



FEDERATION OF INTERNATIONAL CIVIL SERVANTS' ASSOCIATIONS

**STEPS TO PROTECT SALARIES AND PURCHASING POWER
IN THE EVENT OF RAPID CURRENCY DEVALUATION**

During the 70th FICSA Council, the Chair of the Standing Committee on Conditions of Service in the Field, Mr. Zaid Al Nahi, pointed to the problems arising out of local currency devaluation and its impact on purchasing power. Subsequently, the Standing Committee drew up a list containing ten major steps that staff representatives could take to protect salaries and purchasing power in the event of rapid currency devaluation.

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**TEN MAJOR STEPS THAT STAFF REPRESENTATIVES COULD TAKE TO PROTECT SALARIES
AND PURCHASING POWER IN THE EVENT OF RAPID CURRENCY DEVALUATION BY THE
FICSA STANDING COMMITTEE ON CONDITIONS OF SERVICE IN THE FIELD**

2017

1. Convene a meeting of staff representatives across the agencies present at the duty station. Discuss developments and establish a contact group to monitor the situation and coordinate action.
2. Collect data and know both the official bank rate and inflation rate, as well as actual inflation rates for key commodities (e.g. food, fuel) and real exchange rates (where those differ from the official bank rates). Usually special measures are only considered when rapid devaluation of the local currency is in excess of 50 per cent, followed by local inflation of 50 per cent or more, within a one- or two-month period. The actual situation is often worse than shown in official statistics, so data collection is of vital importance to conveying accurately the decline in purchasing power.
3. Document the hardships experienced by staff and their families in relation to the currency devaluation and inflation, including negative impact on physical and mental well-being. Those stories will help staff representatives to communicate the immediate human impact and need for urgent action. Also note any tensions

emerging between locally recruited and internationally recruited staff and how it affects the working environment.

4. Know what comparator employers at the duty station are doing to maintain purchasing power parity for their local staff. World Bank, U.S. and European embassies are often seen as authoritative and persuasive examples.
 5. Request an urgent meeting with the UN Resident Coordinator or the senior official of the largest UN employer in the duty station. Discuss a staff/management action plan to raise concerns with the UN Secretariat/OHRM and request special measures.
 6. Keep staff at the duty station informed of your actions. Consider a short daily meeting to share updates and maintain momentum until appropriate measures are put in place.
 7. Encourage agency staff to contact their respective staff associations/unions, urging them to take up the issue of currency devaluation with their headquarters senior management and Director of Human Resources. Advocate that the agency implement special measures (e.g. non-pensionable compensation to offset currency devaluation and denominating salaries in US Dollars so to maintain purchasing power parity) and take up the issue with OHRM.
 8. With the permission of the Resident Coordinator or senior official in the country, share copies of any official correspondence with FICSA so that the Executive Committee can follow up with the UN Secretariat/OHRM and emphasize staff concerns and urge action.
 9. If the first response from OHRM is negative, do not give up. Reply and provide more information that shows how the situation is evolving and the negative impact it is having on purchasing power, staff well-being and the organizations in the duty station. Request OHRM to send a consultant urgently to the country to assess the situation.
 10. Monitor the security implications of the economic crisis, particularly where property crimes are increasing and people at the duty station are withdrawing large amounts of cash and keeping it on their person or at their residence. Discuss with DSS officials and SMT members.
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