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Chair: Ms. Bird (Australia)
*Vice-Chair of the Advisory Committee on Administrative
and Budgetary Questions:* Mr. Sene

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The meeting was called to order at 10.05 a.m.

Agenda item 136: Programme budget for the biennium 2018–2019 (continued)

Enterprise resource planning project (A/73/169, A/73/389 and A/73/607)

1. **Ms. Beagle** (Under-Secretary-General for Management), introducing the tenth progress report on the enterprise resource planning project (A/73/389), said that Umoja was an important transformative initiative for the Secretariat. Building on its contribution to previous reform initiatives such as the implementation of the International Public Sector Accounting Standards (IPSAS) and the information and communications technology (ICT) strategy, Umoja would support the Secretary-General's reforms in the areas of management, peace and security, and development.

2. Umoja had proven its value as a catalyst for end-to-end business transformation, as envisaged in the original business case for the project. It had led to substantial administrative improvements, replaced over 300 legacy systems, streamlined fragmented processes, and enabled greater visibility of global data by eliminating the silos of information caused by fragmented data from disparate systems. In its latest report on the project (A/73/169), the Board of Auditors had noted that end-to-end process management was a significant change resulting from Umoja and that, with the stabilization of Umoja Foundation and Umoja Extension 1 and the deployment of Umoja Extension 2, there would likely be greater opportunities for realizing qualitative benefits in the future.

3. Umoja provided impetus for the review of existing administrative structures, policies and processes that hindered efficiency. The harmonized business processes, clear user roles and responsibilities and robust audit trails introduced by the project would ensure a more nimble and agile Organization in which decision-making authority was closer to the point of delivery, in accordance with the Secretary-General's new framework for delegation of authority, and centralized monitoring and compliance were enhanced under a strengthened accountability framework in order to avoid or mitigate financial, operational and reputational risks.

4. Although all enterprise resource planning projects were challenging at the beginning, significant progress had been made on Umoja and it had become a part of the daily routine of much of the Secretariat staff. Umoja currently supported more than 46,500 users in 420 locations worldwide and, since June 2018, was serving

more than 120,000 personnel in peacekeeping and special political missions, including national staff, individual uniformed personnel and United Nations Volunteers. Nearly 65 per cent of in-mission, non-commercial travel requests by individual uniformed personnel had been submitted using the self-service portal, demonstrating a high degree of user adoption.

5. Considerable advancements had been made in the year covered by the progress report. In September 2017, the Galileo asset management system had been decommissioned and phase 1 of the supply chain solution had been implemented, marking another milestone in the progress towards using Umoja as the backbone for IPSAS compliance. In January 2018, the final phase of the changes to the International Civil Service Commission compensation package had been implemented. In February, June and July 2018, at the request of the Department of Public Information and the Department of Safety and Security, United Nations Development Programme-administered personnel in United Nations information centres and safety and security professional staff had been successfully migrated to Umoja, marking an unplanned consolidation of operations. In September 2018, the Umoja Extension 2 fundraising functionality had been successfully deployed to cluster 1, which comprised seven entities. In October 2018, the strategic management component of the strategic planning, budgeting and performance management application had been deployed to 13 peacekeeping missions and 2 service centres. Moreover, numerous upgrades, including two major software upgrades, had been implemented in 2018.

6. Umoja Extension 2 not only covered 133 of the 321 Umoja processes, or 41 per cent, but also significantly expanded existing functionality. Umoja Extension 2 solutions were being rolled out in clusters of entities, using a phased approach. Deployment would continue into 2019 in order to ensure business readiness and adequate change management capacity. Given the transformative role of Umoja Extension 2 functionalities, which would broaden the scope of the project beyond administrative functions, the focus of related communications and change management activities would be on the solution's alignment with the reforms and the modernization of the United Nations. In October 2018, a communications campaign had been launched to disseminate a cohesive set of messages on Umoja Extension 2. In addition, in September 2018, a new online learning platform, "iLearn Umoja," had been implemented to provide training materials and enable trainees to collaborate with communities of experts by

sharing information in open online forums. The platform would be used for all Umoja Extension 2 projects.

