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Report on the special expenditure for IFAD's new headquarters

Executive Board — Ninety-second Session
Rome, 11-13 December 2007

For: **Approval**

Note to Executive Board Directors

This document is submitted for approval by 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:

Theresa Panuccio

Director, Administrative Services

telephone: +39 06 5459 2217

e-mail: t.panuccio@ifad.org

Queries regarding the dispatch of documentation for this session should be addressed to:

Deirdre McGrenra

Governing Bodies Officer

telephone: +39 06 5459 2374

e-mail: d.mcgrenra@ifad.org

Recommendation for approval

The Executive Board is invited to consider the draft resolution contained in attachment 2 of the present document for the extension of the period for the use of the uncommitted amount of the special expenditure for IFAD's new headquarters by one year, to 31 December 2008; and to submit the resolution to the thirty-first session of the Governing Council for approval.

Report on the special expenditure for IFAD's new headquarters

I. Introduction

1. This report covers the status of work on IFAD's new headquarters in Via Paolo di Dono 44, Rome. It includes an update on: (a) construction work; (b) the special construction permission; (c) the use of the special expenditure; and (d) Member States' voluntary contributions.
2. The preliminary contract for the lease of the new headquarters was signed, in December 2004, with Tiglio I Srl under the umbrella of Pirelli & C. Real Estate. The contract established Pirelli & C. Real Estate's full responsibility for the construction work and IFAD's responsibility for obtaining the special construction permission for extending the conference area from 1,200 m² to 3,000 m².
3. At its twenty-eighth session, in February 2005, the Governing Council adopted Resolution 139/XXVIII approving a special expenditure of €3.4 million to finance the common areas and facilities of the new headquarters building for a three-year period during financial years 2005 to 2007 inclusive. It also authorized the President of IFAD to seek and receive voluntary contributions for financing some of the common support areas. The amount received from such voluntary contributions was to be deducted from the approved funds for special expenditures (see attachment 1).

II. Construction work

4. Pirelli & C. Real Estate will hand over the building by 30 April 2008. This represents a delay relative to the original date agreed in the preliminary contract. The work completion schedule is as follows:
 - Ground floor, by 30 November 2007;
 - Floors 1 to 7, by 14 December 2007;
 - Conference area (first basement level), by 15 April 2008;
 - Conference area (second basement level), by 15 April 2008; and
 - External areas, by 30 April 2008.

III. Special construction permission

5. In May 2005, IFAD began the process of seeking permission for extending the existing conference area from 1,200 m² to 3,000 m². Before permission could be granted, plans needed to be carefully reviewed by government entities including the Rome City Council, various departments of the Municipality of Rome and of the Lazio Region, and national institutions such as the health and fire administrations. In September 2007, the Ministry of Infrastructure approved construction work for the conference area after obtaining the positive endorsement of the different government entities. In October 2007, the Ministry issued a decree authorizing Pirelli & C. Real Estate to continue construction work to extend the existing conference area.
6. In May 2007, the Rome City Council authorized the construction of an underground parking garage in a lot adjacent to the building owned by the Municipality of Rome. This will add 200 parking spaces to the existing 250 that are already available on the building grounds. Steps have already been taken to address the numerous bureaucratic requirements that must be satisfied before construction work begins.

IV. Use of funds for the special expenditures

7. With building handover now scheduled for 30 April 2008, the use of the special expenditure needs to be synchronized with the timing of the works. As at

31 October 2007, 75 per cent of the €3.4 million authorized in Governing Council resolution 139/XXVIII had been used (i.e. €2.5 million). Accordingly, the Executive Board is invited to consider extending the use of the special expenditure until 31 December 2008 and to submit a proposal to this effect to the thirty-first session of the Governing Council for approval.

8. Table 1 presents the amounts budgeted and committed by category and the final balance to be used in 2008.

Table 1

Use of funds for the Special Expenditure 2005-2007

(Expressed in euros)

<i>Item description</i>	<i>Amount budgeted</i>	<i>Amount committed (2005-2007)</i>	<i>Balance</i>
Conference area	500 000 ¹	720 400	- 220 400
Approximately 3,000 m ² comprising three conference rooms, a reception/lounge, an Internet point, a cafe, an exhibition/projection area and an official dining room. Funds under this heading are budgeted for architectural and engineering services, audiovisual equipment, and official dining room equipment, utensils, fittings and furniture.			
Library	200 000	0	200 000
Approximately 370 m ² with stacks for 50,000 items, and reading, computer and display areas. Funds under this heading are budgeted for archiving systems and library furniture.			
Cafeteria and kitchen	400 000	332 200	67 800
Approximately 750 m ² for the kitchen and a cafeteria with a free-flow set-up accommodating 400 people. Funds under this heading are budgeted for the purchase and installation of the kitchen, and for cafe equipment, furniture and fittings.			
Childcare centre	50 000	64 000	- 14 000
Approximately 240 m ² , with kitchenette, playground and adequate internal space to provide a safe and healthy environment for children.			
Reception/lounge area and floor distribution areas	305 000	19 000	286 000
Approximately 1,500 m ² , including distribution areas per floor. The reception area includes a desk, seating space and a display area. The distribution areas include a wayfinding system and landmarks personalized by floor. Funds under this heading are budgeted for the reception desk, fittings, flagpoles, furniture and decorative fixtures.			
Data centre	145 000	0	145 000
Funds under this heading are budgeted for customized engineering and technical services, and the start-up of new utility contracts.			
Local area network (LAN) system	400 000	165 800	234 200
Funds under this heading will partially cover software costs for the telephone system, voice data system and technical design fee.			
Project management and temporary staff	206 000	206 000	0
The IFAD group established to work with Pirelli & C. Real Estate to ensure that the project responds to institutional needs and standards and that those needs are addressed in all project phases, from design to bidding and construction.			
External architectural and engineering firm	352 000	341 600	10 400
The firm provides architectural and engineering design and post-design services. In particular, it provides support for bidding supervision, construction management, on-call advice and preparation of an "as-built" design package for future facility management.			
Staff costs	552 000	513 600	38 400
Costs related to three staff members directly involved in implementing the project, two of whom Professional and one General Service.			
Offices, meeting rooms and common areas	290 000	184 900	105 100
Professional services for space arrangement and decorative schemes, including fittings and furniture for the conference area, library, cafeteria, meeting room and reception/lounge areas. Also includes decoration schemes for distribution areas and formulation/implementation of a wayfinding system.			
Total	3 400 000	2 547 500	852 500

