



ADB-Stanford Leadership Academy for Development: The Role of Public Policy in Infrastructure Development

**Jointly organized by:
Asian Development Bank Institute (ADB I)
Leadership Academy for Development, Center on Democracy, Development and the
Rule of Law, Stanford University (Stanford LAD)
17 August – 11 September 2020
Online Course-based Training Program
Japan Standard Time**

Introduction:

This training program addresses the challenges faced by public sector leaders as they foster economic growth through infrastructure development in politically charged environments. Offered in partnership with the Asian Development Bank Institute, the Leadership Academy for Development (LAD) at Stanford University and Johns Hopkins University School of Advanced International Studies, it uses case studies on how public sector policies and procurement practices for infrastructure can help the private sector be a constructive force for economic growth and development.

A driving principle of the LAD infrastructure module is that infrastructure project shaping, and coalition building is not like engineering or other technical fields that have discrete skills and clear, optimal solutions. Instead, successful managers must be politically aware and weigh a broad range of factors that influence project outcomes. They must have a solid grasp of country-specific economic, financial, political and cultural realities. Most importantly, they must have a sense of how to set priorities, sequence actions and build coalitions.

LAD provides participants with an analytical framework to build these leadership abilities and operate effectively under adverse conditions. Major themes are 1) Providing Public Goods 2) Bypassing Bureaucratic Obstacles, 3) Facilitating Private Investment, and 4) Strengthening the State as Economic Catalyst. This program is designed to reinforce and illustrate three critically important hypotheses about the role of public policy in public-private partnerships and infrastructure development:

1. Public policy and procurement matter! The performance of the private sector and its role as either a catalyst or an obstacle to economic growth is closely connected to how well or badly government policies are designed and implemented.
2. The public officials responsible for enhancing private sector participation and managing procurement must acquire a range of analytical skills to be effective. But project shaping and

early-stage development are not like engineering or other technical fields where there is a clear optimal solution to a problem. Designing and implementing meaningful policy reform requires a broader, more interdisciplinary knowledge of economics, politics, local history and culture, combined with a sense of how to set priorities, sequence actions and build coalitions.

3. Successful project and policy outcomes that encourage and strengthen private sector participation in infrastructure are contingent upon the capacity of government officials and business leaders to understand and appreciate the interests, motivations and objectives of their counterparts.

The Case Method

The “case method” is a technique of teaching and learning through the analysis of actual events that have occurred, allowing you to gain a realistic understanding of the roles, responsibilities and analytical skills required of decision makers, as well as the tensions that may arise between various stakeholders with different objectives. The cases in this course highlight both the political challenges and analytical tasks encountered by government officials in different countries who are responsible for formulating policies and programs designed to encourage a larger, more constructive private sector role in the local economy, such as improving consumer credit information in China, eliminating corruption in the Indonesian customs service by contracting out critically important services to a private firm, or restructuring a public water and sewerage authority in India. Each case is presented from the point of view of a practitioner—usually a government official—who played a central role in the policy making process. As the reader of the case, you are required to assume the role of the principal analyst/decision maker who must thoroughly analyze the problem, identify and assess the issues, and make a defensible decision on whether to proceed, and if so, how.

The case method is an *active* approach to learning. Rather than listening to lectures by professors (i.e. passive learning), participants are expected to *actively* engage in a structured online class discussion of the case led by the professor. It cannot be stressed too strongly, therefore, that success with the case method used in this course hinges on your willingness and ability to prepare meticulously in advance of each class, and then participate actively in the online class discussion. Because this is a relatively realistic, “hands-on” method of learning, the case method approach should help you to develop the skills needed to analyze some of the complex issues you encounter in your work. In addition, it should strengthen your ability to make difficult decisions and communicate effectively.

Study Groups

You will be assigned to a study group consisting of about five members at the beginning of the course. Time will be set aside during the course for groups to meet virtually to discuss the case assignments *after* you have completed a careful reading of the case. These virtual group sessions provide an opportunity to exchange views and discuss some issues likely to arise during the online class discussion. Reaching a group consensus is *not* the objective. Ultimately, the goal of this process is to challenge all participants to be more effective class participants, which heightens the quality of class discussion for everyone.

Final Study Team Assignment

Each study team will prepare a 15-minute presentation that will be given virtually before the entire class on the final day of the course. The presentation will outline a specific policy challenge regarding an aspect of infrastructure development and recommend a new government initiative to address this challenge, drawing on lessons learned during the course.

