



THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF FINANCE

NATIONAL SUPPLY CHAIN MANAGEMENT POLICY, 2025



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ABBREVIATIONS AND ACRONYMS

CAG	Controller and Auditor General
eLMIS	Electronic Logistic Management Information System
ESRF	Economic and Social Research Foundation
GAMIS	Government Assets Management Information System
GDP	Gross Domestic Product
GIMIS	GPSA Integrated Management Information System
GPSA	Government Procurement Services Agency
ILO	International Labour Organization
ISO	International Organization for Standardization
MSD	Medical Stores Department
MTEF	Medium Term Expenditure Framework
MUSE	Mfumo wa Uhasibu Serikalini
NeST	National e - Procurement System of Tanzania
NFRA	National Food Reserve Agency
OECD	Organization for Economic Cooperation and Development
PPAA	Public Procurement Appeals Authority
PPRA	Public Procurement Regulatory Authority
PSPTB	Procurement and Supplies Professionals and Technicians Board
TANCIS	Tanzania Customs Integrated System

ABBREVIATIONS AND ACRONYMS

TASAC	Tanzania Shipping Agencies Corporation
TEHAMA	Teknolojia ya Habari na Mawasiliano
UNIDO	United Nations Industrial Development Organization

DEFINITION OF KEY TERMS

Health Commodities	Includes medicines, medical devices and reagents approved by the regulatory authority for approving health commodities.
Climate Change	Change of climate that is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and that is in addition to natural climate variability observed over comparable time periods.
Special Groups	Includes women, youth, elderly and persons with special needs.
Procurement Objective	Involves acquiring goods, services, works, or assets at the right time, price, quantity, and quality, from the right source and delivered to the right place, while adhering to transparency, competitiveness, efficiency, sustainability, accountability, integrity, and value for money.
Public Asset	Any tangible and intangible property owned by a public body, and includes physical property, land, shares or proprietary rights.
Supply Chain	Integration of activities including procurement, clearing and forwarding, receiving and returning, maintenance, storage, utilization, distribution and disposal of goods, services, items, or assets.

DEFINITION OF KEY TERMS

Sustainable Supply Chain	Involves integrating social accountability procedures into the implementation of supply chain activities to meet social and economic needs while considering environmental conservation.
Local Resources	Includes local experts and locally sourced raw materials used in the production of goods, services, items, or assets.
Procuring Entity	A public body and any other body, or unit established and mandated by the Government to carry out public functions.
Value for money	The maximum benefits derived from goods, works or services procured with the resources available worth the cost incurred.
Maintenance	Management of assets, equipment, and goods to ensure quality standards and prevent loss, damage, or improper use.
Environmental Conservation	A process aimed at protecting the natural environment and its resources through various approaches and strategies involving conservation, management, and restoration of ecosystems, biodiversity, and natural resources for sustainable use.
Supply	The procedures employed by a procuring entity to ensure effective management of goods, items, and services in acquisition, clearing and forwarding, receiving and returning, storage, maintenance, and utilization, distribution and disposal of assets.

DEFINITION OF KEY TERMS

Clearing and Forwarding	The function of processing shipping documents for import or export cargo through customs control and port formalities and procedures for necessary approval by relevant authorities and includes arrangement of physical delivery of cargo to consignee or ship master
Receiving	Procedures for receiving goods, equipment, or assets from a supplier in accordance with the terms of the contract, and ensuring that such items are inspected before being entered into the procuring entity's warehouse or store.
Returning	Procedures for returning goods, equipment, or assets that have been identified as defective, unnecessary, or that have lost quality, to the supplier in accordance with the terms of the contract and the institution's formal procedures.
Utilization	Process that involves using goods, services, equipment, or public assets for their intended purposes, in compliance with contract terms, quality standards, and the actual needs of the procuring entity or end users.
Disposal of Asset	The divestiture of public assets including intellectual and proprietary rights and goodwill, and any other rights of a procuring entity or entity disposing assets.
Procurement	Buying, purchasing, renting, leasing, hire-purchase or otherwise acquiring any goods, works or services by a procuring entity and includes all functions which pertain to the obtaining of any goods, works or services, including identifying and consolidating requirements, selection and invitation of tenderers, preparation, award and management of contracts.

DEFINITION OF KEY TERMS

Public Procurement	The process through which procuring entities utilize public funds to plan, procure, and manage goods, services, and works efficiently, while ensuring cost effectiveness, quality, and timely delivery.
Storage	The process of storing, safeguarding, and managing goods, equipment, or public assets in a warehouse or store, in accordance with safe conditions, sound infrastructure, and professional standards, in order to ensure quality, safety, and timely availability.
Distribution	The process that involves transporting, distributing, and delivering goods, equipment, or assets from the supplier, procuring entity warehouse, or store to the end user, in accordance with quality standards.
Supply Chain management	It is an integrated system of planning, coordination, implementation, monitoring, and control of all functions related to public procurement; clearing and forwarding; receiving and returning; maintenance; storage and utilization; distribution and disposal of goods, equipment, or public assets, to ensure efficiency, transparency, accountability, and value for money.

FOREWORD

The supply chain integrates a series of interconnected activities, including public procurement, clearing and forwarding, receiving and returning, maintenance, storage and utilization, distribution, and disposal of goods, equipment, or assets.

These activities are governed by various laws and regulations, including the Public Procurement Act, Cap. 410; the Public Finance Act, Cap. 348; the Budget Act, Cap. 439; the Public-Private Partnership Act, Cap. 103; the Warehouse Receipts Act, Cap. 339; and the Law of Contract Act, Cap. 345.

Implementation of these legal frameworks has resulted in notable achievements including: increased compliance with Public Procurement Act, Cap 410; establishment and operationalization of the National e-Procurement System of Tanzania (NeST); introduction of a procurement framework for commercially operating public bodies which has contributed to increase in growth of trade activities to 4.8 percent in 2024; and increased utilization of local contents which enhanced Government revenue by 13.5 percent in the 2023/24.

