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# The Kidnapping Business

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## Methodological Note

The research for this project was carried out over an eighteen month period, June 1999 to December 2000. A number of different research tools and methods were used: a series of interviews were conducted with representatives from the main policy groups; four high-level seminars were carried out on the project's key themes; a security survey was conducted among UK multi-national corporations; and a survey on travel advice services and attitudes to UK travel advice was conducted among the UK-based foreign embassies. There was also extensive desk research.

The majority of data used in this project was provided by the Control Risks Group. It represents cases of kidnapping that the company has been able to confirm. The data does not therefore provide absolute figures about the total number of kidnappings in a given country or globally, but rather highlights important trends and gives evidence about the dynamics of kidnapping. There are also varying levels of accuracy both over time and also between countries. The accuracy of data within a country tends to rise as the number of cases grows, as this generally brings greater attention to the crime. Therefore, the accuracy of data for Colombia would be higher than for, say, the Russian Federation. However, this accuracy can also be skewed by other factors: for example, there may be lower rates of reporting where kidnappings are shorter in duration; some countries may not be keen to release data; there may be other problems within a country, which mask the true extent of a kidnapping problem; and some countries may receive greater attention due to a higher proportion of cases involving foreigners, such as Nigeria. This means that it is generally easier to compare data within a country over time than between countries.

## Chapter One: Introduction

Kidnapping is not as visible as it used to be. Only fifteen years ago, British hostages in the Middle East regularly led the evening TV bulletins and provided a staple diet for mid-market tabloid features. Jill Morrell's brilliant campaign to keep John McCarthy's detention alive in the public eye captured the hearts and minds of the nation and catapulted her into the realms of celebrity. Even now, the tales of cruel punishment, personal trial and unlikely camaraderie are as unforgettable as the vivid personalities involved: warm, irreverent Brian Keenan; spitfire ace Jackie Mann, charming John McCarthy and the ascetic Terry Waite.

The huge public interest in their stories – together with the capture of a spate of American and European hostages – raised political kidnapping to the top of government in-trays world-wide: from Downing Street to the White House, the Bundestag to L'Assemblée Nationale. Kidnapping became the stuff of high diplomacy, and there was little doubt about the kidnappers' motives. They were political organisations motivated by political goals and their demands varied in scope, from the release of a few prisoners to the dissolution of the state of Israel.

Kidnapping now rarely makes the headlines: the media arc lamp has dimmed. But when cases do generate column inches, the public's understanding is still filtered through the news footage of the late eighties – seen as a political crime carried out by fanatics.

However, in many areas of the world, kidnapping is now big business and kidnappers are motivated by profit rather than principle. Economic kidnapping is one of the fastest growing criminal industries; it is estimated that kidnappers globally take home well over \$500 million each year – and rising. The business is centred

largely around Latin America – most notably Colombia, Mexico and Brazil – but there are also pockets of activity in the Philippines, parts of the former Soviet Union and Africa.

With entrepreneurial flair, kidnappers are adapting their business models in response to prevailing market conditions and the relative risks they face of detection, prosecution and incarceration. In urban Mexico, where the likelihood of detection is high, kidnappers use more violence to frighten those negotiating to pay up quickly than in rural Colombia. There, kidnappers are beyond the writ of law enforcement agencies and can afford to extract concessions over a longer period of time. In fact, Colombia is the birthplace of ‘the double’, where kidnappers request a second payment after the first has been received, underlining their confidence and swagger in drawing out negotiations.

Responsibility for these changes largely lies with the end of the Cold War:

- First, the funding of political revolutionaries world-wide fell with the collapse of the Soviet Union and the declining interest of sympathetic countries such as China. These groups have been forced to find new ways of financing their cause and for many economic kidnapping has provided an answer. Groups such as the Marxist-Leninist guerrilla FARC (Revolutionary Armed Forces of Colombia) in Colombia now use kidnapping as a key source of income. This, of course, means that there are grey areas between political and economic kidnapping. But individual cases motivated primarily by financial gain will clearly have a different dynamic from those motivated by political goals.
- The rise of political instability has also contributed to the growth of the kidnapping business. When, post-1989, the nationalist genies escaped and fragile economies collapsed, the lawless conditions that were created in some countries allowed

kidnapping to thrive. Kidnapping groups have been able to capitalise upon the instability of the systems in which they operate and use their weaknesses to grow. Under such conditions, the state’s ability to put forward risks to deter kidnappers is severely hampered.

- The opening up of new economic territories that has taken place over the past two decades has also created new opportunities for kidnappers by bringing new potential victims. The entry of firstly Western multi-nationals – and now much smaller companies – into new markets introduces high-value individuals into these areas with the backing of their companies. Aid and humanitarian agencies have gone into these areas to offer support against the consequences of instability. More recently, the appetite for “adventure tourism” has grown and created more opportunities for the crime. More people are travelling to more dangerous places than ever before.

Though there is overlap between the groups that carry out economic and political kidnapping, the two crimes have different motivations and the dynamics that govern them are distinct. It is important that there is a full understanding of the differences between them in order to be able to deal with the new challenges posed by economic kidnapping.

Where demands are political there is a framework to deal with individual cases, and this is understood by all concerned. The UK government has developed a simple approach: no substantive concessions. This stance underlines the government’s commitment not to be held to ransom by terrorists – because hostages are often treated as representatives of a country or ideological system. But it is also based on the premise that concessions encourage future crimes. Because the demands in political cases are for changes in legislation or prisoner releases, they tend to be resolved within the diplomatic arena, and although partnerships with other groups can be helpful,

the UK government generally has the authority to take the lead on how an individual case is handled. This allows it to ensure that a relatively consistent line is taken.

Because demands by economic kidnappers are financial, the negotiating table is opened up to anyone with the money to pay. This means that companies, charities and even individuals are all able to respond independently of the government. Most groups have formulated their policies according to their own interests and the specific risks they face and have developed tools that allow them to deliver on their priorities. Companies do not have the same concerns about sovereignty as government, and many have developed services such as specialist insurance cover and corporate security that allow them to manage their risks as they would any other locational risk. Non-governmental organisations (NGOs), such as charities and aid agencies, have tended to see themselves as being immune from the risks of kidnapping because of their work supporting local communities. They have also sought to maintain their independence from government and business so as not to jeopardise their position within local communities. The families of independent travellers have even fewer constraints on their behaviour as they do not have long-term interests in the areas in question.

Kidnapping has changed, but despite the differences between economic and political kidnapping – and the fact that the current policy framework is best suited to responding to the latter – there has not yet been a full discussion about what the policy objectives should be for economic kidnapping. It is no longer clear where boundaries of responsibility for safety lie, or what the role of each group – the government, business and NGOs – should be in the policy process.

This report is neither an exhaustive attempt to explain the phenomena of economic kidnapping, nor a country-by-country analysis of the kidnapping industry. Rather, it attempts to set out a

narrative that, though widely understood by policy-makers, has not filtered through to public consciousness. It seeks to outline the dynamics and trends of economic kidnapping – where it happens, who is responsible, who is targeted and how it is resolved. The report will also examine the implications of economic kidnapping for the main UK policy groups: the UK government, UK companies and UK NGOs as well as UK tourists. It shows that there is great potential for policies that try to prevent kidnapping by decreasing the opportunities for kidnappers. It argues that an effective approach should place more emphasis on partnerships. The UK government should seek to forge new relationships with the different policy groups and play a central role in developing a new collaborative policy framework rather than always being the lead player itself.

*The Kidnapping Business* argues that effective solutions to tackle the problem of economic kidnapping must be developed for the long-term, and that progress will have to take place in several phases. It seeks to overhaul the way that policy in this area is thought about and co-ordinated between the different policy groups, and sets out a vision for the way these groups within the UK can work together. The suggestions put forward in this report will form a basis from which bi-lateral and then multi-lateral partnerships and coalitions can be forged.

These policies will have a much wider impact than on simply kidnapping. While kidnapping is not the most pressing issue for most individuals and organisations, it does affect over 10,000 people a year, and it can impact on access to key natural resources such as oil. Its presence can deter investment in high-risk countries, and it must therefore be a factor in any analysis of the risks of operating in unstable environments. Economic kidnapping is also linked to so many other problems, such as the international drugs industry and other criminal activities, and so often the causes and perpetrators are the same. Solutions in this area must therefore consider the cross-impact on other problems faced by these regions. While economic

kidnapping is not in itself the biggest problem facing UK policy groups, finding policies that can impact on the crime or reduce its opportunities are helpful in tackling other problems.

## SECTION ONE: THE KIDNAPPING BUSINESS

It is important to build up a clear picture of the dynamics of economic kidnapping: where it happens, who is at risk, who the kidnappers are, how they operate and what motivates them. By looking in more detail at the countries where economic kidnapping is most significant, this report will show why economic kidnapping flourishes in these “hot-spot” countries and not in others. An understanding of what economic kidnapping is and its causes will help policy makers understand the likely impact that different types of policies will have on economic kidnapping trends.

This section will show that:

- **There are clear trends** – we can map economic kidnapping. The fact that the majority of cases are concentrated in a small number of countries, and the number of cases runs into thousands rather than millions, mean that policy-makers can effectively target their resources to tackling the crime in the places where it is most significant.
- **We can understand why economic kidnapping happens** – what enables it to flourish. Because we are able to draw comparisons between different hot-spot countries, both past and present, and contrast them with countries where economic kidnapping has not been able to flourish, it is possible to model the causes. This is important in formulating policies that are aimed at tackling these factors in countries where they are present, and also in developing preventative policies in countries that might develop an economic kidnapping problem in the future.



- **Economic kidnapping is a business** – it is a rational crime. This section will try to show that kidnapers weigh up the risks of being caught and punished against the ransom rewards on offer to them if they are successful. It will show the factors that can affect the balance between the risks and the rewards for kidnapers. If we assume that kidnapers make rational choices based on these conditions, then it will be possible for policy-makers to direct their efforts towards re-balancing this equation in order to make the crime a disadvantageous activity in which to be involved.
- **Misconceptions about economic kidnapping can hinder responses.** There are still many misconceptions about economic kidnapping and the places where it happens. This can prevent individuals and organisations from understanding the rationality of the crime, and lead to a poor appreciation of the role that preventative measures can play in managing their own risks and lowering their susceptibility to kidnapping. Overcoming such misconceptions is important in promoting a preventative, opportunities-based policy for tackling economic kidnapping.

## Chapter 2: A Rational Problem with Rational Causes

Images of fanatical, politically-charged terrorists still inform opinions about kidnapers and their motivations, and kidnapping tends to be seen as an irrational, cultural phenomenon rather than a crime that we can map, understand and predict. The fact that Terry Waite, Brian Keenan and John McCarthy were kidnapped in the Middle East played into people's association of the crime with Islam, fanaticism and terrorism. It was almost seen as an occupational hazard for people operating in the area. The same tends to be true for Latin America, where almost eighty per cent of all known kidnapping cases in 1999 took place. The continent that gave birth to the literary genre of magical realism is regarded by many as defying explanation and analysis. "Carnival in Rio; Inca ruins and condors; witty Zapatista *comandantes* in Mexico; Colombian cocaine barons in plush, purpose-built prisons; sleek, best-selling novelists on the TV; glue-sniffing street children; death squads and disappearances.... Latin America has been portrayed to the outside world through stereotype and myth since *El Dorado*, ...first excited the Spanish *conquistadores*' greed."<sup>1</sup>

Equally, the Italian climate is blamed for breeding hot-blooded criminals and the Soviet system for favouring corruption and crime to such an extent that these problems are now seen as being almost endemic to these two countries today. There are very few attempts to draw comparisons between economic kidnapping in different countries. The idea that kidnapping is an endemic local pastime is yet another example of perceptions which see the Balkans as forever simmering with ancient hatreds, Islam as having "bloody borders" and Africa as irredeemable and beyond development. The real causes of economic kidnapping are political and economic. One of the things that we forget about cultures is that they can change and do so when political and economic factors shift.

