

### POA QUARTERLY

#### INTERNATIONAL PEACE OPERATIONS ASSOCIATION

#### INSIDE THIS ISSUE

Message from the President	1	
The Role of Private Companies in Post- Conflict Resolution	1	
IPOA Member Profile: SOC-SMG, Inc.	2	
Global Regulation for a Transnational Industry	3	
Standards and Code of Ethics: A Q&A with ArmorGroup, North America	5	
Humiliation Awareness: The Missing Variable to Operation Iraqi Freedom?	8	

#### QUICK FACTS

In the first annual Failed State Index, Foreign Policy and the Fund for Peace estimate that 2 billion people live in countries that are in danger of collapse.

"Foreign intervention is not a cure-all for states on the edge. The Democratic Republic of the Congo, which hosts a 16,000 member U.N. peacekeeping force, ranks second in the index."t

† Source: The Failed States Index, FOREIGN POLICY and the Fund for Peace, 2005

#### MESSAGE FROM THE PRESIDENT: THE GROWTH AND MATURATION OF PRIVATE SECURITY

Doug Brooks, IPOA President

We have seen two primary threads running through the Peace and Stability Industry this year.

First, we are seeing a greater coalescing of the industry. IPOA received a tremendous endorsement from its member companies in August when they formed the first Board of Directors. Members pledged to bring more companies into the Association and to continue to play a leading role in helping shape legislation, standards, and the use of the private sector in humanitarian and reconstruction efforts. In the UK, the British Association of Private Security Companies is also gaining momentum under the leadership of Andrew Bearpark. Both events are strong indicators of an industry looking to take greater responsibility and be proactive in addressing the key issues of the day. Companies supporting these organizations are taking a long-term view of the market. As a result, we are finding additional areas where industry services may be used to the benefit of future peace and stability operations. All this bodes well for the increased success of international peace efforts.

number of governments are moving forward on initiatives that will have a profound influence on the industry. The Iragi government has placed renewed emphasis on registration and regulation, and legislation focused on the Private Security Companies is likely in the near future. In the United States, many of the ad-hoc mechanisms employed by companies and the military to coordinate action in Iraq are being codified into welcome government rules and regulations. More pragmatic and useful legislation is also being developed in Congress, a process enthusiastically supported and participated in by IPOA members. Continued on page 2

Second, legislatively, a

# THE ROLE OF PRIVATE SECTOR COMPANIES IN POST-CONFLICT RESOLUTION

Peter W. Reynolds Gulf Capital Ltd. London, UK

The fighting is dying down, the indigenous population is suffering from food shortages and a neglected economy, but a semblance of law and order is returning to the conflict zone. External governments have promised to assist and some have even dispatched their military forces with the task of assuring a secure environment to allow reconstruction and development to take place.

As the various NGOs and international organizations take up the reconstruction challenge, be it in the area of food aid, the provision of medicine, or the establishment and management of hundreds of projects designed to alleviate suffering we need to ask whether commercial enterprises are being used to best effect. Why? Because they will bring slightly different, but vital skill-sets to bear on the problem.

For example, it might be said that in the developing world the key to sustainable development is unlocking the potential of the private sector. And who better to do that than those who operate in the private sector? They can partner with those who used to or still operate in conflicted areas and continued areas

Continued on page 6

#### IPOA MEMBER PROFILE



Company: SOC-SMG, Inc.

Year Founded: 2003

Location: Minden, Nevada, Walnut Creek, California, and Baghdad, Iraq

Key Services: International Executive Protection; High-Risk Site and Area Security; Intelligence Gathering, Analysis, and Counter Surveillance; Executive Protection Services; TCN and Local National Security Management; High-Level Special Operations Training.

