## General Assembly

Sixty-third session

Official Records

Distr.: General
10 December 2008

Original: English

## Fifth Committee

### Summary record of the 10th meeting

Held at Headquarters, New York, on Wednesday, 22 October 2008, at 10 a.m.

*Chairman*: Mr. Bródi  . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . .  (Hungary)
*Chairman of the Advisory Committee on Administrative
and Budgetary Questions*: Ms. McLurg

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*The meeting was called to order at 10.15 a.m.*

**Agenda item 118: Programme budget for the biennium 2008-2009** (*continued*)

*Information and communications technology (A/61/290 and A/61/478; A/62/7/Add.31, A/62/477, A/62/502, A/62/510/Rev.1 and A/62/793 and Corr.1 and Add.1; A/63/487)*

*Feasibility of the application of cost-accounting principles in the United Nations Secretariat (A/61/826; A/62/537)*

*A common payroll for United Nations system organizations (A/60/582 and Add.1)*

*Knowledge management in the United Nations system (A/63/140 and Add.1)*

1.  **Ms. Kane** (Under-Secretary-General for Management), introducing the report of the Secretary-General on information and communications technology strategy (A/62/793 and Corr.1 and Add.1), said that, as a knowledge-based organization, the United Nations relied on a thorough and unimpeded flow of information to allow situations to be evaluated, strategies to be formulated, informed decisions to be made and actions to be taken. Currently, the Organization's information systems were over-complicated and compartmentalized. In order to use information and communications technology (ICT) as a force for positive change, the United Nations must be able to align its ICT policies, programmes and services with its mandates, overall needs and priorities. Member States had recognized that need, and the General Assembly, in its resolution 60/283, had called for a more strategic approach to maximize the value of ICT across the Secretariat.

2.  The Secretary-General's report outlined the management framework for ICT, including the establishment of the Office of Information and Communications Technology under the leadership of the Chief Information Technology Officer, which reflected agreement across the Organization on the future direction of ICT. The Secretariat's strategic needs had been categorized in four broad areas: knowledge-sharing and collaboration; improvement of and support for internal Secretariat operations; communications and infrastructure; and overall ICT management. Those areas, together with the need to take advantage of emerging trends in technology,

provided the basis for the overall vision of a strong information and communications technology for a better United Nations.

3.  Proposals included the redeployment of all post and non-post resources from the Information Technology Services Division, and a part of the resources approved for the Information and Communications Technology Division of the Department of Field Support under the peacekeeping support account, to the Office of Information and Communications Technology. The redeployment and consolidation of those resources did not entail additional appropriations. There were no changes to the programme aspects of the programme budget for the biennium 2008-2009. In order to clearly segregate its functions and resources from other parts of the Secretariat, the Secretary-General had proposed that the Office of Information and Communications Technology should be treated as a separate section of the budget under part VIII, Common support services, of the programme budget for 2008-2009.

4.  Implementing an effective ICT strategy and organizational structure in the global Secretariat called for a balanced mix of central and delegated authority to ensure cohesiveness, efficiency and responsiveness. A strong Office of Information and Communications Technology with sufficient authority, accountability and resources was required to effectively implement the relevant strategy.

5.  Introducing the report of the Secretary-General on information and communications technology security, disaster recovery and business continuity (A/62/477), she said that it presented a holistic view of disaster recovery and business continuity throughout the Secretariat and detailed initiatives at Headquarters, at offices away from Headquarters and in field missions. Two centralized data centres were proposed, at the United Nations Logistics Base at Brindisi, Italy, and at a proposed secondary active site, termed "site B", in Valencia, Spain. The proposals would require resources of $63.7 million, $21.1 million of which was for site B and the balance for New York data centres.

6.  The second part of the report discussed the transfer to a secondary data centre of the current United Nations Headquarters data centre in the Development Corporation (DC2) building, which was inadequately equipped to handle a full-time mission critical function. The Secretary-General had proposed

establishing a secondary data centre at Long Island City at an estimated cost of $22.7 million, of which $5 million was for a back-up power generator and $7.2 million for construction of the data centre. In recent months, it had been determined that, given the scope and preliminary scale of the data centre, there would be a need for structural reinforcement, a new heating, ventilation and air conditioning system, new fire protection and an electrical overhaul. According to the revised analysis, the estimated costs had tripled. Efforts were under way to identify a new location for the data centre that would conform to the original cost estimate.

