

DOCUMENTATION: Session plan

Time: 120 minutes

Aim of Session

Participants will learn which documents are necessary for making an ethical procurement risk assessment and how to use additional research tools.

Objectives of Session

At the end of this session participants will be able to:

- Understand the different air transport options available to humanitarian organizations
- Understand the structure of service provision
- Study a sample Ethical Procurement Policy
- Understand ethical criteria that can be used to assess a transport service provider
- Learn how to assess documentation and information through a risk assessment matrix

Key Messages

- Ethical criteria can be applied to information gathered as part of the moral procurement process
- This area is one of technical specialisation, but some basic knowledge can make a big difference to an organisations' preparedness for negotiations with suppliers
- EthicalCargo can provide additional support
- Field logisticians should look to head office for support
- Companies who are involved in destabilizing commodity transfer are unlikely to be cooperative and a confrontational approach is inadvisable

Resources

Computer and projector. Slide presentation "PRES-Documentation"

HANDOUT-04-EthicalProcurementPolicy

All HANDOUT-DOCUMENTATION... handouts

Preparation

If appropriate, pre-session reading could include:

HANDOUT-DOCUMENTATION-01-AssessmentMatrix-EthicalIndicators-Oct2010

HANDOUT-DOCUMENTATION-03-LOG-Air Operations

Time summary

Activity	Time (mins)
ACTIVITY 1: Introduction to the session	5'
ACTIVITY 2: Humanitarian Aviation Logistics	20'
ACTIVITY 3: Chain of air cargo service procurement	10'
ACTIVITY 4: Ethical criteria and matrix	20'
ACTIVITY 5: Break	15'
ACTIVITY 6: Ethical criteria in detail	40'
ACTIVITY 7: Summary	5'
ACTIVITY 8: Wrap up and questions	5'
	120 ,

Activity details

ACTIVITY 1: Introduction to the session	5'
Slides 1-2. Welcome. As this is a long session, go through timings for breaks.	
ACTIVITY 2: Humanitarian Aviation Logistics	20'
Slides 3-7. Go through slides and allow discussion around participants' experiences of air cargo procurement. Discussion can focus around what systems organisations currently have in place.	
ACTIVITY 3: Chain of air cargo service procurement	10'
Slides 8-16. Go through slides to demonstrate the long/complicated network of actors. Emphasise that	
ACTIVITY 4: Ethical criteria and matrix	20'
Slide 17 – Request for Offer Introduction slide to put the Assessment matrix in context.	

<p>Slide 18 – Ethical Transport Indicators</p> <p>Go through the Assessment matrix in terms of criteria headings, how it is to be used, and how the documentation review fits into the matrix.</p>	
ACTIVITY 5: BREAK	15'
ACTIVITY 6: Ethical criteria in detail	40'
<p>Slides 19-22: Ethical Transportation Policy/Ownership</p> <p>Cover these slides in referens to the Assessment Matrix</p> <p>Slides 22-29: Documentation Review</p> <p>Go through each section of the Documentation review in turn, with refernce to the handouts.</p> <p>Note – this part of the session can be made more intereactive if participants who have experience of analysing these documents can present to the rest of the group.</p> <p>Slides 30-32: Safety and blacklists</p> <p>Go through the slides in referens to the Assessment Matrix</p>	
ACTIVITY 7: Summary	5'
<p>Slide 33: Summary</p> <p>Summarise any other issues that have emerged in the session.</p>	
ACTIVITY 8: Wrap up and questions	5'
<p>Slide 34 – Questions</p> <p>NOTE: When wrapping up the presentation don't forget to make sure all handouts have been handed out, evaluation forms have been completed, the participant contacts sheet has been filled in and you have given details on how you can be contacted.</p>	

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Documentation

ETHICAL CARGO

EthicalCargo project DOCUMENTATION

EUROPEAN COMMISSION
Humanitarian Aid

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CIT-MAP

Slide 1: Welcome

NOTE: Confirm with the host (if there is one) if they will make a welcome speech first. If they do then say “Thank you XXX for your introduction.”

Good morning/afternoon. My name is XXX and I am part of the EthicalCargo team, working on XXX. My background is XXX and I've been with the EthicalCargo project since XXX.

This session is titled “General Awareness”. Its aim is to increase awareness of the general issues surrounding the ethical procurement of air cargo services.

This session is titled “Documentation”. Its aim is to show how information provided during the process of procuring air cargo services can be assessed against ethical criteria to keep actors who are involved in destabilizing commodity flows out of your organisations' supply chain and encourage a transformation of behaviour amongst air cargo service providers.



Objectives

- Understand the structure of service provision
- Study a sample Ethical Procurement Policy
- Understand ethical criteria that can be used to assess a transport service provider
- Learn how to assess documentation and information through a risk assessment matrix

Slide 2: Session Objectives

The objectives of this session are to:

- Understand the different air transport options available to humanitarian organizations
- Understand the structure of service provision
- Study a sample Ethical Procurement Policy
- Understand ethical criteria that can be used to assess a transport service provider
- Learn how to assess documentation and information through a risk assessment matrix



Humanitarian aviation logistics



Slide 3: Humanitarian aviation logistics (1)

Let's start with some context.

Air operations are one part of a humanitarian response to save lives. These activities are carried out in places or circumstances where it is not always possible to follow industry best practice, not least due to technological limitations at air fields.

Sometimes, humanitarian operations have to be undertaken using service providers and aircraft that are less than optimum and the EthicalCargo project recognizes that the humanitarian imperative always comes first and a balance may need to be struck between ethical or environmental considerations and ability to respond in some situations.



Humanitarian aviation logistics

- Humanitarian imperative is paramount
- Aviation logistics is a highly technical area
- See the LOG for more background (log.logcluster.org)

LOGISTICS CLUSTER

LOGISTICS OPERATIONAL GUIDE

Types of Aircraft Available for Cargo and Passenger

The type of aircraft selected will depend on the needs identified and the mode of distribution, for example, air drops in flooded and conflict environments or passenger movement. The capacity of aircraft can vary depending on cabin or military configuration, altitude, strip condition, turnoffs and distance needed to be flown.

