UN Air Conference
Transition in Solicitation Methodology

Lessons learnt from Pilot RFP exercise and next steps for implementation

17 April 2015
## UN Air Conference – 17 April 2015

### Agenda

**VENUE:** BOHEMIAN NATIONAL HALL - 321 E 73rd Street, New York, NY 10021 [map](#)

<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
<th>Organizer(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>09:00-09:30</td>
<td><strong>REGISTRATION OF PARTICIPANTS</strong></td>
<td></td>
</tr>
<tr>
<td>09:30-09:45</td>
<td>Introduction by ASG/OCSS and ASG/DFS</td>
<td>ASG/OCSS and OIC ASG/DFS</td>
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<td>09:45-10:00</td>
<td>Introduction by ICAO TCB</td>
<td>ICAO TCB</td>
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<tr>
<td>10:00-10:15</td>
<td>Overview on UN Aviation</td>
<td>D/PD and C/ATS</td>
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<tr>
<td>10:15-10:30</td>
<td>Overview on Transition in Solicitation Method and “Pilot RFP”</td>
<td>C/LTS</td>
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<td>10:30-11:00</td>
<td><strong>COFFEE BREAK</strong></td>
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<td>11:00-12:30</td>
<td>UN Lessons Learnt Part 1 (Technical)</td>
<td>ATS</td>
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<tr>
<td>12:30-14:00</td>
<td><strong>LUNCH BREAK</strong></td>
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<tr>
<td>14:00-15:30</td>
<td>UN Lessons Learnt Part 2 (Commercial)</td>
<td>PD</td>
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<tr>
<td>15:30-16:00</td>
<td><strong>COFFEE BREAK</strong></td>
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<td>16:00-16:45</td>
<td>Next steps for implementation</td>
<td>PD and ATS</td>
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<td>- Vendor registration</td>
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<td>- Upcoming requirements and timeline</td>
<td>ATS</td>
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<tr>
<td>16:45-17:00</td>
<td>Forward-looking strategy for UN aviation (toolbox, other projects...)</td>
<td>ATS</td>
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</tbody>
</table>
Introduction

• Opening Remarks by Mr. Stephen J. Cutts, ASG/OCSS

• Opening Remarks by Ms. AnneMarie van den Berg, OIC ASG/DFS
Introduction

• Technical Cooperation Bureau, ICAO
  – Mr. Patrick Molinari, Chief Procurement, TCB
  – Mr. Daniel Souhami, Field Operations Section, TCB
Overview on UN Aviation

UN Aviation Procurement

Dmitri Dovgopoly
Director, Procurement Division
Department of Management
UN Aviation Procurement

- UN Secretariat Procurement raised by 7% in 2014
UN Aviation Procurement

Air Transportation is #1 commodity in $ value:

<table>
<thead>
<tr>
<th>Major Commodity</th>
<th>Total</th>
</tr>
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<tbody>
<tr>
<td>Air Transportation Services</td>
<td>$773,150,142</td>
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<tr>
<td>Chemical &amp; Petroleum Products</td>
<td>$565,583,367</td>
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<tr>
<td>Food Rations/Catering Services</td>
<td>$377,341,003</td>
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<tr>
<td>Architecture, Engineering &amp; Construction Related Services</td>
<td>$175,149,046</td>
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<tr>
<td>Freight Forwarding &amp; Delivery Services</td>
<td>$170,929,108</td>
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<tr>
<td>Others</td>
<td>$168,179,297</td>
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<tr>
<td>Telecommunication Equipment &amp; Services</td>
<td>$125,044,264</td>
</tr>
</tbody>
</table>
UN Aviation Procurement

• Background of the transition in solicitation methodology
  – ITB method in place since 1994
  – GA report A/65/738 (17 Feb 2011)
    • Intention to replace the ITB with RFP method of procurement
      → Allow greater flexibility in acquisitions with objective of achieving greater value for money
  – OIOS audit report (Dec 2012)
    • UN should ensure that specifications or requirements are sufficiently generic and defined in terms of logistical needs to enable potential vendors to offer innovative and cost-effective ways of meeting the requirements
  – GA report A/69/710 (31 Dec 2014)
    • Update on transition project and pilot RFP exercise
  – 5th Committee resolution (Mar 2015)
    • Welcomes the conclusion of the Pilot RFP
    • Reiterates request for full transparency in developing the RFP methodology

Note: This presentation will be emailed to all participants and posted on the PD website after the conference.
Overview on UN Aviation

Air Transport Update

Mitch Fox
Chief Air Transport Section
Logistics Support Division
Department of Field Support
Mission

• “...to provide uninterrupted aviation service that is safe, effective and reliable anywhere and anytime.”