7.    Introducing the report of the Secretary-General on enterprise systems for the United Nations Secretariat worldwide (A/62/510/Rev.1), she said that it had been submitted in response to General Assembly resolution 60/283 and presented proposals and plans for the phased implementation and deployment in all offices of the United Nations Secretariat, including offices away from Headquarters, regional commissions and peacekeeping and other missions, of a new generation of systems to replace the Integrated Management Information System (IMIS) and other ancillary systems. The core of the new system would be based on commercially available enterprise resource planning (ERP) software, while day-to-day services would be managed through a customer relationship management system and knowledge of the Organization would be managed using an enterprise content management system. A total of $285.6 million would be required to implement those systems, including a contingency provision of $37.3 million, $8.2 million for the customer relationship management system and $15 million for enterprise content management.

8.    Implementing an ERP system was a major undertaking that involved harmonizing, integrating and rationalizing processes. It required a concerted effort to work out the best and most efficient ways to optimize existing processes and identify opportunities to streamline working methods across the Organization using modern technology. The timing was ideal for that implementation, as it provided an opportunity to coordinate the many reforms that the Organization was about to undertake and ensure that they accommodated the way information was structured and processed. Modern telecommunications had changed the world beyond recognition: the United Nations needed

capabilities to use information effectively within the telecommunications infrastructure. For example, compliance with International Public Sector Accounting Standards (IPSAS) could not be achieved without the foundation and work processes that enterprise resource management provided. The United Nations must move forward and achieve the efficiency gains that most of the world enjoyed.

9.    The ERP project had the strongest possible commitment from the Secretary-General and from senior management across the Organization. Internal controls had been implemented to avoid cost overruns. The proposal on the contingency provision was extremely important, however, as lack of resources might affect the timelines for implementation. The project was complex and entailed risks from unforeseen or external factors. The Secretariat needed the support of the Member States, who were part of the leadership, and who could, by sharing the Secretariat's vision for improvement, help maximize opportunities from technology in order to minimize failures due to lack of appropriate resources.

10.    Introducing the report of the Secretary-General on the feasibility of the application of cost-accounting principles in the United Nations Secretariat (A/61/826), she said that, following comprehensive research on current methodologies and review by expert consultants, the report had been drafted at an early stage of decision-making and preparation for implementing an enterprise resource management system. She therefore drew attention to three major points: firstly, that some substantive policy matters required consideration and decisions by the Member States before cost-accounting principles could be applied, including the question of whether the policy should seek the costing of inputs or outputs; secondly, that cost recovery policies and existing financial management and budgetary control frameworks in the Secretariat might require adjustment to reflect the decisions on cost accounting; and thirdly, that many of the reform decisions before the Committee — including on enterprise resource management, IPSAS compliance, enterprise risk management and results-based management — would lead to greater financial transparency, more efficient processes and a focus on results and outputs, thus improving the cost profile of the Organization. The relative priority of implementing cost-accounting principles should be considered within that wider context.

11. In concluding, she assured the Member States that the Secretariat had developed and included the business specifications for cost accounting within the requirements for the enterprise resource management software, pending their decisions on the matter. The Secretariat was committed to the changes and would strive to do its best, even when contending with external factors.

12. **Mr. Herman** (United Nations System Chief Executives Board for Coordination), introducing the comments of the Secretary-General and those of the United Nations System Chief Executives Board for Coordination (CEB) (A/60/582/Add.1 and A/63/140/Add.1) on the Joint Inspection Unit (JIU) reports on a common payroll for United Nations system organizations (A/60/582) and knowledge management in the United Nations system (A/63/140), said that the reports touched on critical issues for the entire United Nations system.

13. In its report on a common payroll system, JIU had called for the implementation of such a system as the first step in developing shared enterprise resource planning. Organizations had welcomed the report because it touched on a subject of great relevance to them: harmonizing information systems across agencies. Organizations throughout the United Nations family had invested heavily in their own systems, most of which provided payroll as well as other financial and resource management functions. They would therefore require a clear business case, including documented cost savings and benefits, before moving to a different system, even a common one. In their comments, they had stressed that JIU had not presented a compelling business case. In particular, they had questioned the JIU analysis that projected savings of $100 million over 10 years through the implementation of a common payroll service.

14. Agencies had concluded that any movement towards common enterprise resource planning, including a common payroll, must begin with the harmonization of business practices that underpinned those systems. The most complex part of implementing such systems was to assess existing administrative processes and, when necessary, to streamline them. Agencies had been working together to achieve policy coherence and to fully document and harmonize the processes used to manage administrative activities.

