

**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 5 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\$ 15 047 450¹ as of 31 December 2022 and \$3 038 382 as of 31 December 2023 (Table 1).

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

MCIF subfund	Balance 31 December 2022	Revenue 2023	Expenses 2023	Balance 31 December 2023
Real Estate Maintenance and Improvements	13 156 684	71 233	11 416 149	1 811 768
Information Technology	1 170 409	0	308 640	861 769
Vehicle Replacement	560 722	201 325	500 829	261 218
Revolving Strategic Real Estate	112 442	0	52 442	60 000
Human Resources Strategy	47 193	0	3 566	43 627
TOTAL	15 047 450	272 558	12 281 626	3 038 382

4. In addition, the Reserve for the Master Capital Investment Fund, established in 2007, had a balance of \$1 000 000 as of 31 December 2023. The Director may allocate up to \$2 000 000 from this Reserve during each biennium to one or more of the MCIF subfunds.

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

5. The information presented in this report includes unaudited preliminary figures. Final figures will be available once the External Auditor completes and signs the Organization's audited financial statements for 2023, which must occur on or before 15 April 2024 in accordance with PAHO Financial Regulation 14.9.

Utilization of the Master Capital Investment Fund

6. Table 2 shows the utilization of the MCIF in 2023 by each subfund for Headquarters and PAHO/WHO Representative (PWR) Offices.

Table 2. Master Capital Investment Fund Implementation, as of 31 December 2023
(US\$)

Location	Description	Total
Real Estate Maintenance and Improvement Subfund²		
Headquarters, Washington, DC	Furniture for Conference Rooms A, B, and C on the 2nd floor, and for offices on floors 2 and 10 PAHO HQ building renovation – Phase 1	10 598 519
Antigua and Barbuda	Furnishings for Antigua and Barbuda PWR Office	12 958
Barbados	Painting of main office building and surrounding building structures and extensive repairs of ceiling and roof infrastructure for Barbados PWR Office	409 992
Brazil	Photovoltaic solar energy system, Phase 1, for Brazil PWR Office	86 569
Costa Rica	Roof replacement for Costa Rica PWR Office	21 613
Dominica	Furnishings for Dominica PWR Office	13 926
Dominican Republic	Roof waterproofing for Dominican Republic PWR Office	14 665
Guyana	Structural assessment report, including cost estimate, for renovation of Guyana PWR Office building	3 334
Jamaica	Initial preparation of bid report on new bathroom and renovation/upgrade projects for Jamaica PWR Office	914
Paraguay	Retrofitting and furnishings for the new Paraguay PWR Office	202 974
Saint Lucia	Furnishings for Saint Lucia PWR Office	9 775
Trinidad and Tobago	Retrofitting and furnishings for the new Trinidad and Tobago PWR Office	40 910
Subtotal		11 416 149
Information Technology Subfund		
Headquarters, Washington, DC	Implementation of Workday Strategic Sourcing module, improvements to the PAHO cybersecurity and information security program, and HQ building backbone network upgrade and installation of new fiber optics	308 640
Subtotal		308 640

² The PAHO 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.

Table 2. Master Capital Investment Fund Implementation, as of 31 December 2023 (cont.)
(US\$)

Location	Description	Total
Vehicle Replacement Subfund		
Bahamas	Vehicle replacement (2)	79 993
El Salvador	Vehicle replacement (2)	86 600
Guatemala	Vehicle replacement (1)	19 964
Haiti	Vehicle replacement (2 armored vehicles)	214 647
Venezuela	Vehicle replacement (2)	99 625
Subtotal		500 829
Revolving Strategic Real Estate Subfund		
Headquarters, Washington, DC, and PWR Offices	Strategic real estate plan for 2121 Virginia Avenue building completed, and workspace strategy project ongoing	52 442
Subtotal		52 442
Human Resources Strategy Subfund		
Headquarters, Washington, DC	Development and implementation of the Workday Recruitment Module	3 566
Subtotal		3 566
Total 2023 MCIF implementation		12 281 626

Revenue

7. Table 3 shows the revenue credited to the MCIF in 2023.

Table 3. Revenue Credited to the Master Capital Investment Fund, as of 31 December 2023
(US\$)

