



THE SECURITY FINANCING TRAP

Can Somalia Sustain Its Security Transition Without Permanent External Subsidies?

POLICY BRIEFING PAPER — SERIES 2026

Can Somalia Sustain Its Security Transition Without Permanent External Subsidies?

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EXECUTIVE SUMMARY

The international community increasingly expects Somalia to assume greater responsibility for its own security. That expectation is reasonable: a durable Somali state cannot outsource the financing of its core coercive and protective institutions indefinitely. Yet the central policy problem is routinely framed as a narrow security-sector challenge — training, equipment, command structures, counter-insurgency capacity — when the deeper, binding constraint is fiscal. A security transition is sustainable only if the state can independently finance the personnel, logistics, infrastructure, command systems, and recurrent operating costs that the transition creates.

This paper introduces and applies the concept of a '**security financing trap**': a condition in which international actors withdraw direct security financing faster than Somalia's domestic fiscal capacity can expand to absorb the resulting recurrent costs, producing renewed emergency subsidies, chronically underfunded institutions, or politically destabilizing reallocations away from health, education, and other civilian functions. Section 4.4 below operationalizes this concept into four explicit, checkable diagnostic criteria. Measured against that framework, the evidence assembled below indicates that Somalia is not simply approaching this trap: on all four of SPI's own criteria, it is now classified as inside it. This is a finding under SPI's diagnostic framework, applied transparently to the evidence in this paper — not a claim of an externally validated or universally agreed threshold. A reader who would draw the operational/fiscal line differently should treat the criteria in Section 4.4, not the trap label itself, as this paper's testable contribution.

Headline findings

- Somalia's Federal Government (FGS) 2026 budget totals approximately \$1.36 billion, of which domestic revenue supplies only \$479 million (about 35%) and external grants supply \$878.8 million (64.7%), including \$174.4 million in direct budget support and \$704.4 million in donor-financed projects (Somali Public Agenda, 2026; Hiiraan Online, 2026, both citing FGS Ministry of Finance).
- Domestic revenue reached just 3.1% of GDP in 2025 — among the lowest revenue-to-GDP ratios of any state in the world — leaving essentially no fiscal headroom to absorb new recurrent security liabilities without cutting other spending or running arrears (World Bank Macro Poverty Outlook, 2025).

- The African Union Support and Stabilization Mission in Somalia (AUSSOM), which replaced ATMIS in January 2025, has consistently required \$190–196 million a year; pledges/secured funding have moved from roughly \$44 million (22% funded, September 2025) to \$48.6 million (25% funded, December 2025) to approximately \$120 million (about 63% funded, as of the most recent reporting in July 2026) — genuine progress, but still short of requirement, still trailing disbursement, and still carrying forward an estimated \$93.9–100 million in ATMIS-era arrears (Amani Africa; IPI Global Observatory; Rio Times; Somali Guardian, 2025–26). *This edition corrects the prior draft, which cited only the September/December 2025 snapshots and so understated the funding trend.*
- The mission's logistics backbone, the UN Support Office in Somalia (UNSOS), operates on a budget of roughly \$481–537 million (one AU source puts the current package at \$502 million); in mid-2026 the United States formally notified the AU it would end its contribution — historically about a quarter of the UNSOS budget, roughly \$130 million — after 31 December 2026, on top of an earlier reduction in its UNSOS contribution in autumn 2025, threatening the fuel, rations, transport, and stipend pipeline on which AUSSOM depends (UN press coverage; Amani Africa; Rio Times; Somali Guardian, 2025–26).
- Somalia's own security budget has risen sharply in nominal terms — the Somali National Army's budget alone reportedly increased from about \$170 million to over \$270 million under the current administration — but this expansion has occurred against a domestic revenue base that remains too narrow to sustain it without external bridging finance. *This figure rests on a single source (Mustaqbal Media, 2025) and could not be independently corroborated in this revision; it is flagged accordingly and should be treated as indicative pending verification against FGS execution data (see Section 5).*
- Somalia reached HIPC Completion Point in December 2023, cutting external public debt from 64% of GDP (2018) to under 6% of GDP (end-2023) and unlocking \$4.5 billion in debt-service relief (IMF/World Bank, 2023; African Development Bank, 2025) — fiscal space that is structurally one-off and does not by itself resolve the recurring-cost problem this paper addresses.

The paper's core argument is unchanged: Somalia's challenge is not simply a shortage of money, but a structural mismatch among five variables — (1) the aggregate scale of security obligations; (2) the narrowness of the domestic revenue base; (3) the volatility and fragmentation of external financing; (4) the heavy recurrent-cost burden of security institutions; and (5) the political difficulty of reallocating

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resources across federal, regional, and civilian priorities. The events of 2025–26 — the AUSSOM funding shortfall, the US withdrawal from UNSOS financing, and the compressed transition timeline running to 2029 — have moved this from a medium-term risk to an active, unfolding fiscal emergency. External assistance has been indispensable to Somalia's security architecture; its future value should be judged by whether it builds a credible pathway to fiscal and institutional ownership, not by its volume alone.

Core Transition Principles

The paper proposes a transition framework built on four principles, unchanged from the original draft:

- **Proportional Transfer:** security responsibilities must be transferred in proportion to sustainable fiscal capacity, not an arbitrary political or diplomatic calendar.
- **Medium-Term Planning:** Somalia and its partners require a transparent, costed medium-term security financing plan linking force structure, personnel costs, logistics, and domestic revenue projections.
- **PFM Integration:** security-sector reform is public-finance reform; payroll integrity, procurement, expenditure control, revenue mobilization, and intergovernmental fiscal relations are security issues in their own right.
- **Progressive Recalibration:** international support should shift from open-ended substitution toward predictable, declining, performance-linked financing that protects essential capabilities while rewarding measurable domestic improvement.

1. INTRODUCTION: THE SECURITY-FINANCING TRANSITION

Somalia's security transition has entered a phase in which the question of who provides security is inseparable from the question of who pays for it. International military, financial, and logistical support has underpinned Somali security institutions for nearly two decades — from the African Union Mission in Somalia (AMISOM, 2007–2022), at its peak the AU's largest and most expensive peace operation with troop numbers exceeding 20,000, through the transitional African Union Transition Mission in Somalia (ATMIS, 2022–2024), to the current African Union Support and Stabilization Mission in Somalia (AUSSOM), which began operations in January 2025 as the intended final phase of a handover of security responsibility to Somali forces scheduled to conclude by 2029 (MadaMasr, 2026; UN Security Council resolution 2809, 2025).

At the same time, national authorities are expected to progressively assume responsibility for security provision while continuing to finance health, education, public administration, infrastructure, climate resilience, and broader state-building priorities — out of a domestic revenue base that reached only 3.1% of GDP in 2025 (World Bank, 2025). This generates a profound policy dilemma. A state cannot consolidate sovereignty without owning its core security functions, but formal ownership unaccompanied by a sustainable fiscal base produces institutions that exist on paper while remaining entirely dependent on external financing. Salaries, fuel, maintenance, food, transport, communications, facilities, and administrative systems generate continuous recurrent obligations; capital assistance can establish capability, but only recurrent financing determines whether that capability survives.

This issue has assumed acute urgency in 2025–26. UN Security Council resolution 2809 (2025) extended AUSSOM's authorization only to 31 December 2026 and capped troop strength at 11,826 uniformed personnel, including 680 police — a force whose actual deployed strength ISS Africa (2025) put at roughly 11,146 troops, 680 police, and 12 civilian personnel in late 2025. Reporting on the mission's 2025 requirement has ranged from \$154.7 million (the UN Secretary-General's May 2026 report, on a reduced troop-reimbursement-rate basis) to \$166.5 million (Security Council Report, on the same basis) to \$190–196 million (the AU's own planning figure, cited most consistently across 2025–26 reporting). Against the \$190–196 million figure, pledges/secured funding stood at roughly \$44 million in September 2025, \$48.6 million in December 2025, and approximately \$120 million by the most recent reporting available for this edition (July 2026) — meaning the funded share has risen from about a fifth to roughly two-thirds over the period, even as arrears from ATMIS, estimated at \$93.9–100 million, remain outstanding

(Security Council Report, 2025–26; Amani Africa, 2026; Rio Times, 2026; Somali Guardian, 2026; ISS Africa, 2025).

In parallel, UNSOS — the UN-assessed logistics office that supplies AUSSOM with fuel, rations, transport, medical support, and stipend disbursement, on a budget reported at roughly \$481–537 million (with the AU's own Peace Support Operations Division citing a \$502 million package) — saw the United States withhold its roughly 25% share of the budget in October 2025, and then, on 1 July 2026, formally notify the AU that Washington would not fund UNSOS beyond 31 December 2026 at all. Together these steps are expected to remove historically about a quarter of UNSOS's budget (roughly \$130 million) and threaten the mission's logistical viability from 2027 (IPI Global Observatory; Rio Times; Somali Guardian, 2025–26).

