

BRIEF HISTORY OF PARITY WITH THE UN AT THE OAS¹

- On July 27, 1969, based, *inter alia*, on a report submitted by a group of experts in public administration and finance created by the Permanent Council, the OAS, through a decision of the Permanent Council, established a policy of parity of salaries with those of the UN, and, until mid-1976, salaries were adjusted at the same time as those of the UN. Between 1969-1970, the policy of UN parity was extended further to include some benefits.
- From 1976-1982, the OAS unilaterally abandoned parity. The General Assembly formally adopted Resolution AG/RES.383 (VIII-O/78) abandoning parity in 1978, but by then, several hundred staff members had sued the Secretariat for failure to pay salaries in accordance with parity.²
- In 1982, the General Assembly adopted AG/RES. 632 (XXII-O/82) which set forth a policy calling for the annual review of salaries by the General Assembly, taking into account a comparator index.³ For the thirteen years that the Comparator Policy was in force, the General Assembly never granted an increase to staff members that reflected the full amount suggested by the Comparator Index. In 1991, the staff brought an action in the Administrative Tribunal to enforce good faith compliance with the 1982 Resolution.⁴ Independent of the Judgment, member states at that same time had completed an exhaustive review of options for resolving the salary policy question and had concluded that a policy of parity of salaries with the United Nations was the most satisfactory of all options considered.
- In 1995, the General Assembly adopted Resolution AG./RES. 1319 (XXV-O/95) implementing a policy of parity with United Nations salaries, and as required under both Judgments 64 and 124, the decision was submitted to the staff for approval in a referendum. Once approved, the policy entered into force on July 1, 1995.

In 1999, the General Secretariat was asked by delegations to report whether the OAS could achieve significant savings in personnel costs by departing from UN salary parity. The reply by the General Secretariat was "no". "In fact, we estimate that if the General Secretariat had maintained the pre-1995 salary system with the automatic cost of living adjustment mandated by the OAS Administrative Tribunal in Judgment 124, the cost in salaries under that system would have exceeded the salaries paid to staff under the present system of parity since its inception in July 1995."⁵

¹ Much of the information is found in document CP/doc.3198/99, prepared by the General Secretariat in May of 1999.

² In Judgment 37 the Administrative Tribunal concluded that the Secretariat had violated its obligation under the then existing policy of parity to pay United Nations level salaries, and ordered retroactive payment for approximately eight months to the complainants. In 1980, by Resolution AG/RES. 499 (X-O/80), the General Assembly resolved to apply Judgment 37 to all staff members and ordered the payment of back salaries back to 1976.

³ The policy (known as "the Comparator Policy") was approved by the Staff in a referendum pursuant to Administrative Tribunal Judgment 64, which held that the General Assembly could modify the Organization's salary policy, but that such modifications, if they upset the balance of the employment relationship, required some kind of approval by staff.

⁴ In 1994, in Judgment 124, the Administrative Tribunal agreed that the Organization had not complied in good faith with its commitment to use the Comparator Index as a basis for cost of living increases and found in favor of the staff.

⁵ An exact calculation of the difference is nearly impossible, as a position by position analysis would be required. However, the following averages are helpful. The average, cumulative, adjusted remuneration for professionals between January 1994 and January 1999, based on UN parity, rose 8.4%. At the same time the increase for mid-grade professionals at the other two agencies, U.S. Civil Service GS-14 and BID GR. IV, included in the former comparator rose 16.2% and 15.3% respectively. The increase for General Service Employees moved opposite this trend. The U.N. average rose 36.5% while the comparator agencies rose 16.2% and 15.3 % respectively. However, given the fact that remuneration for professionals (in both dollars) accounts for more than 1/4 of total remuneration, the weighted effect of the increases would indicate that the old comparator system is more costly.

Moreover, any "savings" resulting from the actual amount paid out in salaries and benefits during the period 1982-1995 (June), were judged to be insignificant when compared to the other costs resulting from the following⁸:

- Defense against seven class action law suits - Judgements 37, 64, 66, 90, 91, 124, and 126 - of which three resulted in significant costs (millions of dollars) to member states;
- Significant time required by the political bodies in deciding the annual salary increase question, and the corresponding amount of staff resources devoted to supporting one side of the debate or the other;
- Cost of the comparative studies that member states commissioned to assist them in the debate;
- Loss of top candidates for positions in the General Secretariat due to the higher salaries offered by the UN and other organizations and the continuing conflict in the Organization over GS/OAS staff salaries;
- Problems in running cooperative programs with the UN due to different salaries paid to both staff in the same positions, working the same topic, on the same teams;
- Low morale and diminished productivity throughout the Secretariat;
- Use of classification system as an alternative to a salary policy for assuring salary increases;
- Increased costs of salary administration resulting from the need to conduct salary surveys and produce salary tables, and establish and administer special procedures and policies.

Regarding the advantages to retaining parity with the UN, the General Secretariat has stated that the UN system offers the following advantages:

- Provides a measure of financial stability and managerial predictability;
- Provides a remuneration scale that is generally competitive;
- Provides the General Secretariat with cost savings. The UN is an agency similar to our own, a political organization with parallel structure, objectives, and obstacles, albeit on a much wider scope. It has developed a system for the administration of emoluments and devotes \$7 million a year of its budget to this effort. Through parity, the OAS benefits from the investments of the UN without the need to incur the costs inherent in maintaining its own separate system.
- Provides a ready and defensible rationale for the levels of salaries in the OAS because both agencies have the same classification system and do the same kind of work. This facilitates the appropriations process for approval of the OAS quota in the legislatures and foreign ministries of a number of member states.

⁸ The list of 8 items was prepared by the General Secretariat and is set forth in document CP/doc. 3198/99

The most recent study regarding the matter of UN parity is the Deloitte & Touche Study (November 2003). With respect to parity, the report states the following:

The OAS' staff compensation levels are consistent with the market -- neither too high nor too low -- when compared with other employers in the Washington, D.C. area, including PAHO, the IDB, the World Bank, the U.S. Government, and the private sector.

The OAS should continue to use the United Nations compensation system. While salary increases have been unexpectedly high in some years, the OAS' overall salary levels are comparable and competitive with the Washington market. As market competitiveness is a primary guiding principle for any compensation system, there is no reason to change from the UN system unless salary levels begin to exceed the local market.