

ANALYSIS OF THE PUBLIC ASSET MANAGEMENT POLICY

PREPARED BY:

RESEARCH:

Chisengele Chibuta (Researcher) and Kaputo Chiwele (Researcher) with the support of Bernadette D. Zulu (Executive Director)

TECHNICAL REVIEW:

Leya Tembo (Head of Monitoring and Evaluation) and Alice Pearce (Senior Researcher)

EDITORIAL TEAM:

Brian Sambo Mwila (Communication Specialist) **Layout and Design**
Melody M. Simukali (Head Communications and Grants) **Editorial**

This document and trademark(s) contained herein are protected by the laws of The Republic of Zambia. This electronic representation of PMRC intellectual property is provided for non-commercial use only. Unauthorized posting of PMRC electronic documents to a non-PMRC website is prohibited. PMRC electronic documents are protected under copyright law. Permission is required from PMRC to reproduce, or reuse in another form, any of our research documents for commercial use. For information on reprint and linking permissions, please see PMRC Permissions. (www.pmrzambia.com/copyright).

The PMRC is a nonprofit institution that helps improve policy and decision-making through research and analysis. PMRC's publications do not necessarily reflect the opinions of its research clients and sponsors.

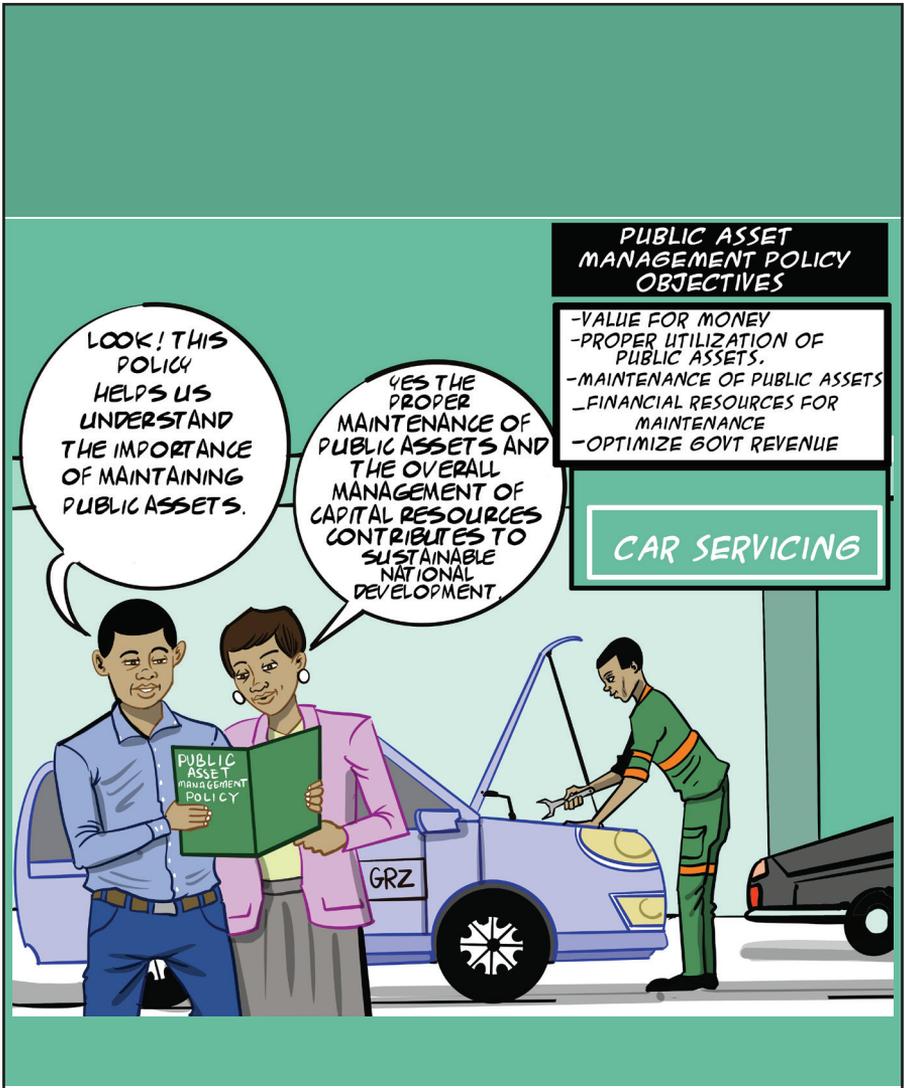
 **PMRC**® is a registered trademark.