In addition, opportunities available within the supply chain include increased supplier participation and competition; employment creation through participation of Private Sector and Special Groups; increased government revenue through dividends, taxes, and levies; enhanced use of local resources; investment in storage and distribution infrastructure; increased incomes and poverty reduction. Other opportunities include sharing of experience and expertise between the public and private sectors, as well as capacity building for local professionals.

Despite the achievements and opportunities, supply chain functions remain fragmented due to the absence of a comprehensive policy framework. This gap has resulted in several challenges, including unmet procurement objectives, inadequate systems for clearing and forwarding, as well as for receiving and returning, insufficient

controls for maintenance, storage, and utilization, and the lack of integrated systems for distribution and disposal of public assets.

In response, the Government has developed the National Supply Chain Management Policy, 2025 to integrate and strengthen the management of all supply chain activities. The Policy seeks to ensure efficient in the implementation of supply chain functions by reducing unnecessary costs, improving quality of goods and services delivered to citizens, and ensuring effective and efficient use of public fund.

The implementation of this Policy will focus on establishing a responsive needs assessment system aligned with procurement objectives; strengthening management of clearing and forwarding; improving frameworks for receiving and returning of goods, equipment, services, works, and assets; enhancing controls in maintenance, storage, and utilization; and strengthening distribution and disposal systems. Additionally, the Policy emphasizes environmental conservation, climate change adaptation, and adherence to principles of good governance in all supply chain operations.

Effective implementation of this Policy will require collaboration among public institutions, private sector, civil society organizations, and development partners. I extend my sincere appreciation to all who contributed to its preparation. I am confident that this Policy will enable the nation to harness opportunities in the supply chain functions, thereby driving inclusive economic growth and sustainable development.



Hon. Ambassador Khamis Mussa Omar (MP.)
Minister for Finance

1.0

CHAPTER ONE

1.1 Background

Public procurement and supply are among critical functions that require effective management to support economic growth and national development. Public procurement account for over 50 percent of the Government's annual budget through acquisition of goods, services, and works.

Supply encompasses procedures employed by a procuring entity to ensure effective management of goods, items, and services in acquisition clearing and forwarding, receiving and returning, storage, maintenance, and utilization, distribution and disposal of assets.

In addition, supply chain refers to integration of activities including procurement, clearing and forwarding, receiving and returning, maintenance, storage, utilisation, distribution and disposal of goods, services, items, or assets.

On the other hand, Supply Chain Management is an integrated system of planning, coordination, implementation, monitoring, and control of all functions related to public procurement; clearing and forwarding; receiving and returning; maintenance; storage and utilization; distribution and disposal of goods, equipment, or public assets, to ensure efficiency, transparency, accountability, and value for money.

For nearly four decades after independence, supply chain functions in the country were regulated under the Exchequer and Audit Ordinance No. 439 of 1961. Since 2001, the management and implementation of supply chain functions have been carried out in accordance with various laws, including the Public Procurement Act, Cap 410; the Public Finance Act, Cap 348; the Budget Act, Cap 439; the Public-Private Partnership

Act, Cap 103; the Local Government Finance Act, Cap 290; and the Contracts Act, Cap 345.

The achievements obtained through implementation of the laws and guidelines include: an increase in compliance with the Public Procurement Act, Cap 410 from 39 percent in 2006/07 to 75.5 percent in 2023/24; development and operationalization of the National e-Procurement System of Tanzania (NeST), which enhanced transparency and competition in procurement processes; the establishment of Institutions responsible for overseeing public procurement; time reduction on issuing a written decision concerning the procurement complaint, dispute or appeal from 40 days in 2022/23 to 35 days in 2024/25 thereby reducing costs and improving efficiency; introduction of procurement procedures for commercially operating public bodies, which contributed to increase in growth of trade activities to 4.8 percent in 2024 compared with 4.2 percent in 2023; and increased utilization of local resources which enhanced Government revenue by 13.5 percent in the 2023/24.

Furthermore, the opportunities within the supply chain include: increased participation and competition among suppliers; job creation through involvement of the Private Sector and Special Groups in supply chain functions; increase of Government revenue through dividends, taxes, and levies; increased utilization of local resources; adoption of electronic systems; increased investment in storage and distribution infrastructure; knowledge and experience sharing between public and private sectors; increased income and poverty reduction.

Despite the existence of legal frameworks and notable achievements, supply chain functions remain fragmented due to the absence of comprehensive policy framework. This has led to several challenges, including: unmet procurement objectives, inadequate systems for clearing and forwarding, receiving and returning, distribution, and disposal of public assets; and inadequate controls over the maintenance, storage, and utilization of public goods, items, or assets.

In response to these challenges, it is essential to develop National Supply Chain Management Policy that integrates all functions within the supply chain to strengthen oversight, enhance efficiency, and ensure the realization of value for money. The policy addresses existing gaps and challenges in the supply chain and aims to improve the functions through: establishing a system for acquiring requirements that aligned with public procurement objectives; strengthening the management of clearing and forwarding of Government's cargo; strengthening the receiving and returning functions of goods, items, services, works or assets; strengthening control systems in the maintenance, storage, and utilization of goods, items or assets; strengthening the management of distribution and disposal activities of goods, items or assets; and ensuring compliance with environmental conservation, climate change considerations, and principles of good governance in the implementation of supply chain functions.

