



**World Health Organization
Organisation mondiale de la Santé**

FORTY-EIGHTH WORLD HEALTH ASSEMBLY

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Real Estate Fund

Report by the Director-General

The Director-General reports to the Health Assembly in part I of this document on the status of projects being financed from the Real Estate Fund, and in part II on the provisional estimated requirements of the Fund for the period 1 June 1995 to 31 May 1996.

The Health Assembly may wish to authorize the financing from the Real Estate Fund of the projects considered in part II and summarized in part III of the present report, the costs of which, at current accounting rates of exchange, are estimated at US\$ 9 295 000. Part IV contains a draft resolution for consideration by the Health Assembly.

The Annex contains a table showing the situation of the Fund as at 31 December 1994 and an appendix shows obligations and expected obligations up to that date.

I. STATUS OF CURRENT PROJECTS UNDERTAKEN PRIOR TO 31 MAY 1995

1. Regional Office for Africa

1.1 The second phase of the project for the replacement of the drinking-water pipes on the Djoué estate of the Regional Office for Africa has been further delayed owing to local circumstances, and is now expected to be completed in 1995. The cost should remain within the previously estimated amount of US\$ 135 000.¹

2. Regional Office for the Americas/Pan American Sanitary Bureau

2.1 The renovation of the concrete façade of the Council Chamber of the Regional Office has been completed at a cost to the Real Estate Fund of US\$ 224 000.²

¹ Document EB91/1993/REC/1, Annex 2, p. 35.

² Document EB89/1992/REC/1, Annex 3, p. 45.

2.2 The roof covering of the Council Chamber has also been completed. The cost to the Real Estate Fund was the previously estimated amount of US\$ 20 000.¹

2.3 A lease agreement has been signed for the site where the Caribbean Programme Coordination office is to be constructed. The floor plans of the building are being reviewed and the contribution to the project by the Real Estate Fund is expected to remain within the estimated amount of US\$ 325 000.²

2.4 A site has been selected for the construction of the PAHO/WHO Representative's Office in Mexico. The cost to the Real Estate Fund should not exceed the previously estimated amount of US\$ 250 000.²

3. Regional Office for South-East Asia

3.1 One of the two lifts in the Regional Office for South-East Asia has been replaced. The second will be completed during the course of 1995. The costs are not expected to exceed the initial estimate of US\$ 71 000.³

3.2 Approval from the local government authorities for the addition of one floor to the Regional Office building has still not been obtained as a result of certain new regulations. Negotiations are in progress and it is expected that construction can be started and completed in 1995. The costs of the project will remain within the previously estimated amount of US\$ 145 000.³

3.3 The contract for the replacement of the air-conditioning plant in the Regional Office has been awarded. Certain improvements recommended by a consulting engineer, as well as price increases since the initial estimate, will result in a cost for this project about 20% above the initially estimated amount of US\$ 250 000.⁴

4. Regional Office for Europe

4.1 The contract for the improvement of security arrangements in the Regional Office for Europe has been awarded. Preliminary work has commenced and it is expected that the work will be completed within the previously estimated amount of US\$ 150 000.⁵

5. Regional Office for the Eastern Mediterranean

5.1 Following the agreement with the local authorities to construct jointly a building to be shared by the Ministry of Culture and the WHO Regional Office in Alexandria, the procedure for a design competition has been initiated. After selection of the design, bids for construction will be called. It is only after this stage that a precise estimate of the cost of construction will be available. All costs will be jointly shared, on a pro rata basis, between the Ministry of Culture and WHO. It is expected that WHO's participation in fees for architects and consulting engineers up to the completion of the bidding procedure will be approximately US\$ 300 000. The Health Assembly will be kept informed of developments.

¹ Document EB89/1992/REC/1, Annex 3, p. 45.

² Document WHA47/1994/REC/1, Annex 5, p. 144.

³ Document EB89/1992/REC/1, Annex 3, p. 46.

⁴ Document EB91/1993/REC/1, Annex 2, p. 36.

⁵ Document EB91/1993/REC/1, Annex 2, p. 35.

5.2 In the interim, the previous project, approved by resolution WHA43.6, has been deleted from requirements under the Real Estate Fund. The present project, once finalized, will be subject to consideration and approval by a future Health Assembly.