While international debate has rightly focused on mandate design, troop drawdowns, force generation, and tactical counter-insurgency capacity against al-Shabaab, comparatively little sustained attention has gone to the underlying fiscal architecture: whether the Somali public sector can absorb the recurrent liabilities that expanded national security responsibility creates, on the timetable currently being imposed on it by declining donor commitments rather than by Somalia's own revenue trajectory.

Research Questions

- To what extent can Somalia's domestic fiscal capacity support the recurrent costs of an increasingly nationally financed security sector?
- How dependent is Somalia's security architecture on external financial, logistical, and material assistance — and how exposed is that dependency to sudden donor withdrawal, as illustrated by the 2025–26 US funding decisions?
- What is the likely security financing gap under alternative transition scenarios to 2029?
- Which political, institutional, and federal factors constrain domestic security financing?
- What financing model could reduce external dependence while protecting security effectiveness and broader state-building objectives?

WORKING PROPOSITION

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Somalia is vulnerable to a security financing trap whenever the pace of responsibility transfer exceeds the growth of sustainable domestic fiscal capacity. The evidence in Sections 4, 7–9 indicates this condition is no longer hypothetical: the pace of AUSSOM/UNSOS withdrawal now announced for 2026–27 is running well ahead of the growth trajectory of Somalia's domestic revenue base, which the FGS's own medium-term plan projects to rise by only 0.3 percentage points of GDP per year. The trap is avoidable only if force structure, security expenditure, revenue mobilization, intergovernmental responsibilities, and international burden-sharing are managed as a single integrated transition system rather than as separate negotiating tracks.

2. THE SECURITY FINANCING PROBLEM

Security financing is routinely reduced to annual defense or internal-security budget line items — an analytical framing that is dangerously narrow. The true fiscal burden encompasses military and police payrolls, pensions and benefits, food and accommodation, vehicles and fuel, secure communications, bases, maintenance, training, medical support, transport, border management, justice and corrections, intelligence functions, civilian oversight, and administrative support systems.

In fragile and conflict-affected settings, nominal affordability must be strictly distinguished from sustainable affordability. A government may cover a security expense in a single budget year through exceptional grants, arrears accumulation, emergency reallocation, or one-off donor injections; this does not mean it can carry the same obligation over a decade. Somalia's own budget documents illustrate the point directly: debt service, having been slashed by HIPC relief, is projected to fall further from \$15.2 million in 2025 to about \$7 million in 2026 (FGS Ministry of Finance, 2025–26) — fiscal space created by a one-off multilateral action, not by underlying revenue growth, and therefore not a repeatable source of financing for a recurring security wage bill.

Dimensions of the Security Burden

Dimension	Short-Term Question	Sustainability Question
Payroll	Can salaries be paid this year?	Can the wage bill be financed predictably for the life of the institution?

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Dimension	Short-Term Question	Sustainability Question
Logistics	Can partners provide vehicles, fuel, or equipment?	Can Somalia maintain and replace these assets after external support declines?
Infrastructure	Can bases be constructed?	Can facilities be staffed, maintained, and secured recurrently?
Training	Can personnel be trained?	Can training institutions operate domestically at sustainable cost?
Force Size	Can personnel be recruited?	Can the state afford the full recurrent establishment?
Governance	Can spending be executed?	Can spending be audited, controlled, and politically accountable?

Table 1. Adapted and extended from SPI transition framework. (Unchanged from the original draft.)

Crucially, direct external security assistance can unintentionally conceal the future cost of state responsibility. When donors finance assets, salaries, food, fuel, or logistics off-budget — as UNSOS does for AUSSOM's roughly 11,800 uniformed personnel — the national budget appears deceptively sustainable, because none of that cost ever appears on a Somali balance sheet. Transition plans that measure only nominal national budgets risk severely underestimating the fiscal cliff created by external withdrawal. This is precisely the mechanism now being tested in real time: as UNSOS support is withdrawn from 2027, costs that were previously invisible to Somali fiscal planners — fuel, rations, transport, stipends for a force nearly the size of the Somali National Army itself — will either have to be absorbed domestically, replaced by new external pledges, or allowed to produce a capability collapse.

3. SOMALIA'S SECURITY TRANSITION IN CONTEXT

Somalia's security architecture is the product of a layered combination of federal institutions, Federal Member State (FMS) forces, international military assistance, African Union operations, bilateral partnerships, multilateral programmes, and stabilization actors. This architecture successfully built capacity where domestic institutions were initially absent, but it also produced a fragmented financing

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ecosystem in which different actors fund isolated components under different rules, timelines, and reporting standards.

From AMISOM to AUSSOM: an evolving but persistently externally-financed architecture

Mission / Period	Approx. Peak Strength	Financing Model	Status (as of this edition)
AMISOM (2007–2022)	> 20,000 at peak	AU assessed contributions, EU African Peace Facility, UN logistics support package, bilateral TCC support	Superseded by ATMIS (2022)
ATMIS (2022–2024)	~19,600 authorized, phased drawdown	UN-assessed UNSOS logistics + voluntary/EU stipend funding	Superseded by AUSSOM (Jan. 2025); left ~\$93.9–100m in unpaid arrears
AUSSOM (Jan. 2025–)	Up to 11,826 uniformed, incl. 680 police (UNSC res. 2809); ~11,146 troops deployed per ISS Africa (2025)	AU Peace Fund + voluntary pledges + UNSOS (UN-assessed)	~63% of the 2025/26 requirement pledged/secured by July 2026 (up from ~22% in Sept. 2025); mandate extended only to 31 Dec. 2026; UNSOS funding for the mission ends per US notice from 1 Jan. 2027

Table 2. Compiled from UN Security Council resolution 2809 (2025); Security Council Report (2025–26); MadaMasr (2026); Amani Africa (2026); Rio Times (2026); Somali Guardian (2026); ISS Africa (2025). Status column updated in this edition to reflect the most recent pledge data (Fix 4).

3.1 Who Is Responsible for What: A Security Financing Responsibility Matrix

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One structural driver of the financing trap is that responsibility for security functions is fragmented across at least five layers of actor — federal government, Federal Member States, the African Union mission, UN-assessed logistics, and bilateral/in-kind partners — with no single published document mapping which layer is presently financing which function, or which layer is expected to take it over. The matrix below is SPI's own synthesis, constructed from the sources cited throughout Sections 1–3, to make that allocation explicit.

Function	Currently financed mainly by	Nominally 'owned' by (post-2029)	Transfer readiness
Troop/police stipends & payroll	AU Peace Fund + ad hoc donor pledges (~63% funded)	FGS / SNA	Low — funding itself precarious, let alone transfer
Fuel, rations, transport, medical	UNSOS (UN-assessed, off-budget to Somalia)	FGS logistics chain	Very low — no domestic substitute logistics system yet built
Bases & infrastructure	AU/bilateral capital assistance (historic)	FGS / FMS, jointly	Low — recurring maintenance budget line not yet institutionalised (Section 11)
Basic & specialized training	AU/bilateral trainers; embedded in SNA on-budget line (~\$270m, unverified single source)	FGS training institutions	Moderate — some domestic capacity exists but external trainers remain central
Payroll & procurement oversight	Nascent FGS systems; limited biometric coverage	FGS, with parliamentary oversight	Moderate — reform underway but incomplete (Section 6)
Intergovernmental security financing	Formula-based, donor-funded RCRF grants to	Constitutionally undetermined	Very low — no settled revenue-sharing

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Function	Currently financed mainly by	Nominally 'owned' by (post-2029)	Transfer readiness
	FMS (~\$212.7m in FY2026, down \$13.5m from FY2025)		framework for security exists

Table 2.1 (new in this edition). SPI synthesis from sources cited in Sections 1, 3, 6, and 7. 'Transfer readiness' is SPI's qualitative judgment, not a reported statistic, and is intended to focus — not substitute for — the Medium-Term Security Financing Plan recommended in Section 11.

Security institutions in Somalia are fundamentally embedded in federal bargaining, elite incentives, local legitimacy, clan and community relations, territorial control, and constitutional disputes. Financing reforms are therefore inherently political: decisions on payroll beneficiaries, force integration, regional resource allocation, and procurement control simultaneously alter political power balances between the Federal Government and Federal Member States.

Why timing and sequencing matter

Three transitions are occurring simultaneously: (1) the operational transition from international to Somali-led security; (2) the institutional transition toward consolidated national security bodies; and (3) the fiscal transition toward domestic financing. If the operational transition moves substantially faster than the fiscal transition — as is now happening, with UNSOS withdrawal timelines set by a unilateral donor decision rather than by Somali revenue growth — the result is nominal sovereignty masked by profound material dependency: Somali institutions notionally 'own' functions they cannot yet pay for.

