Why is this Sudanese child carrying a gun and not a schoolbag?

What are the origins of the conflict in Sudan?

What are the challenges facing the humanitarian community?

And what initiatives could help stem the suffering?

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**PRESIDENT’S MESSAGE**

*Doug Brooks, President - International Peace Operations Association*

It is with great pleasure that I am able to introduce what is perhaps the first ever survey focused on the world’s private security industry. This is a landmark achievement for both the International Peace Operations Association and the greater industry as a whole.

IPOA this year celebrated its fifth anniversary, having been formed in early 2001, some months before the terrorist attacks of September 11. The conflicts that followed those attacks, namely in Afghanistan and Iraq, have been particularly formative for the private security industry, bringing with it a rapid expansion, both in terms of operations and also in public recognition.

The idea for IPOA stems from the belief that more can be done to ensure that international efforts to end conflicts succeed and a clear recognition that the private sector can play a larger role to fundamentally improve peace and stability aspirations of societies affected by conflict. While IPOA acts as a trade association, it was not founded by members of the industry, but rather by individuals with backgrounds in the non-governmental, academic and business sectors who recognized the benefits brought by the private sector to the victims of conflict.

During its first five years, and with the support of leading companies in the Peace and Stability Industry, IPOA has grown in size, capability and influence. Through academic and field research, media outreach, opinion editorials, policy papers, presentations, public testimonies, roundtables, sponsored conferences, and white papers, IPOA has become the most ethical, transparent, and effective voice of the Peace and Stability Industry in the world.

There is much that yet to be learned about this emergent industry, and moreover, there is a similar degree of misinformation about the industry in the public domain. It is hoped that IPOA’s Annual Survey will add to the organization’s breadth of research about the private peace and stability industry, and will help to enhance public understanding of the industry and dispel the countless myths that abound.

Doug Brooks
President, IPOA
**INTRODUCTION**

*About the State of the Industry Survey*

The International Peace Operations Association (IPOA) is a non-profit, non-partisan, non-governmental, member-led association of service companies dedicated to improving peacekeeping, peace enforcement, humanitarian rescue, and stability operations worldwide. The Association was founded in April 2001 by Doug Brooks to institute industry-wide standards and a Code of Conduct, maintain sound professional and military practices, and educate the public and policy makers on the Peace and Stability Industry’s activities and potential. Presently the Association is composed of 27 companies providing critical post-conflict services such as mine action, medical services, logistics, and humanitarian security in countries experiencing conflict worldwide. Upon joining the Association, all companies agree to abide by the IPOA Code of Conduct (See Appendix I).

A subset of the Association’s membership, the private security industry, has faced significant scrutiny over the past few years. This increased public attention is primarily a result of the often controversial participation of private security companies in the Iraqi conflict. A myriad of articles have been published over the past few years that discuss the industry, and/or specific companies in a positive or negative light. The U.S. Congress has held hearings on the subject and continues to search for appropriate regulatory frameworks. An increasing number of academics and institutions are studying this industry and are discussing its role and potential. However, notably missing from this discussion are basic facts about the industry, including its size and scope.

Current information about the Private Security Industry is largely piecemeal and unsubstantiated. Estimates on the number of security contractors worldwide vary significantly. The estimated size of the industry in dollars is another figure that tends to vary widely. In spite of the continued attention centered on this industry, no systematic analysis has been carried out to date to help discern myth from reality. Many simple questions remain unanswered:

- How many security companies operate worldwide?
- How many security contractors do they employ?
- What services do they provide?
- In what countries are they active?
- Who is hiring them?
- Do they operate under a Code of Conduct?
- To whom are they accountable?

In Fall of 2005, IPOA initiated a research study on this increasingly influential industry. IPOA undertook the task of gathering this information so as to foster greater understanding among policy makers, militaries, the media and the public of the Industry’s scope and capabilities.

The substantial misinformation and misunderstanding of this maturing industry was the primary impetus behind this research project. Our primary objective was to gather and analyze information that had not been collected before, yet is absolutely necessary in order to understand the industry and the role it plays in peace operations and conflict environments worldwide.

Moreover, as an advocate of the private sector and its valuable contributions to peace and stability operations, it is important for IPOA to gather factual data that can be used to elicit and inform discussion regarding the regularly maligned private security industry.
**METHODOLOGY**

*How the Survey was Created and Implemented*

The study was divided into three distinct phases, Phase 1: Data Collection on Target Population, Phase 2: Survey Design and Distribution and Phase 3: Data Analysis. The first step was to compile a list of private security companies worldwide.

For the purposes of this study a Private Security Company is defined as a firm that provides at least some armed security services in at least one country other than their own, countries other than their own that provided armed security services in conflict zones.

To do this our talented Research Associates collected data on over 100 security companies worldwide through a combination of literature reviews, and database and internet searches. Additionally, we collected names of security firms operating abroad from the Iraqi Association of Private Security Companies (PSCAI) and the British Association of Private Security Companies (BAPSC).

**SURVEY DESIGN AND ADMINISTRATION**

The survey was designed with the intention of obtaining information that could be used to provide a broad description of the private security industry. The survey was pre-tested by sending it to IPOA members and requesting feedback from respondents. You can find the survey instrument in Appendix II.