• Strict adherence to ICAO Standards, TCC Military Regulations and AVSTADs
Scope of Operations
Putting our peacekeeping work into perspective

DFS supports one of the world’s largest military and logistics operations

$8.1bn
PKM budget in 14/15

1: USA $640bn
2: China $189bn
3: Russia $88bn
23: Poland $9.3bn
27: Mexico $7.8bn
28: Pakistan $7.8bn
29: Norway $7.2bn

SIPRI figures on military expenditure 2013

170,200
Personnel authorized

1: China 2.3m
2: US 1.4m
3: India 1.4m
27: Germany 183,000
28: Italy 179,000
32: Bangladesh 157,000
36: Ethiopia 138,000

IISS figures on active military personnel (excl. reserve and paramilitary) 2012

220
Aircraft (fixed / rotary)

1: AA 970
2: Delta 770
3: United 700
8: Lufthansa 430
10: Air France 350
DHL 250
UPS 240

Passenger and cargo airlines by fleet size, company reports, 2013
ATS Returns to LSD!

Chief, Air Transport Section

- Aviation Military Support Team
- Aviation Quality Assurance and Standards Unit (AQASU)
- Aircraft Management and Contracts Unit (AMCU)
- Aviation Projects, Planning and Training Unit (APPTU)
- Airfield and Terminal Unit
- Aviation Budget and Finance
New Developments – “Pilot RFP”

- Completed in February and first contracts awarded in March
- In support of MONUSCO – one helicopter and two fixed wing aircraft
- Performance based
  - What needs to be moved?
  - Where?
  - When?
- Vendors to propose solutions
- Establishes KPIs to monitor air operators' performance (e.g. fuel consumption, flight time)
- Vendors' Conference last week – lessons learned and process streamlining
Pilot Request for Proposal Project

- Completed in February and first contracts awarded in March
- In support of MONUSCO – one helicopter and two fixed wing aircraft
- Performance based
  - What needs to be moved?
  - Where?
  - When?
- Vendors to propose solutions
- Benefits:
  - Holistic costs analyzed – not just an aware to the lowest bidder in terms of rental costs
  - Facilitates the development of KPIs – to be continuously measured using AIMS data
  - Open and transparent approach
  - Broadened the pool of potential vendors
Transition in Solicitation Method

Soomi Ro
Chief Logistics and Transportation Section
Procurement Division
Overview on Transition and Pilot RFP

1. Project Timetable
2. Key Principles of the Transition in Solicitation Method
3. “Pilot RFP”: RFPS-1972 in support of the Bunia Air Region, MONUSCO
1. Project Timetable

- **Project qualification & Discussions w/ ICAO**: Nov 11
- **Field visit (MONUSCO, EBB, UNMISS)**: Jun 12
- **Review of existing process**: May 13
- **Design of the proposed new methodology**: Jul 13
- **ICAO Key recommendations and RFP templates submitted to UN**: Aug 13
- **Briefing to interested Member States**: Sep 13
- **Updated recommendations and templates**: Oct 13
- **Pilot RFP issued**: Nov 13
- **Award**: Dec 13
- **Phase 1**: 2011-2012
- **Phase 2**: 2013
- **Phase 3**: 2014-2015
2. Key Principles (1/3)

ICAO Main Recommendations

• New definition of the UN air charter requirements
  – From aircraft-oriented to logistical needs-based

• RFP Evaluation Method vs. existing ITB (lowest cost, tech. compliant bid)
  – Technical Criteria: 2-Stage evaluation
    1) Compliance with mandatory requirements (pass/fail)
    2) Technical merit based on pre-determined scoring criteria
  – “BVM” Evaluation: overall score combining technical and commercial scores on a typical 60% / 40% basis
2. Key Principles (2/3)

**ICAO Main Recommendations**

- Revised Cost Model and payment schedule, in line with industry standards
  - ACMI cost model: UN pays based on utilization, with minimum guarantee
  - Revise Payment terms (upfront payment of minimum guaranteed hours)

- Include fuel consumption in technical and commercial evaluation
2. Key Principles (3/3)

ICAO Main Recommendations

• Review contract clauses that act as deterrents or undue cost-drivers
  – E.g. Payment mechanism, Early termination.

• Review current vendor registration procedures to allow for more effective competition

• Reinforce the UN’s market monitoring
  – Benchmark market rates for ACMI block hours, fuel consumption rates, etc.
3. Pilot RFP – Objectives

• Objectives of the Pilot RFP
  – Test the mechanics and outcomes of the new approach
  – Evaluate solutions offered to perform set of UN described tasks
  – Achieve diversity of proposals
  – Incorporate fuel and other direct/indirect operating costs into the commercial evaluation
  – Assess BVM results
  – Enlarge the vendor base and receive proposals from new players
  – Grant easier access to the UN market (vs. current AOVR)

• Confirmed scenario for the Pilot RFP
  – Selected Mission: MONUSCO (North-East area, Bunia area)
  – Mostly passenger/small cargo transportation within a well-defined geographical area
  – Sufficient scope to allow for diverse offers
3. Pilot RFP - Scope

