



PAN AMERICAN HEALTH ORGANIZATION
WORLD HEALTH ORGANIZATION



150th SESSION OF THE EXECUTIVE COMMITTEE

Washington, D.C., USA, 18-22 June 2012

Provisional Agenda Item 5.6

CE150/25 (Eng.)
23 May 2012
ORIGINAL: ENGLISH

MASTER CAPITAL INVESTMENT PLAN

Periodic Report on the Implementation of the Master Capital Investment Plan

Introduction

1. This document summarizes the activities and projects of the Master Capital Investment Plan (MCIP) that were completed during the 2010–2011 biennium, those that are proposed for the 2012–2013 biennium, and those covering 2014–2019 (the remainder of the 10-year plan) that may be funded by the Master Capital Investment Fund (MCIF) and by the PAHO Holding Account.

2. This document also proposes changes to the MCIF related to the establishment of a Revolving Strategic Real Estate Subfund and a Vehicle Replacement Subfund. These changes are recommended as a result of lessons learned throughout the operation of the MCIF since its establishment in the 2006–2007 biennium.

Master Capital Investment Plan

3. The MCIP reflects increasing efforts by the Pan American Health Organization (PAHO) to systematically maintain and improve the building infrastructure, equipment, and information technology at its installations throughout the Region. In an effort to improve transparency and show the coordination between related MCIP activities and projects that are funded by both the MCIF and the Holding Account, the Pan American Sanitary Bureau (PASB) has included references to MCIF and Holding Account activities and projects in this document and in the attached annexes.

4. The Holding Account was created as a result of excess budget availability from the 2006–2007 biennium. One-time, major infrastructure projects in the administrative and technical areas were authorized by the 48th Directing Council in Resolution CD48.R1 (2008). These included the creation of the Emergency Operations

Center/Knowledge Center and repairs to the roof of the Washington, D.C., Headquarters building. Specific descriptions of Holding Account projects are found in Document CE146/27 (2010). Details on the MCIF are outlined below.

Replenishment of the Master Capital Investment Fund for the 2012–2013 Biennium

5. In accordance with Resolution CSP27.R19 (2007), PASB's Director is required to notify the Executive Committee of any funds transferred to the MCIF from excess income over expenditure in the Regular Program Budget. For the 2012–2013 biennium, this amount—if any—will be determined upon full closure of the financial accounts.

6. At the close of the 2010–2011 biennium (December 2011), there was a balance of US\$ 2,829,685.88¹ in the Information Technology Subfund, \$2,534,752.23 of which is unobligated. Information Technology Services (ITS) expects to carry over the latter sum into the 2012–2013 biennium for new projects. At the close of the 2010–2011 biennium, there was a balance of \$1,688,836.69 in the Real Estate and Equipment Subfund, \$1,522,068.93 of which is unobligated. General Services Operations (GSO) expects to carry over the latter sum into the 2012–2013 biennium for new projects.

7. The Real Estate and Equipment Subfund may receive additional funding in 2012 from the World Health Organization's Capital Master Plan (CMP), which was reactivated in the 2010–2011 biennium. The distribution of funds from this program has not yet been finalized. To support PAHO's efforts to mobilize funding from WHO to rebuild the earthquake-damaged PAHO/WHO Representative Office (PWR) building in Haiti, PASB's Director of Administration funded an analysis conducted by an architectural/engineering firm to review the preliminary design and cost figures supplied by the United Nations Office for Project Services (UNOPS).

Real Estate and Equipment Subfund

Projects at Headquarters in 2012–2013

8. A total of \$51,900 was provided for two MCIF projects at the Headquarters building in 2010–2011 (Annex A).

9. A solicitation for bids from vendors to rehabilitate the four elevators at the Headquarters building was issued in November 2011. The firm subsequently selected to perform the construction will start the repair work early June, which should take approximately one and a half years to complete.

¹ Unless otherwise indicated, all monetary figures in this document are expressed in United States dollars (US\$).

10. A cost proposal is under review from an architectural/engineering firm to conduct a comprehensive study of the major building systems, and a contract should be issued in spring 2012 for its execution. This information will be used to verify the existing 10-year renovation plan for the Headquarters building.

