FEDERAL GOVERNMENT
OF SOMALIA

An Innovative Approach to Strengthening Financial Governance

The Impact of Somalia's Financial Governance Committee

Summary of the FGC External Review

2026

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This review was commissioned by the World Bank on behalf of the Financial Governance Committee (FGC), chaired by H. E. Minister of Finance of the Federal Government of Somalia (FGS), and its four international sponsors (World Bank, International Monetary Fund, African Development Bank, and European Union). The review was conducted by Dan Honig (Associate Professor, Georgetown McCourt School of Public Policy and Associate Professor of Public Policy, University College London) and Geoff Handley (independent consultant).

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ABBREVIATIONS

AfDB	African Development Bank
CBS	Central Bank of Somalia
FGC	Financial Governance Committee
FGS	Federal Government of Somalia
GDP	Gross Domestic Product
HIPC	Heavily Indebted Poor Countries (Debt Relief Initiative)
IMCC	Inter-Ministerial Concessions Committee
IMF	International Monetary Fund
PFM	Public Financial Management
PPP	Public–Private Partnership
PSA	Production Sharing Agreement
US	United States

INTRODUCTION AND OVERVIEW

Since the establishment of the Federal Government of Somalia (FGS) in 2012, strengthening financial governance has been central to rebuilding state institutions, restoring public trust, and enabling economic development. One mechanism supporting this effort has been the Financial Governance Committee (FGC). The FGC is a highly distinctive advisory body with few obvious comparators. Chaired by the Minister of Finance, it brings together senior Somali officials and representatives of international partners in a confidential forum to examine complex financial governance issues, provide high-quality independent expert advice, help manage financial governance risks, and inform sensitive government decisions. It is Somali-led and problem-driven, often beginning with concrete transactions or governance risks and working backwards to identify practical solutions and broader reforms. The issues addressed by the FGC have evolved over time, moving beyond a narrow initial focus on fiduciary assurance and crisis management toward a wider emphasis on how public resources, contracts, natural resources, and financial sector governance can support long-term state building and economic development.

This report presents the findings of an external review of the FGC, undertaken on behalf of the FGC and its four international sponsoring institutions. This standalone public summary shares the overall findings and lessons of the longer, confidential review with Somali stakeholders, international partners, and a wider public audience interested in transferable lessons from financial governance reforms in other countries, especially fragile and conflict-affected settings. The review draws on document analysis and confidential interviews with 70 Somali and international stakeholders.

The review finds that the FGC has been a highly effective and innovative advisory body in Somalia's fragile and high-risk environment over the past 12 years. This assessment is widely shared across Somali and international interviewees, including 21 current and former FGC members. The FGC's effectiveness reflects a distinctive combination of confidentiality, senior engagement, selectivity in its agenda, strategic patience, and the arm's-length posture of international members.

The FGC plays an important role as a bounded, structured forum for the resolution of Somali internal political tensions in ways that empower reformers and lead to more public welfare-enhancing outcomes. The FGC is a forum in which substantive financial governance issues can be discussed and resolved, thereby facilitating internal government dialogue informed by structured expert analysis. The FGC has also helped reform-minded actors within the government manage internal political pressures by providing an external reference point and collective process that can strengthen their hand in internal deliberations. By being able to point to agreed FGC advice and scrutiny, Somali actors can (correctly) frame difficult decisions as part of a collective governance commitment.

The review finds that the effectiveness of the FGC stems from a somewhat unusual source, in that the committee functions most effectively as a relational governance mechanism.[1] Its influence has derived less from formal monitoring or sanctioning authority than from strong working relationships built through sustained engagement over time, which have generated trust, mutual understanding, and personal credibility. It has also provided a platform for signaling reform intent and for intermediating on sensitive issues. Participation in, and responsiveness to, FGC scrutiny has enabled the FGS to signal its seriousness about financial governance to international partners whose financing and political support remain critical. This signaling and intermediation function helps explain the durability of the arrangement; even at times when FGS reform momentum has been uneven, the FGC has provided a channel through which commitment to agreed norms can be credibly demonstrated. In this sense, the FGC has played a critical role in bridging domestic political constraints and international expectations on financial governance.

[1] See Honig, Krishnamurthy, and Sharma (2025) on relational state capacity more broadly.

The FGC was created in 2014 as a response to a serious crisis of international confidence in the financial governance practices of the newly formed Federal Government of Somalia.

CONTEXT, ORIGINS, AND ROLE OF THE FGC

Somalia's Financial Governance Context

Financial governance in Somalia operates in an unusually demanding and fragile context. In this report, the term "financial governance" refers to the mobilization, management, and oversight of public resources, including public money and other public assets, such as land, property, and natural resources, as well as the regulation and oversight of the financial sector. In Somalia, this agenda has become more complex over time. In the early post-2012 period, the principal focus was on restoring basic fiduciary confidence, managing acute governance risks, and rebuilding core institutions. Increasingly, however, the agenda has expanded to include how public resource management can support broader economic development, investment, and state resilience.

This broader agenda has unfolded in a context of severe fiscal constraints, an unfinished political settlement, and limited state capability. Federal domestic revenue remains extremely low by international standards, at around 3 percent of gross domestic product (GDP), while external grants continue to finance a significant share of the budget. Recent reporting indicates that total external grants finance close to 60 percent of the budget, underlining the continued importance of external support even as Somalia seeks to strengthen state capability and expand the use of government systems. In 2024, FGS revenue totaled US$369 million, up 12 percent from 2023, but still with an unchanged revenue-to-GDP ratio of 3 percent (IMF 2024). At the same time, important questions around power, authority, and resource sharing between regions and levels of government remain only partially resolved.

A central feature of this context is low state capability for implementation. Although some resilient legacy systems survived state collapse, and a considerable body of laws, regulations, and policies has been adopted since 2014, much of the heavy lifting required to build the human and institutional capability to implement them remains a work in progress. This is particularly evident in areas such as public procurement, concession contracting, and contract management. Capability has generally strengthened faster in central agencies, such as the Ministry of Finance and the Central Bank of Somalia (CBS), than in line ministries, creating particular challenges for sector governance, including in complex areas such as petroleum and fisheries. These implementation constraints are compounded by Somalia's unfinished political settlement, as unresolved political bargains and contested authority can make it harder to translate formal rules into consistent practice across government. In this context, many first-best reforms are not feasible in practice, and strengthening financial governance requires reforms that are closely tailored to Somalia's institutional realities.

Origins of the FGC

The FGC was created in 2014 as a response to a serious crisis of international confidence in the financial governance practices of the newly formed Federal Government of Somalia. Concerns about the award of public concessions contracts and the management of public resources were brought to a head by the resignation of the Governor of the CBS in late 2013, who cited corruption risks and concerns about pressure to approve problematic arrangements, including in relation to the recovery of frozen assets. The episode dealt a significant blow to international confidence at a politically sensitive moment and raised broader questions among partners about whether financial support for Somalia's state-building agenda could be channeled through government systems with sufficient assurance. In that context, restoring credibility in financial governance became an urgent priority for both the FGS and its international partners, and prompted negotiations over the form that any response should take.

