

# Annual Report

2023-2024

# IGC



DIRECTED BY



FUNDED BY



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Staff of the IGC at the 2023 Annual Retreat at LSE.

# Letter from the Executive Director

Achieving sustainable growth in developing countries is a global imperative. These nations have a pressing need for economic growth to raise living standards and reduce poverty. At the same time, they bear the greatest burden from climate change and are where future emissions are forecast to grow most rapidly.

However, developing countries simply cannot grow in the same way as before. Identifying priority areas for research to inform policy choices in developing countries to promote inclusive economic growth, without endangering the environment, has, therefore, never been more important.

In response to these challenges, the IGC embarked on the broadest strategic exercise we have ever undertaken to mainstream sustainable growth across all our work. In September 2023, we reached a milestone in this journey with the publication of the IGC white paper **Innovation, growth, and the environment**. This was the culmination of a two-year strategic review involving our research and country leadership in consultation with



international collaborators in academia and policymaking. The white paper, cited in the UK Government's **International Development White Paper**, highlights the importance of innovation - not just technological, but social, organisational, regulatory, and political – across six policy areas (clean energy, conservation, firm innovation, labour markets, cities and migration, and social protection), to drive the changes that are needed.

We are already putting the paper's vision into practice. We invested £5.3 million in research through our commissioning board this year, with over half of the 110 new research projects focusing on climate change and sustainable growth. Our second, co-hosted LSE Environment Week attracted high-level policymakers from across the world and our in-person retreat, the first since the pandemic, was a valuable opportunity to discuss and internalise our vision for sustainable growth among staff.



IGC Executive Director, Jonathan Leape, being interviewed on the sidelines of the event, Resilient and resurgent Bangladesh.

Climate-focused initiatives are gaining momentum in our country engagements, with IGC Rwanda, for example, integrating climate risks into trade dialogues, IGC Ethiopia investigating the impact of access to weather and climate services on agricultural productivity, IGC Ghana assessing public perceptions of a carbon tax on motor vehicles, and IGC Mozambique evaluating the effects of a carbon border adjustment mechanism on its exports. Economic Growth Forums in Uganda and Zambia, co-hosted with Finance Ministries, provided platforms to promote strategies for economic resilience and sustainable growth.

On the global stage, we have expanded our footprint, launching a new resident country programme in Jordan and advancing knowledge at the intersection of sustainable growth and policymaking through our global initiatives. This includes the development of a spatial economic model by our Cities that Work initiative with the City of Cape Town and World Bank that enables policymakers to make data-informed decisions including on urban restoration projects. Our work in fragile states continues to focus on pivotal moments for change. Our State Fragility initiative produced an analysis of how to enhance electricity access for the Executive Bureau in Yemen, and hosted the annual Development Finance Institutions (DFI) Fragility Forum at the University of Oxford in collaboration with British International Investments (BII), the African Development Bank, and International Finance Corporation, with a focus on local currency financing in fragile states.



HE Mr Hakainde Hichilema, President of Zambia, arriving to speak at the 2024 Zambia EGF.





Hon. Sylvia Masebo (Minister of Health) speaking on the 2024 Zambia EGF panel  
"Using data for policy."

Increasing the representation of researchers from developing countries continued to be a top priority in our commissioning process over the past year. Overall, 68% of the proposals we received in this year's Commissioning Board, and 43% of the approved proposals, included at least one local researcher. Our efforts to build broad engagement in the sustainability agenda were also reflected in our continuing collaboration with the Bureau for Research and Economic Analysis of Development (BREAD). This year saw the launch of a virtual **PhD non-credit course on environmental economics**, which attracted 1,186 participants, with 77% of those registered coming from low- and middle-income countries (principally sub-Saharan Africa followed by South Asia).

Our research has informed policy decisions and sparked influential dialogues with key policymakers across more than 20 countries this year. From revolutionising property tax systems in Sierra Leone to influencing Mozambique's National Development Strategy and shaping disaster preparedness in Pakistan, our work has contributed to tangible change, and I am proud of our contributions to promoting inclusive and sustainable economic growth, working with our policymaker partners.