Projects in PAHO/WHO Representative Offices (PWRs) in 2012–2013

11. A total of \$599,880 was provided to seven PWRs² for projects in 2010–2011 (Annex A).

12. For the 2012–2013 biennium, the major effort will be to rebuild the PWR-Haiti office destroyed by the January 2010 earthquake. The architectural/engineering study mentioned above will be part of this effort. If additional funding becomes available, there is a long-term plan to examine all PWRs to ascertain their physical condition, note any deficiencies, and develop individual 10-year plans for renovation and major maintenance.

Projects Planned for the 2014–2015 to the 2018–2019 Biennia for Headquarters and PWRs

13. Given the limited funds available, the proposed real estate and buildings projects planned for 2014–2019 (as well as for 2012–2013) will be reviewed by the Project Infrastructure Investment Committee, which was created by the Director in September 2009 to analyze MCIP projects from both subfunds and issue recommendations as to their feasibility and priority (Annex B). The distribution of projects approved for 2012–2013 will depend upon funding that has yet to be determined.

Information Technology Subfund

Projects at Headquarters and PWRs in 2012–2013

14. A total of \$2,544,631.50 was spent in 2010–2011 on various MCIP information technology projects (Annex C), including desktop computers and peripherals, servers and hosting infrastructure, software, and information security.

15. Proposed expenditures during the 2012–2013 biennium (Annex D) will include support at both Headquarters and PWRs in the following areas:

- software licenses;
- network infrastructure;

² Informally referred to as “country offices.”

- licenses and replacement systems for telephone systems, primarily at the country level;
- information security;
- replacement of desktops, notebooks, and peripherals, including printers and scanners where necessary; and the
- hosting infrastructure required for the PASB Management Information System (PMIS).

Projects for 2014–2015 to 2018–2019

16. The projects planned for the 2014–2019 biennia (Annex C) will include:

- software licenses;
- network infrastructure;
- licenses and replacement systems for telephone systems, primarily at the country level;
- information security; and
- replacement of desktops, notebooks, and peripherals, including printers and scanners, as necessary.

17. Planned efforts during 2012 will focus on the deployment of virtual desktops to the Regional Office and to those PWRs where the local telecommunication infrastructure will support it. This is a shift to a server-centric computing model that emphasizes cloud computing—user access from anywhere, on any device, at any time. Consequently, investment in workstations will shift toward notebooks, replacing desktops in cases where high mobility is required, and also towards increased use of smartphones and tablets. This shift will also require robust, secure connectivity, and network infrastructure.

18. Annex C, which shows the 2012–2013 investment program, also outlines the planned program for the biennia ending in 2019. Because the currently anticipated costs from 2013 onwards are likely to be affected by the deployment of the PMIS, significant changes in the projected costs are expected from that point on. At present, all costs are estimates.

Next Steps: Proposal to Establish a Revolving Strategic Real Estate Subfund and a Vehicle Replacement Subfund as part of the Master Capital Investment Fund

19. The Organization is committed to monitoring and reassessing essential projects and their estimated costs on an ongoing basis and to regularly providing Member States with the most accurate and up-to-date information.

20. PASB recommends that the MCIF, originally approved in October 2007 by Resolution CSP27.R19, be amended to reflect the experience gained during implementation over the past several years and the changing financial conditions of the Organization. The changes proposed in this document would not apply to the Information Technology Operations Subfund created by that same resolution.

21. Following the initial 2008–2009 biennium, the Real Estate and Equipment Subfund was conceived to begin replenishment during the 2010–2011 biennium from (a) annual revenue from the rental of the Organization’s premises and land, and (b) amounts from excess revenue over and above expenditure.

22. The annual revenue that PAHO receives as rent for the grounds at 2121 Virginia Avenue in Washington, D.C. is less than what PAHO pays to rent the office space at the same location.

23. The MCIF receives a transfer of revenue from Regular Program Budget funds at the conclusion of each biennium. However, excess revenue over and above expenditure from the Regular Program Budget at the conclusion of each biennium is not a reliable source of funds.

