

158th SESSION OF THE EXECUTIVE COMMITTEE

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Provisional Agenda Item 5.6

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REPORT ON THE MASTER CAPITAL INVESTMENT FUND

Introduction

1. The Director presented to the 156th Session of the Executive Committee in June 2015 a Report on the Master Capital Investment Fund (MCIF) and Reassessment of the Real Estate Projects in the Master Capital Investment Plan (Document CE156/24, Rev. 1). The Report identified repair and renovation liabilities in PAHO-owned buildings. It estimated the costs of the needed repairs and renovations at approximately US\$ 10 million¹ for Centers and country offices and approximately \$50 million for the Headquarters building. The Report also outlined options available to the Organization to address the identified liabilities, and potential strategies to implement the recommended options. The Directing Council in October 2015 approved the use of portions of the International Public Sector Accounting Standards (IPSAS)/budgetary and revenue surpluses to increase the MCIF.

Status of the Master Capital Investment Fund

2. The Master Capital Investment Fund comprises five subfunds created to provide distinct funding sources for:
- a) Real estate maintenance and improvements;
 - b) Information technology needs;
 - c) Vehicle replacement;
 - d) Purchase of new premises or real estate; and
 - e) Human Resources Strategy.

¹ Unless otherwise mentioned, all figures in this Report are expressed in United States dollars.

3. As of 31 December 2015, the available budgetary fund balances in these subfunds were:

a)	Real Estate Maintenance and Improvement Subfund	\$6,137,562
b)	Information Technology Subfund	\$2,253,042
c)	Vehicle Replacement Subfund	\$1,367,805
d)	Revolving Strategic Real Estate Subfund	\$95,058
e)	Human Resources Strategy Subfund ²	\$1,055,178

4. In addition, the Reserve for the Master Capital Investment Fund, established in 2007 in accordance with Resolution CSP27.R19, had a budgetary fund balance of \$4 million as of 31 December 2015, of which the Director may allocate up to \$2 million during the 2016-2017 biennium to one or more of the MCIF subfunds.

Situation Analysis

5. During 2015, PAHO allocated funds from the MCIF to implement several projects in PAHO-owned country office properties.³ The annex to this document reports total funds expended during the 2014-2015 biennium for these projects.

6. Considering discussion during the 156th Session of the Executive Committee regarding the options relating to the Headquarters building contained in the report (Document CE156/24, Rev. 1), the Pan American Sanitary Bureau has undertaken in 2016 an additional study of the Headquarters area real estate market to produce a self-financing plan, using the existing assets and revenues of the Organization, to implement the necessary repairs to the Headquarters building. This report will be presented to the Subcommittee on Program, Budget, and Administration in 2017.

Action by the Executive Committee

7. The Executive Committee is invited to take note of this report and to provide any recommendations it might consider necessary.

Annex

² Funds to support the Human Resources Strategy were approved in Resolution CD54.R13 (2015) together with \$2,000,000 for the Information Technology Subfund. A new subfund of the MCIF was established for the Human Resources Strategy, in order to recognize that human resources are a major component of the total capital of the Organization, and in order to facilitate transparent reporting to the Governing Bodies on the use of the funds.

³ The MCIF provides funds only to projects in PAHO-owned premises; the costs related to rented premises are funded through general operating expenses.

Annex

MASTER CAPITAL INVESTMENT FUND

**Real Estate Maintenance and Improvement Subfund
Projects implemented during the 2014-2015 biennium
(as of 31 December 2015, in US dollars)**

Location	Description	Total
	Architectural services ¹	53,537
	Electrical panel replacement	32,200
	Elevators' upgrade ²	161,528
	Heating and cooling equipment	77,628
	Security assessment of main floor/entrances	22,115
	TOTAL	347,008
PWR* Argentina	Repairs and renovations based on Condition Assessment of 2014 Replacement of outdated wiring and installation of new lighting system	20,712
PWR Barbados	Replacement of emergency generator, roof straps, and fire sensors	19,867
PWR Belize	Replacement of camera surveillance system	768
PWR Colombia	Relocation of PWR office	8,389
PWR Cuba	Renovation/repairs in main office building and auxiliary building	23,874
PWR Dominican Republic	Replacement of AC equipment	23,223
PWR El Salvador	Replacement of AC equipment	39,045
PWR Guatemala	Relocation of PWR office	27,752
PWR Guyana	Replacement of AC compressors and ducting, security upgrades, and interior space rehabilitation	17,458
PWR Haiti	Repairs and renovations based on Condition Assessment of 2014 ³	108,946
PWR Jamaica	Repairs and renovations based on Condition Assessment of 2014 Repaving of parking lot, exterior repainting, and window blind replacement	27,611
PWR Nicaragua	HVAC, electrical, and other infrastructure rehabilitation of auditorium	77,598

¹ Detailed floor plans for the Headquarters building were not available in a format usable for modern renovation projects and needed to be produced to support future renovation projects.

² The project and the estimated budget for upgrade of elevators were first presented at the 142nd Session of the Executive Committee (see Document CE142/INF/11) in 2008. The purchase order was concluded in 2011 for a total amount of \$941,195. This amount covers the final payment for this project.

³ These repairs were listed in Document CE156/24, Rev. 1 (2015).

Location	Description	Total
PWR Peru	Interior renovation and electrical upgrade to auditorium and cafeteria	34,920
PWR Suriname	Repairs and renovations based on Condition Assessment of 2014	22,604
Total		799,775

* PAHO/WHO Representative Office.

Information Technology Subfund
Projects implemented during the 2014–2015 biennium
(as of 31 December 2015, in US dollars)

Location	Description	Total
PAHO Headquarters (Washington, D.C.)	Procurement of software licenses and computer maintenance	880,491

Vehicle Replacement Subfund
Projects implemented during the 2014–2015 biennium
(as of 31 December 2015, in US dollars)

Location	Description	Total
PWR Bahamas	Vehicle replacement ⁴	9,508
PWR Chile	Vehicle replacement	44,846
PWR Cuba	Vehicle replacement ⁵	7,493
PWR Dominican Republic	Vehicle replacement	19,807
PWR Ecuador	Vehicle replacement	31,782
PWR Guatemala	Vehicle replacement	22,065
PWR Mexico	Vehicle replacement ⁶	11,978
PWR Nicaragua	Vehicle replacement	17,500
Total		164,979

⁴ The total cost of the vehicle of PWR Bahamas (\$38,954.70) was financed with \$9,508 from the MCIF and the remainder from the PWR general operating expenses.

⁵ The total cost of the vehicle of PWR Cuba (\$23,700.00) was financed with \$7,493 from the MCIF and the remainder from PWR general operating expenses.

⁶ The total cost of the vehicle of PWR Mexico (\$20,834.83) was financed with \$11,978 from the MCIF and the remainder from the PWR general operating expenses.

Revolving Strategic Real Estate Subfund
Projects implemented during the 2014–2015 biennium
(as of 31 December 2015, in US dollars)

Location	Description	Total
PWR Guatemala	Purchase of the PWR office	1,730,797
PWR Haiti	Reconstruction of the PWR office	1,000,000
Total		2,730,797

Human Resources Strategy Subfund
(a new fund created after the last Directing Council,
with no activity in the 2014-2015 biennium)

Location	Description	Total
PAHO Headquarters (Washington, D.C.)	No activity.	1,055,178

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