Figure 1. FGS Budget Composition: Domestic Revenue vs. External Grants, FY2024–FY2026

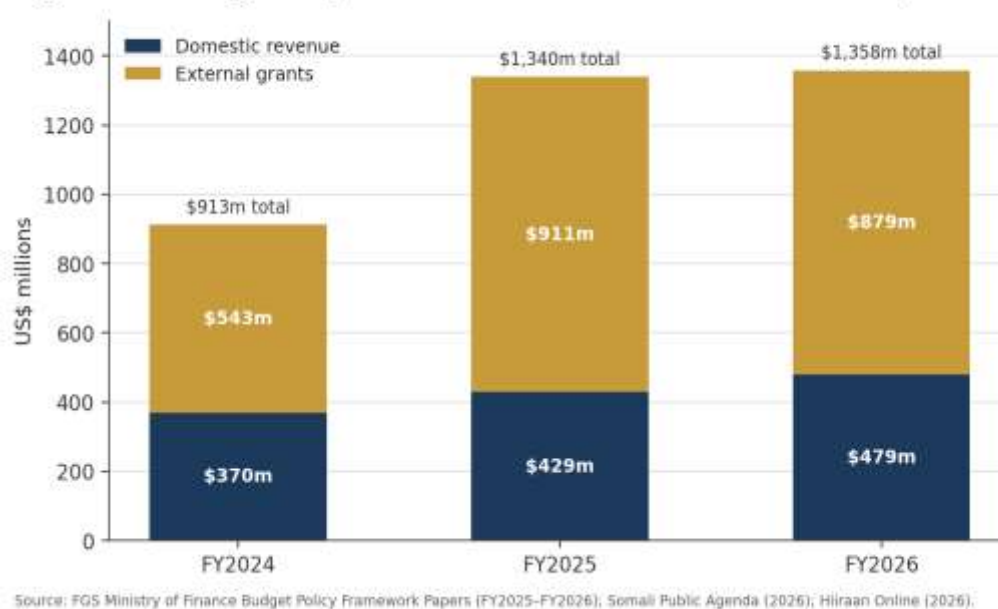


Figure 1 (new in this edition). See Section 4.1 for discussion.

4. ANALYTICAL FRAMEWORK: FROM SECURITY ASSISTANCE TO FISCAL OWNERSHIP

This paper combines public-finance analytics with political-economy diagnostics to determine whether Somalia's financing architecture aligns with a sustainable state-building trajectory.

4.1 The Security Financing Gap (SFG)

We define the Security Financing Gap as the difference between the recurrent cost of a defined, policy-approved security establishment and the government's sustainable domestic financing capacity available for that establishment:

FORMULA

$$\text{SFG}_t = \text{Required Security Expenditure}_t - \text{Sustainable Domestic Security Financing Capacity}_t$$

A positive gap does not automatically signal failure, since international financing can legitimately bridge part of the deficit during a managed transition. The policy crisis occurs when the gap remains structurally large, unpredictable, or misaligned with the agreed timetable for responsibility transfer.

methodology: a bounded, common-perimeter estimate

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- **Perimeter used:** this section tracks two cost streams separately rather than merging them into one figure, so that externally-financed mission costs and Somalia's own on-budget spending are never silently combined (SP-Fix 5). **Stream 1** — the external mission-level envelope — comprises the AUSSOM mission budget plus the share of UNSOS logistics spending attributable to AUSSOM (not the whole UNSOS package, most of which also serves the SNA and UNTMIS); both components are off-budget to Somalia. **Stream 2** — Somalia's own on-budget domestic security spending — is reported separately in Table 4.1 below. The low/high bound estimate immediately following covers Stream 1 only.
- **Low bound (Stream 1 only):** AUSSOM at **\$154.7m** (lowest reported 2025 basis) + an illustrative 60% AUSSOM-attributable share of UNSOS at \$481m ($\approx \$288.6m$) $\approx$ **\$443m** [SPI estimate] in externally-exposed mission costs, before any FGS on-budget domestic security spending (Table 4.1) is added. (Corrected in this revision — the previous edition mis-stated this bound as $\approx \$289m$, effectively omitting the AUSSOM figure from the sum; see Second-Pass Revision Note.)
- **High bound (Stream 1 only):** AUSSOM at \$196m (AU planning figure) + a 70% AUSSOM-attributable share of UNSOS at \$537m ($\approx \$375.9m$) $\approx$ **\$572m** [SPI estimate] in externally-exposed mission costs, again before FGS on-budget domestic security spending.
- **Against this, total domestic revenue available for the entire government — not just security — is** [Observed] \$429–479 million (2025–26). The Stream-1-only low bound (\$443m) is larger than the lower end of that range (\$429m, 2025) and equivalent to roughly 92–103% of the full \$429–479m range; the high bound (\$572m) exceeds even the higher 2026 projection outright, by 19–33%. On either bound, external mission-level costs alone — before Somalia's own domestic security spending in Table 4.1 is even added — are of the same order of magnitude as, or larger than, the entirety of Somalia's domestic government revenue.

This is the arithmetic core of the security financing trap: on a conservative reading, external mission-level costs that international actors currently carry for Somali security are, by themselves, of the same order of magnitude as — or larger than — the entirety of Somalia's domestic revenue base for all government functions combined, before Somalia's own on-budget security spending (Table 4.1) is even counted. The 60–70% UNSOS attribution range is **SPI's own assumption [SPI estimate]**, stated explicitly here because no public source disaggregates UNSOS spending by client mission; it is the single most important

reconciliation gap this paper identifies (see also Section 7), and its effect on the headline finding is tested directly below rather than merely flagged (SP-Fix 1).

Sensitivity to the UNSOS attribution assumption (new — SP-Fix 1)

Because the 60–70% attribution range is an assumption rather than a reported figure, Table 4.0a below recomputes the Stream-1 low and high bounds across a wider 40–80% range, holding the reported AUSSOM figures fixed at their low (\$154.7m) and high (\$196m) values, so that the sensitivity of the headline finding to the attribution assumption specifically — separate from the AUSSOM figures themselves, which are observed rather than modelled — can be seen directly.

UNSOS attribution share	Low-bound formula (\$154.7m + share × \$481m)	High-bound formula (\$196m + share × \$537m)	Low-bound as % of total domestic revenue (\$429–479m)
40%	≈\$347m	≈\$411m	≈72–81%
50%	≈\$395m	≈\$465m	≈82–92%
60% (SPI low-bound assumption)	≈\$443m	≈\$518m	≈93–103%
70% (SPI high-bound assumption)	≈\$491m	≈\$572m	≈103–115%
80%	≈\$540m	≈\$626m	≈113–126%

Table 4.0a (new — SP-Fix 1). Stream-1 mission-level envelope under alternative UNSOS attribution assumptions [SPI sensitivity estimate]. At 70% attribution, the low-bound formula (using AUSSOM's low figure) coincides with the originally reported high bound (using AUSSOM's high figure), which is an internal consistency check on the corrected arithmetic rather than a coincidence.

Even at the low end of this sensitivity range — a 40% attribution share, well below SPI's own 60–70% assumption — the Stream-1 mission envelope alone still consumes an estimated 72–81% of total domestic revenue, comfortably clearing the Section 4.4 Criterion 1 threshold (≥50% of total domestic revenue). The paper's classification of Somalia against that criterion is therefore not sensitive to the specific 60–70% assumption used elsewhere in this section; the classification would only be overturned by an attribution share well below what any public reporting or comparable mission logistics arrangement suggests is plausible.

Table 4.1: External Mission-Level Costs vs. Somalia's Own On-Budget Domestic Security Spending (new — SP-Fix 5)

Stream	Component	Latest value	Status
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1. External mission-level (off-budget to Somalia)	AUSSOM mission budget	\$154.7–196m (2025/26) [Observed; range across reporting]	Funded by AU Peace Fund + voluntary pledges; not part of any Somali budget
1. External mission-level (off-budget to Somalia)	UNSOS logistics support attributable to AUSSOM	60–70% of \$481–537m → combines with AUSSOM above to ≈\$443–572m [SPI estimate]	UN-assessed; mission-wide (also serves SNA, UNTMIS); off-budget to Somalia
2. Somalia on-budget domestic	Police Force	\$46.74m (2024) [Observed]	On-budget FGS line
2. Somalia on-budget domestic	National Security Force	\$23.71m (2024) [Observed]	On-budget FGS line
2. Somalia on-budget domestic	Ministry of Internal Security (governance)	\$1.61m (2024) [Observed]	On-budget FGS line
2. Somalia on-budget domestic	Somali National Army	≈\$270m (2025), up from ≈\$170m [SPI-flagged: single-sourced, unverified — Assumption 2]	On-budget FGS line, but not separately confirmed in MoF execution reporting
Stream 2 subtotal (verified lines only)	Police + NSF + Ministry of Internal Security	≈\$72.1m (2024) [Observed, sum of verified lines]	Used as the Stream 2 baseline in Appendix C
Stream 2 subtotal (incl. flagged SNA figure)	Above + Somali National Army	≈\$342m [SPI estimate — includes one single-sourced figure]	Not used as a baseline for reproducible modelling in this edition

Note: Streams 1 and 2 are never summed into a single headline figure in this paper, because they are off-budget and on-budget respectively and rest on different reporting standards and fiscal years (Assumption 1, Assumption 2, Assumption 3). Where a single, reconciled 'total exposure' figure spanning both streams would be useful for planning purposes, Section 11 recommends its production as the first deliverable of the Predictable Security Transition Compact (Section 10.1) — it is not asserted here as an existing number.