Background: Started in 2003 as the union between Special Operations Consulting, an international company specializing in executive protection, large scale-force protection and intelligence services, and Security Management Group, a domestic security company specializing in protective and investigative services, background investigations, and workplace violence prevention, SOC-SMG is a full service security company operating worldwide with experience in Iraq, Oman, Cambodia, Afghanistan, and Pakistan providing in support of various U.S. Government organizations. including Ministry of Trade (MOT), CPA Ministry of Oil PSD Pipeline Protection, Air Force Reconstruction and Ministry of Interior (MOI), as well as dozens of private corporations conducting operations abroad and here in the United States.

Website: <u>www.soc-smg.com</u>

Contact Information: John R. Poncy, CEO Tel: 775.783.9277 Fax: 775.783.9366 Email: jponcy@soc-smg.com

#### MESSAGE FROM THE PRESIDENT

working on an initiative in conjunction with the International Committee of the Red Cross to study domestic regulatory options and to clarify existing obligations under international law. This issue of the IQ has an article by George Washington University Professor Deborah Avant, author of an insightful new book on the industry The Market for Force, where she describes the benefits of global standards and regulation and the need for participation by all relevant parties. IPOA strongly supports these concepts and has long advocated that the industry be allowed to participate in domestic and international forums where these issues are debated. We will continue respond positively to such efforts.

On the negative side, legislation is pending in South Africa that has thrown into doubt the role of thousands of South African citizens working for the Peace and Stability Industry in Afghanistan, Darfur, Haiti, Iraq, Liberia, and elsewhere. Unfortunately, the legislative process on this bill has been unusually secretive and the new law appears to be terribly arbitrary. The proposed law will undermine South African citizens, and worse, hamstring peace and stability operations worldwide. IPOA opinion editorials published in South African newspapers in September made clear that the industry would support rational legislation and is willing to meet with the South African parliament, executive branch, academics and other concerned parties as part of a panel of experts (see IPOA op eds at http://www.ipoaonline.org/ news\_detail.asp?catID=4). The goal is to ensure an open and transparent process in the future - one that would allow citizens to operate abroad legally in support of peace and stability operations while ensuring that South African government policies are not undermined.

IPOA has had a remarkably busy summer, growing in membership and staff, and multiplying our projects and effectiveness. We have also convened a number of constructive roundtables with government and private sector personnel to facilitate communication and address key issues arising in Iraq and elsewhere. In coordination with policymakers, humanitarian organizations and NGOs, IPOA has worked to support the full funding of the State Department's Office of Reconstruction and Stabilization, which is expected to play a central role in U.S. peace and stability operations in the future. Moreover, IPOA has helped private sector companies to coordinate and facilitate relief efforts for areas in the United States devastated by hurricanes.

We welcome the shift in academic literature on the Peace and Stability Industry. The sensationalism that characterized the debate just a few years ago has been largely replaced by more thorough academic analysis of the industry and recognition of the private sector's value and potential. While such improved analysis is welcome, we find that some academics still cringe at the concept of private sector operations in conflict/post-conflict environments. Nevertheless, IPOA is pleased to see the trend towards accurate and unbiased analysis.

We must never lose sight of the fact that the bottom line in our industry is lives, not money: more successful peace operations mean more people will be alive to enjoy the future.

To learn more about the International Peace Operations Association, please visit: www.IPOAonline.org.

#### GLOBAL REGULATION FOR A TRANSNATIONAL INDUSTRY

Deborah Avant George Washington University Washington, D.C.

In the past three years alone, the use of private security companies (PSCs) has increased rapidly but the debate about privatizing security remains polarized. Pessimists claim that "mercenaries" threaten to undermine state control and democracy while optimists declare PSCs to offer professional solutions to intractable security problems. This debate has both missed an obvious point and obscured potential strategies to encourage PSCs to serve the public good. Privatizing security poses both benefits and risks. Managing the risks effectively could lead to the benefits optimists hope for but this will require a global framework for regulation - no state, not even the US can manage this industry alone. To avoid a backlash and sustain growth, those in the industry have an interest in pushing for such a framework.

