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**Report of the Court on capital investment replacements**\***A. Introduction**

1. At its twelfth session, the Committee on Budget and Finance (hereinafter “the Committee”) received an oral presentation on the budget assumptions for 2010 and beyond.<sup>1</sup> At the presentation, the International Criminal Court (hereinafter “the Court”) noted that a number of significant expenses would have to be addressed, such as capital investment replacement for which no amortization had been provided, the costs associated with moving to new permanent premises, and the payment of rent for the interim premises starting in mid-2012.<sup>2</sup>

2. In this context, the Committee recognized that these potentially significant costs needed to be considered at an early stage and recommended that the Assembly of States Parties (hereinafter “the Assembly”) be seized of the matter. The Committee recommended that the potential future budget impact of accruing amortizations should be made transparent in future budgets. The Committee invited the Court to analyze the budgetary impact and to report to the Committee at its thirteenth session.<sup>3</sup>

3. In addressing the recommendation of the Committee, the Court has conducted a study to identify potential capital investment replacements for the years 2011-2015. Only single items of a value superior or equal to €50,000, or smaller items with a combined value of €50,000 or more, have been considered in this study.

4. The present report is intended to identify the significant extra-expenses that would have to be addressed by the Court in the years 2011-2015 and to analyze their budgetary impact. Additionally, this report will serve as a basis for forecasting potential future financial needs that require commitments of large sums of money.

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\* Previously issued as ICC-ASP/8/CBF.2/2.

<sup>1</sup> Report of the Committee on Budget and Finance on the work of its twelfth session (ICC-ASP/8/5), paras. 24 to 31.

<sup>2</sup> Ibid., para. 28.

<sup>3</sup> Ibid., para. 30.

## **B. Replacements**

5. Capital investment replacements can be grouped into two categories: vehicles and equipment.

6. There is a direct correlation between failing to replace vehicles and equipment in a timely manner and significant increases in maintenance costs and decreases in reliability. The judicial processes of the Court rely heavily on technical solutions and operational infrastructures which contribute to its goal of providing a high quality of justice.

### *Vehicles*

7. The vehicle category includes vehicles both in field offices and at headquarters. Timely replacement of vehicles ensures that the highest possible security and safety standards for staff are implemented and that operational needs, both in field offices and at headquarters, are met. Failure to replace vehicles in a timely manner can result in a significant decrease in safety and reliability and an increase in maintenance costs.

8. Estimates of potential replacements have been made using mainly the following criteria:

- a) Assets are replaced on account of wear and tear in five-year cycles. For vehicles that are used frequently but clock up less than the standard number of miles, the replacement criteria may be exceeded, provided the vehicles remain safe and are economical to operate.
- b) The consumer price index used is 3.5 per cent.

9. Table 1 shows potential purchase requirements for vehicles for the forthcoming five years (2011-2015).

**Table 1: Capital investment replacements - vehicles**

Item	Qty	Date of purchase	Expected year of replacement				
			2011	2012	2013	2014	2015
<i>Field offices</i>							
Vehicle, Toyota – N'Djamena	01	2005	50,285				
Vehicle, Toyota – N'Djamena	01	2009				25,000	
Vehicle, Toyota – Abeche	05	2005	286,071				
Vehicle, Toyota Land Cruiser – Bunia	02	2006	216,089				
Vehicle, Nissan – Bunia	02	2005	68,364				
Vehicle, Nissan – Kampala	04	2005	200,000				
Vehicle, Toyota Land Cruiser – Kampala	02	2006	216,089				
Vehicle, Nissan – Kampala	02	2007		73,159			
Vehicle, Toyota Land Cruiser – Bangui	05	2008			250,211		
Vehicle, Toyota – Bangui	02	2009				50,000	
Vehicle, Nissan – Kinshasa	03	2005	150,000				
Vehicle, Toyota – Kinshasa	01	2009				35,000	
Vehicle, Toyota Land Cruiser – Kinshasa	02	2006	216,089				
Vehicle, Nissan – Kinshasa	02	2009				121,249	
<i>Headquarters</i>							
Vehicle, BMW 530i (passenger)	01	2010					40,000
Vehicle, Mercedes Benz (passenger)	01	2009				40,000	
Vehicle, BMW 530i (passenger)	01	2010					40,000
Van, Renault (passenger)	03	2004	90,000				
Van, Chrysler (passenger)	01	2008			30,000		
Van, Renault (passenger)	01	2005	20,000				
Van, Renault (passenger)	01	2004		25,000			
Van, Renault (passenger)	01	2004		30,000			
Van, Renault (cargo)	01	2004	30,000				
Van, Renault (passenger)	01	2004	20,000				
Vehicles (Initial Response Systems, Victims and Witnesses Unit)	3.5 <sup>4</sup>	2009-10					87,500
<b>Total €</b>			<b>1,562,987</b>	<b>128,159</b>	<b>280,211</b>	<b>271,249</b>	<b>167,500</b>

