



THE NEW PLAN OF PUBLIC AGENCY RELOCATION IN PROGRESS

Traditionally, Korea has had its population and industries excessively concentrated in the Capital Region. In order to actively tackle such excessive concentration, the Korean government relocated public agencies a few times since 1964, when the Measure of Prevention for the Overpopulation in Large Cities was implemented.

The first relocation plan, the Plan for Dispersion of Large City Population, was established by the Economic Planning Board (EPB) in 1973. The EPB selected 46 public agencies (24 government-controlled or government-contributed bodies and 22 government-financed bodies), and moved 40 of them to new locations. The second plan, which the EPB produced in 1980, was to relocate not only some agencies directly controlled by the Korean central government near the Gwacheon Government Complex, but also several government-invested research institutes to the Daedeok Science Park. The third relocation was planned by the Ministry of Government Administration in 1985. Originally, the plan intended to move the central government's offices to Daejeon. But, it resulted in ten agencies' relocation to the Daejeon Government Complex, 8 years after the plan was modified in 1990.

Recent Public Agency Relocation

Since 2003, the Korean government has actively undertaken the planning of public agency relocation in pursuit of balanced national development. Recently, the government has implemented two different plans of public agency relocation: one to relocate central government agencies to the Multifunctional

Administrative City (MAC) to be built in the Chungnam Province; the other to relocate other public bodies outside the Capital Region - the New Plan of Public Agency Relocation.

Pursuant to the Balanced National Development Act (BNDA), the governmental and public bodies to be relocated encompass: the Korean central government's ministries and offices; subsidiaries of such agencies of the central government; government-invested corporations and their subsidiaries; government-financed agencies; government-contributed agencies; and other public agencies. Among these governmental and public entities, 16 departments and 2 offices of the Korean central government and some of their subsidiaries are due to move into the MAC in the near future. Other public entities, excluding the governmental bodies, will be distributed across the Korean territory outside the Capital Region, except Chungnam Province and the City of Daejeon. As presented earlier, the MAC will be built in the Chungnam Province, and Daejeon already has the Daedeok Science Park and the Daejeon Government Complex.

Systems of Recent Public Agency Relocation

The Korean government's recent public agencies' relocation project, the Plan of the MAC and the New Plan of Public Agency Relocation, have been based on different systems of planning and implementation. The MAC plan has been set up and enacted by the Steering Committee for the MAC, which is currently supported by the Advisory Board for the MAC under the Ministry of Construction and Transportation (MOCT). On the other hand, pursuant to the BNDA,

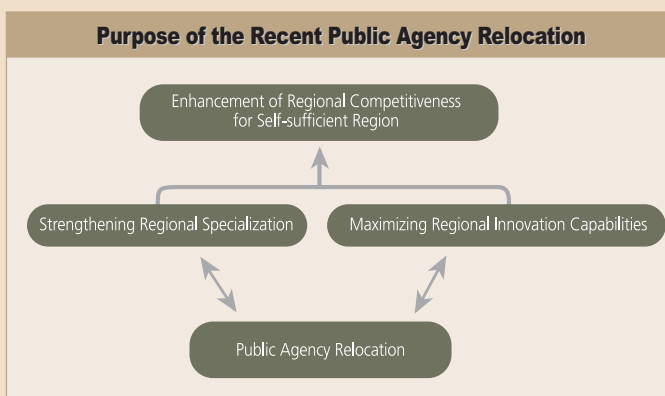
the Presidential Committee on the Balanced National Development (PCBND) has produced and implemented the New Plan of Public Agency Relocation, receiving necessary support from the Advisory Board for Public Agency Relocation under the MOCT.

Purpose and Strategy of the Recent Public Agency Relocation

The relocation of public agencies that the Korean government actively pursues, especially the New Plan of Public Agency Relocation, is intended to boost specialization and innovation capabilities of non-Capital regions which have long witnessed underdevelopment, compared to the Capital Region. Stated otherwise, the new relocation plan seeks to enable such regions outside the Capital Region to enhance regional competitiveness and achieve self-sufficient development.

Unlike the previous ones, the New Plan of Public Agency Relocation emphasizes not only functional linkages and connections among public agencies but also regional innovation capabilities for the plan's success.

The agencies to be relocated are classified into multiple groups on the basis of specialized functions. The public agencies consisting of a functional group



are strategically relocated together to a region. This strategy is to strengthen and maximize functional linkages or connections among public agencies. To be sure, allocation of such functional groups to individual regions takes such regions' industrial strategies and characteristics into full account.

The New Plan of Public Agency Relocation

According to the principles of the public agency relocation plan, PCBND announced the New Plan of Public Agency Relocation on 24 June 2005, jointly with 21 central government departments, such as the Ministry of Construction and Transportation and the Ministry of Finance and Economy. This plan has

Functional Groups and No. of Agencies Allocated to Regions

Region	Functional Group	No. of Agencies
Busan	Maritime Affairs & Fisheries, Finance	12
Daegu	Industrial Technology, Education & Academy, Utilities	12
Gwangju	Electrics	3
Ulsan	Energy, Labor Welfare Industrial Safety	11
Gangwon	Mine, Health, Tourism	13
Chungbuk	Telecommunication, Human Resources, R&D	12
Chungnam	Policy Research Institutes, etc.	47
Jeonbuk	National Land Development, Agriculture, Culture	13
Jeonnam	Telecommunication, Agriculture, Electrics	15
Gyeongbuk	Road & Transportation, Agricultural Innovation	13
Gyeongnam	Housing Construction, Small & Medium Business	12
Jeju	International Relations, Education & Training	9
Other	-	1
Total	-	176

clarified that the 176 agencies out of the 346 public bodies which are currently located on the Capital Region will be relocated. The 176 entities are classified into 21 functional groups.

The PCBND has arranged this grouping to make sure that agencies affiliated with one group will in general have similar or interconnected functions to perform. And then, except for the Chungnam Province and the City of Daejeon, each region outside the Capital Region is allocated to two functional groups, while only Gwangju gains one group. This allocation has been conducted in consideration of functional linkage or connection of each group with industries, in which each region is or intends to be specialized.