Scope: civilian air ops in Bunia Air Region, MONUSCO

Existing fleet:
- 2 helicopters
- 2 fixed-wing aircraft

3 Patterns:
- Pattern A
- Pattern B
- Pattern C
3. Pilot RFP – Acquisition Timelines

- **RFP Preparation**
  - RFP issued: 06 Jun 14

- **Vendor Response**
  - Site Visit & Bidders’ Conference: 25-26 Jun 14
  - RFP closing date: 28 Aug 14

- **RFP Evaluation**
  - Request for BAFO: 19 Dec 14
  - BAFO closing date: 09 Jan 15

- **BAFO Evaluation & Award**
  - Outcome notification: 03 Mar 15
  - Contracts signed: 18 Mar 15

- **Preparation for positioning**
  - Effective date: 01 Jul 15
3. Pilot RFP - Outcome

- **Split Award**
  - To AAR Airlift Group, Inc. for *Pattern A*
    - 1x S-61 helicopter
    - Award amount (initial 2 years): $13M
  - To C&G Air (SAF) for *Pattern B & Pattern C*
    - 3x B1900D aircraft
    - Award amount (initial 2 years): $8.4M

- Services to commence on **01 July 2015** in Bunia (MONUSCO)

- Upon conclusion of the RFP, PD sought **feedback** from the 22 Proposers
  - 20 Feedback forms received
Questions?
COFFEE BREAK
Long-Term Air Charter Transition in Solicitation Methodology (Shift from ITB to RFP) Technical Evaluation

Kevin Shelton-Smith
Chief, Aviation Projects and Training Unit
Air Transport Section, LSD

17 April 2015
Technical Evaluation
Process
UN Lessons Learnt (Technical)

1. Technical Evaluation - Overview
2. Technical Evaluation - Process
3. Technical Overview – Streamlining
4. Technical Findings
5. Technical Findings – Vendors’ Proposals
6. Vendor Feedback
7. Future Changes to SOW Development
Technical Evaluation

- Technical Scored 60% max of RFP total. Financial 40%.
- Tech Eval provides vendors’ fuel consumption,
  - including start up and taxi.
- Tech Eval includes vendors’ flying hours required,
  - fewer hours for faster airframes.
- Vendors specify number of down-days they require,
  - Rather than fixed allowance set by UN.
- Smaller assets could be offered with extra legs flown to carry greater payloads.
- Reliability is key to performance satisfaction.
Technical Evaluation Process

• 22 Proposals received

• Step 1
  • Evaluation against mandatory requirements, including requirements as proposed by ICAO.
    • Safety, Provision of Data, Performance minima, Experience, Support
  • ICAO support in advisory role
  • Some proposals eliminated for lack of content and non-compliance with mandatory requirements
  • Proposals requiring detailed performance analysis restricted to leading proposals at end of analysis.
Step 1 - Mandatory Requirements

- Attendance at Site Visit and Vendor Conference.
- Corporate Profile.
- Past experience – 3 relevant contracts in past 3 years
- Description of proposed solution.
- Capacity and ability of aircraft to conduct proposed Pattern.
- Aircraft has adequate performance capabilities.
- Aircraft provided with all necessary equipment.
- Able to perform casevac/medevac.
Step 1 - Mandatory Requirements

- Details of Flight/Cabin Crew experience, licenses, and English language proficiency.
- Experienced Site Manager.
- Back office support, self-sufficiency for out of Mission flights.
- Provision of fuel data supported by evidence.
- A formalized, comprehensive and effective manual or computerized flight planning and fuel calculation tool.
- 24/7 Flight Dispatch, flight planning and fuel calculation tool
- Evidence of Performance Engineering Dept.
Step 1 - Mandatory Requirements

- Maintenance management structure, plan and control.
- Provision of maintenance plan indicating how and where maintenance will be conducted and by whom.
- Measures to replace aircraft in the event of extended downtime.
- Details of ELT maintenance.
- Spares package, resupply and ground support equipment.
- Training/SOPs for others, such as refuelling and towing.
Step 1 - Mandatory Requirements

- Provision of Table of Responses (with references).
- Agreement to operate in accordance with UN AVSTADS.
- Lease agreement, proof of ownership.
Step 1 - Mandatory Requirements

- Absence of ICAO Significant Safety Concerns against CAA.
- Provision of risk assessment report and risk mitigation measures of the operational environment.
- Safety Management System and statistics.
- Quality Assurance Programme.
Step 1 - Mandatory Requirements

- Cargo transportation. Segregation of passengers and cargo.
- Details of loading and unloading methods and cargo stowage.
- Details of cargo stowage dimensions including door.
- Details of Sling load operations, equipment and crew qualifications.
- Provision of photographs.
- Details of Non-Available days.
Technical Evaluation – Process

Step 2

- Scored evaluation. Minimum Pass 60% total.
  - Experience and Capability, Safety and QA Oversight, Proposed solution, Aircraft, Operational capability, Personnel, Support and Maintenance, Past performance.