**SURVEY ADMINISTRATION**

*E-mail, and E-mail/Telephone Follow-Ups*

The survey was distributed to potential participants via email. Generally the primary contacts were CEOs or Presidents; however multiple individuals from the same company were contacted in the case of nearly half the sample. Subsequent follow-up emails were sent at approximately one-month intervals.

Respondents were given the option to return the completed survey via e-mail, fax, or mail. Incentives to participate included mention on the IPOA Web site and receipt of the completed study.

**DATA ANALYSIS AND LIMITATION**

Due to the sensitive nature of the information discussed in the survey, many companies may have felt disinclined to participate. An unwillingness to disclose information, despite assurances that all surveys received would be kept anonymous, resulted in a relatively low response rate.

The reliability and transmissibility of the study may also come into question. A number of the companies that agreed to participate are current members of IPOA. These companies received far more encouragement and pressure to participate than the rest of the sampling frame, rendering the overall sample non-randomized. Future surveys must attempt to achieve a more randomized sample that is representative of the target population.

**CONTINUATION**

It is hoped that the State of the Industry Survey will be conducted on an annual basis, and in future will be expanded to include logistics and security sector reform companies.

Companies who are interested in taking part in the 2007 Survey are strongly encouraged to contact IPOA at ipoa@ipoaonline.org.
ABOUT THE RESPONDENTS
Basic Facts About the Companies

IPOA received 14 completed surveys out of a total of 103 companies identified as our target population that were e-mailed the survey instrument, resulting in an 13.6 percent response rate. This being a pilot survey — the first of its kind targeted at this influential but understudied industry — the relatively low response rate is not surprising. Given the intense competition in this industry and the reticence to share data that could potentially become public, we found our efforts to be quite successful. By incorporating the lessons learned from this initial effort we hope to increase the response rate and gather more data during year two of this endeavor.

This section addresses some basic facts concerning the respondent companies. It should be remembered that although these results do accurately represent the companies that responded to the survey, the results do not necessarily accurately represent the industry as a whole due to the response rate. Nevertheless, these results should not be discounted.

HEADQUARTER LOCATIONS AND SIZE
The respondent companies were primarily headquartered in the United States, however three were based in the European Union and one each were based in a Middle Eastern Gulf state and South Africa (see Chart 2). It should be noted that although a company may be registered in a particular country, its primary operations may be based in another country, and that its field operations may take place in yet many more countries.

A common complaint against private companies in peace and stability operations is that they are based in countries of convenience, where laws may be more relaxed. The responses of the companies in this survey demonstrated that this perception may not necessarily be true. Of the 14 respondent companies, none were based in what may be termed as countries of convenience.

The size of the headquarters workforce varied widely among the respondent companies (see Chart 3). Almost half of the companies have a small headquarters staff of less than 25 people. Of course, this does not represent the numbers of employees in the field, which may be substantial, perhaps supported by a small central office staff. Only one respondent company had a central office staff of over 100 employees.

Continued on page 8
Continued from page 7

**POST-SEPTEMBER 11 BUBBLE**

A commonly-held belief about the private peace and stability industry is that it arose as a result of the U.S.-led operations in Afghanistan and Iraq in the period following the September 11, 2001 terrorist attacks on New York and Washington, D.C.

A common criticism of the industry is that it is composed of war profiteers that came into being simply to profit from the conflicts in Iraq and to a lesser extent Afghanistan. The results of this survey demonstrate that a large portion of the industry was in existence well before the current conflicts. Indeed, of the respondent companies, three-fifths were in existence before September 11, 2001 (see Chart 4). Only four companies have come into existence since the commencement of U.S. operations in Iraq in 2003.

**MEMBERSHIP OF IPOA**

The respondent companies are by no means just representative of IPOA (see Chart 5). Indeed, just above one-third of respondent companies were not members of IPOA at the time of the survey. Although five respondent companies were not members of IPOA, all but one of them were aware of IPOA but had not yet sought membership.

IPOA membership is open to any company in the peace and stability industry. However, membership is not granted automatically to applicants. Companies must provide extensive background on their financial and operational history, and must satisfy the IPOA Membership Committee as to their worthiness for membership. Of greatest importance, all IPOA members must agree to and abide by the IPOA Code of Conduct (see Appendix I). The Code sets out ethical guidelines and obligations upon member companies, and provides for sanctions if a company is proven to have transgressed the Code’s provisions.

IPOA often receives recognition of the value that the organization brings to peace operations from the clients we work with in Governments and the United Nations, but one of the most frequent questions we are asked is why is a particular company not a member of IPOA?

As an association that is striving to represent and guide an entire industry, IPOA is keen to involve as many players as possible. We encourage all non-member companies active in the peace and stability industry to review their corporate strategies and find a reason why membership in IPOA does not coincide with their best interests.

IPOA believes that only the most responsible and professional companies should be working in the delicate environments common to states emerging from conflict. Joining IPOA is the best way that companies in the peace and stability industry can prove their industry leadership and visibly and actively demonstrate a commitment to high levels of ethical and moral standards for their operations in the field.
OPERATIONS AND SERVICES
What the Companies Do

The research demonstrates that security companies in our sample also provide other valuable services. For a list of services that we used in categorizing the companies, please refer to Appendix II.