Other major commonly used aircraft are:

- Boeing 737
- Airbus A320
- Boeing 777-300ER
- Airbus A350-900
- Boeing 787-9

For additional information on aircraft, consult Types (with pictures), Aircraft Characteristics and 1 and 2 (depending on the aircraft).

Planning and Coordinating Air Transport in Emergencies

Passenger and cargo movement must be carefully planned and coordinated to maximize the limited capacity available and ensure that movement paths are not unnecessarily high, due to flight, fuel-saving fuel loads.

The use of aircraft for cargo and passenger movement is provided in situations where road infrastructure is badly damaged and where sea or water transport is not strategic and does not ensure access to communities affected.

In addition to an emergency such as the 2010 earthquake in Haiti, humanitarian organizations provide speed over cost in order to save lives. Humanitarian organizations, organizations and individuals, respond to the same needs, duplicate efforts, compete for limited resources and transport assets and thereby drive up transport costs. In response to such challenges the Logistics Cluster encourages humanitarian agencies to collaborate and coordinate in emergencies to minimize duplication.

Advantages of central coordination of air assets include:

- Reduced duplication
- Access to a wider area as a result of special permissions centrally coordinated
- More efficient utilization of the aircraft – less down time, almost fully loaded, etc. and
- Better coverage of the ground/altitudes – relief loading, security, etc.

Central coordination of air assets leads to:

- Streamlined land transport to and from the airfield;
- More communication resources for each participant



Slide 4: Humanitarian aviation logistics (2)

Ethical concerns are particularly important in situations where a country is in conflict and air cargo suppliers are limited in number, for example DRC, Sudan and Somalia.

Helping people in distress through delivering assistance by air can be the most costly single transaction that a logistician is responsible for. Due to its cost, Airlift is as a last resort, when land transport is not an option, typically due to the need to respond in a very short timeframe, poor road infrastructure, problems of insecurity or any other risks that rule out trucking and other options.

It is outside the scope of this session to provide details on aviation logistics, and there is no substitute for experienced logistics personnel in place within an organization.

The Logistics Cluster has produced the Logistics Operational Guide (LOG) as a shared resource for humanitarian agencies. The LOG has a useful summary of procedures for Air Operations which explains the process of organizing flights for logisticians, even if a freight-forwarder is used. A number of handouts used in this presentation are from the LOG and we recommend visiting <http://log.logcluster.org> to download the LOG software which gives you resources which can be automatically updated through an internet connection.

*HANDOUT-DOCUMENTATION-03-LOG-Air Operations, from
<http://log.logcluster.org/operational-environment/air-operations/index.html>*



Ethical Transport Procurement Policy

- Decide on what is and isn't ethical for your own organization
- Make the policy publicly available
- Provide all suppliers or potential suppliers with a copy of the policy



Sample Ethical Air Transport Procurement Policy

Version 1, September 2010

This document is intended to be used as a guide only. Organizations should determine their precise details of their own conditions.

<ORGANISATION NAME> has an ethical procurement policy, in relation to the procurement of air transport services, preference will be given to service providers who:

- ☐ Adhere to the highest possible air safety & employment standards.
- ☐ Act in accordance with international human rights and humanitarian law.
- ☐ Conduct their business in a transparent and accessible manner.
- ☐ Have a robust ethical transportation policy in place.

Suggested ethical conditions include:

- Air transport service providers should not be involved in:
- ☐ Transportation of arms or other destabilizing commodities (items that fuel, fund or facilitate armed conflict e.g. blood diamonds) to governments, armed groups or geographical entities covered by UN, EC or OSCE sanctions.
 - ☐ Transportation of legal arms shipment to governments or groups not covered by UN, EC or OSCE sanctions but who have poor human rights records **<ORGANISATION TO DECIDE WHICH COUNTRIES THIS MAY INCLUDE>**.
 - ☐ Transportation of illicit or illegal goods such as narcotics.
 - ☐ Unfair or corrupt business practices.
 - ☐ Checkmate flights.
 - ☐ Rendition flights which may be contrary to international humanitarian law.

This means adherence to:

- ☐ Relevant ICAO, ILO, OECD and UN Global Compact rules, guidelines and best practices
- ☐ UN, EU and OSCE resolutions, decisions or agreements on the transportation of arms, ammunition or military equipment to the embargoed destinations listed in the relevant UN, EU and OSCE documentation.
- ☐ Preference will be given to air transport service providers who are not on the EU Safety Data list and whose aircraft are registered in countries that meet ICAO standards.
- ☐ If an air transport service provider (or any parent/wholly/partner organisation) is named in a reputable report describing violation of the above guidelines or resolutions then a full explanation will be sought before further consideration of a bid.
- ☐ The humanitarian imperative is paramount and **<ORGANISATION NAME>** will procure services from the source which provides the most appropriate, cost-effective option when speed of response is a key requirement.

EthicalCargo - SIPRI - Signalstegen 9 - SE-165 70 Solna - Sweden
 T: +46 (0)8 665 97 94 - F: +46 (0)8 665 97 33 - E: contact@ethicalcargo.org - W: www.ethicalcargo.org



Slide 5: Ethical Air Transport Procurement Policy

An Ethical Air Transport Procurement policy is one part of a broader approach to Ethical Business practices, particularly in relation to procurement. Humanitarian organizations have different types and scales of logistics operations, especially in terms of centralized support – some large NGOs have centralized procurement centres.

While safety standards have long been the main consideration for air transport procurement, more recently there is a trend towards greener logistics – procurement that results in a more environmentally-friendly solution.

Ethical air cargo procurement complements both safety and environmental considerations, not least because those companies that take aviation safety and environmental responsibility are much less likely to be involved in the transfer of destabilizing commodities.

