

Bundling and Unbundling Criteria

Full Description

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 the expected benefits due to 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 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 process.
Investor / Lender Confidence	Debt and equity financiers generally view bundled projects as more favourable than individual projects. By bundling projects, 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) and 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 overall risk profile.
Efficiencies in Procurement	More efficient procurement and contract administration thus minimising transaction costs. It allows the 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 transaction. 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 \(Download PDF version\) - Now Available!](#)

Additional Resources

[Monitoring and Managing PPP Delivery and Risk](#)

[PPP Reference Guide - PPP Cycle](#)

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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 To find more, visit the Guidelines to Implementing Asset Recycling Transactions [Section Overview](#) and [Content Outline](#), or [Download the Full Report](#).

