

# Integrated Supply Chain Strategy



## WFP Tanzania



## SUPPLY CHAIN UNIT

## ***Introduction and Context:***

Tanzania is classified as a Least Developed Country, but has the potential to become a middle-income nation in view of the steady economic growth and the government's Development Vision 2015. Over the last three years, Tanzania's economy has grown at the rate of 7 percent annually, driven mainly by telecommunications, financial services, transport and construction. Surrounded by 6 landlocked countries, Tanzania has the potential to be a natural supply chain route for Central and East Africa. The port Dar es Salaam is capturing 14% of imports and exports of neighboring countries, however, the current performance indicates that the supply chain sector is not fulfilling its potential. Major bottlenecks include long waiting time for 76% of total cargo at the port; a decline in freight transported by rail from 1.5 to 0.2 million tons in the last ten years; and multiple non-transport related barriers contributing to one third of the road travel time.

Tanzania, as an important non-GMO maize producing country, is of special interest to WFP for food purchase, and as a transit route for its operations in the region. Due to this comparative advantage, WFP decided to establish its hub for Global Commodity Management Facility (GCMF) in Dodoma to supply maize to other countries. WFP's Supply Chain Hub at Dodoma is a customs bonded warehouse where duty free stocks can be temporarily stored for future local consumption or re-export to other countries. During the past five years, WFP purchased over 300,000 MT of maize in Tanzania and supplied it to eight countries in the region including Kenya, Democratic Republic of Congo (DRC), Burundi, Rwanda, Uganda, Zimbabwe, Somalia and South Sudan. Likewise, WFP transported over 700,000 MT of food through the Dar port to seven countries in the region over the past ten years.

The region is prone to conflicts leading to complex and protracted crises which also have a spill-over effect on Tanzania. The country is hosting over 300,000 Burundian and Congolese refugees and WFP has to maintain an effective supply chain to feed them in camps from its strategically located warehouses in Dodoma, Mtendeli, Nduta and Nyaruguso camps.

Lessons learned from the mid-term evaluation of WFP Strategic Plan 2014-2017 suggest that WFP may enhance its focus on strengthening national policies and systems, working in partnership, and by applying more systematic approaches to national capacity development in its areas of proven expertise. WFP Tanzania's Supply Chain Strategy, as part of its Country Strategic Plan (CSP), is designed to contribute to the achievement of SDG-2 on achieving zero hunger, and SDG-17 on partnering, in line with the National Development Plan (NDP) and UNDAF.

## ***Government Priorities:***

The government of Tanzania acknowledges these issues and, through its Five-Year Development Plan (FYDP) 2016-17 ~ 2020-21, is committed to address the capacity weaknesses. As part of this Plan, the government has set the following targets related to Supply Chain:

- Consolidate Tanzania's strategic geographical location by improving the environment for doing business and positioning the country as a regional production, trade and logistics hub. This will be achieved by improving the port throughput from 12.1 to 18

million tons, railway freight from 0.2 to 3 million tons, and reducing delays in road transport from 3.5 days to 2.5 days, by 2015.

- Address challenges in the areas of management and operations, inefficiencies and inadequate infrastructure, which constrain competitiveness of Tanzania's port relative to the ports in neighboring countries. Transit demand is expected to increase from 2.7 to 9.8 Mil tons by 2030.
- Foster development of sustainable productive and export capacities.
- Intensify and strengthen the role of local actors in planning and implementation, and
- Implement global and regional agreements (e.g. Africa Agenda 2063 and SDGs) are adequately mainstreamed into national development planning and implementation frameworks for the benefit of the country.

In order to achieve these targets, the government needs to make the processes at the port, border crossing points and the entire supply chain of the central corridor more efficient. In addition, as Tanzania is an important non-GMO maize producing country in the region, its farmers need enhanced capacity to grow, store, market their products and trade locally and internationally to contribute to the national economy. WFP's strategic plan entails supporting and working together with the national and local governments, and farmers to help them to reach their potential. Tanzania's geographical location and its efficient supply chain capacity makes it an important gateway to the countries managed by WFP's two administrative Regional Bureaus (RB) i.e RBJ and RBN with their regional offices in Johannesburg and Kenya respectively.

### ***Why an Integrated Supply Chain?***

An integrated supply chain management requires that all elements and parties involved in the supply chain, internal or external, perform optimally. WFP is in the process of strengthening its internal processes and systems through Integrated Road Map (IRM) that entails financial framework review (FFR), Country Strategic Plans (CSP) among others. To achieve the best results, it is important to also maximize the capacity of the elements external to WFP. In Tanzania, the government has requested WFP assistance in building capacity of the National Food Reserve Agency (NFRA) which is an important source of food purchase for WFP. WFP Tanzania's integrated supply chain strategy aims to build the capacity of the government institutions, farmers, vendors (service providers - port, transport and storage etc.) for all elements of supply chain to function efficiently.