TABLE OF CONTENTS

- List of Abbreviations
- Introduction
- Vision
- Rationale
- Policy Objectives
- Guiding Principles
- Situational Analysis
- Stages of Asset Management
- What will it take to Successfully Implement the Policy?
- Lessons from Best Practice
- Recommendations
- Conclusion

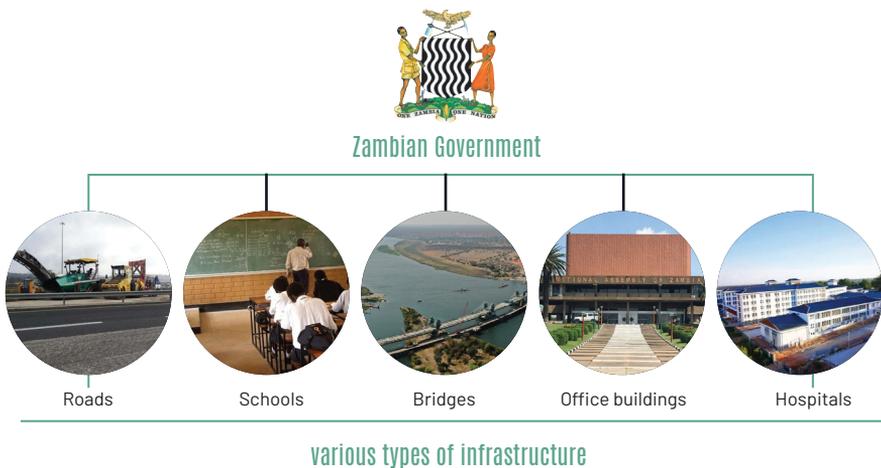
LIST OF ABBREVIATIONS

ALMP	Asset and Liability Management Policy
HIV/AIDS	Human Immunodeficiency Virus /Acquired Immunodeficiency Syndrome
ICT	Information and Communication Technology
MPSAs	Ministries, Provinces and Spending Agencies
PAMP	Public Asset Management Policy
PMRC	Policy Monitoring and Research Centre



INTRODUCTION

Each year, the Zambian Government spends significant sums of money on the construction of various types of infrastructure such as roads, schools, bridges, office buildings, hospitals and the like. However, **little emphasis has been placed on the maintenance of such assets and this has led to their rapid deterioration, increased costs and health and safety risks.** Assey et al. (2017) remarks that such assets are important because they are the basis of the provision of important services. Therefore, a failure to properly maintain them can have detrimental effects on service delivery. Given that they require a lot of money during their initial investment or purchase, ensuring their sustainability is a must. **Without a strong policy framework, the life span of public assets can be significantly shortened.**



For many years, **Zambia lacked a policy framework that governed the acquisition, usage and management of public assets.** This hindered the Government's coordination and systematic management of public assets in the country. It is well known that Governments around the world have a wide variety of assets, ranging from capital or fixed assets such as major Government facilities, infrastructure, and equipment to non-capital items such as computers and tools that are considered small and attractive assets. **Each of these assets is essential to the delivery of services, quality of life, health, and safety of its citizens.** The Zambian Government, like every other, has an inherent responsibility to safeguard its assets as well as to develop a system of asset management that considers oversight and control in addition to short-term and long-term maintenance, repair, and replacement of these assets for continued performance and reduced life cycle costs.

It is with this in mind that the Public Asset Management Policy (PAMP) was launched on the 30th of March 2021 by then Minister of Finance, Dr Bwalya Ng'andu. The development of the Policy started in 2017 and it was approved by Cabinet on October 26, 2020. As its name suggests, **the Policy provides guidance on the entire process of asset management including identification, acquisition, valuation, utilisation, maintenance, redevelopment, accounting and disposal of national assets.** As defined by the policy; an asset is any tangible and/or intangible property owned by a public body to which a value can be assigned. The Policy was jointly developed by the Ministry of Finance and the Ministry of Works and Supply but its use will spread across all Government institutions.

The Municipal Research and Services Center of Washington (2021) suggests that an effective asset management policy should, at a minimum, address the following areas: scope and purpose; definitions; capitalization threshold; additions, transfers, disposals, and losses; inventory and periodic assessment of condition; and maintenance and repair. A brief perusal of the PAMP reveals that these areas are sufficiently covered by it.

The purpose of this policy analysis is to provide an in-depth understanding of the Public Asset Management Policy and its benefits for the country. The Policy is discussed, as well as an analysis of its objectives and strategies for implementation. This includes a consideration of what other countries with similar policies have done and what Zambia can learn from them. Lastly, a discussion of what it will take to successfully implement the policy is made followed by PMRC's recommendations.

VISION

The vision of the Public Asset Management Policy is "Well-managed public assets for sustainable development by 2030".

RATIONALE

The maintenance of public assets is critical to the proper management of assets and the overall management of capital resources to contribute to sustainable national development. The Policy seeks to provide a framework for coordination, regulation and appropriate legislation for effective and efficient management of public assets while promoting transparency, accountability and inclusiveness.

POLICY OBJECTIVES AND MEASURES

The main objective of the policy is to provide guidance on the entire process of public asset management which includes, among other things, **identification, acquisition, valuation, utilisation, insurance, redevelopment, maintenance, transfer, disposal and accounting for public assets**. The policy has **eight specific objectives with outlined policy measures. These are:**

Objective One: To promote value for money, transparency and accountability in the acquisition and disposal of public assets.

