

3.4 Procuring for transport

Organisations often do not have the means to fulfil transportation requirements internally. The appropriate fleet might not be available, or the right skills may be difficult to source; knowledge of the local market, infrastructure or legal framework may also be scarce.

When transport requirements cannot be fulfilled with internal resources, they must be outsourced to professional companies. Transport service providers must be selected carefully, as they will be handling goods and materials owned by the organisation and, in most cases, distributing them to beneficiaries.

Be aware that in the context of crises or an increased humanitarian response, it might be difficult to source those services as competition for them increases. In those situations, it is recommended that organisations share the available resources by liaising with other RCM partners to identify efficiency gains through sharing fleet.

Where operational, the Logistics Cluster (<https://logcluster.org/>) can organise shared transport services on standard routes. Local/national authority coordination resources (such as the National Disaster Management Office) may also support resource-sharing where the Logistics Cluster is not mobilised.

3.5 Sourcing transport services

The supply chain strategy for a programme may include the procurement of vehicles to transport people and goods. Where this is not included, renting/leasing vehicles (and possibly drivers) will need to be considered.

In some contexts, a single service provider will be able to provide transport services for both goods and people, but in most cases two separate suppliers will have to be identified.

3.5.1 Selecting a transport service provider for the movement of people

For selecting a transport service provider for the movement of people, refer to section 5.2.4 of the Manual.

3.5.2 Selecting a transport service provider for the movement of goods

Below are a set of criteria that should be considered when sourcing a transporter. Note that these criteria are particularly relevant in long-term agreements and less so where transport services are sourced ad hoc.

Owns or has access to a bonded warehouse to protect and control shipments in transit	Is licensed by the government to conduct customs clearance formalities and is up to date on changes in customs regulations	Offers a variety of services (freight booking, re-packaging, clearance, etc.)
Has influence in the transport market, with port authorities, etc.	Has an established reputation ; has been in business for a number of years	Has a proven record of reliability, accuracy, timeliness , as verified by customer references
Has experience working with humanitarian actors	Owns fleet for inland transport and has access to specialized vehicles when needed	Has trained, competent, experienced and trustworthy staff

Other criteria include:

- prior commercial contracts that do not, or are not perceived to, pose a reputational risk
- the ability to hire temporary manpower
- loading/offloading arrangements and costs
- the existence of country-wide presence with strategically placed offices and staff
- the availability of safe space for vehicles to park overnight
- the ability to provide insurance against loss or theft
- the use of technology, such as tracking devices

3.5.3 Transport needs assessment

Before going to market to source transport providers, it is recommended that you complete a needs assessment and to capture its result in the issued sourcing document (RFQ, tender or EOI – see section 1.6 for details on sourcing process). The needs assessment should detail the below requirements at minimum.

Nature of the goods to be moved	Any specific constraints relating to the type of goods
Expected delivery timeline and frequency	Expected delivery points
Cost coverage (fuel, maintenance, insurance, tolls, loading, driver per diem, etc)	Compliance with RC code of conduct
Cross-border requirements if applicable	Weight and volume of goods to be transported

Assessing the local transport services' market may include pre-qualification of service providers available. This will involve identifying as many potential suppliers as possible and asking them a series of questions to assess their suitability.

This exercise will shortlist suppliers and gather basic information about them, such as fleet size, existing networks, previous experience, basic rates and registration information.

Depending on the expected volume of expenditure, an RFQ or RFP can then be sent to these pre-qualified suppliers with the details of the services needed, (or mini-competitions can be launched in the UK, via the e-sourcing system currently in development – contact the Logistics team for more on the e-sourcing system).

3.5.4 Sourcing process

The sourcing document should clearly reflect the findings of the needs assessments and set out the selection criteria. For details on the recommended procurement processes, refer to sections 1.5 and 1.6 of the Manual.

Prior to the award of the contract, it is recommended to have face-to-face interviews with the successful supplier to review contractual terms such as:

- expected turnaround times (and any seasonal variations on this)
- cost per trip per load (if the routes are unlikely to change)
- contact focal points
- validity of quoted rates
- contract length
- payment terms
- penalties when agreed service standard is not reached

Remember to select the right costing options for your needs – you can request a quotation per day, per type of vehicle, per ton or per route.

