



REPUBLIC OF GHANA

MINISTRY
OF
FINANCE

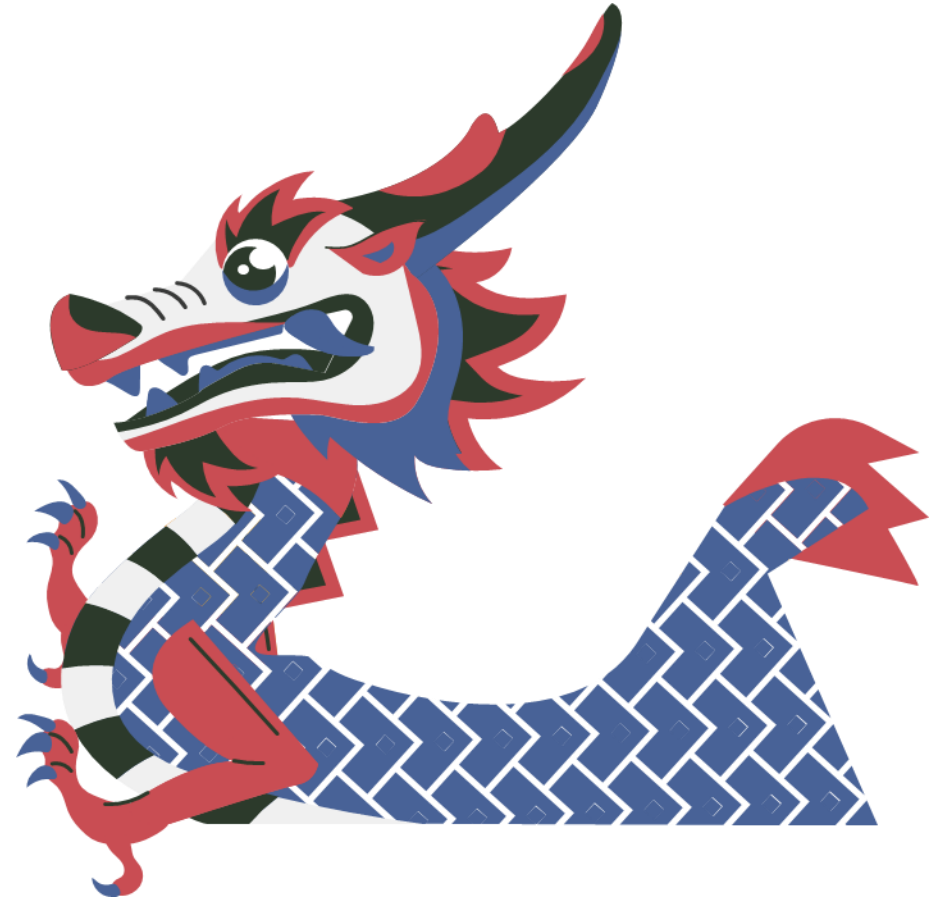
Learning from the Dragon:

**Korea's Economic Development Model
and Lessons from International
Cooperation between Korea and Ghana**

by

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From Miracle to Powerhouse: The Growth of the Korean Economy