1.2 Current Situation

Supply chain functions have been implemented in accordance with various laws and guidelines, including: The Presidential Instrument issued through Government Notice No. 619A dated 30th August, 2023; the Public Procurement Act, Cap. 410; The Public Finance Act, Cap. 348; the Treasury Registrar Act, Cap. 370; the Public Corporations Act, Cap. 257; the Budget Act, Cap. 439; the Public Private Partnership Act, Cap. 103; the Investment Act, Cap 38; the Local Government Finance Act, Cap. 290; the Contracts Act, Cap. 345; the Public Service Act, Cap. 298; the Petroleum Act, Cap. 392; the Competition Act, Cap. 285; the Procurement and Supplies Professionals and Technicians Board Act, Cap. 179; and the Executive Agencies Act Cap. 245. These laws and guidelines have been amended from time to time to align with economic, social, political, and technological changes.

The implementation of these laws has facilitated the establishment of several institutions, including: The Public Procurement Regulatory Authority (PPRA), responsible for oversee the implementation of the Public Procurement Act, Cap. 410; The Public Procurement Appeals Authority (PPAA), responsible for handling complaints and appeals related to public procurement; The Government Procurement

Services Agency (GPSA), responsible for coordinating joint procurement of common use items and services; and The Procurement and Supplies Professionals and Technicians Board (PSPTB), responsible for overseeing the professional development of procurement and supply personnel.

The current situation of the implementation of supply chain functions is explained in part 1.2.1 to 1.2.5 hereunder:

1.2.1 Public Procurement

Public procurement is measured by assessing the proportion of expenditure on procurement in relation to the Gross Domestic Product (GDP) and the Government Budget. A World Bank (2016) study revealed that, developing countries spend an average of 60 to 70 percent of the government budgets on public procurement, compared to 34 percent in developed countries of the Organisation for Economic Co-operation and Development (OECD). Moreover, an assessment conducted by PPRA estimated that, Government expenditure through procurement accounts for over 50 percent of the Government Budget, equivalent to 10 up to 15 percent of the GDP (PPRA, 2021).

Significant achievements obtained in the management of public procurement include: an increase in compliance with the Public Procurement Act, Cap 410 from 39 percent in 2006/07 to 75.5 percent in 2023/24; time reduction on issuing a written decision concerning the procurement complaint, dispute or appeals from 40 days in 2022/23 to 35 days in 2024/25, the development and operationalization of Code of Ethics for Public Servants, Professionals and Tenderers Engaging in Public Procurement; and the development and operationalization of the National e-Procurement System of Tanzania (NeST), which has enhanced efficiency by reducing procurement process costs, enabling easy access to digitally stored information, increasing accountability, improving service delivery, and combating corruption through transparency, fairness, equity, and accountability.

Other achievements include the introduction of procurement procedures for commercially operating public bodies, which contributed to increase in growth of trade activities to 4.8 percent in 2024 compared with 4.2 percent in 2023 (Report of the Ministry of Industry and Trade, 2025); increased market competition and utilization of local resources which contributed to increase in Government revenue by 13.5 percent to 29.83 trillion shillings in 2023/24 (Economic Survey, 2024), employment creation to more than 200,000 people in road and Government housing projects, and increase in growth of manufacturing activities to 4.8 percent in 2024 compared with 4.3 percent in 2023 (Economic Survey, 2024). The opportunities in public procurement include: increased tenderers participation and competition; enhanced Government revenue through dividends, taxes, and levies; job creation; and capacity building to local professionals.

Despite these achievements and opportunities, gaps persist in the procurement of goods, items, services or works that do not align with public procurement objectives. This has led to several challenges, including: procurement of goods, services, and works at prices higher than market rates; prolonged procurement processes; unsatisfactory integrity levels among certain stakeholders engaged in public procurement; insufficient transparency; indicators of corruption (ESRF, 2017); limited participation of commercially operating public bodies in procurement due to lack of enabling environments, global market competition, and inadequate capacity of local professionals (World Bank, 2020 & ILO, 2021); procurement of locally produced goods, items, services or assets that do not meet quality standards; lack of incentives to invest in local resources; and insufficient tangible benefits of the partnerships between local and international companies (UNIDO, 2020).

Other challenges include: failure to prioritize quality standards and specifications; absence of a medium-term procurement plan aligned with the Medium-term Expenditure Framework (MTEF); limited engagement of the Private Sector and Special Groups; lack of robust monitoring and evaluation systems for supplier, contractor, service provider's performance and development; inadequate competition for some tenders; unplanned procurement; inadequate negotiation skills, knowledge, and

experience among stakeholders; absence of simplified procurement procedures for goods, services, works, or assets during disasters; and absence of procedures for renting and leasing public assets, including land, buildings, conference facilities, and equipment for Government activities.

In order to establish a system for acquiring requirements that align with public procurement objectives, it is essential to ensure that all requirements are acquired at the right time, price, quantity, and quality, from the right source and delivered to the right place, while adhering to transparency, competitiveness, efficiency, sustainability, accountability, integrity, and value for money. In addition, it is important to improve environment for participation of commercially operating public bodies, strengthen the engagement of private sector and special groups, and promote the use of local resources in public procurement.

1.2.2 Clearing and Forwarding

The clearing and forwarding of Government consignments at ports, airports, and border points is primarily undertaken by the Government Procurement Services Agency (GPSA), which is mandated to perform this function. In addition, the Tanzania Shipping Agency Corporation (TASAC) is mandated to undertake this function exclusively for specialized consignments, including weapons, machinery, chemicals used by mining companies, Government trophies, and live animals. Furthermore, the Medical Stores Department (MSD) is mandated to oversees the clearing and forwarding of imported health commodities for national health facilities.

Notable achievements in this area include the development and operationalization of electronic systems such as the Tanzania Customs Integrated System (TANCIS) and the Government Integrated Management Information System (GIMIS). These systems have enhanced operational efficiency by providing real-time access to information on procurement, clearing, and forwarding processes. Other achievements include, the significant cost savings of 13.77 billion between 2019/20 and 2021/22, which would otherwise been expended through private agents.

The opportunities in the clearing and forwarding function include, the continued improvement enhancement of infrastructure which contribute to increase in Government's revenue.

