

Submitted by:

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IN SUPPORT OF SOMALI COMMUNITIES TO CONTINUE REMITTANCES TO  
SOMALIA AND THE HORN OF AFRICA

WHEREAS, Merchants Bank of California closed down the accounts of all Somali-American Money Transfer Operators (MTOs) on February 6, 2015 due to federal government action, with devastating consequences for the Somali-American community; and

WHEREAS, Somalia's dependence on remittances is exacerbated by the lack of a credible functioning commercial banking system, and the existing Central Bank of Somalia has limited relationships with foreign banks and other commercial banking services; and

WHEREAS, over the past few years, MTOs have found it increasingly difficult to comply with Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) regulations; and

WHEREAS, every year Somalia receives approximately \$1.3 billion in remittances and according to Oxfam, more than 40% of people in Somalia are dependent on financial assistance for survival; and

WHEREAS, funding from remittances accounts for basic needs including food, water, shelter and education; and

WHEREAS, one in every five children in Somalia dies before their fifth birthday, and only 30 percent of the population has access to clean drinking water; and

WHEREAS, remittances are crucial in growing women's entrepreneurship in Somalia, as many banks will not provide loans to women entrepreneurs who have no savings of their own because they are considered riskier loan recipients than men; and

WHEREAS, the closing of authorized money remittance companies due to federal action contributes to the increase and proliferation of illicit dealers; and

WHEREAS, banning money transmittals may swell rates of unemployment, poverty and other socioeconomic challenges in Somalia that make youth vulnerable to street gangs and push families apart; and

WHEREAS, remittances sent from overseas help pay tuition for a majority of youth who are currently going to colleges and universities; and

WHEREAS, the US Conference of Mayors recognizes that over the past few years the U.S. government has taken small and crucial steps to help Somalia gain financial stability, including collaboration with the Central Bank of Somalia to help it improve its public financial management system and the passage of the Money Remittances Improvement Act; and

WHEREAS, the failure to resolve the challenges with sending remittances will undermine Somalia's promising recovery;

NOW, THEREFORE, BE IT RESOLVED BY THE US CONFERENCE OF MAYORS affirms its support of the Somali community in the United States in their desire to support their loved ones in the Horn of Africa; and

BE IT FURTHER RESOLVED, that the US Conference of Mayors calls on the Obama Administration, including the Department of the Treasury, the Department of State and the National Security Council, to work with interested parties to find a workable solution that facilitates the normal flow of remittances to Somalia without compromising the safety and security of the United States.