Policy Measures

- i. Undertake acquisition of public assets through prescribed and approved methods and legislation;
- ii. Ensure standardisation in the acquisition of public assets;
- iii. Strengthen the mechanism for acquiring public assets to promote value for money;
- iv. Ensure handover of acquired public assets, together with built drawings in case of infrastructure, to Ministry responsible for works and supply;
- v. Strengthen the mechanism for the disposal of public assets by ensuring transparency and accountability in the process; and
- vi. Facilitate disposal of public assets in accordance with the Public Finance Management Act No. 1 of 2018.with the Public Finance Management Act No. 1 of 2018.

Objective Two: To ensure that all public assets show optimum values and are accounted for appropriately.

Policy Measures

- i. Strengthen the mechanism for identification for public assets;
- ii. Strengthen the mechanism for valuation of public assets;
- iii. Ensure assets are valued and revalued using internationally accepted depreciation methods;
- iv. Strengthen mechanism for recording and accounting for public assets;
- v. Facilitate the decentralisation in the provision of valuation services to provinces and districts;
- vi. Ensure that public assets are valued in line with applicable valuation standards;
- vii. Review the current pieces of legislation on valuation of public assets and to align it to modern international standards;
- viii. Establish an electronic information management system of public assets with linkage to all MPSAs; and
- ix. Establish a National Asset Register at National level.

Objective three: To promote prudent utilisation of public assets in order to ensure efficient public service delivery

Policy Measures

- i. Ensure that all Ministries, Provinces and Spending Agencies (MPSAs) adhere to prudent utilization of public assets in accordance with approved norms and standards;
- ii. Enhance public health and safety on utilization of public assets in MPSAs;
- iii. Promote the insurance of public assets; and
- iv. Ensure transfer of public assets is in accordance to the approved procedures.

Objective four: To ensure that all public assets, locally and abroad, are well maintained in order to prolong their life span and usability.

Policy Measures

- i. Enhance the Asset Maintenance Management systems in all MPSAs;
- ii. Ensure coordination in the maintenance of public assets locally and abroad;
- iii. Establish cost effective systems of maintaining public assets in mission abroad;
- iv. Promote Research and Development in maintenance of public assets;
- v. Ensure mind-set change on maintenance of public assets through awareness programmes and collaboration among MPSAs;
- vi. Ensure MPSAs develop maintenance plans; and
- vii. Facilitate timely maintenance of public assets for prolonged the lifespan.

Objective five: To ensure adequate financial resources for maintenance of public assets in order to prolong the lifespan and usability.

Policy Measures

- i. Strengthen the mechanism for planning, budgeting and reporting maintenance works; and
- ii. Establish maintenance fund for public assets

Objective six: To establish a regulatory and operational framework for maintenance of public assets in order to effectively coordinate and facilitate public asset maintenance works.

Policy Measures

- i. Strengthen the legislation framework on maintenance of public assets;
- ii. Ensure compliance to the applicable laws, regulations and statutory requirements on public asset maintenance;
- iii. Ensure transparency and accountability in the maintenance procedures for public assets; and
- iv. Ensure that operational challenges associated with mandate overlaps, financing and inadequate skilled manpower as well as structural irregularities are addressed.

Objective 7: To optimise Government revenue and minimise expenditure on public assets through redevelopment of idle and wasting assets.

Policy Measures

Design a system of re-developing idle and wasting public assets through innovative financing such as Public Private Partnership in order to reduce Government expenditure;

- i. Optimise the usage of public assets; and
- ii. Prioritise the redevelopment of idle and wasting public assets both locally and abroad to raise revenue for the treasury.

Objective eight: To promote the mainstreaming of gender, disability, wellness and HIV/AIDS, ICT and climate change in the management of public assets.

Policy Measures

- i. Ensure the mainstreaming of climate change issues in public asset management;
- ii. Promote collaboration with all MPSAs and civil society involved in the promotion of issues for persons with disabilities in public asset management;
- iii. Integrate wellness and HIV/AIDS activities in the management of public assets;
- iv. Integrate activities in the reduction of non-communicable diseases in the management of public assets;
- v. Promote the Mainstreaming of Information and Communication Technology in the management of public Assets in order to reduce Government expenditure; and
- vi. Promote collaboration with all MPSAs and civil society involved in the promotion of gender issues in public asset management.

GUIDING PRINCIPLES

The PAMP has been developed based on the major principles as outlined in the Constitution of Zambia, the Vision 2030 and National Development Plans. The implementation of the Policy will be guided by the following ten principles:

- i. **Equity;** to ensure equitable distribution of public assets between urban and rural, based on needs.
- ii. **Citizenry Participation;** by safeguarding and reporting acts of vandalism, natural calamities and defects concerning public assets.
- iii. **Coordination;** among stakeholders to avoid duplication and overlaps in the management of public assets.
- iv. **Decentralisation;** to ensure that the management of public assets is undertaken at lower administrative levels/institutions where they have their effect in line with the Decentralisation Policy.
- v. **Gender Equity;** in the management of public assets as well as in the awards of contracts to both male and female.
- vi. **Integrity;** to ensure that the core values of honesty, reliability and uprightness are upheld in the award and supervision of contracts, selection, acquisition and use of public assets.
- vii. **Non-discrimination;** to ensure that in the process of managing public assets, human rights are exercised without discrimination of any kind.
- viii. **Patriotism;** in the implementation of this policy means that citizens have a duty to protect public assets at all costs.
- ix. **Sustainable Development;** through continuous improvements to ensure full availability of assets at optimal costs and satisfactory condition of quality, safety and protection of the environment.
- x. **Transparency and Accountability;** in the management of public assets.

