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# brief 45

Commercial Security  
and Development

Findings from Timor-Leste,  
Liberia and Peru

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# brief 45

## Commercial Security and Development

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Liberia and Peru

Marc von Boemcken (ed.)

# Acronyms and abbreviations

AFL	Armed Forces of Liberia
ALPSS	Association of Liberia Private Security Service
APAC	Asia Pacific Assurance Company, Timor-Leste
ASIS	American Society for Industrial Security
CACSU	Centro de Asesoría & Capacitación en Seguridad Integral, Peru
CDF	Capacity Development Facility, Timor-Leste
CEFOCSP	Centros Especializados de Formación y Capacitación en Seguridad Privada, Peru
CES	Centro de Estudios de Seguridad de Peru
CID	City Improvement Districts
CoM	Council of Ministers, Timor-Leste
CRS	Catholic Relief Service
DD&R	Disarmament, demobilization and reintegration
DICSCAMEC	Dirección General de Control de Servicios de Seguridad, Control de Armas y Explosivos de Uso Civil, Peru
DINOES	Dirección de Operaciones Especiales, Peru
DNSEP	National Directorate for the Security of Public Buildings, Timor-Leste
ECOWAS	Economic Community of West African States
FRETILIN	Revolutionary Front for an Independent East Timor, political party
GCC	Global Code of Conduct for Private Security Companies and Private Military Companies
GDP	Gross domestic product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (Former GTZ)
GRUFIDES	Civil society organization engaged in environmental issues in Peru
GTZ	Deutsche Gesellschaft für technische Zusammenarbeit – German agency for technical cooperation HDI Human Development Index
ICG	International Crisis Group
INGO	International non-governmental organization
INTERFET	International Force for East Timor
IPOA	International Peace Operations Association, US-based
KSTL	Timor-Leste Trade Union Confederation
LNP	Liberian National Police
NGO	Non-governmental organization
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
PMC	Private military company
PMSC	Private military security company
PNP	Peruvian National Police
PNTL	Policia Nacional de Timor-Leste
PPD	Plantation Protection Department, Liberia
RFP	Request for Proposals
SALW	Small arms and light weapons
SEESAC	South Eastern and Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons
SINTRAVISE	Sindicato Nacional de Trabajadores de Empresas de Seguridad Privada y Vigilancia del Peru, union for private guards in Peru
SME	Small- and medium-sized enterprise
SNS	Sociedad Nacional de Seguridad, Peruvian security industry association
SSR	Security sector reform
UNDP	United Nations Development Programme
UNESCO	UN Educational, Scientific and Cultural Organization
UNMIL	United Nations Mission in Liberia
UNMISSET	United Nations Mission of Support in East Timor
UNMIT	United Nations Integrated Mission in Timor-Leste
UNPOL	United Nations Police Force
UNTAET	United Nations Transitional Administration in East Timor
USAID	United States Agency for International Development
WFP	World Food Programme

# Abstract

Commercial security affects a number of development-related factors, such as the capacity of states to govern, overall feelings of public safety, economic growth and social welfare. Findings from field research in Timor-Leste, Liberia and Peru indicate that the relation between commercial security and development is highly ambivalent. Security markets can foster economic growth and ease the burden on the back of the public security sector. Nevertheless, weak regulation of commercial security practices has created problems. These include low-level conflicts between public and private security providers over policing authorities in particular surroundings. Moreover, a trend toward the corporatization of private guarding has engendered extremely exploitative labor relations in the security industry. In the worst case, security firms may even commit frequent human rights abuses, thereby directly undermining any wider sense of security in society. From a development-policy perspective, these findings are all the more pertinent, since international development organizations themselves are often the largest customers of security companies.

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Only the authors are responsible for the contents of this *brief*.

# Introduction

Due to their prominent role in many war and conflict zones, private military and security companies have received increasing attention over the past couple of years (cf. Mandel, 2001; Singer, 2003; Kümmel, 2004; Wulf, 2005; Avant, 2005; Scahill, 2007; Chesterman and Lehnhardt, 2009; Kramer, 2009). In Iraq, it is reported that the commercial security sector consists of more than 30,000 armed guards who protect military bases, foreign embassies, oil pipelines, and the premises as well as supply convoys of humanitarian aid organizations (cf. CRS, 2008). According to a 2010 report, the number of security contractors hired by the United States' Department of Defense in Afghanistan increased by 236 percent between December 2008 and September 2009, namely from 3,184 to 10,712 (cf. Schwartz, 2010).

These developments can be regarded as part of a larger global process, which is characterized by the ever more extensive commercialization of security-related services (cf. Abrahamsen and Williams, 2007a). Throughout the world, the commercial security industry has experienced remarkable growth. Some revenue estimates show an increase from US \$50 billion in 1992 to more than US \$200 billion in 2010—with an annual growth rate of eight percent (cf. Boggero, 2008). Importantly, this more general trend is by no means limited to regions of violent conflict but is also reflected in many industrialized countries. For example, the size and total annual revenue of the German private security industry roughly doubled between 1992 and 2004 (cf. Boemcken, 2006).

Some facets related to the growth of commercial security have received more attention than others. Whereas sociological and criminological studies have mainly concentrated on the industrialized world, examining a wide variety of commercial security services delivered to many different clients (cf. Loader, 1999; Johnston and Shearing, 2003; Shearing and Wood, 2007), political science has mainly addressed the state-orchestrated outsourcing of formerly military tasks to the private sector, with a specific focus on war zones such as Iraq and Afghanistan (cf. Isenberg, 2006).

The more mundane, day-to-day provision of commercial security services in developing countries has received only scant attention so far, both in sociology and political science (cf. Abrahamsen and Williams, 2007a). This is even more surprising since, especially in urban areas of the developing world, commercial security is a primary means through which people seek to protect themselves from a range of

different threats. Although—in absolute terms—the largest markets of commercial security are located in Europe and North America, developing countries tend to have the highest growth rates as well as the highest density of security companies (cf. Lock, 1999, p. 25; Abrahamsen and Williams, 2006, p. 5; Boggero, 2008, p. 19; Gumedze, 2007, pp. 4–5).

This BICC *brief* contributes to an emerging body of literature, which seeks to shed light on the role and impact of private security industries in comparatively poor societies of the Global South. It draws upon three field research trips conducted by a team of BICC researchers in Southeast Asia, West Africa and Latin America between 2010 and 2011. The research was funded by the German Federal Ministry for Economic Cooperation and Development (BMZ).

An important argument of this *brief* is that the phenomenon of commercial security forces us to reconsider some of the contentions underlying the so-called 'security–development nexus'. The provision of security does not always and necessarily promote development efforts. Especially the commercialization of security services may well—under particular circumstances—run the risk of undermining some of the stated goals of a given development policy.

To clarify this observation, the *brief* proceeds in two basic steps. It begins with describing the markets in which commercial security practices manifest themselves in specific local surroundings. Who are the agents that produce commercial security? What services do they produce and sell? Who consumes them? How are exchanges between producers and consumers regulated, both formally and informally? How do they relate to other, non-commercial security agents (Chapter 1)?

Having delineated the main players and the nature of their exchanges, the argument moves on to examine their impact upon a number of development-related factors, specifically: 1) the capacity of states to govern effectively, 2) overall feelings of public safety, and 3) social welfare and economic growth (Chapter 2).

The questions of both market composition and effects will then be applied to three case studies, namely Timor-Leste (Chapter 3), Liberia (Chapter 4) and Peru (Chapter 5). The *brief* concludes with a comparison of the findings from the three cases.



# Revisiting the 'security–development nexus'

Unlike many other approaches, we do not think of security as some objective and desirable, often only vaguely defined condition of existence. We are therefore less concerned with the difficult questions of what security 'really' is or ought to be. Instead, we ask what concrete practices of security do within a particular social environment (cf. Hansen, 2006, pp. 33–36; Boemcken, 2008).

The provision of security is defined here, generally, as any deliberate activity, which 1) identifies dangers and objects-to-be-secured and 2) engages these dangers in a coordinated manner and over a prolonged period.

It follows from this definition that security practices can assume many different guises, depending on the objects secured, the threats engaged, the strategies pursued, and the actors implementing these strategies. In some cases, the state may well appear as the dominant, even exclusive, polity form for pursuing various concepts and strategies of security. Importantly, however, our definition does not take the state as the only entity that provides security—as it were, an either implicit or explicit assumption that informs a great many approaches in political science. Security could just as well involve private, commercial, traditional, or communal practices. These may intersect with the activities of state bodies in many different ways, yet they remain distinct practices, the effects of which need to be studied and analyzed in their own terms.

This insight forces us to reconsider the so-called 'security–development nexus', which has established itself as a highly popular discourse pervading the Western development community (cf. Klingebiel, 2006; Fitz-Gerald, 2006, pp. 109–11; Gänzle, 2009, pp. 14–15). According to this argument, security is recognized as an important precondition for development. To freely go around their daily business, to learn, to work, and to play, people need a social environment, which provides them with a certain minimum of confidence for predicting the actions of others. Most importantly, this environment ought to contain and regulate the use of direct, physical violence, thereby curtailing instances of random and indiscriminate aggression. In the absence of such an arrangement, the argument goes, we cannot expect to establish and maintain effective educational systems, sustainable economic growth, and a functional civil society that enables people to actively participate in democratic decision-making processes.

Against the backdrop of this argument, international development organizations have become increasingly concerned with security-related issues, as evidenced by their interest in what is commonly referred to as security sector (or system) reform (SSR), a process by which security services are made accountable, responsible, and responsive to population needs (cf. OECD, 2007, p. 13). Importantly, the normative agenda of SSR conceptualizes security practices in a particular way. It endorses a specific type of governing activity, which imbues state bodies with the primary responsibility to protect its citizens from threats to their physical integrity and property (cf. UNDP, 2002, p. 97). Hence, SSR becomes fundamentally guided by two basic assumptions. The first of these suggests that the realization of security requires, in the words of Max Weber, a state that "successfully upholds the claim to the monopoly of physical force in the enforcement of its order" (1978, p. 54).

The second contention of SSR asserts that, although necessary, the accumulation of force alone will hardly suffice to provide security in a manner consistent with developmental objectives. Hence, and drawing on the more recent Human Security agenda, it proposes that security should be extended equally to all members of society, irrespective of gender, age, nationality, class or ethnicity (cf. Schnabel, 2008). Moreover, its provision would, ideally, adopt various principles of 'good governance', including not only strict adherence to human rights standards, but also a minimum degree of accountability and transparency within the public security services. This, in turn, ought to be brought about by mechanisms of democratic control and oversight (cf. Luckham, 2003, pp. 3, 23–24; also Born, Fluri and Johnsson, 2003; Caparini, 2004; Ball, 2005).

In sum, the concept of SSR contends that development does not proceed from any type of social arrangement for providing security. Economic growth and widespread access to health care, education and public decision-making processes may only be realized within highly centralized political systems that understand and distribute security as a collective good from which nobody can (or ought to) be excluded and which operates in accordance to democratic principles of 'good governance'.

We do not wish to argue against the basic premise informing the 'security–development nexus'. We fully endorse the insight that people can and will only participate in the 'development' of their society if they feel safe, if they can confidently plan their future activities with a basic sense of security. Nor do we contest the normative agenda of SSR. On the contrary, the well-intentioned ideal of collectively realizing human security for each and every individual in a centralized state may indeed represent the best possible model for human societies. But we are skeptical of the *a priori* assumption according to which development may exclusively come about in only one single type of security arrangement. This conception, we suggest, is all the more problematic, since in many parts of the world the ideal of SSR has little to do with reality—i.e. with the concrete ways in which security is actually pursued by people within their local contexts. More often than not, neither do state institutions within highly centralized political systems provide security, nor does its distribution ensure equal access for all members of society. Instead, security practices emerge from within decentralized network organizations and involve many different actors, which relate to each other in complex ways (cf. Baker, 2008).

From a traditional SSR perspective, these networks can be easily understood as indicators for 'weak' or even 'failed' statehood (cf. Orr, 2002; Crocker, 2003). In line with a number of recent studies, we suggest that this is an undue and misleading simplification. For it adopts a highly normative concept as an overriding prerogative of analysis, which is predisposed toward qualifying empirical observations in only a single possible manner (cf. Abrahamsen and Williams, 2006, p. 5; Egnell and Halden, 2009, p. 33).

Security practices may well produce expressions of 'social order' in the absence of a functioning state (cf. Mielke, Schetter and Wilde, 2011). A case in point might be traditional systems of conflict resolution at the community level (cf. Boege, 2004, pp. 14, 26). Other examples may be encountered in the phenomenon of so-called "warlord politics" (cf. Reno, 1998) or types of political order establishing themselves in the Somali territories (cf. Hoehne and Hagmann, 2009). According to Mark Duffield (2001), these may

be thought of as "emerging political complexes" rather than "complex political emergencies." Instead of indicating a "sovereign void", they might represent "viable and innovative non-state forms of political authority" (163, 175; also cf. Chojnacki, 2007, p. 255; Biro, 2007).

Analytic approaches, which untie security from the state and the specific prescriptions of SSR, render the discussion surrounding the 'security–development nexus' considerably more complex. For if we assume that security practices can take a variety of different forms, their respective effect on development-related factors is also likely to differ. These effects—positive as well as negative—are thus far only little understood by researchers and development actors alike. It is for this reason that we recommend a more modest and pragmatic approach to SSR that would proceed from an informed understanding of the security practices actually pursued before engaging in interventions geared toward the radical transformation of existing social structures and in pursuit of some imagined ideal condition.

We argue that, especially in developing and/or 'fragile' states, one of the frequently encountered forms of security provision take place in commercial markets. Instead of being allocated to society as a 'public good', security is bought and sold as a commodity thus adhering to the logic of market exchange relations instead of public redistribution. Moreover, besides state institutions, other actors, most notably security companies, are usually involved in its provision.

Given these observations, our central question concerns the extent to which the link between security and development remains intact if security becomes a commodity rather than a public good. Under which conditions can commercial security practices still be regarded as facilitators or even a precondition for development? And at which point are developmental efforts undermined by them? These questions are of utmost importance for development organizations that become involved in SSR programs and wish to formulate realistic benchmarks for assessing the influence of local security arrangements on the success or failure of their wider development objectives.



# 1

## Commercial Security Markets



Commercial security describes those processes in which certain security services are delivered in direct return for pecuniary assets. These markets are composed of three basic positions: 1) providers of commercial security; 2) customers and clients of commercial security; and 3) regulatory auspices of commercial security.

## 1.1 Providers

Providers of commercial security are primarily motivated by profit; they seek to sell security services through market-exchange relations. To be sure, states and armed non-state groups could, under particular circumstances, be classified as commercial security providers. In some countries, for example, state police forces offer certain security services only in return for money (cf. Ayling and Shearing, 2008). In the vast majority of cases, however, such providers are private business enterprises.

Security firms can be distinguished with reference to the kinds of services they offer. Publications in political science have so far largely concentrated on so-called 'private military companies' (PMCs). These may be defined as privately owned businesses that provide services "intricately linked to warfare" (Singer, 2003, p. 8) or, at least, of "a specifically military nature" (Perlo-Freeman and Sköns, 2008, p. 5). Given this understanding, not all PMCs would necessarily qualify as institutions engaged in what we have described above as security practices. The largest part of the private military industry is less concerned with security as with various military supply services, such as logistical support, translation, base construction and the maintenance of weapons systems (cf. Kümmel, 2004; CBO, 2008). Only a comparatively small section of the industry has specialized in providing armed protection in war and conflict zones, usually to Western governments. The notorious US-company Blackwater—now renamed Xe Services—is a prime example for such 'military security companies' (cf. Scahill, 2007). Still, although they have received great attention in the media and academia alike, their relative market share is rather small when compared to the global security industry as a whole. When discussing the macro-dimension of commercial security, the overall weight and importance of these types of firms should therefore not be overestimated.

Unlike PMCs, the vast majority of security companies offer a range of services tailored to day-to-day and rather more ordinary security needs. This includes the (mostly unarmed) manned guarding of premises and infrastructure, access control, alarm, patrol and response services, the transportation of money and valuables, fire and rescue services, bouncers and doormen, risk management and consultancy services, security trainings and so forth. In absolute figures, the biggest markets for such services are found in Western Europe and North America, which alone comprise approximately 75 percent of global revenue in the commercial security industry. In the United States, there are roughly twice as many private security guards as police officers. Overall spending on commercial security is 73 percent higher than that on public law enforcement (cf. Krahmman, 2008, pp. 380, 397). In the United Kingdom, investment in commercial security has increased by a factor of four since 1990 (Krahmann, 2008, p. 394). Similarly, the private security industry in Germany has experienced considerable growth since the early 1990s. While in 1992, 1,920 security companies employed about 97,000 people with an annual revenue of DM 3.8 billion, by 2002 the number of firms had increased to more than 3,000, all together numbering 167,000 employees. In 2004, the total annual revenue of the German security industry exceeded four billion Euros and had thus more than doubled in comparison to 1992 (cf. Boemcken, 2006). Whereas commercial security provision is visible in the industrialized societies of the North, the highest growth rates and the highest density of security companies are found in developing countries. Here, the security industry is often the most lucrative business sector in the entire country, with growth rates distinctly above the global average (cf. Lock, 1999, p. 25; Abrahamsen and Williams, 2006, p. 5; Boggero, 2008, p. 19; Gumedze, 2007, pp. 4–5).

Security companies differ considerably in overall size and scope of their operations. On the one end of the spectrum, they could be large, transnational corporations working on many continents. With annual revenues exceeding US \$9 billion, the Sweden-based company Securitas is one of the largest security firms in the world. It employs more than 210,000 staff working in over 30 countries, mostly on the North American and European market (cf. Abrahamsen and Williams, 2007b, pp. 239–40). Group4Securicor (G4S), which was established in 2004 following a merger between the security companies Group4Falck and Securicor, has roughly 400,000 employees who work in more than 100 countries. Listed on the London stock exchange

with annual revenues of US \$6.5 billion, the company particularly expanded in the developing world over the past couple of years (cf. Boemcken, 2009, p. 305).

Besides globally operating corporations, many security markets are dominated by a number of medium-sized companies, the presence of which hardly goes beyond a particular continent or region. While the service range of medium-sized firms is less diverse than that of transnational corporations, it is not necessarily restricted to unarmed guarding alone and could include more sophisticated practices, such as rapid response mechanisms and the installation and maintenance of alarm systems.

Other security companies, possibly less significant in terms of total revenue turnover, are small, owner-managed businesses employing less than 100 people and operating in only one town or locality. Often, their activities are restricted to low-skilled manned guarding. In comparison to similar services offered by large and medium corporations, quality varies greatly from firm to firm, is generally cheaper and therefore caters less to the affluent and more to lower- and middle-income businesses and segments of society (cf. Abrahamsen and Williams, 2005a, 2005b, 2005c).

## 1.2 Customers

It is necessary to distinguish between customers and clients of commercial security, partly because our analysis shows that security practices have unintended consequences, partly because the recipients of security practices may interpret and receive them in different ways. We refer to actors as customers of commercial security if they deliberately and voluntarily invest financial resources for purchasing a security service. We refer to actors as clients if, after having been purchased by a customer, security activities are directed towards them or their goods.<sup>1</sup>

A common type of customer in security markets are **private business enterprises**, be they large, transnational corporations, medium-sized companies

or small, local firms. They could, for example, hire armed or unarmed guards to protect their premises, production and extraction facilities or infrastructure, such as currency exchange shops or oil-pipelines, from robbery or sabotage. Other services might include the installing of alarm and surveillance systems, the profiling of employees or commissioning risk assessments. Empirical data suggests that private businesses usually comprise the majority of customers of commercial security (cf. Abrahamsen and Williams, 2005c, p. 7).

**Private residents** also purchase commercial security services, either as individual households or collectively organized as residential communities. Although they may be less significant than the business sector in terms of total market value (cf. Abrahamsen and Williams, 2005a, p. 6), residential customers of commercial security may yet exert a great impact on the structural composition of urban space. In the mid-1990s, for example, affluent neighborhoods in Johannesburg, South Africa, effectively limited public access to certain areas of the city by erecting an increasing number of 'road closures' (cf. Benit-Gbaffou et al., 2008, pp. 700–01). At the most extreme, residential segregation may come in the form of so-called 'gated communities', the growing popularity of which throughout many places of the world is well documented (cf. Blakely and Snyder, 1997; Bislev, 2004). Yet, it would be a mistake to assume that only rich and wealthy residents purchase commercial security. For example, a study in Kenya found that low-income households in Nairobi spend an average of nine percent of their monthly earnings on security-related services (Abrahamsen and Williams, 2006, p. 6).

A third type of customer, especially relevant in poor and developing countries, are **international humanitarian and/or development organizations** (cf. Cockayne, 2006; Boemcken, 2007; Spearin, 2007). According to a survey conducted in 2008 by the UK-based Overseas Development Institute (ODI), "over the last five years, humanitarian organizations have increased their contracting of security and security related services from commercial companies." Whereas, the report goes on, "armed security contracting remains the exception" and "most contracts are for unarmed guards and security consultants," "all major humanitarian actors report having used armed guards in at least one context" (Stoddard et al., 2009, p. 1). Especially in high-risk environments characterized

<sup>1</sup> In most cases, the customer is also the client, i.e. an actor purchases security services for itself. But this is a problematic generalization, inasmuch as corporate actors, for instance, may not purchase the same level of security for all their facilities and personnel to the same degree. Moreover, unintended clients can emerge from a particular service (such as neighboring shops, which benefit from the presence of an armed guard at the currency exchange office in their midst).



by large-scale violence and armed conflict, such practices are anything but uncommon. For example, CARE International and the World Food Programme (WFP) have reportedly purchased armed escorts to protect relief convoys (Vaux, 2003, p. 15). The commercial provision of unarmed guard services to humanitarian premises and compounds, on the other hand, has become a standard procedure of almost every relief operation throughout the developing world. Besides humanitarian organizations, international non-governmental advocacy groups have also relied on commercial security services. The World Wildlife Fund solicited a bid from a private security company to protect the northern white rhino in a park in the Democratic Republic of the Congo from extinction (cf. Boggero, 2008, p. 19).

Finally, **government ministries** can also rely on commercial security. Examples include the protection of embassies abroad and the guarding of prisons at home (cf. Austin and Coventry, 2001). About one-third of the approximately 30,000 armed private security contractors in Iraq work for the United States' Department of Defense or State Department (cf. CRS, 2008). They provide perimeter security to military bases, close protection to VIPs and mobile security to diplomatic convoys. In such cases, it is in fact possible to characterize commercial security dynamics in terms of 'privatization'. As the examples above have demonstrated, however, state customers are only one specific and, by comparison, arguably not even particularly common expression of commercial security markets.

### 1.3 Regulation

The relation between customers and providers of commercial security constitutes the basic, most defining feature of any security market. To reduce our assessment to these two positions alone, however, would provide only part of the picture. A third important function concerns the regulation of exchanges between customers and providers (or certain aspects thereof). We refer to actors and institutions involved in such practices as 'regulatory auspices'. Just as customers and providers, regulatory auspices can come in many shapes and sizes. They could be state organs, private businesses or industry associations, residents or civil society groups. At a more general level, it is possible to distinguish between

1. formal regulation by state bodies, including both the legislative and executive domain of government;
2. self-regulation by the security firms themselves, organized within an industry association;
3. regulatory practices undertaken by the customers of commercial security;
4. informal regulation by non-state bodies, which are external to the commercial exchange in question, i.e. neither providers nor customers.

**Regulation by state bodies:** States are important regulatory auspices of commercial security. Regulation appears in the form of legislative prescriptions covering security provision by private businesses. For example, companies might require a license in order to offer certain types of services. There may be stipulations concerning the bearing of arms by private guards, the wearing of uniforms, standards for training or required qualifications.

One of the, to date, most systematic and relevant efforts to formulate a set of "good practices" for the public regulation of the private security sector is the so-called 'Montreux Document', a non-binding international agreement, which was endorsed by 17 states in September 2008 following an initiative by the Swiss government and the International Committee of the Red Cross (ICRC).<sup>2</sup> Since then, a further 17 states have joined the process.<sup>3</sup>

Although it is exclusively concerned with state regulation, the Montreux Document distinguishes between various functions that public regulators may assume. On the one hand, the state is considered as customer of private security services ("contracting state"). Good practices, here, refer to procedures for the selection of security companies, for devising terms of contract, monitoring compliance, and ensuring accountability. On the other hand, states are regarded as independent governing bodies that regulate the exchanges between customers and providers of commercial security from an external position.

<sup>2</sup> The Montreux Document can be accessed at <[http://www.icrc.org/web/eng/siteeng0.nsf/htmlall/montreux-document-170908/\\$FILE/ICRC\\_002\\_0996.pdf](http://www.icrc.org/web/eng/siteeng0.nsf/htmlall/montreux-document-170908/$FILE/ICRC_002_0996.pdf)>. The founding supporters were Afghanistan, Angola, Australia, Austria, Canada, China, France, Germany, Iraq, Poland, Sierra Leone, South Africa, Sweden, Switzerland, Ukraine, the United Kingdom and the United States.

<sup>3</sup> Namely Albania, Bosnia and Herzegovina, Chile, Cyprus, Ecuador, Georgia, Greece, Italy, Jordan, Liechtenstein, the Netherlands, Macedonia, Portugal, Qatar, Spain, Uganda and Uruguay.

To further classify such functions, the Montreux Document distinguishes between "home states" and "territorial states". The former pertains to the legal seat of security companies but not necessarily to their actual area of operation. Whereas some firms only operate in the country they are headquartered in, larger businesses in particular also offer a range of services abroad. In such cases, the 'home state' would need to control the export of security-related activities on behalf of private businesses. Concrete regulatory measures include, above all, the establishment of an authorization system, the development of procedures, regimes, and criteria for granting export licenses, and ways of monitoring and enforcing compliance.

Regulation by 'territorial states', on the other hand, refers to the control of security companies within the territory of their operations, regardless of whether the firms in question are domestic or international. Here, the Montreux Document specifies the following best practices:

1. The territorial state needs to determine a) what constitutes a security company and b) which kinds of services may legally be provided (and which not) by such companies (cf. Montreux Document, p. 24).
2. Private security companies (as well as individuals working for these companies) should require an operating license; p. 25).
3. Authorizing procedures should be handled by a competent and adequately resourced public agency, which conducts thorough background checks of the companies applying for a license, continually monitors adherence to the terms of authorization and works in transparent and accountable manner (pp. 26–29; 46–52).
4. The criteria for granting authorization should include the following: a) respect for national law, international humanitarian law and human rights law (i.e. there is no reliably attested record of involvement in serious crime, neither on behalf of the company nor on behalf of the individuals it employs); b) the company maintains accurate and up-to-date personnel and property records, in particular with regard to weapons and ammunition (available for inspection on demand by the territorial state); c) the company has adequate financial and economic resources; d) its personnel are sufficiently trained; there is a uniformity and standardization of training requirements; e) the internal organization of

the company has rules on the use of force and firearms, policies against bribery and corruption as well as monitoring, supervisory and internal accountability mechanisms; f) the company respects the welfare of its personnel (pp. 30–42).

5. The territorial state has appropriate legal rules, which regulate a) the use of force and firearms by security companies, and b) the possession of weapons by security companies and their personnel. Furthermore, there are regulations in place, which assure that personnel of security companies are clearly identifiable whenever they are on duty (pp. 43–45).

Although these 'good practices' elaborated in the Montreux Document refer specifically to "private military security companies" (PMSCs), which operate under conditions of armed conflict, they can also be applied to the territorial regulation of security companies more generally.

**Industry self-regulation:** Security companies themselves can also contribute to regulating their activities in various different ways. They might form industry associations that voluntarily comply with a specified set of rules, guidelines and professional standards. In doing so, they seek to cater to increased consumer-sensibility, improve the overall quality of their services and drive 'black sheep' out of the market (cf. Schneiker, 2009).

