



STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MS. SIRITHON WAIRATPANIJ, COUNSELLOR, PERMANENT MISSION OF THE KINGDOM OF THAILAND TO THE UNITED NATIONS ON AGENDA ITEM 134: PROGRAMME BUDGET FOR THE BIENNIUM 2016-2017 : ENTERPRISE RESOURCE PLANNING PROJECT, UMOJA, AT THE MAIN PART OF THE SEVENTY-FIRST SESSION OF THE FIFTH COMMITTEE OF THE UNITED NATIONS GENERAL ASSEMBLY (New York, 5 December 2016)

Madam Chair,

1. I have the honour to speak on behalf of the Group of 77 and China on agenda item 134: Programme budget for the biennium 2016-2017, on the Enterprise Resource Planning project, Umoja.

2. At the outset, the Group would like to thank Mr. Yukio Takasu, Under Secretary-General for Management, for introducing the eighth progress report of the Secretary-General on the Umoja project, as contained in document A/71/390. We thank also Mr. Salhina Mkumba, Director of External Audit of the United Republic of Tanzania and Chair of the Audit Operations Committee of the Board of Auditors for introducing the fifth annual progress report of the Board of Auditors on the implementation of the United Nations enterprise resource planning system as contained in document A/71/180, as well as Mr. Carlos Ruiz-Massieu, Chair of the Advisory Committee on Administrative and Budgetary Questions, for introducing the related report of the Committee contained in document A/71/628.

Madam Chair,

3. The Group of 77 and China reaffirm our support for management reform initiatives aimed at increasing the efficiency and effectiveness of the Organisation, and in particular, for the Umoja project.

4. The Group notes the progress made in the deployment of Umoja Foundation and Extension 1. This is a significant achievement and a major step forward in replacing fragmented business processes and information systems with a common, integrated system. The Group trusts that deployment of Umoja will provide a platform for further improvements in the operations of the United Nations, supporting decision-making with more robust data, streamlining business processes, and increasing transparency on costs and utilisation of resources.

5. However, serious issues emerged in the aftermath of each of the major Umoja deployments. The Group notes the extent of the efforts required by the Umoja team to support post-deployment stabilisation and resolve organisational preparedness issues. Nevertheless, the project timetable has been subject to multiple revisions, with cost implications and an impact on the overall level of the approved budget, despite the Board of Auditors having highlighted on numerous occasions the importance of achieving organisational and business readiness for Umoja; introducing change to the United Nations in an effective, planned manner; and developing adequate contingency plans to mitigate known risks.

6. Among the problems faced were a delay in the implementation of the new common system compensation package, which should have come into force in July 2016, and which affected the

implementation of the proposed unified salary scale and the changes to the education grant. The Group also notes that the deployment of Umoja resulted in a three-month delay in the finalisation of financial statements for their normal processing period in July, with a consequent impact on the programme of work of both the ACABQ and this Committee.

Madam Chair,

7. In going forward, the Group of 77 and China believe that we must draw from lessons learnt from the various phases of project implementation.

8. In this regard, the Group notes that the aggressive deployment schedule was a contributing factor for many challenges in the post-deployment phase. We will therefore be interested to examine closely the proposed implementation timelines and justification for the next phases of the Umoja project.

9. The Group notes that the ambitious deployment schedule also had an adverse impact on training for Umoja, which also contributed to much frustration and further challenges in the post-deployment phase. Nevertheless, the Group notes the efforts made towards improving training, and will be interested to learn more about the Secretary-General's plans to continue strengthening in-house capacity and expertise on Umoja, in order to continue supporting a successful transition. Along the same lines, the Group will also be interested in the Secretary-General's plans to restructure the Umoja team, while ensuring the transfer of knowledge from consultants to staff, in order to reduce dependency and resource requirements for contractual services.

10. In assessing the benefits, the Group notes the variance in opinions between the reports before this Committee today and regrets that no benefit realization plan has been presented to Member States. The Group emphasizes that an assessment of benefits should be made using actual efficiencies and objectives achieved through the implementation of a solution, rather than artificial budget reduction targets. The Group believes that a robust business case must be made for the Umoja project, which is one of the largest and most expensive business transformation initiatives undertaken by this Organisation.

11. Further, in assessing project costs, the Group is disappointed that little progress has been made to respond to the General Assembly's repeated requests for a detailed accounting of the indirect project costs absorbed by departments, or to conduct an analysis of the total cost of ownership of the Umoja project. The total cost of ownership of the system is crucial to informed decision-making by this Assembly. It is also important to have a more refined analysis of project expenditures and deliverables. In addition, regardless of where costs for Umoja operation, maintenance, and support are budgeted, such costs should be included in the project budget and transparently reflected in the analysis of total costs of ownership.

12. In this regard, the Group of 77 and China reemphasize the importance of project governance and the need to have a complete, transparent, and holistic accounting for the resources committed by Member States.

Madam Chair,

13. The Group notes the Secretary-General's proposal for the implementation of the remaining Umoja Extension 2. Given the importance of Extension 2 and its significant impact on key functions, the Group looks forward to discussing this proposal in detail during informal consultations, taking into account lessons learned from the previous phases of this project, and

with particular attention to organisational readiness, strong project management, and proactive measures to address challenges and risks inherent to the very ambitious implementation schedule.

14. As to resource requirements, the Group notes that the Secretary-General's proposed resources requirements would bring the overall project budget to a total amount of nearly \$544 million, an increase of 23.8 per cent over the original approved budget. The Group questions the rationale for proposing another substantial increase in the project budget while there is still insufficient transparency on total project costs, and the business case of the project has not been updated to reflect the actual efficiencies and benefits achieved through implementation of the solution.

Madam Chair,

15. The Group of 77 and China agree that it is in the best interest of the Organisation that the full scope of the Umoja project be delivered, as approved by the General Assembly in its resolution 63/262, and in order to protect the considerable investment already made by Member States, as well as realise the full qualitative and quantitative benefits of the project. In this regard, we would like to reassure you of our readiness to engage constructively on the deliberation on this important agenda item.

I thank you, Madam Chair.