These negotiations produced a compromise solution intended to restore confidence while respecting Somali sovereignty. While there was broad agreement that stronger financial governance arrangements were needed, there were differing views on what form they should take. The FGS did not accept a more intrusive donor–government control mechanism involving co-signatory powers, arguing that such an approach would be incompatible with national ownership and that the underlying problem was as much one of limited technical capability as of formal oversight. What emerged instead was a compromise: a hybrid advisory body that could help manage high-risk issues, provide trusted technical advice, facilitate collective problem solving, and support reform without displacing Somali decision-making authority. Although conceived as an *ad hoc* response to crisis, the FGC went on to become a durable platform for financial governance dialogue and advice.

FGC Scope and Mandate

The FGC was established as a high-level strategic advisory body to the FGS to support improvements in financial governance as a foundation for the achievement of the broader goals of good governance, economic development, and political stability. The FGC's roles include providing independent expert advice on a range of financial governance issues, including government concessions and major public contracts, as well as on other policy and institutional matters brought to the FGC by the government or its members (Figure 1). Initially, for international partners, it offered a means of restoring confidence in FGS financial governance after a crisis, and for the FGS, it offered a means of sustaining international aid flows and accessing high-quality expert advice while maintaining confidentiality. The FGC subsequently evolved from this *ad hoc* compromise into a durable and influential advisory body, sustained increasingly on the merits of its advisory role and influence.

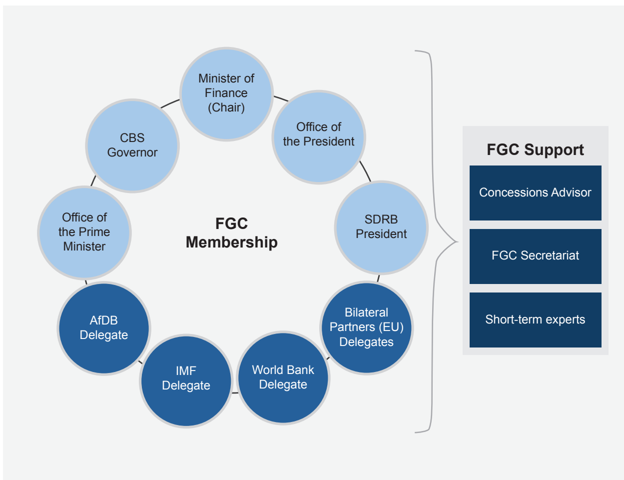
The FGC brings together senior Somali officials and representatives of international partners in a hybrid membership structure. It has nine members (Figure 2). Somali members include the Minister of Finance, who serves as Chair, the Governor of the CBS, senior representatives of the Office of the President and the Office of the Prime Minister, and, since 2024, the President of the Somali Development and Reconstruction Bank. International members are delegates from the World Bank, the International Monetary Fund (IMF), the African Development Bank (AfDB), and bilateral cooperation partners and embassies (sponsored by the European Union).

International delegates participate in the FGC in an arm's-length advisory capacity, notably those supported by the World Bank and the European Union. International delegates are funded by their sponsoring institutions but do not represent or advance the positions of those institutions within the FGC. This arrangement allows the FGC to focus on independent advice and candid discussion rather than the negotiation of institutional positions. The FGC is supported by an international Concessions Advisor and a two-person Secretariat, and *ad hoc* technical assistance is provided by the World Bank and the European Union on a demand-driven basis.

Figure 1: FGC's Core Roles

Source: FGC (2022).

Figure 2: FGC Membership and Support



Source: Honig and Handley (2026).

At its core, the FGC operates as a relationship-based advisory body. Rather than having formal authority or enforcement powers, it relies on sustained dialogue, trusted relationships, and the quality, credibility, and impartiality of its analysis and advice. That advice is provided through in-person deliberation, written advisory notes, and technical analysis prepared for the FGC. The FGC also publishes an annual Financial Governance Report, which reviews progress on financial governance issues considered during the year.

There has been significant continuity in the FGC's membership over its 12 years of operation (Figure 3). The FGC meets regularly in Mogadishu, typically every two months. Meetings require the presence of both Somali and international members in order to proceed. Depending on the issues under discussion, representatives from other government institutions may be invited to participate in specific agenda items. Typically there are about 15 attendees in total, predominantly in person.[2]

The FGC's agenda remains flexible, and members can propose issues for consideration. The FGC has collectively adjusted its focus as Somalia's governance priorities and reform agenda have evolved, while retaining its core mandate or advising on major financial governance risks and reform priorities. In practice, the FGC defines and updates its agenda collectively, with individual members able to raise issues they judge to be of significant financial governance importance. In doing so, the FGC has generally focused on matters that are important to financial governance, where it has a comparative advantage and where there is a realistic prospect that its involvement can make a positive difference. The FGC does not make binding decisions, but provides advice through discussion and consensus building, with the aim of informing decisions within relevant government institutions.

Figure 3: Continuity in FGC Membership, 2014 – 2025

Year	FGS Members					International Members				
	Minister of Finance (Chair)	CBS Governor	Rep. Office of the President	Rep. Office of the Prime Minister	SDRB President	World Bank Delegates	IMF Delegate	AfDB Delegate	Donor Delegate	Concessions Advisor
2014 H1	Minister 1	Governor 1	Advisor 1	n/a	n/a	Delegate 1	Delegate 1	Delegate 1	n/a	n/a
H2	Minister 1	Governor 1	Advisor 1	n/a	n/a	Delegate 1	Delegate 1	Delegate 1	n/a	n/a
2015 H1	Minister 2	Governor 1	Advisor 1	n/a	n/a	Delegate 1	Delegate 1	Delegate 1	n/a	n/a
H2	Minister 2	Governor 1	Advisor 1	n/a	n/a	Delegate 1	Delegate 1	Delegate 1	n/a	n/a
2016 H1	Minister 2	Governor 1	Advisor 1	n/a	n/a	Delegate 1	Delegate 2	Delegate 1	n/a	n/a
H2	Minister 2	Governor 1	Advisor 1	n/a	n/a	Delegate 2	Delegate 2	Delegate 1	Delegate 1	Advisor 1
2017 H1	Minister 3	Governor 1	Advisor 1	n/a	n/a	Delegate 2	Delegate 2	Delegate 1	Delegate 1	Advisor 1
H2	Minister 3	Governor 1	Advisor 1	Advisor 1	n/a	Delegate 2	Delegate 2	Delegate 1	Delegate 1	Advisor 1
2018 H1	Minister 3	Governor 1	Advisor 2	Advisor 1	n/a	Delegate 2	Delegate 2	Delegate 2	Delegate 1	Advisor 1
H2	Minister 3	Governor 1	Advisor 2	Advisor 1	n/a	Delegate 2	Delegate 2	Delegate 2	Delegate 1	Advisor 1
2019 H1	Minister 3	Governor 1	Advisor 2	Advisor 1	n/a	Delegate 2	Delegate 3	Delegate 2	Delegate 1	Advisor 1
H2	Minister 3	Governor 2	Advisor 2	Advisor 2	n/a	Delegate 2	Delegate 3	Delegate 2	Delegate 1	Advisor 1
2020 H1	Minister 3	Governor 2	Advisor 3	Advisor 2	n/a	Delegate 2	Delegate 3	Delegate 2	Delegate 2	Advisor 1
H2	Minister 3	Governor 2	Advisor 3	Advisor 3	n/a	Delegate 2	Delegate 3	Delegate 2	Delegate 2	Advisor 1
2021 H1	Minister 3	Governor 2	Advisor 3	Advisor 3	n/a	Delegate 2	Delegate 3	Delegate 2	Delegate 2	Advisor 1
H2	Minister 3	Governor 2	Advisor 3	Advisor 3	n/a	Delegate 2	Delegate 3	Delegate 2	Delegate 2	Advisor 1
2022 H1	Minister 3	Governor 2	Advisor 4	Advisor 3	n/a	Delegate 2	Delegate 4	Delegate 2	Delegate 2	Advisor 1
H2	Minister 4	Governor 2	Advisor 4	Advisor 3	n/a	Delegate 2	Delegate 4	Delegate 3	Delegate 2	Advisor 1
2023 H1	Minister 4	Governor 2	Advisor 4	Advisor 3	n/a	Delegate 2	Delegate 4	Delegate 3	Delegate 2	Advisor 1
H2	Minister 5	Governor 2	Advisor 4	Advisor 3	n/a	Delegate 2	Delegate 4	Delegate 3	Delegate 2	Advisor 1
2024 H1	Minister 5	Governor 2	Advisor 5	Advisor 3	President 1	Delegate 2	Delegate 4	Delegate 3	Delegate 2	Advisor 1
H2	Minister 5	Governor 2	Advisor 5	Advisor 3	President 1	Delegate 2	Delegate 5	Delegate 3	Delegate 2	Advisor 1
2025 H1	Minister 5	Governor 2	Advisor 5	Advisor 3	President 1	Delegate 2	Delegate 5	Delegate 3	Delegate 2	Advisor 1
H2	Minister 5	Governor 2	Advisor 5	Advisor 3	President 1	Delegate 2	Delegate 5	Delegate 3	Delegate 2	Advisor 1