Economic kidnapping, unlike political kidnapping, is motivated by a desire for profit and needs to be analysed in different terms. Political kidnapping is rational, but the risks individuals are willing to take for their cause are more extreme and unpredictable than those which economic kidnapers will take in pursuit of money. This section will use an analysis of the ten most important countries where economic kidnapping occurs to show that the rationale that governs the behaviour of economically-motivated kidnapers in many ways resembles that of a business. As we have seen, there is some overlap between political and economic kidnapping: political gangs can kidnap for economic reasons to fund their struggle; politically-motivated kidnappings can end up being resolved financially; and economic cases may contain an element of politics, depending on the group involved. But what is referred to as economic kidnapping in this report is where the primary motive for the act is financial, even if the money is used to pursue a political goal.

In all types of kidnapping, there must be **organisations**, structures and networks that are capable of sustaining their activity. They must balance the **risks** they face, factors such as detection, prosecution and detention, against the **rewards** on offer if they are successful. In economic kidnapping, these rewards can be measured in real terms as money and can be squarely balanced against the costs associated with the crime. Economic kidnapping can only flourish when these factors are balanced in such a way that is both profitable and safe. In order for policy-makers to have a significant impact on the crime, it is vital that they understand these drivers of change and focus their responses in the areas where they will be most effective.

Like all businesses, kidnapers adapt the way they operate to fit market conditions. For example, Italian kidnappings became much shorter in duration after a law was introduced to freeze the assets of a hostage's family. This encouraged kidnapers and the families of victims to resolve cases before law enforcement agencies had been notified. Urban kidnappings in Mexico tend to involve higher levels

of violence, which encourages families and employers to pay up quickly, thereby lowering the risks of detection for the kidnapers. In Colombia, where the rural physical terrain means that kidnapers can play a longer waiting game, one of the most alarming developments is that of 'the double'. This is where a second demand is made after the ransom has been paid, with the kidnapers claiming that the first was just a down-payment for the board and lodging of the hostage or a goodwill payment. This highlights the confidence of the kidnapers that they will not be caught.

It is vital that the misconceptions of kidnapping that we have seen are overturned in order to unlock the potential for policies to tackle the **opportunities** for kidnapping through raising awareness of the potential risks, increasing understanding about how to manage those risks, and encouraging effective security strategies. This factor has so far received less attention than efforts to reduce the rewards or tackle the kidnapping groups, but could be an important tool for policy groups. However, if individuals and organisations do see kidnapping as an irrational activity, they are less likely to take precautions to protect themselves. Unless they have an appreciation of the risks they face when travelling abroad, and understand that there are ways in which they can alter their behaviour to significantly lower their own risks, it will be difficult to see results from preventative policies.

The following table summarises the four main types of factors that cause economic kidnapping. The relative importance of each of these factors will differ between countries, groups and even individual cases. In what follows, an analysis of each of these factors will be undertaken to show how they interact to create environments in which economic kidnapping can flourish. This model helps to provide a framework for structuring responses to the crime and makes it easier to compare the experiences of different countries. Furthermore, by understanding the risk-reward ratio for kidnapers, policy-makers can formulate responses that seek to redress this balance.

THE PRESENCE OF KIDNAPPING ORGANISATIONS	THE RISKS FOR KIDNAPPERS ← Risk – Reward Ratio →	THE REWARDS FOR KIDNAPPERS	OPPORTUNITIES FOR KIDNAPPING
<p>Kidnapping groups provide the infrastructure and networks to support the crime</p> <p>The main types of groups are:</p> <ul style="list-style-type: none"> <li>• Political groups</li> <li>• Tribal groups</li> <li>• Purely criminal groups</li> <li>• Religious groups</li> </ul>	<p>Kidnappers seek low risk environments in which to operate.</p> <p>The main risks for kidnappers are:</p> <ul style="list-style-type: none"> <li>• Detection</li> <li>• Prosecution</li> <li>• Harsh detention laws</li> </ul> <p>These risks can differ between urban and rural areas. In urban areas, law enforcement agencies are usually at their greatest capability. In rural areas, efforts can be hampered due to the impenetrability of the environment.</p> <p>These risks can be lowered where there is political or economic transition. This process tends to create conditions of state instability, where the following factors are important:</p> <ul style="list-style-type: none"> <li>• Poor state coverage</li> <li>• Weak legal framework</li> <li>• Weak legislative framework</li> <li>• Resource shortage</li> <li>• Corruption</li> </ul> <p>However, where risks are very low – perhaps where there is state collapse – there are usually few rewards on offer for kidnappers (see ‘rewards’)</p>	<p>Kidnappers seek high reward environments in which to operate.</p> <p>The rewards are highest where there is:</p> <ul style="list-style-type: none"> <li>• A local middle class Over 90% of hostages in most countries are locals. This means that for a kidnapping business to prosper, it generally needs a domestic base.</li> <li>• Foreign Direct Investment (FDI) and/or presence of multi-national companies (MNCs) Although foreigners tend to account for less than 10% of hostages, they are important to the kidnapping business because of the large ransoms they generate.</li> </ul> <p>MNCs also generate economic growth within domestic populations.</p> <p>Rewards tend to be lower in low risk environments for kidnappers. In such areas, the rewards shown above are less likely to be present. However, this can be affected by factors such as:</p> <ul style="list-style-type: none"> <li>• Natural resources The presence of valuable natural resources can alter the risk-reward ratio, as companies are willing to invest in more unstable regions in pursuit of the profits on offer.</li> </ul>	<p>Kidnappers seek areas where there are high opportunities for the crime. This is where potential hostages are poorly protected and do not manage their risks well.</p> <p>Individuals and organisations can lower their risk of kidnapping through:</p> <ul style="list-style-type: none"> <li>• Accurate information to assess their risks</li> <li>• Formulating risk management strategies</li> <li>• Taking precautions to manage their security and safety problems</li> </ul>

Table 1: The factors that cause economic kidnapping

## THE ORGANISATIONAL CAPACITY TO OPERATE KIDNAPPING GROUPS

For economic kidnapping to run as an effective business, it must operate through organised networks. These organisations ease communication, enable the group to operate over long distances and offer the stability that makes them very difficult to break down. The types of groups that could facilitate kidnapping are not unique to countries where kidnapping is a significant problem, but under certain circumstances they are able to mobilise to kidnap for money because there are low risks and high rewards present.

The following table summarises the ten most important countries in 1999 for economic kidnapping and outlines the main groups most actively engaged in the crime.

Country	Kidnapping Organisations
Colombia	Marxist-Leninist guerrillas: FARC, ELN (National Liberation Army), EPL (Popular Liberation Army) Paramilitary groups Criminal (drugs) groups
Mexico	Criminal groups
Brazil	Criminal groups
Philippines	Criminal groups NPA (New People's Army) MILF (Moro Islamic Liberation Front) Abu Sayyaf (Islamic fundamentalists)
Ecuador	Criminal groups Colombian FARC and ELN (see above)
Venezuela	Criminal groups Colombian FARC and ELN (see above)
Nigeria	Discontented villagers/youths
India	Tamil Tigers (Sri Lankan group operating in India)
Former Soviet Union	Russia – Criminal gangs; Chechen rebels; Uzbekistan – IMU (Islamic Movement of Uzbekistan)

Table 2: Kidnapping organisations

As this table shows, there are three main types of groups who kidnap for profit – political groups, criminal gangs, and tribal groups. Politically-motivated groups have ideal characteristics to be involved in economic kidnapping. They tend to be armed, have excellent area knowledge due to their field operations and they provide a central cause around which the crime can be legitimised for the group's members. With the end of the Cold War, many of these groups lost their main sources of funding and have had to seek new ways to sustain themselves. But, although their income from kidnapping helps to further their political goals, their incentive remains financial, and their rationale is profit, so they tend to judge their risk-reward ratio on this logic.

Political groups operate in many parts of Latin America, especially Colombia, where the FARC and the ELN carry out an estimated 80 per cent of all kidnappings. Both are Marxist-Leninist guerrilla insurgency groups which formed in the 1960s.<sup>2</sup> Although their support waned in the early 1980s, they have since been revived and estimates of their annual earnings range from \$150 million to \$500 million. Both groups are also involved in the country's drugs industry and earn money from extortion rackets. Kidnapping in the Philippines is also largely carried out by political groups, such as MILF and the Abu Sayyaf, an Islamic fundamentalist group operating mainly out of western Mindanao. The Abu Sayyaf carried out the mass-kidnapping of westerners in the Philippines in April 2000.<sup>3</sup> This case is interesting as it highlights the grey area between political and economic kidnappings. Initial demands were for political concessions, but the case was eventually resolved through the payment of a large financial ransom.

Criminal gangs also provide important networks for kidnapping. They dominate in Mexico, Brazil and Russia, where the crime tends to be an urban phenomenon, and are also present in the Philippines. Like political groups, criminal kidnapping gangs tend to be involved in other areas of crime, taking advantage of weak points in the

systems in which they operate. Ethnic or tribal groups operate in countries such as Nigeria and parts of the former Soviet Union.

#### THE RISKS FOR KIDNAPPERS

Economic kidnapping tends to take place in countries where the risks for kidnappers are fairly low. The main risks they face are detection, arrest, prosecution and the penalties they face if brought to justice. The table below shows the ten most important countries in 1999. As we can see from this list, many countries are currently in the throes of political and/or economic transition, which creates instability and reduces the risks for kidnappers to operate successfully. The instability impacts on the state's ability to function effectively. Corruption within the police and judicial system breeds impunity, and a lack of investment damages the government's capacity to resource reforms in key institutions that could bring long-term change, such as education, social welfare, law enforcement and the judiciary. The poor performance of these functions in turn helps deter foreign and domestic investment in the country. Under such circumstances, the state is largely unable to push through changes that could increase the risks for kidnappers and thus act as a serious deterrent.

Kidnapping Hot-spots – 1999	Kidnapping Hot-spots – 1991
1. Colombia	1. Colombia
2. Mexico	2. Pakistan
3. Brazil	3. Brazil
4. Philippines	4. USA
5. Venezuela	5. Mexico
6. Ecuador	6. India
7. Former Soviet Union	7. Philippines
8. Nigeria	8. Venezuela
9. India	9. Italy
10. South Africa	10. Bolivia

Table 3: Kidnapping hot-spots, 1999 and 1991

Source: Control Risks Group

The geographical concentration of economic kidnapping varies over time, as the balance between risks and rewards in a given country changes. Table three also shows the kidnapping hot-spots in 1991. If we compare these with the same list for 1999, it is interesting that Pakistan, Italy, Bolivia and the United States were all on the list, but by 1999 had fallen off. Mexico's position has risen from 4th in 1991 to 2nd in 1999. The country's kidnapping rate actually almost doubled following a case in 1994 in which the family of Alfredo Harp Helu allegedly paid \$30 million for his release. Whether or not this was actually paid is, of course, uncertain. But ultimately, the fact that the case gained considerable attention, much of which concentrated on the high ransom allegedly paid, highlighted the profitability of kidnapping and sparked a massive rise in the number of cases in Mexico the following year. The activity has been able to flourish in the country ever since. However, while these cases illustrate a change, all statistics should be interpreted with caution. It may be that kidnapping has not decreased within a country, there may just be fewer cases reported.

Colombia is by far the most significant country in the world for economic kidnapping. Estimates about the extent of the problem vary between sources. In 1999, the Colombian national police reported 2991 cases, while Pais Libre, a Colombian NGO that looks specifically at Colombian kidnapping, reported 1532 cases. The number could well be higher: as with most types of crime, not all cases are officially reported. Colombia is now widely referred to as the 'Kidnap Capital of the World', and the crime is one of the staples of the country's informal economy.

