



# Department of Defense Contractors in Iraq and Afghanistan: Background and Analysis

**Moshe Schwartz**

Specialist in Defense Acquisition

July 2, 2010

Congressional Research Service

7-5700

[www.crs.gov](http://www.crs.gov)

R40764

## Summary

The Department of Defense (DOD) increasingly relies upon contractors to support operations in Iraq and Afghanistan, which has resulted in a DOD workforce that has 19% more contractor personnel (207,600) than uniformed personnel (175,000). Contractors make up 54% of DOD's workforce in Iraq and Afghanistan. The critical role contractors play in supporting such military operations and the billions of dollars spent by DOD on these services requires operational forces to effectively manage contractors during contingency operations. Lack of sufficient contract management can delay or even prevent troops from receiving needed support and can also result in wasteful spending. Some analysts believe that poor contract management has also played a role in abuses and crimes committed by certain contractors against local nationals, which may have undermined U.S. counterinsurgency efforts in Iraq and Afghanistan.

DOD officials have stated that the military's experience in Iraq and Afghanistan, coupled with congressional attention and legislation, has focused DOD's attention on the importance of contractors to operational success. DOD has taken steps to improve how it manages and oversees contractors in Iraq and Afghanistan. These steps include tracking contracting data, implementing contracting training for uniformed personnel, increasing the size of the acquisition workforce in Iraq and Afghanistan, and updating DOD doctrine to incorporate the role of contractors. However, these efforts are still in progress and could take three years or more to effectively implement.

The use of contractors in Iraq and Afghanistan has raised a number of issues for Congress, including (1) what role contractors should play in contingency operations, (2) whether DOD is gathering and analyzing the right data on the use of contractors, (3) what steps DOD is taking to improve contract management and oversight, and (4) the extent to which contractors are being effectively included into military doctrine and strategy. This report examines current contractor trends in Iraq and Afghanistan, the steps DOD has taken to improve contractor oversight and management, and the extent to which DOD has incorporated the role of contractors into its doctrine and strategy. The report also reviews steps Congress has taken to exercise oversight over DOD contracting, including contracting issues that have been the focus of hearings and legislation.

## Contents

Background .....	1
Managing Contractors during Contingency Contracting .....	3
Number and Roles of Contractors in the Central Command Region .....	4
Contractors in CENTCOM.....	5
Contractors in Iraq .....	7
Number of Contractors.....	7
Type of Work Performed by Contractors.....	8
Profile of Contractors.....	9
Contractors in Afghanistan .....	10
Number of Contractors.....	10
Type of Work Performed by Contractors.....	12
Profile of Contractors.....	12
Efforts to Improve Contractor Management and Oversight .....	13
Contractors in DOD Strategy and Doctrines .....	15
Can Contractors Undermine U.S. Efforts in Iraq and Afghanistan? .....	16
DOD Strategy and Doctrine .....	17
The National Defense Strategy and Quadrennial Defense Review.....	17
Field Manual on Operations .....	18
Field Manual on Counterinsurgency .....	19
New Doctrine, DOD Instructions, and Other Efforts.....	19
Selected Congressional Hearings and Legislation .....	20
Private Security Contractors and Interrogators.....	21
Contractors Training Local Security Forces .....	22
Contract Management, Oversight, and Coordination.....	22
Training Contractors and the Military in Contingency Contracting .....	23

## Figures

Figure 1. Contractor Personnel as Percentage of Workforce in Recent Operations .....	2
Figure 2. Number of Contractor Personnel in CENTCOM vs. Troop Levels .....	6
Figure 3. DOD Contractors in Iraq vs. Troop Levels .....	7
Figure 4. Iraq DOD Contractor Personnel by Type of Service Provided .....	8
Figure 5. Iraq DOD Percent of Contractors Performing Types of Service.....	9
Figure 6. Breakdown of DOD Contractor Workforce in Iraq.....	10
Figure 7. DOD Contractor Personnel in Afghanistan vs. Troop Levels .....	11
Figure 8. Breakdown of DOD Contractor Workforce in Afghanistan.....	13
Figure A-1. Trend Analysis of Contractor Support by Type of Service Provided in Iraq.....	24
Figure B-1. Trend Analysis of Contractors in Iraq by Nationality.....	25

## **Tables**

Table 1. Comparison of Contractor Personnel to Troop Levels.....	5
Table 2. DOD Contractor Personnel in Iraq .....	9
Table 3. Number of Contractors Required.....	12
Table 4. DOD Contractor Personnel in Afghanistan .....	12

## **Appendixes**

Appendix A. Trend Analysis of Contractors in Iraq by Type of Service Provided .....	24
Appendix B. Percentage Breakdown of Contractors in Iraq by Nationality.....	25

## **Contacts**

Author Contact Information .....	25
Acknowledgments .....	25

## Background

The Department of Defense (DOD) has often relied upon contractors to support military operations. During the Revolutionary War, the Continental Army relied on contractors to provide such goods and services as transportation and engineering services, clothing, and weapons.<sup>1</sup> Since then, advances in warfare and technology have expanded the functions and responsibilities of contractors in military operations.<sup>2</sup> After the Cold War, reliance on contractors further increased when DOD cut logistic and support personnel.<sup>3</sup> As a result of these cuts, DOD lost in-house capability and was forced to rely even further on contractor support.<sup>4</sup> Many analysts now believe that DOD is unable to successfully execute large missions without contractor support. These analysts point to recent contingency operations in Iraq, Afghanistan, and the Balkans—the three largest operations of the past 15 years—where contractors have comprised approximately 50% of DOD’s combined contractor and uniformed personnel workforce (see **Figure 1**).<sup>5</sup>

---

<sup>1</sup> Deborah C. Kidwell, “Public War, Private Fight? The United States and Private Military Companies,” *Global War on Terrorism* Occasional Paper 12, Combat Studies Institute Press, Fort Leavenworth, Kansas, 2005, p. 9. See also James F. Nagle, *History of Government Contracting*, 2<sup>nd</sup> ed. (Washington, D.C.: The George Washington University Law School, 1999), pp. 16-19.

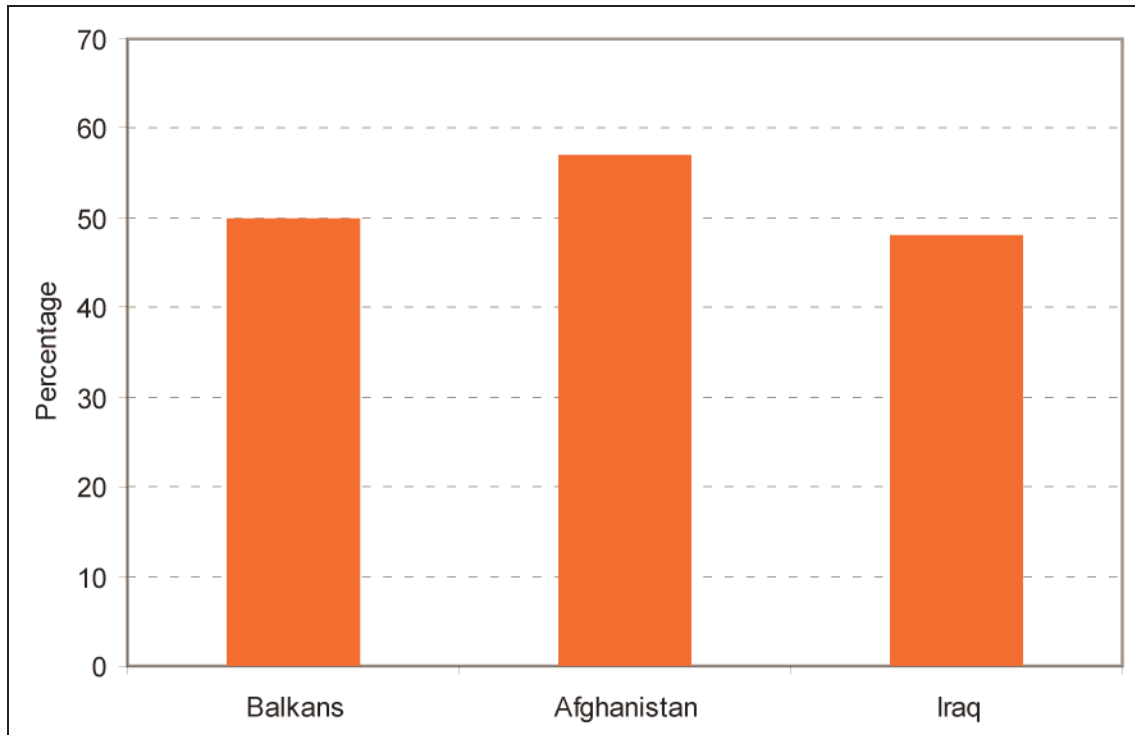
<sup>2</sup> Congressional Budget Office, *Contractors’ Support of U.S. Operations in Iraq*, August 2008, p. 12.

<sup>3</sup> CRS Report R40057, *Training the Military to Manage Contractors During Expeditionary Operations: Overview and Options for Congress*, by Moshe Schwartz, p. 1.

<sup>4</sup> For example, in 2008 the Government Accountability Office (GAO) found that the Army had a contract for 11,000 linguists because DOD did not have the number of linguists needed. See U.S. Government Accountability Office, *DOD Needs to Address Contract Oversight and Quality Assurance Issues for Contracts Used to Support Contingency Operations*, GAO-08-1087, September 26, 2008, p. 6.

<sup>5</sup> For purposes of this report, DOD’s workforce is defined as uniformed personnel and the contractor workforce. DOD civilian personnel are excluded from this count. According to DOD’s *Joint Personnel Status Report*, as of September 8, 2009, the DOD civilian workforce in Iraq was 2,033 employees (less than 1.0% of the total force) and the DOD civilian workforce in Afghanistan was 1,706 employees (1.0% of the total force).

**Figure 1. Contractor Personnel as Percentage of Workforce in Recent Operations**



**Source:** Balkans: Congressional Budget Office. *Contractors' Support of U.S. Operations in Iraq*. August 2008. pg 13; Afghanistan and Iraq: CRS analysis of DOD data as of March 2010.

Contractors can provide operational benefits to DOD. Using contractors to perform non-combat activities augments the total force and can also free up uniformed personnel to perform combat missions. Since contractors can be hired faster than DOD can develop an internal capability, contractors can be quickly deployed to provide critical support capabilities when necessary. Contractors also provide expertise in specialized fields that DOD may not possess, such as linguistics. Using contractors can also save DOD money. Contractors can be hired when a particular need arises and be let go when their services are no longer needed. Hiring contractors only as needed can be cheaper in the long run than maintaining a permanent in-house capability.

DOD has spent billions of dollars on contractors supporting operations in Iraq and Afghanistan. According to the Congressional Budget Office (CBO) estimates, from 2003-2007, DOD obligated almost \$76 billion for contracts in the Iraqi theater.<sup>6</sup> For Fiscal Year (FY) 2007 and the first half of FY2008, DOD obligated approximately \$30 billion on contractors for the conflict in Iraq and Afghanistan (more than \$5 billion for Afghanistan and approximately \$25 billion for Iraq).<sup>7</sup>

<sup>6</sup> The following countries are considered to be part of the Iraqi theater: Iraq, Bahrain, Jordan, Kuwait, Oman, Qatar, Saudi Arabia, Turkey, and the United Arab Emirates. See Congressional Budget Office, *Contractors' Support of U.S. Operations in Iraq*, August 2008, p. 3.