Source: Honig and Handley (2026).

2 The AfDB and IMF Delegates are not able to attend in person due to security and access restrictions and connect to FGC meetings virtually.

OVERALL ASSESSMENT OF FGC PERFORMANCE

Somali and international interviewees agreed that the FGC has had a substantial and sustained positive influence on financial governance in Somalia. Across the 70 interviews conducted, there was strong and consistent support for the FGC. Many noted that, without it, governance outcomes in several high-risk areas would likely have been significantly weaker.

> ***"The FGC has been very, very crucial for us. Without them we would be in a completely different place"***
>
> *- Somali FGC Member*

Somali counterparts emphasized the FGC's role in navigating political transitions and institutional fragility, highlighting its continuity, credibility, and trusted relationships as important achievements in their own right. Several interviewees linked the FGC to Somalia's successful attainment of the Heavily Indebted Poor Countries (HIPC) Completion Point in 2023, citing its contribution to maintaining reform discipline and reinforcing adherence to laws and procedures during a politically sensitive period.

International partners expressed similar views, frequently describing the FGC as one of the most effective governance mechanisms supporting reform in Somalia. Several interviewees emphasized that its value lay not only in the quality of its technical analysis, but in its broader influence on behavior, incentives, and adherence to Somalia's financial governance frameworks. In particular, interviewees pointed to the positive deterrent effect of anticipated FGC scrutiny, which helped shape decision making in advance. In addition, they pointed to the FGC's role in strengthening adherence to Somalia's financial governance framework, particularly through systematic scrutiny of concessions, procurement, and petroleum agreements. They also highlighted the FGC's ability to translate technical advice into practical outcomes, including the renegotiation of major contracts and the prevention of poor-value deals.

> ***"The FGC was one of the best things the World Bank did in Somalia"***
>
> *- Bilateral International Partner*

Taken together, the evidence suggests that the FGC has strengthened confidence in governance processes, improved oversight of high-risk transactions, and supported better understanding of complex fiscal issues at the center of government. Its influence has been both issue-specific and strategic, affecting not only the handling of individual transactions but also the laws, rules, and policy frameworks for financial governance.

STRATEGIC INFLUENCE OF THE FGC

Strategic Influence on Financial Governance Decisions

The FGC has made a significant and strategic impact on the FGS approach to financial governance, helping to shape laws, policies, and everyday decision making. The FGC has influenced how senior policymakers approach financial governance issues and informed Cabinet decisions on this agenda. Interviewees consistently described the FGC as helping to ensure that questions of fiscal risk, long-term value for money, and institutional integrity are systematically highlighted for consideration in major economic decisions, with timely advice to inform those decisions, often through rapid just-in-time responses. FGC members emphasized that the high quality of advice provided has been crucial to its salience within the government. FGC advice has contributed over time to greater discipline and coherence in FGS actions on economic governance. Its influence has extended to Somalia's wider financial governance legal and policy framework as well, including extensive advisory input on the fiscal provisions of the revised Constitution, Public Financial Management (PFM) Bill, Public–Private Partnerships (PPP) Bill, and revisions to the Procurement Act. In the petroleum sector, the FGC has advised on the Petroleum Harmonization Regulations and provided review and support to the implementation of the model petroleum production sharing agreement (PSA). In the case of the PFM Bill, FGC advice helped strengthen provisions of the 2019 PFM Act on tax exemptions and public borrowing, with benefits that have become increasingly important in the post-HIPC period.

> ***"The Financial Governance Committee has been able to set priorities, inform policy making, and shore up past reforms."***
>
> *- World Bank Independent Evaluation Group (2025)*

Signaling Reform Credibility to International Partners

> ***"They're also a messaging tool for us back to the donors… having a third party that's trusted to deliver messaging on your behalf can be helpful."***
>
> *- Somali FGC Member*

The FGC has played an important role in signaling to international partners the reform credibility of the FGS. By providing a credible forum in which major fiscal and contractual decisions can be discussed and scrutinized, the FGC has given development partners greater assurance that governance risks are being addressed. Somali officials highlighted the FGC's value as a signaling mechanism, enabling the government to demonstrate reform intent and communicate progress to international partners, particularly during periods of political uncertainty. It has also served as a channel through which particularly serious governance risks can be surfaced to development partners, helping to indicate when stronger external engagement may be warranted in relation to politically sensitive transactions or reforms. The relationships that international delegates have built both with Somali FGC members and the broader international community have facilitated this "trust brokering."

Building Shared Understanding and Communicating Progress

> ***"It provides a break from firefighting… to give us that space of thought, that pause, that ability to have rational thinking around key economic decisions and discussions on the real fiscal implications."***
>
> *- Somali FGC Member*

The FGC has provided a forum in which senior officials can develop a shared understanding of complex fiscal issues central to state building. Discussions within the FGC have informed debates on issues such as the fiscal dimensions of the Constitution, approaches to natural resource revenue sharing, the importance of CBS independence, and the value of financial sector reforms. Interviewees emphasized that the FGC's regular meetings create space for structured analysis and deliberation on issues that are often difficult to address amid the day-to-day pressures of government decision making. In this way, the FGC has made a limited contribution to domestic accountability by helping to strengthen the credibility of formal institutions and the perception that difficult financial governance decisions are being considered through more structured and rules-based processes.

Finally, the FGC has played an important role in communicating the status of financial governance reforms through its annual Financial Governance Reports. International partners described the reports as trusted syntheses that translate confidential deliberations into balanced, public-facing judgments without undermining the integrity of the FGC's closed-door process. Particularly during periods of uncertainty, the reports have helped to anchor discussion in evidence rather than crisis narratives and have provided continuity amid changes in personnel. This communication function has reinforced the FGC's broader confidence-building role, while preserving the confidentiality necessary for candid internal deliberation.

