



Asset management as a pillar of financial sustainability in Saudi Arabia

Strategies for resilience and compliance



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Executive summary

01

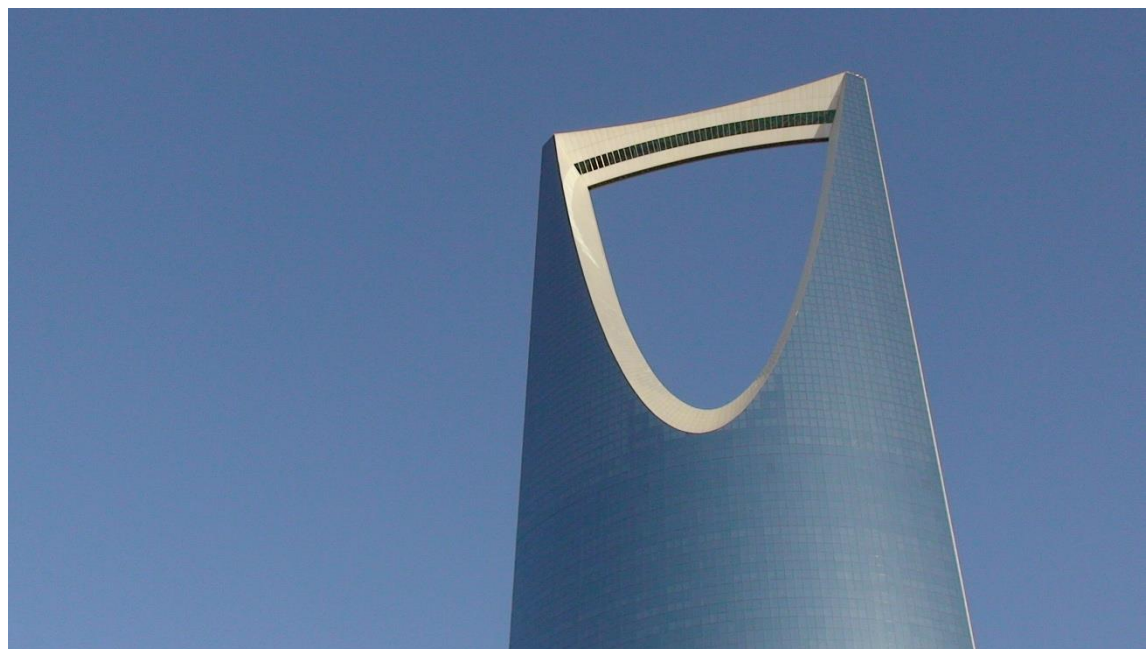
Executive summary



The challenge

As Saudi Arabia transitions to accrual-based accounting, many public sector entities struggle to build and maintain complete, reliable fixed asset registers (FARs). While the initial hurdle is establishing these registers – often from fragmented or non-financial records – the greater long-term difficulty is maintaining them in a way that continuously supports sound decision-making. Traditionally treated as a compliance exercise, asset management in the public sector risks remaining disconnected from core financial planning, budgeting and service delivery processes.

This disconnect threatens to undermine long-term fiscal sustainability. Without lifecycle-based investment planning and cost optimisation, public entities may face rising operating costs, underutilised or poorly maintained assets and growing fiscal risks. In short, accrual accounting on its own is insufficient – it must be embedded in a broader, integrated asset and financial management system. Financial management and asset management must be mutually reinforcing: without long-term planning, asset performance will stall and without asset visibility, financial plans lack credibility.





The opportunity

Saudi Arabia is proactively addressing this challenge through a dual-track reform agenda. At the entity level, finance departments are evolving their operating models to include dedicated asset management (AM) units, designed not just to meet accounting standards, but to actively drive value from assets across their lifecycle. This includes redefining roles, strengthening data flows and embedding AM into budgeting, capital planning and performance monitoring.

At the national level, institutions such as the Ministry of Finance (MoF), Expenditure and Project Efficiency Authority (EXPRO) and State Properties General Authority (SPGA) are issuing structured guidance, launching enabling frameworks and aligning capital planning with long-term performance and fiscal discipline.

