

**11th SESSION OF THE SUBCOMMITTEE
ON PROGRAM, BUDGET, AND ADMINISTRATION
OF THE EXECUTIVE COMMITTEE**

Washington, D.C., USA, 22-24 March 2017

Provisional Agenda Item 5.4

SPBA11/INF/4
8 February 2017
Original: English

UPDATE ON THE MASTER CAPITAL INVESTMENT FUND

Introduction

1. In June 2015, the Director presented the Report on the Master Capital Investment Fund (MCIF) and Reassessment of the Real Estate Projects in the Master Capital Investment Plan (MCIP) (CE156/24, Rev.1) to the 156th Session of the Executive Committee. The report identified repair and renovation liabilities in PAHO-owned buildings and estimated the cost of the needed repairs and renovations at approximately US\$ 10 million¹ for the Centers and Country Offices and approximately \$50 million for the Headquarters building. The report also outlined options available to the Organization for addressing the liabilities identified and potential strategies for implementing the recommended options. In October 2015, the 54th Directing Council approved the use of portions of the International Public Sector Accounting Standards (IPSAS)/Budgetary and Revenue Surpluses to increase the MCIF in support of this strategy.

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 indicated, all monetary figures in this document are expressed in United States dollars.

3. As of 31 December 2016, the available budgetary fund balances in these subfunds were:

a) Real Estate Maintenance and Improvement Subfund	\$5,421,725 ²
b) Information Technology Subfund	\$1,578,506
c) Vehicle Replacement Subfund	\$1,353,749 ³
d) Revolving Strategic Real Estate Subfund	\$ 95,058
e) Human Resources Strategy Subfund	\$ 877,914

4. In addition, the Reserve for the Master Capital Investment Fund, established in 2007 in accordance with Resolution CSP27.R19, has a budgetary fund balance of \$4,000,000 as of 31 December 2016, of which the Director may allocate up to \$2,000,000 during the 2016-2017 biennium to one or more of the MCIF subfunds.

Situation Analysis

5. Based on the discussion held during the 156th Session of the Executive Committee regarding the report's options relating to the Headquarters building (Document CE156/24, Rev. 1 [2015]), the Pan American Sanitary Bureau (PASB) engaged the services of an expert real estate consultant to provide advice on the Headquarters area real estate market as the first step toward developing a self-financing plan to implement the necessary major repairs to the Headquarters building listed in the report. The plan will take into account all the properties currently owned and rented by PASB as well as a range of potential internal funding sources. As a next step toward mobilizing the approximately \$50 million required to cover future major repairs to the Headquarters building, PASB has recommended that the revenue surplus of \$7,863,887.91 from the 2014-2015 biennium be transferred to the Real Estate Maintenance and Improvement Subfund of the Master Capital Investment Fund (see Document SPBA11/9).

Action by the Subcommittee on Program, Budget, and Administration

6. The Subcommittee is invited to take note of this report and provide any recommendations it might consider necessary.

Annex

² Includes revenue from PAHO real estate leases in the amount of \$968,826.83.

³ Includes revenue from the sale of office vehicles at the Chile Country Office in the amount of \$10,367.00 and at the Guyana Country Office in the amount of \$27,151.88.

Annex

**Master Capital Investment Fund
Real Estate Maintenance and Improvement Subfund
Projects implemented in 2016
(as of 31 December 2016, in US\$)**

Location	Description	Total
Headquarters, Washington, D.C.	Basement renovations Building systems/electromechanical systems renovation Plaza site renovations Property leasing	1,347,929
Argentina	Refurbishment of electrical distribution board and CCTV system Environmental and maintenance management system	9,468
Costa Rica	Renovation of bathrooms	2,474
Dominican Republic	Purchase and installation of HVAC system	17,899
Guyana	Energy saving measures for facades, security and HVAC upgrade, and roof and water pump repairs	43,713
Jamaica	Environmental and maintenance management system Replacement of air conditioning units / roof toilet extraction fan box	97,905
Office of the Eastern Caribbean Countries and Barbados	Replacement of fire detection system and improvement of security system Substitution and protection of roof AC pipe coating/installation of an exhaust pipe for standby generator Renovation of the electrical system/lighting	43,671
Peru	Replacement of UPS equipment, upgrade of interior lighting, and installation of movement detectors Repairs and enhancement of exterior lighting system and CCTV systems Replacement of auditorium air conditioning system Replacement of water distribution system and installation of sump pump	121,030
Suriname	Repainting and repair of office building	574
Total		1,684,663

**Master Capital Investment Fund
Information Technology Subfund
Projects implemented in 2016
(as of 31 December 2016, in US\$)**

Location	Description	Total
Headquarters, Washington D.C.	Implementation of the Information Technology Strategy: maintenance of Internet connectivity in Country Offices, implementation of new enterprise firewall across PAHO, and implementation of new PAHO e-mail platform.	674,536

**Master Capital Investment Fund
Vehicle Replacement Subfund
Projects implemented in 2016
(as of 31 December 2016, in US\$)**

Location	Description	Total
Guyana	Vehicle replacement	51,574

**Master Capital Investment Fund
Revolving Strategic Real Estate Subfund
Projects implemented during 2015–2016 biennium
(as of 31 December 2016, in US dollars)**

Location	Description	Total
Headquarters, and Country Offices	No activity	95,058

**Master Capital Investment Fund
Human Resources Strategy Subfund
Projects implemented in 2016
(as of 31 December 2016, in US\$)**

Location	Description	Total
Headquarters, Washington D.C.	Implementation of the Human Resources Strategy: acquisition and maintenance of the new recruitment software	177,264

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