24. Therefore, PASB proposes that the MCIF be amended to allow for the establishment of and/or changes to the following subfunds for the stated purposes:

- (a) **Revolving Strategic Real Estate Subfund:** To support a long-range strategic approach towards improving PAHO’s real estate portfolio. It is recommended this subfund be established with an initial infusion of \$1 million from the surplus funds that resulted from the implementation of the International Public Accounting Standards (IPSAS). In addition, PASB proposes this subfund be sustained through a revolving mechanism whereby revenues generated through the sale of PAHO-owned properties would be deposited into this subfund for future exploitation of real estate opportunities. Such opportunities could be the purchase of more appropriate facilities or the refurbishing of facilities offered by Member States for use of the Organization. Another funding mechanism of this subfund would include miscellaneous income derived from the annual cancelation of procurement loans. The projected use of the funds within this subfund would include advancing funds for expenses required to prepare new premises, or for down payments or deposits for the purchase or leasing of facilities.
- (b) **Real Estate Maintenance and Improvement Subfund:** PASB proposes to change the name of the Real Estate and Equipment Subfund to the “Real Estate Maintenance and Improvement Subfund.” Its sources of funding will remain excess revenue over and above expenditure. In addition, this subfund would be

replenished by the reserve proposed by the IPSAS surplus proposal when no excess revenue over and above expenditure is generated.

- (c) **MCIF Vehicle Replacement Subfund:** Under existing financial regulations, any proceeds from the sale of non-project vehicles at the Headquarters and PWR locations must be deposited into the Organization's Miscellaneous Income and are unavailable to defray the costs of replacement vehicles. It is requested that a separate Vehicle Replacement Subfund be established under the MCIF umbrella to accept the proceeds from such sales, which then can later be disbursed by the Director of Administration to various PWRs and to Headquarters to supplement the purchase of non-project replacement vehicles.

Action by the Executive Committee

25. The Executive Committee is invited to review the attached resolution (Annex E) and, if agreeable, to forward it to the 28th Pan American Sanitary Conference in September 2012 for review and action.

Annexes

**Master Capital Investment Fund
Real Estate and Equipment Subfund
Completed Projects 2010–2011
(in US\$)**

Location	Project (completed or in progress)	2010	2011
PWR-Chile	Internal renovations at new office site after relocation in February 2010 following earthquake	32,997	
PWR–Trinidad and Tobago	Internal renovations at new office site after relocation to office space provided by the Member State	288,775	
PWR-Panama	Partial costs for rental of replacement air conditioning system at PWR office	12,000	
PWR-Suriname	Final renovation costs at PWR office building provided by the Member State	65,000	
PWR-Guyana	Expenditures for repair/renovation of a building provided by the Member State	50,800	
PWR-Haiti	Legal fees to complete the purchase of a parking lot adjacent to PWR office (\$6,048) and initial repairs to PWR office (\$40,000)	46,048	
PWR-Jamaica	Expenditures for relocation to the Caribbean Food and Nutrition Institute (CFNI) building		104,260
PAHO Headquarters (Washington, D.C.)	Rehabilitation of four elevators: architectural/engineering study		35,000
PAHO Headquarters (Washington, D.C.)	Sub-basement computer room energy use: architectural/engineering study		16,900
Subtotal		495,620	156,160
Grand Total		651,780	

**Final 2010–2011 and Planned 2012–2013 Expenditures for GSO Projects
Funded by the Holding Account
(as of 1 January 2012, in US\$)**

Location	Project	2010–2011 Final Expenditures	2012–2013 Estimated Expenditures
Regional	Emergency Operations Center (EOC) and Knowledge Center (KC) (Holding Account Profile 1A): initial funding source	1,578,693	1,321,307
PAHO/WHO Representative Offices	Improvements to facilities: Minimum Operating Security Standards (MOSS) upgrades and security measures (Holding Account Profile 4A)	153,953	146,047
PAHO Headquarters (Washington, D.C.)	Improvements to facilities: energy-saving measures (Holding Account Profile 4B)	0	2,500,000
PAHO Headquarters (Washington, D.C.)	Improvements to facilities: plaza drainage system repairs (Holding Account Profile 4C)	3,500	371,500
PAHO Headquarters (Washington, D.C.)	Improvements to facilities: security and sanitary measures (Holding Account Profile 4D)	35,378	294,242
PAHO Headquarters (Washington, D.C.)	Improvements to facilities: HQ office tower roof repairs (Holding Account Profile 4E)	250,000	0
PAHO Headquarters (Washington, D.C.)	Improvements to facilities: renovation of Headquarters building and annexes (Holding Account Profile 4F): initial funding source	22,397	952,603