<sup>7</sup> U.S. Government Accountability Office, *Contingency Contracting: DOD, State, and USAID Contracts and Contractor Personnel in Iraq and Afghanistan*, GAO-09-19, October 1, 2008, p. 21.

## Managing Contractors during Contingency Contracting

Lack of sufficient contract management can prevent troops from receiving needed support and lead to wasteful spending.<sup>8</sup> In addition, some analysts believe that lax contractor oversight may lead to contractor abuses which can undermine U.S. counter-insurgency efforts (see “Can Contractors Undermine U.S. Efforts in Iraq and Afghanistan?”)

Questions have been raised about DOD’s ability to effectively manage contractors during contingency operations.<sup>9</sup> For example, some analysts assert that DOD has not adequately planned for the use of contractors, lacks contingency contracting experience, and does not sufficiently coordinate contracts across military services.<sup>10</sup> In 2007, a report by the Commission on Army Acquisition and Program Management in Expeditionary Operations (the Gansler Report) found that contracting officer representatives, who are responsible for managing contracts, usually have no prior experience with contractors and receive negligible training on how to manage contractors.<sup>11</sup> Some analysts argue that as a result, DOD is not getting the most out of the services provided by contractors in Iraq and Afghanistan.

Questions have also been raised about DOD spending on contractors. The Commission on Wartime Contracting highlighted over-spending on contracts as a key concern.<sup>12</sup> It reported that managerial shortages and limited oversight of contractors led to potentially unnecessary construction, such as a new \$30 million dining facility to be completed a year before U.S. troops were required to leave Iraq, even though a then-recently upgraded dining facility was located nearby.<sup>13</sup>

Many analysts argue that only a culture shift in the military will improve contracting outcomes. The Gansler Report found that despite the importance of acquisitions to military performance,

the Army apparently has not valued the skill and experience required to perform those processes ... without significant systemic change, the Army acquisition processes [contracting process] can be expected to inevitably return to below-mediocrity.<sup>14</sup>

---

<sup>8</sup> U.S. Government Accountability Office. *Stabilizing And Rebuilding Iraq: Actions Needed to Address Inadequate Accountability over U.S. Efforts and Investments*. GAO-08-568T. March 11, 2008. p. 4,6; See also Urgent Reform Required: Army Expeditionary Contracting, Op. Cit., p. 2.

<sup>9</sup> See U.S. Government Accountability Office, High-Level DOD Action Needed to Address Long-standing Problems with Management and Oversight of Contractors Supporting Deployed Forces, GAO-07-145, December 18, 2006.

<sup>10</sup> U.S. Government Accountability Office, Contract Management: DOD Developed Draft Guidance for Operational Contract Support but Has Not Met All Legislative Requirements, GAO-09-114R, November 20, 2008, p. 1.

<sup>11</sup> Commission on Army Acquisition and Program Management in Expeditionary Operations, *Urgent Reform Required: Army Expeditionary Contracting*, October 31, 2007, p. 43.

<sup>12</sup> Commission on Wartime Contracting: *Interim Findings and Path Forward*, 111<sup>th</sup> Cong., 1<sup>st</sup> sess., June 10, 2009; Commission on Wartime Contracting in Iraq and Afghanistan, *At What Cost? Contingency Contracting In Iraq and Afghanistan*, June 2009.

<sup>13</sup> Ibid, p. 52-54.

<sup>14</sup> Urgent Reform Required: Army Expeditionary Contracting, p. 9; see also New American Foundation, *Changing the Culture of Pentagon Contracting*, November 5, 2008.

Other analysts have argued that DOD's current approach to managing service contracts tends to be reactive and has not fully addressed key factors for success.<sup>15</sup> These analysts argue that to improve contracting outcomes, DOD must (1) understand how and why it uses contractors, including the number of contractors and types of services provided; (2) develop better management and contract oversight structures; and (3) establish and commit to a strategic approach that defines how contractors should be used to achieve operational success.

The use of contractors in Iraq and Afghanistan raises a number of issues for Congress, including (1) what role contractors should play in contingency operations, (2) whether DOD is gathering and analyzing the right data on the use of contractors, (3) what steps DOD is taking to improve contract management and oversight, and (4) the extent to which contractors are included in military doctrine and strategy. This report will discuss current contracting trends in Iraq and Afghanistan, steps DOD has taken to improve contractor oversight and management, and the extent to which DOD has incorporated the role of contractors into its strategy and doctrine.

## Number and Roles of Contractors in the Central Command Region

Contractors supply a wide variety of services and products, including base support, construction, security, training local security forces, and transportation, to assist DOD operations in Iraq and Afghanistan.<sup>16</sup> While many of these contractors work in Iraq and Afghanistan, a number are also present in surrounding countries within the USCENTCOM Area of Responsibility (CENTCOM AOR) and in the United States.<sup>17</sup> For example, at Camp Arifjan, Kuwait, the Army relies on contractors to refurbish and repair vehicles used in Iraq and Afghanistan, such as the Bradley Fighting Vehicle and armored personnel carriers.<sup>18</sup>

DOD did not begin to gather data on contractors until the second half of 2007. As a result, the following CRS analysis includes the last ten quarters for Iraq and the last nine quarters for Afghanistan, for the period ending March 31, 2010. In addition, a number of analysts have raised questions about the reliability of the data gathered. For example, in October 2008, GAO reported that DOD's quarterly contractor reports were not routinely checked for accuracy or completeness.<sup>19</sup> DOD officials have acknowledged these shortcomings; in the second quarter for FY2009 (Q2 FY2009) census, DOD reported that the data system previously used to count

---

<sup>15</sup> For example, see U.S. Government Accountability Office, *Defense Acquisitions: Tailored Approach Needed to Improve Service Acquisition Outcomes*, GAO-07-20, November 9, 2006, Highlights Page and p. 9.

<sup>16</sup> For a discussion on DOD's use of private security contractors in Iraq and Afghanistan, see CRS Report R40835, *The Department of Defense's Use of Private Security Contractors in Iraq and Afghanistan: Background, Analysis, and Options for Congress*, by Moshe Schwartz.

<sup>17</sup> USCENTCOM is responsible for operations in 20 countries in and around the Middle East including Afghanistan, Bahrain, Egypt, Iran, Iraq, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Lebanon, Oman, Pakistan, Qatar, Saudi Arabia, Syria, Tajikistan, Turkmenistan, U.A.E., Uzbekistan, and Yemen. The number of contractors based in the U.S. is small; these contractors are not included in this analysis.

<sup>18</sup> U.S. Government Accountability Office, *Defense Logistics: The Army Needs to Implement an Effective Management and Oversight Plan for the Equipment Maintenance Contract in Kuwait*, GAO-08-316R, January 22, 2008.

<sup>19</sup> U.S. Government Accountability Office, *Contingency Contracting: DOD, State, and USAID Contracts and Contractor Personnel in Iraq and Afghanistan*, GAO-09-19, October 1, 2008, p. 6.



contractors duplicated reported numbers on task order contracts. DOD stated that they are working to improve the reliability and the type of data gathered.<sup>20</sup> For example, DOD is implementing the Synchronized Predeployment and Operational Tracker (SPOT), which is designed to track and monitor contractor personnel within a contingency operation. GAO has raised questions regarding the implementation of SPOT and identified what it considers shortcomings in the implementation of SPOT. According to GAO, DOD and the Department of State disagreed with GAO's recommendation because of "ongoing coordination efforts and anticipated upgrades to SPOT."<sup>21</sup>

## Contractors in CENTCOM

According to DOD, as of March 31, 2010, there were 250,335 DOD contractor personnel in the CENTCOM AOR compared to approximately 272,000 uniformed personnel in the region who are supporting operations in Iraq and Afghanistan.<sup>22</sup> Contractors made up approximately 48% of DOD's combined contractor and uniformed personnel workforce in the CENTCOM AOR,<sup>23</sup> representing a .92:1 ratio between contractors and uniformed personnel (see **Table 1**).

**Table 1. Comparison of Contractor Personnel to Troop Levels  
(As of March 2010)**

	Contractors	Troops	Ratio
Iraq Only	95,461	95,900	1:1
Afghanistan Only	112,092	79,100	1.42:1
CENTCOM AOR	250,335	272,260	.92:1

**Source:** CENTCOM 2<sup>nd</sup> Quarter Contractor Census Report; For Iraq and Afghanistan; Joint Staff, Joint Chiefs of Staff, "Boots on the Ground" March report to Congress. For CENTCOM, see Defense Manpower Data Center (DMDC), DRS 21198, "Average Number of Members deployed on any given day by Service Component and Month/Year," March 2010.

**Notes:** CENTCOM AOR includes figures for Iraq and Afghanistan. CENTCOM troop level adjusted by CRS to deduct troops deployed to non-Central Command locations (e.g., Djibouti, Philippines, Egypt). Troops levels for non-CENTCOM locations are from DMDC, DRS 11280, "Location Report" for December 2009, which is the most recent data available.

<sup>20</sup> Ibid.

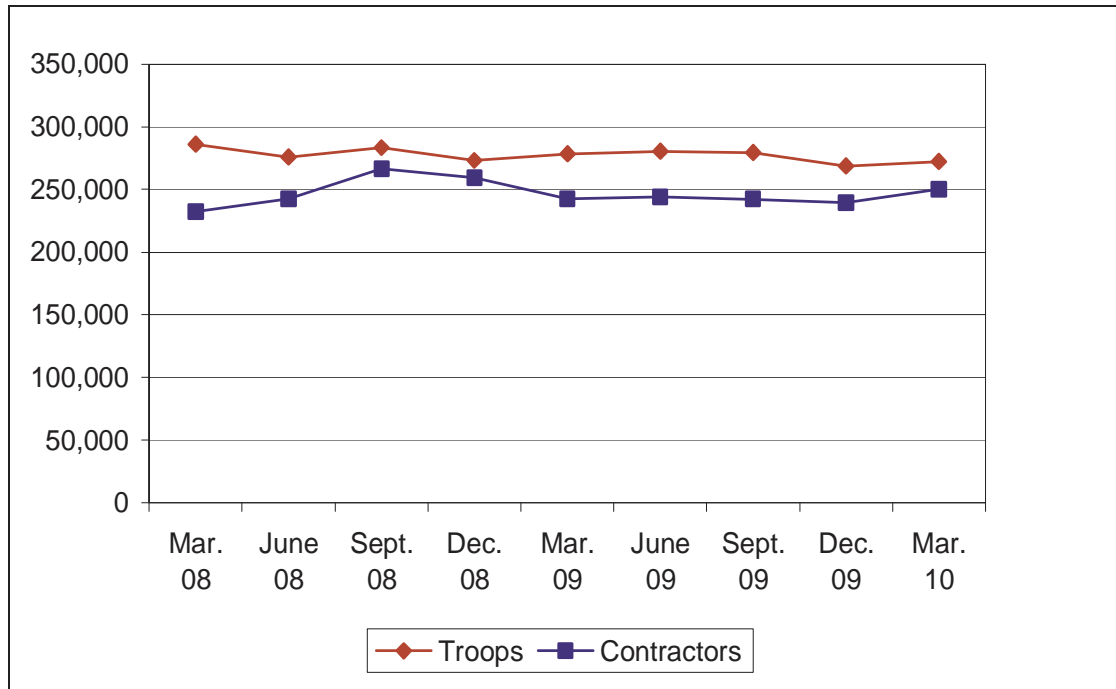
<sup>21</sup> See U.S. Government Accountability Office, *Contingency Contracting: Further Improvements in Agency Tracking of Contractor Personnel and Contracts in Iraq and Afghanistan*, GAO-10-187, November 2, 2009.; U.S. Government Accountability Office, *Contingency Contracting: DOD, State, and USAID Continue to Face Challenges in Tracking Contractor Personnel and Contracts in Iraq and Afghanistan*, GAO-10-1, October 1, 2009.

