convergence of various reports,<sup>74</sup> which can be complemented with accurate country-specific data (locally collected by competent authorities).

Bearing in mind the following facts, Arab Member States within the MENA region<sup>75</sup> recorded a high prevalence of modern slavery, documented in the *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage*.<sup>76</sup>

- All regions and countries are affected by modern slavery and human trafficking;
- Data may vary given the diverse methodologies and classifications of countries within a specific region, adopted by FAST and UN agencies and/or international organizations referenced in the present Handbook;

- Every country in the MENA region has presented itself before the UN Human Rights Council since 2006 to discuss human trafficking, emphasizing the legal violations that have occurred despite on-going efforts to address trafficking. Pledges have been made by States in the MENA region to undertake the necessary steps to counter MS/HT.<sup>77</sup>

Based on the *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage*,<sup>78</sup> there are 50 million individuals enslaved, either through forced labour or forced marriage; equivalent to 6.4 individuals per thousand individuals worldwide. As mentioned previously, Arab Member States of the MENAFATF have the highest prevalence of forced labour in the world.<sup>79</sup>

**Forced labour:** According to the *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage*,<sup>80</sup> the comprehensive analysis of outcomes based on geographical regions demonstrates that forced labour is prevalent worldwide. This prevalence is highest in the Arab States,<sup>81,82</sup> with a rate of 5.3 per thousand individuals, as shown in the figure below:

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74 These are: MENAFATF, *Money Laundering Resulting from the Human Trafficking and Migrant Smuggling Crimes* (2021); UNODC, *Global Report on Trafficking in Persons 2022* (New York: United Nations, 2023). Accessible at: [https://www.unodc.org/documents/data-and-analysis/glotip/2022/GLOTIP\\_2022\\_web.pdf](https://www.unodc.org/documents/data-and-analysis/glotip/2022/GLOTIP_2022_web.pdf); UNODC, *Study on Illicit Financial Flows Associated with Smuggling of Migrants and Trafficking in Persons From GLO.ACT Partner Countries to Europe* (UNODC, 2023); and ILO, Walk Free, and IOM, *Global Estimates of Modern Slavery Forced Labour and Forced Marriage*.

75 ILO, Walk Free, and IOM, *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage*.

76 Ibid.

77 During the Universal Periodic Review (UPR) sessions of the Human Rights Council, governments can report on the measures they have implemented to enhance human rights in their nations and meet their human rights responsibilities.

78 ILO, Walk Free and IOM, *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage*.

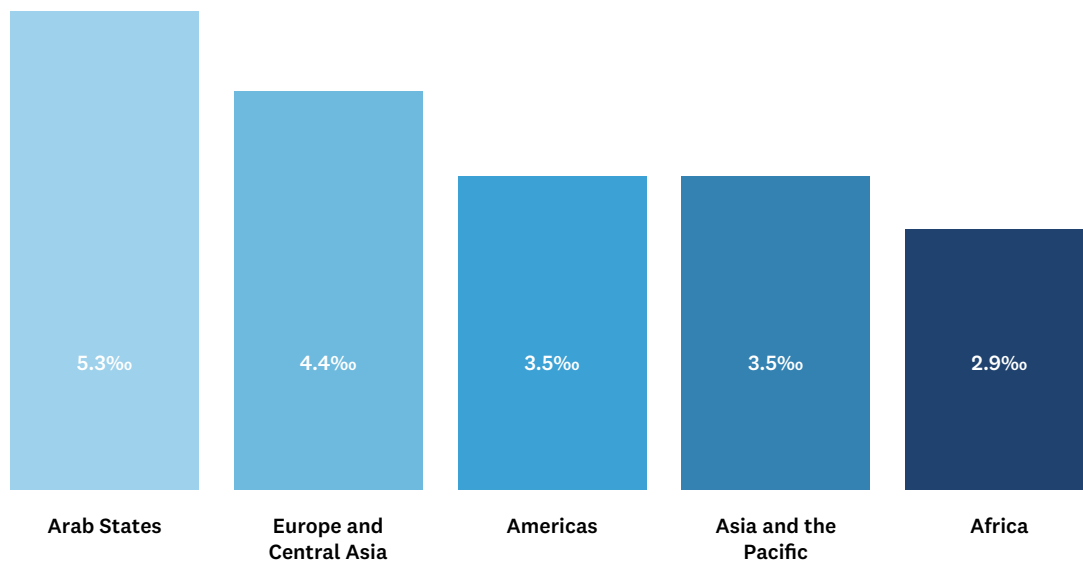
79 Ibid.

80 Ibid.

81 The Arab States mentioned in the Global Estimates Report are Member States of the MENAFATF.

82 ILO, Walk Free and IOM, *Global Estimates of Modern Slavery Forced Labour and Forced Marriage*.

Figure 1: The prevalence of forced labour globally



This figure shows the prevalence of forced labour per thousand population by region.

Note: “‰” denote cases per thousand population.

Based on the findings of this same report,<sup>83</sup> forced labour is predominantly observed in various sectors of the private economy, with State-imposed forced labour comprising a mere 14 per cent of the total. Forced labour within the private sector manifests itself in various sectors, frequently impacting migrants who find themselves in precarious circumstances.

Based on the intersection of relevant publicly-available data,<sup>84</sup> to be completed, for further accuracy, by different countries based on their local data, the table below reflects the different types of forced labour prevalent in each MENAFATF Member State, as well as the gender and identity of the victims. It is important to note that this table excludes the examination of child labour, which is addressed in a separate section.

Table 1: The different types of forced labour prevalent in each MENAFATF Member State

	Construction	Agriculture		Domestic Work		Services		Manufacturing		Fishing
<b>Egypt</b>	#*^			#*^		#*^		#*^		
<b>Jordan</b>	#*^	#*^	#*^	#*^	#*^	#*^	#*^	#*^	#*^	
<b>Bahrain</b>	*			*		*	*			
<b>Morocco</b>				*		*	*			

83 Ibid.


84 Table finalized by FAST, based on publicly available information: United Nations Office on Drugs and Crime (UNODC), *Global Report on Trafficking in Persons 2022* (New York: United Nations, 2023). Accessible at: [https://www.unodc.org/documents/data-and-analysis/glotip/2022/GLOTIP\\_2022\\_web.pdf](https://www.unodc.org/documents/data-and-analysis/glotip/2022/GLOTIP_2022_web.pdf); and the United States Department of State, Office to Monitor and Combat Trafficking in Persons, *Trafficking in Persons Report*, (Washington, DC: United States Department of State, 2023).

	Construction	Agriculture	DomesticWork		Services	Manufacturing	Fishing	
Saudi Arabia	*	*	*	*				
Algeria	*		*^					
Iraq					#*^	#*^		
Sudan		*^			*^	*^		
Tunisia	*^	#*^	#*^	#*	#*^	#*^	#*^	#*^
Yemen	#*^		#*^				#*^	
Kuwait	*		*	*	*	*	*	
Libya					#*^	#*^		
Qatar	*		*	*	*	*		
Oman			*		*			
Lebanon	*		*	*	*	*		
United Arab Emirates	*		*	*	*	*		

(\*) Migrants and/or Foreigners

(^) Refugees

(#) Locals

 Predominantly Male Victims

 Predominantly Female Victims

Several other MENA countries also experience forced labour, but insufficient data means it is not possible to include them in the table above. They are: Djibouti, Syrian Arab Republic, Somalia, State of Palestine, and Mauritania.

**Forced labour trends in the MENA region:** Between June 2011 and December 2012, the International Labour Organization (ILO) conducted a qualitative research project<sup>85</sup> to study human trafficking for labour and sexual exploitation in the MENA region.<sup>86</sup> The project aimed to fill knowledge gaps in this area and document national efforts to combat human trafficking. A total of 653 individuals, including 281

women and 372 men, were interviewed for the study. Of these, 299 were considered key informants, and 354 were migrant workers. Out of the employees questioned, 266 were identified as victims of forced labour and human trafficking, based on indicators such as deceptive recruitment practices, working under threat, and being unable to leave their employer. Given the persistent underlying causes and factors contributing to this issue, which are further explored in another subsection, there have been no notable changes recorded since 2012. The following findings were highlighted:<sup>87</sup>

85 H el ene Harroff-Tavel and Alix Nasri, *Tricked and trapped: human trafficking in the Middle East* (Beirut: ILO, 2013).

86 The MENA region, from the ILO study's perspective does not necessarily include all MENAFATF Member States.

87 H el ene Harroff-Tavel and Alix Nasri, *Tricked and trapped: human trafficking in the Middle East*.

- Migrants with limited education and skills are particularly susceptible to coerced labour and human trafficking in the MENA region;
- The susceptibility of migrant domestic workers to exploitation is heightened by the isolation they endure in private residences and their inability to leave the household of their employers at will. Domestic work undertaken by migrant workers is not subject to inspection by labour inspectors or social workers;
- Employers rationalize the retention of passports and confinement within the household by invoking the *kafala* system, which confers upon them legal obligation regarding the employment and domicile of their domestic staff;
- Their substantial financial investment in recruiting the employee from a foreign country has increased employers' sense of entitlement towards him or her;
- In certain countries of the region, where public assistance for the care of children and the elderly is not readily accessible, even the most economically disadvantaged families are compelled to employ external assistance;
- Unrecognized migrant domestic workers may be exploited by their employers' households;
- Human trafficking activities have been detected in a multitude of industries in the industrial, maritime, construction, and agricultural sectors. These industries are significantly dependent on a migrant workforce composed primarily of men, highlighting the unique vulnerabilities that men encounter which are often overlooked due to the gendered way that 'vulnerability' is perceived;
- Certain individuals who are employed as seafarers may receive their wages belatedly or not at all, be required to perform excessive overtime, and endure substandard living conditions.

Victims of forced labour in the MENA region usually endure the following:<sup>88</sup>

- Insufficient breaks and mandatory overtime;
- Declining quality of life;
- Limited freedom of movement and communication;
- Maintenance of confidential records;
- Deduction of wages;
- Sexual, physical, and psychological mistreatment.

**Sexual exploitation:** Despite the efforts undertaken by different international organizations and local authorities to prevent sexual exploitation globally, including in the MENA region, this crime remains common. In Iraq,<sup>89</sup> for example, women and girls are often abducted by criminal organizations and transported to nearby countries for the purpose of sexual exploitation. Occasionally, this is accomplished through the illegal practice<sup>90</sup> of 'pleasure marriages,'<sup>91</sup> which is a form of short-term marriage that enables a man to pay for a temporary spouse. Another approach is concealing the act of trafficking for sexual exploitation, presenting it as a front for apparently lawful establishments such as nightclubs and spa services.

On a global level, regular research conducted by UNODC demonstrates that the predominant type of human trafficking identified is human trafficking for the purpose of sexual exploitation, with most victims being women and girls.<sup>92</sup> In the MENA region, the sexual exploitation of adults occurs within different countries, whether rich or poor or stable or unstable, although trends and the intensity of this crime may vary. Sexual exploitation in the region mainly involves migrant women (in comparison to locals and refugees) and intersects with forced labour, as shown in the table below. The following table reflects an overview of sexual exploitation trends for adults across MENAFATF Member States.<sup>93</sup>

88 H el ene Harroff-Tavel and Alix Nasri, *Tricked and trapped: human trafficking in the Middle East*.

89 UNODC, *Global Report on Trafficking in Persons 2022* (New York: United Nations, 2023). Accessible at: [https://www.unodc.org/documents/data-and-analysis/glotip/2022/GLOTIP\\_2022\\_web.pdf](https://www.unodc.org/documents/data-and-analysis/glotip/2022/GLOTIP_2022_web.pdf).