These policies are ineffective unless an organization is carrying out due diligence to ensure that they are followed.

To find out more about Ethical Business practices see the additional resources provided, particularly Those provided by the Chartered Institute of Purchasing and Supply (CIPS – www.cips.org) and the Responsible Purchasing initiative.

<http://www.responsible-purchasing.org/home/homepage.html>

NOTE: The Responsible Purchasing initiative is funded by DFID. A key resource is “Taking a Lead” available from the site. CIPS produce a Practice Guide on Corporate Social Responsibility

For an organisation to make clear its ethical standards to suppliers, it needs to have its own ethical transport procurement policy.

Many agencies already have general procurement requirements for suppliers, which sometimes include ethical; others need to develop such a policy. EthicalCargo can not develop a policy for an agency but has produced an example.

Let’s look at the sample policy now.

NOTE: Check if participants have a copy of HANDOUT-04-EthicalTransportationPolicy-Sept2010. If not, hand out now.

As you can see, it set’s the parameters for an organization to decide what is and isn’t acceptable. Some organizations may not wish to use air transport providers involved in shipping goods use in conflict – this means refusing services from a number of major airlines and logistics companies, not least because by law US air transport

providers must carry troops and support equipment by order of the government in times of war. EthicalCargo does not provide a database of information on these movements, but this is a question that can be leveled at service providers.

Other organizations may accept that an air transport provider is involved in legal arms transfers, but may not wish to use those service providers who facilitate legal transfers of weapons to countries with poor human rights records. One way of drawing up such a list would be by using the country ratings provided by freedomhouse.org. EthicalCargo records media reports of these incidents.

Other organizations may wish to only exclude companies that have been documented as breaking UN/EC sanctions. EthicalCargo's online database records all mention of air transportation issues in UN/EC sanctions documents.

An ethical procurement process is begun by making clear to a freight forwarder, broker or operator what activities a humanitarian organization is unwilling to support. It is then the obligation of both the service provider and the client to carry out due diligence to ensure that the ethical procurement policy is fulfilled.

If sensitive, you do not need to give a detailed reasons for rejection of a bid.

Whilst transparency and openness are aspirations we all uphold, in some circumstances it may be wiser to find a convenient reason for rejection. It is good policy not to state a reason unless asked for one. Do not debate the reasons for rejection of a bid – you are in control. If asked, then price or change in requirement are always convenient reasons to use against which there is little valid argument.

Justification for an auditor/donor is also a concern. In general when a company shows a high risk of being involved in destabilizing commodity flows they will normally perform poorly on other requirements such as safety records, being able to give satisfactory answers to concerns about company solvency or insurance, meeting environmental standards etc.

When the only reason is suspicion of involvement in trafficking, this can usually be backed up by references to open-source information should a donor or auditor require this. Use EthicalCargo's services to get the information necessary to make an informed decision.

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Ethical Transport Procurement – new procedures?

- Use documentation normally provided in standard contract negotiation
- Integrate Ethical Transport Procurement questions into standard procurement process
- Use EthicalCargo's tools and services



Slide 6: Ethical Transport Procurement – new procedures?

Having an Ethical Transport Procurement policy in place means that procedures must be in place to implement the policy. Ethical transport procurement has to be an active process – the act of using a broker does not remove the requirement on the client to carry out due diligence.

Making an assessment of a service provider's offer need not require any significant new procedures, and this module is designed to integrate Ethical Air Transport procurement into an organizations normal logistics procedures.

Essentially, the implementation of an Ethical Transportation Procurement Policy requires asking the right questions and checking standard documents that are provided by service providers for anomalies or warning signs. The “extra” work is carrying out some deeper situational awareness, which EthicalCargo can support through its online database and hotline service.



Air transport options for humanitarian organisations

- Airfreight on scheduled commercial carriers
- Collective or specialised humanitarian air services
- Long-term charter or partnership agreements
- Ad-hoc charter flights

Write an Air Service Request



Slide 7: Air transport options for humanitarian organizations

Before going to the expense of chartering an aircraft specifically for your needs consideration should be given first to:

- Airfreight or Passenger Movement on Scheduled Commercial Carriers (may be organized through commercial companies)

This should always be the first option as it is cheap, safe and much less likely to involve ethical issues.

Then look at collective humanitarian air services such as:

- United Nations Humanitarian Air Services (UNHAS - www.wfp.org/content/united-nations-humanitarian-air-service-unhas) or Air Serv International (www.airserv.org).

Failing that you should then consider:

- Ad-Hoc Charter Flights – Passenger or Cargo;
- Long-Term Aircraft Charter Agreements.
- Charter flights are often arranged through a broker rather than directly with a company.

A number of NGOs develop a long-term partnership with a broker or international logistics company.

However, these companies themselves will not necessarily have or implement an ethical procurement policy – it is up to organizations themselves to demand this of them.

It is always a good idea to write down precisely what the user's expectations are so that these expectations can be matched with what is offered by the service provider. Planning is essential. Time invested at this stage in planning is seldom wasted.

*HANDOUT-DOCUMENTATION-05-LOG-4-3-AIR OPERATIONS-GENERAL INFO-
Selecting the right Aircraft-WFP Manual*

This handout is a useful reference for deciding on what specific needs are. It comes from the Log Cluster LOG.

NOTE: It is hoped that a sample Air Service Request checklist may be provided by an NGO/UN body.



The chain of service provision



Slide 8: The chain of service provision

When organising the transport of humanitarian items, or indeed any goods, by air, there is often a long chain of companies between the logistician sending the goods and the owner of the aircraft being used to transport them. Most of the time the owner of the plane will never be revealed in documentation seen by the logistician and sometimes even the name of the company operating the aircraft will not be known by the client.

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Let's look at the chain.