Risks for kidnappers in Colombia are low. Detection is rare, and impunity stands at approximately 95 per cent. There are many reasons why deterrents can be low. In Colombia the main problem is the weakness of the legal system, while in Mexico widespread corruption allows kidnappers to either buy or intimidate their way out of prosecution. For the FARC in Colombia, the risks are even

lower. The Colombian government has given them control of an area of de-militarised land the size of Switzerland in the south of the country as part of the on-going peace process. It is also in talks with Colombia's main kidnapping group, the ELN, to negotiate a de-militarised zone for them, too. The country has become a hot-bed for all sorts of organised crime: it is the world's largest producer of cocaine;<sup>4</sup> and it has some of the highest murder and violence rates in the world, so economic kidnapping finds its place amongst these other criminal activities. Colombian kidnapping has spilled over its borders into neighbouring Venezuela and Ecuador, which are viewed as relatively soft targets. This cross-border trend is repeated elsewhere. For example, Abu Sayyaf seized the 21 western hostages from Malaysia in April 2000, from which they were transferred to the Philippines to be held. Chart One summarises the main kidnapping trends in Colombia.

#### Kidnapping in Colombia

- Colombia has experienced a steady growth in kidnapping over the past four decades. The average number of cases each year has grown:
  - 1960s = 83
  - 1970s = 55
  - 1980s = 296
  - 1990s = 1000
  - 2000 = 3162 (cases reported to the Colombian National Police for 2000)
- El Tiempo, a Colombian daily newspaper, estimates that 80 per cent of kidnappings in the country are carried out by the country's main guerrilla groups, the Marxist-Leninist FARC and ELN. Although FARC is the largest group, the ELN actually carries out more kidnappings.
- Estimates about the amount of money that kidnapping generates for the guerrillas vary greatly - from \$150 million to \$500 million per year.
- Kidnapping is part of a highly developed organised crime network in Colombia, co-ordinated by the guerrillas. The US Congress Foreign Relations Committee estimates that 40 per cent of the FARC's budget comes from kidnapping, with the remaining amount stemming from their involvement in the drugs industry and extortion.
- Kidnapping tends to take place in Colombia outside the main towns and cities.
- The main kidnapping areas are the guerrilla strongholds - The FARC operates mainly in central and southern Colombia (Meta, Antioquia, down to Amazonas); the ELN operates mainly in central and northern areas of the country (Cesar, Norte de Santander, Arauca, Casanare and Antioquia).
- Ransoms in Colombia vary depending on the identity and status of the hostage. But in 1999 the average (mean) ransom payment was \$127,672 (this is based on the cases of which Control Risks Group are aware and does not represent the average for all cases).

Chart 1: Kidnapping in Colombia

## THE REWARDS FROM ECONOMIC KIDNAPPING

For economic kidnapping to be profitable, it must generate rewards that outweigh the basic costs of carrying out the activity, such as the upkeep of the hostage and wages for the kidnapers. The rewards must also offer incentives that counterbalance the risks taken by kidnapers in carrying out the crime. Such rewards may take the form of hard cash, but may also be other resources or commodities that have a social or financial value, for example, wells, jobs, development assistance, or arms. In recent years, economic kidnapping has been one of the fastest growing areas of criminal activity, and it is estimated that kidnapers globally take home more than \$500 million each year in ransom payments.

### *Kidnapping Markets*

The market value of a hostage is dependent on their own ability or that of their family or employer to pay. Prices may range from as little as \$200 or less for a local farmer with few resources and \$2000 for a local professional to several million dollars for the CEO of a major multi-national corporation with considerable investment behind them. Ransom levels also differ between countries. Unique market conditions all impact on the amount of money that people are prepared to pay. These factors might include the state of the domestic economy; the relative social value of different types of people within a particular country; different manifestations of economic kidnapping between countries;<sup>5</sup> or the fear of kidnapping within a country, such as is caused by the violence used by kidnapers in Mexico.

The following table illustrates that there are different market norms in operation in the different hot-spot countries. It shows for 1999 the mean and median ransom settlements in cases where the outcome is known to the Control Risks Group.

Country (Showing the number of cases these figures are based on)	Mean settlement (US\$)	Median settlement (US\$)
Colombia (23)	\$127,672	\$99,713
Brazil (13)	\$31,944	\$1,316
Mexico (48)	\$521,000	\$33,000
Philippines (5)	\$59,033	\$78,000

Table 4: Mean and median ransom settlements

### *The Hostages*

As we can see from Chart 2 below, the majority of hostages are locals, who in most hot-spot countries account for over ninety per cent of all cases. While local hostages may tend to generate smaller ransom settlements than foreigners, there is considerably less risk involved. The kidnapping of, for example, an American expatriate may put more pressure on the host government to act to resolve the case than that of a local farm worker, and would also bring the extra risk of the FBI becoming involved. It is therefore important that there is domestic wealth and prosperity capable of supporting a kidnapping business.

A growth in the investment by foreign multi-national companies in risky environments inevitably also brings foreign nationals to live and work in hot-spot countries. Although foreigners account for less than ten per cent of hostages in the majority of hot-spot countries, their heightened market value means that they generate a disproportionate amount of revenue for kidnapers, and so the risk pays off to a certain extent. One former British hostage, Philip Halden, kidnapped in Colombia in 1996 commented, "I said to my

captors: 'Why do you do this to me, a foreigner? Why not kidnap your own people?'. They laughed and said it was because foreigners were worth more money".<sup>6</sup> In Nigeria, where there is little scope for a domestic kidnapping business due to extreme poverty, kidnappers are more dependent on the rich pickings of oil workers to be found in the Niger Delta. The presence of high-value natural resources can skew the risk-reward ratio by altering the extent to which foreign investors are prepared to endure risk for their own rewards.

## THE RISK-REWARD RATIO

The balance between risk and reward is delicate. While economic kidnapping might be easier where the risks are lowest, if the state has collapsed to the point where it poses no risk at all, there are usually very few rewards on offer. In cases of complete state collapse, domestic wealth tends to be invested off-shore, foreign investors are deterred by the massive risks that they face, and people begin to move out of the country. Where there is little reward, it is difficult for economic kidnapping to flourish into a sustainable business. Conversely, in developed countries where rewards could be extremely high, the state is likely to be strong enough to make kidnapping a high risk endeavour. In countries such as the United States and the UK, economic kidnappings do take place, but tend to be concentrated within closed ethnic or immigrant communities.<sup>7</sup> In these countries, conditions can mirror those in hot-spot countries: effective intelligence and law enforcement is low, and the distance between the state and its citizens is higher than outside these groups. Paradoxically, the main targets in countries where rewards are high are some of the poorest members of society, who are most vulnerable.<sup>8</sup>

There are also unique locational factors that change the way this ratio works, such as the presence of rich natural resources in countries like Nigeria, or the promise of new markets, such as Chechnya. In such cases, business might re-examine its own risk-reward ratio in favour of location due to the considerable profits on offer, either for immediate gain – natural resources – or future gain – telecommunications and other infrastructural investments.<sup>9</sup> The way that kidnappers respond to risks and rewards may also be influenced by the structure of their organisation. For example, smaller, entrepreneurial groups might be better placed to adapt more quickly to sudden change, while larger, more hierarchical groups may take longer to adapt but have more capacity to invest resources if they are needed to overcome new long-term risks.

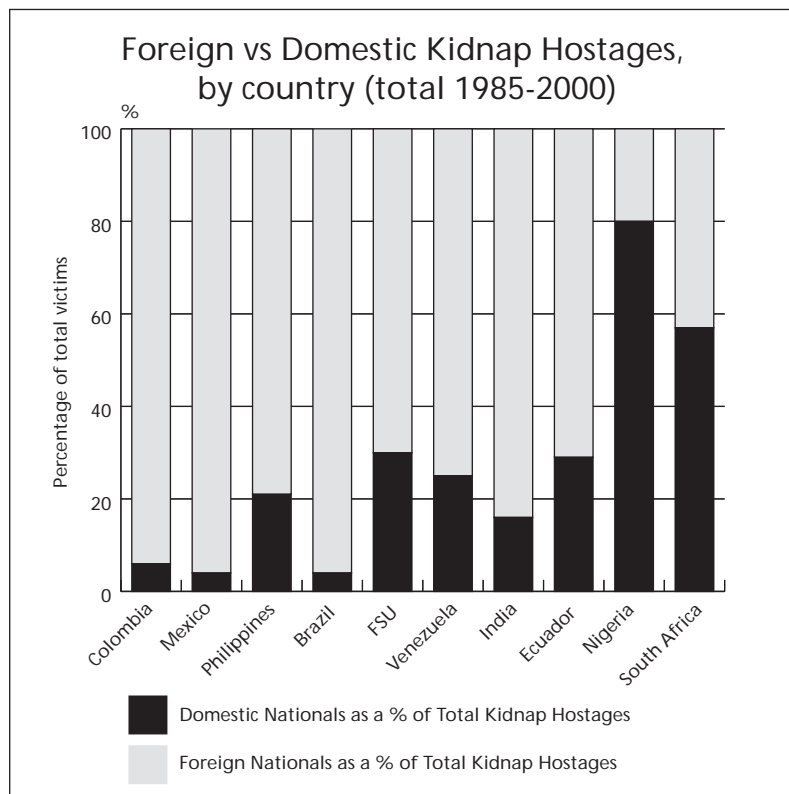


Chart 2:  
Foreign vs domestic kidnap hostages, by country (1985-2000)

Source: Control Risks Group

However, there are countries that have undergone the types of transition we have seen in hot-spot countries which have not developed a significant problem with economic kidnapping. These cases should be of interest to policy-makers. One such example is Chile. A director of a leading security consultancy commented, "We all thought that as the screws of power and control were loosened, the country would experience a growth in kidnappings, as we have seen happen in so many other countries over the past two decades". The main difference between hot-spot countries and countries like Chile is the sequencing of political and economic transition. Debates about transitions to democracy in Latin America have often stressed its 'bad timing' in the region, given its concurrence with the economic problems faced in the 1980s.<sup>10</sup> The journalist John Lloyd has identified similar problems in the Soviet Union. Emphasis there was placed on speedy privatisation rather than building up working political institutions, respect for the rule of law or a strong civil society, which meant that organised crime was able to take advantage of the fledgling state and flourish.<sup>11</sup> While organised crime was of course present in Russia before the fall of the Soviet system, it did not have the same level of control over the political and judicial processes as it does today. Such scenarios are familiar to the other kidnapping hot-spots, such as the Philippines with the departure of Marcos in 1986; the end of the Apartheid era in South Africa and the end of the reign of Nigerian President General Sani Abacha in 1998. Hot-spot countries tend to be places where the pace of reform in one sphere has been out-stripped by reform in another. This was not the case in Chile, as the government maintained a firm grip following the resignation of Pinochet and saw through firm economic reforms slowly and carefully and did not allow the political changes to move faster than other types of transition.

#### *Traditional Responses to Kidnapping – Local Solutions*

Many hot-spot countries have made important steps in tackling the crime by seeking to increase the risks for kidnappers. Some have pursued legal responses to show their commitment to tackling

economic kidnapping. For example, in June 2000 legislation was introduced in Mexico to increase the maximum sentence for kidnapping to seventy years; the Colombian government has appointed a Kidnapping Czar to give visibility to the problem and show that it is taking it seriously; and Guatemala showed its defiance by televising the execution of two kidnappers in 2000.<sup>12</sup> However, the success of such measures has been limited by a lack of investment in the legal, police and judicial systems. High levels of corruption in these services often makes it difficult to catch kidnappers, bring them to trial or make use of the harsh sentencing laws. In May 2000, the former Mexican Chief of Police, Jose Balbontin, was sentenced to fifty years after it was found that he had spent many years as a member of a gang that specialised in kidnapping. But such efforts have limited impacts when they are seen not to result in widespread prosecution and detention of kidnappers.

