

BARWAAQO

Marketing & Catering Services Company | Agabar, Somaliland



OVERVIEW

Barwaaqo Marketing and Catering Services Company (Barwaaqo) is a fruit and vegetable wholesaler and agricultural equipment leasing service provider owned by Maryum Yusuuf Omer in Agabar, Somaliland. Ms. Omer started the company in 2010 to offer local farmers an alternative market opportunity to sell their agricultural products. Ms.

Omer also serves as chairwomen of the associated, Barwaaqo Farmers' Cooperative (BFC), a 600+ member organization, and the company's main supplier. The close relationship between Barwaaqo and BFC enables greater opportunities for smallholder farmers to sell their products, lease large farm equipment, rent cold storage, and access irrigation facilities.

THE CHALLENGE

Many Somali farmers produce agricultural products on a micro-scale. In the event they have surplus produce, farmers typically lack the capacity to transport the excess product to their customers. In addition, many of these farmers do not have continuous access to water, and lack refrigerated transportation and storage facilities. Thus, significant postharvest product is lost to spoilage.

Barwaaqo sought out an investment to further expand the business and directly impact growth of Agabar's smallholder farming suppliers. The AgriFood Fund was particularly

valuable for Ms. Omer because traditional market lenders in Somaliland typically charge high interest rates, require significant collateral, and demand quick repayment schedules.

THE SOLUTION

Ms. Omar founded Barwaaqo to offer farmers an alternative market opportunity and maintain purchasing and supplier agreements with local retailers, restaurants, and hotels in Hargeisa. By partnering with the Somali AgriFood Fund, Barwaaqo was able to leverage its matching grant to attract additional investments from a member of the Somali diaspora in Djibouti and from a local investor in Hargeisa. The matching grant program provided Barwaaqo's investors with increased financial security.

The diaspora investor is a family friend of Ms. Omer's who expressed interest in investing in Barwaaqo once he realized the AgriFood Fund would finance up to 20% of the project's hard assets. The local investor is a business owner in Hargeisa, was motivated to invest in Barwaaqo because he had enjoyed success partnering on previous projects with the company.

With these investments, Ms. Omer procured high quality farming equipment that she leases out to BFC's 30 Barwaaqo suppliers. The items acquired by the group include concrete blocks to protect wells, solar pumps to access water more efficiently, and pressure sprayers to irrigate crops. This equipment has increased the crop yields that BFC sells back to Barwaaqo at wholesale prices. Suppliers are currently repaying on this loan through established supply contracts, written by Barwaaqo, approved by BFC, and signed by the local member farms.

“ We are pleased with the way Agrifood responded to our needs and made a visible impact to our business. ”

Maryam Yusuf Omar
Barwaaqo Founder



Sponsor

Project Manager

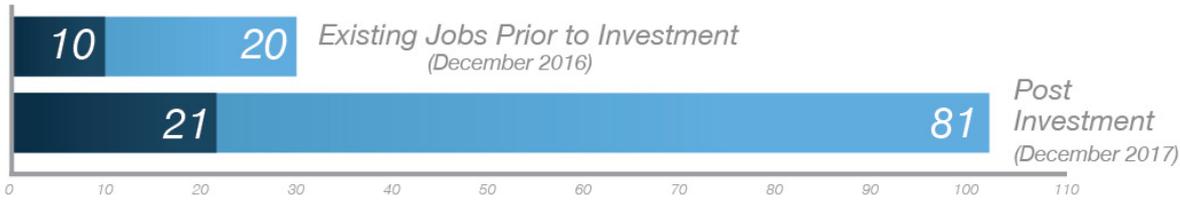
a program of One Earth Future
Fund Manager

Job Creation

Permanent Seasonal

72

JOBS CREATED



RESULTS

The AgriFood Fund drives diaspora and external investments into Somali agriculture and rural businesses. The added security on the loan from an international donor's matching grant; fund partners' advice and due diligence; and the experience and expertise from Barwaaqo's diaspora and local investors offered Ms. Omer several advantages beyond those of a traditional lender:

PRINCIPAL-ONLY REPAYMENT

The investors are repaid in 60 fixed, principal-only installments. In comparison, the market typically offers 18 months or less installments at a 15-20% annual markup.

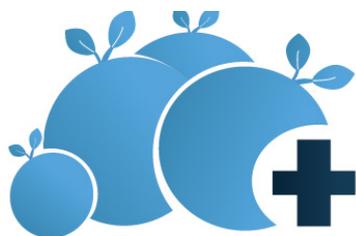
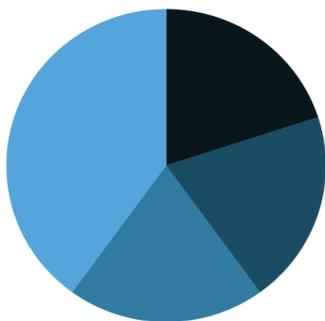
PARTNERSHIP

The investors receive an annual dividend of 3.5% and 6.5% as a part of their profit-sharing agreement. In return, Ms. Omer gains two new partners in her business with vested interest in the success of her company.

Since the investment in January 2016, Barwaaqo has hired 11 new permanent staff and, its profits have increased four times. Due to the unique business model and relationship with BFC, Barwaaqo is able to spread its developmental, economic, and social impact throughout the community. It is estimated that each of the 30 suppliers who received equipment on loan from Barwaaqo has hired two new staff, creating an additional 60 jobs in the market.

Barwaaqo's business model and operations enable smallholder farmers greater access to larger markets. This has helped the community build income, expand its crop production, and compete with imported products that have historically dominated the market. Solar powered water pumps allow for year round growing seasons. Refrigerated storage expands longevity of product surplus. Shared farming equipment and transportation to market has reduced the use of expensive fossil fuels.

Investment



61,108 kg

Increased Food Available at National Markets

Increased Food Availability