The chain of service provision – the client



Slide 9: The chain of service provision – the client

Here is our logistician. She could be working for an NGO or other humanitarian organisation, for a national government's aid department or for a peace-keeping organisation. Let's say that she is working for medium-sized NGO who wants to send emergency shelter Non-Food Items, NFIs, within 24 hours to a country in Africa.



The chain of service provision – the supplier transports



Slide 10: The chain of service provision: supplier transports

One option is to get the supplier of the NFIs to be responsible for the transportation of the items. In this case, depending on the deal with the supplier, the supplier is not necessarily obliged to inform the NGO of which company it contracted to deliver the goods. In any case, it is most likely that the supplier themselves would use a Broker.



The chain of service provision – freight forwarder transports



Slide 11: The chain of service provision: a freight forwarder arranges transportation

Another option is to use a freight forwarder. Often these are large international companies who have their own fleets, However, in some cases they themselves may lease planes from other air cargo operators. More on that in a moment.

NOTE: We are not considering use of shared humanitarian services in this example. The use of collective or specialized humanitarian air transport services often means a high safety, and in turn, ethical standard. However, such providers may not always be completely aware of the background of companies they lease from.



The chain of service provision – broker arranges charter



Slide 12: The chain of service provision: a broker arranges charter

A broker is a company that can organise air cargo services on a client's behalf. As brokers are specialists in aircraft chartering with an expert knowledge of the aviation industry, many NGOs rely on a broker to arrange cargo flights for them, particularly in emergencies. The broker uses its contacts to offer the NGO a shortlist of companies available to transport the NFIs.



The chain of service provision – engaging the operator



Slide 13: The chain of service provision: engaging the operator

Once a decision is taken, the broker arranges a contract with an air cargo operator. An air cargo operator is the company responsible for flying the plane. They will have an Air Operating Certificate issued by a Civil Aviation Authority which permits them to operate the aircraft.

If a major logistics company is contracted to move the goods it will often use aircraft from its own fleet. However, sometimes they will be using leased aircraft or ad-hoc charter, especially in areas of operation that are on the fringes of their core operations.

Brokers or freight-forwarders may in turn sub-contract to others instead of contacting an operator directly.



The chain of service provision – operator leases



Slide 14: The chain of service provision: leasing

However, that operator may not be the usual operator or owner of the aircraft. The operator may have leased the plane from another company. If this is a “wet lease” then the 2nd operator has provided not only the aircraft but the crew as well on a long term lease.



The chain of service provision – the owner



Slide 15: The owner

To complicate matters further, the 2nd operator may not actually own the aircraft itself. The aircraft may be owned by another company or individual, the main figure behind a whole network of companies, which may even include both operators. If the plane has been involved in arms trafficking or destabilizing commodity flows then the owner of that plane will try to obscure their activities through the use of front companies and bank accounts registered in countries with weak financial regulations.



The chain of service provision – identifying the actors



Slide 16: The chain of service provision: identifying the actors

Ideally, you should be able to identify all the actors involved in the chain. Due to the context of procurement, particularly in emergencies, this is not always possible. Even when the contract is not an emergency, companies involved in destabilizing commodities hide true ownership and operation of aircraft to avoid detection. EthicalCargo's research is focused on revealing the links.

NOTE: See general awareness module.

However, improving your organisation's situational awareness and using EthicalCargo's tools will better prepare your organisation for taking a decision and making it clear to air cargo services prior to an emergency that the organizations has ethical standards it wants to uphold.

EthicalCargo provides a hotline for urgent requests for information.

In situations where this is not possible clients can ask the broker to provide you with the details of the air cargo company who was used in the final instance to allow post-contract analysis which will be useful for future negotiations with the broker.



Request for Offer

Ask the standard questions plus others e.g:

- Do you have an Ethical Transportation Policy?
- Can you satisfy our Ethical Air Transport Procurement Policy?
- Has your aircraft been used to transport arms?



Slide 17: Request for Offer (RfO)

A Request for Offer (RfO, also known as Request for Bid) is the document provided to a service provider that asks for standard information related to technical service provision (in this case, aircraft details) and administrative requirements (company financial details etc.).

NOTE: The same can apply for a Request for Information, or a Request for Quotation (See the LOG - <http://log.logcluster.org/response/procurement/index.html> and <http://log.logcluster.org/response/procurement/annexes.html#tools> for a sample of a “Suppliers Confidential Business Questionnaire”)

HANDOUT-DOCUMENTATION-09-LOG-2-3-PROCUREMENT-SAMPLE-Suppliers Confidential Business Questionnaire

It is usual to ask for technical documents, such as an AOC, as part of an RfO, as well as company administrative and financial details including clear information on associated companies (parent companies, partner companies or the ownership of previous companies by the current directors) should be requested.

The following questions should also be added to a Request for Offer or Tender:

- Do you have an Ethical Transportation Policy or related CSR policy (plus environmental policy?)
- Are you able to fully satisfy our organizations’ Ethical Air Transport Procurement Policy? If not, where are the challenges?
- Are you aware of any incidents that might be contrary to our organizations’ Ethical Transport Procurement Policy (e.g. has your company or any of its associates been mentioned in UN/EC sanctions reports)?
- Have your aircraft transported dangerous goods i.e. weapons?



Ethical indicators

- Ethical policy
- Company ownership and association
- Documentation review
- Safety record
- Blacklists, sanctions and trafficking reports



Slide 18: Ethical Transport Indicators

When carrying out a due diligence check on a company, a number of indicators can be used to help make a risk assessment of the company's potential involvement in destabilizing commodity transfer.

Use the EthicalCargo Risk Assessment matrix to help in your evaluation of offers from suppliers.

Distribute HANDOUT-DOCUMENTATION-01-AssessmentMatrix-EthicalIndicators-Oct2010. Allow time for participants to read the matrix.

Ethical Policy

- Company ethical transportation policy and stated mechanisms for following it – this is a good starting point for assessing a company, and the key here is HOW the company implements such a policy and if it can give concrete examples of how this policy has affected its business practices. Most companies will not have one, but their response to such an enquiry may be interesting in itself in terms of indicating whether this is a concern they wish to take seriously.

