Provisional Agenda Item 4.3

SPBA5/6 (Eng.)
5 February 2011
ORIGINAL: ENGLISH

MASTER CAPITAL INVESTMENT PLAN

Periodic Report on the Implementation of the Master Capital Investment Plan

Introduction

1. This document summarizes the Master Capital Investment Plan activities and projects for the current 2010–2011 biennium, for those proposed for the 2012–2013 biennium, and for those requested for the remainder of the ten-year plan 2014–2019 that may be funded by the Master Capital Investment Fund (MCIF) and by the PAHO Holding Account (HA).

Master Capital Investment Plan

2. The Master Capital Investment Plan reflects the Organization’s increasing efforts 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 activities and projects in the Master Capital Investment Plan that are funded by the Master Capital Investment Fund and by the Holding Account, the Secretariat has included references to both MCIF and HA activities and projects in this document and in the attached annexes.

3. 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 (October 2008); these included the Emergency Operations Center/Knowledge Center and the installation of energy-efficient windows in the Washington Headquarters building. Specific descriptions for Holding Account projects are found in Document CE146/27. Details on the Master Capital Investment Fund are outlined below.
Master Capital Investment Fund, 2010–2011 Biennium Funding


5. As stipulated in that same resolution, the Director received the approval of the Executive Committee in June 2010 to transfer an additional $2 million of excess income over expenditure from the 2008–2009 Regular Program Budget funds to the 2010–2011 Master Capital Investment Fund. The new funding was divided between the Real Estate and Equipment Subfund ($1 million) and the Information Technology Subfund ($3 million). As of 31 December 2010, the unobligated balances remaining from the 2010–2011 biennium were $121,135 in the Real Estate and Equipment Subfund and $729,290 in the Information Technology Subfund.

6. The Real Estate and Equipment Subfund may receive additional funding from the WHO Capital Plan, which was reactivated in the 2010–2011 biennium. The distribution of funds from this program has not been finalized.

Real Estate and Equipment Subfund

Projects at Headquarters in 2010–2011

7. The rehabilitation of the four elevators at the Headquarters building, previously approved in the 2008–2009 biennium, should proceed in this biennium. The General Services Area at Headquarters has received $30,000 to conduct a study of the major building systems and renovation projects at the Headquarters building. Given the various projects funded by the Holding Account and planned projects using the MCIF, a comprehensive review is needed to determine which projects have a higher priority and should proceed first, in order to minimize disruptions to operations in the building. The study, which has an estimated deadline of 30 April 2011, should provide a plan for the next ten years and beyond, to ensure that the Headquarters building remains in excellent condition.

* Unless otherwise specified, all monetary values in this document are expressed in US dollars.
Projects in PAHO/WHO Representatives’ Offices in 2010–2011

8. A total of $547,090 has been provided to six PAHO/WHO Representatives
Offices (PWR)** for projects in 2010–2011 (Annex A). They include:

- $33,000 to PWR Chile to relocate to a rented space following the February
  2010 earthquake;
- $340,242 to PWR Trinidad and Tobago to relocate to office space
  provided by the Member State;
- $12,000 to PWR Panama as a partial payment for a replacement rental air
  conditioning system;
- $65,000 to PWR Suriname to repair a building provided by the Member
  State for a Country Office site;
- $50,800 to PWR Guyana for various repairs to a building provided by the
  Member State; and
- $46,048 to PWR Haiti—$6,048 for legal fees to purchase a plot adjoining
  the PWR office building, and $40,000 to repair the PWR office building
  after the earthquake.

Projects planned for 2012–2013 and 2014–2019

9. Given the limited funds available, the proposed Real Estate and Buildings
projects planned for the 2012–2013 will be reviewed by the Project Infrastructure
Investment Committee, which was created by the Director in September 2009 to analyze
the Master Capital Investment Plan projects in both subfunds and issue recommendations
regarding their feasibility and priority. The distribution of projects for 2012–2013 and the
subsequent biennia in the remaining ten-year plan will depend on the results of the
aforementioned study at the Headquarters building, as well as the completion of similar
studies in the different locations of Country Offices and Centers.

** Also referred as “Country Offices.”
Information Technology Subfund

Projects in 2010–2011

10. A total of $1,773,000 was expended in 2010 on various Master Capital Investment Plan information technology projects (Annex B), including:
   - the procurement of desktop computers, laptops, and peripherals (printers and other equipment);
   - the procurement and installation of servers and hosting infrastructure;
   - the upgrading and renewal of existing software and procurement of new software; and
   - information security.

12. Expenditures during the biennium’s second year are expected to amount to $1,588,000 to cover:
   - procurement of desktop computers and memory upgrades to allow for the migration to Windows 7;
   - procurement of essential peripherals and printers;
   - continued investment in servers and data storage to strengthen the Organization’s “private cloud” capacity and to strengthen the capability for business continuity;
   - continued investments in information security;
   - continuation of software licenses for network and network hardware; and
   - continued investment in software licenses.


13. The projects planned for the 2012–2013 biennium (Annex B) include:
   - software licenses;
   - network infrastructure;
   - licenses and replacement systems for telephone systems, primarily at the country level;
   - information security hardware and software;
• servers and hosting infrastructure at Headquarters and Country Offices; and
• replacement of desktops, notebooks, and peripherals, including printers and scanners.

14. It is anticipated that from 2012 onwards there will be a significant shift to a server-centric computing model that emphasizes cloud computing. Consequently, the investment in desktops will shift toward notebooks replacing desktops in cases where high mobility is required.

