

**Administrative Committee  
on Co-ordination**ACC/1982/FB/47  
5 August 1982Consultative Committee on  
Administrative Questions  
(Financial and Budgetary Questions)

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

AUG 19 1982

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Item 4.1.3 of the provisional agenda <sup>1/</sup>CURRENCY OF SALARY PAYMENTS:  
LOCAL-CURRENCY PAYMENTSNote by the secretariat

1. The secretariat has received a cable from the United Nations which, after recalling the problems which arose at the time of the recent devaluation of the Mexican peso,<sup>2/</sup> continues as follows:

THE UNITED NATIONS HAS ONCE AGAIN BEEN PLACED IN A DIFFICULT AND EMBARRASSING SITUATION IN THE CASE OF THE RECENT LOCAL CURRENCY DEVALUATION IN CHILE. AS IN THE CASE OF MEXICO, WE HAD ADVISED OUR ECLA/SANTIAGO OFFICE THAT THE LOCAL-CURRENCY PAYMENT SHOULD BE BASED ON THE OPERATIONAL RATE OF EXCHANGE REFLECTED IN THE POST ADJUSTMENT. ATTACHED IS A CABLE FROM OUR ECLA OFFICE ADVISING THAT DIFFERENT PRACTICES HAVE BEEN FOLLOWED BY SOME OF THE OTHER UNITED NATIONS ORGANIZATIONS IN SANTIAGO. IN THIS RESPECT IT SHOULD BE RECALLED THAT PURSUANT TO THE DECISION TAKEN BY CCAQ AT ITS FORTH-SEVENTH SESSION (CO-ORDINATION/R.1238) THE EXCEPTIONAL PRACTICE OF PAYING THE LOCAL-CURRENCY PORTION AT THE RATE OF EXCHANGE PREVAILING ON THE DATE OF PAYMENT WAS TO BE DISCONTINUED AT THOSE LOCATIONS WHERE THE RECENT VARIATIONS IN EXCHANGE RATE WERE NOT SIGNIFICANT. ON THAT OCCASION THE NUMBER OF COUNTRIES IN WHICH SUCH A PRACTICE WAS MAINTAINED WAS

<sup>1/</sup> Item added after the publication of the provisional agenda in ACC/1982/FB/35.

<sup>2/</sup> At that time, certain organizations had either paid 100 percent of Professional emoluments in US dollars or paid the local-currency portion at an exchange rate other than the operational rate on which the post-adjustment classification had been based.

REDUCED FROM THIRTEEN TO SIX WITH EFFECT FROM ONE JANUARY 1978. SUBSEQUENTLY WITH EFFECT FROM ONE APRIL 1980 CHILE WAS DELETED FROM THE LIST. WE ARE CONCERNED BY THE ABSENCE OF UNIFORM APPLICATION OF THIS DECISION. MOREOVER, WE ARE ADVISED THAT WHO PAYS ITS STAFF IN SANTIAGO ONE HUNDRED PERCENT OF THEIR EMOLUMENTS IN US DOLLARS. IN VIEW OF THESE DIVERGENCIES IN PRACTICE WE WOULD REQUEST THAT THIS MATTER BE GIVEN SPECIAL ATTENTION AT THE FORTHCOMING SESSION OF CCAQ UNDER THE ITEM ON THE CURRENCY OF SALARY PAYMENTS.

The cable referred to by the United Nations is reproduced as an attachment hereto.

