



**Islamic Republic of Afghanistan  
Ariana Afghan Airlines**

**TERMS OF REFERENCE  
FOR**

**[Hiring of Management Firm for Ariana Afghan Airlines]  
Time-Based Contract**

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### **Background**

Ariana Afghan Airline (AAA) is a State-Owned-Company and is operating in accordance with Afghan laws, Afghanistan Civil Aviation regulations, ICAO standards and recommendations, and IATA rules.

Ariana Afghan Airlines Co. Ltd is the oldest airline of Afghanistan and serves as the country's national carrier, established in 27<sup>th</sup> January 1955. The company operates from Hamid Karzai International Airport (HKIA)-Kabul, from where it operates domestically and provides international linkages to countries like China, India, Iran, Kuwait, Russia, Saudi Arabia, United Arab Emirates and Turkey.

The company used to be one of the popular carriers in the region as well as in the world and was a reliable partner with Pan American Company (49%) with flights to most of the countries in the world including USA. However, due to the past decades of war, Ariana Afghan Airline has been badly affected and is not able to operate as a successful company.

The company is governed by Board of Management, Board of Supervisors, Board of Directors and Board of Shareholders. The main shareholders of the company are Ministry of Finance, Ministry of Economy, Afghan National Bank and Pashtany Bank.

**Statement of Problem:** The company has never tried comprehensive capacity building programs in recent years and like an isolated island, it was not upgraded with the pace of time and development happened in other entities. In addition, majority of Ariana Afghan Airlines employees around 650 heads (about 65%) are graduated from secondary school and is difficult to be trained for taking the responsibilities of senior positions.

Due to poor internal systems, lack of transparency, bureaucracy and lack of aviation expertise, Ariana has been losing competitive advantages in the market. The lack of effective and quality system, responsive policies, procedures and strategic directions have made Ariana full of issues, which are often pointed out by related authorities including stakeholders and auditors.

In recent years the company has tried to hire national and international short term firms to develop/improve policies and strategic plans, business plans, marketing strategy, training programs and etc., however, lack of professional and capable personnel have delayed implementation or have reduced effectiveness of all reform agendas.

**Current Status:** The new leadership has conducted initial assessment and started to improve organization setup, operating procedures and new investment activities. Having great scope of works and limited resources of the company, the reform process shall be planned carefully and managed by a central unit. International best practices shall be injected into the procedures, and implementation of policies shall be carefully monitored.

At the moment the company is operating in 8 national and international sectors having 4 operational aircrafts. The profit margin occasionally meets breakeven point as per annual statement of the company. The company suffer inefficient procedures and operation which needs many standard tools to be designed and implemented in order to improve the working condition. The unity government

has great expectation for improvement of works in Ariana, the goal which is possible to achieve based on a proper plan which is definitely time consuming and specialized process.

### **Objective of the Project:**

The overall goal is to hire a **management firm (here referred as Firm)** to partially run the company's daily operations and implement reform processes throughout the organizations. Ariana is in urgent needs of fundamental reform to become a competitive and successful company in the market. It is imperative to have robust strategic plans, efficient procedures, and gap's identification report, capable professional and talented workforce in all layers of the company to grow at the current market of having great potential. The goal of organization reform is wide and will include all functional and non-functional areas including Governance/Administration, Organizational Structure, Flight Operation, Maintenance and Engineering, Safety, Quality Assurance, Commercial Training / Capacity Building, Planning, Contract Management, Finance, Procurement, Recruitments, etc.

The main objectives of the project are as following:

- Revising Organizational Structure using best practices.
- Professional and Experienced key staffs are in place during handing over to Ariana (at least 70% Afghan trained workforce and 30% Foreigners)
- Preparing Strategic Plan for 10 years
- Review of current strategic business plan developed for 5 years
- Obtaining key international required certifications like IATA Operational Safety Audit (IOSA)
- Quality management system and procedures are developed and implemented as per international standards of Six-Sigma.

### **Scope of Services**

Ariana's management believes organizational development in the company is a contentious and specialized process and there is not adequate resources and capacity in the company for both developing and implementation of new programs. Therefore, the Scope of Services and requirements are herein written to hire an international and reputable management firm in the Airline Management field to assist in implementation of the reform process to make organization a reliable self-sustained and efficient company as it was in the past. All technical and complex works shall be managed by the management firms based on a defined matrix of responsibilities while Ariana management will remain in supervising and ownership position.

### **Additional Duties and Responsibilities of the firm:**

The main responsibilities of the management firm will include:

- Conduct quick organizational screening and provide 3-year work plan to Ariana Afghan Airlines management, Board of Directors or Board of Shareholders
- Conduct full assessment of organization's situation and gaps including recommendations for improvements and establishment of a capable standard & professional airline.
- Conduct its required staff's recruitments and introduce professional individuals according to assigned tasks into the company departments. To ensure proper knowledge and skills for all positions with appropriate job descriptions are required.