90 Pleasure marriages are illegal under Iraqi law. See: Nawal Al-Maghafi, "In Iraq, Religious 'pleasure marriages' are a front for child prostitution," *The Guardian*, 6 October 2019, <https://www.theguardian.com/world/2019/oct/06/pleasure-marriages-iraq-baghdad-bbc-investigation-child-prostitution>.

91 "A short-term *mutaa* [pleasure] marriage, is a practice – illegal under Iraqi law – whereby a man can pay for a temporary wife, with the officiating cleric receiving a cut." Ibid.

92 "Trafficking for Sex: Experts Examine the Demand for Sexual Exploitation," UNODC, 16 May 2022, <https://www.unodc.org/unodc/en/human-trafficking/Webstories2022/trafficking-for-sex-experts-examine-the-demand-for-sexual-exploitation.html>.

93 Table finalized by FAST, based on publicly available information, publications and websites, including: United Nations Office on Drugs and Crime (UNODC), *Global Report on Trafficking in Persons 2022* (New York: United Nations, 2023). Accessible at: [https://www.unodc.org/documents/data-and-analysis/glotip/2022/GLOTIP\\_2022\\_web.pdf](https://www.unodc.org/documents/data-and-analysis/glotip/2022/GLOTIP_2022_web.pdf); and the United States Department of State Publication, Office to Monitor and Combat Trafficking in Persons, *Trafficking in Persons Report* (Washington, DC: United States Department of State, 2023).

Table 2: Sexual exploitation trends across MENAFATF Member States

	Directly involved in sex trafficking	Sexual exploitation of runaway house workers and other forced labour services
<b>Egypt</b>	*#	*#
<b>Jordan</b>		*
<b>Bahrain</b>		*
<b>Morocco</b>	*#	*#
<b>Algeria</b>	*^	*^
<b>Iraq</b>	*^#	*^#
<b>Sudan</b>	*^	*^
<b>Tunisia</b>	*	*
<b>Yemen</b>	*	*
<b>Kuwait</b>		*
<b>Libya</b>	*^	*^
<b>Qatar</b>		*
<b>Oman</b>		*
<b>Lebanon</b>	*^#	*^
<b>United Arab Emirates</b>	*	*

(\*) Migrants and/or Foreigners

(^) Refugees

(#) Locals

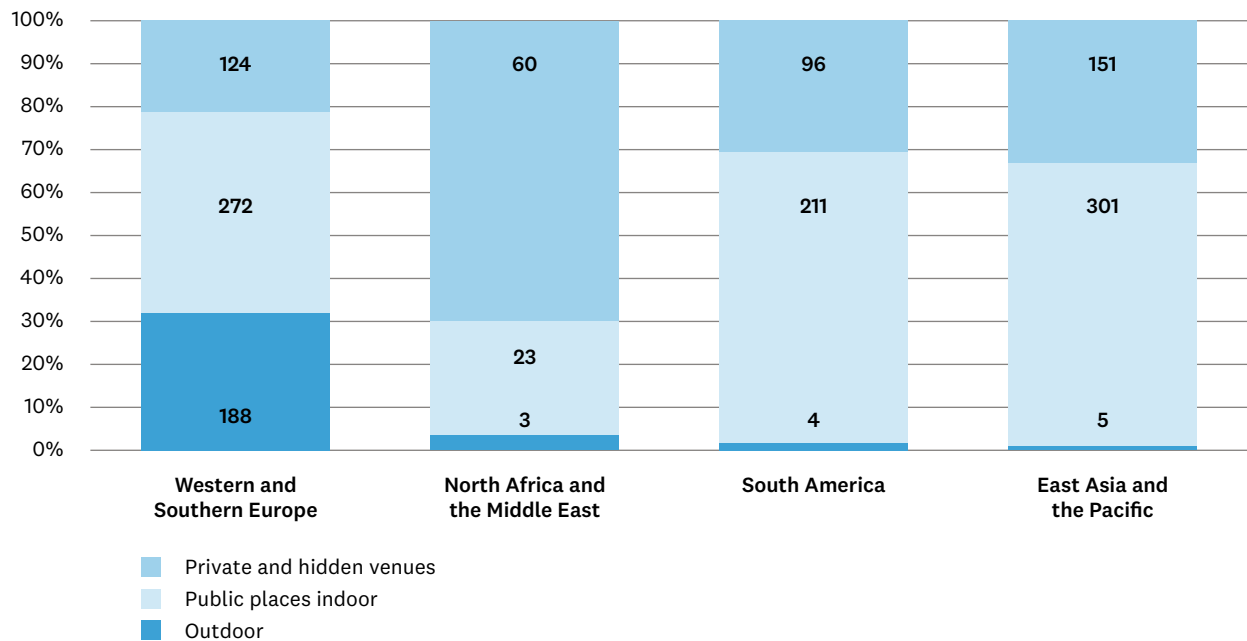
While the following countries experience sexual exploitation, there is insufficient data to include them in the table. The countries are: Djibouti, Syrian Arab Republic, Somalia, State of Palestine, Mauritania, and Saudi Arabia.

**Sexual exploitation trends in the MENA region:** While exploring sexual exploitation trends from a specific perspective, UNODC<sup>94</sup> developed the following comparative figure that shows the places where sexual exploitation

usually happens. This figure, read diagonally with the table from the previous section, provides a general overview of the crime across the MENA region. Evidence reveals that sexual exploitation in MENA countries, compared to other regions of the world, primarily takes place in private or more secluded venues. This can be partly explained by the region's conservative culture which informs related legislation and regulations.

94 UNODC, *Global Report on Trafficking in Persons 2022* (New York: United Nations, 2023). Accessible at: [https://www.unodc.org/documents/data-and-analysis/glotip/2022/GLOTIP\\_2022\\_web.pdf](https://www.unodc.org/documents/data-and-analysis/glotip/2022/GLOTIP_2022_web.pdf).

Figure 2: Locations where sexual exploitation takes place per region globally



Source: GLOTIP collection of court case summaries and Sherlock Case Law Data-base.

\* Based on court cases involving: 584 victims reported in Western and Southern Europe; 86 victims reported in the Middle East and North Africa; 457 victims reported in East Asia and the Pacific; and 311 victims reported in South America.

An ILO Study<sup>95</sup> highlighted the following:

- Within the context of the entertainment industry, four different types of human trafficking for the purpose of commercial sexual exploitation have been recognized, namely:
  - Voluntary recruitment for domestic work without deception or coercion, facilitated by agents/relatives/friends;
  - Coerced recruitment of migrant workers by agents in country of origin and destination;
  - Unfree recruitment of 'artist' to work in nightclubs or bars by impresario and/or employer; and
  - Unfree recruitment by family members using coercion and/or deception.
- The specific methods employed may differ among countries, influenced by factors such as the nature of the entertainment sector and the regulations governing work permits.
- Due to the illegality of commercial sex work in the region, those in the entertainment sector who are forced into sexual relationships with customers are at risk of being arrested and expelled.
- The concept of coercion within this business was

controversial among the primary sources of information. However, there are notable comparisons in the methods reportedly used to coerce identified victims, such as physical imprisonment, lack of compensation for services, retention of salaries, and manipulation of debt.

- Owners and operators of entertainment facilities, as well as sex brokers (pimps), use various tactics such as threatening to report victims to the police or informing relatives, which could result in family rejection. Additionally, psychological, physical, and sexual assault are used to frighten victims.
- The difficulty of escaping from the person who exploits them is reinforced by the fact that women who are known to have participated in sex work have few options to earn money through alternative methods.

Furthermore, according to the same ILO Study, victims might face the following challenges:<sup>96</sup>

- Non-payment for services and retention of wages;
- Manipulation of debt;
- Threats of denunciation, deportation, and detention;
- Limited freedom of movement;
- Termination of contract;

95 H el ene Harroff-Tavel and Alix Nasri, *Tricked and trapped: human trafficking in the Middle East*.

96 Ibid.

- Family vengeance and shame;
- Lack of any economic and social alternative;
- Limited recourse to judicial redress.

**Trafficking in human organs:**<sup>97</sup> Given the severe moral implications of trafficking in human organs, the UN Economic and Social Council adopted Resolution 2004/22 on Preventing, Combating, and Punishing Trafficking in Human Organs,<sup>98</sup> followed by another Resolution, 2013/41, requesting UNODC to gather and analyse data on trafficking in human organs and urging Member States to submit evidence-based information to UNODC regarding the patterns, forms, and flows of human trafficking, including that which involves the removal of organs.<sup>99</sup>

Since consent is the moral foundation of all medical procedures, it is especially important when discussing the removal of organs. According to Guiding Principle 3 of the WHO's *Guiding Principles on Human Cell, Tissue, and Organ Transplantation*: "live donations are acceptable when the donor's informed and voluntary consent is obtained."<sup>100</sup>

In addition to several non-binding declarations and recommendations in this regard, an important milestone was achieved with the Istanbul Declaration on Organ Trafficking and Transplant Tourism that was developed in 2008 during an International Summit on Transplant Tourism and Organ Trafficking. The Summit was attended by more than 150 international representatives of medical and scientific organizations, government officials, social scientists, and ethicists in Istanbul, Turkey.<sup>101</sup>

**Trafficking in human organs in the MENA region:** Most organ donor victims frequently experience extreme poverty or financial difficulties. The primary drivers of organ trafficking were identified as desperation, lack of resources, and financial difficulties, such as debt.<sup>102</sup> Therefore, the phenomenon has to do with human rights, such as:

- Getting equal treatment under the law and equality before the law;
- Getting access to the right to justice;
- Getting justice and an effective remedy;
- Getting access to health services;
- Getting an adequate standard of living, including food;
- Getting asylum and the right to be shielded from torture and cruel, inhuman, or degrading treatment;
- Getting access to education or employment opportunities.

Everywhere, including the MENA region, the crime remains a covert activity and appears to be significantly underreported, even with increased public attention. As previously mentioned, trafficking in human organs should be differentiated from human trafficking for the purpose of organ removal. Even though the underlying factors driving trafficking in human organs and human trafficking for the removal of organs are the same as those for other types of trafficking, and include social and economic injustice as well as pre-existing vulnerabilities pertaining to a person's social or legal standing, certain aspects of these crimes, such as trends, patterns, and methods of operation, remain poorly known.<sup>103</sup> This is partly due to the unique characteristics of trafficking in human organs and human trafficking for the purpose of organ removal which make them more challenging to recognize. These include, for example, the highly technical nature of some of the procedures and the potential participation of medical specialists. Trafficking in human organs is undoubtedly a unique type of human trafficking that calls for specialized knowledge and capacities to recognize and combat it.<sup>104</sup>

Nonetheless, it is worth noting that a 2021 study conducted by Interpol concerning human trafficking for the purpose of organ removal in North and West Africa,<sup>105</sup> showed the following findings:

97 The terms "organ trafficking," "illegal organ trade," "transplant tourism," "organ purchase," and similar expressions are sometimes used interchangeably with regards to the trafficking of individuals for the purpose of organ removal, even though they may not necessarily describe the exact same phenomenon. See: UNODC, *Assessment Toolkit, Trafficking in Persons for the Purpose of Organ Removal* (UNODC, 2015).

98 United Nations Economic and Social Council (ECOSOC), "Resolution 2004/22, adopted by ECOSOC at the 47<sup>th</sup> plenary meeting," United Nations, 21 July 2004.

99 E.g. E/RES/2013/41, 2013/41. Implementation of the United Nations Global Plan of Action to Combat Trafficking in Persons, 25 July 2013, and A/RES/68/192, Improving the coordination of efforts against trafficking in persons, 18 December 2013.

