

Asset Management in Aceh, Indonesia

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3. Components of Asset Management
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5. Gaps Analysis
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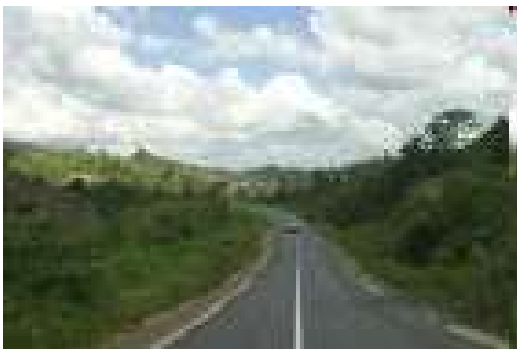
Hanoi, Vietnam

Public Assets ...

... can be considered as anything that is owned by the local government, regardless of source

- *roads, public buildings, land,*
- *cars, equipment, office material ...*

... may be built, purchased or received as a gift



Asset Management is the process of ...

... inventory

... valuation

... use

... strategic portfolio reviews

... reporting

... auditing

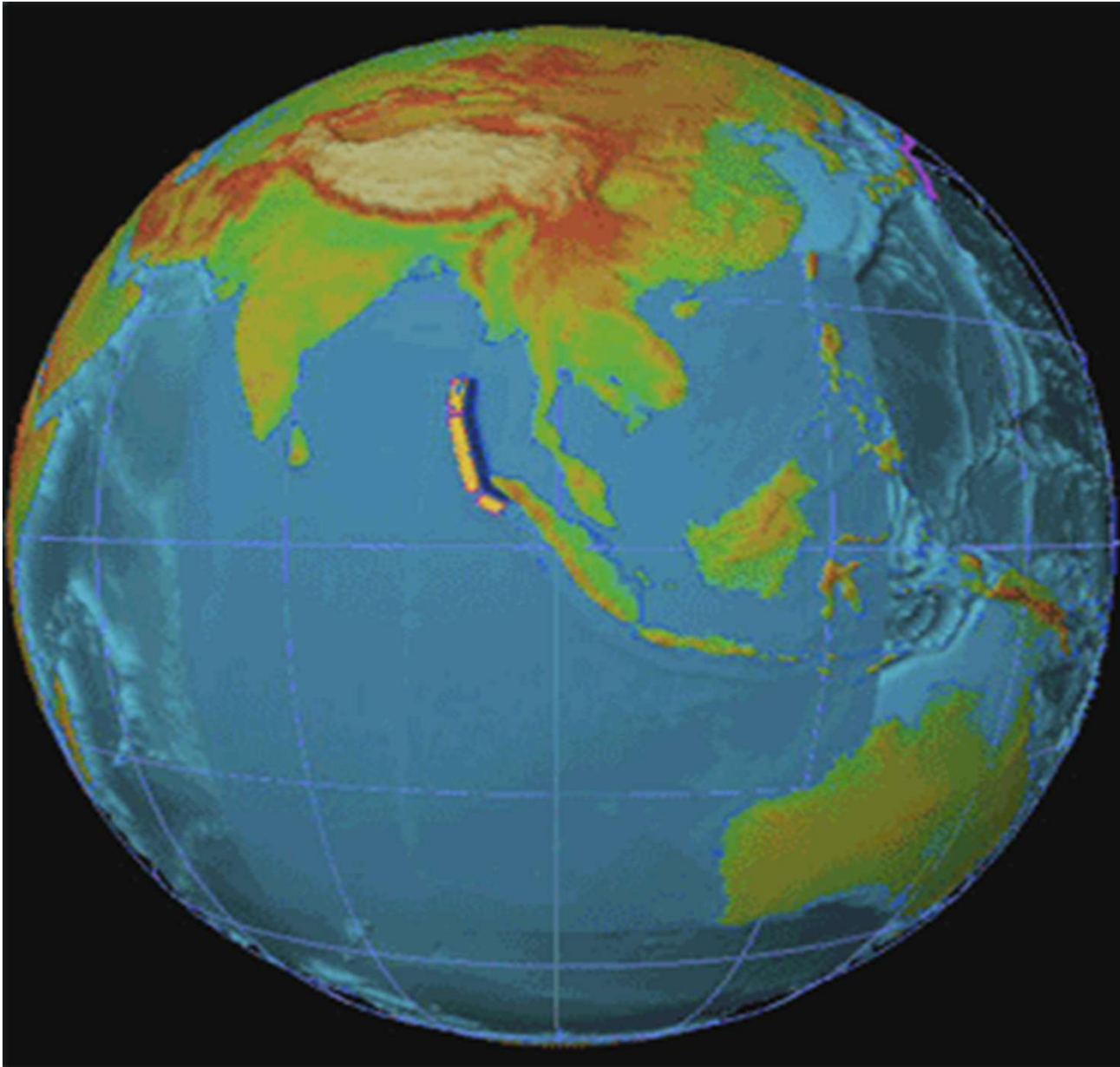
of public assets



Where is (Banda) Aceh?



Tsunami in December, 2004



1. Introduction

AM - related international programs by ...

- BRR / UNDP
- GTZ
- AusAID
- USAID
- World Bank

 Local government well prepared for AM?

 AM - system ready for use?

