



# WORLD HEALTH ORGANIZATION

**EXECUTIVE BOARD**  
**107th Session**  
**Provisional agenda item 5.3**

**EB107/12**  
**7 December 2000**

## Real Estate Fund

### Report by the Director-General

#### I. STATUS OF PROJECTS CURRENTLY UNDERTAKEN OR TO BE UNDERTAKEN BEFORE 31 MAY 2001

Office	Project	Amount US \$	Remarks
Africa	Replacement of the telephone exchange	565 00	The telephone exchange has been installed and is operational. Final adjustments are still to be completed
The Americas	Replacement of waterproofing of the windows and machine-house roof of the regional office building	50 00	Project completed
South-East Asia	Renovation/restructuring of regional office building	400 00	Project completed
	Replacement of the telephone exchange	400 00	The telephone exchange has been installed and is operational. Final adjustments are still to be completed
Europe	Recabling of the LAN infrastructure to make it year 2000 compliant	78 00	Project completed
Eastern Mediterranean	Construction of a new regional office building in Cairo	9 89	The new building was occupied in August/September 2000. Certain finishing touches are still being carried out. The full amount approved under the Real Estate Fund has been allocated and, as concerns the use of this Fund, the project may be considered as completed
	Replacement of the telephone exchange	425 00	The telephone exchange has been installed and is operational. Final adjustments are still to be completed

Office	Project	Amount US \$	Remarks
Western Pacific	Replacement of the telephone exchange	365 000	The telephone exchange has been installed and is operational. Final adjustments are still to be completed
Headquarters	Replacement of the telephone exchange	1 750 000	The telephone exchange has been installed and is operational. Final adjustments are still to be completed

## II. ESTIMATED REQUIREMENTS FOR THE PERIOD 1 JUNE 2001 TO 31 MAY 2002

Office	Project	Amount US \$	Comments
The Americas	Renovation of the WHO/PAHO building	3 250 000	<p>The heating, ventilation and air conditioning system, which dates back to the construction of the building, has been causing serious damage and problems as a result of leaks. The system needs complete replacement. As this will require major demolition work, the Office will take advantage to deal with three other related issues:</p> <p>(a) removal of asbestos in the ceilings and pipe insulation</p> <p>(b) harmonization of some features of the building with local building codes</p> <p>(c) creation of more flexible working areas so as to increase the overall accommodation capacity of the building.</p> <p>The full project has been estimated to cost US\$ 13 million. It has been past practice for the Real Estate Fund to finance 25% of WHO/PAHO real estate projects in the Washington, D.C. building, on grounds that a quarter of the office staff are financed by WHO.</p>

1. The Regional Office for Africa will be moving some of its staff in Harare to another building where minor repair and renovation is being carried out. No call has been made on the Real Estate Fund.
2. The Executive Board, at its 104th session, was informed that the Swiss Government had requested WHO to provide a right of way across its premises to land that belongs to the Geneva Government and is adjacent to WHO, in front of the main building.<sup>1</sup> The purpose of the right of way was to construct a building that would house the Inter-Parliamentary Union.
3. It had also been indicated to the Board that the Director-General would recommend a favourable response to the Geneva Government provided that WHO's present and future interests were protected in relation to security and fluidity of traffic on its premises, and that the interests of UNAIDS were taken into account in terms of its accommodation. The Executive Board had authorized the Director-General to negotiate with the Government as she considered appropriate.
4. The situation has substantially changed since that time:
  - (a) accommodation for the Inter Parliamentary Union has been found elsewhere;
  - (b) in view of the acute shortage of space, UNAIDS has had to move and is now split between two locations (WHO's V Annex and the World Council of Churches);
  - (c) the Geneva Government has indicated that the totality of the land adjacent to WHO (map attached as Annex I) could be made available to WHO/UNAIDS on a "right of use" basis (as is the case for most of headquarters' present premises);
  - (d) the Geneva Government has also submitted a long-term traffic plan for the general area where the international organizations are located. This plan would call for demolition of the V building, where part of UNAIDS is currently housed.
5. In view of these various developments, there have been discussions over the last year internally and between representatives of the Geneva Government, UNAIDS and WHO. The following additional points have emerged:
  - (a) the accommodation of UNAIDS in two separate locations creates an operational dysfunctionality that needs correction at the earliest possible occasion;
  - (b) current and projected extrabudgetary contributions have increased substantially. Although most of these contributions are deployed at country level, they create, and will continue to create, shortages in accommodation for technical programmes at headquarters;
  - (c) already many staff are having to share space normally intended for one person, and corridors are crowded with cupboards and equipment, creating a potentially hazardous situation;
  - (d) the Federal and State Governments would be prepared to finance a WHO/UNAIDS building on an interest free, 50-year reimbursable loan, as they have done for all headquarters' present premises. This loan would take into consideration compensation for demolition of the V building.

