



WORKING PAPER

ASSEMBLY – 36TH SESSION

ADMINISTRATIVE COMMISSION

Agenda Item 59: Report on the Use of the Information and Communication Technology (ICT) Fund

**REPORT ON THE USE OF THE INFORMATION AND
COMMUNICATION TECHNOLOGY (ICT) FUND AND POSSIBLE
MEANS OF FINANCING THE
MODERNIZATION OF FINANCIAL SYSTEMS**

(Presented by the Council of ICAO)

EXECUTIVE SUMMARY

The Assembly requested the Council to monitor progress achieved through the use of the ICT Fund and report at the next ordinary Session on the use of the Fund. The activities undertaken since the last Assembly, as summarized below, are reported in more detail in this information paper:

- explored lower cost alternatives for the system from late 2004 to end of February 2006;
- prepared a Business Case to define a strategy for the project from March to May 2006;
- re-engineered business processes from July to mid-September 2006;
- issued tender, evaluated, and selected IRIS solution from late September to late December 2006;
- contract signature with Agresso took place on 2 February 2007;
- project initiation activities were completed by third week of February 2007;
- introductory training of the IRIS project team was completed in mid-March 2007; and
- the design for the configuration of Phase 1 commenced in the first week of March 2007 and is expected to continue until mid-June 2007.

Phase 1 will comprise Core Financials, Procurement and Management of Projects. Phase 1 is expected to be ready to go-live for 2008 transactions by late November 2007. The system, including Phase 1 and 2, is estimated to cost \$4.5 million. At 31 December 2006, there was \$3.8 million for the project in the ICT Fund, with \$1.6 million of carry-over of appropriations earmarked in the Regular Programme, for the project, for total available funds of \$5.4 million.

<i>Strategic Objectives:</i>	This information paper relates to Supporting Implementation Strategies 1, 3, 4 and 5.
<i>Financial implications:</i>	Not applicable.
<i>References:</i>	Assembly Resolution A35-32

1. INTRODUCTION

1.1 In Resolution A33-24, the Assembly created the ICT Fund for the purpose of improving the financial systems, enhancing ICAO's web sites and consolidation of the file servers to address the inadequacies in the information and communications systems of the Organization.

1.2 In Resolution A35-32, the Assembly noted that insufficient funds were available to finance the implementation of a modern integrated system, which was estimated to cost \$8.0 million. The Assembly approved a transfer of \$2.0 million from the AOSC Fund and granted authority to the Council to transfer amounts available from the Incentive for Settlement of Long-Outstanding Arrears Account to the ICT Fund as deemed appropriate. The Assembly also requested the Council to monitor progress achieved through the use of the ICT Fund and report at the next ordinary Session of the Assembly on the use of the Fund.

1.3 Since the last Assembly, regular and periodic reports were made to the Council on the use of the Fund, and in particular on the progress of the implementation of the Integrated Resources Information System (IRIS), which aims to improve the efficiency of ICAO's systems that support Finance, Procurement, Management of Projects, Travel and Sales of Publications.

2. INFORMATION ON ACHIEVEMENTS

2.1 Consolidation of File Servers. The migration of all mailboxes to the new electronic mail server was reported to the Council as complete in November 2004. The new electronic mail service provides a more robust and functional mail environment for the Delegations and the staff. ICT also upgraded the communication infrastructure and rearranged the computer room to accommodate the new servers. The total cost of the activities under this project since inception amounted to \$0.5 million.

2.2 Enhancement of ICAO Websites. The activities under this project were completed in 2004. The total cost of the project since inception amounted to \$0.5 million.