And each region plans to construct an innovation city where the public bodies classified into the same functional group are supposed to move. As presented above, the public agencies moving to an innovation city are closely linked with the relevant region's strategic (or specialized) industries, universities and R&D institutes. Given this, each innovation city will be a futuristic urban place (or district) equipped with the following features: innovation milieu to expedite cooperation and networking among companies, uni-



versities, and R&D centers; high-quality residential, educational, cultural, and recreational facilities; and advanced transportation and telecommunication networks.

The Korean government intends to complete this new project of public agency relocation by 2012.

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NATIONAL FISCAL MANAGEMENT PLAN AND SOC INVESTMENT POLICY

The Korean government has established and confirmed the National Fiscal Management Plan as a part of its fiscal reform to strategically distribute and efficiently utilize the national resources. As a guideline suggesting the direction of the fiscal management activities for the following five years, the National Fiscal Management Plan is expected to vastly contribute to development of the fiscal management in line with execution of the Top-down Budgeting System, establishment of the Performance Management System, and implementation of the Digital Budget Accounting System.

Through the National Fiscal Management Plan, the government can fathom the size of mid-term usable fiscal resources, and choose policies within the scope to boost the materialization possibility and predictability of policies. In addition, the national priority can be systematically reflected on the expenditure

plan, increasing rationality of the fiscal resource distribution.

Major Components of the National Fiscal Management Plan

The government is concerning about fiscal conditions for the next five years. Especially, the increase in revenues is expected to slow down in accordance with the decrease in the potential growth rate in the future. On the other hand, the government needs to play an active role in improving the national competitiveness in terms of expenditures, simultaneously expanding the social welfare system and enlarging the fiscal needs to boost the quality of life. Facing such changing circumstances, the government is ultimately seeking to expand the growth potential and improve the fiscal resources distribution structure

among sectors and divisions through the National Fiscal Management Plan.

The total fiscal expenditures of the National Fiscal Management Plan, to balance the income and expenditures within the scope of the total revenues, amount to 1,110 trillion won over the next five years, posting the CAGR (Compound Annual Growth Rate) of 6.3 percent. In the meantime, expenditures of general accounts apprehended, based on the aggregate among the total expenditures, stand at 706.4 trillion won for the following five years, recording the CAGR of 7.4 percent.

Considering the national priorities, the National Fiscal Management Plan provides for the strategic distribution of the limited fiscal resources for the following five years. Recently, there have been concerns over a decline in the potential growth rate due to the reduced private investments and aging population, and the people's expectation for the social welfare is escalating based on the increasing old age, childbirth and expanding social awareness of the even-wealth distribution, which should increasingly require the independent national defense. Accordingly, the government plans to expand investment beyond the average fiscal scope in the high national priorities, such

as boosting the growth potential, securing the people's basic living conditions, and establishing the independent national defense.

Meanwhile, the fundamental improvement from boosting the market functions is essential in the economic sectors covering SOC (Social Overhead Capital), farming and fishing communities and industries, and small and medium businesses, rather than the government's role. Therefore, the government intends to focus on solidifying the fiscal investment contents, rather than increasing the investment volume, while distributing the fiscal resources.

Consequently, the government plans to inject its finance in the economic sector including SOC at 2.9 percent through 2008, lowering the respective investment mix in the total expenditures to 19.1 percent in 2008 from 21.9 percent in 2004. Particularly, the National Fiscal Management Plan fundamentally specifies no expansion of the investment in the SOC sector, considering that the tax income growth is slowing down and the expenditure needs in the social welfare sector are drastically increasing in the future, although there are factors to expand investments to

Annual Expenditures of the National Fiscal Management Plan (Unit: KRW trillion)

	2004	2005	2006	2007	2008	Total	Annual Growth Rate(%)
Total Expenditures (Increase)	196.2	208.0 (6.1)	220.7 (6.1)	234.2 (6.1)	250.9 (7.1)	1,110.0	(6.3)
■ Budget	137.3	146.0	155.0	165.1	177.3	780.6	(6.6)
• General Expenditures	134.4	143.3	152.3	162.4	174.6	767.0	(6.8)
• Financing Expenditures	2.8	2.7	2.7	2.7	2.6	13.6	(△)1.8
■ Funds	59.0	62.0	65.7	69.1	73.7	329.4	(5.7)
• General Expenditures	35.8	39.4	42.9	46.3	50.1	214.5	(8.7)
• Financing Expenditures	23.1	22.6	22.8	22.8	23.6	114.9	(0.5)

Fiscal Distribution Plan by Sector (Unit: KRW trillion)

	2004	2005	2006	2007	2008	Annual Growth Rate(%)
Economic Project	42.9	43.7	44.5	46.2	48.0	2.9
Welfare & Living Quality Improvement	50.9	56.6	61.2	66.6	73.1	9.5
Education	24.5	25.9	28.2	30.7	33.3	7.9
National Defense	18.1	19.7	21.5	23.6	26.4	9.9
Local Financial Support	18.3	19.5	21.2	23.1	25.2	8.3
General Administration, etc.	41.5	42.6	44.0	44.1	44.9	2.0

respond to the people's demand to boost living convenience (such as supports for the national economic growth, construction of the Multifunctional Administrative City, balanced regional development, and expansion of safety facilities).

SOC Investment Policy Direction in the National Fiscal Management Plan

Established under the basic rules of the National Fiscal Management Plan, the SOC investment policy is, in summary, to control the growth rate of the SOC fiscal investment at a fair level, and to diversify the investment sources. In the background of this policy direction, the government views that the absolute shortage in the SOC sector has been resolved, owing to many investments in SOC facilities. Thus, the government plans to diversify the investment resources by controlling investments in sectors with a certain level of facility expansion, and boosting the private capital investment foundation in order to complete necessary SOC facilities on time.

Accordingly, the government intends to increase the SOC budget to 19.7 trillion won in 2008 from 16.7 trillion won in 2004, but control the budget's CAGR at 4.2 percent lower than the total budget, and fund's CAGR of 6.3 percent in 2004 to 2008.

The SOC investment is headed to raise efficiency of the investment by adjusting the priorities among and within the SOC sectors first. This is to maximize the investment efficiency under the conditions where it is unavoidable to control the increase in the SOC investments.

Firstly, the government plans to cut down the mix of investments in roads and local airports where considerable facilities have been established, but expand investments in the roads to replace the national highways to mitigate the urban traffic congestion, and the roads to industrial complexes to boost industrial competitiveness. In addition, the government intends to

switch its investment pattern to boost the facility management efficiency, strengthen the demand management policy, and emphasize safety and the environment, rather than the previous investment focused on supplying new facilities. Furthermore, the government has determined to provide supports for timely expansion of harbor facilities in order to cultivate the Korean Peninsula as Northeast Asia's logistics hub.

