**2.0 Policies**

**Opening and Closing Bank Accounts**

1. In accordance with UNDP Financial Rule 125, the Administrator has delegated to the Treasurer the authority to manage and operate UNDP’S bank accounts. Consequently, only the Treasurer has the authority to open and close UNDP bank accounts whether at Headquarters or in Country Offices, except in cases of local emergencies when a Representative may act to open or close a bank account.
2. There are two types of bank accounts: convertible currency accounts and non-convertible currency accounts. Convertible currencies are those that are freely convertible to other currencies. Non-convertible currencies are those that are not freely exchangeable due to government or central bank regulations.
3. The following must be observed, as per Financial Rule 125.01, and Rule 125.02[[1]](#footnote-2):
4. Treasury shall create and maintain all UNDP bank account (both Headquarters and Country Offices bank accounts) information in Quantum.
5. Ideally, country offices shall operate only two bank accounts;
6. A local currency account which could be convertible or non-convertible and one external convertible currency account, (e.g., US Dollars or Euros Zero Balance Accounts).
7. Because of special agreements between UNDP and its donors, local exchange control regulations or local business practices, it may be necessary for some country offices to operate a local US Dollar or Euro account as well as additional local currency accounts. These accounts will only be opened and maintained if necessary for the smooth functioning of the office. Special IDB (Inter-American Development Bank) local accounts in some Latin American offices are examples of accounts opened because of agreements with donors. These types of accounts are exceptions to the rule in C above.
8. Separate bank accounts for National Implementation (NIM) are NOT permitted. Where NIM partners require bank accounts, these accounts must be opened and operated by these partners and not by UNDP. UNDP staff should not serve as signatories on these bank accounts, nor should UNDP provide account opening or closing letters to the bank on behalf of the project.
9. Treasury may exceptionally authorize a bank account for DIM project requirements. DIM project accounts are managed exactly the same as UNDP Representative bank accounts. For further information or to request a DIM project bank account, please contact Treasury.
10. In cases of local emergencies (e.g., sudden closure of the bank where the UNDP Office holds its account) the Representative may open a new bank account with another local bank in order to prevent major disruptions to local operations and to safeguard UNDP’s financial assets. In these cases, the Treasurer must be advised of this action as soon as possible after the account is opened.
11. Bank accounts with no activity of receipts and and/or disbursements, other than posting of the interest and/or service charges, for a period of 6 month should be reviewed semi-annually in June and December and should be closed. A decision to keep account open and active despite no activity for a period of 6 month must be documented and sent to the Treasurer. Treasurer will make a final decision on account closing.
12. After a decision is made to close an active account, the account is kept open for a period of 3 to 6 months to allow recording of any unposted transactions.

1. Rule 125.01: The Treasurer, Bureau for Management Services is authorized to designate the bank or banks in which UNDP funds and UNDP administered funds will be deposited and maintained. The designation of a bank shall cover all branches of that bank. The Treasurer shall promulgate criteria for the qualification of such banks.

   Rule 125.02: The Treasurer shall establish criteria for the opening of bank accounts in emergency situations. [↑](#footnote-ref-2)