The private security industry operates in a transnational market. That along with the low capitalization, fluid structure and lack of commitment to territory of the industry makes individual state regulation less effective. The US has tried using its purchasing power. Linking regulation to its demand for services has allowed the US to make use of PSCs to pursue foreign policy goals and also to have more influence on their behavior (firms have an incentive to stay in tune with US policy given that the US is a prime customer). Relying on PSCs, though, has also enhanced the power of the executive over the legislative branch, diminished transparency and opened new avenues for PSCs to affect foreign policy - prompting questions about the legitimacy of private security. As the conflict in Iraq has demonstrated, PSCs have also poses a number of practical challenges: cost, reliability, integration, and legal uncertainty among them.

On the other extreme, South Africa's strategy to delegitimize the industry has kept private security actors from affecting governmental preferences and maintained the integrity of its foreign policy processes. But the transnational nature of the private security industry and its service nature have limited the effect of this strategy. Though the de-legitimation strategy has worked within the boundaries of South Africa, it has not undermined the international legitimacy of South African PSCs. South African PSCs can simply carry on their business outside the bounds of the state, reducing the government's influence over and information about the activities of its PSCs abroad. So long as these PSCs provide services demanded by other governments, IOs, IN-GOs, and corporations, South Africa, alone, cannot undermine their international legitimacy.

So, the US has risked the legitimacy of its foreign policy process, the South Africans have risked their capacity to influence the industry. (The British have not yet decided on a regulatory strategy perhaps partly because they have been unable to choose given the apparent problems with the obvious models.) **Roth** strategies have imposed costs. And though many might point to the US strategy as more effective, recent US examples - in New Orleans as well as Baghdad demonstrate that even a capable state with deep pockets cannot manage this industry by itself.

The most effective regulatory framework for a transnational industry is a global framework. This promises benefits to states, citizens, and PSCs. Many in the private security industry say they welcome such a framework to enhance the legitimacy of reputable firms, reduce risk and ease the operational inefficiencies associated with a market of multiple standards. Standards for professionalism and transparency could help authorities explain to citizens (whether they live in New Orleans or Baghdad) why PSCs have authority to use force and to whom they are accountable. Additional work to ensure that locals have some voice in the process could enhance the prospect for PSCs to be viewed as legitimate. A global legal framework could resolve uncertainty over the rights and responsibilities of PSCs.

But creating global industry standards requires cooperation among consumers states, NGOs, IOs transnational corporations and individuals - as well as producers. Global standards for PSCs (and for those that hire them) may impinge on the flexibility they can offer to any one consumer - even one as powerful as the US. International regulation may also cause states to give up some short term flexibility. Only a framework on this scale, however, will allow states to move beyond the tradeoffs inherent in individual regulatory strategies and promise solutions to practical challenges necessary to reduce risk and uncertainty and make PSCs more effective. As the largest consumer of private security, US participation in an effort to create a global regulatory framework would be a dramatic boost. The private security industry should encourage such a move; it would also bolster chances for their legitimacy and future profitability.

Deborah D. Avant is Associate Professor of Political Science and International Affairs and Director of the Institute for Global and International Studies at the Elliot School, George Washington University.

Dr. Avant is also the author of The Market for Force: The Consequences of Privatizing Security (Cambridge University Press, 2005). We live in a world that gets smaller each day. Inescapably, there are clashes between cultures and value systems. Tragedies that went unnoticed and undetected 10-20 years ago are daily brought to the world via network news and the Internet.

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Page 4

### ARMORGROUP: STANDARDS AND CODE OF ETHICS Q&A WITH JIM SCHMITT

ArmorGroup, headquartered in London, is a global risk management services business with over 7,600 employees in over 26 countries. For more than 20 years Armor-Group has been providing quality risk management services to corporate, government and humanitarian organizations, particularly those that need to operate in hazardous or chaotic environments that put their people, physical, financial and intellectual assets at risk. ArmorGroup provides solutions that enable its clients to understand, manage and mitigate exceptional risks.

IPOA: First of all, what international patterns have driven and continue to drive the demand for protective security services?

