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Bundling and Unbundling Criteria

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Module 7 of the [Annex in Asset Recycling](#).

For an Asset Recycling transaction, the Relevant Authority can consider bundling multiple assets as part of a single Asset Recycling transaction. *Find more below, or visit the [Guidelines for Implementing Asset Recycling Transactions](#) section and [Content Outline](#), or [Download the Full Report](#).*

Key considerations that a relevant authority should consider for bundling are:

Parameter	Considerations for Multi-asset Bundling
<i>Criteria to Consider Bundling</i>	
Value for Money Outcome	Smaller scale Assets may not achieve either value for money outcomes or generate sufficient revenue to cover the costs involved in preparing an Asset Recycling transaction.
Private Sector Interest in Scale	Asset size and potential should be sufficient to generate market and private sector interest. Investors should be able to mobilize resources for project implementation. Given the costs and commitments involved, investors such as institutional funds typically set a minimum investment threshold. The potential overall value of the bundled Assets can be tested as part of the initial market testing.

Parameter	Considerations for Multi-asset Bundling
Investor / Lender Confidence	Debt and equity financiers generally view bundled projects as more favourable to investors, this helps to justify committing to higher bidding and resourcing costs.
Multi-asset Synergies	There may be operational synergies (for instance, in cases of road networks or rail networks). This is provided that attributes of the Assets (such as location and specific features) servicing requirements etc) in the grouping allows for the generation of economies of scale.
Cross-subsidization	There may be opportunities to bundle commercially viable and sub-viable projects together to offset the losses.
Risk Diversification	By bundling assets into a single package, diversification can be achieved thereby reducing the risk of any single asset.
Efficiencies in Procurement	More efficient procurement and contract administration thus minimising transaction costs. Relevant authority to lock in the price of several projects in a single procurement process.
<i>Criteria to Not Consider Bundling</i>	
Complexities	Bundling of multiple assets under a single concession may lead to additional complexities and delays that impact only one of the bundled assets and has an impact on the entire project. Bundling several assets under one concession can introduce complexity, To a certain extent, a greater level of standardisation.
Reduces Competition	Depending on the size of the transaction (i.e., number of bundled assets), bundling can reduce competition. Conversely, if the relevant authority can optimise the size of the transaction, it can increase competition.

Related Content

- [Guidelines for Implementing Asset Recycling Transactions \(Download PDF version\)](#)

Additional Resources

- [Monitoring and Managing PPP Delivery and Risk](#)
- [PPP Reference Guide - PPP Cycle](#)

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.