Looking forward, we are committed to continuing to deliver a step change in our sustainable growth agenda. We will use our commissioning mechanisms, informed by our new research strategy, to provide robust evidence and innovative ideas to inform the policy decisions needed to propel countries onto a sustainable growth trajectory.

# IGC's year in numbers

## RESEARCH INVESTMENT

**£8+ million**

invested in research



## COMMISSIONING BOARD 9

**497**

research proposals received

**68%**

of proposals included at least one local researcher

**110**

research projects commissioned

**52%**

of research projects focus on climate change and sustainable growth

## POLICY IMPACT



**113**

high-impact projects



**16%**

of high-impact projects lead to changes in policy or policy decisions

**95**

influential conversations with key policymakers across over 20 countries

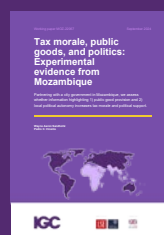
## ACADEMIC IMPACT



**8**

publications in top 5 journals

**IGC**



**55**

working papers produced

## GLOBAL REACH



**682,000+**

website users



**32**

events co-hosted



**438**

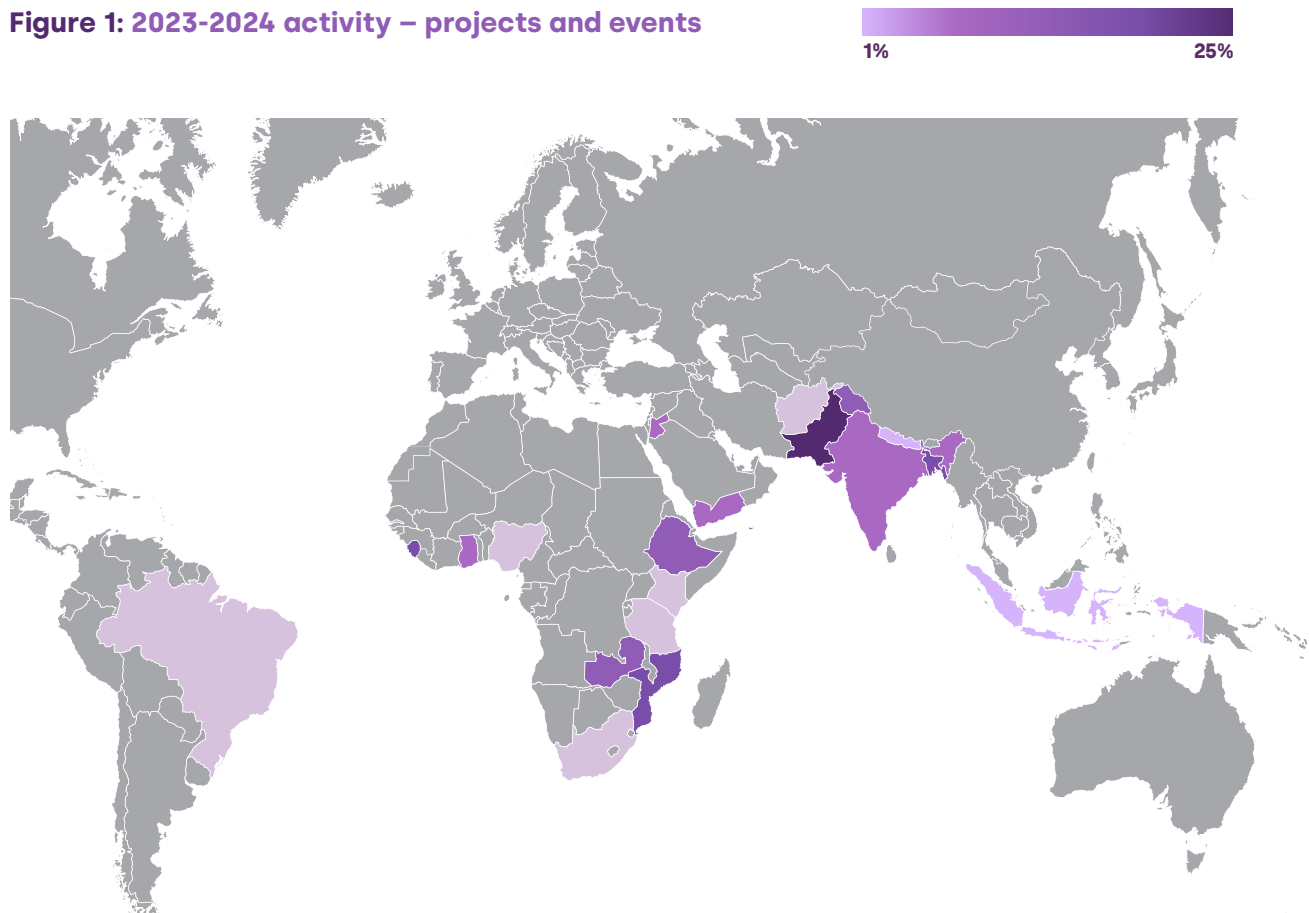
global media mentions

\*High policy impact means that a project has significantly impacted policy discussions or decisions. It is determined by IGC's rigorous evaluation criteria.

# Where we work

The IGC runs 10 country programmes and has ongoing engagements in a further eight countries on key government priorities.

Figure 1: 2023-2024 activity – projects and events



31 other non-country specific projects and events are not depicted in this map. The impact delivered by the initiatives and the research programme took place in non-IGC resident countries.

This year, IGC approved 110 research projects through our Commissioning Board, 59 projects through our Small Projects Facility (SPFs) and 22 in-house research projects. We also co-hosted 32 events across the world.



# Pushing knowledge frontiers for a sustainable future

Climate change is the issue of our time. Its negative consequences, particularly on low- and middle-income countries (LMICs) who bear the greatest burden of climate impacts despite contributing the least to them, are well-documented. Without action, up to **130 million** people risk being pushed into poverty over the next year due to climate change effects (World Bank, 2021).

Economic development continues to offer one of the most effective ways to protect vulnerable populations and reduce poverty, including by creating jobs and increasing productivity. However, with LMICs also predicted to be the countries where emissions are forecasted to grow most rapidly, it is clear that growth cannot happen in the same way. The interaction between economic activity and environmental damages must be re-evaluated, and consider how we transition to low-carbon growth pathways.

