

Statement of the Chairman
Advisory Committee on Administrative and Budgetary Questions

21 March 2016

Strategic capital review
(ACABQ report A/70/7/Add.43, related report A/70/697)

Mr Chairman,

I am pleased to introduce the Advisory Committee's report (A/70/7/Add.43).

The Advisory Committee welcomes the completion of the initial strategic capital review in May 2015 and the updated information provided in the report of the Secretary-General.

The Advisory Committee discussed issues related to the cost-benefit analysis of capital maintenance approaches in its report (see paras.16-30). It notes the comparative analysis undertaken by the Secretariat and the cost estimates derived from the analysis. The Committee, however, considers that the assumptions made for the comparative analysis were not accurate in terms of the current useful life of all buildings of the Organization and the calculation of their values and maintenance costs. Also, the selection of only 5 among 132 buildings and facilities from two locations may not reflect all aspects of the global property portfolio of the Organization.

The Committee notes that the Secretariat has recently issued guidelines for the management of global construction projects to Headquarters and offices away from Headquarters. The Committee is of the view that some aspects could be clarified (see paras. 31-38).

On project contingency provisions, the Committee reiterates its view concerning the Secretariat's interpretation that contingency provisions are part of the approved project budget and are separated from the base project cost for presentation purposes only. The General Assembly has requested that any cost overruns are first met from compensatory reductions identified through efficiencies, in order to obviate, to the extent possible, the need for drawdown from contingency provisions. Moreover, the Assembly has also decided that all remaining unused contingency funds shall be returned to Member States at the conclusion of a project.

Thank you, Mr Chairman.