2. Importance of Asset Management *(for government finance and development)*

- AM is the basis of many strategic, operational and financial decisions in a local government
- The main benefits of AM are:
 - ... improved services for local residents
 - ... increase revenues and / or decrease of costs
 - ... improve the credit range for local government
 - ... attract more domestic and foreign investors
 - ... improve land valuation

3. Components of an AM-System

3.1 Legal Management

- regulatory framework
- contradictions, lack of clarity
- property ownership
- rights, responsibilities, obligations
- context of the social and political environment



3.2 Data Management

- inventory system
- data access
- data structure /-model
- data collection
- data updating



3.3 Business System Management

- administrative processes
- AM-offices, -personnel
- management functions
- physical planning functions
- administrative coordination



3.4 Financial Management

- data evaluation for financial / budgeting purposes
- access to valuable information for planning, approval, negotiations, execution and monitoring
- clear and transparent valuation methods



3.5 System Management

- defining an adequate computer based system
- hardware, software and networks

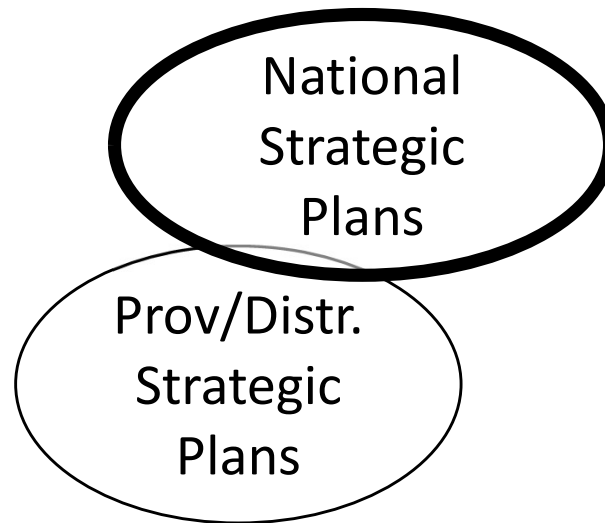


4. Asset Management Model for Aceh

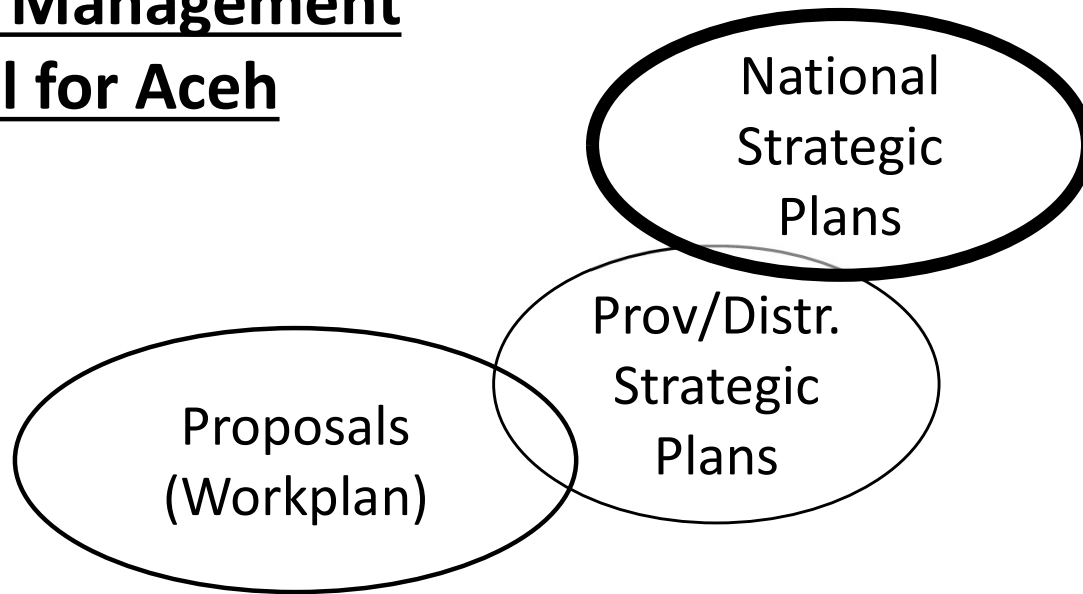
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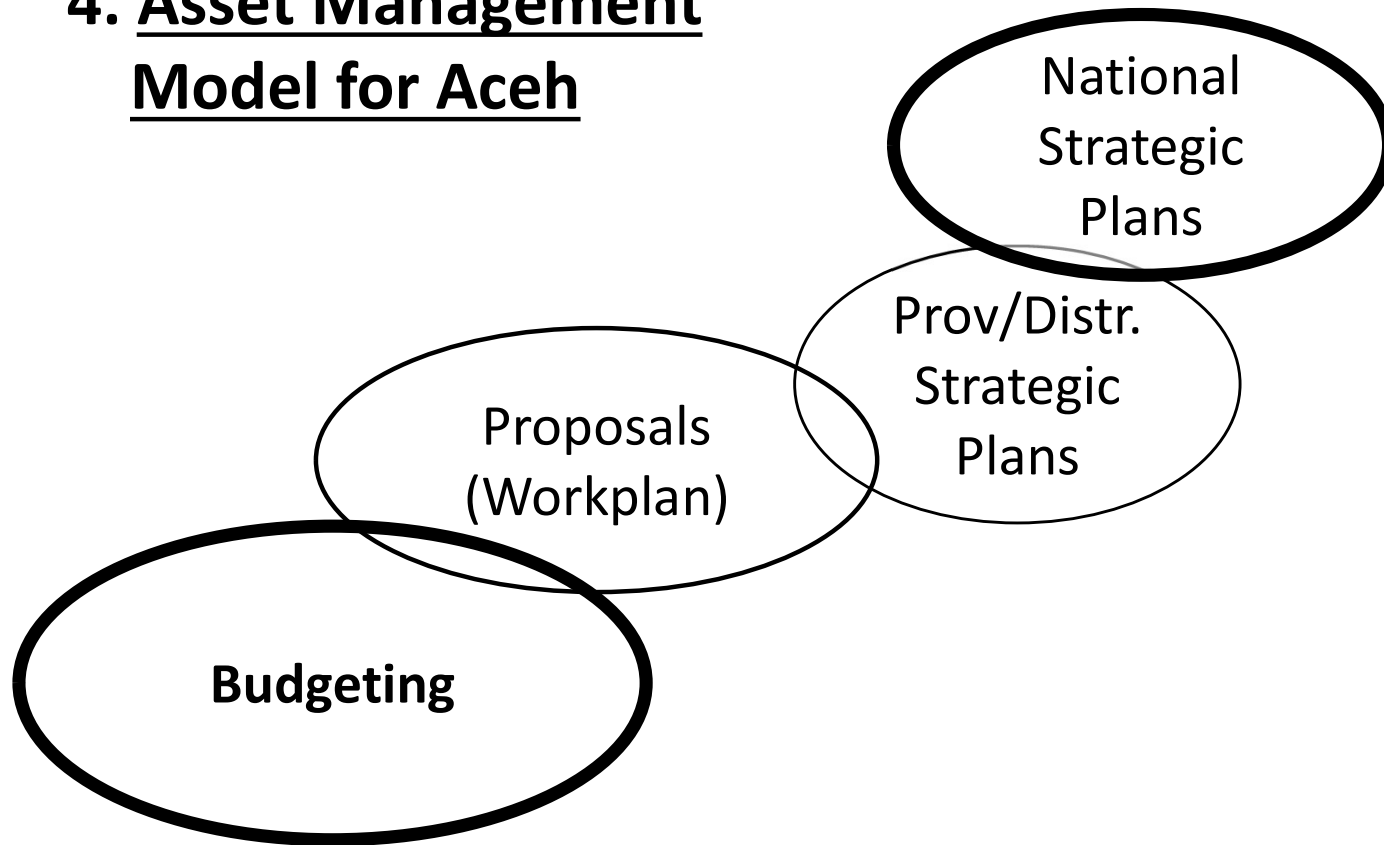
