

Speech

Organization of American States



**LUIGI R. EINAUDI, ACTING SECRETARY GENERAL OF THE
ORGANIZATION OF AMERICAN STATES
ON THE STATUS OF THE REORGANIZATION OF THE
GENERAL SECRETARIAT, AT THE REGULAR SESSION OF
THE PERMANENT COUNCIL
January 26, 2005 - Washington, DC**

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In the budget resolution for fiscal year 2005 adopted last June at the General Assembly, the member states directed the Secretary General to reorganize the Secretariat and present a revised budget necessary to put the reorganization into effect.

Since assuming the functions of Secretary General on October 16, 2004, I have striven to ensure a workable development of the structural change and fiscal efficiency sought by the member states. I reported to you last month in document CP/doc. 3970/04, which is among the papers before you today, that the changes introduced by former Secretary General Rodríguez and confirmed by me significantly reduced the impact of personnel costs on the Regular Fund. The total number of positions financed by the Regular Fund was reduced from 528 to 522. There are no more Assistant Secretary positions, and all 11 former Senior D-2 Director positions have been eliminated. Department-level directors are all at the D-1 level—some at two pay-grades below their prior levels. Of the 23 D-1 positions that existed prior to the reorganization, most have been recreated at the P-5 level and the rest have been eliminated.

These efforts are expected to generate approximately \$1.8 million during this year. These savings should allow meetings of the Permanent Council to continue uninterrupted through the end of the year and allow the General Secretariat to absorb projected 2005 cost-of-living increases.

Executive Order 05-03, "Reorganization of the General Secretariat," is now in front of you in document CP/INF.5126/05. In my capacity as Secretary of the Council, I apologize to you for not having made it available in all official languages and for violating the rule according to which documents must be presented 72 hours before they are discussed. However, as Acting Secretary General, I overrode my own objections as Assistant Secretary General on the grounds that the General Assembly's mandate "to present a restructuring plan to the Permanent Council by January 31, 2005" should be met, and that the Council should receive the plan in timely fashion at this, its last regular session in January, even if a full consideration will naturally need to come later, as noted by the Council Chair in giving me the floor.

In preparing the new Executive Order before you, I have relied on your confidence, for which I am very grateful, and on the elements expressed in the "Considerations" portion of the order. My Cabinet, Chief of Staff, and advisors have been a major stimulus and source of recommendations. I have also met regularly with the Staff Association representatives on matters affecting personnel. Many of the staff representatives are present here today, as are my advisors and my Chief of Staff.

I wanted specifically to identify for you the members of the Cabinet who are playing and will continue to play, I believe, an increasing role in what, I hope will be a more effective and collegial management of the General Secretariat in your service. One of the rules I have attempted to establish is that—and you will see this in the Executive Order—attendance at the cabinet sessions, which must take place at least twice a month and which have been taking place more frequently than that, is obligatory.

Some of the cabinet members are not here today. Brian Stevenson, whom you

will meet at a subsequent meeting, is the Executive Secretary for Integral Development. Alfonso Quiñónez is taking his place here today. Jim Mack, the Executive Secretary of the Inter-American Commission for Drug Abuse Control (CICAD), is sitting in for Steven Monblatt, who is the Acting Director of the Department for Multidimensional Security. Bill Berenson, who is an absolutely critical advisor to me on legal matters, is the Director of the Department of Legal Affairs and Services. I want to acknowledge the presence of John Biehl, the Director of the Department of Democratic and Political Affairs. The Executive Secretary of the Inter-American Commission on Human Rights (IACHR), Santiago Cantón, is with us. Irene Klinger, Director of the Department of Communications and External Relations, is also with us. The Department of Administration and Finance continues at this point to be headed by Jim Harding who has served the Organization well for so many years. There are two ex-officio members of the Cabinet. One is the Inspector General, Linda Fealing, who is and should be well and favorably known to all of you. And the other is Luis Alberto Rodríguez, who is the Director of the Secretariat for the Summits of the Americas.

The decisions that I have taken and that are reflected in this Executive Order seek to combine what I believe was the managerial brilliance of Executive Order 04-01 with the operational and historical realities of the inter-American system. In making these decisions, I have sought to take advantage of my own interim status in order to give you and the member states the result that I think will best serve you for the long term regardless of special interests.

