**Annex**

**2018 UNCDF BOARD RECOMMENDATIONS AND PRIOR YEAR**

**RECOMMENDATIONS THAT ARE UNDER IMPLEMENTATION**

1. **UNCDF Recommendations contained in the report of the Board of Auditors for 2018.**
2. **In paragraph 18, the Board recommended that United Nations Capital Development Fund (UNCDF) continue refining its policies and procedures and reviewing its contribution agreements in order to have in place an enhanced decision basis for recognition of non-exchange transactions in line with IPSAS 23.**

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| *Department(s) responsible:* | Management Support Unit |
| *Status:* | In progress |
| *Priority:* | High |
| *Target date:* | First quarter of 2020 |

UNCDF agrees with this recommendation and is in the process of reviewing its contributions agreements.

1. **In paragraph 33, the Board recommended that UNCDF** **include in its loan policy the option to finalize the loan repayment schedule after disbursement of the principal amount.**

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| *Department(s) responsible:* | Least Developed Countries Investment Platform Unit |
| *Status:* | In progress |
| *Priority:* | High |
| *Target date:* | Second quarter of 2020 |

UNCDF agrees with this recommendation and is working on a revision of its loan policy to include the option to finalize the loan repayment schedule after disbursement of the principal amount.

1. **In paragraph 34, the Board recommended that UNCDF include in all loan agreements the option to finalize the loan repayment schedule after disbursement of the principal amount.**

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| *Department(s) responsible:* | Least Developed Countries Investment Platform Unit |
| *Status:* | In progress |
| *Priority:* | High |
| *Target date:* | Second quarter of 2020 |

UNCDF agrees with this recommendation and is working on a revised legal template of the loan agreement to include the option to finalize the loan repayment schedule after disbursement of the principal amount.

1. **In paragraph 35, the Board recommended that UNCDF strengthen its implementation of the loan policy where it says that the final loan repayment schedules need to be signed by both parties, the borrower and the lender.**

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| *Department(s) responsible:* | Least Developed Countries Investment Platform Unit |
| *Status:* | In progress |
| *Priority:* | Medium |
| *Target date:* | Second quarter of 2020 |

UNCDF agrees with this recommendation and is taking steps to implement it.

1. **In paragraph 38, the Board recommended that UNCDF strengthen quality assurance and quality review mechanisms to foster more consistent and coherent loan agreement.**

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| *Department(s) responsible:* | Least Developed Countries Investment Platform Unit |
| *Status:* | In progress |
| *Priority:* | High |
| *Target date:* | First quarter of 2020 |

UNCDF agrees with this recommendation. The quality assurance and review mechanisms are being enhanced based on the feedback received and experience gained.

1. **In paragraph 41, the Board recommended that UNCDF clarify in the loan policy that payments in local currencies need to be made to designate UNDP bank accounts as UNDP acts as service provider to UNCDF.**

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| *Department(s) responsible:* | Least Developed Countries Investment Platform Unit |
| *Status:* | In progress |
| *Priority:* | Medium |
| *Target date:* | Second quarter of 2020 |

UNCDF agrees with this recommendation and is working on a revision of its loan policy to clarify that payments in local currencies need to be made to designate UNDP bank accounts as UNDP acts as service provider to UNCDF.

1. **In paragraph 47, the Board recommended that UNCDF** **review the use and assess the impact of the obligatory grants module recently introduced in order to ensure that the desired effect of enhancing and streamlining the grant disbursement process and its documentation has been reached.**

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| *Department(s) responsible:* | Directorate/ Programme Management Support Unit |
| *Status:* | In progress |
| *Priority:* | Medium |
| *Target date:* | Second quarter of 2020 |

UNCDF agrees with this recommendation and is in the process of rolling out the grant module.

1. **UNCDF Recommendations contained in the report of the Board of Auditors for prior financial periods that are under implementation**
2. **In paragraph 52, the Board recommended that UNCDF document its process and specify in its policy guidelines how the annual review of the useful life of assets should be performed.**

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| *Department(s) responsible:* | Management Support Unit |
| *Status:* | Implemented/ closure requested |
| *Priority:* | Medium |
| *Target date:* | Second quarter of 2019 |

UNCDF documented its process and policy guideline on annual review of the useful life of assets, as recommended by the Board. UNCDF considers this recommendation to have been implemented and requests its closure by the Board.