



USIPEACE BRIEFING

The Private Sector in Security Sector Reform

Essential But Not Yet Optimized

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INTRODUCTION

While the U.S. and world economies are slowing markedly, Security Sector Reform (SSR) is a growth industry for the private sector. U.S. government employees may set SSR policy and design projects, but implementation is extensively outsourced to private contractors. With the forthcoming surge of U.S. military forces into Afghanistan, the U.S. Army has announced contracts worth \$1.1 billion for the construction of military bases and training centers for Afghan military and police. Private firms supply everything from construction materials to trainers and administrative staff. Private contractors operating in Pakistan and Afghanistan are required to provide their own security. Up to 15 percent of the cost of construction will go to private security firms, which guard convoys, facilities and personnel.

While the role of the private sector has grown, the ability of government agencies to monitor its activities has not kept pace. A recent State Department Inspector General's report¹ noted that the activities of private security contractors have exceeded the Department's ability to supervise them. The report also noted that the Department's practice of hiring contractors to keep track of equipment and services used by other contractors was a possible violation of government regulations.

Is the U.S. government's dependence on the private sector a cause for concern, or is there simply the need for a better understanding of the private sector's role in Security Sector Reform? This question was addressed by a panel of distinguished experts at a recent meeting sponsored by the Institute's Security Sector Reform Working Group. Principal speakers included:

¹ Karen De Young, "IG Faults Oversight of Security Contractors," *The Washington Post*, January 10, 2009, p. A10.

- Deborah Avant, Author of the *The Market for Force: The Consequences of Privatizing Security*, and Professor of Political Science at the University of California, Irvine;
- Charles Snyder, Acting Deputy Assistant Secretary of State for Civilian Police and African, Asian and European Programs, Bureau of International Narcotics and Law Enforcement Affairs;
- Harry (Hank) Allen, Chairman of the Board of Directors, International Peace Operations Association and International Business Development Director, MPRI Corporation;
- Laura Engelbrecht; Vice President, North America, New Century Corporation

Robert Perito, director of the SSR Working Group and a senior program officer at USIP, moderated the panel. The following is a summary of views expressed during the meeting.

THE SECOND LARGEST FORCES IN THE COALITION

The U.S. experience in Iraq and Afghanistan demonstrates the extent to which the U.S. relies upon the private sector in stability operations. The range of services provided by contractors extends from armed security to food service. In SSR, private contractors do everything from build classrooms and train military and police personnel to advise senior defense and interior ministry officials on strategic planning and management. In terms of numbers, contractors make up more than half of the American and international personnel working on behalf of the U.S. government in Iraq and Afghanistan. In terms of cost, the bills for their services run into the tens of billions of dollars. What are the advantages and the downsides of this extensive reliance on the private sector?

Three primary benefits from utilizing private sector firms in SSR in stability operations include:

Surge Capacity: A sharp reduction in the size of USAID, the State Department and other Federal civilian agencies since the end of the Cold War has made it more difficult for the U.S. government to respond quickly in crises. Private companies provide a means of organizing large numbers of personnel quickly and rapidly deploying them were needed. These personnel can also redeploy and demobilize with equal flexibility when they are no longer needed. Standing contracts allow government agencies to obtain personnel and services without time consuming bidding procedures. There is no pool of available Federal personnel to meet this need.

Special Expertise: The U.S. has no federal police force nor does it have federal judicial and corrections officials who can readily deploy abroad. At the same time, the U.S. government lacks adequate numbers of federal employees who are knowledgeable in foreign languages, cultures, legal systems, and management practices and can leave their jobs and deploy abroad to crisis zones. Contracting enables the U.S. to draw upon expertise not available within federal agencies in sufficient quantity and with the necessary flexibility. Private firms can quickly hire American and foreign subject matter experts in the exact specialties required for the mission. Contract firms have personnel databases of tens of thousands of experts from which to recruit. They also have offices and programs abroad that can support operations in crisis countries.

Political Acceptability: There is less political sensitivity to utilizing contractors in dangerous or difficult assignments than using military or civilian government personnel. The public and congressional view is that contractors are volunteers who are well paid for taking risks and enduring hardships. Outsourcing transport, logistics, communications and the other support functions reduces the number of troops and civilian officials required, which lowers the profile of U.S. commitments in sensitive areas. Contractors can also stay for extended periods whereas troops and civilian employees expect shorter tours. Using third country nationals—as is often done—does not bring support from their governments, but

it does internationalize the effort by involving people from a wide variety of countries.

However, some downsides to using private contractors also exist, and they have raised questions in the media, Congress and the general public:

Cost: Commercial firms charge for profit and overhead and their personnel earn higher salaries than soldiers and government employees. Recruiters must offer incentives in situations where there is risk or competition for persons with certain skills. A recent Congressional Budget Office study found the cost for contractors was essentially the same as military units when the cost of frequent rotations was factored in. If the rotational schedule for military units is extended, the comparative costs for using troops drops substantially.

Reliability: The U.S. government cannot always count on contractors to work as reliably as government employees and the military. In Iraq, the U.S. has been embarrassed by excesses and uncontrolled behavior by contract security guards, including the killing of unarmed civilians. Reports by the Special Inspector General for Iraq have detailed repeated cases of waste, fraud, and mismanagement by contract firms. There have also been numerous cases of shoddy construction and unfinished projects, including the infamous case of the Baghdad Police College. Soldiers and Federal officials are duty bound to undertake their assignments, but there have been cases where contractors failed to show up or carry out assignments they considered too difficult or dangerous.