The guiding principles for the Public Asset Management Policy are comprehensive in dealing with all the elements that would be required for a policy of this nature to be a success. Citizenry participation and patriotism are particularly important principles because **the success of this Policy will be based on individual stakeholders adopting a sense of ownership and responsibility towards Zambia's public assets.** The inclusion of equity and gender equity is critical, particularly when one considers that Zambia seeks to follow a development path in which nobody is left behind. Together with non-discrimination, these principles will ensure that cross-cutting issues such as gender, disability, HIV/AIDS and wellness are addressed in the management of public assets, which is a challenge highlighted in the situational analysis above. In the last place, the guiding principles of transparency and accountability must also be highlighted. The implementation of these two principles, particularly in the acquisition of public assets, will enhance the credibility of Government before the general public as well as help clamp down on possible corruption.

SITUATIONAL ANALYSIS

The situational analysis as found in the Public Asset Management Policy provides the impetus for why such a policy is of importance. This situational analysis demonstrates the need to urgently reform the management of public assets as the prevailing situation leaves much to be desired.

STAGES OF ASSET MANAGEMENT

According to PECB (2016), there are four **stages in an asset management lifecycle, namely: planning, acquisition, operation and maintenance and disposal.** The PAMP includes these and a few others such as identification, valuation, redevelopment and accounting. What follows is a discussion concerning how Zambia has fared in the management of its public assets and how the Public Asset Management Policy objectives and policy measures will address certain issues that have arisen.

ACQUISITION

Acquisition is a key stage in the lifecycle of public assets, therefore, it is fitting that the first policy objective is “to promote value for money, transparency and accountability in the acquisition” of public assets. Regarding the acquisition of assets in Zambia, **the procurement process is decentralised to Ministries, Provinces and Spending Agencies (MPSAs) and guided by the Zambia Public Procurement Authority Act No. 12 of 2008.** The Policy notes that in the past, MPSAs were required to prepare an annual procurement plan based on annual identified procurement needs in line with institutional strategic plans. However, because these plans were not consolidated into one grand master plan, this often resulted in identified needs being duplicated. Therefore, more assets were bought than was necessary - an inefficient use of public resources. There have also been challenges regarding what asset models and makes are required because there has not been any established yardstick to provide guidance where this is concerned.

The PAMP falls short through its lack of a policy measure explaining how MPSA's individual procurement plans will be consolidated into a grand master plan. This could mean that identified needs of MPSA's continue to be duplicated with the result that more assets are purchased than is necessary, a clear waste of resources. Challenges regarding different models and makes of assets acquired for utilization are set to be addressed through the second policy measure under objective one which seeks to “ensure standardisation in the acquisition of public assets”.

IDENTIFICATION

The Policy notes that it is mandatory for all public assets, such as; office equipment, furniture, motor vehicles, plants and equipment, buildings and roads, to be allocated with a unique Government serial number for identification and security purposes. **This process is guided by CAP 600 of the Laws of Zambia on Office Equipment which is enforced by Statutory Instrument No. 122 of 1985. The law and SI state that the management of public assets (allocation of GRZ numbers, transfer, maintenance, re-allocation, removal from Government office and recommendation for disposal) is to be handled by the Ministry of Works and Supply.** This is done together with the Public Stores Regulations which guides the transfer, removal and disposal of all public assets in order to have a correct record of assets and their location. However, there have been weaknesses and an uncoordinated approach

in the marking/labelling and keeping of public asset records because most MPSAs have not prioritised this requirement. This, together with the lack of a consolidated electronic asset register of what Government owns, has resulted in some assets not being accounted for and a loss of Government properties. Additionally, the lack of title deeds for Government properties has led to encroachment.

Under the third objective of the Policy, the ninth policy measure to “establish a National Asset Register” is a key step forward. It will provide clarity about the acquisition, depreciation, impairment loss, revaluation, transfer and disposal of public assets countrywide. Roje et al. (2014) note that the role of a national asset register is to keep a record of public assets and, particularly, to promote transparency in the management of public assets by Government. They further state that such registers have the benefit of reducing the likelihood that public assets “disappear”. Such a register will ultimately enable the Government to keep a better record of the assets they own from the moment they are acquired right up until their disposal.

UTILISATION

According to the Policy, in most cases, there are no clearly set standards and guidelines a lack of awareness on the appropriate utilisation, transfer, care and maintenance of public assets. This has led to their improper use, shortened lifespan, a wastage of resources and ultimately poor service delivery to the citizenry. The Policy notes that follow up inspections on the utilisation of these assets are rarely conducted, and in some cases, this only takes place when the said asset is defunct i.e., when it is already too late. In cases where standards and guidelines for asset use are available, the lack of adequate financial and human resources has led to irregular inspections being undertaken to monitor the utilisation of public assets. Furthermore, the safety of the users of some of these public assets has been compromised due to issues such as inadequate lighting and signage. Additionally, the use and management of these assets has been undertaken without using appropriate tools and the wearing of personal protective equipment.

