

Territorial and Regional Development Policy

Focusing on Regional Development Index/Indicators & Planning Coordination System

2012 KSP with the Kingdom of Saudi Arabia Final Draft Reporting Workshop

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Frequent Acronyms

- AHP Analytic Hierarch Process
- CNTP Comprehensive National Territorial Plan
- DMZ Demilitarized Zone
- ERMI Economic Region Monitoring Indicators
- KDI Korea Development Institute
- KEIS Korea Employment Information Service
- KIET Korea Institute for Industrial Economics & Trade
- KREI Korea Rural Economic Institute
- KRIHS Korea Research Institute for Human Settlements
- MLTM Ministry of Land, Transport and Maritime Affairs
- NSO National Statistical Office
- NSS National Spatial Strategy
- PCRD Presidential Committee on Regional Development
- RDI Regional Development Index

1. KSP with Kingdom of Saudi Arabia

- 2012 Knowledge Sharing Program (KSP) with Saudi Arabia

Kingdom of Saudi Arabia

- To achieve economic growth and social development
- Need efficient coordination of economic & industrial policies and territorial policies

Policy Implications

Technical Suggestions

Republic of Korea

- Development experiences since the 1960s with policy pertaining towards national territorial & regional development
- Policies taking into account the economic environment & social changes of the time
- Went through cycles of trial and error in the process

2. Selected Topics

- ❑ National territorial and regional development policy
 - Diverse and complex policy field
 - Covers national territorial plan to support areas lagging behind in the development process
- ❑ Selected topics with in-depth consultation with Saudi Arabia government officials, especially with *Ministry of Economy and Planning* from June 29 to July 2, 2012
 - ① **Composite Development Index**
 - ② **Indicators for Measurement of Regional Development Status**
 - ③ **Coordination Mechanism among Planning Agencies**

1. Overview of Territorial Policy since 1960s

<Before the 1960s>

- ❑ Under the Japanese colonial rule during 1910-1945 and Korean War for three years in 1950-1953
 - Korea's main goal for national territory development was **to straighten out the territories**
 - and to **reconstruct devastated national territory** from the Korean War

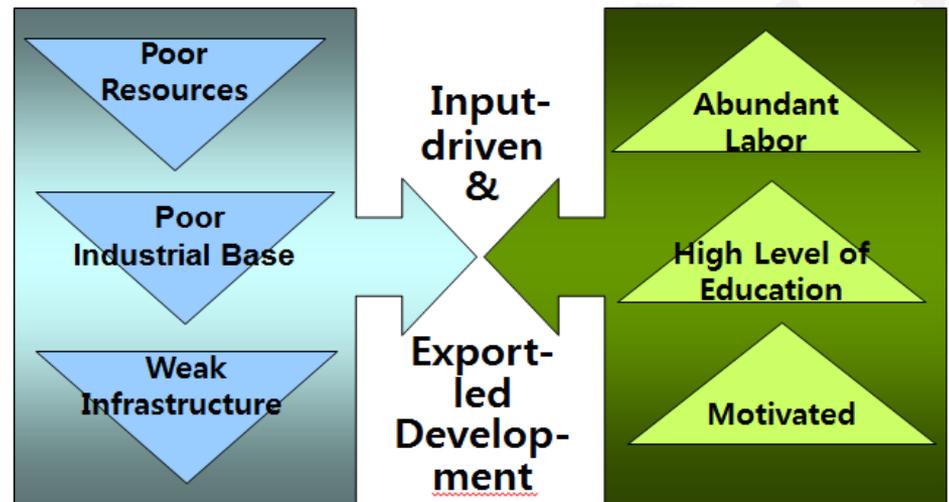
- ❑ By 1956, the production rate and the per capita consumption were recovered to the pre-war level
- ❑ Yet, the society still suffered from **poverty and political instability**



1. Overview of Territorial Policy since 1960s

<In the 1960s>

- Since 1962, **Five Year Economic Development Plans** have been geared up
- Also, **regional plans for specific areas** and **SOC projects** were implemented in order to enhance industrialization and economic growth
- National territorial development in 1960s mainly **focused on the economic growth** and
- regional development through **developing resources and fostering key industries**



Source: KDI 2005 Updated

1. Overview of Territorial Policy since 1960s

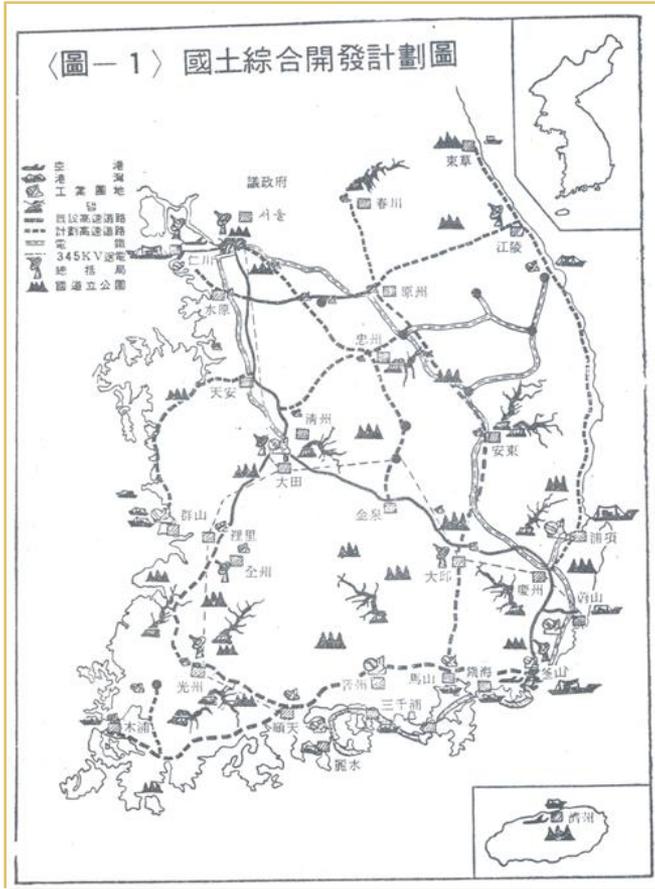
<The 1970s : Establishment of Territorial Policy & Plan>

- **National territorial plan** that includes various **comprehensive** topics was required because ...
 - Most **industries were located in the North**, and the South which was an agricultural society
 - Industrialization centered on cities in 1960s, **rapid urbanization** and various urban problems
 - **Disparity** between urban and rural areas and **wasted land resource**
- Also, **for economic growth**, a fine **territorial plan should be coordinated** with economic policies



