



INTERNATIONAL CIVIL AVIATION ORGANIZATION

A United Nations Specialized Agency

Transition in solicitation methodology for long-term air charter services

Briefing to Member States

UN HQ 30 July 2013

Introduction



- In the perspective of its transition in solicitation methodology for the provision of long-term air charter services in support of Field Missions, the UN requested the assistance of ICAO in 2012
- As a result of the study, ICAO delivered a series of recommendations for review by UN management

Introduction (cont.)



- Seven key recommendations:
 1. New definition of requirements;
 2. Adoption of an ACMI cost model;
 3. New technical evaluation process;
 4. Fuel consumption as part of technical and commercial evaluation;
 5. Establishment of an air charter market monitoring system;
 6. Modification of payment terms;
 7. Revision of contract early termination clause.

Recommendation 1 : New definition of requirements



Expression of needs (functional and performance) related to the five main DPKO tasks:

- CASEVAC/MEDEVAC and emergency flights (SAR etc.);
- VIP liaison;
- Passenger Transport (including force rotations);
- Cargo Transport;
- Aerial work, patrol & observation.

for a specific geographical area of operation (worldwide, regional and/or mission)

Recommendation 1 : New definition of requirements (cont.)



Operational constraints, anticipated network and air lift/movement forecast are stated in the Statement of Work (SOW)

The Industry proposes the solution

Type/combinations of aircraft with estimated utilization to fulfill the needs (block hours)

Recommendation 2 : Adoption of an ACMI cost model



ACMI (Aircraft, Crew, Maintenance and Insurance) cost model for long-term air charter contracts

- Vendors estimate number of block hours required to provide the services described in the SOW;
- Pre-determined percentage of these block hours guaranteed by the UN;
- Unused hours for a given period carried forward to the next;
- Hours flown in excess of the guaranteed minimum offered at a discounted rate

Recommendation 2 : Adoption of an ACMI cost model (cont.)



ACMI cost model in line with industry practice

- Minimize fixed cost;
- Tie payment to actual utilization;
- Facilitate benchmarking with market prices

Recommendation 3 :

New technical evaluation process



- Quantify value of proposers' responses according to 4 categories:
 1. AOC Holder experience and capability
 2. Proposed approach and aircraft
 3. Skill and experience of personnel
 4. Operational services
- Two-stage technical evaluation process:
 - **First stage – Qualification** : mandatory requirements evaluated on a Pass/Fail basis.
 - **Second stage – Added value evaluation** : technical merit of the mandatory and/or desirable requirements are rewarded through scoring

Recommendation 3 : New technical evaluation process (cont.)



- Contract award recommended for proposer obtaining the highest combined technical and commercial score on a 60% / 40% basis
- Technical criteria and weighting/scoring system adapted based on requirements of each unique SOW

Recommendation 4 : Fuel consumption as part of the evaluation



- Estimated cost of fuel included in total cost of ownership in commercial evaluation
- Technical evaluation to award value-adding points to efficient fuel management policy
- Successful vendor to be contractually bound to the fuel consumption rate quoted in its offer

Recommendation 5 : Market Monitoring/benchmark system



- Establish a continuous monitoring system for average rates of ACMI block hours based on various criteria:
 - Aircraft types
 - Role/function
 - Geographical area
 - Etc.
- To provide a benchmark of market prices to enhance fairness, integrity and transparency in UN's commercial negotiations with vendors

Recommendation 6 : Modify payment terms



- Introduce monthly upfront payment terms of the contracted minimum guaranteed block hours, in line with industry practices
- Savings achieved by contractors may result in reduced costs for the UN

Recommendation 7 : Revision of contract early termination clause



- Review standard termination clause (30-day notice) to limit the level of perceived risk for vendors, thus encouraging them to reduce their costs
- Consider adopting an early termination fee to be paid to the contractor proportionally to the time remaining in the contract.



THANK YOU

QUESTIONS?