

Managing Transport Service Providers

Humanitarian response organisations have increasingly begun to rely on external transport providers. An external transport provider is defined as any third-party who can carry or identify vessels that can carry cargo through commercial means. In the event third-party transport providers are contracted, there has to be a structured approach to the selection process, similar to other forms of procurement, and subsequent monitoring and control of the provider or providers selected. There are a number of important issues to be considered to ensure that a reputable provider, who will provide the adequate level of service, at an acceptable cost, is sourced.

The selection process adopted for the acquisition of all services is covered by the organisation's approved procurement policy, processes and procedures. Ideally, contracting should be done in a competitive manner, on market terms, and negotiations undertaken in an open and transparent fashion, thus ensuring cost effectiveness and equal opportunities for the appropriate commercial entities.

There has also been an increasing level of attention to the ethical standards of contractors, including their facilitation and participation what would be considered violations of state and national laws, human rights abuses, or their involvement with parties to conflict.

General Transport Service Provider Selection Criteria

The criteria for selection will vary from organisation to organisation. Some factors that may influence the selection of transport service providers are:

- Carrier characteristics and capacity.
- Proven efficiency.
- Timeliness of delivery.
- Known integrity, reputation and reliability.
- Good relationships with other carriers.
- Financial viability to cover costs of providing the service.
- Ability to provide a multi-modal service, if need be.
- Presentation of timely reports and correct invoices.
- Licensed by the government to conduct customs clearance formalities and be up-to-date on changes in customs requirements.
- Own or have access to a bonded warehouse to protect and control shipments in transit.
- Own a trucking fleet for inland transport and have access to specialised vehicles when needed such as container trucks, low-bed trailers, tankers, etc.
- flexible in their availability at short notice, also outside of office hours and on public holidays.
- Have influence in the transport market, with port authorities, etc.
- Experienced in successfully handling duty exemption arrangements for humanitarian organisations.
- Have an office in the port area or nearby.
- Have at least a country-wide, preferably a multi-country regional network.
- Use technology effectively, including a good telecommunications system and, preferably, a computerised tracking system that allows visibility of where shipments are at a given time.

Typical Service Providers

Although it is advisable to use an intermediary such as a freight forwarder or clearing agent to

handle international movements, it is still important to have a basic understanding of the roles of other third-party service providers involved in international movement.

Private Transport Companies - Private companies that own and operate vehicles such as trucks or planes directly. Many private transport companies have direct sales and customer service components, in particular small scale, local transport companies. Other companies, such as major airlines may not have the time or capacity to manage direct customer sales, and prefer to go through brokers or forwarders. A direct relationship with a transport company can certainly save costs, but for any services that require complex intermodal solutions that may not all be owned by the same company, or in situations where customer service is inadequate, contracting forwarders might be the best solution.

Freight Forwarders - Commercial third-party companies or individuals that act as brokers between transport companies, customs agents, logistics providers, and other commercial services that might support packaging/handling, warehousing, transportation, or any other aspect of moving material goods from one place to another. Unless a requesting agency has well defined transport routes and a detailed understanding of the shipping market, freight forwarders are essential for identifying and pricing transport options, especially in chaotic post emergency settings. Forwarders have contacts within the transport communities and know how where to look for the best shipping options.

Clearing Agents - Commercial third-party companies or individuals who specialise in understanding import and export regulations, and help facilitate the flow of material goods through customs. Though clearing agents may be used for import or export, the majority of their services are employed for getting goods into countries. Import and export regulations are complex and the failure to comply can result in fines or other difficulties. Many countries require an official licensing process for clearing agents, and unless organisations have specific expertise in customs agents should always be consulted for imports of any kind.

Inspection Services - Private third-party services that conduct inspection on goods in transit. This may include physical counting, damage inspection, laboratory testing, inspection of batch/lot/expiration, validating specifications, etc. Inspection services may be required for importation, but many agencies employ inspection services during upstream transport, especially at the point of procurement.

Third Party Logistics Provider (3PL) - Commercial third-party logistics providers that can assume a portion of or the entire supply chain. 3PLs can act on behalf of contracting agencies for a variety of services, including warehousing, kitting, procurement, quality inspections, transport and even developing supply chain strategies without providing a physical service. 3PLs tend to be more expensive, but can offer holistic solutions to agencies who may need additional support.

The aforementioned service providers are all for profit companies, and as such the regular procurement process for each respective agencies should still be applied. It is generally recommended that agencies obtain multiple quotes, review performance, and incrementally conduct new bid analysis.

Other related parties frequently encountered with cargo operations are:

- **Customs Officials** - Agents designated by the national authority of countries to facilitate the lawful transmission of items into incorporated national territory.
- **Airport / Sea Port Authorities** - Government lead or appointed authorities who oversee the safe and efficient operation of ports of entry, including coordinating positioning and movement of vessels and aircraft and ensuring security measures are enacted on behalf

of the national authority in question.

- **Ground Handling Agents**– Government run or privately contracted services who manage ground handling at airports and seaports. Ground agents are usually sub contracted and coordinated by forwarders or the airlines, however occasionally humanitarian agencies may need to liaise directly with them to solve problems.

Planning and Scheduling Movement

Routine movements, taking place on a regular basis, need to be planned at the outset. Non-routine movements occurring on an ad-hoc basis will have to be planned when the need arises. Ideally movements should be planned and managed by a transport office or dedicated focal point responsible for determining the appropriate routing for the goods, allocate resources (own or contracted) and inform the destination of estimated delivery time. During movement designated focal points will track the progress of the goods and update delivery times accordingly and will manage the staff involved in the movement and deal with any issues that arise. They will also handle any problems that occur during the movement, liaising with contractors, freight forwarders and shippers as required. The transport office may have to produce the required documentation to cover transit, alternatively they will be responsible for collecting the required documents together for dispatch.

Once movements have been planned and are initiated, it is important to maintain an information flow between all parties involved to ensure the safety and security of the goods and the adherence to service as promised. In environments within which humanitarian aid organisations operate, many events can impact the efficient movement of goods. In natural disaster or conflict zones, the risk to the movement is potentially high. Having up-to-date information on the status of the movement allows problems to be quickly identified and dealt with. Movements in a national context can usually be managed more closely than movements between or across countries. National movements can be usually planned and coordinated more easily while international movements will often be managed by one or more third parties, working in different time zones and in different languages. Often, international movements are planned and managed by a freight forwarder or logistics service provider working within the broad plan to meet the client requirements in terms of movement time and routing.

In addition to identifying the primary methods of transport, aid agencies should consider the smaller intermediary steps. As an example, even though an agency may be able to identify an international air transport method into a country, will there be available trucks to adequately pick up and transport cargo from the airport of reception? The same applies for multiple steps in the process, including the ability to identify adequate warehouse space, the ability to understand and comply with import regulations, and generally be able to accommodate all steps of the supply chain, not just the one step in question. Frequently, aid organisations are operating in a “push” model early in a disaster, and persons associated with organizing upstream transport are not necessarily taking directions from or even communicating with the persons engaged in downstream planning. Proper planning throughout all stages is vital to a good transport strategy.