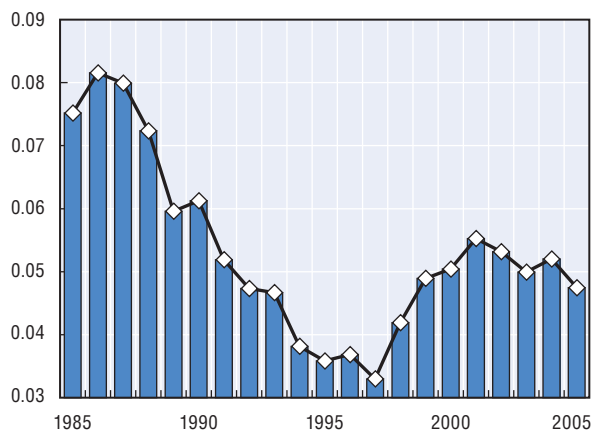


Korea

Population and territory	<ul style="list-style-type: none"> ● 48.4 million inhabitants (2007), 99 461 km².
Administrative structure	<ul style="list-style-type: none"> ● Unitary country. ● Two-tiered sub-national system: <ul style="list-style-type: none"> ❖ TL2: 7 <i>Provinces</i>. ❖ TL3: 16 TL3 regions, including nine provinces (<i>do</i>) + six metropolitan cities (<i>gwangyeoksi</i>) + one special city (<i>teukbyeolsi</i>); among which 6 predominantly urban regions (45% of total population, +1 pp over the past 26 years), 5 intermediate regions (36%, +10 pp) and 5 predominantly rural (20%, -11 pp). ❖ 75 cities (<i>si</i>), 86 counties (<i>gun</i>), 69 autonomous districts (<i>gu</i>).
Share of sub-national government in total spending/revenues	<ul style="list-style-type: none"> ● Spending: 44.5% (2009). ● Revenues: 17.1% (2009).
Concentration and inequalities	<ul style="list-style-type: none"> ● Korea displays the fourth highest index of geographic concentration of GDP among TL3 regions in OECD countries. More than 40% of the national GDP is produced in only two (Seoul and Gyeonggi) of Korea's 16 TL3 regions. ● Inequality in GDP per capita among TL2 regions has declined in Korea from 1985 to 2005. During the mid-1980s to the mid-1990s inequality decreased significantly, from 1996 to 2001 it increased back to the levels of the early 1990s, and since 2001 inequality has fluctuated and seems to be dropping progressively. ● The decline in inequality has been driven by a catching up process of the lagging regions, Chungcheong recording above average growth rates in GDP per capita over the past decade. Chungcheong recorded the fastest rate of growth among Korea's TL2 regions, reducing its GDP per capita gap and even surpassing the national average over a 20-year period, from 8% below the national average in 1985 to 10% above the average in 2005. ● Gangwon has fallen further behind over the past two decades, displaying the third lowest GDP per capita growth rate in the last 10 years. Its level of GDP per capita in 2005 was 18% below the national average. ● The weak performance of the Capital Region has also contributed to the decline in inequality, with the lowest growth rate in GDP per capita (2.83%) over the past decade. As a result, its level of GDP per capita has declined from 11% above the average in 1985 to 2% below the average in 2005. ● Despite the Capital Region's underperformance, due to its large size (measured by GDP share) its contribution to national GDP growth over the past decade is quite significant, almost 50% (47.7%). Gyeongnam, Chungcheong, Gyeongbuk and Jeolla also contributed considerably to national GDP growth over the past decade, with respective values of 17.1%, 13.5%, 10.8% and 8.8%.
Key challenges	<ul style="list-style-type: none"> ● Weak competitiveness. ● Regional disparities.
Objectives of regional policy	<ul style="list-style-type: none"> ● Establishment of economic regions. ● Regional development based on specialisation. ● Decentralisation and local autonomy. ● Inter-regional co-operation and collaborative development.
Legal/institutional framework for regional policy	<ul style="list-style-type: none"> ● Framework Act on the National Territory (2002). ● Special Act on Balanced National Development (2004). ● Comprehensive National Territorial Plan (2011-20). ● Five-year Regional Development Plan (2009-13).
Urban policy framework	–
Rural policy framework	<ul style="list-style-type: none"> ● Creative regions (currently under discussion). ● Five-year Plan for Improving Rural Quality of Life (2010-14).
Major regional policy tools	<ul style="list-style-type: none"> ● Regional Development Special Account. ● Tax reduction (incentive).
Policy co-ordination at central level	<ul style="list-style-type: none"> ● Presidential Committee on Regional Development (since 2009). ● Co-ordination of the Ministry of Land, Transport and Maritime Affairs (MLTM). ● Comprehensive National Territorial Plan, five-year plans for regional development.
Multi-level governance between national and sub-national levels	<ul style="list-style-type: none"> ● Comprehensive National Territorial Plan, five-year plans for regional development.
Policy co-ordination at regional level (cross-sectoral)	<ul style="list-style-type: none"> ● Economic Region Development Committee. ● City/Province Development Committee.
Policy co-ordination at regional level (geographic)	<ul style="list-style-type: none"> ● Economic regions. ● Metropolitan City Plan. ● Metropolitan Development Project Plan.
Evaluation and monitoring	<ul style="list-style-type: none"> ● Annual Performance Assessment of Five-year Regional Development Plan.
Future orientations of regional policy	<ul style="list-style-type: none"> ● Green growth. ● Re-organisation of administrative districts.

