



Industrial Development Board

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Item 6 of the provisional agenda

**Medium-term programme framework and
medium-term investment plan**

Programme and Budget Committee

Thirty-third session

Vienna, 16-18 May 2017

Item 9 of the provisional agenda

**Medium-term programme framework and medium-
term investment plan**

Medium-term investment plan, 2016-2019

Addendum to the proposals by the Director General

In line with paragraph (l) of decision IDB.43/Dec.6 adopted by the Board at its forty-third session, the current document presents an updated medium-term investment plan to be funded by the Major Capital Investment Fund (MCIF).

1. The updated medium-term investment plan for 2016-2019 incorporates requirements for capital investments totalling €3.0 million in 2017-2018 and €6.5 million in 2019, to ensure that UNIDO's enterprise resource planning (ERP) system, web platforms, reporting and collaboration tools, as well as its information and communications technology (ICT) infrastructure remain up-to-date with changing business requirements and technological progress. The execution of the plan would most prominently support the development and improvement of the ERP system, at a cost of €1.5 million for 2017-2018. In addition, a major ERP upgrade is foreseen in 2019 to benefit from technological trends such as cloud computing, software as a service and big data reporting at an estimated cost of €5.7 million. The ICT infrastructure would also require investment of €0.9 million for 2017-2018 and €0.8 thereafter, in addition to the regular maintenance costs.

2. In line with paragraph (m) of decision IDB.43/Dec.6 and recommendations by the External Auditor (document IDB.43/3, paras. 25 to 29 and 40), priority in developing the ERP system was given to strategic reporting on International Public Sector Accounting Standards (IPSAS) to ensure that standardized reports are automatically produced by the ERP system, and to leveraging the ERP system to fully support the production of the Annual Report of UNIDO. Significant progress has been made in these areas utilizing internal resources.

3. Based on the medium-term investment plan to be funded by the MCIF as presented to the Board in 2015 (IDB.43/9/Add.1), the Director General approved in

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2016 the utilization of MCIF amounts of €300,000 for the development of ERP modules for contract and invoice management, and of €200,000 for ERP developments necessary for the new International Civil Service Commission (ICSC) compensation package as approved by General Assembly resolution 70/244 on 23 December 2015.

4. As part of the integrated results and performance framework (IRPF), two Organization-wide ERP customer satisfaction surveys were conducted in 2014 and 2016, which demonstrated a high satisfaction rate by ERP users, both at Headquarters and in the field. The overall satisfaction rate of users increased from 66 per cent in 2014 to 68 per cent in 2016. These high levels can be attributed to the continuous improvements to the ERP system and their alignment with end-user requirements. However, to ensure that the ERP system and ICT infrastructure continue to effectively support UNIDO's management priorities and to further improve internal operations and transparency, a number of investments are necessary over the period 2017-2019.

5. The tables below list the enhancements and improvements of the ERP system, web platforms and ICT infrastructure necessary for 2017-2019, including the estimated timeline and cost. The implementation of the planned items will be conditional to the collection of funds on the MCIF account.

Table 1
Major ERP and ICT investments for 2017-2018

Priority	Investment description	Estimated timeline	Estimated amount in millions of euros
<u>Communication, collaboration and transparency</u>			
1	<i>Improved external communication:</i> The UNIDO websites are currently supported by various different technical platforms, some of which are outdated. Investment in this area would significantly improve the management of the various websites as well as allow for a more unified corporate identity and representation on various communication channels, including social media. In this regard, up-to-date social media monitoring tools would enable better data analysis, and more targeted and timely stakeholder communication. In addition, this investment would allow further improvements to the transparency of UNIDO operations, especially on the Open Data Platform.	2017-2018	€0.2
2	<i>Sustainable Development Goals (SDGs) reporting:</i> UNIDO will work with various stakeholders, including from the United Nations system and the private sector, on the development of a platform for the monitoring of and reporting on the achievement of Goal 9, which will feature both internal and external data and statistics.	2017-2018	€0.2
3	<i>Improved collaboration and accessibility:</i> There is an increasing demand from staff and UNIDO partners to improve the remote access to ERP functionalities. It is therefore intended to adapt key monitoring and reporting as well as major business processes to make them better available remotely, including on mobile devices.	2018	€0.2
<u>ERP improvements</u>			
1	<i>Strategic reporting: Programme and budgets:</i> Missing budgeting functionalities need to be implemented to enable the preparation of the programme and budgets in the ERP system, which will contribute in a major way to the efficiency of the process.	2017	€0.2