Despite these achievements and opportunities, clearing and forwarding functions are not integrated hence lead to persisting of numerous challenges such as: high operational costs exceeding market rates and delays in clearing of Government consignments which results into damages and financial losses.

To address these challenges and improve clearing and forwarding operations, it is essential to strengthen the management of clearing and forwarding of Government consignments, and providing training to professionals in clearing and forwarding of Government consignments.

1.2.3 Receiving and Returning

The receiving and returning of procured goods, items, services, works and assets are regulated under the Public Procurement Act, Cap. 410, which requires procuring entities to establish a qualified professional technical committee to conduct technical inspections before acceptance and ensuring compliance with quality standards.

The Act also stipulates procedures for returning goods, items, services, works, or assets that do not meet contractual specifications and standards, have reached the end of their useful life, or have been affected by technical or technological changes. Returns must be supported by detailed technical inspection reports prepared by the committee, outlining the rationale for returning the respective goods, items, services, works, or assets to the supplier, service provider, consultant, or contractor.

The significant achievements under this function include: the development and operationalization of electronic systems such as Mfumo wa Uhasibu Serikalini (MUSE) and the National e-Procurement System of Tanzania (NeST), that streamlined record keeping of the procured and distributed goods, items, services, works or assets to the end user; and the inclusion of receiving and returning functions in the Public

Procurement Act, Cap 410 which enables such functions to be carried out by qualified procurement and supply professionals. Furthermore, the available opportunities in the receiving and returning function include the availability of MUSE and NeST systems, which have facilitated the processes of receiving and returning.

Despite these achievements, there is lack of standardized procedures for receiving and returning goods, items, services, works, or assets. This contributed to several challenges, including; lack of inspection certificates, non-compliance with quality standards during inspections, and misalignment between procured items and procurement objectives.

In order to strengthen the receiving and returning function, it is essential to develop guidelines for the application of standard specifications and to reinforce procedures for quality testing in the receiving and returning of goods, items, services, works, or assets.

1.2.4 Maintenance, Storage and Utilization

The maintenance, storage, and utilization of goods, items, services, works, and assets take place after the completion of receiving procedures, whereby the procuring entity inspects and verifies the quality and quantity of the procured items in accordance with contractual requirements.

Significant achievements under this function include the establishment of warehouses for storing goods and assets such as food, medicines, and medical supplies. For instance, the Medical Stores Department (MSD) had constructed 13 national and regional warehouses (MSD Report, 2023), while the National Food Reserve Agency (NFRA) had built 28 warehouses for food commodities, including maize and rice (NFRA,2023); minimization of losses of goods and assets; and ensuring timely availability of health commodities for instance during 2023/24, a total of 8,224 Government health facilities received essential medical supplies on schedule through 10 MSD's regional offices (Speech by the MSD Director to the Media, 3rd July 2024).

The opportunities within this function include increased investment in warehouses by both the public and private sectors, as well as the availability of modern infrastructure to support storage and utilization operations.

Despite these achievements and opportunities, weak control systems in the maintenance, storage, and utilization of goods, services, works, and assets persist. This led to several challenges, including: the absence of a comprehensive guideline for maintenance, storage, and utilization; non-compliance with quality standards and handling requirements; failure to follow usage guidelines; and inadequate record keeping and documentation.

To enhance maintenance, storage, and utilization, it is essential to strengthen control systems for the management of goods, items, or assets.

1.2.5 Distribution and Disposal

Distribution involves transporting, distributing, and delivering goods, equipment, or assets from the supplier, procuring entity warehouse or store to the end user, in accordance with quality standards. In order to ensure effectiveness and efficiency in distribution, the process should be carried out in a timely manner according to the identified needs. In Tanzania, distribution function is governed by the Public Procurement Act, Cap. 410, which prescribes procedures for distributing goods, items, or assets procured either for internal use within a procuring entity or for other entities.

On the other hand, the disposal of goods, items, or assets is carried out in accordance with the Public Finance Act, Cap 348; the Public Procurement Act, Cap 410; Public Assets Management Regulations, 2024; Guideline for Advancing/Selling of Used Government Owned Vehicles/Motorcycles to Public Servants, 2009; and other sectoral laws, including the Forest Act, Cap 323, and the Wildlife Conservation Act, Cap 283.

Achievements in the distribution and disposal of goods, items, or assets include: the inclusion of distribution and disposal functions into the Public Procurement Act, Cap 410, which enables such functions to be carried out by qualified procurement and supply professionals; development and operationalization of electronic systems facilitating the management of distribution activities, including GIMIS, EPICOR 10, and eLMIS; improved availability of health commodities in public health facilities to 80 percent in 2024 compared with 68 percent in 2022 (Ministry of Health Report, 2024); and the establishment and operationalization of the Government Assets Management Information System (GAMIS), which has streamlined information management, enhanced transparency and efficiency in disposal activities, and reduced the loss of public assets.

Existing opportunities in the area of distribution and disposal include: improved transport infrastructures; participation of private institutions in distribution; growth in government revenue; and employment creation through the presence of private companies involved in distribution and disposal activities.

Despite the achievements and opportunities, weaknesses persist in the management of distribution and disposal activities. This led to numerous challenges including distribution without consideration of actual needs or the receiving plan, absence of a quality assurance plan, unsatisfactory record keeping (CAG, 2019; PPRA, 2020 and 2022), delays in disposal, prolonged decision-making processes, lack of accountability, transparency, fairness, and equity in disposal activities, and loss of asset value.

Furthermore, a study on the importance of having a National Public Procurement Policy conducted by the Ministry of Finance (2022) revealed that the absence of a policy framework and integrated procedures for distribution adversely affects the efficiency of supply chain management operations.

In order to strengthen the management of distribution and disposal functions of goods, items, or assets, it is essential to have an integrated system and procedures for the distribution and disposal of goods, items, or assets.

