



WORKING PAPER

**TECHNICAL ADVISORY GROUP ON MACHINE READABLE
TRAVEL DOCUMENTS (TAG/MRTD)**

TWENTY-SECOND MEETING

Montréal, 21 to 23 May 2014

Agenda Item 3: Activities of the ICBWG

ICBWG Guidance on Procurement of MRTD-related Systems

(Presented by the Implementation and Capacity Building Working Group (ICBWG))

1. INTRODUCTION

1.1 The purpose of this working paper is to outline an interim report of ICBWG's intention for providing advice and guidance on the procurement of MRTD-related systems (e.g. (e)passports, civil registry systems and inspection systems for border control).

1.2 An initial working paper (TAG/MRTD/20-WP/22) introducing this idea had been endorsed by the TAG at their Twentieth meeting in Montréal, 7 to 9 September 2011.

1.3 Members of the ICBWG had given presentations about good practise of procurement at several ICAO international and regional seminars. A sub-group to develop the guide was established at the Ninth Meeting in Dar-es-Salaam, Tanzania, in May 2013.

2. CURRENT DIRECTION

2.1 At the Eleventh Meeting of the ICBWG, held in Den Bosch (Netherlands) in March 2014, the first draft of the guide on procurement was presented by the sub-group. Government and ISO representatives from Australia, Botswana, Canada, Germany, New Zealand, UK and USA volunteered to contribute to the guidance material.

2.2 The ICBWG agreed upon, that the guide could be used as a self- assessment tool by States, who would like to revise their procurement plans according to international best practise. It may also be used as a reference paper by donors, who intend to support the procurement of MRTD-related system to a State provided that the beneficiary is executing a professional tender process.

2.3 The draft guidance material (see Appendix 1) is currently structured into two parts. The main body outlines the steps of good procurement such as a) defining needs b) preparing tender process c) evaluating bids d) awarding contract e) managing change. The annexes include a list of references of other guidance material on procurement and a so called Procurement Tip Sheet, covering a list of practical tips and lessons learned derived from actual case studies.

2.4 The authors of the guide intend to focus on the specifics of procuring MRTD related systems, while descriptions of generic procurement procedures are kept at a minimum. References to other procurement guidance material should compensate for any shortfalls.

2.5 The ICBWG identified synergies with ICAO's Procurement Section, which operates within the Technical Cooperation Bureau (TCB). ICAO's procurement section is currently managing a large number of projects for procurement of equipment and services that range from radar systems, communications, runway lighting, aviation security equipment, feasibility studies and airport/infrastructure development. MRTD-related equipment and services are meanwhile also covered by the Procurement Section.

2.6 ICBWG proposes to work with ICAO's Procurement Section to develop an approach that leverages and aligns with their current services both practically and strategically. This collaborative approach will be of mutual benefit to both groups, and will ultimately provide an avenue for States to channel their MRTD procurement needs through ICAO.

3. ACTION BY THE TAG/MRTD

3.1 The TAG/MRTD is invited to:

- a) Note and approve the draft procurement material developed by ICBWG to date.
- b) Approve in principle the ICBWG's ongoing work with ICAO Procurement to develop a collaborative approach to the provision of MRTD-related procurement guidance material and advice.

— END —

APPENDIX 1

**ICBWG GUIDANCE ON PROCUREMENT OF MRTD-
RELATED SYSTEMS**

(see next pages)

ICBWG Guidance on Procurement of MRTD-related Systems

Working Paper

Version V1.00

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1 Executive Summary

[To be added in the final version]

2 Introduction

2.1 Background

At the 20th meeting of the ICAO TAG in September 2011 a working paper (TAG-MRTD/20-WP/09Sept11) proposing to develop a guide on procurement of MRTD¹ related systems had been endorsed by the TAG members. During the following two years members of the ICBWG group had given presentations about good procurement practice at various conferences including ICAO regional seminars. Participants at these seminars showed significant interest in improving knowledge and capability in the area of procurement. At their ninth meeting in Dar es Salaam, Tanzania, in May 2013, the ICBWG formed a sub-group for developing this guide.

The ICAO TAG endorsement includes the objective to generate synergies with ICAO's Procurement Section, which operates within the Technical Cooperation Bureau (TCB). ICAO's procurement section is currently managing a large number of projects for procurement of equipment and services that range from radar systems, runway lighting, aviation security equipment, feasibility studies and airport/infrastructure development. MRTD-related equipment and services is not currently covered by the Procurement Section.

2.2 Purpose and Scope of this Guide

This guide is targeted to authorities of States tendering for MRTD related systems, which includes eID cards, Civil Registration systems and/or MRTD related border control systems, who are planning to implement a major upgrade of their current system and do not have sufficient expertise in the field of MRTD – related systems. Additionally, they may be working with donors who are funding the project and expect the State running the procurement process to follow international best practices.

