



The *Sarajevo Client Guidelines* for the Procurement of Private Security Companies



SEESAC

South Eastern and Eastern Europe Clearinghouse
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Acronyms

CSS	Centre for Security Studies (Bosnia and Herzegovina)
CoESS	Confederation of European Security Services
CoC	Code of Conduct
EC	European Commission
EU	European Union
Mol	Ministry of Interior
MoS	Ministry of Security
NGO	Non Governmental Organisation
OECD DAC	Organisation for Economic Cooperation and Development, Development Assistance Committee
OHR	Office of the High Representative
OSCE	Organisation for Security and Cooperation in Europe
PI	Performance Indicator(s)
PMC	Private Military Company (ies)
PSC	Private Security Company (ies)
RFP	Request for Proposals
SALW	Small Arms and Light Weapons
SEESAC	South Eastern and Eastern Europe Clearinghouse for the Control of SALW
SOP	Standard Operating Procedure (s)
TOR	Terms of Reference
UN	United Nations
UNI	Union Network International Europa
UNDP	United Nations Development Programme





Introduction to the Sarajevo Process

A range of writers and observers have monitored the increase in private security provision across the world during the last decade.¹ Increasingly, the private security industry is taking on roles that have traditionally been the preserve of state security providers, including: escorting and transporting high-risk commodities; providing rapid response services attached to alarm systems; stewarding large public events; operating prisons; securing courts; providing surveillance services; risk analysis; and providing protective security to a wide range of facilities such as banks, ports and embassies.

In 1999 the Confederation of European Security Services (CoESS) estimated that there were more than 500,000 guards working for 10,000 Private Security Companies that specialise in the surveillance of industrial sites, offices, public buildings, stores and airports, in the transportation of money, and in the protection of individuals and homes in member states of the EU.² Today, with the eastern expansion of the EU, that number may well have doubled, without taking into consideration illicit PSCs and their employees. Within South Eastern Europe (SEE), the industry has grown rapidly from very small beginnings in the early 1990s with the move away from communism. The countries of the region, most of which remain in transition, have often found it difficult to provide effective security for their citizens, not least following periods of violent conflict. Factors such as weak state institutions, ineffective or authoritarian policing, corrupt government practice and high crime rates have often combined to create a demand for private security provision. Coupled with the withdrawal of state security protection from newly privatised property, these factors have created the conditions for the substantial growth of the private security sector across the region. As a result, the SEE region has probably seen one of the most rapid privatisations of security worldwide.

A study commissioned in 2005 and researched by the non-governmental organisation Saferworld (UK) in collaboration with local civil society partners found that there are now around 200,000 private security guards working in the region.³ In general terms the private security sector was found to be providing a welcome additional layer of security to that offered by state law enforcement agencies; one that client organisations clearly found valuable. Yet despite this fact, the professionalism of companies was found to vary widely across the region, with many dubious operators undermining the gradual improvements being made elsewhere. In too many cases companies were found to have inappropriate

¹ For example Peter Singer, *Corporate Warriors: The Rise of the Privatized Military Industry*, Ithaca: Cornell University Press, 2003.

² 'Joint Declaration on the Mutual Recognition of CoESS and UNI-Europe and the Social Dialogue,' Report of Berlin Conference, 10 June 1999, p. 8.

³ SALW and Private Security Companies in South East Europe, International Alert-Saferworld-SEESAC, 2005. The report provided a comparative study of the conduct and regulation of companies in Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Moldova, Serbia and Montenegro (including Kosovo) and Romania.



affiliations (for example with political parties or criminal groups), to employ untrained staff, or to engage in bad practice. Formal regulation of the sector was also found to diverge widely: although most countries in the region now have specific legislation to regulate the industry, problems with the effective implementation of these laws and with the broader oversight of the sector were numerous. In those cases where companies had chosen to self-regulate by forming trade associations and agreeing codes of conduct this was seen to have helped in raising standards. For their part client organisations could probably do more: the limited amount of information available on the procurement practices of commercial and public sector clients suggested that contracts are often awarded on an informal basis, or on grounds of cost alone.