Secondly, the government is seeking to enlarge the people's living convenience and enhance the quality of their life. By responding to the people's demand, in line with changes in their life pattern, the government is set to continuously expand investments to stabilize the residence of the lower-income class and prevent damage from storm and flood.

Thirdly, the government plans to actively attract private investments, such as pensions and funds, to supply safe facilities on time by diversifying the deficient SOC investment resources. Specifically, the government not only intends to provide funds in the existing BTO (Build-Transfer-Operate) and BTL (Build-Transfer-Lease) methods, but also considers supplying funds for the SOC sector by utilizing the public corporations' capital.

Lastly, the government is looking to accomplish investment efficiency by properly managing the transportation demand and making completion-focused investments. Since it is not enough to resolve the traffic congestion only by supplying facilities in terms of efficiently managing the transportation demand, the government plans to boost the investment efficiency through the travel demand management policy by implementing the SOC facility uses charge system, and reinforcing the beneficiary-bears-costs principle to apply the dispersed investment given the excessive promotion of new projects.

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SOC Investment Plan (Unit: KRW trillion)						
	2004	2005	2006	2007	2008	Annual Growth Rate(%)
Total	27.0	27.6	28.6	29.6	30.6	3.2
Budget	16.7	17.0	17.4	18.6	19.7	4.2
Fund	10.3	10.6	11.2	11.0	10.9	1.4

Source: Ministry of Planning & Budget, National Fiscal Management Plan (2004 ~ 2008)

BUILDING ONE MILLION UNITS OF NATIONAL PUBLIC RENTAL HOUSING

The new Korean government set up improvement in the residential welfare for the low-income class as one of the major national tasks. It has carried out various projects for the purpose, including providing the 30-year National Public Rental (NPR) Housing, improving the residential environment in the delinquent housing concentration areas, expanding low-interest support for the poor's deposit-based housing rental (called "Jeonse" in Korean), legalizing the minimum residential standards, and enacting the long-term Comprehensive Housing Plan (2003 ~ 2012).

The One Million Units of NPR Housing Construction Plan was established primarily to resolve problems of houses not meeting the minimum residential standards under the Housing Law and the Comprehensive Housing Plan (2003 ~ 2012), reflecting the regional distribution of housing falling short of the minimum residential standards.

Once the one million units of NPR housing are built, the inventory ratio of public rental housing is likely to increase from 3.4 percent to 15 percent, which is about at the level of the developed countries, and the number of houses falling short of the minimum residential standards is expected to decline to 1.03 million units in 2012 from 3.34 million units in 2000 (or from 23.4 percent to 6 percent of the total housing inventory).

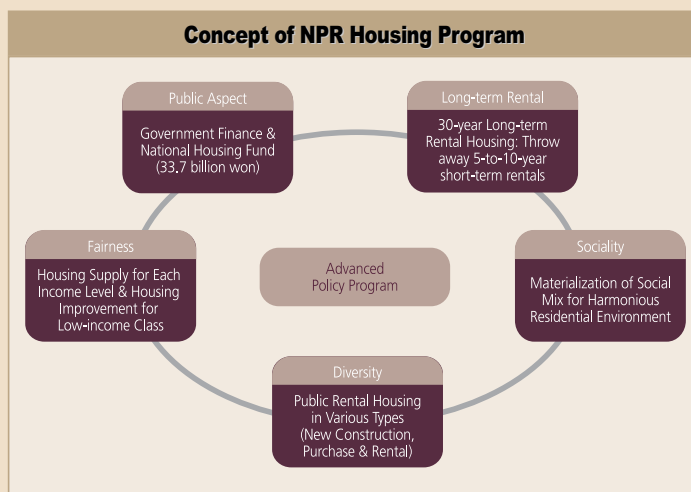
Particularly, the government is focusing on creating future-oriented refreshing residential complexes under the objective to "materialize the great-to-live and convenient NPR housing." Since the NPR housing consists of various programs, it is expected to substantially subdue the chronic residential problems for the low-income class.

Characteristics of NPR Housing

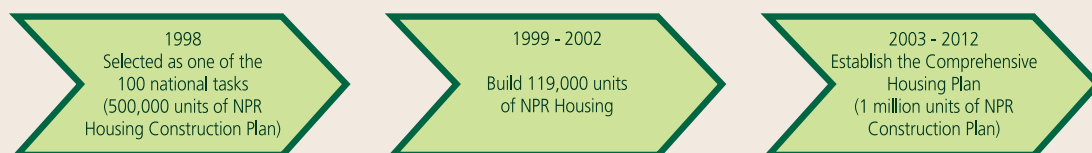
The government plans to build and supply the low-priced and diverse types of the NPR housing in consideration of the residential level and living ground for the low-income class. In particular,

the government intends to promote continuous residential stability of the low-income class by supplying mid/long-term (at least 30 years) public rental housing. The NPR housing has five characteristics; public aspect, long-term rental, equity, diversity, and sociality.

First, the NPR housing has the public aspect since it is built with government financing and National Housing Fund. Second, the NPR housing provides long-term public rental housing for at least 30 years, which should contribute to continuous residential stability of the low-income class. Third, it is fair. The NPR housing is provided to the low-income class at 50 ~ 70 percent of the market price, which should largely improve the residential standards of the low-income class. In addition, the government plans to offer an adequate number of houses to each income groups, enabling the smooth residential bottom-to-top filtering. Fourth, the NPR housing has sociality that can improve the social mix. Namely, the government is likely to promote social integration by supplying the mix of home ownership and rental housing, so various social classes can live together in harmony. Lastly, the NPR housing project is an advanced public rental housing program in various formats. Escaping from the new apartment construction and supply of the past, the government utilizes various tools to provide NPR houses, such as purchasing the existing



National Public Rental Housing Construction Plan



houses, improving the residential environment, and acquiring the redeveloped houses.

Policy Supports for NPR Housing

In order to smoothly promote the NPR housing, the government provides the following supports:

First, the government and the National Housing Fund provide financial support. The government injects a total of 11.3 trillion won (11.3 billion US\$) from the government finance over the next 10 years, and 22.4 trillion won from the National Housing Fund. In sum, the total of 70 ~ 80 trillion won is invested to build one million units of NPR houses, including investments from the project promoters and final occupants.

