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Monetize Asset / Transaction Process

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On this page: *Understand the key factors to consider when selecting the appropriate monetization model. Read more below, or visit the main page for the Asset Recycling Handbook and Content Outline, or Download the Full Report.*

Choosing the right monetization model

There are various monetization models that can be applied, including direct contractual agreements, divestments, and structured financing. The following factors should be considered when selecting the appropriate monetization model:

- Ownership of assets over the term of the asset recycling transaction:
  - Retention of full ownership over assets;
  - Permanent transfer of ownership to the private sector; or
  - Temporary or partial transfer of ownership to the private sector

- Extent of operational responsibility to be vested in the private sector
  - Private sector to operate the asset fully
  - Private sector to partially operate the asset
  - Private sector is not required to operate the asset

- Maturity of the country's financial markets
  - Maturity of capital markets to support the financing of the upfront asset recycling transaction fee
  - Maturity of debt markets, including depth of local currency financing
  - Investor appetite

Some of the key asset recycling models, including the factors that determine the choice of the models, are discussed in Section 2 in this Handbook.

Asset preparation, structuring and maximizing asset value

The Government should invest significant effort in preparing and structuring the asset to ensure that the value realized is optimized. This requires extensive due diligence (commercial and financial, legal, technical, accounting and tax, environmental and social) to be undertaken by experienced transaction advisors, understanding investor sentiments through market consultation to enable the structuring of bankable and commercially attractive concession schemes.

Standardized transaction process information and documentation in the public domain

Governments should implement an approach to market that is consistent and maintained on each transaction, giving bidders certainty and confidence in the program. The development of a standard approach requires planning and preparation (by each Government entity that is undertaking an asset recycling transaction

together with its advisors) to provide for a smooth and efficient process.

Note

Guidelines for asset recycling (concession and lease model)

The Public-Private Partnership Legal Resource Center (PPPLRC) provides access to step-by-step guidelines for implementing asset recycling transactions (concession and lease model).

The guidelines have been developed to support governments in selecting, preparing, and delivering asset recycling transactions, with a focus on long-term concession and lease models. The guidelines have been drafted to provide a systematic and consistent approach to facilitate asset recycling transactions under these models. The guidelines have not been prepared with any specific transaction in mind and are meant to serve only as general guidance. It is therefore critical that the guidelines be reviewed and adapted for specific transactions.

Key Features of the Guidelines:

- Asset Selection Process: The guidelines outline a structured process for selecting appropriate assets for recycling.
- Project Preparation Process: This includes selecting transaction advisors, conducting due diligence, structuring projects, and engaging in market sounding activities.
- Tendering Process: Detailed steps are provided for the procurement process, from bid solicitation to contract finalization.
- Financing Options: The guidelines discuss various financing instruments available for asset recycling transactions.
- Contract Management: Post-award processes are covered, including contract management plans and dispute resolution mechanisms.
- Use of Proceeds: Mechanisms for applying proceeds from asset recycling transactions are based on international best practices.

These guidelines have not been prepared with any specific transaction in mind and are meant to serve only as general guidance. It is therefore critical that the guidelines be reviewed and adapted for specific transactions.

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

- Asset Recycling Handbook (Download PDF)

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.