### ***Objective:***

The objective of WFP Tanzania supply chain is to optimize performance of WFP operations in Tanzania and in neighboring countries, and build capacity of the government and partners.

## Specific Objectives:

- Optimization of resources through coordination among WFP procurement, warehousing, milling and other Programme functions and activities such as Pipeline, including support to WFP country offices in the region and partners.
- Strengthening resilience, building on areas of WFP's existing strengths, including support to smallholder farmers, medium grain millers, and capacity development of vulnerable communities to face the challenges of climate change.
- National Capacity building to improve food storage practices, and emergency preparedness and response with an effective supply chain.

## INTEGRATED SUPPLY CHAIN STRATEGY

WFP Tanzania supply chain comprises three pillars:



### Pillar-1: Management of WFP Operations – *National and Regional*



**Optimization through Operational Coordination:** WFP Tanzania Supply Chain Unit (SCU) manages food procurement, storage, milling and transport to the refugee camps for distribution. To ensure an efficient supply chain and best price, and to maintain a high quality of products and services, warehousing time is minimized by procuring the right quantities of food at the right time, and making direct deliveries to regional destinations. This way WFP managed to supply an average of 70,000 tons of food to the neighboring countries just by

maintaining a warehouse capacity of 20,000 MT at Dodoma, Isaka, Port Kigoma and inside the Dar es Salaam port. Likewise, WFP maintains a milling facility within its Dodoma warehouse and mills maize at the rate of 150 tons per day as per the requirements, which ensures that the populations receive fresh food in a timely manner with maximum shelf life.

Through 53 registered road transporters and a tariff of active transport rates, the SCU delivers food and NFIs to local and regional destinations efficiently. WFP Tanzania maintains a longstanding working relationship with Tanzania Railway Limited (TRL) serving the central corridor from Dar es Salaam to Kigoma, Isaka and Mwanza.

**Efficient Port Operations:** WFP Tanzania enjoys excellent working relations with Tanzania Port Authority (TPA), which allows preferential treatment to WFP local and regional cargo. TPA has allocated a covered storage facility with 7,500 MT capacity and office accommodation inside the port area for WFP's exclusive use. WFP also pays discounted wharfage rates for all imported food including the cargo in transit. The port warehouse allows a buffer to match the food dispatch to the capacity at the receiving end, inside Tanzania as well as in the neighboring countries.



**Expand Vendor Base:** Vendors make an important part of WFP Tanzania Supply chain. WFP Tanzania maintains a database of suppliers of goods and services and continuously updates it through their performance evaluation and market research. WFP Tanzania SCU will continue to encourage local suppliers across the country to contribute to building national capacity by providing more efficient services and build their capacity where needed.

**Cross-Functional Coordination for Efficient Supply Chain:** A fundamental element of the supply chain is the effective use of food pipeline as a planning tool. SCU provides inputs on stocks and arrivals and makes its loading plans in accordance with the programme of activities and distribution to beneficiaries in order to match supply with demand. Similarly, the information on upcoming contributions through pipeline allows SCU to plan its warehousing space and port activities.



**Support to Cash-Based Transfers (CBT):** SCU will provide support to the implementation of CBT programmes. This includes, but is not limited to, identification and contracting of retailers, price management, quality control, market assessments, invoice verification and any other service required of the SCU.



**Enabling the Partners:** WFP has a comparative advantage in Tanzania and installed capacity at the port, in its strategically located warehouses, and excellent relations with the government to support the operations of its partners. The SCU will make its capacity available to the partners to support their incoming cargo through the sea port; provide warehousing and transport service within Tanzania and across the border to the landlocked countries; and procurement services to import fast moving spares for vehicles and IT equipment to gain economy of scale.



In addition, WFP Tanzania SCU can also invite partners to trainings on port operations, warehousing Transport as well as CBT, as and when available.