## IGC Sustainability White Paper

Generating new evidence and ideas to provide to governments as they face this challenge will be crucial. In support of this, we are mainstreaming our sustainable growth agenda across our strategy and programmes.

In September 2023, we published **Innovation, growth, and the environment**, our IGC white paper on sustainable growth, the product of the largest strategic exercise ever undertaken by the IGC. This landmark paper argues that a future where we can foster inclusive economic growth and tackle poverty in developing countries while protecting the natural environment is both possible and essential. It will be followed in the coming year by the publication of four thematic Evidence Papers, which will summarise existing knowledge across our four themes (Firms, Cities, Energy, and State) and identify key unanswered questions that IGC research can address.

As well as developing our thought leadership to help us mainstream our sustainable growth strategy, we have also been taking action to operationalise our strategy by making improvements to our processes. This has included enhancing our database functionality to identify projects aligned with sustainable growth, hosting cross-organisational presentations on topics including green policies and sustainable agriculture, and organising strategic sessions with country teams to embed sustainable priorities within their agendas.

**1. Why is it important that economic research redefines growth in a way that priorities sustainability and considers environmental externalities?**

Economic development transforms lives. Take South Korea, which jumped from poverty to prosperity in decades, spanning the entire arc of development in two generations. Historically, much of economists' time was spent on decoding growth stories like these and focussed on how removing market and government failures maximised growth, and ultimately improved human welfare.

This, however, misses an essential fact: growth often generates negative environmental externalities that inhibit the positive impact of growth on human welfare. The accumulation of greenhouse gases over the past century has culminated in a climate crisis. Countries cannot grow in the same way as before. Therefore, economists need to rethink how we achieve growth and improve welfare, accounting for the future negative impacts that may occur.

