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March 25, 2015

The Honorable Kay Granger
Chairman
House Appropriations Committee
Subcommittee on State, Foreign Operations
Room HT-2, The Capitol
Washington, D.C. 20515

The Honorable Nita Lowey
Ranking Member
House Appropriations Committee
Subcommittee on State, Foreign Operations
1016 Longworth House Office Building
Washington, D.C. 20515

Dear Chairperson Granger and Ranking Member Lowey:

We write to express strong support for the President's request of \$87.7 million in Economic Support Funds (ESF) to support the formation of legitimate, durable institutions that will enhance stability and economic development in Somalia. The country is at a critical juncture and we need to provide meaningful assistance in order to build upon the economic and security gains achieved over the last several years. We urge you to prioritize assistance to this fragile country by providing the full amount requested by the President.

Poverty, weak institutions, lack of economic opportunity, and radical ideology all directly contribute to and foment instability and conflict. The U.S. has a long history of investing in and supporting political and economic development in impoverished countries. In order to do this effectively, we need to use our foreign policy tools in a balanced manner and focus our assistance on building government institutions and strengthening civic capacity.

Over the past several years, significant gains have been made against Al-Shabaab with the help of U.S. contributions to the AU Mission in Somalia (AMISOM) and the countries that are a part of that force. However, this assistance needs to be matched by a robust investment in capacity building and support for legitimate and capable government institutions, which are pre-requisite for long-term stability in Somalia. In FY2014, the United States provided \$21.6 million in ESF to help Somalia's new government expand its presence beyond the capital of Mogadishu and begin providing basic services to its people. Somalia is working to repair the negative effects of 20 years of state collapse, widespread violence, and lawlessness. As a result, rebuilding state capacity and fostering a peaceful political system will be a long-term project. We must be willing to make the commitment necessary to help the people of Somalia undertake that project.

The need to invest in strong institutions and capacity building in Somalia has been made clear by the current situation surrounding remittance flows to Somalia from countries like the U.S., United Kingdom, and Australia. In March, the largest financial institution that handled the majority of money transfers from the U.S. to Somalia – closed the accounts of all Somali-American Money Transfer Operators (MTO). Without banking services, many of these MTOs

have been forced to limit their operations, leaving the Somali diaspora in the U.S. with a lack of a secure means to send funds to their loved ones back home. While there are domestic regulatory reasons for this situation, a core complicating factor is Somalia's lack of a strong central bank and the robust regulatory institutions necessary to participate in the world banking system.

Last year, Salaama Somali Bank became the first Somali lender to handle foreign transactions, which is an encouraging sign that the country is stabilizing after decades of conflict. Although there is a long way to go before Somalia has a functioning banking system or thriving economy, this is progress we need to encourage and support with our assistance. Failure to adequately invest in Somalia's political and economic development risks undermining the fragile gains that have been made and losing the hundreds of millions of dollars the U.S. has invested to date.

Thank you for considering fully funding ESF for Somalia in Fiscal Year 2016. We appreciate the challenges your Subcommittee faces and look forward to working with you to craft a FY2016 State Foreign Operations Appropriations bill that gives fragile countries like Somalia the tools they need to build stable, democratic governing institutions.

Sincerely,



ADAM SMITH
Member of Congress




KEITH ELLISON
Member of Congress



MAXINE WATERS
Member of Congress



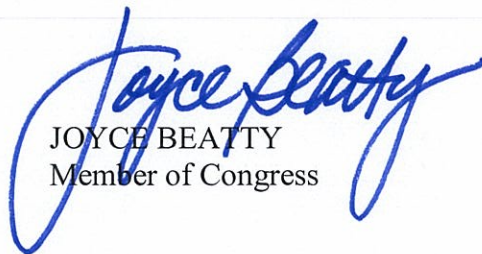
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