100 World Health Organization (WHO), *WHO Guiding Principles on Human Cell, Tissue, and Organ Transplantation* (WHO, 2010). Accessible at: <https://iris.who.int/bitstream/handle/10665/341814/WHO-HTP-EHT-CPR-2010.01-eng.pdf?sequence=1&isAllowed=y>.

101 "About the Declaration of Istanbul," The Declaration of Istanbul on Organ Trafficking and Transplant Tourism, last accessed on 26 February 2024, <https://www.declarationofistanbul.org/the-declaration>.

102 Ibid.

103 UNODC, *Trafficking in Persons for the Purpose of Organ Removal* (Vienna: UNODC, 2015).

104 Ibid.

105 INTERPOL, *Trafficking of Human Beings for the purpose of Organ Removal in North and West Africa* (July 2021).



- Individuals trafficked from North and West Africa for labour and sex work are vulnerable to additional exploitation, including illicit organ harvesting;
- In North Africa, criminals use the vulnerability of migrants, asylum seekers, and refugees to compel them into selling their organs for profit;
- Unaccompanied migrant adolescents are more vulnerable to being trafficked for the explicit goal of organ extraction in North Africa;
- Illegally procured organs are often used for organ transplants in North Africa, often in the same hospitals where legal organ transplants take place.<sup>106</sup>

**Forced marriage:**<sup>107</sup> The connections between forced marriage, forced prostitution, and trafficking have been confirmed by several reports.<sup>108</sup> The Global Estimates Report<sup>109</sup> highlighted the following facts:

- As per the UN Supplementary Convention on the Abolition of Slavery, the Slave Trade, and Institutions and Practices Similar to Slavery (1956),<sup>110</sup> marriage can lead to sexual and labour exploitation when a woman is traded to another person in return for money or other advantages, as decided by her husband, his family, or his community.
- Moreover, in temporary marriages, women are often deprived of the right to seek divorce, limiting their capacity to extricate themselves from an oppressive circumstance.

According to an article published by Reuters in 2015,<sup>111</sup> rights groups stated that around 10,000 women and girls in Iraq had been kidnapped or trafficked for sexual exploitation, prostitution, or ransom. Literature has also tackled the status of certain marital practices in the MENA region; even

though these practices are deemed illegal by Islamic Shari'a law, and also the laws of countries in the MENA region, they still subject women to sexual exploitation and force them to engage in prostitution due to financial circumstances. Young Yemeni girls and women who were coerced into fictitious marriages so they could have sexual relationships with men from the Gulf, for instance, was one exploitative practice that local authorities had to address.<sup>112</sup>

**Forced marriage trends in the MENA region:** According to the same Reuters article, Iraqi women are more frequently seen in short-term unions.<sup>113</sup> Teenage girls are often married for cash and then divorced the following day. Women who are frequently sold to other men for sexual services and trafficked across Iraq are either brought to Baghdad or northern Iraqi cities, or they are sent to the Syrian Arab Republic, Jordan, and the United Arab Emirates.<sup>114</sup>

The article highlights the situation of displaced women, especially those who have escaped domestic abuse or forced marriages, and who are particularly at risk; traffickers often seek out runaway women in public locations like marketplaces. Some perpetrators also engage in the practice of bailing out incarcerated women and coercing them into prostitution to repay their debt.<sup>115</sup>

**Hazardous child labour, child sexual exploitation, and child marriage:**<sup>116</sup> According to the Global Estimates Report,<sup>117</sup> research on the MENA region has found evidence of child exploitation for the purposes of:

- Domestic servitude;
- Camel racing;
- Street begging;
- Sexual exploitation;

106 Ibid.

107 "Forced marriages take place in every region in the world. Nearly two-thirds of all forced marriages, an estimated 14.2 million people, are in Asia and the Pacific. This is followed by 14.5 per cent in Africa (3.2 million) and 10.4 per cent in Europe and Central Asia (2.3 million). When we account for the population in each region, prevalence of forced marriage is highest in the Arab States (4.8 per thousand population), followed by Asia and the Pacific (3.3 per thousand population)." See: ILO, Walk Free and IOM, *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage*.

108 H el ene Harroff-Tavel and Alix Nasri, *Tricked and trapped: human trafficking in the Middle East*.

109 ILO, Walk Free and IOM, *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage*.

110 "Supplementary Convention on the Abolition of Slavery, the Slave Trade, and Institutions and Practices Similar to Slavery," OHCHR, last accessed on 26 February 2024, <https://www.ohchr.org/en/instruments-mechanisms/instruments/supplementary-convention-abolition-slavery-slave-trade-and>.

111 Emma Batha, "Iraqi women trafficked into sexual slavery - rights group," *Reuters*, 17 February 2015, <https://www.reuters.com/article/us-iraq-trafficking-women-idINKBN0LL1U220150217/>.

112 Ibid.

113 Ibid.

114 Ibid.

115 Ibid.

116 "The socioeconomic pressures that render individuals and workers vulnerable to child labour, forced labour and human trafficking are multiple and mutually reinforcing." See: ILO, OECD, IOM, UNICEF, *Ending Child Labour, Forced Labour and Human Trafficking in Global Supply Chains* (Geneva: ILO, OECD, IOM, UNICEF, 2019).

117 ILO, Walk Free and IOM, *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage* (Geneva: ILO, Walk Free and IOM, 2022).

- Forced marriage;
- Illegal adoption.

The following section emphasizes the trends of hazardous child labour in the MENA region based on relevant data. Child sexual exploitation and abuse, with country highlights, are also tackled.

**Hazardous child labour/worst forms of child labour:** The MENA region experiences the following child labour trends:

- Migrants and refugees risk being forced into work;
- Many migrants and refugees are trafficked, especially if they are migrating alone or taking irregular routes with their families;
- Trafficked children are often subjected to violence, abuse, and other human rights violations;
- For girls, the probability of potential sexual exploitation is high, while boys may be exploited differently by joining armed forces and groups;<sup>118</sup>
- Global estimates suggest that around 3 per cent of

children in Arab States are engaged in child labour, with the most economically disadvantaged countries exhibiting the greatest rates of child employment. Around 1.5 per cent of these children are engaged in perilous labour. Of the 1.2 million children engaged in labour in the Arab States, about 616,000 are involved in dangerous and risky activities. Both statistics are a conservative estimate and could be much higher;<sup>119</sup>

- Around 60 per cent of child labour in the region, which amounts to 700,000 boys and girls, is engaged in agricultural activities. This includes subsistence and commercial agriculture, as well as animal husbandry; most of these activities are unpaid and occur within the family structure. Among the children who are still working, 318,000 (27 per cent) are employed in the services sector, while 144,000 (13 per cent) are found in the industry sector;<sup>120</sup>
- Child labourers are generally older than those in other parts of the world – 38 per cent of those in child labour are 5–11 years old, 32 per cent are 12–15 years old, and 30 per cent are between 15 and 17 years old.<sup>121</sup>

## Highlights from Yemen

Based on Paris Principles on the Involvement of Children in Armed Conflict 2007, “A child associated with an armed force or armed group refers to any person below 18 years of age who is, or who has been, recruited or used by an armed force or armed group in any capacity, including but not limited to children, boys and girls, used as fighters, cooks, porters, spies or for sexual purposes. It does not only refer to a child who is taking or has taken a direct part in hostilities.”<sup>122</sup> Therefore, the recruitment and utilization of minors by armed forces, regardless of their level of participation, constitutes a serious infringement of child rights and international humanitarian law.<sup>123</sup>

As reported by ILO,<sup>124</sup> the recruitment and use of children in armed conflicts in Yemen is regarded, like everywhere, as one of the worst forms of child labour. Children are recruited into military forces or groups for several reasons. Certain individuals are forcibly taken, intimidated, compelled, or influenced by armed individuals. Some children are motivated by financial hardship, obligated to earn money to support their family. Furthermore, others form associations to ensure their own survival or safeguard their communities.

In 2014, the Special Representative, in collaboration with UNICEF,<sup>125</sup> initiated the *Children, Not Soldiers* campaign, with the aim of establishing a worldwide agreement that prohibits the utilization of child soldiers in armed conflicts. The campaign aimed to create incentives, mobilize political will, and secure global backing to definitively put an end to the deployment of minors by national security services in conflict scenarios.

118 “Child labour,” *ILO*, last accessed on 26 February 2024, <https://www.ilo.org/beirut/areasofwork/child-labour/lang--en/index.htm>.

119 Ibid.

120 Ibid.

121 Ibid.

122 “Child Recruitment and Use,” *United Nations*, last accessed on 26 February 2024, <https://childrenandarmedconflict.un.org/six-grave-violations/child-soldiers/>.

123 Office of the Special Representative of the Secretary-General for Children and Armed Conflict, *The Six Grave Violations Against Children During Armed Conflict: The Legal Foundation* (Office of the Special Representative of the Secretary-General for Children and Armed Conflict, 2013).

124 “Child labour,” *ILO*, last accessed on 26 February 2024, <https://www.ilo.org/beirut/areasofwork/child-labour/lang--en/index.htm>.

125 “Child Recruitment and Use,” *United Nations*, last accessed on 26 February 2024, <https://childrenandarmedconflict.un.org/six-grave-violations/child-soldiers/>.

The campaign gathered prompt endorsement from Member States, the United Nations, non-governmental organization partners, regional organizations, and the public. The *Children, Not Soldiers* initiative was supported by both the UN Security Council and General Assembly. They also asked that the Special Representative provide frequent reports on the initiative's progress.

During the debut, the campaign targeted the following countries: Afghanistan, Chad, the Democratic Republic of the Congo, Myanmar, Somalia, South Sudan, Sudan, and Yemen. Delegates from each of these nations participated in the inauguration ceremony and conveyed their unwavering endorsement to achieve the goals of the *Children, Not Soldiers* initiative.

The campaign concluded in late 2016. However, the anticipated agreement has materialized, resulting in the successful release and reintegration of several hundred child soldiers.

This accomplishment was made possible via the collaborative efforts of UNICEF, peacekeeping and political missions, as well as various UN and NGO partners operating on-site. All governments involved in the campaign are now actively participating in an action plan led by the UN.<sup>126</sup>

**Child sexual exploitation:** The Convention on the Rights of the Child, adopted in 1989,<sup>127</sup> identifies in article 34 that the following practices are defined as the sexual exploitation of children:

- The inducement or coercion of a child to engage in any unlawful sexual activity;
- The exploitative use of children in prostitution or other unlawful sexual practices;
- The exploitative use of children in pornographic performances and materials.

Most of the other international instruments share the same understanding of child sexual exploitation.<sup>128</sup>

The UNODC Commission on Crime Prevention and Criminal Justice, issued during its twenty-third session, on 12–16 May 2014, a study<sup>129</sup> facilitating the identification, description, and evaluation of the effects of new information technologies on the abuse and exploitation of children.<sup>130</sup> The study highlighted the following:

- To adequately and thoroughly tackle ICT-facilitated child abuse and exploitation, it is imperative to embrace a multi-stakeholder strategy that actively engages

children, families, communities, governments, civil society members, and the private sector;

- Variations in the concept of ‘child’ across different national legal systems can result in diverse approaches to addressing child abuse and exploitation;
- The term ‘abuse’ primarily pertains to the mistreatment of the child victim, whereas ‘exploitation’ mostly relates to the advantage gained by the criminal;
- The categories ‘contact’ and ‘non-contact’ sexual abuse are differentiated based on the specific physical actions affecting minors. Contact sexual abuse often refers to the physical sexual contact that is damaging in nature, whereas non-contact sexual abuse refers to activities when the offender does not physically touch a child, such as possessing, distributing, or consuming child sexual abuse material;
- The term ‘commercial sexual exploitation of children’ refers to the act of an adult exploiting a child, involving the exchange of money or goods either directly to the child or to other individuals involved. The term comprises a variety of illicit activities related to commerce, such as the exploitation of minors for prostitution, facilitation of child marriages, and the promotion of child sex tourism;
- Both genders engage in child exploitation, while men make up most perpetrators in cases of child abuse;

126 Ibid.

127 OHCHR, Convention on the Rights of the Child: <https://www.ohchr.org/en/instruments-mechanisms/instruments/convention-rights-child>.

