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| **Council 2018 Geneva, 17-27 April 2018** |  |
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| **Agenda item: ADM 18** | **Document C18/7-E** |
| **8 March 2018** |
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| Report by the Secretary-General | |
| Report on progress on  THE Union’s headquarters premises PROJECT | |

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| Summary  This document presents an update on the ITU HQ Premises Project. It elaborates progress since the Council’s 2017 ordinary session.  Action required  The Council is invited to **take note** of the report.  \_\_\_\_\_\_\_\_\_\_\_\_  References  [*Council Decision 588*](https://www.itu.int/md/S16-CL-C-0124/en)*;* [*Document C17/7*](https://www.itu.int/md/S17-CL-C-0007/en) |

**1. Background**

1.1. Council 2016, through [Decision 588](https://www.itu.int/md/S16-CL-C-0124/en), decided to replace the Varembé building by a new building that would also include the offices and facilities of the Tower building.

1.2. The Secretary-General was instructed to approach Switzerland for an interest-free loan of up to CHF 150 million to finance this project, with 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.

1.3. The financial model for the new building is a 50-year term interest-free loan from the Host Country. The first repayment of the loan is made at the end of the year of final successful receipt of the new building by ITU.

**2. Loan**

2.1. The first loan of CHF 12 million covers the architectural competition, architectural studies and related expenses for the period 1/1/2017 up to 31/12/2019. Spending for 2017 is below the budget (CHF 1 million) allocated, including the completion of the Architecture competition. The predominant spending in 2018-2019 is for design services and, more generally, for the preparatory phase of the project.

2.2 The second and final application for loan to Switzerland, for demolition and construction, can only be issued after certain architectural study works are completed, estimated for late 2018. Availability of funds from this request, if granted by the Host Country, would be in early 2020, to be used for demolishing Varembé and constructing the new building. The amount of this second loan will be determined by architect’s design and estimation work, within the overall ceiling set by the Council.

2.3 It should be noted that there will be additional costs related to the new building not covered by the loan. These include movable furniture (basically all furniture other than the desks, and possibly chairs, in the conference rooms) currently estimated at CHF4.9 million. These costs will need to be funded from the regular budget and/or a provision created to cover these costs built up from annual savings. When the cost estimates are better defined, they will be included in the Financial Plan 2020-2023, and the 2022-2023 draft budget.

**3** **Architectural Competition**

3.1 The ITU HQ Architectural Competition was run in two rounds with an international jury mainly composed of architects from each of the six ITU regions together with ITU secretariat and the Swiss authorities. ITU Staff Council was represented on the ITU delegation. A [*dedicated section of the ITU public website*](https://www.itu.int/en/Pages/hq-competition.aspx) describes the results. There were 94 registrations, 74 first round entries, of which fifteen were selected for the second round. The 15 architects were then asked to further develop their proposals with more details, and some of the requirements were changed: One was to change the front of the building from the Varembé side to the Giuseppe Motta side so the front of the building will be facing the park and the Place des Nations. There will be a new road coming in from the Giuseppe Motta side, and the main entrance to the building will be on that side. This greatly increases the profile of the building and also gives it a better presentation within the context of Place des Nations. The security requirements were also increased. There will be a security lodge at the entrance of the road leading to the new building from Giuseppe Motta. Public access to the premises will be limited to that lodge. Anyone wishing to enter the rest of the premises would need to be authorized at the security lodge. The other change was to increase the conference room capacity as agreed by Council-17.

The jury selected a winner and three other laureates. All proposals were kept anonymous until the results were decided. The winner is “Christian Dupraz Architects” of Geneva, Switzerland, with the three other laureates being from Denmark, France and Switzerland. The winning design is on show for Council 2018. Some of the reasons why the jury was in favour of the winning design – and this includes the representative of the staff council - are that it was the design which gave the greatest amount of floor space in square meters, and also it was a design which provides a lot of light for the office spaces.

3.2 At the date of this report, the winning architect and the secretariat are working to optimise the design for project cost, while verifying the programme of requirements.

**4. Management and Governance**

4.1. *Internal Coordination*: The Management Board is composed of the Deputy Secretary-General, Chief of the legal affairs unit, Chief of FRMD, Chief of HRMD, Chief of ISD, Head of FMD, Head of Procurement and the Senior Construction Advisor (a project-based post at P5 level – see §7 below). It provides overall project direction and oversight and has established a subgroup chaired by the Deputy Secretary-General to develop the operational requirements of the new building and provide for internal coordination and consultation. This subgroup includes representation from the General Secretariat, the three Bureaux and the Staff Council. The Management Board reports to the Secretary-General.

4.2. *ITU-Host Country Liaison:* The ITU-Host Country Liaison Committee, co-presided by ITU Head FMD and the Director of FIPOI ensures good collaboration between ITU secretariat and the Host Country organs at Federal and Cantonal level.

4.3. *Member States:* The composition of the Member States Advisory Group (MSAG) is now complete with the nomination of representatives for the Americas and Africa regions. It has met twice since Council 2017, and is providing a [separate report to Council 2018](https://www.itu.int/md/S18-CL-C-0048/en).

**5. Temporary Relocation**

5.1 *Costs:* As requested by Council, the secretariat is developing innovative solutions to substantially decrease the costs of temporary accommodation during the demolition/construction period, including through the introduction of flexible working and increasing the capacity of the Montbrillant and Tower buildings.

5.2 *Use of existing ITU buildings*: the secretariat is planning converting the second, third, fourth, and fifth floors of Montbrillant building to mostly open-space to increase the workspace capacity, and the sixth floor to replace some of the meeting rooms in Varembé. The capacity of the Tower will also be increased by use of currently underused space.

5.3 *Use of rented space*: the secretariat has started discussing possible rental options with three local organizations including WMO.

**6. Post-construction optimisations**

6.1. *Tower*: Regarding the intention to carry out a market study of the value of the Tower in the timeframe 2020-23, as requested by MSAG the secretariat will study with the Host Country the feasibility of other innovative solutions such as renting out the Tower to a tenant (e.g. hotel chain) that would renovate it at its own cost in return for a guaranteed rental period.

6.2. *Montbrillant building*: Since all Montbrillant building staff and facilities will be accommodated in the New Building, as requested by MSAG the secretariat will study with the Host Country the feasibility of renting out Montbrillant building office space following the opening of the new building, either to tenants of privileged status, or if such tenant cannot be found, to a commercial tenant.

**7. Staff resource**

7.1 Steps have been taken to improve the staff resource for the project. An architect has been appointed to a Senior Construction Advisor (P5) post and a P4 procurement officer vacancy has been published calling for construction project expertise and experience.

**8. Time line**

8.1 The project is currently proceeding according to the timescale that the Council agreed.  Subject to the successful passage of the request for the second part of the loan through the Swiss Parliament, and successful negotiation of the construction contract, the Varembé building could be demolished late 2020 or early 2021, and the new building could open by the end of 2023 or early 2024.