AG: The current global socio-political environment is such that: 1) multinational corporations no longer view security as a discretionary expenditure due to corporate liability concerns; 2) increased international commitment to reconstruction in post-conflict areas will require a private security presence; 3) governments will increasingly outsource as reductions in military capacity and budgets put evergreater pressure on governments to make the best use of their limited resources; and 4) increases in global oil and gas exploration continue to demand security solutions from companies operating in high-risk environments.

IPOA: What is the difference between private and state security forces in terms of accountability? How, and by whom, is ArmorGroup held accountable?

AG: Let no one be fooled, unlike state security forces with codified standards, practices, and ethics policies, private security companies exist at the pleasure of their shareholders. How they run their affairs is, by and large, a matter of their own choosing. In respect to passion for maximizing shareholder value, I am no different. But let it also be said: without strong corporate governance, ethics, and management controls, a private security company is a wooden ship operating rudderless amongst a sea of icebergs.

ArmorGroup will not undertake any activity that would be formally censured by the UK FCO or the US DoS. Additionally we have made formal commitments to adhere to the Code of Conduct of the International Peace Operations Association (http:// www.ipoaonline.org/code.htm), the Voluntary Principles on Security and Human Rights (2000), the Code of Conduct of the International Red Cross and Red Crescent (1994), the US Foreign and Corrupt Practices Act (1977), the UK Anti-terrorism, Crime and Security Act (2001), and the United Nations Mine Action Standards, among others. Our Executive and Ethics Committees carefully review and approve all significant new client contracts. Armor-Group submits to the FCO, in writing, a declaration of activity every time it works with people who might be controversial, or in territories that are particularly sensitive (such as Iraq or Sudan), or provide services that may be controversial in the context of client or environment.

In living up to these rigorous standards, we routinely reject contract bids which might not pass such high levels of scrutiny. Despite short-term loss or financial opportunity, we are convinced that a careful, long-term strategy of ethical diligence will ultimately benefit our shareholders to a greater degree.

IPOA: Can you lend some insight into the particular oversight challenges faced by private security firms in conflict/post-conflict environments?

AG: The challenges of the Private Security Industry are frequently highlighted in Iraq. But similar challenges exist anywhere these resources are employed. For example, in the Republic of Korea, at one time, local private security forces provided much of the perimeter security for the camps operating in the vicinity of the Demilitarized Zone between the Republic of Korea and the DPRK. As a young military officer, I was given responsibility for the base defense of one of these camps. As you might imagine, the local private security force was an integral element of my overall defensive plan. It was also a constant driver of my concerns. I never knew the guality of the individual on each post, I could not identify if the bare minimum of training specified in their contract was achieved, and I had no real idea how they would perform if we ever came under attack. It was, to me, a disconcerting situation to be in.

Contrast that experience to a recent example from when I was a civilian working in Iraq scheduled to have a meeting with a high-level Iragi official outside of the Green Zone. In this case, I knew exactly who my escorts were, what their backgrounds were, how they had come into their private security company, what their level of proficiency was, and what their Rules of Engagement were. So I knew what they could and could not do - an important factor since I was also accompanying a senior official from my company. I knew the terms and conditions of their contract and how the company operated in Iraq. In short, I had an extremely high degree of confidence before we even left the Coalition Provisional Authority palace.

While these two examples are in disparate environments, they provide a useful illustration of the main challenge facing the private security industry even today: there is no common standard or regulatory framework on which

## THE ROLE OF PRIVATE SECTOR COMPANIES IN POST-CONFLICT RESOLUTION

Continued from page 1

although outsiders, they have the advantage of not being associated with any specific political or ethnic grouping. That said, companies must be very careful to be seen as apolitical in order not to attract the disdain of their publics. The allegedly comfortable relationships between the major international companies and governments must be severed by the implementation of free and open competition for contracts.