2.0

CHAPTER TWO

RATIONALE, VISION, MISSION, AND OBJECTIVES OF THE POLICY

2.1 Rationale of the Policy

The Government has continued to implement various functions in the supply chain including: public procurement; clearing and forwarding; receiving and returning; maintenance, storage and utilization; distribution and disposal of public assets, with the aim of ensuring optimal use of resources and achieving value for money in the execution of these functions.

Since 1961 to date, the Government has undertaken reforms and enactment of various laws and guidelines governing supply chain functions, including: the Public Procurement Act, Cap 410; the Public Finance Act, Cap 348; the Brokers Act, Cap 227; the Forest Act, Cap 323; the Wildlife Act, Cap 283; the Public Assets Management Regulations of 2024; and Guideline for Advancing/Selling of Used Government Owned Vehicles/Motorcycles to Public Servants, 2009.

Despite these reforms, supply chain functions remain fragmented due to the absence of a comprehensive policy framework. This resulted in several challenges, including unmet procurement objectives, inadequate systems for clearing and forwarding, as well as for receiving and returning, insufficient controls for maintenance, storage, and utilization, and the lack of integrated systems for distribution and disposal of public assets.

To address the identified challenges, it is essential to establish a robust Policy framework that provides guidelines for the implementation of supply chain functions. Accordingly, The National Supply Chain Management Policy, 2025 developed set out legal and institutional framework for efficiency management of supply chain functions. In addition, analysis of stakeholder recommendations and lessons learned from other countries have demonstrated the critical importance of this Policy, which will guide the

effective management of all functions within the public supply chain.

2.2 Vision, Mission, and Objectives of the Policy

2.2.1 Vision

A strong, inclusive, and sustainable supply chain that ensures effective management of public resources and supports inclusive economic growth.

2.2.2 Mission

To strengthen management of supply chain functions by establishing effective operational systems and procedures that ensure value for money for sustainable development.

2.2.3 Main Objective

To strengthen the management of supply chain functions, by enhancing efficiency and ensuring value for money in the implementation of all supply chain functions.

2.2.4 Specific Objectives

The specific objectives of this policy are:

i	To establish a system for acquiring requirements aligned with public procurement objectives;
ii	To strengthen the management of clearing and forwarding of Government consignment;
iii	To strengthen the systems for the receiving and returning of goods, items, services, works, and assets;
iv	To strengthen control systems for the maintenance, storage, and utilization of goods, items, or assets;

v

To strengthen management of distribution and disposal of goods, items, and assets; and

vi

To promote adherence to environmental conservation, climate change consideration, and principles of good governance in the implementation of supply chain functions.

3.0

CHAPTER THREE

POLICY ISSUES, OBJECTIVES AND STATEMENTS

3.1 Key Policy Issues

This section outlines the key issues addressed by the Policy, including public procurement, clearing and forwarding, receiving and returning, maintenance, storage, and utilization, as well as the distribution and disposal of public goods, items, and assets.

3.1.1 Public Procurement

Public procurement is estimated to account for over 50 percent of the Government Budget for the acquisition of goods, items, services, works, or assets. In addition, acquisition of requirements that align with the procurement objectives take into account: the collection and analysis of requirement's information including an assessment of actual costs and the availability of price cap; identification and analysis of suppliers, contractors and service providers; conducting business negotiations and selection of tenderers; performance assessment and development of suppliers, contractors, and service providers; participation of the Private Sector and Special Groups; presence of an enabling and competitive environment for commercially operating public bodies; and utilization of local resources.

However, the procuring entities still face the challenge of procuring goods, items, services and assets that do not align with public procurement objectives. This existing gap caused by different reasons including: procurement of goods, services, and works at prices higher than market rates; prolonged procurement processes; unsatisfactory integrity levels among certain stakeholders engage in public procurement; insufficient transparency; and corruption.

Other reasons include: failure to prioritize quality standards and specifications; absence

of a medium-term procurement plan aligned with the Medium-term Expenditure Framework (MTEF); limited engagement of the private sector and special groups; lack of robust monitoring and evaluation systems for supplier, contractor, service provider's performance and development; absence of simplified procurement procedures for goods, services, works, or assets during disasters; stiff competition in the national and international markets affecting participation of commercially operating public bodies in public procurement; inadequate of knowledge and capacity of commercially operating public bodies to participate in public procurement; unsatisfactory quality standards of raw materials, products, items, services, and assets produced locally; absence of incentives to invest in local resources; insufficient tangible benefits of partnerships between local and foreign companies; and limited capacity of local professionals.

On the other hand, absence of specific procedures of acquiring, leasing, and renting services for public assets, including land, buildings, conference halls, plants and machinery for government activities remain a persisting challenge. This results to inefficiency in leasing and renting services, leading to misuse of public funds and losses to the Government. Therefore, it is necessary to establish a system for acquiring requirements aligned with public procurement objectives, and ensure goods, items, services, works or assets are procured in accordance with principle of value for money.

Objective

To establish a system for acquiring requirements aligned with public procurement objectives.

Policy Statements

The Government in collaboration with stakeholders shall:

i	Establish procedures for acquisition of requirements that align with public procurement objectives;
ii	Establish a system for leasing and renting public assets;
iii	Develop Procurement and Supply Cadre within the Government;

iv	Strengthen the monitoring and evaluation system in public procurement;
v	Enhance participation of the private sector and special groups in public procurement;
vi	Strengthen an enabling and competitive environment for commercially operating public bodies to participate in public procurement; and
vii	Promote the use of local resources in public procurement.

3.1.2 Clearing and Forwarding

Management of clearing and forwarding of Government consignment is a crucial step in the implementation of supply chain functions. However, its execution has faced various challenges, including; lack of specific and inclusive procedure that facilitates and accelerates the clearing and forwarding function of government cargo; consideration of market prices in clearing and forwarding function; and high costs of clearing and forwarding.