As a targeted outcome, this guide shall enable states to procure systems that meet their business outcomes, by providing best practice guidance on all aspects of the procurement plan, such as: a) organizational b) technical c) legal and d) commercial.

The guide should be used as a tool serving different purposes, such as:

- Self-assessment by authorities, complementing existing procurement processes with specifics for procuring MRTD systems;
Material endorsed by ICAO should support the implementing authorities' requirement for other stakeholders to follow international procurement best practices;
- Terms of reference for third party service providers e.g. ICAO Procurement Services (ICAO TCB) or donor organizations.

ICAO acknowledges that most of states have already developed their own procurement processes. This guide is not intended to replicate local general procurement law and regulations, but it covers the special aspects of MRTD related systems. This guide recommends authorities develop their procurement plan based on their local laws and regulations, and this guide. Furthermore the guide is not intended to provide detailed technical specifications of respective systems nor any specific templates of contracts or legal acts. The guide shall

¹ MRTD means Machine Readable Travel Document, which includes electronically enabled MRTDs (eMRTD) as well.

avoid making reference to vendors or service providers or to any kind of products and services offered by these.

2.3 How to read this Guide

Ideally the guide becomes a pragmatic adviser to the reader, which on the one hand provides a comprehensive overview of all necessary steps in procurement and on the other, provides a list of tips which assist those undertaking procurement to avoid pitfalls on the way.

In Chapter 3 the reader will find a list of key principles which should be followed in general terms. Chapter 4 leads the reader through the steps in procurement from A to Z, focusing on the process description.

The Annex 5.1 then provides a list of tips from practitioners sharing their best practices from long year experiences of MRTD related procurement.

3 Principles of Getting Procurement Right

Beyond all details of good procurement we like to start with the important principles of good procurement practice. If the reader keeps these in mind during the MRTD project, the procurement project should be on the right path.

- Is there a vision about the use of future MRTD technologies (e.g.e-passports and ABC)?
- Has an assessment been carried out and is the nature and scope of the assignment known and accepted by all stakeholders?
- Do we know who the stakeholders are and are they involved in the development and realization of the plans?
- Does there have to be a call for tenders and is it known who takes the lead in this?
- Is the legislation sufficient and are the processes and administrative procedures in order?
- Are budgets available and sufficient?
- Is there a development and implementation strategy?
- Is there a Change Management Plan to increase acceptance and build on consensus in relation to stakeholders and beneficiaries?
- Have the procuring entity conducted a risk analysis and come up with a Risk Management Plan?
- Is there sufficient expertise available or does this have to be hired?
- Is the public informed about the plans?

4 Steps in Procurement

4.1 Defining Needs

States and their authorities engaged with MRTD related systems are acting upon objectives derived from the States responsibility to enable their citizens to travel to other countries as well as to receive genuine and welcomed travellers at their borders. They are facing the fundamental challenge to identify the non-legitimate travellers from the majority of legitimate individuals. Authorities continuously are trying to fix issues they discover in their legacy systems or are acting upon a future vision of their identity management. All investments in MRTD systems must serve this purpose in general. At the same time authorities are obliged to use tax payers' money with great care.

Buying e.g. an 80kb chip for a passport or a biometric e-gate must be considered as a tool only. It has no purpose of its own. Vendors are selling products they are offering. It is the authorities' responsibility to make sure that these products will serve their needs.

Therefore it is paramount to any MRTD related procurement to start—with a thorough assessment of the current situation. The area to search for is not technology related to start with. Most of the time authorities have to start looking at their internal processes in the areas of:

- Generating and managing civil status of citizens;
- Document based identity verification at borders and other public or private use cases;
- (Internal) fraud in the issuance and/or verification processes of MRTDs;
- Lack of trust from Visa issuing states in the issuance process;
- Non-compliance of MRTD to latest international standards e.g. ICAO;
- The cost effectiveness of legacy processes and systems.

For this assessment the authorities may benefit from various guidance materials provided by ICAO such as the:

- Guide for Assessing the Security of Handling and Issuance of MRTDs;
- Guide Towards Better Practice in National Identification Management;
- Document 9303 MRTD.

Having identified the roots causing the challenges, the authority then needs to identify the targeted outcome expected from new MRTD related system. Subsequently a comprehensive list of requirements should be derived. The requirements should be formulated in a well-structured manner, making sure that they can be understood clearly also by third parties. Good requirements are: correct, unambiguous, complete, consistent, ranked for importance, verifiable, modifiable and traceable. Following standards such as RFC 2119 and IEEE 830 structuring requirements is recommended, and the authority should have a solid understanding of other standards being cited. All requirements together should cover all the identified needs. For large and complex projects the authority may invest in developing model-based system architecture designs [MBSA]. Similar to blueprints of buildings, the IT based model allows the authority to check upon the completeness and correctness of all requirements identified. The adaptation of standards such as ISO Reference Model of Open and Distributed Processing [ISO RM-ODP] could help in developing the requirements specifications. The following figure illustrates the so called "Investment Logic" to be followed²:

² Source: David Philp, GM Passport New Zealand & Chair of ICAO ICBWG: "Getting Procurement Right"; Presentation at ICAO MRTD Symposium, Montreal, September 2011

Investment Logic

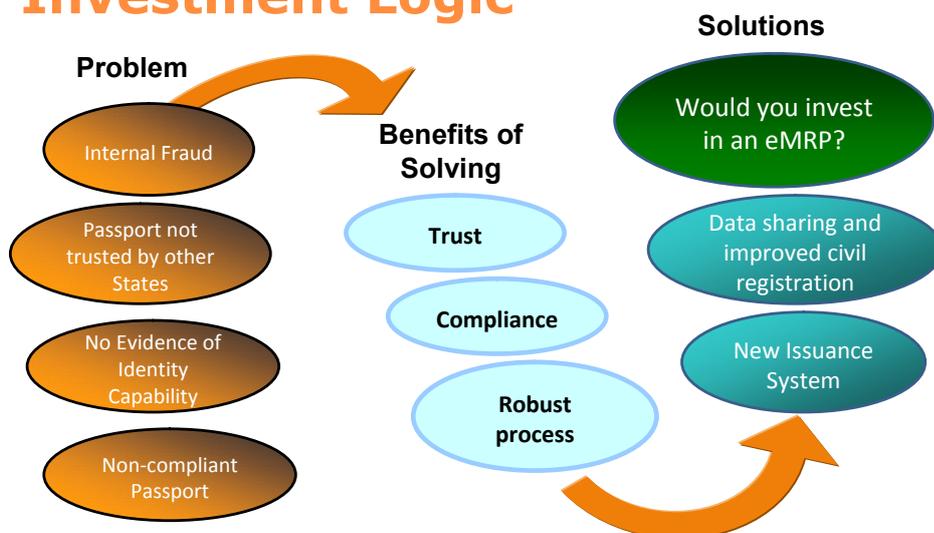


Figure 1: Points to watch defining the needs for an MRTD related system

Having gained clarity on the requirements of the new MRTD system, the authority may also evaluate different types of delivery of the solution, such as³:

- Procuring products and system integration services separately;
- Procuring a turn-key project and gain ownership from the start;
- Procuring the solution in a build, operate, transfer mode (BOT) having the service provider to operate the system for a defined period of time;
- Procuring parts of the solution on a service mode, where the supplier leases and maintains the solution on fees per month or fees per transaction mode.

Which type of delivery is best suited often is a question of the capacity the authority has in managing the project by themselves and the willingness of managing the risks associated with the procurement project and beyond. However it must be contemplated, that the more services and risks shall be borne by the vendor the higher the price may be.

Finally by no means should the authority allow vendors to develop or even to influence the development of the requirements specifications. Of course members of the authority should analyse the offerings in the market (e.g. by going to conferences and exhibitions or benchmarking on best practice missions or conducting a Request for Information RFI⁴), but the final decision on what goes into the specifications must remain with the authority members only.

4.2 Preparing Tender Process

It is the daily business of the procurement department of public authorities to run a tender process, following the national procurement laws. In case the generic procurement process might need to be improved, the reader is advised to take advantage of the list of referenced document attached in Annex 5.2.. In essence during the tender process two types of documents need to be developed⁵:

³ Source: World Trade Organization: WTO Agreement on Government Procurement (AGP) 1994

⁴ By issuing an RFI, authorities are requesting vendors to submit information about their latest offerings, without providing a binding commercial offer.

⁵ Source: Australian Government's Department of Finance and Deregulation (DoFD)

The **Procurement Plan** – being for internal use only- explains *how* the procurement is to be undertaken, covering areas such as:

- a description of the procurement;
- the evaluation criteria;
- the type of procurement process to be used;
- a probity plan, if appropriate;
- governance arrangements;
- risk assessment; and
- indicative time-lines.

The **Tender Document** – being issued to the market - provides the ‘ground rules’ for the evaluation of submissions. It describes to the potential suppliers the specifics of the procurement, the manner in which submissions are to be forwarded to the agency and how the submissions will be evaluated. An indicative list of elements which can be included in a request document includes:

- a description of the procurement;
- conditions for participation;
- operational concept,
- detailed requirements specification
- type of delivery
- evaluation criteria;
- process rules; and
- a copy of the draft contract.

Looking at the procurement of MRTD related system ICAO would like to draw special attention to the following points.

Engaging all stakeholders

An effective procurement process will normally require the contributions from multiple stakeholders or departments (e.g. Ministries of: Interior, Justice, Foreign Affairs etc.) within the government, covering sectors such as: finance, legal, communications, operations, policy, and information technology.

