

## **Real estate**

### **Report by the Director-General**

1. In May 2010, the Sixty-third World Health Assembly considered reports on the safety and security of staff and premises and on the Capital Master Plan,<sup>1</sup> a review that included the immediate and continuing needs of the Organization in respect of the repair and refurbishment of its ageing real estate facilities. The Health Assembly adopted resolution WHA63.7, in which, inter alia, it resolved to appropriate US\$ 22 million from Member States' non-assessed income to the Real Estate Fund in order to cover the costs of urgently needed renovation. It was proposed that such renovation be undertaken to improve the Organization's facilities, with a priority given to enhancing premises security, including urgently required refurbishment of the fire safety infrastructure to ensure compliance with modern fire security norms and standards in the main building at headquarters. The plans were also to proceed with the technical studies required to complete a full refurbishment.

2. The purpose of this report is to provide an update on progress with respect to the implementation of the Capital Master Plan, to outline the status of the Real Estate Fund, and to invite consideration of the proposal to construct a new WHO sub-office in Garowe, Puntland, Somalia.

#### **UPDATE ON IMPLEMENTATION OF THE CAPITAL MASTER PLAN**

3. Significant progress has been made in 2011 and 2012 in tackling the immediate refurbishment priorities that the Health Assembly authorized in resolution WHA63.7. In headquarters, the first phase of renovations on the urgently required fire security works to the main building has been completed. The work was designed to improve the ease of emergency escape from the main building and to impede the spread of fire should it occur. The renovations included enhancing the integrity of fire compartments within the main building structure, updating emergency signage, installing fire doors to emergency exit routes and elevators, installing equipment to pressurize vertical emergency exit routes and installing horizontal emergency exit routes.

4. Work has also continued on analysing and updating a refurbishment strategy for the headquarters site. A joint committee with representation from the Swiss authorities has been established for this work, which will include a re-evaluation of the floor-by-floor refurbishment plan for the main building, considering all potential possibilities for the headquarters site as a whole.

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<sup>1</sup> See documents A63/35 and A63/36.

5. Significant measures to ensure compliance with the United Nations Minimum Operating Security Standards have been undertaken in the regions, with work already completed in some. In the Eastern Mediterranean Region and the Western Pacific Region, for example, and in offices located in areas with a security level rating of “substantial”, “high” and “extreme”, compliance with such standards is currently at 100%. Increased efforts are required in the African Region to target compliance with these Minimum Operating Security Standards in locations with elevated security levels.

6. Table 1 provides a summary of the updated Capital Master Plan resource needs. The summary retains the financial assumptions relating to the floor-by-floor refurbishment of the main building, pending the outcome of the re-evaluation referred to in paragraph 3.

**Table 1. Summary of the Capital Master Plan resource needs**

Regional office/location	Estimated cost (US\$ thousand)					Total
	2012–2013	2014–2015	2016–2017	2018–2019	2020–2021	
Africa	4 054	2 000	1 915	1 950	800	<b>10 719</b>
The Americas	500	248	141	134	323	<b>1 346</b>
South-East Asia	4 445	6 180	7 405	1 150	1 600	<b>20 780</b>
Europe	5 285	1 200	1 200	1 250	1 250	<b>10 185</b>
Eastern Mediterranean	4 442	1 825	2 225	800	950	<b>10 242</b>
Western Pacific	1 830	1 000	1 000	1 000	1 000	<b>5 830</b>
Headquarters	20 050	44 230	44 600	29 300	7 300	<b>145 480</b>
<b>Total</b>	<b>40 606</b>	<b>56 683</b>	<b>58 486</b>	<b>35 584</b>	<b>13 223</b>	<b>204 582</b>

## STATUS OF THE REAL ESTATE FUND

7. A sum of US\$ 22 million was appropriated to the Real Estate Fund in 2010 and, in accordance with the instructions of the World Health Assembly, allocated to security-related priority projects and to the urgent fire safety works and preliminary refurbishment studies required in headquarters. In 2011, a sustainable financing mechanism for the Real Estate Fund was established comprising a biennial US\$ 10 million appropriation and a 1.5% increase to the post occupancy charge. Whereas the implementation of the 1.5% increase to the post occupancy charge yielded a contribution of US\$ 7.5 million to the Real Estate Fund at the start of 2012, no funds were available to facilitate the US\$ 10 million appropriation authorized previously,<sup>1</sup> as the assessed contributions were fully implemented.