The key conclusion of the study was that the regulatory authorities of each country, together with the most progressive members of the industry, should collaborate to develop and implement comprehensive but workable regulations and voluntary guidelines to ensure that the highest standards are maintained within the sector. In summer 2006, with financial and technical support from SEESAC, Saferworld and the Centre for Security Studies (Bosnia and Herzegovina) initiated the *Sarajevo*



Workshop 'Private Security Companies' Regulation in Bosnia and Herzegovina', 29 June 2005

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Process in which stakeholders from the Bosnian Government, client groups and international organisations came together for this purpose. As the first step in a longer process designed to improve industry standards across SEE, two documents (a draft code of conduct for members of the industry and a set of procurement guidelines to guide the work of client organisations) were discussed and reviewed at a roundtable event in Sarajevo on 29 June 2006. Following extensive revisions during a month-long consultation period, the resulting *Sarajevo Code of Conduct* and *Sarajevo Client Guidelines* for the Procurement of Private Security Companies were agreed and launched in September 2006.

The *Sarajevo Code of Conduct* contains a set of basic standards of professionalism and service delivery for application by all employers and employees in the private security industry. It covers a wide range of areas, including the selection and recruitment of workers, vocational training, health and safety at work, non-discrimination, and relations with clients, the police and other security companies. The *Sarajevo Client Guidelines* outline a three-stage voluntary procurement procedure that client organisations are advised to follow when contracting private security providers. According to the *Sarajevo Client Guidelines*, clients should not employ security contractors on cost alone, but should also take into account a



range of other factors when making procurement decisions, such as standards of internal governance, quality of service, levels of training and adherence to national legislation and a voluntary code of conduct.

The *Sarajevo Code of Conduct* and *Sarajevo Client Guidelines* are mutually reinforcing documents. It is important to recognise that neither document is intended as a substitute for national legislation in this area, the effective implementation of which is the single most important guarantee of good practice. Rather, the purpose of the *Sarajevo Process* is to support the development and enforcement of formal regulation by engaging all relevant actors in a drive towards improved standards. At the same time, both documents are based on European and international best practice in this area and draw on documents such as the *Voluntary Principles on Security and Human Rights*;⁴ *United Nations Basic Principles on the Use of Force and Firearms by Law Enforcement Officials*;⁵ and *United Nations Code of Conduct for Law Enforcement Officials*.⁶ Further, having been developed in response to baseline research and agreed through an open consultation process with industry members, regulatory bodies, client organisations and specialist civil society representatives, the *Sarajevo Code of Conduct* and *Sarajevo Client Guidelines* can be seen as locally owned documents designed to respond to real concerns. Their uptake is therefore recommended both in Bosnia and Herzegovina and elsewhere as appropriate, particularly within the SEE region.

⁴ Available at, www.voluntaryprinciples.org/principles/index.php.

⁵ See Annex A, *The 'Sarajevo Code of Conduct' for Private Security Companies*, SEESAC, 2006, (ISBN: 86-7728-020-0).

⁶ See Annex B, *The 'Sarajevo Code of Conduct' for Private Security Companies*, SEESAC, 2006, (ISBN: 86-7728-020-0).





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The Sarajevo Client Guidelines for the Procurement of Private Security Companies

1 Background

Commercial security providers in the form of private security companies (PSC) are increasingly used in humanitarian and post-conflict environments by a wide range of organisations, including the United Nations and foreign embassies. Users turn to commercial security because; 1) it is seen as more administratively efficient and cost effective; and 2) developing or transitional states often cannot provide acceptable alternative security sources. Yet using private security providers in these settings often raises difficult ethical and operational issues. There is often great variation in operational standards between companies, their compliance with international best practice is difficult to assess and security providers sometimes use weapons as a credible deterrent.

There are three generic types of commercial security providers operating in post-conflict environments: international PSCs; local PSCs; and 'moonlighting' state security forces or individuals. The key role of commercial security is in guarding residential property and offices, but they also often provide mobile escorts. These roles give PSCs a power that can amount to a temporary localised monopoly on violence.