While the current national guidance is well suited to achieving immediate transition objectives such as the shift from cash to accrual accounting, it must now evolve to support the longer-term sustainability of asset management. This includes formalising AM units within entities, clearly defining roles and responsibilities and embedding asset lifecycle management (ALM) practices that align with international standards and leading practices. Critically, guidance must go hand in hand with structured adoption, supported by clear implementation roadmaps, maturity models and continuous improvement plans tailored to each entity's operational context.

The government is also deepening engagement with the private sector through improved procurement models, long-term maintenance contracts and public-private partnerships (PPPs) to deliver and maintain assets more effectively.

Oversight bodies such as the General Court of Audit (GCA) are expanding their remit beyond compliance to include performance audits and value-for-money assessments, reinforcing accountability and continuous improvement.

While these national frameworks have been instrumental in guiding the shift to accrual accounting, there is now a clear opportunity to lift the maturity of asset management systems by adopting internationally recognised standards and proven global practices. Standards like the ISO 55000 series provide a roadmap to integrate lifecycle planning, risk management and performance tracking into day-to-day operations. Countries such as Australia and the United Kingdom (UK) illustrate that when asset management is elevated to a strategic function, it yields measurable gains in cost control, service quality and financial resilience. Saudi Arabia's rapidly growing and diverse public asset base offers a unique opportunity to replicate and adapt these successes as part of Vision 2030's fiscal and service delivery transformation. This will be further illustrated in section 3 of this paper.



The way forward

To unlock this value, Saudi public entities must empower their AM units to go beyond compliance and assume a central role in public financial management. This requires capability building, role clarity and strategic alignment between financial and operational functions. Asset data must inform long-term financial plans, investment prioritisation and performance-based budgeting.

The next phase of reform should focus on:

- 01 Embedding ISO-compliant Asset Management Systems (AMS) across entities
- 02 Integrating asset lifecycle costing with medium-term fiscal planning
- 03 Leveraging digital tools for predictive maintenance and asset optimisation
- 04 Aligning national guidance with international benchmarks and case studies
- 05 Establishing key performance indicators (KPIs) and governance structures that track both financial and non-financial asset performance

With the right institutional support, AM units can serve as the connective tissue between technical operations and financial decision-making, driving evidence-based investments, improving service delivery and strengthening the long-term fiscal health of the Kingdom.

This paper outlines a roadmap to build these capabilities, align with national public financial management (PFM) initiatives, enhance existing guidance for long-term AM sustainability and accelerate maturity through structured adoption of global standards and practices.

The role of asset lifecycle management in achieving financial sustainability

02

The role of asset lifecycle management in achieving financial sustainability

As Saudi Arabia transitions to accrual accounting, asset lifecycle management (ALM) is emerging as a critical enabler of long-term financial sustainability. While accruals clarify the value of fixed assets, it is ALM that brings them to life, linking physical infrastructure with operational performance, fiscal discipline and public value.

Moving beyond compliance – towards lifecycle value

The Fixed Assets Verification and Valuation Manual issued by the Ministry of Finance has helped entities create more structured and reliable fixed asset registers (FARs), standardising recording, tagging, valuation and disposal. But to drive true value, these registers must evolve beyond static accounting tools.

When FARs are enriched with lifecycle data – such as condition, utilisation, maintenance status and cost – they become active instruments for planning, optimisation and decision-making. Asset grouping based on financial or operational value enables entities to pursue restructuring strategies, unlock underutilised capacity, generate revenue streams or identify divestment opportunities. This directly supports national efforts to align public assets with fiscal objectives and future service delivery models.



Embedding ALM into financial planning

ALM provides a structured framework for managing public assets across their entire lifecycle – from planning and acquisition through to operation, maintenance and disposal. International standards such as the ISO 55000 series help embed this discipline into day-to-day operations, reinforcing a culture of value-based decision-making.

Key components include:



Strategic asset management plans (SAMPs)

high-level plans that define asset objectives, forecast demand, assess portfolio needs and guide long-term financial alignment



Asset management plans (AMPs)

detailed, asset-specific plans covering condition, service levels, risks and future Total Expenditure (TotEx) requirements



Asset investment planning (AIP)

a structured decision-making process that prioritises investments across asset classes, using criteria such as risk, performance, demand and cost-efficiency

Collectively, these tools ensure that Capital Expenditure (CapEx) and Operating Expenditure (OpEx) decisions are no longer made in isolation, but as part of an integrated fiscal strategy, grounded in data and aligned with service outcomes.



