

**16th SESSION OF THE SUBCOMMITTEE
ON PROGRAM, BUDGET, AND ADMINISTRATION
OF THE EXECUTIVE COMMITTEE**

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UPDATE ON THE MASTER CAPITAL INVESTMENT FUND

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).

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\$ 19,746,027¹ as of 31 December 2020 and \$17,937,738 as of 31 December 2021 (Table 1).

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

MCIF Subfund	Balance 31 December 2020	Revenue 2021	Expenses 2021	Balance 31 December 2021
Real Estate Maintenance and Improvements	17,507,451	132,284	1,305,582	16,334,153
Information Technology	393,701	-	218,530	175,171
Vehicle Replacement	1,194,676	145,331	207,819	1,132,188
Revolving Strategic Real Estate	112,442	-	-	112,442
Human Resources Strategy	537,757	-	353,973	183,784
TOTAL	19,746,027	277,615	2,085,904	17,937,738

4. In addition, the Reserve for the Master Capital Investment Fund, established in 2007, had a balance of \$2,000,000 as of 31 December 2021. 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. The final report will be available once the External Auditors complete and sign the audit of the PAHO's financial statements for 2021, which will occur on or before 15 April 2022.

Utilization of the Master Capital Investment Fund

6. Table 2 shows the utilization of the MCIF in 2021 by each subfund for Headquarters and Country offices.

Table 2. Master Capital Investment Fund Utilization in 2021, as of 31 December 2021
(in US\$)

Location	Description	Total
Real Estate Maintenance and Improvement Subfund²		
Headquarters, Washington, DC	Digitization of legacy administrative archives. Furniture and various fixtures for 2121 Virginia Avenue building. 2121 Virginia Avenue building system repaired; HQ Boiler and Chillers overhaul; Fire Alarm System Update.	1,189,601
Barbados	Initial works for building roof repairs and replacement	65,504
Bolivia	Relocation of PWR Office in Bolivia – Initial Phase	14,366
Guatemala	Digitization of legacy archives and IT equipment	35,437
Guyana	Design phase for renovation of PWR-Guyana Country Office	674
Subtotal		1,305,582
Information Technology Subfund		
Headquarters, Washington, DC	Migration and hosting services for the PAHO web. Completion of the implementation of the Electronic Medical Records system. Upgrading and replacing IT equipment for Corporate Communications, Multimedia and Social Media teams.	177,413
Paraguay	One Device Project – IT equipment	41,117
Subtotal		218,530
Vehicle Replacement Subfund		
Bolivia	Vehicle replacement (one)	50,086
Brazil	Vehicle replacement – Brasilia (one); Bireme (two)	43,799
Ecuador	Vehicle replacement (one)	21,199
Mexico	Vehicle replacement (one)	23,064
Nicaragua	Vehicle replacement (one)	41,399
Paraguay	Vehicle replacement (one)	18,775
Uruguay	Vehicle replacement (one)	9,470
Adjustment	Exchange rate operation	27
Subtotal		207,819³

² PAHO Director approved funding of the projects listed with the Real Estate Maintenance Subfund, based on the PAHO Infrastructure and Investment Committee (PIIC) review.

³ In addition to the cash paid to acquire the new vehicles, countries traded their obsolete vehicles in for \$50,313 as follows: Brazil (3) for \$13,813, Ecuador (1) for \$22,000, and Uruguay (1) for \$14,500.

**Table 2. Master Capital Investment Fund Utilization in 2021,
as of 31 December 2021(cont.)**
(in US\$)

Location	Description	Total
Revolving Strategic Real Estate Subfund		
Headquarters, Washington, DC, and PWR Offices	None	0
Subtotal		0
Human Resources Strategy Subfund		
Headquarters, Washington, DC	Ongoing development and implementation of the Recruitment Module in Workday	353,973
Subtotal		353,973
Total 2021 MCIF Implementation		2,085,904

Revenue

7. Table 3 shows the revenue credited to the MCIF in 2021.

**Table 3. Revenue credited to the Master Capital Investment Fund in 2021,
as of 31 December 2021**
(in US\$)

Location	Description	Total
Real Estate Maintenance and Improvement Subfund		
Headquarters, Washington, DC	Property leasing	132,284
Subtotal		132,284
Vehicle Replacement Subfund		
Headquarters, Washington, DC	Sale of obsolete vehicles (two)	32,000
Belize	Sale of obsolete vehicles (one)	7,500
Bolivia	Sale of obsolete vehicles (one)	10,949
El Salvador	Sale of obsolete vehicles (one)	12,000
Guatemala	Sale of obsolete vehicles (two)	16,346
Haiti	Sale of obsolete vehicles (one)	16,995
Nicaragua	Sale of obsolete vehicles (one)	24,300
Paraguay	Sale of obsolete vehicles (one)	8,740
Venezuela	Sale of obsolete vehicles (one)	16,500
Subtotal		145,331⁴
Total		277,615

⁴ In addition to the cash obtained for the vehicles sales, countries traded obsolete vehicles in for \$50,313 as follows: Brazil (3) for \$13,813, Ecuador (1) for \$22,000, and Uruguay (1) for \$14,500. This makes 16 the number of vehicles sold/traded-in in 2021 as part of the Vehicle Replacement Plan.

Headquarters Building Renovation Project

8. Following recommendations presented in the 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 Organization has embarked on a construction project that includes three main components: *a)* upgrading the air ventilation system throughout the building to address the deficiencies in air quality, heating, and cooling; *b)* upgrading the outdated electrical system throughout the building and *c)* renovating the 2nd and 10th floor conference rooms, including upgrading of all audiovisual systems.

9. In order to finance infrastructure needs covered by the MCIF, the Director recommends that \$3,310,331.05 of the budgetary surplus balance for the 2020-2021 biennium be allocated to the MCIF, as follows: \$2,310,331.05 to the Real Estate Maintenance and Improvement Subfund, and \$1,000,000 to the Information Technology Subfund. For further information, please see Document SPBA16/9, Programming of the Budget Surplus.

Action by the Subcommittee on Program, Budget, and Administration

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

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