Hot-spot countries have also attempted to tackle the rewards for economic kidnapping by discouraging the payment of ransoms. Ransom payments were made illegal in Colombia with the introduction of Law 40. However, this law was subsequently overruled by the Colombian constitution, which upholds the right to life. It was successfully argued that because money was the principal means of securing the safe release of the hostage, forbidding payment infringed on an individual's right to life. Because money is fairly easy to transfer, even if one's assets are frozen, such laws are often almost impossible to police. Instead of stopping the payment of ransoms, they can deter people from reporting the crime, or change the way that the transaction is carried out.

Effective policies to tackle economic kidnapping must be underpinned by local commitment and leadership. When western governments attempt to impose order from outside, they can run into local resistance. For example, many commentators are worried about the likely side-effects of the highly-publicised US-funded 'Plan



Colombia' programme, which aims to eradicate the drugs industry from Colombia.

However, expecting hot-spot countries alone to commit the vast resources needed to tackle economic kidnapping would not be realistic. Kidnapping is just one in a long line of problems facing these countries, and local governments face intense pressure from their citizens to provide even the most basic of services and infrastructure. Given the links between kidnapping and the other problems facing these societies, it is important that their primary focus is on tackling the underlying causes, such as corruption, instability and impunity, rather than protecting the short-term interests of UK actors. However, that is not to say that UK policy groups do not have a role themselves in these types of responses. They are able to have an impact through, for example, development and aid commitments as well as the social responsibilities of companies.

#### LOWERING THE OPPORTUNITIES FOR ECONOMIC KIDNAPPING

It is vital that UK actors take primary responsibility for their own safety and security while operating in hot-spot countries, given that there is a limit to what local governments in these countries can do. There are many ways that they can adapt their behaviour to make themselves **hard targets** rather than **soft targets** for kidnappers. For example, keeping a low profile, altering personal routines, avoiding areas where kidnappers are known to operate, travelling by air rather than road in kidnapping strongholds, keeping up-to-date with the latest thinking about securing physical operations, and trying to integrate into local communities to gain acceptance. Understanding one's own risks and managing them through security strategies can be a powerful tool in reducing the opportunity for kidnapping – an area of policy that holds much potential but has surprisingly received relatively little attention from the policy community. The following section will examine the way that the different UK policy

groups are currently responding to kidnapping and will suggest ways that they could incorporate opportunities-based preventative policies into their approaches.

However, while pursuing these strategies is important, it is vital that the actions of the policy groups are carefully managed to ensure that they do not have a negative impact on local efforts to tackle the deeper underlying problems. One example of good practice is the fact that the UK and US governments recently launched joint guidelines, developed collaboratively with business and NGOs in both countries, to ensure that security measures do not violate human rights.

This section has shown that it is possible to map the dynamics of economic kidnapping: where it occurs, who is involved, who kidnappers target, and what motivates them. But more importantly we have seen that it is possible to understand the many complex and interrelated factors that cause economic kidnapping and to place them within a framework – the kidnapping organisations, the risks and rewards for kidnappers and the opportunities for the crime. This model can help policy-makers to identify the drivers of change and the types of responses that could help to lower kidnapping trends. Studying economic kidnapping within this rational model also importantly underlines the fact that while the crime and its causes are multi-faceted, it is possible to apply logic to it. And though it may take many decades to find effective solutions to the underlying causes of economic kidnapping, it is possible for policy-makers and individuals to act now to make themselves more difficult targets for kidnappers and thus lower the opportunities for the crime.

## SECTION TWO: CURRENT POLICY RESPONSES TO KIDNAPPING

“The ideal is that we should sit down at the beginning, discuss who should do what, and who should be in the lead and make that explicit from the start. That’s the way into a productive partnership with close consultation, information exchange and clearly defined spheres of action.” A UK intelligence officer.

This section will examine the way that the key UK policy groups – the UK government, UK companies and UK NGOs – respond to the challenge of economic kidnapping. There are important differences between economic and political kidnapping, which affect both the way that each of these groups can respond and the way they interact with one another.

In political kidnappings, the primary motive might be attracting attention to the group’s cause, the release of prisoners or changes to the law. In such cases the demands are mainly in the gift of national governments. Therefore, kidnapping foreign nationals can often be an attempt to buy their government’s influence over the host government of the country where the kidnapping has taken place, or that of another government involved with the case. So, even if the demands made are not under the jurisdiction of the hostage’s own government, it is often able to exercise a degree of influence. This means that even where the person taken is a member of the business or NGO communities, the government is often best placed to deliver these responses, although it will undoubtedly form partnerships in order to work for the release of the hostage. Obviously, large companies can have some political influence, especially where a country may be dependent on their presence. And there are examples of cases where demands have turned from political to financial, such as the notorious Abu Sayyaf kidnapping in the

Philippines in 2000. Ultimately, though, policy groups other than governments rarely have the authority to resolve cases on political grounds, and there are potential reputational risks for a company if it is seen to be seeking to exercise political control.

In cases of economic kidnapping, the primary motive for undertaking the case is financial, regardless of whether or not the kidnapping group has higher order political aims. In these cases, because the way to solve the kidnapping is financial, the doors to the negotiation table are thrown wide open to any individual or group with enough money to negotiate and offer such concessions. As we have seen, there are undoubtedly many grey areas between political and economic kidnapping, particularly where economic kidnappings are carried out by politically-motivated groups to fund their cause, such as the FARC in Colombia and the Abu Sayyaf in the Philippines. It is also true that ransoms do not always take the form of hard cash, but can also be other social or financial resources. But such confusions should not overshadow the fact that economic cases are ultimately motivated by financial gain and can therefore be responded to by any policy group.

Although many companies, NGOs and families have taken advantage of their new-found power in the negotiation of individual cases, the policy community as a whole has not yet applied these changes to the way that it organises long-term policies. Many important questions remain unanswered: what role should each group play? What are their responsibilities? Where does personal responsibility start? And what tools are needed to be able to meet these responsibilities? Secondly, there is no new framework through which to manage these policies. This makes it difficult for individual actors to communicate and co-ordinate their efforts, share information and expertise or develop models of best practice. This inevitably means that scarce resources are being pulled in many different directions. Thirdly, poor communication between the groups has resulted in a lack of appreciation of the interests and

pressures faced by others in dealing with kidnapping, and how these factors influence their responses. Each policy group has a unique set of concerns which can bring them into conflict with one another, and this can lead to tensions and suspicions. These issues are summarised in the table below.

**Policy Groups and their main concerns**

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**UK Government**

- It has less control over economic kidnapping policy than over political kidnapping because it is unable to control the behaviour of individuals and organisations. However, it is not perceived as having less responsibility
  - It is accountable to the electorate
  - It is responsible for joining up the interests of all the different policy groups and balancing them against the wider public interest
  - It is directly answerable to the international community through its membership of International Governmental Organisations (IGOs)
- 

**UK Business Community**

- It is concerned about its image with employees, consumers and shareholders
  - It is ultimately accountable to shareholders to turn over a profit in a responsible manner
  - It has a need to fulfil its duty of care and protect itself. Economic kidnapping is one in a long line of problems facing hot-spot governments so there is a limit to what they can do to protect companies on the ground.
  - It feels that the UK government should do more to protect its interests given the contribution it makes to the prosperity of the UK
- 

**UK NGO Community**

- It is concerned to preserve its independence from other UK policy actors in order to maintain its credibility within local communities
- It is often critical of business activity in local communities overseas
- It is critical of the politicisation of aid by northern governments, which it feels compromises the independent status of NGOs by aligning them with a particular political agenda

Table 5: The main concerns of the UK policy groups

The findings of this section are based on interviews carried out with representatives from the UK government, the business community and

NGOs, as well as law enforcement officials, intelligence officers and academics. A series of high-level seminars were held looking at the section's key themes. Additionally, two surveys were also carried out: a security survey among UK multi-nationals and a travel advice survey of UK-based foreign embassies on the services offered by their home governments and their perceptions of the UK government's travel advice service. A period of extensive desk-research was also undertaken.

While it is vital to examine the responses of each group, no single policy can be carried out in isolation and will be affected by the other responses being pursued and by the dynamic environment. It is therefore also important to understand the cumulative impact of all the different policies being carried out simultaneously. Only by having an over-arching view is it possible to understand the intended and unintended consequences of the actions of all the policy actors combined. Such a holistic approach to economic kidnapping policy should guide individual actors when they formulate their own responses. This approach would also allow the policy community as a whole to ensure that their collective responses are tackling all the major causal factors that we examined in section one in the right balance.

A holistic policy framework does not mean everyone adopting a single policy response. After all, responses are influenced by the interests of each policy group and it is not possible to change these: business will always be motivated by profit; NGOs will always guard their independence; governments will always be held responsible for their citizens. Current policy debates tend to focus on the differences between the groups which stem from their diverging interests. This section will show that while these differences are real and should be factored into discussions, there are clear areas of common concern. These issues should bring the actors and groups together, and could allow them to have a greater impact through collective action than they could by working alone.

## Chapter Three: The Policy Response of the UK Government

The UK government has traditionally presided over British kidnapping policy because of its authority to control how most of these cases are resolved. It has a clear and widely publicised policy: no substantive concessions to kidnapers. It rejects the use of force to resolve an incident, except as a last resort, and respects the primacy of the host government in the country where the kidnapping has taken place. In cases of political kidnapping involving UK citizens, the UK government seeks to apply its policy, whether or not the hostage is a government worker, a tourist, a businessperson or an aid worker. Although there are grey areas between political and economic kidnapping, and though the government works in partnership with other policy groups in some political cases, it is able to maintain relative consistency of approach where the intended and actual outcomes are political.

The UK government developed its clear stance on kidnapping in an effort to reduce the rewards for kidnapers and therefore reduce the incentives for the crime. Political cases of kidnapped diplomats in Brazil in the 1970s showed that concessions at an early stage merely increased demands later on. Economic kidnapping mirrors these trends. For example, one alarming recent development is 'the double', which we saw in section one. Consultants explain that this is the result of families and companies paying too much too quickly, which makes kidnapers believe they have pitched their initial demands too low and can lever more money out of them. There is also a moral argument that governments should control political kidnapping policies. In these cases, the hostage is taken as a representative of their country or the ideological system to which they belong, and so concessions have ramifications far beyond the immediate case, bringing into question issues of sovereignty and the

balance of power. This explains why so many governments held firm in the 1980s in the face of demands from the groups holding western hostages in Beirut, despite pressure to act from their publics at home.

Economic kidnapping challenges the way that the UK government is involved in responding to individual cases. Because anyone with the resources is able to pay a ransom, other policy groups, such as companies and charities, are able to formulate and carry out their own responses to individual cases without the help of government. Because different types of organisations have varying principles driving their decisions, many have opted to act for themselves where these are not met by the UK government's stance. This means that the 'protector' role played by government in cases of political kidnapping is less in demand for economic kidnapping.

The challenge for the UK government today is not how it responds to cases where it does maintain control and has a clear stance. Indeed, the Counter Terrorism Policy Department (CTPD) in the Foreign Office (FCO), which has responsibility for government policy for all types of kidnapping, has built up a wealth of experience and detailed knowledge through its handling of both political and economic cases and it has useful links with intelligence and security services, both within the UK and internationally. Embassies also have excellent networks on the ground that could be beneficial in handling individual cases. The real challenge is how the UK government should deal with cases when other actors take control, particularly when they pursue responses that are in conflict with the government's own stance. Experience elsewhere has shown that it is practically impossible to stop anyone paying a ransom, even where laws are introduced. Given the intense pressure in an individual case, where a human life is on the line, the family will always find compelling reasons why a non-concessions stance should be abandoned in their case. The government has had to accept that new actors can now take control and has felt its way through its involvement and interaction with them on a case-by-case basis. It

has not officially accepted that it is legitimate for other actors to negotiate or pay ransoms, but it has not made it illegal, either. Because of this policy vacuum, the government has not been able to develop rules of engagement or basic standards for these other actors in dealing with individual actors.