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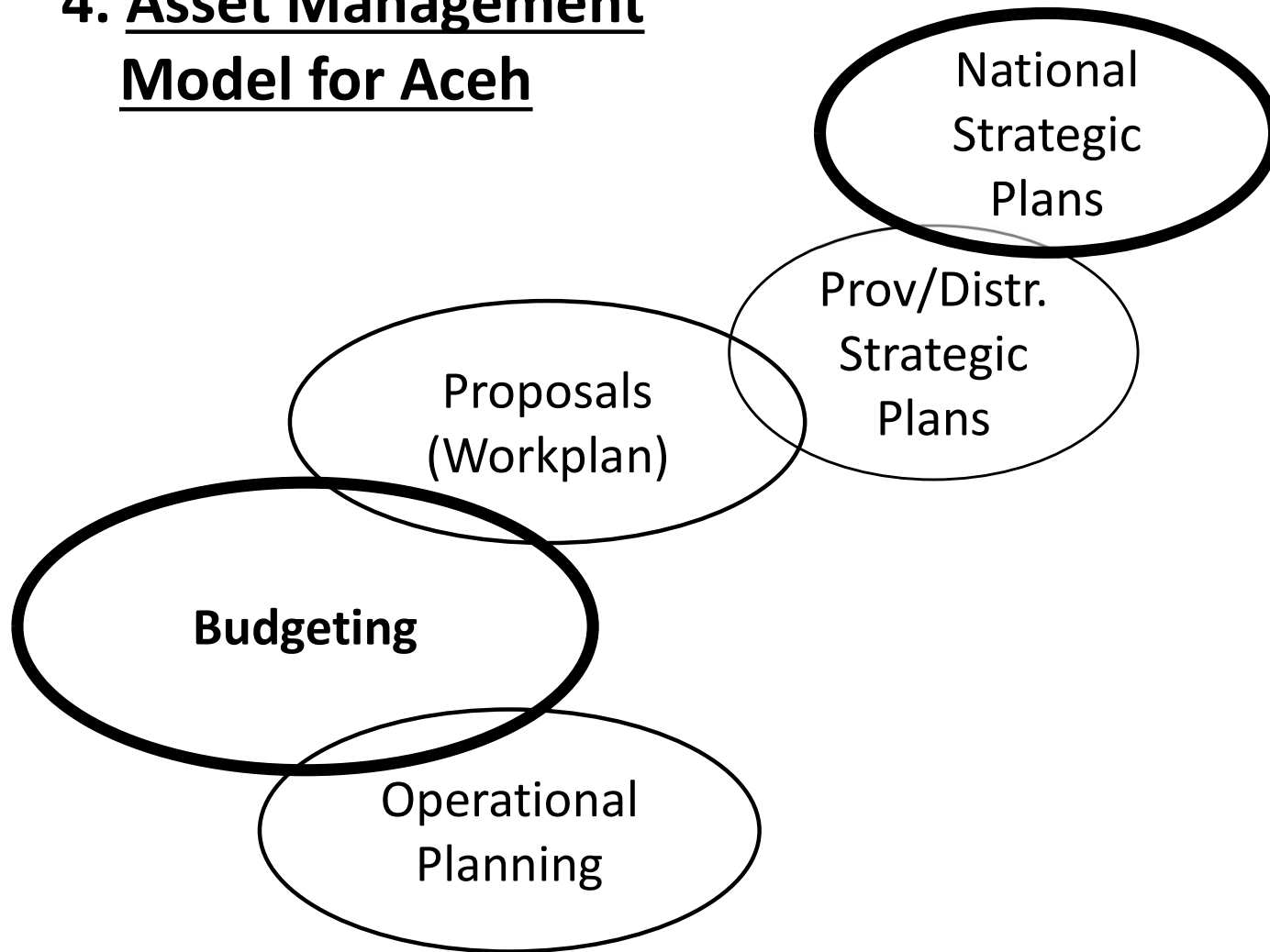
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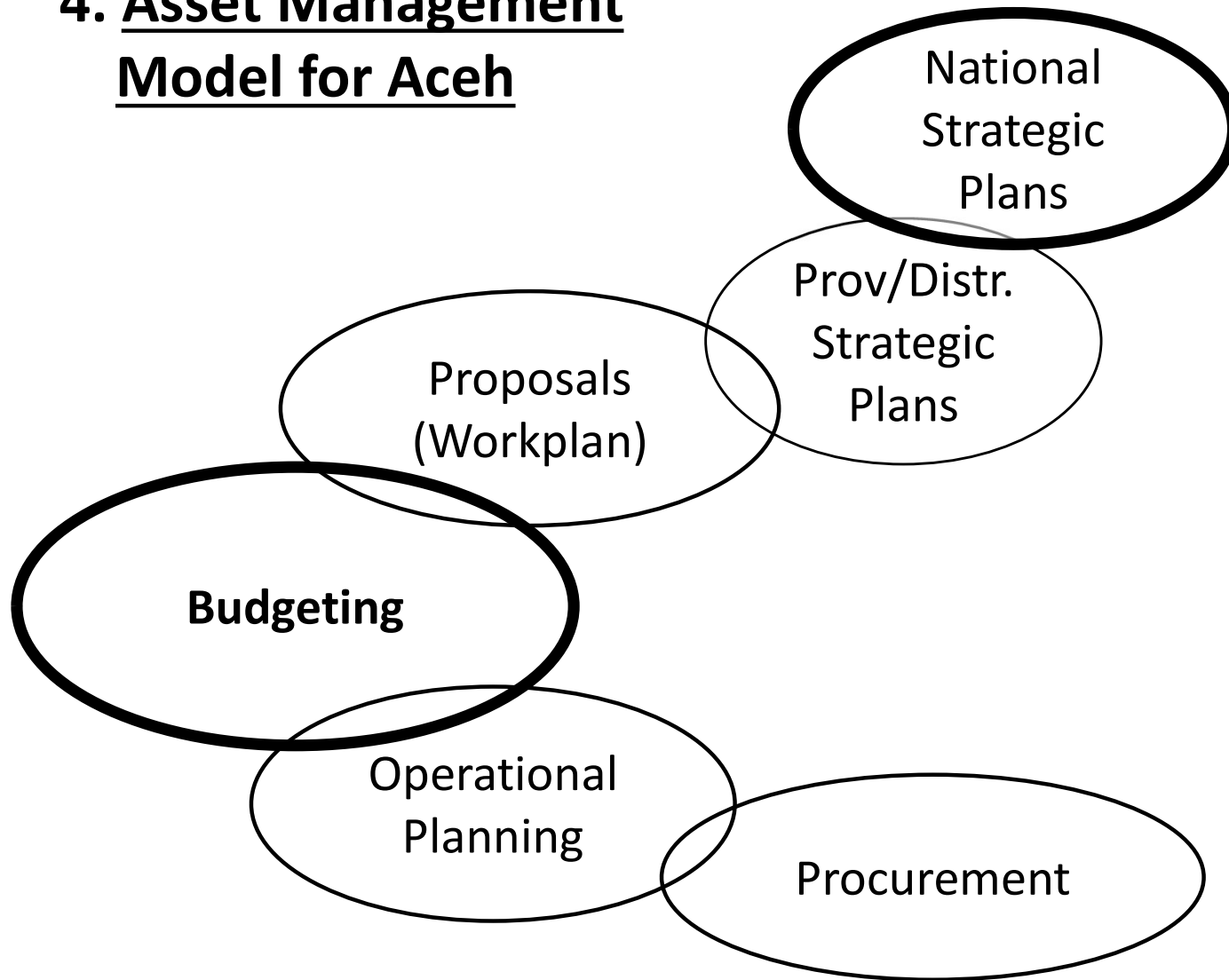
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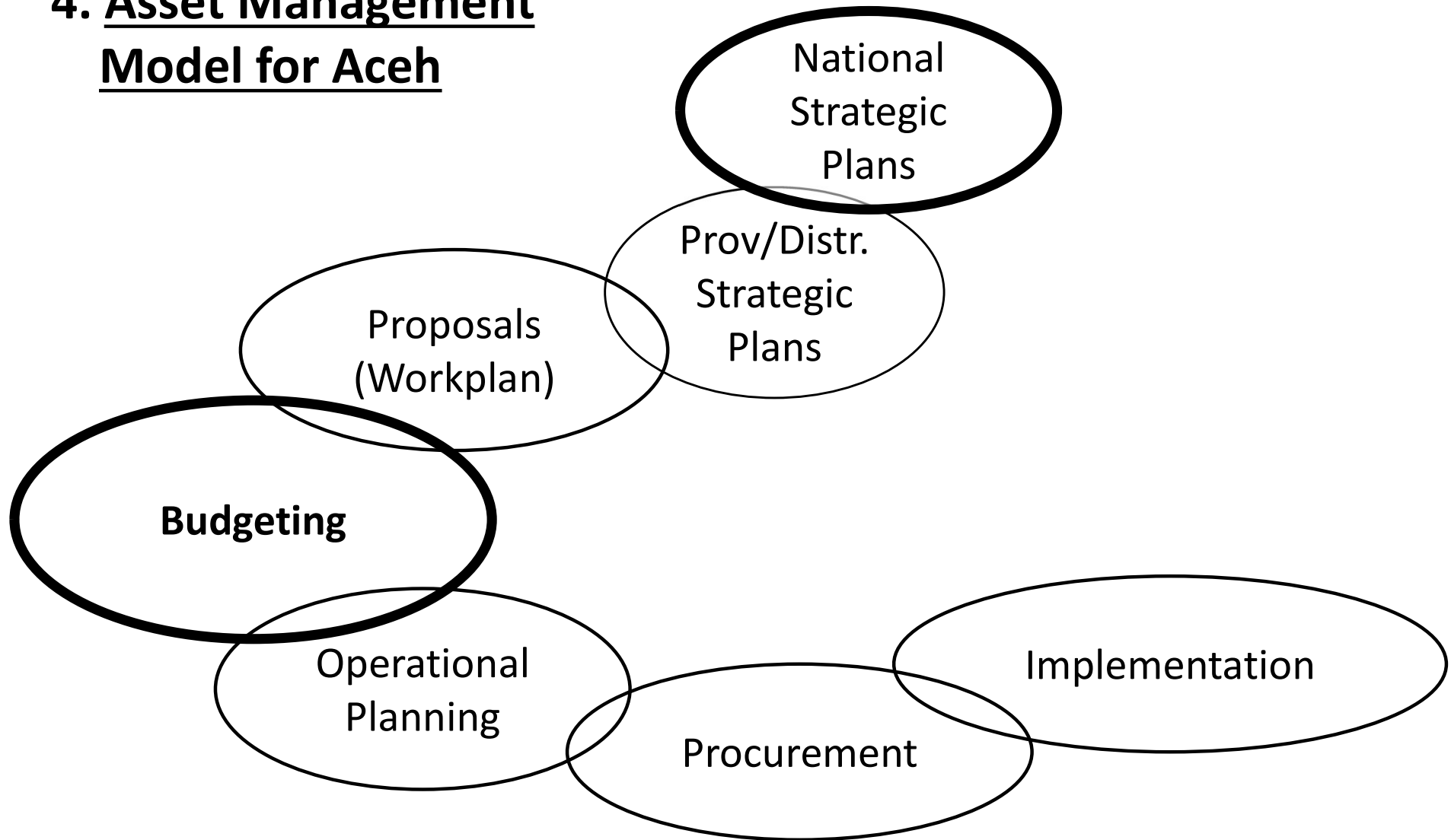
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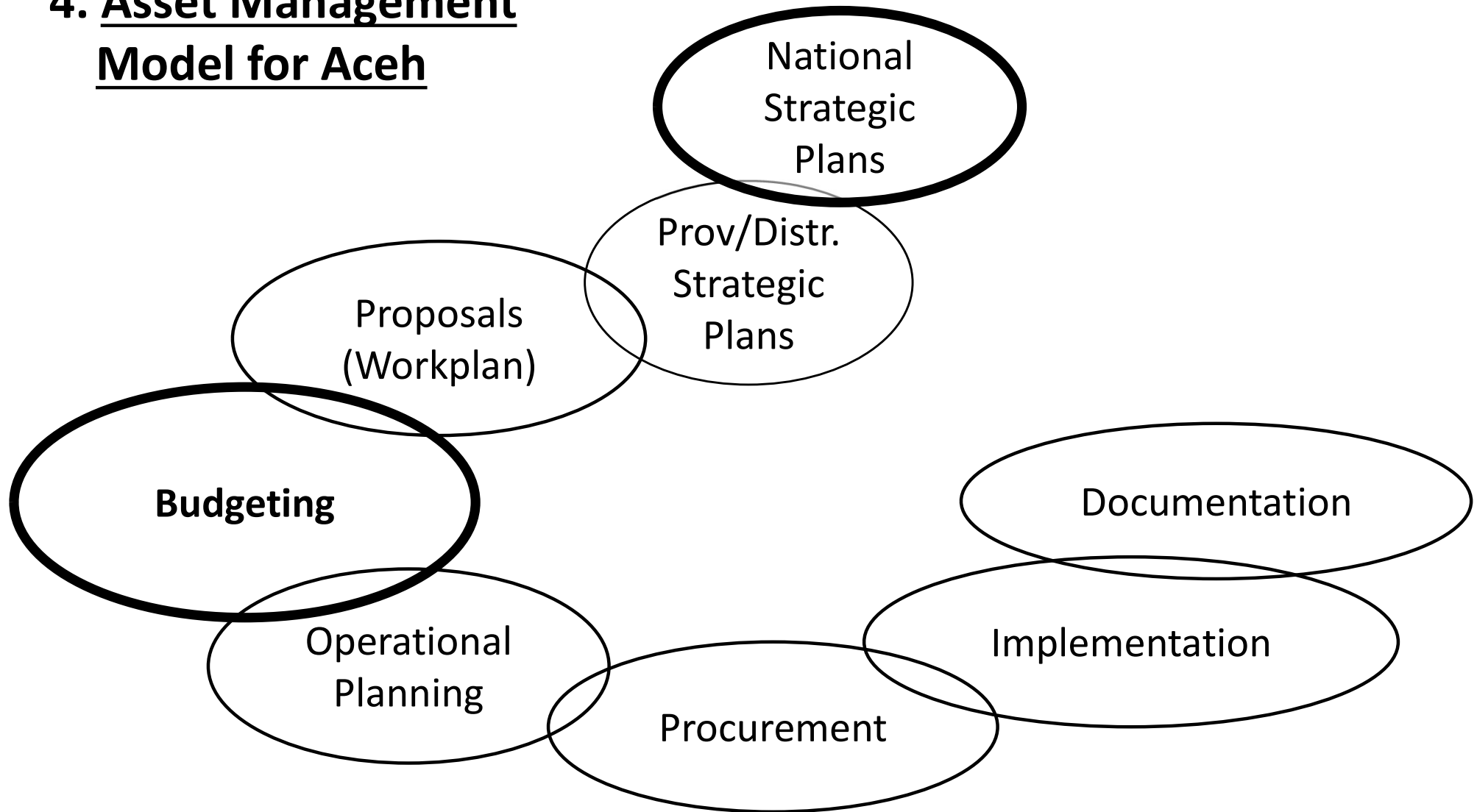