FISCAL IMPACTS OF FGC ENGAGEMENT

FGC advice has contributed to substantial and, in many cases, quantifiable fiscal gains for the FGS, particularly in areas characterized by high fiscal and governance risk. Over the period 2016–23, revenues from concessions and licensing increased by 268 percent, from US$23 million to US$84 million, reflecting in part strengthened oversight and improved governance of public assets. While this is only a rough proxy measure of fiscal gains, and a number of factors have driven the increases in these revenues, it is highly plausible that a significant portion of the increase has resulted from FGC advice. The illustrative fiscal effects presented below should be understood as conservative, lower-bound estimates based on identifiable counterfactuals and direct areas of FGC engagement. They do not capture the full range of likely fiscal benefits, including cases where problematic transactions may never have advanced because of anticipated FGC scrutiny. Several cases illustrate the scale and range of the fiscal benefits associated with the FGC's engagement (Table 1).

Important gains have also arisen from the renegotiation of major infrastructure concessions. In the cases of the Mogadishu port and airport, revised agreements strengthened revenue-sharing arrangements, clarified contractual obligations, and secured more credible investment commitments. These outcomes demonstrate that sustained scrutiny of high-risk public contracts can yield both fiscal benefits and broader improvements in the governance of major public assets.

The FGC has helped protect the government from potentially large fiscal liabilities arising from poorly structured contracts. In one case, the government successfully defended itself against an arbitration claim exceeding €132 million related to a naval patrol boat procurement contract signed in 2013. The government, with technical support from the FGC, mobilized its own legal counsel to contest the claim successfully in international arbitration in 2023, avoiding a financial liability that would have significantly exceeded Somalia's domestic revenues at the time the contract was signed.

Table 1: Illustrative Fiscal Impacts of FGC Engagement[3]

Area	Nature of FGC Contribution	Illustrative Fiscal Effect
Petroleum production sharing agreements (PSAs)	Technical review and renegotiation of PSAs and promotion of due process	**Substantial increases in future government revenue, potentially hundreds of millions of US$ per PSA**, if commercial production occurs.
Mogadishu port and airport concessions	Technical advice supporting renegotiation of concession agreements	Improved revenue sharing and investment commitments, **including US$52 million set aside to fund a five-year investment plan.**
Naval patrol boat arbitration case	Support to government in obtaining legal counsel and technical advice	Avoided potential **€132 million arbitration liability**
Air navigation (overflight) revenues	Advice supporting transfer of revenue management to FGS and improved transparency	**Annual revenue remitted to the FGS from 2019 on; currently averages US$20 million**, with potential for further increases.
Frozen asset recovery	Recovery and transparent distribution of frozen assets in line with FGS PFM laws	**US$11.5 million in frozen assets recovered and distributed.**
Security sector rations procurement	Promotion of competitive tendering and oversight of procurement processes	Approximately **US$6.7 million in annual savings in 2019** following a 48 percent reduction in rations costs.

Source: Honig and Handley (2026)

3 These illustrative fiscal impacts are drawn from the FGC Review Main Report (Honig and Handley 2026), which provides more detail (some of which draws on confidential sources and is thus not elaborated on here) regarding how the figures were estimated. These should be seen as "lower-bound" estimates—that is, these numbers draw only on clearly estimated counterfactuals and thus do not incorporate savings from, for example, agreements that do not come under FGC consideration because they are not formulated, as those who might otherwise draw them up anticipate they would be unlikely to survive FGC scrutiny.

The FGC has also contributed to strengthening revenue management in other areas. Its engagement supported the transfer of air navigation (overflight) fee revenues from the United Nations to the federal government in 2019–20, generating approximately US$20 million each year by 2023. Analysis supported by the FGC suggests that aligning Somalia's air navigation fees with international benchmarks could significantly increase future revenues. The FGC supported the recovery and transparent distribution, in line with FGS PFM rules, of an estimated US$11.5 million in frozen assets. Ongoing FGC advice on domestic revenue has identified measures that could substantially increase revenues from overflight fees, while highlighting wider opportunities to strengthen the management of other important public revenue sources.

A further example is the introduction of competitive procurement for security sector rations, previously awarded through non-transparent direct contracting. Competitive tendering was introduced following sustained engagement by the FGC and reduced annual rations costs by approximately 48 percent, generating savings of about US$6.7 million per year. Given that rations accounted for roughly one-fifth of government non-salary expenditure at the time, this reform substantially improved the efficiency and transparency of public spending (Davies, Farley, and Handley 2020).

Potential future fiscal gains are particularly significant in the petroleum sector. FGC reviews and subsequent renegotiations of six PSAs helped bring contract terms materially closer to Somalia's model PSA and legal framework. Three PSAs that had originally been signed on less favorable terms were later renegotiated following FGC review, while three additional PSAs were reviewed before signature and revised accordingly. Although any revenues will depend on future commercial discoveries, the improvements in fiscal terms are potentially substantial, with indicative gains to the FGS on the order of hundreds of millions of US dollars per contract. This underlines the importance of FGC engagement in protecting long-term public value in natural resource contracting.

The fiscal significance of the FGC lies not only in direct savings or revenue increases, but also in reducing fiscal risks and improving the long-term value of major public contracts and assets. Given that Somalia's domestic revenues remain extremely limited, the financial implications of even a small number of major transactions can be substantial.

ISSUE-SPECIFIC ACHIEVEMENTS

The FGC has contributed to concrete institutional improvements and better transaction-level outcomes across several areas of government activity. These contributions illustrate how the FGC's advisory role and contract review mandate have translated into practical improvements in governance systems, fiscal outcomes, and oversight of high-value transactions. The examples below are illustrative rather than comprehensive.

Strengthening Procurement and Concessions Governance

One of the FGC's most sustained areas of engagement has been concessions and public contracting. In the early years of the FGS, contracts were frequently negotiated and signed by individual ministers with limited collective oversight. The FGC has consistently emphasized the importance of translating legal reforms into workable implementation arrangements that limit the scope for unilateral institutional action. It has informed successive Cabinet directives on due process in contracting for concessions and high-value procurement transactions, which have simplified operational arrangements and reinforced oversight requirements. The FGC also contributed to amendments to Somalia's 2016 Procurement Act and provided review comments on the PPP Bill, helping to introduce greater realism and attention to implementation constraints.

An important institutional development for the FGS has been the gradual strengthening of the Inter-Ministerial Concessions Committee (IMCC). The IMCC was established by law in 2016 as the body responsible for approving all concessions tender processes and contract awards. In practice, however, it was rarely activated in its early years. Sustained engagement by the Ministry of Finance, supported by the IMF and the FGC, helped bring it into more regular use, and operating procedures for collective review of concession proposals began to develop. Technical analysis prepared through the FGC has frequently informed IMCC deliberations, although procedures for submissions, documentation, and review timelines are not yet consistently applied. The IMCC therefore remains an institution in formation, but its growing use has established the important principle that concessions should be subject to collective scrutiny rather than unilateral ministerial decisions.

