|  |  |
| --- | --- |
| **Council 2018Final meeting, Dubai, 27 October 2018** |  |
|  |  |
|  |  |
| **Agenda item: 7** | **Document C18/126-E** |
| **11 October 2018** |
| **Original: English** |
| Note by the Secretary-General |
| CONTRIBUTION FROM THE UNITED STATES OF AMERICAUnited States views on the ITU HEADQUARTERS BUILDING PROJECT |

I have the honour to transmit to the Member States of the Council a contribution submitted by the **United States of America**.

 Houlin ZHAO
 Secretary-General

## CONTRIBUTION FROM THE UNITED STATES OF AMERICA

United States views on the ITU HEADQUARTERS BUILDING PROJECT

**Introduction**

The United States has reviewed and appreciates the update on the ITU HQ Premises Project, provided by the Secretary-General in [C18/123](http://www.itu.int/md/S18-CL-C-0123/en). This contribution presents the Unites States views on this update and the building project.

**Discussion**

As reported in [C16/7](http://www.itu.int/md/S16-CL-C-0007/en), CWG-HQP concluded in 2016 that the “replacement of Varembé with a single building that also accommodates the necessary functionality of the Tower is the most cost-effective option. It is also the option with greatest accessibility, lowest maintenance costs for the future, and is cheapest in the long-term.” The recommendation of CWG-HQP was agreed by Council 2016 as indicated in [Decision 588](https://www.itu.int/md/S16-CL-C-0124/en). This Decision documents that Council decided “to authorize a maximum budget for total project costs before sale of the Tower of CHF 140 million and an additional contingency fund of CHF 7 million to be used, if necessary, for unforeseen cost overruns”. Also part of Decision 588 was the establishment of “an Advisory Board of Member States to provide independent and impartial advice on the project to the Council and Secretary-General”.

The United States believes that this Advisory Board of Member States, currently identified as the “Member States Advisory Group (MSAG)”, must work within the established Decisions of the ITU Council “*to provide general advice and recommendations, as necessary and appropriate, on the implementation of the Project, with the aim of ensuring adherence to timeline and budget provisions*”, and that it does not have the authority to modify these Decisions. Integral to Decision 588 are instructions to the Secretary-General “to negotiate with the Host Country renewable commercial land rights to the Tower, noting that this would maximise the sale value of the Tower”, and “to offset total final project costs by applying all proceeds from the sale of the Tower to existing loans on assets that are to be disposed of, to the necessary costs associated with the sale, and to reduce to the maximum the outstanding amount of the loan”. Distractions from continued attempts to consider converting the Tower to commercial rental property could jeopardize the ability of ITU to secure a favourable loan from the host country. The United States is pleased to see in the 24 May 2018 letter from the Secretary-General to the host country that “the ITU secretariat fully intends to respect the ITU Council’s request for the secretariat to comply with the terms and conditions of Council Decision 588 currently in force, and all the more so as we are fully aware that it was on the basis of that decision (including the business model evoked in it) that DFAE agreed to proceed with matters”.

Furthermore, the United States is of the view that Council decided to allocate a maximum financial envelope of CHF 140 Million, with the understanding that this amount would cover the entire project expenses. It is our preference to respect this envelope so as to make available more of the Union’s limited resources for the ITU’s mission. The United States is disappointed to observe in C18/123 that costs are now estimated to extend beyond that envelope.

The United States appreciates the efforts of the Secretariat to seek ways to reduce the overall costs of the project. However, such reductions should not be made to the detriment of serving the functions of the ITU. The United States notes in clause 3.1.5 of C18/123 that “the additional meeting rooms as requested by Council 2017 have not been included”, and in clause 3.1.6 that “the main conference room will only be divisible by two not four”. There is still concern on our part that the designs do not provide for sufficient meeting room facilities, despite the evaluation of the ITU Conferences Department.

The United States encourages that the cost envelope established by Decision 588, whether or not it is revised, be a constraint to which the project is designed (as opposed to the costs being whatever is needed to cover the evolving project execution).