There are a number of best practices relating to the self-regulation of security companies. The to-date most ambitious and inclusive effort is the development of a Global Code of Conduct for Private Security Companies and Private Military Companies (GCC)<sup>4</sup>. The initiative for such a code was launched in 2009 by various industry associations, corporations, and individual business leaders in the private security sector and is supported by the Swiss government. The GCC is not intended to replace but to complement regulation by territorial states. It is, however, planned to strengthen the code by establishing an international body for monitoring compliance and sanctioning violations. Once the GCC is officially instituted, it will thus be binding upon all companies that endorse it. Participants "will agree to certification, monitoring, and necessary remedial action by an international Accountability Mechanism, operating as an ombudsman and/or arbiter for this code." The GCC would thus go an important step further than

<sup>4</sup> The Global Code of Conduct can be accessed at <[http://www.dcaf.ch/privatisationsecurity/PSC\\_PMC-CoC\\_Draft\\_11.01.2010.pdf](http://www.dcaf.ch/privatisationsecurity/PSC_PMC-CoC_Draft_11.01.2010.pdf)> (accessed June 2010).

comparable earlier initiatives, such as the Code of Conduct of the International Peace Operations Association (IPOA), a US-based association of various PMCs, which has no independent monitoring mechanism.

The first draft of the GCC, published in January 2010, introduces a comprehensive list of suggested best practices for private security companies, regardless of whether they are operating in areas of armed conflict or not. The criteria are divided into three general areas:

1. General Obligations,
2. Specific Human Rights Obligations, and
3. Specific Management Obligations Concerning Personnel.

General obligations of security firms refer to respect for all relevant rules and principles of international humanitarian and human rights laws, as well as other applicable national laws. Companies shall not “commit, assist, or improperly benefit from international crimes.” They “will refrain from any activity which supports, solicits, or encourages states or any other entities to abuse or violate human rights.”

The more specific human rights obligations, laid out in the GCC, entail a commitment by security companies to adhere to various international agreements concerning human rights issues and the use of force. On the one hand, this includes measures for exercising restraint when reverting to coercion, particularly when using firearms. “Intentional lethal force” needs to be proportionate and “may only be used when strictly unavoidable in order to protect life.” Any such incident needs to be promptly reported to competent public authorities. Company personnel will “ensure that assistance and medical aid are rendered to any injured or affected persons at the earliest possible moment.” On the other, the GCC would require participating companies to respect and adhere to a number of additional human rights standards, while specific management obligations concerning personnel cover a wide range of issues, including requirements to

- respect the rights of children to be protected from the worst forms of child labor (i.e. refraining to contract with children (persons under 18) to perform armed services or to operate in a harmful environment);

- under no circumstances use forced or compulsory labor, nor assist in, or benefit from, any other entity's use of such labor;
- strive for a safe and healthy working environment (which includes conducting risk assessments, providing hostile environment training for personnel, if needed; making sure that there is adequate protective equipment, medical support and insurance for personnel);
- set up internal grievance structures;
- establish procedures for reporting allegations of improper and illegal conduct;
- not hire or continue to employ individuals who have a reliably attested record of human rights abuses, war crimes or acts of terrorism;
- ensure that all personnel receive initial, recurrent and thorough professional training and that they are regularly evaluated so that they not only meet appropriate physical and mental fitness standards but are also fully aware of all appropriate international and national laws and standards.

Apart from industry associations, trade unions in the private security industry may also be regarded as potentially important agents of internal self-regulation. These organizations seek to improve the wages and working conditions of security guards, which are generally low and exploitative, especially in developing countries (cf. Abrahamsen and Williams, 2005a, p. 8).

**Customer regulation:** Customers, be they state organs, private businesses, residents or humanitarian organizations, may exert regulatory authority in a number of ways. Perhaps most importantly, they can seek to ensure certain standards of service delivery by laying out specific provisions in the contract with the prospective provider. In some cases, customers could even install certain monitoring and oversight mechanisms to see whether the provider fulfils its contractual obligations.

Any customer—or an association of customers—may decide to formulate a set of more general ‘best practices’ that ought to be adhered to by commercial security providers. To be sure, and as is the case in any market exchange, some customers will be less concerned with the quality of the product they consume, while others might invest great effort to make sure that their purchase meets certain criteria.



A critical variable here is the 'informed consumer'. If one presumes that any given customer is aware of the options in the market and can access them, a market-based internal regulation may be said to exist. But this presumption might not always work in practice. It is unlikely that people in poorer neighborhoods, for instance, are sophisticated consumers of security services as they may not have a choice with regard to types of commercial services they can access, the quality of the services, or the technology to be employed. By contrast, a trend toward increased consumer sensitivity appears to be somewhat discernible in a number of recent initiatives within parts of the development and humanitarian relief community, which propose common standards, procedures and guidelines for hiring private security companies (cf. Cockayne, 2006).

The most recent initiative to develop a comprehensive list of best practices for customers of private security services is the Sarajevo Process. Initiated in 2006, with technical assistance from UNDP's South Eastern and Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons (SEESAC), Saferworld and the Centre for Security Studies in Bosnia and Herzegovina, it brought together various stakeholders, which eventually launched the "Sarajevo Client Guidelines for the Procurement of Private Security Companies" in September the same year.<sup>5</sup> Just as the GCC, these best practices were not intended as substitutes but rather ought to complement national legislation. Although developed specifically for the region of Southeastern Europe, they can arguably be applied more generally.

The fundamental assumption of the Sarajevo Client Guidelines is that cost efficiency should not be the only rationale informing the selection of private security companies. The guidelines therefore suggest a three-stage procurement procedure to guide the decision-making processes of potential customers:

1. Customers need to undertake an exact assessment of their security needs. Besides specifying the exact security concept, this assessment should especially take a number of strategic factors into consideration, including the operational tasks the security company is expected to accomplish and the type and level of security required.

2. Customers ought to issue a public invitation to tender, accompanied by a Request for Proposals (RFP) which details their specific needs. Customers should obtain as much information as possible on the candidate companies. For example, they should enquire about certifications of risk indemnity insurance, company balance sheets and a statement of overall turnover, evidence of the company's registration, its educational and professional qualifications, the working conditions of its employees, and references from other customers.
3. The Sarajevo Guidelines outline a number of criteria for assessing the bids of security companies. In particular, they propose a "score sheet" with different selection criteria, each of which ought to be weighted differently and in accordance to the specific needs of the customer and the contract in question.
4. The Guidelines list a number of indicators with which customers can monitor a contractor's performance. These should be connected to specific rewards (i.e. financial bonuses) and penalties (cessation of the contract).

**Non-state external regulation:** Besides government institutions, providers, and customers, a number of non-state actors might also monitor and influence the provision and consumption of commercial security. As they are neither customers nor providers, their activities can be classified as another type of external regulation, albeit of a more 'soft' and far less formal kind than the judiciary frameworks imposed by states.

Journalists might expose misconduct of private security companies, in turn raising public awareness of the issue and instigating debate on the need for more effective regulatory mechanisms. Such calls could be picked up and further channeled by civil society advocacy groups, particularly those interested in human rights issues, corruption, and crime control. For example, a widely perceived impunity of commercial security providers may prompt some groups to lobby for more effective procedures to assure democratic oversight of the security industry and/or legal accountability of individual guards.

<sup>5</sup> The Sarajevo Client Guidelines can be accessed at <[http://www.saferworld.org.uk/images/pubdocs/Sarajevo\\_Client\\_Guidelines\\_PSC.pdf](http://www.saferworld.org.uk/images/pubdocs/Sarajevo_Client_Guidelines_PSC.pdf)>.

# 2

## Impacts of Commercial Security



In which ways could the widespread commercial provision and consumption of security services in developing countries affect wider political, social and economic dynamics therein? What does the commercialization of security mean for the 'security–development nexus'? When reflecting upon these questions, it is important to understand that commercial security profoundly influences our very understanding of security itself. As many political scientists have noted, security is—to an extent—always constructed. The answers to the important questions of who ought to be secured from which threats and by what means do not appear out of nowhere, they are not self-evident (cf. Buzan, Waever and de Wilde, 1998).

Security is always embedded within a field of discursive practices, which negotiate different perceptions on what kinds of dangers warrant a coordinated response, which referent objects are worth securing and with what measures and technologies they ought to be secured. In this sense, commercial security, too, should not be mistaken as a value-free or 'neutral' reaction to an already pre-given security issue. Instead, it favors some concepts and strategies of security over others, thereby constructing a specific understanding of what security is all about, and how it ought to be pursued.

It has been argued that commercial security tends to promote exclusive, fragmentary, and technical approaches to security problems at the expense of more holistic, developmental and political solutions. This assumption is informed by economic theories according to which commodities generate profit only if there is a) a demand for them by potential consumers and b) some way of limiting or controlling access to them. Market-oriented actors need to generate desire for a good or service whilst at the same time effectively restricting its consumption to a specific group of clients in order to avoid the problem of 'free riders' (cf. Krahmman, 2008, p. 385). Those who cannot or do not pay for a commodity need to be excluded from enjoying its particular benefits.

Just as any entrepreneur, commercial security providers are primarily motivated by the desire to accumulate profit. They need to present 'security' as a desired commodity that can be bought and sold as a distinct 'package' via market exchange relations. Consequently, we might expect that concepts of commercial security will be highly discriminatory rather than holistic. They will tend to emphasize individually

specific security needs and those types of threats, which require a tailor-made rather than a one-size-fits-all solution (cf. Krahmman, 2008, pp. 388–89). At the same time, providers of commercial security will, in all likelihood, seek to expand their market reach by evoking and reifying threat perceptions, even by actively promoting feelings of fear and insecurity among potential customers (ibid., 2008, p. 390; Kempa and Singh, 2008, p. 345). Moreover, they will probably revert to protective and deterrent technologies, such as securing clearly demarcated compounds with armed guards, barbed wire or surveillance mechanisms. By contrast, they will be less likely to engage in activities geared toward the overcoming or elimination of threats, for example by addressing and alleviating their root causes, since nobody could be excluded from benefiting from the positive effects of such measures. Security, then, becomes treated as a mere 'technical' problem, detached from its wider socio-economic and/or cultural contexts (cf. Kempa and Singh, 2008, p. 334). For this reason, it has been suggested that commercial security practices ought to be regarded as "de-politicizing" security problems (Leander and Munster, 2007, pp. 202, 208, 211).

If these initial assumptions are correct, it could be argued that instead of reflecting the much-evoked 'security–development nexus', the basic and underlying rationale of commercial security practices is fundamentally opposed to some of the core values and principles of development policy, which highlight the importance of highly centralized and redistributive structures for delivering security as a collective good available to each and every member of society.

Yet, when taking a closer look at the various effects of commercial security in concrete field settings, the issue turns out to be a lot more complex. Despite its tendency to turn security into a marketable commodity, not every manifestation of commercial security is necessarily a 'bad' thing—subverting or undermining development objectives. Indeed, we propose that under particular circumstances security companies may also produce some positive externalities (whether intentional or not) to the benefit of wider segments of society. The different effects of commercial security, both positive and negative, are categorized in accordance to three basic areas:

1. the capacity of states to govern;
2. overall feelings of safety;
3. social welfare and economic growth.



Obviously, all three dimensions are closely related. For example, the ability of the state to effectively govern will, in all likelihood, strongly affect aspects of public safety as well as socio-economic development. Yet in the context of commercial security, all three must be treated independent of each other. Whereas the private security industry may strengthen the capacity of the state to 'do certain things', this does not necessarily also produce positive externalities for public safety and development. Vice versa, the private security industry might also directly further public safety and development-related factors without generating any noticeable impact on state bodies.

## 2.1 Commercial security and the state

Commercial security can have different effects on the capacity of state bodies to effectively and efficiently provide services to their citizens.

A number of studies have correlated the growth of private security markets with deficits in the capacity of states to effectively deliver security-related services. Commercial security, in this understanding, becomes "symptomatic of state weakness" (cf. Holmqvist, 2005, p. 11; Small, 2006; Simelane, 2007, p. 152). If a state can no longer meet its citizen's demands for certain security services (particularly protection from crime), those who can afford it turn to commercial providers (cf. Simelane, 2007, p. 164). Relative state weakness, from this point of view, can be regarded as a causal factor, which explains the more rapid expansion and far higher growth rates of the commercial security sector in the developing vis-à-vis the developed world.

We, however, argue that it is vital not to confuse cause and effect and deduce from this observation that commercial security will always negatively affect the governing capacity of states. As evidenced by the no less remarkable expansion of security companies in the consolidated states of the Global North, governance deficits are mere facilitating factors of commercial security, certainly not its sole cause.

More importantly, especially in weak or 'fragile' states, the commercial security industry can, at least potentially, provide the public sector with resources that it would otherwise lack. Therefore, commercial security may not necessarily obstruct the strengthening of the state but, on the contrary,

enhance state capacities. This realization is all the more important, since the ideal objective of attaining an actual and pure public monopoly of force is not only highly ambitious but also, often unrealistic.

On the one hand, commercial security may indirectly relieve public budgets, allowing the state to concentrate its limited resources on those areas where they are most needed. For example, it is conceivable that if a rich neighborhood organizes its own security on a commercial basis, state bodies have relatively more resources at their disposal, which can be invested into securing poorer communities or, indeed, more generally into improving health care and education (cf. Ayling and Shearing, 2008, p. 42).

On the other hand, state police and private security companies can directly cooperate with each other to the benefit of both sides. Commercial security becomes endowed with a sense of legitimacy through its connection to public authority (cf. Abrahamsen and Williams, 2007b, p. 243). Vice versa, the state security sector obtains access to the capacities and resources of the commercial security industry, which might strengthen its overall ability to fight crime and enforce law and order. Indeed, such networks of public-private cooperation, usually referred to as "hybrid policing", have emerged in many places in the developing world, for example in Cape Town's so-called "City Improvement Districts" (cf. Benit-Gbaffou et al., 2008, p. 695; Abrahamsen and Williams, 2007b, pp. 246-47), the Niger Delta (cf. Abrahamsen and Williams, 2005a, p. 13; Scheye, 2009, p. 17), and Sierra Leone (cf. Abrahamsen and Williams, 2005b, pp. 8-9).

## 2.2 Commercial security and public safety

Public safety can be defined as the degree to which people feel secure in their daily lives, particularly with regard to crime (homicides, assaults, robberies, etc.). Commercial security practices can produce security-related effects, which exceed the immediate circle of their paying customers and either contribute toward or undermine a general sense of public safety.

This issue needs to be treated separately from the question of effects on state capacities. Even if the particular capabilities of the public security sector are strengthened by cooperating with commercial security companies (better equipment, better intelligence, more resources, etc.), this will not

necessarily improve overall public safety. Indeed, while, at first sight, networks of 'hybrid policing' could appear as a blessing, for they often seem to bolster the capacities of the public security sector considerably in an otherwise 'weak' state, a closer investigation of their net effect on public safety might arrive at far more sobering conclusions. As it was noted earlier, commercial security needs to deliver its specific services so that some segments of society, namely those directly paying for them, benefit more than those who do not (or cannot) pay. Arrangements for hybrid policing may extend this logic of service delivery to the public security sector itself. The price the state may have to pay for improved capacities is that it becomes aligned with the objectives of commercial enterprises.

The discriminatory and uneven distribution of security services may undermine public safety. This would be the case if commercial security practices produced security not as an exclusive but, as a consequence, also a rival commodity. An increase in security for some segments of society would correspond with a decrease in security for others. This is expressed most clearly by a phenomenon known as 'crime displacement'. Here, "efforts directed to thwarting organized crime in one place may merely displace criminal activity to a less protected venue, so that benefits are rival through the consumption process" (Sandler, 2001, p. 10; cf. Krahnemann, 2008, p. 387).

Dynamics of crime displacement have, for example, been observed in the wake of establishing "City Improvement Districts" (CIDs) in the business centers of Cape Town, where local business residents come together to pay for protection by security companies, which, in turn, closely cooperate with the public police force. As one study notes, "areas where the residents cannot afford a CID suffer from the displacement of violence, as seen in the socially and functionally mixed neighborhood of Sea Point, located close to the secured Central area" (Benit-Gbaffou et al., 2008, p. 701).

Other examples emphasize the danger of crime displacement as a consequence of development actors purchasing commercial security services. Referring to the example of aid agencies in northern Pakistan, which hired former British and Indian army Gurkhas to protect their offices and warehouses, von Tangen Page pointed out that "while the western aid workers were protected, the houses and properties of their local neighbors were put at greater risk" (2004, p. 10). Similar effects have

reportedly also been witnessed in cities such as Kinshasa, Luanda, and Bogota where development organizations "secure small islands of peace for themselves" at the expense of diverting external threats to the poor and unprotected communities by which they are surrounded (Vaux, 2003, p. 13).

Crime displacement as an effect of commercial security practices is especially problematic from a development policy perspective, for it describes a dynamic whereby the poor or less affluent parts of the populace are subjected to greater vulnerability. It follows that overall public safety diminishes as society is fragmented across lines of relative in/security.

Yet again, the possible impacts of commercial security practices on public safety may be far more complex and diverse, considerably varying from one place to another. On the one hand, one may argue that the danger of crime displacement becomes minimized if, as noted in the previous section, commercial security indirectly frees limited public resources, which are then invested into securing poorer communities.

Moreover, under certain circumstances, commercial security might even directly contribute to an improvement of public safety, i.e. benefit the security of those who are not paying customers of security companies. If this is the case, we may speak of a 'halo-effect'. Here, the goods of commercial security would stretch beyond the immediate perimeter of the intended client and allow communities in close proximity to become 'free riders' (cf. Scheye, 2009, p. 15). Whereas, of course, economic theories suggest that commercial providers will seek to minimize such effects by preventing non-paying clients from enjoying the goods they deliver, the extent to which they do so successfully might differ from case to case. Indeed, sometimes providers and customers even explicitly accept and draw attention to an ostensible 'halo-effect' of their services to increase their legitimacy in the public eye (cf. Benit-Gbaffou et al., 2008, p. 704).

### 2.3 Commercial security and socio-economic development

A third set of questions concerns the impact of commercial security on a number of socio-economic factors. It can be assumed that commercial security might ossify—and also amplify—existing rifts between

the rich and the poor, for it directly translates economic inequalities into in/security disparities. Conceivably, this can have highly adverse effects on social cohesion and stability. At the very least, such dynamics are likely to undermine “the sense of a shared social meaning, or a common citizen identity” (Abrahamsen and Williams, 2006, p. 19). At worst, they will create the impression of an ‘apartheid’ security society” (Gumedze, 2008, p. 19). The establishment of road closures in Johannesburg and other South African cities has been identified by many commentators as a “new apartheid” (cf. Benit-Gbaffou et al., 2008, p. 704). Such policies clearly risk exacerbating existing tensions and conflicts between social classes and/or racialized groups of people, in turn endangering a range of developmental objectives (cf. Kempa and Singh, 2008, p. 346).

Yet, and just as with the other two dimensions discussed above, the socio-economic impacts of commercial security need not be all-out negative. First, particularly in weak and fragile states, which lack the capacities to provide security effectively, the private security industry may be the only agent, which can protect business environments and the movement of capital, thereby creating a crucial precondition for stimulating

economic growth. A great number of international business enterprises openly admit that they would neither invest nor open offices in some developing countries if they could not rely upon the services of an effective commercial security sector.

Moreover, especially in developing countries, the commercial security industry often constitutes a large and rapidly expanding segment of the domestic economy. As such, it could turn out to be an important agent for promoting social welfare – not least by giving a great many people jobs. It might even provide its employees with a set of new skills and capacities, which—after moving into other jobs—they could utilize for a number of purposes.

Employment opportunities play a particularly crucial role in the post-conflict reintegration of former combatants. Some argue that, in Angola (Rimli, 2008, p, pp. 47, 57) and Sierra Leone (Abrahamsen and Williams, 2005b, p. 12), the commercial security sector has facilitated disarmament, demobilization and reintegration (DD&R) processes by absorbing significant sections of a “young and potentially volatile surplus labour force” (Abrahamsen and Williams, 2006, p. 11).

**Table 1: Possible effects of commercial security**

	<b>Positive externalities</b>	<b>Negative externalities</b>
<b>State capacities</b>	Commercial security frees public resources, which can be invested into furthering development-objectives (health-care, education, poverty reduction).  The police can draw upon the resources and capacities of the commercial security sector.	Commercial security undermines the authority of the state by demonstrating governance deficits in the area of security.
<b>Public safety</b>	Commercial security produces a ‘halo-effect’ from which wider segments of society benefit (i.e. not only the customers).	Commercial security leads to crime displacement; an increase in security for some results in a decrease in security for others.
<b>Social welfare and economic growth</b>	Commercial security provides protection to private businesses, thereby stimulating economic growth and attracting foreign investments.  Commercial security provides employment opportunities and thus contributes to social welfare and the development of individual capacities.	Commercial security translates socio-economic rifts into in/security disparities. It thereby reifies social fragmentations and might exacerbate tensions and conflict.



# 3

## Timor-Leste



### 3.1 Context

Immediately after gaining independence from Portugal in 1975, Timor-Leste was invaded by Indonesia. This resulted in a 24-year long occupation, which probably claimed more than 100,000 lives (Benetech Human Rights Data Analysis Group, 2006). Violence escalated following an independence referendum in August 1999. Pro-Indonesian militia began a civil war, which reportedly destroyed about 70 percent of the country's infrastructure, killed an estimated 1,000 and forcibly deported another 250,000 people in only three weeks (Nevins, 2005, p. 5).

The Australian-led International Force for East Timor (INTERFET), which handed over authority to the United Nations Transitional Administration in East Timor (UNTAET) in October 1999, halted the violence. A UN protectorate for the next two-and-a-half years, Timor-Leste declared formal independence on 20 May 2002. The United Nations Mission of Support in East Timor (UNMISSET), which remained in the country until May 2005, succeeded UNTAET.

In 2006, Timor-Leste was shaken by a severe crisis and renewed outbreak of violence. Complex political divisions and tensions within the public security sector, some of which dated back to the times of resistance to Indonesian occupation, appear to have been the main trigger (ICG, 2006). The situation only gradually calmed following the arrival, on request of the East Timorese government, of an international peacekeeping force at the end of May, again headed by Australia.

On 25 August 2006, UN Security Council Resolution 1704 established the United Nations Integrated Mission in Timor-Leste (UNMIT), which remains in the country to the present. Given the perceived causes of the 2006 crisis, the main concern of the UN mission was with the public security sector. Parallel to acting as an interim agent of law enforcement, it sought to reconstitute the Timorese police force. This included

a screening process, where officers were vetted for possible involvement in past human rights abuses, as well as the mentoring and training of those individuals considered fit for policing duties (ICG, 2008, pp. 7–8).

By 2010, the United Nations Police Force (UNPOL) had begun to hand primary policing authority back to the East Timorese police, the Policia Nacional de Timor-Leste (PNTL). While the process is expected to be completed soon, problems endure. There are frequent tensions between UNPOL and the PNTL over lines of authority (CIGI, 2009, p. 5; 2010, pp. 9–11; ICG, 2009, p. 1). As one report on the security sector reform process notes, rivalries between the East Timorese military and police remain “largely unresolved and few of those responsible for the 2006 crisis have been brought to justice” (CIGI, 2010, p. 1).

The actual usefulness of the PNTL seems to be something of a mixed bag. Many observers, including international security experts, view the local police forces as the generally more ‘effective’ policing body (Chinn and Everett, 2008, p. 8)<sup>6</sup>. The police–population ratio in Timor-Leste also complies with all the standards recommended by international organizations.<sup>7</sup> However, the PNTL has been preoccupied with establishing various specialized ‘task forces’ (CIGI, 2010, p. 13). As the International Crisis Group (ICG) recommends, more “emphasis should be on developing conventional policing functions,” especially community policing programs (2008, p. 14).

A 2008 survey of “Community Police Perceptions” in Timor-Leste highlighted the potential consequences of such measures, noting that “[t]he national public that sought PNTL assistance report being treated with minimal respect and professionalism (47%), in a verbally abusive manner (15%), and in a physically abusive manner (19%)” (Chinn and Everett, 2008, p. 8). In addition, many owners of small- and medium-sized businesses in Dili reported that police response to incidents took far too long.<sup>8</sup>

<sup>6</sup> Interview with UNMIT official, Dili, 26 July 2010.

<sup>7</sup> In Timor-Leste, there are 313 citizens per one police officer. The European standard is one police officer for 330 citizens (cf. Paes, Risser and Pietz, 2004, p. 18).

<sup>8</sup> Interviews with local shopkeepers and restaurant owners, Dili, 6 August 2010.

## 3.2 Markets

### 3.2.1 Providers

In Timor-Leste—as in many other places of the world—security provision is not exclusive to state bodies or even, as is particular in the Timorese context, the state in concert with the United Nations. Instead, our field research in Dili confirmed the existence of a far wider range of policing agents, state and non-state, coexisting (and sometimes overlapping) in the same locales and serving different kinds of clients. Private companies are amongst the most relevant non-state security agents and are relatively new to the country. Shortly after the arrival of UNTAET in 1999, Australian citizens set up a local franchise of the international Chubb Security group.<sup>9</sup> From the beginning, organizations and individual residents from the international community have been the primary clients of commercial security services.

The commercial security industry of Timor-Leste presently employs around 6,500 guards. It thereby clearly outnumbers the strength of UNPOL and the PNTL combined (see Table 2). When walking through Dili, commercial security is pervasive: signs of security companies on residential buildings and offices as well as security guards themselves are highly visible throughout the city. Commercial security services mainly consist of static perimeter security (usually in the form of unarmed guarding) as well as, to a lesser extent, mobile patrols. They are largely concentrated in the capital of Dili, where most of their customers reside.

**Table 2: Comparison of guards working for private security companies and public police officers**

<b>Guards working for private security companies</b>	Maubere	APAC	Gardamor	<b>TOTAL</b>
	2,000	3,000	1,500	<b>6,500</b>
<b>Public police officers</b>	PNTL	UNPOL		
	3,194	1,480		<b>4,674</b>

Three companies currently dominate the security market in Timor-Leste: Maubere, APAC and Gardamor.

**Maubere Security** is the oldest security company in Timor-Leste. Originally, a local franchise of the US-American owned and multinational Chubb Security group, it was set up as Chubb Protective

Services Timor-Leste in 2000. In 2004, the Chubb group withdrew from business in the country. An Australian, Warren Knight, acquired the company together with two silent East Timorese partners, Marcus Karina and Eduardo Soares, and renamed it Maubere.<sup>10</sup> Since then, it has been shaken by a succession of internal conflicts, which eventually caused Soares to leave Maubere.<sup>11</sup>

Around 2006/2007, the management of Maubere was apparently handed over to another Australian by the name of Brendan Cass. The precise circumstances of this transfer remain somewhat puzzling. According to some, Knight had appointed Cass as his temporary successor, whereas others maintain that Cass had bought the company and thereby acquired full ownership. In any case, when Knight returned to the scene in 2008, a lengthy legal battle over the rightful ownership of Maubere ensued. Since July 2010, Cass has claimed to be the real owner and director of Maubere and Knight has withdrawn his claim.<sup>12</sup>

Maubere claims to employ around 2,000 security guards in total. All of these are local East Timorese and, with the exception of four female guards, are male.<sup>13</sup> Until 2009, Maubere had between 2,500 and 3,000 guards on its payroll (Parker, 2009). However, and probably not least as a consequence of its internal struggles, it lost its major contract with UNMIT, which it had been holding since 2006, to its competitor APAC in 2009.<sup>14</sup> The guards protecting UNMIT offices and residencies changed their employer as they were subsequently transferred from Maubere to APAC.

<sup>9</sup> Interview with a local security expert, Dili, 29 July 2010.

<sup>10</sup> Interview with local security expert, Dili, 29 July 2010.

<sup>11</sup> Interviews with security company representatives and security expert, Dili, 26 and 29 July 2010.

