



TECHNICAL ADVISORY GROUP ON MACHINE READABLE TRAVEL DOCUMENTS

Sixteenth Meeting

(Montreal, 26 to 28 September 2005)

Agenda Item 4: Implementation of the Public Key Directory

FEES AND CASH FLOW REQUIREMENTS FOR THE ICAO PUBLIC KEY DIRECTORY (PKD)

(Presented by the Secretariat)

1. SUMMARY

1.1 This Working Paper addresses the fee structure and schedule estimated for the PKD system, based on actual contractor and ICAO supervisory and operational costs. The TAG is requested to note and approve the scale and details of these fee estimates.

2. BACKGROUND

2.1 During an extraordinary meeting held during TAG/MRTD 15 in 2004, a pro-forma budget and early fee estimates were presented to interested delegates and TAG members. These fees were based on preliminary cost estimates for the implementation of the PKD and included the cost of operation of an undersized ICAO PKD Operations Office.

2.2 The pro-forma fee tables presented at that time were based on a presumed country sign-up schedule and cash flow considerations, and were set out in four “Tiers” based on the populations of various registering countries. The TAG representatives acknowledged the approach and the estimates at the time, but expressed the desire that fee Tiers be based on number of passports in circulation rather than on population. Accordingly, new pro-forma fee estimates were established in new cash-flow models.

These estimates were accepted in principle as reference to support the ICAO Secretariat to undertake the PKD tender process and contracting activities.

2.3 To enable ICAO Secretariat carry out further work on implementing PKD, the Secretariat requested that countries developing e-passports contribute advance fees to ICAO. For this purpose, and to this date, five countries have advanced a total of \$800,000. To undertake this project under ICAO aegis, the Secretariat needs to reserve this amount to cover all its expenses incurred into and projected for the implementation of the system and for the first year of operation.

2.4 After finalizing the PKD tender process, the fees schedule mentioned above has been updated. The new schedule was calculated taking into account the vendor information regarding the cost for setting up and operating a PKD system, and the cost involved in setting up and running and ICAO operation and supervision infrastructure. This schedule is presented below in Section 4.

3. **PKD CASH FLOW POLICIES**

3.1 The PKD system will be established on a cost recovery basis with reimbursement of expenses through the fees paid by the PKD Participating States.

3.2 ICAO Secretariat, as part of its PKD tender documentation, required the bidders to commit to interim financing of their costs up to and including the full cost for developing and implementing the PKD system and the initial period its operation. This has relieved the cash flow burden on the PKD somewhat, at the cost of interest payable on such financing of the PKD Operator's fixed price proposals.

4. **FEE STRUCTURES**

4.1 According to the policies stated in Section 3 and based on a worst-case country registration schedule, the ICAO Secretariat, using the fees proposed by the contractor, advises the following fee schedules for the agreed country Tier categories (based on passports in circulation (PIC)).

Registration Fee

Tier	PIC	Fee
1	< 1M	\$75,000
2	< 5M	\$75,000
3	< 15M	\$75,000
4	> 15M	\$75,000

Annual Fees

Tier	PIC	Fee
1	< 1M	\$20,000
2	< 5M	\$45,000
3	< 15M	\$70,000
4	> 15M	\$95,000

5. ACTION BY THE TAG/MRTD

5.1 The TAG/MRTD is invited to:

- a) note and approve the current estimated fees and fee ranges, subject to further refinements that may arise as actual costs and revenues are realized.

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