There are several other advantages to taking this approach. These companies have the ability to transcend both the public and private sectors and a wide spectrum of government departments, agencies and private enterprises. Their international experience of the commercial world will allow them to bring influential decisionmaking to bear in cross-cultural and challenging environments. Most tend to be agile, responsive, experienced and proactive. If they were not, they would not survive.

The best have the ability to deliver practical and cost effective turnkey solutions, from inception of concept through financing to completion and execution.

Furthermore, a sound commercial approach will lead to the development of practical, effective and sustainable solutions. Most NGOs are now very interested in measuring the effectiveness of their work and thus maintaining the support of their philanthropic benefactors. In the commercial world the drive for long-term growth and profit has always been a pre-requisite.

The following are just a few of the benefits of using commercial expertise in the drive to achieve sustainable development:

• The identification of apolitical strategic options.

• The consideration of alternative commercialisation strategies. • The realization of sympathetic regional development options.

• The effective identification of necessary policy choices.

• The identification of potential implementation solutions.

• The negotiation of agreed policy objectives.

• The development of change through unlocking private sector potential.

• The early identification of appropriate private sector opportunities.

• The identification of appropriate incountry partners.

• The provision of practical advice and steps to promote trade.

• The identification of appropriate policies to establish market economies.

• The recommendation of practical steps to implement agreed policy changes.

The introduction of modern manage-

ment and operational techniques.

• The development of practical training packages & programs.

Any company worth its salt will be able to bring the following to bear:

Vital business intelligence.

• Established links with key local stakeholders in government departments.

• Early identification of partnership opportunities with local companies and contractors.

• Assistance with trading of spares, equipment and commodities.

- Market research.
- Marketing assistance.
- Finance & contracts support.
- Logistics support.
- Security support in conflicted areas.

Continued on page 11



Civilian contractors install a gunner's shield atop a Humvee from the 24th Marine Expeditionary Unit at an armor installation facility in Kuwait on July 17, 2004. Photo courtesy of United State Department of Defense photo archives at: www.defenselink.mil

#### ARMORGROUP: STANDARDS AND CODE OF ETHICS Q&A WITH JIM SCHMITT

Continued from page 5

other stakeholders can ascertain and validate capabilities. Standards vary. You may have a profess

You may have a professional resource with pre-demonstrated capabilities or you may not. In zones of risk or conflict, inconsistent industry standards of performance, capability, and transparency are not in anyone's interest.

IPOA: How, then, can PSCs begin to develop industry standards and encourage transparency and accountability? And how can it be ensured that legislative and regulatory efforts will remain prudent and not restrictive to the point of excluding certain private sector capabilities?

AG: Clearly one avenue is maintaining active communication with humanitarian and legal experts. Another is to work with national policy makers themselves. In the UK, we have been actively involved in discussions relating to the regulation of Private Security Companies and provision of advice to the Government through ongoing dialogue and submission of written briefs. In the US, we have been asked to comment on the forthcoming legislation proposing regulation of contractors in reconstruction environments.

Reform presents the opportunity to establish industry best practices and ensure transparency of operations. It allows first world governments, international organizations, and multinational corporations to best evaluate, in advance, which firms are suitable security partners. Strong corporate ethos, demonstrated capabilities, and corporate governance will no longer be ascertained, we hope, after the contract award. With regulation, security company practices would be standardized prior to award, providing for increased open competition among best-qualified providers when the need is required most. Regulation provides the means to improve the procurement process, enhance rapid response, and establish accountability before the commitment of tax payer funds and the expensive mobilization or private, but all too often unproven, security resources.

IPOA: While, as you mentioned, selfregulation is only the beginning, it still remains vital. Can you describe to us what else ArmorGroup is actively doing to ensure its own ethical conduct?

