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ON PROGRAM, BUDGET, AND ADMINISTRATION
OF THE EXECUTIVE COMMITTEE**

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**UPDATE ON THE MASTER CAPITAL INVESTMENT FUND
AND ON THE MASTER CAPITAL INVESTMENT PLAN IMPLEMENTATION**

Introduction

1. The purpose of this report is to inform Member States on the status of the Master Capital Investment Fund (MCIF) of the Pan American Health Organization (PAHO) and to provide an update on implementation of the Master Capital Investment Plan.

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.

3. The balance of the Master Capital Investment Fund was US\$ 17,937,738¹ as of 31 December 2021 and \$15,047,450 as of 31 December 2022 (Table 1).

**Table 1. Master Capital Investment Fund – Summary of Fund Balance
(US\$)**

MCIF Subfund	Balance 31 December 2021	Revenue 2022	Expenses 2022	Operating transfer- revenue	Balance 31 December 2022
Real Estate Maintenance and Improvements	16,334,153	108,411	8,698,520	5,412,640	13,156,684
Information Technology	175,171	0	4,762	1,000,000	1,170,409
Vehicle Replacement	1,132,188	74,243	645,709	-	560,722
Revolving Strategic Real Estate	112,442	-	-	-	112,442
Human Resources Strategy	183,784	-	136,591	-	47,193
TOTAL	17,937,738	182,654	9,485,582	6,412,640	15,047,450

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

4. In Table 1, the column headed “Operating transfer-revenue” includes additional funds approved for the MCIF Real Estate Maintenance and Improvements Subfund, totaling \$5,412,640, for use in the ongoing renovation of the Headquarters building in Washington, DC (HQ Renovation Project). This total comprises the following:

- a) \$1,000,000.00 from the Reserve for the Master Capital Investment Fund, approved by the Director in 2022.²
- b) \$2,102,309.15³ from the total balance of the PASB Management Information System (PMIS) surplus, per Resolution CE171.R1 (2022), Use of the Balance of the PASB Management Information System Surplus.
- c) \$2,310,331.05 from the 2020-2021 budget surplus, per Resolution CSP30.R11 (2022), Programming of the Budget Surplus.

5. Additionally, the “Operating transfer-revenue” column includes a \$1,000,000 allocation from the 2020-2021 budget surplus to the MCIF Information Technology Subfund, per Resolution CSP30.R11.

6. The information presented in this report includes unaudited preliminary figures. The final figures will be available once the External Auditor completes and signs the Organization’s audited financial statements for 2022, which will occur or on before 15 April 2023.

Utilization of the Master Capital Investment Fund

7. Table 2 shows the utilization of the MCIF in 2022 by each subfund for Headquarters and PAHO/WHO Representative (PWR) Offices.

² The Reserve for the MCIF, established in 2007, had a balance of \$1,000,000 as of 31 December 2022. The Director may allocate up to \$2,000,000 from this Reserve during each biennium to one or more of the MCIF subfunds.

³ The transfer was made for \$2,102,309.15, as it was the remaining balance of the PMIS surplus funds.

**Table 2. Master Capital Investment Fund Utilization,
as of 31 December 2022
(US\$)**

Location	Description	Total
Real Estate Maintenance and Improvement Subfund⁴		
Headquarters, Washington, DC	Furniture and fixtures for 2121 Virginia Avenue building (work completed)	128,859
	HQ Renovation Project (work in progress)	8,362,806
Barbados	Building roof repairs and replacement (initial phase)	1,307
Bolivia	Relocation of PWR Office in Bolivia (completed)	182,212
Costa Rica	Roof replacement (initial phase)	608
Jamaica	Bathroom upgrade (initial phase)	1,217
Paraguay	Relocation of PWR Office in Paraguay (initial phase)	5,690
Venezuela	Security communication system (VHF radios)	15,821
Subtotal		8,698,520
Information Technology Subfund		
Paraguay	One Device Project (IT equipment) (completed)	4,762
Subtotal		4,762
Vehicle Replacement Subfund		
Belize	Vehicle replacement (one)	48,479
Brazil	Vehicle replacement (one)	34,914
Costa Rica ⁵	Vehicle replacement (one)	29,563
Guatemala	Vehicle replacement (five)	176,029
Haiti	Vehicle replacement (two)	151,377
Honduras	Vehicle replacement (three)	107,041
Jamaica	Vehicle replacement (one)	61,533
Panama	Vehicle replacement (one)	36,773
Subtotal		645,709
Revolving Strategic Real Estate Subfund		
Headquarters, Washington, DC, and PWR Offices	None	0
Subtotal		0
Human Resources Strategy Subfund		
Headquarters, Washington, DC	Development and implementation of the Recruitment Module in Workday	136,591
Subtotal		136,591
Total 2022 MCIF Implementation		9,485,582

⁴ The Director approved funding of the projects listed with the Real Estate Maintenance and Improvement Subfund, based on the PAHO Infrastructure and Investment Committee (PIIC) review.

⁵ In addition to the cash paid to acquire the new vehicles, Costa Rica traded in its obsolete vehicle for \$17,036.

Revenue

8. Table 3 shows the revenue credited to the MCIF in 2022.

**Table 3. Revenue Credited to the Master Capital Investment Fund,
as of 31 December 2022
(US\$)**

Location	Description	Total
Real Estate Maintenance and Improvement Subfund		
Headquarters, Washington, DC	Property leasing	108,411
Subtotal		108,411
Vehicle Replacement Subfund		
Brazil	Sale of obsolete vehicles (one)	11,769
Guatemala	Sale of obsolete vehicles (four)	37,816
Haiti	Sale of obsolete vehicles (one)	12,733
Mexico	Sale of obsolete vehicles (one)	11,925
Subtotal		74,243⁶
Total		182,654

Headquarters Building Renovation Project

9. Following up on reports presented in the updates on the Master Capital Investment Fund and the Master Capital Investment Plan (Documents CE170/24 and CE171/6), the ongoing renovation of the Headquarters building is scheduled to continue through mid-2023.

10. In August 2022 the construction phase of the renovation project began with demolition of the walls and ceilings on the second floor. As demolition exposed the condition of the existing heating and cooling systems, electrical network, and cabling, specialized subcontractors were able to evaluate these systems to identify challenges requiring design and engineering interventions. The asbestos abatement project that took place in October 2022 identified and removed asbestos-containing materials, in accordance with industry standards.

11. Construction work advanced quickly toward the end of 2022. In Conference Room A, new ductwork and in-ceiling units to improve air quality were installed, as well as new LED light fixtures and specialty lighting for the existing chandelier. Major mechanical equipment was removed, including the old induction units (HVAC) on both the second and tenth floors, and new units were installed in the new mechanical spaces. New spaces were provided in Conference Room A for up-to-date audiovisual systems and a centralized control booth. New framed partitions, acoustical insulation, and drywall were applied to

⁶ In addition to the cash obtained for the vehicle sales, Costa Rica traded in its obsolete vehicle for \$17,036. This brings to eight the number of vehicles sold or traded in during 2022 as part of the Vehicle Replacement Plan.

the refurbished areas. By the end of 2022, work began to replace the rotunda building roof. The tentative completion date, except for the delivery of audiovisual equipment, which is experiencing long lead times, is estimated for June 2023.

12. The total amount budgeted for the HQ Renovation Project is \$28.7 million, of which \$8.4 million had been spent as of 31 December 2022, as reported in Table 2.

Action by the Subcommittee on Program, Budget, and Administration

13. The Subcommittee is invited to take note of this report and provide any comments it deems pertinent.

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