6. Headquarters

6.1 Bids have been invited for the necessary work to reinforce the structure of the tunnel over which runs the access road to the entrance of the main building. It is planned that the work will commence in June 1995 and should be completed by the end of the year. Costs are expected to remain within the initially estimated amount of SFr. 1 500 000.¹

II. ESTIMATED REQUIREMENTS FOR THE PERIOD 1 JUNE 1995 TO 31 MAY 1996

7. Regional Office for Africa

7.1 The electrical wiring in the print shop of the Regional Office for Africa dates back to the original construction and is no longer capable of taking the load generated by the increased use of heavy-duty modern equipment. Since the old wiring is becoming unsafe it is proposed to replace it at an estimated cost of US\$ 100 000.

7.2 The main passenger lift in the Regional Office for Africa was renovated in 1988 but has never functioned satisfactorily. It has been out of service since April 1994 as repairs have been ineffective. It is now proposed to replace it at an estimated cost of US\$ 130 000.

7.3 With the increase in size of the computer room and the print shop in the Regional Office for Africa, the air-conditioning unit servicing them has become inadequate. There have been numerous breakdowns since 1993, causing serious disruption in work and production. It is intended to replace the present unit with one more adapted to requirements. The estimated cost for this project is US\$ 120 000.

8. Regional Office for South-East Asia

8.1 The internal structure of the Regional Office building, completed in 1960, is no longer suited to present requirements and does not meet current local safety standards. The worn-out electrical wiring and water-pipes need to be replaced, as do all the light fixtures. The wall partitions need to be modified to increase flexibility in the use of space. The window fixtures should be renovated to prevent temperature loss and pollution. In addition, the conference hall requires complete renovation. It is estimated that the combined cost of the renovation and restructuring will be US\$ 400 000.

9. Headquarters

Local Area Network (LAN)

9.1 The transmission of information has taken on the same vital significance in a modern office building as that of other utilities such as electricity, telephone and water. The information infrastructure has therefore become an essential feature of the building infrastructure.

9.2 The present WHO headquarters Local Area Network (LAN) was installed at the end of 1985, in order (1) to solve the problem of interconnection of the existing computing equipment but the *ad hoc* cabling

¹ Document WHA47/1994/REC/1, Annex 5, p. 143.

resulted in the congestion of the ducts in the buildings; (2) to promote the integration of the computing services - administrative and scientific data-processing (on the mainframe computer), word-processing (on the Wang minicomputers) and personal computing (on microcomputers); (3) to share resources (software, hardware and communication facilities). The economic justification was a five-year projection according to which the number of computing devices to be interconnected would grow from 155 in 1985 to a little over 300 by the end of 1989.

9.3 Meanwhile information technology has grown beyond all predictions. It has penetrated virtually every sector of activity of the Organization, so that the related infrastructure has become of strategic importance for the Organization's essential activities and mission. The number of microcomputers connected to the LAN has increased much more rapidly than originally foreseen; in 1989 there were nearly 600 personal computers (PCs) connected to the LAN - double what had been predicted - and at the end of 1994 there were over 1400. It should be noted that the computing capacity of today's microcomputers is a hundredfold what it was in 1985.

9.4 This growth has significant consequences for the present headquarters LAN. A projection based on its utilization over the last several years indicates that it will reach saturation point by the middle of 1995; it will no longer be possible to introduce new applications requiring substantial communications capacity. This in turn would exclude the introduction and implementation of the WHO Management Information System (MIS). Other planned activities will also not be possible with the limitations of the present system: expansion of electronic mail, introduction of documents management, use of electronic forms, workflow automation and reducing the size of current mainframe applications.

9.5 Finally, the supplier of the present LAN has announced that, from the middle of 1996, it will not be possible to obtain spare parts or to maintain the current system.

9.6 In view of this a study was undertaken in early 1994 to analyse the situation and propose solutions. This study confirmed that the present system was close to saturation and that the technology used (broadband) was being phased out by the industry. It further established that, in view of its proprietary or supplier-dependent nature, the hardware components for and maintenance of the present LAN were far more expensive than is warranted by current market conditions. The study therefore concluded that it was not a viable information support infrastructure in the medium and long term and should be replaced.