Measuring what matters – KPIs that promote financial sustainability

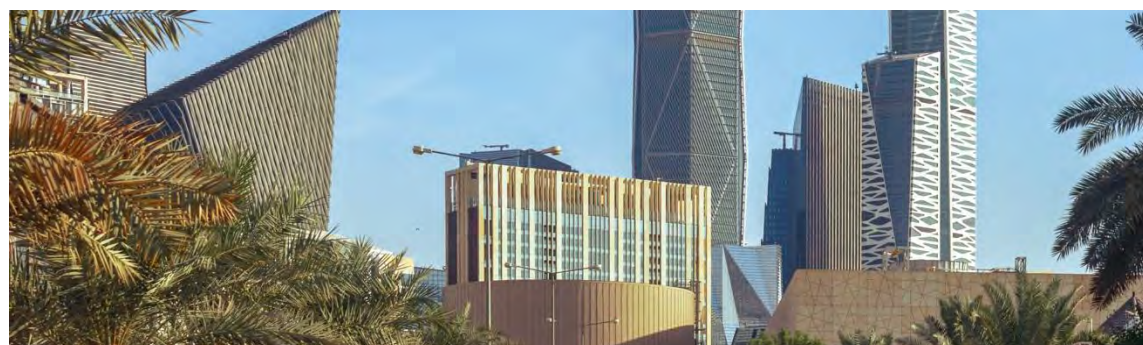
To ensure accountability and continuous improvement, public entities must establish KPIs that track financial, operational and strategic asset performance. These indicators link AM practices to fiscal outcomes, allowing decision-makers to assess impact, benchmark progress and improve over time.

The following examples illustrate some KPIs that can be used to support this purpose:

KPI	Definition and purpose
Customer/user satisfaction index	Measures end users' satisfaction through surveys and real-time reporting – guiding improvements in service and asset performance
% compliance with the asset acquisition plan and budget	Assesses alignment of actual asset acquisitions with approved plans and budget – reflecting planning accuracy, financial discipline and execution efficiency
% completeness of the FAR	Measures how complete the FAR is relative to total assets, which supports data integrity
% of assets linked to technical assets / equipment	Assesses integration between financial asset records and Operations & Maintenance (O&M) or technical systems, which enables integrated asset management
% of assets with Lifecycle plans	Measures how many assets are managed with documented lifecycle plans – improving forecasting and maintenance
% of assets with measurable lifecycle costs	Measures the percentage of assets with measurable lifecycle costs (e.g., CapEx and OpEx), enhancing financial reporting and investment planning
% of critical assets to overall assets	Measures operational dependency on key assets, reflecting risk exposure and guiding prioritisation and risk mitigation

The following examples illustrate some KPIs that can be used to support this purpose:

% compliance with the O&M budget	Measures actual O&M spend against budget, supporting cost control and fiscal discipline
% reduction in O&M costs	Measures the year-on-year (or period-on-period) efficiency gains in maintenance budgets – reflecting optimisation efforts
O&M cost per asset unit	Benchmarks O&M cost per unit (e.g., per km ² of road), helping refine future budgets and supplier contracts
O&M cost to replacement cost	Compares maintenance costs to asset value, informing repair vs. replace decisions and lifecycle planning
% of assets in good condition	Measures the percentage of assets that are assessed to be in good condition, enabling proactive maintenance and deferring costly replacements
Average extension of asset life (in years)	Measures gain in useful life from improved management demonstrating the effectiveness of ALM in deferring capital replacement and maximising asset value
% of predictive and preventive costs out of total maintenance costs	Reflects maturity of maintenance strategies – showing progress from reactive to planned models
% reduction in CapEx driven by optimised ALM practices	Captures savings from smarter planning and lifecycle extension – key for fiscal efficiency