Different requirements will result in different types of contract – below is some guidance on which type of contract to use in specific conditions (Note: This guidance is generic and context-specific details can lead to different decisions). A **template transport contract** is available in annex to the Procurement chapter (Procurement 31_Transport contract template).

Contract type	Details	Use when
Task-specific (“one-off”)	Quote based on set quantities, set schedule, set origin, set destination, limited timeframe	<ul style="list-style-type: none"> Needs are specific and limited in time and quantity There is a pre-defined budget for the service There is a single expression of needs (one requisition)
Open contract	Quote per vehicle type and per period (day, week, month) or per route	<ul style="list-style-type: none"> Long term projects with regular routes and needs Transport services market is stable and services can be scaled up and down There are multiple requestors for transport services

3.5.5 Transport service provider evaluation and performance management

It is important to agree evaluation criteria for the service provider’s performance monitoring, so the service provider has an opportunity to improve their performance across the duration of the contract.

It is good practice to hold quarterly meetings with regular service providers to review performance against set key performance indicators (KPIs). This requires careful recording of performance data on all shipments carried out by the service provider, a task that must be appropriately resourced internally.

Appropriate points of analysis and performance to evaluate transport service providers may include the below data points.

Total volume transported (weight, volume, value)	%age of shipments received on time in full (OTIF) per contractual schedules and damage definition
Number of claims raised, total value of claimed damages	%age of properly documented services (returned signed waybills etc.)
Variations from contractual rates	Total spend to date against total value of contract (“burn-rate”)
Options to extend the value or duration of the contract	Actual availability of resources against contractually agreed availability (drivers, loaders, vehicles...)

Transport service providers can also be contracted for single operations, whether they involve a single transportation or multiple pick-ups and deliveries. In that case, the right selection and procurement processes must be followed for the estimated cost of the operation and the

contract terms will slightly differ, as the costs and services will be pre-agreed. Penalties should still be agreed, but where the services required are to be completed over a short period of time (less than three months), the supplier performance review is limited.

Procuring transport services

- When internal resources (vehicles, context knowledge, skills, etc) are insufficient, transport services need to be outsourced.
- Make joint use of available resources.
- Make sure the needs for transport services are clear before starting procurement.
- Pre-qualify several service providers so you have a variety of known suppliers available.
- Follow the right procurement process based on the estimated total spend.
- Manage the performance of the service provider and enforce penalties where relevant.

3.6 Sourcing clearing agents

3.6.1 Clearing agents

Clearing agents can offer similar services to freight forwarders – they occasionally offer transport services from the point of entry into the destination country to the final delivery place. However, their ‘core’ service offer is the clearance of goods through the destination country’s customs.

Clearing agents can be a valuable source of information in helping to anticipate issues that may arise during the customs clearance process.

In some countries, the government will impose a mandatory clearing agent; some shippers (senders/sellers) will offer services from a partner clearing agent in their quote, and some consignees (receivers) may recommend a partner clearing agent. Where clearing agents are recommended, it is usually good practice to use them rather than sourcing alternative agents. Where there are no suggested clearing agents, these must be sourced through a procurement process.

3.6.3 Selecting a clearing agent

The process and selection criteria are like those used when selecting a freight forwarder, with some more specific criteria to consider (that should have been identified in the transport needs assessment).

For example, the capacity of the customs agent to provide access to the goods for the consignee before they are cleared can be critical for some shipments. This would therefore

be included in an RFQ, EOI or tender (see section 1.6), which must be published so that agents can come forward with their offers.

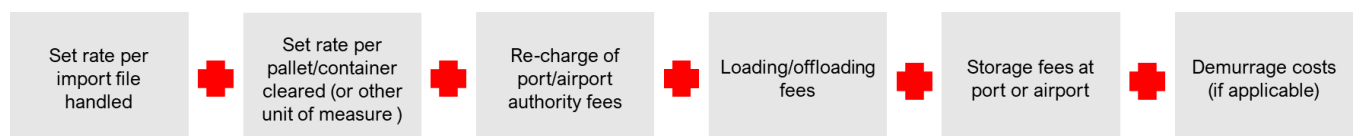
Below are some key requirements that should be included in the RFQ/EOI/tender document.