4.2 Sustainable Domestic Financing Capacity

Sustainable domestic capacity must not be conflated with total tax revenue. The relevant metric is fiscal space remaining after accounting for essential civilian services, debt servicing obligations, intergovernmental transfers, macroeconomic stability, and other unavoidable commitments. The IMF's 2025 Article IV consultation projects Somalia's fiscal deficit at a modest 0.6% of GDP for 2025, but explicitly attributes this restraint to expenditure rationalization and cash-buffer management in the face of foreign aid cuts — not to a security-financing surplus (IMF Country Report 25/191, 2025). Unchecked security expansion that crowds out health, education, or climate resilience — already visible in the 2026 budget's reduced allocations to key social sectors alongside increased security, infrastructure, and administrative spending (Somali Public Agenda, 2026) — undermines long-run state resilience rather than strengthening it.

4.3 The Three-Layer Transition Matrix

Layer	Objective	Core Indicator
Operational	Somali institutions perform security functions.	Territorial and operational capability / readiness.
Institutional	Somali institutions govern the security sector.	Payroll integrity, procurement, command, and accountability.
Fiscal	Somalia finances core functions predictably.	Domestic security financing relative to sustainable fiscal space.

Table 3. *Unchanged from the original draft.*

A transition succeeds only when all three layers advance in tandem. Operational capacity without fiscal capacity is fragile; fiscal capacity without institutional governance is wasteful; institutional capacity without operational capability cannot protect the population. The evidence in this paper indicates the operational layer (AUSSOM/SNA capability) and the institutional layer (command reform, payroll systems) are both, in different ways, running ahead of the fiscal layer — the classic precondition for a financing trap.

4.4 Diagnostic Criteria: 'Approaching' vs. 'Inside' the Trap (new in this edition — Fix 3)

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The original draft asserted that Somalia is 'not approaching the trap — it is already inside it' without stating the criteria by which that judgment was reached. This edition operationalizes the diagnosis with four explicit, checkable conditions. A country is judged to be inside the trap when it meets three or more of the following; approaching it when it meets one or two; and not yet at risk when it meets none. These thresholds (three-or-more, one-or-two, none) are SPI's own operational judgment about where the 'approaching' versus 'inside' line should be drawn; they are stated explicitly so they can be scrutinized and, if a reader would draw the line differently, adjusted, rather than left as an unstated judgment call as in the original draft. The classification that follows is therefore a finding under this framework, not an independently verified or externally standardized threshold.

Criterion	Threshold	Somalia's position (Aug. 2026)	Met?
1. External mission costs exceed total domestic revenue capacity	Externally-financed mission envelope (low bound) $\geq$ 50% of total domestic revenue	≈\$443m low-bound mission envelope [SPI estimate; Stream 1 only, Section 4.1] vs. \$429–479m total domestic revenue [Observed] (≈93–103%; still ≈72–81% even at a 40% UNSOS attribution share — Table 4.0a)	YES
2. Donor withdrawal timeline is unilateral and shorter than the domestic revenue-growth timeline needed to absorb it	Announced withdrawal date precedes the FGS's own revenue-sufficiency target by 2+ years	UNSOS funding ends 1 Jan. 2027; FGS targets operating-expenditure self-financing by 2027 but from a revenue base still projected at only ~3.6–3.9% of GDP	YES
3. A single, reconciled national security expenditure figure does not exist	No public document combines on-budget, off-budget, and in-kind security spending into one figure	Confirmed absent (Section 7)	YES

Criterion	Threshold	Somalia's position (Aug. 2026)	Met?
4. Security expansion is measurably crowding out civilian sectors	Social-sector allocations fall in nominal or share terms in the same budget cycle security rises	2026 budget shows reduced allocations to key social sectors alongside rising security, infrastructure, and administrative spending (Somali Public Agenda, 2026)	YES

Table 3.1 (new). SPI diagnostic framework applied to the evidence assembled in this paper. All four criteria are currently met, which is the basis — stated explicitly for the first time in this edition — for the paper's headline claim that Somalia is inside, not approaching, the trap. This is a classification under SPI's own diagnostic framework, not an externally validated or universally agreed threshold; the four criteria and their thresholds (Section 4.4) are stated explicitly so that a reader who draws the operational/fiscal line differently can re-apply them to reach a different classification.

5. METHODOLOGY AND EVIDENCE STRATEGY

The empirical architecture combines quantitative and qualitative methods to ensure analytical rigour, and has been updated for this edition to draw on primary budget and mission-financing documents published through August 2026:

- Quantitative component:** compiles FGS revenue and expenditure series from Ministry of Finance budget strategy papers, budget policy framework papers, and in-year budget performance reports (2024–2026); maps external security assistance by donor, instrument, and modality using UN Security Council and Security Council Report documentation on AUSSOM and UNSOS; draws on IMF Article IV and ECF review documents for macro-fiscal aggregates; and constructs illustrative 2025–2029 financing scenarios (Section 8) consistent with the AUSSOM mandate horizon.
- Qualitative component:** draws on published statements from Somali officials (e.g. the Deputy Prime Minister on SNA budget growth), AU Peace and Security Council and UN Security Council proceedings, and specialist reporting (Security Council Report, Amani Africa, IPI Global Observatory, ISS Africa) to trace the political economy of financing decisions and donor burden-sharing negotiations through 2025–26.

- **Triangulation:** SPI avoids publishing headline financing estimates unless underlying figures are reconciled across at least two independent sources or explicitly qualified as modelled or range estimates. Where sources report materially different figures for the same item (e.g. AUSSOM's 2025 budget is reported variously as \$154.7m, \$166.5m, \$190m, and \$196m depending on accounting basis and date of reporting), this paper reports the range and flags the discrepancy rather than selecting a single number, consistent with Appendix B.

Explicit assumptions and limitations

Three assumptions do substantive work in this paper and are stated explicitly here rather than left implicit:

- **Assumption 1 — UNSOS attribution.** No public source disaggregates the UNSOS budget by the missions and offices it serves (AUSSOM, the Somali National Army, and the UN Transitional Assistance Mission in Somalia). Section 4.1's bounded SFG estimate assumes 60–70% of UNSOS spending is attributable to AUSSOM; this is SPI's own illustrative assumption, not a reported figure, and the true share could reasonably fall outside this range.
- **Assumption 2 — comparability of the SNA budget figure.** The \$170m→\$270m Somali National Army budget growth figure rests on a single source (Mustaqbal Media, 2025, citing the Deputy Prime Minister) and could not be cross-checked against FGS execution data in this revision, since the Ministry of Finance's published in-year performance reports do not appear to break out the SNA as a separate line at that level of aggregation. It is retained because it is the only publicly available figure of its kind, but it should be treated as indicative, not verified, and is flagged wherever it is used (see also Executive Summary).
- **Assumption 3 — timing mismatch across sources.** Figures in this paper are drawn from documents spanning FY2024 execution data through July–August 2026 reporting. Where a figure's vintage materially affects its interpretation (as with the AUSSOM pledge trend in Section 1), the paper states the reporting date alongside the figure rather than presenting a single 'current' number.

DATA AVAILABILITY AND VERIFICATION NOTE

Because this drafting environment does not have access to restricted government, AU, UN, IMF, or World Bank internal databases, all figures cited are drawn from publicly published documents and reputable specialist reporting current to August 2026, with sources given throughout. This edition

cross-checked the original draft's headline figures against additional independent sources (ISS Africa, Somali Guardian's most recent reporting, and FGS Ministry of Finance FY2026 planning documents) and updated one figure set (the AUSSOM funding-gap trend, Section 1) as a result. A small number of items — notably a fully reconciled, single-methodology Security Financing Gap estimate combining on-budget FGS security spending with AUSSOM and UNSOS costs, and a disaggregation of UNSOS spending by client mission — do not yet exist in the public record in a directly comparable form; these are flagged explicitly rather than estimated by unstated assumption, and their production is recommended as a first deliverable in Section 11.

