

**Administrative Committee
on Co-ordination**ACC/1982/FB/16
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**CURRENCY OF SALARY PAYMENTS:
PAYMENTS IN LOCAL CURRENCY**Note by the United Nations and UNDP

1. At the fifty-fifth session of CCAQ, in September 1981, UNDP informed the Committee that following its review of practices in the payment of the local currency portion of international staff emoluments, it had found that in some countries where the local currency was available in both convertible and non-convertible forms, payment of the local portion of emoluments was being made in local convertible currency rather than in the non-convertible form. In the brief discussion of the subject that ensued, several organizations indicated that in earlier CCAQ discussions on the standard formula no decision had been taken regarding the use of the convertible and non-convertible forms of local currency for that purpose.

2. The United Nations and UNDP have maintained that such a distinction is, in fact, the basis for the obligatory local currency requirement under the standard formula, since local currencies which are freely convertible into hard currencies cannot constitute payment of "local" currency as distinct from "any single other" currency. Furthermore, when the Committee endorsed the current standard payment formula at its March 1980 session, it requested the United Nations and UNDP to prepare a draft model text to serve as a basis for circulars by which organizations might inform their staff of the new payment arrangements. The text subsequently agreed to by the United Nations and UNDP was made available to organizations, and included the following provision:

In countries with a dual currency system (dealing in both convertible and non-convertible local currency) the portion of emoluments payable at the duty station shall be paid in non-convertible local currency.

This text was subsequently included in the instructions as issued by most of the organizations.

3. The United Nations and UNDP believe that, exceptional circumstances notwithstanding, the rationale for the standard formula is still valid, and should be maintained.