CATEGORIES OF OPERATIONS AND SERVICES

The survey included questions on services provided by security companies. Examples for each service area were included in the survey for guidance:

Private Security. Protective security for personnel, infrastructure, and assets, travel and transport security assistance (aviation/maritime/convoy security), personal security/executive protection, provision of trained guards and specialized security equipment (i.e. armored transportation, body armor), close/force protection

Training & Security Sector Reform (SSR). Contextual information on area of operation (AO), General and cross-cultural security awareness (Cultural sensitivity and history of region/conflict), Weapons/equipment training, Law enforcement training, Survival (i.e. surviving in extreme conditions/climates, first aid, hostage and battlefield situations, navigation), Adapting to and coping with stress (i.e. psychological support centers, post-traumatic stress disorder)

Information, Analysis, & Consultancy. Risk analysis/security audit (Development of a security strategy, i.e. identification, reduction planning, and implementation, Context-based security planning for field offices), Crisis response/contingency planning (i.e. evacuation plans, sensitive information leakage, kidnapping/extortion management)

Logistics & Operational Support. Tactical (Equipment operation and maintenance (i.e. mobile repair service, inventory management, Engineering -constructing infrastructure-, Medical services), Strategic (Participation in humanitarian action, Counter-intelligence measures, i.e. surveillance, intelligence gathering, IT and communications security), Assistance in demobilizing/reforming combatant groups

Explosive Ordinance Disposal (EOD)/Mine Action. Humanitarian mine clearance (and other unexploded devices), Mine awareness training/education.

As shown in Chart 6, 93 percent of respondents provide both Training/SSR and Analysis/Consultancy, 86 percent provide Logistics/Operational services, 64 percent provide EOD/Mine services and a remaining 36 percent provide other services. These other services include Canine Teams, Land, Sea and Air, Translation, Information Technology, and Explosive detection dog teams (EDDT).

The majority of companies in the sample center their operations around security-related activities. The average company devotes 66 percent of its resources to the provision of security services. The next largest area of operation is training and security sector reform (SSR), which accounts for about 15 percent of PSC activities, although 93 percent of companies offered these services. However, 93 percent of companies provided analysis and consultancy services, and 86% performed logistics and operational support functions. The majority of companies (64 percent) conduct EOD and mine action.
Chart 6. Percentage of companies surveyed that are concerned with particular operations and services.

Chart 7. Average percentage of a company’s operational capacity devoted to particular operations and services.
A common misconception is that private security companies work exclusively for governments, and in particular, the U.S. Government. While private security companies do work with government, they also conduct operations for private companies, non-governmental organizations, international organizations (such as the UN and NATO) and to a lesser extent, private individuals.

Besides what kinds of entities they contract with, the respondent companies were also asked to what degree they work with each type of contracting entity. While it is true that governmental entities account for 62 percent of private security operations among respondent companies, private security companies are also active in providing services for non-governmental organizations, international organizations and the private sector (see Chart 7).

Of the respondent companies, 100 percent contract with the private sector (see Chart 8). Only one of the respondent companies did not contract with any governmental entities. NGOs and individuals were frequent sources of contracts for half of the companies.

The typical respondent company was found to be mainly concerned with government contracts, accounting for just under two-thirds of its workload. Just under a third of the contracts were from private sector entities, not including non-governmental organizations or international organizations, which only accounted for a marginal percentage.

### Contracting Entities

**Who the Companies Work For**

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Government</th>
<th>NGO/IGO</th>
<th>Private Sector</th>
<th>Individual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of companies</td>
<td>13</td>
<td>7</td>
<td>14</td>
<td>7</td>
</tr>
<tr>
<td>Percentage of companies</td>
<td>93%</td>
<td>50%</td>
<td>100%</td>
<td>50%</td>
</tr>
</tbody>
</table>

**Percentages of operations by contracting entity**

| Minimum Percentage of operations | 5% | 5% | 1% | 1% |
| Maximum Percentage of operations | 95% | 10% | 65% | 20% |
| Mean | 62% | 3% | 29% | 6% |

**Table 1.** Mean percentage of operations per category of contracting entity.
According to the results of the survey, the biggest concentration of field operations where the companies are currently working is Iraq, followed by Afghanistan (see Chart 9). The United States equaled Iraq in terms of the number of companies active in the country, however the activities in the U.S. are of a much more administrative nature for obvious reasons. After Iraq, Afghanistan and the U.S., several companies responded that they were active in Jordan, Kuwait and the United Arab Emirates, generally in a support role to operations in the region in Iraq and Afghanistan. Four companies also responded that they are involved in operations in Colombia.

Operations by Region

Respondents were asked to list the countries in each region of the world where they currently have operations. They were also asked to provide the number of staff employed in that particular region.

The survey shows that companies have minimal operations in the Australia-Pacific region (see Chart 10). Three companies identified Australia as a country of operations. The only other locations in the region where respondent companies have operations are Fiji and Papua New Guinea. There are overall 8 workers employed in the region.

There are nine companies and 5,233 employees operating in Americas, which includes North, South and Central America and the Caribbean countries (see Chart 11). The biggest concentration of operations are in the United States, where 11 companies have a presence.