1. Overview of Territorial Policy since 1960s

<The 1st Comprehensive National Territorial Plan(72~81)>



□ Maximize the growth potential with limited resources

1. Develop large industrial estates and metropolitan regions

- Southeastern coastal industrial belts
- Seoul Metropolitan Area

2. Invest in high priority Infrastructure (expressways, ports) and link to major industrial estates

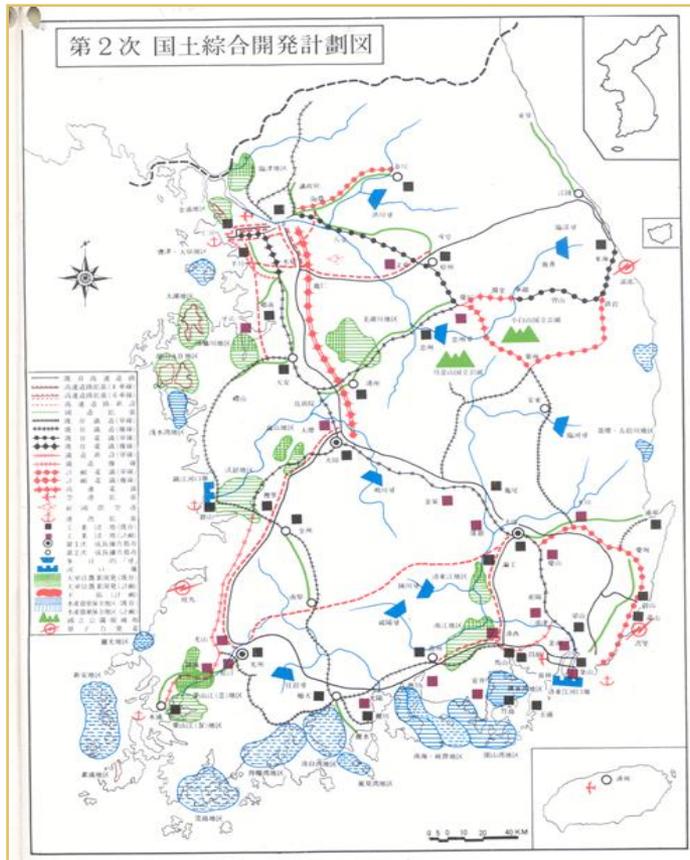
3. Revitalize the depressed regions

- Saemaul Undong (New Community Movement)

▶ Per capita GNP in 1972: \$ 319

1. Overview of Territorial Policy since 1960s

<The 2nd Comprehensive National Territorial Plan(82~91)>



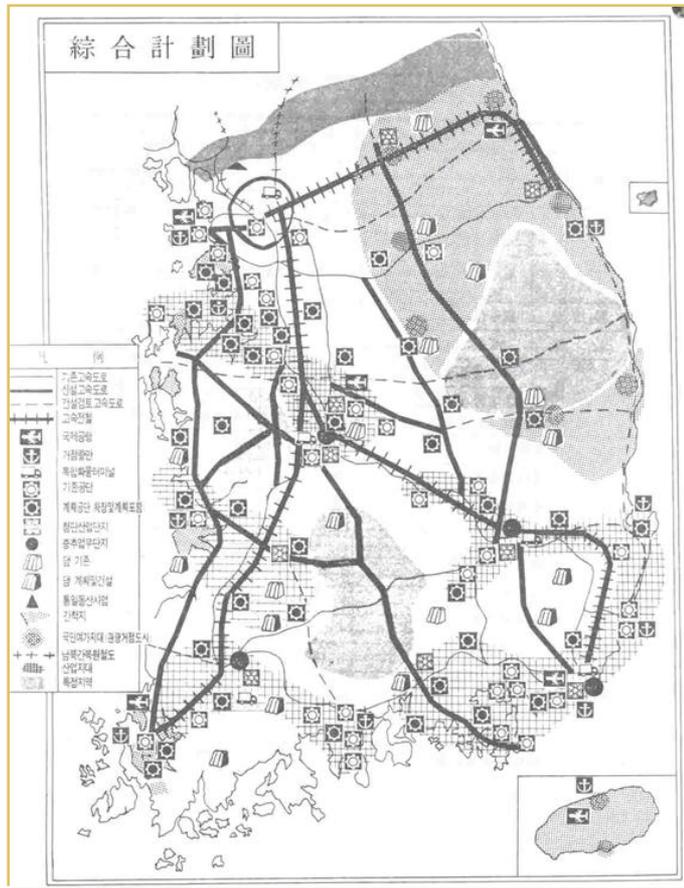
□ Spread the growth effect across the nation

1. Suppress over-concentration in Seoul Metropolitan Area (Capital Region)
2. Develop multiple growth poles in the nation
 - Foster metropolitan regions as growth engines
3. Consider environmental aspects on territorial development

▶ Per capita GNP in 1982: \$ 1,824

1. Overview of Territorial Policy since 1960s

<The 3rd Comprehensive National Territorial Plan(92~99)>



□ Establish multi-centered national territorial structure

1. Focus on decentralized national development

- develop the west coast industrial sites and local cities

2. Develop a comprehensive transportation network (7x9 arterial road network)

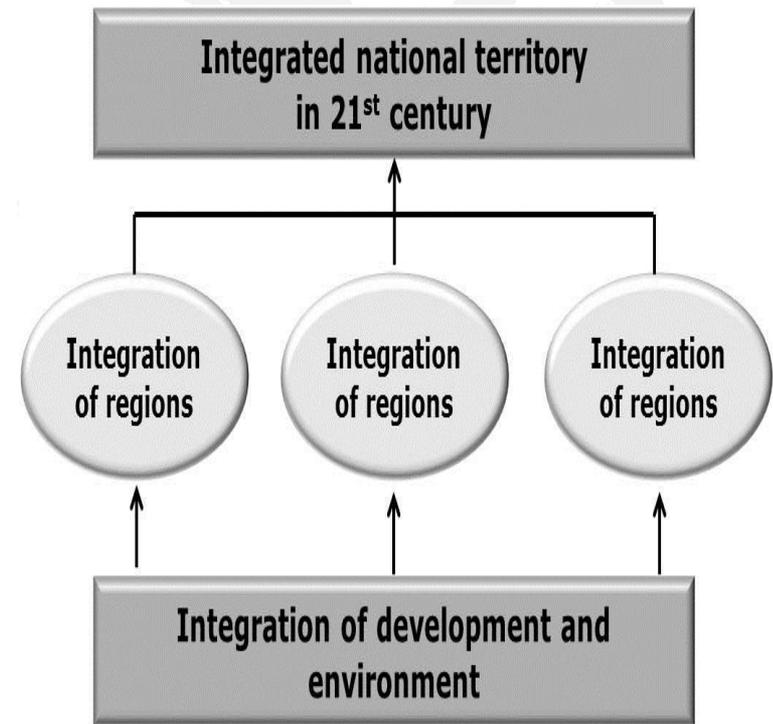
3. Expand South-North Exchanges and prepare for the unified Korea