Often, subject matter experts can be found in other departments who are directly or indirectly related to the MRTD-related product or service being sought (e.g. the border officer who will ultimately inspect a new MRTD document being tendered). Unexpected hurdles can be avoided by identifying and engaging the key stakeholders as well as establishing their role in the process as early as possible.

Internal Work Packages

Even if the authority is tendering for the delivery of a turn-key project, there will always remain some work packages for the authority to manage internally. Buildings hosting personalization machinery may need to be adapted to accommodate environmental requirements necessary to operate sensitive machineries such as laser engraving equipment. Operating a Public Key Infrastructure (PKI) requires a new skill set from operating officers. Maybe people with these skills need to be trained or hired. Often MRTD related projects are delayed because authorities did not plan for these internal work packages well in advance. Authorities should not underestimate the impact and complexity of these work packages. The

tender should be clear and unambiguous as to the roles and responsibilities of both the vendor and the authority.

EOI / RFP

MRTD related systems handle the identity of the State's citizen. The supplier will have access to sensitive data-of the legacy system. Authorities should limit the number of vendors receiving this sensitive information. This is only one reason beyond many others why authorities are advised to run a two-phased procurement process consisting of the Expression of Interest (EOI) and the Request for Proposal (RFP). The first phase is the issuing of an EOI. Within evaluating the EOI, the authority can select those bidders who are commercially and technically well qualified. The following RFP, which shall include all the detailed requirements developed before, will be issued to the qualified bidders only.

Compliance and alternative solutions

It is common practice to provide a compliance matrix with the tender document. The bidder is asked to respond to each of the requirements as to whether their solution is fully, partly or non-compliant to the requirement, providing a written statement justifying each response. In order to benefit from the best solutions available, the bidder should be allowed to propose alternative solutions as an option, under the condition that the bidder can explain, how the authority will benefit from this option.

Contract

The tender document must contain a draft of the procurement contract. The contract must contain both fundamental legal proceedings as well as project related procedures. The contract will determine the degree of control the authority will have with or against the vendor after the contract is awarded. While the main body of the contract needs to cover obligations on warranty, liability, litigation rules etc, the project related part will cover topics like, scope of work, delivery schedule, acceptance procedures and much more. The draft contract should contain an obligation requiring the vendor to compensate for any short falls in delivery of the MRTD related system. Penalties could range from payment of fines for time delays up to handing over the project to an alternative supplier in case the authority eventually decides to terminate the contract because of material breach, also called Exit Management clause. The contract should also specify the levels of services that the State will expect from the vendor. Asking the vendor to provide their review of the draft contract with the submission of their bid will give the authority a preview on how easy it will be to work with the future supplier.

Proof of Concept

MRTD related systems are often procured for a period of 5 to 10 years. The decision to work with a new vendor should be based on facts as much as possible. The best proof of the technical and managerial capacity of a vendor is to ask a very limited number of vendors (should not be more than 3) to demonstrate their proposed solution at the authority's site, or at an existing reference site as deployed by the vendor. The costs associated with visiting an off-site installation should be borne by the authority. The demo should show the main processes and features requested in the requirements specifications. Members of the issuing authority should have the chance to gain some practical experience in operating the system. Authorities should plan the objectives and the agenda of such demonstrations carefully, so that the evaluation team evaluates the proof of concept based on predefined criteria only. Vendors should not be allowed to distract the evaluators mind by exaggerated actions or show and hospitality.

4.3 Evaluating Bids

Bids should be evaluated by a multidisciplinary team covering different subject matter expertise, such as technical, business processes, operational, security, commercial, legal, project management. The team should represent all stakeholders involved in the decision making process, including technical subject matter experts and business representatives. It should also be balanced in terms of hierarchy and ranks within the team so that the evaluation process cannot overly influenced by one individual.

The general the evaluation should cover the following aspects:

- Preliminary examination basing on responsiveness to tender document etc and eliminating those not qualified
- Technical bid evaluated against technical bid criteria and preparing a technical the strengths and weaknesses of the bids
- Cost evaluation/determining whether the bids exceeds budget or otherwise, undertaking possible negotiations where necessary

The evaluation in detail should cover each of the a) formal/legal⁶, b) technical and c) financial aspects. The evaluation should be based on the compliance matrix. Each requirement may be graded as a) mandatory or b) recommended. All mandatory requirements must be fulfilled in full. Bids which are not compliant may not be evaluated any further. Key requirements should be given weighting criteria. The bidder who offers the best responses for those criteria wins the technical evaluation.

Notwithstanding such a rational decision making approach, the evaluation teams should also leave room for “gut feeling” contributions, such as “do we really want to work with these people?”. Such criteria may be discussed within the team in moderated workshops or after the presentation to the evaluation team, calling for the “overall impression” on the bidder. The following figure illustrates feasible steps of an evaluation process⁷.