<sup>12</sup> Maubere Security Timor-Leste. "Latest Information". 16 July 2010; see <<http://mauberesecurity.blogspot.com/2010/07/latest-information.html>> (accessed August 2010).

<sup>13</sup> Interview with Maubere representatives, Dili, 27 July 2010.

<sup>14</sup> Interview with UNMIT official and security company representative, Dili, 26 July and 4 August 2010.



Guards are recruited on the basis of job availability, with vacancies publicly advertised. As a minimum requirement, they need to have completed senior high school, be at least 160 cm tall and have some basic knowledge of Portuguese and English. Once recruited, new guards can expect one month of training, which includes the improvement of foreign language skills as well as the basics of customer relations and guarding activities. Training is regularly refreshed in one-to two-day courses at later stages. Yet an employee may have to wait for some time until there is a job opening to which he will be assigned.

Thus there are a number of individuals who are 'on-the-books' but not active until called upon.<sup>15</sup>

Maubere provides most of its services in Dili, though a few branch offices operate in five other provinces of Timor-Leste, including Ermera, Maubisi and Baucau. The bulk of services consists in the unarmed guarding of premises, which may be purchased for a 24-hour period or only for the nighttime. Often, guards also provide cleaning and basic household services. In addition, the company has what it terms "ready reaction teams." These serve as mobile patrol units, reinforcements in case of need, and occasionally provide 'rescue' services to customers, in case of flooding or other natural disasters.<sup>16</sup>

The **Asia Pacific Assurance Company, Unipessoal Lda (APAC Security)** was set up in 2007 by Christopher Whitcomb, a US citizen and former officer with the Federal Bureau of Investigation (FBI). It is the successor of the East Timorese security company Seprositil, which was established in 2003 as the only competitor to the local franchise of Chubb Security (which would become Maubere a year later).

Up until around 2008/2009, Seprositil/ APAC was considerably smaller than Chubb/ Maubere in terms of total personnel and number of customers.<sup>17</sup> However, since winning the contract for providing security to UNMIT in 2009, APAC has grown substantially, almost doubling its size within a very short period of time. It now claims to be the single-largest employer in the country.<sup>18</sup>

Unlike other security companies in Timor-Leste, whose offices are located in the center of Dili, APAC's headquarters are in a villa compound on the residential outskirts of the city. Whitcomb currently resides in Bali and a resident manager who is also an expatriate US citizen runs the daily affairs of the firm. APAC claims to be more professional and maintain higher service standards than other security companies, including better working conditions for individual guards. For example, a single guard shift is reportedly only six hours long instead of eight, which seems to be the norm with other local security companies.<sup>19</sup>

At the time of our field research in Summer 2010, APAC employed around 3,000 people, most of them as security guards. This number continually fluctuates by one- to two-hundred in either direction. About two percent of the guards are female.<sup>20</sup> With the exception of a few expatriate managers, and the owner, APAC is wholly staffed by East Timorese. Those who apply for a job as a security guard are required to be over 18 years of age, free of communicable diseases and in good physical condition. They also need to have completed secondary school, possess basic reading and writing skills, and be fluent in Tetum and/or Indonesian. All new guards attend a 10-day training program, which is concluded by an examination. Upon passing, guards are assigned to their respective posts, where they receive further on-site training customized to the needs of the particular customer.<sup>21</sup>

APAC operates in all of Timor-Leste's districts. Since the company has a contract with Timor Telecom, which requires it to provide security to communication infrastructure throughout the country, it has a greater rural presence than other security companies do, with 26 percent of its operations located outside of Dili.<sup>22</sup> The services themselves range from uniformed guarding to executive close protection, asset transport, emergency response, and security consulting.<sup>23</sup> Most of APAC's activities are based on uniformed unarmed guarding of business installations

<sup>15</sup> Interview with Maubere representative, Dili, 27 July 2010.

<sup>16</sup> Ibid.

<sup>17</sup> Interview with local security expert, Dili, 29 July 2010.

<sup>18</sup> Interview with APAC representative, Dili, 4 August 2010.

<sup>19</sup> Ibid.

<sup>20</sup> Ibid.

<sup>21</sup> "APAC Extended Company Profile," pp. 15–16. This document was made available to us by an APAC representative on 4 August 2004.

<sup>22</sup> Interview with APAC representative, Dili, 4 August 2010.

<sup>23</sup> "APAC Extended Company Profile," op. cit., p. 5.

and offices and, to a lesser extent, residences. Besides providing security, APAC is allegedly also involved in buying cheap strips of land from local East Timorese and renting these, at high prices, to affluent foreign customers.<sup>24</sup>

Unlike other security firms in Timor-Leste, APAC is now concentrating exclusively on acquiring contracts with large, and usually corporate, customers. It is neither interested in individual residents, nor in small- and medium-sized organizations, be they businesses, (I)NGOs or development agencies. APAC thus feels that it dominates a clearly distinctive niche in the overall security market.<sup>25</sup>

**Gardamor** was established in 2008 and is the newest security firm in Timor-Leste. It differs from both Maubere and APAC in that it is 100 percent owned and managed by East Timorese locals—a feature that Gardamor plays heavily on in its public relations.<sup>26</sup> The Executive Manager of the company is Eduardo Belo Soares, the former partner of Maubere. During the struggle for independence against the Indonesian occupation, Soares was a high-ranking officer in the FALINTIL guerrilla forces.

Gardamor has been highly successful in getting contracts for security services from the East Timorese government. Whereas in 2009, it employed roughly 550 guards (Parker 2009, p. 5), this number had increased to 1,300 permanent staff plus an additional 200 temporary and replacement guards by mid-2010—and thus more than doubled over a period of only one year.<sup>27</sup> Just as with the other firms, all guards are East Timorese and only two of them are female.<sup>28</sup> They are deliberately recruited from different regions of the country (the East and the West), and management claims that its knowledge and sensitivity to local issues is at the core of its success.<sup>29</sup> New guards receive two weeks of training in small groups, each of which has a training officer assigned to it. Training is regularly refreshed later and includes the improvement of English language skills. According to management,

care is taken that guards do not have any residual loyalties to neighborhood gangs or so-called martial arts groups (MAGs).<sup>30</sup>

Despite its recent growth Gardamor is still the smallest of the three main security companies in Timor-Leste. However, observers of the East Timorese security market predict that it will continue to grow at a fast rate and soon become a serious threat to Maubere in particular.<sup>31</sup> Indeed, there are rumors that Maubere has recently approached Gardamor to discuss possible options for merging the two companies.<sup>32</sup>

Three-quarters of Gardamor's operations are located in Dili, although the company also works in all other provinces of Timor-Leste. Gardamor, like the other security firms, provides mainly static protection and perimeter security. It also has a rapid response 'task force', offers mobile cash-in-transit security and VIP close protection to foreign business executives. Gardamor claims that as a fully Timorese-managed company it can mediate possible conflicts between its expatriate customers and local communities, for example by negotiating compensations in cases of traffic injury or the return of stolen goods.<sup>33</sup>

### 3.2.2 Customers

When looking at the clients of security in Timor-Leste, two aggregate groups of people can be distinguished from each other. One group consists of the local East Timorese, a heterogeneous mix of people with different regional affiliations, personal backgrounds and income-levels (but excluding the government, for the time being). The second group is the so-called 'internationals'. These encompass a fairly large community of expatriates, be they non-Timorese UN workers, the international staff of aid and development agencies, foreign companies or INGOs.

Both groups rely to a certain extent on UNPOL and the PNTL for security. However, representatives from the international community as well as from local communities stated in interviews that they would only report serious cases, such as murder, to the public

<sup>24</sup> Interview with local security expert, Dili, 29 July 2010.

<sup>25</sup> Interview with APAC representative, Dili, 4 August 2010.

<sup>26</sup> Interview with Gardamor representatives, Dili, 26 July 2010.

<sup>27</sup> Interviews with Gardamor representatives, 26 July 2010, and individual guards, Dili, 2 August 2010.

<sup>28</sup> Interviews with individual guards from Gardamor, Dili, 2 August 2010.

<sup>29</sup> Interview with Gardamor representatives, Dili, 26 July 2010.

<sup>30</sup> Interviews with trade union representatives and individual guards, Dili, 29 July and 2 August 2010.

<sup>31</sup> Interviews with local security expert and individual guards, Dili, 29 July and 2 August 2010.

<sup>32</sup> Cf. <<http://maubereseconomy.blogspot.com>> (accessed October 2010).

<sup>33</sup> Interview with Gardamor representatives, Dili, 26 July 2010.

police forces.<sup>34</sup> For protection against minor crime- or security-related incidents, each group reverts to alternative, non-state policing bodies.

Locals turn to informal or traditional security networks, such as village councils and kinship relations, (cf. Chinn and Everett, 2008, p. 8) whereas internationals complement the services they receive from the public security sector by drawing on private guards and security companies. The choice of policing agent may also be a matter of place. For example, employees of one INGO pointed out that if they experienced a security problem outside of their premises, they would call upon the local state police. However, should an incident occur upon their premises, a private security company would be the first point of contact.<sup>35</sup>

One of the most remarkable features of the East Timorese security market is that almost *all* customers of private security companies are businesses and organizations from the international community. With the exception of the government, which has a contract with Gardamor to protect warehouses, official buildings and VIPs,<sup>36</sup> East Timorese nationals do not hire commercial guards.<sup>37</sup>

The contract between UNMIT and APAC is the single largest security-related contract in the country. It is worth US \$3 million over a three-year period,<sup>38</sup> thereby effectively comprising about 50 percent of APAC's total annual revenue. In addition, APAC provides security services, for example, to Timor Telecom (its second largest customer), the Discovery Inn hotel group and the ANZ Bank. Currently, the company is negotiating with the World Bank, which might become its next customer.<sup>39</sup>

The principal customers of Maubere include embassies, offices of INGOs and development organizations, residences of foreigners, and small- to medium-sized businesses, such as restaurants, hotels and shops owned by non-Timorese.<sup>40</sup>

Over the past couple of years, the consumption of security services by internationals has been characterized by a trend toward corporatization, partly explaining the recent growth of private security companies in the country. Previously, most international organizations—especially in the field of aid and development—relied predominantly on in-house security guards who were directly employed with them.<sup>41</sup> Some still do to the present day, such as the offices of Oxfam and CARE International, which employ their own guards, all of whom are East Timorese locals who have worked for their respective employers for many years. Both feel that in-house guards are generally easier to 'manage', since they identify more strongly with the organization they protect. Moreover, communication with guards is more immediate, since they can tell them directly what to do instead of having to consult with a security company first.<sup>42</sup>

Yet, the vast majority of international organizations, including the United Nations, engage the services of commercial security companies. Commercial security is thought to be cheaper and more efficient than maintaining in-house security arrangements.<sup>43</sup> For example, the German agency for technical cooperation, GTZ,<sup>44</sup> has been contracting Maubere since 2007, covering manned perimeter protection (guarding) as well as rapid response in cases of security incidents.<sup>45</sup> A few organizations, such as Catholic Relief Service (CRS), have recently switched from employing guards themselves to contracting private security companies.<sup>46</sup>

Presently, the CRS has contracts with all three security companies: Maubere guards its main compound in Dili, Gardamor and APAC protect its offices in rural provinces as well as the residences of individual staff members.<sup>47</sup> Oxfam, too, has

<sup>34</sup> Interviews with representatives of an international development organization and local district chiefs, Dili, 26 and 30 July 2010.

<sup>35</sup> Interview with INGO representatives, Dili, 3 August 2010.

<sup>36</sup> Interview with security company representatives, Dili, 26 July 2010.

<sup>37</sup> Interviews with local district chiefs and NGO representative, Dili, 30 July and 3 August 2010.

<sup>38</sup> Interview with UNMIT official, Dili, 26 July 2010.

<sup>39</sup> Interview with APAC representative, Dili, 4 August 2010.

<sup>40</sup> Interviews with security expert, representatives from local NGOs and district chiefs, Dili, 26, 27, 30 July and 3 August 2010.

<sup>41</sup> Interview with representative from a local NGO, Dili, 27 July 2010.

<sup>42</sup> Interviews with representatives from CARE and Oxfam, Dili, 3 and 6 August 2010.

<sup>43</sup> Interviews with representatives from development organizations, Dili, 3 and 4 August 2010.

<sup>44</sup> The GTZ changed its name to Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in 2011.

<sup>45</sup> Interview with local GTZ representatives, Dili, 26 July 2010.

<sup>46</sup> Interview with CRS representatives, Dili, 4 August 2010. The trend was confirmed by representatives from other development organizations, local NGOs and the trade union, interviews in Dili on 27, 29 July and 6 August 2010.

<sup>47</sup> Interview with CRS representatives, Dili, 4 August 2010.



begun to mix and supplement its internal security arrangements with services purchased from private security companies. It has a contract with Gardamor—worth US \$500 per month—to train and supervise its in-house guarding personnel and provide them with radio-equipment, security-related information, and additional guards if necessary. At night, a mobile patrol from Gardamor stops by the Oxfam compound.<sup>48</sup>

### 3.2.3 Regulation

Remarkably, and despite its comparatively large size, the commercial security industry has received only little attention within the otherwise rather extensive and ambitious SSR process. Because of this neglect, the regulation of private security companies—both by state and non-state bodies—remains extremely weak.

With regard to **state regulation**, primary responsibility for control and oversight of the commercial security industry lies with the National Directorate for the Security of Public Buildings (DNSEP). Until October 2010, however, government regulation tailored specifically to the private security industry hardly existed.<sup>49</sup> For example, there was no licensing regime for security companies, as recommended by the Montreux Document.

For the security industry, the most relevant government regulations are those laws, which apply to people and commercial businesses in Timor-Leste more generally. For example, a law stipulates that all East Timorese companies should be owned to at least 51 percent by local citizens. According to some interviewees, however, this law can be easily circumvented—a practice, which is reportedly common amongst private security companies (with the exception of Gardamor, which is 100 percent East Timorese owned).<sup>50</sup>

A further issue, very much relevant to the security industry, relates to existing legal regulations on the possession of firearms. In Timor-Leste, civilians—and

thus by implication also private security guards—are uniformly prohibited from owning and carrying small arms and light weapons (SALW).

It seems, however, that the present government is seeking to ease private access to SALW. Amongst the first legal drafts the Prime Minister proposed after assuming power in 2007 was a legislation that would have allowed the Commander of the PNTL to give firearms licenses to civilians (cf. Parker, 2008). The National Parliament subsequently turned down the bill in June 2008; yet discussions continue and government officials we interviewed did expect that eventually some law granting limited access of SALW to civilians would come into effect.<sup>51</sup> The obvious candidates for receiving such licenses would, of course, be private security guards.

First steps toward introducing a governmental regulatory framework specifically targeted at security firms were taken in the latter half of 2010. On 22 September, the Council of Ministers (CoM) approved legislation prohibiting private security guards “the use of uniforms, accessories and military, police or other badges that are susceptible of creating confusion to the public” (CoM, 2010). This measure was a direct response to a perceived difficulty in distinguishing between uniforms in the public security sector and some of those used by security companies. For example, the work clothing of some APAC guards closely resembled the uniform of the PNTL’s close protection unit.<sup>52</sup>

Since September 2010, the Capacity Development Facility (CDF) of UNDP in Timor-Leste, which is funded by the European Union, has begun to support the DNSEP in devising a “clear legislative framework that regulates the operations” of security companies. The objective is to “ensure that [the companies] operate professionally and in a manner that does not compromise public safety.” To this end, the CDF intends to

1. undertake a “baseline assessment of the private security industry and its potential implications and cross-linkages with security and its related institutions,”

<sup>48</sup> Interviews with representatives from Oxfam, Dili, 3 August 2010.

<sup>49</sup> Interviews with government representatives from DNSEP, Dili, 8 August 2010.

<sup>50</sup> Interview with trade union representatives, Dili, 29 July 2010.

<sup>51</sup> Interviews with government representatives from DNSEP, Dili, 8 August 2010.

<sup>52</sup> Ibid.

2. advise DNSEP "on the relevant regulatory and institutional set-up, including oversight functions, needed to allow DNSEP to perform related functions," and
3. draft "legislation regulating private security companies."<sup>53</sup>

Considering that the CDF was set up already in 2008, with an original duration until June 2010, explicit concern with the security industry has come at a rather late point in the overall SSR process. A technical advisor of the CDF was assigned to DNSEP in late September 2010.

The precise form of the eventual legal draft, as well as the areas it will cover, remains unclear. Whereas the security companies themselves would, by and large, welcome the introduction of fixed and uniform standards for service delivery, which ought to be defined, monitored and enforced by the government, some are also worried that Gardamor, due to its close connection to the government, would probably "not have to play by the same rules" as other companies.<sup>54</sup>

**Non-state regulation** of the commercial security industry remains equally weak in Timor-Leste. An overriding industry association, which would represent the interests of the commercial security sector and promote common standards of service delivery among its members, does not exist. As noted earlier, competition between the three main companies is severe, foreclosing any possible attempts to jointly establish such a thing as self-regulatory oversight bodies.

The only non-state body to take an active stance in discussions surrounding regulatory issues is the trade union confederation (KSTL), which represents the interests of security guards and has actively supported them during strikes.<sup>55</sup>

The extent of **customer-driven regulation** varies somewhat. Quite a few customers from development organizations complained that the personnel of security companies are generally unreliable and not very committed to the job.<sup>56</sup> Yet most of these organizations, especially the smaller ones, do not conduct any thorough background checks on security companies prior to contracting their services. In some cases, the selection procedure simply consists of looking at which firms the neighbors are hiring.

By and large, the Sarajevo Client Guidelines are neither applied, nor are they actually known by those people in development organizations responsible for contracting security firms.<sup>57</sup>

UNMIT appears to be an exception here. During the tendering process, it reportedly screens security companies in accordance to certain criteria. Besides cost calculations, this also includes a consideration of the working conditions of individual guards in the respective companies.<sup>58</sup>

Although there are quite a few NGOs in Timor-Leste, which have addressed issues surrounding the public security sector (particularly in the context of the SSR process), the activities and conduct of security companies has been hardly monitored by civil society groups.

### 3.3 Impacts

#### 3.3.1 Commercial security and the state

The private security industry of Timor-Leste does not seem to weaken the governing capacity of the state. For a start, one needs to bear in mind that there are strong informal ties between the government and some security firms, particularly Gardamor. Evidenced by numerous pictures in his office, the Manager of Gardamor appears to be closely affiliated with many important individuals in the government, including the current Minister of Defense. It is reported that Nelson Gusmao, the nephew of Prime Minister Xanana Gusmao, owns parts of the company.<sup>59</sup>

<sup>53</sup> Vacancy announcement by CDF/UNDP, August 2010; also: interviews with government representatives from DNSEP, Dili, 8 August 2010.

<sup>54</sup> Interviews with security company representatives, Dili, 26, 27 July and 4 August 2010.

<sup>55</sup> Interview with trade union representatives, Dili, 29 July 2010.

<sup>56</sup> Interviews with representatives from development organizations, Dili, 3 and 4 August 2010.

<sup>57</sup> Interviews with development organizations, Dili, 26 July and 4 August 2010.

<sup>58</sup> Interview with UNMIT official, Dili, 26 July 2010.

<sup>59</sup> Interview with local security expert, Dili, 29 July 2010.

Representatives from security companies and from the public security sector generally seem to view each other in a positive light. High-ranking officers of both UNPOL and the PNTL regarded security firms as “subsidiaries”, “important assets”, and “helping tools” of the public police forces, capable of indirectly relieving substantial public resources in the security sector, which could be invested elsewhere.<sup>60</sup> UNPOL also claimed to, on occasion, directly benefit from intelligence they received from the security companies.<sup>61</sup> Yet, police officers remarked that their actual interaction with security companies was infrequent and largely informal. From the top-tiers down to the level of patrol officers, communication was on a need-to-need basis rather than regular.<sup>62</sup>

The security firms themselves provided a somewhat more differentiated picture. Gardamor, for its part, claimed that it had close connections to the PNTL in particular and met with police officers on a frequent, albeit informal, basis.<sup>63</sup> Maubere, while acknowledging that actual meetings with the police were rare<sup>64</sup>, reportedly signed a formal Memorandum of Understanding with the PNTL.<sup>65</sup> During a strike at Maubere in 2009, UNPOL and the PNTL were quick to move in and break up the protests, indicating a close relation between the company's management and the international and local police forces.<sup>66</sup>

APAC maintains the most formalized relations to public policing bodies. Since it has a contract with UNMIT for security provision, APAC appears to be the only security firm to attend the regular “Security Focal Point Meetings” at UN headquarters, which are also attended by both UNPOL and the PNTL. Apart from these meetings, APAC claims to communicate frequently, but on an informal basis, with UNPOL in particular. Yet APAC would also welcome a stronger and more formalized cooperative relation with the public police forces in Timor-Leste.<sup>67</sup>

Nevertheless, some within the more general state-apparatus do consider the security industry to be a problem. One Member of Parliament representing the opposition FRETILIN party cited the high density of private security guards as an indication of a far too weak public police force.<sup>68</sup> Still, two of our observations need to qualify this claim.

First, the customers of security companies are almost exclusively internationals. With the sole exception of the East Timorese government, locals—including the affluent—do not purchase security services from private companies. Second, by comparison to any objective international standard, the East Timorese police are reasonably well equipped and staffed. If the commercial security industry could, at all, be regarded as an indicator of the state's governing deficits, its prevalence would reflect not so much an overall lack of resources within the public security sector as a one-sided strategic focus of public security agents on specialized ‘task-forces’ instead of on the more mundane and holistic agenda of ‘community-policing’.

Yet, even if this was the case, commercial security does not present a direct challenge or problem to the state in Timor-Leste. It is quite remarkable that, although there is yet no formal regulation, which specifically targets the security industry, security firms have not caused any conceivable trouble to public police bodies. The rather rigid laws on private firearms possession, a comparatively low rate of violent crime, as well as the limited pool of almost exclusively international customers might go some way in explaining this. The situation may quickly change if the government eased SALW legislation and the customer-base diversified to include wealthy East Timorese. Present efforts to subject the security industry to a tighter and more specific formal regulatory regime are, from this perspective, well advised.

The planned regulation of the security industry is also intended to strengthen and formalize cooperation between public police and private security companies and may create ‘hybrid’ policing arrangements, which are common in many other developing countries. Already, two recently passed legislative acts—the Internal Security Law and the National Security Law—allow the state to draw upon the resources of the private security industry in a ‘state of emergency’. In such instances, private guards could

<sup>60</sup> Interviews with senior UNPOL and PNTL officers, Dili, 28 July and 2 August 2010.

<sup>61</sup> Interview with senior UNPOL officer, Dili, 28 July 2010.

<sup>62</sup> Interviews with senior UNPOL and PNTL officers, Dili, 28 July and 2 August 2010.

<sup>63</sup> Interview with Gardamor representatives, Dili, 26 July 2010.

<sup>64</sup> Interview with Maubere representative, Dili, 27 July 2010.

<sup>65</sup> Interviews with senior PNTL officer, Dili, 2 August 2010.

<sup>66</sup> Interview with trade union representatives, Dili, 29 July 2010.

<sup>67</sup> Interview with APAC representative, Dili, 4 August 2010.

<sup>68</sup> Interview with FRETILIN parliamentarian, Dili, 28 July 2010.

be placed under the direct supervision and command of the police.<sup>69</sup> Hence, the industry appears as a 'reserve force', which provides the public security sector, at least potentially, with a considerable surge-capacity in case of emergencies—be this for better or, given the recent conflicts between state security forces, for worse.

### 3.3.2 Commercial security and public safety

An obvious way by which security companies can undermine public safety is when they themselves appear as agents of insecurity, for example by committing human rights abuses. Whereas PNTL officers have undergone extensive screening and vetting procedures in the course of the SSR process, there are no comparable arrangements for private security guards. Their possible role and involvement in past conflicts and human rights violations is not known. In fact, it is conceivable that many of the former police officers, who did not pass UNMIT vetting, have found alternative employment in the private security industry.<sup>70</sup>

Up to now, however, security companies do not appear to pose a human rights problem, an observation shared by the police and local human rights NGOs alike. Private security guards generally abide by the law. There have been only very few cases of them employing undue or disproportionate force or committing serious offences against civilians.<sup>71</sup>

As noted earlier, private guards in Timor-Leste are presently not armed with SALW. Interestingly, the security companies themselves expressed considerable reservations regarding the discussion about a possible arming of the private security industry. On the one hand, armed guarding was considered simply unnecessary. On the other hand, and given the overall distrust between security companies, some managers felt uneasy with the idea of their business competitors possibly raising their own private armies.<sup>72</sup> As Parker contends in her 2009 report, if private access

to firearms becomes further eased without, at the same time, implementing "proper controls and well enforced regulations" the net effect on East Timorese society may turn out to be very much "destabilizing" (p. 14).

Apart from an immediate impact on public safety, security companies may also indirectly affect the overall security situation, for instance by causing either crime displacements or halo effects.

Considering the larger picture of crime and insecurity in Timor-Leste, available data suggests that the frequency of violent deaths and assaults relative to population size is, on average, a lot lower than in many countries of a similar size and level of socio-economic development.<sup>73</sup> Yet it is worth noting that, according to official statistics, following a significant drop in overall violence after the 2007 elections, some types of criminal activity have gradually increased over the 2007–2009 period. Whereas instances of homicide and robbery slightly decreased, or remained roughly on the same level, reported cases of "assault" and "sexual offences" more than doubled. Reports of "domestic assault" and "burglary" even grew threefold (see Table 3).

**Table 3: Cases of reported criminal offences (selection), 2007–2009**

	2007	2008	2009
Homicide and murder	67	79	49
Assault	631	851	1,538
Domestic assault	219	327	777
Sexual offences, rape	30	57	79
Burglary	38	62	120
Robbery	76	32	43

**Source:** TL Police Intelligence Service

<sup>69</sup> Interviews with government representatives from DNSEP, Dili, 8 August 2010.

<sup>70</sup> An ICG report on SSR in Timor-Leste noted that many police officers "will not make it through the [vetting] process and will form a sizable group of disgruntled former security personnel in need of help to find alternative employment" (ICG, 2006, pp. 7–8).

<sup>71</sup> Interview with senior UNPOL officer and local human rights NGO, Dili, 2 and 3 August 2010.

<sup>72</sup> Interviews with representatives from APAC, Maubere and Gardamor, Dili, 26, 28 July and 4 August 2010.

<sup>73</sup> Official crime statistics on Timor-Leste, compiled by the Police Intelligence Service, were made available to the BICC research team by the Acting Special Assistant to the Police Commissioner of UNMIT, on 4 August 2010. Crime figures for other countries are extracted from the United Nations Office on Drugs and Crime (UNODC), *Crime and Criminal Justice Statistics*, available online at <<http://www.unodc.org/unodc/en/data-and-analysis/crimedata.html>> (accessed October 2010).

Interestingly, the impression is that these increases are hardly experienced by internationals. “The only real threat is the crocodile,” one senior officer from UNPOL ironically remarked when asked about the security situation in the country.<sup>74</sup> Similarly, representatives from aid organizations were hard pressed to think of concrete examples with regard to crime-related incidents affecting their staff or premises.<sup>75</sup> Often, it appeared that feelings of insecurity were based on rumors rather than actual experience. APAC, with 3,000 security guards, all of whom protect internationals or businesses, has on average only one security-related incident every six weeks.<sup>76</sup>

It would therefore seem that by far the predominant victims of crime are local Timorese. A range of interviews with local community representatives and civil society groups confirmed a widespread anxiety over growing crime. In particular, almost all local Timorese, when questioned about their security perceptions, expressed a certain concern regarding high levels of domestic violence in society.<sup>77</sup> Indeed, the dark figure of unreported cases of domestic and/or sexual assaults is, in all likelihood, many times greater than the figure given in official statistics.