- ▶ Per capita GNP in 1992: \$ 7,007

1. Overview of Territorial Policy since 1960s

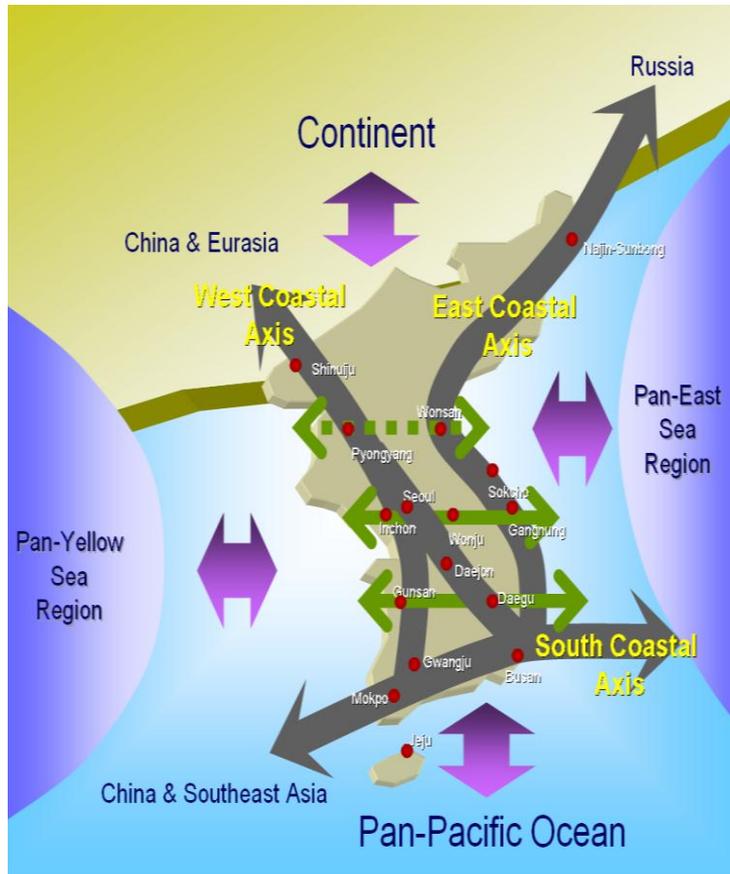
<Entering the 2000s : Changes>

- CNPT targeted **longer time span** : **20 year plan**
 - Matured economy (joined OECD)
 - End of “compressed growth”
 - Retreat of the state
 - Revival of municipal system
 - Environmental considerations
- Institutional setting renewed
 - Framework Act on National Territory (2000)
 - Public participation enforced
 - More democratized political arena



1. Overview of Territorial Policy since 1960s

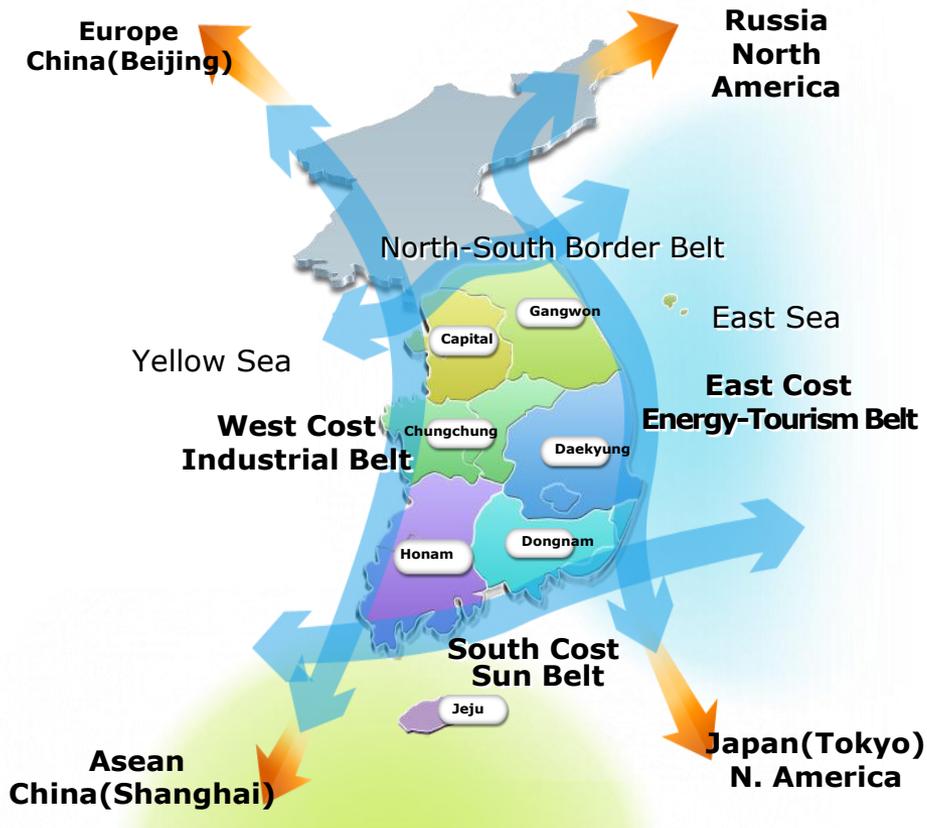
<The 4th Comprehensive National Territorial Plan(00~20)>



- Balanced regional development and open & integrated national territory
 1. Build n- shaped territorial axis to serve as “strategic gateway”
 2. Promote regional competitiveness
 - industrial clusters, regional innovation system(RIS)
 3. Build high-speed transport network
 4. Provide territorial bases for cooperation between South and North Korea
- ▶ Per capita GNI in 2000: \$ 10,841

2. Territorial and Regional Policy after 2008

<The Revised 4th CNTP(11~20)>

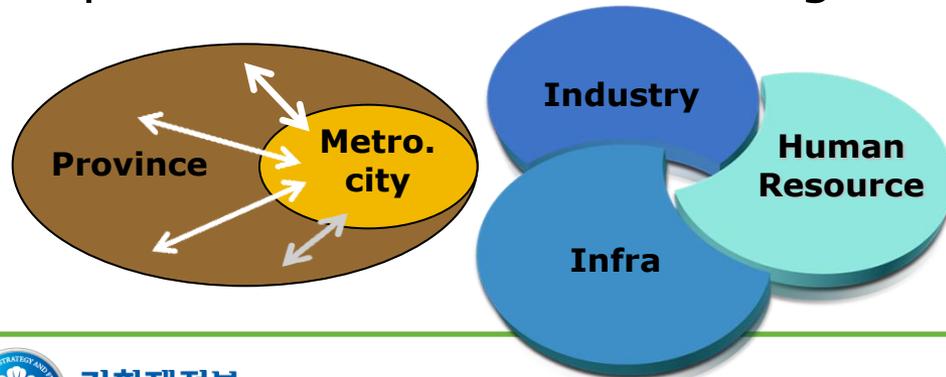


- Global-Green National Territory
- 1. Integrated Territory with competitiveness
- 2. Sustainable Territory with eco-friendly development
- 3. Attractive Territory with high quality of living
- 4. Open Territory to the global market

2. Territorial and Regional Policy after 2008

<The "5+2 Economic Region" System>

- Establish 'mega economic regions' to enforce global competitiveness
 - Overcome the limitation of administrative boundaries
 - Inter-regional cooperation and collaborative development
- Regroup 7 metropolitan cities & 9 provinces into 7 economic regions

