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Multi-asset Procurement (Asset Bundling) in Asset Recycling

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Governments considering asset recycling transactions may envisage bundling multiple assets of same asset class as part of a single asset recycling transaction.

Key Parameters to Consider for Multi-asset Bundling

Some key parameters to consider are:

Table 6: Key Parameters to Consider for Multi-asset Bundling

Parameter	Considerations for Multi-asset Bundling
Criteria to Consider Bundling	
Value for Money Outcome	In some cases, small-scale assets may not achieve either value for money outcomes or sufficient proceeds for re-investment. Bundling can then be a solution to that issue.
Private Sector Interest in Scale	The asset size and potential should be sufficient to generate market and private sector interest. This can be tested in the initial market sounding.
Investor / Lender Confidence	Debt and equity financiers generally view bundled projects as more favourable given the higher ticket size and diversified risk profile. Specifically, for equity investors, this may justify higher bidding and internal business case.

Parameter	Considerations for Multi-asset Bundling
Multi-asset Synergies	There may be operational synergies (for instance, in cases of road networks or rail networks) in bundling the assets.
Cross-subsidization	There may be opportunities to bundle commercially viable and sub-viable projects wherein the private sector can cross-subsidize the losses.
Efficiencies in Procurement	More efficient procurement and contract administration thus minimising transaction cost and time. Pricing efficiencies enable the Relevant Authority to lock in the price of several projects in a single procurement.
<i>Criteria to Not Consider Bundling</i>	
Complexities	Bundling of multiple assets under a single concession may lead to additional complexities and risks, for example, operational delays that impact only one of the bundled assets and has an impact on the entire bundled portfolio due to cross-default provisions.
Reduces Competition	Depending on the size of the transaction (i.e., number of bundled assets), bundling may reduce the pool of bidders, thus reducing competition.

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

- [PPP Reference Guide](#)

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.

