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USAID's Integrated Financial Management System Improves Municipal Finance & Services in Kabul Municipality

With implementation of the Integrated Financial Management System (IFMS), Kabul Municipality (KM) and its 22 *Nahyas* have seen significant improvements in municipal affairs and service delivery, and it has strengthened transparency and accountability, as well as boosted municipal revenues



Photo Credit: SHAHAR's Kabul Municipality Team

On November 1, Safayi Officer while collecting the Safayi fee from a citizen in Nahya 4 of Kabul Municipality.

“Since the activation and implementation of IFMS, things have changed in *Nahya 4*, a positive change that might have taken years to bring. It has greatly contributed in improving accountability and brought a significant change in the financial system, which was the biggest concern of myself, and KM's senior management in the past. I'm glad to see that the system provides us with numerous advantages which will make operations easier for us. It is a timely, very reliable and accurate system to trust.” Says Sami-Ullah Samsoor, the *Nahya 4* Manager of Kabul Municipality.

Kabul, the capital of Afghanistan, with a population of approximately 4.5 million, would normally be expected to be able to provide standard and satisfactory municipal services. Unfortunately, due to the lack of facilities and automated systems and equipment, Kabul Municipality and its 22 *Nahyas*, have been unable to effectively exploit revenue sources and provide adequate municipal services. Additionally, traditional bureaucratic methods, including hand written receipts and physical log books are other reasons that citizens are often do not trust the municipality. *“The old system that we inherited many years ago has always been a problem. Customers distrust the traditional manual system. We have always been criticized of poor municipal service delivery.”* Says Mr. Habib-Ul-Rahman Safi, Safayi Manager of *Nahya 21* of Kabul Municipality.

In early 2020, USAID's Strong Hubs for Afghan Hope and Resilience (SHAHAR) program offered a comprehensive solution to the above problems by launching the Integrated Financial Management System (IFMS) in Kabul Municipality (KM) and its 22 *Nahyas*. SHAHAR prioritized installation of five essential modules at KM's headquarters: *Safayi* and Business Licensing, Property Registration, Case Management System (CMS), and Work Permit, with two revenue-related modules being installed in all 22 *Nahyas*: *Safayi* and Work Permit. SHAHAR's IFMS team fully equipped both KM and its 22 *Nahyas* with desktop computers and printers, established a Local Area Network (LAN), as well as connected all *Nahyas* with Intranet to provide access to KM's main IFMS hub at its headquarters. The modules were prioritized and installed following the results of an extensive needs assessment conducted collaboratively with KM officials. The IFMS team also delivered multiple trainings to the KM Headquarters' and *Nahyas*' staff on each of the IFMS modules. The municipal staff are now using all of the above-mentioned modules. SHAHAR's IFMS team will be working closely with KM to expand IFMS and to prioritize and install other essential financial and non-financial modules in the near future.

With installation of the IFMS modules, KM and *Nahya Revenue Managers* are able to more effectively forecast and manage revenue and expenditures through the system. Most importantly, the opportunities for corruption have been significantly reduced due to the increased transparency in financial processes. IFMS has reduced the deviation between revenue forecasts and actual collections from 25 percent to less than 7 percent. Now, KM's Citizen Service Center (CSC) at its headquarters and each *Nahya* is now able to complete all necessary registration procedures, enter and store data, receive payment receipts directly from municipal banking institutions, and issue printed licenses and receipts to citizens. *I found the IFMS to be one of the most user-friendly financial systems. The computerized system helped me significantly speed up the Safayi process. The system has unexpectedly expedited the issuance process, as well.* Says, Mr. Habib-Ul-Rahman Safi.