Second, pursuant to the Special Measure Act on the NPR Housing Construction, the government allows a NPR housing complex to be developed in the Green Belt at the maximum of 1 km², in order to smoothly secure housing sites.

Third, the government provides various taxation benefits, exempting the acquisition tax, registration tax, property tax, and urban planning tax for the NPR housing construction. Various taxes levied on the construction procedure are either reduced or exempted.

Fourth, the housing site development procedure is simplified to quickly promote the NPR projects.

Namely, the project period has been cut down by integrating the approval process of development plan and complex assignment procedure.

Achievements of NPR Housing Construction Plan

The government plans to build 100,000 units of NPR housing each year from 2003 until 2012, totalling one million housing units. The construction bodies are Korea National Housing Corp. (KNHC) and local governments. KNHC intends to build 800,000 houses and local governments 200,000 houses. Regionally, 488,000 houses will be built and supplied in Seoul and its metropolitan area, and 512,000 houses in the rural areas.

The total of 163,214 units of NPR housing was built and supplied in 2003 ~ 2004. NPR housing is evenly constructed in the Housing Site Development Complex, such as new cities for easy commuting to work, residential areas within cities, and the Green Belt areas.

Construction and Supply Effects of NPR Housing

According to the analysis on the occupants' benefit living in the NPR housing, each occupant household receives a benefit worth 184,000 won per month on average nationwide. Based on the 19-pyong (63 m²)

National Public Rental Housing Construction Achievements (Unit: houses)

		1998 ~ 2002	2003	2004	Total(%)
Total		118,782	71,791	91,423	281,996(100.0)
By Project Body	Local Governments	2,202	8,290	6,108	16,600 (5.9)
	Korea National Housing Corp.	116,580	63,501	85,315	265,396(94.1)
By Region	Seoul Metropolitan Area	56,522	40,077	53,504	150,103(53.2)
	Other Major Cities	27,363	16,402	5,621	49,386(17.5)
	Local Areas	34,897	15,312	32,298	82,507(29.3)

Source: Ministry of Construction & Transportation, as of December 2004

house, occupants in the Seoul and Incheon area get 400,000 won per household every month, 300,000 won in the Daejeon area, 230,000 won in the Gyeonggi area, and 120,000 to 210,000 won in other areas.

Moreover, construction of the NPR housing is likely to contribute to cultivating the growth potential of the national economy by facilitating the local economy, creating jobs, and lowering the people's residential expenses. In 1998 ~ 2014, the direct investment in building approximately 1,120,000 units of NPR housing should amount to 77.6 trillion won, generating the production induction effect of 183.5 trillion won. The project is also expected to generate approximately 1,560,000 jobs, 1,900,000 employments, and

38 trillion won of wages, creating significant economic wave effects.

Furthermore, if the NPR housing is supplied, the inventory rate of public rental housing will rise to 15 percent of the developed countries' level from 3.4 percent at present, fundamentally resolving the non-homeowners' residential insecurity. In addition, the government is likely to have a turning point to switch the housing ownership concept into the housing residence concept over the long term, and form a healthy residential culture by expanding the rental-based residential culture by supplying the NPR housing.

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ISSUES ON HOUSING POLICY FOR ELDERLY AGAINST AGING SOCIETY

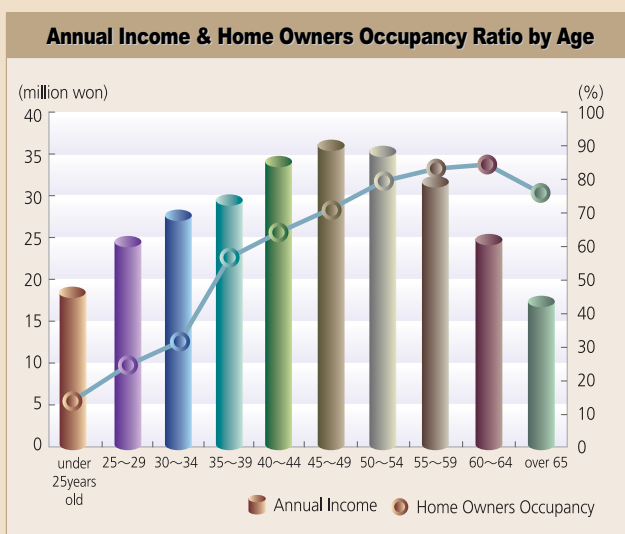
As of 2000, the population over 65 years old totaled 7.2 percent of the population, already qualifying Korean society as an aging society. The aging society corresponds to a society where those over 65 years old are more than 7 percent of the total population, the "aged society" is 14 percent, and the "post-aged society" is 20 percent. Looking ahead, the aging process is likely to speed up rapidly. According to the National Statistical Office, Korean society is expected to become an aged society in 2019 and a post-aged society in 2026.

The number of old-age households, which includes a person over 65 years old, increased 47.8 percent to 1,734,000 in 2000 from 1990, contributing 12.1 percent to the total population. Particularly, the number of old-age single or couple households sharply rose 2.6 times, to 767,000 in 2000 from 1990.

The number of households consisting solely of old persons is quickly growing. The total number of households is likely to enlarge 14.2 percent over the next 20 years, whereas the number of old-age households is forecast to climb 56.1 percent. In particular, the number of households consisting of at least one 80-year-old is expected to increase 4.3 times.

As the aging progresses, many changes in the economic and social conditions are likely to take place. Firstly, in line with the decreased

birth rate, the economically active population is expected to experience an increased burden to support the old-aged, intensifying conflicts between the generations, such as eligibility and fairness of the burden. Secondly, given the increased healthy old-age population, the desire of elders to participate in the society is expected to grow further. Thirdly, due to the contracted consumption and investment, the economic growth should slow down and the silver industry should emerge, increasingly affecting the national economy. Lastly, owing to the weakened family func-



tion, the poor old-age population may be greatly increased, shifting the paradigm from the “family-oriented resolution of old age problems” to the “increased role of the government.”