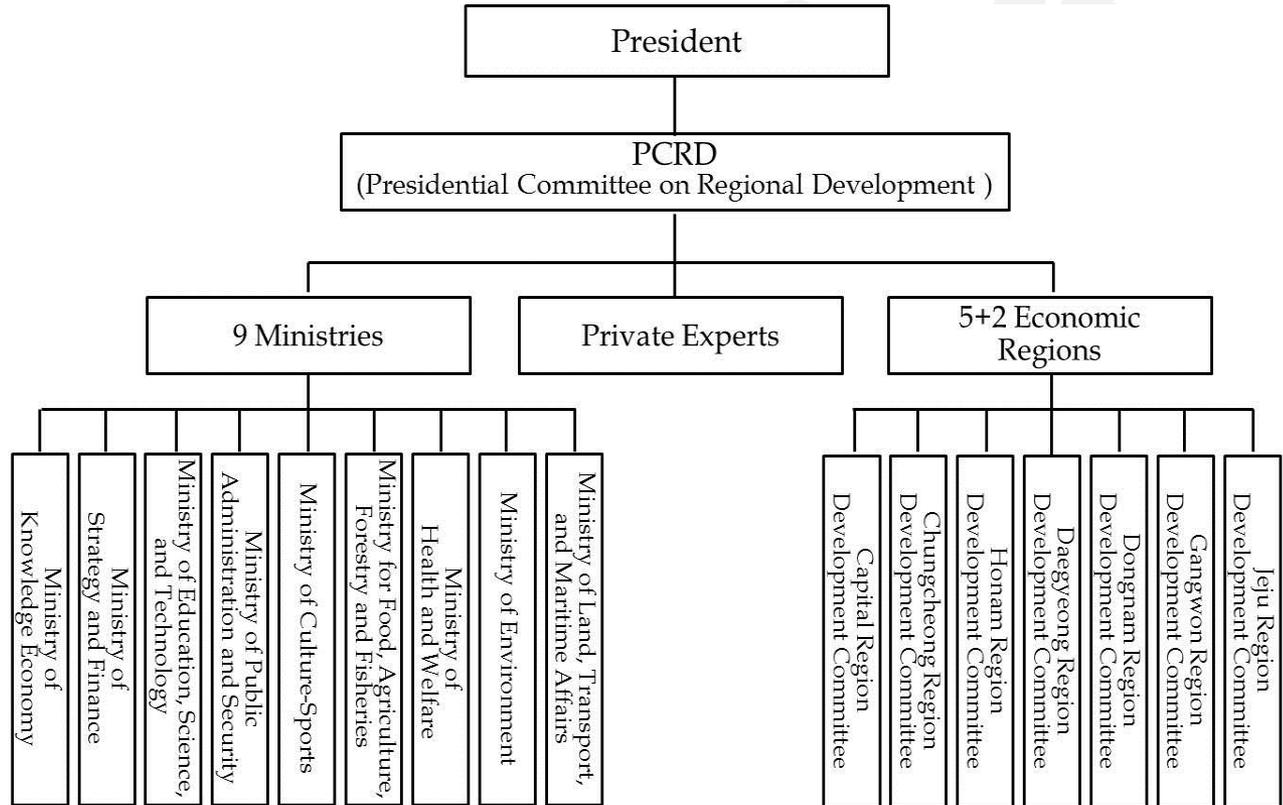


Source: Presidential Committee on Regional Development

2. Territorial and Regional Policy after 2008

<PCRD as Coordinator of Regional Policy>

Presidential Committee on Regional Development (PCRD) is in charge as a comprehensive adjustment mechanism for the overall regional policy



1. Definition of Composite Development Index

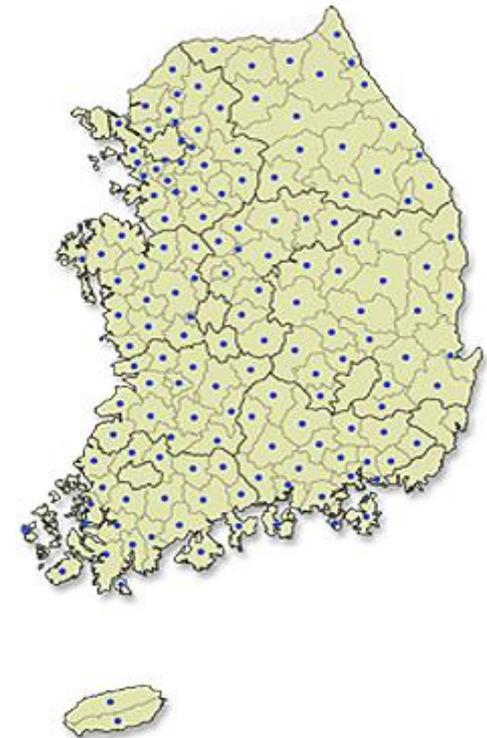
Index	Indicator
Quantitative expression summaries of multiple data to indicate a certain status	Statistics variables to provide substantial data that represent particular state
Represent a comprehensive overall state	Identify the state of particular fields or aspects

- Index is a superordinate concept to indicator
- One index consists of various (multiple) indicators

2. Purpose of Composite Development Index

- ❑ Composite Development Index is useful to diagnose the development state of region and to evaluate policy outcomes
- To comprehensively identify, and to separately assess the local conditions like the degree of development and potential capability of 163 BSAs (cities and counties) of the entire country
- Decision makers can use the index in the goal setting process, policy monitoring, and performance measurement of regional development policy to make rational decisions