15. The chart which outlines the 2012–2013 investment program (included in Annex B) also outlines the program for the final years of the current ten year program ending in 2019. Because the currently anticipated costs from 2014 onwards are likely to be affected by the deployment of the PAHO Management Information System (PMIS), significant changes in the projected costs are likely from that point on. At this time, these projects are included as information only.

Next Steps

16. Given the limited financial resources and the uncertainty over future funding availability, the Organization is committed to monitor and reassess essential projects and their estimated costs on an ongoing basis.

Action by the Subcommittee on Program, Budget, and Administration

17. The SPBA is invited to take note of this report and provide comments and recommendations.

Annexes
Expenditures for 2010, planned expenditures for 2011, and total expenditures for projects in real estate and building infrastructure, by funding source, as of 31 December 2010 (Real Estate and Building Subfund) (in US$)

<table>
<thead>
<tr>
<th>Project Description</th>
<th>2010 Expenditures</th>
<th>2011 Planned Expenditures</th>
<th>Total</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Country Offices</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Several repair, maintenance, and relocation requests (to be evaluated)</td>
<td>547,090</td>
<td>TBD&lt;sup&gt;1&lt;/sup&gt;</td>
<td>1,184,590</td>
<td>MCIF&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Headquarters (D.C.)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Conduct cost-benefit engineering study of major repairs for HQ building (approved in 2008–2009)</td>
<td>–</td>
<td>50,000</td>
<td>50,000</td>
<td>MCIF</td>
</tr>
<tr>
<td>Rehab elevators in HQ building (approved by the Director in March 2008)</td>
<td>–</td>
<td>700,000</td>
<td>700,000</td>
<td>MCIF</td>
</tr>
<tr>
<td><strong>Regional</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emergency Operations Center (EOC) and Knowledge Center (KC) (Holding Account Profile 1A)—first funding source</td>
<td>1,500,000</td>
<td>1,400,000</td>
<td>2,900,000</td>
<td>HA&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Country Offices</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improvements to facilities: Minimum Operating Security Standards (MOSS) Upgrades and security measures (Holding Account Profile 4A)</td>
<td>214,863</td>
<td>85,137</td>
<td>300,000</td>
<td>HA</td>
</tr>
<tr>
<td><strong>Headquarters (D.C.)</strong></td>
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<tr>
<td>Improvements to facilities: energy-saving measures (Holding Account Profile 4B)</td>
<td>620,000</td>
<td>1,100,000</td>
<td>1,720,000</td>
<td>HA</td>
</tr>
<tr>
<td><strong>Headquarters (D.C.)</strong></td>
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<tr>
<td>Improvements to facilities: the plaza drainage system repairs (Holding Account Profile 4C)</td>
<td>–</td>
<td>375,000</td>
<td>375,000</td>
<td>HA</td>
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<td><strong>Headquarters (D.C.)</strong></td>
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<tr>
<td>Improvements to facilities: security and sanitary measures (Holding Account Profile 4D)</td>
<td>330,000</td>
<td>–</td>
<td>330,000</td>
<td>HA</td>
</tr>
<tr>
<td><strong>Headquarters (D.C.)</strong></td>
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<tr>
<td>Improvements to facilities: HQ office tower roof repairs (Holding Account Profile 4E)</td>
<td>347,000</td>
<td>–</td>
<td>347,000</td>
<td>HA</td>
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<td><strong>Headquarters (D.C.)</strong></td>
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<tr>
<td>Improvements to facilities: renovation of Headquarters buildings (Holding Account Profile 4F)—first funding source</td>
<td>–</td>
<td>–</td>
<td>600,000</td>
<td>HA</td>
</tr>
</tbody>
</table>

<sup>1</sup> TBD = to be determined.
<sup>2</sup> Master Capital Investment Fund
<sup>3</sup> Holding Account
Projected costs for projects in the Information Technology Subfund,
as of 31 December 2011.
(in US$)

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Desktops and laptops</td>
<td>486,200</td>
<td>450,000</td>
<td>400,000</td>
<td>400,000</td>
<td>400,000</td>
<td>2,136,200</td>
</tr>
<tr>
<td>Other peripherals including printers</td>
<td>206,900</td>
<td>250,000</td>
<td>250,000</td>
<td>250,000</td>
<td>250,000</td>
<td>1,206,900</td>
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<tr>
<td>Servers and hosting infrastructure</td>
<td>800,000</td>
<td>1,000,000</td>
<td>1,200,000</td>
<td>1,200,000</td>
<td>1,200,000</td>
<td>5,400,000</td>
</tr>
<tr>
<td>Information security</td>
<td>412,650</td>
<td>200,000</td>
<td>230,000</td>
<td>250,000</td>
<td>280,000</td>
<td>1,372,650</td>
</tr>
<tr>
<td>Telephony</td>
<td>216,800</td>
<td>200,000</td>
<td>200,000</td>
<td>200,000</td>
<td>200,000</td>
<td>1,016,800</td>
</tr>
<tr>
<td>Network infrastructure</td>
<td>110,500</td>
<td>200,000</td>
<td>200,000</td>
<td>200,000</td>
<td>200,000</td>
<td>910,500</td>
</tr>
<tr>
<td>Software</td>
<td>1,128,500</td>
<td>1,125,000</td>
<td>1,125,000</td>
<td>1,125,000</td>
<td>1,125,000</td>
<td>5,628,500</td>
</tr>
<tr>
<td>Totals</td>
<td>3,361,550</td>
<td>3,425,000</td>
<td>3,605,000</td>
<td>3,625,000</td>
<td>3,655,000</td>
<td>17,671,550</td>
</tr>
</tbody>
</table>