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<sup>1</sup> Document EB104/1999/REC/1, summary record of the second meeting, section 3.

6. Under (d) above, it would take four to five years before a building is ready for occupation. The economies of scale (cost and time) favour a construction that maximizes the use of available land. Historical and projected data indicate that the growth of extrabudgetary resources, including such arrangements as secondments, internships, fellowships and use of Associate Professional Officers, has, and can be expected to, increase space requirements by at least 30 work stations per year. At the same time, the number of meetings held at headquarters have doubled in the past 10 years.

7. Annex II shows the growth in extrabudgetary funds, work-station requirements, and meetings since 1988.

8. Maximizing use of land would result in a building that could accommodate approximately 400 work stations. Of these, approximately 200 would be required immediately to accommodate the present staff of UNAIDS. The remaining 200 are expected to be used to meet the projected requirements of WHO. Spare capacity, if any, would be offered for rental to some of the cosponsors of UNAIDS which are accommodated in different locations around Geneva.

9. The projected cost for this building, based on currently available estimates, is CHF 55 million. Assuming that only half of the building would be occupied by WHO, its share of the interest-free loan would be CHF 27.5 million, less the market-value compensation for the V building. It is proposed that repayment of this loan should be made in annual instalments (approximately CHF 550 000 per year over 50 years) through the Real Estate Fund. The first such instalment is not expected to be made before 2005, i.e. after completion of the building. None the less, it may be financially prudent to start setting aside monies for repayment as from the biennium 2002-2003.

10. Many details and processes need to be worked out, and the Executive Board will be consulted or kept informed of the developments of this project.

11. To meet immediate programme needs and in anticipation of the expected demand for offices and meeting rooms, measures are already being taken to place temporary structures on headquarters' premises that would accommodate up to 150 work stations and 10 medium-sized meeting rooms. These temporary structures will be put into place in a phased manner between February and September 2001, but do not require any call on the Real Estate Fund.

### III. FINANCIAL IMPLICATIONS

<b>Total estimated requirements US \$</b>	<b>Unencumbered balance US \$</b>	<b>Appropriation from casual income US \$</b>
3 250 000	560 288	2 689 712

#### **IV. ACTION BY THE EXECUTIVE BOARD**

12. In the light of the above, the Executive Board may wish to adopt a resolution along the following lines:

The Executive Board,

Noting the report of the Director-General on the status of projects being financed from the Real Estate Fund and the estimated requirements of the Fund for the period 1 June 2001 to 31 May 2002;<sup>1</sup>

RECOMMENDS to the Fifty-fourth World Health Assembly the adoption of the following resolution:

The Fifty-fourth World Health Assembly,

Having considered the report of the Director-General on the status of projects financed from the Real Estate Fund and the estimated requirements of the Fund for the period 1 June 2001 to 31 May 2002;

