**Management of Zero-Balance Account System**

1. The main benefits of the Zero Balance Account (ZBA) system are:

1. Minimizing idle funds in UNDP accounts.
2. Ensuring that maximum funds are available for investment.
3. Overdraft protection.
4. Improving UNDP'S liquidity
5. No extra time or effort from UNDP is required to settle account balances, as funds are automatically transferred by the bank each business night to return the sub-accounts to a zero balance
6. ZBA also contributes to self-replenishment of local currency needs by country offices; ability to make USD/EURO payments when necessary without the costly conversion of local currency; and optimal level of currency in local currency accounts.

1. The monthly imprest level is the liquidity requirement of a country office to be funded by Treasury. It is the cash needed by country offices to fund their operations monthly. The imprest level is also a cash management tool used by Treasury to promote efficient cash management. The sum of all imprest levels provides a good estimate of cash outflows from country offices and is used to estimate UNDP’S liquidity needs.

1. For country offices with zero balance accounts, The imprest level is calculated as the monthly average disbursements from the ZBA the local bank accounts (both local currencies and local US Dollars or EURO), using data from the previous recent six months. Average monthly disbursements are calculated net of cash transfers between bank accounts. For country offices directly replenished by Treasury, the imprest level is the average monthly direct replenishments for the previous six months.

1. The imprest level for a country office may not be equal to the average monthly cash disbursements if the country office has cash inflows from local sources that can cover liquidity needs. All imprest levels are determined and authorized by Treasury.

1. Imprest levels are ideally determined annually in December, for effect 1 January of the following year. Interim reset of an imprest level can be made at a country office request if its imprest level is consistently either below or above the actual cash requirement.

1. Oversight of liquidity management activities is the responsibility of the Investment Committee, which is chaired by the Assistant Administrator, Bureau of Management, through delegation from the Administrator. The Administrator shall approve the mandate of the Committee and its membership.