Statement by the Chairman

Advisory Committee on Administrative and Budgetary Questions

2 December 2013

Fifth progress report on the enterprise resource planning project (Umoja)

ACABQ report: A/68/7/Add.

Related reports: A/68/151 and A/68/375 & Add.1

Mr. Chairman,

I have the honour to introduce the Advisory Committee's report on progress in the implementation of the Umoja project.

In considering the Secretary-General's fourth progress report on Umoja, the Advisory Committee also had before it the second annual progress report of the Board of Auditors on the implementation of the United Nations enterprise resource planning system (A/68/151).

Mr. Chairman,

The Advisory Committee welcomes the progress achieved during the reporting period. It commends the Umoja Project Owner, Steering Committee and project team as well as the implementing offices/field missions and all involved departments/offices for the efforts made towards the implementation of Umoja Foundation at the pilot sites and at the peacekeeping missions in cluster 1. In light of the difficulties encountered by the project since its inception, the Committee considers this initial deployment of Umoja Foundation to be a key milestone in the life cycle of the project, which should provide Member States with some assurance as to the effectiveness of the project leadership and the viability of the system.

The Advisory Committee also notes from the reports of both the Secretary-General and the Board of Auditors that significant challenges and risks to the project remain. It stresses the need for rigorous project planning and project management, close monitoring and mitigation of risks, and prompt resolution of issues in order to avoid further delay and cost escalation. The Committee also emphasizes the important roles and responsibilities of the Project Owner and of the Steering Committee in guiding and overseeing the management of the implementation of the

project, in fostering cooperation from the relevant Secretariat departments/offices and in facilitating decision-making.

With regard to benefits, the Advisory Committee emphasizes the importance of setting benefits realization targets with a view to achieving the full potential of ERP system, as well as to develop credible benefits realization plans that are fully understood by the implementing departments and offices. The Committee recommends that the General Assembly request the Secretary-General to ensure that the Heads of the implementing departments/offices are fully engaged in this process and that the project enjoys high levels of collaboration and cooperation throughout the Secretariat. The Committee also stresses that the project owner and the process owners, who have committed to realizing the qualitative and quantitative benefits for the Organization, are granted the requisite level of authority to implement the changes to business processes and methods of working that are embedded in Umoja.

The Advisory Committee expresses its expectation that concrete information on the quantitative and qualitative benefits resulting from the implementation of Umoja will be provided in upcoming budgetary proposals as well as in the performance reports for peacekeeping operations as early as possible, no later than in the 2016/17 period.

The Advisory Committee also recommends that the General Assembly request the Secretary-General to ensure that the ERP system provides Member States with comprehensive, high-quality, accurate and timely information to facilitate their decision-making on administrative and budgetary proposals.

Mr. Chairman,

Turning to the implementation of the project, the Advisory Committee reiterates that the full scope and functionality of the Umoja Foundation, Extension 1 and Extension 2 phases must be delivered in order to protect the investment already made by Member States and realize the expected benefits of the system. The Committee cautions against any approach that would result in any descoping of the project, in particular of Umoja Extension 2, which comprises some of the key functions to be automated, including planning and programming, supply chain management and budget formulation.

The Committee also reiterates its previous recommendation that the project team should be maintained until the completion of the full deployment, Secretariat-wide, of Extension 2. The Committee continues to hold the view that the authority and leadership of the governance and management structures of the project will be required to deliver the planned results, and believes that the dismantling of the project team prematurely presents risks that Umoja Extension 2 may not be implemented effectively. In the Committee's view, however, the maintenance of the Umoja project team until the full deployment of Extension 2 does not preclude the need to make adjustments to the size and composition of the team, or to contain costs and provide most of the required expertise in-house.

In this regard, the Advisory Committee welcomes the steps taken to strengthen in-house skills in the ERP software and encourages further development of such skills. It also welcomes

the increased coordination and cooperation that is taking place between the Umoja project and the Office of Information and Communications Technology as well as with Information and Communications Technology Division of the Department of Field Support. The Advisory Committee encourages continued intensification of such collaboration.

With regard to the question of indirect costs, the Advisory Committee welcomes the pragmatic approach taken by the Secretary-General to address this issue and to establish clearly the roles and responsibilities of the implementing departments/offices as well as the modalities for the funding of preparatory activities. The Committee reiterates its previous recommendation that the General Assembly request the Secretary-General to capture information and report on the level and nature of the indirect costs of preparatory activities borne by the implementing departments/offices.

Finally, Mr. Chairman, the Advisory Committee continues to emphasize the need to intensify collaboration between the Secretariat and other United Nations entities using the same ERP solution. It believes that the higher level of harmonization of business processes across the United Nations system resulting from the adoption of IPSAS as well as the increased implementation of standard, non-customised ERP systems provides further opportunities for more cost-efficient ERP implementation, support and upgrade.

I thank you Mr. Chairman