Currently, there are 10 companies and 567 employees operating in Asia (see Chart 12). The largest number of operations are located in Afghanistan (7 companies). The respondent companies also have a presence in Singapore, Cambodia, India, Japan, Philippines, Azerbaijan, Indonesia, Pakistan, Thailand and Uzbekistan.

There are six companies operating in Europe (see Chart 13). The highest number of operations are located in United Kingdom, where 3 companies have operations. Other countries where respondent companies have operations include Russia, Ukraine, Bosnia &

Continued on page 16
AUSTRALIA-PACIFIC

- Australia
- Fiji
- Kiribati
- Marshall Islands
- Micronesia
- Nauru
- New Zealand
- Papua New Guinea
- Samoa
- Solomon Islands
- Tonga
- Tuvalu
- Vanuatu

| Countries where respondent companies have operations | 3 |
| Number of Employees in Region | 8 |

AMERICAS

- Antigua & Barbuda
- Argentina
- Bahamas
- Barbados
- Belize
- Bolivia
- Brazil
- Canada
- Chile
- Colombia
- Costa Rica
- Cuba
- Dominican Republic
- Ecuador
- El Salvador
- Guyana
- Haiti
- Honduras
- Jamaica
- Mexico
- Panama
- Paraguay
- Peru
- St. Kitts & Nevis
- St. Lucia
- St. Vincent & the Grenadines
- San Marino
- Suriname
- Trinidad & Tobago
- United States of America
- Uruguay

| Countries where respondent companies have operations | 9 |
| Number of Employees in Region | 5,233 |

**Chart 10.** Number of companies with operations in Asia-Pacific countries.

**Chart 11.** Number of companies with operations in North, South and Central American and Caribbean countries.
Asian countries:

- Afghanistan
- Azerbaijan
- Bangladesh
- Bhutan
- Brunei
- Burma (Myanmar)
- Cambodia
- China (People's Republic of)
- China (Republic of)
- Indonesia
- India
- Japan
- Kazakhstan
- Korea (People's Republic of)
- Kyrgyzstan
- Laos
- Malaysia
- Maldives
- Mongolia
- Nepal
- Philippines
- Singapore
- Sri Lanka
- Tajikistan
- Thailand
- Turkmenistan
- Uzbekistan

| Countries where respondent companies have operations | 10 |
| Number of Employees in Region | 567 |

European countries:

- Albania
- Andorra
- Armenia
- Austria
- Belarus
- Belgium
- Bosnia & Herzegovina
- Bulgaria
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Georgia
- Germany
- Greece
- Grenada
- Hungary
- Iceland
- Ireland
- Italy
- Jersey
- Lithuania
- Luxembourg
- Macedonia
- Malta
- Moldova
- Monaco
- Netherlands
- Norway
- Poland
- Portugal
- Romania
- Russia
- Serbia & Montenegro
- Slovakia
- Slovenia
- Spain
- Sweden
- Switzerland
- Turkey
- Ukraine
- United Kingdom
- Vatican City

| Countries where respondent companies have operations | 6 |
| Number of Employees in Region | 65 |

**Chart 12.** Number of companies with operations in Asian countries.

**Chart 13.** Number of companies with operations in European countries.
### MIDDLE EAST & NORTH AFRICA

<table>
<thead>
<tr>
<th>Country</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>Morocco</td>
</tr>
<tr>
<td>Bahrain</td>
<td>Oman</td>
</tr>
<tr>
<td>Egypt</td>
<td>Qatar</td>
</tr>
<tr>
<td>Iraq</td>
<td>Sudan</td>
</tr>
<tr>
<td>Israel &amp; Palestinian Terr.</td>
<td>Syria</td>
</tr>
<tr>
<td>Jordan</td>
<td>Tunisia</td>
</tr>
<tr>
<td>Kuwait</td>
<td>United Arab Emirates</td>
</tr>
<tr>
<td>Lebanon</td>
<td>Western Sahara</td>
</tr>
<tr>
<td>Libya</td>
<td>Yemen</td>
</tr>
<tr>
<td>Mauritania</td>
<td></td>
</tr>
</tbody>
</table>

| Countries where respondent companies have operations | 15 |
| Number of Employees in Region                      | 9,705 |

### SUB-SAHARAN AFRICA

<table>
<thead>
<tr>
<th>Country</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>Lesotho</td>
</tr>
<tr>
<td>Benin</td>
<td>Liberia</td>
</tr>
<tr>
<td>Botswana</td>
<td>Madagascar</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>Malawi</td>
</tr>
<tr>
<td>Burundi</td>
<td>Mali</td>
</tr>
<tr>
<td>Cameroon</td>
<td>Mozambique</td>
</tr>
<tr>
<td>Cape Verde</td>
<td>Mauritius</td>
</tr>
<tr>
<td>Central African Republic</td>
<td>Namibia</td>
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<tr>
<td>Chad</td>
<td>Niger</td>
</tr>
<tr>
<td>Comoros</td>
<td>Nigeria</td>
</tr>
<tr>
<td>Congo (Democratic Republic)</td>
<td>Rwanda</td>
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<tr>
<td>Congo (Republic of)</td>
<td>Sao Tome &amp; Principe</td>
</tr>
<tr>
<td>Djibouti</td>
<td>Senegal</td>
</tr>
<tr>
<td>Cote d’Ivoire</td>
<td>Seychelles</td>
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<tr>
<td>Equatorial Guinea</td>
<td>Sierra Leone</td>
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<tr>
<td>Eritrea</td>
<td>Somalia</td>
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<td>Ethiopia</td>
<td>South Africa</td>
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<tr>
<td>Gabon</td>
<td>Swaziland</td>
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<td>Gambia</td>
<td>Tanzania</td>
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<td>Ghana</td>
<td>Togo</td>
</tr>
<tr>
<td>Guinea</td>
<td>Uganda</td>
</tr>
<tr>
<td>Guinea-Bissau</td>
<td>Zambia</td>
</tr>
</tbody>
</table>