<sup>22</sup> According to DOD, there were 274,798 troops dedicated to supporting operations in Iraq and Afghanistan, of which 2,538 were based outside of the CENTCOM region (Djibouti, Kenya, Ethiopia, and the Philippines). We subtracted the 2,538 personnel from the total number of troops to approximate the number of troops based in the CENTCOM region. This adjustment was made for all prior CENTCOM AOR troop levels. See Defense Manpower Data Center, DRS 21198, "Average Number of Members deployed on any given day by Service Component and Month/Year" and the "Location Report" for March 2010. Data from Djibouti, Kenya, Ethiopia, and the Philippines is dated December 2009, which is the most recent data available.

<sup>23</sup> For purposes of this report, DOD's workforce is defined as uniformed personnel and the contractor workforce. DOD civilian personnel are excluded from this count. According to DOD's *Joint Personnel Status Report*, as of September 8, 2009, the DOD civilian workforce in Iraq was 2,033 (less than 1.0% of the total force) and the DOD civilian workforce in Afghanistan was 1,706 (less than 1.0% of the total force).

The number of contractor personnel in the CENTCOM AOR roughly tracks to the number of troops (see **Figure 2**).

**Figure 2. Number of Contractor Personnel in CENTCOM vs. Troop Levels**



**Source:** CENTCOM Quarterly Contractor Census Reports. For troop levels, see Defense Manpower Data Center (DMDC), DRS 21198, “Average Number of Members deployed on any given day by Service Component and Month/Year,” March 2010; DMDC, DRS 11280, “Location Report”.

**Notes:** Troop level data based on data provided by DOD in March 2010. Troop levels for prior months are adjusted in successive reports and therefore may differ from earlier DOD and CRS reports.

According to GAO, lessons learned and data analysis from past operations must be included in the development of a strategic plan to define contractor involvement in future operations.<sup>24</sup> Many analysts agree that understanding the role contractors play in various DOD operations—including the relationship between contractors and troop levels—could help to more effectively determine contractor support requirements in Iraq and Afghanistan, as well as future operations.

An analysis of contractor data appears to indicate differences in how DOD uses contractors in Iraq and Afghanistan. For example, contractor personnel made up 59% of DOD’s combined uniformed and contractor personnel workforce in Afghanistan compared to 50% of the workforce in Iraq. In addition, 70% of contractors in Afghanistan are local nationals compared to only 18% in Iraq (see **Table 2** and **Table 4**). Some analysts contend that understanding these differences—and why they occur—could help DOD to strategically plan for the management and use of contractors in future operations. For example, had DOD understood the extent to which it would

<sup>24</sup> U.S. Government Accountability Office, Iraq and Afghanistan: Availability of Forces, Equipment, and Infrastructure Should Be Considered in Developing U.S. Strategy and Plans, GAO-09-380T, February 12, 2009.

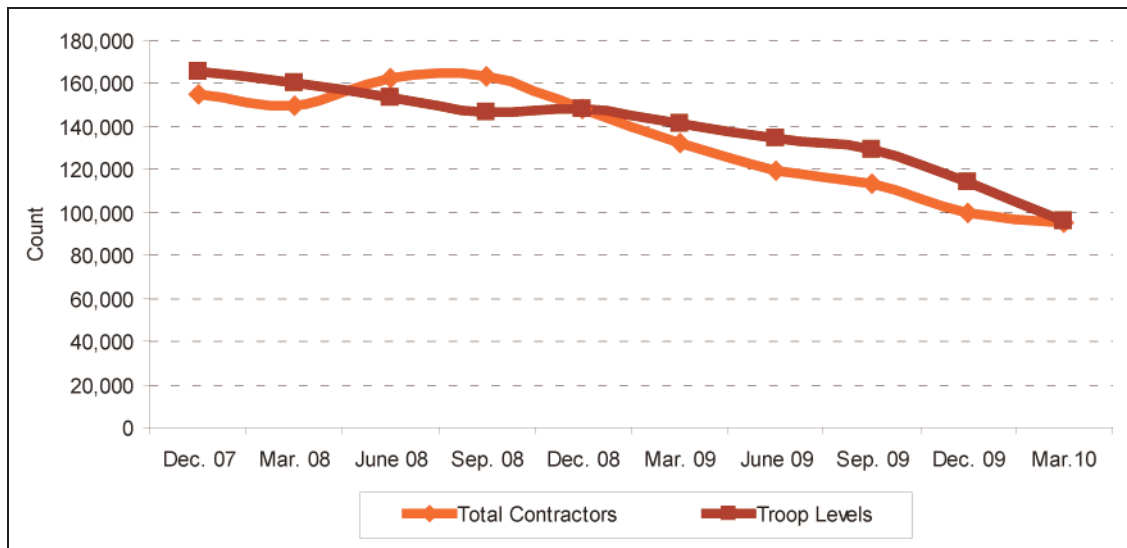
rely on private security contractors in Iraq and Afghanistan, DOD might have put in place a more robust oversight and coordination mechanism earlier.<sup>25</sup>

## Contractors in Iraq

### Number of Contractors

As reflected in **Table 1** (above), as of March 2010, there were 95,461 DOD contractor personnel in Iraq compared to approximately 95,900 uniformed personnel in-country. Despite fluctuations throughout the last seven quarters, troop and contractor levels have remained relatively equal (see). Contractors made up approximately 50% of DOD's workforce in Iraq as of the second quarter of FY2010. Overall contractor and troop levels have decreased for five consecutive quarters at similar rates.

**Figure 3. DOD Contractors in Iraq vs. Troop Levels**



**Source:** CENTCOM Quarterly Census Reports; CRS Report R40682, *Troop Levels in the Afghan and Iraq Wars, FY2001-FY2012: Cost and Other Potential Issues*, by Amy Belasco; Joint Staff, Joint Chiefs of Staff, "Boots on the Ground" monthly reports to Congress. September troop levels based on CRS estimates determined through media reports and DOD press releases.

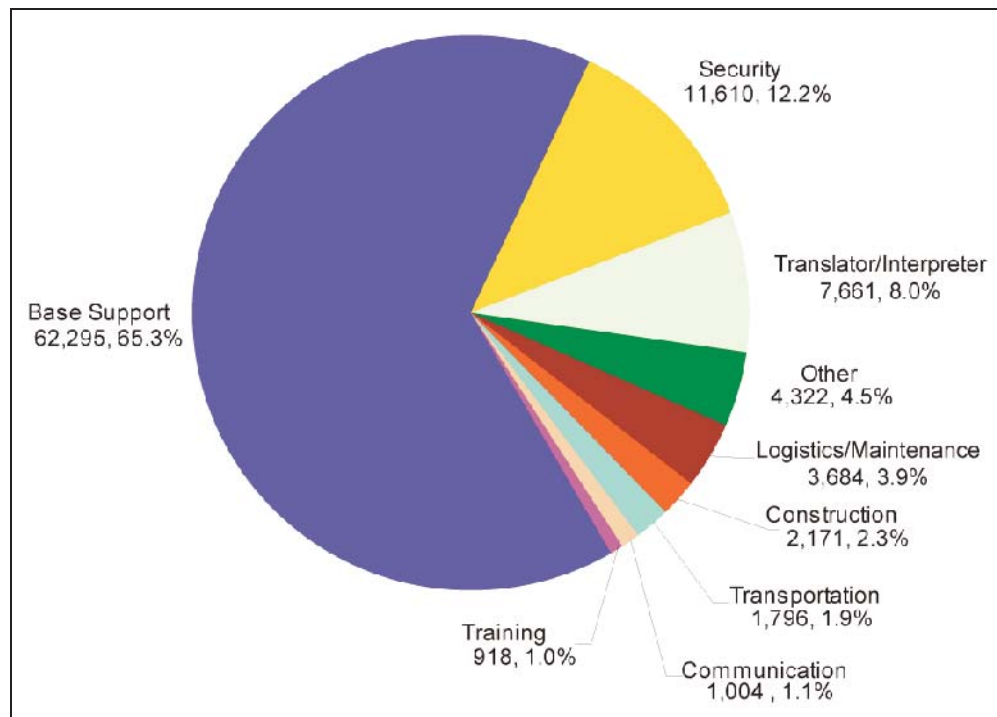
**Notes:** The y-intercept for the level of troops and contractor personnel is similar. The  $R^2$  value for the linear trend line for contractor personnel is 0.84 and for uniformed personnel is .92.  $R^2$  is a statistical term used to describe the goodness of the fit between the trend line and the data points.  $R^2$  is a descriptive measure between 0 and 1. The closer the  $R^2$  value is to one, the better the fit of the trend line to the data.

<sup>25</sup> In addition, a number of military bases in Iraq were not large enough to house contractors because DOD did not originally know how many contractors would be deployed with the military. As a result, DOD had to quickly find alternative housing for these contractors, which resulted in increased costs for DOD. Based on discussions with DOD officials, July 23, 2009.

## Type of Work Performed by Contractors

Contractors perform a wide range of services in Iraq. As of March 2010, 62,295 personnel (65% of contractors) performed base support functions such as maintaining the grounds, running dining facilities, and performing laundry services (see **Figure 4**). Security was the second most common service provided, with 11,610 personnel (12% of contractors). Combined, these two categories accounted for almost 80% of DOD contractors in Iraq.

**Figure 4. Iraq DOD Contractor Personnel by Type of Service Provided**  
(as of March 2010)



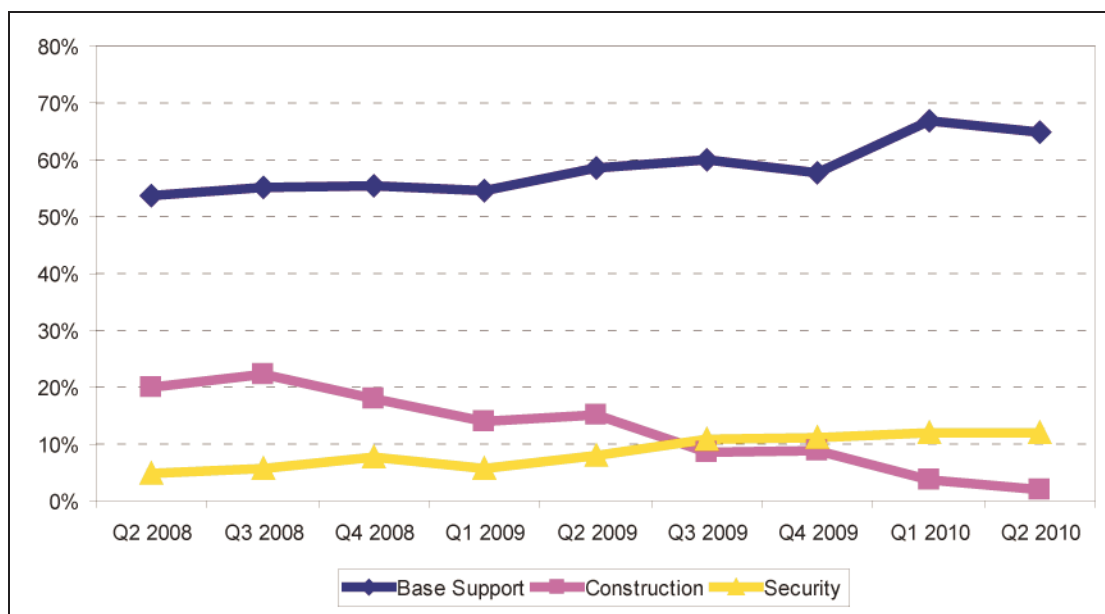
**Source:** DOD US CENTCOM 2<sup>nd</sup> Quarter Contractor Census Report.