8. The Capital Investment Master Plan Arbitration and Validation Panel developed an objective validation methodology to prioritize the allocation of real estate funds. The Panel continues to support and prioritize security-related and safety-related projects when allocating real estate funds. The volume and cost of priority security-related projects remain greater than the resources available to fund them and this has so far prevented substantial progress in reducing the backlog of repair and refurbishment (which had been identified previously).<sup>2</sup> The Real Estate Fund has a balance of approximately US\$ 6 million to be used for future projects, however, this is far less than the amount that would be required to undertake the building necessary repairs, particularly at headquarters and the regional offices.

<sup>1</sup> See resolution WHA63.7.

<sup>2</sup> See documents EB128/3 and EB128/35, progress report A.

9. The recently established sustainable financing mechanism for the Real Estate Fund has been implemented. Some of the Organization's facilities are approaching and, in some cases, exceeding their anticipated useful life. With respect to the Organization's real estate, it is clear that the scale of the short-term and medium-term funding requirements and related challenges may necessitate consideration of alternative and longer term solutions.

10. Consideration is being given to the significant operational and maintenance costs of the Organization's buildings, and the potential for future, long-term rationalization and efficiency. In particular, compliance with the United Nations Minimum Operating Security Standards and standards set by local laws is important. This approach implies a comprehensive, whole-life cost approach to facilities and real estate management, in partnership with host States and local authorities.

11. Table 2 indicates the status of the Real Estate Fund and the allocations made from it by the Capital Investment Master Plan Arbitration and Validation Panel since the appropriation approved by the Sixty-third World Health Assembly.<sup>1</sup> The table also indicates time lines for completion of projects in receipt of funding from the Real Estate Fund.

**Table 2. Status of the Real Estate Fund (as of 8 May 2012)**

Balance as of 1 January 2010	<b>2 818 721</b>				
Revenue as of 28 October 2011					
Appropriation from non-assessed income	22 000 000				
Other revenue (rent Regional Office for the Eastern Mediterranean)	1 559 574				
Rents collected to date (Regional Office for Africa)	1 022 591				
Rents collected (headquarters)	1 743 516				
Total revenue	<b>26 325 681</b>				
Total Real Estate Fund 2010–2011	<b>29 144 402</b>				
Disbursements in accordance with resolution WHA63.7	Allocation	<b>Expenditure to date</b>	<b>Encumbrances to date</b>	<b>Balance of funds previously allocated</b>	<b>Anticipated project completion date</b>
Headquarters building renovation & studies	10 557 143	7 185 914	2 907 623	463 606	Urgent works due to be completed in September 2012, studies ongoing
Headquarters repayment of loan	1 300 000	1 299 999	0	1	Project completed
Regional Office for Africa (award against anticipated revenue from rents)	1 205 000	983 779	160 188	61 033	Project completed 2011
Regional Office for the Eastern Mediterranean MOSS* compliance of construction work in country offices	2 433 657	1 241 938	402 400	789 319	Projects due to be completed in 2012 – balance of funds carried forward
Regional Office for the Eastern Mediterranean MOSS* compliance/ security in the Regional Office	1 090 000	902 921	39 494	147 585	Projects due to be completed in 2012 – balance of funds carried forward
Regional Office for the Eastern Mediterranean MOSS* compliance	2 105 109	2 068 027	2 031	35 051	Projects due to be completed in 2012 – balance of funds carried forward

<sup>1</sup> See documents EB128/3 and EB128/35, progress report A.