Basic Settlement Areas

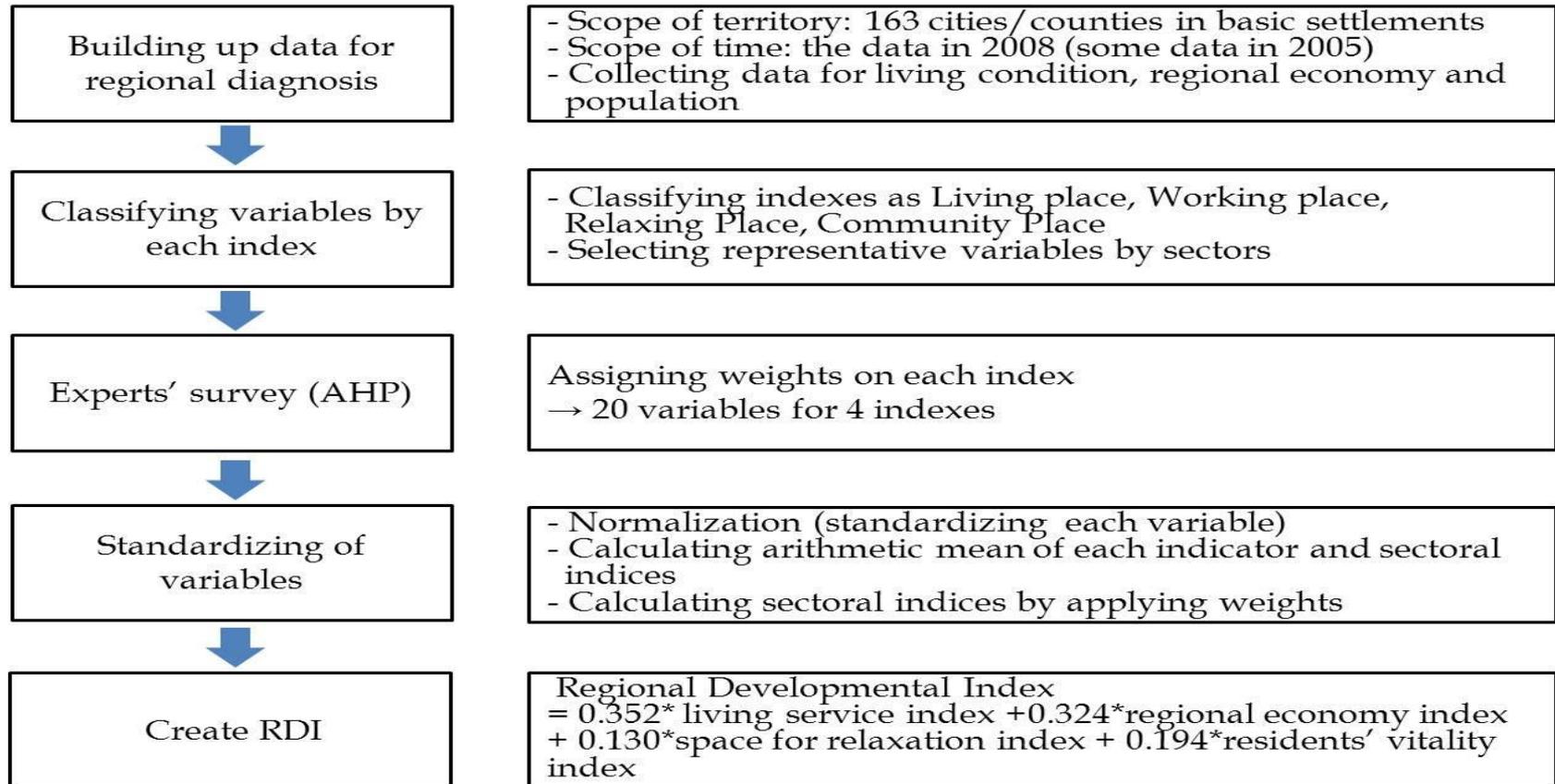


3. Korean Model for Development Index: RDI

- ❑ Presidential Committee on Regional Development (PCRD) and Korea Rural Economic Institute (KREI) developed Regional Development Index (RDI) to diagnose the quality of life in 163 Basic Settlement Areas
- ❑ Application of Regional Development Index (RDI)
 - To diagnose current regional conditions and developmental status
 - To identify and designate “Lagging Areas”
 - (Ex.) 70 Growth Facilitation Areas designated by the Ministry of Land, Transport and Maritime Affairs (MLTM) : Special attention and support by the Ministry

3. Korean Model for Development Index: RDI

<Process of RDI Development>



4. Components of the RDI

- ❑ KREI characterized 163 basic settlement areas of nationwide as 'living place', 'working place', 'relaxing place', and 'community place'
- ❑ Comprehensive diagnosis index
 - Living Place: Living Service Index
 - Working Place: Regional Economy Index
 - Relaxing Place: Space for Relaxation Index
 - Community Place: Residents' Vitality Index

Living
Service
Index



Regional
Economy
Index

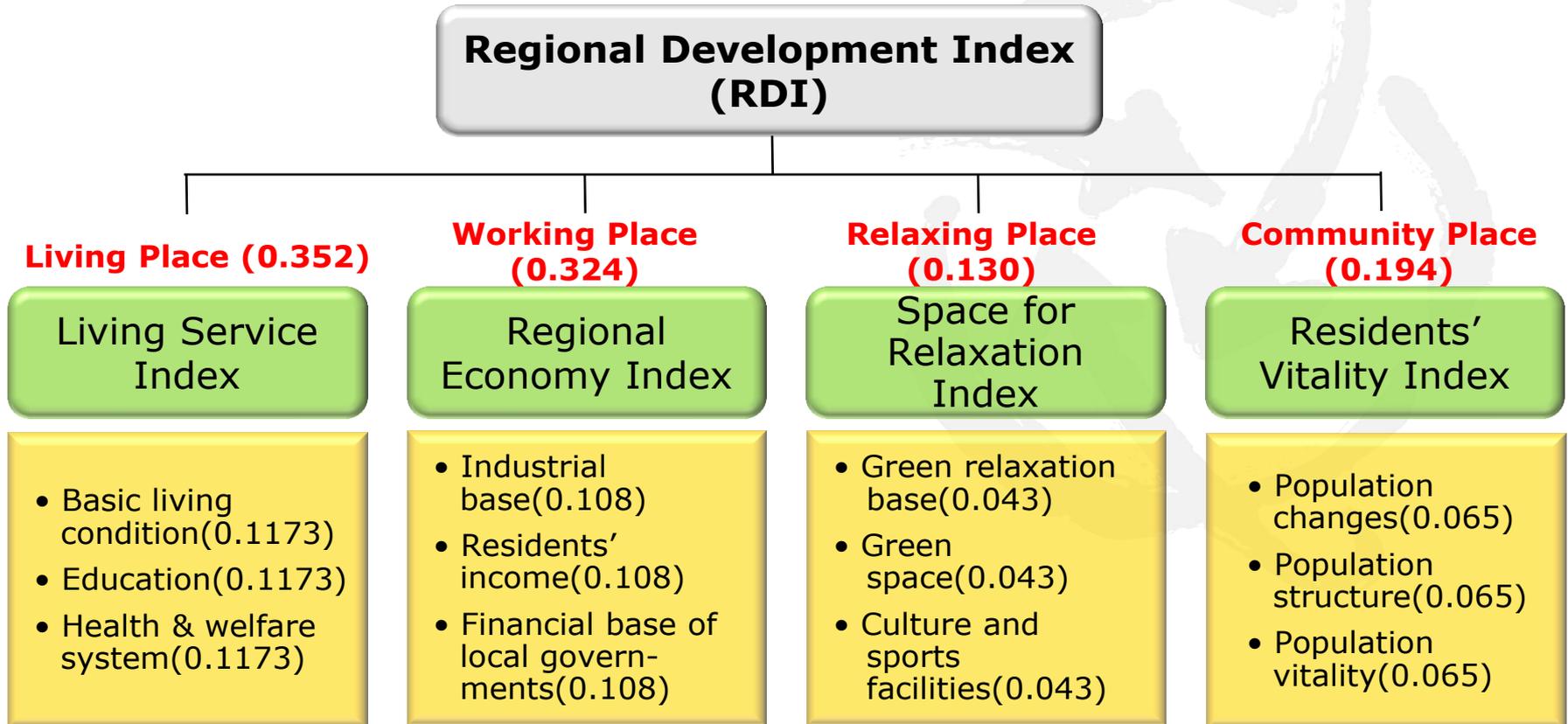


Space for
Relaxation
Index



Residents'
Vitality
Index

4. Components of the RDI



※ The value of variables is standardized as Z-Score

The weight was assigned in the results of using AHP methods based on experts' survey.

5. Detailed Indicators of RDI

Index	Sector	Indicator	Unit	Details
Living Service	Basic living condition	New housing	%	Percentage of new housing constructed less than 20 years
		Drinking water supply modernization	%	Penetration rate of water supply
		Sewage treatment modernization	%	Penetration rate of sewerage
	Education	Public education infrastructure	No./km ²	Number of schools per square kilometer
		Private education infrastructure	Persons/1,000people	Number of private institutions per 1,000 people
	Health & welfare system	Quality of health service	Persons/1,000people	Number of health care providers per 1,000 people
		Medical facilities	No./1,000people	Number of sickbeds per 1,000 people
		Welfare facilities for the children	No./1,000people	Number of infant caring facilities per 1,000 infants less than 6 years old
		Welfare facilities for the aged	No./1,000people	Number of leisure & welfare facilities for the aged per 1,000 senior citizens more than 65 years old

III. Composite Development Index



5. Detailed Indicators of RDI

Index	Sector	Indicator	Unit	Details
Regional Economy	Industrial base	Business	No.	Total number of business
		Employment opportunity	%	Number of employees as percentage of total population aged 15 and above
	Residents' income level	Income level	1,000 KRW	Pro rata income tax (Resident Tax imposed by the standard taxation)
	Financial base of local governments	Financial infrastructure	%	Fiscal self-reliance ratio
Space for Relaxation	Green relaxation base	Rest space	1,000 m ²	Per capita park area
	Green space	Rate for green space	%	Green area ratio (woods and fields, salt pond, river, dike, ditch area / Land area)
	Cultural & sports infrastructure	Cultural facilities	No./ 1,000people	Number of theaters, concert halls, exhibit halls, civic centers and libraries per 1,000 people
		Sport facilities	No./ 1,000people	Number of sport facilities per 1,000 people
Residents' Vitality	Population changes	Population growth rate	%	Annual average population growth rate (during past 5 years)
	Population structure	Population aging rate	%	Number of the aged 65 or above as percentage of total population
	Population vitality	Birth rate	%	Birth rate compared to 1,000 people of mid-year population (Mid-year population is born in July)