Despite the UK government's reduced control over economic kidnapping policies, and while misconceptions persist about its role and involvement in individual cases, it will tend to continue to be held to account if things go wrong, regardless of whether or not it has been involved in a particular case. This is mainly due to the broad lack of understanding by the wider public of the way that kidnapping cases are handled and who is involved. Given that the public still broadly regards it as being responsible for this area of policy, it is vital that the government has a role to play across the policy framework, from short-term responses to individual cases through to long-term responses to the underlying causes. But its new role must take into account the important differences between political and economic kidnapping. Its over-arching aim will continue to be keeping levels of the crime as low as possible, but the way in which it works and the tools it uses will have to be different in this new climate. This report suggests that there should be three policy objectives: making people take precautions to reduce the opportunity for kidnapping; ensuring that information and expertise about good practice is accumulated and disseminated; and helping law enforcement agencies to increase the risks for kidnappers. The UK Government will need to set the framework on all of these issues.

#### PREVENTION AND REDUCING OPPORTUNITIES

This report argues that tackling the opportunities for economic kidnapping offers policy-makers new potential in realising their objectives to reduce kidnapping and its impact. Safety and security are traditionally seen as being within the remit of a domestic

government's responsibility to protect its citizens and others living within its borders. Given the problems facing hot-spot countries, this is a function they are not always able to deliver. For this reason, focus has tended to shift to what the UK government can do to protect its citizens and overseas interests. Business continues to lobby the government for more corporate-focused services and there is pressure on the Foreign Office to provide more in-depth travel advice for the public and interest groups. However, there are now an estimated fifteen million British nationals living abroad, and there were almost 54 million trips overseas by British nationals in 1999.<sup>13</sup> With foreign direct investment overseas of British companies growing at almost seventy per cent between 1998 and 1999,<sup>14</sup> and as the appetite for adventure holidays and travelling to more and more dangerous areas grows, the government's capacity to deliver in a hands-on way is brought into question.

The respective responsibilities of the UK government, citizens, NGOs and companies remain ill-defined. Nationally, the obligations of employers are clearly stated through the Health and Safety Executive (HSE), although such guidelines are not in place for British employers operating abroad, and it is less clear who looks after the interests of UK citizens working for non-UK employers. This uncertainty is highlighted by the case of the British engineers kidnapped and murdered in Chechnya in 1998. There seemed to be confusion about who was responsible for the men's safety, what this meant in practice and who was going to check that their risks had been properly assessed and the necessary precautions taken.<sup>15</sup> A pending court case could set an important precedent. While there is clearly a role for the UK government, the burden should not fall entirely on its shoulders: companies have a corporate responsibility to fulfil; and NGOs have a responsibility to their personnel to look after their interests, too. Individuals who deliberately decide to ignore travel advice against better judgement are clearly in a different position from those who follow it and seek to equip themselves properly.

In order for there to be an effective security strategy to tackle the opportunities for kidnapping, it is vital that individuals and organisations understand their risks and have access to reliable, up-to-date and appropriate information and advice about how to manage them. The needs of each group vary according to the threshold of risk they are willing to take. While an NGO might be prepared to send aid workers into a war zone to deliver humanitarian aid, companies could not justify this level of risk for their employees in pursuit of profit. There are also differences within each group, depending on the type of activity individual actors are engaged in. For example, it is unlikely that a manufacturing company would be willing to endure the risks that an extractive company would, because it has more choice about location. Actors and groups will also need the information to be presented in a way that is appropriate for their needs and to a level of detail that is relevant for their background and experience. A tourist on an all-inclusive holiday in Pakistan might need less local context than aid personnel working among the local communities, but a backpacker trekking through the Thai jungle would need more detailed information than a business traveller on a one-night stop-over in Bangkok.

A survey carried out by The Foreign Policy Centre showed that the FCO travel advice service is highly regarded by governments and publics around the world and has been used as a model for the services offered by other national governments.<sup>16</sup> But because the UK government's first priority must be to the UK public, this advice is often quite broad and not tailored to the specialist needs of particular groups. For example, the FCO advisory on Colombia is just over 600 words, compared to over 18,000 on the Control Risks Group's (CRG) subscriber on-line service, which is aimed predominantly at companies.<sup>17</sup> CRG's site covers in-depth issues such as who the key players are within Colombia, political risk and business, political stability, economic stability, operational obstacles, external political risks, the security environment, and significant events, as well as basic information about transport, getting around, staying safe,

health and other practicalities. Word counts are obviously a crude way of comparing the two services, and more words do not necessarily equate to better or more relevant advice. However, the FCO's advice about travel within Colombia reads: "Any unavoidable road travel should be by major routes only, and always within daylight hours". That compares to the Control Risks site, which offers information and advice about planning itineraries, how and when to inform colleagues about travel arrangements, the best type of vehicles to use and the type of obstacles that might be faced. The site also has more detailed analysis on the specific problems of individual sectors, which can be complemented by more detailed analysis by in-house consultants on request. For example, "Small aircrafts chartered to foreign oil and mining companies are at high risk of guerrilla hijacks and sabotage in insurgency areas. Details of executives' travel itineraries should be restricted, and advance publicity concerning visits must be limited."<sup>18</sup>

While it may be difficult for the UK government to offer this level of targeted advice to meet the differing needs of all the actors and groups, it could play an important role in protecting the interests of UK companies and other organisations who purchase such services. While there are many reputable and professional companies offering such advice, this sector is not homogeneous. It is vital that the consumers of these services can distinguish between the good and the less good companies, and there should also be certain levels of care below which standards cannot drop in order to ensure that price does not limit safety. As UK investment overseas continues to grow year on year, the demand for such services is likely to increase, and it is important that this does not lead to a fall in standards, or a concentration of high standards at the top end of the market, with less wealthy consumers resigned to sub-standard care. By playing the role of regulator rather than monopoly service provider, the government would be able to concentrate its efforts on the most vulnerable travellers without the resources to invest in these types of corporate services – independent travellers and smaller aid agencies.

This would mean that those who are willing to pay extra for services closely matched to their individual needs could be serviced by those best placed to do so.

#### GATHERING INFORMATION ON GOOD PRACTICE

Because of the policy vacuum that exists around economic kidnapping, and due to the absence of a framework through which to manage the policy responses of each of the groups involved, individual actors do not tend to share information. Their reluctance is exacerbated by the tensions that exist between the groups about what constitutes effective policy, and this means that those following different responses are unlikely to collaborate for fear of recriminations for the way they operate. The result is that knowledge and expertise are contained within small pockets rather than building up to form a collective resource. The UK government could play an extremely important role in spearheading initiatives to collect information about best practice by encouraging companies, NGOs and others to share where appropriate. It could also be involved in investigating the most effective ways to secure the safe release of hostages while causing the minimum harm to the wide variety of stakeholders. It could work collaboratively with security consultants and security managers in companies and NGOs to work out whether it would be desirable to issue voluntary or mandatory guidelines for those engaged in negotiations. The UK and US governments have recently issued guidelines about limiting the negative impact of security practices on human rights. The guidelines were drawn up in collaboration with the business and NGO communities in both countries, and it might be possible to mirror such an initiative in relation to crisis responses.

## INCREASING THE RISKS

Tracing kidnapers and helping to prosecute them has traditionally fallen into the remit of national governments. As more and more hostages stem from other policy groups, though, this government-to-government process needs to be expanded to involve them, too. The UK government already carries out invaluable work in the area of law enforcement, through, for example, the Foreign Office's international police advisor, who helps to train law enforcement officials in hot-spot countries. There are also many other important initiatives being carried out. By working with governments in hot-spot countries and through its membership of International Governmental Organisations (IGOs), the UK government could help to push the issue of prosecution further up the policy agenda. It could also seek to identify ways for the work of other policy groups – companies and NGOs – to contribute to these processes. To date, efforts in this area of policy have largely relied on the commitment of individuals who have worked through informal networks. To gain momentum, though, a framework must be established through which information can be exchanged. Given the fact that the UK government is often the policy group with the most permanent presence in hot-spot countries, it would make sense for it to co-ordinate efforts through its embassies.

The UK government has displayed a clear commitment to tackling the long-term underlying causes of economic kidnapping through the wide variety of work that it carries out to promote law enforcement, state-building and the improved economic performance of hot-spot countries and to combat corruption. Because these efforts are spread out over a number of different agencies, it is less clear that they are part of the government's kidnapping policy. Focus rests instead on how individual cases are handled – an area of policy where divisions exist between the different groups and actors within them. By expanding the scope of kidnapping policy to take into account the impact that such long-term policies can have would not only improve

the quality of responses and contribute towards efforts to tackle the underlying causes. It would also highlight the areas of interest common to all the policy groups. However, while it is desirable that they be articulated as being part of a common set of solutions, it would be wrong to attempt to artificially bring together diffuse initiatives into a central agency. Economic kidnapping is important, but it is not the biggest risk facing those who operate in the hot-spot countries, and as such trying to convince them to dedicate substantial resources to tackle this problem at the expense of other problems would be difficult and unhelpful. And because of the links between kidnapping and other criminal activity, the successful reduction in kidnapping cases might be at the cost of increased drugs production or extortion, or the adoption of new forms of crime altogether.

The UK government's membership of IGOs, such as the European Union, the Organisation for Economic Co-operation and Development (OECD) and the G8, gives it considerable international influence. It could use its membership of IGOs to illustrate its financial and moral support for countries suffering from the direct and indirect effects of economic kidnapping and to promote prevention-based policies to tackle the crime.

This chapter has shown that the UK government can continue to play a central role in economic kidnapping policy – but in order to do this, it must reinvent the way that it operates and find a new model for managing its relationships with the business and NGO communities. Economic kidnapping challenges its traditional role and raises questions about who has responsibility for what, how they should fulfil their responsibilities and what tools and partnerships they need to be able to do this. Therefore, it is vital, not only for the government, but for all the groups, that it clearly defines what it can and cannot do, defines what it expects others to do, and outlines the boundaries of personal responsibility for UK citizens, too. It is then important that each group and individuals also have the means to be able to meet their own responsibilities.



## Chapter Four: The Policy Response of the Business Community

More companies are investing in increasingly dangerous areas every year. With foreign direct investment (FDI) by UK companies rising by nearly seventy per cent between 1998 and 1999 and FDI into Latin America growing by over twenty per cent in the same period, economic kidnapping is becoming a more pressing issue.<sup>19</sup> Figures published by the US Department of State show that business is now actually the most important target of international terrorism, accounting for fifty-eight per cent of victims in 1999 as opposed to eighteen per cent from government or diplomatic staff.<sup>20</sup> But while being the target of terrorism and crime is nothing new for the business community, the dynamics of economic kidnapping mean that companies can get involved more independently in these policy debates than is possible for political kidnapping for reasons we have already discussed. Companies face intense pressure from staff, shareholders and families to deal with kidnapping as quickly and cleanly as possible. If they refuse to act, they may stand accused of putting profit before human lives and could even face legal action challenging their behaviour. In cases of political kidnapping, national governments have tended to hold the reins on the policy debate, but where rewards are financial, business can take a seat around the policy table and develop its own responses independently of the government. This has raised tensions between the business community and the government's firm stance against substantive concessions. The business community has developed sophisticated tools to manage its risks and losses from economic kidnapping, such as corporate security and kidnap and ransom insurance, both of which have attracted some criticism. But while there have been many debates about whether or not these sectors are legitimate policy groups, there has not yet been a discussion about whether they could play a positive role in meeting the shared objective of the whole policy community of reducing economic kidnapping.

Much of the debate about the role of companies has focused on the perception that they are willing to pay ransoms. While offering rewards makes economic kidnapping profitable, there are powerful pressures on companies to pay – from families, staff and shareholders – and very few ways of stopping them. And because kidnapping is not a threat that a company will experience regularly, it may tend to focus on the individual case in hand rather than looking at it from the perspective of tackling the overall crime. While tensions around the payment of ransoms are likely to continue, there are many things that business can do to help prevent kidnapping – and other policy groups should make sure that these policies are pursued. Rather than simply looking at the issue of ransoms, we should have a constructive debate around the key objectives: taking precautions to reduce the opportunity for kidnapping; ensuring that information and expertise about good practice is accumulated; and increasing the risks for kidnappers. In addition, it is possible to look at how the things that business does anyway could be adapted to meet these objectives.