We did not find any evidence, or even indicators, suggesting that the discrepancy between the victimization of internationals and locals may be an effect of crime displacement due to the former’s reliance on security firms. None of the local district leaders we interviewed felt that his community had become more vulnerable to criminal activities as a result of commercial security practices.<sup>78</sup>

There is, however, some anecdotal evidence for possible halo effects. Staff from a local NGO, for example, reported that whenever they leave their premises, they notify the Maubere guard next door to ‘keep an eye’ on their compound.<sup>79</sup> In another, somewhat more extreme example, a guard—in this case an individual who was not employed with a

security firm—claimed to have seen an attempted burglary in a neighboring house. He then proceeded to leave his post, gathered a couple of local men, and eventually confronted and arrested the thief to hand him over to the police. Yet, the informant emphasized that this is not considered ‘normal’ behavior of private security guards and that others, especially those employed in a security firm, would probably not react in the same pro-active way in a similar situation.<sup>80</sup>

While this may be the case, it is yet likely that the highly visible, if only passive, presence of security guards throughout the streets of Dili does, indeed, produce some positive externalities for overall public safety. Similar to neighborhood watch schemes in developed countries, the presence of multiple eyes is a proven way to deter crime to some extent. In fact, reportedly private guards tend to inform the police of all crime-related incidents they witness—even if these are unrelated to the security of their respective customers.<sup>81</sup> As a senior police officer at UNPOL put it, the more private security guards there are, the less overall crime there will be in society. It is precisely in this sense that “private security is supporting public security” in Timor-Leste.<sup>82</sup> According to a representative from the Ministry of Defense and Security, there is thus even a direct correlation between the recent growth of the private security industry, on the one hand, and an ostensible decrease in some criminal activities, on the other.<sup>83</sup>

Nevertheless, the potential virtues of such halo effects are somewhat curtailed in at least two regards. First, the reporting of incidents by private security guards to the police is neither formalized, nor is it supported or encouraged in any specific manner. Guards have no special communication channels with the police: if they want to report a crime, they need either to call 112 or go to the closest police station. Second, guards can, obviously, only report what they actually see on the streets. This might be a partial explanation for the decrease in homicides and robberies, on the one hand, and the sharp increase in, particularly, domestic violence, on the other. What goes on ‘behind closed doors’ escapes the eyes of security guards and thus also eludes any possible halo effect that their presence might entail.

<sup>74</sup> Interview with senior UNPOL official, Dili, 2 August 2010.

<sup>75</sup> Interviews with various representatives from development organizations and security companies, Dili, 26, 27 July, 2, 3, 4 and 6 August 2010.

<sup>76</sup> Interview with representative from APAC, Dili, 4 August 2010.

<sup>77</sup> Interviews with local district chiefs, senior PNTL officer and representatives from local NGOs, Dili, 28, 30 July and 3 August 2010.

<sup>78</sup> Interviews with local district chiefs, Dili, 30 July and 4 August 2010.

<sup>79</sup> Interview with local NGO representative, Dili, 3 August 2010.

<sup>80</sup> Interviews with individual guards, Dili, 2 August 2010.

<sup>81</sup> Interview with senior PNTL officer, Dili, 28 July 2010.

<sup>82</sup> Interview with senior UNPOL officer, Dili, 2 August 2010.

<sup>83</sup> Interview with government representatives from DNSEP, Dili, 8 August 2010.



### 3.3.3 Commercial security and socio-economic development

For the vast majority of East Timorese people, the most relevant effect of commercial security relates to socio-economic factors.<sup>84</sup> These can be discussed in terms of a macro-dimension, that is with a view to the country's economy and society as a whole, and in terms of a micro-dimension that takes into account their impact upon the living conditions of individual people.

**Economic development.** The big picture suggests that private security companies represent a significant part of economic activity in Timor-Leste. Although the total revenue of the industry is not known, in comparison to other domestic businesses, it may probably be only surpassed by the petroleum sector.<sup>85</sup> Yet, it needs to be kept in mind that two of the three main security firms are largely owned by foreigners. Hence, most of the profit that these companies make leaves the country—rather than feeding into and stimulating local markets. According to a parliamentarian from the opposition FRETILIN party, commercial security is therefore “exploiting the Timorese economy.”<sup>86</sup> The trade union estimates that far more than 50 percent of the total revenue generated by both Maubere and APAC are immediately transferred to offshore accounts.<sup>87</sup>

A further problem concerns the almost exclusive reliance of the commercial security sector on international customers, particularly from the aid and development community. To be sure, this observation applies to a large part of the urban East Timorese economy. For example, a Report of the UN Secretary-General from February 2010 acknowledges that

UNMIT is not a negligible factor in the Timor-Leste economy. The Mission spends about \$20 million annually in Timor-Leste (for local procurement and national staff salaries) [...]. The total economic footprint of the Mission is higher, as indirect spending (rent, local services) by the international staff should

also be taken into account. [...] Eventual withdrawal of the Mission will have an impact on the job market and service industry, particularly in Dili (p. 31).

Already, unemployment and underemployment in Timor-Leste are estimated to be as high as 70 percent (Margesson and Vaughn, 2009, p. 11). Given that security companies are reportedly the single-largest employers in the country,<sup>88</sup> a decrease in international presence will most likely correspond with a further growth in unemployment. This factor could also contribute to destabilizing a situation characterized by the heightened tension that may accompany an eventual withdrawal of UNMIT.

Commercial security might also exacerbate social tensions resulting from recent economic developments. According to data from the World Bank, economic growth has markedly improved since the 2006 crisis, amounting to about 7.8 percent in 2007 and to 13.2 percent in 2008.<sup>89</sup> This is largely due to ever more revenues coming in from the offshore exploitation of oil and gas (cf. Margesson and Vaughn, 2009, p. 21). To the minds of some, this dynamic has the potential to significantly widen the gap between the rich and the poor.<sup>90</sup> Although there is no recent GINI coefficient for Timor-Leste, which could substantiate or support this claim,<sup>91</sup> sharp distinctions between the very rich and the very poor are highly visible throughout the capital city. While a few locals have become very rich over a brief period, urban poverty has increased.<sup>92</sup>

Eventually, affluent East Timorese could turn to security firms for the protection of their homes and offices, thereby offering security companies the opportunity to diversify their customer-base in view of decreasing international presence. If, however, security firms indeed opened up and developed local markets, a different—and potentially dangerous—constellation might begin to take shape. International development experts and local NGOs alike fear that the commercial security industry could become an important player in an emerging class conflict in

<sup>84</sup> Interviews with local district chiefs and NGO representatives, Dili, 27 and 30 July 2010.

<sup>85</sup> Interview with a local security expert, Dili, 29 July 2010.

<sup>86</sup> Interview with FRETILIN parliamentarian, Dili, 28 July 2010.

<sup>87</sup> Interview with trade union representatives, Dili, 29 July 2010.

<sup>88</sup> Interview with a local security expert, Dili, 29 July 2010.

<sup>89</sup> Cf. World Bank, World Development Indicators, annual GDP growth in percent, available online at <<http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>> (accessed October 2010).

<sup>90</sup> Interview with a local security expert, Dili, 29 July 2010.

<sup>91</sup> The GINI coefficient is a statistical measure by means of which economic inequalities in society can be represented.

<sup>92</sup> Cf. <<http://hdr.undp.org/en/statistics>> (accessed November 2010).



Timor-Leste<sup>93</sup>—a scenario that would be all the more worrisome if the government decided in favor of arming security guards.

**Social development.** Turning to the micro-level of individual social welfare, the negative effects of commercial security also seem to outweigh the positive ones. On the positive end, security companies provide around 6,500 East Timorese men with jobs. It needs to be acknowledged that the wage of private guards is distributed across their wider kinship relations, supporting households and families. Given the average household size of around eight people in Timor-Leste, this implies that up to 52,000 East Timorese people might directly benefit from the daily income generated by individual guards. Since the bulk of guarding activities takes place in Dili, this would be about one-quarter of the city's indigenous population.

The commercial guarding of internationals by local men also ties in nicely with traditional East Timorese security practices, where more affluent members of a community hired local guards as a means of redistributing wealth, albeit on a small scale, within their immediate neighborhood. East Timorese expect wealthy internationals to hire and pay local men in the form of guards. Commercial security does therefore not only answer to the (subjective) security concerns of internationals but, crucially, also to the economic concerns of locals.

On the negative end, the corporatization of security, that is the trend from employing in-house guards toward hiring external security companies, has upset this system, introducing new tensions and conflict lines to the already unstable social composition of the country. Two of three district chiefs we interviewed in central Dili bitterly complained about the fact that security companies deployed guards in their neighborhood who did not come from the community itself.<sup>94</sup> In one district, only two local residents worked as guards for security companies. All other guards were from outside the community, often from Timorese diaspora groups, who had only recently returned to the country. One district chief

was outspoken in his irritation, stating that security companies “killed” local jobs and that he was having a hard time keeping the unemployed youths in his community from actually going out and physically attacking the firms. He intended to complain to the government about this situation in the near future.<sup>95</sup>

The corporatization of private guarding has also had a marked impact upon the working conditions of individual guards.<sup>96</sup> In-house guarding personnel produce security-related use-values in return for wages. They essentially commodify their labor whereas private security companies additionally commodify the use-value of security itself. In order to make a profit from doing so, security-producing labor needs to be exploited; that is to say: the wage the guard receives for selling his labor needs to be less than what the company receives in return for selling the service (or use-value) produced by virtue of that very labor.

In Timor-Leste, tendencies toward exploiting labor may well be further reinforced by the tough competition between the three security companies over what is, in effect, a comparatively small customer-base.<sup>97</sup> Interviews with both in-house guards and guards working for security companies in Timor-Leste confirmed that the wages of the former are on average more than twice as high than those of the latter—although the job itself is the same.<sup>98</sup> Whereas in-house guards earn around nine US dollars a day, plus added social benefits (such as sick leave, paid holidays, a pension scheme, health insurance, etc.)<sup>99</sup>, guards working for security companies seldom make more than three dollars fifty on a twelve-hour shift. The average monthly salary of a corporate security guard is thus about 85 US dollars, which is barely enough to support a family.<sup>100</sup>

<sup>93</sup> Interviews with a local security expert and NGO representatives, Dili, 29 July and 3 August 2010.

<sup>94</sup> Interviews with local district chiefs, Dili, 30 July 2010. The chief who did not complain about the situation headed a comparatively affluent district with a low unemployment rate.

<sup>95</sup> Interview with local district chief, Dili, 30 July 2010.

<sup>96</sup> Interview with trade union representatives, Dili, 29 July 2010.

<sup>97</sup> Interview with security company representatives, Dili, 26 July 2010.

<sup>98</sup> Interviews with development organizations, a number of private guards (both corporate and in-house), trade union representatives and a local NGO, Dili, 29 July, 2 and 3 August 2010.

<sup>99</sup> Interviews with development organizations, Dili, 3 and 6 August 2010.

<sup>100</sup> Interview with trade union representatives, Dili, 29 July 2010.

There are hardly any social benefits for private security guards, which is all the more problematic, since Timor-Leste does not have a social security or welfare system of its own. If corporate guards do not turn up to work because they are ill, they will often not receive payment; indeed, they might even be fined five dollars for negligence on the job (more than their actual salary on that day would have been).<sup>101</sup>

It is widely believed that existing labor laws are not properly enforced. Often, guards employed with commercial security companies work 12-hour shifts, six to seven days a week.<sup>102</sup> This clearly contravenes East Timorese labor laws, which prescribe a maximum weekly working time of 44 hours.<sup>103</sup> The Timor-Leste Trade Union Confederation (KSTL) receives complaints from security guards who feel unfairly treated by their companies on a daily basis.<sup>104</sup>

Labor laws are not only poorly enforced, they are also felt to be inadequate—a view which is shared not only by the trade union but also by at least one executive manager within the commercial security industry itself.<sup>105</sup> A government-fixed minimum wage that would compel security companies to pay their workers decent salaries does not exist.

So far, discontent with working conditions has resulted in open protests on two occasions, both of which took place in Maubere. In 2003, while the company still operated under the umbrella of the Chubb group, a number of guards were fired because they complained about unacceptable working conditions (LaborNet, 2004). A series of similar incidents occurred again between 2008 and 2009, when Maubere security guards went on strike in protest of some

allegedly unfair dismissals and, again, bad working conditions. Both UNPOL and the PNTL were called in on several occasions to protect the company's management against disgruntled employees.<sup>106</sup> After a lengthy process of negotiation between the KSTL, representing the security guards, and the Maubere CEO Brendan Cass, which was mediated by the East Timorese President Jose Ramos Horta, an agreement that resolved the conflict over the dismissals was finally reached in April 2010 (cf. Alberico Junior, 2010). Nevertheless, at the time of our field research in July and August 2010, the KSTL continued to be unhappy with working conditions at Maubere.<sup>107</sup>

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<sup>101</sup> Interview with representatives from trade union and security company, Dili, 29 July and 4 August.

<sup>102</sup> Interviews with representatives from trade union and development organization, Dili, 29 July and 4 August 2010.

<sup>103</sup> Interviews with representatives from trade union and local NGO, Dili, 29 July and 3 August 2010.

<sup>104</sup> Interview with trade union representatives, Dili, 29 July 2010.

<sup>105</sup> Interview with representatives from trade union, local NGO and security company, Dili, 29 July, 3 and 4 August 2010.

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<sup>106</sup> Interviews with Maubere and trade union representatives, Dili, 27 and 29 July 2010.

<sup>107</sup> Interview with trade union representatives, Dili, 29 July 2010.

# 4

## Liberia



## 4.1 Context

Between 1989 and 2003, Liberia was shaken by a devastating civil war in which up to 250,000 people lost their lives (ICG, 2004, p. 1). Gang fights between various political and non-political factions caused a complete breakdown of public order. Toward the end of the conflict, 850,000 people had been internally or externally displaced (IDMC, 2010) and almost 70 percent of the female population raped (Amnesty International, 2004, p. 4). The violence did not cease until a robust intervention by Nigerian troops, which was mandated by the Economic Community of West African States (ECOWAS). In October 2003, the United Nations Mission in Liberia (UNMIL) assumed responsibility for restoring public security and initiating a process toward installing a democratic political system. Ellen Johnson-Sirleaf was elected President in 2005.

Security sector reform (SSR) has been a primary focus of international involvement in Liberia. The United States took the lead in rebuilding the Armed Forces of Liberia (AFL). Implementation was outsourced to two US-based private military companies (PMCs): DynCorp and Pacific Architects and Engineers, and commenced in mid-2005. The AFL now consists of 2,000 trained recruits and is expected to become fully operational by 2014 (Say, 2011).

Reform of the Liberian National Police (LNP) has proceeded under the auspices of UNMIL. By 2011, the mission had vetted and trained more than 4,000 Liberian police officers (SfCG, 2011). At the time of writing, the LNP was still facing many problems. With an average ratio of one police officer for every 850 citizens, it is thinly stretched by any international standard. Compared to the public resources invested in defense reform, the budget of the LNP is disproportionately small (Alloycious, 2008). The International Crisis Group (2009) notes that the police "remain woefully inadequate" (p. 22). They "lack basic infrastructure and equipment, including vehicles" (p. 19). Even more worrying, the police—along with the justice system—"is still widely considered [...] corrupt" (p. ii).

Inadequacies of the public security sector correspond with a wide variety of non-state security providers, which have, however, not been involved in the SSR process. This includes locally organized self-defense

patrols, sometimes referred to as '**vigilante groups**'. Field research in 2009 revealed a number of such groups operating throughout the country. As one report points out, "citizens generally considered [...] informal security providers as a natural, or unavoidable, part of the security landscape" (Kantor and Persson, 2009, p. 28). While some vigilante groups may maintain communication channels to the police (cf. p. 19), research found that most of them "seemed more willing to take the law into their own hands" (ibid., p. 24).

**Private police forces** encountered across mining and plantation sites constitute a second type of non-state security agent. One such example is the Plantation Protection Department (PPD). Around 600 PPD officers work on the Firestone Plantation. Since the LNP is practically unseen on the plantations, the PPD represents a quasi-autonomous security system. Fitted with modern communication technology and sufficient transportation capacities, it appears to be far better equipped than the Liberian police. The 'division of labor' between public and private security providers may well allow the LNP to concentrate its limited resources more effectively elsewhere, but it has also led to some considerable problems. According to a UNMIL report, PPD officers were found to be "committing human rights abuses." Besides excessive use of force, this concerned in particular a series of "illegal detentions and arrests [...] without the knowledge of the LNP" (UNMIL, 2006, p. 59).<sup>108</sup>

Since the PPD does not sell security use-values in return for immediate surplus, it is not a commercial security provider, and it would thus be misleading to refer to it as a private security company. The security industry, instead, denotes a third category of non-state policing. **Security firms** have been operating in Liberia for many decades. Several were founded in the 1980s, when they mainly catered to the business and extraction sector. During the civil war, a consequence of which was a marked decline in commercial activities, many security companies closed down. Since the end of the war, the security industry has been growing again.

<sup>108</sup> According to one informant from a local NGO, these practices are still common. Interview in Monrovia, 1 February 2011.



## 4.2 Markets

### 4.2.1 Providers

Commercial security is a common sight throughout Liberia's capital city of Monrovia. More often than not, private guards working for security companies protect banks, offices, shops, warehouses and affluent residencies. The larger security firms we interviewed reported to operate throughout more or less the entire country, even though they also stated that they provide between 60 and 80 percent of their services in urban environments, mostly in Monrovia.<sup>109</sup>

It is claimed that 87 security companies are currently active in Liberia (compared to 34 companies in 2002).<sup>110</sup> There are no official statistics on the number of guards employed in the sector. According to our calculations, it should be around 7,000 individuals. This number would outstrip the amount of both soldiers (2,000) and police officers (4,000) combined.

One of the most noteworthy features of the security industry in Liberia is that guards (just like the majority of LNP officers) do not carry firearms. Services predominantly consist of static perimeter protection, i.e. guarding. Nevertheless, depending on their size, ownership structure, and the overall quality of services, the makeup of security firms varies considerably.

The **largest security company** in the country is Inter-Con Liberia, which is fully owned by the US-American Inter-Con Security Group. The company was established in August 1990, just after the outbreak of the civil war, to provide security for US assets in the country, especially the embassy. In the course of the 1990s, Inter-Con worked for various UN missions and agencies. At the time of writing, its most important customers include a number of international banks as well as UNMIL.<sup>111</sup>

Inter-Con is legally registered with the Division of Public Safety at the Ministry of Justice and fully insured against losses. It claims to employ about 1,300 active guards, 20 percent of whom are female. With the

exception of the Managing Director and his deputy, who are expatriate US citizens, all employees of the company are Liberians.<sup>112</sup>

The vetting and selection of prospective guards appears to be quite strict and proceeds in three basic steps. First, any new recruit requires a prior recommendation from an active duty guard who will also be held responsible for the subsequent conduct of the person he recommended. Second, Inter-Con has a team of investigators who visit the home and community of the applicants to question relatives and community members. People known as criminals as well as ex-combatants—both these groups allegedly seek employment in the private guarding sector on a frequent basis—will not be hired. Finally, prospective recruits need to pass a rigorous physical fitness test and written exam.<sup>113</sup> According to one Inter-Con guard we interviewed, out of 300 applicants tested in one selection round, only 21 were eventually accepted.<sup>114</sup> New guards receive ten days of training (80 hours).<sup>115</sup>

The general feeling is that the standard of service delivery is relatively high at Inter-Con.<sup>116</sup> According to an assessment of the company by a UNMIL team in June 2010, it was the only security firm in Liberia to meet all of the UN requirements.<sup>117</sup>

Following behind Inter-Con, the **second tier of security firms** consists of 12 to 15 fairly large yet mostly owner-managed businesses, which belong to Liberian nationals. Their workforce varies between 300 and 600 guards, all of whom are Liberian.<sup>118</sup> Just as Inter-Con, they mainly cater to international customers, be they from the development or mining community (see Table 4).<sup>119</sup>

<sup>112</sup> Ibid.

<sup>113</sup> Ibid.

<sup>114</sup> Interview with active Inter-Con guard, Monrovia, 9 February 2011.

<sup>115</sup> Interview with CEO of Inter-Con Liberia, Monrovia, 7 February 2011.

<sup>116</sup> Interviews with UNMIL personnel, representatives from local security companies and government officials, Monrovia, 1, 2 and 7 February 2011.

<sup>117</sup> United Nations Mission in Liberia (UNMIL). Integrated Security Section in Liberia. 2010. *Security Companies Joint Task Force Re-Surveys Report*. Letter dated 24 June.

<sup>118</sup> The percentage of female guards is generally low but appears to somewhat differ from firm to firm. Sometimes, only two percent of all employees are women (as in the Wright Security Company; interview with CEO of Wright Security Company, Monrovia, 7 February 2011). In other cases, it was reported that up to one-quarter of the workforce is female (as in the REGSA; interview with CEO of REGSA, Monrovia, 4 February 2011).

<sup>119</sup> Interviews with CEOs of security companies, Monrovia, 2–4 February 2011.

<sup>109</sup> Interviews with the CEOs of four large security companies, Monrovia, 2, 3, 4 and 7 February 2011.

<sup>110</sup> Interview with the Head of the Public Safety Division, Ministry of Justice, Monrovia, 7 February 2011.

<sup>111</sup> Interview with CEO of Inter-Con Liberia, Monrovia, 7 February 2011.



**Table 4: Largest security companies in Liberia**

	<b>Founded</b>	<b>Guards</b>	<b>Services</b>	<b>Main clients</b>
<b>Inter-Con</b>	1990	1,300	Perimeter security and mobile patrols	UNMIL, US embassy, international banks
<b>Exsecon</b>	1993	620	Perimeter security and mobile patrols	INGOs, banks, UNHCR, UNDP, WHO, development agencies
<b>Protectco</b>	2004	400	Perimeter security, close protection	Extraction industry
<b>REGSA</b>	1991	350	Perimeter security	International residents, INGOs
<b>Aries</b>	1992	300	Perimeter security, close protection	Ministry of Agriculture, INGOs, shipping companies
<b>Wright Security</b>	1987	300	Perimeter security	Residents, some industry

All the companies in this category have proper and continuing insurance<sup>120</sup> and had—at some point—registered with the authorities. Yet it would seem that many have failed to annually renew their license, as is the requirement. The 2010 UNMIL assessment of the seven largest security companies in Monrovia found that of the firms considered, only two possessed a valid operating license at the time, namely Inter-Con and Exsecon.<sup>121</sup>

Guards are recruited from the general populace, with or without a background in the security sector. Many of them claim to be secondary school educated, and some even have college degrees.<sup>122</sup> The minimum requirements of applicants include a good physical condition and reading and writing skills. Background checks are conducted in the home communities of prospective guards.<sup>123</sup> Nevertheless, the 2010 UNMIL assessment of Exsecon found, for example, that the company “has no evidence or documentation in its background/reference checks for any of its security staff members.” Hence, it “cannot assure that all of its security personnel were properly vetted and deemed to be fit for duty as security officer.”<sup>124</sup>

The training of new guards generally takes between two and six weeks, depending on prior experience in the security sector. It includes legal issues, proper

department, reporting, and self-defense. In addition to entry-level training, many of the companies also stated that they offered regular refresher courses, approximately one day every month. Some of the firms even claimed to have dedicated training officers providing on-the-job refresher training to guards on duty.<sup>125</sup> Be this as it may, the main problem appears to be a lack of uniformity in standards and requirements across the various firms. As one UN security expert noted, “ten different companies will have ten different versions of how to train their guards.”<sup>126</sup>

Compared to Inter-Con, second-tier firms appear to display serious shortcomings with regard to their overall quality of service delivery.<sup>127</sup> Some of the local security firms were ready to admit this difference in quality, stating that Inter-Con was a “very good security company” and that “we can learn from them” and should “follow what they do.”<sup>128</sup> Other companies, however, regarded Inter-Con as a foreign intruder, which puts local firms at a market disadvantage. As one security company manager angrily remarked, “Inter-Con feels more superior than us.”<sup>129</sup> An independent expert and observer of the Liberian security market also confirmed that there are severe tensions between Inter-Con and some of the larger, locally owned security companies.<sup>130</sup>

<sup>120</sup> Interview with insurance company executive, Monrovia, 11 February 2011.

<sup>121</sup> UNMIL, op. cit., 2010.

<sup>122</sup> Interviews with individual security guards, Monrovia, 9 February 2011.

<sup>123</sup> Interviews with CEOs of security companies, Monrovia, 2–4 February 2011.

<sup>124</sup> UNMIL, op. cit., 2010.

<sup>125</sup> Ibid.

<sup>126</sup> Interview with UN security expert, Monrovia, 6 February 2011.

<sup>127</sup> Ibid.

<sup>128</sup> Interviews with CEOs of security companies, Monrovia, 3 and 7 February 2011.

<sup>129</sup> Interview with CEO of security company, Monrovia, 4 February 2011.

<sup>130</sup> Interview with local security expert, Monrovia, 4 February 2011.

The **bottom-tier of the Liberian security industry** encompasses around 70 small, Liberian-owned firms. They usually employ less than 100 guards. Local and international security experts in Monrovia concurred that the operating and business standards are very low in these companies. They were neither thought capable of providing adequate insurance for themselves, nor were they registered with the government authorities. The degree of vetting and training, if carried out at all, is probably minimal.<sup>131</sup>

In comparison to the larger security companies, the quality of service delivery is reported to be very low.<sup>132</sup> Some of the firms we observed appeared to be no more than actual 'hole-in-the-wall' offices. Yet, the services offered are a lot cheaper than those of both Inter-Con (the most expensive) and the second tier security companies. Hence, the principal customers mostly consist of small- to medium-sized local businesses, such as shops, restaurants, or hotels, which cannot afford anything more expensive. Large INGOs and the United Nations do not purchase any services from these companies.<sup>133</sup>

#### 4.2.2 Customers

In Liberia, customers of commercial security fall into four overall classes, some of which are closely interrelated.

**Internationals.** International organizations and foreign embassies constitute the single largest group of customers on the commercial security market of Liberia. The two most relevant players here are the US embassy, along with its associates such as USAID, and the UN mission. Both purchase security services from Inter-Con. Owing to its professionalism, Inter-Con has also managed to secure a contract with UNMIL, which is renewed on a yearly basis. A mixture of internal UN security officers, armed 'blue helmet' soldiers and unarmed Inter-Con guards who assist the UN personnel in patrolling the area and regulating points of access handle perimeter protection at the UNMIL compound in the Sinkor District of Monrovia. The responsible security chief at UNMIL seemed to be quite happy with this arrangement; in particular,

he emphasized the increased cost-efficiency in comparison to having to hire more guards who were directly employed with the United Nations.<sup>134</sup>

Financial considerations seemed to be a major concern in the security management of most international organizations we interviewed. The comparatively high rates charged by Inter-Con are clearly an issue here, effectively preventing the company from fully dominating the security market presented by the international community. Other UN agencies, including UNDP and especially smaller ones such as the UN Educational, Scientific and Cultural Organization (UNESCO), prefer to hire the cheaper local security firms from the middle-tier, thereby accepting a generally lower quality of service delivery.<sup>135</sup> The same appears to be true for bilateral development agencies and INGOs.<sup>136</sup> The local GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) office has only recently switched from employing its own guards to purchasing security services from a private company (Exsecon). This is considered to be more cost efficient and make the management of security-related matters easier to handle.<sup>137</sup> As a result of this overall 'corporatization' of private security, now the hiring of independent guards appears to be the exception rather than the norm.<sup>138</sup>

**Private businesses.** As noted earlier, companies in the plantation sector have their own, in-house security arrangements, the PPDs, whereas large corporations extracting iron ore employ security firms. Their main service consists in the provision of unarmed perimeter protection at remote concession sites.<sup>139</sup> In terms of the total revenues it generates, this security market may well be only slightly smaller, if not on par, with the one presented by the international community.<sup>140</sup> It is likely to further increase in the future, paralleling overall industry growth in the minerals extraction sector. In June 2010, BHP Billiton concluded an agreement worth US \$3 billion with the Liberian

<sup>131</sup> Interviews with the President of ALPSS, representatives from the Liberian Law Enforcement Association and local security expert, Monrovia, 3–4 February 2011.