The providers of private or commercial security are usually chosen through organisational procurement processes at the local level, which are often unsuited to the procurement of security. Regrettably these processes often rely on poor market information, a lack of guidance and make little reference to broader social impacts. Arrangements for hiring a commercial security provider are very *ad hoc* in post-conflict environments with little cooperation between potential clients. Providers are chosen on technical grounds that are directed by the HQ directives, rather than by: 1) sharing of information between users about providers' performance histories; and 2) an assessment of the provider's political affiliation, human rights record or potential for other negative impacts on local public security. Many international organisations rely on local authorities to vet providers, despite their sometimes obvious inability to conduct effective, impartial assessments. Few users consider the potential reputational costs that flow from engaging a commercial provider that employs staff who may have violated international law or human rights during the prior conflict, or companies with inappropriate ethnic, political or criminal linkages.¹

The Sarajevo Client Guidelines for the Procurement of Private Security Companies (hereafter 'the Guidelines') outline a three-stage voluntary procedure for application by clients when contracting providers of private security services. The Guidelines were developed by a diverse group of client organisations and private security providers from across Bosnia and

¹ Information taken from *Commercial Security in Humanitarian and Post-Conflict Settings: An Exploratory Study*, James Cockayne, IPA, New York, March 2006.



Herzegovina in June – July 2006 as part of the *Sarajevo Process* to enhance the conduct and regulation of the industry across South Eastern Europe.² According to the Guidelines, clients should not employ security contractors on the basis of cost alone, but should also take into account a range of other factors when making procurement decisions, such as standards of internal governance, quality of service, levels of training and adherence to national legislation and a voluntary code of conduct.³ By complying with the Guidelines in full, clients will avoid many of the risks associated with employing low-cost security providers, which can include poor service delivery and the misuse of force.

The Guidelines are based on both European⁴ and wider international best practice in this area and draw on the *Voluntary Principles on Security and Human Rights*.⁵ They are intended to complement national legislation and those following them are also expected to meet the basic conditions imposed by national law. The Guidelines are recommended for use by any client of private security services regardless of origin or location. It is recognised however that individual client organisations will employ different procurement systems. The Guidelines do not seek to override or replace them, but to provide additional tools that can enhance any fair and transparent system of procurement provided they are adopted in a fashion that is appropriate to each organisation.

² The convenors of the *Sarajevo Process* were the non-governmental organisations (NGOs), the Centre for Security Studies (Bosnia and Herzegovina) and Saferworld (United Kingdom), with additional support provided by the Office of the High Representative (OHR) and the BiH Ministry of Security (MoS). SEESAC provided financial backing and technical support for the initiative.

³ The Guidelines should be read in conjunction with the accompanying *Sarajevo Code of Conduct* for Private Security Companies, developed concurrently.

⁴ *Selecting Best Value: A Manual for Organisations Awarding Contracts for Private Guarding Services*, CoESS and Uni-Europa, 1999. Available at, http://www.securebestvalue.org/ftp/man_en.pdf.

⁵ Available at, <http://www.voluntaryprinciples.org/principles/index.php>.



2 Procurement guidelines

2.1 Needs assessment and invitations to tender

Clients should assess their exact security needs, giving consideration to factors such as:

FACTOR	EXAMPLES
Operational tasks the security contractor is expected to accomplish	<ul style="list-style-type: none"> ■ Physical protection and guarding ■ Close protection ■ Rapid response ■ Investigative services ■ Risk assessment and analysis ■ Technical assistance and surveillance
Type of security required	<ul style="list-style-type: none"> ■ Armed or unarmed ■ Physical and/or technical security ■ Static and/or patrol guard services ■ Registration and access controls
Level of security required	<ul style="list-style-type: none"> ■ Number of posts ■ Hours per post
Minimum experience levels required	<ul style="list-style-type: none"> ■ Operational experience ■ Management experience ■ Training and education ■ Professional skills
Working environment	<ul style="list-style-type: none"> ■ Outdoors or indoors ■ Duty times/periods ■ Ground and terrain ■ Uniformed or civilian clothes
Working days	<ul style="list-style-type: none"> ■ Number of days per week ■ Holidays when security required
Equipment requirements from contractor ⁶	<ul style="list-style-type: none"> ■ Surveillance systems ■ Communication systems ■ Weapon systems ■ Other
Public contact	<ul style="list-style-type: none"> ■ Level of public contact ■ Type of uniform required ■ Level of training in public relations
Contract management requirements	<ul style="list-style-type: none"> ■ Public complaints procedure ■ Tribunal mechanisms ■ Disciplinary procedures ■ Performance monitoring (see below)

Table 1: Needs assessment factors

⁶ Clients may be responsible for the provision of some items, such as ID Cards, Stationery, and Office Provisions etc.