AG: It is often stated that the whole is only as good as its parts. We take that quite literally and consider the quality of our employees to be one our most compelling characteristics. Our reputation derives directly from the technical skills, training, past military service, overseas experience, cultural sensitivity, integrity and character of our employees. Formal recruiting and pre-employment vetting procedures are thorough and

focused. For ex- Continued on page 11



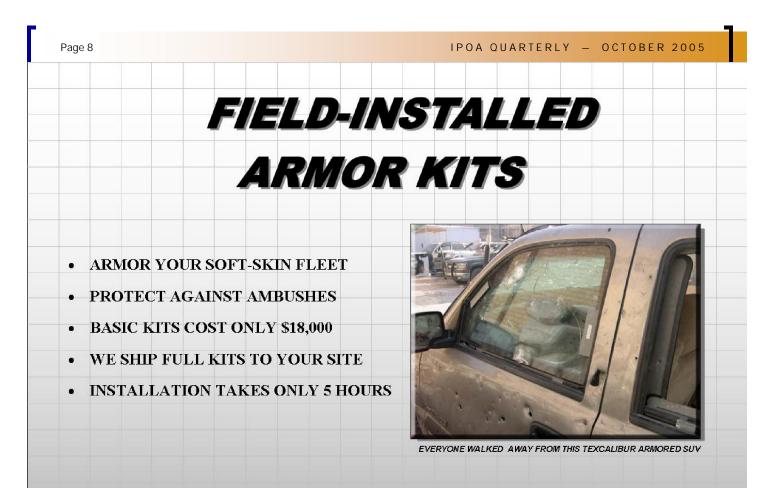
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## HUMILIATION AWARENESS: THE MISSING VARIABLE TO OPERATION IRAQI FREEDOM?

Victoria Fontan Constantin Schoehl von Norman University for Peace San Jose, Costa Rica

Can peacebuilding be shame-inducing? Could the liberation of Iraq lead to its downfall? Two and a half years after the end of major operations in post-Saddam Iraq, while 41 per cent of Iraqis feel that the US-led invasion of Iraq liberated their country, an equal number of Iraqis find the residual occupation to be humiliating.<sup>1</sup> At a time when the prospect of a civil war seems to have become a reality, the notion that humiliation is partly responsible for the polarization of Iraqi people remains unexplored.

Avishai Margalit differentiates between two types of societies with regard to humiliation: guilt societies and shame societies.<sup>2</sup> In guilt societies, people internalize norms, feeling guilt when disobeying them. In shame societies, these norms are externalized to the extent that people will seek to maintain their external standing in fear of losing honor, which could result in them being socially exiled.

Following this differentiation, Iraq can be characterized as a shame society, within which humiliation, interchangeable with shame, constitutes the worst form of disgrace, a disgrace that calls for reparation or exclusion from society. For Iraqis, there are three ways to be humiliated or shamed, correlating to the three ways of understanding honor, namely *sharaf*, *ithiram* and *ird*.

Sharaf refers to the nobility obtained at birth or through benevolent and noble actions. This type of honor was the monopoly of the former Ba'athist elite.<sup>3</sup> *Ithiram* accounts for the respect induced by one's monopoly of violence, an attribute mostly belonging to the police and army under the Ba'athist regime. Finally, *ird* represents the preservation of a women's purity, in terms of the shame that her sexual deviance might bring to the family.<sup>4</sup>

When explored in relation to the US-led mission in Iraq, these three definitions of honor shed light on why an equal percentage of Iraqis feel either humiliated or liberated, and how this could further polarize



the country.

The Coalition's de-Ba'athification process, recalibrated after a few months for sidelining too many able professionals, illustrates how peacebuilding can become shame-inducing.<sup>5</sup> Shortly after the end of the Saddam Regime, all former lowerranking Baath party officials were asked to sign a document that abjured the Party. Those who signed would be able to remain part of the post-Saddam Iraqi administration. For individuals considered to be highranking-an estimated 60,000, mostly Sunni civil servants-the de-Ba'athification process excluded them from any future employment with the new administration. Having lost their status within society, many felt stripped of their ithiram, their monopoly on the use of physical force.