*Equipment*

10. This category includes mainly information and telecommunications equipment, audio-visuals, X-ray machines and security systems.

11. It is estimated that the period of serviceability for X-ray machines is approximately 10 years. These machines are managed by the Security and Safety Section of the Court and are subject to extensive daily use. Technological advances both in screening technology and in threat devices may impose additional replacement requirements for these machines.

<sup>4</sup> Quantity of vehicles depends on local Initial Response Systems requirements, capacity of local Initial Response Systems partners, etc.

12. Table 2 below shows the Court's capital investment replacements and requirements for equipment for the years 2011-2015.

**Table 2: Capital investment replacements - equipment**

Item	Qty	Date of purchase	Expected year of replacement / acquisition				
			2011	2012	2013	2014	2015
<i>Field offices</i>							
Terminal, trailer-mounted 3.9 – Abeche	01	2006	122,603				
Terminal, trailer-mounted 3.9 – Bangui	01	2007		119,809			
Terminal, trailer-mounted 3.9 – Bunia	01	2007		119,809			
Fixed videoconference system at all field offices	05	new	250,000				250,000
<i>Headquarters</i>							
X-ray machine – 5030 <sup>5</sup>	02	2003			120,000		
X-ray machine – 6040	01	2003			60,000		
X-ray machine – 100/100	01	2003			100,000		
X-ray machine – 6040	02	2004				120,000	
X-ray machine – 5030 <sup>6</sup>	02	2004				120,000	
X-ray machine – 6040	01	2004				60,000	
Access control system (upgrade of access cards and card readers)	01	2003-04	75,000				
Cooling system for Local Area Network (LAN) rooms	02	2004	50,000				
Cooling system for audio-visual (AV) courtrooms and LAN room	03	new	77,000				
Power/data pillars for power and data connection			100,000				
Total replacement of fluorescent light bulbs and starters	10,000		65,000				
CCTV and PC monitors in control systems		2004	55,750				
Computers MM800 and servers that manage security system		2004	50,000				
Storage Area Network (for storage and retrieval of all documents and transactional data)	01	2005-06	2,020,000				
Courtroom equipment (staggered) replacement: all audio-visuals and network equipment	01	2003-04		675,000	675,000	675,000	675,000
Public Key Infrastructure (safe encrypted method for sending confidential documents)	01	2006				200,000	
Video Matrix at all input points <sup>7</sup>	01	new		400,000			
Long-term archive system	01	new	500,000				
Video on demand system <sup>8</sup>	01	new	250,000			250,000	
Online disclosure platform	01	new		270,000			
Integrated analysis platform <sup>9</sup>	01	new	200,000				
<b>Total €</b>			<b>3,815,353</b>	<b>1,584,618</b>	<b>955,000</b>	<b>1,425,000</b>	<b>925,000</b>

<sup>5</sup> The 5030 X-ray machines will be replaced by 6040 or equivalent machines.

<sup>6</sup> Ibid.

<sup>7</sup> This robust system will provide the Court with the ability to perform full video services from all locations. It would enable all centers that provide media services to have access to the same audio-visual services.