128 Peter Newell, *Legal Frameworks for Combating Sexual Exploitation of Children* (UNICEF, 2008). Accessible at: <https://www.unicef-irc.org/files/documents/d-3743-Legal-frameworks-for-comb.pdf>.

129 The study was prepared pursuant to Economic and Social Council resolution 2011/33 entitled “Prevention, protection and international cooperation against the use of new information technologies to abuse and/or exploit children.”

130 Commission on Crime Prevention and Criminal Justice, *Study facilitating the identification, description and evaluation of the effects of new information technologies on the abuse and exploitation of children* (Vienna: Commission on Crime Prevention and Criminal Justice, 2014).

- Some types of exploitation, including trafficking and cyber-bullying, may involve a significant number of women as perpetrators;
- The primary demographic of those that engage in the consumption and creation of child sexual abuse material are often adults between the ages of 25 and 40;
- Organized criminal groups are actively engaged in online child abuse, primarily through the creation and dissemination of child sexual abuse content and the commercial sexual exploitation of minors;
- These organizations are often composed of individuals who form online social networks and engage in both the commercial and non-commercial trade of child sexual abuse content over the Internet.

**Child marriage:** According to UNICEF, the “global number of child brides is now estimated at 650 million, including girls under the age of 18 who have already married, and adult women who married in childhood. In the Middle East and North Africa, the number amounted to 35 million, 5 per cent. In the Middle East and North Africa, substantial progress in reducing the prevalence of child marriage has occurred over the past 25 years. Within the past 10 years, however, this progress appears to have slowed.”<sup>131</sup>

Around 40 million child brides (6 per cent of the total number worldwide) are in the MENA region.<sup>132</sup> In Yemen, where 80 per cent of families rely on humanitarian aid, families frequently revert to early marriage of their minor daughters to cover living expenses.<sup>133</sup>

### Highlights from Egypt

In Egypt, there is a growing trend of young girls being exploited through transactional marriages. Transactional marriage is a type of marriage where the woman is often wedded without her consent or against her choice.

One prevalent type of transactional marriage is misleading young girls from impoverished rural regions of Egypt into marrying men from more affluent countries. These young married girls are frequently subjected to exploitation and abuse.<sup>134</sup>

The Mufti of the Republic of Egypt’s *fatwa*<sup>135</sup> against child marriage indicates that it is a societal concern. As per this *fatwa*, child marriage, in whatever form contradicts the institution of marriage and its foundations. Presenting a young girl or a woman as an object for a man to select or reject degrades her dignity and dehumanizes her. According to the *fatwa*, all parties involved understand that this is a sort of covert prostitution, and that the girl is subjected to sexual abuse before being deserted.<sup>136</sup>

Following this, the girl or woman, is often introduced to another man, initiating a fresh cycle of exploitation. Most people acknowledge that such a marriage harms both the individual and society.

131 UNICEF, *Child marriage: latest trends and future prospects* (UNICEF, 2018).

132 UNICEF, *Child Marriage in the Middle East and North Africa* (Beirut: UNICEF, 2022). Accessible at: <https://www.unicef.org/mena/media/17696/file/ChildMarriage-Factsheet-Feb22.pdf%20.pdf>.

133 Sarah Ferguson, “Helping Girls Escape Early Marriage in Yemen,” *UNICEF USA*, June 26 2020, <https://www.unicefusa.org/stories/helping-girls-escape-early-marriage-yemen>.

134 United States Agency for International Development (USAID) *Assessment on the Status of Trafficking in Persons in Egypt: Changing Perceptions and Proposing Appropriate Interventions* (Washington, DC: USAID, 2007).

135 *Fatwa* means a clarification of an Islamic Law.

136 The Protection Project at The Johns Hopkins University Paul H. Nitze School of Advanced International Studies, *Understanding Trafficking in Persons in the MENA Region: The Causes, the Forms, the Routes, and the Measures to Combat a Serious Violation of Human Rights, Training Manual to Combat Trafficking in Persons* (The Johns Hopkins University Paul H. Nitze School of Advanced International Studies, 2013). Accessible at: [https://www.unodc.org/e4j/data/\\_university\\_uni/\\_understanding\\_trafficking\\_in\\_persons\\_in\\_the\\_mena\\_region.html?lng=en](https://www.unodc.org/e4j/data/_university_uni/_understanding_trafficking_in_persons_in_the_mena_region.html?lng=en).

## Reasons Behind the Prevalence of Modern Slavery and Human Trafficking in the MENA Region

Modern slavery and human trafficking are complicated phenomena. The reasons behind the prevalence of MS/HT globally, and among various Member States of the MENAFATF, more specifically, are multifaceted and multilayered. The following sections discuss some of the most relevant factors in the MENA region.

**Weak modern slavery and human trafficking legal frameworks and/or law enforcement:** Under the terms of the international agreements they have signed up to,<sup>137</sup> States are obligated to safeguard workers under their authority and create and implement laws governing ethical corporate practices. Moreover, effective criminal and labour justice administration depends on a strong legal framework. Unfortunately, almost all States within the MENA region have significant legislative gaps when it comes to forced labour, hazardous child labour, and human trafficking.<sup>138</sup> Even when there are laws in place, especially tackling organized crime, their effectiveness and applicability are often questioned by evaluators and assessors. Furthermore, even though the investigation, conviction, and sentencing of perpetrators are more and more recognized as essential components of a successful national response to human trafficking, as well as a support system for the implementation of remedies, they are in their initial stages in most of the countries across the globe and sometimes absent in the MENA region.

The weak MS/HT legal and regulatory framework has generally resulted in victims expressing distrust towards judicial systems that are unable to prosecute perpetrators and ensure that victims receive remediation.

**Other socioeconomic and geopolitical factors:** The interplay of several factors restricts opportunities for subsistence and long-term livelihoods in many of the Member States of the MENA region, especially those experiencing conflict and serious socioeconomic crises, such as the Syrian Arab Republic, Lebanon, the State of Palestine, Yemen, Iraq, and Sudan, where vulnerable people constantly search for better livelihoods beyond their national borders, important factors include:

- Normalization of child labour;
- Multidimensional poverty;<sup>139</sup>
- Informal economies;
- Lack of social services and infrastructure;
- Violence;
- Specific social norms, gender norms, and normative forms of discrimination;
- Displacement and marginalization;
- Lack of awareness;
- Patronage systems;
- Social stigma and isolation;
- Climate change;
- The COVID-19 pandemic.

Perpetrators usually target countries in crisis where they, continually, modify their operations to take advantage of shifting conditions<sup>140</sup> and even wait for their victims at borders.

137 OHCHR, *International Instruments Concerning Trafficking in Persons* (Geneva: OHCHR, 2014). Accessible at: [https://www.ohchr.org/sites/default/files/Documents/Issues/Women/WRGS/OnePagers/IntInstrumentsconcerningTraffickingpersons\\_Aug2014.pdf](https://www.ohchr.org/sites/default/files/Documents/Issues/Women/WRGS/OnePagers/IntInstrumentsconcerningTraffickingpersons_Aug2014.pdf).

138 ILO, OECD, IOM, UNICEF, *Ending Child Labour, Forced Labour and Human Trafficking in Global Supply Chains* (Geneva: ILO, OECD, IOM, UNICEF, 2019).

139 According to different UN agencies and international organizations: “measuring poverty with a single income or expenditure measure is an imperfect way to understand the deprivations of the poor since, for example, markets for basic needs and public goods may not exist. Complementing monetary with non-monetary information provides a more complete picture of poverty.” See: Department of Economic and Social Affairs, “Multidimensional Poverty,” *Development Issues* No. 3 (United Nations, 2015). Accessible at: [https://www.un.org/en/development/desa/policy/wess/wess\\_dev\\_issues/dsp\\_policy\\_03.pdf](https://www.un.org/en/development/desa/policy/wess/wess_dev_issues/dsp_policy_03.pdf).

140 Ibid.

## Illicit Financial Activities Related to Modern Slavery and Human Trafficking

Modern slavery and human trafficking are not only associated with a significant human cost, but are also considered to be among the most lucrative criminal activities worldwide.<sup>141</sup> This implies that MS/HT is a serious predicate offense to money laundering and can potentially finance terrorist acts. This also means that MS/HT proceeds can be monitored by financial investigations.

In 2018, the FATF and the Asia/Pacific Group on Money Laundering (APG) collaborated on a study to enhance worldwide comprehension of the financial transactions linked to human trafficking, serving as a basis for money laundering and a potential funding source for terrorism.<sup>142</sup> The study provides detailed information on indicators of money laundering from human trafficking revenues by categorizing human trafficking into three types according to the Palermo Protocol: forced labour, sexual exploitation, and organ removal or trafficking in human organs.<sup>143</sup>

Different case studies from the FATF report<sup>144</sup> revealed the following:

- The profits from different forms of exploitation are obtained and laundered through distinct methods;
- A deeper comprehension and identification of these three forms of exploitation is achieved by analysing the financial transactions of the individuals or entities responsible for carrying out each type of exploitation;
- Additional segmentation according to roles and different actors involved in MS/HT allowed a more in-depth comprehension of the offence.

The FATF report also highlights the fact that the comprehension of human trafficking has significantly advanced in recent years, allowing a deeper understanding of related financial flows. The UNODC *Global Report on Trafficking in Persons*<sup>145</sup> of 2016 identified over 500 distinct

trafficking routes, encompassing both domestic and global instances of MS/HT.

Furthermore, financial proceeds from human trafficking differ significantly, depending on the circumstances.<sup>146</sup> Differences include the direction of cash flow, the distribution of funds to various individuals within a human trafficking organization, and the methods used for financial transactions. Two primary factors that contribute to this differentiation are the diverse “organizational and financial structures based on the recruitment and transportation methods,” which are employed by the criminal group, and the varying material benefits obtained by perpetrators, depending on the exploitative purpose of the human trafficking in question.<sup>147</sup> Thus, MS/HT financial proceeds can remain within the same country or can be trans-territorial; this distinction is key to directing financial investigations by using different methods to follow the money trail. Examining the occurrence of domestic and cross-border financial flows helps uncover the hidden and undisclosed profits generated from the exploitation of victims across its different phases.

### Following Domestic Modern Slavery and Human Trafficking Financial Proceeds: The High-Risk Industry-Focused Approach

Domestic trafficking refers to the transportation of victims within a country, either between different regions or within their local area; victims are often moved internally from rural areas to cities and tourist centres, and from villages to industrial or commercial regions.<sup>148</sup> Research indicates that most individuals subjected to forced labour in economic sectors, and nearly all those in State-mandated forced labour, have not relocated from their place of origin.<sup>149</sup> This indirectly implies that a considerable number of victims and perpetrators of forced labour are nationals of the country where the exploitation takes place.<sup>150</sup>

141 FATF – APG, *Financial Flows from Human Trafficking* (France: FATF, 2018). Accessible at: [www.fatf-gafi.org/publications/methodandtrends/documents/human-trafficking.html](http://www.fatf-gafi.org/publications/methodandtrends/documents/human-trafficking.html).