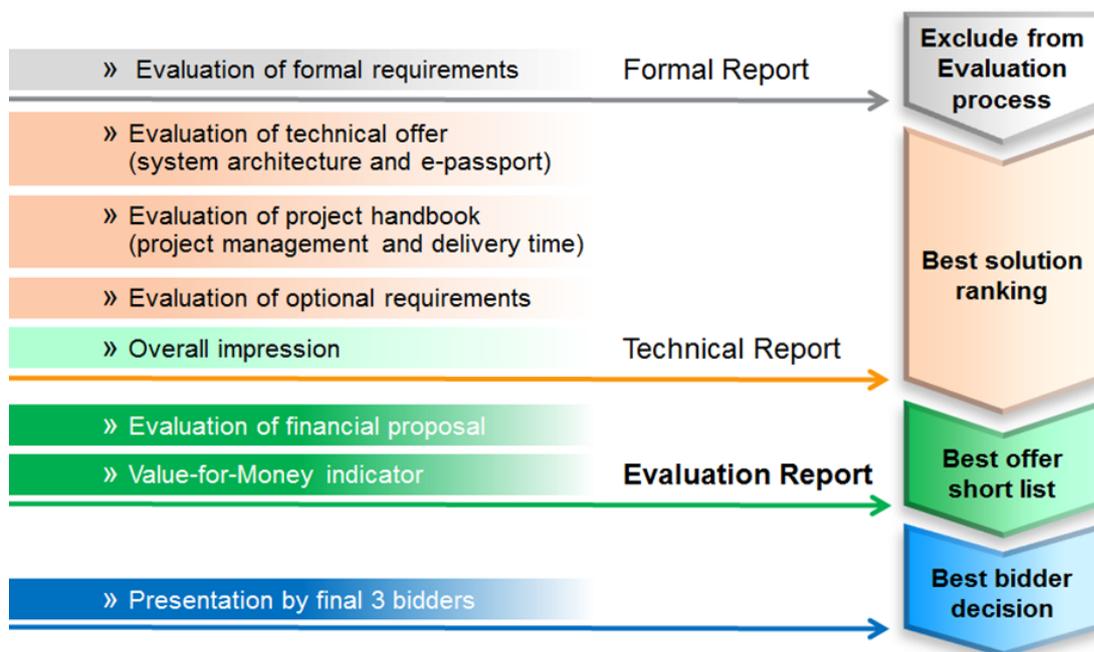


Figure 2: Sample of an evaluation process

⁶ With the “formal / legal” evaluation the evaluation team is checking if the bid is following requirements of the RFP about the format, size and legal illegibility of the bid document.

⁷ Source: Markus Hartmann, Member of the ICAO ICBWG: “Tendering eID Projects, Points to watch” Presentation at German Government eID Conference, Pretoria, SA, 17 September 2013

Besides following a structured process during the evaluation phase, it is essential that the evaluation team gain a common belief that this vendor can solve the problems identified in phase 1. People have different ways of making up their mind about things. Some like to read, some like to listen, but all people tend to trust what they have actually experienced themselves. So the evaluation team should plan for multiple ways of gaining first hand experiences. Possible ways are:

- Testing the provided demo system thoroughly;
- Have sample MRTD documents tested by the authorities forensic experts;
- Visit reference customers at their site, while reserving time for a discussion without the vendor being present;
- Accompanying vendors on official interoperability test events or at third party test labs;
- Joining the ICAO working group to have contact with direct peers of other issuing authorities.

Prices should always be evaluated in relation to the overall value offered by the bidder (Value-for-Money). Depending on the scope of work, authorities are advised to compare the estimated costs of operation of the proposed solution. It is therefore important to specify how the financial section must be furnished in the bid document and which information should be provided. Only in this way costs of different vendors can be compared well together. Bidders should be requested to estimate these costs under give assumptions of the operating environment. It could well be that environmental requirements for the personalization bureau room e.g. for operating a laser engraving machine could overcompensate the lesser price for an alternative machine. Another example are the consumables required for re-transfer printing personalization, which in lower volumes could end up with higher costs per personalized passport compared to other solutions.

Finally the best qualified bidder shall be invited to contract negotiations.

4.4 Awarding Contract

In the phase of proposed awarding the authorities should ask the bidder to confirm all the details on how he intends to implement the project. This should be done by requiring a Project Handbook. The Project Handbook describes in detail the project organization confirming the list of all major sub-contractors and key members of the supply team mentioned in the bid document, who will actually do the job. The project team members should present themselves to the authorities' evaluation team.

The bidder may also be asked to provide his best and final offer. Normally this means that a final price discount will be offered. It could also give the bidder a chance to negotiate some minor modifications to the scope of work. However the authorities' legal representatives must take care, that such a scope modification does not open the door for rejected bidders raising a legal objection against the awarding procedure.