- Proved to be highly successful in differentiating proposals.
- Fuel and flight hours review was highly effective.
- Several clarifications necessary.
- As a prototype RFP the process was naturally detailed.
  - Characteristic of Pilot project but streamlining possible.
  - 6 Technical evaluators from all fields employed on Step 2.
  - ICAO assisted the review of remaining proposals.
Step 2 – Scored Evaluation

- Past experience of the type of operation.
- Comprehensive and effective fuel management and efficiency policy in place.
- Quality of provided documentation and supplementary documents.
- Emergency Response Plan (ERP).
Step 2 – Scored Evaluation

- Safety Management System.
- The ICAO Ranking of the CAA of the State of AOC.
- Performance engineering department.
- Runway/HLS/Airport Suitability - (FOD, Rough Airstrip, Excessive downwash, LCN, STOL, Parking/Landing area requirement, Stage 3 engines).
- Aircraft Condition (Age, condition of interior, condition of exterior).
Step 2 – Scored Evaluation

- Aircraft range.
- Quantity of Non-available days required for maintenance.
- Spare Flying Hours Capacity.
- Spare Passenger Capacity (with space remaining for necessary passenger cabin luggage).
- Aircraft speed (journey time on specific test sectors).
- Separate Cargo Compartment Available.
- Response Time (for Casevac) from Crew reaching aircraft (for first start of the day) to aircraft taxiiing or lifting-off.
Step 2 – Scored Evaluation

- Experience of the accepted post holders mentioned under Step 1 with the UN operations and/or the region.
- Aircrew experience and additional capacity.
- Site Manager and Back Office Support (Local and HQ).
- Mission technical support.
- Spares Package, Ground Support Equipment and Mean Time to Repair Aircraft (MTTR).
Step 2 – Scored Evaluation

- Multiple roles and speed of role change between:
  - Passenger Transport point-to-point
  - Cargo Transport
  - Casevac/Medevac and SAR.
  - VIP liaison
  - Recce

E.g. VIP seating availability, roller deck, quick-release stretchers, power supplies, hoist, sling loads, forward/rearward-facing seats, versatility (operator offering of aircraft with different capabilities).
Step 2 – Scored Evaluation

- Possibility to quickly put in place additional capacity to meet backup, peak and/or urgent demand.

Remark: Unrelated to AOG. Back-up in case of AOG is a qualifying/disqualifying criteria under the 1st step of the Technical Evaluation.

- Past performance as a UN contractor, based on quarterly performance reports over the last 3 years.

Note: Operators without this experience were not evaluated against this criterion. Their overall score out of 90 were prorated accordingly.
Step 2 – Scored Evaluation

- Added value of the proposal, further to the provisions set forth in the RFP.
  - E.g. Inclusion of hangars, helipad improvements, security, fire cover, NVGs, lavatory, catering, in-flight entertainment, improved seating, additional roles, back-up aircraft, enhanced safety features, sound-proofing, short turn-round times.
Technical Evaluation - Streamlining

- Remove evaluation of hard-to-prove elements (e.g. post holder experience, provision of performance engineering dept).
- Delete non-differentiating elements (e.g. Aircrew experience (above minima)).
- Introduce minimum score per category, in addition to overall minimum.
- QA elements common to a vendor for all its proposals could be pre-conducted for existing vendors.
- Incomplete proposals to be quickly eliminated.
Technical Findings

- Earlier issue of RFPs required.
- Vendors would be unable to offer replacement aircraft at short notice where UN-specific equipment (HTAWS) was required due to non-installation on other assets.
- Helicopters will also be difficult to replace at short notice.
- Pilot RFP confirmed the potential for cost savings and operational, safety and quality benefits.
- RFP enabled some vendors to include infrastructure (hangars) as part of their proposal.
- UN required significant technical clarification from vendors (pilot project).
Technical Findings

- Vendors require further guidance to provide quality Proposals, (e.g. page/paragraph numbering, required information and data).
- Vendors completed the Response Table to varying degrees of quality and usefulness. The UN will clarify that it requires more specific references.
- Improved Response Table responses and layout of Proposals will reduce evaluation time.
- Some vendors provided inadequate or incorrect performance calculations.
- Some vendors did not provide the requested evidence to support their data.
Technical Findings

- Vendors needed reminding that unaccompanied luggage and freight are not to travel in passenger cabin - requiring extra flights (BAFO)
- Some vendors missed dead-legs needed to return for remaining payloads.
- Vendors indicated significantly different flight leg distances.
- Vendors must adhere to instructions to enable expedited technical evaluations.
- RFP SOW template will be reviewed to increase clarity.
- Vendor visit to Mission and Conference were clearly beneficial. To be continued for new vendors.
Technical Requirements (SOW)

Proposer Feedback

Clarity of Technical Requirements (SOW)