15. Organizations had welcomed the JIU report on knowledge management, since many were currently involved in developing knowledge management strategies. While both JIU and organizations had noted the difficulty of studying such a broad and diverse topic as knowledge management, organizations had responded favourably to many of the recommendations. They had, however, noted that the report concentrated too strongly on approaches aimed at capturing "explicit" knowledge, such as that contained in documents and databases, without significant attention to "tacit" knowledge, such as that embedded in the experience of staff members. A comprehensive knowledge management initiative should address both aspects.

16. Despite their concerns about some facets of each report, the organizations had agreed with JIU in its final recommendation calling upon executive heads to include knowledge-sharing competencies in the staff performance appraisal system, which highlighted the need for knowledge management initiatives to go beyond technology and to contain policies that encouraged knowledge-sharing activities among staff members.

17. **Ms. McLurg** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related reports of the Advisory Committee (A/61/478, A/62/7/Add.31, A/62/537 and A/63/487), noted that delays by the Secretariat in finalizing its proposals had hindered the Advisory Committee in reporting on the complex information and communications technology matters under consideration. She emphasized that when the General Assembly was presented with requests for large financial outlays, it had to be assured that proposals had been fully thought out and were based on a comprehensive analysis of the Organization's requirements and capacities. Member States should be able to have full confidence in the Secretariat's decision-making processes and in its ability to execute proposals. In formulating its recommendations, the Advisory Committee had taken into account the need to move quickly on ICT matters, given the delays already incurred and the decisions in General Assembly resolution 60/283 to establish the post of Chief Information Technology Officer and replace IMIS with a next-generation ERP system.

18. The Advisory Committee broadly agreed with the Secretary-General's proposals in his report on an ICT

strategy (A/62/793 and Add.1), which were based on strong central leadership for establishing and implementing Organization-wide ICT standards and activities, while maintaining a decentralized approach to meet the specific programmatic requirements of all departments and their operational needs. The Advisory Committee had noted that only "strategic" or Organization-wide functions were to be centralized for the management of resources, knowledge, and information and communications technology infrastructure.

19. The proposed ICT governance framework would provide for the involvement of staff and managers across all departments and duty stations through their participation in programme steering committees and advisory groups. Decisions on investments and priorities would be made by the Executive Committee on ICT, which included senior managers and the Chief Information Technology Officer, and not by technical specialists alone. The Advisory Committee was of the view that an excessively cumbersome bureaucratic structure might hinder decision-making and dilute accountability and therefore recommended that the governance structure should be kept under review.

20. Regarding the structure of the proposed Office of Information and Communications Technology and the division of labour and responsibilities between the Office and related units of the Secretariat, the Secretary-General had indicated (A/62/793/Add.1) that the Office was to be independent, would be headed by the Chief Information Technology Officer, and would report to the Executive Office of the Secretary-General through the Deputy Secretary-General. The Office would include the current Information Technology Services Division of the Department of Management and would consolidate the "strategic" or central functions currently performed by the Information and Communications Technology Division of the Department for Field Support. While the Advisory Committee recommended approval of the proposal, including the redeployment of 10 of the 11 posts proposed to be transferred from the latter Division to the Office of Information and Communications Technology, it emphasized the need to ensure full support to field operations. The Advisory Committee also noted the Secretary-General's intention to proceed with structural reviews and the rationalization and harmonization of all ICT units across the Secretariat, which, in the Advisory Committee's view, were

essential to achieving the key goals of coherence and coordination of the Organization's activities in that area.

21. Turning to the subject of the ERP system, she said that the Advisory Committee had commented extensively on the weaknesses of the current systems and the links between the implementation of the ERP project and other management reform initiatives, including IPSAS. The Secretary-General's revised report on enterprise systems (A/62/510/Rev.1) included a two-phase implementation strategy and an overall estimate of $285 million for the complete project, including a contingency provision of $37 million. The Advisory Committee had noted that, at the current stage, the overall amount represented only an estimate of the cost of implementation and deployment of the ERP project: firm costs would be known only once the business process re-engineering phase had been completed and specific customization requirements had been identified.

22. Upon enquiry, the Advisory Committee had been provided with updated information on the resources requested for the biennium 2008-2009, which had been reduced to approximately $42 million, including a contingency provision of $5.6 million. The reduction reflected delays in the approval of the project and changes in the sequence of activity and acquisition strategies: the Secretary-General intended to complete selection of the enterprise resource management software before proceeding with the acquisition of integrated services, rather than conducting those activities concurrently. It was also proposed that integration services for the design, build and roll-out phases of the project would be acquired separately, instead of developing a comprehensive proposal for the entire project at the outset.