<sup>8</sup> This system would enable the Court to provide an audio and visual gallery of the hearings via Internet.

<sup>9</sup> This platform would store, monitor and analyze facts and events taking place in locations under the Court's jurisdiction to standardize and improve on data collection methods and analytical outputs.

### C. International Public Sector Accounting Standards

13. At its eleventh session, the Committee recommended that the Assembly decide that the Court should work towards implementation of the International Public Sector Accounting Standards (hereinafter “IPSAS”). It further recommended that the Court report to the Assembly at its eighth session, through the Committee, on the project plan and next steps towards implementing IPSAS, including the financial implications and necessary amendments to the Financial Regulations and Rules.<sup>10</sup>

14. Table 3 below shows the capital investment required to support IPSAS adoption. Resources required will include investments in staff training, consultant support for the resolution of accounting issues and accounting practice changes, staff cost for the assignment of a full-time project leader and support, creation of detailed accounting manuals, analysis and revision to financial rules and regulations, and information-technology-related expenditures for software upgrades, licences and training. A full report addressing the adoption of IPSAS will be presented as a separate report to the Committee at its thirteenth session.

**Table 3: Other capital investments – IPSAS**

	2010	2011	2012	2013	2014	2015
IPSAS implementation	409,400	652,800	677,800	174,467	53,835	0
<b>Total €</b>	<b>409,400</b>	<b>652,800</b>	<b>677,800</b>	<b>174,467</b>	<b>53,835</b>	<b>0</b>

### D. Interim premises

15. The Committee at its twelfth session was reminded that when the agreement between the host State and the Court relating to rent-free interim premises expires in mid-2012, the Court will incur rental costs for one and a half years, until completion of the permanent premises in 2014. The host State indicated that the estimated rental costs in 2011 for the current headquarters buildings (the Arc and Haagse Veste) would total €6,184,032. In 2012, following expiry of the rent-free period, the Court’s pro rata share of the rent for the interim premises would be €3,181,258, increasing to an estimated €6,362,516 in 2013.<sup>11</sup>

16. The budgetary impact associated with the payment of rent for the interim premises starting in mid-2012 is illustrated in table 4.

**Table 4: Rental - interim premises**

	2011	2012	2013	2014	2015
Rent – interim premises	0	3,181,258	6,362,516	0	0
<b>Total €</b>	<b>0</b>	<b>3,181,258</b>	<b>6,362,516</b>	<b>0</b>	<b>0</b>

<sup>10</sup> *Official Records of the Assembly of States Parties to the Rome Statute of the International Criminal Court, Seventh session, The Hague, 14-22 November 2008* (International Criminal Court publication, ICC-ASP/7/20), vol. II.B.2, paragraph 18.

<sup>11</sup> Report of the Committee on Budget and Finance on the work of its twelfth session (ICC-ASP/8/5), paragraph 105.

**E. Conclusions**

17. Table 5 shows a general summary of these potential significant extra-expenses for the years 2011-2015 and their budgetary impact.

**Table 5: General summary of potential capital replacements and requirements**

<b>Capital replacement requirement</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Vehicles	1,562,987	128,159	280,211	271,249	167,500
Equipment	3,815,353	1,584,618	955,000	1,425,000	925,000
IPSAS <sup>12</sup>	652,800	677,800	174,467	53,835	0
Interim premises	0	3,181,258	6,362,516	0	0
<b>Total €</b>	<b>6,031,140</b>	<b>5,571,835</b>	<b>7,772,194</b>	<b>1,750,084</b>	<b>1,092,500</b>

18. The Court needs to reflect the capital investment requirements identified in the present report, as well as rent payments for the interim premises, in its future budget proposals (2011-2015) to the Committee. Capital investment needs to be planned in order to satisfy future requirements and address financial needs efficiently.

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<sup>12</sup> Expenditures are expected to be incurred from 2010 to 2014. The estimated amount for 2010 is €409,400.