- Advice and work with management of AAA on manpower planning, Succession Planning, procedural changes and human resource management, transferring of individuals, and essential job cuttings.
- Lead and advice Ariana teams for works in flight operations
- Support and advice Ariana teams for works commercial and marketing
- Lead and advice Ariana teams for works in quality assurance and safety departments
- Lead and advice Ariana teams for works in maintenance departments (for details refer to responsibilities matrix).
- Assist and advise AAA to adopt fuel efficiency systems, equipment and fuel consumption monitoring software.
- Responsible to prepare and implement strategic plans, options for privatization / strategic partnership, business plans and capacity building programs.
- Assist Ariana Afghan Airlines to revise and improve company's Bylaw and all internal policies and procedures using best practices.
- Conduct on-job trainings and mentoring in each department as per agreed matrix of responsibilities mentioned in contract document.
- Develop and implement crises management, incident reporting and communications mechanism.
- Submit timely progress, technical and implementation reports to Ariana Board of Management (BoM), Board of Supervisors (BoS) and Board of Directors (BoD) for review.
- Disclose technical documents and records to stakeholder's inspection and other external audit visits
- Responsible to implement Lean-Six Sigma quality management system in company's departments.

- Ensures safety measures and manuals are improved and implemented in technical and operational wings.
- Any other tasks specified in responsibility's matrix or mutually agreed in the future.

### Clients and Management Firm Responsibility's Matrix

The responsibilities of both, the employer and the management firm is illustrated in Responsibility's Matrix, the firm will submit financial proposal according to work load and its defined role in below matrix:

**Primary Responsible Role: Y**  
**Secondary/ Assisting Role: (Y)**

No	Activities	Ariana's Role	Firm's Role	Remarks
1	Daily Management/Operation	(Y)	Y	Management Firm is responsible on daily basis.
	Directives and Instructions	Y	Y	The management firm can provide consultation and support to Ariana's management. The management firm is responsible to issue directives to its area of responsibility.
	Leaves and Recruitments	Y	Y	The employer shall approve Ariana & Firm key staff's recruitment documents and leave.
2	Financial Disbursements	Y	(Y)	The management firm is responsible for its team's operating and salaries disbursement. The firm shall assist Ariana to improve its FM system.



3	Procurement and Supply Chain	<b>Y</b>	<b>(Y)</b>	The management firm will support Ariana in major purchasing like aircrafts and equipment's
4	Commercial and Marketing Affairs	<b>(Y)</b>	<b>Y</b>	The management firm is responsible to improve strategic and marketing activities. The firm is responsible to establish Business Development Unit in the company.
5	QC/Compliance, Flight Operations, Safety and Maintenance	<b>(Y)</b>	<b>Y</b>	The management firm is responsible to improve/develop and implement policies in relevant departments.
6	Capacity Building and Trainings	<b>(Y)</b>	<b>Y</b>	The management firm is responsible for on-job training and provision of short term
				training to Ariana's employees and counterparts for at least 100 heads
7	Organization Reform and Change Management	<b>Y</b>	<b>Y</b>	Fundamental change and reform shall be performed in the company.
8	Approval and Ownership Authority	<b>Y</b>	<b>NA</b>	Ariana's management is overall responsible of all works. The management firm shall remain responsible for relevant areas.
9	Reporting	<b>NA</b>	<b>Y</b>	The firm shall submit various types of reports to stakeholders.
10	External Communications:	<b>Y</b>	<b>(Y)</b>	Ariana management will channel all communications to external parties.

11	Audit's Facilitation	<b>Y</b>	<b>Y</b>	The company and firm shall maintain proper record and filing for reference of audits.
12	Provision of Counterparts Staffs	<b>Y</b>	<b>NA</b>	The firm shall use and train counterparts provided by Ariana.
13	Provision of Building and Facility's Access	<b>Y</b>	<b>(Y)</b>	The firm's employees will stay at Ariana premises.
14	Security Measures	<b>Y</b>	<b>(Y)</b>	Ariana in consultation with firm's management will make premise security compliance.
15	Sales and Accounts Management	<b>Y</b>	<b>(Y)</b>	The firm will standardize and improve such activities

### Duration of Services

The duration of the Services is from the date of effectiveness of the Contract for a period of approximately /36/ months.