23. The Advisory Committee considered that the revisions represented a significant change in the strategy for the implementation of the ERP project and therefore recommended that the Secretary-General should be requested to submit a revised implementation plan. In the meantime, so as not to incur further delays in the project schedule, the Advisory Committee recommended that the General Assembly should approve the Secretary-General's proposals for 44 temporary posts to staff the core ERP project team, as well as the resources requested for the current biennium, except for the contingency provision. The Advisory Committee emphasized that

the project should be guided by the principles set out in paragraph 22 of the Secretary-General's report (A/62/510/Rev.1), including the need to limit customization of the software to the extent possible. The Advisory Committee also recommended approval of the Secretary-General's proposal to establish a multi-year special account for the project.

24. While it was considering the Secretary-General's proposals on the ERP project, the Advisory Committee had been informed of some modifications to the governance framework: the ERP project director would report to the Chairperson of the ERP Steering Committee on business processes and to the Chief Information Technology Officer on day-to-day project management and technology issues. The Advisory Committee emphasized the need for clear lines of responsibility and accountability for the overall project. It trusted that the Secretary-General would keep such arrangements under review and make adjustments as appropriate. In that connection, the Advisory Committee noted that the introduction of ERP would directly affect vast numbers of staff, information systems and the Organization as a whole. It was likely that work processes, roles and responsibilities would change. The project would therefore require the full support and commitment of managers and should be viewed as a business project, with priority given to satisfying functional needs. It was thus understandable that the Chairperson of the project Steering Committee — the Under-Secretary-General for Management — should have overall responsibility for the project. The Advisory Committee emphasized, however, that the role of information and communications technology should not be minimized and that a viable, technically sound solution should be put into place.

25. With regard to cost accounting, the Advisory Committee in its report (A/62/537) had recommended that requirements should be fully elaborated during the preparatory phase for the implementation of the ERP system, in order to ensure that they were integrated into the design of that system from the outset. From the Secretary-General's report on enterprise systems (A/62/510/Rev.1), the Advisory Committee had noted that cost accounting had been included in the study of functional requirements completed in December 2007 and would be included in the functionalities to be provided during the first phase of implementation.

26. In its report on information and communications technology (A/62/7/Add.31), the Advisory Committee had recommended approval of the other two enterprise systems proposed by the Secretary-General, namely, the enterprise content management system and the customer relationship management system. It had requested that updated information on the status of those projects should be provided to the General Assembly when it considered the proposals.

27. With respect to infrastructure requirements for disaster recovery and business continuity, the Secretary-General had made two sets of proposals. The first concerned the transfer of the current data centres in the Secretariat and DC2 buildings in New York to a North Lawn facility and a facility in Long Island City during the transitioning phase of the capital master plan. The Advisory Committee had recommended approval of the North Lawn facility in its report on ICT (A/62/7/Add.31). As for the Long Island City site, the Advisory Committee had learned at a very late stage in its consideration of the Secretary-General's proposals that it was no longer being pursued. Subsequent to the finalization of its report, the Advisory Committee had been informed that the plans for the site had been abandoned because a revised analysis had concluded that the estimated costs would increase by 300 per cent. The Advisory Committee had been further informed that the Secretariat was in the process of identifying alternative sites. In view of those developments, the Advisory Committee recommended that the General Assembly should request the Secretary-General to submit a new proposal for a secondary data centre for Headquarters in New York, including a detailed justification of the reasons for the change and the costs already incurred for the Long Island City site.

28. The second set of proposals concerned a global operational framework to support disaster recovery and business continuity for information and telecommunications systems for the entire Organization, as well as for hosting the Organization's enterprise applications such as ERP. The proposals entailed additional requirements for the data centre at the United Nations Logistics Base and the establishment of a proposed secondary site in Valencia (site B). Recognizing the risks of sole reliance on the communications facilities at the Logistics Base, as well as the need for further data storage facilities, the

Advisory Committee recommended approval of the proposals.

29. The Advisory Committee once again emphasized that investments in information technology should result in tangible and measurable efficiency and productivity gains. It recommended that the Secretary-General should be requested to define specific objectives and methods for measuring the impact of the information and communications technology initiatives on the performance of the Organization's administrative functions. The Advisory Committee also emphasized the need for effective monitoring of the projects and submission of meaningful performance reports to the General Assembly on a regular basis. In addition, it recommended that information regarding system-wide coordination on ICT policy and strategy with other entities of the United Nations should be provided in the context of future budgets. It continued to stress the need for close cooperation and coordination between the United Nations organizations in the matter, and particularly in the area of enterprise systems.