<sup>132</sup> Ibid.

<sup>133</sup> Interviews with UNMIL and INGO representatives, Monrovia, 2 and 3 February 2011.

<sup>134</sup> Interview with Chief Security Advisor at UNMIL, Monrovia, 2 February 2011.

<sup>135</sup> Interview with UN security expert, Monrovia, 6 February 2011.

<sup>136</sup> Interviews with INGO and development agency representatives, Monrovia, 3 February 2011.

<sup>137</sup> Interview with local GIZ representative, Monrovia, 3 February 2011.

<sup>138</sup> Interviews with individual security guards, Monrovia, 9 February 2011.

<sup>139</sup> Interview with CEO of Protectco security company, Monrovia, 3 February 2011.

<sup>140</sup> Interview with UNMIL expert on natural resources, Monrovia, 1 February 2011.

government. Having identified a number of potentially substantial orebodies, the company is expected to considerably expand its activities in Liberia over the coming years (Swanepoel, 2010).

Other important customers of commercial security are small- and medium-sized enterprises, such as banks, construction companies, supermarkets, and restaurants. Much of this sector is run by the Lebanese and—to a lesser extent—Indians and Chinese. All of these foreign businessmen frequently rely on private security companies to protect their business interests.<sup>141</sup> In contrast to both the international community and the extraction industry, our observations in Monrovia indicate that the services hired may often be from what we have characterized above as the bottom-tier of commercial security providers.

**Residents.** In addition to protecting the sites and compounds of international organizations and private businesses, security firms frequently guard individual residencies. The residents are either affluent businessmen and/or part of the international community. Hence, this category of consumers is closely tied to the previous two groups. In most cases, the proprietors rather than the residents themselves hire security firms. The United Nations, for example, does not directly organize and purchase residential security for its staff. Instead, all non-Liberian UN employees are required to find privately protected housing compounds for themselves. They are then reimbursed for any additional costs that this entails. Many development agencies, INGOs and larger foreign corporations have a similar system in place for their expatriate staff.<sup>142</sup> Depending on the individual stipulations put forward by the respective employer (if there are any at all), the security services thus hired may contrast in overall quality and professionalism.

**The government.** A final consumer of commercial security services is the Liberian government. In terms of total contract revenues, it does not appear to be as relevant a customer as the previously discussed groups. All the ministries we visited in Monrovia had their own, in-house security guards at the doors. In fact,

according to one informant from the public sector, the government does not hire any services from security firms at all.<sup>143</sup> Still, while the outsourcing of security services to private companies might not be common practice amongst government bodies, some private sector informants did confirm that such arrangements existed. The most notable contract here is between the Ministry of Agriculture and the security firm Aries, which has reportedly assigned more than 100 guards to protect various Ministry sites across the country.<sup>144</sup>

### 4.2.3 Regulation

**Regulation by the state.** In theory, a government directive requires all security firms to obtain an operating license from the Division of Public Safety, headed by the Assistant Minister of Justice, Administration and Public Safety. This idea is in line with the best practices for public regulation, which have been put forward in the Montreux Document.

Licenses need to be renewed on a yearly basis, whereby security firms are required to pay an annual fee of US \$450. The companies also need to send monthly incident reports to the Division.<sup>145</sup>

In practice, things are not nearly as simple. The problems begin with the application process itself, since the requirements for acquiring a license are extremely vague. An official one-page document holds that security firms must provide the Division with the following information:

1. CV Manager & Administration staff
2. Article of Corporation (sic!)
3. Police clearance Manager & Administrative staff
4. Medical drug test clearance Manager & Administrative staff
5. Two letters of references (sic!) Manager & Administrative staff
6. Bank statement not less than twenty-five thousand Liberian Dollars \$ (25,000) LD
7. Standard operating procedure (SOP) for Private Security
8. Two passport size photos for Manager
9. Training syllabus

<sup>141</sup> Interview with representatives from the Lebanese business community and CEO of security company, Monrovia, 4 and 10 February 2011.

<sup>142</sup> Interviews with Chief Security Advisor at UNMIL and representatives from development agencies, Monrovia, 2 and 3 February 2011.

<sup>143</sup> Interview with the Deputy Minister for Administration at the Ministry for National Security, Monrovia, 1 February 2011.

<sup>144</sup> Interview with CEO of Aries, Monrovia, 2 February 2011.

<sup>145</sup> Interview with the Head of the Public Safety Division, Ministry of Justice, Monrovia, 7 February 2011.

10. Staff members' qualification
11. Code of ethics
- 12) Letter of application.<sup>146</sup>

Many of these requirements are not properly explained. What topics ought to be contained in the "training syllabus"? How should the training be organized? What are the minimum qualifications of staff? Do "standard operating procedures" and the "code of ethics" include references to national laws, international humanitarian law, and human rights law, as advised by the Montreux Document? Also, the question of how to vet applicants, especially important in post-conflict societies, certainly warrants closer scrutiny. Other requirements suggested by international best practice guidelines are not mentioned at all in the list, such as the company's ability to maintain accurate and up-to-date records, its anti-corruption measures, or its welfare policies.

To further complicate matters, the Head of the Public Safety Division claimed that security companies needed to be owned and managed by Liberian nationals.<sup>147</sup> Even though there does not seem to be any written directive to this end, in 2007 Inter-Con was refused a license on precisely these grounds. The company eventually regained its permit the following year, when it could show that at least one of its medium-level managers was a Liberian citizen.<sup>148</sup> This story goes a long way in illustrating the current confusion surrounding the licensing process.

The Division of Public Safety itself acknowledges that the written requirements are currently only in "draft" form and remain a "work in progress". Indeed, according to the Head of Division, at the time of the interview there was "no official guideline" for the licensing of security firms. The government has recently issued a 12-month moratorium on the registration of any new companies. During this period, it is planned to concretize existing requirements and reassess all those security firms, which have already obtained a license.<sup>149</sup>

Yet, any attempt to improve existing directives will fail as long as the Division for Public Safety lacks the adequate capacities to actually implement them. Already a large number of security firms can openly operate although they do not possess a valid official license.<sup>150</sup> The Division neither has enough vehicles to conduct on-site investigations nor the necessary technical equipment to maintain a database of security companies. Moreover, it is badly understaffed, with only 17 people—including drivers and secretaries—to handle the vast range of coordination and oversight duties assigned to it. In fact, besides regulating security companies, the Division is also responsible for vehicle and driving safety, the safety of buildings and infrastructure, safe workplaces, and environmental security (natural disasters, disposal of toxic waste), to mention just a few.<sup>151</sup>

Finally, many informants, including from within the Division itself, stated that staff often lacked proper training. In particular, the impression was that the Division did not have enough employees with a background in law enforcement and security matters.<sup>152</sup>

**Industry self-regulation.** Private guards in Liberia are not represented by any form of union. There is, however, an industry association. In 2009, 40 security companies organized themselves in the Association of Liberia Private Security Service (ALPSS), set up and managed by the owner of Protectco. ALPSS has its own office space and is recognized by the Ministry of Justice as a duly registered industry association. Its members include Inter-Con, all of the larger Liberian companies as well as some of the third-tier firms.<sup>153</sup>

ALPSS would welcome more effective government regulation of the security industry and—as a regular participant in ongoing discussions on this issue within the Ministry of Justice—claims to have made a number of suggestions to the Division of Public Safety.<sup>154</sup>

<sup>146</sup> Official document obtained from the Liberia Ministry of Justice on 7 February 2010.

<sup>147</sup> Ibid.

<sup>148</sup> Interviews with Head of the Public Safety Division, Ministry of Justice, and CEO of Inter-Con Liberia, Monrovia, 7 February 2011.

<sup>149</sup> Interview with the Head of the Public Safety Division, Ministry of Justice, Monrovia, 7 February 2011.

<sup>150</sup> Interview with representative from the Liberian Law Enforcement Association and security company CEOs, Monrovia, 4 and 7 February 2011.

<sup>151</sup> Interview with the Head of the Public Safety Division, Ministry of Justice, Monrovia, 7 February 2011.

<sup>152</sup> Interviews with the Head of the Public Safety Division, Ministry of Justice, the President of ALPSS and a representative from the Liberian Law Enforcement Association, Monrovia, 3, 4 and 7 February 2011.

<sup>153</sup> Interview with the President of ALPSS, Monrovia, 3 February 2011.

<sup>154</sup> Ibid.

This involvement can be attributed to at least two separate factors:

- The more professional security companies consider current inadequacies of public regulation to support a situation wherein the firms from the bottom tier can undercut other companies when competing for contracts. Government control, from this perspective, would be a means of removing the 'black sheep' from the market.
- By way of contrast, the less professional firms expect improved state regulation to create a more level playing field to compete against Inter-Con. In particular, they hope that the government will—in conjunction with international donors—step up support for raising the standards of service delivery.<sup>155</sup> Reportedly, ALPSS has already received some funds from UNDP, distributed by the Ministry of Justice, to run capacity-building workshops for its members. In the long run, it is planning to establish a permanent training center.<sup>156</sup>

Nevertheless, ALPSS realizes that it is "still in its infancy."<sup>157</sup> As an independent expert on the Liberian security sector pointed out, the association has produced "nothing tangible or constructive" to date.<sup>158</sup> One manager of a member-company of ALPSS even raised the suspicion that some other members might not be interested in improving regulation and service quality but rather in using the association as a means of getting their hands on more money.<sup>159</sup> A comparison of ALPSS to international best practices in industry self-regulation also reveals some shortcomings, chief of which is the absence of a binding Code of Conduct for its members.

**Customer regulation.** One type of customer regulation comes in the form of liability clauses. Security companies in Liberia are often expected to reimburse their customers for any losses incurred by negligence on behalf of their guards.<sup>160</sup> According to one UNMIL expert on the Liberian security sector,

this could even mean that "private security guards are more accountable than police officers."<sup>161</sup> Yet, depending on the contract in question, the degree to which this is actually the case may vary considerably.

The extent to which customers take factors other than cost-efficiency into account also varies greatly. The UNMIL mission seems to be fairly sophisticated in this regard. It evaluates all potential applicants for UN security contracts on an annual basis.<sup>162</sup> Together with UNDP, it has established a "Security Companies Joint Task Force", which conducted its last survey in June 2010. Its members physically visited individual firms, inspected registration and insurance documents, training curricula, SOPs, personnel records, working conditions and vetting systems.<sup>163</sup>

UNMIL also indirectly regulates exchanges between security companies and landlords housing UN staff. The security arrangements of every employee need to be approved by the Office of the Chief Security Advisor.<sup>164</sup> Approval largely depends on the type of security firm hired by the respective proprietor. UNMIL has compiled a list of seven companies, which meet the requirements for residential protection.<sup>165</sup> Besides Inter-Con, this also includes second-tier Liberian firms, suggesting that the standards here are lower than those expected of security companies guarding the UNMIL main compound.

UNMIL's efforts seem to be an exception, even within the UN system itself. Although UNDP participated in the 2010 survey undertaken by the Joint Task Force—which identified Inter-Con as the only security company in Liberia meeting UN requirements—it considered Inter-Con's services to be too expensive and, instead, contracted Execon to protect its offices.<sup>166</sup> The same appears to be true for many development agencies in the country. In some cases, office managers needed to look up the name of the security company protecting their compound. Most companies were not vetted and systematic performance assessments were not carried out. The

<sup>155</sup> Interviews with security company CEOs, Monrovia, 2, 4 and 7 February 2011.

<sup>156</sup> Interview with the President of ALPSS, Monrovia, 3 February 2011.

<sup>157</sup> Ibid.

<sup>158</sup> Interview with local security expert, Monrovia, 4 February 2011.

<sup>159</sup> Interview with security company CEO, Monrovia, 7 February 2011.

<sup>160</sup> Interviews with security company CEOs, Monrovia, 2–4 February 2011.

<sup>161</sup> Interview with security expert at UNMIL, 2 February 2011.

<sup>162</sup> Interview with Chief Security Advisor at UNMIL, Monrovia, 2 February 2011.

<sup>163</sup> UNMIL, op. cit., 2010.

<sup>164</sup> Interview with Chief Security Advisor at UNMIL, Monrovia, 2 February 2011.

<sup>165</sup> Document obtained from UNMIL on 2 February 2011, entitled "Residential Security Report."

<sup>166</sup> Interview with UN security expert, Monrovia, 6 February 2011.



selection of security firms was only rarely informed by a concise and comprehensive list of criteria, as recommended by the Sarajevo Guidelines.<sup>167</sup>

**Non-state external regulation.** Security companies from the first and second tier purchase insurance coverage against losses arising from liability clauses in their contracts. In this regard, insurance companies become an important regulatory auspice. One manager from an insurance firm stated that they had a team of investigators who visited every security company that applied to them.<sup>168</sup> This included checks on capitalization and quality of services. We could not verify the actual extent and detail of this vetting process. Yet, in some regards, it might well be far more effective than the state-administered licensing system. For although many of the larger Liberian companies possess no valid license, virtually all of them seem to be insured.

Compared to the insurance industry, the leverage of civil society organizations on the Liberian security industry is limited. The vast majority of NGOs concerned in one way or another with security-related issues has focused on reform efforts within the police force and the military, not so much on non-state security providers (cf. Ebo, 2008, p. 164).

## 4.3 Impacts

### 4.3.1 Commercial security and the state

Some security companies are owned by government officials. Exsecon—the largest Liberian-managed firm—belongs to the Minister of Defense.<sup>169</sup> Many of the smaller security companies are reportedly owned by senior police officers.<sup>170</sup> Whereas such ownership-patterns do suggest close ties between private and public security providers, they nevertheless remain strictly private, i.e., the revenues generated go into the private pockets of their owners; they do not support public budgets.

<sup>167</sup> Interviews with development agency representatives, Monrovia, 3 February 2011.

<sup>168</sup> Interview with manager from an insurance company, Monrovia, 10 February 2011.

<sup>169</sup> Interviews with local security expert, SSR expert at UNMIL and representative from the Ministry of National Security, Monrovia, 1 and 2 February 2011.

<sup>170</sup> Interviews with representative from the Liberian Law Enforcement Association and the Ministry for National Security, Monrovia, 1 and 4 February 2011.

The formal relation between the security industry and the Liberian state seems, at first sight, to be rather good. Virtually all senior LNP officers and government officials we interviewed agreed that public security providers lacked the capacity to effectively protect all Liberian citizens from crime.<sup>171</sup> The private security industry was thought to assume a compensatory function, which “supports” and “buttresses the efforts of the police” by significantly reducing the burden on the back of the LNP.<sup>172</sup> In the words of a Deputy Minister at the Ministry of National Security, “private security is an asset to public security. It is an extension of national security.”<sup>173</sup>

Security companies can and do assist the police in at least three ways. First, police officers claimed that security guards regularly reported crimes to them.<sup>174</sup> Sometimes, guards had already apprehended suspects who were then immediately handed over to the authorities.<sup>175</sup> Problems as they have been reported from the private police force PPD, which allegedly keeps illegal detention facilities, do not seem to exist in the private security industry. At Inter-Con it even appears to be common practice that if a mobile patrol is dispatched to investigate suspicious activities, it will pick up a police officer on the way to make possible arrests.<sup>176</sup>

Besides directly helping the police in responding to incidents, security companies also provide the authorities with valuable intelligence concerning more general crime trends in the country.<sup>177</sup> For example, both Inter-Con and many of the registered second-tier firms send monthly incident reports to the Ministry of Justice.<sup>178</sup>

<sup>171</sup> Interviews with representative from the Ministry for National Security, Head of the Public Safety Division at the Ministry of Justice, senior LNP officer and LNP Deputy Minister for Administration, Monrovia, 1, 7, 8 and 9 February 2011.

<sup>172</sup> Interviews with representative from the Ministry for National Security and senior LNP officers, Monrovia, 1 and 8 February 2011.

<sup>173</sup> Interview with representative from the Ministry for National Security, Monrovia, 1 February 2011.

<sup>174</sup> Interview with senior LNP officer, Monrovia, 8 February 2011.

<sup>175</sup> Interview with LNP Deputy Minister for Administration, Monrovia, 9 February 2011.

<sup>176</sup> Interview with Inter-Con CEO, Monrovia, 7 February 2011.

<sup>177</sup> Interview with senior LNP officer, Monrovia, 8 February 2011.

<sup>178</sup> Interview with Head of the Public Safety Division, Ministry of Justice, Monrovia, 7 February 2011.

Finally, the LNP may reap benefits from the fact that most security companies train their guards themselves. According to one informant representing the private security sector, a vast pool of trained guards could constitute a valuable personnel resource for public security agencies.<sup>179</sup> There is at least some claimed evidence of personnel transfers from security firms to the regular police force.<sup>180</sup>

Informants from the security industry and the national police described their relation as “good”.<sup>181</sup> Yet, our findings also suggest that this story of an all together harmonious and supportive relationship between the public and the private security sector needs to be treated with some caution. There certainly is a great potential for the police of benefiting from private security markets. The extent to which it actually does so in practice remains somewhat doubtful, however.

A first major problem concerns the lack of a regulatory structure to shape and guide on-the-ground cooperation between police officers and private security guards. In those instances in which both actors work together, arrangements become established on an *ad-hoc* basis.<sup>182</sup> What is more, not all security companies actually cooperate with the police; some do and others do not. “It is a mixed picture”, the LNP Deputy Minister for Administration pointed out.<sup>183</sup> One CEO of a large Liberian-owned security company bluntly stated that it made “no sense” to work together with the police, since the LNP was “not reliable” and “useless”.<sup>184</sup> From a wider perspective, instances of collaboration would appear as somewhat limited and uneven. For example, not all suspects and intruders apprehended by private security guards are handed over to the police. Most security companies confirmed that their respective customer made the decision on whether or not to involve the public authorities on a particular incident.<sup>185</sup>

ALPSS has recently developed a draft Memorandum of Understanding between the security industry and the police, which is intended to improve public-private relations in the security sector. While it is generally vague and lacks concrete references, this document may present an important first step to incite a discussion on how to embed such relations within a formal structure. At the time of research (February 2011), the Memorandum had been sent to the LNP, yet it had not been signed. According to the President of ALPSS, relations with the police thus remain “a little confusing”.<sup>186</sup> Indeed, according to some security company representatives, the LNP is currently not showing much interest in working more closely with them.<sup>187</sup>

At times, insufficient communication between security firms and the LNP even erupts into conflicts. A story, which the CEO of Exsecon related to us, illustrates the problem. Exsecon had been tasked with providing access control to a football match. Security guards charged people money upon entering the stadium whereas police officers, who were also present, reportedly allowed people to enter the stadium for free.<sup>188</sup> This caused a great deal of confusion, demonstrating the profound shortcomings in coordinating the activities of divergent actors and interests within a particular context or surrounding. In the words of the Head of the Public Safety Division, the frequency of such misunderstandings has resulted in a situation where private security guards and police officers generally “do not get along very well.”<sup>189</sup>

Blurred lines of authority between public and private security providers further exacerbate confusions and misunderstandings.<sup>190</sup> Although one senior police officer claimed that private guards were not allowed to wear uniforms, which resemble those of police officers, we did not find any written guideline or law to that effect.<sup>191</sup> Indeed, judging from the style and color of their uniforms, some of the Inter-Con guards

<sup>179</sup> Interview with the President of ALPSS, Monrovia, 3 February 2011.

<sup>180</sup> Interview with the Deputy Commissioner of Police for Training and Development, Monrovia, 9 February 2011.

<sup>181</sup> Interviews with security company CEOs and Deputy Commissioner of Police for Training and Development, Monrovia, 7 and 9 February 2011.

<sup>182</sup> Interview with Deputy Minister for Administration at the Ministry for National Security, Monrovia, 1 February 2011.

<sup>183</sup> Interview with LNP Deputy Director for Administration, Monrovia, 9 February 2011.

<sup>184</sup> Interview with security company CEO, Monrovia, 4 February 2011.

<sup>185</sup> Interviews with security company CEOs, Monrovia, 2 and 3 February 2011.

<sup>186</sup> Interview with the President of ALPSS, Monrovia, 3 February 2011.

<sup>187</sup> Interviews with security company CEOs, Monrovia, 3 February 2011.

<sup>188</sup> Interview with CEO of Exsecon, Monrovia, 3 February 2011.

<sup>189</sup> Interview with Head of the Public Safety Division, Ministry of Justice, Monrovia, 7 February 2011.

<sup>190</sup> Interview with the President of ALPSS, Monrovia, 3 February 2011.

<sup>191</sup> Interview with LNP Deputy Director for Administration, Monrovia, 9 February 2011.

may be easily mistaken for police officers. Even more, several security company representatives we interviewed complained that they missed clear governmental guidelines on the precise rights of a private security guard when apprehending and detaining suspects.<sup>192</sup> Guards, for instance, often do not know how long they may detain a person, and whether and when they are required to hand this person over to the police.<sup>193</sup>

Not only do public bodies often fail to coordinate their activities with private security companies and draw a clear line of division as regards the respective authorities of security guards and police officers. They are also unable to gain from some of the immediate advantages presented by the security industry. In particular, this concerns the question of intelligence. As pointed out earlier, the Public Safety Division Justice is understaffed and lacks basic technical equipment. As a result, it cannot adequately evaluate and analyze the monthly reports it receives from security firms, thus forfeiting a potentially important source of security-related information.<sup>194</sup>

### 4.3.2 Commercial security and public safety

In political terms, the security situation has remained relatively stable. The risk of a sudden relapse into civil war, with open fighting between political factions, is low. Yet, critically, the government still lacks the capacities to establish and maintain a reasonable level of public safety throughout the country. Although there are no reliable crime statistics, people generally feel that instances of armed robbery, assault and theft are frequent and on the rise.<sup>195</sup> This dynamic is only partly mitigated by the presence of UNMIL blue helmets. All the customers we interviewed considered private guards to be of vital necessity in order to protect residences and offices from burglars and armed robbery.<sup>196</sup> The larger security companies claimed to frequently experience security-related incidents, sometimes even on a daily basis.<sup>197</sup>

According to the CEO of Inter-Con, hardly a month went by without one of his company's guards being physically attacked.<sup>198</sup>

Whereas the commercial security industry is generally perceived as badly needed, the extent to which its services may either positively or negatively affect the security of people who do not belong to the limited circle of paying customers, remains unclear. We were unable to determine whether commercial guarding contributed to shifting criminal activities from one place to another. But we did find some indications that a so-called 'halo' effect may be occurring. Both the security company CEOs and the individual guards, senior police officers and government officials we interviewed confirmed that guards will inform the police, either by cell phone or through the company's internal radio system, when they observe a crime being committed in the neighborhood, that is, not only on properties they are guarding.<sup>199</sup> They also report fires, accidents and other types of emergencies. As one company manager told us, this was also part of their training.<sup>200</sup> During the war, it was reported that many refugees came to the area around the US embassy in order to benefit from the wider halo-effect of the security shield around the US premises, which was provided by Inter-Con.<sup>201</sup>

Although some neighborhoods may well be benefiting from the presence of private guards, contacts between local communities and security companies appear to be limited. Most security companies, and especially Inter-Con, claim to be highly respected by the residents of the communities they operate in.<sup>202</sup> Many locals, though, refer to the guards—somewhat pejoratively—as the “mosquito police”, since they are considered to be standing around outside all day, waiting to be bitten by mosquitoes, and doing nothing of much consequence.<sup>203</sup> We did not find any evidence of frequent exchanges between guards and local community members. As one security company manager explained, this was hardly surprising, for

<sup>192</sup> Interview with security company CEO, Monrovia, 3 February 2011.

<sup>193</sup> Interview with SSR expert at UNMIL, Monrovia, 2 February 2011.

<sup>194</sup> Interviews with representative from the Liberian Law Enforcement Association and the Head of Public Safety Division, Monrovia, 4 and 7 February 2011.

<sup>195</sup> This was confirmed in various interviews both with security experts, senior police officers and local community representatives in Monrovia between 1 and 10 February 2011.

<sup>196</sup> Interviews with UNMIL and INGO representatives, Monrovia, 2 and 3 February 2011.

<sup>197</sup> Interviews with security company CEOs, Monrovia, 2 and 3 February 2011.

<sup>198</sup> Interview with CEO of Inter-Con, Monrovia, 7 February 2011.

<sup>199</sup> Interviews with security company CEOs, individual guards, senior LNP officer and representative from the Ministry for National Security, Monrovia, 1–3 and 7–9 February 2011.

<sup>200</sup> Interview with security company CEO, Monrovia, 2 February 2011.

<sup>201</sup> Interview with former Inter-Con guard, Monrovia, 9 February 2011.

<sup>202</sup> Interviews with security company CEOs and guards, Monrovia, 3, 7 and 9 February 2011.

<sup>203</sup> Interview with representative from the Liberian Law Enforcement Association, Monrovia, 4 February 2011.

most guards were posted behind walls and fences.<sup>204</sup> In these cases, the possibility of contact with the 'outside' would be severely circumscribed, thus also curtailing the reach of any possible 'halo' effect.

A number of additional factors may also hamper improvements in overall public safety. Especially the third-tier, but reportedly also many second-tier security firms employ guards who—according to one UN security expert—lack "absolute basic capacities". They can be easily bribed, have hardly any self-discipline and only little knowledge of operative procedures. The informant concluded that the guarding industry in Liberia was "just a show of force". In a crisis, he expected that most guards would "vanish into thin air".<sup>205</sup>

These shortcomings may even contribute to a situation in which private guards appear as threats to security themselves. While there are no known reports of systematic human rights violations committed by guards employed in the commercial security industry<sup>206</sup>, many of the security company CEOs claimed that they would be extremely hesitant about equipping their staff with firearms. A large number of his guards, one manager explained, were "not responsible", since they still had "war syndrome ideas."<sup>207</sup> In fact, there have been quite a few cases in which private guards ended up robbing the very installations or premises that they were assigned to protect.<sup>208</sup> Two of the security companies we interviewed confirmed recent incidents in which their employees had stolen from their customers. In both cases, the responsible guards were immediately dismissed upon discovery of the theft.<sup>209</sup>

In conclusion, one must cast some doubt on the ability of the private security industry to actually compensate for weak public capacities.

### 4.3.3 Commercial security and socio-economic development

The impact of commercial security on socio-economic development can be described with reference to a macro- and a micro-dimension. The first concerns the possible contribution of the private security industry to overall economic growth. The second dimension takes the effects of commercial security on levels of individual welfare and personal development into account.

**Economic development.** Starting with the macro-dimension, it needs to be noted that at least the larger security companies from the first and second tier are formal business enterprises, which need to pay taxes to the Liberian state.<sup>210</sup> Following the end of the war in 2003, the security industry has considerably expanded in size.<sup>211</sup> According to one source, the total revenue generated by the sector has roughly doubled in the years between 2004 and 2011, which—if correct—would make it one of the fastest growing business segments in the Liberian economy.<sup>212</sup>

There is virtually no data on the total turnover or income of individual security companies. When assessing the contribution of the private security industry to the Liberian economy, however, one needs to take into consideration that a large part of the sector helps to secure numerous commercial activities. Particularly extraction sites for iron ore, but also banks and small- and medium-sized enterprises (SMEs) rely on security companies for protection against crime. The manager of a large insurance firm pointed out to us that many businesses would not get insurance against theft and burglary if they do not purchase protection from a security firm.<sup>213</sup>

**Social development.** Moving from the macro- to the micro-level, the security industry also affects the welfare and personal development of individual Liberians. An important issue here is its role in the reintegration of former combatants following the end of the civil war. Between 2003 and 2004, more than 100,000 ex-combatants needed to be demobilized and reintegrated back into Liberian

<sup>204</sup> Interview with security company CEO, Monrovia, 4 February 2011.

<sup>205</sup> Interview with UN security expert, Monrovia, 6 February 2011.

