

**Statement of the Chairman**

**Advisory Committee on Administrative and Budgetary Questions**

**4 March 2015**

**Construction of a new facility for the International Residual Mechanism  
for Criminal Tribunals, Arusha branch**

*(ACABQ report A/69/788, related report A/69/734)*

Mr Chairman,

I am pleased to introduce the Advisory Committee's report on the construction of a new facility for the International Residual Mechanism for Criminal Tribunals, Arusha branch (A/69/788).

First of all, the Advisory Committee reiterates its appreciation to the Government of the United Republic of Tanzania for its provision of land, access roads and the connection to utilities to the new facility at no cost to the United Nations. The Committee also welcomes the continued cooperation between the Mechanism and the Government and trusts that it will be maintained through all phases of the project.

On the project schedule, the Advisory Committee is concerned that the date for the completion of the construction and occupancy has been postponed from late 2015 to early 2016, which reflects additional four weeks compared with the project schedule contained in the previous report of the Secretary-General (A/68/724). The Committee is of the view that the Mechanism should undertake measures to make up for lost time and to mitigate potential risks so as to ensure that it is completed within the overall timeline.

The Advisory Committee was informed that the negotiations with the proposed construction company successfully concluded on 6 February 2015 and that it was anticipated that the contract would be signed expeditiously. The Advisory Committee, therefore, requests that the Secretary-General provides the most up-to-date information on the construction contract and the related cost to the General Assembly.

Mr. Chairman,

Let me turn to issues related to the project contingency provision. The Advisory Committee recalls that when presenting the detailed cost estimates of the project to the General Assembly, the Secretary-General stated that the total cost of the project was estimated at \$7.7 million, inclusive of construction costs, site works, architect fees, project supervision and management and travel of staff to provide technical assistance. Furthermore, the total project cost estimates of \$7.7 million did not include a project contingency of 15 per cent (some \$1 million). The Secretary-General indicated at the time

that based on lessons learned, the contingency provision would serve to cover unforeseen project conditions, on the understanding that any unspent balance of the contingency would be returned to Member States at the completion of the project (A/67/696).

The Advisory Committee has repeatedly expressed its expectation that project costs will be met from within the approved resources for the construction of the new facility for the Mechanism, in order to obviate the need for utilizing contingency provision. In this connection, the Committee notes with concern that the Mechanism charged the higher-than-budgeted architect fees to the project contingency provision at the early stage of the project, when possibilities for absorbing the higher-than-budgeted amount still exist. Furthermore, the Committee is of the view that since the project contingency provision is calculated at 15 per cent of the construction cost, rather than linked to individual risks as recommended by the Board of Auditors, it is a matter of principle that the Secretary-General should identify mitigation measures before charging any higher-than-budgeted amounts to the project contingency provision. The Committee, therefore, recommends that the General Assembly request the Secretary-General to make every effort to absorb the higher-than-budgeted amount related to the architect fees without charging it to the project contingency provision.

Moving forward, the Advisory Committee recommends that the General Assembly request the Secretary-General to identify all mitigation measures with a view to absorbing cost escalations within the project construction budget and without recourse to the contingency provision.

In addition, the Advisory Committee recommends that the General Assembly request the Secretary-General to follow the best practice as recommended by the Board of Auditors with respect to project contingency provisions in future capital projects.

Thank you, Mr Chairman.