Observations: Some improvements in style of the RFP will be made and vendor comments in this regard were to be expected due to the nature of the RFP as a prototype.
Observations. The UN task requirement was generally well received. Following requests at the Vendor Conference the scored elements were listed in order of weighted scores.
Observations: The physical size of the Appendix created issues that need to be addressed. The UN will consider improvements in the areas of proscribed leg distances and dead legs.
Future Changes to SOW Development

- Use of "Aviation Information Management System (AIMS)" will greatly assist development of future SOWs.
- UN will consider increasing detail of routes, loads, tasks, frequency and potential flexibility.
- RFPs to be more Mission-holistic covering larger numbers of airframes to gain economy of scale and allow more options.
- UN to review timelines for RFPs.
Questions?
LUNCH BREAK
UN Lessons Learnt (Commercial)

1. Solicitation process
2. Revised Costing Model (ACMI Cost Table)
3. Best Value for Money (BVM) Analysis
4. New Contract Clauses

Joscha Kremers & Baptiste Danjou
Procurement Division
1. Solicitation Process

RFP Invitees and Vendor Outreach

• PD reached out to the aviation industry through various channels and raised awareness of the ongoing transition in solicitation methodology
  – Briefing to 23 interested Member States in July 2013
  – Excerpts of ICAO’s deliverables posted on PD website for collection of industry feedback (Aug-Sep 2013)
    • Feedback from 30 companies (5 non-registered)
  – Previous Air Conference in December 2013 at UNHQ NY
    • Attended by 85 companies from 30 countries
  – Notes Verbales to Permanent Missions for circulation to their national networks
  – Outreach through IATA, IACA, EuroControl, etc.
  – Cooperation with WFP and sharing of vendor base (≈ 50% non registered with UN)
1. Solicitation Process

**RFP Invitees and Vendor Outreach**

- In addition, PD and ATS agreed to revise the **initial eligibility criteria** for new vendors to participate in this particular tender:
  - Instead of “full” registration as a UN Flight Service Vendor required to participate, simple UNGM registration at basic level and provision of valid AOC (no brokers)

- **Note:** “Full” registration as a UN Flight Service Vendor remained a **pre-requisite to contract award**

- This resulted in **38 new vendors** being invited in this RFP, on top of the regular roster of registered air operators:
  - 13 attended the bidders’ conference and 5 actually submitted a Proposal
1. Solicitation Process

*RFP Invitees and Vendor Outreach*

**LESSONS LEARNT**

→ Strong industry interest in doing business with the UN, especially in light of the ongoing transition in solicitation method

*Note:* Record number of 22 Vendor Submissions

→ UN needs to revise its vendor registration policy and process to allow new players to participate in tenders and offer valuable solution

*Note:* “New vendor” Proposals were among the top-scoring Proposals in the Pilot RFP
1. Solicitation Process

**Timelines – Proposer Feedback**

**Timelines for Proposal Submission**

RFP on the market for 2.5 months (06 Jun – 28 Aug 2014)

- Deemed sufficient by vendors
- In general, the UN would try to reduce this timeframe
1. Solicitation Process

**Timelines for BAFO – Proposer Feedback**

<table>
<thead>
<tr>
<th>No. of responses</th>
<th>Timelines for BAFO</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Appropriate</td>
</tr>
<tr>
<td></td>
<td>Sufficient</td>
</tr>
<tr>
<td></td>
<td>Insufficient</td>
</tr>
<tr>
<td></td>
<td>Very Insufficient</td>
</tr>
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BAFO lasted 3 weeks (19 Dec 2014 – 09 Jan 2015)

→ Deemed sufficient by vendors (limited data to update/submit)
1. Solicitation Process

**Timelines**

- Overall process was lengthy: 9 months from bid issuance to award
  - The BAFO added 2 months to the process
  - A high number of proposal clarifications was required, due to the pilot nature of this RFP
  - Although more complex than under the ITB method, the commercial evaluation and BVM analysis took less than two weeks (standard procurement Comm Eval method)

- The record number of **22 submissions** represented a huge success but also made the proposal evaluation very challenging

- **Vendor Suggestion:** Competitive range concept
  - Gate process based on the most critical factors in selecting air carriers → downselect to a smaller group for the next phase of competition

- **Vendor Comment:** Difficult to commit aircraft to a program when it takes too long for a decision to be made

<table>
<thead>
<tr>
<th>Geographical area of vendor</th>
<th>Proposals</th>
</tr>
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<tbody>
<tr>
<td>Africa</td>
<td>9</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>8</td>
</tr>
<tr>
<td>North America</td>
<td>3</td>
</tr>
<tr>
<td>Western Europe</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>22</strong></td>
</tr>
</tbody>
</table>
1. Solicitation Process

Timelines

LESSONS LEARNT

→ Need to develop streamlined evaluation techniques allowing to deal with a large number of proposals while abiding by the UN Procurement policies and practices
→ Provide vendors with visibility and updates on tender timelines
→ Give vendors flexibility in terms of the actual aircraft (reg. no.) to be committed to the tender
1. Solicitation Process