30. **Mr. Cazalet** (France), speaking on behalf of the European Union, recalled that the European Union had agreed in principle to the establishment of a new ICT strategy to eliminate duplication and fragmentation, thereby improving the Organization's ability to manage, effectively and efficiently, its human and physical resources. The introduction of ERP would give the United Nations a unique opportunity to streamline its work processes and would support the Organization's ongoing management reforms by promoting accountability and transparency.

31. The United Nations needed reliable data back-up systems so that it could carry out its peacekeeping activities at all times and under all circumstances. In that connection, the European Union took note of the commitment by the Government of Spain to finance a secondary data centre in Valencia.

32. Given that extensive resources would be required over a long period of time, it was important to carefully consider all the relevant reports. The European Union hoped to receive further information regarding the expected short- and medium-term benefits of ERP and looked forward to an in-depth debate on the requested resources. It was in favour of a centralized approach to managing ICT initiatives and operations and stressed that customization of the ERP

software must be kept to a minimum. Lastly, the communication technology infrastructure must be easily adaptable, to take into account new technological developments.

33. **Mr. Hunte** (Antigua and Barbuda), speaking on behalf of the Group of 77 and China, said that the Group had always supported management reform initiatives aimed at increasing the Secretariat's efficiency and capacity to deliver better results. It fully recognized the need for a sound ICT infrastructure to promote efficiency, effectiveness, transparency and accountability.

34. In its resolution 60/283, the General Assembly had decided to replace the Integrated Management Information System with a next-generation enterprise resource planning system or other comparable system. The Group acknowledged the advantages of a comprehensive ICT strategy and new ERP system, as set out in the Secretary-General's report (A/62/510/Rev.1). However, it was also aware that the new system was a complex and diverse one that required extensive resources.

35. Given the new system's complexity, certain elements should be taken into account prior to its implementation. The Secretariat should identify the risks involved in implementing the system; draw lessons from other United Nations entities that had implemented a similar system; develop a mechanism to monitor and assess the results and performance of all entities involved; define clear objectives and expected results for each implementation phase; outline clear roles and responsibilities for all ICT units in the Secretariat and offices away from Headquarters; ensure clear lines of accountability and effective leadership; ensure that investments in information technology resulted in tangible and measurable efficiency and productivity gains; identify potential savings through the increased use of open source software, as requested in section V, subparagraph (f), of General Assembly resolution 60/260; encourage "buy-in" among staff at all levels by educating them about information and communications technology; and, lastly, ensure that the new system streamlined existing work processes.

36. The Group would seek clarification of the proposed governance structure, including the establishment of the Office of Information and Communications Technology, in informal consultations. In that regard, it reaffirmed the role of the Committee

for Programme and Coordination in reviewing any programmatic change to the strategic framework and programme budget.

37. The Group recognized the importance of developing a global operation framework for ICT security, business continuity and disaster recovery and agreed that the current fragmented approach, in which duty stations developed their own standards and infrastructure, exposed the Organization to considerable risks.

38. It had been decided that the current secondary data centre in the DC2 building would not be transferred to a facility in Long Island City, as formerly proposed. The Group sought further clarification of that decision, as it indicated a lack of strategic planning. It would also appreciate more information on the proposed site B, including the process involved in selecting the location. While voluntary contributions from Member States were welcome, it was important that the Secretariat should ensure a transparent process in all its operations and activities.

39. The overall resource requirements for the implementation of the ERP system over a five-year period had been estimated at more than $280 million. The total funding for all ICT-related projects could reach $372 million; that figure would likely rise, once the costs for software customization and integration services had been identified.

40. The Group was very concerned about the complex funding scheme presented in the Secretary-General's report. The Secretariat was using a creative funding arrangement to mask the simple reality that additional resources were needed for the ICT project.

41. General Assembly mandates often were not implemented, owing to chronic underfunding. The proposal to finance the ICT reforms by using available balances in the surplus account of the United Nations General Fund and peacekeeping missions was tantamount to transferring resources from priority areas and could result in managers being instructed to spend less than their budget allocations in order to finance ERP.

42. Lastly, reforms could not be implemented unless there were sufficient resources. If Member States did not fulfil their financial commitments, their expressions of support amounted to nothing but empty promises.