Transaction Reviews and Prevention of "Bad Deals"

Government decisions on concession agreements and procurement contracts were aligned with FGC advice in 70 percent of cases. Over the past decade, the FGC has reviewed more than 60 concession agreements and procurement contracts, either before approval or after signature. The high proportion of cases in which FGC advice has been followed demonstrates the committee's practical influence over major public transactions.

> ***"Without the FGC, I think we would have had a lot of bad contracts. I don't think we could have caught many of the issues they pointed out"***
>
> *- Somali FGC Member*

These reviews have helped identify problematic contractual provisions, improve fiscal terms, and in some cases prevent the implementation of agreements that posed significant fiscal and governance risks to the FGS. Several proposed concessions did not proceed following FGC review, while others were canceled after signature. In this sense, the FGC has made an impact by both improving the quality of transactions that moved forward and helping prevent problematic deals from proceeding.

The renegotiations of the Mogadishu port and airport concessions, originally agreed in 2013 under weak oversight arrangements, provide a clear illustration of this role. Sustained engagement over several years helped strengthen revenue-sharing terms, investment commitments, and contractual safeguards. These cases demonstrate how persistent technical engagement, supported by international partners and high-level political backing, can significantly improve the management of major public assets.

The observable cases reviewed here are likely to understate the full extent of the FGC's preventive influence. This review can only provide detail on transactions that were seriously considered and thus were subjected to FGC scrutiny. Multiple interviewees noted that many potential "bad deals" and other transactions that might have been detrimental to the Somali public interest were never developed because of anticipated FGC scrutiny. This "shadow of the future" deterrent effect, whereby actors do not pursue proposals they believe will not withstand FGC review, is potentially significant and may account for a substantial share of the FGC's impact.

Natural Resource Governance

The FGC has played a meaningful role in strengthening governance of Somalia's petroleum sector. For many year,s the Ministry of Petroleum asserted that it had the power to conclude PSAs unilaterally, without central oversight. Through sustained engagement and detailed contract reviews, the FGC helped establish the principle that PSAs must be subject to collective review under the Procurement Act. This effort led to the adoption, and then the revision in 2024, of a Harmonization Regulation stating that all awarded PSAs should be subject to prior review through the IMCC.

Recent cases illustrate gradual progress toward stronger oversight and better contract terms. The Ministry of Petroleum signed ten PSAs bilaterally with commercial firms between 2022 and 2024, without any prior review by the FGC or the IMCC. Ex-post FGC review of three agreements prompted the FGS to renegotiate with the contractor, strengthening fiscal terms and bringing the agreements into closer alignment with the approved Model PSA. A further three agreements, signed in 2024, were subject to prior review by the FGC, enabling their terms to be strengthened before signature. These revisions, based on FGC and IMCC reviews, marked an important procedural advance in petroleum governance. Six agreements with Türkiye concluded under bilateral security arrangements have not been shared for FGC review, however, reflecting the political limits to disclosure.

CBS Governance and Financial Sector Development

The FGC has maintained an important strand of work on CBS governance and financial sector development. This agenda is closely connected to the FGC's origins, as the 2013 crisis at the CBS was a major contributing factor in the committee's establishment. Over the past decade, the FGC has provided a forum for maintaining attention on sensitive issues of CBS governance, independence, leadership, and asset recovery while supporting wider reform momentum. In this area, the FGC's role has tended to focus less on providing frequent formal advice on discrete transactions and more on confidential stewardship, strategic discussion, and signaling around particularly sensitive risks. Over the same period, the CBS and the financial sector have seen substantial progress, including stronger central bank governance, merit-based staffing reforms, improved fiscal agent functions and interconnectivity with the Ministry of Finance, expanded licensing and supervision of financial institutions, establishment of a national payment system, and more transparent progress on frozen asset recovery and management (FGC 2023).

Areas of Constraint and Deliberate Restraint

The FGC's influence has been more limited in other areas, notably where governance problems arise from diffuse political incentives, including among international partners, rather than discrete decisions or transactions. For example, despite repeated warnings that continued institutional expansion is fiscally unsustainable, the number of ministries and agencies within the FGS increased significantly between 2014 and 2024. Interviewees attributed this trend to a combination of political incentives and international partner

> ***"Sometimes they [international partners] say that regulation should pass, and with it, then an institution has to be created that does things independently… Can you really reduce your expenditure and ask for an institution to be created?"***
>
> *- Somali FGC Member*

practices that sometimes favor the creation of new semi-autonomous entities to deliver sector programs. Similarly, while the FGC has encouraged greater use of government systems for foreign aid delivery, progress has been uneven. Some international partners, notably the World Bank, AfDB, and European Union, have initiated and expanded support through government systems and used the FGC as an important safeguard mechanism in that context. Broader international partner decisions on fiduciary risk, aid modalities, and program design are often determined partly outside Somalia and have therefore been only partially influenced by the FGC's advice.

Progress has also been limited in areas such as the protection of public land and property, where governance challenges are tied to complex political settlements and enforcement constraints. In such domains, outcomes depend on broader institutional and political dynamics that lie beyond the influence of a confidential advisory body.

At the same time, the FGC has deliberately limited its role in areas where it lacks either the legitimacy or the comparative advantage to act effectively, including intergovernmental political bargaining and functions that are better performed by specialist technical assistance or implementation actors. This restraint has extended to outward engagement, where the FGC has prioritized

confidentiality and trust over acting as a vehicle for broader domestic accountability or parliamentary scrutiny. A small minority of interviewees regarded this as a weakness, arguing that the confidentiality of the forum can be in tension with broader domestic accountability and leaves too much influence in the hands of a small number of individuals and closed-door relationships.

These examples illustrate the limits of the FGC's operational impact. Through sustained technical engagement and contract review, the FGC has helped strengthen the governance of major transactions and generate tangible fiscal gains. At the same time, its experience demonstrates the limits of advisory influence where political incentives or institutional constraints run counter to reform objectives.

FACILITATING INTERNATIONAL ENGAGEMENT ON FINANCIAL GOVERNANCE

Providing Insight in a Constrained Operating Environment

The FGC has served as a trusted window into internal policy debates and institutional dynamics, providing international partners with grounded analysis of sensitive issues, such as concessions, procurement, fiscal federalism, and natural resource governance. Security constraints, limited physical access to Mogadishu, and the fact that many international staff working on Somalia are based outside the country often make it difficult for donors to understand how financial governance decisions are made in practice. FGC meetings, by contrast, are always held in government premises in Mogadishu and attended in person by the arms-length international delegates. In this context, the FGC has significantly improved the quality of international engagement on financial governance in Somalia by providing insight into complex domestic dynamics that would otherwise be difficult for external partners to observe.

The FGC has helped interpret complex information and translate it into usable insights for senior decision makers. International interviewees consistently emphasized the value of the FGC's ability to synthesize large volumes of technical information and provide concise analysis to inform diplomatic engagement, development programming, and internal reporting to headquarters. This interpretive role has allowed international partners to better understand both the risks and the reform dynamics within the FGS, helping sustain informed engagement even when direct visibility into internal processes is limited.

> ***"The FGC acted as a force multiplier, giving us insight… into an important area where we otherwise had very limited direct access"***
>
> *- Bilateral International Partner*

Aligning International Messaging and Engagement

The FGC has helped improve coordination and alignment among international partners on financial governance issues. Through formal briefings, informal consultations, and side engagements with ambassadors and heads of cooperation, the FGC has helped partners develop a shared understanding of emerging risks and reform priorities. This has enabled more consistent messaging in high-level dialogue with Somali authorities, particularly during periods when sensitive financial governance issues were under discussion.