### Equipment's to be Provided

The client is responsible only to provide working space and facility to management firm's employees building is furnished with internet and 24 hrs. electricity power. Any additional expenses/equipment's required for implementation of the contact can be paid as reimbursable cost to the firm by Ariana upon mutual agreement. The assets may be under custodianship of the management firm, but AAA will be the owner during/ at the end of project

### Deliverables and Reporting

Reporting: The firm is responsible to submit weekly, monthly, quarterly and comprehensive annual reports for employer's review and feedback. The format and contents of the reports will be determined after contract signature. The progress toward achievement and completion of project's goal and below mentioned deliverables must be properly shown in periodic reports:

- **Strategic Planning:** Assisting Ariana Afghan Airlines to develop and implement business plans, network and fleet planning system and capacity building planning
- Business plan should include possibility for purchase of the NEW Aircrafts (wide body as well single aisle) in the future.
- **Commercial improvement:** Preparation and Implementation of Strategy for Pricing and revenue management, Efficient Scheduling, sales and distribution, customer service and loyalty, and ancillary revenue opportunities/ business intelligence. In accordance with this agenda OTP –On Time Performance must be established as well monitored on daily basis, with monthly reports.
- **Operations and safety improvement:** Implementation of strategy for safe and efficient operations in company.
- **Technical Improvements:** Restructuring and optimization of Approved Maintenance organization (AMO) centers for internal use and third-party support (revenue generation)
- **Organizational restructuring and Quality System:** Information management, Organization Governance, Legal Definitions, Procedural Efficiency, Transparency and Accountability are improved and standardized to regional level. Company Policy must be clear and strong, no any inside or outside influences.
- **Capacity Building and Exit:** Training of at least 100 counterparts, introduced by Ariana Afghan Airlines, and submission of time-based exit plan. Safety, Quality, Recurrent and all related Training must be conducted in all Departments.

### Milestone for Management Review and Inspections

The firm provides stage progress reports max in each six months to all company's stakeholders, the report content will be presented in stakeholders' meetings. All agreed points under a session will be recorded, implemented, monitored and then reported for the next review session by the firm and Ariana team. The session may last for 1-3 days and every single issues and point will be discussed in details.

- **First Milestone:** After mobilization in second month of the contract implementation. The firm will present its short and long term work plan for review and approval of the stakeholders.
- **Second Milestone:** Maximum after six months of contract start date. All major achievements planned in primary work plan and the future fundamental changes/proposal are reported for review of stakeholders.
- **Third Milestone:** Maximum after 14 months of contract start date. Overall progress and achievements of the project shall be reported to stakeholders.
- **Forth Milestone:** at the middle of third year. The exit and handover plan will be presented for stakeholder's review and approval.
- **Completion and pre-exit session,** at last quarter of third year.

### Key Staff/Experts

The required key personnel for the project is shown in bellow table, the staff of the firm must have the required licenses/ certificates for aviation management, operational works, engineering and maintenance.

S. No.	Staff	Number	Estimated Person Month
<b>Key Professional International Staffs</b>			

1	Project Leader (Chief Operations Officer)	1	36
2	Director Flight Operations	1	36
3	Director Maintenance and Engineering	1	36
4	Director Commercial	1	36
5	Manager Safety	1	36
6	Manager Quality Assurance	1	36
7	Manager Training	1	36
8	Manager Operations Control Centre	1	36
9	Financial and Business Investment Analyst	1	24
<b>Estimated Person Months for All Key Staffs</b>			<b>312</b>
<b>Non-Key Staff TBD by the firm</b>			

### Job description and Minimum Qualifications

The job descriptions and minimum qualification of the key/other professionals for the core Team of the firm shall meet below:

SL	Positions	Job Descriptions	Minimum Qualification
1	<b><u>Project Leader</u></b>	<p>Serves as the overall manager of the program and will be the primary point of contact for the government on behalf of the management firm.</p> <p>Serves as a business manager and will be expected to manage and perform the overall tasks according to the contract: problem solving, technical and operations management, and planning</p>	<p><b>Education:</b> A minimum of a Master's degree in airline and aviation management or business management with certificate in airline management.</p> <p><b>Experience:</b> At least 12 years of management experience in positions of increasing levels of responsibility in the fields of</p>

		and control of complex and high-level programs.	<p>Airline-related operations, safety, commercial and maintenance.</p> <p><b>Additional experience</b> shall include extensive knowledge of airport, airline reform, operations, airspace management, air traffic control, system analysis and ATCALS electronics maintenance facilities.</p>
2	<b><u>Director Flight Operations</u></b>	<p>Is responsible for the <b>flight operations</b> department to ensure legal, safe and efficient <b>operation</b>. Responsible for development and enforcement of company policies and for ensuring compliance with all laws, rules, and regulations governing those <b>flight</b> in cooperation with Ariana's team.</p> <p>Conduct on-job training to Ariana counterparts</p>	<p>At least bachelor's Degree in Business, Aviation or equivalent training or experience</p> <p>Minimum 8 or more years of Operation and Chief Pilot experience, or equivalent aviation management experience</p> <p>Working knowledge of FARs and international operations</p>
3	<b><u>Director Maintenance and Engineering</u></b>	<p>In coordination with Ariana, directs the activities of the Maintenance Department; directs the progress and ensures that all aircraft and systems are functionally correct at all times; directs the progress and ensures required inspections are done correctly and on time; oversees the repair of airframe and engine systems/components and ensures completion; determines the appropriate balance between immediate response repair needs and long-term projects for maintenance or alterations.</p> <p>Conduct on-job training to Ariana counterparts</p>	<p>At least Mechanical or relevant engineering bachelor</p> <p>At least 8 years' experience in maintenance and aircraft engineering</p> <p>Having relevant and update working certificate and licenses.</p>

