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IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Governing Council – Twenty-Eighth Session
Rome, 16-17 February 2005

SPECIAL EXPENDITURE FOR IFAD'S NEW HEADQUARTERS

I. INTRODUCTION AND HIGHLIGHTS

1. At the Twenty-Seventh Session of the Governing Council, the Italian Government formally announced its approval to provide new headquarters premises for IFAD.
2. In making the official announcement, the Governor for Italy highlighted that the new headquarters would enhance the institution's functioning and performance and allow for more efficient and effective use of Italian Government resources.
3. This announcement was a major step forwards for IFAD and a significant milestone in its 26 years of operation. For the first time, IFAD will have a headquarters building that responds to its long-term needs. It also means that IFAD staff, who have been divided among different buildings since 1982, will be united in one workplace.

II. ADVANTAGES AND RENOVATION COSTS

4. All partners in this endeavour – the Italian Government, Pirelli & C. Real Estate and IFAD – recognized the benefits 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.
5. The new building needs to be fully renovated to meet the requirements of a United Nations agency. Those needs include space for conferences. The preliminary lease with Pirelli & C. Real Estate was signed in December 2004. The renovation works will take approximately 22 months.

6. The total estimated cost of renovating the 30 000 square metres of covered area is EUR 25.4 million (USD 31.0 million¹). Pirelli & C. Real Estate will pay EUR 20.0 million (USD 24.4 million) for renovation of office space. The Italian Government, as per the headquarters agreement, will reimburse the expenses for special security systems, equipment and furniture, and for the installation of telecommunication facilities and public utilities, amounting to EUR 2.0 million (USD 2.4 million).

7. The remaining EUR 3.4 million (USD 4.1 million), averaging EUR 1.1 million (USD 1.3 million) per year over a three-year period, is needed for the following expenditures:

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

¹ Converted using the United Nations exchange rate of USD 1.00 = EUR 0.821 as of July 2004.

8. At its Eighty-Second Session in September 2004, the Executive Board decided to recommend to the Governing Council the approval of a special expenditure for IFAD's new headquarters in the amount of EUR 3.4 million (USD 4.1 million) to finance the items described above.

III. VOLUNTARY CONTRIBUTIONS

9. To alleviate the impact on the special expenditure, IFAD will implement a resource mobilization strategy with Member States to seek voluntary contributions for financing some of the common support areas. The Executive Board will be informed of funds obtained from this exercise annually. Any such donations would reduce the relevant budget.

10. The development of common areas by way of Member States' voluntary contributions is an opportunity to enhance the multicultural dimension of IFAD's environment and image. By financing important and highly visible components such as meeting rooms, common areas and staff facilities, Member States will promote international understanding and contribute to building and affirming IFAD's role as a true global partnership of its Member States.

IV. OTHER INTERNATIONAL ORGANIZATIONS' EXPERIENCE IN FINANCING RENOVATION OR CONSTRUCTION WORK

11. Other international financial institutions and United Nations agencies also depend on administrative budgets or member states to finance construction or renovation of their headquarters. The United Nations, for example, is looking for USD 1.2 billion to fund the complete renovation of its headquarters in New York. The renovation plan will entail moving all 3 600 staff out of the 38-story green glass building on the East River into a temporary home to be built nearby, with enough room for Security Council and General Assembly meetings.

12. The United Nations renovation plans allow for six years to modernize the building to comply with modern safety standards, including fire and building codes, energy efficiency and security requirements.

13. The United States Government has asked that country's Congress to approve a loan to the United Nations for the full USD 1.2 billion. If approved by the Congress, the United Nations will pay 5.5% interest over 30 years. The United States has stated that, as the largest contributor to the United Nations budget, it would cover 22% of the repayment costs.

14. The United Nations Educational, Scientific and Cultural Organization (UNESCO) is currently undertaking a USD 100 million renovation of its headquarters in Paris. The main source of financing is a USD 80 million interest-free loan guaranteed and provided by the host country. A further USD 13 million is being provided by UNESCO's regular budget. Voluntary contributions of USD 4 million and USD 3.5 million have been provided by the host government and other member states respectively.

15. The United Nations Economic Commission for Africa, located in Addis Ababa, is currently designing a new 8 000 square metres office building. Construction costs will be covered by UN headquarters extrabudgetary funding approved by the General Assembly. The host government has donated the land for the building and will allow duty-free importation of equipment and construction materials.

16. The headquarters of the Food and Agriculture Organization of the United Nations in Rome are provided by the host government at a symbolic rent of one euro per year. The host government

pays for extraordinary maintenance, and about 25 member states have funded the renovation of meeting rooms and common spaces.

17. The International Atomic Energy Agency and the Economic Commission for Latin America and the Caribbean have used a combination of extrabudgetary, regular budget and contributions from host governments for renovation works.

V. RECOMMENDATION

18. Accordingly, the Governing Council is invited to consider the proposal contained in this document; to and approve the special expenditure of EUR 3.4 million (USD 4.1 million, at the July 2004 exchange rate) to finance the common areas and facilities of IFAD's new headquarters at Via Paolo di Dono 44, Rome, over the period 2005-2007; and to adopt the draft resolution thereon, as attached hereto.

DRAFT RESOLUTION ON SPECIAL EXPENDITURE
FOR IFAD'S NEW HEADQUARTERS

Resolution __/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.