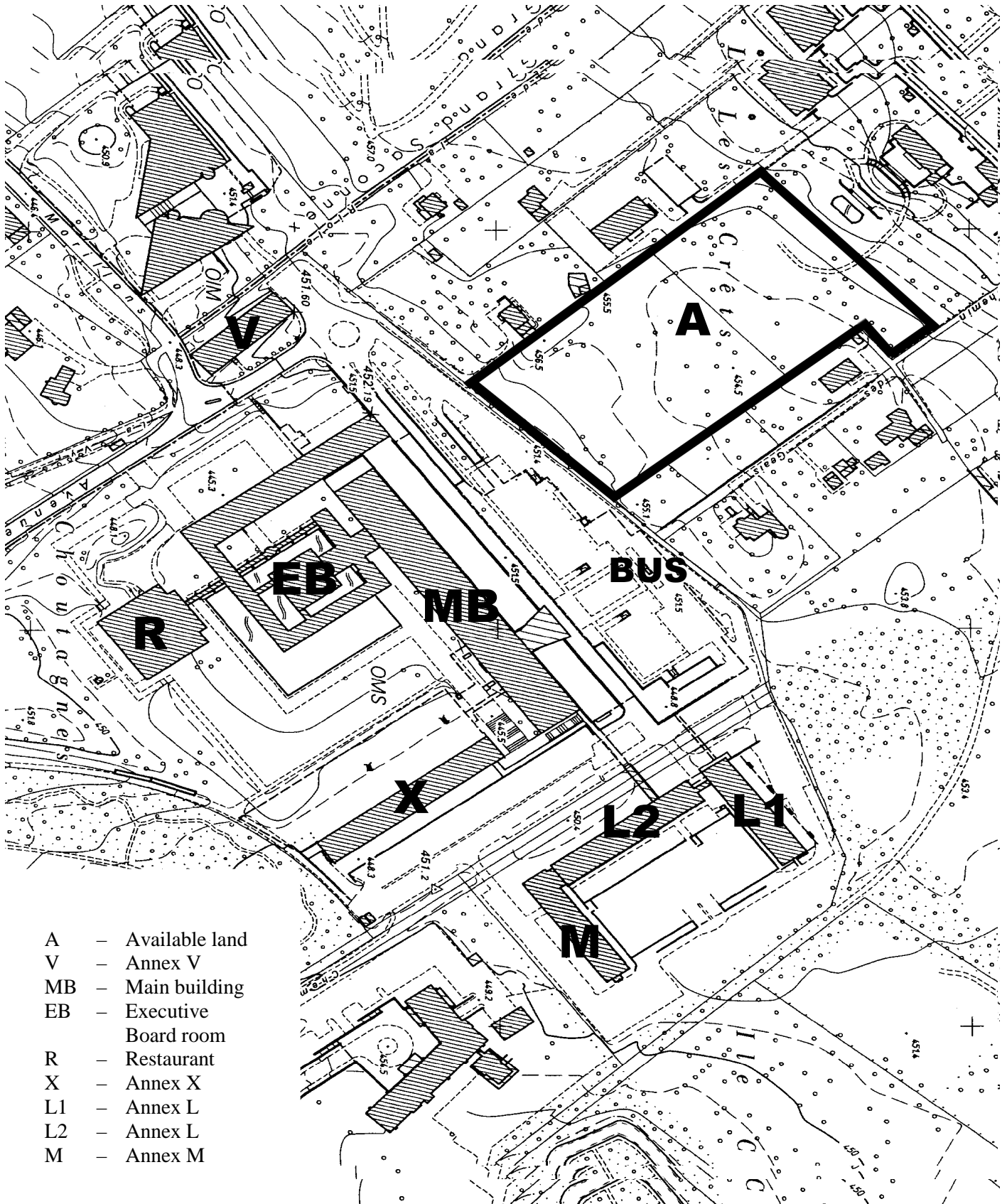
Recognizing that certain estimates must necessarily remain provisional,

1. AUTHORIZES the financing from the Real Estate Fund of the expenditures indicated under Section III of the Director-General's report, at an estimated cost of US\$ 3 250 000;
2. APPROPRIATES to the Real Estate Fund from casual income the sum of US\$ 2 689 712;
3. AUTHORIZES the Director-General to proceed with negotiations with the Swiss authorities concerning the project outlined in Section II of her report;
4. REQUESTS the Director-General to report further to the Fifty-fifth World Health Assembly;
5. EXPRESSES appreciation to the Swiss Confederation and to the Republic and Canton of Geneva for the continued expression of their hospitality.