7. In its resolution [72/262 A](#), the General Assembly had requested the Advisory Committee on Administrative and Budgetary Questions to request the Board of Auditors to undertake a detailed verification exercise with a view to validating a statement of quantifiable Umoja-related benefits. In its seventh annual progress report ([A/73/169](#)), the Board had noted with appreciation the efforts made by process owners to establish a basis for calculating the quantitative benefits realized each year. Taking into consideration the Board's recommendations and following consultations on best practices for value realization with enterprise resource planning software customers, the Secretariat was preparing a plan that would reflect the realized and anticipated benefits of Umoja, including the main milestones envisaged and detailed descriptions of benefits. Despite the progress made in implementing the project, challenges had been encountered in developing technical solutions to meet the Organization's unique business requirements.

8. In his eighth progress report ([A/71/390](#)), the Secretary-General had estimated the resource requirements for the project for the biennium 2018–2019 at \$77.8 million. At its seventy-second session, the General Assembly had approved resource requirements for the project for 2018–2019 in the amount of \$62.1 million, endorsing the Advisory Committee's recommendation that 80 per cent of the resources requested for the biennium be approved pending the submission of the tenth progress report of the Secretary-General and the seventh progress report of the Board of Auditors. The Secretary-General's current report ([A/73/389](#)) contained a request for the remaining resource requirements of \$15.5 million. Strong fiscal discipline had been maintained for the project, costs had been reduced significantly, dependence on contractors had decreased, and the budgetary projections contained in the previous three progress reports had been respected. The number of problems reported by users was also declining steadily, with faster resolution at the local level and through the integrated service desks.

9. **Ms. Sen** (Chair of the Audit Operations Committee of the Board of Auditors), introducing the seventh annual progress report of the Board of Auditors on the implementation of the United Nations enterprise resource planning system ([A/73/169](#)), said that the aim of Umoja was to modernize a wide range of business processes and systems that were essential to the efficient and effective functioning of the United Nations. The project covered most of the Organization's administrative and support functions.

10. The Board noted with appreciation the efforts made by process owners to identify the business processes that were contributing to the realization of quantitative benefits as a result of Umoja and to establish a basis for calculating the quantitative benefits realized each year. The Board had found the estimated post reductions attributed to the project to be in order. However, in the absence of supporting documentation, it had not been in a position to validate the estimated non-post reductions relating to the supply chain and information technology streams. There was scope for improvement in maintaining documentation and preserving institutional memory to support benefits realization, and a plan must be developed to assist the Secretariat in establishing a clear and transparent record of the qualitative and quantitative benefits realized.

11. The Board had reviewed the calculations of the indirect costs of the project and was of the view that the estimate through 2017 provided in the Secretary-General's ninth progress report ([A/72/397](#)) generally corresponded to the estimated cost of the resources used in deployment. However, the costs of the continuous improvements expected to be made after 2019 had not been included in the cost estimates for the project over its life cycle. In addition, training costs had been estimated in the absence of reliable data for prior periods. Estimated maintenance costs from 2020 onwards had, moreover, been based on the annual maintenance costs projected in the report of the Secretary-General on the status of implementation of the ICT strategy for the United Nations ([A/72/755/Rev.1](#)), which were likely to change owing to the need to acquire new software licenses as usage increased over time.

12. As at 18 February 2018, there had been 290 separated employees with active user accounts in Umoja who had been assigned a total of 1,344 different roles; 139 of them had actually accessed Umoja after separation. Furthermore, there had been no centralized procedures in place to deactivate user accounts. In consultation with process owners, the Office of Enterprise Resource Planning – Umoja had developed a detailed enterprise role guide defining the combinations of roles which, if assigned to the same user, resulted in segregation-of-duties conflicts. The Board had examined the enterprise role assignments for potential segregation-of-duties conflicts, as defined in the guide, and had found that there had been 1,146 users with 3,948 conflicting roles.

13. According to the Administration, the implementation of Umoja Extension 2 might continue into 2019 in order to mitigate associated risks. The Board was of the view that factors such as the Secretary-General's reforms, the timeline for Umoja Extension 2

deployment, and the extensive scope for continuous improvements in Umoja functionalities should be considered in preparing the plan for mainstreaming the project. Moreover, Umoja stabilization might require some time after deployment was complete.