This assignment is designed to encourage you and your study team colleagues to apply what you have learned during the course to a real-world problem that is impacting infrastructure development and private sector performance in your country. This assignment is a central component of the course. Study teams are expected to dedicate significant time during the course to this task and produce a

quality presentation that demonstrates original thinking. On the first day, instructors will assist each group virtually to identify the policy challenge that they will address, and they will be available throughout the course to provide guidance on the presentations. The course schedule includes specific allotments of time dedicated to working on the assignment.

Certificate

ADBI and LAD will issue a certificate for those who complete this training program successfully.

Organizers**Asian Development Bank Institute (ADBI)**

Asian Development Bank Institute is the think tank of the Asian Development Bank (ADB). It was established in 1997 to identify effective development strategies and to improve development management in ADB's developing member countries. ADBI's capacity building and training programs promote sound development management for senior and mid-level officials of ADB's developing member countries. Officials are supported to identify appropriate policies and to implement them effectively.

Leadership Academy for Development (LAD)

The Leadership Academy for Development (LAD) trains government officials and business leaders from developing countries to help the private sector be a constructive force for economic growth and development. It teaches carefully selected participants how to be effective reform leaders, promoting sound public policies in complex and contentious settings. LAD is a project of the Center for Democracy, Development and the Rule of Law, part of Stanford University's Freeman Spogli Institute for International Studies and is conducted in partnership with the Center for International Business and Public Policy at the School of Advanced International Studies, Johns Hopkins University.

TRAINING PROGRAM AGENDA

Week 1 (17 – 19 August 2020)

Day 1

09:00 – 09:30	Opening session
09:00 – 09:30	Welcoming Remarks Chul Ju Kim , Deputy Dean, ADBI Francis Fukuyama , Director and Senior Fellow, Stanford LAD
09:30 – 11:00	Introductory Lecture: A Framework for Public Policy Problem-Solving <u>Lecturer:</u> Francis Fukuyama
11:30 – 12:30	Welcoming Guest Lecture <u>Lecturer:</u> Tetsushi Sonobe , Dean, ADBI

Day 2

09:00 – 10:30	Case Study 1: Facilitating Trade Through Effective Border Control: Costa Rica's Challenging Reform Agenda
09:00 – 09:30	Group Meetings Study Questions: <ol style="list-style-type: none"> 1. What factors would you emphasize to make a convincing case that the economic benefits derived from strengthening border management far outweigh the costs, regardless of the country? 2. If there was a “broad consensus” in Costa Rica that addressing the inefficiencies at the Peñas Blancas border-post should be a high government priority, why had the problems persisted for so long without resolution? In your view, are the issues primarily financial/technical or political? 3. Why had it been so difficult to reach agreement on cost-saving reforms at the border post that clearly would be financially beneficial to both private and government stakeholders (see Box 2)? 4. Which government and/or private sector stakeholders stand to lose from enhancing the efficiency of the border crossing process? What can Ocampo propose to mitigate at least some of their opposition? 5. Do you believe that the work of the outside experts added value, and facilitated Ocampo’s decision making on an effective package of reforms? 6. If you were in Ocampo’s shoes, which 3 World Bank proposed changes would you endorse, and why? Which 3 would you oppose? (see p. 9) 7. Prioritize and provide a justification for the 4 or 5 key recommendations Ocampo should make to President <i>Chinchilla</i>.

09:30 – 10:30	<p>Reading: Julia Oliver and Ronald Arce, “Facilitating Trade through Effective Border Control: Costa Rica’s Challenging Reform Agenda,” Case Study, Leadership Academy for Development.</p> <p>Plenary Discussion</p> <p>Facilitator: Francis Fukuyama</p>
10:30 – 12:00	Group Exercise
10:30 – 12:00	<p>Study Team Meetings to Discuss Potential Group Projects</p> <p>Facilitator:</p> <p>Group A (TBC)</p> <p>Group B (TBC)</p> <p>Group C (TBC)</p> <p>Group D (TBC)</p> <p>Group E (TBC)</p> <p>Group F (TBC)</p> <p>Group G (TBC)</p>