9.7 A consulting firm was commissioned in October 1994 to undertake an in-depth feasibility study of the replacement of the LAN. Taking into consideration WHO's current and planned network activities the firm was asked to specify the technical characteristics of the new network infrastructure, encompassing the cabling system, the active network components and the network management system, and finally to establish a cost estimate.

9.8 The proposed solution recommended by the firm will:

- (a) allow WHO to meet current and anticipated communication requirements, in particular those of the MIS;
- (b) remain suitable for at least 10 years;
- (c) be based on international standards and, to the extent feasible, on nonproprietary components;
- (d) accommodate the integration of all communication services, voice, data and video material, and be equipped with *universal* connectors;
- (e) cover all workplaces, current and potential, with sufficient spare capacity for growth;

- (f) allow central and automated management, thus keeping staffing requirements to the minimum;
- (g) preinvest in a voice-carrying capacity that will replace, in the near future, the present telephone cable which is nonstandard, old and expensive to maintain.

9.9 The estimated cost of this project which, if approved, would have to be completed by the middle of 1996, is US\$ 6 765 000 at present rates of exchange.

Adaptation of the sub-basement

9.10 The sub-basement of the WHO headquarters main building was initially designed and built to house workshops and other mechanical installations. One part of the area contained WHO's mainframe computer.

9.11 Subsequently, this area was enlarged and used to install the International Computing Centre (ICC), into which the WHO mainframe computer was absorbed. Over the years ICC increased in size and added several installations in an even further expanded area. ICC recently moved out of WHO premises, vacating 600 m² of space.

9.12 In addition to a chronic shortage of office space, WHO headquarters has never had purpose-built areas for training and related activities. The Director-General therefore proposes to use this opportunity to convert the vacated space into a combination of offices, training areas and computer servicing facilities. One part of the area will also be used to accommodate the equipment for the new LAN referred to above.

9.13 A major renovation of the area will be required. The façade of the corresponding part of the building will have to be modified and flooring and lighting will have to be adapted so that the area can be used for offices. False ceilings will have to be put in for wiring and ventilation ducts. Partitions will have to be erected to separate offices and other areas. Appropriate heating and ventilation will have to be installed.

9.14 Once completed, the project is expected to yield approximately 300 m² of office space and 300 m² of training areas, computer and communication facilities. The estimated cost of the renovation is US\$ 1 780 000 at present rates of exchange.

III. SUMMARY

10. Considering that a LAN is today an integral part of any modern office building, its financing in totality from the Real Estate Fund is fully justified. None the less, the Director-General had proposed to the ninety-fifth session of the Executive Board¹ that, bearing in mind the low level of estimated available casual income at the time of preparation of the related documentation (approximately US\$ 9 million), only part of the costs be met from the Real Estate Fund, the balance being assessed against other resources. However, the final situation reveals that the available casual income (approximately US\$ 18 million at 31 December 1994) is far above what was expected in October 1994. Consequently, the Director-General now believes it is fully appropriate to charge the Real Estate Fund with the totality of the cost for replacement of the LAN. Had it been possible to determine sufficiently in advance of the ninety-fifth session of the Executive Board that a much higher level of casual income would eventually become available the Director-General would have made the same recommendation to the Executive Board as he is making to the Health Assembly.

11. To summarize, on the basis of the foregoing considerations, the estimated requirements of the Real Estate Fund for the period 1 June 1995 to 31 May 1996 are as follows:

¹ Document EB95/41 Rev.1.

	US \$
- Replacement of electrical wiring in the print shop of the Regional Office for Africa	100 000
- Replacement of the main passenger lift at the Regional Office for Africa	130 000
- Replacement of the air-conditioning system for the computer room and print shop of the Regional Office for Africa	120 000
- Renovation and restructuring of the internal structure of the Regional Office for South-East Asia	400 000
- Replacement of headquarters Local Area Network (LAN)	6 765 000
- Renovation of sub-basement at headquarters	1 780 000
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Total estimated requirements	9 295 000
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Unencumbered balance of the Real Estate Fund, including accrued interest, as at 31 December 1994 (see Annex) rounded off at	1 604 000
Shortfall which it is proposed to cover by appropriation by the Health Assembly	7 691 000

IV. MATTERS FOR THE PARTICULAR ATTENTION OF THE HEALTH ASSEMBLY

12. The Executive Board in its resolution EB95.R18 (see document EB95/1995/REC/1) recommended to the Forty-eighth World Health Assembly the adoption of a resolution, the text of which has been revised as follows to take into account changes in the method of financing described in paragraph 10 above:

The Forty-eighth 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 1995 to 31 May 1996;

Recognizing that certain estimates must necessarily remain provisional because of the fluctuation of exchange rates,

1. AUTHORIZES the financing from the Real Estate Fund of the expenditures summarized in part III of the Director-General's report, at an estimated cost of US\$ 9 295 000;
2. APPROPRIATES to the Real Estate Fund, from casual income, the sum of US\$ 7 691 000.