Location	Description	Total
Real Estate Maintenance and Improvement Subfund		
Headquarters, Washington, DC	Property leasing	71 233
Subtotal		71 233
Vehicle Replacement Subfund		
Bahamas	Sale of obsolete vehicles (2)	8 647
Bolivia	Sale of obsolete vehicles (2)	16 100
El Salvador	Sale of obsolete vehicles (2)	31 670
Haiti	Sale of obsolete vehicles (5)	71 401
Honduras	Sale of obsolete vehicles (4)	57 576
Jamaica	Sale of obsolete vehicles (1)	11 831
Panama	Sale of obsolete vehicles (1)	4 100
Subtotal		201 325
TOTAL		272 558

Status of the PAHO Headquarters Building Renovation Project

8. In 2022 the Organization embarked on a renovation of the Headquarters building that was based on a 2015 assessment of the property's condition. The project includes several components: *a)* upgrading the air ventilation system throughout the building to address deficiencies in air quality, heating, and cooling; *b)* upgrading the outdated electrical system throughout the building; *c)* renovating the conference rooms, offices, and open spaces on floors 2 and 10, including upgrading all audiovisual systems; and *d)* improvements to the first floor lobby area.

Headquarters Building Renovation Project: Phase 1

9. Phase 1 work focused on completion of the second floor conference rooms in time for the 60th Directing Council held in September 2023. The work included new audiovisual systems in all 3 conference rooms; new tables in Conference Rooms A, B, and C; new seating in Conference Rooms B and C; revised seating layouts for added legroom in Conference Room A; new infrastructure through electrical and air handling equipment; accessibility improvements in all rooms including new access to the dais in Conference Room A; and a refresh of the floors, walls, and ceilings of floors 2 and 10.

10. A renovation of the main lobby area is near completion, including replacement of the glass panels at the east and west entrances and reconfiguration of the security/reception desk and turnstile at the west entrance. These enhancements will improve access control and minimize air leaks, reducing energy usage and allowing better regulation of the indoor environment. Ceilings, new lighting, and HVAC improvements to better heat and cool the space are complete.

Table 4. HQ Renovation, Phase 1 Implementation, as of 31 December 2023
(US\$)

Location	Description	Expenses as of 31 December 2023
HQ Renovation Expenses 2023		
Headquarters, Washington, DC	Design phase	1 991 270
	HVAC and electrical	10 768 857
	Renovation of floors 1, 2, and 10	8 348 397
	Conference rooms/audiovisual	5 496 110
	Furniture	621 158
TOTAL		27 225 792

Note: These figures represent the cumulative total expenses of Phase 1 since project inception.

Headquarters Building Renovation Project: Phase 2

11. Phase 2 work is underway, including a refresh of the restrooms on each floor of the building and replacement of HVAC units on floors 3–9. This will add the ability to simultaneously heat and cool the floors to mitigate overheating of offices on the south façade. It will also remedy inoperable heating and cooling system components that have led to uneven heating and cooling on floors 2–10. Initial concrete repairs to the garage parking space (basement) are near completion. Construction on floors 3–9 will be phased in 3 floors at a time, with completion by mid-2025.

Future Headquarters Building Renovations

12. As reported in the Report on the Master Capital Investment Fund and on the Master Capital Investment Plan Implementation (Document CE173/6), based on recommendations of the engineering consultants, the Organization should give future priority to replacement of all original windows in the PAHO Headquarters building. This process, known as reglazing, consists of replacing single-pane windows with double panes that provide thermal insulation by preventing the transfer of hot and cold air into the building. This Phase 3 of the project will further increase energy efficiency and ensure a safe working environment. It will also support PAHO's objective to operate a green building using up-to-date, sustainable workplace practices.

Funding

13. To finance infrastructure needs covered by the MCIF, the Director recommends that \$3 443 423 of the budget surplus be allocated to the Real Estate Maintenance and Improvement Subfund (see Document SPBA18/7, Programming of the Budget Surplus). Additionally, per this recommendation, \$14 300 000 of the revenue surplus balance for the 2022–2023 biennium should be allocated to the Real Estate Maintenance and Improvement Subfund to complete the Headquarters building renovation project, Phase 2 (see Document SPBA18/8, Programming of the Revenue Surplus).

Action by the Subcommittee on Program, Budget, and Administration

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