43. **Mr. Plunkett** (Canada), speaking also on behalf of Australia and New Zealand, said that the three delegations were fully committed to a modern, efficient and effective United Nations; however, that could not be achieved unless the Organization had modern and efficient information and communications technology and a unified strategy to cover its implementation. For too long, ICT governance had been fractured and divided. While individual units had been able to create innovative solutions to their ICT challenges, lack of a common vision had resulted in duplication, extra costs and incompatible systems. The Fifth Committee had wisely recognized that fact in 2006, when it had approved the position of Chief Information Technology Officer and agreed to the implementation of the new enterprise resource planning system.

44. One of the main reasons for implementing an ERP system was to enable the Secretariat to streamline and improve the Organization's operations, particularly by re-engineering its current business processes. Enterprise resource planning would free up significant resources, which could then be utilized to implement other mandates. Unfortunately, the Secretary-General's report had not provided adequate details regarding the additional efficiencies ERP might produce. The three delegations would seek clarification of that point in informal consultations.

45. The implementation of the ERP system would require a substantial financial investment from Member States. Australia, Canada and New Zealand were prepared to make that investment but required reassurance that costs would be kept to a minimum. In that regard, they agreed with the Advisory Committee that it was necessary to limit customization of the ERP software to ensure cost-effectiveness.

46. **Mr. Gürber** (Switzerland), speaking also on behalf of Liechtenstein, said that the establishment of the Office of Information and Communications Technology within the framework of the proposed ICT strategy provided the necessary organizational basis and authority for the Chief Information Technology Officer to carry out a Secretariat-wide mandate and to reorganize the fragmented ICT programmes and services. The proposed strategy struck the right balance between centralizing vital ICT functions and ensuring that actors in the field had the necessary flexibility to implement their mandates. He was pleased that the implementation of the strategy would not place undue

strain on the Organization's budgetary or human resources.

47. The ERP system would help the Organization streamline its business processes and would facilitate many important reform projects, including the introduction of the International Public Sector Accounting Standards, procurement and the accountability and results-based management frameworks.

48. Switzerland and Liechtenstein were ready to support the Secretary-General's proposal on disaster recovery and business continuity, since the loss of communication channels or important data would jeopardize the functioning of the Organization and the safety of its staff.

49. It was true that the ERP proposal and the disaster recovery and business continuity proposal came with a sizeable price tag. The two delegations would examine the requested resources very carefully to ensure that unnecessary costs were avoided and that customization of the ERP software was kept to a minimum. At the same time, they considered it unwise for the General Assembly to exercise disproportionate budgetary restraint. The negative consequences of maintaining the current ICT systems might not seem apparent; however, they were real and would only increase in the future. The Secretary-General's proposals should be viewed as a critical investment that would enable the Organization to implement its mandates more efficiently and effectively.

50. Lastly, delegations should bear in mind that the comprehensive ICT proposal was a response to a request made by Member States and not just an item on the Secretariat's wish list. It would be imprudent to further delay such an important part of the Organization's management reform.

51. **Mr. Lim** (Singapore) said that his delegation had noted the Secretary-General's acknowledgement of the Organization's dysfunctional ICT structure. If properly implemented, his proposal should shorten the response time to emergencies, streamline information flows and free up human resources for higher-level jobs. Singapore urged the Secretariat to conduct a detailed study of the proposal's operational implications, especially in relation to field missions and peacekeeping operations, and to provide further information on the proposed rationalization of the budget allocation for the Office of Information and Communications Technology. It agreed with the Advisory Committee's recommendation that the General Assembly should be kept informed of changes to the ICT management framework in the context of its consideration of the proposed programme budget and provided with regular updates on ICT activities.

52. With respect to enterprise resource planning, his delegation acknowledged the need for a comprehensive update of the Integrated Management Information System. The replacement system should provide significant improvements in terms of efficiency and flexibility and should allow for future upgrades. It should also offer easy compatibility for all end-users, including United Nations specialized agencies and other core partners. Most importantly, the new system should enable the Organization to function better. If it did not, it risked becoming another white elephant that would have to be replaced within a few years.

53. To avoid cost overruns, the Secretariat should track expected cost estimates for the implementation of enterprise resource planning systems such as ERP. Member States should not be expected to sign a blank cheque, especially since it might take time for the practical benefits of the new system to become fully apparent. Lessons should also be learned from the implementation of the Integrated Management Information System, as it had not lived up to expectations. The Secretariat should provide regular progress reports and include information on the implications of ERP for staffing. Singapore would be grateful if the Chief Information Technology Officer and the Office for Human Resources Management could provide further information on that matter. Most importantly, it agreed with the Advisory Committee that there was a need for clear lines of responsibility and accountability for the overall project.