<sup>206</sup> Interviews with SSR expert at UNMIL, UN security expert and representative from the Liberian Law Enforcement Association, Monrovia, 2, 4 and 6 February 2011.

<sup>207</sup> Interviews with security company CEOs, Monrovia, 2 and 3 February 2011.

<sup>208</sup> Interview with LNP Deputy Director for Administration, Monrovia, 9 February 2011.

<sup>209</sup> Interviews with security company CEO and individual guards, Monrovia, 7 and 9 February 2011.

<sup>210</sup> Interview with Deputy Minister for Administration at the Ministry for National Security, Monrovia, 1 February 2011.

<sup>211</sup> Interview with security expert at UNMIL, Monrovia, 2 February 2011.

<sup>212</sup> Interview with the President of ALPSS, Monrovia, 3 February 2011.

<sup>213</sup> Interview with insurance company CEO, Monrovia, 10 February 2011.

society (cf. IMF, 2008, p. 56). This quantity clearly outstripped the absorption capacity of the private security industry in the country. Inter-Con—the largest employer in the commercial security sector—made a point of not hiring ex-combatants, since they were considered untrustworthy and generally difficult to handle.<sup>214</sup> UNDP's Liberia *DDRR Trust Fund Report* of August 2004, which gives a detailed account of the reintegration process, does not mention the guarding sector as a potential employment opportunity for former fighters. In fact, guarding was clearly not a focus of the various vocational training courses, which 62,000 ex-combatants had received up to that point.

Yet it appears that many Liberian-owned security firms currently do employ former combatants. While the CEOs confirmed this, they were not prepared (or able) to give us precise figures. According to one commercial customer, the portion of ex-combatants amongst the guards of some of the larger security companies may be as high as forty percent.<sup>215</sup> This observation is also supported by the Deputy Minister for Administration at the Ministry for National Security who claimed that “private security” had, indeed, “helped in reintegration and rehabilitation”, since it “provided jobs to ex-combatants.”<sup>216</sup> Based on these statements, a rough estimate would put the number of former combatants working in the private security industry at around 2,500—or two and a half percent of the total number of ex-combatants (100,000). Hence, it might be fair to argue that while the commercial security sector of Liberia has not played such a major role in the reintegration process as in other post-conflict societies in Africa, it has—at least—made a minor contribution.

Concerning its contribution to the possible career and skill development of guards more generally, our findings lend themselves to a similarly mixed account. In the second and third tier of the security industry, opportunities for personal development seem to be generally low. The skills acquired as security guards, a government official noted, are not transferable to other employment sectors.<sup>217</sup> Moreover, few of the security company CEOs we interviewed referred to

any system of planned progression for their staff.<sup>218</sup> Some pointed out that if a guard wanted to receive further education, the company would try to organize his working schedule and assignments accordingly<sup>219</sup> but this was not confirmed by any of the individual guards we talked to.<sup>220</sup>

Inter-Con appears to be somewhat of an exception in this regard. The company claims to have a systematic approach toward promoting individual staff members. If a guard shows initiative and performs well, his or her responsibilities will gradually be increased.<sup>221</sup> Inter-Con guards also stated that the experience they had gained in the company could help them to find a better job.<sup>222</sup> According to the management, many former guards go on to become police officers, soldiers, or drivers with the United Nations or major INGOs.<sup>223</sup>

Be this as it may, from a perspective of social development by far the greatest problems for private security guards are working conditions and labor relations. The respective wages of guards vary greatly between firms. At the bottom tier, they amount to reportedly 50 US dollars a month or less, increasing to around 70 US dollars in the second tier.<sup>224</sup> Payments are frequently irregular.<sup>225</sup> By comparison, the average monthly income of a police officer is about 90 US dollars.<sup>226</sup> Hence, the majority of private guards receive considerably less than their counterparts in the public security sector.<sup>227</sup>

At Inter-Con, payments are somewhat higher and always on time, amounting to about 150 US dollars a month.<sup>228</sup> Nevertheless, individual Inter-Con guards, both active and retired, still complained to us that this was not enough to sustain a family.<sup>229</sup> A simple

<sup>214</sup> Interview with CEO of Inter-Con, Monrovia, 7 February 2011.

<sup>215</sup> Interview with commercial industry representative, Monrovia, 8 February 2011.

<sup>216</sup> Interview with Deputy Minister for Administration at the Ministry for National Security, Monrovia, 1 February 2011.

<sup>217</sup> Ibid.

<sup>218</sup> Interviews with security company CEOs, Monrovia, 2-4 February 2011.

<sup>219</sup> Interview with CEO of REGSA, Monrovia, 4 February 2011.

<sup>220</sup> Interviews with individual guards, Monrovia, 9 February 2011.

<sup>221</sup> Interview with CEO of Inter-Con, Monrovia, 7 February 2011.

<sup>222</sup> Interview with active Inter-Con guard, Monrovia, 9 February 2011.

<sup>223</sup> Interview with CEO of Inter-Con, Monrovia, 7 February 2011.

<sup>224</sup> Interviews with representative from the Liberian Law Enforcement Association and UN security expert, Monrovia, 4 and 6 February 2011.

<sup>225</sup> Interviews with individual guards, Monrovia, 9 February 2011.

<sup>226</sup> Interview with SSR expert at UNML, Monrovia, 2 February 2011.

<sup>227</sup> Interview with senior LNP officer, Monrovia, 8 February 2011.

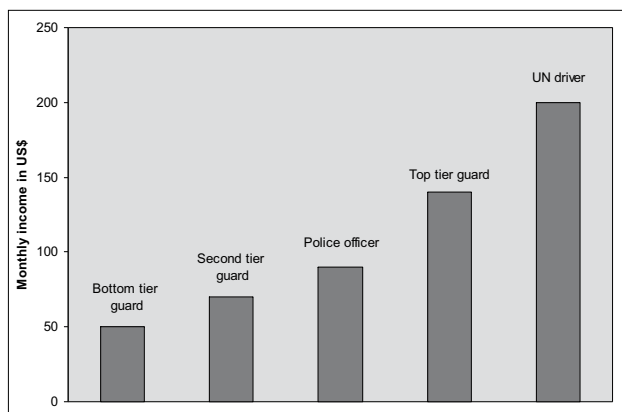
<sup>228</sup> Interview with CEO of Inter-Con and active Inter-Con guard, Monrovia, 7 and 9 February 2011.

<sup>229</sup> Interviews with individual guards, Monrovia, 9 February 2011.



driver at UNDP, by way of contrast, earns about 200 US dollars a month (see Figure 1).<sup>230</sup>

**Figure 1: Comparison of monthly income**



Besides low wages, guards also frequently complain of long working hours. Security companies in Liberia operate on either a three- or a two-watch system. A 24-hour post is manned by an individual for a period of eight or even twelve hours. Guards usually work six days a week. At Inter-Con, they are only allowed one thirty-minute break during an eight-hour shift. Whilst on duty, they may neither sit down, eat, nor drink anything but water.<sup>231</sup> Allegedly, it is even a problem to visit the restroom.<sup>232</sup> Whilst we cannot determine here whether such measures may be reasonable or not, many guards do seem to feel unhappy with these rules. Within Liberian-owned companies, regulations appear to be comparatively less strict.<sup>233</sup>

A further complaint concerns the lack of certain social benefits to laborers. Security companies provide neither medical care to their staff, nor do they insure their guards against injuries sustained while on the job. Although guards are frequently attacked, they need to cover all the costs incurring from possible injuries themselves. There also seems to be no such thing as paid sick leave. A similar issue is transportation. Residence in Monrovia itself is limited and as a result, many guards need to travel long distances to get to work. None of the security companies offer any benefit to their guards for these costs of transportation. Worse, one informant claimed that no support is offered when a guard is assigned to a remote post

well outside his place of residence. Thus guards assigned to, for example, remote UN storehouses must fund their travel themselves.<sup>234</sup>

Labor laws are extremely lax and virtually nonexistent. We were unable to uncover any systematic interest of the Ministry of Labor in the operation of the commercial security sector. The main thrust of social policy in Liberia lies in combating the high unemployment rate by creating and securing jobs. Labor relations are hardly a primary concern. As a result, and compounded by the absence of any form of trade union or collective bargaining on behalf of the guards, the security companies are left a free hand to determine their labor policies. The tendency of many customers to go for the lowest bidder further exacerbates the problem, since the providers seek to reduce costs at the expense of both professionalism and working conditions, thereby causing a great deal of discontent amongst their staff.

So far, the bad labor relations in the commercial security industry have come to the fore on two occasions. In April 2004, about 60 Inter-Con guards staged a demonstration at the compound of the US embassy, effectively blocking the entrances and demanding an improvement to their working conditions. After about 24 hours, LNP and UNMIL officers forcibly ended the demonstration (Gray, 2004). Inter-Con immediately dismissed all participating guards and pressed charges against them for alleged theft. The court eventually ruled against Inter-Con. Regardless, the former guards are still demanding compensation for their dismissal and at the time of research (February 2011), the case was with the Supreme Court.<sup>235</sup> Another strike at Inter-Con occurred in 2009, this time involving about 250 guards. Again, all participants were dismissed.<sup>236</sup> Reportedly, the management of the company is actively trying to prevent the establishment of a trade union. According to one employee at Inter-Con, the conflict will, in all likelihood, escalate further in the mid-term.<sup>237</sup>

<sup>230</sup> Interview with UN security expert, Monrovia, 6 February 2011.

<sup>231</sup> Interview with active Inter-Con guard, Monrovia, 9 February 2011.

<sup>232</sup> Interview with retired Inter-Con guard, Monrovia, 9 February 2011.

<sup>233</sup> Interviews with individual guards, Monrovia, 9 February 2011.

<sup>234</sup> Ibid.

<sup>235</sup> Interview with retired Inter-Con guard, Monrovia, 9 February 2011.

<sup>236</sup> Interview with active Inter-Con guard, Monrovia, 9 February 2011.

<sup>237</sup> Ibid.

# 5

## Peru



## 5.1 Context

The emergence of the Peruvian security industry dates back to the civil war of the 1980s and 1990s. Similar to the history of security markets in many other Latin American countries, it is thus a relatively young economic sector, with only a few security firms more than 20 years old (cf. Frigo, 2003). The security industry gained a foothold in Peru when the state started to neglect the policing of everyday street crime and public security forces began to retreat from urban areas, instead concentrating their resources on fighting insurgent groups in the remote countryside. Particularly in the capital city of Lima, many people felt all the more vulnerable as they became exposed to frequent attacks by the *Sendero Luminoso* (a Maoist guerilla terrorist organization in Peru). Alternative providers of protective services gradually filled this urban security vacuum.<sup>238</sup>

In the cities, and especially in Lima, municipalities established their own policing capacities, the *serenazgos*. Quite distinct from the Peruvian National Police (PNP), their uniformed guards, the *serenos*, patrol the streets of many Peruvian cities. Financed through special taxes paid by residents to municipal administrations, they distribute security in a non-commercial manner.<sup>239</sup> In poorer areas, non-state self-defense groups established themselves on the communal level, so-called *rondas urbanas* or *juntas vecinales*. Members are commonly unarmed, patrol city streets in small groups and call for help by whistle or cell phone if they come across criminal or suspicious behavior (cf. Costa and Romero, 2010, p. 104).

Private companies appeared as a further type of security provider. Unlike the *serenazgos* and the *juntas vecinales*, they offer security on a commercial basis, restricting their services to those who can afford them. By the early 1990s, more than 1,000 security firms were reportedly scattered across the country, most of them located in towns and the capital city.<sup>240</sup>

Today, the PNP has largely resumed day-to-day policing functions in the cities. It consists of just over 100,000 officers, one-third of whom are located

<sup>238</sup> Interviews with the General Manager of the SNS, Lima, 2 June 2011; senior officer at the *serenazgo*, Miraflores/ Lima, 25 May 2011; CACSI representatives, Lima, 25 May 2011; local security expert, Lima, 1 June 2011.

<sup>239</sup> Interview with a senior officer at the *serenazgo* Miraflores/ Lima, 25 May 2011.

<sup>240</sup> Interview with the General Manager of the SNS, Lima, 2 June 2011.

in Lima alone (Costa and Romero, 2010, p. 86). On average, there is one police officer per 290 citizens, which puts Peru on par with recommended UN standards. Whereas the total size of the security industry has somewhat contracted in comparison to 1990, it nevertheless remains a significant player in the overall security architecture of urban landscapes in Peru. Indeed, although public confidence in the PNP slightly improved between 2006 and 2010, in absolute terms it remains rather low, with about 60 percent of citizens claiming to mistrust police officers (ibid., p. 60).<sup>241</sup>

Overall mistrust in the police, precipitating people to continuously rely on alternative security providers, can be attributed to a number of factors. State police forces were active participants in the civil war of the 1980s and 1990s. According to a report by the Truth and Reconciliation Commission, they were responsible for numerous and grave human rights violations (cf. Comisión de la Verdad y Reconciliación, 2003)—a legacy, which remains fresh in many peoples' memories. What is more, the PNP is said to lack the necessary logistical and communications equipment to effectively perform the duties assigned to it (Costa and Romero, 2010, p. 91). Finally, and as will be elaborated in more detail below, it is considered to be highly corrupt. Often, it is difficult to tell whether the police actually serves public or private interests.

## 5.2 Markets

Commercial security has been defined earlier as all those exchange relations, which commodify security use-values. Security becomes delivered in direct return for material assets, usually money. As the previous case studies illustrate, a common expression of commercial security can be encountered in exchanges between private security companies and various types of customers. Yet, the provision of commercial security is not necessarily limited to private firms. The distinction between state and non-state security providers does not automatically translate into a corresponding distinction between non-commercial (or public) and commercial service delivery. This observation is the perhaps most remarkable feature of commercial security practices in Peru. For besides providing security as a public good, the PNP is also heavily involved in its commercial distribution.

<sup>241</sup> This was also confirmed by a senior PNP officer, Lima, 2 June 2011, a local security expert, Lima, 24 May 2011, an international development worker, Lima, 24 May 2011, as well as the CEO of a medium-sized local security company, Lima, 26 May 2011.



### 5.2.1 Providers

In Peru, commercial security provision encompasses both the private security industry and the public security sector. The **national police** sell security services in at least three distinct ways (see Table 5).

The first can be described best as a form of **corruption**, for it occurs on the individual level and is clearly illegal. According to a survey, Peruvians consider the PNP to be one of the most corrupt public bodies (cf. Serrano Torres, 2007). Many patrol officers accept regular payments from private customers for guarding their premises whilst on duty (cf. Costa and Romero, 2010, p. 86). 40 percent of all police officers are thought to know at least one colleague who works for private interests whilst conducting patrol duties.<sup>242</sup>

In contrast to corruption, **moonlighting**—officially referred to as *servicio individualizado*—describes paid security services, which state-employed police officers carry out when off-duty. A normal patrol officer has a 24-hour shift, followed by 24 hours off. Reportedly, almost all officers use their spare time to work as private guards, thereby roughly doubling their total monthly income (cf. Costa and Romero, 2011, p. 88). Wearing their official police-uniform and armed with a pistol, moonlighting officers are a common sight throughout the more affluent districts of Lima. They stand outside of large hotels, banks, petrol stations, and shopping centers. Of the approximately 3,000 guards protecting banks in the country, about two-thirds are thought to be off-duty police officers.<sup>243</sup>

**Table 5: Commercial security provision by the police**

	Level	Legality
Corruption	Individual	Illegal
Moonlighting	Individual	Legal
User-paid policing	Institutional	Legal

From an outside perspective, moonlighting officers become virtually indistinguishable from their on-duty counterparts. According to one informant, precisely this blurring of public and private policing authority, also evident in some forms of corruption, goes some way in explaining the general lack of trust in the PNP.<sup>244</sup>

<sup>242</sup> Interview with local security expert, Lima, 1 June 2011.

<sup>243</sup> Interview with a senior PNP officer, Lima, 2 June 2011.

<sup>244</sup> Interview with a local security expert, Lima, 24 May 2011.

Certain security services can also be directly purchased from the police, a phenomenon sometimes referred to as **user-paid policing** (cf. Shearing and Ayling, 2008). Unlike moonlighting, the officers assigned to such tasks remain on duty.<sup>245</sup> Payments, on the other hand, are not made individually as is the case with corruption. Based on a formal contract, the police as an institution is paid a certain amount of money for delivering security.<sup>246</sup>

Notwithstanding competition from the public sector, the **private security industry** in Peru has a considerable size. According to official figures, there were 540 registered security firms in the country in June 2011, which provided physical security services (i.e. manned guarding). They employed approximately 90,500 people, making this industry segment only slightly smaller than the PNP (which consists of about 100,000 officers).<sup>247</sup> One needs to keep in mind, however, that quite a few private guards are moonlighting police officers. Some security companies, such as the Lima-based firm KONTROLL Security, specialize in providing their customers exclusively with off-duty police officers.<sup>248</sup>

Most security companies operate in urban rather than rural areas. Every second security firm is based in Lima alone, along with about 60 percent of all guards<sup>249</sup> (cf. Costa and Romero, 2010, p. 93).

Guards patrolling in private buildings, such as hotel lobbies or shops, appear to be generally unarmed whereas uniformed private guards on the street are often armed with a pistol, particularly when protecting banks or shops selling luxury goods. None of the guards we observed were equipped with heavier automatic or semi-automatic weapons, i.e. sub-machine guns.

The vast majority of employees in the security industry are simple guards performing static perimeter protection—the so-called *vigilantes*. Others may be employed in the field of armored transport

<sup>245</sup> Interview with a representative from the Defensoria del Pueblo/ Cajamarca, 27 May 2011.

<sup>246</sup> Interview with local security expert, Lima, 1 June 2011.

<sup>247</sup> Interview with a senior DICSCAMEC official, Lima, 1 June 2011; also interview with local security expert, Lima, 1 June 2011.

<sup>248</sup> Interview with the CEO of a medium-sized local security company, Lima, 26 May 2011.

<sup>249</sup> Interviews with the General Manager of the SNS, Lima, 2 June 2011; a senior DICSCAMEC official, Lima, 1 June 2011.

or close protection.<sup>250</sup> Apart from manned guarding, the private security industry has also expanded into more sophisticated areas, such as electronic surveillance and security-related advisory services.<sup>251</sup> Yet, most security services are directed at the prevention of petty crime. The security industry is not involved in the ongoing fight against insurgent-groups or drug trafficking.<sup>252</sup>

Only six security companies in Peru have more than 1,000 employees, namely ESVICSAC, Securitas, Prosegur, Hermes, Liderman and Group4Securicor (G4S). With 35,000 staff employed by these firms alone, they account for about 40 percent of all individuals working in the formal security industry (see Table 6). Only very few providers thus control a significant part of the market. Another 30 security companies can be characterized as second tier firms, employing between 100 and 1,000 people. The great majority of companies at the bottom tier are extremely small, often consisting of no more than a handful of guards.<sup>253</sup>

Besides the formal industry, a large part of commercial security provision in Peru proceeds on an informal basis. The exact size of the informal security sector is not known and available estimates differ. The government claims that it consists of around 20,000 individuals, which would put its total size at only one-quarter of the formal security industry.<sup>254</sup> Yet, most other observers assume that this figure is far too low. Alternative estimates range from half the size of the formal sector (Serrano Torres, 2007) to clearly exceeding it.<sup>255</sup> Informants both independent and from the (formal) security industry claimed that there were up to 900 informal security firms employing between 100,000 and 140,000 individuals.<sup>256</sup>

Only two of the six top-tier security companies in Peru are locally owned. The rest are transnational corporations, many of which are listed on international stock exchange markets and owned by a wide range of foreign stakeholders. Some of these corporations have only recently entered the Peruvian security

**Table 6: The six largest security companies in Peru**

	Active in Peru	Ownership	Total staff estimate	Main services	Main customers
<b>ESVICSAC</b>	since 1987	Local	8,000	Perimeter protection, close protection, electronic security, security assessments and studies	Public and private institutions, banks (Banco de Reserva del Peru), local and international companies
<b>G4S</b>	since 1999	International	5,000	Guarding, close protection, security technology, consultancy, airport security	Large industries, particularly in the extractive sector, banks
<b>Hermes</b>	since 1985	International	1,700	Armored transport, operative processes	Banks, telecommunication, oil and trading industry
<b>Liderman</b>	since 1990	Local	7,000	Guarding, close protection, risk analysis	Industry and service sector, SMEs (hotels)
<b>Prosegur</b>	1983	International	5,000	Armored transport, guarding, security technology	Banks, mining and fishing companies, SMEs and retail firms, (residents)
<b>Securitas</b>	since 2007	International	8,500	Guarding, close protection, electronic surveillance, consultancy	Large industries, particularly in the extractive sector

<sup>250</sup> Interview with the General Manager of the SNS, Lima, 2 June 2011.

<sup>251</sup> Interview with a Securitas manager, Lima, 2 June 2011.

<sup>252</sup> Interview with a local security expert, 24 May 2011.

<sup>253</sup> Interview with the General Manager of the SNS, Lima, 2 June 2011.

<sup>254</sup> Interview with a senior DICSCAMEC official, Lima, 1 June 2011.

<sup>255</sup> Interview with local security expert, Lima, 1 June 2011.

<sup>256</sup> Interviews a senior officer at the serenazgo Miraflores/ Lima, 25 May 2011, CACSI representatives, Lima, 25 May 2011, and a Securitas manager, Lima, 2 June 2011.



market, often by acquiring local companies. Securitas, for example, took over the Peruvian firm Forza in 2007; Prosegur acquired Orus in 2010.<sup>257</sup>

Increasing market monopolization and internationalization appears to have two principal effects:

**First**, industry observers and customers concur that the standards of service delivery are gradually becoming more professional.<sup>258</sup> This is most evident in the ways in which the top-tier security companies have raised the benchmark as regards the qualifications of individual staff. During the 1990s, guarding was hardly perceived as a real 'profession' at all. According to some sources, only two percent of all security guards were trained and qualified to carry out the duties assigned to them.<sup>259</sup>

The top-tier companies have adopted strict criteria and processes to guide the selection and recruitment of new guards. At Liderman, for example, all applicants have to partake in a one-week assessment course, which is held at the company's own training facilities outside of Lima. Besides a thorough medical examination, the schedule includes both physical fitness and cognitive tests. Only about half of the candidates are successful.<sup>260</sup>

Before they begin work, prospective guards receive a training of up to three months, which is regularly refreshed at later points in their career.<sup>261</sup> A number of organizations have recently emerged, which specialize in providing sophisticated training courses in security-related issues, targeted specifically to the mid-management echelon of the security industry.

The Centro de Asesoría & Capacitación en Seguridad Integral (CACSI), established only four years ago, offers training modules in emergency management, security assessments, occupational health and safety as well as both physical and electronic security. Owing to its cooperation with the Universidad Nacional Mayor de San Marcos, students can complete these courses with a university degree.<sup>262</sup>

The Centro de Estudios de Seguridad de Perú (CES), which maintains a strategic alliance with Securitas, has already been offering similar trainings for ten years. It specializes in preparing Peruvian security workers to attain internationally recognized qualification certificates awarded by ASIS International [ASIS = American Society for Industrial Security], a non-profit organization associated with the security industry.<sup>263</sup>

**Second**, an increase in competition can be observed, which puts smaller local firms under considerable pressure.<sup>264</sup> As informants from second-tier security companies pointed out, the only way to survive was by specializing on particular niche markets.<sup>265</sup> Such opportunities may present themselves in the area of risk analysis and consultancy, although here, too, transnational companies—such as Control Risks—are beginning to penetrate the Peruvian market.

When smaller companies seek to directly compete with the larger ones, they are often driven off the market.<sup>266</sup> Sometimes, they slide into the informal security market, offering extremely cheap services to less affluent middle-class households, which are not the target audience of the top-tier firms.<sup>267</sup> Recent dynamics in the Peruvian security market thus not only push professionalization, they also have a simultaneous effect on smaller firms of exacerbating a trend toward increased de-professionalization, possibly reflected in the large informal security sector.

## 5.2.2 Customers

In many Latin American countries, the state is a major customer of commercial security services (cf. Frigo, 2003). The **Peruvian state** is no exception here. Some sources claim that government contracts make up 30 percent of the total security market in the country (cf. Serrano Torres, 2007). Active-duty police officers mainly secure key ministries, such as the Ministry of the Interior and the Defense Ministry.<sup>268</sup> Yet, commercial security providers frequently protect several other government buildings and installations. There have been reports that especially municipalities hire moonlighting police officers to conduct street patrols

<sup>257</sup> Interviews with CACSI representatives, Lima, 25 May 2011.

<sup>258</sup> Interview with the General Manager of the SNS, Lima, 2 June 2011.

<sup>259</sup> Interviews with CACSI representatives, Lima, 25 May 2011.

<sup>260</sup> Interview with the CEO of Liderman, Lima, 30 May 2011.

<sup>261</sup> Interviews with the CEO of Liderman, Lima, 30 May 2011; a Securitas manager, Lima, 2 June 2011; a security expert and customer of commercial security at medium-sized business, Lima, 30 May 2011.

<sup>262</sup> Interviews with CACSI representatives, Lima, 25 May 2011.

<sup>263</sup> Interview with CES representative, Lima, 1 June 2011.

<sup>264</sup> Interview with the General Manager of the SNS, Lima, 2 June 2011.

<sup>265</sup> Interview with the CEO of medium-sized local security company, Lima, 26 May 2011.

<sup>266</sup> Interviews with CACSI representatives, Lima, 25 May 2011, and the General Manager of the SNS, Lima, 2 June 2011.

<sup>267</sup> Interview with the CEO of Liderman, Lima, 30 May 2011.

<sup>268</sup> Interview with a senior DICSCAMEC official, Lima, 1 June 2011.

and guard public buildings.<sup>269</sup> The Dirección General de Control de Servicios de Seguridad, Control de Armas y Explosivos de Uso Civil (DICSCAMEC), the government agency tasked to control and regulate the private security industry, has itself hired a security firm to guard its main office building in Lima.

Reportedly, the bulk of security-related government contracts is awarded to the Peruvian company ESVICSAC, which is rumored to maintain close informal ties to public officials.<sup>270</sup> Transnational security companies do not appear to hold government contracts. Yet, almost all embassies and large international development organizations in Peru purchase commercial security, mainly from either one of the six large security firms.<sup>271</sup>

In terms of total revenue turnover, the principal customers of commercial security are **private businesses**. Amongst the largest of these is the extraction industry, particularly in the gold mining sector. Often, companies purchase a variety of security services from a mixed group of providers. This is, for example, evident at the Yanacocha gold mine, principally owned by the US-based Newmont Mining Corporation. In order to deal with indigenous social protests (as they often accompany corporate mining activities), Yanacocha apparently relies on a contingent of the Dirección de Operaciones Especiales (DINOES), a specialized police unit, which is otherwise mainly employed in counter-terrorist operations.<sup>272</sup> Reportedly, Newmont has concluded a contract with DINOES that is renewed on a monthly basis. Although its precise conditions remain confidential, it can be expected that it does provide for regular payments by Newmont to the PNP.<sup>273</sup>

Apart from reverting to user-paid policing, the Yanacocha mine has hired 200 guards from the security firm Securitas. Spread across the entire mining area, they are mainly concerned with perimeter protection, including access control and patrols. The mine claims to have two further contracts with other

security companies for more specialized services, the exact nature of which a Newmont representative refused to disclose, however. Finally, the mine employs a team of about 20 in-house security experts, who have the task of coordinating the various security providers in its service.<sup>274</sup>

Small- and medium-sized enterprises (SMEs) also frequently purchase commercial security services. In the more affluent districts of Lima, guards from private security companies or moonlighting police officers protect almost every single shop, bank, restaurant, and hotel.<sup>275</sup> A large part of this market segment seems to be dominated by the Peruvian firm Liderman.<sup>276</sup>

Segmentation of security services across different types of providers can also be observed in many SMEs. The larger hotels in Lima generally maintain a two-tier security system: a moonlighting police officer, hired by the hotel and wearing his official uniform guards the street immediately outside of the hotel building. The visible presence of police, it should be added, does not only serve to increase security against unwanted intruders. According to one hotel manager, it also contributes toward the overall prestige of the hotel, since many guests expect it. Inside the premises, inconspicuous guards from private firms assume responsibility for security, patrolling the lobby in dark suits and on the lookout for any persons deemed suspicious in one way or another.<sup>277</sup>

The third important consumer-category includes **individual residents and/or residential communities**. Many houses in wealthier areas of Lima, for example, bear signs indicating that they are protected by Prosegur. However, it is not only the upper classes of Peruvian society who purchase commercial security. To employ a *guachimán*—a private household-guard—is also common practice in middle class neighborhoods.<sup>278</sup> According to a 2010 survey, half of all those who live in Lima paid money for private protection (Costa and Romero, 2010, p. 107).