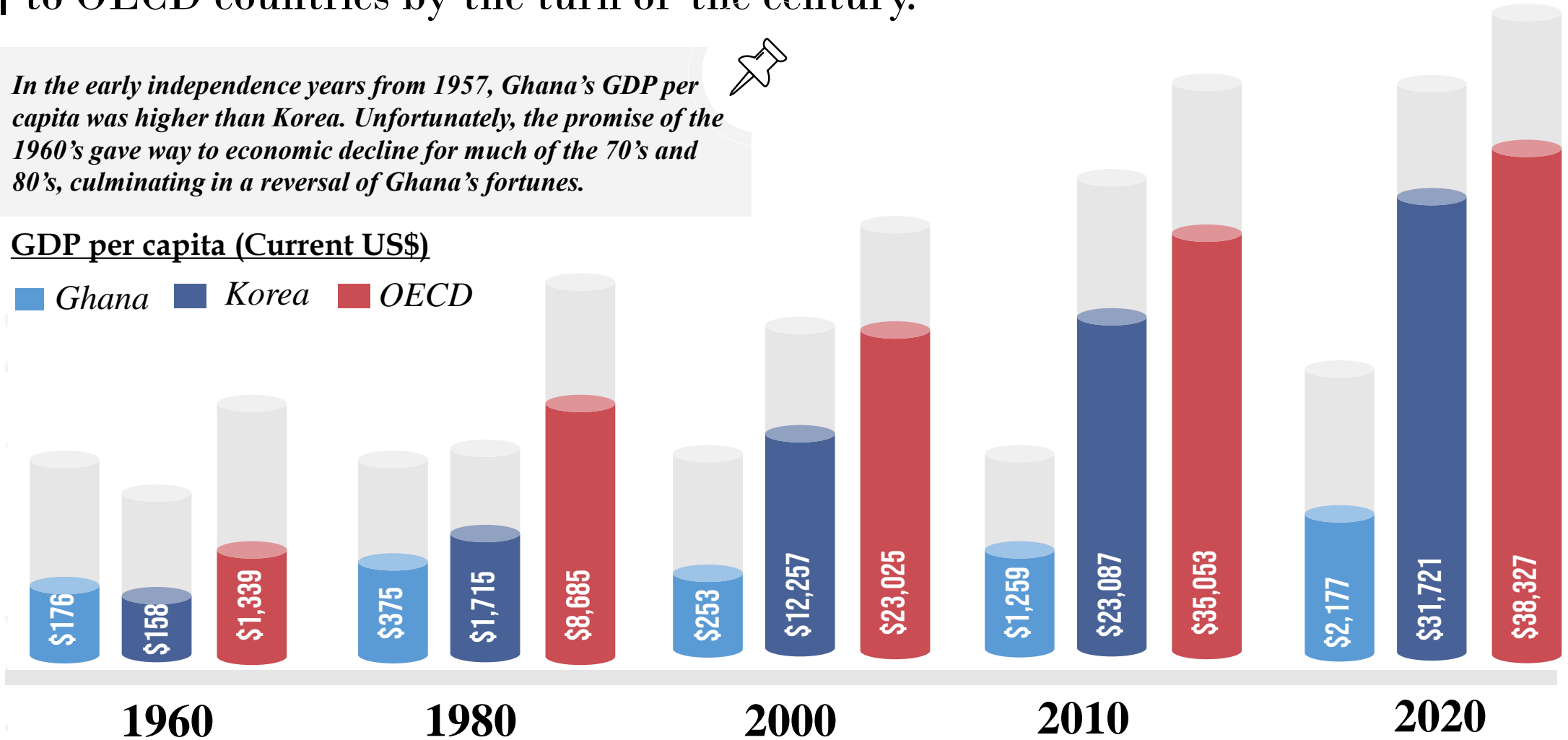
The “Miracle on the Han River” saw Korea, a country devastated by war in 1953 transform into an economy generating a GDP per capita comparable to OECD countries by the turn of the century.

In the early independence years from 1957, Ghana's GDP per capita was higher than Korea. Unfortunately, the promise of the 1960's gave way to economic decline for much of the 70's and 80's, culminating in a reversal of Ghana's fortunes.



GDP per capita (Current US\$)

■ Ghana ■ Korea ■ OECD



From Miracle to Powerhouse: The Growth of the Korean Economy



Korea's transformation strategy was catalogued under 'Five-Year Plans' which emphasized heavy investment in export-oriented manufacturing, infrastructure, education, and technology.



1962-1966

avg GDP growth- 8.3%

Expansion of electrical/energy sector for solid industrial base. Further investments in education and other social resources.



1967-1971

avg GDP growth- 11.5%

Policy shift into development of heavy industry. Completion of major transportation and infrastructure projects.



1972-1976

avg GDP growth- 10.5%

Implementation of "Big Push" Agenda i.e economic diversification into shipbuilding, electronics, machinery, petrochemicals.



1977-1981

avg GDP growth- 7.5%

Policy focus of securing as much as 72% of total investment with domestic savings.



1982-1986

avg GDP growth- 10.3%

Shift policy focus from heavy & chemical industry to technology-intensive industries with products in demand on the world market.



1987-1991

avg GDP growth- 10.4%

Continue to emphasize goals of previous plan while expanding training, research and development in science and technology.



1992-1996

avg GDP growth- 7.9%

Strengthen expertise in technology intensive fields, particularly microelectronics, optics and aerospace while better balancing the geographic distribution of industry across the country



Source: WB data, Internet Searches



Lessons from the Korean Miracle



In essence, Korea set out to transform its economy through liberalization, innovation and human capital development during the global “decade of development” in the 1960s.

Korea’s development experience demonstrates that consistency is the best path towards progression. By focusing on expanding education and enhancing the delivery of technology intensive services, Korea carved a place for itself in the global economic order.