## Pillar-2: Resilience Building - Support to Smallholder Farmers



For Government of Tanzania, making smallholder farmers and medium grain-millers part of the growth process is an effective means to achieving inclusive growth. WFP experience shows that smallholder farmers can play an important role for community and national level resilience building. WFP Tanzania is committed to support the WFP's global commitment of purchasing 10% of its food from small scale farmers. Therefore, supporting the smallholder farmers, and building their resilience is an integral part of WFP Tanzania's supply chain strategy. In order to achieve this target, the SCU will explore ways to provide assistance in the following areas:

### ***Capacity Building for Storage, Quality Control, and milling and Packaging:***

In coordination with Programme Unit, especially the patient Procurement Programme (PPP), SCU will train the smallholder farmers on techniques to sieve and pack their commodities, store their products in suitable conditions to maximize shelf life and minimize losses. This will also enable them to store their crops in order to sell them at better prices and improve their income.

***Commodity Management & Accounting:*** In coordination with Programme Unit, especially PPP, SCU will transfer WFP knowledge and experience in management and accounting of their food commodities to the farmers. This will open opportunities for them to manage Food Banks where commodities of several farmers could be stored and marketed to maximize economies of scale.

***Creating Markets for Smallholder Farmers:*** The SCU will explore possibilities of creating markets for small holder farmers' products in coordination with Programme Unit. This includes the following possibilities:

- a. Food purchased by WFP.
- b. Food purchased by government
- c. Food purchased by the private sector: The SCU will explore possibilities of creating partnerships with private sector that could be the potential buyer of smallholder farmers' products.



***Training of smallholder farmers on marketing techniques:*** Many smallholder farmers lack skills and tools to market their commodities. As a result, several middlemen traders purchase their food at very low prices and sell them into markets for considerably higher profits. SCU will coordinate with other WFP functional areas such as Programme and

IT to provide the small farmers with modern techniques to place their products in the local and cross-border markets.

**Basic quality control & best practices:** The smallholder farmers need to provide the quality required by the market to improve their income. In coordination with Programme Unit and partners, the SCU will seek to provide the smallholder farmers with techniques and training on basic quality control measures for their crops, and share best practices on food handling and how to minimize losses.



### Pillar-3: National Capacity Building

Supply Chain objectives cannot be achieved without enabling all elements and parties involved and building national capacity. The SCU's partnership with government institutions will seek to strengthen two-way capacity, building upon comparative advantages. The capacity building activities will help the Tanzanian government achieve the SDGs, and help WFP in a smooth, effective and efficient supply chain for its operations in Tanzania as well as other countries in the region.

**National Food Reserve Agency (NFRA):** In coordination with other CO units and partners, SCU will support the NFRA efforts to stabilize market prices of staple food and support smallholder farmers, as well strengthen NFRA capacity in the following areas:

- Purchase of food commodities for WFP operations in Tanzania as well as in other countries.
- Support NFRA's role as a National Strategic Food Reserve through training and sharing of experience in Supply Chain activities such as procurement, transport and logistics, particularly towards increasing competitiveness, equipping warehouse systems and infrastructure to improve efficiency.
- Strengthen quality standard mechanisms of grains procured, stored and distributed to vulnerable populations to improve food consumption.
- Establish smallholder farmers' database to build their capacity.

### Strategic Partnership with Academia:

WFP partnership with the academia such as National Institute of Transport (NIT), University of Dar es Salaam Business School (UDBS) and other universities has the potential to bring about a broad spectrum of advantages for WFP operations as well as for the government and private sector, hence supporting the national economy through '**By Tanzanians, For Tanzanians**' approach. Through this partnership, WFP may organize workshops and seminars; offer the students learning opportunities while supporting WFP operations; conduct supply chain and logistics capacity assessments; develop training packages and conduct trainings on port operations



management, warehousing and transport – especially cross-border transport to build transporters' capacity; train smallholder farmers in storage, transport of their crops, and contemporary marketing techniques to improve their incomes.

***Emergency Preparedness and Response (EPR):*** Emergency preparedness and response is handled by the Disaster Management Department (DMD) in the Prime minister's office. WFP SCU will work with DMD to enhance their capacity in the following areas:

1. Training/Capacity Building, such as

- National Logistics Capacity Assessment (LCA)
- Establishment of a roster for emergency response staff.

2. Emergency Preparedness and Response (EPR)

- Based on the results of secondary and primary data analysis, reassess the strategic location of the existing 6 emergency response hubs (Moshi, Dodoma, Shinyanga, Mbeya, Lindi and Dar es Salaam) to ensure a timely, efficient and cost-effective response to the emergencies.



Current government response hubs mainly store limited non-food items.

- Assess the feasibility of upgrading from the current simple emergency room located in Ministry of Health to a well-equipped EPR Centre, taking into account the potential move of the Capital from Dar es Salaam to Dodoma.



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# Main Supply Corridors for Tanzania