The de-Ba'athification process has unintentionally made foes out of potential friends, especially among the Sunni population, even though its original motives were to facilitate the transition from a dictatorship to a democracy. In the process, it has inadvertently kept valuable members of Iraqi society at bay, alienating and humiliating professors, engineers, civil servants and military officers, who could have assisted in the reconstruction process as well as curtailed any resistance movement from developing.

Humiliation by omission can also severely hamper a peace-building process. The inadvertent disregard for the cultural sensitivities of hundreds of Iraqi women, whether it be through insulting house raids, mostly in Sunni triangle, or the lack of public security, has involuntarily sent the message to Iraqis that their *ird*, their need to preserve their women's honor, is not a priority for the US-led coalition. This preservation of honor is, however, of paramount importance to all Iraqis.

### HUMILIATION AWARENESS: THE MISSING VARIABLE TO OPERATION IRAQI FREEDOM?

The authors have encountered a number of cases of abduction and rape since the fall of the Saddam regime. In one case, two sisters were abducted from their home and sold into sexual slavery at a Yemeni hotel that hosted over one hundred Iraqi women. In the context of daily suicide bombings, such a preoccupation can seem to be less of a priority than the fight against terrorism.

One must, however, take into account the fact that organized crime and international terrorism often merge in their daily running of operations.<sup>6</sup> The channels employed to smuggle women out of Iraq are the same that bring international terrorists to the country.

Cases like these go a long way in the collective sense of honor that the Iraqi population holds as paramount to its identity. Many newspapers report rumors of violence against women almost daily, fuelling a collective anger and humiliation that does not trust an entity that it sees increasingly as an occupier.

Humiliation through the perceived denial of collective or individual honor, in a context of occupation, has been referred to by Hage as colonial humiliation, sparking a polarization that is illustrated by an escalation of violence.7 This polarization can now be seen between Iragis themselves, between the perceived "haves" and the "have nots" of the peace-building process. Operations relating to the downfall of Fallujah provide an illustration. While the city was 70% destroyed by Marine troops in November 2004, the rest of the city was used for urban warfare training by the new Iraqi army, mostly comprised, in the eyes of Fallujah residents, of Shi'ites and Kurds.8 This perception led to a Sunni boycott of the January 2005 General Assembly elections, and the further alienation of the Sunnis from the reconstruction process.

Beyond the Abu Ghraib scandal, humiliation in post-Saddam Iraq, active, perceived, or by omission, ought to be considered as a viable catalyst for political violence and alienation, against coalition troops, and, in the future, between Iraqis themselves. Simply put, taking Iraqi honor seriously has the potential to directly affect progress in the fight against the Iraqi insurgency. 1 Oxford Research International. 2004. "National Survey of Iraq: February 2004", available online on Sept 30<sup>th</sup> 2005, <u>http://</u> <u>news.bbc.co.uk/nol/shared/bsp/hi/</u> <u>pdfs/15\_03\_04\_iraqsurvey.pdf</u>

2 Avishai Margalit. 1996. *The Decent* Society (Cambridge: Harvard University Press).

3 Andrew Cockburn and Patrick Cockburn. 1999. Out of the Ashes: the resurrection of Saddam Hussein. (New York: Harper-Collins).

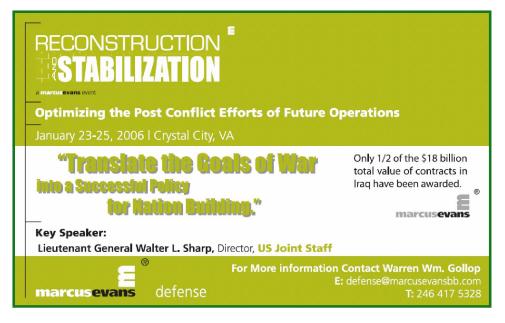
4 Sana al-Khayat. 1992. *Honour and Shame: women in modern Iraq* (London: Saqi Books).

5 Victoria Fontan. 2006. 'Polarization between occupier and occupied in Post-Saddam Iraq: humiliation and the formation of political violence' in *Terrorism and Political Violence*, (London: Taylor and Francis), forthcoming.