*Site Visit & Proposers’ Conference – Proposer Feedback*

The Site Visit and Proposers’ Conference were deemed useful by vendors:
- Suggestion to spend more time at the intended MOB
- Logistical challenges due to the number of participants (40 Companies)
1. Solicitation Process

*Site Visit & Proposers’ Conference*

**UN LESSONS LEARNT**

- Attending this type of event is very beneficial to prospective vendors, especially to newcomers.
- Organizing it is very resource-consuming.
- Going forward, the UN will organize site visits / proposers’ conferences as necessary, with due consideration to each RFP’s scope and complexity, while taking into account the number of solicitations issued per year.
- This will be done in consultation with Mission personnel (CAVOs, etc.).
- The UN will ensure that new companies are regularly given the opportunity to attend.
1. Solicitation Process

Bid Bond Requirement

• With this Pilot RFP, PD changed its bid bond requirement to a set amount of USD 50,000 per proposal
  – More advantageous to companies vs. 2% required under ITBs for long-term air charter

UN LESSONS LEARNTS

→ PD will review the bid bond under tenders for long-term air charters in light of this Pilot exercise
1. Solicitation Process

**Transparency Measures**

- As a new measure under this Pilot RFP, PD sent all unsuccessful proposers a notification on the RFP outcome prior to concluding the award.

- With the notification on the RFP outcome, PD gave proposers a chance to obtain ranking information (technical, commercial and overall ranking) regarding their submissions.
  - Only available to proposers that participated in the BAFO exercise.
  - Not all proposers took advantage of this opportunity.

- In addition to the above, the UN will be conducting debriefs next week with interested Proposers.

- **Vendor Comment:** request to disclose rankings of all proposals (not only vendor’s respective ranking).

**UN LESSONS LEARNT**

- Participants are privy to the names of the successful proposers and award amounts.
- With the new transparency measures, technically qualified proposals are also informed of their own rankings (technical, commercial, and overall).
- With the additional option for a debrief, proposers have a good indication of how well they did and which areas to improve for subsequent tenders.
- The transparency measures implemented with this Pilot RFP will be extended to all upcoming RFPs for long-term air charter services.
1. Solicitation Process

Transparency Measures

- Under UN RFP tenders, the Tender Opening Committee does not disclose Proposal prices to the participants (ref. Procurement Manual)

- Prices do not give a good indication about the outcome of the tender, and announcing them could create wrong perceptions/expectations
  - Technical merit will form an important part (typically 60%) of the BVM score
  - Low-cost proposals could fail to meet mandatory requirements

- **Vendor Comment**: a few vendors commented on a perceived lack of transparency due to the UN not publicly announcing proposal prices, unlike with ITBs

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**UN LESSONS LEARNT**

- Under this exercise, 11 of the 22 received proposals failed to be deemed technically qualified, i.e. **50% of the received prices were irrelevant**
- The UN consulted with international public procurement associations, which did not recommend to disclose all proposal prices
- ICAO-recruited consultants also confirmed it was not standard practice in the aviation industry
2. Revised Cost Model (ACMI)

- Pursuant to ICAO’s recommendation, the UN introduced a **cost model based on ACMI rate** per block hr
  - Minimum Guaranteed Hours (**MGH**) and Non-Guaranteed

- The MGH are **80% of the total Block Hours** required to fulfil the UN’s logistical requirements
  - The actual number of block hours vary from vendor to vendor, depending on the aircraft solutions offered to fulfil the tasks

- This model provides a **level playing field** to evaluate proposals
  - Previous cost model with prescribed number of flight hrs per year (non-guaranteed) is no longer applicable
2. Revised Cost Model (Fuel Costs)

• In addition to the change in pricing model, the UN also included **Fuel consumption** in the new Cost Model.

• **Note:** Fuel is **provided by the UN** but the costs incurred need to be assessed based on the aircraft fuel consumption, which varies significantly from Proposal to Proposal (ref. next section on BVM).

• **Fuel burn** (Kg and Litre per hr) was established by vendors based on the annual flight tasks and parameters provided by the UN (technical side).
  – **Supporting documentation** required from all proposers, and reviewed by the UN Technical Evaluation team.

• **Estimated Fuel Price** ($ per Litre) was determined for each Proposal based on the fuel uplift locations and the fuel prices under UN fuel contracts for each location.

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**UN LESSONS LEARNT**

→ The **fuel price** based on the particular uplift locations caused some difficulties and technical glitches with the Technical Spreadsheet.

→ The **impact** on the price variation between vendors is negligible compared with the price fluctuations that can be expected over the course of the Contract.

→ **Going forward**, use a set average price for the operating area, which will also simplify the Technical Proposal.
Several vendors praised the UN for introducing this new cost model that takes away guessing and is based on the number of flight hours required by individual carriers.

A few vendors commented the model was too complicated.
3. BVM Analysis

• The Best Value for Money (BVM) evaluation was based on the pre-determined 60% : 40% (Technical score : Commercial score) weighting.