This situation results into delays in clearing and forwarding of government cargo, damage of goods, items, or assets, and losses to the Government. Therefore, there is a need for the Government to strengthen the management of clearing and forwarding of Government consignment.

Objective

To strengthen the management of clearing and forwarding of Government consignment.

Policy Statements

The Government in collaboration with stakeholders shall:

- i Strengthen clearing and forwarding systems of the Government consignment; and
- ii Build capacity to clearing and forwarding experts.

3.1.3 Receiving and Returning

The receiving of goods, equipment, services, works, or assets is essential in the implementation of supply chain functions to ensure that these requirements are received in accordance with the terms of the contract.

The returning of goods, items, services, works or assets, is a key step in safeguarding quality, ensuring safety, and achieving value for money in public procurement. This process applies in circumstances where such items fail to meet contractual specifications and standards, have expired or become obsolete, or where the manufacturer issued a notice of modifications, including technical or technological changes, that affect their use or safety.

However, weak control systems and inadequate infrastructure in the processes of receiving and returning goods, items, services, works, or assets have resulted in various challenges including: absence of inspection and acceptance committee reports; non-compliance to the established quality standards and specifications of goods, items, services, works, or assets in projects; and inability of public institutions to align requirements for goods and assets with staff entitlements, as well as with technological, structural, and operational changes. On this basis, there is a need to strengthen systems for receiving and returning goods, items, services, works, or assets.

Objective

To strengthen systems for receiving and returning of goods, items, services, works, or assets.

Policy Statements

The Government in collaboration with stakeholders shall:

i	Strengthen receiving and returning systems for the goods, items, services, works, or assets;
ii	Enhance the capacity of stakeholders to ensure quality, in the receiving and returning of goods, services, works, and assets;
iii	Enforce the use of standard specifications in receiving and returning of goods, services, works, and assets; and
iv	Strengthen systems and infrastructure for testing standard quality of goods, items, services, works or assets.

3.1.4 Maintenance, Storage and Utilisation

Maintenance, storage, and utilization of goods, items, or assets are key pillars of supply chain functions and shall be supported by robust management systems. Despite the Government having established guidelines for the maintenance, storage, and utilization of goods, items, and assets, the implementation of these activities continues to face various challenges including: non-adherence to quality standards and preservation requirements; lack of robust storage systems that ensure security and safety; as well as weaknesses in monitoring expiry periods, information management, and record keeping; and non-compliance to the issued guidelines and unsatisfactory use of public assets.

Therefore, it is essential to strengthen control systems for the maintenance, storage, and utilisation of goods, items, or assets.

Objective

To strengthen control systems for the maintenance, storage, and utilisation of goods, items, or assets.

Policy Statements

The Government in collaboration with stakeholders shall:

- | | |
|----|--|
| i | Promote application of quality standards and conditions for maintenance, storage and utilization of goods, items, or assets; and |
| ii | Build capacity of the stakeholders on best practices for the maintenance, storage, and utilization of goods, items or assets. |

3.1.5 Distribution and Disposal

Distribution involves transporting, distributing, and delivering goods, equipment, or assets from the supplier, procuring entity warehouse, or store to the end user, in accordance with quality standards.

On other hand, disposal is executed through sale, donation, transfer of ownership, or destruction, with the objective of minimizing costs, preventing loss, and mitigating environmental impacts. Disposal is undertaken when goods, items, or assets have reached the end of their useful life, become obsolete, damaged, expired, environmentally impacted, or exist in surplus. However, the management of distribution and disposal of assets remains weak due to the absence of a policy framework to guide the implementation of these activities.

This has resulted in various challenges, including distribution of goods, equipment, or assets without adherence to demand or established receiving plans; lack of quality assurance mechanisms for distributed goods, items, or assets; inadequate record-keeping of distribution activities; delays in asset disposal; prolonged decision-making processes on disposal; and limited awareness, accountability, transparency, equity, and fairness in disposal practices. Therefore, it is essential to strengthen the management of the distribution and disposal of goods, items, and assets.

Objective

To strengthen management of distribution and disposal of goods, items, and assets.

Policy Statements

The Government in collaboration with stakeholders shall:

i	Establish an integrated framework for the management of distribution of goods, items, or assets;
ii	Build the capacity of stakeholders on the use of distribution and disposal systems for goods, materials, or assets; and
iii	Strengthen the mechanisms for disposal of goods, materials and assets.

3.2 Cross-Cutting Issues

3.2.1 Environmental Conservation, Climate Change, and Good Governance

Environmental conservation, climate change adaptation, and good governance are critical crosscutting issues that must be systematically integrated into all supply chain functions. Globally, environmental sustainability has become increasingly important due to various challenges such as climate change, resource scarcity, and escalating environmental degradation, thereby requiring proactive institutional responses.

In addressing environmental impacts and climate change, various measures have been undertaken, including the development of international guidelines such as: the guideline promoting the establishment of environmental management systems (ISO 14001); the guideline aimed at assisting institutions in identifying the impacts of climate change and developing adaptation strategies (ISO 14090); and the guideline on assessing risks associated with climate change impacts (ISO 14091).

In Tanzania, the Government has enacted the National Environmental Policy, 2021, operationalized through the Environmental Management Act, Cap. 191, and related sectoral legislation. This framework established the National Environment Management Council (NEMC) to advise on sustainable environmental management and ensure compliance with environmental requirements.

Furthermore, in line with the long-term direction of national development, issues of environmental conservation, climate change, and good governance should be implemented in accordance with the vision and objectives set out in the National Development Vision 2050. This Vision aims to build a nation with a competitive, inclusive economy that is resilient to economic and environmental shocks; with industries that adopt clean technologies and efficient use of resources; and with institutions that have robust systems of accountability and good governance.

