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Enabling the rural poor  
to overcome poverty

## **Report on the special expenditure for IFAD's new headquarters**

Executive Board — Eighty-ninth Session  
Rome, 12-14 December 2006

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For: **Information**

## **Note to Executive Board Directors**

This document is submitted for the information of the Executive Board.

To make the best use of time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document before the session:

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## **I. Introduction**

1. This report covers the commitments made against the special expenditure of EUR 3.4 million (US\$4.1 million, at the July 2004 exchange rate) approved by the Governing Council in February 2005 for IFAD's new headquarters. The approved amount is to finance the common areas and facilities of IFAD's new headquarters building at Via Paolo di Dono 44, in Rome, for the three-year period 2005-2007.

## **II. Update on renovation works**

2. During 2006, work on the new headquarters building focused on the reconstruction of the facade and construction of the building's interior inasmuch as the demolition phase and installation of all basic systems were completed in 2005. By mid-October 2006 the new facade was finished and construction work on the ground floor and on floors 1 to 7 – where the offices will be located – was progressing rapidly, with the aim of being completed by 31 January 2007.
3. By 15 October 2006, 50 per cent of the office modules had been built. Following the selection and tendering of materials, rubber floors and suspended ceilings were installed, and wood and glass partitions were put up to divide the office modules. In total 420 closed modules and 60 open modules of approximately 14 square metres each will be available as office space.
4. There will be two meeting rooms on each office floor, one holding up to 24 people and the other up to 14. All meeting rooms will be equipped with audiovisual systems for presentations, and three meeting rooms will have videoconference facilities.
5. Work on the ground floor and two lower floors (where the conference rooms are located) is continuing and is scheduled for completion by 30 April 2007. The finalization of the renovation work, including external areas – as programmed by the contractor, Pirelli & C. Real Estate – is planned for May 2007. The objective is to move into the new headquarters building by June 2007, but this date is entirely dependent on when Pirelli & C. Real Estate finalizes the renovation work.
6. As at 30 September 2006, Pirelli & C. Real Estate had carried out tenders for a total amount of EUR 17.5 million, or about 69 per cent of the total budget of EUR 25.4 million. It is estimated that by the end of 2006 this figure will rise to 90 per cent.

## **III. Update on utilization of the special expenditure**

7. With tenders completed for 69 per cent of the total budget, IFAD was in a good position to review and update the original categories of the special expenditure.
8. The review was done by comparing Pirelli's budget with the headings that IFAD had planned to cover with the special expenditure and establishing what expenditures were missing. This exercise gave a more accurate picture of how the IFAD resources will be used.
9. In particular, the review showed that the bulk of IFAD's special expenditure will be utilized in 2007, when the finishing of the common areas and construction of the conference area will be carried out. Installation of the data centre, the formalization of utility contracts and the contracting and provision of fittings and services will also

have an impact on this budget after Pirelli & C. Real Estate delivers the building to IFAD.

10. The following table presents a revised definition of categories and related costs of the special expenditure and a more detailed explanation of what the funds are budgeted for. It also gives the amounts committed as at 30 September 2006 under this budget. As can be seen from the table, 28 per cent of the budget has been utilized to date (i.e. EUR 939,000 of the total EUR 3.4 million).

**Utilization of the special expenditure, original and revised amounts**

(Euros)