Day 3

09:00 – 10:30	Lecture 2
	<p>The State and Private Sector Development</p> <p>Lecturer: <i>Francis Fukuyama</i></p>
10:30 – 12:00	Case Study 2: Yogyakarta Bus Terminal – The Private Provision of Municipal Infrastructure
10:30 – 11:00	<p>Group Meetings</p> <p>Study Questions:</p> <ol style="list-style-type: none"> 1. What are the pros and cons for governments to do public-private partnerships rather than assume all the responsibility to build, operate and own (BOT) infrastructure projects, such as the Yogyakarta Bus Terminal? 2. Were the four criteria used to award the bus terminal concession sufficient? Would you have advised the Mayor to make revisions to the selection criteria? 3. What factors contributed to the “outstanding success” of the bus terminal during the first two years of operation? 4. What were the problems that led PTPK to announce its intention to withdraw from the bus terminal concession? Could the Mayor have taken steps to mitigate some of the problems that emerged before PTPK announced its intentions? 5. What options does the government have to resolve the dispute with PTPK?

11:00 – 12:00	<p>6. <u>What would you advise the Mayor to do?</u></p> <p>Reading: <u>Danang Parikesit, <i>Yogyakarta Bus Terminal: The Private Provision of Municipal Infrastructure</i>, Harvard Kennedy School Case #HKS734.</u></p> <p>Plenary Discussion</p> <p><u>Facilitator:</u> <i>Roger Leeds</i></p>
12:00 – end	Group Exercise
	<p>Study Team Meetings to Discuss Potential Group Projects</p> <p><u>Facilitator:</u></p> <p>Group A (TBC)</p> <p>Group B (TBC)</p> <p>Group C (TBC)</p> <p>Group D (TBC)</p> <p>Group E (TBC)</p> <p>Group F (TBC)</p> <p>Group G (TBC)</p>

Week 2 (24 – 28 August 2020)**Day 1**

09:00 – 10:30	Lecture 3
09:00 – 10:30	Lecture: Introduction to Public Private Partnerships <u>Lecturer:</u> Mike Bennon
10:30 – 12:00	Case Study 3: Enron and the Dabhol Power Company
10:30 – 11:00	Group Meetings Study Questions: <ol style="list-style-type: none"> 1. What are the challenges to foreign direct investment in infrastructure? How can investors mitigate them? How can sponsoring governments mitigate them? 2. What were the key political risks of the Dabhol project? What did Enron do to address them? What did Enron do right, and where did they make mistakes? 3. Was the Enron Dabhol project just another case of the "Obsolescing Bargain" or was there anything Enron could have done to potentially make the project a success? Reading: Andrew Inkpen, "Enron and the Dabhol Power Company," Case Study, Thunderbird School of Global Management, May 21st, 2002.
11:00 – 12:00	

Day 2

09:00 – 10:30	Lecture 4
09:00 – 10:30	The P3 Assessment and Procurement Process <u>Lecturer:</u> Mike Bennon
10:30 – 12:00	Case Study 4: Megaprojects & the Role of the Public: Germany's Embattled 'Stuttgart 21' Rail Project
10:30 – 11:00	Group Meetings Study Questions: <ol style="list-style-type: none"> 1. Evaluate each form of citizen participation in the Stuttgart 21 project. Who participated? What were their interests? Was participation "invited" or "claimed" by citizens? What levels of empowerment were given to citizens that participated? 2. What was the nature and quality of each form of citizen participation in the project? Was communication one way or two way? Was there a vote or response to comments? What were the roles of experts and political leaders vs. general citizens? 3. How effective were each of the government's efforts along key metrics? Progressing the project? Incorporating citizen input? Reaching consensus?

11:00 – 12:00	<p>In general, how could political leaders and project managers have better managed public outreach and approvals?</p> <p>Reading: Quinton Mayne & Pamela Varley. “Megaprojects & The Role of the Public: Germany’s Embattled ‘Stuttgart 21’ Rail Project.” HKS Case #1130.</p> <p>Plenary Discussion</p> <p><u>Facilitator:</u> Francis Fukuyama</p>
12:00 – end	Group Exercise
	<p>Study Team Meetings to Discuss Potential Group Projects</p> <p><u>Facilitator:</u></p> <p>Group A (TBC)</p> <p>Group B (TBC)</p> <p>Group C (TBC)</p> <p>Group D (TBC)</p> <p>Group E (TBC)</p> <p>Group F (TBC)</p> <p>Group G (TBC)</p>