Housing Conditions for Old-Age Household Inferior to Those of Normal Household

Incomes of the old-age households gradually decline; however, the owners' occupancy ratio increases. In addition, they tend to live densely in an old independent house, and rarely move. The housing level of households consisting only of the old-age or living in small cities or rural areas (called “eub” or “myeon” in Korean) is far inferior.

The number of old age households per room posted 1.33, which is relatively denser than that of general household members (0.92). Also, the housing level of the old-age single and couple households is far inferior.

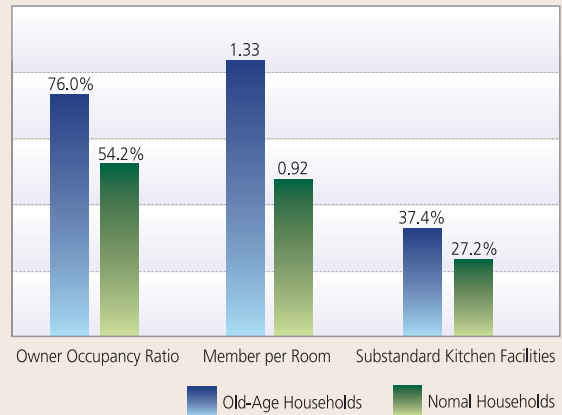
Independence of old-age households is steadily growing. The couples who desire to live separately from their children in the future contributed 59.9 percent to the total population, largely surpassing the current independent housing rate of 43.9 percent.

Establishment of Comprehensive Housing Policy for Elderly

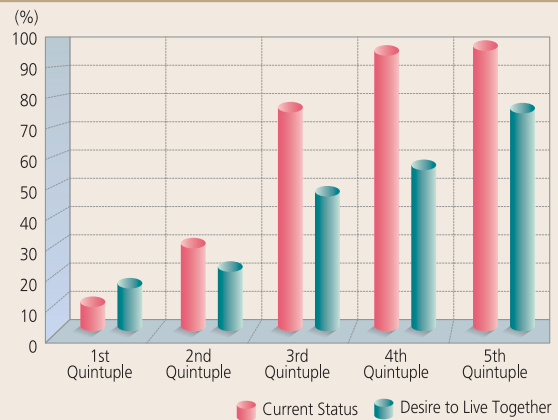
Judging from the increased burden of the government to handle the old-age problems based on the sharp progress of aging, increase in the number of old-age single or couple households, and breakdown of the family unit, the old-age housing problem is likely to emerge as a social problem in the future if the deteriorated old-age housing level is left as it is.

Due to two competent departments of the current housing policy for elderly, comprehensive plans have not been established yet, and the selection pool of the old-age residences is quite limited as a result. Firstly, the old-age welfare housing, administered by the Ministry of Health and Welfare, is only classified as welfare facility, not as housing, failing to receive supports under the Housing Policy on land, fund, taxes, etc. Secondly, the housing policy administered by the Ministry of Construction and Transportation, is a part

Housing Conditions for Old-Age Households vs. Those of Normal Households



Desire to Live with Family by Income Level



of the underprivileged market-class support measure to give the old-age households preference to move into public rental house, but the results are quite low. Lastly, given the lack of standards for facilities for the elderly, houses with convenient facilities can be rarely found.

Housing facilities for old-age people from diverse income levels are also absolutely insufficient. Although the aged in the lowest income level are given such benefits as occupancy at the permanent rental housing or National Public Rental housing, housing cost subsidy under the Basic Living Standard Guarantee Act, as well as free medical services, these benefits are extremely limited. In addition, since construction costs of old-age housing are higher than those of the general housing, welfare housing for the

Housing Policy for Elderly by Phase					
Objective \ Period	Short Term		Mid Term	Long Term	
Build Infrastructure	Build the infrastructure to secure inventories of the old age housing		Build the infrastructure to operate the private rental business		
Expand Inventories		Expand various inventories of the old age housing			
Operate Rental Business		Operate a trial of the public housing rental business		Expand the private rental operation	

elderly built and operated without the government subsidiary, can only be occupied by the aged with high incomes due to the high rental fee. Also, old-age housing for the middle income level, to which most of the elderly belong is not available.

Direction and Tasks of Housing Policy for Elderly

Under the policy objective to “support the old-age life through stabilizing the old-age’s residence,” the policy target groups need to be classified based on the

old-age households’ economic power and health condition, and gradually approached to each group in consideration of the financial limits and policy’s sustainability.

First of all, it is required to: build a systematic foundation in the short term; secondly, focus on expanding inventories of old-age housing in the mid-term; and finally, implement a rental operation policy for old-age housing in the long-run.

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POLICY ISSUES FOR ENHANCING CITY ATTRACTIVENESS : KOREA’S EXPERIENCES

Planners and policy makers in an industrialized world have increasingly adopted the attractiveness of a city as a key urban policy. Academic society, as well, has paid more attention to the “soft” aspect of urban development, which is often described as the “cultural turn” of urban planning and studies. In tandem, Korea’s urban policies are shifting its focus from relying on physical development toward taking advantage of cultural resources.

According to a recent comparative study on Organization for Economic Cooperation & Development countries (OECD, 2005), the quality of life in Korea ranked as the lowest in most of categories. Notable are the domains of working hours, life expectancy, and road fatalities, which are a source of great concern to Koreans. In addition, in another survey on quality of life in 215 cities around the world, Seoul ranked only 90th, with the comment that “traffic congestion and air pollution outweigh positive features of the city” (Mercer Human Resource Consulting, 2004). In a nutshell, in spite of dramatic economic

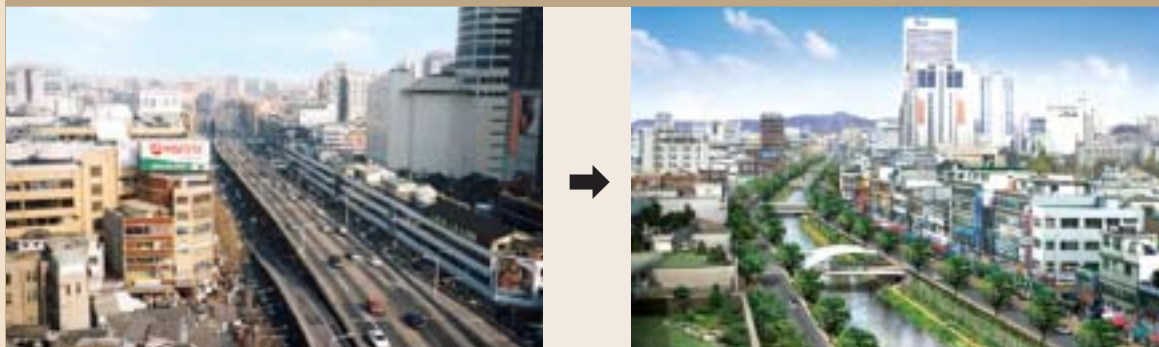
development over the past three decades, Korea’s achievement in the domain of quality of urban life remains unsatisfactory.