**2. How can innovation help balance growth and its externalities?**

Innovation is the key to achieving a balance between growth and the externalities from growth. We need broad-based innovations in technology, in the organisation of the state, in the structure of energy markets, and in designs of cities.

Innovation is the process by which we as individuals, as firms, and as political systems, get much more efficient at reaching the same targets. Since energy is essential for growth, One essential innovation for climate change is the technology to produce energy without emissions and the market mechanisms that ensure rapid adoption across countries.

**3. What are some of the key areas of further research, especially for young researchers to work on?**

We want to encourage the next generation of the academic community to support policymakers in striking a balance between generating the economic growth needed to tackle poverty and curbing the externalities that lie behind climate change. Using economics to look at development and environment issues is a way to evaluate the potential innovative approaches to reduce emissions while improving adaptive capacity and productivity.

We want to see more research on social protection under climate shocks as a key priority moving forward. There is also a fascinating new area of research on how natural capital can be managed and the markets that are needed to support their development and potential conservation. Finally, we see firms as drivers of structural change in an economy, and we need more work on what policies can support the development and adoption of green technologies in developing countries.





## Environment Week

We jointly organised the second **LSE Environment Week** (E-Week) from 11–14 September 2023, bringing policymakers and economists together to bridge the research-policy gap on environmental issues. With LSE's Economics of Environment and Energy Programme (EEE) and Programme on Innovation and Diffusion (POID), we produced a series of masterclasses and public lectures on climate justice and inclusivity, social protection and climate adaptation, innovation and renewable energy deployment, and green industrial policy. Networking opportunities, including a matchmaking lunch between IGC country teams, LSE PhD students and policymakers, also formed part of the activities, which aimed to facilitate research projects.

Alongside these events, we produced two short films, **Financing climate adaptation and mitigation** and **The impact of global challenges on local economies**, with IGC Country Economists and policymakers including Ali Sarfraz, Ambassador of Pakistan to the World Trade Organisation, Mervat Al-Mhairat, Deputy City Manager of Agriculture and Health, Amman, and Chipokota Mwanawasa, Policy Advisor to the President of Zambia. We also wrote and commissioned blogs as part of our blog series **Climate Priorities in Developing Countries**, seven of which were later reposted in the run-up to COP28, by the **LSE Phelan United States Centre** and **LSE Firoz Lalji Institute for Africa**.



(L-R), Jonathan Leape (Executive Director, IGC), Oriana Bandeira (Professor of Economics, LSE), Chipokata Mwanawasa (Policy Advisor, President of Zambia), Ali Sarfaz (Ambassador of Pakistan, World Trade Organization), Asif Saleh (Executive Director, BRAC).



Audience Q&A at Environment Week.



Arkebe Oqubay, former Senior Minister and Special Advisor to the Prime Minister of Ethiopia.

## Commissioning Board

This year's Commissioning Board reflected changes in our research priorities driven by the new IGC white paper on sustainability, and refreshed Research Strategy. The call attracted 497 proposals worth over £28 million, making this the largest ever call in IGC's history, both in terms of proposals received and approved. Of the 110 projects we commissioned, 57 have an explicit focus on climate change and sustainable growth, 35 of which were in new areas of research that the IGC has commissioned little on in the past. These include new clusters of research on social protection, urban resilience, and the effects of climate change.



# Partnering with national policymakers for impact

We believe that evidence is most effective when it responds to local needs, and that research is most likely to be transformative when it is co-generated with local partners. The IGC engages with policy stakeholders through the following pathways to influence policy based on knowledge:

1. feeding into broader economic policy strategies and high-level agenda setting;
2. informing decisions on changes to a specific existing policy or on the development of a new policy;
3. supporting the development of better systems, processes, and tools that facilitate the use of data in decision-making;
4. building capacity through research-policy partnerships; and
5. catalysing conversations between key decision-makers and academics in high-level settings, mainly events, to stimulate new ways of thinking.