Company ownership and association

- Company details – a company should provide details of its address, bank account, and board of directors. Anomalies between company registration, bank account locations and country of Air Operating Certificate (AOC) may indicate business practices that are less than transparent.
- Company associations – if a company is new it may be an older company re-branded or re-named. Furthermore, clarity should be provided on any other companies owned by the same directors.

Documentation review

- A standard documentation review looks to check all technical details are correct. Inconsistencies that arise from the documentation review can be indicators that an operator may not be able to live up to ethical requirements. The checklist for this review is included as part of the matrix.

Safety record

- Safety record – this is a good proxy indicator since companies involved in destabilizing commodities are often unsafe. A safety background check is normally already a standard part of procurement procedures

Blacklists, sanctions, trafficking reports

- If included, or associated with companies included, in blacklists and sanctions/trafficking reports – mention in reports does not automatically mean confirmed involvement in destabilizing commodity transfer; sometime there is a suspicion only. Such reports must be read carefully in order to understand the context correctly.

- Aircraft type in fleet – certain aircraft types – Antonov, Ilyushin and some Boeing models – are more likely to be used in destabilizing commodity transfers as they are widely/cheaply available (surplus of arms in Eastern Europe/Russia post-Soviet-Union breakup) and have characteristics (easy loading, landing) that make them useful for trade in conflict-affected areas.
- Aircraft registration history – aircraft change hands between companies. Frequent exchange is an indicator of the aircraft being used in activities that its owners do not want to be traced. Some aircraft are known to change hands between a hardcore of companies named in sanction/trafficking reports and this in itself can indicate a questionable relationship. The aircraft registration number changes with its AOC, but its manufacturer's serial number (MSN) should be constant.

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Ethical Transportation policy

- Company's own statement
- Company internal guideline on how the policy is implemented
- Company to provide an example of how it has used its policy



Slide 19: Ethical Transportation policy

Ask if a company – it can be a broker or an operator - has a written Ethical Transportation Policy. Most won't, but more and more will once their clients demand it.

If the company has a policy, ask how they implement it and ask them to give an example of how it has been effective.

If the company does not have an Ethical Transportation Policy, explain to them that your organization takes the issue of ethical procurement seriously, and ask them to look again at your Ethical Air Transport Procurement Policy again to see why.

Those companies that respond positively to such an enquiry open themselves up to the potential for repeat business. Companies that are evasive or dismissive of such concerns are unlikely to take due diligence issues seriously.

Sources:

- Company's own statement
- Company internal guideline on how the policy is implemented
- Company to provide an example of how it has used its policy

EthicalCargo has developed a sample Industry Code of Conduct which can be given to air cargo service providers as a starting point for developing their own policies.

HANDOUT-05-IndustryCodeOfConduct



Company ownership and association

- Company contact details
- Company financial details
- Board of directors
- Disguising true ownership is a trafficker strategy

Slide 20: Details of ownership and associations

Due to the long and complicated chain of service provision, it is important to establish who controls a company and its finances.

EthicalCargo carries out action-research based on enquiries, please do contact us through the hotline if you have specific enquiries of an urgent nature.

If an organisation wishes to conduct its own research, it can source information from:

- Company registration certificate (company should provide a photocopy)
- Company organigram
- Company statement on previous history – ask them to provide information on their history and if their management/owners have managed or owned other companies previously
- Check the web for phone/fax numbers, names, email addresses and office addresses. Also search business listings (especially Middle East)
<http://www.commercial-register.sg.ch/home/worldwide.html>
- Company registers – see
<http://www.companieshouse.gov.uk/links/introduction.shtml#reg> (note UK tax havens have their own databases, links can be found from company house)
- See if any other company names come up with the same contact details
- Use AeroTransport DataBank (fee required) to identify company inter-relationships. Airframes.org can also be used to follow asset transfer history.

Note: Connections between companies may be difficult to uncover and disguising true ownership is a strategy for arms traffickers.

Young companies are more difficult to carry out background checks on and may have been created with the intention of hiding past business practices.



Warning signs



Slide 21: Warning sign connections

Company should provide detailed information on:

- Country where company is registered
- Country where bank account is registered
- Country where aircraft AOCs are issued

If the country details are different for these three areas then this is an indicator of possible involvement in destabilizing commodity transfer.

A “flag of convenience” is when an aircraft is registered in a country different to the country of the company (operator). Flag of convenience registries are sited in states where civil aviation oversight is weak and tax on aircraft is low. Nearly all flag of convenience registry aircraft have been banned from European airspace under air safety-related criteria.

MODULE DEVELOPMENT NOTE: List of flag of convenience countries – is this possible to provide as “open source”?

A number of air cargo actors channel their fees and contract costs via off-shore banking facilities. In some cases, the owners of the aircraft set up off-shore holding companies which “own” the aircraft.

Aircraft or air cargo companies that hold assets off-shore, or channel their funds through off-shore banking facilities are more likely to be named in United Nations Security Council Sanctions Committee reports.

Some countries' Civil Aviation Authorities provide lists of valid AOCs. For contact details see http://www.icao.int/icao/en/m_links.html (MS Internet Explorer only).

NOTE: ICAO has also declared that it would like to produce an International Registry of AOCs. See <http://www.icao.int/ICDB/HTML/English/Representative%20Bodies/Council/Working%20Papers%20by%20Session/187/C.187.WP.13296.EN/C.187.WP.13296.EN.HTM>

Check the status of this project before the training.

For a list of registration prefixes and their corresponding countries, see http://en.wikipedia.org/wiki/Aircraft_registration



Documentation Review

- Air Operator's Certificate
- Certificate of Registration
- Certificate of Airworthiness
- Certificate of Insurance

Also:

- Crew Information
- Certificate of Maintenance Release
- Aircraft Radio Station Licence



Slide 22: Documentation Review - overview

These documents should be called for in the RfO, they should be provided in the Technical offer from the Operator, and they form part of any subsequent charter contract.