| Countries where respondent companies have operations | 4 |
| Number of Employees in Region                      | 3,101 |

**Chart 14.** Number of companies with operations in Middle Eastern and North African countries.

**Chart 15.** Number of companies with operations in African countries.
Herzegovina, Cyprus and Turkey. Overall, there are 65 workers employed in these locations.

There are 14 companies operating in Middle East and North Africa (see Chart 14). There are 9,705 employees working in this region. The largest number of companies and employees are currently in Iraq (11 companies), followed by Jordan, Kuwait, the United Arab Emirates, Qatar, Saudi Arabia, Bahrain and Libya, Egypt, Israel, Lebanon, Oman, Sudan and Yemen.

In Africa there are currently four companies working with 3,101 employees. These companies are working in Nigeria, Angola, Equatorial Guinea and Uganda.

**Country of Registration**

Chart 16 indicates number of companies registered by country. The highest concentration of companies are currently in Iraq and United States (eight companies in each country). There are five companies registered in Afghanistan, four in Kuwait, three in Jordan and two in the United Arab Emirates. Respondent companies are also registered in Azerbaijan, Cambodia, Cote d’Ivoire, Democratic Republic of Congo, France, India, Nigeria, Pakistan, Russia, Singapore, South Africa, Uganda and United Kingdom.

Chart 17 shows number of employees broken down by continents. The highest concentration of employees according to the survey is in Middle East and North Africa (51.96 percent); the second highest number of workers is in the Americas (28.02 percent), followed by 16.60 percent in Sub-Saharan Africa, 3.04 percent in Asia, 0.35 percent in Europe and 0.04 percent in the Australia-Pacific region.
INTERNAL DATA
Employees, Revenue and Ethical Standards

Perhaps some of the most sensitive information asked of the respondent companies was their annual gross revenue, ethical standards and the break-down of their hiring practices.

ANNUAL GROSS REVENUE
The average annual gross revenue rose from just under US$60 million in 2001 before peaking in 2004, at just under US$100 million (see Chart 18). It must be noted, however, that the number of companies reporting at each point varied significantly. For example, only four companies provided figures for the year 2001, compared to nine companies reporting for 2004.

HIRING PRACTICES
Of the respondent companies, 93 percent hire their employees in the country of operation and 7 percent of the companies do not hire local staff (see Chart 19).

The average ratio of expatriate staff to local staff employed by respondent companies is relatively even, although biased slightly in favor of local nationals. The results of the survey indicate that there are 56 percent local staff and 44 percent expatriate staff working in respondent companies.

Continued on page 18

Chart 18. Average annual gross revenue in millions of U.S. Dollars
* 4 companies reporting
** 8 companies reporting
*** 9 companies reporting

Chart 19. Percentage of respondent companies that hire in-country, local staff.

Chart 20. Average ratio of expat staff to local staff for the typical respondent company.
CODES OF CONDUCT

The results of the survey indicate that 79 percent of the respondent companies maintain and follow internal codes of conduct and only 21 percent of participant companies responded negatively.

Chart 22 shows that 86 percent of companies subscribe to an external code of conduct. While 14 percent do not subscribe to any external codes of conduct.

The results of the survey indicate that 79 percent of the respondent companies maintain and follow internal codes of conduct and only 21 percent of participant companies responded negatively (see Chart 21).

The most popular external codes of conduct subscribed to by the participant companies is the IPOA Code of Conduct (eight companies). Three companies subscribe to British Association of Private Security Companies (BAPSC) Charter, and two companies subscribe to Iraq Theater Rules of Engagement.

Other codes of conduct followed by the participant companies include Volunteer Principles, Code of Red Cross and Red Crescent, Contract SOW, Foreign Corrupt Practices Act, UN Code of Conduct for Law Enforcement, UN Mine Actions Procedure and USACE Contract Requirements.
CONCLUSION
Lessons from the State of the Industry Survey 2006

The State of the Peace & Stability Operations Industry Survey 2006 is not perfect by any means. The low level of respondents meant that our data was in many ways limited. Nevertheless, as one of the first surveys of its kind, the results provide an interesting insight into an industry that is discussed at length, but whose discussion is often lacking in factual basis. While this survey will not debunk too many myths, it hopefully will pave the way to shining a light on the industry in the future and clearing up its myriad misconceptions.

The survey does establish some interesting results. Especially since the beginning of the wars in Afghanistan and Iraq, the private security industry has often been seen as a purely American (or Anglo-American) enterprise. But even this small survey demonstrates that private security companies have a broad international presence and are not solely a Western phenomenon.