• The SOW concept with combination of helicopter and FW aircraft requirements (Patterns A, B, C) had an important impact on the BVM evaluation.
  – Following the BAFO, the UN had 41 combinations/permutations to evaluate.

• Under this RFP, the UN allowed vendors to submit joint proposals (team of 2 companies) to fulfil the entire SOW.
  – Only one joint proposal was received (team of 2 affiliated companies).

• Vendor Comment: UN cannot expect companies to start partnerships with unknown and untested partners under such time constraints.

UN RESPONSE

→ Teaming up with another company was not a requirement but an additional, new option offered to vendors under this pilot tender.

→ At the same time, the UN allowed vendors to submit partial proposals without any negative impact on the proposal evaluation, in order to give all companies a fair chance to compete for their preferred segments.

→ Vendors were also authorized to submit several options (i.e. with or without Pattern C).
3. BVM Analysis

- The decision to include the entire civilian air ops of the Bunia Air Region (both helos and FW) into the scope of this RFP was meant to offer vendors the maximum flexibility in responding to the requirement.

- It allowed the UN to assess the effectiveness and efficiency of a great number and variety of aircraft solutions.

<table>
<thead>
<tr>
<th>1 Helicopter</th>
<th>2 Helicopters</th>
<th>3 Helicopters</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 FW aircraft</strong></td>
<td><strong>2 FW aircraft</strong></td>
<td><strong>3 FW aircraft</strong></td>
</tr>
<tr>
<td>10 Proposal Combinations</td>
<td>8 Proposal Combinations</td>
<td>2 Proposal Combinations</td>
</tr>
<tr>
<td>Average BVM score: <strong>70.4%</strong></td>
<td>Average BVM score: <strong>73.0%</strong></td>
<td>Average BVM score: <strong>61.9%</strong></td>
</tr>
<tr>
<td>Max. BVM score: <strong>74.1%</strong></td>
<td>Max. BVM score: <strong>76.2%</strong></td>
<td>Max. BVM score: <strong>64.0%</strong></td>
</tr>
<tr>
<td><strong>6 Proposal Combinations</strong></td>
<td><strong>8 Proposal Combinations</strong></td>
<td><strong>4 Proposal Combinations</strong></td>
</tr>
<tr>
<td>Average BVM score: <strong>72.1%</strong></td>
<td>Average BVM score: <strong>73.0%</strong></td>
<td>Average BVM score: <strong>63.0%</strong></td>
</tr>
<tr>
<td>Max. BVM score: <strong>75.3%</strong></td>
<td>Max. BVM score: <strong>76.2%</strong></td>
<td>Max. BVM score: <strong>64.5%</strong></td>
</tr>
<tr>
<td><strong>2 Proposal Combinations</strong></td>
<td><strong>2 Proposal Combinations</strong></td>
<td><strong>2 Proposal Combinations</strong></td>
</tr>
<tr>
<td>Average BVM score: <strong>75.2%</strong></td>
<td>Average BVM score: <strong>63.0%</strong></td>
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</tr>
</tbody>
</table>
3. BVM Analysis

- The total costs of received proposals (entire fleet, 3 years) ranged from $36M to $72M
  - This is the range for the technically qualified proposals

- The 40% weighting of the commercial score protects the United Nations from overspending when satisfactory technical quality is available at a competitive cost
3. BVM Analysis

Top 3 BVM proposals (combinations of partial proposals) were also the lowest cost, technically qualified ones.
3. BVM Analysis – Fuel Costs

• Fuel consumption is an important element in evaluating the **total cost of ownership**: from 3% to 28% of the total cost for the Proposals under this RFP
  – Average fuel cost: **13% of the total Proposal Cost**

• **Significant differences** were observed among proposals for the same scope of the RFP
  – E.g. for Pattern B, fuel costs range from $2M to $8.5M (3 years)

**LESSONS LEARNT**

→ It is crucial to evaluate fuel consumption under the commercial evaluation, as this factor **can have a significant impact** on the RFP outcome
3. BVM Analysis – Achieved Savings

- Compared with the existing fleet of aircraft, the UN achieved a **7% savings** on the contract prices (without fuel element)
  - **$2.4M** savings over a 3-year contract period

- A **34.5% savings** on fuel can also be assessed based on the actual utilization of the existing fleet in MONUSCO and the expected fuel consumption of the new aircraft solution
  - Additional **$2.3M** savings over a 3-year contract period

<table>
<thead>
<tr>
<th>Existing Aircraft Solution</th>
<th>New Aircraft Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aircraft</td>
<td>Fuel per year (Litres)</td>
</tr>
<tr>
<td>2x Mi-8MTV, 1x SAAB-340, 1x B-1900</td>
<td>1,872,800</td>
</tr>
<tr>
<td>1x S-61, 3x B-1900</td>
<td>1,227,100</td>
</tr>
</tbody>
</table>