Integration: In Iraq, U.S. Police Transition Teams that advise the Iraqi police are composed of Military Police and civilian police under contract to a commercial firm. These teams train separately and lack a common understanding of their mission. Military personnel are reluctant to take direction from the contractors, while the civilian police officers complain that the soldiers do not understand the fundamentals of civilian law enforcement.

MISCONCEPTIONS ABOUT CONTRACTORS CLOUD THE PICTURE

Beyond the pros and cons of utilizing contractors, there are a number of misconceptions about contractors that affect public attitudes. These include the following:

High salaries. Gross salaries for contractors are far higher than government employees or military personnel, but their pay checks generally are not subject to “employer withholding” so they must deduct and pay their own income, social security and Medicare taxes. Contractors do not receive retirement benefits, so they must also create their own retirement programs without the aid of employer contributions. Contracting firms may also take part of the amount that is paid by the government for each contractor. Overall contractors still earn more than their government counterparts, but the difference is less than the gross salaries that are often reported in the press.

Exciting Jobs. Contractors may appear to have high profile life styles and the flexibility to frequently change jobs, but most have little or no job security. Only a small fraction of contractors work as armed security guards. Most perform menial support tasks such as drivers, warehouse workers and food service personnel. Short-term employment is the rule. Contractors may be dismissed at any time. Most are frequently in search of new employment opportunities, and many move from one firm to another once they arrive ‘in theater.’ Contractors may have health and life insurance while employed, but coverage usually lapses when they change jobs or return home. Contractors do not receive the type of follow-on mental health care provided to military personnel, although they may serve under combat conditions and suffer psychological trauma.

Lack of Dedication. Contractors are often viewed in the media as heartless mercenaries, but this is the exception rather than the rule. Contractors are dedicated to their missions, particularly those who serve as advisors to local police and government officials. These advisors risk their lives to work directly

with their local counterparts and share in their hardships and successes. Some police advisors, for example, have started personal charities and otherwise attempted to assist less fortunate members of the communities where they work. Many remain in contact with their local counterparts after they return home and continue to provide moral and practical support.

CONTRACT ADVISORS IN SECURITY SECTOR REFORM

Contract security guards are the subject of significant media attention, but they represent less than 15 percent of the contractors serving in Iraq and Afghanistan. A far larger percentage of contractors serve as advisors and trainers, particularly in SSR. Starting with the Haiti intervention in 1994, the State Department's Bureau of International Narcotics and Law Enforcement Affairs has worked through several government service contractors to provide U.S. civilian police contingents for UN peace operations and for stability operations in Iraq and Afghanistan. This program began with the 50 American police officers who served in 1994 intervention in Haiti, but it has grown into a multi-billion dollar effort. Given the lack of a U.S. federal-level police force, this is the only means by which Washington could provide the 1,700 to 2,000 American police officers that are currently in the field or hope to meet the potential requirements from a growing number of UN peace operations.

The same is true of ministry-level advisors and for judicial and corrections personnel. Currently the U.S. relies on contract personnel to staff Rule of Law Advisor positions in many provincial reconstruction teams in Iraq and to serve as advisers for Iraqi judges and court administrators. The U.S. Justice Department uses contract personnel to advise prison administrators and to train and advise prison guards in the Iraqi prison system. For the defense sector, initial reliance on the contract trainers in Iraq and Afghanistan proved ineffective. The U.S. military has assumed the role of training and advising the military forces in both countries.

RECOMMENDATIONS FOR THE FUTURE

Secretary of Defense Gates and Secretary of State Clinton have called for Congress to increase the size of the State Department's Foreign Service and Civilian Response Corps and the number of USAID officers, but it will take years to recruit, train and deploy personnel. The work of SSR in post-conflict countries will have to be done by contractors, especially given the growing demand and expanding range of expertise required. The answer to the questions of how to effectively manage this work force and ensure appropriate performance will have to come from 'quick fix' mechanisms for rapidly increasing the number of federal employees that provide oversight, through establishing commonly accepted standards and codes of conduct for individuals and companies and from closer coordination.

During the Vietnam War, the State Department created a Foreign Service Reserve Corps that permitted the hiring of police advisors and other specialists for up to five years with authority and benefits of permanent federal employees. Similar programs could be created to quickly provide a corps of federal officials who would have enough job security and tenure to receive training and to develop experience in government operations. These professionals could be trained to provide oversight for contract personnel and to provide liaison with their respective federal agencies. At the same time, greater efforts could be made by the U.S. government to engage with contract firms and the International Peace Operations Association, their industry association, to formalize compliance with industry standards and codes of conduct. Training requirements and codes of conduct should be developed for contractors who fill particular sensitive jobs. Currently not all firms under contract to the government belong to the Association or acknowledge its statement of standards. Membership and compliance could be made a condition of federal contracts.

The U.S. government could also centralize its contracting offices and regulations so there is a single government standard and set of regulations rather than

different rules for every agency. Finally, there is a need for government and industry to develop a “hybrid model” or “team concept,” so contracting firms could participate as ‘partners’ rather than ‘vendors.’ If contract firms were engaged early in the planning process they could influence implementation, insuring that required capability was available, reducing costs and speeding implementation. Greater coordination could ensure that needs are addressed and roles and missions understood before government officials, military personnel and contractors meet in a combat zone.

ABOUT THE AUTHOR

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