



STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MS. LOURDES PEREIRA SOTOMAYOR, FIRST SECRETARY, PERMANENT MISSION OF ECUADOR TO THE UNITED NATIONS, ON AGENDA ITEM 136: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 2018-2019: ENTERPRISE RESOURCE PLANNING PROJECT, UMOJA, AT THE MAIN PART OF THE SEVENTY-SECOND SESSION OF THE FIFTH COMMITTEE OF THE UNITED NATIONS GENERAL ASSEMBLY (New York, 19 December 2017)

Mr. Chairman,

1. I have the honour to speak on behalf of the Group of 77 and China on Agenda Item 136: Proposed Programme budget for the biennium 2018-2019, on the Enterprise Resource Planning project, Umoja.

2. At the outset, the Group would like to thank Ms. Jan Beagle, Under-Secretary-General for Management Management, for introducing the Ninth progress report of the Secretary-General on the Umoja project, as contained in document A/72/397. We thank also Mr. Anand M. Bajaj, Director of External Audit of India and Chair of the Audit Operations Committee, Board of Auditors, for introducing the sixth annual progress report of the Board of Auditors on the implementation of the United Nations enterprise resource planning system as contained in document A/72/157, 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/72/7/Add.31.

Mr. Chairman,

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

4. The Group notes the progress made in the deployment of the Umoja project, with the implementation of Foundation and Extension 1. This is a significant achievement and a major step forward replacing fragmented business processes and information systems with a common, integrated system. However, the Group expresses concern about the finding of the online user satisfaction survey conducted by the Board of Auditors. The Administration indicated that 35,596 of the 40,694 Umoja users had been trained, of whom 32,240 had received training in multiple courses. This implies that 12 per cent of the total Umoja users had not received any training. In the online user satisfactory survey, the Board found that 15 per cent of the respondents reported that they were very confident and 69 per cent somewhat confident of using Umoja, and 66 per cent somewhat or mostly ready at the time of the implementation of Umoja. It was also seen that 46 per cent of the respondents felt that the timing of training had been just right, while 54 per cent felt either that there had not been enough time after training or that the training had been carried out too early before deployment. In addition, 56 per cent felt that they had been adequately trained, while 44 per cent of the respondents said that they had received training but could not understand Umoja.

5. In this regard, the Group trusts that the administration ensure that these weaknesses and

deficiencies can be corrected and that the implemented functionalities are being fully utilized to provide the organization a transparent management of the organization human and physical resources, bringing together people and departments that had previously been disconnected, as well as supporting decision-making with more robust data, streamlining business processes, and increasing transparency on costs and utilization of resources.

Mr. Chairman,

6. The Group is seriously concerned about the Secretariat proposal to extend the timeline for the full implementation of Umoja Extension 2 into 2019. In paragraph 11 of section XIV of its resolution 71/272 A, the General Assembly requested the Secretary-General to implement the full scope of the project as set forth in the eighth progress report, without further delay and cost escalation. Umoja project's original timeline and budget approved in 2008 envisaged deploying Umoja by the end of 2012, at a cost of \$248.3 million. Yet the implementation plans have been substantially revised on several occasions: 2011, to the end of 2015, and once again in 2012 to end of 2018; with cost implications and an impact on the overall level of the approved budget, increasing its proposed budget by 2018- 2019 biennium to 543.96 million, more than double its original budget, and extending its completion date from 2012 to 2018, six years later than originally approved. The Group urges the Secretary General to keep a strict management of the project and take proactive measures to avoid any further slippages and delay and ensure that the project remains on track.

Mr. Chairman,

7. The Group notes that a software upgrade has to be implemented by 2020 in order to ensure continued support for the system by the software vendor. The Group also learned from the ACABQ report that the upgrade would improve the Employee Self-service functionality, impacting over 42,000 staff users as well as heavily impacting some functional areas such as finance, and that the availability of skilled resources for testing are likely to be a challenge. The Group concurs with the ACABQ on emphasizing the need for effective project planning and management to ensure that the SAP upgrade can be implemented without disruption and delays to the Umoja Extension 2 project.

8. In assessing the benefits, the Group recalls that in paragraph 13 of section XIV of its resolution 71/272A, 15 of section XVII of resolution 70/248A, 13 of section VI of resolution 69/274A, the General Assembly requested that the Secretary General accelerate the development of a benefit realization plan, taking into account the relevant recommendations of the Board of Auditors. In response to this request, the Secretariat presented a bottom up approach, yet it failed to provide data for comparing pre- and post-Umoja implementation time savings. The Group concurs with the ACABQ that the revised Umoja business case should reflect actual efficiencies and benefits achieved through the implementation of the solution rather than artificial efficiencies; And that there is a need to establish clear and transparent records of the realization of qualitative and quantitative benefits, including the impact on of Umoja on the staffing and resource requirements of individual offices and departments. 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 Organization.

9. 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. Further, in assessing project costs, the Group notes the efforts made to estimate, for the first time, the indirect cost of the project as well as the total cost of ownership. However, the Group remains 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.

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

Mr. Chairman,

12. 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, including its implementation plans, taking into account lessons learned from the previous phases of this project, and with particular attention to organizational readiness, strong project management, and proactive measures to address challenges and risks inherent to implementation of the very ambitious implementation schedule.

13. 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 \$543.9 million, an increase of 17 per cent over the prior biennium 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 does not reflect a list of the actual efficiencies and benefits achieved through implementation of the solution.

Mr. Chairman,

14. The Group of 77 and China agrees that it is in the best interest of the Organization 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 to realize 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, Mr. Chairman.