Now many city governments are struggling to find new ways of economic development through diverse culture-related strategies. Some are refurbishing their outmoded images by building a symbolic landmark in the city center, and others are introducing a variety of cultural strategies, such as holding local festivals and international events. What their strategies have in common is that they rely on using culture, and even capitalizing on it, as a means of further urban development.

Seoul: City Center Regeneration Fueled by Historical Imagination

Seoul, home to more than 10 million citizens, is the largest and busiest city in the nation. And Seoul is a historic city, serving for more than 600 years as the government seat in traditional and modern Korea.

The Cheonggye River Restoration Project in Seoul



But as major developmental projects were concentrated in sub-urban areas of Seoul since the 1970s, its central area has been gradually losing vigor. In spite of its ample historical assets, the city center's living and working environment is relatively deteriorated.

As a part of efforts to enhance the attractiveness and competitiveness of the central area, the Seoul government came up with a massive redevelopment plan, the Cheonggye River Restoration Project (CRP). This is an ambitious work, uncovering and enlivening the 5.8km stream that has been covered with concrete for the use of road and infrastructure since the 1970s. The Cheonggye, a stream flowing across the central Seoul from west to east, was a heart of Seoul living, with abundant historical assets, before it was covered with two-story roads. As it symbolizes "our lost history and culture" during the dramatical growth, the city government decided to uncover and restore it and "hand it over to citizens." Many citizens and academicians, especially from cultural fields, expressed their support in spite of the expected harsh resistance from local shop owners and workers.

The city government was quick to take advantage of the supportive mood, and linked CRP to Seoul's city center revitalization project. It is also expected that this stream uncovering work would trigger a series of redevelopment projects in the nearby area, and eventually contribute to the facelift of the central Seoul.

Currently, the CRP is underway yet it still is a matter of public controversy. Whereas many with historical imagination anticipate that it could make Seoul a more humane and pleasant city, others are critical, contending that it would be another example of developmentalism in the name of history and culture.

We will have to wait to see how CRP changes the face of central Seoul, but it is clear that "culture and history" have become an integral part of urban development in the future Seoul.

Busan: A Film Festival with Support of Citizens

Busan, the nation's second largest city with a population of 3.7 million, has been one of the growth engines of Korea's economic development. As the Seoul-Busan axis has led the industrial Korea, Busan has emerged as a major industrial and export base. However, this industrial port city started suffering from an economic downturn after the Asian financial crisis in 1997. Now the city is gearing up to change its image, and develop a new income resource, by taking advantage of a decade-long international film festival.

The Busan International Film Festival (PIFF) was launched in 1996 as the first international film festival in Korea. Spearheaded by Busan's newly elected mayor, the PIFF was developed after Korea's local elections in 1995. In its first year, 173 films were screened in front of 184,071 filmgoers, and the figure has been maintained with only slight fluctuation every year. Up to this year, when the tenth event was held, this international festival has been considered as the most successful one in Korea. Encouraged by the success of the PIFF, many other festivals - such as the Busan Maritime Festival, Busan International Rock Festival, and Busan Biennale - have been held with a view to emulating the PIFF. Now the PIFF is hailed not just because of its large audiences, but because it has served as a milestone for the future development of the city.

In the first place, the PIFF was an economic suc-

cess. Last year, its economic effect is estimated to total 7.6 million US dollars, with 3.5 million dollars direct from the PIFF and 4.1 from spin-off impacts. More importantly, the PIFF could spur development of the local film industry, performing art and entertainment businesses. In recent years, on the back of the PIFF's success, the local film and media industry has shown signs of a rosy outlook.

However, the real benefit of the success of the PIFF is beyond the financial. Thanks to the PIFF, Busan has had an opportunity to upgrade its image from that of a gray industrial city to a "city of film and festival." This new image is related to the emerging industries that have become a future growth engine of the city. Now the city government is making all-out efforts to maximize the opportunity and back up the film-related industry, in such ways as animation, broadcasting, multimedia contents, and computer games. In addition, with a view to supporting the international festivals and other cultural activities, the city plans to provide "cultural infrastructure," such as building cultural complexes equipped with cultural theme parks, Busan memorial parks, and related facilities. "The City of Festivals and Culture" has now become the catchphrase of Busan.

What major factors contributed to the success of the PIFF? A variety of elements can be considered, such as the timely rise of the Korean film industry and the city government's strong initiation. But the most important thing to be noted here is the citizens' participation. Open-minded and participatory citizens are invaluable resources in the city's success.

Potentials and Constraints in Cultural Strategy

As documented in much literature of place marketing, it was proven in Korean cities that the successful implementation of a cultural strategy has had

huge positive impacts for urban development in the era of the new economy. However, it also should be emphasized that the strategies are successful only under certain conditions.

First, the wide support and participation of local citizens are essential. Culture, by its nature, is deeply rooted in local society and it is not like something to sell and clone with ease. As the industrial sociology and economic geography literature stressed, it is the local community that sustains and nurtures cultural resources. So, if policy makers separate a cultural product from a local society, it will not last long. Therefore, it should be stressed again that cultural strategy will be successful when it is set up and implemented with the broad participation of the local populace. Second, when local culture is manipulated for economic purposes, the architects of this manipulation must be careful not to drain the cultural resources in the region. There is a danger that a cultural strategy devised by policy makers will focus too much on the creation of marketable commodities, tourism, and employment, at the expense of the people on the ground. This could be one of the fundamental dilemmas in setting up a cultural strategy, because the strategy has the possibility of dislocating and modifying local culture in the process of commercialization.

These constraints imply that cultural strategy is not a panacea for every city at any time. But there are many examples that show us the ways to develop cultural strategies, which will not drain local cultural resources, but nurture local culture and contribute to the sustainable development of local communities. This could be the task many city governments may have to deal with for years to come.