Regional Office for the Eastern Mediterranean MOSS* compliance	257 800	0	0	257 800	Projects due to be completed in 2012 – balance of funds carried forward
Regional Office for Europe urgent flood repairs	326 754	291 936	0	34 818	Project completed in 2011
Regional Office for South-East Asia fire detection and suppression system	600 000	0	0	600 000	Project deferred pending further study – due to be completed in 2013
Regional Office for the Western Pacific MOSS* compliance premises (Regional Office and country office Papua New Guinea)	620 000	541 915	637	77 448	Project completed
Fund balance available for further allocations December 2011	<b>8 648 939</b>	14 516 429	3 512 373	2 466 661	
Contribution from 2012 sustainable financing mechanism	7 500 000				
Appropriation under resolution WHA63.7	0				
Fund balance available for allocation January 2012	16 148 939				
2012 Capital Investment Master Plan Arbitration and Validation Panel allocations	Allocation	<b>Expenditure to date</b>	<b>Encumbrances to date</b>	<b>Balance of funds previously allocated</b>	<b>Anticipated project completion date</b>
Regional Office for South-East Asia (new country office Bangladesh)	450 000	0	0	450 000	
Regional Office for the Eastern Mediterranean (New office Garowe, Puntland, Somalia)	1 600 000	0	0	1 600 000	Pending approval by the Health Assembly for new construction
Regional Office for the Eastern Mediterranean (Relocation of Liaison Office Somalia)	430 000	0	0	430 000	Project completed
Regional Office for Africa (Renovation of compound roads and drains and lights)	1 687 000	0	0	1 687 000	Project due to be completed in 2013
Regional Office for the Western Pacific (earthquake analysis of the Regional Office)	230 000	0	0	230 000	Project due to be completed in 2013
Headquarters/IT (urgent upgrade LAN and PBAX)	1 900 000	0	0	1 900 000	Project due to be completed mid-2013
Headquarters/OSS** (repayment of Swiss loan 2012)	750 000	659 316	0	90 684	Project completed
Reconstruction of Haiti country office following earthquake	850 000	0	0	850 000	Project due to be completed in mid-2014
Regional Office for Africa (award made against anticipated revenue from Regional Office rents)	1 000 000	0	0	1 000 000	Project due to be completed in 2013
Regional Office for Africa (award made against anticipated revenue from Regional Office rents)	1 000 000	0	0	1 000 000	Project due to be completed in 2013
<b>Current balance available for allocation May 2012</b>	<b>6 251 939</b>	<b>659 316</b>	<b>0</b>	<b>9 237 684</b>	

\* MOSS: United Nations Minimum Operating Security Standards.

\*\* OSS refers to the Department of Operational Support and Services.

## **CONSTRUCTION OF A WHO SUB-OFFICE IN GAROWE, PUNTLAND, SOMALIA**

12. The purpose of the WHO presence in Garowe, Puntland, Somalia, is to provide support to the health authorities in Puntland, Somalia, whose mission is to provide basic primary health care services to the local population. The focus of WHO's work is capacity building of the local health workforce, providing technical support and guidance, providing monitoring and evaluation, supporting health need assessments and data collection and analysis.

13. The current WHO sub-office in Garowe is not compliant with the United Nations Minimum Operating Security Standards. Achieving compliance at the existing location is challenging due to the inadequate distance of the site from the public road. In addition, the current facilities lack appropriate storage space for emergency material and medical supplies, hindering the ability of WHO to respond effectively to emergencies. The Government has responded by making land available free of charge for the construction of a new Garowe sub-office. Plans are in place for the construction of a new building. This sub-office would accommodate WHO's activities and provide a sustainable and standards-compliant base from which the Secretariat could continue to support the Ministry of Health. The plan is for the facility to include office space, a training centre, conference facilities, an electronic library for medical research and a warehouse for emergency medical supplies. The Capital Investment Master Plan Arbitration and Validation Panel has provisionally approved funding for the construction of the new office from the Real Estate Fund, pending the approval of the governing bodies.

## **ACTION BY THE EXECUTIVE BOARD**

14. The Executive Board is invited to note the report, in particular, the updates provided on the Capital Master Plan and its implementation, and the status of the Real Estate Fund including the sustainable financing mechanism.

15. Further, the Board is invited to provide guidance on the Director-General's proposal, with a view to submitting to the Health Assembly for its consideration the approval of the construction of the new country sub-office in Garowe, Puntland, Somalia involving a budget of US\$ 1.6 million.

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