Therefore, the implementation of supply chain activities should align with the principles of a green economy, the use of renewable energy, innovation and ICT, as well as strengthening the participation of the private sector and citizens at large.

On the other hand, good governance is equally essential in supply chain management, encompassing transparency, integrity, accountability, equal opportunity, avoidance of conflicts of interest, and adherence to the rule of law in the execution of supply chain functions.

Despite these measures, compliance with environmental, climate, and governance principles within supply chain operations has remained limited, resulting in suboptimal utilization of public resources, environmental neglect, and unethical practices such as corruption, misappropriation, and mismanagement. These practices undermine public trust, diminish value for money, and result in financial and reputational losses to the nation.

Therefore, this Policy aims to promote adherence to environmental conservation, climate change considerations, and the principles of good governance in the implementation of supply chain functions.

Objective

To promote adherence to environmental conservation, climate change consideration, and principles of good governance in the implementation of supply chain functions.

Policy Statements

The Government in collaboration with stakeholders shall:

i	Establish procedures to integrate environmental conservation and climate change consideration in the implementation of supply chain functions;
ii	Build the capacity of stakeholders on environmental conservation and climate change resilience in the planning and execution of supply chain functions;
iii	Ensure adherence to good governance principles in the implementation of supply chain functions;
iv	Establish specific frameworks for the management and implementation of sustainable supply chain functions; and
v	Develop the capacity of professionals to implement sustainable supply chain functions effectively.

4.0 CHAPTER FOUR LEGAL FRAMEWORK

4.1 Legal Framework

The National Supply Chain Management Policy shall be implemented in accordance with the existing legal framework. In addition, sectoral policies and laws will form the basis for the implementation of supply chain management functions.

However, due to the existing challenges in supply chain management, particularly the lack of an integrated and inclusive coordination framework for these functions, the Public Procurement Act, Chapter 410, shall be amended.

The amendments include but not limited to various aspects such as: procurement during disasters; clearing and forwarding of consignments; storage, maintenance, and utilization of goods, items, or assets; rent and leasing of public assets; as well as environmental conservation in the implementation of supply chain functions.

In addition, some sectoral ministry legislations will need to be amended or enacted in order to align with the requirements of this Policy and facilitate its implementation.

5.0

CHAPTER FIVE

INSTITUTIONAL FRAMEWORK, MONITORING AND EVALUATION

5.1 Institutional Framework

The National Supply Chain Management Policy shall be implemented through collaboration among various stakeholders, including the public sector, private sector, regional and international organizations, and development partners. The implementation of this Policy will be carried out across Ministries, Independent Departments, Agencies, Regional Secretariats, Local Government Authorities, and all public institutions.

5.2 Roles and Responsibilities

The responsibilities of stakeholders, at coordination, management, and implementation level, shall be as follows:

5.2.1 The Ministry responsible for Supply Chain Management

i	Coordinating the implementation of the National Supply Chain Management Policy and its Strategy;
ii	Monitoring and evaluating the implementation of the National Supply Chain Management Policy and its Strategy to strengthen its implementation and ensure alignment with national development plans;
iii	Conducting policy dialogues on the supply chain management and using the outcomes to advise the Government;
iv	Conduct research on supply chain management functions and advice accordingly;

v	Developing, reviewing, and amending laws, regulations, guidelines, and other policy directives related to supply chain management;
vi	Develop and manage Procurement and Supply Cadre;
vii	Preparing, reviewing, analyzing, and advising on the supply chain management plans and strategies;
viii	Preparing and recommending an institutional framework for Policy implementation and advising the Minister on its execution across all levels of supply chain management;
ix	Strengthening Tanzania's collaboration with regional and international institutions and organizations on supply chain issues; and
x	Create awareness to stakeholders on the National Supply Chain Management Policy.

5.2.2 Office Responsible for Public Service Management and Good Governance

i	Coordinate, oversee, and issue guidelines on public services management and good governance matters in the implementation of supply chain management functions; and
ii	Coordinate the establishment or enhancement of institutional arrangements and public service development structures for effective implementation of supply chain management functions.

5.2.3 Office Responsible for Regional Administration and Local Government

Coordinate the implementation of the National Supply Chain Management Policy within Regional Administration and Local Government.

5.2.4 Office Responsible for Environment

Develop and oversee guidelines on environmental conservation and climate change in the implementation of supply chain functions.

5.2.5 Office Responsible for Planning and Investment

i	Ensure supply chain management functions are prioritized in the national development plans and strategies;
ii	Establish a system for evaluating the contribution of supply chain management to the National Income; and
iii	Create an enabling environment for investment in supply chain management.

5.2.6 National Planning Commission

i	Ensure that sectoral plans are integrated with national plans for efficient utilization of the national resources in the implementation of supply chain functions; and
ii	Facilitate Private Sector participation in the implementation of supply chain functions.

5.2.7 Ministry Responsible for Industry and Trade

i	Promoting and creating an enabling environment for trade within supply chain functions;
ii	Promoting value addition for products manufactured using local raw materials;

iii

Facilitating and coordinating markets access for products manufactured using local raw materials; and

iv

Promoting the registration of local industries and companies.

5.2.8 Ministry responsible for Constitutional and Legal affairs

Providing legal advisory services in the implementation of supply chain functions.

5.2.9 Ministry Responsible for Education, Science and Technology

i

Integrating supply chain issues into policies, strategies, plans, programs and curricula at all levels of education; and

ii

Coordinating research and technological matters in the advancement of supply chain functions.

5.2.10 Ministry Responsible for Health

i

Develop guidelines for health commodities procured and consumed by the Government;

ii

Develop and approve standards for health commodities in accordance with the level of health facilities; and

iii

Establish specification for procurement of health commodities.