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GIS INTEGRATION STRATEGY OF LOCAL GOVERNMENT

Since the NGIS (National Geographic Information System) project was established in 1995, many local governments have built and operated the information system to increase the efficiency of administrative operations and to improve the quality of public services. Particularly, they have constructed the

information system based on GIS with superior inter-linking and analysis functions between spatial data and attribute data, since approximately 80 percent of local government operations utilize maps and related records.

In the early stage of local government GIS, systems

were built for individual business operations. This caused redundancy in making and managing geographic data. Consequently, divisions barely shared or jointly utilized information, and the improvement in the operation productivity and subsequent synergy effects fell short of expectations. In order to resolve this problem and advance the local government GIS even further, a strategic vision of the local government GIS should be proposed.

Conditions and Tasks of Local Government GIS

Currently, local governments own and operate various GIS-based information systems, such as the Architectural Administration Information System (AIS), Land Management Information System (LMIS), Integrated Underground Facility Management System, and Industrial Location Information System, built by the informatization projects of central government departments (including Ministry of Construction and Transportation and Ministry of Government Administration and Home Affairs), the Urban Planning Information Management System, and General-purpose Water Supply & Drainage Management System.

The GIS operated by local government has been used for individual business operations and public services to boost the operation productivity. However, as the national promotion of e-government project is accelerating, and information technology is advancing into the ubiquitous computing environment, the local government GIS needs to switch its past direction and suggest new development strate-

gies. In order to quickly respond to such an informatization need and new information technologies, comprehensive GIS integration strategies are demanded.

Local Government GIS Integration Strategy

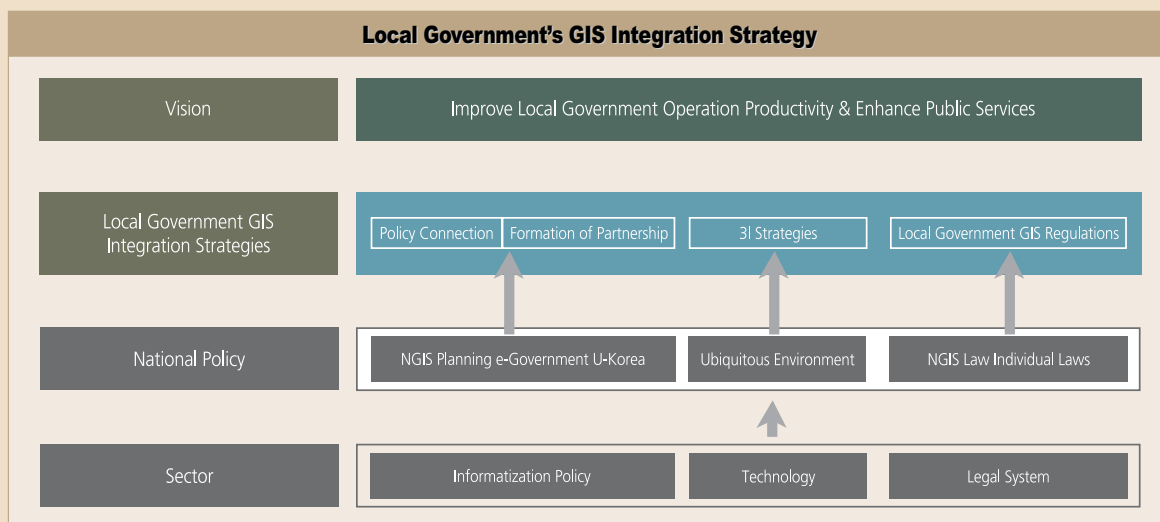
The Ministry of Government Administration and Home Affairs is establishing and promoting the policy to implement e-government through the administration information advancement project in cities and counties, whereas the Ministry of Information and Communication is setting up and promoting the policy to realize U-Korea through the IT-839 Strategy. Local governments must consider the central government's informatization policy when promoting their informatization project, since they are directly or indirectly affected by the national policies. Therefore, the GIS project must be carried out in line with the national informatization policies, such as the NGIS Master Plan, e-Government Policy, and IT-839 Strategy, in order to expedite the public information sharing and prepare for the ubiquitous environment at the local government level.

Partnership among Informatization Project Authorities

Local administrations and public services produce maximum effects when the information is jointly utilized. Nonetheless, the local government GIS project is experiencing difficulties in sharing and jointly utilizing data, because it is conducted without coopera-

Examples of Local Government GIS

Central Government Project		Local Government Project
Ministry of Construction & Transportation	Architectural Administration Information System (AIS)	<ul style="list-style-type: none"> • Urban Planning Information Management System • General-purpose Water Supply & Drainage Management System (standard design provided) • General-purpose Road Management System (standard design provided) • New Address System • Emergency Fire-fighting Rescue System • Living Geographic Information
	Land Management Information System (LMIS)	
	Integrated Underground Facility Management System	
Ministry of Commerce, Industry & Energy	Industrial Location Information System	
Ministry of Government Administration & Home Affairs	Parcel-based Land Information System (PBLIS)	



tion among government authorities, such as the central government departments (i.e., the Ministry of Government Administration and Home Affairs and Ministry of Construction and Transportation), relevant agencies, and individual departments in local government. Not surprisingly, it results in segregated data maintenance and different management standards, and generates obstacles for data sharing. Hence, in order to integrate local government GIS, the cooperative organization and partnership must be formed between the informatization projects of central government departments, the internal divisions of local governments, and the local governments and relevant agencies.

Technological Integration through 3I Strategy

In order to integrate local government GIS, integrating strategies at the technological level are required in consideration of developments in information technology. Local governments should jointly utilize the legacy systems and undertake the following three technological matters, so called 3I strategy, in order to advance the support function of business operations.

First, interoperability needs to be secured. Interoperability is a technology that allows GIS to run independently on the platform and to easily process information by communicating with other systems. Presently, interoperability must be guaranteed to integrate GIS, as local governments are operating systems on different platforms.

Second, system integration is required. To minimize data redundancy and maximize data utilization, systems must be physically or logically integrated for users to access and utilize the needed information whenever and wherever.

Third, the system needs to be intelligent. Aside from simple operation supports, GIS must assist in making decisions on policies or plans, and provide intelligent system functions to accomplish the infrastructure of the ubiquitous computing environment.