REAL ESTATE FUND
SITUATION AS AT 31 DECEMBER 1994

(expressed in US dollars)

	1 January 1970 - 31 December 1991	1992-1993	1994	Total (from inception)
1. BALANCE AT 1 JANUARY	-	5 922 950	3 160 172	-
2. INCOME				
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)	22 914 186	-	-	22 914 186
resolution WHA46.22	-	145 000	-	145 000
resolution WHA47.25	-	-	1 721 250	1 721 250
Transfer from Part II of the Working Capital Fund (resolution WHA23.15)	1 128 414	-	-	1 128 414
Rents collected	6 530 557	775 431	304 586	7 610 574
Interest	5 337 645	254 290	138 420	5 730 355
Other	1 567	-	-	1 567
Total income	35 981 359	1 174 721	2 164 256	39 320 336
Total funds available	35 981 359	7 097 671	5 324 428	-
3. OBLIGATIONS AND EXPECTED OBLIGATIONS (see Appendix to this Annex)	30 058 409	3 937 499	3 720 168	37 716 076
4. BALANCE AT 31 DECEMBER	5 922 950	3 160 172	1 604 260	1 604 260

ANNEX

Appendix

REAL ESTATE FUND
OBLIGATIONS AND EXPECTED OBLIGATIONS FROM INCEPTION
(1 JANUARY 1970) TO 31 DECEMBER 1994

(expressed in US dollars)

Purpose	Relevant authorization (resolution/decision)	Obligations				Total
		1 Jan 1970-31 Dec 1991	1992-1993	1994		
				Obligated	Earmarked	
1. Maintenance, repairs and alterations to houses for staff	WHA23.14, para. 3(i)					
Regional Office for Africa		4 168 841	518 716	213 991	381 007	5 282 555
Regional Office for the Eastern Mediterranean		161 419	19 636	20 000	-	201 055
		4 330 260	538 352	233 991	381 007	5 483 610
2. Major repairs, and repairs to the Organization's existing buildings	WHA23.14, para. 3(ii)					
Headquarters:						
Current repairs		903 101	-	-	-	903 101
Restoration of the structural safety of the eighth floor of the main building	WHA35.12 & WHA36.17	363 193	-	-	-	363 193
Renovation of the headquarters roofing and the technical installations built thereon ..	WHA39.5	335 757	-	-	-	335 757
Remodelling of the headquarters eighth floor	WHA39.5	1 550 363	-	-	-	1 550 363
Replacement of the telephone exchange ..	WHA42.10	2 071 272	102 863	30 475	14 548	2 219 158
Replacement of the Freon gas in the air-conditioning system	WHA47.25	-	-	-	231 000	231 000
Strengthening of the supporting structure below the access road to the headquarters building	WHA47.25	-	-	140 098	908 902	1 049 000
Regional Office for Africa		1 716 220	-	-	-	1 716 220
Regional Office for the Americas		167 470	215 250	110 250	-	492 970
Regional Office for South-East Asia		242 311	255 217	237 885	113 867	849 280
Regional Office for Europe		964 479	572 442	36 472	181 251	1 754 644
Regional Office for the Eastern Mediterranean		157 816	-	-	-	157 816
Regional Office for the Western Pacific		892 922	-	-	-	892 922
		9 364 904	1 145 772	555 180	1 449 568	12 515 424
3. Acquisition of land, construction/extension of buildings	WHA23.14 para. 3(iii)					
Headquarters						
Main building:						
Transfer to Headquarters Building Fund for part settlement of litigation with Compagnie française d'Entreprise	WHA23.18	655 140	-	-	-	655 140
Acquisition of land	WHA23.17	1 000 095	-	-	-	1 000 095
Second prefabricated building	WHA24.22	689 791	-	-	-	689 791
Third prefabricated building	WHA28.26	1 799 575	-	-	-	1 799 575
Architectural studies for proposed extension of main building	WHA24.22 & WHA25.38	243 832	-	-	-	243 832
Alterations to "V" building	WHA33.15	102 658	-	-	-	102 658
Additional car park	WHA33.15	104 564	-	-	-	104 564
Construction of a building to house the kitchen and restaurant	WHA36.17	2 728 844	-	-	-	2 728 844

