

November 4, 2013

To: The Assistant Secretary General, the Secretaries and Executive Secretaries,
Directors and all other Members of Staff

From: José Miguel Insulza, Secretary General 

Subject: Modification to Chapter 1 of the GS/OAS Performance Contract (CPR) Rules:
Honoraria

The Performance Contract (CPR) Rules of the General Secretariat of the Organization of American States (Executive Order No. 05-04, Corr. No. 1) are hereby amended to include guidelines governing the use and payment of honoraria.

In the past, the concept of when to pay honoraria instead of awarding a CPR has caused some confusion. The purpose of this memorandum, and the resulting rule change, is to clarify when the use of payment of honoraria is appropriate instead of awarding a CPR. Generally speaking, the use of honoraria should be limited to those situations where a natural person is paid money for a single or very short-term event, such as a guest speaker or lecturer, whose performance does not easily fit terms of reference for commercial service. Thus, for example, a well-known and respected person who gives a speech at a specialized organ of the OAS would likely fit the requirements for receiving payment through honoraria. This is because the relative value of the speech or thoughts expressed is not readily quantifiable.

By contrast, it would not be appropriate to pay honoraria to a person who directs the meeting's activities, instructs a course, or who provides administrative support because these services can and should be defined in terms of reference of a contract. And if there is no contract in place in such situations, the GS/OAS is at risk of having no remedy and no basis to withhold payment in the event of unsatisfactory services.

In summary, when GS/OAS expectations for the level of service in question can be clearly defined in objective terms of reference for a CPR contract, the CPR should be used. When the GS/OAS expectation of the outcome of the service does not lend itself to definition, as when a well-known person delivers a speech to an OAS organ, the use of honoraria may be appropriate.

In any event, whenever an area is considering paying honoraria, the area must coordinate with the Department of Procurement prior to asking for payment through the honoraria mechanism.

Thus, as to the CPR Rules, Chapter 1 covering the definitions and scope of the Performance Contract (CPR) Rules is clarified to exclude from its applicability the concept of Honoraria to read as follows:

1.3 HONORARIA

1.3.1 Use of honoraria payments for services that should be procured through the CPR is prohibited. The CPR Rules, above at at 1.1.17, clarify the types of services that should be procured through the CPR, stating "A performance contract is a contract for the purchase of human services or of a specific work product or result for an approved program or project in areas of specialization in which GS/OAS does not have sufficient human resources to produce the product or result required within the allotted time." As further discussed in this rule, the Department of Procurement shall be involved in the determination as to whether the procurement of any type of service warrants the use of the CPR, a procurement contract, or some other modality such as the honoraria payment.

1.3.2 All requests for honoraria payments require the prior review and approval of the Director of the Department of Procurement.

1.3.3 Regardless of past practices, no commitments should be made with outside parties as to the payment of honoraria without the prior approval of the Director of the Department of Procurement.

1.3.4 The Director of the Department of Procurement shall advise the requesting area whether the proposed expenditure should be made through an honoraria payment, through a CPR, or through a procurement contract based upon the following considerations:

1.3.4.1 Honoraria are one-time payments to a natural person (not a legal person such as a company, a sole-proprietor business, or a corporation) for a single event or very short-term service performed where: 1) the price of performance is not readily or customarily definable under the standard terms of a contract; and 2) where it is not necessary to mitigate the risk of non-performance by use of contractual terms and conditions. Subject to the exception below at 1.3.4.4, current Staff Members are prohibited from receiving honoraria payments.

1.3.4.2 Honoraria payments are not to be made when existing commercial contract mechanisms apply, such as a Performance Contract (CPR) or a Procurement Contract. Typically, honoraria are

paid to guest lecturers, experts, instructors or speakers for a one-time or brief engagement.

1.3.4.3 The maximum honoraria rate that can be paid to a natural person in a 12-month period is \$ 5,000. All honoraria of up to \$ 5,000 require the written approval of the Director of the Department of Procurement. Exceptional honoraria paid to a natural person in excess of US\$ 5,000 will require advance written approval by the Secretary General.

1.3.4.4 The above concept, threshold, and authorization are not applicable to those individuals providing services to specialized organs of the OAS and who are entitled to what has been listed as "honoraria" per the annual OAS Program- Budget Resolutions. Said individuals are exempt from the provisions of this rule and shall continue to receive payment in accordance with the established terms of the Budget Resolutions.

This Directive shall enter into force upon the date printed above.