**Notes:** Numbers may vary slightly from data in other sections of the report due to differences in the points in time when data was gathered. The Department of Defense did not separately track Logistics/Maintenance or Training until the first quarter of 2010.

As the overall number of troops in Iraq has decreased, so to has the overall number of contractors. For example, since June 2008, as troop levels dropped by 57,400 (37%), total contractors fell by approximately 67,000 (41%). However, as reflected in **Appendix A**, the number of contractors did not decrease uniformly across the contractor workforce. For example, during the same period, contractors providing base support and construction declined by approximately 31% (27,400 personnel) and 94% (34,000 personnel) respectively, whereas the number of contractors providing security actually increased by 26% (2,417 personnel).

These data indicate that as the services required by DOD change during the course of operations, the percentages of contractors providing different types of services also change. As reflected in **Figure 5**, over the past nine fiscal quarters, the percentage of contractors performing base support has remained relatively constant, the percentage working in construction has decreased, and the percentage performing security has increased.

**Figure 5. Iraq DOD Percent of Contractors Performing Types of Service**  
(as of March 2010)



Source: CENTCOM Quarterly Census Reports.

## Profile of Contractors

Of the approximately 95,500 contractors in Iraq as of March 2010, 24,719 were U.S. citizens, 17,193 were local nationals, and 53,549 were third-country nationals (see **Table 2**). Third-country nationals made up more than half of all contractor personnel.

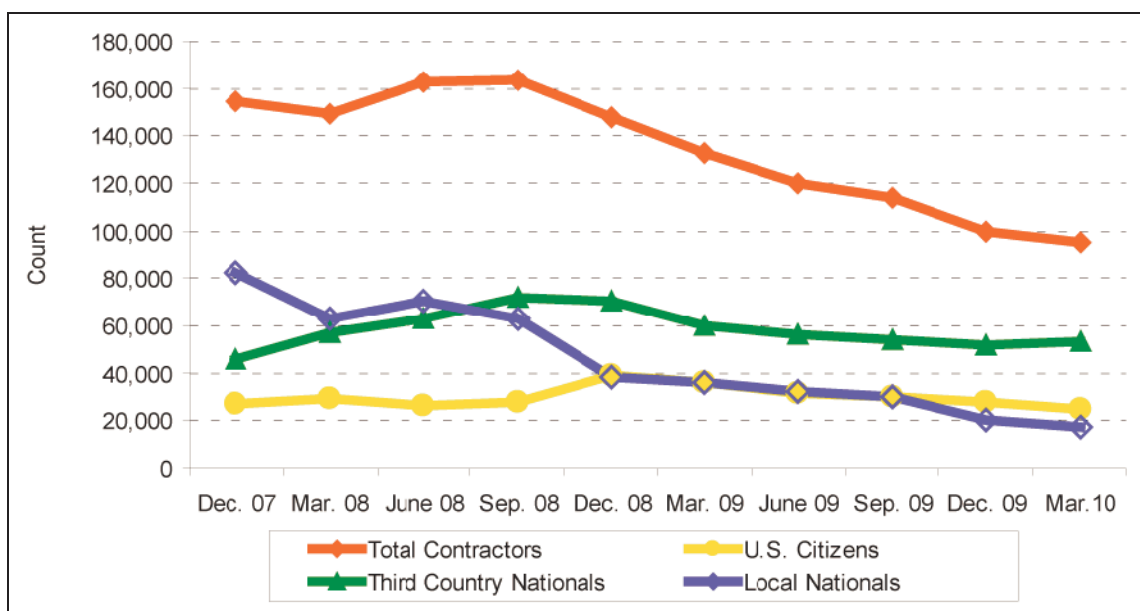
**Table 2. DOD Contractor Personnel in Iraq**  
(as of March 2010)

	Total Contractors	U.S. Citizens	Third-Country Nationals	Local Nationals
Number	95,461	24,719	53,549	17,193
Percent of Total	100%	26%	56%	18%

Source: CENTCOM 2<sup>nd</sup> Quarter Contractor Census Report.

According to a DOD official, contracting local nationals is an important element in counter-insurgency strategy.<sup>26</sup> Employing local nationals injects money into the local economy, provides job training, and can give the U.S. a more sophisticated understanding of the local landscape. Nevertheless, as **Figure 6** illustrates, from June 2008 to March 2010, the number of Iraqi contractors has dropped by more than 50,000 (75%) while the number of U.S. contractors has decreased by nearly 2,000 (7%). This can be only partially explained by the drop in the number of contractors performing construction (26,000); local nationals generally represent more than 80% of these workers.

<sup>26</sup> Based on discussions with DOD officials, July 23, 2009.

**Figure 6. Breakdown of DOD Contractor Workforce in Iraq**

Source: CENTCOM Quarterly Contractor Census Reports.

The percentage of contractors who are local nationals remained steady at 26%-27% during FY2009 but dropped to 18% in the most recent quarter. This percentage is substantially lower than the percentage of contractors who were local nationals in Q2 and Q3 of FY2008 (42%-43%). See **Appendix B**). By way of comparison, in Afghanistan local nationals have consistently comprised between 69%-86% of all contractors.

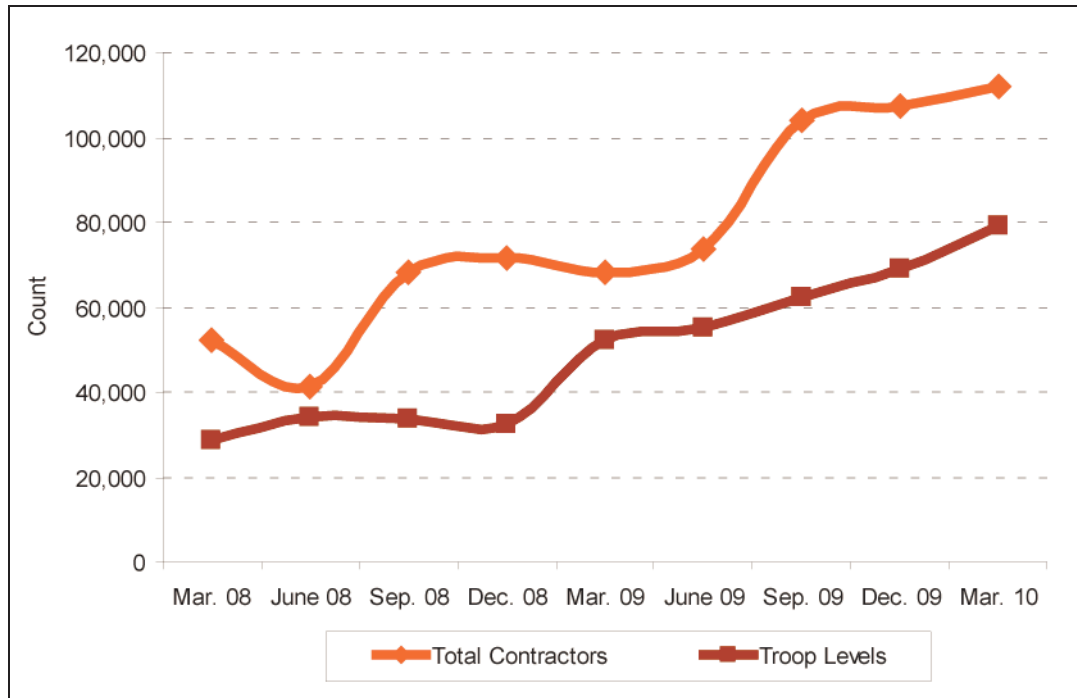
## Contractors in Afghanistan

### Number of Contractors

As reflected in **Table 1**, as of March 2010, there were 112,092 DOD contractors in Afghanistan, compared to approximately 79,100 uniformed personnel. Contractors made up 59% of DOD's workforce in Afghanistan (see **Figure 7**). In December 2008, contractors represented 69% of DOD's workforce in Afghanistan, which apparently represented the highest recorded percentage of contractors used by DOD in any conflict in the history of the United States.<sup>27</sup>

<sup>27</sup> CRS Report R40057, Training the Military to Manage Contractors During Expeditionary Operations: Overview and Options for Congress, by Moshe Schwartz.

**Figure 7. DOD Contractor Personnel in Afghanistan vs. Troop Levels**



**Source:** CENTCOM Quarterly Census Reports; *Troop Levels in the Afghan and Iraq Wars, FY2001-FY2012: Cost and Other Potential Issues*, by Amy Belasco; Joint Staff, Joint Chiefs of Staff, “Boots on the Ground” monthly reports to Congress.

Some analysts and DOD officials believe that the higher percentage of contractors in Afghanistan is partially a result two factors: contractors providing some services to the more than 30,000 international forces that are part of the International Security Assistance Force and DOD’s expansion of facilities to support the anticipated military surge in Afghanistan.<sup>28</sup>

On December 1, 2009, President Obama announced that the United States will be deploying an additional 30,000 troops to Afghanistan, bringing the total number of U.S. troops there to approximately 100,000. This troop increase has already resulted in an increase in the number of contractor personnel in Afghanistan. According to DOD officials, contractors are expected to make up approximately 50%-55% of the total workforce in Afghanistan in the future, although such an estimate could change if conditions in Afghanistan change.<sup>29</sup>

Over the last nine quarters, contractors have made up between 55% and 69% of DOD’s workforce in Afghanistan, averaging 61% of the workforce during that period (with a mode of 57%). Assuming that going forward contractors will continue to make up a similar percentage of DOD’s workforce, completing the deployment of additional troops to Afghanistan could require an additional 9,000 to 43,000 contractor personnel, for a total of 120,000 to 155,000 contractors (see **Table 3**). However, over the last three quarters the number of contractors has grown at a slower rate than the number of troops. If this trend continues, the total number of contractor personnel will tend toward the lower end of the above estimate.

<sup>28</sup> See ISAF “Placemat”, <http://www.nato.int/isaf/docu/epub/pdf/placemat.html>

<sup>29</sup> Based on discussions with DOD officials, December 8, and December 11, 2009.



