



Highlights of [GAO-05-737](#), a report to congressional committees

## Why GAO Did This Study

The United States is spending billions of dollars to reconstruct Iraq while combating an insurgency that has targeted military and contractor personnel and the Iraqi people. This environment created a need for those rebuilding Iraq to obtain security services. GAO evaluated the extent to which (1) U.S. agencies and contractors acquired security services from private providers, (2) the U.S. military and private security providers developed a working relationship, and (3) U.S. agencies assessed the costs of using private security providers on reconstruction contracts.

## What GAO Recommends

GAO is making recommendations to the Secretary of Defense to enhance military procedures to reduce incidences of the military firing on security providers and to provide training to U.S. military forces on the role of security providers. Also, GAO is making recommendations to the Secretaries of Defense and State and the Administrator, USAID, to assist contractors in obtaining security services, and to enable agencies to better plan for security costs in future efforts. The State Department disagreed with our recommendation to explore options to assist contractors in obtaining security, citing potential liability concerns, and did not take a position on our recommendation to account and plan for security costs. DOD agreed with our recommendations. USAID did not comment on them.

[www.gao.gov/cgi-bin/getrpt?GAO-05-737](http://www.gao.gov/cgi-bin/getrpt?GAO-05-737).

To view the full product, including the scope and methodology, click on the link above. For more information, contact William M. Solis at (202) 512-8365 or [solisw@gao.gov](mailto:solisw@gao.gov).

# REBUILDING IRAQ

## Actions Needed to Improve Use of Private Security Providers

### What GAO Found

The civilian U.S. government agencies and reconstruction contractors in Iraq that GAO evaluated have obtained security services, such as personal and convoy security, from private security providers because providing security to them is not the U.S. military's stated mission. U.S. military forces provide security for those Department of Defense (DOD) civilians and contractors who directly support the combat mission. In Iraq, the Department of State and other federal agencies contract with several private security providers to protect their employees. Under their contracts, contractors rebuilding Iraq are responsible for providing their own security and have done so by awarding subcontracts to private security providers. As of December 2004, the agencies and contractors we reviewed had obligated more than \$766 million for private security providers. The contractors' efforts to obtain suitable security providers met with mixed results, as they often found that their security provider could not meet their needs. Overall, GAO found that contractors replaced their initial security providers on more than half the 2003 contracts it reviewed. Contractor officials attributed this turnover to various factors, including the absence of useful agency guidance.

While the U.S. military and private security providers have developed a cooperative working relationship, actions should be taken to improve its effectiveness. The relationship between the military and private security providers is one of coordination, not control. Prior to October 2004 coordination was informal, based on personal contacts, and was inconsistent. In October 2004 a Reconstruction Operations Center was opened to share intelligence and coordinate military-contractor interactions. While military and security providers agreed that coordination has improved, two problems remain. First, private security providers continue to report incidents between themselves and the military when approaching military convoys and checkpoints. Second, military units deploying to Iraq are not fully aware of the parties operating on the complex battle space in Iraq and what responsibility they have to those parties.

Despite the significant role played by private security providers in enabling reconstruction efforts, neither the Department of State, nor DOD nor the U.S. Agency for International Development (USAID) have complete data on the costs of using private security providers. Even at the contract level, the agencies generally had only limited information readily available, even though agency and contractor officials acknowledged that these costs had diverted a considerable amount of reconstruction resources and led to canceling or reducing the scope of some projects. For example, in March 2005, two task orders for reconstruction worth nearly \$15 million were cancelled to help pay for security at a power plant. GAO found that the cost to obtain private security providers and security-related equipment accounted for more than 15 percent of contract costs on 8 of the 15 reconstruction contracts it reviewed.