

*executive committee of
the directing council*



**PAN AMERICAN
HEALTH
ORGANIZATION**

*working party of
the regional committee*



**WORLD
HEALTH
ORGANIZATION**

**116th Meeting
Washington, D.C.
June 1995**

Provisional Agenda Item 7

**CE116/29 (Eng.)
23 June 1995
ORIGINAL: ENGLISH**

**OTHER MATTERS: BUDGETARY IMPLICATIONS ARISING FROM THE
CLOSURE OF THE PAN AMERICAN ZOOSES CENTER**

Background

At the 115th Meeting of the Executive Committee in September 1994, the Secretariat provided some preliminary information (Document CE115/4) concerning the financial implications arising from the closure of the Pan American Zoonoses Center (CEPANZO).

The Center closed on 30 April 1991 and the PAHO staff were dismissed then. Indemnities and accrued annual leave costs were paid to the affected staff. On 10 November 1992 a number of former staff members of CEPANZO filed a Complaint against the Organization with the Administrative Tribunal of the International Labor Organization (ILO) in Geneva. In Judgement 1374 dated 13 July 1994, the Tribunal decided the case against the Organization. In summary, the Tribunal concluded that the Reduction in Force (RIF) procedure had been erroneously applied, that the then Chief of Personnel had issued notices of termination to the staff that were not valid and consequently, that all contracts were automatically renewed. The Organization was ordered to reinstate the former staff members, a total of 30, as of the date of separation from service (30 April 1991). The complainants were to be paid salaries, allowances and other benefits due under the contracts, as well as 10% interest from the dates at which each amount fell due, minus a indemnities or occupational earnings received since their termination. PAHO was also to pay each complainant \$500 in costs and to carry out anew the Reduction in Force.

In accordance with the Judgement, the former staff members were reinstated and paid salaries. New Reduction in Force procedures were instituted, new termination notices were given, and on 30 November 1994, 27 staff members were again terminated. Back pay, interest, contributions to health insurance and pension less occupational earnings totalled US\$5,107,468. These costs include annual leave and normal termination entitlements.

Remaining Issue

The remaining issue is whether or not the Organization is required to pay the additional actuarial costs payable to the United Nations Joint Staff Pension Fund as a consequence of the Judgement. The calculation of the actuarial costs is a complex process which must be done separately for each individual according to his or her circumstances. As of the writing of this document, the Organization has just learned that actuarial costs amount to \$4,751,978 for the persons involved.

In light of the extent of the ILO Tribunal's Judgement and its impact on the Organization's financial well being, the Director has decided to file a formal request for clarification with the ILO Tribunal. The result of such a request will be notified to the Governing Bodies in due course.