Further to the role of the industry in Afghanistan and Iraq, it is a belief held by many that the industry grew up around these conflicts. While that may be true for some companies, this survey demonstrates that 60 percent of respondent companies were in existence prior to the terrorist attacks of September 11, 2001 that arguably precipitated the conflicts in Afghanistan and Iraq.

Private security companies also tend to be seen as corporate behemoths, but of the companies surveyed, the majority of companies coordinate operations from a small headquarters of 25 staff or less.

The role played by private security companies is not simply to ride around conflict zones in armored vehicles with weapons in hand. Operations and services performed by the peace and stability industry are broad and diverse. These operations include:
- Private security
- Training & SSR
- Information, analysis & consultancy
- Logistics & operational support
- Explosive ordnance disposal/demining

While it is true that the companies surveyed offered a wide range of services, it is just as clear that the majority of their operations are indeed devoted to private security missions.

Particularly in light of concerns about public spending on the wars in Afghanistan and Iraq, it is a common misconception that private security companies work exclusively for governments. However, although those companies surveyed did indeed derive a large proportion of their workload from government contracts, a significant amount of work emanated from private companies, as well as NGOs and private individuals.

The survey also highlighted some key facts in terms of geographical operation. The respondent companies operate primarily in the Middle East and the Americas. Though it is likely that Middle Eastern operations are probably contract delivery focused and operations in the Americas are focused more on the corporate administration of each company, this is merely speculation. Such a question may be worthwhile in future surveys to clarify what companies are doing in various parts of the world.

A common misconception about the industry is that private security companies consist almost solely of expatriate (generally American, Australian, British or South African) personnel. However, the survey demonstrated that 93 percent of the respondent companies hire local staff during their international operations. A question for future surveys may be useful to determine proportions of ex-pat and local staff.

The mission of IPOA is to raise standards within the private peace and stability operations industry. To that effect, it is pleasing to note that 79 percent of the respondent companies have their own internal codes of conduct and 86 percent subscribe to an external code of conduct, including the IPOA Code of Conduct.

It is hoped that this survey will prove to be a useful starting point for greater in-depth analysis of this industry.
APPENDIX I

International Peace Operations Association Code of Conduct

PREAMBLE: PURPOSE

This Code of Conduct seeks to ensure the ethical standards of IPOA member companies operating in conflict/post-conflict environments so that they may contribute their valuable services to be utilized for the benefit of international peace and human security.

Members of IPOA are pledged to the following principles in all their operations:

1. HUMAN RIGHTS

1.1 In all their operations, Signatories will respect the dignity of all human beings and strictly adhere to all relevant international laws and protocols on human rights.

1.2 In all their operations, Signatories will take every practicable measure to minimize loss of life and destruction of property.

1.3 Signatories agree to follow all rules of international humanitarian law and human rights law that are applicable as well as all relevant international protocols and conventions, including but not limited to:

1.3.1 Universal Declaration of Human Rights (1948)
1.3.2 Geneva Conventions (1949)
1.3.3 Protocols Additional to the Geneva Conventions (1977)
1.3.4 Protocol on the use of Toxic and Chemical Weapons (1979)
1.3.5 Voluntary Principles on Security and Human Rights (2000)

2. TRANSPARENCY

2.1 Signatories will operate with integrity, honesty and fairness.

2.2 Signatories engaged in peace or stability operations pledge, to the extent possible and subject to contractual and legal limitations, to be open and forthcoming with the International Committee of the Red Cross and other relevant authorities on the nature of their operations and any conflicts of interest that might in any way be perceived as influencing their current or potential ventures.

3. ACCOUNTABILITY

3.1 Signatories understand the unique nature of the conflict/post-conflict environment in which many of their operations take place, and they fully recognize the importance of clear and operative lines of accountability to ensuring effective peace operations and to the long-term viability of the industry.

3.2 Signatories support effective legal accountability to relevant authorities for their actions and the actions of company employees. While minor infractions should be proactively addressed by companies themselves, Signatories pledge, to the extent possible and subject to contractual and legal limitations, to fully cooperate with official investigations into allegations of contractual violations and violations of international humanitarian law and human rights law.

3.3 Signatories further pledge that they will take firm and definitive action if employees of their organization engage in unlawful activities.

4. CLIENTS

4.1 Signatories pledge to work only for legitimate, recognized governments, international organizations, non-governmental organizations and lawful private companies.

4.2 Signatories refuse to engage any unlawful clients or clients who are actively thwarting international efforts towards peace.

5. SAFETY

5.1 Recognizing the often high levels of risk inherent to business operations in conflict/post-conflict environments, Signatories will always strive to operate in a safe, responsible, conscientious and prudent manner and will make their best efforts to ensure that all company personnel adhere to these principles.

6. EMPLOYEES

6.1 Signatories ensure that all their employees are fully informed regarding the level of risk associated with their employment, as well as the terms, conditions, and significance of their contracts.

6.2 Signatories pledge to ensure their employees are medically fit, and that all their employees are appropriately screened for the physical and mental requirements for their applicable duties according to the terms of their contract.

6.3 Signatories pledge to utilize adequately trained and prepared personnel in all their operations in accordance with clearly defined company standards.