### REDUCING THE OPPORTUNITY

#### *Risk Management*

A recent World Bank survey of 69 multi-national companies found that security was rated as the most important risk facing investors.<sup>21</sup> As the number of UK companies operating in ever more unstable markets has risen, so there has been an increase in the number of security firms offering corporate services. There is a wide range in the type of services they offer, from political and security risk analysis, confidential investigations, security consultancy and advice and crisis management planning and response, to security operations on the ground and even private armies and mercenary forces. There is a broad lack of understanding of the different types of organisations within the sector, and this has meant that whenever there have been any high-profile problems with a particular company or type of outfit, they have reflected badly on the image of the whole

sector. As a result, the sector is viewed with a certain amount of suspicion by the rest of the policy community. As more UK companies operate in unstable regions, there has been a growth in demand for security services. However, while this has encouraged some security firms to be more competitive and develop better services, there are also many companies which do not have the expertise to offer services to a high enough level, or are willing to compromise standards and principals in order to meet demand. There are currently no agreed minimum standards, and this makes it difficult for customers to differentiate between companies, make informed decisions about the standard of care they require, and be sure that they will receive it.

The most pressing issue is not companies that protect themselves badly, it is those which are either unaware of their risks or choose to ignore them. One major insurance broker commented, "Even some big companies have not given the slightest bit of thought to dealing with security situations abroad. They're sending people abroad who shouldn't be leaving their own village, let alone their own country". In the area of risk management, the government has taken on a quasi-regulatory role over business through the Turnbull Report, which states that boards must take responsibility for having in place effective risk management processes that should be reviewed annually. However, a recent survey carried out by Ernst & Young's Centre for Business Risk and Internal Audit, Europe (CBRIA) commented, "While most major European organisations agree that business risk management is a major issue, it is clear that risk management procedures are unevenly applied, and that there is no recognised benchmark for business risk management."<sup>22</sup> A representative from one of the companies surveyed commented, "We want to manage risk, but where are the guidelines? The structures? The tools? The techniques?"<sup>23</sup> The government must ensure that companies do not have the opportunity to make such challenges by putting in place clear guidelines that show how the principles should be translated into practice. It is important that the government

works to protect the welfare of its citizens by ensuring that companies and all other employers manage their risks effectively. It is also vital to note that there are vast differences in the ability of individual companies to meet these responsibilities. Some companies have considerable resources to allocate to managing risk, whereas some do not. The interests and needs of the employees of these smaller or less experienced companies must be met and they should also have the right tools at their disposal to deliver for themselves.

#### *Kidnap & Ransom Insurance*

Companies are answerable to their shareholders, who are interested in increasing profit and minimising the financial and reputational loss suffered as a result of a kidnapping. This concern has led to the development of the kidnap and ransom (k&r) insurance industry which is growing at an impressive 15-20 per cent a year. K&R insurance covers policy-holders against the losses of a kidnap incident, in much the same way that house insurance covers loss due to anything from burglary to subsidence. As well as the ransom payment, such costs might include consultants to advise on how to manage the case, any travel or living costs, the hostage's wages while they are being held, and any counselling the hostage might need on their return home. The industry has a wide variety of clients. In fact, representatives from almost all of the major policy groups have cover, although the majority of clients are corporations and rich families. The largest underwriter in the UK is Lloyds of London, which controls about seventy-five per cent of the UK market.<sup>24</sup>

The k&r insurance industry has been highly criticised and is regarded with scepticism by some. In the 1980s, Margaret Thatcher instigated an investigation into the sector as she was concerned that it encouraged the proliferation of kidnapping by enabling the payment of ransoms. It was argued that not only did the insurance encourage policy-holders to pay, it also allowed them to be less cautious about the amount of money they were willing to pay out as

they could be sure of reimbursement. It was argued that, as with most other forms of insurance, there was a moral hazard, but that in the case of k&r insurance the consequences were much more serious and far-reaching. With the threat of terrorist activity from Northern Ireland, where groups had the capacities that we have seen are needed to organise themselves to kidnap for money, this worry was particularly close to home. However, the matter was resolved when an informal agreement was made to insert the Criminal Acts Exclusion Clause into all policies. This meant that if ever the threat from domestic kidnapping grew, and the government acted to make the payment of ransoms illegal, insurance policies would not be able to pay out as this would be seen as facilitating a criminal act to take place.

As the Government decided not to close the industry down, it should now focus attention on seeing how the insurance business can help it to meet the wider objectives of the whole policy community. Kidnap and ransom insurance, like all other types of insurance, is interested in minimising the risks of policy-holders in order to reduce the likelihood of pay-out. In order to do this, underwriters add incentives and penalties for 'good' and 'bad' behaviour. For example, house insurance makes policy-holders less concerned about burglary as they know they can recoup the costs. Because of this, underwriters offer financial rewards for those willing to act to reduce their risks. For example, premiums are usually lower when locks are fitted to windows, and policies may only pay out if the windows are locked at the time of the break-in. K&R insurers have adopted similar mechanisms to encourage the responsible – low risk – behaviour of their policy-holders. The pricing structure of premiums alters according to the amount of effort that the policy-holder is prepared to make to reduce their risk. This explains why many of the largest underwriters exclusively secure the services of a particular security consultant for their policy-holders, although such partnerships are not mandatory.<sup>25</sup> In this sense, the insurance industry has contributed towards an accumulation of expert

professional knowledge about economic kidnapping and methods of lowering the susceptibility of an individual or organisation to the risk. But when a kidnapping does occur, there are then safeguards to minimise the amount of money that will be paid out. The total amount that a person or organisation can be insured for is relative to a policy-holder's ability to pay, and this means that the insurance policy recovers the amount that would have been paid without insurance cover. This argument is backed up by the fact that policies only pay out retrospectively, preventing ransom payments from spiralling out of control. And policies also cover the cost of an expert to handle the case and advise about negotiation techniques and practices, a role that may previously have fallen on a CEO, or regional manager with no previous experience of handling such a high pressure incident as kidnapping. As a senior security manager from a major multi-national company commented, "We as a company have a very strong central security and employee security capability. But we haven't had a kidnap since 1989 so we need the experience of people who have done this".

#### SHARING INFORMATION

There is a real need for companies to share information and knowledge about kidnapping in order to build up best practice responses and policies. The fact that more and more companies use the services of corporate security consultants means that there has been an accumulation of expertise in the cases they have handled. A consultancy company may be managing many kidnap cases simultaneously, while any one of their clients would be unfortunate to experience more than one kidnapping in a given decade. However, while these consultancies build up expertise in-house, and many voluntarily share their information with other consultancies, their clients, governments or NGOs, there is currently no framework in place that encourages this exchange to occur more frequently and it therefore relies on the commitment and dedication of individuals. Whilst ensuring that this process does not compromise the

competitive advantage of such companies, it would add enormous value to this area of policy.

There are excellent initiatives that bring together individual companies to tackle particular issues of common concern and pool resources where appropriate. For example, the European Roundtable of Industrialists in partnership with the International Security Management Association (ISMA), looks at the threats posed by organised crime and what the business community can do to tackle it. There are also many informal agreements between companies with common interests and concerns, such as those in the extractive industries, who tend to share relevant non-sensitive information about safety and security. Such initiatives often rely on the energy and commitment of individuals within companies, though, who see the value of working through partnership to tackle common problems. They are therefore more likely to flounder as staff move within and between companies and can quickly lose momentum if other more urgent issues arise. In order to be effective, particularly in relation to economic kidnapping where it might be difficult to convince companies that the threat is large enough for them to invest time and resources, it is vital that such partnerships are supported by a framework.

There is also a genuine concern that such initiatives should not be the preserve of large multi-nationals who have more resources to commit and are often more centrally connected to key decision-makers. It is important that smaller companies and NGOs have an opportunity to contribute to and benefit from such dialogues, while not compromising their competitive advantage or independent status. There may also be much that larger companies can learn from their smaller counterparts and NGOs, who may, for example, have more experience of having to blend in with local communities as part of their security strategy.

## INCREASING THE RISKS FOR KIDNAPPERS

Traditionally, policies to tackle economic kidnapping have tended to focus on limiting the rewards for kidnappers. It is possible, though, to use reward-based policies to also raise the risks for kidnappers. policy-makers could change the way they apply this policy in order to make payments as low as possible; to ensure that information is accumulated; and to use the ransom money as a tool for tracing kidnappers in the same way as police in the UK. Of course, co-ordinating such efforts within hot-spot countries will be a challenge, and they may not be as successful as in countries like the UK where law enforcement agencies are more efficient and have greater resources at their disposal. At the very least, though, companies have a duty to make sure that the knowledge they amass from handling an individual kidnapping is fed back into the law enforcement process in order to aid prosecution.

Increasing risks has tended to be seen as the preserve of national governments. However, given the importance of business in high-risk kidnapping areas, it is not surprising that companies have become involved in these types of policy, too. For example, a leading security and risk management consultancy was involved in an initiative to tackle a kidnapping group operating in Lima, Peru in the 1980s. A director of the company comments, "There was a large spate of kidnappings in Lima and we as a company were advising on thirteen cases within the city in 1989. The mining community was the main group that felt threatened, as their personnel represented a large proportion of the victims. We agreed to run a training programme that they would fund to train law enforcement officials in intelligence gathering to aid their attempts to track the kidnappers. However, we did this on the proviso that we would get government backing for the programme, which was eventually signed off by the Interior Minister. The result was that as a company two years later we handled one kidnap and we've only had one or two ever since." This example shows that when handled appropriately, private sector initiatives

can make a significant impact on efforts to tackle economic kidnapping, although the involvement of the national government is necessary to ensure that private interests do not override those of the public.

#### WORKING FOR THE LONG TERM

Despite the fact that they tend to focus on individual cases, companies have a lot to offer hot-spot countries trying to tackle the causes of economic kidnapping. Their presence alone brings much-needed investment to local economies, which often lack the resources to finance reforms. But companies can play an active as well as a passive role within hot-spot countries. Many have already contributed to important efforts to tackle problems such as conflict diamonds – where diamonds from war zones are sold to support conflicts – human rights abuses and peace-building processes. Through social investment, many companies contribute to vital local infrastructures, such as education and social welfare, underlying issues that need to be tackled before problems like kidnapping can be overcome.<sup>26</sup> Among business there is a perception that social and ethical issues are increasingly important. Research commissioned by Control Risks Group and carried out by Opinion Leader Research in 2000 among mainly fund managers in the City of London confirmed this trend. Over 70% said that social and ethical factors are of greater consideration than five years ago, and will become more of a consideration in the next five years.<sup>27</sup>

Above all companies must make sure that their presence in an area and the ways in which they operate do not contradict the efforts of other groups in tackling the causes of economic kidnapping; including initiatives to combat corruption, promote economic development and tackle organised crime groups. Responsible corporate behaviour can feed in to long-term efforts to break down underlying causes of economic kidnapping, and, in order to give this issue priority and salience, it would make sense to incorporate it in the important corporate social responsibility agenda in the UK.

## Chapter Five: The Policy Response of the NGO Community

If companies only go to risky areas when it is absolutely essential, NGOs are in the business of working in places where there are serious problems – there are aid workers and NGOs in all the kidnapping hot-spots. NGOs have responded to the challenges facing them in their working environments by trying to gain acceptance from local communities, and hence protection for their personnel. In order to do this, they have sought to distance themselves from other policy groups and maintain an independent status. While this approach is a useful shield against the risk of political kidnapping, economic kidnapping brings new challenges to NGOs. They now face greater risks from economic kidnapping and it is increasingly difficult for them to rely on the same tools as before. NGOs have a lot to offer the rest of the policy community and there are also useful ways that they could benefit from new partnerships with other groups, for example in relation to risk management and security strategies.