**Table 3. Number of Contractors Required**

Troop Level	Contractors as % of Total Workforce	Additional Contractors Required	Total Number of Contractors
100,000	55%	9,000	120,000
100,000	57%	18,000	130,000
100,000	59%	30,000	140,000
100,000	61%	43,000	155,000

**Source:** CRS analysis of DOD data.

**Notes:** Numbers rounded to the closest thousand.

Over the last nine quarters (March 2008 to March 2010), contractors have represented 65%, 55%, 67%, 69%, 57%, 57%, 62%, 61% and 59% of the total DOD workforce, respectively. The data points listed in the table were chosen because they represent the lowest contractor/workforce ratio (55%), the mode (57%), the most recent quarter (59%), and the mean (average)(61%).

### Type of Work Performed by Contractors

DOD does not report the breakdown of services that contractors provide in Afghanistan, with the exception of data on private security contractors. Nevertheless, the types of services provided by contractors in Afghanistan are similar to those conducted in Iraq, including logistics, construction, linguistic services, and transportation; however, the percentage of contractors providing each service is likely different. DOD officials have stated in the past that they will start providing data on the breakdown of services in Afghanistan in the next quarterly census. However, to date, they have not done so.

### Profile of Contractors

As of March 2010, of the approximately 112,000 contractors in Afghanistan, 16,000 were U.S. citizens, 17,500 were third-country nationals, and 78,500 were local nationals (see **Table 4**). Local nationals made up 70% of contractor personnel.

**Table 4. DOD Contractor Personnel in Afghanistan  
(as of March 2010)**

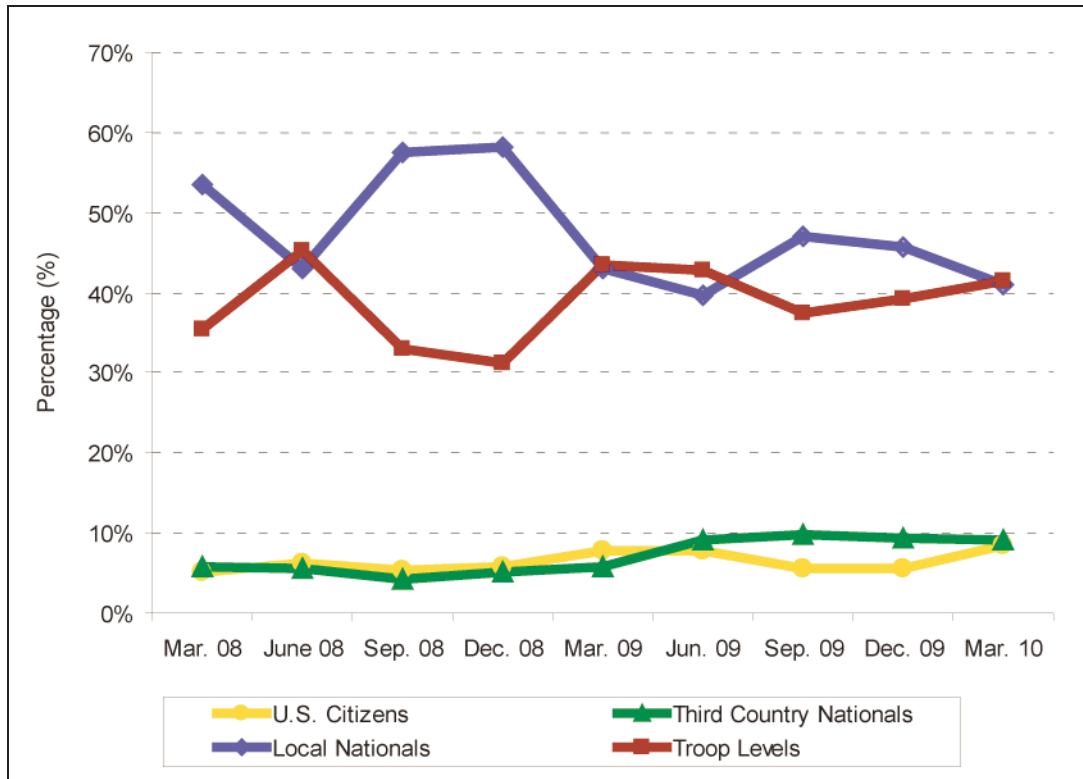
	Total Contractors	U.S. Citizens	Third-Country Nationals	Local Nationals
Number	112,092	16,081	17,512	78,499
Percent of Total	100%	14%	16%	70%

**Source:** CENTCOM 2<sup>nd</sup> Quarter Contractor Census Report.

DOD uses significantly more local nationals in Afghanistan than U.S. citizens and third-country nationals combined. There also appears to be an inverse relationship between the percentage of troops and local national contractors in Afghanistan (see **Figure 8**), although there is not enough data to draw significant conclusions with statistical reliability. Understanding such data could help DOD plan more effectively for contractor requirements in future operations.



**Figure 8. Breakdown of DOD Contractor Workforce in Afghanistan**



**Source:** CENTCOM Quarterly Contractor Census Reports; CRS Report R40682, *Troop Levels in the Afghan and Iraq Wars, FY2001-FY2012: Cost and Other Potential Issues*, by Amy Belasco; Joint Staff, Joint Chiefs of Staff, “Boots on the Ground” monthly reports to Congress.

## Efforts to Improve Contractor Management and Oversight

In light of DOD’s experiences in Iraq and Afghanistan, and in response to the findings of numerous studies (including the Gansler Report and numerous GAO reports), DOD has taken a number of steps to improve how it manages contractors in Iraq and Afghanistan. DOD set up the Joint Contracting Command (JCC) in both Iraq and Afghanistan to provide a more centralized management system and to enforce contracting support requirements during ongoing operations.<sup>30</sup> DOD has also increased the size of its acquisition workforce in theater. Additional Defense Contracting Management Agency staff has been sent to administer complex contracts.<sup>31</sup>

DOD is also working to improve how it will use contractors in future operations. Responding to a Gansler Report recommendation, in October 2008, the Army Contracting Command (ACC) was established as a major subordinate command of the U.S. Army Materiel Command. The ACC performs most of the contracting work for the Army. In addition, the Expeditionary Contracting

<sup>30</sup> USCENTCOM, 2<sup>nd</sup> Quarterly Contractor Census Report, p. 4, May, 2009.

<sup>31</sup> Ibid. p. 4-5.

Command was established as a subordinate command of the ACC. The Expeditionary Contracting Command provides contracting support during expeditionary operations. In addition, the Joint Contingency Acquisition Support Office was established to assist commanders in planning, supporting, and overseeing contracting activities during the early stages of contingency operations.<sup>32</sup> DOD developed an Operational Contract Support Concept of Operations (CONOPS), intended to promote communication and collaboration between contractors and uniformed personnel in theater.

Uniformed personnel are often responsible for managing contractors during contingency operations. DOD is developing programs to improve training of uniformed personnel to manage contractors during contingency operations. DOD intends to introduce courses on contract support into the curriculum for non-acquisition personnel and is incorporating contract operations into some mission readiness exercises. DOD is also developing an on-line course that offers pre-deployment training to personnel about planning for and working with contractors during military operations.<sup>33</sup> Additionally, the Army continues to develop informational handbooks to help guide military personnel who work with contractors regarding the contracting process and their specific roles and responsibilities when coordinating with contractors.<sup>34</sup>

A number of these initiatives have been reflected in recent legislation. For example, the Joint Contingency Acquisition Support Office was established as a result of section 854 of the FY2007 John Warner National Defense Authorization Act (NDAA) requiring DOD to create a team of contingency contracting experts that can be deployed to support military operations.<sup>35</sup> In the FY2008 NDAA, Congress mandated contingency contracting training for non-acquisition military personnel who will have relevant contracting responsibilities.<sup>36</sup> Furthermore, Congress required that SPOT contain all contract-related information for Iraq and Afghanistan. Congress appropriated \$8,000,000 for SPOT, \$2,500,000 for the Joint Contingency Contract Support Office, and \$2,000,000 for training non-acquisition personnel.<sup>37</sup> According to DOD, SPOT is being used to manage the withdrawal of both contractor and DOD civilian personnel in Iraq, as well as to authorize contractors to receive government support in CENTCOM's area of responsibility.<sup>38</sup> DOD is still transitioning from a manual quarterly census of contractor personnel to the SPOT database. An updated Memorandum of Understanding between DOD, Department of State, and USAID on SPOT incorporates legislative requirements from section 854 of the FY2009 NDAA and section 813 of the FY2010 NDAA.

DOD has shown an ability to improve contractor management and oversight. For example, DOD has made significant efforts to improve the management, oversight, and coordination of private

---

<sup>32</sup> See CRS Report R40057, *Training the Military to Manage Contractors During Expeditionary Operations: Overview and Options for Congress*, by Moshe Schwartz; and U.S. Department of Defense, Defense Logistics Agency, "New organization to Help Combatant Commanders Manage Acquisition," Press Release, October 24, 2008.

<sup>33</sup> For a more detailed discussion of DOD efforts, see *Training the Military to Manage Contractors During Expeditionary Operations: Overview and Options for Congress*.

<sup>34</sup> For example, the Army has published *Contracting Basics for Leaders* and *the Deployed COR* which is a pocket-sized pamphlet that explains key contracting concepts, definitions, and processes. The Army has also developed the *Deployed COR: Tactics, Techniques, and Procedures handbook*, and is drafting a handbook on Armed Private Security Contracting.

<sup>35</sup> P.L. 109-364, Sec. 854.

<sup>36</sup> P.L. 110-181 Sec. 849.

<sup>37</sup> *Congressional Record* May 19, 2008, pg. S4325.

<sup>38</sup> CENTCOM 2<sup>nd</sup> Quarter FY2010 Contractor Census Report.

security companies (PSC). For instance, DOD established Contractor Operations Cells in Iraq and in Afghanistan to coordinate the movement of PSCs.<sup>39</sup> DOD established the Armed Contractor Oversight Directorate in Iraq and Afghanistan. This directorate is responsible for developing policies for and investigating incidents of the use of force by PSCs.<sup>40</sup> The improvements in how DOD manages PSCs have been noted by the Special Inspector General for Iraq Reconstruction, the Commission on Wartime Contracting, and the GAO.<sup>41</sup>

## Contractors in DOD Strategy and Doctrines

Regardless of how one analyzes the number of armed contractors working for DOD, PSCs play a critical role in U.S. efforts in Afghanistan. Yet the extent of DOD's reliance on PSCs was not planned and was executed without a clear strategy, exacerbating the risks inherent in using armed contractors on the battlefield.<sup>42</sup> As Secretary of Defense Roberts Gates testified, DOD's extensive reliance on contractors occurred

without any supervision or without any coherent strategy on how we were going to do it and without conscious decisions about what we will allow contractors to do and what we won't allow contractors to do... We have not thought holistically or coherently about our use of contractors, particularly when it comes to combat environments or combat training.<sup>43</sup>

The unprecedented extent to which DOD relies on contractors in Iraq and Afghanistan, and the unplanned nature of this reliance, raises some fundamental questions, including what is the impact of using contractors in military operations and to what extent is DOD incorporating the use of contractors into strategy and doctrine.