142 Ibid.

143 Ibid.

144 Ibid.

145 UNODC, *Global Report on Trafficking in Persons* (New York: United Nations, 2016). Accessible at: [https://www.unodc.org/documents/data-and-analysis/glotip/2016\\_Global\\_Report\\_on\\_Trafficking\\_in\\_Persons.pdf](https://www.unodc.org/documents/data-and-analysis/glotip/2016_Global_Report_on_Trafficking_in_Persons.pdf).

146 FATF – APG, *Financial Flows from Human Trafficking*.

147 Ibid.

148 Ibid.

149 Ibid.

150 Frank Haberstroh and Simon Zaugg, “Detecting Financial Flows of Human Trafficking and Modern Slavery: A Guide to Automated Transaction Monitoring,” *UNU-CPR Guideline* (New York: United Nations University, 2023).

The following developments emphasize the importance of an adapted approach to tackle illicit money generated from MS/HT. This approach encompasses two main elements, namely, high-risk countries and high-risk industries. Whenever domestic illicit MS/HT profits are generated, it is critically important that a focus should be applied to high-risk industries. Whereas, both high-risk countries and high-risk industries should be considered when cross-border financial flows occur.

**General considerations:** The FAST initiative's *Blueprint*<sup>151</sup> demonstrates that the fight against MS/HT requires joint efforts. These efforts should involve the financial sector as a key stakeholder and the facilitation of financial investigations into MS/HT. Obtaining financial evidence can address different challenges such as the high reliance on a victim's testimony or the lack of evidence linking offenders to a legal process.

However, with a very low number of reported MS/HT cases and related Suspicious Transaction Reports (STRs) and Suspicious Activity Reports (SARs) worldwide, including in the MENA region, it has been noticed<sup>152</sup> that traditional transaction monitoring tools are not always sufficient to detect MS/HT. In the MENA region, since cash is the most common method of payment, it is even more challenging to detect MS/HT activities. According to the FAST initiative, a risk-based approach applied to countries and industries can be used by financial institutions in their automated transaction monitoring to better detect MS/HT activities.

When discussing domestic MS/HT flows that involve crimes within a single country, attention should be directed towards the high-risk industries within that country. Different methodologies based on publicly available data and statistics can lead to a detailed list<sup>153</sup> of high-risk industries within a specific country, as shown in the example below:<sup>154</sup>

#### **Agriculture, Forestry, and Fisheries**

- Crop and animal production, hunting and related service activities, i.e., animal husbandry, growing of pome fruits

and stone fruits like apples and growing of grapes (ISIC 01 MCC 7299);

- Forestry and logging (ISIC 02);
- Fisheries and aquaculture (ISIC 03).

#### **Mining and Quarrying**

- Mining of coal and lignite (ISIC 05);
- Mining of metal ores, i.e., of iron ores, non-ferrous metal ores like gold, uranium, and thorium ores (ISIC 07);
- Other mining and quarrying, i.e., diamond mining, quarrying of stone, sand, and clay, and extraction of salt (ISIC 08).

#### **Manufacturing**

- Manufacture of food products, e.g., processing and preserving of meat, fish, crustaceans, fruits, and vegetables (ISIC 10);
- Manufacture of tobacco products (ISIC 12);
- Manufacture of textiles, e.g., dyeing, preparation and spinning of textile fibers, weaving of textiles, finishing of textiles, and manufacture of carpets and rugs (ISIC 13 MCC 5131);
- Manufacture of clothing apparel (ISIC 14).

#### **Construction (MCC 1520, MCC 1711, 1731, 1740, 1750, 1761, 1771, 1799)**

- Construction of buildings (ISIC 41);
- Civil engineering, i.e., construction of roads, railways, bridges, and tunnels (ISIC 42);
- Specialized construction activities, e.g., demolition and site preparation (ISIC 43).

#### **Transportation and Warehousing**

- Land transport and transport via pipelines, i.e., freight transport by road and removal services (ISIC 49);
- Water transport, i.e., sea and coastal freight water transport (ISIC 50);
- Warehousing and support activities for transportation, i.e., cargo handling (ISIC 52).

To address MS/HT through the financial system, a combination of red flag indicators can result in the filing of STRs/SARs to respective FIUs. In the context of domestic

151 Liechtenstein Initiative, *Unlocking Potential: A Blueprint for Mobilizing Finance Against Slavery and Trafficking: Final Report of the Liechtenstein Initiative's Financial Sector Commission on Modern Slavery and Human Trafficking* (New York: United Nations University, 2019). Accessible at: <https://www.fastinitiative.org/the-blueprint/download-report>.

152 Frank Haberstroh and Simon Zaugg, *Detecting Financial Flows of Human Trafficking and Modern Slavery*.

153 Ibid.

154 ISIC codes or "International Standard Industrial Classification of All Economic Activities" are the international reference classification of productive activities curated by United Nations Department of Economic and Social Affairs. MCC code or "Merchant Category Code" is a four-digit number included in ISO 18245 for retail financial services. It is used to classify a business by the types of goods or services they provide.

forced labour, several red flags related to a product or service can be considered, such as:<sup>155</sup>

- Client's account is generally funded through third-party individuals' cash deposits and fund transfers;
- Cash deposits conducted at different locations within the country and withdrawals and/or purchases performed in different locations;
- Credit card purchases conducted outside of normal hours of business, for example in the case of massage parlours and beauty salons;
- Frequent ATM cash deposits which at times are followed by ATM withdrawals in different locations;
- Recurrent payments to individuals or entities connected with the sex industry, escort agencies, model agencies, and entertainment agencies;
- Use of pre-paid cards by the customer or by related third parties;
- Repeated transfers occurring from multiple accounts to the same third party.

In the MENA region, the practice of the *kafala* system can generate domestic financial proceeds. The following section highlights the *kafala* system as it is practiced across the MENA region.

**The Kafala system:**<sup>156</sup> The current *kafala* system “emerged in the 1950s to regulate the relationship between employers and migrant workers in many countries in West Asia.”<sup>157</sup> As reported by ILO, “it remains the routine practice in the Gulf Cooperation Council (GCC) countries of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE), and in the Arab states of Jordan and Lebanon.”<sup>158</sup> Countries in the region rely on the *Kafala* or ‘sponsorship’ system to manage this massive influx of migrant labour. This practice is a contemporary form of abuse and exploitation, based on traditional hospitality laws governing the reception and safety of foreign visitors.<sup>159</sup>

Employers, or *Kafeels/Kafils* (‘sponsors’), assess their labour needs under the *Kafala* system and fill them directly or through intermediaries such as private employment agencies. For the duration of their employment, a *Makfoul* (the person sponsored) migrant worker’s immigration status is closely linked to a single sponsor.<sup>160</sup> The result is that these workers are vulnerable due to their lack of independence from their employers.<sup>161</sup>

Because of the existing formulation of national laws and regulations, the domestic worker’s legal rights to end the contract are restricted. For example, the standard unified contracts of certain countries of the Gulf do not include the legal grounds for an employee’s termination of employment. A domestic worker who wants to switch jobs is unable to do so; the worker’s employer has to sign a release form for the worker to be able to lawfully transfer sponsorship.<sup>162</sup> Domestic workers in other countries are, for example, employed for two years, and if they choose to leave the country for personal reasons before that time, they must pay the cost of returning home. Such specifications are extremely challenging for domestic employees.<sup>163</sup>

ILO’s Committee of Experts on the Application of Conventions and Recommendations has observed that the *kafala* system in the MENA region may facilitate the exploitation of forced labour, and has asked relevant governments to shield migrant workers from mistreatment.<sup>164</sup> Consequently, several regional countries have debated the benefits and drawbacks of the *kafala* system, and some, such as Bahrain, have even attempted systemic change. In 2009, Bahrain introduced a significant *kafala*-related reform that enabled migrant workers to switch employment without getting permission from their employer. Subsequently, the Government of Bahrain mandated in Law No. 15 of 2011 that a migrant worker cannot lawfully relocate to another employer unless they had worked for the previous employer for at least a full year.<sup>165</sup>

155 The list of indicators has been finalized by FAST based on the intersection of different sources.

156 “The power that the *Kafala* system delegates to the sponsor over the migrant worker, has been linked to a contemporary form of slavery. The *kafael* meets their labour needs in the context of immense control and unchecked leverage over workers, creating an environment ripe for human rights violations and erosion of labour standards.” See: Migrant Forum in Asia, *Reform of the Kafala (Sponsorship) System*, Migrant Forum in Asia (n.d.). Accessible at: <https://www.ilo.org/dyn/migpractice/docs/132/PB2.pdf>.

157 Ibid.

158 Ibid.

159 H  l  ne Harroff-Tavel and Alix Nasri, *Tricked and trapped: human trafficking in the Middle East* (Beirut: ILO, 2013).

160 Ibid.

161 Ibid.

162 Ibid.

163 Ibid.

164 “Sponsorship reform and internal labour market mobility for migrant workers in the Arab States,” ILO, last accessed on 1 August 2024, <https://www.ilo.org/resource/other/sponsorship-reform-and-internal-labour-market-mobility-migrant-workers-arab>.

165 Ibid.



According to ILO,<sup>166</sup> the MENA region's situation in this regard can be summarized as follows:

- The utilization of the *kafala* system is intrinsically problematic due to its establishment of an asymmetrical power relationship between the employer and the worker;
- The lack of adequate labour law protection exacerbates the inherent vulnerabilities faced by migrant workers in domestic servitude, the entertainment industry, and the agricultural sector;
- Migrant workers face limitations in their ability to organize, terminate their employment contracts, and switch employers due to substantial gaps in national legislation. Despite the existence of legal avenues for seeking restitution and the criminalization and punishment of human trafficking, there have been limited instances of prosecutions and convictions;
- The absence of deliberate legal action against employers and private employment agencies who breach the regulations results in minimal discouragement for others to forcibly confine migrant workers in exploitative conditions.

In this context, several red flags can be considered to file an STR/SAR to the FIU:

- Property accommodating a maximum of two or three people (according to a street view search) is indicated to have a higher number of inhabitants;
- Customer shows deprived personal hygiene and standard of dress, bruises, or other signs of physical abuse;
- Customer without accounts in third banks lacks living expenses;
- Entity indicating or being reported to conduct cheap labour or unfair business practices, i.e. when FIU orders increased monitoring.

## Combating Cross-Border Transactions: Measuring, Preventing, and Disrupting Illicit Financial Flows

Although limited information is available on traffickers' use of funds in both domestic and global MS/HT, there are indications of the methods used for their transfer. Perpetrators may employ a shared mobile phone number, place of residence, and many false or stolen identities to deposit funds into various bank accounts. They frequently transfer funds to countries considered to have a high level of risk, display 'unusual' withdrawals,<sup>167</sup> deposits, or wire transactions that deviate from standard business practices, and experience sudden and unexplained changes in account activity. Illicit Financial Flows (IFFs) refer to "financial flows that are illicit in origin, transfer or use, that reflect an exchange of value and that cross country borders."<sup>168</sup>

**General Considerations:** The international community has committed to working together to "significantly reduce illicit financial flows" with the inclusion of Target 16.4 of the 2030 Agenda for Sustainable Development.<sup>169</sup>

Based on a UNODC study of IFFs,<sup>170</sup> domestic trafficking is unlikely to generate illicit financial flows unless the individuals involved, such as the perpetrator, victim, or other actors like buyers of sexual services, prospective spouses in forced marriages, or labour intermediaries, have their economic interests located outside the country, or if the proceeds are laundered internationally. Generally, most trafficking victims are identified in countries where they hold citizenship. The victim's exploitative services or goods are often the main source of IFFs connected to MS/HT and they pertain to the cross-border transfer of:<sup>171</sup>

- Expenses related to the trafficking act, including the recruitment, transportation, and accommodation of trafficking victims;

166 H el ene Harroff-Tavel and Alix Nasri, *Tricked and trapped: human trafficking in the Middle East* (Beirut: ILO, 2013).