**DIFFERENCE NEW VS. PREVIOUS SOLUTION (PER YEAR): -$774,840 -34.5%**

**Total Savings:** $1.6M per year – **$4.7M** over 3-year contract period
4. New Contract Clauses

• With this Pilot RFP, PD rolled out a **new contract document** as recommended by the UN Office of Legal Affairs, incorporating the **ICAO key recommendations**

• **Payment terms** have been revised, to allow for upfront payment of the MGHs at the beginning of each month
  – Reconciliation mechanism every 6 months

• The **early termination** clause has been revised, to include a termination fee payable to the Operator (up to 3 months of MGHs, prorated over the remaining contract term)

• In addition, the contract includes new clauses on **aircraft performance monitoring** and UN remedies, e.g. in case of unexplained **overconsumption of fuel**, or **excessive flight time per leg**
  – Such remedies would be considered in light of possible changes in requirements, operating conditions, etc.

• This new contract document **did not cause any issues** with the successful proposers at the award stage
Questions?
COFFEE BREAK
Vendor Registration

• In its transition to a revised solicitation methodology, the UN engaged the air charter industry at its largest to benefit from innovative solutions offered by companies worldwide.

• For the **Pilot RFP**, **simple eligibility criteria** were put in place to allow new companies to participate in the tender:
  — UNGM registration at basic level + provision of a copy of a valid AOC.

• **“Full” registration** as a UN Flight Service Vendor, including thorough UN review of the company was still required prior to award of a contract.
Vendor Registration Optimization

Existing

- Interested companies (non-registered)
- UN-approved Air Operators
- ITBS invitees (depending on A/C type)

Goal

- UN-approved Air Operators
- RFP invitees / Simple registration

Step 1

Step 2
Vendor Registration Optimization

• **Going forward**, distinguish **two vendor rosters**
  – List A – approved for contract award
  – List B – approved for participation in tender

<table>
<thead>
<tr>
<th>LIST A – UN-approved Air Operators</th>
<th>LIST B – Approved for Tenders</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Commercial criteria</strong></td>
<td><strong>Technical criteria</strong></td>
</tr>
<tr>
<td>UNGM Level 2 (Award &gt;USD500,000)</td>
<td>Existing Technical &amp; Operational Criteria (“TOEC”)</td>
</tr>
</tbody>
</table>

Air Transport – New Developments

**Mitch Fox**
Chief Air Transport Section
Logistics Support Division
Department of Field Support
Upcoming Requirements for RFP solicitations

• UNAMID air operations in one area
• UNMISS air operations in one area
• Standby aircraft to meet global demand
• Light long range short runways utility aircraft
• To be continued
New Development – AIMS

• Web-based information management system to collect aircraft utilization reports
• Provides near real-time information
• Will allow the missions, ATS, SAOC and TMICC to measure performance relative to KPIs
• First four missions implemented in November (MONUSCO, UNISFA, UNMISS and UNMEER)
• Missions reported their AURs fully on line in February
• Will greatly streamline invoices and speed payments
• All missions to be operational by end of 2015
• Phase 2 in planning for:
  – Satellite tracking inputs for flight times
  – Mission paid expenses
Can we rationalize the fleet size through better regional utilization?
Average Passenger – Arrival and Departure - Entebbe – Jan’14 – Dec’14 – CRJ

Fleet – AIMS Data:
AIMS Analysis will help to rationalize route structures

- BANGUI
- WAU
- JUBA
- KISANGANI
- Entebbe
- MONUSCO existing route
- MONUSCO existing route
- MONUSCO existing route
- MONUSCO existing route
- MOGADISHU
- UNSOA - Nairobi
- Utilize the EMPTY LEG
- Combine Wau and Juba
- Using UNISFA CRJ - Mon
• Long-standing and artificial barrier to expanding the pool of potential vendors

• New approach – "pre-registration":
  – Risk based – how does is the regulator doing?
  – Faster method to accurately identify potential vendors that could bid on contracts

• On-site evaluations prior to issuance of a contract
  – Harmonization with WFP and mutual recognition of evaluations
  – Development of a "cadre" of evaluators from missions
  – This is the only accurate measure of vendor performance in accordance with our regulator framework
New Technologies
First Civil Application of RPAs – Democratic Republic of the Congo:
Lessons Learned:

• State approval and support essential

• Line of sight limits UAV range $\leq 200$ nm – new satellite based solutions needed

• UAVs provide fast responsive ability to patrol along roads regardless of road conditions due to topography, rain, mud, road condition as well and away from roads all together

• UN maximizes night capability

• UAVs demonstrated faster response than helicopters

• Increased risk to UAV landing at high altitude due to absence of pilot feel in thin air

• Small UAV wheels may limit use of poor runways.

• Engine noise high
Future:

• Longer range – strategic
• Use of the RFP methodology to define the performance-based needs – i.e. range, loiter time, "what needs to be seen"
• Longer loiter time
• Multiple sensors
• Performance based approach – allows the market to respond with creative solutions
Questions – Thanks!