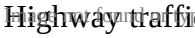
Re-investment

Asset Recycling Handbook

Chapter 4: Re-investment

In devising an asset recycling program, it is important to set out the framework for reinvestment of the proceeds generated through monetization.

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*The Asset Recycling Handbook is intended to be a living document and will be reviewed at regular intervals. Check out the section below or visit the **Section Overview** for more content on Asset Recycling in PPPRC. Let us know what you think by taking a Quick Survey.*

Key Takeaways

- The link between monetization and re-investment can generate greater investment opportunities as it gives comfort to the public that proceeds are effectively channeled into value creating projects and not misused, mitigating the risks of public distrust of asset monetization schemes. Setting a clear and defined re-investment strategy for the proceeds help realize the government's priorities and commitment towards developing new infrastructure.
- Re-investment mechanisms can be classified into two categories – (1) a retention-based mechanism, in which the proceeds are retained by the respective public sector entity undertaking asset monetization and (2) a consolidated fund-based mechanism in which the proceeds from asset monetization by all public sector entities are paid into a consolidated fund.
- There are two critical factors for successfully developing a reinvestment strategy for asset recycling – (1) establishing a clear regulatory and governance framework for re-investment of proceeds into new, high priority infrastructure projects and (2) ensuring clear and transparent use of proceeds - this includes developing a list of new, high-priority infrastructure projects where the proceeds of monetization will be utilized.

Under a holistic asset recycling program, the proceeds realized from monetization of infrastructure assets should be re-invested in developing new infrastructure assets; thereby creating a virtuous cycle of monetization and re-investment.

Subsections

Skyscraper



Re-investment Mechanisms

Modern building



Critical Factors for Re-Investment Mechanisms

Research and Publications in PPPRC

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- Gender
- Innovative Revenues for Infrastructure

The Asset Recycling Handbook 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.