## Influencing national strategy and agenda-setting

### Contributing to Mozambique's National Strategy

In January 2024, the government of Mozambique presented its National Development Strategy, outlining its path towards sustainable and inclusive economic growth and social progress by 2043. IGC contributed to it by sharing insights on sustainable development and support on digitisation initiatives.

Drawing on years of research experience, IGC Mozambique shared evidence and recommendations to inform the strategy and created a document shared with the Ministry of Economics and Finance alongside in-depth discussions.

IGC Mozambique has been holding discussions with the government since 2022, which helped lay the groundwork for this work. These conversations enabled us to, for example, champion the advancement of digitisation in public services and foster digital innovation technology. A pivotal meeting in December 2022 between the IGC and Prime Minister Adriano Maleiane also emphasised practical sustainability approaches, including tackling climate change's impact on water resources.

The National Development Strategy, endorsed by the Council of Ministers, incorporates detailed recommendations developed collaboratively by Mozambique's ministerial leadership and the IGC. These recommendations span the promotion of entrepreneurship, the advancement of digital services, the digitisation of administrative processes, and advocacy for a circular economy.

## Supporting sustainable economic growth through national events in Uganda and Zambia

This year, the IGC partnered with national governments and ministries, and international organisations, to host Economic Growth Forums (EGFs) in Uganda and Zambia. EGFs are large-scale events designed to support research-informed dialogue among key stakeholders on how to promote sustainable growth.

In Uganda, **the seventh EGF**, conducted in collaboration with the Ministry of Finance, Planning, and Economic Development, focused on enhancing Uganda's economic competitiveness, economic resilience to global shocks, resilience to climate change, and the implementation of the Parish Development Model. The event fostered dialogues and partnerships with organisations including the Economic Policy Research Centre and the Uganda Revenue Authority.

In Zambia, the **second EGF**, co-hosted with Zambia's Ministry of Finance and National Planning and the International Monetary Fund, facilitated discussion on Zambia's commitment to sustainable growth and the use of evidence in driving reforms. Concentrating on critical sectors such as mining and agriculture, the forum brought together the President, several high-ranking members of the cabinet, CEOs of major firms, and academics from across the IGC network. Following the EGF, the IGC and the Ministry of Finance agreed to adapt an action pathway to support a series of evidence-driven reforms, starting with the establishment of an Evidence Lab embedded within the Ministry of Finance and run in collaboration with the IGC.





Katherine Casey, Professor of Political Economy and Lead Academic for IGC Zambia and Sierra Leone, explores pathways to macroeconomic stability at the Zambia EGF.

## Promoting trade resilience and sustainability in Rwanda

IGC Rwanda collaborated with the Ministry of Trade and Industry and the World Bank to conduct a workshop on climate change and trade. Playing a pivotal role in orchestrating this workshop, we fostered constructive dialogue and strategy formulation among key stakeholders, including governmental officials and international partners. Discussions focused on actionable measures such as the exploration of green value chains and the adoption of data-driven policymaking to bolster trade resilience and sustainability. The workshop led to Rwanda confirming its participation in the Action on Climate and Trade from February 2024, with the IGC being sought as an advisor.

## Informing policy

### Understanding the impact of flooding in Pakistan

The 2022 flooding in Pakistan affected **33 million households**, leaving one-third of the country under water. Data limitations prevent a clear understanding of how climate shocks affect the most vulnerable populations. To address this gap, IGC researchers compared the post-flood outcomes of households affected by flooding to those unaffected, drawing from a sample of 5,500 ultra-poor households in Sindh, Pakistan. The Rural Support Programme, the Programme for Improved Nutrition, and the Pakistan Poverty Alleviation Fund played crucial roles in supporting data collection and implementation. The findings underscore the prolonged and devastating consequences of severe flooding: while nearly all households were exposed to flooding, only 41% were evacuated, and permanent migration was uncommon in response to this shock. This research is informing the Sindh Flood Emergency Rehabilitation Project, a government programme supported by the World Bank. The project's data will serve as a baseline for impact evaluations of post-flood reconstruction programmes, with the findings informing the evaluation design. We will closely collaborate in the impact evaluation and inform the programme's scale-up and improvements.