As stated above, a lack of proper guidance regarding the utilisation of public assets has led to various issues such as improper use and shortened lifespans. This has especially been the case in the use of Government vehicles. Muntemba (2021) notes that common misuses involve the use of these vehicles for personal errands as well as parking them at unauthorized places such as bars. Objective three of the PAMP

is concerned with prudent utilization of public assets. **This objective is targeted at ensuring the misuse of public assets is brought to an end. More specifically, the first policy measure under the objective reveals a commendable ambition to ensure the prudent use of public assets in accordance “approved norms and standards”.** However, no specification about how this will be achieved is made. Moreover, beyond the guiding principle of integrity, the Policy does not contain any set standards and guidelines on the appropriate use, transfer and care of public assets. Such standards and guidelines would be a worthwhile contribution to the fight against the abuse of public assets.

VALUATION

The Policy notes that **valuation of properties in Zambia is guided by the Valuation Surveyors Act Cap.207 of 1979, aimed at providing for registering and regulating valuation surveying practices.** This 42-year-old Act has not been reviewed and/or updated in any way to conform more closely to modern day standards, which now include incorporating environmental planning, the use of ICT tools such as drones when inspecting or capturing properties, changing building environment development and global competitiveness in the valuation of public assets. This insufficient legal framework has also contributed to the low numbers of qualified and practicing valuation surveyors in the country. Additionally, the restrictive nature of the current legal framework has contributed to valuation reports which are not in tandem with international norms.

At present, it is not mandatory to undertake valuation of assets. The valuation of assets in Zambia takes place on a demand basis. Consequently, Government does not have a true value of public assets nor mandatory periodic re-valuations of public assets for accounting purposes which affects the country’s balance sheet and leads to loss of revenue. A lack of re-evaluation may pose a further challenge when it comes to reselling certain public assets because Government records would not contain their true value.

Objective two of the PAMP is “to ensure that all public assets show optimum values and are accounted for appropriately”, an objective designed to deal with issues surrounding valuation. The Policy contains several measures to this end. Notably, policy measures three, six and seven are all concerned with aligning Zambia’s valuation and accounting methods to international standards. In this regard, **it will**

be vital for Zambian accountants to be cognizant of International Accounting Standard 16 (concerned with accounting for assets) and the International Valuation Standards (concerned with requirements for all types of valuations), particularly those involved in accounting for public assets. The PAMP gives no indication as to whether the valuation and revaluation of public assets will now be a compulsory activity. This is especially concerning given the above mentioned challenges associated with a lack of valuation. In addition to decentralising the provision of valuation services to provinces and districts, there is a need to ensure this is a mandatory and periodic activity.

MAINTENANCE

Currently, **the maintenance of public assets is guided by fragmented pieces of legislation which fall under different Ministries.** This has affected Zambia's ability to properly coordinate maintenance efforts. Subsequently, there are misunderstandings in the execution of portfolio mandates and duplication of efforts in the maintenance of public assets.

The Policy mentions challenges that are currently being experienced in the area of asset maintenance. Firstly, there are inadequate administrative guidelines and standards on maintenance of most of the public's assets. In some cases, the existing guidelines for public assets are now outdated. Additionally, the maintenance of these assets has been undertaken only when necessary or needed because of the lack of maintenance plans which are supposed to indicate the type, time and cost of maintenance. This lack of maintenance plans has led to the poor preservation of public assets which further contributes to the rapid deterioration, shortening of economic lifespans, and an increase in costs and risks. Furthermore, the management of some public assets has been affected by issues such as climate change, demographic changes and technological advancement. There has been no research and development in the sector in order to address this phenomenon.

The current situation of deteriorated public assets is mainly attributed to inadequate and unpredictable financing for the maintenance of public assets. This has been exacerbated by the lack of a maintenance fund. The policy states that there are some critical stages in the management of public assets that require guaranteed financial resources in order to ensure sustainability and prolong lifespan.

Objectives 5 and 6 of the PAMP address the above issues. They seek, "to ensure

adequate financial resources for maintenance of public assets in order to prolong the lifespan and usability.” As well as to “establish a regulatory and operational framework for maintenance of public assets in order to effectively coordinate and facilitate public asset maintenance works”. These policy objectives are important because **the pieces of legislation currently guiding public asset maintenance need to be better coordinated, to prevent an obscure execution of portfolio mandates, as well as a repetition of efforts where public maintenance is concerned.** This has been further exacerbated by outdated and inadequate maintenance guidelines.

