

Office for the Coordination of Humanitarian Affairs – Somalia

**Short term liquidity problem for the HRF**

Dear Cluster chairs and HRF Board members,

We would like to bring to your attention the current balance of the HRF fund. Having so far processed over 170 project proposals in 2009, we have funded 37 projects of total value over \$7.6 million. The current balance of the fund is thus only \$3.3 million. In addition, we are currently reviewing proposals amounting to some \$7.6 million while proposals worth an additional \$600,000 are with the Board for review. To sum up, the HRF is faced with hopefully short term liquidity problem, as we have received pledges for some \$4 million. However, before these pledges materialise and the funds physically appear in our bank account, we need to be extremely cautious not to deplete the fund. We are therefore asking for your understanding and support in our decision to temporarily strictly prioritise emergency and life-saving interventions for HRF funding. We are counting on your support when doing the technical screening of our proposals. You are strongly encouraged to consult with the HRF team on your respective cluster projects that you wish to recommend for funding. We are doing our utmost in following up on the funding flows for HRF so that this important humanitarian financing instrument remains fully functional.

Secondly, part of the UN system including the HRF operates in a biennium financial cycle which is about to end in December 2009. For the purposes of our projects it brings a significant administrative complication which means that all other than very short term interventions that can realistically end before 31/12/09 with maximum no-cost extension until 28/02/10 will need to be split in two, one part ending 31/12/09 and the 2nd part ending any time during 2010. This will mean splitting the MOU in two parts with the requisite instalments following each part of the MOU (i.e. a total of 4), with all related implications. The HRF Secretariat will be happy to advise in detail on the implications for your particular projects and will guide you in your submissions.

Please feel free to distribute this message amongst your cluster members and do not hesitate to contact us for details.

Thank you and best regards

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