Annex A
Glossary

Administrative fragmentation: The degree to which an **urban agglomeration** is divided into different local governments. The OECD uses the number of municipalities per 100 000 inhabitants as a proxy for administrative fragmentation.

Agglomeration economies: Several different effects that increase labour productivity of workers in larger cities.

City: Not used in a strict administrative sense, but rather referring to an **urban agglomeration** or metropolitan area. When specific reference to the core city of an urban agglomeration or metropolitan area is made, this is specifically indicated in the text.

Central business district (CBD): The centre of economic activity within a city. In quantitative studies that need to define the centre of a city, the central business district is often used as an approximation for the city centre.

Conurbation: Several (typically larger) cities in close proximity to each other that have grown into a nearly continuously developed area. Examples are the Greater Tokyo Area, the New York Tri-State Area, the Randstad and the Ruhrgebiet. Conurbations may consist of one or of many **functional urban areas**.

Externality: Externalities are side effects of economic activities on other people that do not affect the actor. Because it does not affect the actor, he or she will not take the externality into account when deciding what to do. For example, air pollution is an externality of driving. Few people take it into account when deciding whether or not to use a car. Because people usually do not take externalities into account, activities that have negative externalities are undertaken too often and activities that have positive externalities are undertaken too rarely. If possible, an efficient solution is to tax activities that have negative externalities and subsidise activities that have positive externalities according to the value of the externality.

Functional urban area (FUA): According to the EU-OECD definition, a functional urban area consists of a city and its commuting zone. A city consists of one or more municipalities with the majority of their population in an **urban centre**. Urban centres are defined as areas with contiguous high-density grid cells with a minimum population of 50 000 (100 000 for Korea and Japan). The high density threshold is at least 1 500 inhabitants/km² (1 000 for Canada and the United States). An area outside the city belongs to a functional urban area if at least 15% of the employed residents commute into the city. For details, see OECD (2012), *Redefining "Urban": A New Way to Measure Metropolitan Areas*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264174108-en.

Metropolitan governance: Co-ordination mechanisms aiming at organising responsibilities among different public authorities in metropolitan areas.

Modal share: Share of transport carried out by a specific transport mode.

Monocentric urban agglomeration: Urban agglomeration with a single urban core.

Public good: A good or service that can be used by anybody and whose use by one person does not restrict the use by another person. A typical public good is street lighting. Street lighting can be used by anybody and its use by one person does not diminish its usefulness to another person. Because it is not possible to restrict the use of public goods, it is not possible to charge for them. Therefore, they are not provided by the private sector.

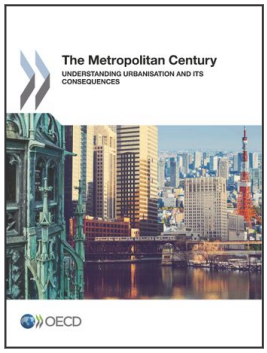
Polycentric urban agglomeration: Urban agglomeration with two or more urban cores.

Rapid transit: All modes of public transport in **urban agglomerations** that operate on infrastructure separated from other traffic.

Urban agglomeration: Generic term for a city and its surrounding areas with close socio-economic connections. **Functional urban areas** are an example for urban agglomerations. Since functional urban areas are only available for 29 OECD member countries, "urban agglomeration" is used in this report to loosely describe a city and the surrounding area that is connected through substantial daily population flows.

Urban centre: Within the EU-OECD definition of **functional urban areas**, urban centres are contiguous grid cells of 1 km² with a high density. The high-density thresholds is at least 1 500 inhabitants/km² (1 000 for Canada and the United States). The contiguous grid cells (with gaps filled) should have at least 50 000 inhabitants.

Zipf's law: Statistical regularity between the size of the city and its rank in a ranking of a country's largest cities that can be observed in most countries.



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