54. Singapore acknowledged the rationale behind the proposal to establish two major centralized data centres, at the United Nations Logistics Base at Brindisi, and at a proposed secondary site in Valencia, and to transfer the current United Nations Headquarters data centres to facilities on the North Lawn and Long Island City. That said, it shared the Advisory Committee's concern that no update had initially been provided on the decision not to pursue the Long Island City site and agreed with its recommendation that the Secretary-General should submit a new proposal for a secondary data centre, including an explanation regarding the Long Island City site.

55. **Mr. Shin** Boo-nam (Republic of Korea) said that a globally integrated, transparent and better coordinated ICT structure would enable the Secretariat to be more effective, efficient and modernized. A redistribution of the ICT framework within the Secretariat would benefit all actors, including United Nations staff, Member States and end-users worldwide.

56. Changing the ICT framework was a long-term project that required significant financial commitments. Given that the framework could not be easily changed once it had been adopted, it was especially important to scrutinize the expected merits and potential risk factors during the planning phase. His delegation urged the Secretariat to draw lessons from the implementation of the Integrated Management Information System and from other international organizations that had already adopted enterprise resource planning.

57. A cost-benefit analysis was useful in any reform initiative. Where possible, specific expected benefits and costs should be listed and translated into quantifiable estimates. In that context, his delegation welcomed the expected benefits of the ERP system, as set out in the Secretary-General's report (A/62/510/Rev.1), and the organizational benefits, as set out in the Secretary-General's report on the ICT strategy (A/62/793). It encouraged the Secretariat to make every effort to quantify the expected benefits to the fullest possible extent.

58. Cost-efficiency was important, especially given the current worldwide economic slowdown. The Republic of Korea was pleased that the Secretariat intended to use existing resources to set up the Office of Information and Communications Technology and welcomed the changes in the sequencing of activities and acquisition strategies, as part of the effort to reduce cost escalation.

59. The success of the new ICT framework would be judged, not by the introduction of new hardware or software, but by a smooth change in the organizational working culture. Ultimately, the final goal should be to change the staff's way of thinking and working; education and training programmes should be carefully designed to that end. When selecting the new software, it was important to take into account the Secretariat's nature as an international organization and to factor in customization costs.

60. As stated in the Secretary-General's report, senior management support for the ICT programmes was a key factor for success. His delegation hoped that the Department of Management and the Department of Field Support would support the timely development of a new consolidated ICT governance structure and encouraged the Secretary-General to continue to provide Secretariat-wide leadership throughout the transitional phase.

61. **Mr. Traystman** (United States of America) said that his delegation acknowledged the fundamental importance of having appropriate information systems to address the Organization's daily operational needs and facilitate the implementation of important reform proposals. It was impressed with the Chief Information Technology Officer's efforts to lay the groundwork for the launch and implementation of the new ICT strategy.

62. His delegation generally agreed with the proposed governance structure but would seek certain clarifications in informal consultations. It acknowledged that the application of the International Public Sector Accounting Standards and other enhanced procedures would have a significant impact on the daily activities of Secretariat staff and was particularly interested to learn how that complex change would be managed. It saw great potential in the proposed knowledge management initiatives and looked forward to learning how they would improve the effectiveness of the Organization.

63. Given the current difficult economic conditions and the rapidly escalating expenses under both the regular and peacekeeping budgets, it was especially important that the Organization's resources should be used in an efficient, effective and transparent manner. The key was to move deliberately and in clearly defined phases to ensure that Member States received the maximum benefit from their investments.

64. Lastly, his delegation welcomed the benefits, particularly in the areas of transparency and accountability, of an integrated enterprise resource planning system.

65. **Mr. Kovalenko** (Russian Federation) said that his delegation was in favour of exploiting information and communication technology to modernize and improve the efficiency of the day-to-day work of the Secretariat, but cautioned that the expense of ICT tools made it necessary to examine scrupulously and in detail all the

positive and negative aspects of any ICT investment and to carry out a cost-benefit analysis.

66. Recalling that the General Assembly, in its resolution 60/283 regarding the Secretary-General's report entitled "Investing in the United Nations: for a stronger Organization worldwide", had decided in principle to replace the Integrated Management Information System with a next-generation enterprise resource planning system or other comparable system but had provided for no timetable for doing so, he said that Member States must be fully convinced of the benefit of any new state-of-the-art ERP software. It must be a genuine improvement on its predecessor, and the investment involved must generate a gain in productivity and a reduction in expenditure. In other words, it must be financially justified. However, as the overall cost of the changeover had not so far been disclosed, the Member States would have difficulty reaching a decision on the proposal. It should be remembered that expenditure on IMIS had been considerably higher than originally forecast by the Secretariat in its proposals to the General Assembly.