2. As regards the decision taken by CCAQ at its forty-seventh session (September 1977), the following is the relevant passage in the report of the session (CO-ORDINATION/R.1238):

38. Following a request formulated by the United Nations at the last session, the Committee considered whether to maintain the exceptional practice of paying the local currency element of Professional salaries at certain duty stations at the rate of exchange prevailing on the date of payment, rather than at the United Nations operational rate of exchange used for determining the post-adjustment classification of the duty station. The Committee was divided on this subject. Some of the participants thought that the system of fractional changes in post-adjustment classifications which was now in effect, and which was more responsive to exchange-rate variations than the previous system, made payments at the prevailing exchange rate unnecessary, and that using one rate to determine post adjustments and another for actual salary payments was both illogical and likely to give undue financial advantage to the staff concerned. If the practice were to be maintained, it would be logical to extend it also to other duty stations where important variations in the exchange rate were likely to occur. Other participants thought that the delays with which changes in the cost of living were reflected in the post-adjustment classification of the duty stations in question justified maintaining the present practice.

39. From the data provided by the United Nations the Committee concluded that variations in the exchange rate over the past year in at least 7 of the 13 countries involved (Bolivia, Colombia, Costa Rica, Ecuador, Paraguay, the Philippines and Sudan) were not significant enough to justify maintaining the present practice. For these countries, it proposes that the practice should be discontinued with effect from 1 January 1978.  
(...)

The secretariat is informed that the practice was discontinued for Chile through a note in the March 1980 revision of annex VIII to the UNDP "Country/Field Office Information" booklet.

3. Participants in the session are invited to come prepared to discuss this question.

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**CABLE**

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SANTIAGOCH (CECLA) 21 JUL 1840Z

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RE GIERIS CCY0552-07 ON PROCEDURE PAYMENT ENDMONTH JUNE 1982

LOCAL CURRENCY PORTION OF PROFESSIONAL STAFF SALARIES. INORDER TO

COORDINATE NECESSARY ACTION ON THE SUBJECT WE HELD TODAY A MEETING

WITH CHIEFS OF MISSIONS OF THE FOLLOWING UN OFFICES IN SANTIAGO:

UNDP, UNESCO, ILO, WHO, UNHCR AND ACTING DEPUTY REGIONAL REPRESENTA-

TIVE OF FAO. DURING DISCUSSIONS WE WERE SURPRISED TO LEARN THAT

DESPITE INTERAGENCY AGREEMENT SOME AGENCIES APPLY ENTIRELY DIFFERENT

POLICIES THAN THOSE ESTABLISHED BY HEADQUARTERS FOR UNATIONS STAFF.

FOR EXAMPLE WE WERE INFORMED BY THE REPRESENTATIVE OF WHO THAT

THEY RECEIVE ONE HUNDRED PERCENT OF THEIR SALARIES AND RELATED

EXPENSES IN USDOLLARS. THE FAO REPRESENTATIVE INFORMED THAT THE

PRACTICE OF USING THE EXCHANGE RATE PREVAILING ON THE DATE OF PAYMENT

OF SALARIES IS STILL VALID FOR THEM IN ACCORDANCE WITH THEIR

DIRECTIVES AND AS CONFIRMED RECENTLY BY THEIR AUDITORS. THE REPRESENTATIVE

OF ILO INDICATED THAT THEIR ENDMONTH SALARIES ARE PAID

ON THE TWENTIETH OF EACH MONTH. FROM THE ABOVE IT WOULD APPEAR

THAT THE INTERAGENCY AGREEMENT IS NOT BEING APPLIED. FOR THIS REASON

AND CONSIDERING THE NUMBER OF OFFICES AND PROJECTS INVOLVED IT WOULD

SEEM INEQUITABLE TO APPLY YOUR DIRECTIVE TO UN STAFF ONLY IN

SANTIAGO. INVIEW OF THE CIRCUMSTANCES PARTICIPANTES TO THE MEETING

RECOMMEND THAT AN EXCEPTION SHOULD BE MADE TO MAINTAIN THE RATE

USED FOR ENDMONTH PAYMENT OF JUNE PESO PORTION OF PROFESSIONAL

STAFF SALARIES. APPRECIATE YOUR UNDERSTANDING AND AGREEMENT TO

THE RECOMMENDATION. GRATEFUL YOUR COOPERATION. (MOUCHABEK)