It is generally accepted industry practice to use photocopied or scanned documents not originals. The key indicator as to a documents authenticity is its CAA reference number which is unique and can be verified by the issuing authority if there is any doubt.

Four documents are key to this review:

- Air Operating Certificate – AOC – is issued by a civil aviation authority;
- Certificate of Registration;
- Certificate of Airworthiness;
- Certificate of Insurance;

Three further documents are also useful if doing a detailed assessment of an operator.

- Crew Information
- Certificate of Maintenance Release;
- Aircraft Radio Station License;

Other documents that may also be required are Mass and Balance; Aircraft Lease agreement (if aircraft is not owned by the AOC holder); and a Letter of Intent from aircraft owners where no Aircraft Lease Agreement yet exists.

The next 7 slides give illustrations of these documents, what to look out for and underpins the fact that all of the documents should cross-refer to certain key identity features such as company name, aircraft MSN and registration number, which can help identify the companies involved in the transaction and the aircraft being offered in the contract.

The documentation checklist is provided as part of the Risk Assessment Matrix.

As handouts, we provide a handout which labels the different elements of an AOC, Airworthiness certificate and Insurance certificate (based on documents supplied by the Australian Civil Aviation Authority):

HANDOUT-DOCUMENTATION-02-Airworthiness-AOC-Insurance

Take some time to go through these samples – each is annotated, so read out the annotations. Say that participants can look at these in more detail in their own time.

And sample handouts based on documents submitted by a fictitious air cargo operator called “Ural leasing” based in Russia.

NOTE: These are HANDOUT-DOCUMENTATION numbers 10-15.

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PRESENTATION READING
PURPOSES



Air Operator Certificate (AOC)

- CAA Reference Number?
- Name of Operator, address and privileges for operation?
- Date of Issue and Expiry?
- Signature and stamp of authority
- Attachments or sub files?



Slide 23: Air Operator Certificate (AOC)

The AOC is issued by the appropriate Civil or National Aviation Authority (CAA). This is a license to operate specific aircraft types. Some countries have higher standards than others (the US Federal Aviation Authority has a list of countries not meeting International Civil Aviation Organisation standards <http://www.faa.gov/about/initiatives/iasa/>).

- Civil Aviation Authority (CAA) reference number
- CAA signature of responsible person plus official stamp (some CAAs do not use a stamp)
- Date of issue and expiry
- Operator name and address (this should be the same as any other correspondence you have had from the operator)
- A reference to attachments
- Corresponding attached documents for operating specifications including:
 - Fleet – aircraft type with registration numbers (registration number of Certificate of Registration and Certificate of Airworthiness must be in this list)
 - Areas of operations and special approval
 - Limitations to operations (check this does not contravene circumstances for charter in question)
 - Privileges – cargo or passenger transport etc.

HANDOUT-DOCUMENTATION-08-ICAO-Annex 6-Part I - AOC Template

This is ICAOs template for what a Civil Aviation Authority should include in an Air Operating Certificate. Do not go through this now, but allow participants to go through this in their own time.

HANDOUT-DOCUMENTATION-10-AirOperatorCertificate

Use this document when going through the above bullet points.



Certificate of Registration

- CAA Reference Number?
- Model, serial number and nationality registration marks?
- Is the Operator the owner of the aircraft?
- If the Operator is not the owner of the aircraft, does the Operator provide Charterer with appropriate documents approved by CAA?
- Date of Issue and Date of Expiry?



Slide 24: Certificate of Registration

The C of A is similarly issued by the CAA of the country where the aircraft is registered. An aircraft registration is a unique alphanumeric string that identifies a civil aircraft, in similar fashion to a licence plate on an automobile.

In accordance with the Convention on International Civil Aviation all aircraft must be registered with a national aviation authority and they must carry proof of this registration in the form of a legal document called a Certificate of Registration at all times when in operation. Most countries also require the aircraft registration to be imprinted on a permanent fireproof plate mounted on the fuselage for the purposes of post-fire/post-crash aircraft accident investigation.

- Civil Aviation Authority (CAA) reference number (same CAA as Certificate of Airworthiness)
- CAA signature of responsible person plus official stamp (some CAAs do not use a stamp)
- Date of issue
- Model, manufacturers serial number (this does not change on an aircraft) registration number (this changes as the plane changes ownership). Must match Certificate of Airworthiness.
- Details of aircraft owner (same issue about PO Box numbers as above)
- If the owner is different to the operator (on the AOC), the operator must supply additional documents from CAA plus leasing agreement etc.

HANDOUT-DOCUMENTATION-11-CertificateOfRegistration

Use this document when going through the above bullet points.



Certificate of Airworthiness

- CAA Reference Number?
- Model, serial number and nationality Registration Marks (cross-refer to C of R)?
- Specify the category of aircraft?
- Any airworthiness limitations?
- Date of Issue and Expiry?
- Signature of authorized person and stamp from CAA?



Slide 25: Certificate of Airworthiness

The International Civil Aviation Organization (ICAO) is responsible for international rules governing civil aviation. Article 31 states that "Every aircraft engaged in international navigation shall be provided with a Certificate of Airworthiness issued or rendered valid by the state in which it is registered".

Essentially, a C of A is issued for an aircraft by the national aviation authority in the state in which the aircraft is registered. The airworthiness certificate attests that the aircraft is airworthy insofar as the aircraft conforms to its type design. Each airworthiness certificate is issued in one of a number of different categories.

- Civil Aviation Authority (CAA) reference number (same CAA as Certificate of Registration)
- CAA signature of responsible person plus official stamp (some CAAs do not use a stamp)
- Date of issue and expiry
- Model, manufacturers serial number (this does not change on an aircraft) registration number (this changes as the plane changes ownership). Must match Certificate of Registration.
- Specification of aircraft category
- Specification of any airworthiness limitations (check this does not contravene circumstances for charter in question).