Systematic Integration Infrastructure based on NGIS Law

To operate GIS, local governments have enacted the "GIS Operation and Usage Regulations" and "GIS Security Regulations." Nevertheless, in order for the local governments' GIS to have consistency and connection, it needs regulations on the database, application system, hardware, software, etc., as well as legal systems covering the overall GIS construction activities, such as establishment and execution of plans, construction, utilization, distribution, and management. Thus, pursuant to the current National Geographic Information System Construction and Usage Law, local governments must enact regulations to comprehensively manage construction and utilization of GIS, in order to promote local government GIS projects.

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International Cooperation

During the first half of 2005, many foreign officials and experts from a variety of countries visited the Korea Research Institute for Human Settlements (KRIHS), in order to share the knowledge and technology on national territorial development each other, as well as learn Korea's distinct policy measures and strategies. It is expecting that the relationship between KRIHS and participating countries will further be developed through these valuable projects.

A Delegation from Mongolia visited KRIHS

On March 8, 2005, a delegation from Mongolia, including Dr. Shairai Batsukh, the Chairman of ALAGaC (Administration of Land Affairs, Geodesy and Cartography) and five other people from the Ministry of Construction and Urban Development visited KRIHS. They had a meeting with KRIHS fellows on further cooperation in establishing the National Land Information System (NLIS) of Mongolia.

Visit of Meika University Students from Japan

On March 9, 2005, student delegation from the Department of Real Estate at Meika University in Japan visited KRIHS to conduct research on Korean territorial plan, and to discuss both countries' national territorial planning.

Korea-Japan Seminar on the East Sea Rim

Dr. Won-Bae Kim from KRIHS participated in the Korea-Japan Seminar on the East Sea Rim held in the Toyama and Niigata prefectures in Japan. Covering regional development strategies and cooperative views and strategies, the seminar took place over two days, March 9 and 10.

Visit of Economic Experts from Arbil in Iraq

On May 4, 2005, economic experts from Arbil in Iraq visited KRIHS. From officials of the Economic Division at the local governments to college professors, 20 persons attended the meeting and they discussed Korean economic and national territorial development.



Dr. Kyu Bang Lee, President of KRIHS (right) and Nazaneen Muhammad Wusu, Minister of Housing and Construction of the Kurdistan Regional Government of Iraq shake hands after the discussion on the future relationship between the two countries.

Minister of Housing and Construction from the Kurdistan Regional Government of Iraq

On May 24, 2005, Nazaneen Muhammad Wusu, Minister of Housing and Construction of the Kurdistan Regional Government, visited KRIHS. The minister and the president of KRIHS agreed to promote cooperation between Korea and Iraq on national territorial planning, and talked over issues of mutual interest and concern.

Korea-Singapore TCTP on Urban Transport Planning and Design

During June 11-21, KRIHS hosted a training session to conduct the Korea-Singapore Third Country Training Program (TCTP), sponsored by Korea International Cooperation Agency. This training session had 20 persons from 9 countries - Cambodia, Fiji, Laos, Mongolia, Myanmar, Pakistan, Papua New Guinea, Sri Lanka and Vietnam, and provided lectures on Urban Transportation Planning and Design. They also visited major industrial complexes including POSCO, Hyundai Motor, and Hyundai Heavy Industries.

News & ANNOUNCEMENTS

KRIHS held an international seminar about the West Coast tourism belt development strategies on May 6, 2005, sponsored by the Korea National Tourism Organization. The seminar consisted of four theses presentations and a discussion about the West Coast tourism belt development strategies. In the presentation, the current status and problems of the West Coast tourism development, the objectives and strategies of the West Coast tourism belt development and strategies to develop major tourist attractions in the West Coast and related tourist attractions were discussed.

KRIHS hosted the Infrastructure 21 Seminar over three sessions. The first seminar took place from January 17 to 19, 2005. During this period, variable topics on Intelligent Transport System(ITS) were discussed including how to utilize the ITS architecture and promote R&D, a desirable direction to promote ITS as an ITS business participant, and a desirable direction to promote ITS as a part of the ITS promotion division. At the second seminar, on February 17, 2005, Dr. Pierpaolo Madu from Rome Division of WHO-ECEH gave a lecture on "Progress in the Assessment of Exposure and Health Effects Related-Traffic." In the third seminar the application of spatial statistics to predict the Annual Average Daily Traffic (AADT) was discussed on May 31, 2005.

KRIHS hosted a seminar on April 19, 2005, to dis-

cuss about how to set up the image of the desirable future city and master plan of the administrative city, sponsored by the Presidential Committee on Multifunctional Administrative City Construction. This seminar was designed to prepare for holding an international prize contest to obtain ideas from domestic and foreign professionals in order to build the Multifunctional Administrative City as a global model city.

KRIHS hosted a public forum on April 28, 2005, sponsored by the Ministry of Construction and Transportation and Ministry of Culture and Tourism, to discuss how to select company city model projects. The public forum was intended to arrange plans on the evaluation, direction, criteria, methods, and promotion system to choose model projects that should take place in line with enforcement of the special laws for company city development.

Korea Council of Economic & Social Research Institutes (KCESRI) hosted an award ceremony on May 26, 2005, to honor institutes and individuals for their excellence based on its evaluation in 2004. **KRIHS** won the Best Research Institute Prize, Best Contributor Prize and two Best Report Prizes. Under the Office for Government Policy Coordination, **KCESRI** consists of 14 national policy research institutes. **KRIHS** has been selected as the Best Research Institute for two consecutive years from 2003.

KRIHS GAZETTE JULY 2005 Vol.23

The Korea Research Institute for Human Settlements is a non-profit research institution established in 1978.

It specializes in the fields of national planning, housing and land policies, transportation, regional development, urban design, environment, and construction economy.

KRIHS seeks to improve knowledge and understanding of the conditions and problems of the nation's resources and their interaction with people, to assist the government in formulating long-range development plans and make policy recommendations on related matters, to collaborate with the international research community in solving theoretical and practical problems concerning human settlement issues and planning, and to provide research expertise and consulting services as well as training programs for foreign governments and institutions.

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The Korea Research Institute for Human Settlements SPACE and ENVIRONMENT is published twice a year by the Korea Research Institute for Human Settlements, 1591-6 Gwanyang-dong, Dongan-gu, Anyang-si, Gyeonggi-do, 431-712, Korea.

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