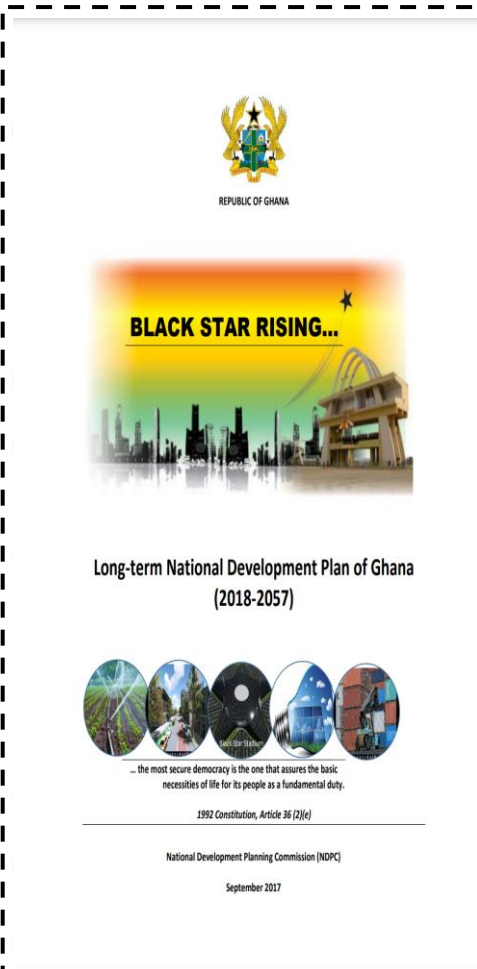
Crucially, Korea’s economic miracle teaches us that honing a Country’s competitive advantage within an enabling, regulated environment is key for making sustained economic progress.



Harmonizing Horizons



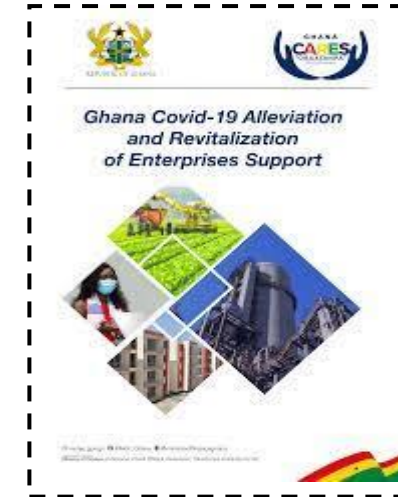
Ghana, through our experiences have mapped out a transformation agenda underpinned by a targeted set of policy actions that are currently being implemented.



Ghana's Long Term National Development Plan (2018-2057)

Within Ghana's existing geopolitical context, the Government has developed a 40-year development plan centered on achieving the following 5 goals:

1. Build an industrialized and inclusive Economy
2. Create an equal and prosperous society
3. Protect the natural environment
4. Build effective, efficient and dynamic institutions
5. Strengthen Ghana's role in international affairs



Ghana CARES Programme

- The COVID-19 Alleviation & Revitalisation of Enterprises Support (CARES) Programme was developed to ensure that we quickly emerge from the effects of the COVID-19 pandemic with a stronger and more resilient economy.



IMF Supported Post COVID Programme for Economic Growth

- PC-PEG is the Government's blueprint for addressing the ongoing economic crisis owing to the confluence of global economic shocks



Harmonizing Horizons: Near Term Policy Focus



Additionally, our policy orientation converges around progress across the following core imperatives:

01

Focus on Manufacturing & Exports

The Government of Ghana developed the ten (10) point pillars to fast-track the development of strategic anchor industries, promote export diversification and connect Ghanaian MSMEs to the wider African market under the AfCFTA which is estimated to yield economic benefits for the African Continent such as additional GDP growth of 1–3%, employment growth of at least 1.2%, intra-African trade growth of 33%, and a 50% decline in Africa's trade deficit

03

Invest in Human Capital

Ghana has taken a cue from Korea's investment in human capital development and since 2017 has prioritized education and vocational training programs to create a highly skilled and educated workforce that will drive the development agenda

05

Implement a Digitalisation Agenda

Bolstered by policy initiatives such as the Ghana ICT for Accelerated Development Policy, National Identification System and the Ghana.gov platform, Ghana has embarked on a comprehensive digitalization agenda across the Country

02

Strengthen delivery of PPPs

The Public private partnerships (PPP) Act was passed in 2020 establishing a clear vision for delivering PPP projects. Ghana is currently working with the Korea Development Institute to gather firsthand experience for the successful preparation of major infrastructure PPPs.

04

Enhanced Revenue Mobilisation

Ghana, through its partnership with Korea is enhancing domestic revenue collection efforts by strengthening tax administration, expanding the tax base, improving tax compliance, enhancing revenue administration, and encouraging voluntary compliance

06

Private Sector Led Development

Ghana is focused on cultivating an environment for the private sector to play a growing role in meeting various goals. Thus, initiatives to improve business sentiments, bolster FDI inflows and establish Ghana as a regional trade hub are being prioritized over the immediate to near-term.