Finally both parties will negotiate the draft contract which ideally had been submitted with tender document. Contracts in MRTD projects perform many essential functions. The contract itself should set out, in clear, unambiguous detail, the entire commercial understanding between customer and supplier. Within this structure will sit the technical and operational specifications which underpin MRTD delivery, including the rules relating to relationship governance and logistics. The MRTD project contract is also an essential tool in transferring ownership of key assets and establishing the scope of licences and rights covering core technologies which may be embedded within your MRTD. Finally, as well as providing the structure for project delivery, the contract will also address future risk mitigation and liability issues so that the parties can achieve their commercial objectives.

To achieve these multiple objectives, the contract needs to be properly developed and negotiated with due and timely consideration given to key issues. Besides the generic components of a technology related contract the following key elements for procuring MRTD related systems need to be considered:

- Warranty periods for MRTD document need to be equal to the document's validity period;
- Quality control procedures must ensure the quality of the document and the stability of the production process;
- Test and acceptance procedures shall clearly define under which conditions delivery milestone are fulfilled, initiating payments and transfer of title and risks;
- Change of technologies (e.g. new chip generation) must be introduced within a defined process;
- Vendor must ensure his capacity to supply, within a business continuity obligation;
- Vendor must allow the authority to audit their supply chain, including their major sub-contractors within a mutually agreed timeframe.

After contract signing, both parties shall make the contract (at least those parts covering operational procedures) available to the project team, who shall base their work upon the agreed rules and regulations.

In order to keep pressure on the bidder, authorities might consider negotiating with the last two shortlisted bidders in parallel.

4.5 Managing Change

MRTD solutions often are planned for a period of about 10 years. It is very likely that either party may request a change to the agreed terms and conditions. This could be because new security risks are arising or because a technology change needs to be accommodated.

In any case, in particular for MRTD related project, it is of paramount importance that any change is managed within a well-defined change management process. MRTD documents once issued remain valid until their expiry date. New versions of documents must be clearly specified. Changes in the document itself are best avoided, but if necessary must be communicated to all ICAO member States.

However also between the supplier and the issuing authority any change needs to be well processed, as it might cause unexpected impact in a technical or commercial manner.

Changes need to be well documented, which includes the amendment of solution specifications and process descriptions. The contract needs to cater for a process on how the amended specifications become an integral part of the supply contract.

5 Appendix

5.1 Procurement Tip Sheet

The "Procurement Tip Sheet" (see table added at the end of this document) has originally been provided by the Australian Governments Department of Foreign Affairs and Trade (DFAT). The tips should provide pragmatic ideas on points to watch during a procurement process. This table shall become a living document, where members of the ICBWG Procurement Sub-Group will add tips to procure MRTD systems regularly. Government authorities are welcome to share their own experience within their MRTD related procurement processes with the ICBWG, proposing new entries to the Tip Sheet. Please email to ICAO MRTD Secretariat: ICAOTRIP@icao.int

5.2 List of References to other Guidance Materials

Botswana Government	PUBLIC PROCUREMENT AND ASSET DISPOSAL REGULATIONS of the Government of Botswana: Available upon request to ICAO ICBWG
DoFT	Australian Government's Department of Finance and Deregulation: Commonwealth Procurement Guidelines: http://www.finance.gov.au/publications/fmg-series/docs/CPGs-2008.pdf
EU	Public Procurement in the EU – rules and guidelines http://europa.eu/business/public-contracts/index_en.htm
ICAO	Guide for Assessing the Security of Handling and Issuance of MRTDs http://www.icao.int/Security/mrtd/Pages/Assessment-Guide.aspx
ICAO	Guide Towards Better Practice in National Identification Management (draft) http://www.icao.int/Security/mrtd/Documents/Forms/AllItems.aspx
ICAO	Document 9303 MRTD http://www.icao.int/Security/mrtd/Pages/Document9303.aspx
World Bank	World Bank Procurement Policies and Procedures
WTO	World Trade Organization: Agreement on Government Procurement (AGP 1994); see http://www.wto.org/english/tratop_e/gproc_e/gp_gpa_e.htm

6 Document Management

6.1 Glossary

Project Handbook	Project Handbook is the initial project management document covering all aspect of project organization and all the details on how the project will be implemented.
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6.2 Abbreviations

DoFT	Australian Government's Department of Finance and Deregulation
EOI	Expression of Interest
ICAO	International Civil Aviation Organization
ICBWG	(ICAO) Implementation and Capacity Building Working Group
MBSA	Model-based system architecture
RFI	Request for Information
RFP	Request for Proposal
RM-ODP	Reference Model for Open and Distributed Processing
TAG	(ICAO) Technical Advisory Group

6.3 References

[PMBOK]	PMI: PMBOK Guide- Fourth Edition, 2008
[IEEE830]	Institute of Electrical and Electronic Engineers: Software Requirements