Aid and NGO workers have traditionally enjoyed a unique status in the international community, which they have tended to interpret as meaning that they should have immunity from risks to their safety and security while operating in dangerous regions. NGO workers do not tend to be the main targets of politically-motivated kidnappers, although there are many cases where they have been taken by both political and criminal gangs. Just last year, NGO workers were targeted by the FARC in Colombia, the Front for the Liberation of the Cabinda Enclave (FLEC) in Angola, Chechen nationalists in Georgia and Chechnya, opposition rebels in Sierra Leone and the Abu Sayyaf in the Philippines. However, political groups tend to avoid the dents to their reputations that might result from kidnapping aid workers operating in perilous conditions on behalf of

local communities. NGO strategies to tackle political kidnapping have tended to focus on the importance of gaining acceptance from the local communities in which they live and work. They believe that they can manage their risks by convincing communities of the validity of their work and aims. Many NGOs argue that acceptance should account for two-thirds of any risk management strategy.<sup>28</sup>

Economic kidnapping challenges these policies.<sup>29</sup> Firstly, it questions the unique status of NGOs. Without political ideologies to affect the way they work or reputations to protect, criminal kidnappers are less likely to grant NGOs immunity from kidnapping. Of course, many groups kidnapping for profit do have political motivations at the heart of their cause, but it is unclear the extent to which these beliefs will guide their selection and treatment of hostages who represent profit to further their cause.<sup>30</sup> Secondly, where the motive for kidnapping is money, western aid workers can be attractive targets. In comparison to the poor communities in which they work, foreign NGO personnel are visibly wealthy. One humanitarian worker commented, “I suppose, compared to the poverty of the communities in which we work, someone with a four-wheel drive is seen as being extremely wealthy”. NGOs are also coming under increased pressure to pay financial ransoms as they are lobbied directly by families rather than cases going through the government. Finally, the changing nature of conflict means that the status of NGOs is altering anyway, as civilians are increasingly seen as fair targets.<sup>31</sup> Louise Fréchette, Deputy Secretary-General of the United Nations, has stressed the importance of security for NGOs, “A third and essential objective is to place much greater emphasis on security training... Non-military staff... must become as security-conscious as their military colleagues and be thoroughly prepared to cope with the dangers they may face”.<sup>32</sup>

While NGOs value their independence as a key factor in allowing them to operate, once they run into trouble, national governments and companies operating in the area are also affected. They therefore

have a responsibility, not only to their own personnel, but also to the rest of the policy community, to manage their risks effectively. So how do they relate to the objectives that have been identified?

#### REDUCING THE OPPORTUNITY

The International Committee of the Red Cross (ICRC) states: “Danger is inherent in the working conditions of ICRC staff and eliminating it completely would mean withdrawing all personnel from their working environment”.<sup>33</sup> Given the fact that NGOs work in areas of conflict and danger, the everyday presence of risk for them is clear. However, there is a distinction to be made between reasonable and unreasonable risk. We need to assess the necessary measures that should be in place in order for an NGO to fulfil its duty of care to its employees by removing as many elements of risk as possible, and making them aware of those risks that cannot be removed. For example, while it may be necessary to send humanitarian workers into a civil war to deliver medicine, it is also possible to manage the risks that they face by, for instance, issuing them with bullet-proof vests. Responding to the new challenges posed by economic kidnapping, NGOs must define what constitutes reasonable risk, and set out the measures they will undertake to minimise these risks in order to fulfil their duty of care to their employees. They must then communicate this information, and establish where the boundaries between the personal responsibility of the individual and the responsibility of the NGO itself lie. It is, of course, true that NGOs will never be able to eliminate all the risks present in the environments in which their workers operate. That is precisely why it is in the interests of both NGOs and their employees that they set out clearly what they can do so that they are not held accountable for factors that are beyond their control.

## SHARING INFORMATION

It is also important that NGOs re-examine the way that they relate to the rest of the policy community. They regard their independence as one of their defining characteristics, and defend their need to maintain a distance from other UK policy groups in order to strengthen their credibility within local communities. The Code of Conduct for the International Red Cross and Red Crescent Movement and Non-Governmental Organizations in Disaster Relief asks that the governments of disaster-affected countries and donor governments “recognise and respect the independent, humanitarian and impartial actions of Non-Governmental Humanitarian Agencies (NGHAs)”. NGOs often feel that partnerships undermine their independence, and as a result, tend to have uncomfortable relationships with many governments and companies. They have criticised the UK government for what they see as the politicisation of their aid efforts. One NGO worker complained, “It compromises our ability to carry out the vital work that we do in local communities”. NGOs also fear attempts by business to co-opt them, and criticise the business community for failing to deliver on its corporate social responsibilities.<sup>34</sup> While it is vital that NGOs maintain their political and operational independence, communication and strong relationships between them and other groups are essential components of an effective policy response to tackle economic kidnapping. It is important that the policy community and NGOs work collaboratively to find ways to exchange information and expertise without NGOs losing their independence.

## WORKING FOR THE LONG-TERM

The work of the NGO community is central to long-term efforts to tackle the underlying causes of economic kidnapping. They have also had a positive effect on the behaviour of both governments and companies through lobbying them to behave more responsibly. They

have excellent knowledge of the situation on the ground in hot-spot countries and useful experience of operating in conflict or unstable environments, and could teach the other policy groups a great deal. In turn, there are many resources that NGOs could take from the rest of the group to help inform their risk management strategies and develop models of best practice. NGOs tend to be some of the smallest and least well resourced organisations at risk from economic kidnapping, and it is vital that they have access to help and advice from the other policy groups where appropriate. The UK government’s role is central to ensuring that safety and security are not determined by financial capacity. But in order for this two-way process to work successfully, it is vital that NGOs recognise their limitations and their need for advice and help and the benefits they could gain from working in partnership.

This section has shown that while many of the groups have responded to the new challenges posed by economic kidnapping, the policy framework is still largely set up to respond to political kidnapping. The types of responses adopted by the different groups, the way that the groups relate to one another and the institutional frameworks in place, all show that a policy vacuum has been created that has hindered the development of new policies and information about relevant best practice. There are now many more actors involved, and without a policy framework it is difficult for them to communicate and co-operate. This has meant that there are often misunderstandings between the different groups about their motives and activities, which are intensified by the fact that there is no common understanding of the roles and responsibilities of each of the key policy groups. This section has highlighted the great importance of clearly defining who should do what and how, and the tools they need to meet their responsibilities. It is also important that there are standards and boundaries of care so that everyone understands what to expect, and also to ensure that groups are not held accountable for factors that are beyond their control.

While the policies to tackle the rewards of economic kidnapping are still important, the differences between political and economic kidnapping mean that it is vital to develop other types of responses as well, and adapt the way that rewards-based policies are played out. One of the key areas of interest for all UK policy groups is the issue of security and risk management, which can help to reduce the opportunity for economic kidnapping. It is also important that all the policy groups contribute towards efforts to raise the risks for kidnappers within hot-spot countries.

No one group alone can solve the problem of economic kidnapping: it requires a long-term and concerted response. However, a co-ordinated effort by the different policy groups can help to tackle the opportunities in the short-term and ensure that longer-term initiatives are not undermined.

## SECTION THREE: A NEW POLICY AGENDA

This report has shown that the factors causing economic kidnapping can be described under four main headings, each of which puts forward a key challenge for the UK policy community: tackling the **rewards** for economic kidnapping; targeting the kidnapping groups – the **organisations** carrying out economic kidnapping; increasing the **risks** for kidnappers; and decreasing the **opportunity** for kidnapping by managing the risks of potential targets. These four challenges provide a useful framework through which to manage policy responses to economic kidnapping.

### TAKING FORWARD TRADITIONAL POLICIES

Policy has traditionally seen restricting the payment of ransoms as the most effective way of tackling economic kidnapping. This report has shown that given the differences between economic and political kidnapping, **reward-based policies** are the most difficult to control. They should not be the only way that we try to achieve the shared objective of reducing the number of cases of economic kidnapping and the impact of the crime on societies and individuals. That is not to say that reward-based policies cannot work. Policy-makers could also seek to broaden the focus of this type of policy by working together to ensure that negotiations are carried out responsibly and that where ransoms are paid they are as small as possible. It is also important that there is a heightened emphasis placed on using ransom payments as a way of tracing kidnappers and increasing detention rates. This would also feed into **means-focused policy** to tackle the kidnapping groups themselves. While law enforcement should be a high priority for UK actors in hot-spot countries, the involvement of these actors in broader efforts to break down groups might be misinterpreted as political interference, given the political nature of many of the kidnapping groups. The UK can also play an



important role in partnership with local actors in supporting domestic efforts to tackle the underlying causes of economic kidnapping. **Risk-focused policies**, which seek to tackle issues such as education, social welfare, law enforcement, corruption and impunity require local leadership and commitment if they are to be effective. But there is an important role for UK actors and the rest of the international community in tackling these problems. Tackling these issues, which all contribute to the state of instability that defines kidnapping hot-spots, is a shared priority for all groups and there should be more collaboration between them.

#### A NEW POLICY AGENDA – TACKLING THE OPPORTUNITIES FOR ECONOMIC KIDNAPPING

This report argues that the most promising area of policy for the UK policy community in tackling economic kidnapping is in **opportunities-based policies** that seek to equip groups and individuals to make themselves **hard** rather than **soft** targets for kidnapers. As we have seen, there seems to be confusion between the different groups as to what their roles should be, what and who they should be responsible for, which tools they would need, and the best ways to deliver. This is one of the less-developed areas of policy that holds enormous potential for UK policy-makers and UK citizens travelling to dangerous areas, but it has not yet been fully incorporated into a central policy framework.

In what follows I will outline a new policy agenda for the UK based on developing the potential for opportunities-based policies and initiatives. As economic kidnapping is not the biggest threat facing members of the policy community, this type of policy sets the problem within a broader context, making it easier to persuade actors to dedicate resources to the initiatives put forward. Wherever possible, policies should build on existing frameworks and institutions, and seek to engage groups in a way that builds on their strengths and maximises the unique skills and expertise of each group.

## Chapter Six: Proposals for Policy Makers

This report puts forward a five-point plan for the UK policy community. The stages of this plan are:

1. Set up a contract redefining the roles and responsibilities of the different UK policy actors, through the creation of UK International Health and Safety Guidelines
2. Carry out an extensive review of the travel advice sector in order to ensure that individuals have the right tools to take personal responsibility for their safety
3. Create a forum in which the opportunities for economic kidnapping can be tackled in a holistic way, through the creation of the UK Security Network
4. Ensure that policy is delivered on the ground
5. Try to create a new international consensus

## 1. SET UP A CONTRACT REDEFINING THE ROLES AND RESPONSIBILITIES OF THE DIFFERENT UK POLICY ACTORS

As we have seen, the main UK policy groups are uncertain about the role they should play in economic kidnapping policy, who they should be responsible for, and what tools they need to be able to deliver. Each group needs to have a clear role that reflects their needs and builds on their strengths. These roles should be realistic about the way each group's interests will influence the way it behaves, while meeting the collective priorities of the policy community as a whole. In order for policy to be effective and to maintain momentum, it is important that the debate has leadership. The UK government is able to balance the interests of each of the individual groups against the wider public interest, and as such is the most appropriate actor to give leadership to this vital area of policy.

The UK government should initiate **UK International Health and Safety Guidelines**, which would define a UK employer's duty of care for UK employees when operating overseas. They should be formulated in consultation with the business and NGO communities, and should initially be voluntary, with a review process incorporated on a regular basis.