Measuring what matters – KPIs that promote financial sustainability

KPI	Definition and purpose
% of decisions made based on asset data	Tracks evidence-based decision-making, promoting accountability and transparency
Asset availability	Measures uptime relative to expected service time, which is vital for public service continuity
Asset reliability	Captures failure rates or disruptions, which supports service quality, safety and cost control
Asset utilisation rate	Measures the extent to which assets are being used compared to their full capacity, to identify underused or strained infrastructure
% of assets insured	Measures the proportion of assets covered by insurance, which demonstrates risk mitigation and supports financial resilience
% of environmentally friendly assets and equipment	Assesses asset sustainability credentials, aligned with Environmental, Social, and Governance (ESG) and Vision 2030 objectives
Environmental footprint (e.g., % CO ₂ reduction)	Measures environmental impact and supports reporting and green finance eligibility
% of buildings achieving green building certifications	Tracks adoption of recognised energy and environmental design standards (e.g., LEED)
Localisation of the AM workforce; e.g., % of O&M jobs filled by Saudi Nationals	Reflects localisation of the AM workforce, advancing national employment goals
Number of certified AM professionals	Tracks the percentage of staff holding ISO, IAM, or other internationally recognised certifications – signalling professionalisation and continuous improvement



Institutionalising value – the fiscal case for ALM

When embedded effectively, ALM bridges operational data with financial planning, enabling a shift from reactive maintenance to strategic capital allocation. It supports evidence-based budgeting, lifecycle optimisation and performance-based investment. More importantly, it transforms the role of asset management units – from custodians of compliance to architects of public value.

For Saudi Arabia, where infrastructure portfolios are expanding rapidly and fiscal discipline is paramount,



ALM offers a unique opportunity to align service excellence with financial sustainability.

The next section outlines how public entities can build the capabilities, systems and standards required to scale these practices and deliver long-term impact.

Building asset management capabilities to support financial sustainability



Building asset management capabilities to support financial sustainability

While the introduction of accounting standards and financial reporting guidelines is an essential starting point, newly established asset management (AM) units must develop broader capabilities to fully support long-term financial sustainability. These units must go beyond compliance and become enablers of value – drawing from national PFM guidance, international asset management standards and proven global practices.

This section outlines how Saudi Arabia can build these capabilities by:



Leveraging national PFM tools to support structured, lifecycle-based asset planning

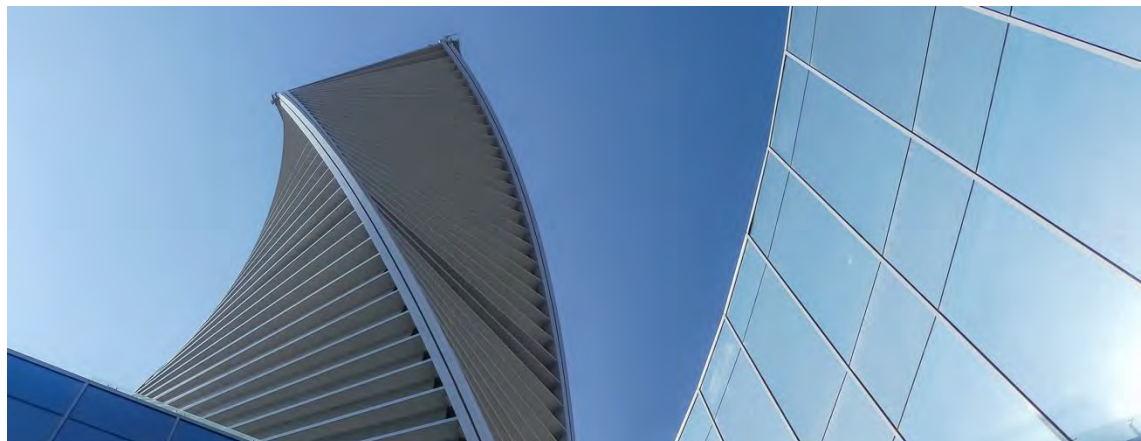


Applying international standards such as the ISO 55000 series to embed value-focused, risk-based asset management



Learning from international case studies to guide implementation and avoid common pitfalls

Collectively, these tools ensure that Capital Expenditure (CapEx) and Operating Expenditure (OpEx) decisions are no longer made in isolation, but as part of an integrated fiscal strategy, grounded in data and aligned with service outcomes.