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<sup>1</sup> Document EB107/12.

ANNEX I



- A – Available land
- V – Annex V
- MB – Main building
- EB – Executive Board room
- R – Restaurant
- X – Annex X
- L1 – Annex L
- L2 – Annex L
- M – Annex M

## ANNEX II

**NUMBER OF WORK STATIONS REQUIRED, MEETING HELD  
AND EXTRABUDGETARY RESOURCES AVAILABLE  
1988-2001**

	Work stations	Meetings	Extrabudgetary resources (US\$ million)
<b>1988</b>	1 607	N/A	
<b>1989</b>	1 737	N/A	
<b>1990</b>	1 790	1 798	(
<b>1991</b>	1 796	2 043	(222.7
<b>1992</b>	1 829	2 181	(
<b>1993</b>	1 800	2 380	(306.1
<b>1994</b>	1 767	2 787	(
<b>1995</b>	1 751	3 249	(354.5
<b>1996</b>	1 588	2 757	(
<b>1997</b>	1 731	2 940	(430.5
<b>1998</b>	1 842	3 914	(
<b>1999</b>	1 873	3 382	(630.9
<b>2000</b>	2 018		(
<b>2001</b>			(630.4 <sup>1</sup>
			(

<sup>1</sup> Projection based on receipts January to September 2000.

# ANNEX III

## REAL ESTATE FUND ESTIMATED SITUATION AS AT 31 DECEMBER 2000 (expressed in US dollars)

	1 January 1970 - 31 December 1997	1998-1999	2000 <sup>a</sup>	Total (from inception)
<b>1. BALANCE AT 1 JANUARY</b>	-	13 18	1 731	
<b>2. INCOME</b>				
Balance of Revolving Fund for Real Estate Operations (resolution WHA23.14).....	68 990	-	-	68 990
Casual income appropriated (resolutions WHA23.15, WHA24.23, WHA25.38, WHA28.26, WHA29.28, WHA33.15, WHA34.12, WHA35.12, WHA36.17, WHA37.19, WHA39.5, WHA42.10, WHA43.6, WHA44.29, WHA46.22, WHA47.25, WHA48.22, WHA50.10, WHA50.11, WHA52.15, WHA53.4)	43 176 4	(2 04	2 141	43 269 1
Transfer from Part II of the Working Capital Fund (resolution WHA23.15).....	1 128 4	-	-	1 128 4
Rents collected.....	8 788 7	177 66	34 000	9 000 4
Interest .....	7 227 2	1 04	420 000	8 692 5
Other .....	1 567	-	-	1 567
<b>Total income</b>	60 391 3	(825 96	2 595	62 161 1
<b>Total funds available</b>	60 391 3	12 35	4 327	62 161 1
<b>3. OBLIGATIONS AND EXPECTED OBLIGATIONS .....</b>	47 207 3	10 62	3 767	61 600 8
<b>4. BALANCE AT 31 DECEMBER 2000</b>	13 184 0	1 73	560 288	560 288

<sup>a</sup> Estimated.

<sup>b</sup> Funds appropriated for six projects in the Regional Office for Africa (resolution WHA50.10) for a total of US\$ 1 654 000, for one project in the Regional Office for the Americas (resolution WHA47.25) for US\$ 250 000 and for one project in the Regional Office for South-East Asia (resolution WHA45.9) for US\$ 145 000 have been refunded to casual income as per resolution WHA52.15 (total refunded US\$ 2 049 000).