- [RFC2119] Specification (SRS) originally published as ANSI/IEEE Std 830-1984).
Network Working Group S. Bradner Request for Comments: 2119 Harvard
University BCP: 14 March 1997: Key words for use in RFCs to Indicate
Requirement Levels
- [MBSA] Model-based System Architecture design. Beyond other references:
<http://s-lab.uni-paderborn.de/wissenschaft/veroeffentlichungen.html> or
[http://hjp-consulting.com/sites/default/files/pdfs/Model-
centric_methodology_ID%20credentials%20article_11-2012.pdf](http://hjp-consulting.com/sites/default/files/pdfs/Model-centric_methodology_ID%20credentials%20article_11-2012.pdf)

6.4 Revision History

The ICAO ICBWG sub-group on developing this guide on procurement consists of the following members (Status 27 March 2014)

- Janet Curran, Australia
- Tony Dean, ISO UK
- Markus Hartmann, ISO Germany, (Chair)
- Fons Knopjes, The Netherlands
- Neo Corneliah Lelang, Botswana
- Dwight MacManus, ISO Canada
- William F. Seamann, USA

Version	Date	Alteration	Editor
X0.01	12 Mar 2014	Initial Draft	Markus Hartmann
X0.02	23 Mar 2014	First complete version subject to review	Markus Hartmann
X0.03	26 Mar 2014	Including review results from Janet Curran, Fons Knopjes, Dwight MacManus	Markus Hartmann
V0.04	27 Mar 2014	Draft presented to ICBWG in Den Bosch, NL	Markus Hartmann
V1.00	07 May 2014	Final draft including review results from Tony Dean, Fons Knopjes, Neo Lelang, William Seaman	Markus Hartmann

APPENDIX 5.1.

PROCUREMENT TIP SHEET

Possible Issue	Suggested Treatment
<p>Risk Assessment</p> <ul style="list-style-type: none"> • Risk assessment and risk mitigation strategies can sometimes be treated as an academic exercise. Failure to properly scope/cost risk likelihood and consequence, and draft tender and legal documents accordingly can increase the risk of project failure. 	<p>Undertake a genuine risk assessment</p> <ul style="list-style-type: none"> • The inherent nature of risk cannot predict unexpected events; however, the benefit of gaining a strong understanding of likely risks (and associated costs) positions an Agency to draft tender requirements and legal documents accordingly. This provides protection of the Agency’s interests, and attributes contractual liability to the appropriate party. Constructing a strong legal instrument/platform to support the requirements helps to engender project delivery success.
<p>Price Model Considerations</p> <ul style="list-style-type: none"> • The type price model (e.g. Time and Materials or Fixed Price) included in the tender document and resultant contract can have a significant impact on the way a contract performs during its duration, as well as affect total contract expenditure. 	<p>Use most appropriate price model</p> <ul style="list-style-type: none"> • The most common pricing approaches can be split into two broad models – ‘Time and Materials’ or ‘Fixed Price’. There are key differences between the two models. • Within a ‘Fixed Price’ model, there is greater ability to estimate in advance the total project cost; however, there is far greater risk of budget blow-out if the scope of the project/deliverables is not accurately scoped in the tender document and resultant contract. Failure to do so can result in frequent and costly change requests, incurring significant additional cost. • Using a time and materials model allows flexibility; however, costs can accrue quickly. • Prior to approaching the market, it is therefore vital to determine the price model which will best suit the goods/services being procured, and how the

Possible Issue	Suggested Treatment
	project will function once a contract is in place.
<p><u>RFT Technical Considerations</u> - Agencies procure in excess of requirements</p> <ul style="list-style-type: none"> Agencies should be mindful not to contract services or goods which exceed the actual need. Vendors may propose functionality, flexibility, variability or performance which exceeds the stated need. Excessive capability has an associated cost which vendors pass on to Agencies through the tendered/contract price. 	<p>Understand and articulate actual need</p> <ul style="list-style-type: none"> Having a thorough understanding of current and projected requirements is vital. Tender documents should include as much detail as possible in this regard, and include metrics to guard against paying for excess functionality, flexibility or performance which is excess to requirements. In a passport/technical context – ensure requirement is scale-able both ways (that is, functionality and performance can be increased or decreased in scale, depending on point in time need).
<p><u>Assessing Vendor submissions</u> - Tender Compliance</p> <ul style="list-style-type: none"> Vendors may state they are ‘Compliant’ against Mandatory Requirements when they are not compliant. 	<p>Undertake a thorough risk assessment of tenders, and the process.</p> <ul style="list-style-type: none"> It can be difficult to assess the veracity of Vendors’ claim regarding compliance. If a tender includes Mandatory Requirements, where possible, utilise relevant industry standards or other quantifiable metrics and require Vendors to provide evidence (e.g. certification, evidence of relevant qualifications etc).
<p><u>Assessing Vendor submissions</u> – Overall tender response</p> <ul style="list-style-type: none"> Through tender submissions, Vendors often do not actually address the tender criteria, requirements or questions. Commonly, tender submissions merely paraphrase the Statement of Requirement, and include broad motherhood statements, without detailing the mechanism through which they propose to meet the requirements, and without providing sufficient or 	<p>Conduct Industry Briefing Sessions</p> <ul style="list-style-type: none"> Conducting an Industry Briefing (an open or mandatory forum for potential Vendors) after tender release is useful to provide additional information, answer queries and outline expectations from a requirements or evaluation perspective. At an industry briefing or through tender documents, Agencies can emphasise that Evaluation Committees are obliged to assess all tender submissions on their merit, against the specified evaluation criteria, and – importantly – only using the detail Vendors include in the tender response

