

Appendix: Research Directions under Window 2

- Proposals under Window 2 should support KCP's goals and thematic priorities, with a special lens focused on economic geography of growth and development at the subnational level.
- The proposed activities may address the following three linked questions to some extent:
 - Are subnational income and welfare differences larger within developing countries than in developed countries?
 - How are these differences changing (or likely to change) over time in developing countries?
 - Should policy makers intervene? If so, when, and how? How does this depend on the quality of local and national governance and institutions?
- These questions may be approached from a variety of dimensions and units of analysis:
 - The recommended spatial angle to examine welfare and growth differences is [the degree of urbanization](#). This new harmonized definition was endorsed by the UN Statistical Commission in 2020 and defines three categories: 1) cities, 2) towns and semi-dense areas, and 3) rural areas. Its application to every country in the world can be found [here](#).
 - In addition, research can zero in on the vulnerable populations and institutions in less developed cities and towns. These may include marginalized populations (e.g., the rural households that are left behind when family members migrate to cities; women and children; elderly, etc.), small and medium sized firms located outside major metropolitan areas, or city governments in less developed areas, especially second tier cities or towns. The aggregate effects at the subnational level of different economic drivers on poor populations and entities that haven't benefited from broader welfare gains accrued at the national level can also be studied.
 - Lastly, this funding stream aims at injecting more spatial awareness into the observation of drivers of growth and disparities, and the design of development interventions. Therefore, emphasis will also be placed on projects that incorporate a specific space-based focus or studies that investigate income or welfare differences between cities (or specifically the capital cities), towns and rural areas.
- Illustrative research areas may include but are not limited to:
 - Jobs and economic transformation: structural transformation, growth, and income disparities; strengthening inclusive development with data innovation; going beyond national-level policies in economic development; aggregate growth impacts of cash transfers to the poor across space; regional adjustments in the cost of credit
 - Migration: internal migration and spillovers in developing countries; cost of migration and unequal access to education matter for spatial income inequality
 - Infrastructure, connectivity, and sustainable development: connecting the lagging areas, especially second tier/non-capital cities and rural areas; digital infrastructure for the disconnected, especially those in remote or rural areas; climate change and local growth; data innovation and analysis of economic geography outside high-growth cities; creating open solutions through new data sources, methods, and tools; place-based policies, market access and local development
- The KCP management committee encourages applicants to engage with the Global Data Facility (GDF) in preparing their submission to find and include opportunities to collaborate with ongoing GDF-funded work on developing subnational data standards, methods, and tools (main contacts at the GDF on this matter are Keith Patrick Garrett and Craig Hammer).