---

<sup>39</sup> The Armed Contractor Oversight Division in Iraq was renamed the Armed Contractor Oversight Bureau. For a detailed discussion on DOD efforts to improve the coordination of PSC movements throughout Iraq, see Government Accountability Office, *REBUILDING IRAQ: DOD and State Department Have Improved Oversight and Coordination of Private Security Contractors in Iraq, but Further Actions Are Needed to Sustain Improvements*, GAO-08-966, July 31, 2008; Special Inspector General for Iraq Reconstruction, *Field Commanders See Improvements in Controlling and Coordinating Private Security Contractor Missions in Iraq*, SIGIR 09-022, July 28, 2009.

<sup>40</sup> Commission on Wartime Contracting in Iraq and Afghanistan, *At What Cost? Contingency Contracting in Iraq and Afghanistan*, Interim Report, June 2009, p. 73.

<sup>41</sup> U.S. Special Inspector General for Iraq Reconstruction, *Field Commanders See Improvements in Controlling and Coordinating Private Security Contractor Missions in Iraq*, SIGIR 09-022, July 28, 2009; U.S. Congress, House Committee on Oversight and Government Reform, Subcommittee on National Security and Foreign Affairs, *Commission on Wartime Contracting: Interim Findings and Path Forward*, 111<sup>th</sup> Cong., 1<sup>st</sup> sess., June 10, 2009; U.S. Government Accountability Office, *REBUILDING IRAQ: DOD and State Department Have Improved Oversight and Coordination of Private Security Contractors in Iraq, but Further Actions Are Needed to Sustain Improvements*, GAO-08-966, July 31, 2008.

<sup>42</sup> U.S. Government Accountability Office, *Military Operations: Implementation of Existing Guidance and Other Actions Needed to Improve DOD's Oversight and Management of Contractors in Future Operations*, GAO-08-436T, January 28, 2008, p. 6. See also U.S. Government Accountability Office, *Defense Management: DOD Needs to Reexamine Its Extensive Reliance on Contractors and Continue to Improve Management and Oversight*, GAO-08-572T, March 11, 2008, p. 14.

<sup>43</sup> U.S. Congress, Senate Committee on Armed Services, *To Receive Testimony on the Challenges Facing the Department of Defense*, 110th Cong., 2nd sess., January 27, 2009.

## Can Contractors Undermine U.S. Efforts in Iraq and Afghanistan?

According to the Army Field Manual on counterinsurgency, one of the fundamental strategies in counterinsurgency operations—such as those undertaken by DOD in Iraq and Afghanistan—is to retain legitimacy by winning the hearts and minds of the local population.<sup>44</sup> Conversely, the field manual argues that abusing or mistreating the population undermines counterinsurgency efforts, stating

Though firmness by security forces is often necessary to establish a secure environment, a government that exceeds accepted local norms and abuses its people ... generates resistance to its rule. People who have been maltreated or have had close friends or relatives killed ... may strike back at their attackers. Security force abuses ... can be major escalating factors for insurgencies.<sup>45</sup>

In accordance with the manual's assertion that the local population will ultimately determine the winner of the conflict, abuses and crimes committed by armed private security contractors and interrogators against local nationals may have undermined U.S. efforts in Iraq and Afghanistan.<sup>46</sup>

There have been published reports of local nationals being abused and mistreated by some DOD contractors in such incidents as the shooting at Iraqi civilians by private security contractors<sup>47</sup> and the abuse of prisoners at Abu Ghraib prison in Iraq.<sup>48</sup> Local nationals may not draw a distinction between government contractors and the U.S. military, and the abuses committed by contractors may strengthen anti-American insurgents, as evidenced by the public outcry following such incidents.

Poor contract management may also undermine U.S. efforts in the region. GAO stated that poor contract management can lead to wasteful spending of billions of dollars.<sup>49</sup> Wasteful spending can divert limited resources away from important U.S. efforts as providing security, social services, and economic development programs. According to the Army, efforts to establish social services and develop economic programs are critical to a successful counterinsurgency campaign.<sup>50</sup> Therefore, wasting resources that could otherwise have been spent on social services and economic development may limit the effectiveness of U.S. efforts. Poor contract management may also result in increased fraud, which could similarly undermine the credibility of the U.S. in the eyes of the local population.

---

<sup>44</sup> Department of Defense, *Counterinsurgency*, FM 3-24, December 2006.

<sup>45</sup> Department of Defense, *Counterinsurgency*, FM 3-24, December 2006, p. 1-9.

<sup>46</sup> *Ibid.*, p. 1-2, 1-3, 1-22.

<sup>47</sup> For a detailed discussion of the use of private security contractors in Iraq, see CRS Report RL32419, *Private Security Contractors in Iraq: Background, Legal Status, and Other Issues*, by Jennifer K. Elsea, Moshe Schwartz, and Kennon H. Nakamura.

<sup>48</sup> According to an Army investigative report, a lack of good contractor surveillance at Abu Ghraib prison contributed to fostering a permissive environment in which prisoner abuses took place at the hands of contractors. Department of Defense, *Investigation of Intelligence Activities at Abu Ghraib*, August 23, 2004, p. 52. The report found "Proper oversight did not occur at Abu Ghraib due to a lack of training and inadequate contract management ... [T]his lack of monitoring was a contributing factor to the problems that were experienced with the performance of the contractors at Abu Ghraib." See <http://oai.dtic.mil/oai/oai?verb=getRecord&metadataPrefix=html&identifier=ADA429125>.

<sup>49</sup> U.S. Government Accountability Office. *Stabilizing And Rebuilding Iraq: Actions Needed to Address Inadequate Accountability over U.S. Efforts and Investments*. GAO-08-568T. March 11, 2008. p. 4,6; See also Urgent Reform Required: Army Expeditionary Contracting, Op. Cit., p. 2.

<sup>50</sup> Department of the Army, *Counterinsurgency*, FM 3-24, Washington, DC, December 15, 2006, pp. 1-1.

## DOD Strategy and Doctrine

Some analysts believe that DOD strategy and doctrine does not sufficiently address the issue of contractors. These analysts argue that the public backlash following Abu Ghraib and other such incidents, as well as wasteful spending, should compel DOD to reexamine the role contractors play in contingency operations and the way DOD integrates contractor support into current strategy and doctrine.<sup>51</sup> For example, then Senator Barack Obama stated that “we cannot win a fight for hearts and minds when we outsource critical missions to unaccountable contractors.”<sup>52</sup> The Gansler Commission echoed a similar sentiment, finding that segments of the Army have not recognized the important role contractors now have in DOD operations and the ability of contractors to influence the success of a contingency operation.<sup>53</sup> Further integrating contractors into doctrine and strategy could help DOD better manage contractors, which in turn may mitigate the negative effects that some contractors have on DOD operations.

Many analysts and DOD officials argue that the military’s experience in Iraq and Afghanistan, coupled with congressional attention and legislation, has focused DOD’s attention on the importance of contractors to operational success. According to DOD officials, prior to the wars in Iraq and Afghanistan, contracting was done on an ad-hoc basis and was not adequately incorporated into the doctrine—or culture—of the military.<sup>54</sup> DOD officials stated that doctrine and strategy are being updated to incorporate the role of contractors in contingency operations.

DOD strategy can be found in a number of documents, including the National Defense Strategy and Quadrennial Defense Review. Army doctrine is published in field manuals such as Field Manual (FM) 3-0, *Operations*, which constitutes the Army’s view on how it conducts operations and “sets the foundation for developing the other fundamentals and tactics ... detailed in subordinate field manuals.”<sup>55</sup> Field Manual 3-24, *Counterinsurgency*, is a subordinate manual dedicated to counterinsurgency operations, such as those currently being conducted in Iraq and Afghanistan.

## The National Defense Strategy and Quadrennial Defense Review

The National Defense Strategy and Quadrennial Defense Review (QDR) are high-level strategy documents that support the Administration’s National Security Strategy.<sup>56</sup> Some analysts believe that, given the critical role contractors play in military operations, these documents should contain a sufficiently meaningful discussion of contractors.

---

<sup>51</sup> Commission on Army Acquisition and Program Management in Expeditionary Operations, *Urgent Reform Required: Army Expeditionary Contracting*, October 31, 2007; the Commission on Wartime Contracting and Commission on Wartime Contracting, *At What Cost? Contingency Contracting In Iraq and Afghanistan: Interim Report*, June 10, 2009; and Kidwell, D., *Public War, Private Fight? The United States and Private Military Companies*, Combat Studies Institute Press, 2005, p. 48.

<sup>52</sup> Hauser, C., *New Rules for Contractors are Urged by 2 Democrats*, the New York Times, October 4, 2007.

<sup>53</sup> Urgent Reform Required: Army Expeditionary Contracting, p.1.

<sup>54</sup> Based on discussions with senior DOD officials on July 23, 2009 and July 27, 2009.

<sup>55</sup> Department of Defense, *Operations*, FM 3-0, February 2008, p. v.

<sup>56</sup> For more information, see CRS Report RL34505, *National Security Strategy: Legislative Mandates, Execution to Date, and Considerations for Congress*, by Catherine Dale.



The 2010 QDR, which runs almost 130 pages, contains little discussion on the role contractors play in military operations. The QDR has a seven page section on counterinsurgency, stability, and counterterrorism operations, including a list of ten priorities for improvement. However, the word “contractor” does not appear once in the discussion, despite the fact that contractors make up more than 50% of DOD’s workforce in Iraq and Afghanistan, including more than 13,000 armed contractors. Some analysts argue that DOD missed an opportunity to address the issue in the most recent QDR.

The National Defense Strategy runs 23 pages and mentions contractors on two occasions. In the first instance, it states “The Total Force distributes and balances skills across each of its constituent elements: the Active Component, the Reserve Component, the civilian workforce, and the private sector and contractor base.”<sup>57</sup> In the second instance, the report states “We also must continue to improve our acquisition and contracting regulations, procedures, and oversight to ensure agile and timely procurement of critical equipment and materials for our forces.”<sup>58</sup>

Some analysts argue that the extent to which contractors are addressed in doctrine that is not specifically aimed at contracting issues, such as the Quadrennial Defense Review and field manual on operations, reflects the extent to which DOD incorporates contracting into the overall culture of the military. Other analysts argue that more appropriate publications to determine the extent to which contractors are incorporated into doctrine are the operational and tactical level guidance that related to contracting issues, such as FM 3-100.21, *Contractors on the Battlefield*, FM 3-100.21 *Contractors on the Battlefield*, FM 100-16 *Army Operational Support*, and FM 100-10-2 *Contracting Support on the Battlefield*, and Army Regulation 715-9, *Logistics—Contractors Accompanying the Force*.<sup>59</sup>

## **Field Manual on Operations**

In February 2008, the Army updated Field Manual (FM) 3-0, *Operations*, the first update since September 11, 2001.<sup>60</sup> In 200 pages, the combined discussion on contractors consists of less than a page. The most extensive discussion, found in the section on Interagency Coordination and Cooperation with Other Organizations, states, *in toto*,

A *contractor* is a person or business that provides products or services for monetary compensation. A contractor furnishes supplies and services or performs work at a certain price or rate based on the terms of a contract (FM 3-100.21). Contracted support often includes traditional goods and services support but may include interpreter communications, infrastructure, and other related support. In military operations, contractors may provide life support, construction and engineering support, weapons system support, security, other technical services (FM 3-100.21 contains doctrine for contractors accompanying deployed forces).

---

<sup>57</sup> Department of Defense, *National Defense Strategy*, June 2008, p. 19.

<sup>58</sup> Ibid.