HANDOUT-DOCUMENTATION-12-CertificateOfAirworthiness

Use this document when going through the above bullet points.



Certificate of Insurance

- Underwritten by a reputable insurance organization
- Complex and high-risk – get specialist help



Slide 26: Certificate of Insurance

This document is issued by an insurance company or insurance underwriter of repute.

The insurance should include the name of the Charterer as additional insured, include a waiver of subrogation of the Carrier's rights to the Insurer against the Charterer and cover all aspects of the Charterer's operations worldwide.

The insurance should be underwritten by a reputable insurance organization and provide for comprehensive third party liability insurance protecting the Charterer and the Carrier against claims for death or injury and damage to property (normally in the region of several million US dollars, which should be stated in the document) per occurrence.

The coverage should normally include:

- War risk
- Hijacking/confiscation
- Loss or damage to aircraft in flight or on the ground
- Workers compensation

This is a complex and high risk matter – seek specialist advice if you are unsure.

- Name and address of Insurance company
- Insurance certificate number
- Date of issue and expiry
- Name of company insured (should be the same as the operator on the AOC)

SEE HANDOUT-DOCUMENTATION-07-ExampleInsurancePolicy-Hull3rdPartyPassenger

Sample Insurance policy taken from http://www.iaa.co.uk/AM/Template.cfm?Section=Aviation_Clauses Original title

"AVN_1C_21_12_98_LONDON_AIRCRAFT_INSURANCE_POLICY__Hull,_Third_Party_and_Passenger_Liability_"



Crew Information

- List of crew members
- Their licences should match the type of aircraft being chartered



Slide 27: Crew Information

The Crew Information is provided by the operator and it provides a means of checking that each crew member is licensed to operate the aircraft type chartered for the purpose(s) for which it is chartered.

This is a list of crew members for the aircraft showing their relevant roles. This provides a control for the number of personnel for whom food and lodging may be provided, often a major expense in chartering. This document also provides a list against which relevant licenses can be checked.

NOTE: SEE SAMPLE DOCUMENT

There should be a valid license for each of the crew members: pilots, flight engineers and ground engineers.

- Do the Personal Details on the License correspond with the National Passport of the crew member?
- Is the license issued by the same CAA as the one which issued the aircraft Certificate of Registration?
- Is the License valid?
- Is the License signed by both the holder (check against passport) and the Issuing Authority?
- Do the privileges granted by the license include the type of aircraft contracted for the purpose contracted (passenger/cargo)?
- Do any limitations effect the type of aircraft and use to which you intend to put it?

HANDOUT-DOCUMENTATION-13-CrewList

Use this document when going through the above bullet points.

HANDOUT-DOCUMENTATION-06-PilotsLicence

Use this document as an example of a pilot's licence.



Certificate of Maintenance Release

- Date and signature by authorized certifying officer
- Date of next check must be shown
- Issued by AMO and properly stamped/signed?



Slide 28: Certificate of Maintenance Release

A Certificate of Airworthiness is not sufficient to fly - the aircraft must also possess a Certificate of Maintenance Release. This should have been issued in accordance with the Order if the aircraft or any part of the aircraft or such of its equipment as is necessary for the airworthiness of the aircraft has been overhauled, repaired, replaced, modified, maintained, or has been inspected as provided in the Order, as the case may be.

Certificates of Release to Service will certify that the overhaul, repair, replacement, modification or maintenance, as the case may be, has been carried out in a manner and with material of a type approved for a class of aircraft or the particular aircraft. The Certificate must identify the task to which it relates and must include particulars of the work done. The inspection must be specified in an Approved Maintenance Schedule and Mandatory Inspections.

This document should detail the latest performed Base Check by the Approved Maintenance Organization – AMO. An Approved Maintenance Organisation (AMO) is a facility licensed by the CAA to carry out maintenance on the specific aircraft type in question.

- Date of maintenance check, and signature by authorized certifying staff (should specifically cover airframe, power plant, avionics, etc);
- Date of next maintenance check (flight hours or calendar time) must be shown on this document;
- Was the document issued by AMO and properly stamped and signed? (Release to Service).
- Do the Registration Marks and other aircraft-specific information correspond with the other documents detailed above?

This document effectively reinforces the C of A by evidencing that the aircraft has been found to be serviceable by a specialized Approved Maintenance Authority (AMO). The time between inspection and/or services on aircraft components is time-sensitive or in some cases dependent upon use (hours). The Certificate of Maintenance Release shows the currency of the serviceability of the component parts.

HANDOUT-DOCUMENTATION-14-CertificateOfMaintenanceRelease

Use this document when going through the above bullet points.



Aircraft Radio Station Licence

- Issued by an authorized organization and duly signed and stamped?
- Do Registration Marks and other aircraft-specific information correspond with the other documents?



Slide 29: Aircraft Radio Station License

An Aircraft Radio Station License is a license to operate the radio transmitter in the aircraft. This is so the frequencies can be as clear as possible. It is issued by the same CAA which issued the C of A for the aircraft.

- Civil Aviation Authority (CAA) reference number (same CAA as Certificate of Registration)
- CAA signature of responsible person plus official stamp (some CAAs do not use a stamp)
- Date of issue and expiry
- Registration Marks and other aircraft-specific information correspond with the Certificate of Registration/Certificate of AirWorthiness

HANDOUT-DOCUMENTATION-15-AircraftRadioStationLicence

Use this document when going through the above bullet points.



Safety Record

- Insurance policy
- <http://aviation-safety.net/database/>
- Country of issue of AOC



Slide 30: Safety Record

Another key ethical criteria is the safety record since there is a strong statistical link between companies with poor safety records and companies involved in destabilizing commodity flows.

Instructions for how to carry out a safety background check is out of the remit of this project. If in doubt an agency can always request support from an agency with Air Operations experience such as UNHAS (managed by WFP).