¹ Other costs under this item will be covered by the Government of Italy.

V. Italy and IFAD

9. As per the Headquarters Agreement, Italy has confirmed that it will contribute €3.9 million towards some of the construction work, and discussions are under way on the final construction costs, security, interpretation systems and furniture expenses. This amount is in addition to the €3.4 million special expenditure funds, agreed under Resolution 139/XXVIII.

VI. Member States voluntary contributions

10. As at 31 October 2007, eight Member States had pledged a total of €560,000, of which three Members had paid €210,000 for the sponsoring of meeting rooms (see Table 2). This amount has been deducted from the special expenditure funds.
11. Member States are supporting the refurbishing of the new headquarters by sponsoring meeting rooms with a country theme. Discussions are ongoing with other Member States who have informed IFAD of their interest to sponsor a room or a special area in the building and its premises.

Table 2

Member States voluntary contributions

As of 31 October 2007

(Expressed in euros)

<i>Member State</i>	<i>Pledge</i>	<i>Paid</i>
Algeria	70 000	70 000
Bangladesh	40 000	
China	70 000	
Community of Portuguese Language Countries	70 000	
Ghana	70 000	70 000
Greece	70 000	70 000
Pakistan	70 000	
Saudi Arabia	100 000	
Total	560 000	210 000

**SPECIAL EXPENDITURE
FOR IFAD'S NEW HEADQUARTERS**

Resolution 139/XXVIII

Special Expenditure for IFAD's New Headquarters

The Governing Council of IFAD,

Bearing in mind Article 6, Section 10, of the Agreement Establishing IFAD and Regulation VI of the Financial Regulations of IFAD;

Noting that, at its Eighty-Second Session, the Executive Board endorsed the need for a special expenditure for IFAD's new headquarters for a three-year period;

Having considered the review of the Eighty-Third Session of the Executive Board concerning the special expenditure for IFAD's new headquarters for 2005 to 2007 inclusive;

Decides that:

1. The special expenditure in the amount of EUR 3 400 000 (USD 4 100 000, at the exchange rate of July 2004) to finance the common areas and facilities of IFAD's new headquarters at Via Paolo di Dono, 44, Rome, for a three-year period during financial years 2005 to 2007 inclusive, as contained in document GC 28/L.8/Rev.1 is approved.
2. The President of IFAD is authorized to seek and to receive voluntary contributions for financing some of the common support areas in the said new headquarters and to inform the Executive Board annually of all such contributions. The amount approved in paragraph 1 above as a special expenditure may be reduced by an amount commensurate with such voluntary contributions.
3. The President of IFAD is requested to provide a report on the expenditures incurred in preparing the new headquarters annually to the Executive Board and to submit a final report thereon to the Governing Council in February 2008.

**SPECIAL EXPENDITURE
FOR IFAD'S NEW HEADQUARTERS**

Resolution .../XXXI

Special Expenditure for IFAD's New Headquarters

The Governing Council of IFAD,

Bearing in mind Article 6, Section 10, of the Agreement Establishing IFAD and Regulation VI of the Financial Regulations of IFAD;

Recalling its Resolution 139/XXVIII, adopted on 17 February 2005, on a Special Expenditure for IFAD's New Headquarters, approving a special expenditure in the amount of EUR 3,400,000 to finance the common areas and facilities of IFAD's new headquarters at Via Paolo di Dono, 44, Rome, for a three-year period during financial years 2005 to 2007 inclusive;

Further Recalling said Resolution 139/XXVIII requesting the President of IFAD to submit a final report on the expenditures incurred in preparing the new headquarters to the Governing Council in February 2008;

Noting that, at its ninety-second session, the Executive Board endorsed the need for an extension of the period for the use of the uncommitted amount of the special expenditure for IFAD's new headquarters by one year;

Having considered the report on the special expenditure for IFAD's new headquarters contained in document GC 31/L._;

Decides that:

1. The extension of the period for the use of the uncommitted amount of the special expenditure to finance the common areas and facilities of IFAD's new headquarters at Via Paolo di Dono, 44, Rome, to 31 December 2008, is approved.
2. The President of IFAD is requested to provide a report on the expenditures incurred in preparing the new headquarters to the Executive Board and to submit a final report thereon to the Governing Council in February 2009, in lieu of February 2008.