2.3 **Integrated Resources Information System (IRIS)**

2.3.1 The following main activities took place during the triennium:

- a) **Evaluation of Alternatives.** During the latter part of 2004, the Secretariat performed a preliminary evaluation of the proposals received from potential integrators. The bids were costlier than expected, and in an attempt to minimize the implementation costs, it was decided to contact other United Nations Organizations to learn from their experience and to seek opportunities to share or partner with them. Interest was expressed by UNDP, UNICEF and IMO and communications took place to determine the feasibility of a partnership. After considerable evaluation and negotiation, such solutions were found not to be beneficial;
- b) **Business Case, Process Re-Engineering and Request for Tender.** From March to May 2006, the Secretariat, with assistance from a consultancy firm, prepared a Business Case to evaluate options with respect to the scope and functionality of the solution and develop a strategy for the project. The Business Case confirmed the necessity of implementing an integrated back-office system. It was recommended to critically review and re-engineer some key processes to streamline, reduce complexity and eliminate some of the system requirements. The business process review was completed in mid-September 2006 and the system requirements were documented in a request for tender, which was issued to 11 potential suppliers at the end of September 2006;

- c) **Selection of Solution.** Proposals from 3 bidders were received by 14 November 2006. The evaluation of the proposals was completed on 22 December 2006 and the contract with the selected supplier, Agresso, was finalized on 2 February 2007;
- d) **Project Initiation.** The Agresso Project Manager and Director of Operations reported to ICAO on 5 February 2007 for start-up and project initiation activities. Project initiation activities included: preparation of the work plan, agreement on the roles and responsibilities of team members, definition of the interfaces to the system, staffing the project team and backfilling, setting up of project rooms and equipment and documenting the project scope. The project initiation activities were completed in the third week of February.
- e) **Scope of Project.** ICAO established the scope for the Phase 1 implementation to cover the functionality for the General Ledger, Accounts Payable, Accounts Receivable, Budgeting, Management of Projects, Procurement, and Fixed Assets. Phase 2 was to comprise Human Resources, Payroll, Travel, and Publications Sales. After consultation with Agresso, it was decided to defer the implementation of the Fixed Asset module until Phase 2 in order to reduce the implementation risk associated with Phase 1; and
- f) **Implementation.** Activities to implement the Agresso Business World system began at the end of February 2007. During the last week of February, the introductory training session for the project team was held, and further sessions continued during mid-March. In the first week of March, the hardware for the training environment was identified and made available by ICT and Agresso. Throughout March, business analysis sessions were held with Agresso consultants and the project team members to determine how the system will be configured to meet ICAO's requirements. The design sessions and preparation of the related documentation are expected to continue until mid-June. The table below presents the planned implementation schedule for Phase 1, as initially proposed in Agresso's offer of services, and as revised following the initial business analysis held in March 2007.

Table: IRIS Implementation Plan

Phase 1 Implementation Activity	Agresso Bid	Revised Plan
Project initiation	end January 2007	Completed in third week of February
Design sign-off	end May 2007	mid-June 2007
Complete initial build	early August 2007	mid-August 2007
Complete Phase 1 configuration	early October 2007	end October 2007
Complete Phase 1 user acceptance test	end October 2007	third week of November 2007
Deploy for Phase 1 Go-Live	mid December 2007	end November 2007

2.3.2 The cost of implementing the Agresso Business World Solution is estimated at \$4.5 million, with Phase 1 estimated at \$2.8 million and Phase 2 at \$1.7 million. It should be noted that the estimates do not include any contingency for unforeseen costs.

2.3.3 The total cost of the IRIS-related project activities since inception and up to 31 December 2006 amounted to \$0.9 million. The balance available in the ICT Fund at 31 December 2006 amounted to \$3.9 million, of which \$0.1 million is reserved for contingencies and \$3.8 million is reserved for the IRIS project. The balance in the fund includes \$2.0 million that was transferred from the AOSC Fund in accordance with Assembly Resolution A33-25. The Council also approved \$1.6 million from the carry-over of appropriations, which was earmarked for the system implementation. Therefore, the total funds available for the IRIS project at 31 December 2006 amounted to \$5.4 million.

3. **CONCLUSION**

3.1 The implementation of the back-office systems is progressing and the first phase, which includes functionality to support Core Financials, Procurement and Management of Projects, is expected to go live at the end of November 2007 for recording of 2008 transactions.

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