<sup>269</sup> Interviews with a senior PNP officer, Lima, 2 June 2011, and local security expert, Lima, 1 June 2011.

<sup>270</sup> Interview with the CEO of Liderman, Lima, 30 May 2011.

<sup>271</sup> Interview with an international development worker, Lima, 24 May 2011.

<sup>272</sup> Interviews with a local security expert, Lima, 24 May 2011, and a representative from the Defensoría del Pueblo/ Cajamarca, 27 May 2011.

<sup>273</sup> Interviews with a senior PNP officer, Lima, 2 June 2011; Marco Arana Zagarra from Grufides/ Cajamarca, 27 May 2011; a representative from the Defensoría del Pueblo/ Cajamarca, 27 May 2011; and a local security expert, Lima, 24 May 2011.

<sup>274</sup> Interview with a manager at Newmont, Yanacocha Mine/ Cajamarca, 27 May 2011.

<sup>275</sup> Interview with a customer of commercial security at a medium-sized business, Lima, 30 May 2011.

<sup>276</sup> Interview with the CEO of Liderman, Lima, 30 May 2011.

<sup>277</sup> Interview with a customer of commercial security at a medium-sized business, Lima, 30 May 2011.

<sup>278</sup> Interviews with an international development worker, Lima, 24 May 2011; a CGTP representative, Lima, 31 May 2011; and residential customers of commercial security, Barranco/Lima, 31 May 2011.

Gated communities are a common sight throughout many districts across the city. In other cases, neighbors in middle class areas often collect money to hire a shared *guachimán* for their street.<sup>279</sup>

Although, in terms of absolute revenues, the demand market generated by residents is probably not as large as the one created by business customers, most security guards, especially those in the informal sector, cater to middle class residential communities (ibid., p. 93). *Guachimanes* only rarely have professional qualifications in security-related fields of work. Yet, the large security corporations have thus far displayed little interest in entering this residential market.<sup>280</sup>

### 5.2.3 Regulation

**Regulation by the state.** The Peruvian government regulates commercial security provision by the state police and by private security companies. Corruption within the public security sector is, as a matter of course, illegal. Yet, effective internal mechanisms to curb such activities are considered to be amiss; an observation underlined by the apparent prevalence of corrupt police officers.<sup>281</sup>

The practice of moonlighting, however, has been officially recognized in a law from 1999 (Ley Organica de la Policia Nacional del Peru) and subjected to a basic regulatory framework. The *Reglamento de Servicios Extraordinarios Complementarios a la Function Policial* of 2009 stipulates—among other things—for whom such services may be provided, the modalities for individual contracts and, for example remunerations to be paid. It further specifies that moonlighting should not contravene 'public morals', e.g. off-duty officers are prohibited from performing guard duties at night or from working for customers with a dubious reputation, such as brothels.<sup>282</sup> Although presently recognized, whether or not moonlighting should be allowed at all does remain a contentious issue within Peruvian politics. Recently, there have been initiatives in some cities to ban this

practice and to increase the presence of active duty police personnel on the streets.<sup>283</sup>

Responsibility for regulating the private security industry lies with DICSCAMEC, a department within the Ministry of the Interior, which was set up in the early 1990s. DICSCAMEC also controls civilian possession and access to firearms and ammunition. Besides its headquarters in Lima, it maintains offices in 13 regional provinces of Peru.

Public regulation of security firms is based on a number of legal stipulations, the first of which dates back to 1992. It prescribes a specific uniform, which all private guards need to wear when working on the streets or in other public places.<sup>284</sup> Up to this day, *vigilantes* are thus clearly identifiable, wearing a brown uniform with a badge that visibly sets them apart from police officers or military personnel.

The most important legislation relevant to the security industry is the *Reglamento de Servicios de Seguridad Privada*, which entered into force in 1994 by a Supreme Decree (*Decreto Supremo*). The law introduced a basic licensing system requiring security firms as well as individual guards to register with the authorities. Licenses to security firms are only awarded if the companies meet a number of conditions, including a clean criminal record of the owners, the appropriate means to actually provide security services and effective stockpile management of arms and ammunition. Individual guards need to be of full age, taller than 1.65 cm, have completed at least secondary school, be in possession of a mental and physical health certificate, and have no criminal record.<sup>285</sup>

On average, DICSCAMEC subjects security companies to two on-site inspections per year.<sup>286</sup> In addition, police officers patrol the streets and check the licenses of *vigilantes*. In Lima, DICSCAMEC can draw upon 18 officers exclusively assigned to conduct such inspections. Nationwide, it has approximately three inspectors in every province in which it

<sup>279</sup> Interviews with an international development worker, Lima, 24 May 2011; residential customers of commercial security, Barranco/ Lima, 31 May 2011.

<sup>280</sup> Interview with the CEO of Liderman, Lima, 30 May 2011.

<sup>281</sup> Interview with local security expert, Lima, 1 June 2011.

<sup>282</sup> *Decreto Supremo* N° 004-2009-IN, [http://www.mininter.gob.pe/admin/archivos/legales/13122009213704\\_decreto\\_n\\_004\\_2009.pdf](http://www.mininter.gob.pe/admin/archivos/legales/13122009213704_decreto_n_004_2009.pdf), accessed 20 October 2011; Interview with a senior PNP officer, Lima, 2 June 2011.

<sup>283</sup> *Decreto de Urgencia* 047-2011, [http://www.mininter.gob.pe/admin/archivos/legales/14082011121533\\_DU%20047.pdf](http://www.mininter.gob.pe/admin/archivos/legales/14082011121533_DU%20047.pdf) (accessed: 30 August 2011).

<sup>284</sup> Interviews with a senior PNP officer, Lima, 2 June 2011; CACSI representatives, Lima, 25 May 2011.

<sup>285</sup> Cf. *Decreto Supremo* N°005-94-IN

<sup>286</sup> Interviews with a senior DICSCAMEC official, Lima, 1 June 2011; CACSI representatives, Lima, 25 May 2011; and a manager at Securitas, Lima, 2 June 2011.

maintains an office.<sup>287</sup> Besides national oversight, some municipalities also monitor the security industry. For example, the *serenazgo* in Miraflores (a wealthy district of Lima) has initiated a project to register individual private guards.<sup>288</sup>

Recently, the legislative framework pertaining to the security industry has been expanded considerably. In 2006, the parliament approved the *Ley de Servicios de Seguridad Privada*, which eventually came into force in March 2011. At the time of writing (August 2011), it was not possible to conclusively evaluate the impact of the new law on government regulation, since many of its provisions still needed to be implemented. As far as the written text is concerned, it does appear to largely concur with international best practice guidelines, as laid out in the 2008 Montreux Document. For instance, it clearly defines the types of security services to which regulations apply. Moreover, all security-related activities that endanger "national security" are prohibited.<sup>289</sup>

Building on existing legislation, the new Law also specifies the conditions, which need to be met to successfully apply for an operating license. This includes more concrete stipulations on the required level of company capitalization and the criminal record of applicants. Moreover, all prospective guards must successfully attend a 120-hour training course, which familiarizes them with the basic skills of their trade, such as legal issues, customer relations, and self-defense. Trainings need to be conducted in authorized institutions, the *Centros Especializados de Formacion y Capacitacion en Seguridad Privada* (CEFOCSP).<sup>290</sup>

Finally, the Law contains some provisions on which types of firearms private guards can and cannot carry. With few exceptions, *vigilantes* are, for example, not allowed to carry weapons with a caliber greater than 9mm.<sup>291</sup> Although it will, in all likelihood, go some way in improving government regulation, it also exhibits a number of shortcomings. According to some representatives from the security industry, a rather superficial description of training

requirements for guards, coupled with relatively low qualification benchmarks, is chief among these.<sup>292</sup> With a view to the Montreux Document, it should also be noted that the new Law does not require guards to be trained in human rights and international humanitarian law (cf. Arias, 2009, p. 78).

Stipulations for conducting more extensive background checks of prospective guards are also lacking, as are guidelines concerning issues such as bribery and corruption. A major shortcoming is the virtual absence of any provisions related to rules of engagement and the use of force by private guards.

Yet, and notwithstanding these observations, the most pertinent problems of state regulation might be not so much of a strictly judicial as rather of an institutional or organizational nature. A range of informants, especially from the security industry, claimed that corruption within DICSCAMEC was rampant. The official costs for obtaining an operating license add up to 20,000 PEN (about US \$7,300). By paying more money than required, however, it is reportedly possible to obtain a license regardless of whether legal conditions are met or not. Many of the medium-sized local companies, it was argued, could operate without actually meeting the minimum standards for security firms.<sup>293</sup>

Corruption may also come in the—opposite—guise of what some company representatives described as unfair and arbitrary sanctioning. Whenever a DICSCAMEC official discovers an alleged breach of the law, the security firm has to pay a fine. Especially some of the larger, transnational security companies felt that they were being constantly fined without having violated the standards.<sup>294</sup>

A further problem, which was mentioned by DICSCAMEC itself, are insufficient resources for effectively implementing written legislation.<sup>295</sup> Particularly in the provinces, DICSCAMEC is thought to lack the personnel and equipment to conduct

<sup>287</sup> Interview with a senior DICSCAMEC official, Lima, 1 June 2011.

<sup>288</sup> Interviews with a senior officer at the *serenazgo* Miraflores/ Lima, 25 May 2011; and local security expert, Lima, 1 June 2011.

<sup>289</sup> Cf. *Decreto Supremo 003\_2011-IN*

<sup>290</sup> Interview with a senior DICSCAMEC official, Lima, 1 June 2011.

<sup>291</sup> *Ibid.*

<sup>292</sup> Interviews with the CEO of a medium-sized local security company, Lima, 26 May 2011; and a CES representative, Lima, 1 June 2011.

<sup>293</sup> Interviews with a local security expert, Lima, 24 May 2011; a CES representative, Lima, 1 June 2011; and CACSI representatives, Lima, 25 May 2011.

<sup>294</sup> Interview with a manager at Securitas, Lima, 2 June 2011.

<sup>295</sup> Interviews with a senior DICSCAMEC official, Lima, 1 June 2011; and the CEO of a medium-sized local security company, Lima, 26 May 2011.



regular inspections of security companies.<sup>296</sup> Some representatives from the security industry also lamented that the staff at DICSCAMEC was generally unqualified, lacking in legal and professional training.<sup>297</sup>

**Industry self-regulation.** The largest association of the Peruvian security industry is the Sociedad Nacional de Seguridad (SNS), which was founded in 1999 by the five largest security firms at the time (Prosegur, Orus, Hermes, Forza and Proseguridad). Today, the association has 120 member companies, including four of the six largest security firms (Liderman and ESVICASAC being the exceptions). The SNS seeks to increase the professional standards of the security industry and claims to have been a driving force behind the introduction of the 2006 law on private security. It has reportedly also been involved in the establishment of professional training institutes for private security guards.<sup>298</sup>

All members of the SNS need to ascribe to an “ethics codex”, which mainly covers issues related to the working conditions of guards. Unlike other industry codes in the security industry, such as the Global Code of Conduct (GCC) for example, it does not address human rights issues.

As in other industry sectors, too, unionization within the Peruvian private security sector is generally weak. Currently, there are only three company-specific unions, two in large, transnational firms (Hermes and Prosegur), and a further one in a medium-sized local company (Defense). All of these unions are relatively recent, having been founded between 2008 and 2009.<sup>299</sup> A nationwide union for private guards was also established in 2008, the Sindicato Nacional de Trabajadores de Empresas de Seguridad Privada y Vigilancia del Peru (SINTRAVISE). Thus far, however, it has only 80 individual members and no effective leadership structure. Unlike the other three unions, SINTRAVISE is not officially recognized by the Peruvian government.<sup>300</sup>

**Customer regulation.** The extent to which customers take factors other than cost-efficiency into account when hiring security companies, differs with regard to the type of customer in question. The impression is that residents, particularly middle-class households, opt for the cheapest provider, with only limited interest in professional standards.<sup>301</sup> A similar attitude was attested to the Peruvian government. Reportedly, government tenders for security services always go to the lowest bidder, not to the one most qualified to do the job.<sup>302</sup>

Judging from our interviews, business customers of commercial security services generally behave in a more sophisticated manner. Many firms, including medium-sized enterprises such as hotels, maintain in-house security experts, who carefully evaluate bids from security companies and monitor the performance of the guards they hire.<sup>303</sup>

A particularly strong case of customer regulation appears to be present at the Yanacocha mine. According to a representative from Newmont, the contract with Securitas is awarded for a two-year period and then renewed; each renewal is accompanied by an open bidding and tendering process. The informant stressed that the mining firm does not simply choose the cheapest bidder. Rather, every applying security company has to develop and present a “social responsibility plan”, which details the ways in which it intends to cooperate with local communities in the mining area. All applicants are allegedly vetted for possible involvements in past human rights abuses.<sup>304</sup>

Newmont has signed the so-called Voluntary Principles on Security and Human Rights (*Principios Voluntarios de Seguridad y Derechos Humanos*), a set of non-binding principles developed in 2000 with the purpose of balancing corporate safety needs with the respect for human rights and fundamental freedoms. If a security firm hired by Newmont was found to be in breach of any of these principles, the contract can

<sup>296</sup> Interview with the General Manager of the SNS, Lima, 2 June 2011.

<sup>297</sup> Interview with the CEO of a medium-sized local security company, Lima, 26 May 2011.

<sup>298</sup> Interview with the General Manager of the SNS, Lima, 2 June 2011.

<sup>299</sup> Interview with a CGTP representative, Lima, 31 May 2011.

<sup>300</sup> Interviews with a CGTP representative, Lima, 31 May 2011; and CACSI representatives, Lima, 25 May 2011.

<sup>301</sup> Interviews with an international development worker, Lima, 24 May 2011; and residential customers of commercial security, Barranco/ Lima, 31 May 2011.

<sup>302</sup> Interview with the CEO of a medium-sized local security company, Lima, 26 May 2011.

<sup>303</sup> Interview with a local security expert and customer of commercial security at medium-sized business, Lima, 30 May 2011.

<sup>304</sup> Interview with a manager at Newmont, Yanacocha Mine/ Cajamarca, 27 May 2011.

be terminated at any time. The mining firm also claims to regularly organize in-house trainings on human rights issues and rules of engagement for guards.<sup>305</sup>

**Non-state external regulation.** At least three types of non-state auspices can be identified, which have also regulated and monitored security companies, yet are themselves neither customers nor providers of commercial security services. The first of these are insurance companies. When contracts include liability clauses, security firms seek to divert the risk to insurance companies. Before an insurer accepts to shoulder this risk, it will conduct a thorough vetting of the security company in question, including a check-up on the qualification of guards.<sup>306</sup>

Two other bodies have taken an active interest in some activities of security firms in the past and might do so again if the occasion arises. Some civil society organizations were particularly concerned about a case from 2004 and 2005 in which the security firm Forza, working for the Newmont mining company, allegedly committed a number of human rights violations against local activists.<sup>307</sup> In 2007, a delegation from the United Nations Working Group on the Use of Mercenaries visited Peru to investigate reports regarding the recruitment of Peruvians into private military companies operating in Iraq and Afghanistan. The UN Working Group also collected some information on Forza's possible involvement in human rights abuses (cf. UN-HRC, 2008).

## 5.3 Impacts

### 5.3.1 Commercial security and the state

Commercial security practices do not stand opposed to the state. On the one hand, parts of the public security sector are themselves providers of commercial security services, both on an institutional and individual level. On the other hand, large segments of the private security industry are aligned with the political establishment. Forza, one of the country's largest security companies, which Securitas acquired in 2007, reportedly has close links to the former Vice President Luis Giampietri. Keiko Fujimori, daughter of former President Alberto Fujimori and candidate in the

2011 presidential elections, owns a security firm herself (Mak Force S.A.C.).<sup>308</sup> As evidenced by a number of recent scandals, there also seems to be a close informal relation between some Peruvian security firms and state intelligent agents (cf. UN-HRC, 2008, p. 19).

Many observers of the Peruvian security industry confirmed that 95 percent of all owners and managers of security companies in Peru are former senior military or police officers.<sup>309</sup> Civilians, it was reported, find it difficult to gain entry into the upper echelons of management.<sup>310</sup> Personal ties between those formerly employed in the state security sector and those still active often remain strong. The CEO of Liderman, for instance, claims to be a close friend of the acting Director of DICSCAMEC.<sup>311</sup>

Individual guards, too, are mainly recruited from the public sector. Allegedly, most guards at Liderman are former *marineros*, i.e. from the navy.<sup>312</sup> At Forza/Securitas, 40 percent of all employees have a police or military background. By way of comparison, the same is true for only 12 percent of all Securitas staff worldwide.<sup>313</sup>

On the institutional level, the high degree of informal permeability between the public and the private security sector does not directly translate into an all together harmonious, mutually beneficial and cooperative relationship. At best, it is a mixed picture. Security firms fashion themselves as "strategic partners" of the state, standing in to fill the vacuum caused by an assumed lack of capacity on behalf of the PNP.<sup>314</sup> Recent legislation on private security even includes a provision, which would allow the police to draw upon the resources of the security industry, with private security personnel having to collaborate, help and support the police when the police requires

<sup>305</sup> Ibid.

<sup>306</sup> Interview with the General Manager of the SNS, Lima, 2 June 2011.

<sup>307</sup> Interview with Marco Arana Zegarra from Grufides/ Cajamarca, 27 May 2011.

<sup>308</sup> Ibid.

<sup>309</sup> Interviews with the General Manager of the SNS, Lima, 2 June 2011; the CEO of a medium-sized local security company, Lima, 26 May 2011; a CES representative, Lima, 1 June 2011; Marco Arana Zegarra from Grufides/ Cajamarca, 27 May 2011; a local security expert, Lima, 24 May 2011; and a customer of commercial security at medium-sized business, Lima, 30 May 2011.

<sup>310</sup> Interviews with CACSI representatives, Lima, 25 May 2011.

<sup>311</sup> Interview with the CEO of Liderman, Lima, 30 May 2011.

<sup>312</sup> Interview with a customer of commercial security at a medium-sized business, Lima, 30 May 2011.

<sup>313</sup> Interview with a manager at Securitas, Lima, 2 June 2011.

<sup>314</sup> Interviews with CACSI representatives, Lima, 25 May 2011; the CEO of a medium-sized local security company, Lima, 26 May 2011; and a CES representative, Lima, 1 June 2011.

it. Moreover, that provision stipulates that private security firms should try to make their communication technologies compatible with those of the police, the *serenazgos* and the fire brigade.

In practice, however, collaboration remains limited. Due to the vagueness of the legal text, which results in a host of uncertainties, senior police officers do not expect the new stipulation to be ever actually applied.<sup>315</sup> Similarly, a planned project to formalize cooperation between the PNP and security companies in the district of Lima Norte, involving information-sharing and the establishment of a common early warning and response system, has not been realized.<sup>316</sup> Representatives from security companies do not participate in the *comites de seguridad*—regular meetings held on the district-level between the municipal administration, the police and the *serenazgos*, with the aim to better coordinate the activities of different security providers.<sup>317</sup> The SNS, in particular, is actively lobbying toward remedying this situation and integrating *vigilantes* more tightly into local security arrangements.<sup>318</sup>

To the mind of an independent local security expert, the principal obstacle to improving formal cooperation between public and private security agents is a lack of strategic continuity on the higher policy level.<sup>319</sup> Over the past ten years alone, there have been, for example, 14 different Ministers of the Interior.<sup>320</sup>

At present, the relation between the PNP and the security industry can hardly be characterized as an active partnership. It rather reflects a certain division of labor: whereas police officers patrol up and down the roads, private guards control access to certain premises, focusing more on the very specific security of clearly demarcated areas than on the overall security of the streets.<sup>321</sup> When their responsibilities

overlap, exchanges are mostly of an informal nature and, at least in Lima, strongly vary from district to district.<sup>322</sup>

Some informants, both from the security companies and from the police, described relations between police officers and *vigilantes* as rather distant, if not sometimes even downright conflictive.<sup>323</sup> Some police officers hold a rather negative view of private guards, who—to their mind—are insufficiently trained and frequently exceed their authority.<sup>324</sup> Indeed, the ostensible division of labor does not always work out. Conflicts between public interests and private security considerations are said to be common throughout many parts of Lima. In particular, this concerns the illegal installment of road closures by residential communities: physical barriers, which are supposed to limit access to certain neighborhoods and are guarded by *vigilantes*, especially at night. The police claims to have to regularly remove such closures, since they infringe upon public space and thereby restrict the free movement of people and traffic.<sup>325</sup>

In other places, relations of security companies to public authorities are better. It is interesting to note here that the private guards we interviewed reported to communicate far more frequently with *serenos*<sup>326</sup> than with police officers.<sup>327</sup> Some municipalities in Lima have even established shared information platforms—referred to as *plataforma multifuncional de comunicacion*—to facilitate exchanges between *serenazgos* and private guards.<sup>328</sup> For instance, the *serenazgo* of Miraflores has embarked upon a project to integrate public and private policing by equipping all local *vigilantes* with communication devices, which will allow them to access a shared information network.<sup>329</sup>

<sup>315</sup> Interviews with a senior officer at the *serenazgo* Miraflores/ Lima, 25 May 2011; and a senior PNP officer, Lima, 2 June 2011.

<sup>316</sup> Interview with local security expert, Lima, 1 June 2011.

<sup>317</sup> Interview with a senior officer at the *serenazgo* Miraflores/ Lima, 25 May 2011.

<sup>318</sup> Interviews with the General Manager of the SNS, Lima, 2 June 2011; and a CES representative, Lima, 1 June 2011.

<sup>319</sup> Interview with local security expert, Lima, 1 June 2011.

<sup>320</sup> Ibid.

<sup>321</sup> Interviews with a senior PNP officer, Lima, 2 June 2011; a senior officer at the *serenazgo* Miraflores/ Lima, 25 May 2011; and CACSI representatives, Lima, 25 May 2011.

<sup>322</sup> Interviews with local security expert, Lima, 1 June 2011; and a senior officer at the *serenazgo* Miraflores/ Lima, 25 May 2011.

<sup>323</sup> Interviews with CACSI representatives, Lima, 25 May 2011; and a senior PNP officer, Lima, 2 June 2011.

<sup>324</sup> Interview with a senior PNP officer, Lima, 2 June 2011.

<sup>325</sup> Ibid.

<sup>326</sup> Uniformed guards employed by the municipality.

<sup>327</sup> Interview with private household guard (*guachimán*), Barranco/ Lima, 31 May 2011.

<sup>328</sup> Interview with a senior PNP officer, Lima, 2 June 2011.

<sup>329</sup> Interview with a senior officer at the *serenazgo* Miraflores/ Lima, 25 May 2011.

### 5.3.2 Commercial security and public safety

According to a 2010 survey, more than half of all Peruvian citizens live in constant fear of falling victim to crime, particularly robbery and burglary (Costa and Romero, 2011, p. 57). Interviews with local residents and various representatives from the police and private security companies confirmed this impression.<sup>330</sup> The widespread dissemination of illegal firearms is generally thought to further compound the problem (cf. Serrano Torres, 2007).<sup>331</sup> Throughout the city of Lima, residential buildings hide behind high walls, barbed wire, and alarm systems. In some middle class districts, neighbors have organized themselves to erect barricades, which close off entire streets at night.<sup>332</sup>

Subjective feelings of insecurity are partially reflected in crime data from Peru, which suggests a marked growth in criminal activities over the past years (cf. Costa and Romero, 2011, p. 53). For example, between 2005 and 2009, the average homicide rate was 11: 100,000 inhabitants—compared to a rate of 5:100,000 for the 2000–2004 period (ibid., p. 41).

The extent to which commercial security practices actually reduce the overall crime rate remains questionable. One of the crucial issues is whether private guards, be they moonlighting police officers or *vigilantes*, would proactively prevent a crime, which targets a person or object that they have not been paid to protect.

All police officers, and regardless of whether they are on duty or not, are legally obliged to intervene when they suspect a crime.<sup>333</sup> If, for example, a moonlighting officer observed suspicious behavior on the premises next door, he would have to leave his post and investigate. Some informants, including customers hiring off-duty police officers, confirmed that such situations do occasionally occur.<sup>334</sup>

With regard to *vigilantes*, the issue is not as straightforward. Up to 2009, civilians, including private guards, were not allowed to make—even temporary—arrests, which severely restricted their range of action when they observed a crime.<sup>335</sup> This changed with the Ley de Arresto Ciudadano (the law on citizen arrest) which came into effect in July 2009. It allows all citizens, including *vigilantes*, to arrest suspects when they catch them red-handed, provided that they are immediately delivered to the authorities.

Nevertheless, senior officers from the police and the *serenazgos* pointed out that most private guards would not interfere in any incidents, which occurred outside the range of their immediate responsibility.<sup>336</sup> *Vigilantes*, on the other hand, stressed that they would not stand by idly if they observed a crime, albeit admitting there was not much that they could do.<sup>337</sup> The least was certainly to call the police; yet, as described in the previous section, shared communication networks remain the exception. To add to the problem, many informal guards, especially the *guachimanes*, do not even have mobile phones. Often, their only means of calling for help is a whistle.<sup>338</sup>

Whereas the sheer density of private guards on the streets of Lima might, to some extent, deter criminal acts, two further factors need to be kept in mind when evaluating the net effect on overall feelings of public safety. One local security expert suspected that the widespread commercialization of security provision in the capital city might have abetted a trend toward crime displacement.<sup>339</sup> As wealthy districts, such as Miraflores or San Isidro, may well become gradually safer in the wake of commercial guarding, crime rates in neighboring, less affluent, areas could grow, since the people either cannot afford commercial security at all or have to rely on far cheaper and thus often less effective services. But to date, there are no scientific studies to either disprove or substantiate this assumption.<sup>340</sup>

<sup>330</sup> Interviews with residential customers of commercial security, Barranco/ Lima, 31 May 2011; the CEO of a medium-sized local security company, Lima, 26 May 2011; CACSI representatives, Lima, 25 May 2011 and a senior PNP officer, Lima, 2 June 2011.

<sup>331</sup> Interview with a senior DICSCAMEC official, Lima, 1 June 2011.

<sup>332</sup> Interviews with a senior officer at the *serenazgo* Miraflores/ Lima, 25 May 2011; and residential customers of commercial security, Barranco/ Lima, 31 May 2011.

<sup>333</sup> This is laid down in the Ley Organica de la Policia Nacional del Peru; also: interview with the CEO of a medium-sized local security company, Lima, 26 May 2011.

<sup>334</sup> Interview with a customer of commercial security at a medium-sized business, Lima, 30 May 2011.

<sup>335</sup> Interview with a senior PNP officer, Lima, 2 June 2011.

<sup>336</sup> Interviews with a senior PNP officer, Lima, 2 June 2011; and a senior officer at the *serenazgo* Miraflores/ Lima, 25 May 2011.

<sup>337</sup> Interview with private household guard (*guachimán*), Barranco/ Lima, 31 May 2011.

<sup>338</sup> Ibid.