<sup>59</sup> FM 3-100.21, *Contractors on the Battlefield*, January 2003, states that it is intended to define the role of contractors and describe the relationship between contractors and combatant commanders. The field manual is intended for commanders and their staff. Army Regulation 715-9, *Logistics – Contractors Accompanying the Force* October 1999, establishes Army policies for using contractors on the battlefield. The regulation is geared to logistics; the proponent agency of the regulation is the Deputy Chief of Staff for Logistics.

<sup>60</sup> *Operations*, p. Forward.

There are other isolated references to contractors or contracting, but most analysts consider that these references provide little actual guidance. For example, one mention of contracting states “the Army identifies technical matters, such as network operations or contracting, and assigns responsibilities for them to an appropriate organization.”<sup>61</sup>

## **Field Manual on Counterinsurgency**

In December 2006, the Army and Marine Corps released Field Manual 3-24, *Counterinsurgency*, a field manual devoted exclusively to understanding and conducting counterinsurgency operations. Prior to publishing 3-24, a manual dedicated to counterinsurgency operations had not been published for more than 20 years. *Counterinsurgency* was coauthored by then-Lieutenant General David Petraeus (Army) and then-Lieutenant General James Amos (Marine Corps). The manual draws heavily on experiences and lessons from military operations in Iraq.

*Counterinsurgency* recognizes the role contractors play in counterinsurgency operations and has a more extensive discussion of contractors than FM 3-0 *Operations*. The manual lists multinational corporations and contractors as key counterinsurgency participants and describes the role played by contractors. The manual goes on to state that “at a minimum, commanders should know which companies are present in their AO [area of operation] ... commanders should identify contractors operating in their AO and determine the nature of their contract, existing accountability mechanisms, and appropriate coordination relationships.”<sup>62</sup> And chapter eight of the manual includes a four page section dedicated exclusively to Contracted Logistics Support. This section has discussions on theater support contracts, counterinsurgency contracting considerations, and contingency contracting. Contractor issues are also incorporated into other sections of the manual, such as the section on enforcing discipline.<sup>63</sup>

## **New Doctrine, DOD Instructions, and Other Efforts**

Since the release of the Gansler Report, DOD has undertaken a number of initiatives to develop doctrine and policies for using contractors during contingency operations. For example, in October 2008, the Chairman of the Joint Chiefs of Staff published Joint Publication 4-10 *Operational Contract Support*, which contains doctrine for contract support and contract management during joint contingency operations. The publication applies to commanders of combatant commands, joint task forces, the military services, and defense agencies in support of joint operations.<sup>64</sup> In March 2009, Deputy Secretary of Defense William J. Lynn issued a directive detailing who within DOD is responsible for the various aspects of contract management and oversight, including responsibility for managing contracts, developing policy, issuing guidance, and integrating contractors into contingency operations.<sup>65</sup> In July 2009, DOD issued an instruction establishing policy and procedures for managing private security contractors during contingency operations. And in July 2009, at the direction of the Secretary of Defense, Under

---

<sup>61</sup> Ibid, p. B-13.

<sup>62</sup> *Counterinsurgency*, pp. 2-4, 2-8.

<sup>63</sup> *Counterinsurgency*, p. d-26.

<sup>64</sup> Chairman of the Joint Chiefs of Staff, *Operational Contract Support*, Joint Publication 4-10, October 17, 2008, p. i.

<sup>65</sup> Deputy Secretary of Defense William J. Lynn III, *Orchestrating, Synchronizing, and Integrating Program Management of Contingency Acquisition Planning and Its Operational Execution*, Office of the Secretary of Defense, Directive 3020.49, March 24, 2009.

Secretary Ashton Carter established a task force on wartime contracting charged with evaluating the Commission on Wartime Contracting interim report. The task force is to consist of representatives from the Office of the Secretary of Defense, military services, Joint Staff, and Joint Contracting Command-Iraq/Afghanistan.<sup>66</sup> According to DOD, the task force will examine the proper role of contractors in contingency operations. The findings of the task force are expected to influence doctrine and policy, including the size of the contractor workforce in future operations.

DOD has also issued regulations intended to improve the management of contractors in Iraq and Afghanistan. Some of these regulations are aimed specifically at improving how DOD manages PSCs. Other regulations are aimed at improving contracting in Iraq and Afghanistan generally.

In an effort to improve contingency contracting generally, DOD issued the directive *Orchestrating, Synchronizing, and Integrating Program Management of Contingency Acquisition Planning and its Operational Execution* on March 24, 2009.<sup>67</sup> This regulation established which offices within DOD are responsible for various aspects of contract support for contingency operations. This directive was issued in response to section 854 of the John Warner National Defense Authorization Act of Fiscal Year 2007 (P.L. 109-364) and section 862 of the National Defense Authorization Act for Fiscal Year 2008 (P.L. 110-861).

Officials stated that additional initiatives are still underway and will take time to complete and implement.<sup>68</sup> One official estimated that it could take three years to update policies and regulations, integrate contractors into operational planning, and implement appropriate training. Officials also acknowledged that DOD faces a number of challenges in its effort to incorporate contracting into the culture of the military and into overall DOD planning and doctrine. One official stated that DOD still needs to examine under what circumstances contractors should—and should not—be used during contingency operations. For example, there may be circumstances when activities such as security, contract management, interrogation, and military training should not be contracted out. DOD has begun to examine this issue. DOD has set up a task force to examine the extent to which it relies on contractors, and to use the analysis to plan for future operations and to help plan DOD's future force structure. The task force has already briefed the most senior levels of the department. A number of analysts believe that this effort is a step in the right direction.

## **Selected Congressional Hearings and Legislation**

Congress has held a number of hearings and passed legislation relating to DOD contracting efforts in Iraq and Afghanistan. Hearings have taken place in a number of different committees and have covered a wide array of related issues, including private security contractors, interrogators, logistic support, contract management and oversight, and training requirements. Congress has also passed legislation annually in a number of these areas. Such legislation

---

<sup>66</sup> Under Secretary of Defense Ashton B. Carter, *Task Force on Wartime Contracting in Iraq and Afghanistan*, Office of the Secretary of Defense, Acquisition, Technology and Logistics, Memorandum, July 26, 2009.

<sup>67</sup> William J. Lynn III, Deputy Secretary of Defense, *Orchestrating, Synchronizing, and Integrating Program Management of Contingency Acquisition Planning and Its Operational Execution*, Department of Defense, Department of Defense Directive (DODD) 3020.49, March 24, 2009.

<sup>68</sup> Based on discussions with senior DOD officials on July 23, 2009 and July 27, 2009.



generally occurs in the National Defense Authorization Act (NDAA). The following section provides a highlight of key congressional activity related to contingency contracting.

## Private Security Contractors and Interrogators

Congress has focused more on private security contractors than other contracting issues, even though such contractors comprise roughly 10-15% of DOD contractors in Iraq and Afghanistan. Interrogators have also been a focus of congressional scrutiny. Hearings have been held in the Senate Committee on Armed Services,<sup>69</sup> the Senate Committee on Homeland Security and Governmental Affairs,<sup>70</sup> the House Committee on Oversight and Government Reform,<sup>71</sup> and the House Committee on Armed Services.<sup>72</sup> This issue was also raised in other hearings, such as the House Committee on Oversight and Government Reform's hearing on the *Commission on Wartime Contracting: Interim Findings and Path Forward*<sup>73</sup> and the House Committee on the Judiciary's hearing on *Enforcement of Federal Criminal Law to Protect Americans Working for U.S. Contractors in Iraq*.<sup>74</sup> More recently, the National Security and Foreign Affairs Subcommittee of the House Committee on Oversight and Government Reform conducted a hearing *Investigation of Protection Payments for Safe Passage along the Afghan Supply Chain*, which focused on armed private security contractors providing convoy security along the Afghan supply chain.<sup>75</sup>

In the FY2008 NDAA, Congress required the Secretary of Defense, in coordination with the Secretary of State, to prescribe regulations and guidance relating to screening, equipping, and managing private security personnel in areas of combat operations. These regulations were to include tracking private security personnel (PSC), authorizing and accounting for weapons used by PSCs, and reporting requirements whenever a security contractor discharges a weapon, kills or injures another person, or is killed or injured.<sup>76</sup> Included in the FY2009 NDAA is a "Sense of Congress" that private security contractors should not perform inherently governmental functions, such as security protection of resources, in high-threat operational environments.<sup>77</sup> In the same

---

<sup>69</sup> U.S. Congress, Senate Committee on Armed Services, Inquiry into the Treatment of Detainees in U.S. Custody, 110<sup>th</sup> Cong., 1<sup>st</sup> sess., August 3, 2007.

<sup>70</sup> U.S. Congress, Senate Committee on Homeland Security and Governmental Affairs, *An Uneasy Relationship: U.S. Reliance on Private Security Firms in Overseas Operations*, 110<sup>th</sup> Cong., 2<sup>nd</sup> sess., February 27, 2008.

<sup>71</sup> U.S. Congress, House Committee on Oversight and Government Reform, *Private Security Contracting in Iraq and Afghanistan*, 110<sup>th</sup> Cong., 1<sup>st</sup> sess., October 2, 2007.

<sup>72</sup> U.S. Congress, House Committee on Armed Services, *Contingency Contracting: Implementing a Call for Urgent Reform*, 110<sup>th</sup> Cong., 2<sup>nd</sup> sess., April 9, 2008.

<sup>73</sup> U.S. Congress, House Committee on Oversight and Government Reform, Subcommittee on National Security and Foreign Affairs, *Commission on Wartime Contracting: Interim Findings and Path Forward*, 111<sup>th</sup> Cong., 1<sup>st</sup> sess., June 9, 2009.

<sup>74</sup> U.S. Congress, House Committee on the Judiciary, Subcommittee on Crime, Terrorism, and Homeland Security, *Enforcement of Federal Criminal Law to Protect Americans Working for U.S. Contractors in Iraq*, 110<sup>th</sup> Cong., 1<sup>st</sup> sess., December 19, 2007.

<sup>75</sup> U.S. Congress, House Committee on Oversight and Government Reform, Subcommittee on National Security and Foreign Affairs, *Investigation of Protection Payments for Safe Passage along the Afghan Supply Chain*, 111<sup>th</sup> Cong., 2<sup>nd</sup> sess., June 22, 2010.

<sup>76</sup> P.L. 110-181, sec 862.

