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IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Executive Board – Eighty-Third Session

Rome, 1-2 December 2004

REPORT ON THE SPECIAL EXPENDITURE FOR IFAD'S NEW HEADQUARTERS

I. INTRODUCTION

1. At its Eighty-Second Session in September 2004, the Executive Board decided to recommend to the Governing Council the approval of the special expenditure of EUR 4.4 million (USD 5.4 million) to finance the renovation of some of the common areas and facilities of IFAD's new headquarters. The special expenditure average of EUR 1.5 million per year would be used over a period of three years (2005–2007).
2. The new building located at Via Paolo di Dono 44, near IFAD's present headquarters, needs to be fully renovated, as presented to the Executive Board in document EB 2004/82/R.34. The renovation works of the 30 000 square metres of covered area will start in January 2005 and will take approximately two years – the covered area includes 18 000 square metres of office space and 12 000 square metres of common support spaces.
3. The preliminary contract for the lease of the building will be signed with Pirelli & C. Real Estate by 31 December 2004. The contract provides for a 12-year lease extendible for another 12 years. The rental costs are paid by the Italian Government.
4. In deciding to recommend to the Governing Council the special expenditure of EUR 4.4 million, the Board requested additional information on the two following areas:
 - (a) renovation works to be financed by the special expenditure, and
 - (b) savings that the new building will offer to IFAD.
5. The attached tables present information on the Board's requests.

II. NEW DEVELOPMENTS

6. In finalizing the preliminary project design, including cost estimates and negotiations with the landlord, the request for a special expenditure has been reduced from EUR 4.4 million to EUR 3.4 million. This revised special expenditure budget will be included in the document sent to the Governing Council for approval.

III. RENOVATION WORKS TO BE FINANCED BY THE SPECIAL EXPENDITURE

7. The total estimated cost of renovating the 30 000 square metres of covered area is EUR 25.4 million. The total estimated cost was presented to the Executive Board in document EB 2004/82/R.34. The areas and costs to be covered by the special expenditure are presented below.

AREAS AND COSTS TO BE COVERED BY THE SPECIAL EXPENDITURE	
Item Description	Estimate (EUR)
Conference area Approximately 3 000 square metres comprising three meeting rooms, reception/lounge, Internet point, bar, exhibition/projection area and official dining room.	500 000*
Library Approximately 370 square metres with stacks for 50 000 items, reading, computer and display areas.	250 000
Cafeteria Approximately 750 square metres for kitchen and dining, to serve 400 people with a free-flow service.	400 000
Child-care centre Approximately 240 square metres with kitchenette, playground and adequate internal space to provide a safe and healthy environment for children.	50 000
Reception/lounge area/floor distribution areas Approximately 1 500 square metres, including distribution areas per floor. The reception includes desk, seating space and display area. The distribution areas include orientation system and landmarks personalized by floor.	400 000
Data centre Approximately 110 square metres with rack servers, fire detection and suppression system, back-up power system, lighting and anti-intrusion system.	300 000
LAN system The system includes all LAN wiring to provide each workstation, meeting rooms and conference area with computer network.	400 000
Project management and temporary staff IFAD's group established to work with Pirelli & C. Real Estate in overseeing that the project responds to institutional needs and standards and controlling that those needs are maintained and accomplished in all project phases, from design to bidding and construction.	500 000
External architectural and engineering firm The firm will provide architectural and engineering design and post-design services. In particular, it will provide support for bidding supervision, construction management, on-call advice and preparation of as-built design package for future facility management.	400 000
Interior design Professional services for space arrangement and decorative schemes, including fittings and furniture for conference, library, cafeteria, meeting rooms and reception/lounge areas. It also includes decoration schemes for distribution areas and formulation/implementation of a way-finding system.	200 000
TOTAL	3 400 000

* Other costs under this item will be covered by the Italian Government.

IV. NEW HEADQUARTERS ADVANTAGES AND SAVINGS

8. The advantages of housing all staff in one building, providing a more secure environment, hosting most of IFAD's meetings in-house, delivering efficient services and strengthening the organization's corporate image and culture were presented to the Executive Board in document EB 2004/81/R.29. The list below presents some minor savings that also could be realized. The major advantage, of course, will be productivity gains since staff will be located in one building.

- (a) Cost of hosting replenishment meetings externally (Italian Government budget of EUR 300 000 every three years).
- (b) Elimination of shuttle bus for mail between buildings. Purchase price of EUR 25 000 every five years plus annual maintenance costs (approximately EUR 1 000 annually).
- (c) Staff efficiency/productivity gains by not walking between buildings for travel agency, banking services, meetings, credit union. Estimated at one hour per week per staff member, at an average P3 = 50 hours x 600 = 30 000 hours or 15 person-years.
- (d) Security and safety of staff walking between buildings.
- (e) Hosting of seminars/workshops at IFAD rather than off-site (approximately 10 workshops or USD 50 000).
- (f) Efficiency gains in cleaning services and technical building maintenance.
- (g) Reduction in gardening services (approximately USD 10 000) due to smaller external grounds.
- (h) Reduction in security costs (amount still to be determined).
- (i) Elimination of condominium bills for IFAD/2 (approximately EUR 50 000 annually).