3.1 Leveraging National PFM guidance, driving asset management effectiveness and financial sustainability

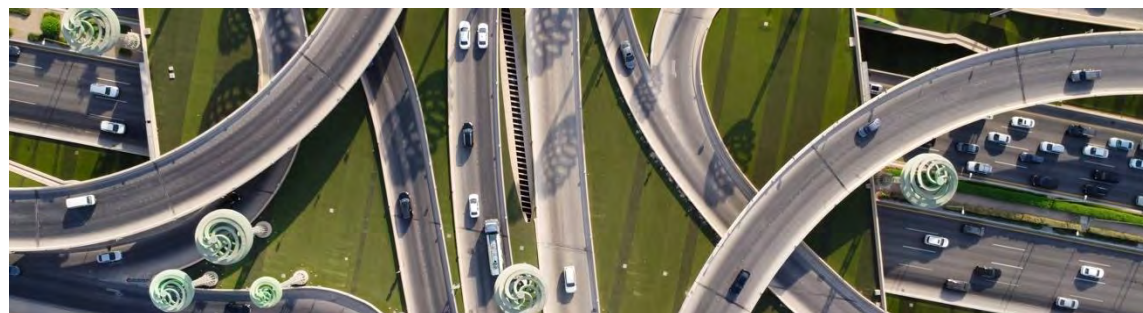
Key government institutions in Saudi Arabia are laying the groundwork for improved asset management. These national enablers are creating the conditions for AM units to evolve into strategic functions.

EXPRO – advancing lifecycle alignment and project efficiency

The Expenditure and Project Efficiency Authority (EXPRO), established in 2021 by Royal Decree, was mandated to improve government spending efficiency, infrastructure planning and asset quality. In 2022, EXPRO published the National Guide for Asset and Facilities Management – a technical reference that standardises lifecycle-based asset practices across public entities.

It supports financial sustainability by:

- | | |
|----|---|
| 01 | Aligning asset planning with national priorities and long-term outcomes |
| 02 | Reducing lifecycle costs through efficient design and procurement |
| 03 | Enhancing performance with consistent maintenance practices |
| 04 | Embedding lifecycle costing into budgeting |
| 06 | Strengthening risk and performance management |
| 07 | Promoting data-driven decision-making and improved governance |





EXPRO has also launched complementary tools to institutionalise asset-related decision-making:

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It supports financial sustainability by:

01

National Manual for Project Management

a 16-volume framework (2022) unifying project delivery methods and linking project outcomes to long-term asset performance

02

Capacity and Demand Studies

mandated through Royal Decree to assess current infrastructure capacity and forecast future needs, ensuring capital investment is directed to where it delivers the greatest value

03

Five-Year Projects Portfolio Plan (5-YPP)

a strategic planning tool required annually from all infrastructure-related entities to align capital planning with lifecycle investment priorities and national development goals

These initiatives provide a coherent framework for entities to link infrastructure planning, operations and fiscal discipline in support of Vision 2030.

Institutionalising value – the fiscal case for ALM

The Ministry of Finance (MoF) plays a central role in Saudi Arabia's financial governance – shaping fiscal policy, maintaining economic stability and overseeing public assets. MoF has led the government-wide transition to accrual accounting through initiatives such as the Fixed Assets Verification and Valuation Manual.

Its broader contributions to strategic finance include:

01

Medium-term fiscal planning (MTFP)

aligning 3-5 year budget ceilings with asset investment and operating forecasts, using lifecycle cost insights