5.2.11 Ministry responsible for Community Development

i	Promoting gender equality and addressing the needs of special groups in the implementation of supply chain functions;
ii	Create awareness to community on opportunities available in supply chain functions and encouraging the participation of special groups in such activities; and
iii	Developing, managing, and coordinating the implementation of regulations, guidelines, and programs that promote equitable inclusion of special groups in supply chain functions.

5.2.12 Public Procurement Regulatory Authority (PPRA)

i	Issue guidelines for the implementation of the Public Procurement Act, Cap. 410;
ii	Monitoring and reporting on the implementation of laws, regulations, and guidelines governing supply chain functions;
iii	Capacity building of stakeholders involved in the implementation of laws, regulations, and guidelines for supply chain functions;
iv	Advising the Government on principles and practices of supply chain functions implementation in procuring entities;
v	Managing and updating the electronic supply chain management system; and
vi	Conducting research on the implementation of supply chain functions.

5.2.13 Public Procurement Appeals Authority (PPAA)

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|----|---|
| i | Ensuring fair handling of complaints and appeals of the public tender in line with the principles of the National Supply Chain Management Policy; and |
| ii | Conducting research and evaluations on public procurement complaints and appeals. |

5.2.14 Government Procurement Services Agency (GPSA)

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|-----|--|
| i | Arranging for bulk procurement of common use items and services (CUIS); |
| ii | Providing clearing and forwarding services for Government consignment; |
| iii | Providing storage, warehousing, and distribution services for goods and assets; and; |
| iv | Conducting research and advising the Government on matters related to the procurement and distribution of common use items and services, as well as clearing and forwarding of the Government consignment. |

5.2.15 Procurement and Supplies Professionals and Technicians Board (PSPTB)

- | | |
|-----|---|
| i | Advising the Government on the supply chain management profession; |
| ii | Providing professional advice and accrediting institutions offering training related to supply chain management; |
| iii | Establishing professional standards and regulating the ethics of practitioners engaged in supply chain management functions within the country; |

iv Providing training or training opportunities in supply chain management fields within the country;

v Developing and overseeing supply chain management profession in the country; and

vi Conducting research and advising the Government on supply chain management professions.

5.2.16 Tanzania Shipping Agency Corporation (TASAC)

Provide clearing and forwarding services for arms, explosives, chemicals used by mining companies, Government trophies, and live animals.

5.2.17 Medical Stores Department (MSD)

Produce, procure, store, distribute, and provide clearing and forwarding services for imported health commodities for health facilities, to ensure timely availability.

5.2.18 Public Institutions

i Implement the Policy in accordance with supply chain laws, regulations, and guidelines; and

ii Develop specific internal institutional guidelines that comply with the requirements of the National Supply Chain Management Policy.

5.2.19 Commercially Operating Public Bodies

i Identify opportunities and invest in supply chain functions;

ii	Establish partnerships with the private sector to invest in projects implemented within supply chain management; and
iii	Strengthen production of goods, items, services, or assets that meet quality standards using local resources.

5.2.20 Private Sector

i	Identify opportunities and invest in supply chain functions;
ii	Establish partnership with Government for investing in projects related to supply chain functions;
iii	Strengthen production of goods, services, and assets that meet quality standards using local resources;
iv	Provide advice and feedback on the quality of supply chain management systems; and
v	Promote collaboration among private sector in order to enhance capacity and competitiveness.

5.2.21 Development Partners

Support Government efforts through provision of technical, technological, and financial assistance in management and implementation of supply chain functions.

5.2.22 Civil Society Organizations

Participate in supply chain functions and raise community awareness on opportunities available.

5.2.23 Media

- i Provide timely and accurate information about opportunities available in supply chain functions; and
- ii Collaborate with public institutions in conducting public education programs in supply chain functions.

5.2.24 Education and Training Institutions

- i Conduct research and advise the Government on supply chain issues; and
- ii Develop curricula and provide short term and long-term training on supply chain related issues.

5.3 Monitoring and Evaluation

The Ministry responsible for supply chain management will be responsible for monitoring and evaluating implementation of the National Supply Chain Management Policy. Monitoring and evaluation will be conducted in collaboration with all Government and non-Government institutions, development partners, media, communities, and other stakeholders in supply chain. In addition, monitoring will be continuously conducted throughout the Policy implementation period and reports will be provided semi-annually, and annually.

Monitoring and evaluation will be based on performance indicators defined in the implementation strategy. Monitoring will include data collection, analysis, and reporting focusing on policy-specific issues. Furthermore, evaluation of the Policy will be conducted at five-year and ten-year intervals of implementation.

5.3.1 Monitoring and Evaluation Objectives

The main objective of monitoring and evaluation is to ensure effectively implemented of Policy Strategy to achieve value for money and promote sustainable development across all sectors. The specific objectives of monitoring and evaluation include assessing the achievement of Policy objectives; facilitating Ministry responsible for supply chain management in making informed decisions; strengthening management and development of supply chain.

5.3.2 Key Areas of Monitoring and Evaluation

Monitoring and evaluation will involve stakeholders in implementing functions of: public procurement; clearing and forwarding; receiving and returning; maintenance, storage, and utilisation; distribution and disposal; and environmental conservation, climate change, and good governance.

5.3.3 Data Collection and Analysis

Information and data on the implementation of the Policy shall be collected from stakeholders. The Ministry shall collect and analyze performance information in accordance with the monitoring and evaluation guidelines.

5.4 Conclusion

The National Supply Chain Management Policy is an important framework for establishing a foundation to improve the management and implementation of supply chain functions by addressing existing challenges in: public procurement; clearing and forwarding; receiving and returning; storage, maintenance, and utilisation; distribution and disposal; as well as adherence to environmental conservation, climate change, and principles of good governance. In addition, the implementation of this Policy shall take into account the National Development Vision 2050, national development plans and strategies, and global changes particularly economic, social, and technological in order to achieve national goals.

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