6. THE POLITICAL ECONOMY OF SECURITY FINANCING

Fiscal sustainability is fundamentally political. Somalia's security budget reflects ongoing bargaining over authority, territory, representation, and resource distribution between the Federal Government and Federal Member States (FMS). Four major political-economy constraints shape this environment, strengthened in this edition with more recent FY2026 budget data:

- **Fragmented command structures:** generate administrative duplication and competing payrolls across federal and state-level forces.
- **Intergovernmental friction:** weak trust between federal and subnational authorities complicates joint financing arrangements. Total grants to Federal Member States are budgeted at \$212.7 million for FY2026, a decrease of roughly \$13.5 million (about 6%) from FY2025 — even as security spending rises — and the decrease is concentrated in grants funded through the Recurrent Cost and Reform Financing (RCRF) facility, which the FGS's own budget documents describe as being 'in its final years of operation' (FGS Budget Policy Framework Paper FY2026, 2025). This illustrates the competing claims on a fixed and, on current trends, shrinking pool of formula-based transfers precisely as FMS security co-financing needs are rising.
- **Patronage risks:** security institutions risk becoming patronage channels if recruitment and payroll lack transparent, biometrically verified rules — a risk explicitly acknowledged in the 2025 budget process, where parliamentary pressure for military salary increases was resisted by the Ministry of Finance on affordability grounds even as police and NISA funding rose (Mustaqbal Media, 2024).

- **Off-budget distortion:** international financing that bypasses domestic systems — as UNSOS logistics support does almost entirely — obscures the true cost of security from national decision-makers and legislators, who vote on a national budget that captures only a fraction of what is actually spent maintaining Somalia's security posture.

More fundamentally, Somalia still lacks a settled constitutional and fiscal-federalism framework for security: the FGS collects the overwhelming majority of both domestic revenue and donor grants, while security provision increasingly depends on FMS-level forces and cooperation. This vertical mismatch — revenue concentrated federally, operational security responsibility increasingly shared — means FMS authorities have limited incentive to build their own revenue base for security co-financing and instead continue to expect formula-based transfers, even as those transfers are themselves shrinking (FGS Budget Strategy FY2026, 2025). A sustainable security transition requires clarifying the constitutional assignment of security functions and matching them with corresponding intergovernmental fiscal responsibilities — a task that remains substantially incomplete, as reflected in the continued reliance on formula-based, donor-funded grant transfers to FMS rather than a settled domestic revenue-sharing framework for security (FGS Budget Strategy FY2025, 2024; FGS Budget Strategy FY2026, 2025).

7. THE SECURITY FINANCING GAP: COMPONENT BREAKDOWN

SPI models the financing gap by disaggregating expenditures across six core cost categories. Where FGS budget execution data is available, indicative figures are given; these are drawn from the Ministry of Finance's 2024 in-year budget performance report and should be read as illustrative of orders of magnitude for individual security institutions, not as a comprehensive national security envelope.

Cost Category	What Must Be Captured	Illustrative FGS Data Point (2024)	Primary Risk If Underfunded
Personnel	Salaries, allowances, benefits, payroll costs.	Police Force budget \$46.74m; National Security Force budget \$23.71m (annual, FGS MoF 2024 performance report)	Attrition, informal extortion, patronage, weakened readiness.
Operations	Fuel, food, transport, communications, field support.	Largely off-budget via UNSOS (~\$481–537m mission-wide; ~60–70% illustratively)	Forces exist on paper but cannot deploy or operate.

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Cost Category	What Must Be Captured	Illustrative FGS Data Point (2024)	Primary Risk If Underfunded
		attributable to AUSSOM per Section 4.1)	
Maintenance	Vehicles, facilities, weapons systems, communications.	Not separately disclosed in public FGS reporting	Rapid physical degradation of donor-provided assets.
Training	Recruitment, basic and specialized training.	Embedded within SNA budget (~\$270m, 2025 — single-sourced, see Section 5)	Capability gaps and perpetual dependence on external trainers.
Infrastructure	Bases, police stations, logistics and command hubs.	Largely donor/AU-financed historically	Unusable, unsafe, or indefensible facilities.
Governance	Audit, civilian oversight, procurement, administration.	Ministry of Internal Security budget \$1.61m (2024)	Financial leakage, corruption, and weak accountability.

Table 4. Personnel and governance figures from Federal Government of Somalia, Ministry of Finance, 2024 In-Year Budget Performance Report. SNA and UNSOS figures from Mustaqbal Media (2025) and Amani Africa (2026) respectively; note these are drawn from different fiscal years and accounting bases and are not directly additive. The SNA figure (Mustaqbal Media, 2025) remains single-sourced (Assumption 2), but is now corroborated directionally, on a different accounting basis, by SIPRI data (via TheGlobalEconomy.com) showing Somalia's total military expenditure rising from \$141m (2023) to \$201.9m (2024) — a trend consistent with, though not a direct confirmation of, the reported SNA-specific increase (SP-Fix 4; see also Appendix B).

Illustrative Financing Equation

FORMULA

Required Security Envelope = Personnel + O&M + Infrastructure Maintenance + Training + Governance + Other Recurrent Obligations

Domestic Sustainable Contribution = Domestic Revenue Available for Security after Essential Non-Security Obligations

External Transition Requirement = Required Security Envelope – Domestic Sustainable Contribution

The most consequential finding of this section is a data gap, not a data point: no single published Somali or international document currently reconciles on-budget FGS security spending, off-budget AUSSOM/UNSOS support, and bilateral in-kind assistance (from the United States, United Kingdom, European Union, Turkey, UAE, and others) into one Required Security Envelope figure. This is precisely the 'deceptive sustainability' risk flagged in Section 2: without such a consolidated figure, neither the Somali parliament nor international partners can accurately assess the true External Transition Requirement, and both are negotiating drawdown timelines (AUSSOM to end-2026, UNSOS to end-2026/start-2027) without a shared quantitative baseline. Section 4.1's bounded low/high estimate is offered as a stopgap, not a substitute, for the reconciled figure recommended in Section 11.

8. SCENARIO ANALYSIS

Given profound macroeconomic and security uncertainties, SPI models five analytical transition scenarios to 2029, the horizon originally envisaged for full handover (MadaMasr, 2026). This edition adds an indicative 2029 Security Financing Gap range to each scenario, drawing on the bounded methodology in Section 4.1 — quantified rather than qualitative-only, as recommended in review (SP-Fix 2).

Scenario	Domestic Revenue Path	External Support	Security Reform	Indicative 2029 SFG [SPI estimate — see Appendix C for the full reproducible calculation]
A. Managed Transition	Reaches ~4.5% of GDP by 2029 (FGS target path)	Predictable, declining	Strong	Narrows to ≈\$250–335m; manageable

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Scenario	Domestic Revenue Path	External Support	Security Reform	Indicative 2029 SFG [SPI estimate — see Appendix C for the full reproducible calculation]
				via a multi-year compact
B. Fiscal Squeeze	Stalls near 3–3.5% of GDP	Declines faster than planned	Moderate	Widens to ≈\$375–490m; high capability risk
C. Security Shock	Growth disrupted by al-Shabaab activity	Stable but redirected to crisis response	Weak / strained	≈\$460–600m; volatile — civilian budget absorbs shocks, gap masked but not closed
D. Reform Dividend	High sustained growth via customs/tax reform	Declining but orderly	Strong	Narrows to ≈\$205–275m; domestic share rises materially
E. Fragmented Transition (current trajectory)	Reaches only ~3.8% of GDP by 2029 (roughly half the Scenario A pace)	Fragmented and volatile — AUSSOM funded to ~63% by mid-2026 but UNSOS withdrawal begins 2027	Weak	≈\$410–540m or wider; risk of capability collapse in specific theatres

Table 5. Scenario D and E growth/financing assumptions calibrated to IMF (2025) and World Bank (2025) baseline and reform projections; Scenario E financing figures reflect the AUSSOM/UNSOS funding position documented in Sections 3–4 as of August 2026. The 2029 SFG column is an SPI

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illustrative range, built on the Section 4.1 bounding method and the revenue paths in Figure 3, not a reported forecast from any cited source. The 2029 SFG figures in this edition are fully reproducible: the formula, parameter table, and worked arithmetic for all five scenarios are set out in Appendix C (SP-Fix 2), superseding the non-reproducible illustrative ranges used in the previous edition.

