

Statement of the Chairman

Advisory Committee on Administrative and Budgetary Questions

10 March 2016

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

(ACABQ report A/70/772, related report A/70/698)

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/70/772).

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 of water, electricity and internet services to the new facility at no cost to the United Nations. The Committee welcomes the continued cooperation between the United Nations and the Government.

The Advisory Committee discusses the project schedule in paragraphs 7 to 13 of its report. The Committee notes with concern that the completion and the occupancy of the facility has been postponed a number of times: from the fourth quarter of 2015 to early 2016 in the previous report of the Secretary-General; and now the Secretariat remains cautiously optimistic that construction would reach substantial completion in May 2016, while the project is still subject to further risks and potential delays.

The Advisory Committee notes that the further delays reported in the present report of the Secretary-General were attributable to two factors: the 38-day delay due to the topographical error by the architectural consultants and the further delay beyond the 38-days due to the quality control issues by the construction contractor. The delays have direct and indirect costs and require amendments to the architectural and construction contracts. The Committee is of the view that the Secretary-General has not provided clear, transparent and consistent information related to the direct and indirect costs arising from the errors made by the contractors, the obligations of the contractors for remedy and compensation, and the actions required of the Organization to pursue mitigation measures with the contractors, in particular in negotiations to amend the contracts involved.

The Advisory Committee recommends that the General Assembly request the Secretary General to make every effort to claim and enforce full compensation from the contractors. The Committee is of the view that, as a matter of principle, compensation should be sought from contractors for costs resulting from errors or contractual non-compliance on their part rather than absorbing such costs within the project budget, drawing on the contingency or offsetting them through value engineering (see A/70/772, paras.15-23).

Concerning project contingency provisions, the Advisory Committee requested clarification 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 Advisory Committee is of the view that the requirement of the General Assembly resolution, that the estimated contingencies be separated from the base project cost for presentation purposes only, is consistent with the request of the Assembly that in the future, any cost overruns are first met from compensatory reductions identified elsewhere through efficiencies in order to obviate to the extent possible the need for drawdown from contingency provisions. Moreover, the Committee points out that the Assembly has also decided that all remaining unused contingency funds shall be returned to Member States at the conclusion of the project (see A/70/772, paras.24-26).

The Advisory Committee has also discussed issues related to the higher-than-budgeted travel costs incurred and the utilization of furniture and equipment from ICTR in its report (see A/70/772, paras.27 and 28, and 32-34).

Thank you, Mr Chairman.