Is licensed by the government	Can handle road, air, sea shipments
Can provide details of procedures to follow for all types of goods ahead of shipment	Has offices located close to the entry points (port, airport, etc.)
Has access to a network of (bonded) warehouse	Can guarantee delivery to final destination
Have experience working with the humanitarian sector	Works with a network of licensed agents
Can share details of customers to provide references	Can share details of their client portfolio - contracting a clearing agent who will prioritise more important customers could be a critical risk to the delivery of supplies

3.6.4 Sourcing a clearing agent

The sourcing document should also specify the criteria that will be used to evaluate the offer, some of which should be based on the above list. As a result of responses to the above requirements, you may want to contract multiple clearing agents (one for air shipments and one for sea shipments, for example) based on their capacity, the existing market and your needs. You can also choose not to have contracts in place but a list of pre-qualified, pre-vetted agents, who would provide you with quotes on a shipment-by-shipment basis.

Note that the clearing agent’s fees structure is typically quite complex, and includes the following:



Remember to ask your clearing agent to provide the breakdown of the costs they forward to you in their invoices. Demurrage costs in particular should be clearly explained ahead of the clearing process.

3.6.5 Clearing agent evaluation and performance management

It is important to agree evaluation criteria for the clearing agent’s performance monitoring in the contract (or as an annex to the contract if they are linked to penalty fees). That way, the clearing agent will have a clear understanding of their client’s expectations and they are given an opportunity to improve their performance through the duration of the contract.

It is good practice to hold quarterly meetings, with regular reviews of performance against the KPIs that have been set. This requires a careful recording of performance data on all shipments carried out by the service provider, a task that must be appropriately resourced internally.

Appropriate KPIs to review clearing agents' performance may include:

Average time taken to clear goods through customs (per mode of shipment), compared to contractually agreed time	Invoiced costs compared to quoted costs
Number of claims raised for losses or damages in transport and total value of claimed damage	A review of cases where the process that was initially suggested had to be revised due to a lack of understanding of the specifics of the cargo
Demurrage costs incurred	

Demurrage costs are charged by port or airport authorities when shipments stay on their premises beyond an agreed number of days. They can add up very quickly as they are usually formulated per container or per pallet and incurred daily. They can be avoided through pre-defined agreements or preferential arrangements between clearing agents and port/airport authorities. They should be paid by the party responsible for the delay, but they are extremely difficult to waive once incurred.

3.6.6 Working with clearing agents

To process a shipment through customs, the sender or receiver of the goods (depending on the incoterm in place) will generally have to submit the shipping documents to the clearing agent in advance of the arrival of the cargo. The type of documents understood by “shipping documents” will vary from shipment to shipment but will almost always include:

Document	Function	Provided by
Commercial or pro-forma invoice	Declare total value of goods to be cleared	Seller
Packing list	Provide physical details of consignment and detailed contents	Shipper if sold EXW Seller if sold on any other incoterm
Donation or gift certificate (if relevant)	Declare 0-value of goods to be cleared and allocate ownership of goods to consignee	Shipper
Certificate of origin	Declare origin of goods	Manufacturer / seller
Certificate of analysis	Provide quality assurance certificate	Manufacturer / seller
Good Manufacturing Practices certificate (GMP)	Provide quality assurance certificate	Manufacturer / seller
Draft and final shipping title	Provide quality assurance certificate	Shipper if sold EXW Seller if sold on any other incoterm

Note: a gift certificate template is available in annex to the Manual.

Some types of goods (vehicles, drugs, food items, electronic devices) are subject to stricter importation rules. Your clearing agent should clearly lay out the required documents for you

for each shipment you intend to have cleared through them. Delays and additional costs incurred because of bad advice from your clearing agent should be recovered from them.

Procuring clearing services

- Clearing agents assist in getting items through customs after they arrive in country.
- Managing a clearing agents requires strong relationship management skills.
- Make sure the agent is able to explain the import process clearly.
- Make sure the agent's fee structure is clearly explained.
- You may chose to contract several clearing agents.
- Governments can appoint a mandatory clearing agent.
- Manage the performance of the clearing agent.