

# 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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## 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](#) or type unknown

[Re-investment Mechanisms](#)

[Modern building](#) unknown

[Critical Factors for Re-Investment Mechanisms](#)

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*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.*