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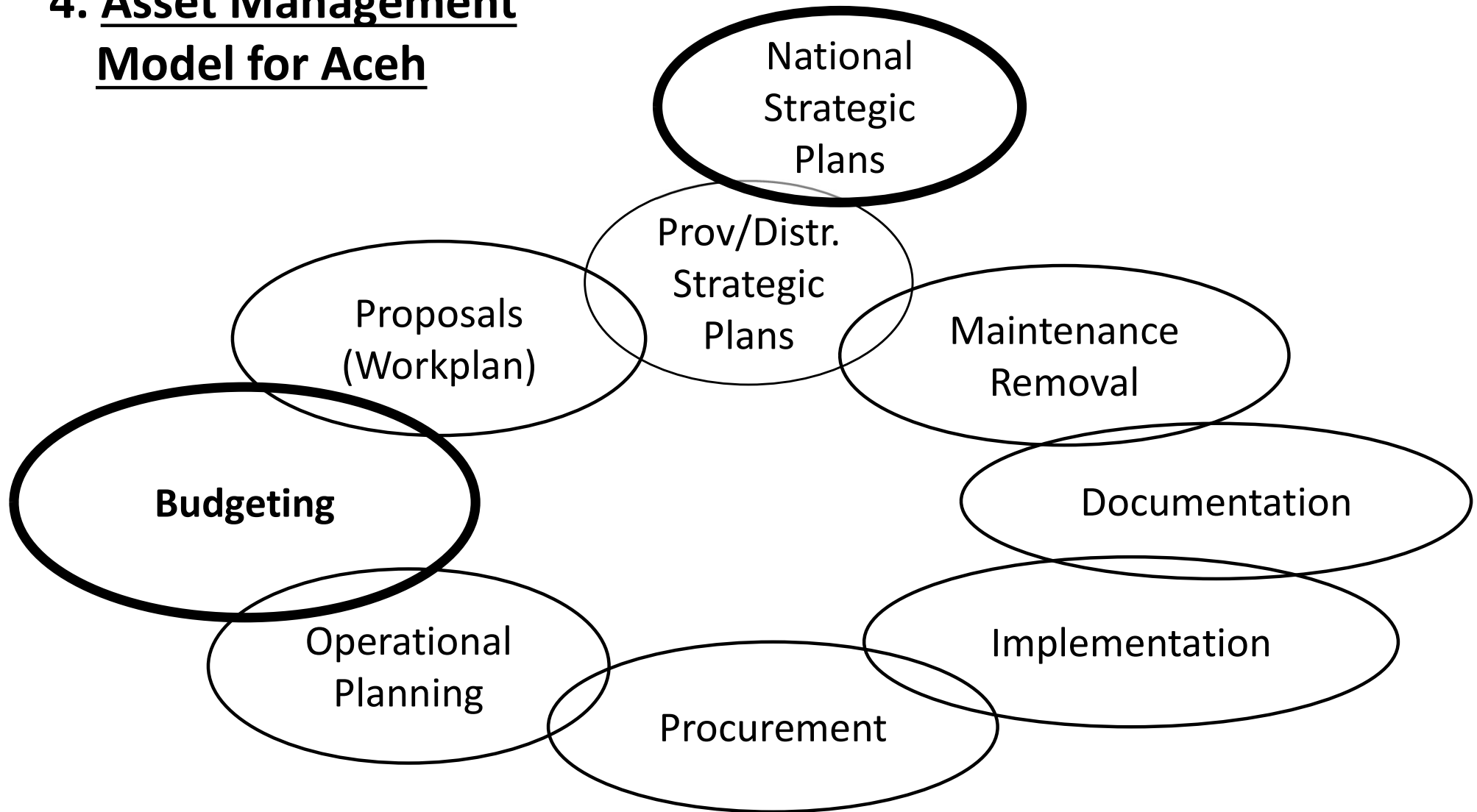
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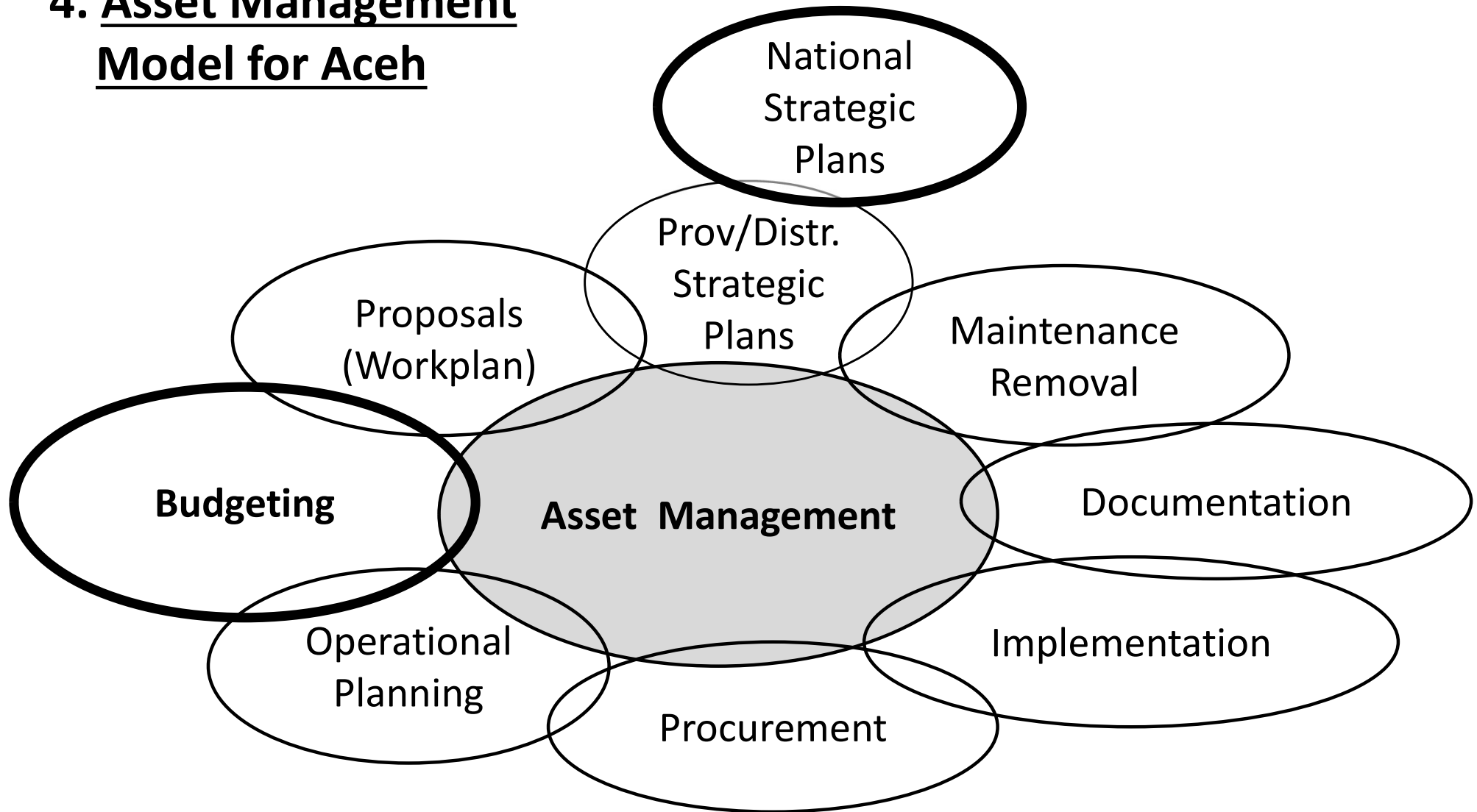
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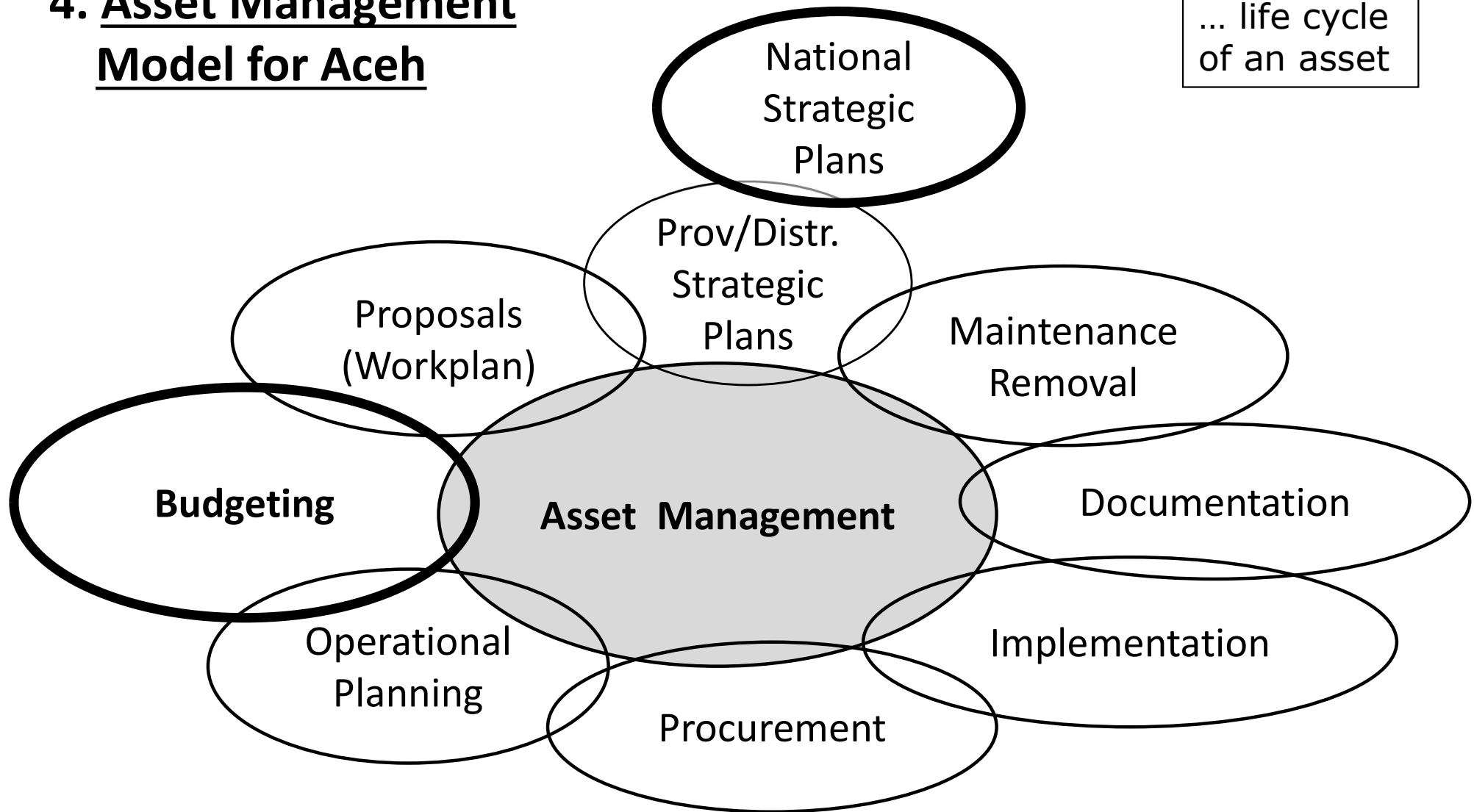
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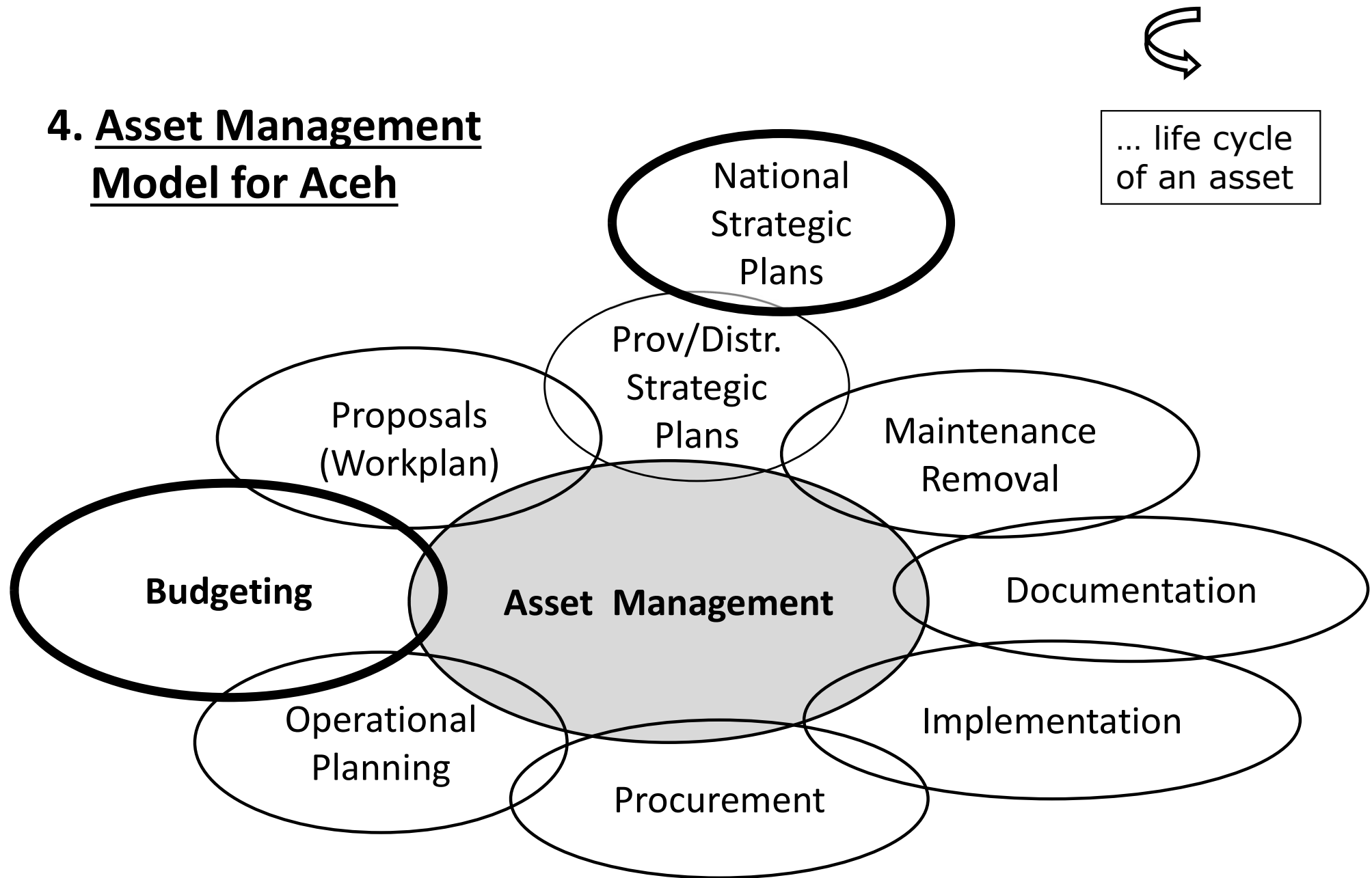
4. Asset Management Model for Aceh