Projected Costs for Projects in the Information Technology Subfund
(as of 1 January 2012, in US\$)

Project	2010–2011	2012–2013	2014–2015	2016–2017	2018–2019	Total
Desktops and laptops	425,000	250,000	250,000	250,000	250,000	1,486,200
Other peripherals, including printers	106,900	150,000	250,000	250,000	250,000	1,106,900
Servers and hosting infrastructure	421,000	1,500,000	1,200,000	1,400,000	1,200,000	6,100,000
Information security	212,650	200,000	230,000	250,000	280,000	1,372,650
Telephone system	216,800	200,000	200,000	200,000	200,000	1,016,800
Network infrastructure	190,281	500,000	400,000	200,000	400,000	1,610,500
Software	972,000	1,125,000	1,125,000	1,125,000	1,125,000	5,628,500
Totals	2,544,631	3,925,000	3,655,000	3,675,000	3,705,000	18,321,550

**Planned 2012–2013 Expenditures for ITS Projects
Funded by the Holding Account
(as of 1 January 2012, in US\$)**

Project	Amount Approved	2012–2013 Allotted Planned Expenditures
2-C: Strengthening communications through improved PWR connectivity	2,000,000	615,000
3-B: Modernization of service model for the delivery of information technology and knowledge management and services	1,500,000	500,000*

* \$300,000 allotted to the Knowledge Management and Communication Area (KMC).



PAN AMERICAN HEALTH ORGANIZATION
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150th SESSION OF THE EXECUTIVE COMMITTEE

Washington, D.C., USA, 18-22 June 2012

CE150/25 (Eng.)
Annex E
ORIGINAL: ENGLISH

PROPOSED RESOLUTION

MASTER CAPITAL INVESTMENT FUND

THE 150th SESSION OF THE EXECUTIVE COMMITTEE,

Having reviewed Document CE150/25 in which the Director reports on the Pan American Sanitary Bureau's (PASB) activities and experiences with implementation of the Master Capital Investment Plan (MCIP) funded by the Master Capital Investment Fund (MCIF), established in 2007 by Resolution CSP17.R19 of the Pan American Sanitary Conference;

Noting the proposal to amend the funding of the MCIF,

RESOLVES:

1. To thank the Director for the report on the Master Capital Investment Plan.
2. To recommend to the 28th Pan American Sanitary Conference that it adopt a resolution along the following lines:

MASTER CAPITAL INVESTMENT FUND

THE 28th PAN AMERICAN SANITARY CONFERENCE,

Having reviewed Document CSP28/__, which reports on the activities and experiences of the Pan American Sanitary Bureau (PASB) in implementing the Master Capital Investment Plan (MCIP) funded by the Master Capital Investment Fund (MCIF), established in 2007 by Resolution CSP17.R19 of the Pan American Sanitary Conference, as well as the review on this subject by the Executive Committee;

Noting the proposal to implement changes to the funding of the MCIF Real Estate and Equipment Subfund, as defined in Resolution CSP27.R19;

Considering the proposal to create a separate subfund for the replacement of non-project vehicles,

RESOLVES:

1. To thank the Executive Committee for its review of the report on the implementation of the Master Capital Investment Fund and its subsequent recommendations.
2. To authorize a change in the name of the Real Estate and Equipment Subfund to Real Estate Maintenance and Improvement Subfund.
3. To authorize the Real Estate Maintenance and Improvement Subfund to continue funding as authorized from excess revenue and above expenditure and to expand funding sources to include the surplus from the implementation of the International Public Sector Accounting Standards (IPSAS) when no revenue over and above expenditure is generated.
4. To establish a Revolving Strategic Real Estate Subfund as a long-range strategic approach towards improving PAHO's real estate portfolio and that it be established with an initial infusion of \$1 million from IPSAS surplus funds.
5. The Revolving Strategic Real Estate Subfund will be authorized to sustain future funding through a revolving mechanism of accepting revenue generated from the sale of PAHO-owned properties and miscellaneous income derived from the annual cancelation of procurement loans. The authorized use of all these funds includes preparation of new premises or for down payments or deposits for the purchase or leasing of facilities for use of the Organization.
6. To establish a new Vehicle Replacement Subfund based on proceeds from the sale of non-project vehicles at the Headquarters and PWR locations, to be used to supplement the purchase of non-project replacement vehicles.



PAN AMERICAN HEALTH ORGANIZATION

Pan American Sanitary Bureau, Regional Office of the



WORLD HEALTH ORGANIZATION

CE150/25 (Eng.)

Annex F

Report on the Financial and Administrative Implications for the Secretariat of the Proposed Resolution

1. Agenda item: 5.6 Master Capital Investment Plan

2. Linkage to Program and Budget:

(a) Strategic Objective 16: To develop and sustain PAHO/WHO as a flexible, learning organization, enabling it to carry out its mandate more efficiently and effectively

(b) Expected result:

RER 16.6 Physical working environment, infrastructure and employee health

3. Financial implications

(a) Total estimated cost for implementation over the lifecycle of the resolution (estimated to the nearest US\$ 10,000, including staff and activities):

Vehicle Replacement Subfund: approximately 10 vehicles are sold in a year with an estimated \$50,000 in sales. Proceeds were recycled into purchases of new vehicles prior to the switch to the International Public Sector Accounting Standards (IPSAS). Under IPSAS, the estimated amount went into Miscellaneous Income beginning in 2012.

Buildings: No PAHO buildings have been sold recently and thus the recycling of the sales proceeds is difficult to estimate.

(b) Estimated cost for the biennium 2012-2013 (estimated to the nearest US\$ 10,000, including staff and activities):

Using an annual estimate of \$50,000 dollars from above, a biennial cost might be \$100,000

(c) Of the estimated cost noted in (b), what can be subsumed under existing programmed activities?

None.

4. Administrative implications

(a) Indicate the levels of the Organization at which the work will be undertaken:

This work will continue to reside in the administrative areas at the PWR and Headquarters level.

(b) Additional staffing requirements (indicate additional required staff full-time equivalents, noting necessary skills profile):

This work should be accomplished within the existing staffing levels.

(c) Time frames (indicate broad time frames for the implementation and evaluation):

After the 2012–2013 biennium, the replenishment mechanism will be reviewed.



PAN AMERICAN HEALTH ORGANIZATION
Pan American Sanitary Bureau, Regional Office of the
WORLD HEALTH ORGANIZATION

CE150/25 (Eng.)
Annex G

ANALYTICAL FORM TO LINK AGENDA ITEM WITH ORGANIZATIONAL MANDATES	
1. Agenda item:	5.6 Master Capital Investment Plan
2. Responsible unit:	General Services Operations (GSO)
3. Preparing officer:	Edward Harkness, Manager, General Services Operations
4. List of collaborating centers and national institutions linked to this Agenda item:	None
5. Link between Agenda item and Health Agenda for the Americas 2008-2017:	None
6. Link between Agenda item and Strategic Plan 2008-2012:	SO16: To develop and sustain PAHO/WHO as a flexible, learning organization, enabling it to carry out its mandate more efficiently and effectively.
7. Best practices in this area and examples from countries within the Region of the Americas:	Maintenance of buildings with efforts to repair equipment prior to failure such as air conditioning units or repair damaged areas such as roofs, walls, pipes, floors and other structural areas prevents higher expenditures if these vulnerabilities are ignored and left untouched. Renovations of spaces will enhance the operating efficiency for PAHO staff members to deliver technical cooperation.
8. Financial implications of this Agenda item:	Unneeded or catastrophic losses to real property will be avoided by advance maintenance and repairs. Safe and sound buildings protect staff members.