4	<b><u>Director Commercial</u></b>	<p>Assist the team to prepare long term marketing strategy for the company.</p> <p>Conduct on-job training to marketing and commercial wings of the company</p> <p>Prepare and implement company's business development policy and department.</p>	<p>Masters degree in commerce, BA, marketing or management field is required.</p> <p>At least 8 years' experience in business management, marketing</p>
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			field or commercial activities of reputable airlines
5	<b><u>Manager Safety</u></b>	<p>The Safety manager (SM) is an individual responsible for the development, operation and continuous improvement of the safety management system (SMS) in the company.</p> <p>Conduct on-job training to Ariana counterparts</p>	<p>At least Master degree in BA, Aviation or relevant field is required</p> <p>At least 8 years' experience in operations, airport management, safety and aviation management</p> <p>Having relevant and update working certificate/licenses.</p>
6	<b><u>Manager Quality Assurance</u></b>	<p>The manager (QA) is an individual responsible for the development, operation and continuous improvement of the quality management system (Six Sigma) in the company.</p> <p>Conduct on-job training to Ariana counterparts</p>	<p>Master degree is preferred.</p> <p>At least 8 years of experience in quality management, airline management and organizational development is required.</p> <p>Having relevant and update working certificate/licenses.</p>

7	<b><u>Manager Training</u></b>	<p>Coordination of training programs and educational assistance to Ariana employees</p> <p>Prepare comprehensive training policy and manual for Ariana training center.</p> <p>Conduct in-depth training needs assessment and report list of required programs with estimated budget to management.</p> <p>Conduct on-job training to Ariana counterparts</p>	<p>Master degree in BA, HR and management field is required.</p> <p>At least 8 years of experience in HR, Capacity building, career planning and management of airline company is required.</p> <p>Having relevant and update working certificate/licenses</p>
8	<b><u>Manager Operations Control Centre</u></b>	<p>Management of overall activities in operation center in smooth and effective manner</p>	<p>At least bachelor degree in relevant field.</p> <p>At least 6 years of experience in operation, airline management, air traffic control and relevant fields.</p> <p>Having relevant and update working certificate/licenses</p>
9	<b><u>Financial and Business Investment Analyst</u></b>	<p>Advise management on investment analysis and decisions.</p> <p>Participate in meeting held by business development team with active role.</p> <p>Help Ariana to establish sound internal control system</p> <p>Prepare comprehensive budget and financial plan as per strategic goals of the company.</p>	<p>Master degree in finance, business finance, business administration or economy is required.</p> <p>At least 8 years of experience in business/ corporate finance, financial analysis or investment analysis is required.</p> <p>Having CPA or equivalent certificate in finance is preferred.</p>

### Payment Schedule

The payment terms are specified in special conditions of RFP/contracts. A time based will be implemented. The firm will be required to submit Payment Requests to Ariana on monthly basis. The firm shall establish sound FM, HR and support unit for management of financial, operating and administrative activities.



The required equipment's and operating cost by the firm are presented in budget sheet of the project and get approved by Ariana accordingly. Such cost will be paid to the firm as reimbursable cost.

### **Training Section**

The firms is obliged to conduct details gap assessment followed by a training needs assessment in first quarter of the assignment and share training list and plan for review and approval of the client. The client training center shall have active role in this process alongside the firm's team. This scope may or may not include counterpart's capacity building programs.

### **Joint Venture**

To ensure effective implementation of the project, the bidders are allowed to have one or two joint-venture national or international partners for the project. The leading partner shall be specified and the roles and responsibilities for each partner shall be clearly specified in the technical proposal. The leading partner's share shall not be less than 60%.

### **Selection Method**

The firm is required to submit technical and financial proposals in separate sealed envelopes. The selection will be based on **Quality and Cost Based Selection (QBS method)**.

### **Exit/ Phase out Strategy**

The management firm is responsible to train and enable employer's counterparts to carry on project activities with quality and pace. At least 100 to 200



counterparts will be assigned by the employer at beginning of the project. The firm shall manage the assigned counterparts in daily activities at each department for mentoring and training purpose.