

**ORGANIZATION OF AMERICAN STATES**  
**WASHINGTON, D. C.**

**THE SECRETARY GENERAL**

October 13, 2004

Ms. Clara Estrada  
President  
Staff Association  
Organization of American States  
Washington, DC 20006

Dear Ms. Estrada:

During our most recent staff assembly, I mentioned that each and every one of us would be asked to make a sacrifice in order to ensure the continued viability of our Organization. I began by cutting back my own salary; by asking our senior officials in the General Secretariat to accept significant salary reductions, which they did; and by making serious reductions to the number of higher-level positions available in the General Secretariat. As a result of this action, we were able to realize savings of approximately \$700,000, for this 2004, which is allowing the meetings of the Permanent Council to continue uninterrupted without the need to resort to cuts in key program areas such as our work in democracy and human rights.

Regrettably, these steps are insufficient to address the increasing gap between income to the Organization and the rise in personnel and other costs. Without further measures, we should be forced to initiate an annual reduction in personnel of about 25 persons per year. Not only can the Organization not afford to absorb such drastic reductions in its personnel without impairing the very work that we do, but I believe that our staff represents a compilation of the most dedicated, knowledgeable, and qualified individuals in their respective areas of competence, and so it is incumbent upon me to find an alternative solution.

As you are aware, my predecessor, Secretary General César Gaviria devoted a great deal of effort to lobbying not only with the Permanent Representatives of each member state, but in many instances with the Heads of State directly, to have their governments reinforce the contributions to the Organization. Two years ago, this effort proved almost successful when a few key contributors agreed to a 3% increase to quota contributions. Unfortunately, the fruits of this labor were never realized because member states were firm in their position that such increases should not be applied to offset increases in personnel costs.

As a result, it is evident that not only is it unlikely that we will obtain the political will for an immediate increase to quotas, but that to ever be successful in this area we will need to show our own commitment to controlling personnel costs. This leads me to what I believe is a viable alternative to an annual reduction in personnel, and that is my request that the staff agree to suspend annual cost of living adjustments for the next two years.

I realize there will be many questions, reservations, and also resistance to this proposal, but rest assured that I believe this is truly a choice to avoid the others options mentioned above. Also if the members of the staff approve this proposal, the adjustments needed to balance next year's budget will be less painful. It is not my intention to have the suspension apply to the OAS pensions of retired staff members paid by the Retirement and Pension Fund. Currently, the Retirement and Pension Committee, at the request of the OAS Association of Retirees, is studying the possible impact of such a suspension on the pensions

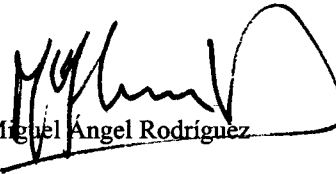
inasmuch as the Committee has exclusive competence over this issue. I am optimistic that the Committee will conclude that the cost of living increases for pensions will not be affected by the two-year suspension of parity as proposed.

Moreover, it is not our intent that we abandon UN parity, as I appreciate not only the importance of parity, but also the commitments and compromises made by staff in agreeing to adopt UN parity in the first place. My proposal would fully restore our salaries to UN levels within five years of resuming the cost of living adjustments. In other words, after not receiving any adjustments whatsoever for two years, on the third year, we would implement not only the percentage approved by the UN, but an additional percentage amount equal to one-fifth of that given up, for five consecutive years until salaries were once again equal.

To this end, I would appreciate the consultation of the members of the Staff Association on this proposal, and I would also be grateful to receive from you other alternatives that may help the General Secretariat solve this delicate budgetary and financial situation.

In the interim, you have my commitment to continue pursuing an increase in quotas and seeking other possible mechanisms from member states. Working together, I feel confident that we will be successful given our collective dedication to the Organization.

Sincerely,



Miguel Angel Rodriguez

cc: Ambassador Aristides Royo, President of the Permanent Council  
Ambassador Luigi Einaudi, Assistant Secretary General  
Ambassador Michael I. King, Chair - Retirement and Pension Committee.  
Mr. James Harding, Director - Department for Administration and Finance  
Mr. John Biehl, Director - Department for Democratic and Political Affairs  
Mr. William Berenson, Director - Department of Legal Affairs and Services  
Mr. Alfonso Quiñonez, Director a. i. - Department of Integral Development  
Mr. Steven Monblatt, Director a. i. - Department for Multidimensional Security  
Mrs. Lesley Zark, Human Resources  
Mrs. Linda Fealing, Inspector General  
Mr. James P. Kiernan, Vice President - Staff Association