In several cases, the FGC has played a bridging role where misunderstandings, misinterpretations, or information gaps risked undermining dialogue between Somali authorities and international partners. By clarifying facts and explaining the financial governance implications of specific developments, the FGC has helped ensure that external engagement remains grounded in evidence rather than speculation.

Moderating Volatility and Preserving Institutional Memory

The FGC has played an important role in moderating volatility in international engagement with Somalia. High staff turnover among development partners, combined with rapidly shifting political narratives, can produce cycles of excessive optimism followed by sharp pessimism about reform prospects. Interviewees noted that the FGC has helped to stabilize these dynamics by providing continuity of analysis and a longer institutional memory with respect to reform efforts.

Through its regular meetings, sustained membership, and the annual publication of Financial Governance Reports, the FGC has helped anchor international partner assessments in a longer-term perspective on financial governance reform. This continuity has helped new international staff understand the origins and constraints of past reforms more quickly, reducing the tendency to revisit settled issues or to pursue initiatives that are technically sound but politically infeasible.

Supporting Engagement by the Four FGC Sponsors

The FGC has played an important role in supporting the engagement of its four principal international sponsors: the IMF, World Bank, European Union, and AfDB. For the IMF, the FGC has complemented formal program dialogue by providing analysis and political economy insight that has informed the design and sequencing of reform benchmarks, particularly in areas such as petroleum governance, concessions, and PPPs.[4] Somali officials emphasized that FGC discussions helped translate IMF program requirements into practical reform steps. The FGC also played an important enabling role during Somalia's HIPC debt relief process by providing a recurring forum through which financial governance risks could be surfaced and debated, helping to sustain reform momentum and international partner confidence during a politically turbulent period.

For the World Bank and European Union, the FGC has strengthened policy dialogue and risk management around the use of Somali systems and the provision of budget support, including by providing added assurance that continued and expanded use of country systems would be accompanied by credible scrutiny of sensitive financial governance risks. The FGC has provided a structured forum through which sensitive governance issues can be examined and addressed, while helping to align the engagement of its sponsoring partners on financial governance. These institutions have, in turn, helped sustain the FGC through the provision of essential financial support and technical inputs, and by linking its continued operation to aspects of their engagement frameworks, including the European Union's budget support and the World Bank's International Development Association Turn Around Allocation.

The AfDB has similarly valued, and benefited from, the FGC as a platform for governance dialogue and coordination with other partners. This influence appears to have been strongest among the partners most directly engaged in and supportive of the FGC, and less effective in shifting the wider behavior of non-sponsoring partners whose aid modalities and fiduciary decisions are determined through other processes.

4 Concessions are a subset of PPPs, which encompass a wide range of agreements between the public and private sector and typically involve investment in the development and delivery of public assets and services. The term "concession" describes a specific form of PPP in which the private party is paid through user fees, although the two terms are often used interchangeably in Somalia (FGC 2025, 16).

DRIVERS AND LIMITS OF FGC EFFECTIVENESS

Five primary drivers stand out in explaining FGC effectiveness: its function as a trusted confidential forum; strong Somali leadership and ownership; high-quality, impartial advice; continuity and (relatedly) strategic patience; and the FGC's transaction-level engagement, which has iteratively informed the strengthening of the policy and legal framework (Figure 4).

Trusted Confidential Forum

A primary driver of the FGC's effectiveness has been its role as a trusted, impartial, and confidential forum that converts technical scrutiny and understanding into politically usable advice. Its impact has derived from enabling disciplined "critical challenge" at senior levels, aligning incentives, and supporting informed decision making on sensitive issues, rather than from formal enforcement powers. Its impact has been enhanced by its mandate to review and advise on contracts and concessions, which has allowed governance commitments to be tested in real transactions. This impact has been most evident where high-stakes issues have been specific enough to allow disciplined scrutiny and clear next steps, and decision authority was within reach.

Leadership and Ownership

Strong leadership by the Minister of Finance and ownership among Somali members has been central to the FGC's effectiveness. Interviewees noted that the commitment of the Chair is critical for reinforcing the seriousness of FGC engagement, strengthening follow-up, and improving understanding of the FGC's role across FGS institutions. The current Chair was credited for expanding domestic outreach through Mogadishu-based launches of the annual Financial Governance Reports. Previous Chairs, notably during the HIPC process, were also credited as having provided strong leadership at critical junctures. Regular participation of other senior institutions, including the CBS, the Presidency, and the Prime Minister's Office, has helped to ensure the translation of technical advice into coordinated decisions and follow-up across government.

Figure 4: Primary Drivers of FGC Effectiveness

Source: Adapted by authors from Honig and Handley (2026).

High-Quality and Impartial Advice

The quality, credibility, impartiality, and relevance of FGC advice has been key to its effectiveness. The forum is strongly people-driven, relying on individuals with high professional standing, sound technical judgment, and deep contextual understanding of Somalia's political economy. The "arm's length" role of international delegates has enabled them to exercise professional discretion rather than deliver institutional positions. This has contributed to the FGC's perceived impartiality and respect for Somali ownership. The FGC's license to set and adapt its own agenda has helped to protect it from rigid project logics and enabled it to focus on emerging risks. Moreover, its confidential working methods have enabled candid discussion of politically sensitive issues and early identification of governance risks.

Continuity and Strategic Patience

Continuity and strategic patience have been key features of FGC effectiveness. Progress is not always linear. The FGC's sustained engagement over a 12-year period has allowed issues to be revisited over time, sometimes deliberately paused and then reopened when political or institutional conditions become more favorable. Continuity in some of the international roles has allowed the FGC to build trusted working relationships, develop a shared analytical framework, and apply consistent standards across recurrent governance problems. This long-term time horizon has enabled the FGC to pursue reform through strategic patience and repeated engagement on specific issues.

Transaction-Level Engagement

Transaction-level engagement has helped drive the FGC's effectiveness by facilitating a problem-driven approach to financial governance, under which scrutiny of specific transactions can help to identify practical solutions and broader reforms.[5] Rather than beginning from abstract reform models, the FGC has worked from concrete contracts, concessions, and procurement processes to identify what is not working and what practical changes are needed. By repeatedly examining such transactions, the FGC has been able to identify recurring weaknesses and use these insights to inform broader institutional and legal reforms suited to Somalia's context.

Variation and Limits in FGC Effectiveness

Interviewees consistently emphasized that variation in the FGC's effectiveness across policy areas has been driven less by differences in the quality of its advice than by structural differences in political sensitivity, incentive alignment, institutional authority, and external reinforcement across issues. The FGC has gained less traction where incentives are misaligned, implementation capacity is binding, key information is withheld, or authority lies outside the forum's compact decision space, including in major political bargains, geopolitical considerations, and political bargaining between the FGS and Federal Member States. There is an inherent tension between international expectations around transparency, due process, and contract quality on the one hand, and Somali concerns over sovereignty and political control in high-stakes areas such as petroleum on the other, that limits the scope of the FGC's effectiveness. The FGC's influence also diminishes where reforms depend on implementation capacity or political buy-in being distributed across government institutions beyond the FGC's immediate sphere of influence; the FGC can be a useful tool for Somali members to engage other domestic actors, but cannot resolve all (or even most) internal government tensions. These limits underscore that the FGC cannot substitute for political settlement or implementation capabilities. Rather, it is most effective as a complement that strengthens decision making under specific conditions.