The concept of maintenance, should be seen in a two-fold light, **routine maintenance to ensure that infrastructure assets operate as initially intended in a long-lasting manner, and capital maintenance, performed to rehabilitate or renovate assets to extend their lives and capacity.** The processes outlining exactly how this will be done and coordinated would be welcome to lend potency to these measures and allow for financial resources to be properly channeled to the maintenance of public assets in the country (IMF, 2018). Furthermore, it is cardinal that there is a robust framework in place that allows for a smooth coordination effort by the different actors responsible for the maintenance of public assets.

REDEVELOPMENT

The Policy states that some public assets have lost their economic value over the years due to wear and tear and inadequate timely maintenance. This has been a challenge particularly in the area of property management. Presently, **there is a skills gap in the Districts and Provinces to carry out property management which includes the identification of idle and wasting assets which should be recommended for redevelopment in order to restore their value.** Certain public assets have outlived their lifespan, hence the need to redevelop them. However, no committees exist in the Districts and Provinces to oversee this activity. The Policy further mentions that, in financial terms, more attention has been paid to construction than to maintenance. Consequently, the lack of adequate financial allocation to maintenance has led to the deterioration of public infrastructure.

Despite having a Public Finance Management Act which provides guidance on how idle and/or wasting assets are to be redeveloped or disposed of, there still lacks a comprehensive public asset register, which makes it trickier to determine which assets can be redeveloped or are due for disposal. Furthermore, there is a skills gap

in property management to facilitate the identification of idle and wasting assets. **It is cardinal that priority is not just given to purchasing or constructing these assets but also to maintaining and/or redeveloping them.** The policy measures under this objective have a focus on the re-development of public assets for as long as is feasible, lessening the burden on the treasury.

ACCOUNTING

Zambia lacks comprehensive legislation on asset accounting. In view of this, **Government has relied on Public Stores guidelines and Circulars for asset accounting purposes.** However, the absence of an asset management policy with detailed accounting measures has resulted in numerous challenges which include: **the absence of a database for all public assets in order to determine the country's balance sheet; loss of assets due to a lack of credible and comprehensive record of assets; lack of knowledge of the value of investment in public assets in total and by asset category; lack of standard practices in the management and accountability of public assets; and numerous audit queries in the procurement, usage and accounting for assets.**

The second objective under in the PAMP looks, “to ensure that all public assets show optimum values and are accounted for appropriately.” Under this objective, some of the policy measures that have been put in place are;

- To strengthen mechanisms for recording and accounting for public assets.
- To establish a National Asset Register at National level.
- To ensure that public assets are valued in line with applicable valuation standards.

Asset registers form the basis for capturing technical, legal and financial information of public assets and enable the implementation of sound financial reporting practices. It is essential that initial set-up and ongoing maintenance of asset registers builds on well-defined responsibilities and Government wide coordination measures. It is also **key that a systematic process is developed that re-assesses technical, legal and financial information of Government assets** to ensure sustained maintenance and updated balance sheet information.

DISPOSAL

The Policy brings to attention **the Public Finance Management Act No. 1 of 2018 which guides how MPSAs are to carry out asset disposal**. However, the absence of a comprehensive public asset register has made it difficult to determine what assets have previously been or are in need of disposal. Consequently, this has affected transparency and accountability in the management of public assets around the country.

According to the New Zealand Treasury (2016), **asset disposal is the key final stage in the lifecycle of public assets**; therefore, it is no surprise to see this stage covered by the first objective of the Policy. Any item of property, plant and/or equipment should be eliminated from the statement of financial position on disposal or when the asset is permanently withdrawn from use and no future economic benefits or service potential is expected from it. Not all assets are retained throughout their life and when they are sold or disposed of, gains or losses are inevitable. Gains or losses arising from the retirement or disposal of an asset should be determined as the difference between the estimated net disposal proceeds and the carrying amount (net book value) of the asset given up.

Disposal should be at market-related value (or auction or tender in the case of movable assets) unless the relevant treasury approved otherwise. It is therefore necessary that a valuation be done on any asset prior to disposal to ensure compliance with the above objective and to request treasury approval should it not be deemed possible or advantageous to the state to dispose of the asset at market-related value. For the purposes of disclosure in the financial statements, the gain or loss should be included in the statement of financial performance as an item of revenue or expense, as appropriate (New Zealand Treasury, 2016).

CROSSCUTTING ISSUES (GENDER, DISABILITY, HIV/AIDS & WELLNESS AND CLIMATE CHANGE)

The PAMP recognizes that **cross cutting issues have not been sufficiently addressed in the management of public assets**. These issues are especially important because they ensure that marginalized members of society are included in the management and use of public assets. It reveals that **matters of gender inclusion, wellness and HIV/AIDS, accessibility to persons with disabilities and even climate change have not been mainstreamed in the acquisition, utilization, maintenance and disposal of public assets**. This has contributed to the rapid dilapidation of these assets and

caused preventable health and safety risks.

In seeking to address the aforementioned issues the PAMP in its eighth objective outlines a number of policy measures to deal with these problems. One such measure is the, “mainstreaming of climate change issues in public asset management.” The policy measures outlined under this objective seek to ensure that these issues are given the necessary attention to facilitate the longevity of public assets. **Awareness programs could serve as a key tool in mainstreaming issues to do with public asset management.** Information Communication Technology issues have also been acknowledged as cardinal to reducing the expenditure necessary to manage public assets. It would however be useful for the PAMP to further elaborate how these measures are to be implemented.

