

160th SESSION OF THE EXECUTIVE COMMITTEE

Washington, D.C., USA, 26-30 June 2017

Provisional Agenda Item 5.3

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PROGRAMMING OF THE REVENUE SURPLUS

Background

1. The budgeted miscellaneous revenue for the biennium 2014-2015 was US\$ 6 million¹ However, the actual miscellaneous revenue at the end of the biennium 2014-2015 was \$13,863,887.91, which resulted in a surplus of \$7,863,887.91. This revenue surplus consisted mainly of interest earnings from investments of excess liquidity.

2. In May 2015, the Pan American Sanitary Bureau (PASB) presented a Report on the Master Capital Investment Fund and Reassessment of the Real Estate Projects in the Master Capital Investment Plan (Document CE156/24, Rev. 1). The report included the results and recommendations of the 2014 conditions assessment survey of the Pan American Health Organization's Headquarters main building in Washington, D.C., as well as the PAHO/WHO Representative (PWR) offices across the Region. The report included specific repair work to be carried out and the cost estimates for both the Headquarters and PWR offices.

3. The results of the conditions assessment survey also included estimated capital costs of approximately \$50 million for both relocation and renovation works for the Headquarters and the PWR offices assessed. The details of the options to relocate or renovate were discussed at the 156th Session of the Executive Committee. The Committee requested that PASB develop a self-financing plan to implement the required works without requesting any special assessment or increase in assessed contributions.

Analysis and Rationale

4. Revenue surplus of \$2.0 million from fiscal year 2014 was programmed to the Master Capital Investment Fund as a first step to address the issue of long term real estate improvement needs.

¹ Unless otherwise indicated, all monetary figures in this report are expressed in United States dollars.

5. Based on the need to refurbish and maintain the Organization’s buildings at Headquarters and in PWR Offices across the Region, as a next step toward accumulating the necessary funds, the Director determined that the total amount of \$7,863,887.91 from the revenue surplus should be programmed to the Real Estate Maintenance and Improvement Subfund, which is part of the Master Capital Investment Fund.

6. The 11th Session of the Subcommittee on Program, Budget and Administration concurred with the Director’s determination, as provided in Financial Regulation 4.8.²

Fund	Purpose	Amount
Real Estate Maintenance and Improvement Subfund	Finance renovation of the Headquarters of the Pan American Health Organization in Washington, D.C.	\$7,863,887.91

Action by the Executive Committee

7. The Executive Committee is invited to take note of this report and provide any comment it may deem necessary.

² Text of Rule 4.8 of the Amendments to the Financial Regulations and Financial Rules of PAHO: “Any excess of revenue over the Budgeted Miscellaneous Revenue at the end of a budgetary period shall be considered a revenue surplus and shall be available for use in subsequent periods to cover the unfunded portion of the Strategic Plan, as determined by the Director and with the concurrence of the Subcommittee on Program, Budget, and Administration” (Document CD54/17 [2015]).