6. Evaluation and Shortcomings

- ❑ First, it is necessary to develop appropriate indicators and data to support quality aspects
- ❑ **Second, it is necessary to develop detailed and elaborated data and continuously build those data foundation**
- ❑ Third, the data should be built in time to determine current conditions
- ❑ **Fourth, the statistic data is not enough at the city and county level and proxy indicators are used in most cases**
- ❑ Fifth, in the long term, the data about subjective satisfaction will be required, but there are not enough people to survey in city and county areas

6. Contextual Comparison and Implications

Kingdom of Saudi Arabia

- Big territory and sporadic settlements
- Less determined administrative setting
- Spatial/sub-regional statistics need to be more systemized
- Regional disparity issue still dormant

Regional balanced development is or will be crucial

Territorial units should be digonized to formulate regional policies

Republic of Korea

- Traditionally firmly settled administrative boundaries
- Uniformly dense population
- Agricultural societal and Confucian culture
- Easy to collect regional data and strong bureaucracy

- ❑ ***What are the more relevant components and indicators necessary for a Composite Saudi Arabian Regional Development Index?***

1. Purpose of Indicators

- ❑ Necessary to identify and compare country's standard of living or level of development in order to measure a regional development achievement
 - Gross Domestic Product (GDP) is widely used
 - Efforts to develop the indicators to complement GDP by International organizations (OECD, UN, and EU)
 - Countries (People's Life Indicators (PLI) in Japan, Measuring Ireland's Progress in Ireland, and Canadian Index of Wellbeing in Canada)

- ❑ Comprehensive development indicators need to
 - Encompass all the matters of economy, society & environment
 - Supplement the weakness of GDP
 - Focus on quality of life and sustainable development simultaneously

2. Korean model: Economic Region Monitoring Indicators (ERMI)

- Korea's emphasis on the economic region development strategies to improve resource efficiency and global competitiveness since current administration in 2008
 - Strategy to foster leading industries in the economic regions as a new growth engine
 - Fostering leading industries to quantitatively analyze impacts on local economy and to feedback outcomes to the policies in the future
- Presidential Committee on Regional Development and Korea Institute for Industrial Economics & Trade developed the ERMI



3. Components of ERMI

- ERMI reflects the economic & social status of each economic region to observe the development



IV. Indicators for Measurement of Regional Development Status



4. Detailed Indicators of ERMI

Index	Indicator	Details
Economy	Economically active population	Number of people aged 15 years old and above
	Employment rate	Number of employed persons as percentage of economically active population
	Index of industrial product	The amount of output from the manufacturing, mining, electric and gas industries The reference year for the index is 2005 and at a level of 100
	The amount of export	The amount of export
Innovation capability	Rate of highly educated persons	Percentage of highly educated persons (who graduated college or higher) in the employees
	The amount of R&D investment	The amount of R&D investment in each economic region(main indicator) The amount of R&D investment in GRDP(sub indicator)
	Number of industrial property right & patent registration	Number of patents registration in economic region (main indicator) Number of patents registration in population (sub-indicator)

4. Detailed Indicators of ERMI

Index	Indicator	Details
SOC	Road length extension	Extended length of road
	Railway length extension	Extended length of railway length
	The area of industrial complex	The total area of national, general, and urban high-tech industrial complex and complex for agriculture and industry
	Penetration rate of water supply and sewerage	Penetration rate of water supply and sewerage
industry	Key industries	Trend of Location Quotient (Location Quotient is to measure the degree of concentration of particular industries within the region. If the LQ is greater than 1.25, the industry is specialized in the local region)
	Knowledge –based manufacturing	
	Knowledge-based services	
Economic Region Policy	Leading industries	Location Quotient
	Training human resource for leading industries	

5. Evaluation and Shortcomings

- ❑ First, in terms of industrial categorization, the ERMI used the categorization defined by each leading industry office, but it is necessary to establish official industrial classification through the social consultation
- ❑ Second, while annual performance indicators that consist of statistics per year, there is lack of trend indicators per month, or quarter and most trend indicators are biased on the producer-related statistics
- ❑ Third, most indicators are related with manufacturing and it is difficult to determine the economy of region where manufacturing base is weak but the proportion of service is high in the income

6. Contextual Comparison and Implications

Kingdom of Saudi Arabia

- Explicit regional industrial policies?
- Economic and industrial statistics need to be produced monthly or quarterly base
- Gov't action and impact monitoring system?

Results of public input should be monitored and evaluated

A relevant set of monitoring indicators is necessary

Republic of Korea

- Explicit regional industrial specialization strategies and central government support
- PCRD as inter-ministry coordinating agency
- Monthly or quarterly monitoring on products, employment, etc.

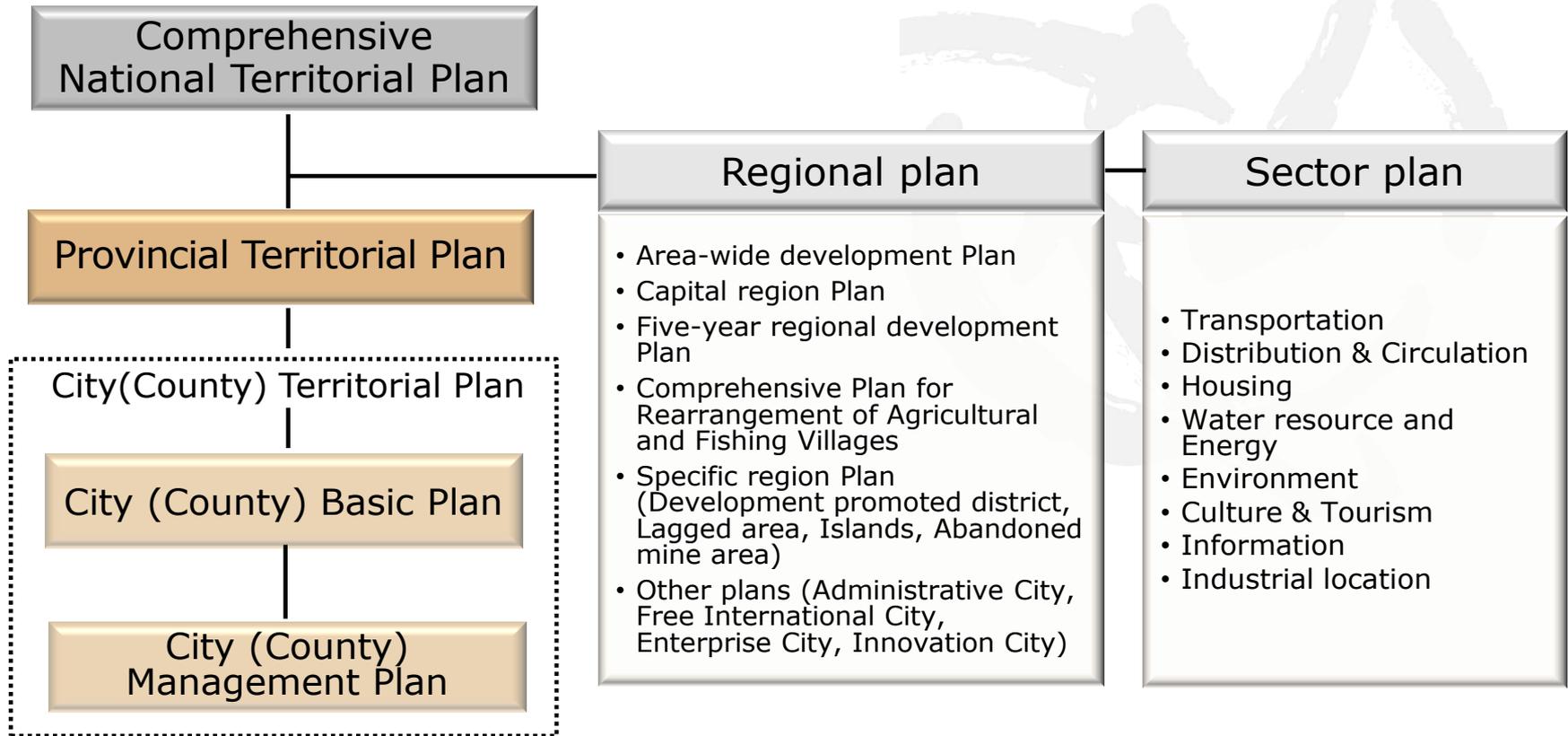
- ❑ ***What are the more relevant components and indicators necessary for a such indicators in the Saudi Arabian context?***