[5] A problem-driven approach focuses on identifying and addressing locally felt, clearly defined problems rather than imposing external solutions (Andrews, Pritchett, and Woolcock 2015).

FUTURE OPTIONS FOR THE FGC

Future Context for Financial Governance: Implications for the FGC

Somalia is likely to face a more demanding financial governance environment in the coming years. Political transitions and federal tensions will continue to pose risks of discretionary decision making during periods of uncertainty. At the same time, declining foreign aid flows, low domestic revenues, and the post-HIPC priority for economic development are likely to increase the country's reliance on borrowing, concessions, and PPPs. These instruments create opportunities for investment but also carry significant fiscal and governance risks.

Externally, Somalia is operating in a more fragmented international environment, shaped not only by growing engagement by regional and "non-traditional" partners in areas such as infrastructure, security, and natural resources, but also by wider regional geopolitical tensions and realignments. Some of these actors may operate with different risk tolerances, financing practices, or expectations regarding the use of Somalia's financial governance frameworks and oversight arrangements. These trends increase the risk that major fiscal and contractual decisions could be negotiated outside established governance processes. These developments suggest that the types of risks the FGC was created to address remain significant and may increase over the coming years.

Strategic Recommendations

Renew the FGC mandate and preserve its core characteristics

The external review of the FGC finds strong support among Somali and international stakeholders for continuing the FGC beyond June 2026. The committee remains a uniquely trusted forum that helps the FGS manage complex fiscal risks while sustaining international confidence. The review therefore recommends renewing the FGC mandate on a multiyear basis.

Continuation should preserve the characteristics that underpin the FGC's effectiveness: confidentiality of deliberations, senior participation, selectivity in agenda setting, and the arm's-length role of international delegates. The aim should be incremental evolution rather than institutional restructuring. Light-touch measures could strengthen continuity across political transitions, including structured handovers and briefings for incoming ministers and other members and maintaining the regular meeting cadence. The continuity, credibility, and relational capital developed by successive international delegates have been central to the FGC's effectiveness and should be carefully preserved through future transitions.

Avoid Overformalizing the FGC

The review does not recommend transforming the FGC into a more formal, public-facing, or broadly mandated accountability mechanism. Its effectiveness depends in large part on the confidentiality, flexibility, and clear limits of its remit. Nor should it be burdened with functions better performed by other institutions, whether through mandated engagement with Federal Member States, civil society, Parliament, or external accountability bodies. While these linkages may be valuable in their own right, pursuing them through the FGC would risk weakening the relational conditions that underpin its effectiveness.

Engage emerging external partners on financial governance

Given the growing role of regional and "non-traditional" partners in Somalia's economy, the FGC should consider engaging more systematically with key external actors whose economic and security relationships with Somalia are expanding. Structured dialogue on financial governance topics with partners such as Türkiye, Qatar, and Saudi Arabia could help promote understanding of Somalia's financial governance framework and the importance of reinforcing accountable processes for concessions and natural resource agreements. Such engagement would complement the FGC's existing role as a forum linking Somali institutions and international partners and help ensure that major agreements remain aligned with established governance standards in Somalia.

Improve Diffusion of FGC Advice Across Government and Domestically

The review recommends strengthening the internal diffusion of FGC advice within government. This could include more structured briefings to institutions and individuals that sit outside the FGC, particularly in the Presidency, Prime Minister's Office, and selected Cabinet-level audiences. Clearer communication can help ensure that FGC advice translates into decisions and follow-through.

The FGC can also support wider domestic outreach on financial governance. Building on the success of the Financial Governance Reports and their Mogadishu launch events, Somali FGC members could consider more structured dissemination of these reports and periodic updates on reform progress. This could be accomplished, for example, through a mid-year progress update or a spotlight event on a selected topic, jointly hosted with a relevant sector ministry, for stakeholders in Somalia. The review also suggests that, while the FGC should not be drawn directly into brokering intergovernmental agreements, its technical advice, including on fiscal federalism and natural resource revenue sharing, could be disseminated more systematically through the Finance Ministers Fiscal Forum, subject to the additional support resources recommended below.

Operational Priorities to Support the FGC's Next Phase

Practical support will needed to sustain the FGC's effectiveness in its next phase (Box 1). The recommended arranagements would complement the broader strategic recommendations above and focus on the enabling conditions around the FGC, including continuity, technical support, and government capacity to absorb and act on advice.

Box 1: Operational Priorities to Sustain FGC Effectiveness

Plan for succession and strengthen institutional memory

The FGC has benefited from exceptional continuity among a small number of international delegates and long-term advisers. While this continuity has been a major strength, it also creates risks if transitions occur. The review recommends more explicit succession planning, including overlap and handover arrangements and early identification of potential successors. If and when key personnel move on, care must be taken to establish and empower new "trust brokers," who must be given the flexibility and autonomy to maintain and build relationships of trust with all parties. Consolidating the FGC's accumulated written outputs in a secure but accessible format would also help preserve institutional memory as membership evolves.

Strengthen the technical support envelope

The review recommends increasing both the core support envelope and the flexibility of surge technical assistance. Core financing should enable greater engagement by international delegates, the concessions adviser, and secretariat support, as well as the addition of another non-member expert adviser to increase concessions advisory capacity. This expanded external support should be matched by stronger government capability to absorb and act on advice, including through strengthened in-house procurement and concessions capacity within the Ministry of Finance and practical arrangements that improve follow-through on FGC and IMCC review. Without such capability, additional external advisory support risks widening the gap between scrutiny and implementation.

Strengthen procurement and concessions capability inside government

Strengthening government capability to manage concessions and high-value procurement is essential for sustainable financial governance. This requires substantial multiyear investment by government and donors, including further development of dedicated technical capacity and implementation of reforms under the amended Procurement Act. As an immediate step, the Ministry of Finance could recruit a dedicated lawyer and financial modeling specialist within the Procurement Department to support concessions and high-value procurement reviews. Donors should explore mechanisms to support feasibility studies and transaction advisory services for major concessions so that projects brought forward for review are supported by adequate technical preparation.

Source: Honig and Handley (2026).

Overall Direction for the Next Phase

The review recommends continuing the FGC through incremental evolution rather than major restructuring. Its distinctive value lies not in formal authority, but as a trusted and confidential forum in which senior Somali decision makers can examine high-stakes financial governance issues and receive technically credible challenge and advice. The central test for the next phase will therefore be whether the FGC continues to perform this function effectively in a more complex political and financing environment, while preserving the core relational characteristics on which that effectiveness depends.

A successful post-2026 FGC would remain clearly Somali-owned and demonstrably useful to Somali decision makers, with core actors continuing to bring forward sensitive and consequential issues because the forum is seen as genuinely helpful. It would retain a disciplined focus on the high-stakes, time-sensitive issues where its scrutiny and advice can plausibly influence outcomes, rather than expanding into broad coordination or routine oversight functions. Its advice would remain technically sound, politically realistic, and timed to coincide with key decision points, with enough internal follow-through to support learning over time. In a more complex financing environment, it would continue to serve as a trusted interface for managing fiscal and contractual risk, supported by a strong institutional support envelope but without expanding into implementation, audit, or enforcement roles.