WHAT WILL IT TAKE TO SUCCESSFULLY IMPLEMENT THE POLICY?

The successful implementation of the Public Asset Management Policy will be largely dependent on a multi-sectoral approach to manage public assets. Led by the Ministry of Finance and National Planning as well as the Ministry of Works and Supply, **the various ministries will be responsible for the application of this policy.** First and foremost, this will require comprehensive knowledge of the policy and the specific tasks to be given to their respective ministries are to carry out. For example, the Ministry of Labour and Social Security is responsible for ensuring that labour laws are adhered to by those undertaking maintenance projects; and to ensure occupational health and safety. **The greater the knowledge of the policy by ministries, the greater the likelihood that they will carry out their tasks and that public assets will be well managed.**

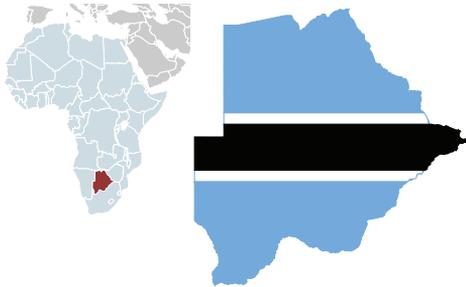
Additionally, the success of this policy will depend on the ability of each Zambian citizen to embrace its objectives. The guiding principles of citizenry participation and patriotism will be particularly important in this regard. **Each and every citizen is responsible for protecting public assets by using them properly and reporting acts of vandalism, defects and general wear and tear of the assets.** There will be need for a sense of ownership of public assets because they are after all “public” assets meaning that they belong to the people and are for their benefit.

Furthermore, the implementation of this policy will require a robust monitoring and evaluation framework. The PAMP states that **monitoring and evaluation functions will be undertaken at all levels in line with the Decentralisation Policy to enhance accountability and effectiveness such as conducting physical inventory of public**

assets twice every financial year and skills training in the asset maintenance development planning, monitoring and evaluation by all stakeholders. The monitoring and evaluation framework will need to include a mechanism that allows any Zambian to freely report issues related to the acquisition, maintenance of public assets, such as the degradation of a road for example. **It will not be the sole responsibility of the Ministry of Finance and Ministry of Works and Supply to carry out monitoring and evaluation activities,** ordinary members of the public will need to be engaged in this activity.

LESSONS FROM BEST PRACTICE

1. Botswana



Prior to the implementation and launch of its Public Asset Management Policy in 2019, the Government of Botswana had been operating without a framework for managing public assets. The absence of such a policy had resulted in the unnecessary waste of public resources, when some of these assets deteriorated to a point of unserviceability. In addition, the lack of a detailed register of Government assets resulted in misallocation of resources in the form of over and underutilisation of public assets across all public entities.

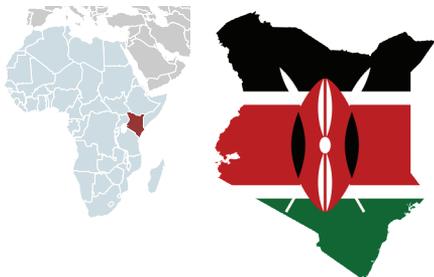
Botswana’s PAMP is designed “to provide a practical full life-cycle management approach to public asset management that can be adopted to assist in the effective management, maintenance, and efficient use of public assets to achieve their goals and agreed program delivery outcomes”. At the time of its launch, it was argued that the policy would go a long way in supporting the realisation of the national priorities as espoused in its Vision 2036 and National Development Plan (NDP11).

Key lessons can be drawn from Botswana’s PAMP regarding how to implement

a policy that seeks to maintain public assets. **Zambia can specifically learn from the inclusion of an asset acquisition plan within the policy adopted by Botswana. The plan, which contains an economic appraisal, risk assessment and preferred acquisition route, is prepared annually and in collaboration with specialised ministries or departments of specific asset categories.** Therefore, it is one plan which reflects the needs of the entire country. The adoption of such a plan within Zambia's PAMP would have the dual benefits of ensuring standardisation in the acquisition of public assets and strengthening the mechanism for acquiring public assets to promote value for money. Furthermore, it would go a long way in preventing the duplication of identified needs and over-procurement of assets, which is a waste of resources.

Furthermore, Botswana's Public Asset Management Policy states that any public officer who does not comply with the Policy's provisions will be dealt with in accordance with relevant sanctions provided for in the Public Finance Management Act, supporting financial regulations, and the Public Service Act. **Zambia would benefit by including similar penalties or sanctions for people who don't comply with provisions in the policy.** Penalties for failure to adhere may promote greater compliance, particularly amongst public officers.

2. Kenya



The Government of Kenya recognized that post-independence it had acquired assets and incurred liabilities without a policy to manage them. Through its Constitution and other financial acts, the management of public assets was incorporated into Kenya's law. However, the legislation did not fully address the weaknesses in asset and liability management in country. Therefore, in June 2020, Kenya's National Treasury developed its Asset and Liability Management Policy (ALMP) to guide and standardize management and reporting of its assets and liabilities across the public sector.

