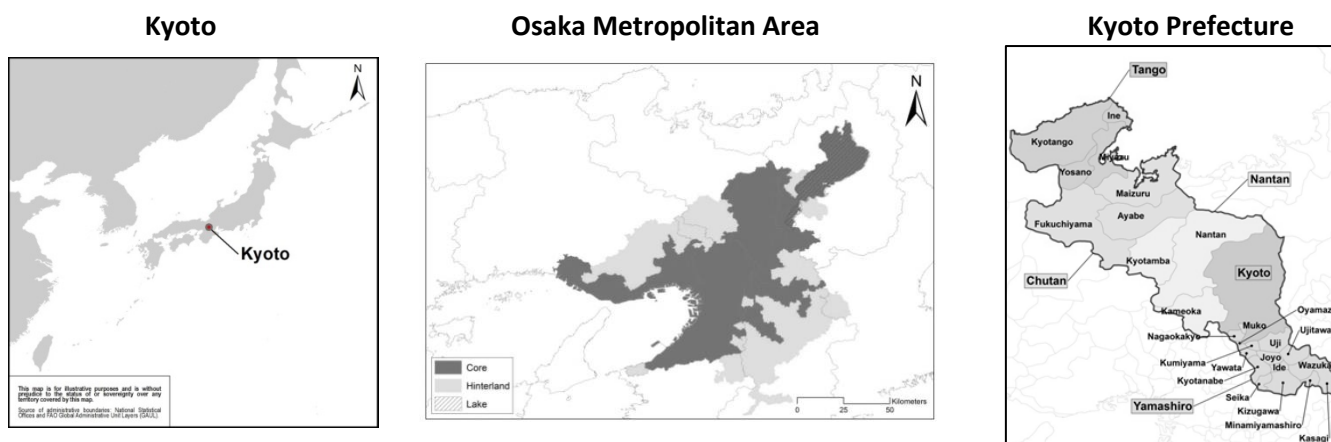


KYOTO, Japan

Overview of Kyoto



Source: OECD (2012), *Redefining “Urban”: A New Way to Measure Metropolitan Areas*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264174108-en>.

Kyoto's administrative structure

Kyoto Prefecture is located in the Osaka Metropolitan Area. Kyoto Prefecture is one of 47 Japanese prefectures, with 26 municipalities.

Key figures

	Population (2010)	Unemployment rate (2010)	GDP growth (2011FY)
Kyoto Prefecture	17 247 940	6.3%	1.2%
Japan	128 060 000	5.1%	-1.4%

Challenges for Kyoto's resilience

- *Economic and demographic strain in the north*

Kyoto Prefecture has been experiencing a phenomenon of migration towards dynamic urban centres which caused population decline in northern Kyoto, followed by a decline in areas' appeal for businesses and residents, eventually impacting commerce, municipal fiscal capacity and residents' quality of life. It increased the number of unoccupied housing. Housing vacancy rates in Kyoto Prefecture have been on the rise since the late 1990s, increasing by almost 30% between 1998 and 2013.

The increase in the population 65 years and older is also critical, along with the population decline. This tranche grew steadily after 2000, and in 2010, accounted for 23% of the total population in the prefecture. This can put additional fiscal pressure on municipal capacity, change the labour force profile and strain public services and infrastructure. Inclusion is another challenge for ageing societies, particularly with respect to poverty rates and social isolation, which are often higher among the elderly.

- *Sluggish SME activity despite apparent innovation capacity*

Kyoto Prefecture has identified its declining SME sector as a second challenge to its resilience. In the manufacturing sector, the number of SMEs has declined by more than two-thirds since 1975. Depopulation and ageing are considered to be behind this decline because they can entail a drop in the number of consumers and the potential market.

Elements for building resilience in Kyoto

Economy

- *Kyoto has a diverse industrial base*, but activity in high value-added sectors should be higher and the dependence on real estate might be a problem in a context of depopulation and slow growth.
- *Economic dynamism is mixed* as highlighted in the national government's Comprehensive Strategy for Overcoming Population Decline and Revitalising Local Economies (2014).
- *Kyoto has implemented several approaches to enhance innovation*, most recently as part of the national strategy zoning system which designated Kyoto Prefecture as the "Kansai National Strategic Special Zone" (2014); and through the NPPO Global Human Resources Development Centre to revitalise local economy.

Society

- *The Kyoto Alliance takes the initiative to strengthen social ties*. It is a collaborative platform established in 2012 gathering government, industry, academia and civic society that aims to upgrade the university education system to mobilise young people and strengthen social ties.
- *Connecting opportunities in the south through road and rail infrastructure* to overcome the unbalanced distribution of education and jobs in Kyoto Prefecture.

Environment

- *Adequate natural resources are available*, thermal power replaced nuclear power as a source of electricity after the Great East Japan Earthquake and Kyoto developed some renewable energy facilities to ensure adequate energy supply so as to enhance urban resilience.

Institutions

- *Kyoto Prefecture's strategic, integrated approach to planning* is embodied in its long-term development strategy Tomorrow's Kyoto (2014) which runs until 2040.
- *Kyoto's universities connect local resources with the public sector* for instance with the "Centre of Community programmes (COC)" (2013) and the "COC+" programmes (2015) which develop human capital to lead local economies and create industries.
- *Kyoto's collaborates with other levels of government* through the Northern Kyoto Regional Alliance to ensure quality service delivery and help reinforce the integration of resilient systems.

Conclusions

- The Kyoto Alliance is a very innovative way to lead Kyoto's integrated approach. Universities are playing the key roles in the Alliance, in particular, inviting students and the private sector, as well as the public sector on board for the common goals to revitalise economic development in northern regions.
- *Tomorrow's Kyoto* provided a very clear long-term vision until 2040, a mid-term plan until 2020 and annual action plans which enable stakeholders to take part in the implementation of the vision flexibly.
- The governance scheme of the Kyoto Alliance could be more clearly stated, for example, regarding the decision-making process.
- Kyoto's potential and tradition of innovation could be more enhanced to lead to economic development and increasing employment in Kyoto, in particular, through mobilising SMEs.
- Kyoto could take a metropolitan-scale approach. Kyoto is located in the Osaka Metropolitan Area, which is the fourth-largest metropolitan area among OECD regions. Extending the horizontal collaboration beyond administrative boundaries could give Kyoto more opportunities for further socio-economic growth.