

**PROJECT DESCRIPTION**  
**VEIGALVES**  
**Marble Processing, Distribution, and Marketing Project**

**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 Veigalves, Lda - Construção Civil ("Veigalves") is a family-owned, limited liability company located in the Tira-Chapéu neighborhood, Praia, Santiago, Cape Verde. Veigalves is the only company in Cape Verde that meets the high and increasing local demand for marble by importing raw marble, processing it, and marketing it domestically to construction companies and individuals building their own houses. Veigalves is also a building contractor, meaning that it bids for private and public civil works, using its own marble as one of the production inputs.

Veigalves' growth and expansion is limited by obsolete equipment, the tightness of its existing facility, and lack of management capacity. Veigalves also must take care to meet environmental standards in processing its marble products.

**III. Funding**

**A. USADF Contribution**

The financial plan for USADF'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 USADF's contribution to exceed the obligated amount specified in Article 4, Section 4.1 of the Agreement.

**B. Veigalves' Contribution**

Veigalves, LDA will contribute the land it purchased for this project (CVE 3,000,000), the infrastructures it has begun for this project (CVE 7,000,000), and the time and labor of its management team and employees to the project.

#### IV. Project Goal

The project goal is to improve the living standards of the underprivileged people living in the Tira-Chapéu area of Praia, Santiago Island, Cape Verde.

#### V. Project Purpose

The project purpose is to increase the incomes of Veigalves and its employees as indicated by the following:

- A. Increase Veigalves' net income before income taxes and depreciation from the estimated baseline of CVE 5,337,000 in 2007 (actual baseline CVE 322,000 in 2006) to CVE 1,665,000 in 2008; to CVE 3,242,000 in 2009; to CVE 4,387,000 in 2010; to CVE 5,598,000 in 2011; and to CVE 7,126,000 in 2012.
- B. Increase the income of Veigalves' employees by increasing total payroll from a 2007 baseline of CVE 3,813,000 to CVE 4,561,000 in 2008; to CVE 4,772,000 in 2009; to CVE 4,890,000 in 2010; to CVE 5,067,000 in 2011; and to CVE 5,253,000 in 2012.
- C. Additional financial gain for Veigalves employees via an annual bonus/profit distribution of 10% of annual net income beginning in year one and continuing for the life of the project.

#### VI. Project Outputs

The project will generate the following major outputs:

- A. An increase in sales revenues from an estimated baseline of CVE 28,075,785 in 2007, (actual baseline CVE 22,563,000 in 2006) to CVE 31,289,000 in 2008; CVE 37,090,000 in 2009; CVE 41,740,000 in 2010; CVE 47,021,000 in 2011; and CVE 53,446,000 in 2012.
- B. An increase in the total number of full-time workers at Veigalves from eight (8) in 2007 to 25 by the end of Year I.
- C. An improvement in its fiscal and social responsibility as demonstrated by its compliance with the Re-Investment Commitment Schedule set forth in Appendix A-2 to this Agreement.

## VII. Activities

USADF funding will allow Veigalves to modernize its facility, purchase productive marble processing machinery, and improve management and business practices. Therefore, the company will undertake the following activities:

### A. Production

1. Finish construction of the production warehouse.
2. Obtain the necessary production equipment.
3. Conduct training on production management techniques with the help of a consultant(s).

### B. Management Improvements

1. Obtain computer equipment.
2. Conduct trainings on (i) marketing, business management, and small business operations and (ii) accounting and financial management and planning with the help of consultants.
3. Install special business software to help Veigalves to have a clear idea of its cost structures and price formation procedures.
4. Draft a strategic marketing, business, and operations plan with the help of a consultant.
5. Hold the required USADF trainings in administrative, accounting, financial, procurement, reporting, and project evaluation procedures.
6. Audit of its accounts annually during the project period.

## VIII. Roles and Responsibilities of the Parties

Veigalves is responsible for ensuring the proper management and implementation of the Project. Veigalves will hire high-quality staff to oversee the day-to-day activities of the Project. The USADF Partner will give Veigalves technical and management assistance during project. Veigalves must also provide proof that the construction of the waste water treatment plant has been completed and that construction specifications meet required standards.

## IX. Monitoring and Evaluation

Within sixty days of the effective date of this Agreement, Veigalves, working with the USADF Partner, will form a monitoring and assessment committee composed of a representative cross-section of Veigalves' organization. The committee will work with the USADF Partner to develop a Project monitoring plan. In addition, during

implementation, the committee will have responsibility for ensuring that the Project follows the implementation plan, and that problems identified through monitoring and evaluation are properly addressed in a timely manner.

