

on-the-spot in financial and accounting management. Apart from Peachtree, C4C gave a five-day financial management training to board members and managers of each union and to staff of the government's Cooperative Promotion Agency. This financial management training consisted of topics such as budgeting, financial planning and sustainability, accounting, financial reports and the role of internal control committee.

Results

Fourteen out of sixteen C4C unions are now using Peachtree Accounting Software for financial management. Previously, when managers requested financial reports, it took days to produce them. Now, it is possible to generate financial reports in a matter of a few minutes.

“With one push on the button, Peachtree software shows the whole financial scenario of the union,”
Finance Manager, Becho Woliso Farmers' Cooperative Union.

Becho Woliso Farmers' Cooperative Union is an example of how Peachtree improves financial management. With annual transactions of more than 900 million Ethiopian Birr (ETB), approximately US\$45 million, the Union operates multiple business units, each with their own set of complex transactions. For example the union purchases chickpea, teff, barley and wheat from members and distributes different agricultural inputs to its members. The Union also has factories for blending fertilisers and producing polypropylene bags. Peachtree has helped them to get up-to-date financial information on the different cost-centers and report on the profitability of each business unit.

Another benefit of using Peachtree Accounting Software is securing backup data to prevent data loss when disasters happen. This benefit has become clear in the case of Raya Kajewa Union, which lost all of its data in a fire. Fortunately the finance staff of the union had made a back-up of Peachtree data and were able to retrieve their financial information.

Lessons learnt and way forward

Access to accurate and up to date financial information is necessary to improve the performance of unions. Using accounting software, like Peachtree, streamlines financial reporting, helps unions adapt to more complex business operations, and provides the foundation for access to credit. During C4C's experience rolling out Peachtree, the project identified several challenges and solutions that can inform future financial management interventions.

C4C credits the success of the Peachtree intervention to significant financial management capacity building through trainings and coaching to union finance staff. However, finance staff trained in Peachtree are in high demand in Ethiopia's labour market. As a result, there was high turnover of staff who were trained in Peachtree, and unions had to invest in recruiting and training new staff in Peachtree during the intervention. To mitigate this challenge, C4C recommends that unions couple Peachtree training with measures to retain staff. This can be done by, for example, withholding the training certificate for a year, so that trained staff will stay at least one additional year. C4C also recommends unions to slightly increase the salary of the trained staff members.

Another challenge in applying Peachtree Software was that previous audit reports were not always consistent regarding auditing periods. Considerable effort and time was required to establish correct opening balances. Unions considering adopting Peachtree should budget an appropriate amount of time and dedicate human resources to enter manual book-keeping ledgers into the software.

Because the financial administration of unions is controlled and audited by the Cooperative Promotion Agency, their staff were invited to take part in the trainings in order to become familiar with Peachtree Software. Their understanding of Peachtree is crucial for the sustainability of its use, as they are in the best position to provide necessary follow up and training to the unions. Government embraced C4C's efforts in this area and is now recommending Peachtree to all the unions.

The last lesson learnt is that management staff and board members of the unions should be made aware of the importance of financial management for running their businesses. Gaining the support of union leadership for Peachtree is a key step in improving the financial operations of the union. Peachtree's financial reporting functions can support this goal by

Tsehay and Peachtree: never going back

Tsehay Farmers' Cooperative Union purchases sesame, Niger seed, chickpea, malt barley, teff and ginger and other spices from its members to sell them to different local and international markets. Tsehay also distributes inputs such as fertilisers, herbicides, consumer goods and construction materials to its members. Recently the union started exporting, cleaning and grading of oilseeds, and is planning to set up a Niger seed oil refinery.

As a result of Tsehay's increased business activities, its annual financial transactions have grown to more than 600 million Ethiopian Birr (ETB) (approximately US \$30 million). Tsehay started using Peachtree accounting software through C4C's intervention. According to the Financial Director of the union, his staff cannot imagine producing financial reports for transactions of this size and complexity without using Peachtree. After experiencing the benefits of the software, the Financial Director indicated that they will never consider returning to a manual accounting system.

Financial Management



Peachtree – a Financial Management Breakthrough

Cooperatives for Change (C4C): Value Chain Approach for Cooperative Development in Ethiopia is a four-year project (2012-2016) implemented by SNV in partnership with Agriterra. C4C enhanced the business performance of 16 Farmer Cooperative Unions, reaching out to 160 primary cooperatives, and benefitting 44,000 smallholder farmers raising their productivity and incomes. C4C strengthened unions to adopt innovative business practices for improved service delivery and output marketing. The project is funded by the Bill and Melinda Gates Foundation. Agriterra also invests in the project with own funds.

www.snv.org/project/cooperatives-change-c4c
www.agriterra.org/C4C-project-ethiopia/



Background

For farmer cooperative unions to access finance and new promising markets, they need strong financial management systems for planning, budgeting and risk control.

Peachtree software is an accounting application for small and medium enterprises. It enables finance departments to automate and manage numerous accounting tasks such as reconciling accounts payable and receivable, checking invoices, tracking bank transfers and payrolls, developing cash flow statements, and producing balance sheets and income statements. The software allows users to post entries to journals, ledgers, and subsidiary ledgers all at once. It can also be used by multiple business units within the same enterprise, establishing separate cost-centers that can be managed centrally.

For farmer unions, Peachtree gives managers accurate and up-to-date financial information about their businesses. It helps unions present better financial reports to their boards and members and makes them more credit-worthy when approaching financial institutions.

Problem

Most unions run multiple business operations including input distribution, output marketing and agro-processing, requiring many financial transactions. C4C's target unions recorded these transactions manually, resulting in many inconsistencies in accuracy and punctuality of data-entry. As a result, unions did not have up-to-date or correct information about their financial situation when reporting to members or when engaging with banks. Developing financial statements sometimes took 3 to 4 weeks, whereas it's now a matter of minutes. Furthermore, manual bookkeeping made it challenging to report on the different business units. The lack of financial management information limited the quality of information provided to members, resulted in missed opportunities with banks, and wasted time on manual inventory and ledger verification.

C4C intervention

C4C launched Peachtree Accounting Software in unions to strengthen their financial management and save time, energy and money. After a successful pilot at one of the unions, C4C scaled-up and acquired licensed Peachtree software for other unions. In collaboration with Target Consult, C4C trained financial departments on how to use the software for financial management and decision making. The unions learned how to use the software to set up separate cost centers for each of their business units and how to generate unit-specific reports in addition to overall union financial statements. The training was followed up with additional coaching