6.4 Signatories pledge that all personnel will be vetted, properly trained and supervised and provided with additional instruction about the applicable legal framework and regional sensitivities of the area of operation.
6.5 Signatories pledge that all their employees are in good legal standing in their respective countries of citizenship as well as at the international level.

6.6 Signatories agree to act responsibly and ethically toward all their employees, including ensuring employees are treated with respect and dignity and responding appropriately if allegations of employee misconduct arise.

6.7 Signatories agree to provide all employees with the appropriate training, equipment, and materials necessary to perform their duties as laid out in their contract.

6.8 Employees will be expected to conduct themselves humanely with honesty, integrity, objectivity, and diligence.

7. INSURANCE

7.1 Foreign and local employees will be provided with health and life insurance policies appropriate to their wage structure and the level of risk of their service as required by law.

8. CONTROL

8.1 Signatories strongly endorse the use of detailed contracts specifying the mandate, restrictions, goals, benchmarks, criteria for withdrawal and accountability for the operation.

8.2 In all cases—and allowing for safe extraction of personnel and others under the Signatories’ protection—Signatories pledge to speedily and professionally comply with lawful requests from the client, including the withdrawal from an operation if so requested by the client or appropriate governing authorities.

9. ETHICS

9.1 Signatories pledge to go beyond the minimum legal requirements, and support additional ethical imperatives that are essential for effective security and peace related operations:

9.2 Rules of Engagement

9.2.1 Signatories that could potentially become involved in armed hostilities will have appropriate “Rules of Engagement” established with their clients before deployment, and will work with their client to make any necessary modifications should threat levels or the political situation substantially change.

9.2.2 All Rules of Engagement should be in compliance with international humanitarian law and human rights law and emphasize appropriate restraint and caution to minimize casualties and damage, while preserving a person’s inherent right of self-defense.

9.3 Support of International Organizations and NGOs/Civil Society and Reconstruction

9.3.1 Signatories recognize that the services relief organizations provide are necessary for ending conflicts and alleviation of associated human suffering.

9.3.2 To the extent possible and subject to contractual and legal limitations, Signatories pledge to support the efforts of international organizations, humanitarian and non-governmental organizations and other entities working to minimize human suffering and support reconstructive and reconciliatory goals of peace operations.

9.4 Arms Control

9.4.1 Signatories using weapons pledge to put the highest emphasis on accounting for and controlling all weapons and ammunition utilized during an operation and for ensuring their legal and proper accounting and disposal at the end of a contract.

9.4.2 Signatories refuse to utilize illegal weapons, toxic chemicals or weapons that could create long-term health problems or complicate post-conflict cleanup and will limit themselves to appropriate weapons common to military, security, or law enforcement operations.

10. QUALITY

10.1 Signatories are committed to quality and client satisfaction.

11. PARTNER COMPANIES & SUBCONTRACTORS

11.1 Due to the complex nature of the conflict/post-conflict environments, companies often employ the services of partner companies and subcontractors to fulfill the duties of their contract.

11.2 Signatories agree that they select partner companies and subcontractors with the utmost care and due diligence to ensure that they comply with all appropriate ethical standards, such as this Code of Conduct.

12. ENFORCEMENT

12.1 This Code of Conduct is the official code of IPOA and its member organizations. Signatories pledge to maintain the standards laid down in this Code.

12.2 Signatories who fail to uphold any provision contained in this Code may be subject to dismissal from IPOA at the discretion of the IPOA Board of Directors.

First Adopted: April 1, 2001

Tenth Version: March 31, 2005
APPENDIX II
Sample Survey

This section demonstrates a true representation of the survey that was distributed to companies in the peace and stability industry during 2005.

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Sample Survey

This section demonstrates a true representation of the survey that was distributed to companies in the peace and stability industry during 2005.

INTERNATIONAL PEACE OPERATIONS ASSOCIATION

Please complete the survey and return it to us via e-mail. Once the study is completed, all participating companies will receive a copy of the final report free of charge. We assure you that all information provided will be kept in absolute confidence.

Security Industry Survey

Please answer the following questions to the best of your ability and with the most current information available.

RESPONDENT NAME | POSITION | EMAIL | MAILING ADDRESS
--- | --- | --- | ---

I. COMPANY BACKGROUND
1. What is the name of your company?
2. In what year was your company founded?
3. In what country are your headquarters located?

II. OPERATIONS AND SERVICES
1. What are the services offered by your company? Please check all that apply and indicate what percentage of your operational capacity is devoted to each service. For a detailed description of what is covered by each category, please refer to Table 1 attached at the end of this survey.

<table>
<thead>
<tr>
<th>PRIVATE SECURITY</th>
<th>TRAINING &amp; SSR</th>
<th>INFORMATION ANALYSIS &amp; CONSULTANCY</th>
<th>LOGISTICS &amp; OPERATIONAL SUPPORT</th>
<th>ECO/ MINING ACTION</th>
<th>OTHER (please specify below)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

Check all that apply

% of operations

For any questions regarding the survey, please contact us via email at ipoa@ipoaonline.org or phone at (202) 444-0721.

3. Please indicate your Areas of Operation. (Respondents may indicate more than one area. If your company does not operate in the region, please indicate so with a check in the second column. For a list of countries included in each region, please refer to Table 2 attached at the end of this survey. When indicating the number of employees operating, please include independent contractors.)