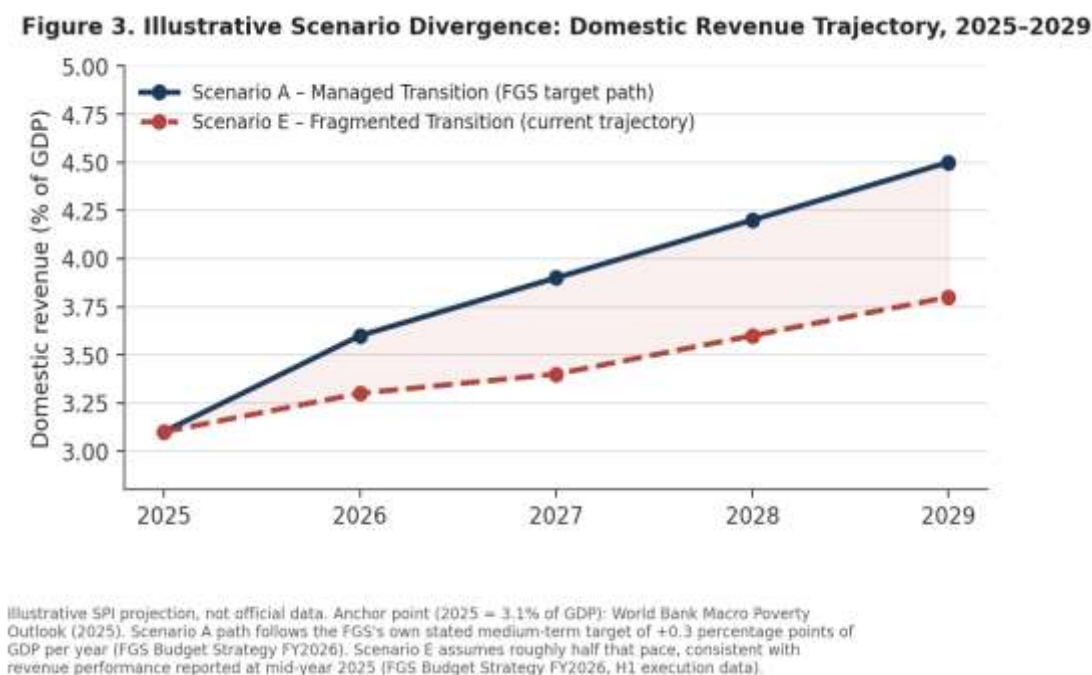


Figure 3 (new in this edition).

The evidence assembled in this paper indicates Somalia is currently tracking closest to **Scenario E — Fragmented Transition** — rather than Scenario A. Domestic revenue growth remains slow and incremental (0.3 percentage points of GDP per year is the FGS's own medium-term target; FGS Budget Strategy FY2026, 2025), while external support is not merely declining on a predictable schedule but contracting abruptly and unilaterally, as illustrated by the US notification ending UNSOS funding after 31 December 2026. The most acute danger identified by the original framework — the convergence of declining external support, weak domestic revenue growth, and an unreformed force structure, creating a fiscal cliff where the state inherits liabilities before acquiring the means to sustain them — is therefore not a future risk to be modelled but a condition materializing in real time over 2026–27, and is the basis for the Section 4.4 diagnosis that Somalia already meets all four criteria for being inside, not approaching, the trap.

9. WHY EXTERNAL SUBSIDIES PERSIST — AND WHY THEY ARE NOW CONTRACTING

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External subsidies have persisted for nearly two decades because of a classic international collective-action problem: Somali insecurity generates regional and global externalities — terrorism spillover, maritime piracy risk, migration pressure — giving international actors strong incentives to finance security despite Somalia's weak domestic revenue base. Donors also operate under divergent mandates, political priorities, and budget cycles, producing fragmented project financing rather than a coherent transition compact.

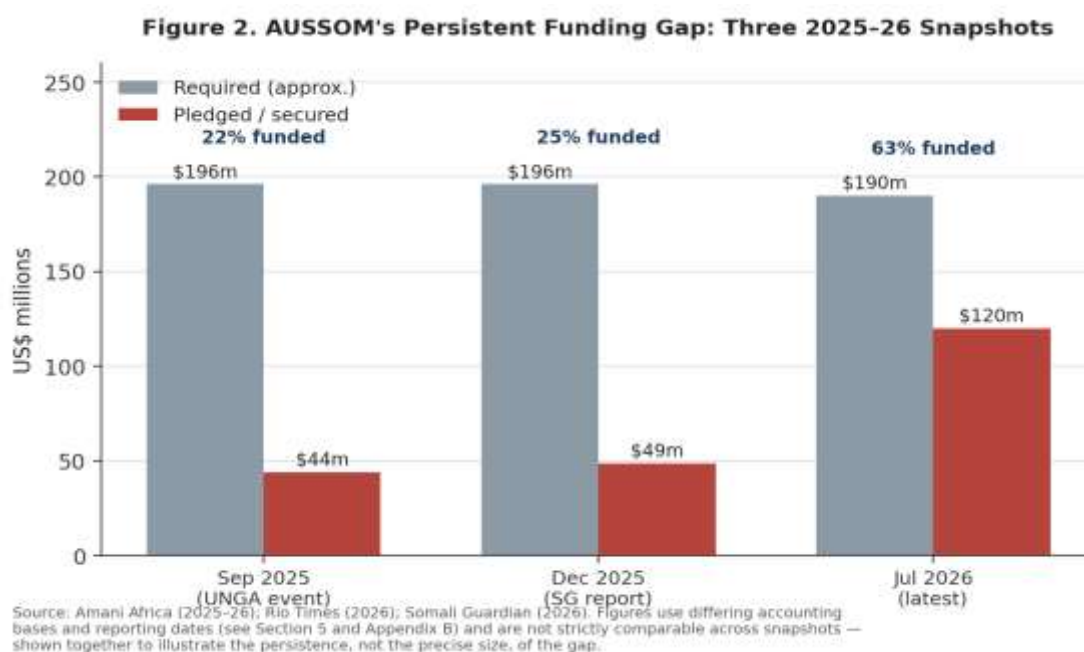


Figure 2 (new in this edition).

The events of 2025–26 show this equilibrium breaking down on the supply side rather than being resolved on the demand side. The US decision to end UNSOS funding reflects a broader shift in US posture toward multilateral, UN-assessed peacekeeping financing rather than a judgment that Somali security risk has diminished (Rio Times, 2026); it follows an earlier reduction of the US share of UNSOS funding in October 2025 (Somali Guardian, 2026). The European Union has signaled willingness to cover up to 85% of AUSSOM troop stipends, but sustainability of even that commitment is uncertain, and it does not address the separate UNSOS logistics shortfall (Amani Africa, 2026). Gulf states and others have made only limited additional pledges despite a dedicated UNGA80 high-level financing event in September 2025 (African Union, 2025; IPI Global Observatory, 2026). The result is that external financing is not being 'progressively recalibrated' in the managed sense this paper's Core Transition Principles recommend — it is contracting abruptly, unpredictably, and without a corresponding acceleration in Somali domestic revenue capacity. The rise in pledged AUSSOM funding to roughly 63% by mid-2026 (Figure 2) is a

genuinely positive data point, but pledges are not disbursements, and the improvement coincides with — rather than offsets — the newly announced UNSOS funding cliff.

Addressing this requires redesigning external financing to incentivize a credible domestic fiscal trajectory rather than merely patching annual budget shortfalls after the fact — the central rationale for the Predictable Security Transition Compact proposed as this paper's preferred policy option (Section 10).

10. POLICY OPTIONS EVALUATED

- **Option 1 — Maintain Current Mixed-Financing Model:** offers short-term continuity but entrenches structural dependency, obscures true costs, and — given the AUSSOM/UNSOS funding trajectory documented above — now carries a materially higher near-term risk of an uncontrolled capability collapse rather than a managed transition.
- **Option 2 — Accelerate Domestic Financing:** rapidly shifts security burdens to domestic revenue, strengthening ownership, but risks severe fiscal destabilization and crowding out civilian sectors, given that total domestic revenue (\$429–479m) is, at its 2025 level, smaller than even the low-bound externally-financed mission envelope alone (≈\$443m, Section 4.1) and only narrowly larger than it at the higher 2026 projection (\$479m) — before any of Somalia's own on-budget domestic security spending (Table 4.1) is added; this option is not fiscally feasible on the current 2026–27 timeline without a corresponding revenue-mobilization breakthrough that is not currently in evidence.
- **Option 3 — Establish a Predictable Security Transition Compact (Preferred):** see Section 10.1 below for the detailed design, elevated in this edition from a single summary bullet.
- **Option 4 — Security-Financing Reform as Part of PFM Reform:** integrates security budgeting with revenue mobilization, payroll reform, procurement controls, and fiscal federalism — complementary to, not a substitute for, Option 3.