14. **Mr. Sene** (Vice-Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee ([A/73/607](#)), said that the Advisory Committee noted the wide range of activities carried out during the reporting period and welcomed the progress made.

15. With regard to Umoja Extension 2, the Advisory Committee was concerned that the project timeline continued to be extended and that project costs continued to grow. It therefore recommended that the General Assembly request the Secretary-General to take all necessary measures to ensure that the full scope of the project was implemented by the end of 2019 without further delay or cost escalation.

16. The Advisory Committee reaffirmed that there was a need to establish clear and transparent records of the realization of qualitative and quantitative benefits, including the impact of Umoja on the staffing and resource requirements of individual departments and offices. The Advisory Committee recommended that the General Assembly request the Secretary-General to ensure that a benefits realization plan was developed and that benefits reported to Member States, including the underlying assumptions and processes, were documented accurately.

17. The Advisory Committee welcomed the progress made in ensuring the self-sufficiency of in-house staff in developing Umoja Extension 2 and supporting the existing functionalities. Since the early phases of Umoja, the Advisory Committee had consistently stressed the need to build internal capacity for managing and supporting the project in order to reduce the Organization's reliance on consultants and contractual services, which represented a large proportion of project costs. The Advisory Committee also emphasized the need to establish cost-effective mechanisms to develop internal capacities and to keep up with technological changes over the long term.

18. The Advisory Committee recommended that the General Assembly request the Secretary-General to provide, in his next progress report, a detailed plan for the mainstreaming of the Umoja team into the Secretariat. An effective risk management strategy was also needed, with continual analysis of risks, assessment of mitigation measures and timely adaptation of the strategies in place, in order to avoid any further

slippages and ensure that all Umoja Extension 2 projects remained on track to be fully deployed by the end of 2019. The Advisory Committee recommended approval of the resources requested for Umoja for 2019.

19. **Mr. Ahmed** (Egypt), speaking on behalf of the Group of 77 and China, said that oversight of the Umoja project was essential and that the recommendations of the Board of Auditors and the Office of Internal Oversight Services should be implemented in full and without delay.

20. Over the previous year, the General Assembly had been informed that Umoja would provide essential support for the Secretary-General's reforms; enable more efficient and effective mandate implementation; and ensure greater transparency and accountability across the United Nations system and to Member States, especially in the stewardship of resources and the provision of real-time information on resource allocation and deployment. The Group was therefore encouraged that the Umoja user base had been expanding steadily and that the number of Umoja-related incidents had been declining. It also noted that Umoja Extension 2 would, *inter alia*, facilitate management of donor relations, support resource mobilization, integrate end-to-end processes for paying troop- and police-contributing countries, and enhance supply chain capabilities.

21. The Secretary-General must ensure that lessons learned from the implementation of Umoja Foundation and Umoja Extension 1 were proactively applied in deploying Umoja Extension 2, and the Secretariat should continuously monitor project implementation in order to ensure usability and stability. Business units must also take full and active ownership of Umoja, and work with process owners and the project team to deliver solutions. Moreover, users must be adequately trained to use Umoja in an effective and cost-efficient way.

22. The Group was concerned that, despite the significant financial resources spent on Umoja, the full benefits of the project remained unrealized. A robust business case, reflecting actual efficiencies rather than artificial budget reduction targets, must be made for the project, one of the largest and most expensive business transformation initiatives undertaken by the Organization. There was an urgent need to develop a benefits realization plan and establish a clear and transparent record of the qualitative and quantitative benefits realized, in order to ensure that post and non-post reductions attributed to or justified by the project would not adversely affect mandate implementation.

23. The Group was also concerned at the repeated extensions of the timeline and significant escalation of the costs of the Umoja project. The actual duration of the project, originally proposed to be implemented over a four-year period and completed in 2012, was now expected to extend over more than 11 years, until the end of 2019. Moreover, the original estimated expenditure of \$248 million for the project had increased to \$544 million, and the total cost of ownership from 2008 to 2030 was now expected to reach \$1.4 billion.

