

**Administrative Committee
on Co-ordination**UN LIBRARY
AUG 11 1982ACC/1982/FB/34
19 July 1982**UN/SA COLLECTION**

Consultative Committee on
Administrative Questions
(Financial and Budgetary Questions)

Fifty-seventh session
New York, 30 August - 3 September 1982

Item 4.1.2 of the provisional agenda

**CURRENCY OF SALARY PAYMENTS :
VOLUNTARY THIRD-CURRENCY PAYMENTS**Note by the secretariat

1. The secretariat has received a letter in the following terms from the Director of the Division of Budget and Finance of WHO :

I enclose herewith a copy of a memorandum received from UNDP on the subject of paying staff of Hungarian nationality 25 percent of basic salary in Hungarian currency. Furthermore, organizations are requested to report on implementation of these measures through UNDP to the Hungarian Government.

Inasmuch as this request raises questions about the CCAQ agreement on currency of salary payments, as well as on the contractual relationship between a staff member and his employer, I would be grateful if you would put this on the agenda for the next meeting of CCAQ, where it could probably be discussed under the item concerned with currency of salary payments.

The memorandum from UNDP and its attachment are appended.

2. The principle of voluntary third-currency salary payments was adopted by CCAQ at its forty-fifth session in September 1976. The following is an extract from the relevant section of the report of that session (CO-ORDINATION/R.1174):

30. A number of organizations were opposed to a system of mandatory payments in non-convertible currencies to staff from certain countries; in their view such a system would discriminate against staff of some nationalities. This view was shared by the representatives of FICSA. Some organizations also emphasized the need to ensure that conditions of service in the field were such as to attract and retain the services of personnel in world-wide demand, as also stipulated in the Consensus, and in connection with this argument, pointed out

that many staff members had few or no commitments in their home currencies. Similarly, it was also emphasized that it would be undesirable to institute arrangements which would have the effect of making service in the field less attractive than elsewhere. One organization considered that it was questionable whether mandatory home-currency payments could be successfully defended if challenged by the staff on legal grounds.

31. Having considered these views, and given the general desire to arrive at a consensus, the Committee concluded that the most appropriate way in which the organizations might respond to the Governing Council's concern /with regard to the utilization of accumulated non-convertible currencies/ would be for them to inform staff of the financial problem facing UNDP as a result of its substantial holdings of accumulated non-convertible currencies and of the Governing Council's request to all executing agencies to co-operate in utilizing such currencies, and to invite staff to voluntarily accept part of their base salary and dependency allowances in one of UNDP's accumulated non-convertible currencies if they had a need for such currency. The representatives of the organizations in CCAQ(FB) agreed to recommend to ACC that organizations comply with all requests received from staff for the payment of emoluments in accumulated non-convertible currency. The list of accumulated non-convertible currencies in which payments would be made would be reviewed by CCAQ(FB) at least once each year in consultation with UNDP, and any changes would become effective on the first day of the semester following the review.

32. The Committee considered that the proposed new arrangement would continue to provide for uniform and non-discriminatory treatment of staff and that the additional administrative and overhead work involved would not be excessive and could be accepted by all organizations.

3. With regard to the review mentioned in the last sentence of paragraph 31 of this passage, the secretariat has asked UNDP to provide a list of currencies for submission at the present session.



ONE UNITED NATIONS PLAZA
NEW YORK, N.Y. 10017

INTEROFFICE MEMORANDUM

TO: All Executing Agencies

Date: 6 June 19 82

FILE NO.: FIN 213/3/4

SENDER'S TELEPHONE EXTENSION: 4562

FROM: *MDK Amilk*
M. Douglas Stafford
Director of Finance

SUBJECT: Utilization of Hungarian Forints

..... The attached letter was recently received from Dr. Domokos, of the Ministry of Foreign Affairs in Hungary which proposes payment of 25% of the basic salary of Hungarian experts recruited for UNDP projects in Hungarian forints.

You will also note that the Government has requested quarterly statements indicating the currencies in which Hungarian experts are paid. Would you arrange to have the requested reports sent to me for consolidation and submission to Dr. Domokos. I would presume that such reports will only be required for a limited period of time, until it is determined that procedures in the Government have proven to be effective.

Budapest, 5 April 1982.

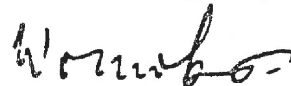
No.: N-749/1/1982

Dear Mr. Hillis,

Returning to the discussion between Mr. G. Arthur Brown, Deputy Administrator of UNDP, and Mr. Imre Hollai, Deputy Minister for Foreign Affairs, I wish to inform you that the national recruiting agencies will invite Hungarian experts who will henceforth be recruited for UNDP projects to ask 25% of their basic salaries in Hungarian forint for the full length of service after completion of the first three months. I should be grateful if you would bring this arrangement to the attention of the executing agencies of UNDP. I would also appreciate your sending me quarterly statements of the currencies in which Hungarian experts receive their salaries for the respective periods of service, so that our recruiting agencies might be kept informed about the implementation of the said measure.

I am persuaded that this arrangement will promote the effective utilization of a large portion of the Hungarian contribution to UNDP if more Hungarian experts are recruited as long-term international consultants. We, for our part, are ready to cooperate with you and the international recruiting agencies towards this aim.

Please accept, Sir, the assurances of my highest consideration.



/Dr. Mátyás Domokos/
Ambassador
Head of Department

Mr. Bruce Hillis
Chief
Treasury Section
UNDP
New York