It should be recognised that the level of experience and range of services on offer will vary between companies. Care should be taken when conducting needs assessments to avoid the unnecessary exclusion of newer or smaller operators.

Following the needs assessment, clients should issue a public invitation to tender and an accompanying Request for Proposal (RFP) or equivalent document detailing their specific needs and providing other information relevant to the tender. The RFP should also request that each applicant provide background information in order to assist the client in assessing their application in terms of due diligence, professionalism and financial probity. Requested information should include, at a minimum:

- a) certifications of risk indemnity insurance (where relevant);
- b) company balance sheets and statement of overall turnover;
- c) evidence of the contractor's registration, educational and professional qualifications and those of its managerial/operational staff;
- d) a list of principal services provided in the last three years;
- e) number and work pattern of employees (full time/part time);
- f) work experience of employees (including management);
- g) turnover rate of employees;
- h) benefits and training offered to employees;
- i) extent of pre-employment screening for employees/management staff (where legally permitted); and
- j) references from similar clients in the local area.

Full information on the procurement process and the required format for submissions should be provided in the RFP/tender documents. Clients may wish to organise a conference for prospective bidders, but at a minimum should provide a point of contact to handle queries. Information provided at this stage should not compromise the fairness of the procurement process.

2.2 Evaluation of bids

An assessment committee should convene to evaluate proposals. The membership of the assessment committee should be established according to the clients' internal procedures. However, the assessment committee should, where possible, include personnel with experience of security issues. The assessment committee will evaluate bids in two stages; automatic exclusion on the basis of set criteria and the assessment of tenders according to award criteria.



2.2.1 Automatic exclusion

A number of criteria will be used to reject substandard or inappropriate bidders outright. These criteria should include, at a minimum:

- a) inability to fulfil any aspect of the RFP;
- b) failure to provide requested documentation;
- c) submission of false information or misleading information;
- d) bankruptcy or proceedings for a declaration of bankruptcy;
- e) failure to pay taxes or social security obligations;
- f) grave professional misconduct by the company or one of its management;
- g) conviction of the company or its management of an offence concerning its professional conduct;
- h) proven involvement in political activities; and
- i) proven breaches of international humanitarian and human rights law.

2.2.2 Assessment according to award criteria

A specialised score sheet (see below) could be used to judge competing bids, according to four key areas: 1) personnel standards; 2) contract management; 3) company standards; and 4) pricing.⁷ While it is recognised that clients will use a score sheet with selection criteria and a rating system that meets their needs and procedures, it is recommended that applicants are assessed against the below categories (where appropriate to the contract in question). It is also recommended that each award criteria be allocated a weighted points total, with a final score representing the applicant's performance in that area. A score of less than 50% for any criteria will automatically discount the applicant (see the *Saravejo Code of Conduct* for more information on these areas). Under normal circumstances the applicant with the highest overall score will be offered the contract. However, clients may want to ask contractors that score the highest in the proposal-evaluation phase to make oral presentations. This step is especially useful if the evaluation process produces a near tie among bidders.

⁷ More information on how to assess tenders according to these areas can be found in *Selecting Best Value: A Manual for Organisations Awarding Contracts for Private Guarding Services*, CoESS and Uni-Europa, 1999. Available at: http://www.securebestvalue.org/ftp/man_en.pdf.



AWARD AREA	AWARD CRITERIA	WEIGHT	SCORE
PERSONNEL STANDARDS			
Average officer experience	<ul style="list-style-type: none"> ▪ Employee backgrounds ▪ Experience in industry ▪ Contract specific experience 		
Training and professionalism	<ul style="list-style-type: none"> ▪ Basic training ▪ Human rights training ▪ Additional training ▪ Contract specific training ▪ Regular further training ▪ Use of force and firearms (see below) ▪ Other skills 		
Employment conditions	<ul style="list-style-type: none"> ▪ Pay and remuneration ▪ Benefit packages ▪ Working conditions ▪ Types/hours of shifts worked 		
Selection and recruitment	<ul style="list-style-type: none"> ▪ Recruitment and selection methodology ▪ Criminal screening ▪ Human rights abuse screening ▪ Drug screening ▪ Discharge from police/security services ▪ Psychological screening 		
Use of force and firearms ⁸	<ul style="list-style-type: none"> ▪ Basic training ▪ Regular further training 		
CONTRACT MANAGEMENT			
Management structure and experience	<ul style="list-style-type: none"> ▪ Structure, organisation and skills of management team ▪ Contract specific knowledge of management team 		
Contract resources and implementation mechanisms	<ul style="list-style-type: none"> ▪ Contract manager availability ▪ Contract manager response time ▪ Rostering methodology ▪ Back-up capacity ▪ General and client specific procedures ▪ Reporting ▪ Staff standards inspections ▪ HQ support/24 hours support room ▪ Other criteria 		
CONTRACT INFRASTRUCTURE			
Equipment	<ul style="list-style-type: none"> ▪ Communication tools and systems ▪ IT hardware and software ▪ Uniforms ▪ Vehicles 		