6 Carolyn Nordstrom. 2004. Shadows of War: Violence, Power and International Profiteering in the twenty-first century (Berkeley: University of California Press).

7 Ghassan Hage. 2003. "Comes a Time We Are All Enthusiasm": Understanding Palestinian Suicide Bombers in Times of Exighophobia' in *Popular Culture*, 15 (1): 65-89.

8 Interview with Jean-Philippe Lafont, Erbil, Iraq, July 2005.



Victoria Fontan is the Director of the International Peace Studies Program at the United Nations University for Peace.

Constantin Schoehl von Norman is a research associate at Salahaddin University in Erbil, Iraq.

The UN-mandated University for Peace is based in San Jose, Costa Rica. It offers seven MA programs in a variety of specialist fields.

## THE ROLE OF PRIVATE SECTOR COMPANIES IN POST-CONFLICT RESOLUTION

#### Continued from page 6

The main sticking point for most projects is usually finance. Here the commercially focused company will be able to:

- Provide access to a wide network of investment bankers.
- Show significant transaction expertise in corporate finance and capital markets worldwide.
- Provide corporate finance activities specialising in cross-border transactions.
- Implement strategic partnerships/joint ventures.
- Organize capital-raising activities.
- Manage reorganizations and restructurings.

The fact that such companies will be driven by commercial realities also means that they will be keen to manage the inevitable conflicts in a pro-active, impartial manner that allows effective development to proceed. These conflicts can occur between domestic institutions and donor agencies, developmental policy and commercial reality and, finally, between various projects and their sponsors. Commercial companies acting as expert impartial advisors, whose actions are transparent, who are culturally aware and keen to engage with all stakeholders, will protect the interest of all who are partnering in development projects.

Commercial companies acknowledge but do not necessarily bow to political realities and convention. They should be focussed on providing effective solutions. As long as these solutions have at their heart the sustained development of indigent populations, who can argue?

The challenge for the major international organizations and funding institutions will be to assure accountability and oversight using a proven system that can react quickly when needed. It should not be so restrictive as to prevent innovative methodologies of providing aid and development, but balanced enough to be able to identify potential failure at an early stage to ensure that funds are not wasted on schemes that will not work. A changing world demands new effective paradigms.

It is the private sector, with its commercial mindset focussed on effective solutions, which can meet a great part of the challenge in a world where the needs of post-conflict reconstruction and development appear to be increasing rather than decreasing.

Peter Reynolds is a retired British military officer consulting with Gulf Capital Ltd, a company that specializes in re-establishing commercial and trading links with and in post-conflict countries in the Middle East. He also teaches field security, stress management and media operations to humanitarian students and writes on European security issues in his spare time. Contact: Peter.reynolds@gulfcapital.co.uk

### ARMORGROUP: STANDARDS AND CODE OF ETHICS

#### Continued from page 7

ample, prior to sending an individual overseas, we conduct initial pre-deployment training and validation, to include our Code of Conduct and Ethics Policy. Ongoing training and validation is documented and maintained through the nominated "chain of command" established for every program.

We have implemented a Quality Management program at all levels which is inspected by company management and, in turn, by outside auditors. We regularly interact with human rights groups, Government, and international nongovernmental organizations at all stages and levels. The list goes on and on. Finally, in the event that an incident were to occur, we fully assist in the investigation and cooperate with sponsoring or legitimate hostnation state authorities.

Jim Schmitt is Vice President of ArmorGroup Americas.

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#### UPCOMING EVENT

"Overseas Security Advisory Council" November 9-10, 2005 Washington, DC

The 20th Annual OSAC briefing will include showcase speakers including the Secretary of State, the Chairman of Citigroup, the Deputy National Security Advisor for Counterterrorism, and others. As always the hallmark of the briefing will be the Research Information and Support Center (RISC) staff presentations on regional and global security trends.

To register online, please go to: Www.ds-osac.org by Tuesday, November 1, 2005.

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