10.1 The Predictable Security Transition Compact, in Detail (elevated in this edition — Fix 9)

The original draft summarized Option 3 in a single sentence. Because SPI identifies it as the preferred option and the paper's central policy recommendation, this edition sets out its structural elements in full.

Objective

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Replace the current pattern of annual, ad hoc, under-pledged mission budgets — of which AUSSOM's initial ~22% funding rate in September 2025 is the clearest illustration of the status quo's failure, even allowing for the improvement to ~63% by mid-2026 — with a multi-year financing envelope that is agreed in advance, indexed to verifiable domestic effort, and insulated (as far as any donor commitment can be) from single-country unilateral withdrawal.

Structural elements

- **A five-year rolling financing envelope (to 2031)**, covering both the AUSSOM/successor mission and the domestic security establishment, published jointly by the FGS, AU, and principal donors, and updated annually rather than renegotiated from zero each year.
- **Domestic contribution targets stated as a share of the envelope, not a fixed dollar figure**, so that Somalia's obligation scales with (verified) domestic revenue growth rather than requiring an arbitrary transfer date — operationalizing the Proportional Transfer principle.
- **Performance-linked external decline**: the external share of financing steps down according to pre-agreed, published triggers (e.g., domestic revenue reaching stated % of GDP thresholds; publication of the consolidated security expenditure statement recommended in Section 11; biometric payroll coverage reaching a stated threshold) rather than a calendar date alone — so that funding does not withdraw faster than the underlying capacity it is meant to be replacing (directly addressing the mechanism identified in Section 4.4, Criterion 2).
- **A shared reconciliation exercise as the compact's first deliverable**: before the compact's financing terms are set, FGS, AU, and UNSOS jointly produce the single consolidated Required Security Envelope figure that Section 7 finds is currently missing — without which neither side can credibly negotiate the domestic-versus-external split.
- **A standing secretariat or joint unit** (housed at the FGS Ministry of Finance, with AU and UN participation) to monitor triggers, publish an annual public compliance report, and prevent the compact from lapsing back into the current ad hoc pattern when political attention moves elsewhere.
- **An explicit shock-absorption clause** for Scenario C-type disruptions (a major al-Shabaab offensive, a macroeconomic shock), allowing temporary, capped, pre-agreed bridge financing without reopening the entire compact — reducing the incentive for either side to treat every shock as grounds for wholesale renegotiation.

This design does not require new money that does not currently exist; it requires converting the current pattern of unpredictable, bilaterally negotiated, calendar-driven pledges into a jointly governed, performance-linked, multi-year instrument. Its core value is removing the specific failure mode documented throughout this paper — donors withdrawing support faster than Somalia can build the capacity to replace it — without requiring either side to commit to an amount or a date it cannot deliver on.

11. COMPREHENSIVE STRATEGIC RECOMMENDATIONS

For the Federal Government of Somalia (FGS)

- Adopt a costed Medium-Term Security Financing Plan spanning at least five years (to 2031), linking force structures to realistic revenue projections and explicitly modelling the fiscal impact of the announced AUSSOM/UNSOS drawdown from 2026–27.
- Publish a single, consolidated security expenditure statement capturing on-budget spending (currently disaggregated across MDAs such as the Police Force, National Security Force, Ministry of Internal Security, and Military Court) alongside major off-budget/in-kind support — addressing the reconciliation gap identified in Section 7 and the first deliverable of the Compact proposed in Section 10.1.
- Establish a unified security payroll verification system featuring biometric verification and auditable payment chains, to reduce patronage risk as force integration proceeds.
- Prioritize high-yield revenue measures — building on the customs modernization and income/sales tax reforms already under way (IMF, 2025) — while protecting vulnerable households from regressive taxation.
- Clarify federal and subnational security responsibilities, backed by predictable intergovernmental transfers, rather than the currently formula-based grants that fell by roughly \$13.5 million (to \$212.7 million) in the FY2026 budget even as security allocations rose (Section 6).
- Institute a mandatory maintenance-and-sustainment budget line before accepting new capital-intensive military equipment, to prevent the asset-degradation risk identified in Table 4.
- Strengthen parliamentary and independent oversight of security expenditures under appropriate national-security safeguards, building on the 2025 precedent of parliamentary scrutiny of military salary proposals.

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- Commission independent verification of the Somali National Army budget-growth figure (\$170m→\$270m) cited in this paper against Ministry of Finance execution data, given that it currently rests on a single media source (Section 5).

For International Partners

- Adopt the Predictable Security Transition Compact (Section 10.1) in place of fragmented annual financing, aligned with national fiscal frameworks — rather than repeating the pattern in which AUSSOM entered September 2025 roughly 78% underfunded.
- Ensure any UNSOS/AUSSOM financing transition (post-2026) is sequenced and pre-announced with sufficient lead time for Somali and AU contingency planning, rather than communicated at short notice as occurred with the July 2026 US notification.
- Finance institutional sustainment and operational capacity — not merely new equipment and initial training — recognizing that maintenance and recurrent cost, not capital cost, is where the sustainability risk concentrates.
- Support national PFM systems where fiduciary and security conditions permit, to gradually shift logistics support from parallel UN-assessed channels toward on-budget Somali execution with appropriate safeguards.
- Coordinate donor assistance around a single transition framework with shared indicators, addressing the fragmentation across AU, UN, EU, bilateral, and Gulf channels documented in Section 9.
- Jointly commission, with the FGS and AU, the disaggregation of UNSOS spending by client mission (Section 4.1, Assumption 1) so that the AUSSOM-attributable share of UNSOS costs can be stated as a reported figure rather than an illustrative assumption.

For the African Union (AU)

- Treat AUSSOM's mandate renewal (due again before 31 December 2026) as a fiscal and institution-building process rather than a pure troop-transfer negotiation, ensuring any further drawdown or reconfiguration is matched by an explicit host-nation recurrent financing assessment rather than proceeding on the current improvised basis.

For Parliament and Civil Society

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- Focus oversight on the composition and long-term sustainability of security expenditures rather than aggregate totals alone, ensuring financial transparency without compromising operational security — including scrutiny of the fiscal exposure created by any future on-budgeting of currently off-budget UNSOS functions.

12. CONCLUSION

Somalia's security transition will be judged not by troop-withdrawal metrics or personnel trained, but by whether national institutions can sustainably perform and finance security responsibilities while preserving the fiscal space required to govern.

Four facts anchor this paper's conclusion. Domestic revenue stands at roughly 3.1% of GDP. External grants still supply nearly two-thirds of the national budget. AUSSOM's funding, though improving, has taken a year to climb from roughly a fifth to roughly two-thirds of requirement. And UNSOS — the logistics backbone the whole architecture depends on — is now losing its largest single funder on a compressed, unilaterally-set timeline. Measured against the four diagnostic criteria set out in Section 4.4, Somalia meets all of them. The paper's central claim, made more precisely in this edition than in the last, is therefore not that Somalia risks a financing trap in the abstract, but that it currently satisfies every operational test this paper's own diagnostic framework sets for being inside one — a framework-specific finding, stated with its criteria and thresholds fully visible in Section 4.4, rather than an appeal to an independent or universally agreed definition of the trap.

The way out is not more money alone, and not a faster handover alone. It is treating the security transition as a fiscal compact — with the Predictable Security Transition Compact set out in Section 10.1 as its central instrument — rather than as a troop-generation exercise or a mandate-renewal ritual. On the current trajectory, both the Federal Government of Somalia and its international partners risk failing that test within the next eighteen months, before AUSSOM's mandate next expires. The evidence in this paper is offered so that the choice, at least, is made with the numbers in view.