⁸ Emphasis should be placed on the graduated use of force and firearms. Standards in this area should also comply with the *UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials* and the *UN Code of Conduct for Law Enforcement Officials*.



AWARD AREA	AWARD CRITERIA	WEIGHT	SCORE
Technical support	▪ Surveillance/CCTV		
	▪ Guard control system		
	▪ Access control system		
	▪ Alarm installation		
	▪ Central monitoring system		
	▪ Other criteria		
COMPANY STANDARDS			
Company policy and practice	▪ Financial and contractual policy		
	▪ Human rights and security policy		
	▪ Health and safety policy		
	▪ Equal opportunities policy		
	▪ Disclosure of information and confidentiality		
Company associations	▪ Relationship with the police/security services		
	▪ Relationship with political parties and organisations		
Governance and oversight	▪ Code of conduct/ethics		
	▪ Rulebooks		
	▪ Responsibilities regarding policy and enforcement		
	▪ Ethics committee		
	▪ Employee tribunals		
	▪ Membership of trade association		
Human resource management	▪ Philosophy and practice		
	▪ Number of employees		
	▪ Staff turnover		
	▪ Absenteeism		
Force and firearms policy	▪ Weapons in use		
	▪ Storage and maintenance procedures		
	▪ Inspection procedures		
	▪ Oversight and procedures for reporting use		
References and certification	▪ Sector related		
	▪ Contract related		
	▪ Past experience of tendered contract		
	▪ Non-statutory certification		
	▪ Other criteria		
FINANCIAL			
	▪ Appropriate costing		
	▪ Value for money		
TOTAL			

Table 2: Procurement score sheet

Companies will publicise the result of the tender process, making the selected contractor known to all interested parties. Unsuccessful applicants should be given an opportunity to have any queries relating to the bidding or assessment process dealt with by the client in an open and transparent manner.



2.3 Performance monitoring

Performance indicators will be established to track contractor compliance with the contract (in turn prepared with reference to tender documentation). These indicators will be tied to specific outcomes, such as financial rewards or penalties for the contractor, or the cessation of the contract. Potential performance indicators include, but are not limited to:

- a) no-show rate;
- b) missed guard tours;
- c) missed supervisory visits;
- d) customer complaints;
- e) misuse of force/firearms;
- f) violations of agreed procedure;
- g) violations of international humanitarian and human rights laws;
- h) violations of international or national laws governing the private security industry;
- i) violations of company or industry code of conduct or ethics; and
- j) violations of the terms of the contract.

During the period of the contract, when it is appropriate and lawful to do so, clients should facilitate the exchange of information about unlawful activity and abuses committed by private security providers.



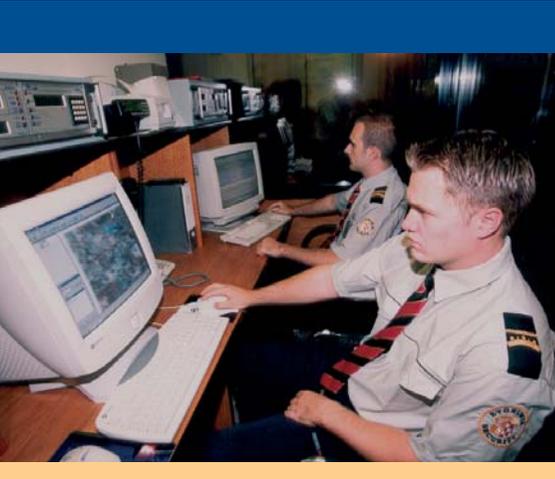
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