

**Project Description**  
**Uniao das Cooperativas do Fogo (UNICOOP - Fogo)**  
**Animal Feed Production and Marketing**  
**Cape Verde**

**I. Introduction**

This appendix describes the activities to be undertaken and the results to be achieved with the funds obligated under this Agreement. Nothing in this Appendix A shall be construed as amending any of the definitions, conditions, or terms of the Agreement.

**II. Background**

The Uniao das Cooperativas do Fogo (UNICOOP - Fogo) is a registered union of nine (9) consumer cooperatives based on the island of Fogo in Cape Verde. It has 418 individual members, of whom 335 are women. UNICOOP, which has been in existence for over 20 years, currently operates a network of three stores, three minimarkets, one drugstore, and two selling points in the most remote areas of the island, where it sells imported animal feed to 2,300 animal raisers. Raising livestock is the only source of income for many residents of Fogo. High transportation costs have recently caused a sharp increase in the cost of imported animal feed. The rising cost presents an opportunity for UNICOOP to produce animal feed locally that would be cheaper and therefore competitive with the imported brand. However, UNICOOP lacks the financial resources to launch such an operation.

**III. Funding**

A. ADF Contribution

The financial plan for ADF's contribution is set forth in Appendix A-1 to this Agreement. The Parties may make changes to the financial plan without formal amendment, if such changes are made in accordance with Article 7 of the Agreement and do not cause ADF's contribution to exceed the obligated amount specified in Article 4, section 4.1 of the Agreement.

B. UNICOOP Contribution

UNICOOP's contribution to the Project is valued at Cape Verde Escudos (CVE) 2,500,000 and includes voluntary labor for construction and renovation work. UNICOOP will also provide warehouse equipment and some office supplies.

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Investment No. 1860-CDE

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**IV. Project Goal**

The goal of the Project is to improve the standard of living among the poor in Fogo, Cape Verde.

**V. Project Purpose**

The purpose of the Project is to increase UNICOOP's income from the sale of animal feed. Total revenues will increase from a baseline of CVE 351,230,082 in 2008 to:

- A. CVE 370,987,947 in Project Year 1;
- B. CVE 426,313,191 in Project Year 2;
- C. CVE 470,353,363 in Project Year 3;
- D. CVE 519,047,766 in Project Year 4; and
- E. CVE 572,903,006 in Project Year 5.

**VI. Project Outputs**

- A. Production of animal feed will increase from a baseline of 0 kilograms in 2008 to:
  - 1. 408,950 kg in Project Year 1;
  - 2. 817,900 kg in Project Year 2;
  - 3. 899,690 kg in Project Year 3;
  - 4. 989,659 kg in Project Year 4; and
  - 5. 1,088,625 kg in Project Year 5.
- B. Revenues from animal feed sales will increase from a baseline of CVE 0 in 2008 to:
  - 1. CVE 19,924,756 in Project Year 1;
  - 2. CVE 39,613,298 in Project Year 2;
  - 3. CVE 45,605,206 in Project Year 3;
  - 4. CVE 52,503,449 in Project Year 4; and
  - 5. CVE 60,445,121 in Project Year 5.

**VII. Activities****A. Production**

UNICOOP will establish and operate animal feed mill on Fogo. The Cooperative will convert an existing warehouse into an animal feed production plant. The mill's production team will include a feed mill manager, livestock specialist, and mill assistants. The feed mill manager will ultimate responsibility for monitoring the manufacturing process; handling products and materials; and ensuring that volume, cost standards, quality parameters of feed production, environmental, and safety requirements are

achieved. The livestock specialist will have technical responsibility for ingredient selection, feed formulation (i.e., mixing appropriate ingredients and quantities for specific livestock species), feed processing, and quality assurance. This individual will train the mill operations assistants in these areas. The mill operations assistants will assist the feed mill manager and livestock specialist throughout the production process. They will have responsibility for mixing feed ingredients, collecting produced feed, packaging, storage, and other functions.

UNICOOP will take several safety measures. In addition to providing workers with safety and hygiene equipment and tools, UNICOOP will supply its workers with and train them in the proper use of protective clothing including uniforms, masks, boots, and gloves. The Cooperative will provide animal feed safety system training to its managers, technical staff, feed mill workers, and selected livestock producers. Finally, UNICOOP will design and implement a hazard analysis critical control point (HACCP) system and train its employees in the system.

#### B. Management and Marketing

UNICOOP will improve its internal systems by adopting a manual of procedures for various activities within the cooperative society. The manual will be prepared by a consultant hired specifically for the purpose.

With the assistance of a consultant, UNICOOP will develop and implement a business and marketing plan. The Cooperative will undertake an aggressive marketing strategy, which will include a marketing campaign in radios, television and other mass media venues.

### VII. Roles and Responsibilities of the Parties

UNICOOP has ultimate responsibility for ensuring the proper implementation of this Project.

### VIII. Monitoring and Evaluation

ADF's Partner in Cape Verde will closely monitor the activities of UNICOOP to ensure proper reporting, adherence to the Project implementation plan, and progress towards the achievement of Project objectives. The Partner will continuously assess the Project's risks and take remedial actions as needed. Monitoring by the Partner will be an important aspect of the ongoing coaching and advisory service. The Partner will review ADF's quarterly reports and will submit comments and observations to the management of UNICOOP as a part of the on-going performance assessment.

**IX. Other Implementation Issues**

- A. UNICOOP will develop and implement an Environmental Assessment Plan.
- B. UNICOOP will request and undergo inspections by local authorities as required to receive and maintain industrial and sanitary licenses.



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