APPENDICES & REFERENCES

Appendix A: SPI Security Financing Dashboard — Indicative Values (updated for this edition)

Indicator	Latest Indicative Value	Source
Domestic Revenue (% of GDP)	[Observed] 3.1% (2025); FGS target 3.6% (2026), 3.9% (2027)	World Bank, Somalia Macro Poverty Outlook (2025); FGS Budget Strategy FY2026 (2025)
FGS Total Budget (Revenue + Grants)	[Observed] ~\$1.36bn (2026); ~\$1.34bn (2025); \$912.7m (2024)	FGS MoF; Somali Public Agenda (2026); Hiiraan Online (2026)
External Grants Share of Total Resources	[Observed] 64.7% (2026 budget); 59.5% (2024)	Somali Public Agenda (2026)
Domestic Revenue (nominal)	[Observed] \$479m (2026 proj.); \$429.4m (2025); \$369.6m (2024)	FGS MoF (2024–26)
Military Spending (% of govt. spending)	[Observed] 21.6% (2024)	SIPRI, via TheGlobalEconomy.com
AUSSOM Annual Budget	[Observed] \$154.7–196m (2025/26, range across reports)	Security Council Report; Rio Times; Somali Guardian (2025–26)
AUSSOM Funding Secured	[Observed] ~22% (Sept. 2025) → ~25% (Dec. 2025) → ~63% (Jul. 2026)	Amani Africa; Rio Times; Somali Guardian (2025–26) — <i>updated this edition</i>
UNSOS Annual Budget	[Observed] \$481–537m (FY2025–26); \$502m per AU PSOD	Amani Africa; Somali Guardian (2026)
Grants to Federal Member States	[Observed] \$212.7m (FY2026), down \$13.5m (~6%) from FY2025	FGS Budget Policy Framework Paper FY2026 (2025) — <i>new this edition</i>

Indicator	Latest Indicative Value	Source
External Public Debt (% of GDP)	[Observed] <6% (end-2023, post-HIPC), rising modestly with new borrowing	IMF/World Bank (2023); IMF DSA (2025)
Debt Service	[Observed] \$7m (2026 proj.), down from \$15.2m (2025)	FGS MoF Budget Policy Framework (2025)
Stream-1 Mission-Level Envelope (low–high bound)	[SPI estimate] \$443–572m (2025–26); Stream 1 (AUSSOM + UNSOS-attributable share) only, before FGS on-budget domestic security spending	SPI calculation, Section 4.1 (Assumption 1); sensitivity in Table 4.0a
Indicative 2029 Security Financing Gap (Scenario range, A–E)	[SPI estimate] ≈\$205–600m across Scenarios A–E	SPI scenario modelling, Section 8; full reproducible calculation in Appendix C

Note: figures marked as ranges reflect genuine divergence across primary sources using different accounting periods or perimeters, consistent with the triangulation protocol in Appendix B, and should be updated as FGS, AU, and UN publish reconciled figures. Rows marked 'updated' or 'new this edition' reflect the Fix 4 verification pass. Starting this edition, every value in this table is tagged [Observed] (drawn directly from a cited source) or [SPI estimate] (calculated or modelled by SPI from observed inputs, per the method cited in the Source column) — the same notation used in Section 4, Table 3.1, and Table 5 — so that reported figures and SPI's own analytical constructions are never presented without that distinction (SP-Fix 3).

Appendix B: Research and Data Validation Protocol

SPI mandates data reconciliation across at least two independent sources before publication of any headline figure; use of conservative confidence ranges where sources diverge (as applied throughout this paper to AUSSOM budget figures); sensitivity analysis on revenue trajectories; and independent peer review by public-finance and Horn of Africa security specialists prior to final publication. Figures in this edition are current to August 2026 and should be re-verified against updated IMF, World Bank, FGS Ministry of Finance, and UN Security Council reporting prior to any formal publication or citation, particularly given the fast-moving AUSSOM/UNSOS financing situation.

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Appendix C: Reproducing the 2029 Indicative Security Financing Gap Estimates

Table 5 (Section 8) reports an indicative 2029 Security Financing Gap (SFG) range for each of the five transition scenarios. In the previous edition these ranges were illustrative but not shown to be derived from any stated procedure. This appendix sets out the formula, every parameter used, and the full arithmetic, so a reader can reproduce each figure independently and substitute their own assumptions where they differ from SPI's.

$$\text{SFG}_{2029} = [\text{External mission-level envelope}_{2029} + \text{FGS on-budget domestic security spending}_{2029}] - [\text{Domestic revenue}_{2029} \times \text{illustrative security-allocable share}]$$

This is the same Stream 1 / Stream 2 structure used in Section 4.1 and Table 4.1, projected forward to 2029 under each scenario's stated assumptions. Four modelling choices are made explicit here because none of them is a reported figure:

- GDP path: nominal GDP is assumed to grow at 5% a year from the 2025 base, held constant across all five scenarios for tractability. The 2025 GDP base ($\approx \$13.84\text{bn}$) is not itself a cited figure; it is derived from two figures already in this paper — domestic revenue of \$429m (Appendix A) at 3.1% of GDP (Appendix A) — as $\$429\text{m} \div 0.031$. This yields an illustrative GDP_{2029} of $\approx \$16.82\text{bn}$. A reader who prefers a different GDP growth assumption, or the IMF's or World Bank's own GDP path, can substitute it directly into the formula above without altering the rest of the method.
- Domestic revenue₂₀₂₉: each scenario's stated revenue-to-GDP path (Table 5, column 2) is applied to the $\approx \$16.82\text{bn}$ GDP figure above.
- FGS on-budget domestic security spending₂₀₂₉: the verified 2024 baseline from Table 4.1 (Police \$46.74m + National Security Force \$23.71m + Ministry of Internal Security \$1.61m $\approx$ \$72.1m; the flagged, single-sourced SNA figure is excluded from this baseline to keep the reproducible calculation grounded only in verified data) is scaled up in proportion to each scenario's projected revenue growth from the 2025 base (\$429m).
- External mission-level envelope₂₀₂₉: the Section 4.1 Stream-1 low/high bound (\$443–572m) is scaled by an SPI judgment factor reflecting each scenario's 'External Support' and 'Security Reform' columns (Table 5) — 0.65 for Scenario A, 0.90 for B, 1.10 for C, 0.55 for D, and 1.00 (unchanged) for E. These factors are stated here so they can be contested; they are not derived from any cited source.

- Security-allocable share of domestic revenue: held at 21.6% for all scenarios, matching the SIPRI/TheGlobalEconomy.com military-spending share reported in Appendix A, as an illustrative constant rather than a scenario-varying assumption.

Scenario	Domestic revenue 2029	Security-allocable capacity (21.6%)	FGS on-budget domestic security 2029	External mission envelope 2029 (low–high)	Required security envelope 2029 (low–high)	SFG 2029 (low–high)
A. Managed Transition	≈\$757m	≈\$163.5m	≈\$127m	≈\$288–372m	≈\$415–499m	≈\$252–336m
B. Fiscal Squeeze	≈\$547m	≈\$118.1m	≈\$92m	≈\$399–515m	≈\$491–607m	≈\$373–489m
C. Security Shock	≈\$555m	≈\$119.9m	≈\$93m	≈\$487–629m	≈\$580–722m	≈\$460–602m
D. Reform Dividend	≈\$841m	≈\$181.6m	≈\$141m	≈\$244–315m	≈\$385–456m	≈\$203–274m
E. Fragmented Transition	≈\$639m	≈\$138.0m	≈\$107m	≈\$443–572m	≈\$550–679m	≈\$412–541m

Table C.1 (new — SP-Fix 2). Worked calculation underlying the Table 5 'Indicative 2029 SFG' column [SPI estimate]. Figures are rounded to the nearest \$1m in this table and to the nearest \$5m in Table 5. These figures are the basis for the Table 5 'Indicative 2029 SFG' column in this edition. They are SPI's own model output [SPI estimate], sensitive to the GDP-growth, mission-envelope-scaling, and revenue-allocation assumptions stated above — not a forecast attributable to the IMF, World Bank, AU, or FGS. A reader who substitutes different values for any of the four modelling choices above will obtain different — and equally legitimate — results using the same formula and the same Section 4.1 Stream-1 bound as a starting point.

Reference audit

This edition audited the original reference list against in-text citations. Three IMF press releases (2019 Article IV conclusion; 2023 Sixth ECF Review; 2024 Second ECF Review) were removed as superseded by the 2025 Article IV consultation and 2025 ECF Fourth Review documents already cited, and were not themselves cited in the text. Two sources were added: ISS Africa (2025), used in Sections 1 and 3 for AUSSOM personnel composition and stipend figures; and Hiiraan Online (2026), used in the Executive ***Can Somalia Sustain Its Security Transition Without Permanent External Subsidies?***

Summary and Appendix A for FY2026 budget figures. Goobjoog News (2024) and Hiiraan Online (2024) are retained as corroborating sources for the FY2025 budget total and are now explicitly linked to that figure rather than left uncited. A second-pass audit (this revision) added a direct URL for the FGS FY2026 Budget Policy Framework Paper (verified against the mof.gov.so publication) and added the UNSOS mandate page (unsos.unmissions.org) as a primary source for mission mandate and logistics-support details previously sourced only to secondary reporting. This pass also re-checked every numerical claim in the Executive Summary, all tables, and Appendix A against its cited source and against every other place the same figure appears in the paper; one material inconsistency was found and corrected (the Section 4.1 low-bound Security Financing Gap calculation, previously mis-stated as $\approx$ \$289m rather than the $\approx$ \$443m the stated formula actually produces — see the Second-Pass Revision Note and Section 4.1), and its downstream effects on Table 3.1, Section 10, and the Executive Summary framing were traced and corrected.

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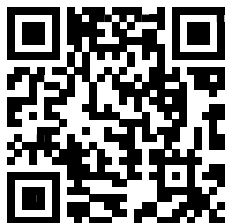
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