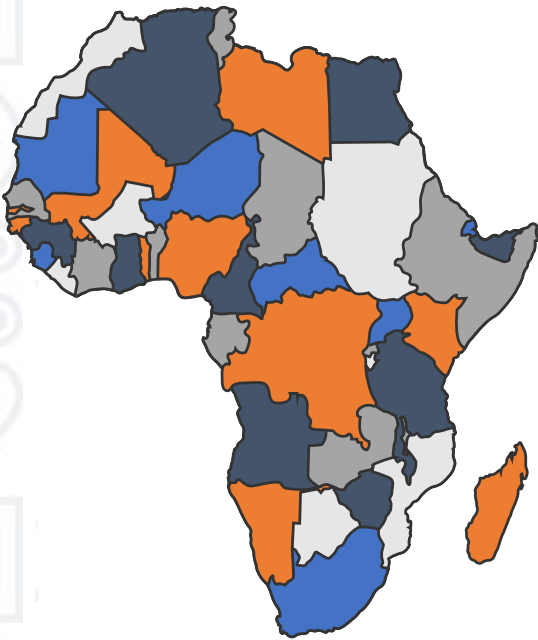
Our development ambitions



Ultimately, our vision is to:



“Create an optimistic, self-confident and prosperous nation, through the creative exploitation of our human and natural resources, and operate within a democratic, open and fair society in which mutual trust and economic opportunities exist for all”



- As the headquarters of the African Continental Free Trade Area (AfCFTA), we have not lost sight of the need to position Ghana as the hub for trade and investment within Africa and other global markets.
- Taken together, we not only learnt from the Korean miracle but also adapted it to fit “today’s context”.
- As such, our development agenda encompasses economic liberalization underpinned by a WISER (*Wealthy, Inclusive, Sustainable, Empowered and Resilient*) Society.



Economic Synergies: Harnessing a deeper partnership with Korea for Ghana's Economic Transformation



We recognize that we cannot “go-it alone”. Consequently, we are looking to long-standing partners such as Korea to support us with delivering inclusive economic growth and development. Going forward, our partnership must encompass:

1 Addressing Macroeconomic Imbalances

Going forward, Ghana will rely on Korea for technical support with adopting structural reforms, maintaining fiscal discipline, building foreign reserves, promoting export-led growth, and strengthening coordination and collaboration.

2 Sustainable Development anchored on Trade & Investment

Deeper economic cooperation will be required across various sectors such as agriculture,, infrastructure, and export-led manufacturing. Additionally, Ghana seeks greater cooperation with Korea to remedy long-standing socio-economic and other developmental challenges

3 Strengthening the capacity of the public sector to deliver development

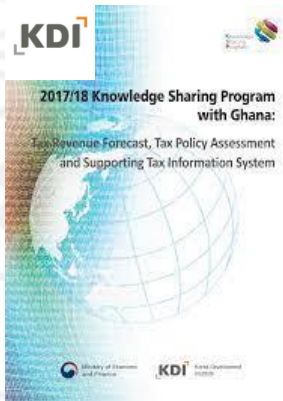
To achieve the targets and the transformation envisaged by the long-term national development plan, the public sector needs to be adequately focused and oriented. In that regard Korea will be a key partner for transferring knowledge and experiences on effective governance systems and procedures



Economic Synergies: Harnessing a deeper partnership with Korea for Ghana's Economic Transformation



Together, we have already proven we can deliver effective policy outcomes



Korean Development Institute

Project

Tax Revenue Forecast, Tax Policy Assessment and Supporting Tax Information System

(2017-2018)

Outcomes

- New tax revenue forecasting model has been used to produce more accurate forecasts, which has helped the GRA to better manage its tax collection and help the Ministry of Finance make better policy decisions.
- Formed a new team in charge of automatic exchange of financial data, established by special tax law.



Korean Development Institute

Project

Leveraging Technology to Enhance Domestic Revenue Mobilisation through Effective Tax Policy and Tax Administration Reforms Project
(2019-2020)

Outcomes

- The LTER project has demonstrated the potential of technology to enhance domestic revenue mobilization.
- The project helped to increase Ghana's tax revenue by 10%, reduced cost of tax administration by 20%, improved timeliness of tax payments by 30% and increased taxpayer satisfaction by 50%.
- Leveraged for 2021-2025 Mid Term Tax Policy Strategies





Ghana is grateful for Korea's extensive support and looks forward to deepening our bilateral relationship in the days ahead

| **Thank You**