67. His delegation wished to know whether the Secretariat had consulted the United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF) and other entities which had already adopted ERP systems to ask if they had experienced problems such as substantial cost overruns or lack of success in increasing efficiency and reducing expenditure. As it appeared that UNDP and UNICEF had used different ERP suppliers and different ways of bringing the software into use, his delegation wondered whether the Secretariat had taken advantage of that experience and, moreover, whether it would be better off joining one of the systems already in operation in those entities, rather than building a system from the ground up. His delegation would also like more details concerning the risks which the Under-Secretary-General for Management had mentioned in her introduction.

68. The time frame established for the introduction and operation of ERP was a matter of concern. While it already appeared unlikely that substantial completion would be achieved by the target date of the end of 2012, his delegation wished to know why such a long deadline was necessary, and why one to one-and-a-half years would not suffice. The introduction of ERP would be impossible without the requisite planning to ensure that systems were compatible with each other in all duty stations and that long-term considerations were taken into account. The mistakes of the past, when substantial ICT investments had been made without sufficient foresight, should not be repeated.

69. Although IMIS, the current system, had not been fully operational for long, it now appeared that it was obsolete and unable to meet the Organization's needs. His delegation suggested that an independent comparison should be made between IMIS and the proposed ERP system in order to obtain a professional and unbiased cost-benefit analysis and a full assurance that the sizeable investment requested was justified at the current stage and at current levels of technological advancement. It might turn out to be better to retain IMIS for a period, in order to profit more fully from the investment already made, and to contemplate an ERP system later, once new technology was able to produce genuine results and positive effects on the Organization's work.

70. **Mr. Mukai** (Japan) said that there was a clear need for strong, central management of ICT activities and more efficient utilization of ICT resources. He welcomed the efforts of the Under-Secretary-General for Management, the Chief Information Technology Officer and other staff to present a comprehensive report on such a complex subject.

71. Given that the Chief Information Technology Officer would be responsible for strategic or Organization-wide functions, while the Department of Field Support would be responsible for field operations, it was important to clearly define the division of labour and responsibilities among the Office for Information and Communications Technology, the Department of Management and the ICT office of the Department of Field Support.

72. In his report on the ICT strategy, the Secretary-General had stated that a single, united structure would enable the Organization to take advantage of economies of scale and eliminate redundant operations. His delegation would appreciate more detailed information on what concrete efficiency gains could reasonably be expected from the proposed governance structure and how soon those gains would be realized.

73. In the light of the ongoing management reforms, it was necessary to clarify the connection between the introduction of ERP and reform projects in the fields of human resources management, procurement, the

budget process, the International Public Sector Accounting Standards, internal control and audit.

74.   Japan agreed that the ERP system could enhance the Organization's efficiency by simplifying its working processes but would like to know how and to what extent savings under operational and administrative costs would be identified and project delays and cost overruns addressed. It concurred with the Advisory Committee that software customization should be kept to a minimum and expected the Secretariat to benefit from the lessons learned by other United Nations entities that had already implemented an ERP system.

75.   The Advisory Committee had noted that the costs for software, customization and integration services would be known only after the business process re-engineering phase had been completed. In that case, Member States should only take note of the overall resource requirement for the implementation of the ERP system and approve the minimum amount necessary for the design phase for 2008-2009. The Secretary-General should then be requested to submit streamlined cost estimates to the General Assembly at the main part of its sixty-fourth session.

76.   Japan agreed with the Advisory Committee's recommendation against approval of the contingency provision of the budget. Such a provision was not warranted, given the reduced scope of activities envisioned for the remainder of the current biennium and the Secretary-General's phased approach for the acquisition of integration services.

77.   With respect to business continuity and disaster recovery, his delegation was not convinced of the need to transfer the secondary data centre in the DC2 building to Long Island City or to establish a secondary active communications facility in Valencia. It would also be interested to know the minimum ICT requirements for continuing business, in the event of a disaster. Lastly, it would appreciate a clarification of the minimal requirements for the proposed mission on site, mission in theatre and off site and off-site and out-of-theatre redundant data centres for disaster recovery and business continuity in peacekeeping missions.

*The meeting rose at 11.45 a.m.*