02

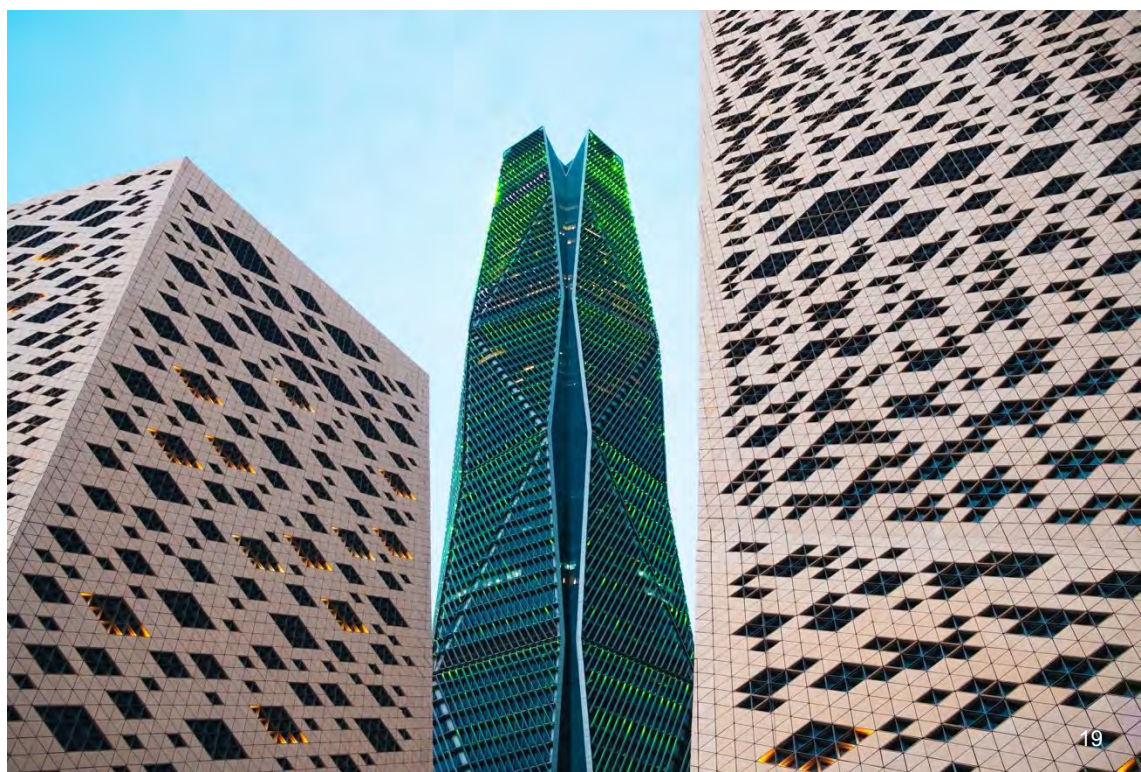
Capacity and Demand Studies

providing guidance on incorporating asset data into both capital and recurrent expenditure planning

03

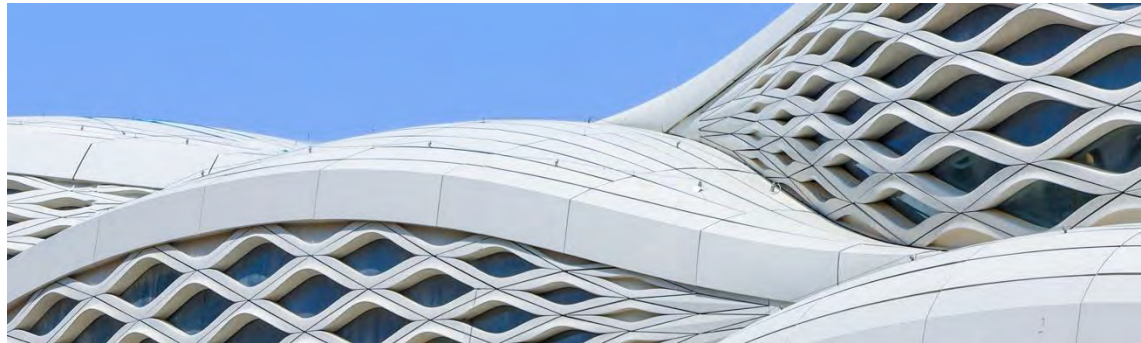
By embedding asset data

especially total expenditure and lifecycle costs – into fiscal policy tools, MoF ensures that asset decisions are grounded in long-term sustainability rather than short-term budget availability



3.2 Applying international standards to strengthen asset management practices: The ISO 55000 series

Global standards provide a consistent framework to enhance Saudi Arabia’s asset management systems and integrate them with PFM goals.