The vision of the Policy is “prudent management of assets and liabilities in the public sector to provide optimum economic, environmental and social benefits to the public”. Kenya’s ALPM contains various aims, objectives and guiding principles for its implementation.

As opposed to having one overarching policy for the country, Kenya’s approach to public asset management requires all Government entities including ministries, departments and agencies, counties and state corporations to adopt and or customize their policies in line with the ALMP and report to the National Treasury. This is an approach that is worth considering for Zambia. **By ensuring that ministries, local authorities, state owned enterprises and other public sector entities establish additional internal policies, guidelines or procedures that are consistent with the PAMP, Government’s efforts to manage public assets would be supplemented and asset management customized and better inculcated amongst stakeholders.**

Furthermore, the ALMP contains a provision for reviewing the Policy from time to time to account for “changes in policy, legislation and the regulatory environment; change in applicable accounting frameworks; and/or trends in international good practice on assets and liabilities management”. Zambia would benefit from a similar provision in its PAMP. Although Zambia’s Policy has been finalized, **this provision could be included in the monitoring and evaluation framework** to be developed for the Policy.

RECOMMENDATIONS

1. There is need for skills training in asset maintenance to be conducted upon the purchase of new assets/the completion of infrastructure construction for the relevant ministries.
2. PMRC calls for the adoption of public asset management awareness programmes in order to promote mind-set change regarding the proper use and maintenance of public assets among Ministries, Provinces and Spending Agencies (MPSA) and other stakeholders.
3. There is a need for this policy to include provisions for the maintenance of public assets that are purchased/constructed in partnership with another country such as the Kazungula Bridge. This will become increasingly important as Zambia engages in joint infrastructure development projects in the future.

4. There is a need to develop a comprehensive asset acquisition plan which includes an economic appraisal, risk assessment and preferred acquisition route. Furthermore, there will be need to consolidate the asset acquisition plans of individual ministries into one master plan which reflects the needs of the nation.
5. PMRC recommends the swift preparation of the implementation plan because it will provide crucial details outlining how the PAMP is implemented, monitored and evaluated.

CONCLUSION

Asset management is an essential component of good governance in the public sector. Well run infrastructure is important for the economic development and effective public service delivery of any country. Zambia is no exception. In years past, **too little emphasis has been placed on the proper maintenance of public assets which has contributed to their rapid deterioration.** The formulation of the PAMP is intended to address this concern.

This analysis sought to provide an in-depth understanding of the benefits that Zambia stands to accrue as a result of the development of the PAMP, as well as provide insight into its objectives and implementation strategies. In doing so, examples of best practice in two countries; Kenya and Botswana, have been considered. **Among the key lessons drawn from these two countries are the need for penalties/sanctions for those who are non-compliant with the PAMP as well as the need for a periodic review of the Policy.** In the last place, this analysis sought to provide a level of awareness on what will need to happen to ensure the successful implementation of the PAMP followed by key recommendations. **Among the recommendations is the need for the introduction of the implementation guide which will guide how the PAMP is actualised, monitored and evaluated.**

As a result, **it is expected that a positive impact will be seen where the lifespan of the Zambia's public assets is concerned.** It is critical that Zambia moves away from a culture of constant asset replacement due to negligence and instead cultivates one of proper asset maintenance, as this is a better use of resources and is much less taxing on the Zambian treasury. When the economic, social and environmental considerations are integrated into decision making for maintenance, the true lifecycle cost of assets can be identified and appropriately managed, with optimal allocation of funds to meet maintenance needs. As such, **PMRC fully commends the development of this Policy.**

References

Assey, T.B., Kalegele, K. and Chachage, B. 2017. Factors influencing fixed asset losses in local government authorities in Tanzania.

International Monetary Fund (IMF). 2018. Fiscal Monitor: Managing Public Wealth. Washington, DC, October.

Municipal Research and Services Center of Washington (MRSC). 2021. Asset Management Policies.

Muntemba, S. 2021. Don't abuse govt vehicles. Daily nation newspaper.

New Zealand Treasury. 2016. Asset Performance Measures, Guidance for Annual Reports. Wellington, New Zealand: New Zealand Treasury.

PECB. 2016. 4 Key Stages of Asset Management Lifecycle. [Online]. Available: <https://pecb.com/article/4-key-stages-of-asset-management-life-cycle->

Roje, G., Vašiček, V. and Vašiček, D. 2014. Accounting and accountability in public sector asset management: the role of central asset register in consolidating, reporting and utilizing fixed assets in Croatia.

ANALYSIS OF THE PUBLIC ASSET MANAGEMENT POLICY

Policy Monitoring and Research Centre (PMRC)
Ministry of National Development Complex, Corner of John Mbita and Nationalist Roads, Ridge-way,
Private Bag KL 10
Tel: +260 211 269 717 | +260 979 015 660

www.pmrzambia.com

