

BACKBONE TANZANIA COMPANY LIMITED

PROGRESS REPORT

Planned Activities for the Poultry Farming and Hatchery Project

The project aims to establish a **breeder flock farming and Chick hatchery** in **Kibaha District, Pwani Region**. The farm will focus on producing high-quality day-old chicks to supply the **internal Tanzanian market**, supporting the growth of the local poultry industry.

In addition, the project will create **employment and income-generating opportunities**, especially for **youth in Tanzania**, through direct jobs and skills development in poultry production, hatchery management, and farm operations.

The initiative will also contribute to the **social and economic development of the Kibaha community** by:

- Creating sustainable employment opportunities
- Supporting smallholder poultry farmers with reliable chick supply
- Generating additional sources of income for local households

Overall, the project seeks to strengthen local food production, reduce unemployment, and promote inclusive economic growth within Kibaha and surrounding areas.

With a strong foundation supported by operating subsidiaries in Tanzania, now the Company manage to Establish another factory in Kenya and Uganda, Backbone is actively planning and researching new opportunities in Egypt, Nigeria, Ghana, and Côte d'Ivoire. The company is committed to long-term investment in Africa's agriculture and food industries, contributing to sustainable growth across the continent.

1. Provide updated information on the following aspects:

S/No.	Information	Description	Current Project Status
1	Shareholder's Information	Previous Shareholders names, nationality and percentage of ownership Current Shareholders names, nationality and percentage of ownership	i. Ming Zhuang -01 shares ii. Linyi Backbone Feedmill Company Limited – 999

			shares
2	Company communication Information	Email address Mobile Number Land Line Telephone Number Physical Address (Plot No. Block No. Street, District and Region)	feeds@backbonetz.com 0713 750 426 0713 750 426 Plot No.18, 20, 21, 22, 23, 34, Block "L", Plot No. 1 Block "N" Mbwawa & Plot No. 218, 219 Block "A" Misugusugu KIBAHA-PWANI
3	Contact Person	Name Position Communication details (Email, Mobile and telephone)	ALLY NASSIR Assistant General Manager ally@backbonetz.com 0713 750 426
4	Incorporation	Certificate of Incorporation Number	139990
5	TIN Information	TIN Certificate No.	135-438-456
6	Project Objective	Project Core Activity	The project established a breeder flock farming and Chick hatchery
7	Capacity	Project capacity per year	7200000 chicks
8	Direct Employment	Foreign Men Foreign Women Local Men Local Women	
9	Indirect employment	Type/areas of Indirect employment	

2. Project Financing Expenditure todate (USD)

	Foreign (USD)	Local (USD)	Total (USD)
Land and Buildings	400000	0	400,000
Plant and machinery	800000	0	800,000
Vehicles/Aircrafts	500000	0	500,000
Furniture	30000	0	30,000
Office equipment	15000	0	15,000
Insurance Cover	22000	0	22,000
Pre-operational expenses	200000	0	150,000
Working sub-total capital			1,917,000
Grand Total			1,917,000

3. Project Financing

Explain how the project is being financed e.g equity, loans, sources of loans, conditions etc. see table below:-

	Amount (USD)	Source Country
Local equity	0	
Local loans	1	Tanzania
Foreign equity	1	China
Foreign Loans	2	China
Total Investment		

4. Problems and Solutions

5. Challenges Affecting Backbone Tanzania and the Market

5.1 Cost Pressures on Local Manufacturers

Backbone Tanzania faces rising production costs driven by:

- Imported raw material dependency
- Exchange rate volatility
- Energy and transport costs

These factors limit pricing flexibility and affect competitiveness against imported feeds.

5.2 Financing Constraints

Access to affordable financing remains limited. Expansion of production capacity, bulk procurement of raw materials, and investment in efficient logistics systems require long-term, affordable capital.

This challenge is common across local feed manufacturers.

5.3 Distribution and Market Reach

Reaching remote fish farming areas remains costly and inefficient due to infrastructure limitations. High last-mile costs affect final feed prices and restrict market expansion.

5.4 Market Regulation Environment

Inconsistent enforcement of feed quality standards affects fair competition and market confidence. Stronger regulation would support reputable manufacturers like Backbone Tanzania.

6.Future Plans

6. Strategic Recommendations from Backbone Tanzania

6.1 Support Expansion of Backbone Tanzania and Similar Local Producers

- Facilitate access to industrial financing
- Provide investment incentives for capacity expansion
- Support modernization of feed manufacturing

Such measures would allow Backbone Tanzania to meet growing demand and reduce import dependency.

6.2 Strengthen Raw Material Supply for Backbone Tanzania

- Encourage local sourcing and aggregation of feed ingredients
- Support supplier linkages and contract farming models

This would stabilize production costs and pricing.

6.3 Improve Market Access and Distribution

- Invest in rural logistics infrastructure
- Support establishment of regional distribution hubs

This would enable Backbone Tanzania to serve farmers more efficiently nationwide.

6.4 Strengthen Public–Private Collaboration

- Regular engagement between Backbone Tanzania and government institutions
- Inclusion of local manufacturers in policy formulation

This will ensure policies reflect market realities.

7. Conclusion

Backbone Tanzania Limited represents the potential of local animal feed manufacturing to drive aquaculture growth in Tanzania. The company's experience reflects the broader market challenges and opportunities facing the Animal feed sector.

With targeted policy support, improved financing, and strong public-private collaboration, Backbone Tanzania can significantly expand its contribution to food security, employment, and economic development.

The company stands ready to partner with the Ministry of Livestock and Fishery in advancing Tanzania's aquaculture and animal industry.