... life cycle
of an asset



4. Asset Management Model for Aceh



Processes around Asset Management

AM has a direct **link** to the other administrative processes and supports them with basic data.

... see also the following table ...



Process	Purpose	Responsible	Inputs	Outputs
national strategic plans	national vision	national government	national interests financial situation	20 years plan
provincial strategic plans	local vision	nat. and local planning teams	20 years plan assets inventory	5 years plan for local governm.
proposals workplan	local planning	local planning teams	5 years plan assets inventory	1 years workplan
budgeting	money allocation; budget breakdown	budget team local parliament	1 years workplan existing finances assets inventory	approved local budget
operational planning	implementation planning	individual agencies	appr. local budget assets inventory	operational plan
procurement	purchase contracting	individual agencies	operational plan appr. local budget	purchase order
implementation	service delivery construction	individual agencies	purchase order operational plan	working asset
documentation	asset registration	individual agencies	asset documents	updated assets inventory
maintenance removal	routine mainten. assets removal	individual agencies	physical asset maintenance plan	working or retired asset

The problem is now ...

- to optimize the original task of AM
(*data collection, -preparation, inventory*)
- to describe the interfaces to the other processes
- to support the interfaces with adequate
automated procedures (*software!*)
- to link everything together in a well working
Asset Management System (*step by step*)

5. Gaps Analysis

The gaps between a modern computerized AM-System and the situation found are lying in the fields of:

- Data (*completeness, availability, quality, maintenance*)
- Business processes / government procedures
- Staff (*capacity and skills*)
- Lack of commitment from the decision makers
- Lack of organisation
- Unclear responsibilities
- IT-infrastructure (*hardware, software, networks*)

examples ...





Legal Management

Field of Activity	Desired State	Current Situation
Laws Rules Regulations	Compliance with all regulations. Clear, consistent AM-regulations in all functional government areas.	Compliance difficult. Regulations can be inconsistent and / or even contradictory.
Asset Ownership	Clarified ownership for all assets.	Mostly unclear situation of asset ownership status and conditions.



Data Management

Field of Activity	Desired State	Current Situation
Data- - availability - up-to-dateness - reliability - completeness	Available, up-to-date data. Reliable and complete inventory data in accordance with all regulations.	Low completeness. Data collection just started. Constraints in data sets. No data integration.
Graphical data	Graphical data integrated in AM. Direct link from map to inventory.	Not many mapping data available. Stand alone GIS-systems. Poor data integration.



Business System Management

Field of Activity	Desired State	Current Situation
Data flow	Effective automatic data support to processes around AM. Clearly defined interfaces	No defined interfaces. Only complete inventory transfer-red. No selection or evaluation. No adequate system up to now.
Organisation Responsibilities Processes	Clear - - commitment of decision makers for AM, - organisation, - responsibilities; - processes.	Deficits in information flow. Own assets not well known. Ponderous processes. Organisation under change. No central IT functions.
AM Staff	Choice of well skilled staff members for AM	Serious staff problems (capacity and skills)

Financial Management

Field of Activity	Desired State	Current Situation
Appraisal	Clear appraisal procedures	Appraisal done by independent consultants. No own knowledge.



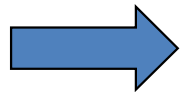
System Management

Field of Activity	Desired State	Current Situation
ICT Support	Computerized AM-system. Effective and standardized software. IT-network for all users.	AM mostly paper based. No computer systems yet. Mostly poor IT-infrastructure.

6. Next steps

- The actual situation is described
 - An AM - model for the future is found
 - The gaps / the needs are analyzed
-

- ***What is to be done now? What are the next steps?***



A project in 2 phases:

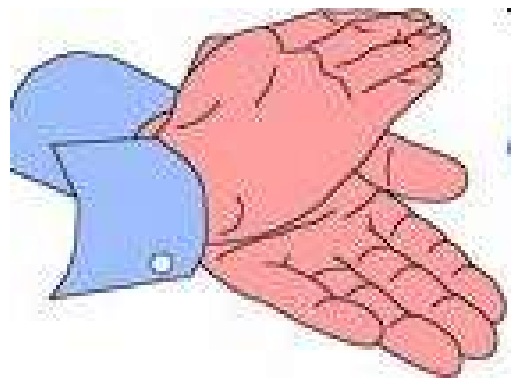
Phase 1: AMS - Pilot Project

*Implementation of an Asset Management System (AMS)
in a chosen district with a complete set of real data*

Phase 2: AMS - Future Project

*Implementation of an AMS in the provincial government, in
all 23 districts of the province on the experiences of the pilot*

Thank you very much for your attention!



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