

2016 KAIST GSF ESSAY COMPETITION

**THEME:
ON-SITE APPLICATION**

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TABLE OF CONTENTS

1.0	INTRODUCTION	3
2.0	MOTIVATION.....	3
3.0	EMBRACING THE KAIST AND KOREAN EXPERIENCE	3
	<i>3.1 Self Preparation.....</i>	<i>4</i>
4.0	BACK TO OFFICE APPLICATION	4
	<i>4.1 With the Climate Change Unit</i>	<i>4</i>
	<i>4.2 New role as Deputy Coordinator.....</i>	<i>5</i>
5.0	CONCLUSION.....	6

1.0 INTRODUCTION

The South Korea's economy is the 4th largest in Asia and the 11th largest in the world. The economy is dominated by family-owned conglomerates called chaebols. In 2015 Ghana's GDP of USD 37.86 billion was just 0.06% of the world GDP¹. In the 1960s Ghana's economy was almost the same size as that of Korea. However, South Korea has been able to rise above a devastating civil war to become famous for its spectacular rise from one of the poorest countries in the world to a developed, high-income country in just one generation. This economic miracle, commonly known as the *Miracle on the Han River*, brought South Korea to the ranks of elite countries in the OECD and the G-20. South Korea still remains one of the fastest growing developed countries in the world following the Great Recession. It is included in the group of Next Eleven countries that will dominate the global economy in the middle of the 21st century. The question is how did South Korea do it? What are the lessons for developing countries like Ghana? It is against this back drop that the Korean government has instituted several scholarship programs to share their success story with other less developed countries. The KOICA-KAIST Scholarship program in Finance MBA for government officials is one such program.

2.0 MOTIVATION

When I gained admission into KOICA-KAIST Finance MBA program in August 2014 I was very excited and my excitement was hinged on the fact that I will have the opportunity to know what really contributed to this economic miracle and lessons Ghana can learn but also on a personal level what I can learn to be able to contribute my quota to the development of my country. With my economics background I have always wanted to build my capacity in the finance area, hence this scholarship was the best opportunity for me to achieve that dream.

3.0 EMBRACING THE KAIST AND KOREAN EXPERIENCE

When coming to Korea I had a rough idea of what to expect since some of my colleagues had already studied in other universities such as Korea University, Kyun Hee University, among others and had prep talked me into what to expect in Korea. However, I also opened myself up to experience Korea in my own way because I believed my experience might be different from theirs and I didn't want to be prejudiced.

My experience in Korea has been really memorable. There are so many things I look back at with nostalgic feelings and fond memories. While in Korea I learnt so many things that are helping me in both my personal and official endeavours. One of the things I learnt is punctuality and attention to detail. I dare say that Korean society is almost a perfectionist one and pays keen attention to details. Lateness is not an acceptable excuse in Korea. When I was KAIST I got "embarrassed" a few times that I was late for school programmes and I vowed never to be late to functions whether private or official. These are helping me in my work as I attend functions early. I realised Koreans volunteer a lot to help build their communities. While in Korea I volunteered for the Model Africa Union (MAU) and with that experience and being a member of a rotary club, I actively participated in my club's water project by providing borehole facility to a deprived community. I was also actively involved in my club's scholarship programme for the Kanda Cluster of Schools in Accra. The Korean government has been the leader in knowledge sharing. Upon my return I have been sharing my experiences with my colleagues. The knowledge acquired in KAIST has made me a critical thinker who wants to be part of the solution to the developmental challenges in Ghana. Upon my return I had the opportunity to act

¹ <http://www.tradingeconomics.com/ghana/gdp>

as the Director of my division for three week in the absence of the substantive Director. During this period I participated in management meetings and management retreat where we deliberated on issues that will help the Ministry achieve its objectives.

3.1 Self Preparation

Before coming to study at KAIST I was the Head of the Natural Resource, Environment and Climate Change Unit of the Ministry of Finance. Among others the unit was tasked with tracking all financial resources – both internal and external that are used to implement climate change activities in Ghana. When I gained admission into KAIST Graduate School of Finance I visited the official website of the school of finance and to my excitement I realised they offer a Green MBA course. My investigations revealed that it was possible to take courses from other departments so obviously most of my free electives were from the School of Green Growth. Of course that meant I will have to put in extra effort in terms of studying. With dedication and hard work I was able to complete 9 credits in the Green Finance track which earned me a certificate in Green Finance in addition to my MBA Finance certificate. The courses I took in green finance included Green Fund Investment, Case Studies in Green Finance, Valuation of Green Firms, Green Accounting and Green Business and Technology. I deliberately specialised in the Green Finance track because I was building my capacity to contribute to the Green Growth agenda of my country. This was anchored on the mainstreaming of environmental issues especially climate change through climate sensitive budgeting. I also participated in the 2015 Seoul Climate-Energy Conference among others all geared towards building my capacity.

