



COMMUNIQUE OF THE 49th EXTRA-ORDINARY SESSION OF THE IGAD COUNCIL OF MINISTERS,

BRUSSELS, BELGIUM, 16TH SEPTEMBER 2013

The 49th Extra-ordinary Meeting of the IGAD Council of Ministers was convened in Brussels, Belgium on the 16th Of September 2013 on the sidelines of the Somali Conference in Brussels to discuss the looming threat of cutting off remittances flow into Somalia and the implementation of the new deal on Somalia. The Council was chaired by, the Minister of Foreign Affairs of the Federal Democratic Republic of Ethiopia and the current chair of the IGAD Council of Ministers. It was attended by Ministers and Ambassadors from The Republic of Djibouti, The Republic of Kenya, The Federal Republic of Somalia, The Republic of The Sudan, Republic of South Sudan, The Republic of Uganda and the Executive Secretary of IGAD.

After deliberating at length on the looming threat to cut off remittance flow into Somalia, the **Council**:

1. **Expressed** grave concern about the serious humanitarian and security risks posed by Barclays Bank's decision to close by 30 September 2013 the bank accounts of UK-based Somali money service businesses (MSBs), which currently serve Somalia and the region.
2. **Further expressed** concern about the impact on Somalia where, due to the lack of a formal banking system and the extent and nature of the country's dependence on remittances from abroad, ordinary people, families and communities who are already in poverty will now find an essential lifeline cut off.
3. **Recognized** the indispensability of remittance flows in maintaining security and sustaining economic life in Somalia ;

4. **Note** that more than 40% of the population of Somalia would lose an estimated \$1.2 billion a year in remittance income, and nearly \$500 million from the UK alone, if the lifeline were cut;
5. **Welcome** the recognition by the UK Government and the international community gave earlier this year to role of the Diaspora and remittances in Somalia's reconstruction and its stability during the Somalia Conference hosted by Prime Minister Cameron and President Mohamud in London on 7 May 2013;
6. **Note** that Barclays' decision goes against the spirit of the London conference and will have series of unintended consequences, which will threaten the fragile economic and humanitarian progress made in Somalia, with potentially catastrophic implications for security and prosperity across the Horn of Africa as a whole;
7. **Further note** that removing Somalia's only viable financial system and the ability of Somali expatriates in the UK to send money to friends and family at home and to invest in the re-development of Somalia would also strangle at birth the objectives of the New Deal which have been declared at the Brussels conference today.
8. **Recognize** that Diaspora finance, which is channeled through the Somali MSBs, is vital to Somalia's reconstruction and development and these critical channels must remain open to promote the growth of the country's private sector, especially small and medium-sized enterprises in driving economic growth and promoting wider regional security as, a more stable and prosperous Somalia is vital to Horn of Africa as a whole;
9. **Notes** the continued commitment and the enormous sacrifices made by the Somali National Security Forces, AMISOM and the Ethiopian National Defense Forces, and their international partners, for the successful consummation of the transitional roadmap;
10. **Underscores** the urgency and importance of building legitimate and representative local governments and security structures in

all areas recovered from Al Shabab which should take place in all regions of Somalia especially in south-central Somalia region

11. **Acknowledge** the important contribution of NGOs and charities working in the Horn of Africa that rely on local MSBs to send funds and pay local staff who shall be forced to pull out all together, leading to a rapid deterioration of the security and humanitarian situations;
12. **Further acknowledge** that it would be improper that large Western providers can step in and take the place of African companies since they lack the infrastructure and presence on the ground;
13. **Note** the substantial progress the Somali government and its regional partner's allies have made to reduce the threat and influence of terrorist groups in the country and are worried that the closure of the accounts of regulated and legitimate Somali MSBs shall lead people to resort to underground services and sending money illegally, which would reverse these gains with Extremist groups exploiting the situation if the remittance lifeline to millions of Somalis is shut down
14. **Recognize** the difficult situation that western banks find themselves in -- an uncertain regulatory environment and perception of high risk related to Somalia and find Barclays decision to close the accounts on "commercial" grounds particularly sensitive and **urge** Barclays to give the Somali MSBs 12 months to find alternative solutions.
15. **Emphasize** that the UK government, and its development partners who are helping Somalia's reconstruction and development effort, have a moral obligation to bring together the key stakeholders to develop a solution to the problem
16. **Urge** the UK Government, Barclays Bank and regulators to work with the Somali remittance industry to find both a short and long term solution to enable banks to remain in the sector and keep legitimate and regulated remittances flowing.
17. **Further Urges** the international development community, especially the African Development and World Bank, which promote financial inclusion in poor countries, to lead the search

for solutions and provide financing for new initiatives that would enable MSBs to continue serving the poor without interruption and also provide comfort to the banks serving the MSBs;

18. **Calls** upon all parties to look into the need for a comprehensive solution to the current problem facing the Somali remittance industry, which will involve the introduction of practical measures to address the concerns of the banks and regulators while ensuring that Somali MSBs will continue serving the region without interruption. In this regard;

19. **Endorse** the practical recommendations put forward by the Somali Money Services Association (SOMSA), including the establishment of a special support facility for the Somali remittance industry.

20. **Decides** to remain seized of the matter.

Done at Brussels, Belgium on 16th September 2013

Signed

1. H.E.Hon Tewodros Adhanom
Ethiopia _____

2. H.E. Hon Mohamoud Ali Youssouf
Djibouti _____

3. H.E. Mme. Fowsiya Yusuf H. Adan
Somalia _____

4. H. E. H.E. Ali Ahmed Kharti Mohamed
Sudan _____

5. H. E. Hon Benjamin Barnaba Marial
S.Sudan _____

6. H, E, Hon Sam Kutesa
Uganda_____

7. H.E Amb. Monica Juma
Kenya_____