Let me take a moment to outline the plan's major characteristics. The structure established by Executive Order 04-01 represented a sharp swing of the pendulum away from the highly decentralized structure that had evolved over the past several decades. There were, by various counts, at one time as many as 39 different offices reporting directly to the Secretary General, which all observers had noted was not a managerially coherent situation. There had, of course, been reasons—many of them good—for that evolution, among them the difficulty of establishing priorities in an organization whose membership is as highly diverse as ours. When Secretary General Rodríguez sought to reverse the drift, he, of course, had two objectives in mind. One was to improve management, and the other was, by so doing, to force the member states to understand that the Organization's financial base needed to be strengthened. I have accepted Rodríguez' objectives, which among other things had the legitimacy of his election by acclamation as Secretary General, while at the same time I have sought to accommodate both principles and realities that had not been taken fully into consideration during the first cut at reform.

Of the most important of the changes I have introduced—and you have the Executive Order; and it has a summary—let me mention six that I think are particularly noteworthy.

The first is the operative section of the Order itself. It contains a provision that preserves the statutes of the specialized organizations and entities, as well as their agreements with the General Secretariat. Our system has grown in a way that has meant that many commissions and others are responsive to their own bodies and their own rules and regulations in addition to, or as well as, those of the General Secretariat. I think it was important to preserve that.

Secondly, the Summits of the Americas Secretariat has been moved back to the Office of the Secretary General, and its director has become an ex-officio member of the Cabinet. I restored the Summits Secretariat to the Office of the Secretary General because it seems to me inconceivable that a function as important as that to the countries and essential to the Organization should not be directly linked to the Secretary General himself.

The Department of Human Rights has been replaced by the Executive Secretariat of the Inter-American Commission on Human Rights. This, I think, restores the Commission to the place which, I think, on matters of both principles and history, it deserves without intermediate levels to the Secretary General. The Permanent Secretariat of the Inter-American Commission of Women (CIM) and the Office of the Inter-American Children's Institute (IACI) have been returned to the Office of the Assistant Secretary General.

The Department of Integral Development has become the Executive Secretariat for Integral Development, thereby restoring and returning to an earlier organizational and institutional tradition.

The Office of International Threats to Civil Society has become the Office of International Threats with a mandate that makes clearer its role.

And finally, given the very important fact that the Regular Fund is so weakened as to require fundraising to be an essential survival element of this Organization's activities, I have sought to clarify that while it is inevitable that different offices must engage in a degree of fundraising, it is also essential that we have a degree of coordination and coherence. And so, the Department of Communications and External Relations and the Executive Secretariat for Integral Development will collaborate in external fundraising.

I trust that these changes will give the General Secretariat a sound structure that will give it a firm basis to carry out the mandates it receives from the various political bodies to which we must respond. Obviously, whoever is elected Secretary General will do what he or she decides is proper in terms of his or her mandates. I have given this my best shot and I do not intend to undertake significant further changes.

The real difficulty, if you may indulge me for just a minute, is that what has been achieved thus far does not repair the imbalance between key mandates and increasing market-driven costs, on the one hand, and a stagnant budgetary appropriation, on the other. This difference between approved budgetary appropriations and the cost of the tasks expected to be accomplished with those appropriations has increased steadily over the past nine years. We have been left without the capacity to implement new mandates, and we no longer have the financial flexibility in the Regular Fund to react even to emergencies in a member state and need to seek special contributions to do so.

It is deeply disturbing—deeply disturbing—that the savings achieved by the restructuring process thus far are not sufficient to address the increased operating requirements of the various areas of the Organization. And I am speaking about today as well as the future. We are all aware that the human rights system has been under-funded for years. The sad truth is that today, virtually all departments, including Security, Democracy, the General Secretariat's Offices in the Member States, as well as Human Rights, all lack adequate resources. While the directors of these important areas may be able to take some measures to suit changing requirements, they can only do so by drawing from the amounts already allocated to them, most of which go to meeting personnel costs, which are not immediately changeable.

The liquid resources available to directors—the program funds in objects 2 to 9—have been steadily cut over the years to the extent that some areas cannot make international telephone calls, purchase office supplies, travel to meetings, or pay for studies or specialized short-term services.