LESSONS FOR OTHER COUNTRIES

The FGC's experience offers useful insights for other countries facing governance challenges. This is particularly the case for fragile or high-risk environments.

A central lesson is the value of relational approaches and intermediation in governance institutions. The FGC's influence has come less from formal authority than from trusted relationships, regular interaction among a small group of senior officials, and a confidential setting that allows candid discussion of politically sensitive issues. These features have helped create a forum where government leaders and international partners can jointly examine complex fiscal and governance problems and work toward practical solutions.

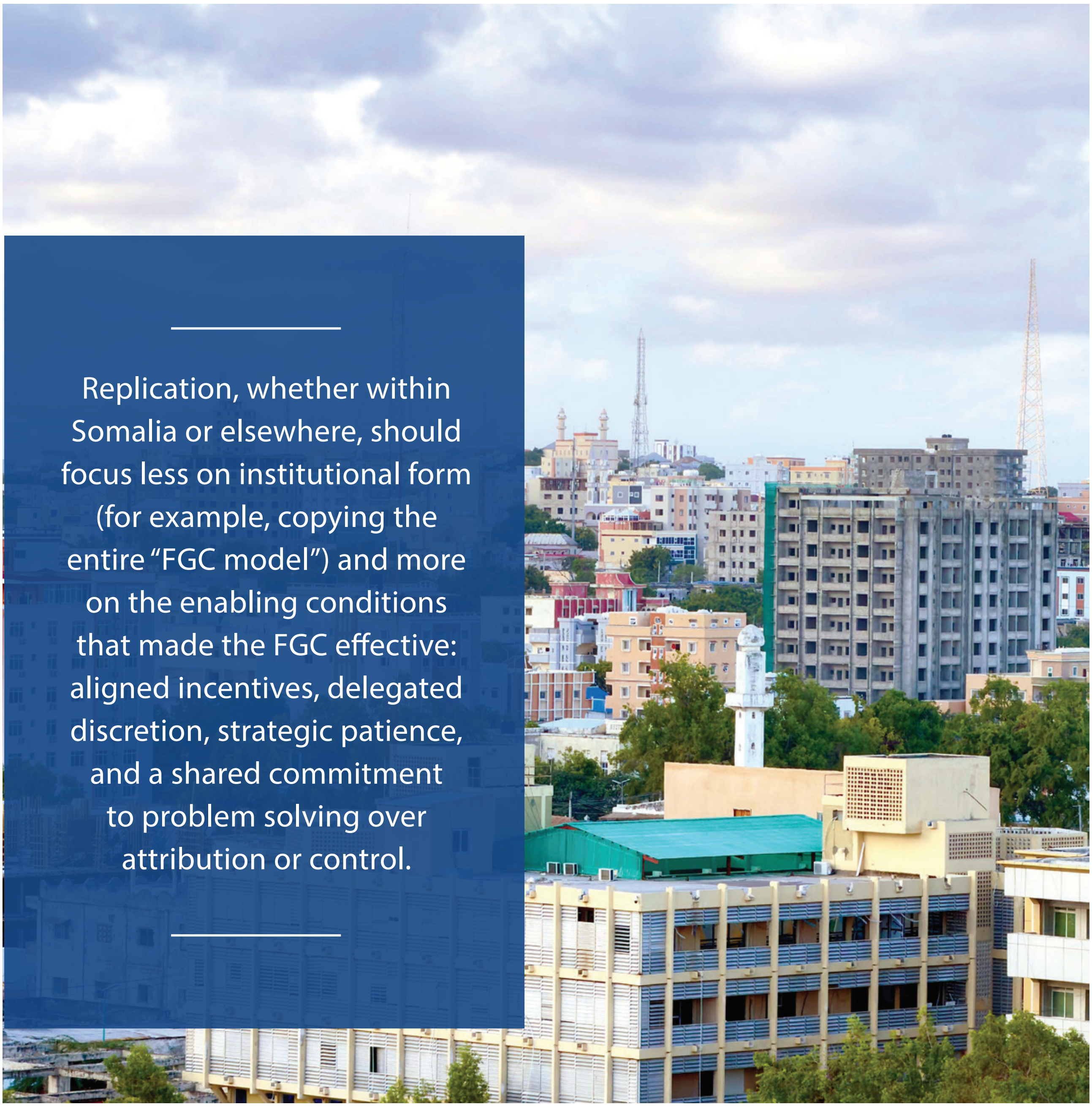
Both Somali and international actors deserve substantial credit for their willingness to be party to this highly effective and unusual relational governance institution. Somali members have continued to engage with the FGC even when the advice has been uncomfortable and have granted international delegates a level of access that has raised questions from other domestic actors. That they have done so speaks to the level of trust built among FGC members and the high caliber of advice provided by delegates and advisors alike. International partners have committed to an arrangement in which they explicitly recognize that their delegates are not directly or fully responsive to (nor share all information with) their sponsoring institutions, in order to maintain the confidentiality and trust on which the institution rests.

The FGC's success is in no small part a product of its evolution over time. The FGC began as an *ad hoc* compromise solution to a crisis. Over time it added members, gained increased buy-in and legitimacy from key actors, and built professional practices and norms. This evolution, and the direction of the FGC itself, have been guided primarily by FGC members. Those supporting the FGC have appropriately allowed it to take up new challenges and issues in response to changing national circumstances and the evolving nature of the committee itself. What is possible at any given time will always be a judgment call. The FGC has therefore left decisions regarding its evolution and strategic direction to those who sit closest to its relational center, namely the FGC members. The FGC should retain this feature. Those outside Somalia seeking to learn from the FGC experience should recognize the importance of this adaptive, member-led character.

The FGC's experience also highlights the importance of learning from transaction-level outcomes and using these insights to strengthen upstream legal and institutional frameworks through sustained engagement and context-specific advice. Many improvements in concessions, procurement, and natural resource governance emerged gradually through repeated discussion of specific transactions. By examining real decisions and contracts, the FGC was able to identify recurring weaknesses in rules and institutions and feed these lessons back into broader reforms. This combination of transaction-level scrutiny and systemic learning helped translate international standards into workable arrangements suited to Somalia's institutional context.

Relational governance can have highly positive impacts, but only when limits are respected. The FGC works well because it is selective in what it chooses to focus on within a broad agenda and remains confidential, grounded in judgment rather than rules, and protected from pressures to become overly formalized or expansive. Continued success for the FGC is likely to require that the FGC maintain this combination of focus and flexibility.

The FGC suggests that smart institutional design is necessary, but likely not sufficient, for success. The effectiveness of the FGC has depended on a small group of credible individuals, continuity of engagement, and a shared understanding among Somali authorities and international partners that improved financial governance was in their mutual interest. These conditions cannot easily be replicated through institutional design alone. Replication, whether within Somalia or elsewhere, should therefore focus less on institutional form (for example, copying the entire "FGC model") and more on the enabling conditions that made the FGC effective: aligned incentives, delegated discretion, strategic patience, and a shared commitment to problem solving over attribution or control. Preserving these attributes will be critical if the FGC is to continue adding value in Somalia's next phase of state building and financial governance reform.



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