24. The Secretary-General must take corrective action to ensure that Umoja was fully implemented, without further delay, by the end of 2019. The Group looked forward to receiving detailed updates on plans for the deployment of Umoja Extension 2, including on supply chain management and payments to troop- and police-contributing countries. It also looked forward to an update on the forecasted risks to the project schedule and scope, as well as corresponding risk mitigation measures. At a time of fiscal austerity and uncertainty throughout the Organization, a consistent standard of fiscal discipline must be applied to the Umoja project. The Group stood ready to work with the Secretariat and all stakeholders to achieve greater efficiencies in its implementation.

25. **Mr. Zeqiri** (Observer for the European Union), speaking also on behalf of the candidate countries Albania, Montenegro, Serbia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process country Bosnia and Herzegovina; and, in addition, Georgia and the Republic of Moldova, said that European Union member States were strong supporters of an enterprise resource planning solution that would modernize business processes and systems crucial to the efficient, effective and transparent management of the Organization. They welcomed the considerable progress made in addressing issues, including efforts to improve the project's management, quantify the total cost of ownership and enhance the presentation of quantitative and qualitative benefits.

26. The European Union attached considerable importance to the full implementation of Umoja Extension 2, which included some of the most important and promising functionalities, including supply chain management, budget formulation, programme management, conference and event management, and force planning. The quality of data available on the range of Secretariat activities in Umoja Extension 2 had the potential to assist the Secretariat and Member States in their future decision-making.

27. **Ms. Norman-Chalet** (United States of America) said that, despite challenges in implementation and the steep learning curve associated with the new enterprise software system, the Organization had steadily demonstrated its ability to adapt to new ways of working.

28. Noting that the deployment of Umoja Extension 2 would extend into 2019, she stressed the need for strong project governance and risk management to ensure that Umoja was fully implemented as soon as possible and that the resources proposed for 2019 were adequate to complete the project. Umoja must remain a catalyst for business transformation, and the qualitative and quantitative benefits of the project must be improved in order to enhance resource management and inform decision-making. Her delegation looked forward to receiving further information on the realized and anticipated benefits of Umoja. The project was a necessary tool for addressing the complex global operations of the United Nations and should help the Organization to become more transparent and accountable not only to Member States, but also to the people around the world who benefited from its operations.

29. **Mr. Hong** (Singapore) said that his delegation had supported the implementation of Umoja since its inception. There was merit in using digital solutions to improve efficiency, harmonize processes and increase transparency, and he therefore found it encouraging that the Umoja user base had expanded and that the majority of users found the project to be beneficial. His delegation also noted the anticipated role of Umoja in the Secretary-General's reforms, including in establishing a chain of accountability, facilitating workflows, and streamlining processes and policies.

30. Given that Umoja was expected to enhance accountability and efficiency, the project itself must be implemented in an accountable and efficient manner. His delegation was concerned at the repeated extensions of the timeline and significant escalation of the costs of the Umoja project. It was baffling that a project whose purported benefits included increased savings and speed was expected to take three times as long to complete and cost twice as much as originally estimated. Indeed, the anticipated total cost of ownership of Umoja raised the question of whether the General Assembly should approach future such projects, including their financing arrangements, as it did major capital projects. The Secretary-General must take urgent remedial measures to ensure that Umoja was fully implemented, without further delay or cost increases, by the end of 2019. His delegation would examine the justifications for the additional resources requested and would focus

particularly on how efficiencies achieved from Umoja could be applied to the project.

31. Speedy action could be taken, without additional resource requirements, in two areas highlighted by the Board of Auditors. First, in view of the sensitive information in Umoja and its growing user base, digital identities and access controls must be managed effectively to prevent unauthorized access to the system. To that end, better coordination among the Office for Human Resources Management, the Office of Information and Communications Technology, and the Office of Enterprise Resource Planning – Umoja was necessary. Second, in view of the growing reliance on Umoja throughout the Organization, the Secretary-General must ensure that the system could withstand shocks and disasters. Regular exercises must be conducted and plans prepared in order to ensure the readiness of the Umoja disaster recovery infrastructure and to minimize the recovery time and application downtime in a failover or fallback situation. Singapore continued to support initiatives that improved the Organization's effectiveness, accountability and transparency.

The meeting rose at 10.45 a.m.