<sup>77</sup> P.L. 110-417, sec 832.

legislation, Congress mandated that interrogation is an inherently governmental function that DOD may not outsource to contractors.<sup>78</sup>

## Contractors Training Local Security Forces

Over the last year, Congress has turned its attention to contractors training local security forces in Iraq and Afghanistan. Such hearings have raised a number of issues, including the behavior of such contractors, whether there is sufficient contract oversight, and the cost of such contracts. The Senate Committee on Armed Services held a hearing on *Contracting in a Counterinsurgency: An Examination of the Blackwater-Paravant Contract and the Need for Oversight*, which focused on the shooting of Afghan civilians by two Paravant employees.<sup>79</sup> The Ad Hoc Subcommittee on Contracting Oversight of the Senate, Committee on Homeland Security and Governmental Affairs held a hearing *Afghan Police Force Training*, which raised the issue of waste and a lack of oversight on \$6 billion spent on contracts to train the Afghan national police force.<sup>80</sup>

## Contract Management, Oversight, and Coordination

Management and oversight of contracting personnel in contingency operations has been of significant interest to Congress. Hearings on these issues have been held in the Senate Committee on Armed Services<sup>81</sup> and the Senate Committee on Homeland Security and Governmental Affairs.<sup>82</sup> This issue was also raised by the House Committee on Armed Services' hearing on *Coordinating Contract Support on the Battlefield: Defense, State, and U.S. AID*<sup>83</sup> and the House Committee on Oversight and Government Reform's hearing on *Commission on Wartime Contracting: Interim Findings and Path Forward*.<sup>84</sup>

In the FY2008 NDAA, Congress mandated the creation of a memorandum of understanding between the Secretary of Defense, Secretary of State, and Administrator of the United States Agency for International Development to promote coordinated contingency contracting practices.<sup>85</sup> Congress also established the Commission on Wartime Contracting to study wartime contracting in Iraq and Afghanistan, determine the extent to which the federal government relies

---

<sup>78</sup> P.L. 110-417, sec 1057.

<sup>79</sup> U.S. Congress, Senate Committee on Armed Services, *Contracting in a Counterinsurgency: An Examination of the Blackwater-Paravant Contract and the Need for Oversight*, 111<sup>th</sup> Cong., 2<sup>nd</sup> sess., February 24, 2010.

<sup>80</sup> U.S. Congress, Senate Committee on Homeland Security and Governmental Affairs, Ad Hoc Subcommittee on Contracting Oversight, *Contracts for Afghan National Police Training*, 111<sup>th</sup> Cong., 2<sup>nd</sup> sess., April 15, 2010.

<sup>81</sup> U.S. Congress, Senate Committee on Armed Services, Subcommittee on Readiness and Management Support, *To Receive Testimony on Department of Defense Contracting in Iraq and Afghanistan*, 110<sup>th</sup> Cong., 2<sup>nd</sup> sess., April 2, 2008.

<sup>82</sup> U.S. Congress, Senate Committee on Homeland Security and Governmental Affairs, Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, Management and Oversight of Contingency Contracting in Hostile Zones, 110<sup>th</sup> Cong., 2<sup>nd</sup> sess., January 24, 2008.

<sup>83</sup> U.S. Congress, House Committee on Armed Services, Subcommittee on Oversight and Investigations, *Coordinating Contract Support on the Battlefield: Defense, State, and U.S. AID*, 111<sup>th</sup> Cong., 1<sup>st</sup> sess., April 1, 2009.

<sup>84</sup> U.S. Congress, House Committee on Oversight and Government Reform, Subcommittee on National Security and Foreign Affairs, *Commission on Wartime Contracting: Interim Findings and Path Forward*, 111<sup>th</sup> Cong., 1<sup>st</sup> sess., June 9, 2009.

<sup>85</sup> P.L. 110-181, sec 861.

on contractors, and examine how U.S. objectives are achieved by this reliance on contractors.<sup>86</sup> In the FY2009 NDAA, Congress added additional requirements and reporting mechanisms for alleged crimes committed by or against contractor personnel in Iraq or Afghanistan.<sup>87</sup>

## **Training Contractors and the Military in Contingency Contracting**

Some testimony at various hearings emphasized that increased training is necessary for non-acquisition personnel throughout the military.<sup>88</sup> Concerned that DOD contractors and personnel are not sufficiently trained to execute contingency contracting, Congress passed legislation requiring DOD to implement training requirements for contingency contracting personnel (in coordination with the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, and the Defense Acquisition University), and to provide specific training to contract management personnel.<sup>89</sup> In the FY2008 NDAA, Congress called for contract management training for personnel outside the acquisition workforce who are responsible for contractor oversight. The FY2008 NDAA also mandated the incorporation of contractors in mission-readiness exercises with uniformed personnel.<sup>90</sup> In addition, Congress passed legislation establishing of a government-wide Contingency Contracting Corps that will be available for deployment in responding to an emergency or major disaster, or a contingency operation.<sup>91</sup> Congress authorized this corps to receive specific training in contingency contracting.

---

<sup>86</sup> P.L. 110-181, sec 841.

<sup>87</sup> P.L. 110-417, sec 854.

<sup>88</sup> See U.S. Congress, House Committee on Armed Services, *Contingency Contracting: Implementing a Call for Urgent Reform*, 110<sup>th</sup> Cong., 2<sup>nd</sup> sess., April 10, 2008; U.S. Congress, House Committee on Oversight and Government Reform, Subcommittee on National Security and Foreign Affairs, *Commission on Wartime Contracting: Interim Findings and Path Forward*, 111<sup>th</sup> Cong., 1<sup>st</sup> sess., June 9, 2009; and U.S. Congress, House Committee on Armed Services, *Contingency Contracting: Has the Call for Urgent Reform been Answered?*, 111<sup>th</sup> Cong., 1<sup>st</sup> sess., March 25, 2009..

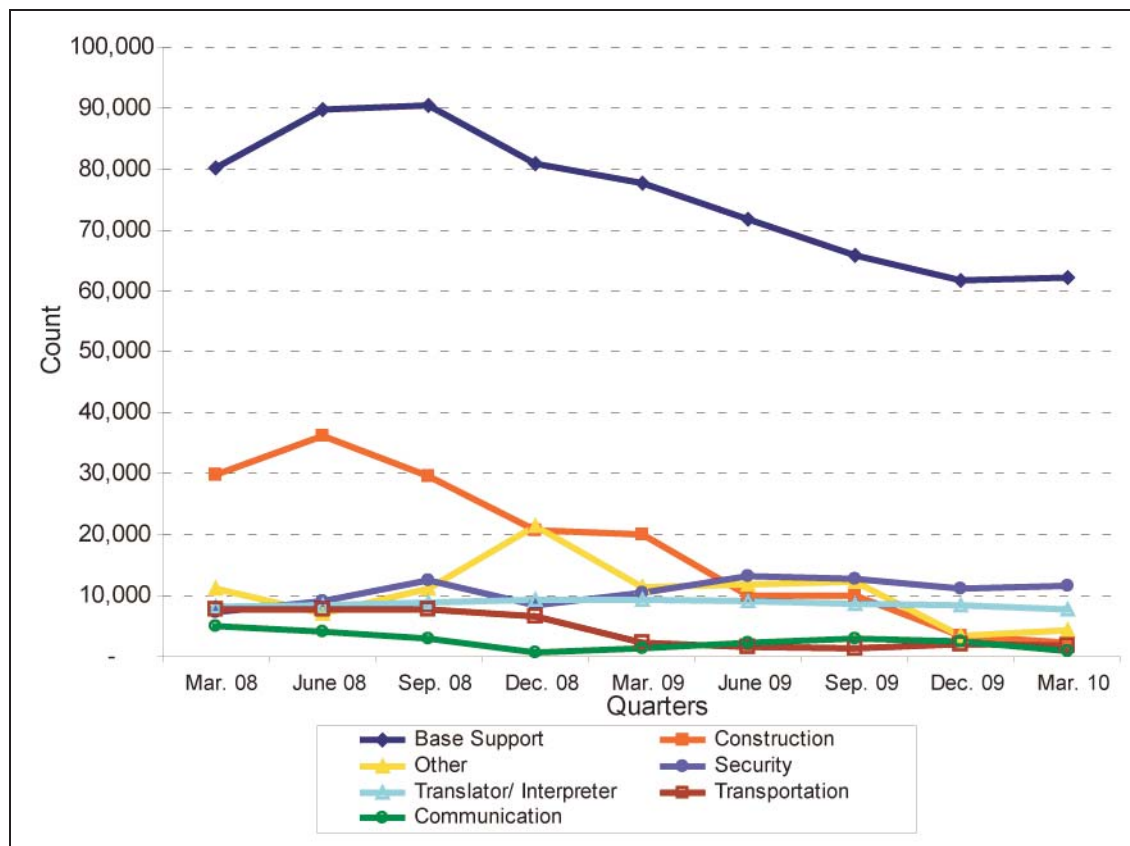
<sup>89</sup> P.L. 109-163, sec 817 and P.L. 109-364, sec 854.

<sup>90</sup> P.L. 110-181, sec 849

<sup>91</sup> P.L. 110-417, sec. 870

## Appendix A. Trend Analysis of Contractors in Iraq by Type of Service Provided

**Figure A-1. Trend Analysis of Contractor Support by Type of Service Provided in Iraq**

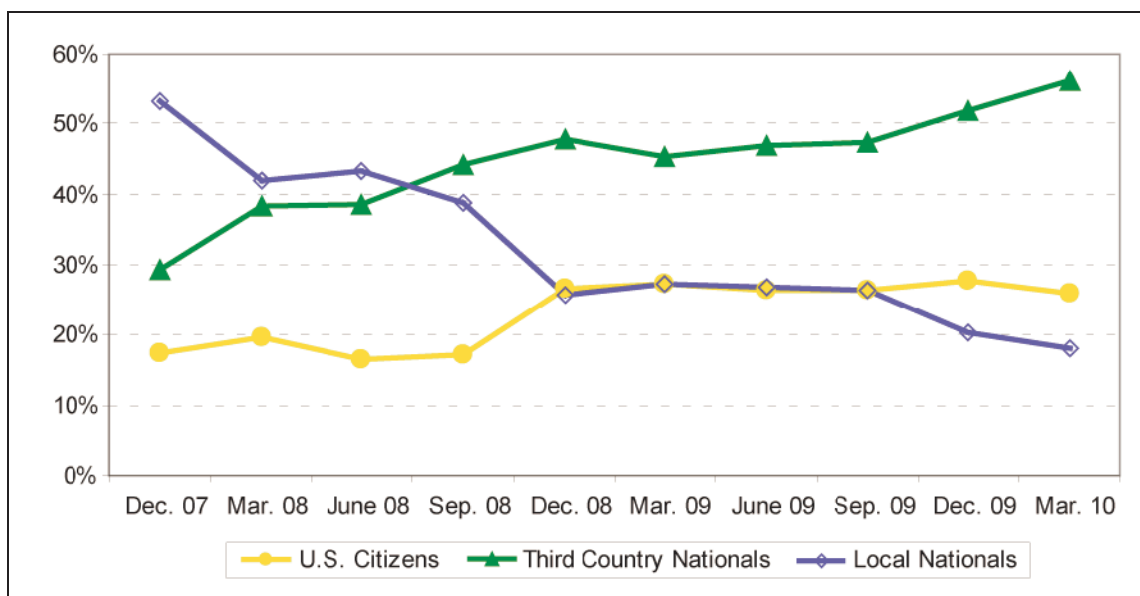


**Source:** CENTCOM Quarterly Census Reports.

**Notes:** The Department of Defense did not separately track Logistics/Maintenance or Training until the first quarter of 2010. As a result, CRS did not include these two categories in this graph.

## Appendix B. Percentage Breakdown of Contractors in Iraq by Nationality

Figure B-1. Trend Analysis of Contractors in Iraq by Nationality



Source: CENTCOM Quarterly Census Reports.

### Author Contact Information

Moshe Schwartz  
Specialist in Defense Acquisition  
mschwartz@crs.loc.gov, 7-1463

### Acknowledgments

This report was updated with the assistance of Joyprada Swain, a summer intern with the Congressional Research Service.