



Technical Due Diligence in Asset Recycling

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The objective of the technical due diligence is to identify potential technical issues with respect to the asset. This exercise should form the basis for determining the scope for management, maintenance, and refurbishment of the asset to ensure that required performance specifications can be met over the concession or lease term.

The Relevant Authority, supported by its technical advisors, should carry out the following steps in conducting technical due diligence of the asset:



Availability and accessibility of technical data

- Review relevant documentation: Review available documentation of the asset, including but not limited to previous feasibility studies, technical reports (engineering drawing and design), financial

statements, existing commercial agreements. Assess the completeness of data provided and, where warranted, commission additional studies.

- Organization of data: Data collected should then be organized according to categories - naming and categorization are required to minimize hurdles in accessibility by bidders when the data is to be made available during the bidding process.

Asset performance and condition

The assessment includes a study on the existing asset condition:

Historical

- Undertake an assessment of the general condition of the asset.
- Identify any deficiencies in the asset's functions and operations.
- Assess annual operational and maintenance costs of the asset.
- Assess potential replacement / overhaul / major maintenance required.
- Assess remaining useful life of the asset.
- Assess overall performance (against benchmark KPIs – local and international) and capacity of the asset (and identify any constraints).

Future / Forecast

- Define service specifications required to meet the future needs.
- Identify any change required in technology used and assess costs required for implementation.
- Assess if asset condition is sufficient to provide satisfactory service levels; document any gaps (gap analysis) where the efficiencies of the private sector can be leveraged.

Capital, operational and life-cycle expenditure plans

- Assess expenditure plan (for improvement of service levels, technological upgrade or increasing capacity) to meet expected growing demand / traffic / utilisation of the asset over the life of the concession or lease term.
- Assess any proposed timeline/ implementation plan and phasing of the expenditure plan.

The outcome of the technical due diligence should be provided as a report. As a minimum, it should report on the overall performance and condition of the asset, assess future capital, operational, and life-cycle expenditure plans.

Related Content

- [The PPPRC Asset Recycling Section](#)
- [Executive Summary: Asset Recycling](#)
- [Asset Recycling Projects](#)

- [Asset Recycling Programs](#)
- [Table of Contents for Asset Recycling](#)

Additional Resources

- [Environmental and Engineering Standards](#)
- [Terms of Reference: Technical Due Diligence Wind Power Project](#)

This section has not been prepared with any specific transaction in mind and are meant to serve only as general guidance. It is therefore critical that the content will be reviewed and adapted for specific transactions.

This is a new section of the website and is currently in draft form. For feedback on the content of this section or to suggest additional links or materials, please [contact the PPP Resource Center](#) using the feedback form.