<i>Item description</i>	<i>Amount budgeted</i>		<i>Amount committed (2005/06)</i>
	<i>Original</i>	<i>Revised</i>	
<b>Conference area</b> Approximately 3,000 square metres comprising three conference rooms, reception/lounge, Internet point, café, exhibition/projection area and official dining room. The funds for this area are budgeted for architectural and engineering services, audiovisual equipment and official dining room equipment, utensils, fittings and furniture.	500 000 <sup>a</sup>	500 000 <sup>a</sup>	0
<b>Library</b> Approximately 370 square metres with stacks for 50,000 items, reading, computer and display areas. The funds for this area will be used for archiving systems and library furniture.	250 000	200 000	0
<b>Cafeteria and kitchen</b> Approximately 750 square metres for the kitchen and dining area to serve 400 people with a free-flow service. The funds budgeted are for the purchase and installation of the kitchen and café equipment, furniture and fittings.	400 000	400 000	149 240
<b>Childcare centre</b> Approximately 240 square metres with kitchenette, playground and adequate internal space to provide a safe and healthy environment for children.	50 000	50 000	0
<b>Reception/lounge area and floor distribution areas</b> Approximately 1,500 square metres, including distribution areas per floor. The reception area includes a desk, seating space and display area. The distribution areas include the orientation system and landmarks personalized by floor. The funds for this area are budgeted for the reception desk, fittings, flagpoles, some furniture and decorative fixtures.	400 000	305 000	0
<b>Data centre</b> The funds under this heading will cover customized engineering and technical services and the start-up of new utility contracts.	300 000	145 000	0
<b>Local area network (LAN) system</b> The funds under this heading will partially cover software costs for the telephone system, voice data system and technical design fee.	400 000	400 000	0
<b>Project management and temporary staff</b> The IFAD group established to work with Pirelli & C. Real Estate in ensuring that the project responds to institutional needs and standards and that those needs are addressed in all project phases, from design to bidding to construction.	400 000	206 000	181 070
<b>External architectural and engineering firm</b> The firm provides architectural and engineering design and post-design services. In particular, it lends support for bidding supervision, construction management, on-call advice and preparation of as-built design package for future facility management.	200 000	352 000	351 930
<b>Staff costs</b> Costs related to three staff directly involved in implementation of the project: two Professional and one General Service.	500 000	552 000	252 690
<b>Offices, meeting rooms and common areas</b> Professional services for space arrangement and decorative schemes, including fittings and furniture for conference, library, cafeteria, meeting room and reception/lounge areas. Also includes decoration schemes for distribution areas and formulation/implementation of a way-finding system.	0	290 000	4 100
<b>Total</b>	<b>3 400 000</b>	<b>3 400 000</b>	<b>939 030</b>

<sup>a</sup> Other costs under this item will be covered by the Host Country Government.

#### **IV. Voluntary contributions**

11. To alleviate the impact on IFAD of the amount it will be financing, a resource mobilization strategy has been adopted that provides equal funding opportunities to all Member States.
12. A letter and brochure were sent to all Member States, over the period June to August 2006, informing them of these funding opportunities (see attachment). The brochure highlighted the generosity and commitment of the Italian Government to this project and to IFAD under the Headquarters Agreement and invited all Member States to support the refurbishment of the new headquarters building by sponsoring common areas.
13. Pakistan was the first country to confirm a contribution of EUR 70,000 to finance a meeting room. IFAD has also received expressions of interest from 10 other countries.

At the twenty-seventh session of the Governing Council, the Italian Government announced it would provide a new headquarters building for IFAD that would help to enhance the organization's performance and enable more efficient use of resources.

I am pleased to inform you that IFAD will move into its new headquarters on Via Paolo di Dono 44, Rome, in early 2007.

For the first time in its 28 years of operation, IFAD will have a headquarters building that responds to its long-term needs. IFAD staff members, who have been divided among different buildings since 1982, will be united in one workplace. Furthermore, this endeavour will provide a more secure environment, allow for the hosting of most of IFAD's meetings in-house, and strengthen the organization's corporate image.

As a visible symbol of our global partnership embodied in the new headquarters building, the Executive Board agreed that IFAD should seek voluntary contributions from Member States for the enhancement of the special areas in the new building, reflecting the artistic and cultural qualities of our members.

To facilitate participation from all Member States, a range of sponsorship opportunities is available, including special areas, conference rooms and meeting rooms with a country theme. Attached you will find a prospectus that provides details on these opportunities.

I would appreciate it if you would convey your country's interest in this project, and any questions or requests for additional information, to Ms Vera P. Weill-Hallé, Director of the Resource Mobilization Division.

Lennart Båge