167 UNODC, IOM and GloACT, *Illicit Financial Flows Associated with Smuggling of Migrants and Trafficking in Persons from GLO.ACT Partner Countries to Europe* (United Nations, 2023).

168 Ibid.

169 Ibid. It is measured by indicator 16.4.1 (total value of inward and outward IFFs in current \$US). The custodian agencies of SDG indicator 16.4.1, namely UNODC and the United Nations Conference on Trade and Development (UNCTAD), worked jointly to develop a statistical measurement framework and methodology for this indicator: Conceptual Framework for the Statistical Measurement of Illicit Financial Flows.

170 UNODC, IOM and GloACT, *Illicit Financial Flows Associated with Smuggling of Migrants and Trafficking in Persons from GLO.ACT Partner Countries to Europe* (United Nations, 2023).

171 Ibid.

- The expenses associated with exerting control, such as the use of drugs with narcotic or psychoactive effects;
- The costs involved in various forms of exploitation, such as providing locations for sexual exploitation or forced labour;
- Revenue generated from engaging in exploitative activities, such as facilitating prostitution, coercive labour, exploiting individuals for begging purposes, and selling things created via exploitation;
- Revenue generated from the transaction involving the selling of a person, including occurrences of forced marriage;
- The illicit gains resulting from the act of engaging in human trafficking, which may involve activities like investing or laundering money.

The following factors “influence the size, modalities, and directions of IFFs”:<sup>172</sup>

- The type of trafficking actors;
- The forms of exploitation;
- The victim profiles.<sup>173</sup>

One of the key findings of UNODC’s study on IFFs<sup>174</sup> highlights the fact that illicit activities of migrant smuggling and human trafficking result in significant illicit financial flows. This has consequences not only for countries directly impacted by smuggling or trafficking (those where it originates, passes through, and ends up), but also for third countries affected by IFFs because of associated payments, expenses, and revenue, as well as the movement and handling of criminal proceeds. The study shows that highly organized criminal networks, as opposed to individuals and loosely connected, adaptable criminal networks, are the ones who profit the most from human trafficking and

migrant smuggling. These groups also generate large amounts of illegal money across national borders.

Another key finding concerns the use of technology and the global expansion of information and communications technology which has led to an increase in the use of these technologies for transnational crimes, such as cross-border trafficking in persons and smuggling of migrants. Cyber-enabled transnational crimes facilitate the transfer of money across borders and produce IFFs, which might involve increasing profits or the movement, control, or concealment of gains from criminal activities.<sup>175</sup>

The use of IFFs, particularly in the exploitation stage, in conjunction with the anticipated number of victims, may serve as an indicator of the overall pricing at which a victim and their services (exploitation) are traded, hence offering a broad comprehension of the profits made by traffickers.<sup>176</sup> As stated by UNODC,<sup>177</sup> criminal networks can use cash transactions to acquire valuable assets within the country or outside, such as properties and high-end merchandise, investments in the financial industry, or investments in other illicit activities like drug and firearms trafficking.

A FAST publication, *Detecting Financial Flows of Human Trafficking and Modern Slavery: A Guide to Automated Transaction Monitoring*,<sup>178</sup> provides a detailed approach on how to tackle IFFs from a country- and an industry-specific angle, as well as other relevant tools. Besides industries with high MS/HT risks, there are countries that also present high MS/HT risks which require increased attention with regard to transaction monitoring. The following figure from the same publication illustrates “the risk level that different countries can constitute for the financial institution performing an evaluation of MS/HT-relevant countries.”<sup>179</sup>

172 UNODC, *Study on Illicit Financial Flows Associated with Smuggling of Migrants and Trafficking in Persons from GLO.ACT Partner Countries to Europe* (UNODC, 2023).

173 Ibid.

174 Ibid.

175 UNODC, IOM and GloACT, *Illicit Financial Flows Associated with Smuggling of Migrants and Trafficking in Persons from GLO.ACT Partner Countries to Europe* (United Nations, 2023).

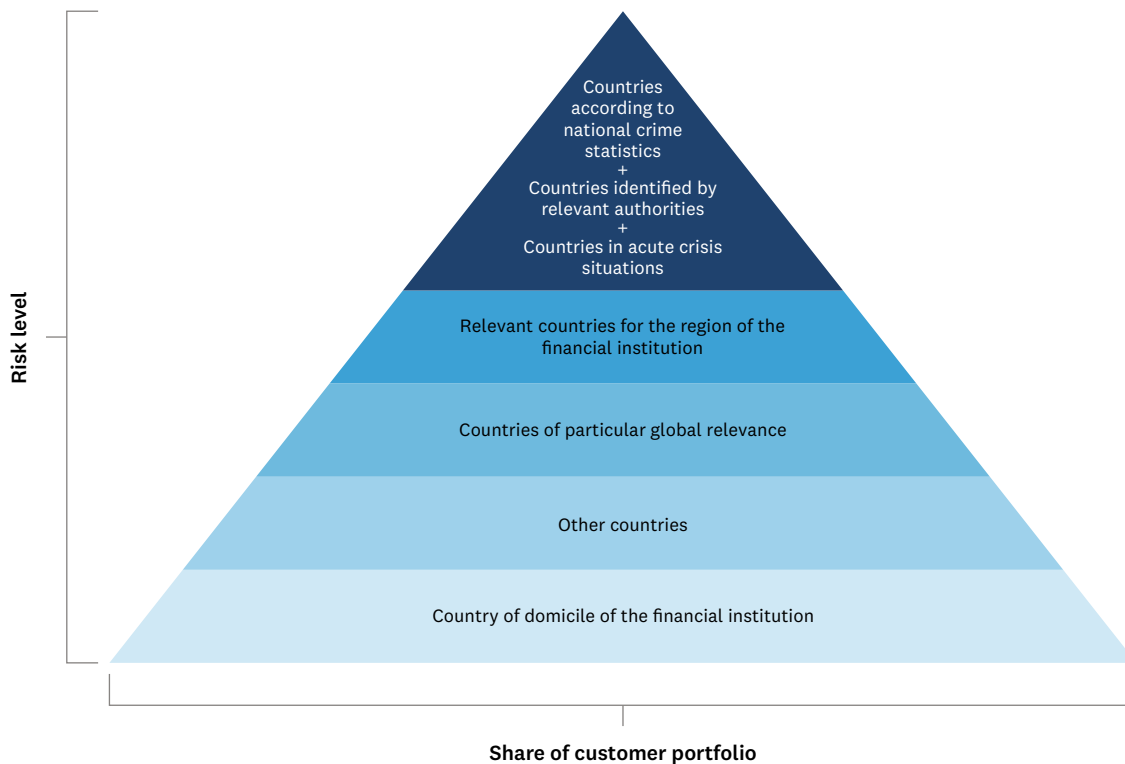
176 Ibid.

177 Ibid.

178 Frank Haberstroh and Simon Zaugg, *Detecting Financial Flows of Human Trafficking and Modern Slavery: A Guide to Automated Transaction Monitoring*.

179 Ibid.

Figure 3: Country risk pyramid



Source: Frank Haberstroh and Simon Zaugg, “Detecting Financial Flows of Modern Slavery and Human Trafficking: A guide to Automated Transaction Monitoring,” *UNU-CPR Guideline* (New York: United Nations University, 2023).

**The Importance of Hawala in the MENA Region:** *Hawala* is a method of exchanging money, a ‘transfer/exchange’ system that is often used in the MENA region among human traffickers, allowing money to be exchanged via *Hawaladars* without funds being actually moved between them. It is an alternate method of sending money that is not connected to conventional financial networks. Because *hawala* broker transactions frequently lack a paper record and are mostly reliant on trust, they are extremely challenging to monitor.<sup>180</sup>

According to ACAMS, *Hawala* is thus characterized by the following:<sup>181</sup>

- No physical movement of currency;
- Lack of formality of verification and record keeping;
- Transactions conducted by means of coded information that is passed by several methods.

The *hawala* method is frequently used along the Eastern Mediterranean route for trafficking and smuggling. It involves utilizing relatives, friends, or reliable acquaintances in the country of origin to transfer money, making it challenging to trace the flow of funds, as stated in a UNODC Global Study on Smuggling of Migrants.<sup>182</sup> As an alternative, in the context of migrant smuggling, immigrants can utilize a recognized money transfer provider, which provides a code to safeguard the payment. The smuggler will then get the security code to release the money after the migrant has reached the prearranged location safely.

As reported by UNODC, some “hawala dealers have Facebook pages aimed at the Syrian diaspora in Europe and advertise their ability to transfer money back to the Syrian Arab Republic. One Arabic language posting touted hawala’s ability to move money in the Middle East, Greece, Germany,

180 FATF and OECD, *The Role of Hawala and Other Similar Service Providers* (Paris: FATF, 2013). Accessible at: <https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/Role-of-hawala-and-similar-in-ml-tf.pdf.coredownload.pdf>.

181 ACAMS, “The Hawala System: A Risky Alternative to Traditional Banking,” *ACAMS Today*, 10 March 2023, <https://www.acamstoday.org/the-hawala-system-a-risky-alternative-to-traditional-banking/>.

182 UNODC, *Global Study on Smuggling of Migrants* (Vienna: United Nations, 2018). Accessible at: [https://www.unodc.org/documents/data-and-analysis/glosom/GLOSOM\\_2018\\_web\\_small.pdf](https://www.unodc.org/documents/data-and-analysis/glosom/GLOSOM_2018_web_small.pdf).

and Serbia. The hawaladar operator said he runs a hawala business from a travel and money-exchange shop in Turkey. His network sends about \$20,000 a day around the world, taking a 5% cut, he said. The broker said he expects profits to rise by 50% this year, in part due to surging demand from migrants in Europe, particularly in Syria and Germany.<sup>183</sup>

In an interview conducted by UNODC “an Iraqi law enforcement officer pointed out that it was not uncommon for traffickers to invest profits from exploiting victims in cash purchases of cafés, roulette and gambling rooms, spas, and nightclubs. Depositing the profits in banks is far less common in Iraq due to poor banking systems.”<sup>184</sup>

The methods used to settle the debts between the *hawaladars*<sup>185</sup> include:

- Physical cash currency transport;
- Virtual currencies;
- Trade-based money laundering;
- Bank transfers;
- Gold smuggling.

These settlement transactions between *hawaladars* are likely to be the ones that can be detected by conventional financial intelligence methods, i.e. transaction monitoring by financial institutions and other obliged entities.

The debate about the status of *hawala* has long been present among academics, law enforcement, and regulatory bodies. Not every country has laws governing *hawala*. As a result, *hawala* is still prohibited in many countries worldwide. Although not all users of *hawala* are making illicit use of this remittance method, it is widely acknowledged that the system could facilitate money laundering and the funding of terrorism. In many countries

of the MENA region, *hawala* is governed by laws pertaining to money remittance services.<sup>186</sup>

As an example, in November 2002, a public notice was issued in local media after the Abu Dhabi Declaration on Hawala,<sup>187</sup> inviting *hawaladars* to register with the Central Bank of the United Arab Emirates (UAE). The notification detailed the specified requirements. *Hawaladars* who register with the Central Bank of the UAE. will receive a complimentary certificate. The Central Bank of the UAE will guarantee *hawaladars* that their identities and information would be securely maintained by the bank. A *hawaladar* is required to keep a record of every transaction, which must contain information on the remitter. The *hawaladar* must provide complete details of their bank account. Complete information on reverse transactions (inward remittances) must be recorded. *Hawaladars* are required to disclose any transfers they believe might be connected to money laundering. *Hawaladars* are required to submit reports to the Central Bank using the forms supplied by the bank.<sup>188</sup>

Investigations into *hawala* practice revealed its strong nexus with money laundering. *Hawala* can be used at every level of the money laundering process. It is shown to be successful throughout the placement phase where the cash is given to the *hawaladar* by the customer. Most *hawaladars* do not carry out any or only weak due diligence checks on the origin of the funds received and claim that deposited cash is a legal source of business revenue from parallel business activities they carry out. Instead of putting all of their money into bank accounts, *hawaladars* use it for operating and other business needs.<sup>189</sup> Subsequently, the *hawaladar* places the funds into a bank account that is seemingly or genuinely utilized for parallel commercial endeavours and allocates the money for operational and other company requirements.