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<p>appropriate evidence to support their claims.</p> <ul style="list-style-type: none"> Vendors often assume knowledge and/or (if an incumbent) do not provide sufficient detail. 	<p>which objectively demonstrates their ability to meet the stated requirement.</p> <ul style="list-style-type: none"> Vendors often state they can meet a requirement without providing substantiation - this should not be treated as a sufficient demonstration of how a requirement will be met.
<p><u>Assessing Vendor submissions</u> - Capability</p> <ul style="list-style-type: none"> It can be difficult to make an accurate assessment against a Vendor's true ability to deliver the required services. 	<p>Consider Vendor site visits/demonstrations</p> <ul style="list-style-type: none"> Agencies can consider including product/service and practical demonstrations as part of the evaluation process. If appropriate/practicable states could include the option to visit vendor sites (either all, shortlisted or preferred vendor) as part of the evaluation process.
<p><u>Assessing Vendor claims</u> - Referees and Reference Projects</p> <ul style="list-style-type: none"> Vendors may include referees who are unable to provide appropriate or relevant comment against the requirement. Vendors may include supporting projects which are not of comparable scope, expenditure or complexity to the requirement. Both of these reduce the value of references and do not enable an Evaluation Committee to make an assessment against the Vendor's claims. 	<p>Advise re referee/project requirements</p> <ul style="list-style-type: none"> Include a requirement in the tender documents that Vendors are to provide contact details of referees who can comment appropriately against the requirements, and against comparable projects. Require Vendors to provide to cite comparable projects (scope expenditure, complexity etc), their specific role in the project, and details of the deliverables. It can be useful to ask Vendors to detail any challenges which arose during the course of the project, how the Vendor addressed the issue and what, if any, mechanisms the vendor employed to prevent the issue from re-occurring.

<p><u>Contractual Considerations</u></p> <ul style="list-style-type: none"> • Use a contract which includes a good balance of flexibility and certainty, to allow for growth/changes of the project duration, as well as providing sufficient protection for the Agency. 	<p>Carefully consider contract provisions</p> <ul style="list-style-type: none"> • Depending on size/complexity of project worth engaging legal subject expert to provide advice/draft appropriate contract. • Areas to consider in a passport/technical contract may include (as well as general contract terms and conditions): <ul style="list-style-type: none"> — Design phase — Implementation phase — Acceptance testing — Service Level Agreements/Key Performance Indicators — Support (e.g. 1st, 2nd, 3rd level), maintenance and warranty — Intellectual property rights — Disaster recovery and business continuity — Security considerations (e.g. document, national etc) — Relationship management — Fees and Charges (including process of submitting and approving change requests)
<p>Contract Compliance/Contract Negotiation</p> <ul style="list-style-type: none"> • Through the tender process, Vendors may identify areas of non-compliance with the draft contract. Depending on the nature of the non-compliance, it may affect the ability to ratify a contract. 	<p>Determine a considered position early</p> <ul style="list-style-type: none"> • Vendors cannot be precluded from raising issues with the contract during the tender process or contract negotiations. Vendors typically challenge provisions relating to liability (e.g. capped liability amounts), indemnities, warranties and insurance amounts. Agencies should be prepared for this, determine in advance its position against any threshold terms and conditions (i.e. provisions which are non-negotiable), and seek legal advice where appropriate. • There are particular Australian Government legal, financial and procurement requirement considerations which pertain to ICT procurement. Full details of these can be found at:

	http://www.finance.gov.au/procurement/ict-procurement/index.html
<p><u>Post Contract:</u> Contractor’s bid team do not deliver services</p> <ul style="list-style-type: none"> • In any commercial bid, Vendors may base its proposal on a highly skilled and experienced team; however, after a contract is in place, a less skilled or experienced team may perform the required tasks. 	<p>Require details in tender response/Incorp into Contract</p> <ul style="list-style-type: none"> • Rather than only requiring Vendors to provide details or CVs of proposed staff, require a breakdown against specified personnel’s actual proposed involvement in the project and/or a detailed activity breakdown (including estimated effort and cost) against personnel. • The specified personnel and/or activity schedule against personal can be incorporated into the contract prior to commencement of the services. • Ensure the contract is formally tied closely to the successful Tenderer’s proposed approach and service deliverables (including key performance indicators).