ISO 55001:2024 – integrating planning, risk and performance

The 2024 revision of ISO 55001 strengthens the strategic foundations of asset management. Key changes include:

01

Increased emphasis on leadership and organisational alignment



02

Closer integration of asset decisions with lifecycle planning and risk management



03






A more holistic view of operational performance and value



While the standard is non-prescriptive, it helps organisations structure decision-making around performance, cost and risk – all critical to long-term financial sustainability.

The following table maps ISO 550012 elements to practical methodologies supporting financial sustainability across the Plan–Do–Check–Act “PDCA” cycle.

ISO 55001:2024 – integrating planning, risk and performance

Stages of the continual improvement cycle (PDCA)	ISO 55001 AMS elements	Suggested financial sustainability-related methodologies and practices
 <p>All</p>	Context of the organisation leadership and support	<ul style="list-style-type: none"> Financial policies and procedures, with a focus on lean and automated processes Provision of financial resources needed Delegation of authorities Right-size management and support functions Embed sustainability and health, safety and environment (HSE) plans and practices Capacity building in financial management, effective awareness and communication Management of financial data and information Effective financial knowledge management
 <p>Plan</p>	Planning	<ul style="list-style-type: none"> 5-Year Projects Portfolio Plan (5-YPP) 5-case model, including the capacity and demand studies Asset investment planning (AIP) Lifecycle costing (LCC) Prioritise project options using a whole lifecycle cost-benefit analysis Public investment management (PIM) lifecycle policies, procedures and governance Participative planning and budgeting Medium-term financial planning (MTFP) Performance-based budgeting (PBB) Demand-side management
 <p>Do</p>	Operation	<ul style="list-style-type: none"> Resource optimisation to rationalise expenditures Maximise asset utilisation Asset refurbishment and asset life extension programmes Invest in and focus on preventive and predictive maintenance Reliability-centred maintenance (RCM) Outsourcing and selecting the contracting mode that offers the best value-for-money
 <p>Check</p>	Performance evaluation	<ul style="list-style-type: none"> Financial performance monitoring, measurement, analysis and evaluation Financial audits
 <p>Act</p>	Improvement	<ul style="list-style-type: none"> Management and budget reviews and decisions/actions taken based on the results of the performance evaluation Cost control and asset consumption Outsourcing and selection of contracting models which offer the best value-for-money Public-private partnerships (PPPs)

ISO/TS 55010:2024 – aligning finance and non-financial functions

ISO/TS 550103 provides practical guidance on integrating finance, engineering and operations. For Saudi Arabia, this integration offers measurable benefits:

01 Improved visibility into asset performance and risk



02 Better investment prioritisation



03 Greater accuracy in financial reporting and forecasting



04 More effective controls and internal accountability



These benefits rely on several enablers, including: strong leadership, integrated Information Technology “IT” / Operational Technology “OT” systems, clear governance, and capacity building across technical and financial teams.



ISO 55011 – supporting public sector adoption

The ISO 550114 public policy survey (2021)⁵ found that 62% of public sector respondents struggled to balance investment between new and existing assets. While adoption of standards was seen as positive, many emphasised the need for practical guidance, case studies and implementation support.

For Saudi Arabia, this underscores that standards alone are not enough. Adoption must be backed by policy frameworks, stakeholder engagement and ongoing learning from leading jurisdictions – a theme explored below.

3.3 Lessons learned from international benchmarks to optimise performance Countries

Such as Australia and the United Kingdom have taken structured, long-term approaches to integrating asset management into their fiscal and operational frameworks. These examples provide useful guidance for Saudi Arabia.



Australia – using AM to address fiscal stress and ageing assets

Facing growing community expectations, ageing infrastructure and constrained revenues, Australia's local governments were increasingly unable to meet long-term renewal needs. A 2006 national study found that 35% of councils were financially unsustainable.

Its broader contributions to strategic finance include:

- | | |
|----|---|
| 01 | Integration of asset management plans (AMPs) with long-term financial strategies |
| 02 | Downward revisions in service levels where necessary to reflect fiscal realities |
| 03 | Accrual accounting and small operating surpluses to fund asset renewal |
| 04 | Development of enabling tools and training to embed practices across local councils |

The reforms yielded measurable impact. In South Australia, councils reporting operating surpluses rose from 23% in 2000–01 to 57% in 2018–19. The Victorian government's Asset Management Accountability Framework (AMAF), launched in 2016 – requires public agencies to attest annually to AM compliance, reinforcing accountability and continuous improvement.