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183 Ibid.

184 Ibid.

185 Ibid.

186 Saeed Al-Hamiz, “*Hawala: A U.A.E. Perspective*,” *Regulatory Frameworks for Hawala and Other Remittance Systems* (Washington, DC: IMF, 2005).

187 Ibid.

188 Ibid.

189 FATF, OECD, *The Role of Hawala and Other Similar Service Providers* (Paris: FATF, 2013). Accessible at: <https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/Role-of-hawala-and-similar-in-ml-tf.pdf.coredownload.pdf>.

# The Role of Financial Intelligence Units in Combating Modern Slavery and Human Trafficking: Existing Challenges and Potential Opportunities

As mentioned earlier, the FAST Blueprint demonstrates that the financial sector is incapable of ending modern slavery and human trafficking alone. Nonetheless, the active involvement of the financial sector is essential for the

prevention and mitigation of MS/HT risks. Conducting investigations into the financial components of MS/HT is therefore crucial in the fight against this phenomenon.<sup>190</sup> In this context, FIUs play a central role.

## Existing Challenges Concerning Financial Intelligence in Combating Modern Slavery and Human Trafficking

As per FATF Recommendation 29, “Countries should establish an FIU that serves as a national centre for the receipt and analysis of: (a) suspicious transaction reports; and (b) other information relevant to money laundering, associated predicate offences and terrorist financing, and for the dissemination of the results of that analysis. The FIU

should be able to obtain additional information from reporting entities, and should have access on a timely basis to the financial, administrative and law enforcement information that it requires to undertake its functions properly.”<sup>191</sup>

### The Egmont Group

The Egmont Group consists of 170 FIUs that are integrated. FIUs are in a distinctive position to support both national and global initiatives that aim to combat terrorist funding. FIUs provide reliable channels for exchanging financial data both within a country and across borders in accordance with international anti-money laundering and counter-terrorism financing (AML/CFT) regulations. The Egmont Group facilitates the safe sharing of knowledge and financial intelligence among FIUs to combat money laundering, terrorism financing (ML/TF), and related predicate offenses.

The Egmont Group enhances the work of members’ FIUs by [increasing stakeholders’ comprehension of ML/TF threats](#) and utilizing operational expertise to influence policy decisions related to AML/CFT implementation and reforms. The Egmont Group functions as the operational branch of the global anti-money laundering and countering the financing of terrorism system.<sup>192</sup>

## Global Challenges of Financial Intelligence in the Fight Against Modern Slavery and Human Trafficking

The role of financial intelligence is central to the fight against MS/HT, as highlighted earlier. Financial evidence helps to counter challenges such as a heavy reliance on the victim’s testimony or insufficient evidence to implicate perpetrators during an investigation or prosecution. Moreover, financial seizures of illegally acquired money

from MS/HT can be redirected to victims as a form of remedy. Although the number of MS/HT SARs or STRs from financial institutions to FIUs is an essential indicator, it remains extremely low in almost all countries. Awareness of the threat of MS/HT is still not high enough in the financial sector. In addition, the conventional method of transaction monitoring as the central basis for STRs achieves little in MS/HT, as meaningful indicators for automated transaction monitoring are at an early stage of development or not sufficiently known. Transactions linked to MS/HT may

190 Frank Haberstroh and Simon Zaugg, “Detecting Financial Flows of Modern Slavery and Human Trafficking: A Guide to Automated Transaction Monitoring.”

191 “FATF Recommendations,” FATF, last accessed on 26 February 2024, <https://www.fatf-gafi.org/en/topics/fatf-recommendations.html>.

192 “About the Egmont Group,” Egmont Group, last accessed on 26 February 2024, <https://egmontgroup.org/about/>.

therefore not be recognized by anti-money laundering (AML) software and may never be analysed by a compliance officer. Moreover, it can be assumed that many MS/HT transactions are not recognized at all or mistaken for conventional money-laundering activities when they are reported to FIUs.

A different approach, further explained in the following sections, is needed to support financial institutions in better detecting suspicious flows stemming from MS/HT.<sup>193</sup>

The following challenges mainly pertain to financial investigations, globally:<sup>194</sup>

- There are gaps in intelligence on the specific characteristics and extent of MS/HT, the nature of the profits made, and the methods used to launder those profits;
- The jurisdiction places low significance on international information exchange, coordination, and collaboration in the area of financial intelligence;
- The authorities fail to strongly and efficiently engage in and seek international collaboration with MS/HT and associated ML investigations, prosecutions, and asset forfeiture challenges;
- Agencies such as Europol and Interpol are not consistently engaged by local competent authorities. Furthermore, the task of international collaboration is only with law enforcement agencies, excluding the participation of supervisory, customs, and other pertinent authorities;
- There is currently a lack of comprehensive legislative framework and structures, together with clearly established channels and procedures, to facilitate collaboration on instances involving money laundering and terrorist financing.

## Main Challenges of Financial Intelligence in the MENA Region

In addition to the global challenges faced in the fight against MS/HT, a questionnaire conducted by the MENAFATF highlights common challenges in the MENA region among its Member States.<sup>195</sup> These challenges include:

- Insufficient comprehension of the laws and procedures pertaining to human trafficking among important stakeholders, such as law enforcement agencies, public prosecutors, and judges;
- Lack of standardized protocols and instruction to recognize the individuals who have been victimized;
- Lack of established procedures and training to effectively address and safeguard the victims, including the act of treating victims as criminals;
- Lack of inter-agency coordination and collaboration in investigating cases of human trafficking;
- Lack of evidence and overreliance on victim testimonials, resulting in a failure to prosecute and interrogate human traffickers;
- Relevant authorities may find it difficult to differentiate between human trafficking and migrant smuggling remains difficult;
- Inadequate border management in certain countries has led to a surge in human trafficking and migrant smuggling activities;
- Obstacles related to the efficiency and execution of processes, such as the delayed issuance of verdicts for offenses, including human trafficking and migrant smuggling;
- Inadequate training and insufficient allocation of human and technical resources to entities involved in combating MS/HT;
- Lack of extensive local and international collaboration in combating human trafficking and migrant smuggling poses challenges in effectively tracking related illicit financial flows.

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193 Frank Haberstroh and Simon Zaugg, "Detecting Financial Flows of Modern Slavery and Human Trafficking: A Guide to Automated Transaction Monitoring."

194 Simon Zaugg, "Including Modern Slavery and Human Trafficking in National Money Laundering and Terrorist Financing Risk Assessments," *UNU-CPR Guideline* (New York: United Nations University, 2023).

195 MENAFATF, *Money Laundering Resulting from the Human Trafficking and Migrant Smuggling Crimes* (2021).

## Potential Opportunities to Better Mitigate Modern Slavery and Human Trafficking Risks: Recommendations

In order to enhance their effectiveness in combating MS/HT through the financial sector, Member States of the MENAFATF, as well as other countries worldwide, should implement the measures indicated in the following sections.

### Including Modern Slavery and Human Trafficking in National Risk Assessments<sup>196</sup>

As per FATF Recommendation 1, countries are required to exhibit comprehension of the risks associated with money laundering and terrorism financing (ML/FT) inside their territories. An effective control of ML/FT and related predicate crimes under a risk-based approach relies on this understanding as its foundation. National Risk Assessments (NRAs) establish a country's objectives in combating money laundering, terrorist financing, and related crimes, while also outlining the techniques employed to address them. The predicate offenses that pose the greatest risks of

money laundering and terrorist financing, as determined by the NRA, should be given priority for resource allocation and should be the main focus of intelligence collecting and investigations.

In order to effectively evaluate their jurisdiction's financial crime risks, the agencies tasked with conducting and overseeing an NRA must possess the knowledge and ability to obtain and consolidate relevant data and information pertaining to particular underlying criminal activities. Crimes that are underreported or not adequately recorded, such as MS/HT, are frequently not thoroughly evaluated by the appropriate authorities throughout the risk assessment procedure. This occurs due to a lack of awareness among responsible agencies regarding the full scope of these crimes, as well as their unfamiliarity with accessing alternative, trustworthy data of both a quantitative and qualitative nature.

Figure 4: Mitigating modern slavery and human trafficking risks



196 Ibid.

A FAST initiative guideline, *Including Modern Slavery and Human Trafficking in National Money Laundering and Terrorist Financing Risk Assessments*, shows what an alternative risk assessment approach could look like.<sup>197</sup> When MS/HT risks are adequately addressed in NRAs, there will likely be a rise in the number of STRs that are connected to MS/HT, as financial institutions and other obliged entities will increase their efforts to detect them. This increase will lead to more investigations and successful prosecutions of traffickers and perpetrators, eventually resulting in greater assistance and support for victims and survivors.

Tips on how to better identify and assess MS/HT threats in NRAs include:

- Consult publicly available information sources;
- Include stakeholders beyond traditional AML/CFT players in the risk assessment process;
- Gather Information from similar jurisdictions.

### **Undertaking Risk-Based Monitoring of Transactions Relating to High-Risk Industries and Countries and Trafficking Channels Relevant for the Region**

In November 2022, FAST published its guideline, *Detecting Financial Flows of Modern Slavery and Human Trafficking: A Guide to Automated Transaction Monitoring*, which contains steps to undertake for a more effective transaction monitoring of financial flows related to MS/HT. The approach is already resulting in tangible results all over the world. The implementation of the suggested risk-based monitoring methodology by MENA countries' financial industries, can therefore be expected to increase STRs/SARs, investigations, and convictions, and the freezing and confiscation of assets in the region as well.

The approach is primarily based on increased monitoring of high-risk countries and high-risk industries, and transactions between known origin and destination locations of human trafficking and human trafficking hotspots.

Global crime data indicate that several countries exhibit a considerably greater incidence of human trafficking and modern slavery, either as a source or destination for victims. In the same vein, those who commit crimes, as members of

well-established criminal organizations, are more prone to be residents of certain countries. Moreover, the individuals responsible for the crime are frequently of the same nationality as the victims or originate from the country where the crime occurs. The search for corresponding countries and locational references when screening for financial flows accompanying MS/HT therefore follows risk-based considerations, generally known in the anti-financial crime field.

Based on an evaluation of crime statistics performed by the FAST initiative in the MENA region, the following countries can be considered high risk from a MS/HT perspective: Bangladesh, Ethiopia, Lebanon, Pakistan, and the Syrian Arab Republic.<sup>198</sup> Member States of the MENAFATF should add to this list countries often identified as the countries of origin of victims and perpetrators, as well as countries from where victims were repatriated from. Furthermore, suspicious transactions that occur between the different locations in the MENA region should be subject to increased scrutiny and assessed for possible human trafficking.

Moreover, MS/HT occurs throughout a diverse range of sectors and industries. However, several industries seem to be especially susceptible to it. This is particularly accurate when the activity entails significant physical exertion for which victims do not need a formal education.