1. Process and Hierarchy of Planning

- National territorial plans are under the Framework Act on National Territory, and follow procedures of the law
 - Central government agencies & head of metropolitan councils submit the proposals
 - Minister of Construction & Transportation oversees the proposals accordance by the jurisdictions and prepares the Comprehensive National Territorial Plan
 - Reviewed by the national territory policy committee, cabinet meeting
 - Approved by president and released to public

1. Process and Hierarchy of Planning

<Hierarchy of the Territorial Plans in Korea>

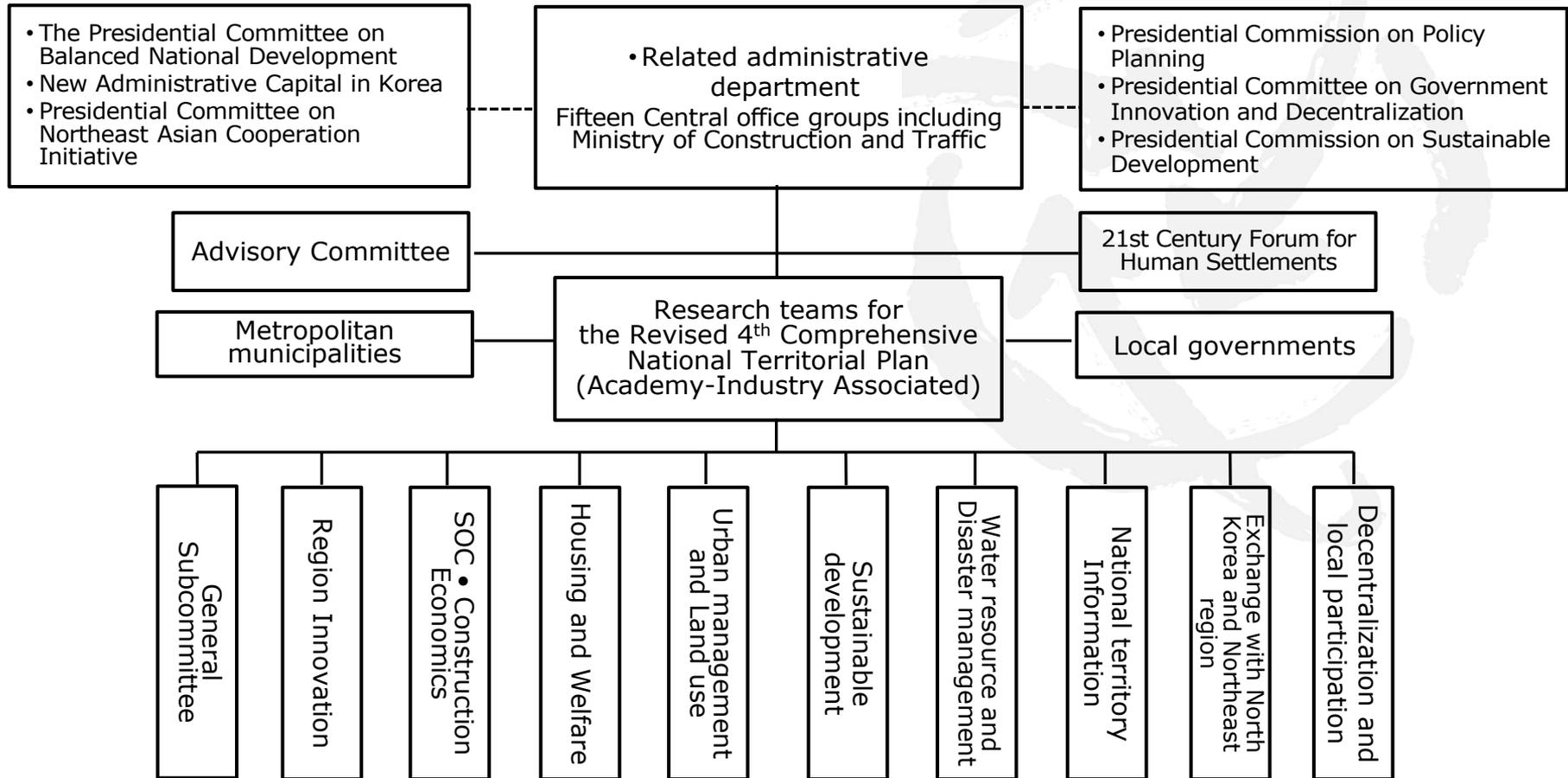


2. Coordination and Participation System

- Paradigm shift in 1990s:
state-led to region-led national development
 - Republic of Korea emphasized the local regions and local governments' roles in the national territorial development
- Changes in establishing policy
 - Horizontal network system between central government, local governments and private sector
 - Participation has been increased in the process of national territorial plan
- The Revision of the 4th Comprehensive National Territorial Plan, as the “national participatory plan”
 - Advisory council, forums
 - Cooperative research group made of private, industry, academy, institution, and government
 - Presidential Commission on Policy Planning, Presidential Committee on Balanced National Development, advisory council by sectors, and 21st Century Forum for Human Settlements

2. Coordination and Participation System

The Participation Structure of the 4th CNTP(revised)