Priority	Investment description	Estimated timeline	Estimated amount in millions of euros
2	<i>Technical cooperation (TC) delivery process:</i> The ERP system needs to be updated to incorporate finance, human resources, procurement and reporting requirements for TC delivery by UNIDO partners. The outsourcing of project management components such as implementation and reporting to UNIDO partners is expected to increase the efficiency of the TC delivery process.	2017	€0.2
3	<i>Knowledge management and collaboration (KMC) and ERP integration:</i> Further integration of systems into KMC and ERP is required, e.g. network and archive storage, and donor reporting workflows. Improving KMC and ERP integration will improve workflow processes and accessibility, and eliminate manual updating and maintenance procedures.	2018	€0.4
4	<i>Time management:</i> An improved time recording, reporting and management system is needed for staff and experts to increase the efficiency and transparency of the process. Updating the time management system is warranted in 2018 and will eliminate the extraordinary support requirement.	2018	€0.2
5	<i>E-recruitment upgrade:</i> An upgrade to a modern cloud-based e-recruitment solution would allow access to a much larger global resource and talent pool and enable UNIDO to benefit from the best international skill set.	2018	€0.2
6	<i>Funds and position management:</i> Such a module would enable the reserving of funding for known staff expenditures for both Headquarters and field staff in the ERP system, which will increase budgetary control and reporting accuracy and efficiency.	2018	€0.3
<u>ICT infrastructure</u>			
1	<i>ICT data centre and disaster recovery facilities:</i> Based on the recommendations by the External Auditor (document IDB.43/3, paras. 114 and 116) an ICT upgrade of the disaster recovery and data centre facilities is necessary. This serves the purpose of safeguarding and ensuring the security of UNIDO's critical data and systems.	2017	€0.2
2	<i>ICT Headquarters equipment:</i> The personal computers in use at Headquarters are replaced at the approximate rate of 100 per year, which means that the equipment is utilized some three years past its useful life. A complete replacement of at least half of the personal computers during 2017 and 2018 would significantly increase staff productivity in the day to day use of the ERP system, office software, the KMC solution, etc. The central server equipment is also utilized beyond its anticipated useful life expectancy and complete replacement is warranted in 2017-2018.	2017-2018	€0.4
3	<i>Mobile equipment to improve remote working:</i> The mobile equipment at Headquarters is utilized some two years past its useful life, and availability is limited. A complete replacement of mobile devices as well as additional equipment for staff would be warranted in 2017 and 2018. While also increasing staff productivity during day to day tasks, this would especially empower staff to execute key business processes while working remotely.	2018	€0.3
Total for 2017-2018			€3.0

Table 2
Major ERP and ICT investments for 2019

Priority	Investment description	Estimated Timeline	Estimated amount in millions of euros
<u>ERP Improvements</u>			
1	<p><i>Major ERP upgrades:</i> Benchmarks with other United Nations organizations show that ERP systems are typically upgraded after 7 to 8 years from the initial implementation in order to ensure that the system continues to be up-to-date and capable of effectively supporting changing business requirements (UNIDO's implementation started in late 2010). The cost of such major upgrades amounts typically to 30 to 40 per cent of the original implementation (UNIDO's total budget for the ERP implementation was €13 million).</p> <p>In this context, it is to be noted that the SAP software provider has launched a newer version of its ERP solution comprising new functionalities, processes and technologies. This latest version is however not yet available for all the processes and modules that are in place at UNIDO. Therefore, UNIDO will conduct such a re-implementation once this new version is more mature and available for all the key business processes, functionalities and modules.</p>	2019	€4.8
2	<p><i>Reporting on "big data":</i> The volume of data is increasing significantly, leading to the need to better integrate, process and understand it. In this regard, the ERP system would require some new technologies such as in-memory storage, allowing for large data volumes from various external and internal sources (Internet, social media, ERP, etc.) to be quickly processed and analysed.</p>	2019	€0.3
3	<p><i>Cloud-based ERP operations to achieve economies of scale:</i> Operating UNIDO's ERP solution via Internet-enabled devices/hosts and cloud-based solutions will contribute to reducing the system's total cost of ownership, as well as enabling faster deployment of solutions and training; streamlining upgrades and enhancements; increasing system performance; and improving its availability and accessibility. It will also prepare the ERP solution to benefit from and contribute to shared services in line with the United Nations system. Moving to a cloud-based solution is expected to result in future operational cost savings.</p>	2019	€0.3
4	<p><i>Global payment:</i> Improvement of the current global payment process, especially the use of current world-wide payment technologies, would optimize worldwide transfers and thus increase accuracy, timeliness and ultimately delivery in the field.</p>	2019	€0.3
<u>ICT infrastructure</u>			
1	<p><i>Field office communication equipment:</i> Some field offices do not have appropriate telecommunication hardware. The field offices with the least adequate telecommunication hardware warrant upgrading in 2019. This serves the purpose of enabling field offices to better use ICT facilities, ERP, videoconferencing, etc.</p>	2019	€0.5
2	<p><i>E-mail system replacement:</i> UNIDO's e-mail system is obsolete and requires an upgrade and/or replacement in the coming years. Upgrading/replacing the e-mail system, possibly to cloud services, allows ICT security issues to be addressed and enables alignment with future technologies and trends.</p>	2019	€0.3
Total for 2019			€6.5
GRAND TOTAL for 2017-2019			€9.5

Action required of the Committee

6. The Committee may wish to take note of the information provided in the present document.