The UN has produced an Aviation Safety Manual (see <http://www.unlb.org/> for pdf version) which has a useful section on “3.5 - Air Operator's Performance Evaluation” which covers key points to look for when checking documentation.

A poor safety record should alert the agency to carry out careful background checks in other areas.

Documents:

- Company's own statement
- Copy of insurance policy: it is with a reputable insurance underwriter or insurance company (carry out a web search on the company)

NOTE: Refer back to Documentation checklist.

- Airworthiness Certification from National/Civil Aviation Authority (company should provide a photocopy to be kept for checking by the client)
- Air Operating Certificate from National/Civil Aviation Authority (company should provide a photocopy to be kept for checking by the client)

Other sources:

- Aviation Safety Network - <http://aviation-safety.net/database/>
- Flight Safety Information Exchange <http://www.icao.int/fsix/safety.cfm>
- EU list of airlines banned from EU http://ec.europa.eu/transport/air-ban/list_en.htm
- FAA's list of countries not meeting ICAO standards – International Aviation Safety Assessments - <http://www.faa.gov/about/initiatives/iasa/> FAA's foreign assessment program focuses on a country's ability, not the individual air carrier, to adhere to international standards and recommended practices for aircraft operations and maintenance established by the United Nation's technical agency for aviation, the International Civil Aviation Organization (ICAO).



Blacklists, sanctions and trafficking reports

- List of airlines banned from EU
 - UN blacklists (issued per sanction/country)
 - US Treasury Office
 - Media reports
 - NGO reports
-
- EthicalCargo collates this information in its database



Slide 31: Blacklists, sanctions, trafficking reports

EthicalCargo does not produce blacklists or whitelists, it provides information. Other bodies that do provide such lists:

- EU list of airlines banned from EU http://ec.europa.eu/transport/air-ban/list_en.htm
- UN blacklists (issued per sanction/country) <http://www.un.org/sc/committees/> look for “Consolidated Travel Ban and Assets Freeze List” (gdocu.com search: Security Council Committee Resolution + company name or Google “Security Council Committee resolution azza filetype:pdf”)
- US Treasury Office of Foreign Assets Control, Specially Designated Nationals List (SDN List) <http://www.ustreas.gov/offices/enforcement/ofac/>
- UK Treasury has a consolidated list of asset freeze targets designated by the United Nations, European Union and United Kingdom under legislation relating to current financial sanctions regimes. Report is downloadable in several different formats and can apply for email alerts. <http://www.hm-treasury.gov.uk/financialsanctions>
- Commission Regulations from the European Union
- Mention in credible report from advocacy/campaigning NGOs such as Amnesty, Human Rights Watch, International Crisis Group, Oxfam etc
- Mention in credible media reports (e.g. Reuters Alertnet, Washington Post, Guardian etc.)

However, be aware that some of these lists are outputs from political processes and are not exhaustive.

EthicalCargo collates all extracts relating to trafficking and sanctions in its database.

Aircraft registration history can reveal some links between companies and may reveal concerns over links between companies that may have been mentioned in the above reports.

Sources

- See the AeroTransport Databank for aircraft registration history www.aertransport.org. Note that some information is subscription only. The AeroTransport Databank monitors the exchange of aircraft between companies. The userguide is found here: http://www.aertransport.org/php/go.php?action=help_qa

You can consult the EthicalCargo hotline if you wish for more specific information.



Aircraft type

Aircraft type	Payload	Range
Ilyushin (IL) 76 M, MD, T, TD	50 tonnes	4,000km
Antonov (An) 12	20 tonnes	4,000km
Antonov (An) 24	7.8 tonnes	550km
Antonov (An) 28	1 tonne	1,365km
Boeing (B) 707 Freighter	35 tonnes	7,800km



Slide 32: Aircraft types

Some aircraft are statistically more likely to be involved in destabilizing commodity transfers than others. These include:

Aircraft type	Payload	Range
Ilyushin (IL) 76 M, MD, T, TD	50 tonnes	4,000 km
Antonov (An) 12	20 tonnes	4,000 km
Antonov (An) 24	7.8 tonnes	550 km
Antonov (An) 28	1 tonne	1,365 km
Boeing (B) 707 Freighter	35 tonnes	7,800 km

Note that Boeing aircraft 737s are increasingly used as they get older and the price comes down. LET 410 aircraft are increasingly popular in Africa.

See HANDOUT-DOCUMENTATION-04-LOG-4-3-AIR OPERATION-GENEREAL INFO-Air Craft Types from the LOG.



Summary

- Be clear about your aviation needs
- Adapt and adopt the sample Ethical Transport Procurement Policy
- Integrate ethical criteria into your procurement procedures
- Make your service providers aware of your policy
- Make sure field logisticians have support
- Contact EthicalCargo for more assistance



Slide 33: Summary

- Be clear about your aviation needs
- Adapt and adopt the sample Ethical Transport Procurement Policy
- Integrate ethical criteria into your procurement procedures
- Make your service providers aware of your policy
- Make sure field logisticians have support
- Contact EthicalCargo for more assistance



Questions?

Contact:

NAME OF PRESENTER: xxx@sipri.org



Slide 34: Wrap-up and questions

So that completes this session – we have looked at how complicated a chain of service provision and why this means that an Ethical Procurement Policy requires agencies to carry out their own due diligence and explain to service providers exactly what their requirements are through an Ethical Procurement Policy.

We have also gone through in detail the criteria for assessing a supplier's ability to meet the requirements of an Ethical Transport Procurement policy using the Risk Assessment Matrix and how this can provide a basis for further discussions.

I hope you found this session helpful – please contact us at www.ethicalcargo.org if you would like more support in the development of your organisations' ethical procurement policy.

Use our database for getting background information and contact our hotline for specific and confidential assistance.

Please take a minute to complete the anonymous training evaluation forms. We appreciate your honest responses in order to make sure the training is the best it can be.

Thank you.