4.0 BACK TO OFFICE APPLICATION

This stage I choose to call the knowledge transfer and making a difference stage. When I resumed work officially upon my return I presented a copy of my research work to my Director. I requested to do a presentation and share my findings and experiences with my colleagues which he obliged. After the presentation some of my colleagues came to me expressing interest in climate finance issues.

4.1 With the Climate Change Unit

Before I left for KAIST I conceptualised an idea to help track climate finance in Ghana by advocating for the implementation of the Climate Public Expenditure and Institutional Review (CPEIR) – a methodology that helps to track climate related finance and expenditure through national budgets. I got to know of this methodology when I attended a workshop on climate finance in Philippines in 2012. Before I left for KAIST, UNDP signed an MOU with the Ministry of Finance to offer both technical and financial support for MOF to be able to develop and implement the CPEIR methodology. Upon my return, my follow ups revealed that a draft tracking tool has been developed and there was going to be a stakeholder validation workshop. I got the opportunity once again to present my research work. One of the major findings of my research paper was that the key to sustainable development is to pursue a green growth path and so that re-echoed the importance of the CPEIR framework. During the validation most of the theories I learnt during my Green Finance program in KAIST helped me make meaningful contribution. For example, I talked about issues of government incentives such as tax reliefs to attract private sector participation in the renewable energy sector and other climate finance interventions which is something I learnt in Case Study in Climate Finance course. This contribution among others were highlighted to be reflected in the final tracking tool document.

The main objective of the Climate Finance Tracking Tool is create budget codes for tracking relevant climate change related expenditures in government institutions in the national budget. The first step is to identify those Ministries where climate change relevant expenditure might be expected to occur, based on the policy direction of the National Climate Change Policy.

There are three categories of classification: high, medium and low relevant Budget Codes. The level of relevance is determined by the extent to which the expenditure supports an action identified in the National Climate Change Policy, and its associated 5-year Master Plan; and is also identified as a climate change response in the present national medium-term development plan, the Ghana Shared Growth and Development Agenda (GSGDA) II, 2014-2017.

4.2 New role as Deputy Coordinator

After one month with the Climate Change Unit I was assigned to the NREG/GHEITI² Secretariat as a Deputy Coordinator. The secretariat has two portfolios: the NREG sector which deals with environmental management and natural resource governance; and the GHEITI sector which deals with enhancing revenue transparency and accountability in extractive sector (mining and oil/gas sectors) based on international EITI standards. As Deputy Coordinator my duties include but not limited to; assisting with the coordination of the policy dialogue and annual reviews of the NREG-PAF³, coordinates the activities of the Ministries, Departments and Agencies involved in the NREG Program, coordinate the Ghana EITI activities which are anchored on the international EITI Standards, analyse policies on natural resource and the extractive sector and make recommendations.

One of the major outputs of the secretariat is the production of the annual GHEITI report for the mining and oil and gas sectors. After the reports are produced the Secretariat organises a dissemination workshop in the communities to share the findings with the locals for their inputs and also empower them with information and the platform to demand for accountability. Some of the recommendations of these reports led to significant policy changes. For instance mining royalties used to be between 3-5% and most companies paid 3% but through the recommendation of the mining report government changed that policy and pegged it at 5% flat.

I have been nominated to be part of a core team to develop a Natural Resource Revenue Forecasting (NRRF) Model to be used by relevant key government institutions to forecast revenue. The team together with some consultants have developed a 5-lag ARIMA model to be used by the relevant agencies after they have been trained by the consultants.

Through the recommendation of the GHEITI report on oil and gas to build capacity, the Oil and Gas Unit of the MOF with support from the Ghana Oil and Gas for Inclusion Growth (GOGIG) organised a 5-day hands-on workshop to build the capacity of officers from relevant government organisation – Ministry of finance, Bank of Ghana, among others. I was one of the facilitators who took participants through financial tools like CAPM, capital budgeting, financial statistics, among others.

Currently, I am leading a process to get Ghana to implement a commodity trading pilot project and beneficial ownership regime which the President committed Ghana to during the London Anti-corruption Summit in May 2016. Ghana was among 5 countries that were selected by the International EITI Secretariat to pilot the commodity trading project. The project is aimed to fighting transfer pricing

² NREG is Natural Resource and Environmental Governance
GHEITI is Ghana Extractive Transparency Initiative

³ NREG-PAF is NREG Performance Assessment Framework

issues which mostly occur in natural resource transactions. On the back of the Panama papers beneficial ownership has become key and my secretariat is leading the process to get Ghana to get a beneficial ownership regime in place.

5.0 CONCLUSION

The Korean government has been very selfless in sharing the secrets behind their economic miracle with the rest of the world especially less developed countries like Ghana. The KOICA-KAIST FMBA scholarship program equipped me with the much needed financial skills and green growth knowledge which has had positive impact on my career as a financial, environment and natural resource analyst at the Ministry of Finance. My capacity has been enhanced and I am in a position to make an impact in the development of Ghana as we strive towards becoming a middle income economy. Prof. Ji Soo Kim always told us, *“you are the leaders of your country and when you fail your country fails.”* Now I have no excuse to fail my country.