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Programme and Budget Committee
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Item 8 of the provisional agenda
Updated medium-term investment proposals

Medium-term investment proposals, 2020–2023

Report by the Director General

In line with paragraph (1) of decision IDB.43/Dec.6 adopted by the Industrial Development Board at its forty-third session, the current document presents an updated medium-term investment proposal to be funded by the Major Capital Investment Fund (MCIF). This investment proposal updates the one presented in document [IDB.47/14-PBC.35/14](#).

1. The updated medium-term investment proposals for 2020–2023 incorporate requirements for capital investments totalling €1.8 million in 2020–2021 and €5.5 million in 2022–2023, 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 technological progress and meet changing business requirements as well as the need to innovate in order to contribute to the achievement of inclusive and sustainable industrial development (ISID).
2. As outlined in document [IDB.47/14-PBC.35/14](#), the Director General approved the utilization of €238,000 from the MCIF for the implementation of the SAP Success Factors e-recruiting solution at the UNIDO Headquarters. Implementation of the e-recruitment replacement project has progressed steadily and is anticipated to be in full productive use in 2020–2021.
3. In line with the investment priorities outlined in the previous report, ERP enhancements to improve budget planning functionalities and replacement of the desktop telephony system were undertaken utilizing internal resources.
4. As foreseen in the integrated results and performance framework (IRPF), the ERP customer satisfaction survey was conducted in 2018 for the biennium 2018–2019 and showed an increase in overall user satisfaction with UNIDO's ERP system from 68 per cent to 70 per cent. This is attributable to extensive work to continuously improve the ERP and ICT landscape, and to the adoption of customer-centric best practices in the conduct of IT business in general.
5. In line with the criteria outlined in document [IDB.43/5](#), paragraph 36, the tables below list the improvements of the ERP system, ICT infrastructure and other IT systems anticipated for 2020–2023, whose capital investments are estimated to be



above the threshold of €200,000. The tables also include the estimated timelines and cost of these improvements. The list of capital investment proposals adheres to the improved internal guidelines promulgated in 2018 for the MCIF that further aligned it with IPSAS. The list of capital investment proposals is aligned with the UNIDO Corporate ICT Strategy 2019–2021. The implementation of the proposed items will be conditional on the contribution of funds to the MCIF, and the ability of UNIDO to fund additional recurring costs resulting from these investments.

6. Member States are encouraged to voluntarily contribute to the MCIF to ease the burden on regular budget resources for capital expenditure.

Table 1: Major proposed investments for 2020–2021

Priority	Investment description	Estimated timeline	Estimated amount in euros
<u>Business Applications and Integration</u>			
1	<i>Support new ways of working:</i> Expand the existing ERP system to support UNIDO's new ways of working, e.g. expand the pilot project for resource optimization in technical cooperation and enable major business processes on mobile devices. This will improve UNIDO's work through effective collaboration, mobility and enhanced user experience.	2020–2021	€200,000
2	<i>Advanced analytics, decision-making and monitoring support systems:</i> This initiative delivers state-of-the-art systems to improve decision-making and monitoring for UNIDO management and Member States by allowing users to visualize critical information in an attractive, responsive and user-friendly interface, e.g. enterprise risk management (DGB/(P).126) and the IRPF (GC.18/CRP.4).	2020–2021	€300,000
3	<i>Talent acquisition and management upgrade:</i> Continue the upgrade to a cloud-based human capital management suite solution (onboarding, performance, staff learning management and workforce time/attendance) to improve outreach to the best international skill set, and provide timely information on talent acquisition and development, including, but not limited to, geographic and gender representation. Such an enhancement would decrease administrative work and be in line with Joint Inspection Unit recommendations 7 and 8 (JIU/REP/2017/1) and with recommendations by the External Auditor (IDB.45/3, subsection D.1).	2020–2021	€300,000
4	<i>Knowledge management and collaboration (KMC) and ERP integration:</i> Further integration of systems into the KMC and ERP is required, e.g. records management and digitization, and donor reporting workflows. Improving KMC and ERP integration will improve workflow processes and accessibility, collaboration, and eliminate manual updating and maintenance procedures.	2020–2021	€300,000
Subtotal for 2020–2021			€1,100,000
<u>ICT Infrastructure, Operations and IT Security</u>			
1	<i>ICT Headquarters central network equipment:</i> The bulk of the central network equipment in use at Headquarters was installed between 2004 and 2011. This means that the equipment is being utilized beyond its anticipated useful life expectancy and complete replacement is warranted in 2020.	2020	€400,000
2	<i>ICT disaster recovery and offsite data centre facilities:</i> The ICT disaster recovery and offsite data centre facilities require an upgrade to ensure business continuity in case the Headquarters data centre is incapacitated. This further safeguards and ensures the security of UNIDO's critical data and systems.	2020	€300,000
Subtotal for 2020–2021			€700,000
Total for 2020–2021			€1,800,000

Table 2: Major proposed investments for 2022–2023

Priority	Investment description	Estimated Timeline	Estimated amount in euros
<u>Business Applications and Integration</u>			
1	<i>Full ERP review:</i> Benchmarks with other United Nations organizations show that ERP systems are typically fully reviewed after seven to eight years from the initial implementation 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. SAP will discontinue mainstream maintenance of most of the current ERP landscape by 2027, forcing customers to either migrate to different solutions or accept an increasingly higher cost of maintenance of the legacy solution.	2022–2023	€4,800,000
002	<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; 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 long-term operational cost savings.	2022–2023	€300,000
<u>ICT Infrastructure, Operations and IT Security</u>			
1	<i>Microsoft Office 365 for Headquarters and the field:</i> In line with best practice in the United Nations system, UNIDO intends to adopt state-of-the-art, cloud-based, client productivity software (Microsoft Office 365, Skype for Business, etc.). This solution would greatly improve user experience, particularly in the field offices.	2022–2023	€400,000
Total for 2022–2023			€5,500,000
GRAND TOTAL for 2020–2023			€7,300,000

Action required of the Committee

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