I have received requests for additional funding requirements from almost every area of the General Secretariat. The amount, as I pointed out in the budget message without having formally requested it, totaled in excess of \$17.2 million, which directors believe is necessary for them to perform their duties, not in exaggerated luxury or luxury at all, but merely at modest and effective levels. Let me point out something that is very striking. Even if the member states were to grant the Organization that full amount, that would mean a Regular Fund budget of \$92.9 million instead of the current \$76.2 million, and even that would only bring the purchasing power of the Organization back to 1996-97: before the Second Summit of the Americas, the Quebec Summit, the impact of the September 11 events on the Organization, the need for the Inter-American Charter, which, by the way, I think is still hamstrung today by the fact that it is associated with punitive rather than supportive and preventive measures and the reason nobody thinks of preventive measures is that everybody knows that the Organization is largely bankrupt. And let me also point out that this year, just from the operational standpoint, we face the additional costs associated with the election of a new Secretary General and of a new Assistant Secretary General.

We are now engaged in drafting the proposed 2006 Program-Budget. In keeping with the timelines established in the General Standards, we need to get this to you in early March. As of today, we estimate a shortfall of some \$2 to 3 million for 2006. This means that the Subcommittee on Administrative and Budgetary Matters of the Preparatory Committee of the General Assembly will face an all too familiar set of problems: further reduce the Secretariat's Regular Fund non-personnel spending, which, as I have indicated, is already cut to the bone, cut the payroll and reduce personnel, or raise quota contributions.

Now, some have suggested that the percentage of personnel costs in the program-budget and the remuneration paid to the Secretariat's staff is excessive and must be further reduced. I have to tell you, with all due respect, that I disagree.

My policy since assuming the responsibilities of Secretary General has been to rationalize hiring practices, to stabilize the General Secretariat workforce, and to effect savings wherever possible without sacrificing the ability of the Secretariat to respond adequately to the requirements of the member states. This has necessitated reassignment of current staff. We will need to look at that also in preparation of the 2006 budget. And let me make one important point to ensure that proper arrangements are in place for the next elected Secretary General. I have instructed that all posts which properly belong to the Office of the Secretary General, but which may have and in most cases had been allocated elsewhere in the Secretariat, be returned to that office so that a new Secretary General would in fact have a choice as to having his own staff or her own staff. What I have done is to detail the incumbents back to the areas where they were serving. But this is itself a warning; a signal of the fact that we are already diverting normal, available resources just to be able to keep functioning.

I have succeeded in filling three positions of trust—two at the director level—the Department of Communications and External Relations, the Executive Secretariat of Integral Development, as well as the Office of Conflict Prevention and Resolution in the Department of Democratic and Political Affairs. I sent a circular note to all of the missions with the bios of the people involved, but let me just say that I am no longer seeking to fill additional senior leadership positions prior to the election of the new Secretary General. Vacancies in the Secretariat are extremely limited, and I am very reluctant to authorize outside hires.

To make this painful story short: There is no blood left in this stone. Without hiring, we are already at or below the personnel levels we need. The reasons are several.

First, the work of the Secretariat is inherently labor-intensive. I go into that in the budget message; I don't need to repeat it now.

Second, as the Deloitte & Touche study makes very clear, the staff of the Secretariat was not overpaid. So, basically, it seems to me that we have to face the fact that this Organization cannot continue to operate with a policy of zero budgetary growth, compounded by a persistent loss of purchasing power caused by changing market conditions. No fix will be easy. The simplest short-term fix would be to increase the 2006 budget ceiling from the \$76 million mandated by the General Assembly to, say, about \$79.5 or something like that. I am not recommending this at this time because we have not completed the 2006 budget proposal and because I am not sure that short-term fixes are what we need. As I noted earlier, even an increase of 25 percent would merely restore funding to 1996-97 levels.

There are at least three alternatives, which I do identify in the budget message—and I don't need to go into them again now—that are quite apart from the different problem of how to fix inequities in the quota system.

I will just say this. Yesterday, most of you were present when former President Jimmy Carter spoke to us in the Cátedra de las Américas. One of his characteristics is that he is a friend of the Organization of American States and has been a friend of the OAS for a long time. When we had lunch together, he asked, "How are things going at the OAS? What are you spending your time on?" I told him a little bit about Haiti. I think probably I'm the only person who has

traveled to Haiti more than he has. We talked a little bit about the problems of the Charter and of our respective priorities and I told him a little bit about my decision regarding the Inter-American Human Rights Commission and its organizational location. And then I said, "You know, half of my time has been spent worrying about the structure and financing of the OAS." And he said, "What do you mean"? And I said, "We haven't had any change. We have been living on a fixed income for 10 years." He did not believe it. He could not believe it.

I think that the time has come for all of us to believe that we really are facing a very major problem.

I think I will end on that. Thank you very much.

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