

Context

Remittances play an important role in Somalia, supporting livelihoods and economic development. It is estimated that a minimum of US\$1.3 billion is remitted annually to Somalia by diaspora mainly via money service businesses (MSBs).¹ This remittance flow accounts for around 50% of Somalia's GNI and 80% of investment in the country. According to the World Bank, 40% of Somalis (or 3.4 million people) rely on remittances to meet their basic needs.^{2 3}

Over the last year, the UK-Somalia remittance market has become more fragile. The UK Government is leading a multi-agency effort to ensure remittances continue to flow through secure, accessible channels to Somalia. For a detailed description of its response, the UK Government has produced a [UK-Somalia Remittance Factsheet](#).

The Safer Corridor Pilot

One strand of the UK Government's response is the Safer Corridor Pilot. The Department for International Development (DFID) has initiated the design of a proposed a Safer Corridor Pilot to create a more transparent and safer system for Somalis in the UK to send money back home. The Safer Corridor Pilot is implemented by the World Bank, and funded by DFID. The objective of the Safer Corridor is to explore options to provide an interim mechanism to sustain the flow of remittances from the UK to Somalia by managing the risk of abuse for illicit purposes (money laundering/terrorist financing), and to build the confidence of commercial banks to engage with the market and support transactions.

This work is taking place in close collaboration with Somali community representatives, SOMSA and others.

Stakeholder engagement mechanisms

This document provides a summary of the key channels through which the UK Government is listening to and working with the range of stakeholders that have an active interest in the Safer Corridor Pilot. The continued cooperation between all stakeholders with an interest in the Safer Corridor Pilot is essential to understand current market conditions, and to ensure the perspectives of stakeholders are fed into the pilot's design.

Table 1 provides an overview of these channels.

¹ Oxfam (2015) - <http://www.oxfamamerica.org/static/media/files/somalia-remittance-report-web.pdf>

² World Bank (2006) - http://siteresources.worldbank.org/INTCPR/Resources/WP38_web.pdf

³ Hammond (2011) - <http://www.refworld.org/docid/4f61b12d2.html>

Table 1. Regular Stakeholder Meeting Groups in Support of the Safer Corridor Pilot

Platform	Purpose	Members	Meeting frequency
Action Group	A multi-agency effort to maintain continued cross-sector dialogue on the withdrawal of banking services from the money service business sector in order to rebuild trust in the sector and enable remittances to continue to flow. The ToR for this group is available here	UK Government, BBA, AUKPI, IAMTN, Charity Finance Group, WB (+ SOMSA by invitation, + EPIF observer status)	Monthly
Safer Corridor Advisory Group	Provides a platform for interaction with SOMSA and the Somali community, particularly to advise on the design of the Safer Corridor and also to understand market operations from an industry perspective.	DFID, MSBs, SOMSA, Somali community groups	Bi-monthly
Community representative meetings	Regular meetings with Somali community representatives to understand market conditions from the perspective of individual remitters.	DFID, FCO and Somali community representatives	Monthly
NGO meetings	To understand the humanitarian situation, and any impact on the ability of NGOs to send money to support their own operations.	All NGOs working in Somalia	Regular engagement
Steering Group	Provides secretariat support to the Action Group, and ensures all parts of the UK Government are joined-up in their approach to remittances work.	DFID, HMRC, HMT, CO, FCA, NCA, FCO, NTFIU	Bi-weekly
Project Team	World Bank and DFID teams regular discussion on the details of the Safer Corridor Pilot	DFID, WB, FSDA	Fortnightly

Beyond these channels, a number of other key stakeholders have been engaged with in relation to the Safer Corridor Pilot. They include: commercial banks, authorities in Somalia and other market players e.g. wholesale MSBs.

List of acronyms

AUKPI	Association of UK Payment Institutions
BBA	British Bankers Association
CO	Cabinet Office
DFID	Department for International Development
EPIF	European Payment Institutions Federation
FCA	Financial Conduct Authority
FCO	Foreign and Commonwealth Office
FSDA	Financial Sector Deepening Africa
HMRC	Her Majesty's Revenue and Customs
HMT	Her Majesty's Treasury
IAMTN	International Association of Money Transfer Networks
SOMSA	Somali Money Services Association
NCA	National Crime Agency
NTFIU	National Terrorist Financing Investigation Unit
WB	World Bank