Purpose	Relevant authorization (resolution/decision)	Obligations				Total
		1 Jan 1970-31 Dec 1991	1992-1993	1994		
				Obligated	Earmarked	
Regional Office for Africa						
Construction of additional staff housing	WHA23.16	936 937	-	-	-	936 937
First extension of Regional Office building . .	WHA23.16	751 585	-	-	-	751 585
Second extension of Regional Office building	WHA28.26	930 588	-	-	-	930 588
Acquisition of land for additional staff housing	WHA24.24	13 517	-	-	-	13 517
Conversion of staff housing	WHA34.12	292 955	-	-	-	292 955
Construction of small office building and staff housing in Malabo, Equatorial Guinea . . .	WHA34.12	599 287	-	-	-	599 287
Third extension of Regional Office building . .	WHA37.19	863 552	-	-	-	863 552
Purchase of five staff houses in Namibia . . .	WHA43.6	353 740	611	-	-	354 351
Replacement of the telephone exchange	WHA44.29	-	1 001 197	291 947	(17 744)	1 275 400
Regional Office for the Americas						
Construction of Zone Office, Brasilia (WHO's contribution)	WHA25.39	100 000	-	-	-	100 000
Construction of a building for the Caribbean Food and Nutrition Institute (WHO's contribution)	WHA35.12	300 000	-	-	-	300 000
Construction of an office for the Caribbean Programme Coordination, Barbados	WHA47.25	-	-	-	325 000	325 000
Construction of an office for the PAHO/WHO Representative in Mexico	WHA47.25	-	-	-	250 000	250 000
Regional Office for South-East Asia						
Extension of Regional Office building	WHA24.25	137 331	-	-	-	137 331
Fire-fighting equipment and emergency generator	WHA28.26	63 172	-	-	-	63 172
Installation of new telephone exchange	Dec.EB63(8)	120 557	-	-	-	120 557
Extension of Regional Office building, including new air-conditioning plant and electrical substation	WHA34.12	673 497	-	-	-	673 497
Additional stand-by generator	WHA35.12	84 791	-	-	-	84 791
Addition of one floor at the Regional Office building	WHA45.9	-	1 596	4 630	138 774	145 000
Regional Office for Europe						
Renovation of additional premises: 39 Strandpromenaden	WHA27.15 & WHA29.28	93 213	-	-	-	93 213
33 Strandpromenaden	Dec.EB63(8)	91 546	-	-	-	91 546
Installation of new telephone exchange	WHA29.28	190 000	-	-	-	190 000
Preliminary architectural study for extension of Regional Office building	WHA34.12	63 707	-	-	-	63 707
Lift and toilet facilities for disabled persons in the Regional Office	WHA34.12	38 102	-	-	-	38 102
Regional Office for the Eastern Mediterranean						
Extension of Regional Office building	WHA25.40	39 634	-	-	-	39 634
Additional extension of Regional Office building	WHA38.9	190 000	-	-	-	190 000
Architectural study for the extension of Regional Office building	WHA41.13	10 000	-	-	-	10 000
Construction of an annex at the Regional Office	WHA43.6	50 241	549 572	101 913	-	701 726
Regional Office for the Western Pacific						
Installation of fire detection and control equipment	WHA27.16	25 097	-	-	-	25 097
Extension of Regional Office building	WHA29.28	537 437	-	-	-	537 437
Additional extension of Regional Office building	WHA33.15	1 090 141	-	-	-	1 090 141
Construction of an annex at the Regional Office	WHA43.6	398 119	700 399	5 902	-	1 104 420
Total acquisition of land, construction/extension of buildings		16 363 245	2 253 375	404 392	696 030	19 717 042
TOTAL OBLIGATIONS AND EXPECTED OBLIGATIONS		30 058 409	3 937 499	1 193 563	2 526 605	37 716 076