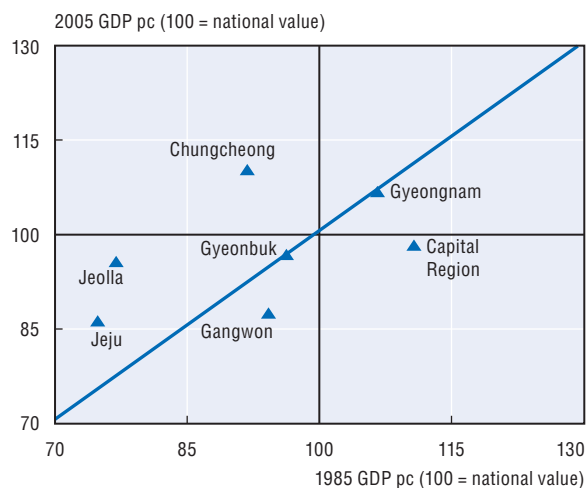
Gini index of inequality of GDP per capita across TL2 regions, 1985-2005

Korea (TL2)

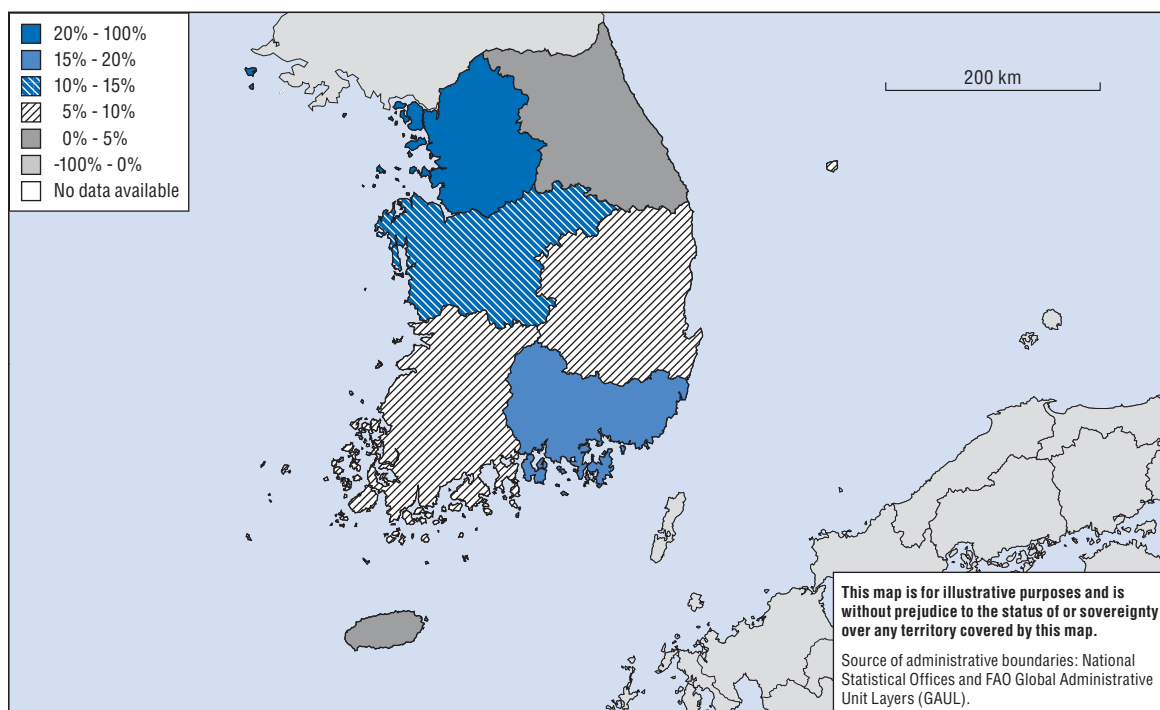


Regional performance in GDP per capita over time, 1985 and 2005

Korea (TL2)



Regional contribution (%) to national GDP growth, 1995-2007



Source: Calculations based on data from Korea National Statistical Office and OECD Regional Database (2009).

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