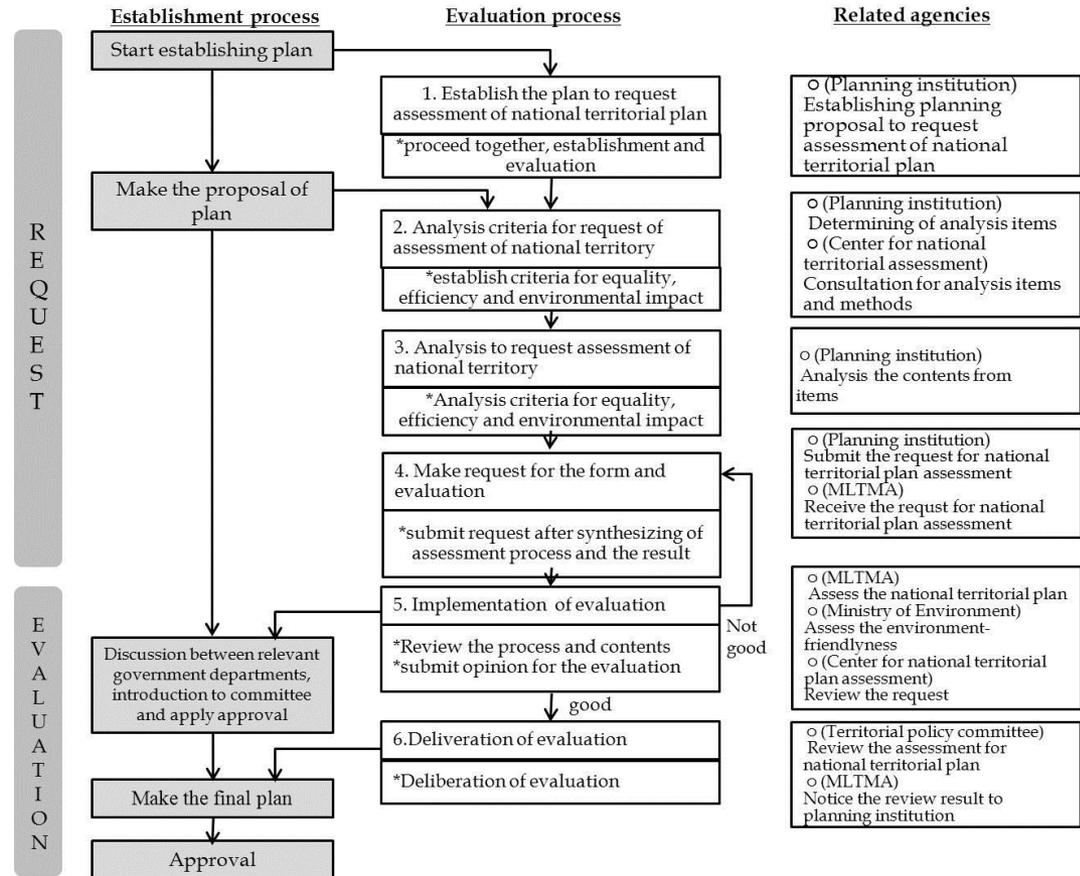


3. Assessment System

- The central government agencies, mayors and governors should establish policies and plans reflecting the contents of CNTP

(27 plans are designated)

- they should establish specific action plans to implement CNTP and submit to the Minister of Land, Transport and Maritime Affairs



4. Contextual Comparison and Implications

Kingdom of Saudi Arabia

- Smooth and collaborative inter-ministry communication?
- Resource allocation(financing) mechanism systemized?
- Non-government participation?

A strong coordinating authority is necessary

Public participation and regional delegation need to be enhanced

Republic of Korea

- Complicated state planning system and too many plans
- Prime Minister as inter-ministry coordinating agency? Yet, more like split work scope
- Implementation heavily depends on “financing”
- Public participation has been enhanced

- ❑ ***Consistency among major plans such as The Ninth Development Plan(2010), The National Spatial Strategy(2001), The National Transport Strategy(2012)?***

1. Implications of RDI & ERMI (tentative)

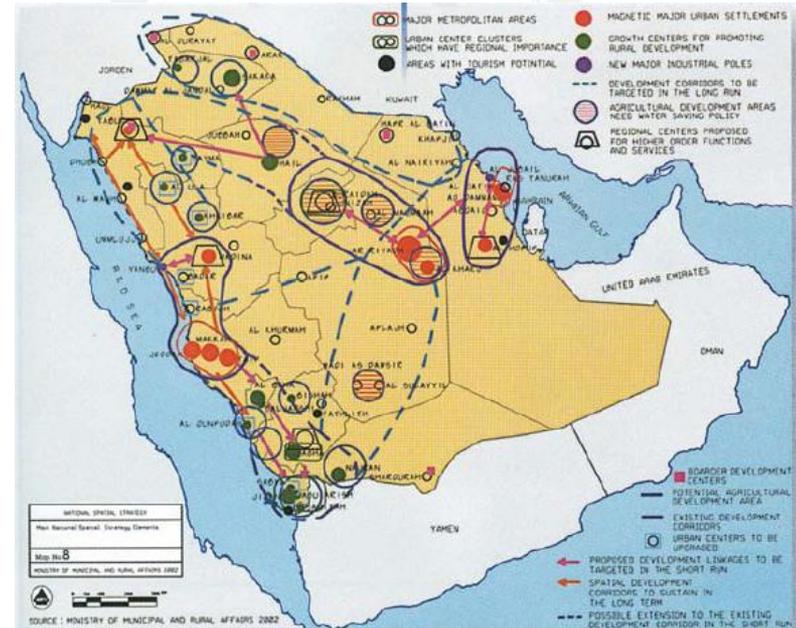
- RDI and ERMI from the Korean experiences may provide useful implications for implementation of "National Spatial Strategy"
 - emphasis was put on promotion of "growth centers" and "development corridors," the KSA government need to evaluate the functional role of those

- RDI could be a useful tool to diagnose growth centers
 - for the short term, a composite index has to be operated by data availability basis
 - it is important to set a priority to produce regional statistics item by item
 - proper setting of regional boundaries should be considered



1. Implications of RDI & ERMI (tentative)

- ERMI case could be applied to the development corridor policy
 - the KSA development corridor strategy seems to be implemented as specialization-focused regional development
 - input/output of resources should be strictly monitored and evaluated
 - ERMI should be customized in better accordance with the practical strategies for each development corridor
 - it is important to set a priority to produce regional statistics item and to set a proper regional boundary



□ **A pilot project would be desirable for the certain development corridor, as well as RDI for growth center**

2. Implications of Korean Coordination System (tentative)

- ❑ Korea's coordination system is far from perfection as other country's, yet, Korea has tried to develop a better coordination system that takes into account temporal and paradigm changes
 - The hierarchy of planning system and the mandatory inter-agency coordination as well as public participation are legislated in each planning laws and ordinances
 - The overall regional development policy is monitored and coordinated by the PCR D
 - Especially since the mid-1990s, the Korean government has explicitly expanded the participation scope of local governments and private citizen
- ❑ *For KSA, "a strong coordinating authority is necessary and public participation and regional delegation should be enhanced"*
 - *in a short period of time, KSA could start with a pilot case*
 - *this could be the right time to revise NSS, the coordination and participation system of the Korean CNTP could be referential for planning system setting for the NSS revision*

3. Quick Win and Mid-Long Term Approaches (tentative)

- ❑ **RDI** and **ERMI** could be applied to the KSA context, in perspectives of diagnosis and evaluation of **Growth Centers** and **Development Corridors** designated by the "National Spatial Strategy"
 - the concerns include the availability of statistics, and population size of Growth Centers and Development Corridors where different regional development criteria are applicable
 - yet, such a hurdle could be overcome by modification of national and regional statistical items run by Statistics Office
- ❑ In the mid & long run, the **hierarchy of planning system and the mandatory inter-agency coordination** as well as **public participation** should be legislated in planning laws and institutions
 - when KSA evaluate and/or revise NSS, a new model of the coordination and participation system could be invented and pilot implemented



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Thank you very much