United Kingdom – from transparency to strategic reform

The UK began its reform journey with the creation of a National Asset Register (NAR), followed by the introduction of Whole of Government Accounts (WGA). These laid the foundation for the Balance Sheet Review – an initiative focused on improving asset use, disposal and performance.

Key enablers included:

01

Adoption of ISO 55000 standards across public entities

02

Use of Geographic Information Systems (GIS) and Building Information Modelling (BIM) to support lifecycle planning, predictive maintenance and project delivery

03

Consolidation of property assets under the Government Property Agency (GPA) and Office of Government Property (OGP), enabling co-location, rationalisation and monetisation of surplus assets

The UK's reforms resulted in more accurate financial statements, clearer valuation of liabilities, and improved strategic decisions on leasing, maintenance and capital planning.



Reflections for Saudi Arabia

Saudi Arabia's public sector faces similar challenges – expanding asset portfolios, fiscal constraints and the need to sustain high service levels. However, the scale, speed and institutional complexity of Saudi Arabia's infrastructure development make the case for a tailored approach.

01

Policy-driven reform with strong engagement – aligning regulatory frameworks with training, guidance and change management

02

Long-term infrastructure planning – using lifecycle costing to guide fiscally responsible capital decisions

03

Standards alignment – embedding ISO 55000 to ensure consistency and interoperability across sectors

04

Technology-enabled asset intelligence – using tools such as GIS and BIM to enable predictive maintenance and support investment planning

05

Integration of financial and technical functions – ensuring that AM is fully embedded into multi-year budgeting, investment appraisal and fiscal forecasting

To succeed, these lessons must be adapted to Saudi Arabia's institutional environment, including the scale of its public sector assets, the need for coherence across national PFM initiatives, and the demand for evidence-based investment planning to meet Vision 2030 goals.

From reform to execution – the path forward



From reform to execution – the path forward

As Saudi Arabia completes the foundational shift to accrual accounting and begins embedding ALM practices, there is now a clear opportunity to reposition AM from a technical compliance function to a core driver of fiscal and operational strategy. This next phase of reform requires AM units to operate not just as record keepers, but as strategic partners that enable long-term value, evidence-based investment and sustainable public service delivery.

Unlocking this value depends on fully integrating AM into PFM – aligning it with capital planning, budgeting, procurement, maintenance and performance management. A dedicated AM unit within each public entity, ideally housed in or working closely with the finance function, can act as the institutional bridge between technical asset operations and financial oversight. This helps ensure that investment, operations and disposal decisions are data-driven, transparent and fiscally sustainable.

To consolidate this transition, Saudi Arabia must move from guidance to execution – ensuring structured adoption, role clarity and capability building at both the national and entity levels. Central oversight bodies have a vital role to play in creating the enabling environment through governance, policy alignment and continued leadership.

01

Institutionalise and govern

by formalising the roles and responsibilities of AM units and strengthening governance mechanisms across public entities, linking AM to financial strategy and planning

02

Invest in capabilities

including workforce development, and effective deployment of digital tools and technologies

03

Assess and embed proven standards

such as ISO 550001, benchmarking, and performance/outcome-based AM frameworks that best-suit the needs of the public entity and institutionalise continuous improvement

Saudi Arabia's public asset portfolio is growing rapidly in scale, complexity and strategic importance. To ensure these assets deliver long-term value, the Kingdom must now consolidate recent reforms by embedding AM into the DNA of public finance.

By aligning governance, standards, technology and talent, AM units can drive a national shift toward resilient infrastructure, fiscal sustainability, and world-class public services. With Vision 2030 as the backdrop, Saudi Arabia is taking important steps to strengthen public sector asset management and deliver long-term value for citizens, investors and future generations.

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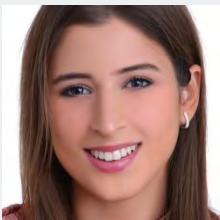
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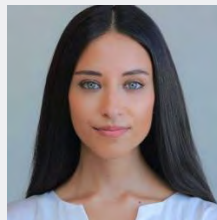
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