Week 3 (31 August – 4 September 2020)**Day 1**

09:00 – 10:30	Lecture 5
09:00 – 10:30	Lecture: Trade and Development Lending <u>Lecturer:</u> <i>Mike Bennon</i>
10:30 – 12:00	Case Study 6: “Locked-In” to China: The Colombo Port City Project
10:30 – 11:00	<p>Group MeetingsStudy Questions:</p> <ol style="list-style-type: none"> 1. What were the political and economic considerations that led to the close relationship between Sri Lanka and China? What were the respective interests for each country? Was it a symmetrical relationship? 2. Prior to the Sirisena government, why were Chinese funded infrastructure projects preferred relative to multilateral development banks and other private sources of financing and infrastructure expertise? What was the rationale for accepting Chinese financing for the Colombo Port City project fit the pattern? How was the bidding and the financing similar and different from previous infrastructure projects financed by Chinese firms? 3. What were the reasons behind Sirisena’s government’s decision to suspend the project? Do you agree/disagree with President Sirisena’s decision to renege on contractual commitments made by the previous government? Was there a plausible alternative to suspending the project? 4. How did the 2014 Concession Agreement (CA) envisage the roles, risks and obligations of the two parties (i.e. the PC and the SLPA/GOSL)? What was the logic behind the restrictions placed on the SLPA/GOSL? Was it a balanced deal for both parties? If not, what motivated the GOSL to sign the CA? 5. What’s your opinion of the “dispute resolution mechanism” stipulated in the CA? 6. What key issues should the Sri Lankan government prioritize as most important when renegotiating the deal, and what leverage can it realistically use? If unsuccessful in achieving the prioritized results during the renegotiation, should the government cancel the project altogether? <p>Reading: Karthik Sivaram, “‘Locked-In’ to China: The Colombo Port City Project,” Case Study, Leadership Academy for Development.</p>
11:00 – 12:00	<p>Plenary Discussion</p> <p><u>Facilitator:</u> <i>Roger Leeds</i></p>

Day 2

09:00 – 10:30	Lecture 6
09:00 – 10:30	Introduction to Private Equity <u>Lecturer:</u> Roger Leeds
10:30 – 12:00	Case Study 7: Strengthening Electricity Distribution in Uganda: The Role of Private Equity
10:30 – 11:00	<p>Group Meetings</p> <p>Study Questions:</p> <ol style="list-style-type: none"> 1. Why did the Ugandan government decide to privatize Umeme? 2. Given Umeme's persistently poor operational and financial performance, why was Actis the company as an investment opportunity? 3. Once Actis controlled Umeme, what were the key components of the turn-around strategy? 4. Why did Actis attach such a high priority to the implementation of ESG (environment, social, governance) practices? 5. By 2012, after seven years of Actis ownership, what's your assessment of Umeme's operational and financial results? 6. What key stakeholder groups had to be convinced to support the Umeme IPO? What were their specific interests, and how should they be addressed by the IPO team? 7. Why did Actis decide to list Umeme shares on both the Uganda and Nairobi stock exchanges? Was a listing on an international exchange such as London Stock Exchange a realistic alternative? 8. What new risks might arise for Actis and Umeme management following the IPO? 9. Is the Umeme case relevant to your circumstances? <p><u>Facilitator:</u> Roger Leeds</p> <p>Group A (TBC)</p> <p>Group B (TBC)</p> <p>Group C (TBC)</p> <p>Group D (TBC)</p> <p>Group E (TBC)</p> <p>Group F (TBC)</p> <p>Group G (TBC)</p>
11:00 – 12:00	Plenary Discussion <u>Facilitator:</u> Roger Leeds

Day 3

09:30 – 10:30	Group Exercise
	Study Team Meetings to Discuss Potential Group Projects <u>Facilitator:</u> Group A (TBC) Group B (TBC) Group C (TBC) Group D (TBC) Group E (TBC) Group F (TBC) Group G (TBC)
10:30 – 12:00	Group Presentation Rehearsal
	<u>Facilitator:</u> TBC

Week 4 (7 – 11 September 2020)**Day 1**

09:00 – 09:30	Wrap Up Session
	<u>Speakers:</u> TBC
09:30 – 11:00	Final Presentation (Part 1)
	Group A (TBC) Group B (TBC) Group C (TBC) Group D (TBC) <u>Facilitator:</u> TBC

Day 2

09:00 – 10:30	Final Presentation (Part 1)
09:00 – 10:00	Group E (TBC) Group F (TBC) Group G (TBC) <u>Facilitator:</u> TBC
10:00 – 11:30	Closing Remarks and Graduation
	TBC Chul Ju Kim, Deputy Dean, ADBI