The table opposite summarises some of the main responsibilities of the key policy groups advocated in this report:

### Policy Groups and their Main Responsibilities

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#### UK Government

- More clearly define the responsibilities of UK employers by developing UK International Health and Safety Guidelines
  - Carry out a review of its involvement in providing travel advice – including a consideration of the target audience for its service, the type of information that its users need, the methods of delivery, and how it interacts with independent travel advice services – in order to ensure that individual UK citizens have the right information about how to manage their own personal responsibilities
  - Embassies to act as a forum for delivering policies on the ground in hot-spot countries
  - Support the work of local governments in hot-spot countries to increase detection and prosecution rates through law enforcement and intelligence
  - Work to increase understanding within IGOs of the importance of reducing the opportunities for economic kidnapping
- 

#### UK Companies

- To help formulate and then deliver the UK International Health and Safety Guidelines
  - Be responsible for pushing forward the implementation of the Turnbull recommendations
  - Work to spread knowledge and understanding of security and risk management best practice within the business community and also between the different policy groups
  - Security consultants and k&r insurers should undertake a process of self-regulation to ensure that standards across these sectors are maintained
- 

#### UK NGOs

- To help formulate and then deliver the UK International Health and Safety Guidelines
  - Work to spread knowledge and understanding of security and risk management best practice within the NGO community and also between the different policy groups
  - To work with the UK government to develop services that could help the smallest and most vulnerable NGOs within their community
- 

#### Hot-spot Actors

- To develop and lead policies to tackle the underlying causes of economic kidnapping, such as corruption, impunity and social exclusion
- Work in partnership with UK actors wherever possible to encourage involvement in their efforts
- Encourage local actors to share knowledge and best practice about security through initiatives within UK embassies and also in the UK

Table 6: The main responsibilities of the UK policy groups and hot-spot actors

2. CARRY OUT AN EXTENSIVE REVIEW OF THE TRAVEL ADVICE SECTOR IN ORDER TO ENSURE THAT INDIVIDUALS HAVE THE RIGHT TOOLS TO TAKE PERSONAL RESPONSIBILITY FOR THEIR SAFETY

There are certain risks that are beyond the control of employers and cannot be covered by the UK International Health and Safety Guidelines. In these cases, individuals must manage their own risks through exercising personal responsibility. There are also groups – such as independent travellers or small, poorly-resourced NGOs – which do not have the protection of large organisations and for whom the International Health and Safety Guidelines would not be appropriate. It is particularly important that these individuals and organisations have access to independent, accurate and up-to-date information and advice about the risks they face and how they can manage them. The Foreign Office's travel advice service could be an invaluable resource for such individuals and agencies, but the advice it gives is often very broad and could be presented in different ways for different types of travellers. The review should also consider whether advice providers are up-to-date with all new technological advances, such as third generation Internet technology. Meanwhile, many privately run services have developed to meet the needs of individual interest groups. It is vital that all sources of information and advice meet agreed standards of accuracy and impartiality and that consumers are able to distinguish those services that will best meet their needs. The UK government should commission an **independent review of the whole travel advice sector** that examines the resources on offer and how the services of the Foreign Office could best meet the needs of the most vulnerable and under-resourced individuals and organisations.

3. CREATE A FORUM IN WHICH THE OPPORTUNITIES FOR ECONOMIC KIDNAPPING CAN BE TACKLED IN A HOLISTIC WAY BY CREATING THE UK SECURITY NETWORK

As well as clearly defining the responsibilities of each group, it is important to set up a framework that allows them to co-operate where they have shared interests in doing so. The project's surveys, seminars and interviews showed that the groups rarely exchange information on best practice, are suspicious about each other's interests and activities, and occasionally even undermine the efforts of others through their own behaviour. We have also seen that some sectors are less well resourced and need help in learning risk management techniques. One way out of this impasse is to create a forum through which the different groups can share information and communicate methods of good practice.

This report advocates the establishment of a **UK Security Network**, which could act as a hub for learning and information across the security agenda – including corruption, extortion, product contamination and many other security issues, as well as economic kidnapping. In order to give a sense of shared ownership, the Network's Executive Council would bring together representatives from each of the key policy groups and an independent co-ordinator would ensure the implementation of their strategy and objectives.

The UK Security Network should be funded jointly by the three key UK policy groups: the UK government, UK businesses and UK NGOs. Core funding for premises and amenities for the Network should come from the UK government, with the Network's staff being seconded from the three key groups, with the exception of the Network Co-ordinator. This position will be funded through other core funding initiatives, such as fee-paying events, the Network's subscription service or grants from trust funds to support the Network.

While the Security Network should initially be a UK-based initiative, it should look to expand internationally to develop bi-lateral relationships in the short- to medium-term and multi-lateral ones in the long term.

The following organogram outlines a possible structure for the UK Security Network:

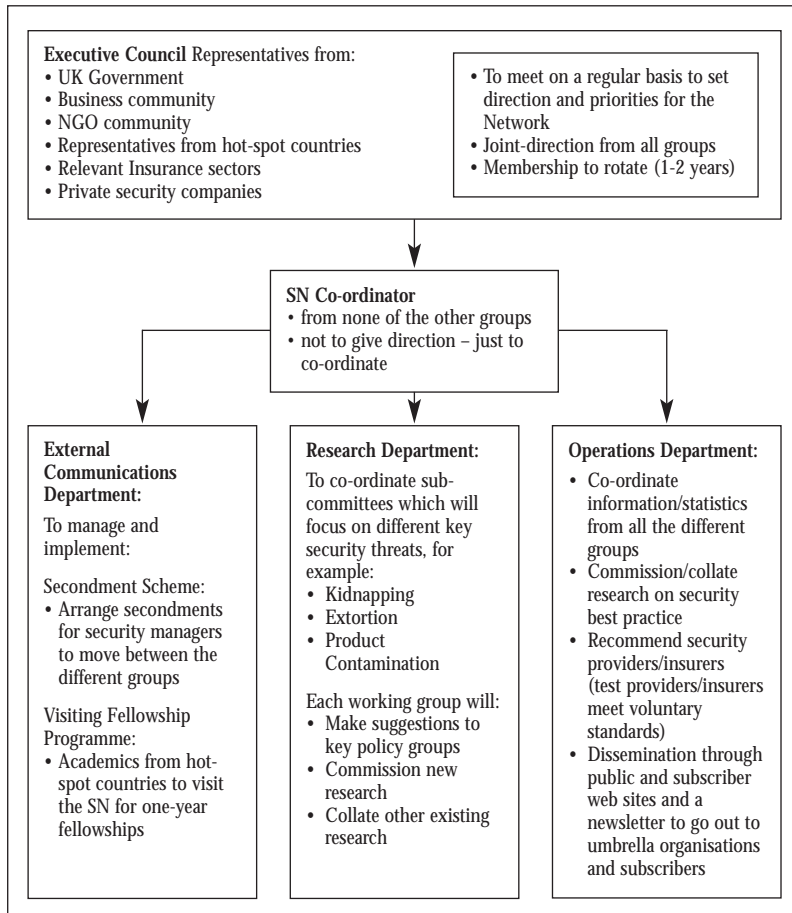


Chart 3: Organogram of the UK Security Network

The aims and activities of the UK Security Network could include the following:

- **To act as a central hub of knowledge and best practice in the areas of security and risk management**
  - The Network could attempt to establish standard reporting methods to enable greater sharing of information and the cross-referencing of different data sources
  - The Network could collate information from different public sources from around the world that could be held on a public web site
  - The Network could collate information about best practice in the areas of security and risk management and could carry out best practice surveys
- **To increase awareness of, and promote, security and risk management**
  - The Network could disseminate information about security and risk management through different outputs, such as a regular newsletter, a web site, briefings for journalists and other groups. Wherever possible, its findings should be disseminated through umbrella groups rather than individual organisations
  - The Network could co-ordinate a secondment scheme for security managers to move between the different policy groups
  - The Network could set membership targets to increase its membership within sectors and types of organisation who do not traditionally have an interest in these issues

- **To measure standards of service provision (working with umbrella organisations such as the International Security Management Association, ISMA)**
  - The Network could seek to establish a way of measuring the services offered by private security companies, and examine the feasibility of setting up a kite-marking scheme for private security companies or a self-regulation model that could be monitored by the Network
- **To ensure that the security and risk management needs of smaller organisations are met**
  - The Network could establish a subscription service with resources not publicly available via its other dissemination tools. In order to meet the needs of smaller organisations, such as NGOs and new corporate investors overseas, subscription rates should be proportionate to an organisation's ability to pay.
  - The Network must always consider the special needs of small organisations when designing packages and products.
- **To act as a neutral forum for exchange between government, business and NGOs and actors from kidnapping hot-spots**
  - The Network could establish a Visiting Fellowship programme to bring academics from high-risk areas to study through the Network and carry out research and analysis through the relevant sub-committees.

#### 4. ENSURE THAT POLICY IS DELIVERED ON THE GROUND

While it is important that UK policy actors establish a clear policy agenda and forum in the UK, it is vital that there are mechanisms in place to ensure that this policy is deliverable on the ground. It is also crucial that UK policies feed into and do not compromise the policies of the governments in hot-spot countries. It is difficult to achieve these policy aims without building positive relationships with such governments, who often have a much clearer picture of the biggest challenges and in most cases have had to cope with these problems for much longer than any of the UK policy actors. These relationships may be sensitive, and it is important that local governments do not feel that policy is being dictated to them by developed countries or that the UK is putting its own interests above their long-term development.

One way to achieve this would be to create a forum through which to manage relationships within hot-spot countries. **The UK embassy would be an obvious place to host such a forum.** At present the commitment of an individual embassy to security among its expatriate communities depends on the priorities of individual personnel. In order to signal the importance of security to the government, **each embassy should appoint a named member of staff to take responsibility for co-ordinating security issues among the UK policy groups.** This member of staff could be the point of contact for UK businesses and NGOs, and they could organise some of the following activities:

- **Meetings between local and UK umbrella trade and NGO organisations** to encourage relationships to build between local and UK organisations.
- **Meetings between security managers from all policy groups** to spread knowledge of good practice.

- **Encourage key personnel from other embassies to be involved in these activities.** Not only would this bring new knowledge and insight into the group, it would also be more cost-effective to share resources.
- **Carry out review meetings to assess the progress being made in the country to build partnerships.**
- **Liase with the UK Security Network** in order to feed in relevant and useful information and knowledge about best practice. The guidelines for the relationship between the embassy and the Network and the parameters for communication should be carefully defined in order that the trust and confidence of UK businesses and NGOs is not compromised.

#### 5. TRY TO CREATE A NEW INTERNATIONAL CONSENSUS

The UK policy community must work to promote on an international level policies to tackle the opportunities for economic kidnapping. The UK is well placed within the international community to be able to promote its model to other countries, given its influence and membership of such a wide range of International Governmental Organisations. The priorities should be:

- **To shift the terms of the IGO debate about economic kidnapping.** The UK government can play a key role in leading discussions about economic kidnapping as a business and advocating a policy that limits the opportunity for the crime, alongside other key policies.
- **Persuading companies and NGOs, along with their umbrella organisations, to raise the issue at their relevant international forums.** They should lobby for greater awareness of the problem and the risks that it poses to organisations within their communities, and they should also call for greater co-operation on an international level.

The measures outlined above are not intended to be a comprehensive blueprint for tackling kidnapping. The key factors causing economic kidnapping are structural drivers, which need to be worked on over decades. What has been outlined is a new focus for kidnapping policy which brings prevention-based approaches to the heart of policy. These policies are based on a rational understanding of what drives kidnapping, and their effectiveness will depend on a rational definition of the roles and responsibilities of each policy group. The role of the UK government is central to this new policy framework. It must play a key role in reshaping the agenda and ensuring that the interests of the individual policy groups are balanced against the wider public interest.

If this policy is properly implemented, it could go some way towards limiting the personal tragedy suffered by hostages and their families. It could also help developing countries in their long-term objective of economic development by eliminating one of the barriers to investment. Furthermore, the collaborative approach which this report advocates could also act as a model for other policy areas that could benefit from public, private and voluntary sector partnerships, and it could provide useful insights into how the principles could be applied to other issues.

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