<sup>339</sup> Interview with local security expert, Lima, 1 June 2011

<sup>340</sup> Ibid.



Even more crucially, commercial guards can appear as immediate agents of insecurity. Off-duty police officers are reportedly known to have 'rented out' their guns to criminals.<sup>341</sup> Other guards directly commit criminal acts. The security companies themselves stressed that their staff is hardly ever involved in incidents requiring the use of coercive measures of any sort.<sup>342</sup> There have, however, been a number of recent reports in Peruvian newspapers, which suggest that *vigilantes* frequently assault civilians (cf. *El Comercio*, 2011a, 2011b). A senior officer of the PNP shares this observation.<sup>343</sup>

Involvement of security companies in the intimidation of local communities and human rights abuses seems to be most pronounced in the more remote mining areas.<sup>344</sup> Environmental degradation in the wake of large-scale mining operations has exacerbated a number of social conflicts between the extractive industries and local farmers, frequently erupting into open protests. In 2004, farmers in the Cajamarca region around the Yanacocha gold mine attacked extraction facilities and blocked access roads to the mine for several days.<sup>345</sup> Forza, the security company responsible for protecting corporate mining activities at the time, allegedly contracted a private intelligence company (C&G Investigaciones S.R.L.), which carried out a massive counter-insurgency operation against community activists and journalists involved in the protests. Members of GRUFIDES—a civil society organization engaged in environmental issues and representing the interests of the locals—were subjected to constant surveillance and directly threatened and intimidated on many occasions (*Defensoria del Pueblo*, 2007, p. 46).<sup>346</sup>

Another incident occurred in 2005 at the mining site Rio Blanco, operated by the British company Rio Blanco Copper S.A. (formerly Majaz S.A.) in Piura. Armed with assault rifles, guards contracted by Forza

reportedly detained and tortured 28 environmental activists, killing one person in the process.<sup>347</sup> Moreover, in 2006, in a clash between Yanacocha's security guards and the villagers of Combayo, one farmer was shot and killed. According to a report by the United Nations Human Rights Council, three police officers working as private security guards at Yanacocha were identified as suspects by investigators (UN-HRC, 2008, p. 16).

Following the public disclosure of Forza's alleged human rights violations, and its acquisition by Securitas in 2007, the company appears to have somewhat changed its strategy. Today, the majority of guards at the Yanacocha mine are unarmed.<sup>348</sup> Instead of intimidating the farmers, the mining company now claims to place a great emphasis on local community work, organizing football matches and donating to schools and hospitals. It also provides local police forces with vehicles and equipment, such as communication devices. According to a company representative, such arrangements are not only to the mine's but the entire local community's benefit, since—in his view—they certainly serve to increase overall police effectiveness, for instance by shortening incident-response time.<sup>349</sup> Within the community itself, however, mixed feelings seem to prevail, since there is some uncertainty on whether the police actually serve public or private interests.<sup>350</sup>

In any case, since 2008, there have been no reports of any human rights violations on behalf of security companies around the Yanacocha mine.<sup>351</sup> Court proceedings concerning possible past abuses of Forza employees were discontinued, apparently due to lack of conclusive evidence.<sup>352</sup>

<sup>341</sup> Interview with the CEO of a medium-sized local security company, Lima, 26 May 2011.

<sup>342</sup> Interviews with the CEO of Liderman, Lima, 30 May 2011; and Securitas manager, Lima, 2 June 2011.

<sup>343</sup> Interview with a senior PNP officer, Lima, 2 June 2011.

<sup>344</sup> Interviews with local security expert, Lima, 1 June 2011; and Marco Arana Zegarra from Grufides/ Cajamarca, 27 May 2011.

<sup>345</sup> Interview with a representative from the Defensoria del Pueblo/ Cajamarca, 27 May 2011.

<sup>346</sup> Interview with Marco Arana Zegarra from Grufides/ Cajamarca, 27 May 2011.

<sup>347</sup> Interviews with Marco Arana Zegarra from Grufides/ Cajamarca, 27 May 2011; local security expert, Lima, 1 June 2011; and a representative from the Defensoria del Pueblo/ Cajamarca, 27 May 2011.

<sup>348</sup> Interviews with a manager at Newmont, Yanacocha Mine/ Cajamarca, 27 May 2011; and Marco Arana Zegarra from Grufides/ Cajamarca, 27 May 2011.

<sup>349</sup> Interview with a manager at Newmont, Yanacocha Mine/ Cajamarca, 27 May 2011.

<sup>350</sup> Interviews with a representative from the Defensoria del Pueblo/ Cajamarca, 27 May 2011; and local security expert, Lima, 1 June 2011.

<sup>351</sup> Interviews with Marco Arana Zegarra from Grufides/ Cajamarca, 27 May 2011; a manager at Newmont, Yanacocha Mine/ Cajamarca, 27 May 2011; and a representative from the Defensoria del Pueblo/ Cajamarca, 27 May 2011.

<sup>352</sup> Interview with a representative from the Defensoria del Pueblo/ Cajamarca, 27 May 2011.

Nevertheless, close informal relations between some security firms and the intelligence community might give a cause for concern. A UN report from 2008 pointed out that security companies were allegedly still purchasing information on environmental leaders and activists from the state intelligence agency and selling it on to mining companies (UN-HRC, 2008, p. 19).

### 5.3.3 Commercial security and socio-economic development

In Peru, as in many other developing countries, the security industry represents a significant part of the domestic economy. In this sense, it can be an important driver of socio-economic development. In the following, we will distinguish between two dimensions of development: the first is the rather abstract macro-level of the overall Peruvian economy; the second concerns the micro-level of individual human and social development. Private security, we argue, can be analyzed in terms of its impact upon both of these dimensions respectively.

**Economic development.** In macro-economic terms, Peru's performance has been quite good. Except for a brief recess in 1997, the Peruvian economy has experienced sustained growth since 1993, although recently, the global financial crisis has slowed its growth rates (cf. World Bank, 2011). Still, in 2010, the economy expanded by nine percent. Peru belongs to the world's largest producers of gold, copper, tin, zinc and silver, the extraction of which accounts for about four percent of its GDP (cf. Banco Central de Reservas, 2010). The Yanacocha mine, located near the city of Cajamarca, is considered the second-largest gold mine in the world.

Commercial security has both a direct and indirect impact on the Peruvian economy. As regards indirect effects, a representative from the Newmont mining corporation, which operates the Yanacocha mine, argued that—given the comparatively high crime rates—his company considered access to commercial security services a prerequisite for conducting successful business operations in the country.<sup>353</sup> Without a large domestic security industry, other informants agreed, there would be no foreign investment in many economic sectors.<sup>354</sup>

<sup>353</sup> Interview with a manager at Newmont, Yanacocha Mine/ Cajamarca, 27 May 2011.

<sup>354</sup> Interviews with CACSI representatives, Lima, 25 May 2011; and the General Manager of the SNS, Lima, 2 June 2011.

Security firms not only potentially support, or even enable, other business ventures. They often also constitute a significant economic sector in its own right. In Latin America as a whole, commercial security markets have displayed high and sustained growth rates over the past years (cf. Abelson, 2006, p. 5; Frigo, 2003). Peru is no exception here. Securitas alone claims a total annual turnover of around 100 million PEN (US \$36 million) in the country.<sup>355</sup> According to the SNS, total revenues of the formal security industry amounted to about three billion PEN or just over US \$1 billion in 2010.<sup>356</sup> Tax revenues from the security industry are said to be on average around 540 million PEN (US \$200 million) per annum.<sup>357</sup> At least potentially, this figure could be a lot higher, however, since a large part of the Peruvian security industry is informal and thus effectively evades taxation.

**Social development.** On the micro-level, it can be argued that the country's good economic performance has had some positive impact upon overall poverty reduction, both in the cities and in the countryside. The Human Development Index (HDI) published by UNDP on a yearly basis, ranks Peru as 63 out of 169 states. Since 1980, Peru's HDI-rank has constantly improved and today, the country's position is slightly above the Latin American average.<sup>358</sup>

The extent to which the security industry may have directly contributed to this trend is more difficult to assess. Some security firms boast to actively promote social development programs. G4S Peru, for example, asserts that it “helped to build a new library at Colegio Inicial Pepe, a special needs school in Piura, northern Peru, as well as donating books” (G4S, 2009, p. 30). The immediate effect of security firms on social development, however, is on the amount of available jobs. As previously noted, the formal industry alone employs a workforce of about 90,500 individuals, most of whom are private guards. In addition to that, up to 140,000 might be working in the informal security sector.

<sup>355</sup> Interview with a Securitas manager, Lima, 2 June 2011.

<sup>356</sup> Interview with the General Manager of the SNS, Lima, 2 June 2011.

<sup>357</sup> Ibid.

<sup>358</sup> Cf. <http://hdrstats.undp.org/en/countries/profiles/PER.html> (accessed August 2011).

The average wages of guards in the formal sector lie only slightly above the minimum wage, which is 650 PEN (240 US dollars) a month. The largest and more professional security companies offer the best conditions, with monthly salaries varying between 800 and 900 PEN (300 to 330 US dollars) depending on responsibilities, qualification, and experience.<sup>359</sup> Moreover, guards assigned to secure operations in the extractive industries, normally located in remote parts of the country, are thought to earn a bit more than those working in cities do.<sup>360</sup>

Many of the company managers we talked to prize themselves on maintaining excellent labor relations.<sup>361</sup> Some pointed out that they had extensive 'social programs' for their workers, which included such things as bonus payments and the provision of health insurance for the entire families of their employees.<sup>362</sup> Larger companies also emphasized that they place a great focus on the personal development of their staff.<sup>363</sup> A representative from Securitas pointed out that his firm maintains an in-house training center, where guards can acquire a wide range of qualifications, such as language and computer skills.<sup>364</sup>

Yet trade union representatives come across as a lot more skeptical. Most security companies, they argued, are secretive about the precise nature of their labor policies, and few details concerning working conditions in the guarding industry are known. It was remarked that even those 'high-end' wages of 900 PEN per month scarcely suffice to afford a decent living standard, especially for a family. Female guards are reported to earn significantly less than their male colleagues do. Allegedly, many guards are compelled to regularly work overtime in order to boost their income.<sup>365</sup>

Conditions are probably worse for individuals employed with the smaller, local companies, struggling to compete with the big ones. Many of

these firms pay no more than the legal minimum to their employees. Wage payments are often belated, permanent working contracts the exception. More often than not, companies award only short-time contracts—so-called *contratos de servicios no personales*—which grant the workers neither vacation nor pension entitlements. Guards have to pay for their uniforms and the renewal of their weapons licenses themselves.<sup>366</sup>

In the informal sector, working conditions are even worse. Salaries often lie beneath the minimum legal benchmark. An informally employed *guachimán*, a number of informants confirmed, seldom earns more than 600 PEN (220 US dollars) per month.<sup>367</sup> One *guachimán* we interviewed had neither adequate health insurance nor a pension scheme.<sup>368</sup>

The 2006 Ley de Servicios de Seguridad Privada, officially in force since 2011, contains some provisions, which aim to improve the working conditions of private guards. For example, security firms are obliged to provide their employees with insurance against work-related accidents. The extent to which such stipulations will actually make a difference remains to be seen. A serious obstacle to improving conditions is the lack of an effective, nationwide union to represent the interests of those employed in the guarding sector. Up to now, the Peruvian law places severe restrictions on establishing labor unions.<sup>369</sup> The large security firms are also taking an outspoken anti-union stance. According to the Confederación General de Trabajadores del Perú (CGTP)—the national trade union center—there are several reports of guards being intimidated and even dismissed for supporting initiatives toward unionization.<sup>370</sup>

<sup>359</sup> Interviews with CACSI representatives, Lima, 25 May 2011; and a CGTP representative, Lima, 31 May 2011.

<sup>360</sup> Interview with a CGTP representative, Lima, 31 May 2011.

<sup>361</sup> Interviews with the CEO of Liderman, Lima, 30 May 2011; a manager at Securitas, Lima, 2 June 2011.

<sup>362</sup> Interview with a Securitas manager, Lima, 2 June 2011.

<sup>363</sup> Interviews with a Securitas manager, Lima, 2 June 2011; and the CEO of Liderman, Lima, 30 May 2011.

<sup>364</sup> Interview with a Securitas manager, Lima, 2 June 2011.

<sup>365</sup> Interview with a CGTP representative, Lima, 31 May 2011.

<sup>366</sup> Ibid.

<sup>367</sup> Interview with with private household guard (*guachimán*), Barranco/ Lima, 31 May 2011; an international development worker, Lima, 24 May 2011; and a CGTP representative, Lima, 31 May 2011.

<sup>368</sup> Interview with private household guard (*guachimán*), Barranco/ Lima, 31 May 2011.

<sup>369</sup> Interview with a CGTP representative, Lima, 31 May 2011.

<sup>370</sup> Ibid.

# Conclusion

Commercial security practices are prevalent in all three countries studied in this *brief*. Instead of being distributed as a public good, available to every member of society, security becomes commodified and thereby, at least in theory, restricted to a clearly defined group of paying customers.

Sometimes, the public police forces themselves partake in the commercial provision of security services, as is the case in Peru, where we have distinguished three kinds of state involvement in security markets (corruption, moonlighting and user-paid policing). The most common agents, however, are private security companies. In Timor-Leste and Liberia, the number of guards employed in the security industry clearly exceeds the size of the state police and military forces combined. Taking into account both the formal and informal security industry, the same observation applies to Peru. It can thus be assumed that—in all three countries—commercial security provision dwarfs non-commercial provision.

Security firms, as they have been described in this *brief*, ought not to be confused with private military or military security companies, i.e. those heavily armed mercenaries, who can be encountered in Iraq, Afghanistan and other conflict-ridden areas. Private guards in Timor-Leste and Liberia are not equipped with firearms. In Peru, they rarely carry anything heavier than pistols. The vast majority of services consists in the static guarding of buildings, such as offices, residences, or warehouses, and is mainly provided in urban environments.

At least for the cases examined here, commercial guarding appears to be a relatively new phenomenon. All the security companies operating in Timor-Leste were established in the aftermath of the international intervention in 1999. Most firms in Peru and Liberia were founded in the 1980s, yet at least in Liberia, the growth of the industry only really began after the end of the civil war in 2003. The emergence of security companies may be attributed to a number of factors:

To begin with one can argue that inadequacies and/or mistrust in the public security sector, coupled with widespread feelings of fear and insecurity, provide futile grounds for private security markets—alongside other non-state

security arrangements. Following the violent conflicts in both Timor-Leste and Liberia, state security institutions were in disarray, if not completely in shambles. While they have been reconstituted in the wake of recent security sector reform (SSR) processes, considerable problems remain. These are evident in a lack of resources, insufficient attention to community policing, or widespread corruption. In Peru, the growth of the security industry in the 1980s was even directly ascribed to the fact that the state was shifting resources from fighting crime (in the cities) to fighting insurgent groups (in the countryside). The blurring of boundaries between public and private policing, resulting from the engagement of police officers in commercial security practices, as evidenced in Peru, has—in all likelihood—further undermined public trust in the public security sector.

Whereas security companies may, from this point of view, fill a gap left by public institutions, our findings also suggest that it would be far too simple to explain the growth of security markets in terms of a mere reaction to state weakness. A remarkable feature of the security industries in both Timor-Leste and Liberia is that almost all of their customers, either large, transnational corporations or international organizations, are foreign. In these cases, commercial security primarily protects, and enables, development cooperation and the movement of capital. Especially in the development sector, an increasing number of organizations have begun to outsource security services to private companies instead of relying on in-house arrangements. They are abetting a trend toward the corporatization of private guarding. Large international customers, such as UN missions, thus play a key role in facilitating, if not actually creating, commercial security markets in specific local contexts. Yet, our findings also caution against generalizing any such observation. In Peru, for example, middle class Peruvian households still make up an important segment of security consumers.

The division between foreign and domestic market agents can also be applied to the composition of security industries themselves. A further important finding of our country studies has been the identification of a clear distinction between local and international security companies, competing within the same spaces and often in conflict with one another. In Timor-Leste, the locally owned firm Gardamor stands



opposed to the US-owned company APAC and the Australian Maubere. Whereas these three providers compete more or less at eye level, in other countries, relations between security firms are far more uneven. In Liberia, the security market is clearly dominated by the US-company Inter-Con, by far the largest and most professional security firm in the country, with smaller, local enterprises struggling (and mostly failing) to keep up. In Peru, the picture is similar, albeit on a much larger scale. Again, the majority of the largest and most professional security companies in the country are international corporations (G4S, Securitas, Hermes, Prosegur).

Often, although by no means always, international security companies protect international customers. The UN missions in Timor-Leste and Liberia have contracted APAC and Inter-Con respectively. The Newmont mining corporation in Peru relies on Securitas for protection. By contrast, national governments tend to hire local security firms, such as Gardamor in Timor-Leste, Aries in Liberia and ESVICASAC in Peru. In fact, in all three countries government officials and senior police or military officers privately own parts of the local security industry.

Besides identifying the principal providers and customers of commercial security services, the previous chapters have also examined and assessed the various modes of regulation to which security industries are subjected. One rather striking finding here, again evident in all three cases, concerns the relative weakness of state control and oversight of the activities of security firms. Despite the impressive size and relevance of the commercial security sector, it has been almost completely neglected in the SSR processes in Timor-Leste and Liberia. In Timor-Leste, a regulatory framework, specifically targeted at private security, did not exist at the time of our field research. Liberia does have some rudimentary provisions in place, yet they remain vague and have been put on hold in order to be redrafted. Peru, by comparison, has the most advanced and detailed legal stipulations on private security, especially since the introduction of a new law, which entered into force in 2011.

When compared to international best practice guidelines for state regulation of private security companies, as for example spelled out in the Montreux

Document, all three countries display considerable shortcomings. An active and functioning licensing regime only exists in Peru, yet here, too, a number of important provisions are either neglected or completely absent (particularly in the areas of human rights, vetting of guards and corruption policies).

Sometimes the main problem appears to lie less with the written regulations themselves as with their practical implementation. In Peru, the public agency tasked with oversight of the private security industry is perceived to be largely corrupt. In Liberia, the same agency lacks the necessary resources to fulfill its mandate.

This *brief* has argued that state bodies are not the only auspices that can regulate security companies. Judging from our field research, the extent to which any such non-state actors may actually compensate for weak public regulation remains doubtful, however. In Peru and Liberia, many security companies have organized themselves into associations, which seek to increase the overall level of professionalism in the industry. These associations have been key players in lobbying for stronger and more effective government regulation. Self-regulation does not meet international best practices, however. Internal Codes of Conduct, if the associations have any at all, remain sketchy and superficial.

In Timor-Leste, and to a limited degree Peru, trade unions have played an important role in pushing for better working conditions for security guards, albeit with only limited success.

Customers of commercial security services can also exercise a regulatory function, for example, through tendering and contracting processes, performance monitoring and liability clauses in contracts. Our field research revealed somewhat of a mixed picture in this regard. Larger customers, such as the UN missions in Timor-Leste and Liberia or the Newmont mining corporation in Peru, seem to have comparatively strong measures in place, including background checks on the security companies they hire and continual performance monitoring. The same also applies to some medium-sized businesses in Peru, such as hotels, which commonly maintain an in-house security expert responsible for contracting and overseeing security companies. Yet, in Timor-Leste and Liberia, especially smaller organizations working in the

field of development cooperation (also from within the UN system) display serious shortcomings in this regard: they commonly hire the cheapest company on the market, with little or no vetting process whatsoever. This clearly runs counter to international best practices for customer regulation, as for example laid down in the Sarajevo Client Guidelines.

Weak regulation, be it on behalf of state bodies or other actors, can be expected to have some effect on how commercial security influences a number of development-related factors. In our field research, we concentrated on three such factors, namely 1) the capacity of states to govern effectively, 2) overall feelings of public safety, and 3) economic development and social welfare.

**Capacity of states to govern effectively.** On the one hand, we did not find any indicators, which suggest that commercial security markets are actively impairing state capacities. Particularly in Timor-Leste and Liberia, representatives from the public security sector view the security industry in a positive light, considering it to significantly ease the burden on the back of the police and thus compensating for certain weaknesses of state bodies. In Timor-Leste and Peru legal provisions actually allow the public sector to draw upon the resources of the private security industry under certain conditions.

On the other hand, the public sector is often unable to fully reap the potential benefits presented by the security industry. This is particularly evident in Liberia, where the capacities of state institutions appear to be so low that they do not suffice to integrate public and private security. Yet, also in the other cases, coordinated and formal instances of cooperation between security companies and the public police are the exception rather than the norm. In Peru and Liberia, we even encountered claims of low-level conflicts between private security guards and police officers, mainly resulting from the fact that the authorities of the former are not clearly defined.

**Overall feelings of public safety.** Weak public regulation of the security industry in Timor-Leste and Liberia has not prompted private security guards to systematically commit human rights abuses. This is most likely due to existing legal stipulations in both countries, which severely restrict firearms possession, meaning in effect that most (if not all) guards are unarmed. In Peru, where SALW legislation is comparatively less severe, reports on private security guards intimidating and even killing civilians are far more frequent. Between 2004 and 2007, one security company reportedly severely intimidated and tortured local farmers and activists from civil society organizations, who protested against the extraction industry.

Our field research did not yield any conclusive results as to whether commercial security practices are producing halo effects or displacing crime. Most anecdotal evidence we gathered suggested limited halo effects, i.e. people profiting from private guards employed by their neighbors. Yet, such dynamics would only occur in the immediate proximity of commercially protected premises, usually in the affluent areas of cities. Whether they simultaneously cause a migration of criminal activities into poorer neighborhoods could not be determined. District chiefs across Dili did not feel that their communities are exposed to more crime as a result of an increase in commercial guarding.

**Economic development and social welfare.** In all three cases examined here, the security industry presents a significant part of the domestic economy. Uniformly, commercial security markets have grown considerably over the past years. In Timor-Leste, it was even reported to be the single-largest employer. In every country, the main extraction industries (oil in Timor-Leste, iron ore in Liberia, gold in Peru) rely heavily on commercial security services in their operations. Some industry representatives claimed that they would not be able to conduct business in the country were it not for the presence of security companies.

Importantly, the contribution of security markets to economic development does not necessarily translate into a positive impact on overall social welfare. Whereas the commercial security sector does provide a great many people with jobs, in Timor-Leste there is a manifest conflict between security companies and local communities on how these employment opportunities ought to be distributed. As soon as the UN missions withdraw from Timor-Leste and Liberia, quite a few people presently employed in the security industry will probably be without a job.

Finally, a major trend toward the corporatization of private guarding has, in all three countries, created extremely exploitative labor relations, which are hardly mitigated by government regulation.

Thus, it can be concluded that the relation between commercial security and development is not as straightforward as the one suggested by the 'security-development nexus'. Instead, it is highly ambivalent. As far as the cases here are concerned, the much-heard assumption that private security undermines, or even directly challenges, state authority appear to be somewhat exaggerated. Weak public (and private) regulation does, however, cause problems, evident most clearly in

1. conflicts over the authority and status of security guards (Liberia and Peru);
2. human rights abuses by security guards (Peru);
3. social tensions between security firms and communities (Timor-Leste); and
4. bad working conditions in the guarding industry (all three countries).

# Appendix

## Notes on method

Our conceptual framework is based on data obtained from available publications on private security companies, security sector reform (SSR) and the 'security–development nexus'. For our country studies (Chapters 3, 4 and 5), we collected additional data during three separate field research trips of two- to three weeks each. A team of two BICC researchers travelled to Timor-Leste between 22 July and 11 August 2010, to Liberia between 31 January and 15 February 2011, and Peru between 23 May and 5 June 2011. On each trip, a local partner with extensive knowledge of the public and private security sector assisted us for the entire duration of our stay.

During the field research, the primary method of data gathering was interviews with various types of informants. All in all, we conducted 75 interviews in three countries: 27 in Timor-Leste, 28 in Liberia and 20 in Peru. Based on their knowledge of the local context, we asked our partners to identify and contact informants from five overall groups: 1) private security companies (including owners and managers as well as individual guards); 2) customers of security companies (both residents and representatives from private businesses and international organizations); 3) actors partaking in the regulation of the security industry (relevant government bodies, parliamentarians, trade unions and industry associations); 4) other security providers (the public police forces, but also communal and informal security arrangements); 5) local or international security experts (NGO workers, journalists, researchers). Table 7 provides an overview of the number of interviews with each of these groups in the three countries.

The majority of interviews were semi-structured and with a single informant. Sometimes we conducted semi-structured group interviews. These interviews,

single and group, lasted between one and two hours. On some occasions, casual conversations revealed interesting information, in which case we classified the interview as 'informal' (see Tables 8, 9 and 10 for more details on informant- and interview types in the three countries).

While almost all interviews were conducted in the capital city of the respective country (Dili in Timor-Leste, Monrovia in Liberia, and Lima in Peru), we also visited the northern city of Cajamarca in Peru for two days to speak with representatives from the Yanacocha gold mine and local environmental activists.

Due to the sometimes sensitive information given to us, and also since some interviews were conducted informally, we have—with some exceptions—anonimized our sources to protect our informants. The authors know names and addresses of all informants.

In addition to interviews, we observed various security practices in different surroundings, at times in a systematic manner. For example, we made surveys of several neighborhoods, crisscrossing the streets and looking for signs (sometimes literally) of security companies. Often, we were able to gather data on which types of companies are working for which types of customers by walking through the streets of certain areas.

Finally, we systematically collected and analyzed written documents on commercial security, some of which became only available to us during our field research. Four types of texts were considered in this study: 1) official legal documents, 2) newspaper articles, 3) reports written by I/NGOs or international organizations, and 4) academic papers.

**Table 7: Overview of Interviews**

	Security companies	Consumers	Regulators	Other security providers	Experts
<b>Timor-Leste</b>	4	9	3	5	6
<b>Liberia</b>	8	6	6	3	5
<b>Peru</b>	6	5	4	2	3
<b>TOTAL</b>	18	20	13	10	14

The authors disaggregated all collected data into certain statements, which they coded and then reorganized by means of a template analysis.

The draft results of our field research were presented to—and critically reviewed by—a group of select experts on private security at a workshop held in Bonn on 1 September 2011.

**Table 8: Interviews in Timor-Leste**

		Semi-structured single	Semi-structured group	Informal
<b>Security companies</b>	Managers/Owners	2	1	
	Guards		1	
<b>Consumers</b>	United Nations	1		
	Development organizations	2	2	
	Businesses	1		3
<b>Regulators</b>	Government	1		
	Parliamentarian	1		
	Trade union		1	
<b>Other security providers</b>	UNPOL	1		
	PNTL	1		
	District chiefs	3		
<b>Experts</b>	Local NGO	3	2	
	Journalist	1		
<b>TOTAL</b>		<b>17</b>	<b>7</b>	<b>3</b>

**Table 9: Interviews in Liberia**

		Semi-structured single	Semi-structured group	Informal
<b>Security companies</b>	Managers/Owners	6		
	Guards	2		
<b>Consumers</b>	United Nations	2		
	Development organizations	1		2
	Businesses			1
<b>Regulators</b>	Government	2	1	
	Associations	2		
	Insurance	1		
<b>Other security providers</b>	LNP	3		
<b>Experts</b>	United Nations	3		
	Local NGO	1		1
<b>TOTAL</b>		<b>23</b>	<b>1</b>	<b>4</b>



Table 10: Interviews in Peru

		Semi-structured single	Semi-structured group	Informal
<b>Security companies</b>	Managers/Owners	3	2	
	Guards	1		
<b>Consumers</b>	Businesses	2		
	Development organizations	1		1
	Residents			1
<b>Regulators</b>	Government	1	1	
	Trade union	1		
	Association	1		
<b>Other security providers</b>	PNP	1		
	Serenazgo	1		
<b>Experts</b>	Local Researchers	3		
<b>TOTAL</b>		<b>15</b>	<b>3</b>	<b>2</b>

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