### **Promoting Financial Inclusion**

The 2019 Financial Sector Commission Report, recent research by the FAST initiative, and the FAST Blueprint<sup>199</sup> indicate that financial exclusion is a risk multiplier for modern slavery. It amplifies vulnerabilities of individuals to exploitation, including survivors of modern slavery whose financial marginalization increases risks of re-victimization. Survivors' financial vulnerability is exacerbated by the lack of financial compensation or remedy, often due to the inadequate seizure and recovery of the assets belonging to perpetrators.

According to the FATF's *High-Level Synopsis of the Stocktake of Unintended Consequences of the FATF Standards*,<sup>200</sup> financial exclusion can be one of the unintended consequences of misapplying the FATF Standards at the country or private sector level. FATF points, in particular, to "the failure to use the proportionality

197 Ibid.

198 Frank Haberstroh and Simon Zaugg, "Detecting Financial Flows of Human Trafficking and Modern Slavery: A Guide to Automated Transaction Monitoring."

199 FAST and INURED, *Financial Needs and Vulnerability to Modern Slavery and Human Trafficking in Haiti* (New York: United Nations University, 2023).

200 FATF, *High-Level Synopsis of the Stocktake of the Unintended Consequences of the FATF Standards* (Paris: FATF, 2021).



that is central to the risk-based approach,<sup>201</sup> as leading to, or exacerbating, financial exclusion. For example, the risk-based tools within the FATF Standards (such as exemptions and simplifications) are underutilized by the countries that need them the most to expand financial inclusion.

Obstacles to obtaining financial services for populations vulnerable to modern slavery, including displaced persons,<sup>202</sup> migrant workers, and survivors of MS/HT, are frequently associated with the lack of identifying documents or a fixed address. Additionally, for survivors, barriers may arise from possession of criminal records and/or a negative credit history gained as part of their victimization.<sup>203</sup> Not having access to financial services, such as bank accounts and credit, can leave people open to multiple forms of modern slavery, including wage theft (e.g. migrant workers), labour exploitation (especially in cash economies), and debt bondage (especially with informal and unregulated financial lenders, exploitative employers, or recruitment agencies).

The following factors relating to the products and services offered by financial institutions can specifically contribute to increased financial exclusion, and thus constitute a vulnerability in the MS/HT context:

- Products and services are not exempted from some AML/CFT controls based on proven low risks;
- Products and services do not benefit from a simplified due diligence regime, based on evidence of lower risks; or
- Products and services are not submitted to standard customer due diligence supported by new or alternative forms of identity documentation, including digital solutions.

Moreover, banking supervisors and regulators at a national level that fail to provide guidance on the flexibility of the FATF Standards in low-risk situations can also constitute a vulnerability.

Therefore, financial inclusion can be widened for those most vulnerable to modern slavery by removing barriers, for example simplifying due diligence while mitigating risk, including restricting functions on accounts.<sup>204</sup>

## Establishing Public-Private Partnerships (PPPs)<sup>205</sup>

Various observers and key players in the field of MS/HT have emphasized the significance of collaborative endeavours in addressing the obstacles posed by MS/HT and recommencing the process of eliminating it. While national governments have the main duty for initiating change, a comprehensive strategy that includes all elements of society is necessary. This includes financial institutions, corporations of high-risk industries, investors, and survivor groups, amongst others. Progress is also contingent on technical collaboration and assistance from UN agencies, other bilateral and multilateral organizations, international non-governmental organizations, and other entities.

Moreover, the involvement of business leaders and private sector organizations has the potential to enhance the efficacy of national and global efforts in combating MS/HT. While the public sector takes the lead in preventing crime and delivering justice, private sector companies can utilize their networks and resources to establish sustainable and ethical businesses, raise awareness among partners, clients, and staff, and offer crucial data and tools to aid governments in fighting crime. This is especially true for the financial sector, which both handles the financial information that indicates suspicious behavior and offers the financial products that make the financial inclusion of vulnerable groups possible in the first place. Furthermore, academic institutions and civil society may contribute to these activities by providing academically sound and statistical data on criminological developments and high-risk elements on which anti-financial crime initiatives can focus.

Public-private partnerships between private and public financial sector actors on money laundering, financial crimes, and central predicate offences are being established all over the world. Initiatives to combat human trafficking, together with PPPs against money laundering and terrorist financing, are among the three most common forms of these partnerships.

201 Ibid.

202 Leona Vaughn and Simon Zaugg, "Strengthening Financial Inclusion to Protect Against Modern Slavery: Applying Lessons to Bank Forcibly Displaced Persons/Refugees," *UNU-CPR Insight Briefing* (New York: United Nations University, 2023).

203 Finance Against Slavery and Trafficking, "Lessons from the Survivor Inclusion Initiative (SII) – the UK, US, and Canada," *UNU-CPR Insight Briefing* (New York: United Nations University, 2022).

204 Leona Vaughn and Simon Zaugg, "Strengthening Financial Inclusion to Protect Against Modern Slavery: Applying Lessons to Bank Forcibly Displaced Persons/Refugees."

205 "UNODC Engages Public-Private Partnerships in the Fight Against Human Trafficking," *UNODC*, 1 April 2021, <https://www.unodc.org/unodc/en/frontpage/2021/April/unodc-engages-public-private-partnerships-in-the-fight-against-human-trafficking.html>.

## Highlights from the United Arab Emirates<sup>206</sup>

In the United Arab Emirates, The Federal Decree-Law No. 12 of 2023 on PPPs establishes “the general framework for partnerships between federal government entities and the private sector.” Besides overseeing public-private partnerships, the law intends to:

- Promote private sector involvement in developmental and strategic initiatives;
- Enhance funding for Federal Government initiatives of social and economic significance;
- Allow the Government to effectively carry out important initiatives;
- Utilize the financial and administrative experience, technical knowledge, and technology solutions offered by the private sector.

The new law, effective from 1 December 2023 aims to expedite projects that provide additional benefits for public funds, reduce financial and operational risks for the Government, revamp the administration of certain infrastructure projects and public services, and improve the competitiveness of projects in local, regional, and global markets.<sup>207</sup>

## Strengthening Asset Recovery Processes

There is still a substantial disparity between the profits and proceeds derived from MS/HT and the compensation provided to victims/survivors of MS/HT. However, there are some positive developments. There have been prohibitions implemented in the United States, Mexico, and Canada to limit the importation of goods produced by forced labour. Furthermore, there is a proposed ban in the European Union market that aims to prohibit items made using forced labour. The data utilized to enforce these laws can be utilized to support the implementation of the anti-money laundering system, which involves freezing, seizing, and confiscating assets and profits derived from forced labour in countries where forced labour is considered a predicate offence to money laundering. In such instances, there is an opportunity to utilize confiscated assets to provide financial restitution to victims/survivors. In this regard, a key recommendation under FAST’s Asset Recovery and Restitution Initiative (ARRI)<sup>208</sup> is that all States should consider criminalizing “knowingly benefiting financially from forced labour or human trafficking” and including this in their list of predicate offences to money laundering. Government, non-governmental, and multilateral organizations play a crucial role in supporting investigations into the profits and proceeds obtained from human trafficking and forced labour. These organizations also play a significant role in supporting and enabling the freezing

and confiscating of these assets and the provision of compensation to victims/survivors.

The FAST ARRI was created with the aim of achieving two objectives:

22. Enhancing collaboration among customs authorities, FIUs, law enforcement agencies, financial institutions, and civil society organizations to address the issue of providing financial compensation for forced labour and human trafficking in global value chains.
23. Facilitating and augmenting financial compensation for victims and survivors by recovering assets from importers and other companies that benefit from forced labour and human trafficking in global value chains.

On another note, The FATF released, in November 2023, amendments to the FATF Recommendations “which will provide law enforcement, financial intelligence units, prosecutors, other asset recovery practitioners and competent authorities with a more robust toolkit to target and confiscate criminal assets.” Asset recovery is now a priority for all FATF Member States. The increased priority, and more robust toolkit, could increase prospects for corporate accountability, compensation, and financial health for victims/survivors of forced labour and human trafficking (FL/HT), if applied to FL/HT in global value chains.

206 “Public Private Partnerships,” *Government of the United Arab Emirates*, last accessed on 26 February 2024, <https://u.ae/en/information-and-services/business/public-private-people-partnership/ppp/public-private-partnership>.

207 Ibid.

208 Andy Shen and Loria-Mae Heywood, *Asset Recovery and Restitution: Leveraging Inter-agency and Multi-stakeholder Cooperation to Facilitate Compensation for Victims and Survivors of Forced Labour and Human Trafficking* (New York: United Nations University, 2023). Accessible at: [https://collections.unu.edu/eserv/UNU:9308/asset\\_recovery\\_and\\_restitution.pdf](https://collections.unu.edu/eserv/UNU:9308/asset_recovery_and_restitution.pdf).

## Promoting and Engaging in International Cooperation

The Palermo Convention, which represents an important milestone in combating transnational organized crime and demonstrates Member States' acknowledgement of the gravity of the issues it presents, emphasizes the necessity of promoting and strengthening international cooperation to effectively address these problems. States that ratify this instrument pledge to undertake a range of actions to combat

transnational organized crime. These actions include establishing domestic criminal offenses such as participating in an organized criminal group, engaging in money laundering, corruption, and obstructing justice. Additionally, they have to implement comprehensive frameworks for extradition, mutual legal assistance, and law enforcement cooperation. Furthermore, FATF Recommendations 36 to 40 emphasize the need for international cooperation and mutual assistance among countries to fight ML/FT and associated predicated offences.<sup>209</sup>

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209 FATF Recommendations, *FATF*, last accessed on 26/02/2024, <https://www.fatf-gafi.org/en/topics/fatf-recommendations.html>.

# Annex

## Test your Knowledge

**1. Based on the definition of child exploitation provided by the Palermo Protocol, what is the main difference between adult trafficking and child trafficking?**

- Child exploitation is a sub-category of adult trafficking since the latter is included in the human trafficking definition.
- The definition of child exploitation includes coercion as a condition for exploitation to take place.
- The means of exploitation such as coercion and use of force are not required for the child exploitation to take place.
- Both can be physically exploited but only children can be exploited online.

**2. MS/HT and Migrant Smuggling are:**

- Divergent and radically distinct.
- Always interconnected.
- Different but could overlap.
- Almost the same with slight differences.

**3. There are only slight differences between MS/HT legal frameworks among the MENAFATF Member States, because:**

- They almost have a similar MS/HT criminological reality.
- They share the same culture in the MENA region.
- They abide by the Palermo Protocol which they signed.
- They regularly hold joint meetings to finalize similar laws.

**4. In MS/HT *hawala* is often used because:**

- It is easier for perpetrators to informally deal with *hawala*.
- Hawala* is based on trust and is more reliable.
- It is easier to hide the proceeds.
- All the above.

**5. What is the Istanbul Declaration about?**

- Trafficking in human organs.
- Forced labour.
- Forced marriage.
- Child online exploitation.

**6. *Kafala* is usually misused for:**

- Trafficking in human organs.
- Sexual exploitation.
- Forced marriage.
- Forced labour and/or sexual exploitation.

**7. Illicit financial flows are:**

- Transactions related to MS/HT.
- Domestic illicit proceeds.
- Cross-border illegal funds
- All the above.

**8. The prevalence of MS/HT in the MENA region refers to:**

- The proportion of a population in a situation of MS/HT in a given period.
- How common MS/HT is according to specific data.
- The likelihood and probability of occurrence of MS/HT.
- All the above.

**9. The MENAFATF Member States include:**

- Only Arab States.
- All Middle East and North Africa States.
- 21 Member States.
- All the above.

**10. *Hawala* is:**

- Always illegal.
- Always regulated.
- Always linked to MS/HT.
- None of the above.

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