<table>
<thead>
<tr>
<th>REGIONS OF OPERATION</th>
<th>NUMBER OF COUNTRIES WITH COMPANY PRESENCE (if applicable)</th>
<th>COUNTRIES OF OPERATION (please list all countries)</th>
<th>AVERAGE NUMBER OF EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia/Pacific</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central/South America/Caribbean</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle East/North Africa</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. Where is your company registered to operate? (Please include more than one location if applicable.)

For any questions regarding the survey, please contact us via email at ipoa@ipoaonline.org or phone at (202) 444-0721.
For questions 5-7 administrative staff refers to full-time employees responsible for logistical, executive, and organizational duties and operational staff refers to those working in the field in direct provision of security-oriented service (including independent contractors).

5. How many employees currently operate as administrative staff out of your main headquarters?

6. Please estimate the number of administrative and operational personnel (including independent contractors) operating under your company name worldwide at minimum (lowest number of administrative and operational staff) and peak (highest number of administrative and operational staff) levels. Please indicate the year for which this information applies.

<table>
<thead>
<tr>
<th>Minimum Operational Level</th>
<th>Peak Operational Level</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NUMBER OF PERSONNEL</strong></td>
<td><strong>OPERATIONAL LEVEL</strong></td>
</tr>
<tr>
<td>YEAR</td>
<td></td>
</tr>
<tr>
<td>7. Is it company policy to hire local staff?</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>If YES, on average, what percentage of your in-country operational staff is local?</td>
</tr>
<tr>
<td></td>
<td>Does this percentage vary significantly across countries?</td>
</tr>
<tr>
<td></td>
<td>If YES, please elaborate:</td>
</tr>
<tr>
<td>8. Please estimate your company’s average gross revenue for all years for which information is available (USD).</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>YEAR</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUE</td>
<td>USD</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

9. Do you operate under an internal Code of Conduct? | YES | NO |
| If YES, please list any codes you currently abide by: | |

10. Do you operate under an external Code of Conduct? | YES | NO |
| If YES, please list any codes you currently abide by: | |

**ASSOCIATION MEMBERSHIP**
1. Are you currently a member of an industry trade association? | YES | NO |
2. Had you heard of IPOA prior to receipt of this survey? | YES | NO |

For any questions regarding the survey, please contact us via email at IPOA@IPOAonline.org or phone at (202) 644-0721.

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**Table 1. Services**

<table>
<thead>
<tr>
<th>Private Security</th>
<th>Protective security for personnel, infrastructure, and assets</th>
<th>Travel and transport security assistance (Lodging/ground security)</th>
<th>Personal security/escorted protection, dissemination, provision of trained guards and specialized security equipment, armored transportation, body armor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training &amp; Security Sector Reform (BDR)</td>
<td>Contextual information on security awareness, history of region/area of operation</td>
<td>Weapons/equipment training</td>
<td>Law enforcement training</td>
</tr>
<tr>
<td>Information, Analysis &amp; Consultancy</td>
<td>Risk analysis/strategy development for security planning, reduction planning, and implementation, context-based security planning for field offices</td>
<td>Crisis response/contingency planning (evacuation planning, sensitive information leakage, kidnapping/terrorism management)</td>
<td></td>
</tr>
<tr>
<td>Logistics &amp; Operational Support</td>
<td>Tactile employment operations and maintenance (service, vehicle, inventory management), construction and infrastructure, medical services</td>
<td>Strategic participation in humanitarian action, counter intelligence/counterintelligence gathering, IT aid, communications security, assistance in demining/explosive ordinance disposal</td>
<td></td>
</tr>
<tr>
<td>Explosive Ordnance Disposal (EOD)/Mine Action</td>
<td>Mine clearance and other unexploded devices, mine awareness training/education</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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**International Peace Operations Association**

**Security Industry Survey**

**Non-Disclosure Agreement**

This Non-Disclosure Agreement is entered into by and between The International Peace Operations Association (IPOA) and _______ for the purpose of preventing the unauthorized disclosure of confidential information. The parties agree to enter into a confidential relationship with respect to the disclosure of certain proprietary and confidential information. For purposes of this Agreement, "Confidential Information" shall include all information provided by the respondent as part of the security industry survey.

IPOA pledges to hold and maintain all information provided by the respondent in the strictest confidence. IPOA will not disclose any information that would allow for the identification of a particular respondent. Any identifying information will be removed from the data upon receipt.

This Agreement and its obligations shall be binding on the representatives of each party. Each party has signed this agreement through an authorized representative.

**Doug Beadle**

President, IPOA

Date: 3/2/06

Name: Position: Date:

Please sign and date the agreement and return it to IPOA by fax at (202) 644-0726.
We pledge
to abide by the International Peace Operations Association Code of Conduct and to provide service of a high quality and to demonstrate an equally high standard of ethics.

There are trade associations.
And then there is the International Peace Operations Association.

Membership of the International Peace Operations Association does not come automatically. Every member must demonstrate a commitment to quality and ethics, and must pledge to abide by the IPOA Code of Conduct.

So you can be assured that Membership of the International Peace Operations Association is a stamp of approval.