### Integrating rural migrants in Mozambique

With sub-Saharan Africa experiencing rapid urbanisation, local leaders face the challenge of integrating rural migrants into labour markets while minimising potential negative impacts on existing residents. As part of a broader initiative to study the integration of migrants, this IGC project focused on mapping rural migrants in the city of Quelimane and producing block maps. These maps provided a key tool to the municipality in their administration of the city and generated subsequent interest for targeting social programmes, developing city infrastructure, and ensuring citizens' needs are met. The Municipality used the findings to decide how to approach the municipal programme '*Quelimane trabalha com todos*' (Quelimane works with everyone), which included the creation of a municipal information platform for job matching.

### Evaluating Rwanda's Export Growth Fund

We examined Rwanda's Export Growth Fund (EGF) to evaluate its role in boosting Rwanda's export capacity, which is integral to the country's goal of achieving middle-income status. IGC researchers analysed data from the Development Bank of Rwanda (BRD) and other national statistics to address challenges hindering exporters. They evaluated EGF's export promotion programme, identifying its positive effects on export quantities, quality, firm profitability, product innovation, and employment opportunities. The findings led to actionable policy recommendations aimed at refining Rwanda's export and industrial strategies, which were presented to stakeholders, including BRD's CEO Kampeta Sayinzoga. The recommendations encouraged the budget committee to increase funding for the EGF significantly in March 2024.

## Technological and process innovation

### Record-keeping for small firms in Nigeria

This study examines record-keeping practices among small businesses, finding that many avoid thorough documentation due to perceived costs and tax concerns. Through a randomised controlled trial, IGC researchers found that supplying additional information to firms through micro-consulting significantly increases the adoption of record-keeping technology. The findings have been disseminated widely to relevant stakeholders, including through an event held in December 2023 with representatives from Growing Business Foundation, Lagos State Employment Trust Fund (LSETF), Lagos Food Bank Initiative, Tech4Dev, Lagos Business School, among others. The results have led to an MoU between LSETF and the Empowerment for Local People Foundation (Empower Locals), a local NGO and implementing partner, aiming to bolster small business resilience in Nigeria. This collaboration aims to integrate Empower Locals' record-keeping training programmes with LSETF's financial support. Graduates who undergo the training programme are then candidates for LSETF grants and loans.

### Solving constraints in maize value chains in Sierra Leone

Over half of Sierra Leone's population engages in agriculture and approximately 75% of its rural population lives in poverty. Despite 40% of farmers growing maize, commercialisation remains low, leading to costly imports and missed income opportunities. This IGC study, supported by partnerships with the Ministry of Agriculture and Forestry and ACTB Savings and Loans (a UK-based microfinance bank focusing on agricultural commercialisation), aimed to boost strategies for increasing farmer adoption and production of maize. Interim findings, indicating improved maize yields, directly influenced ACTBs loan process. It facilitated affordable processing services for farmers by providing mechanised equipment for land preparation and drying processes, ensuring secure sales to off-takers.

### Enhancing ICT sector survey data in Ethiopia

Policy developments in the telecom sector in Ethiopia have resulted in the need for robust data on access and use of Information and Communication Technology (ICT) by firms and households. IGC Ethiopia has developed ICT-dedicated modules for Ethiopian Statistical Service surveys, which will assist policymakers in identifying key trends in the ICT sector, inform national policy, budgeting and enable further research. Sharing findings with the Ministry of Information Technology and receiving positive feedback from the Minister has led to the creation of a steering committee, dedicated ICT sections in national surveys and a standalone ICT survey on businesses.



## **Targeted capacity-building**

### **Institutionalising property tax reforms in Sierra Leone's municipalities**

IGC research on revenue generation and equity improvements has been pivotal in the transformation of property tax systems in Freetown City Council (FCC) and Kenema City Council (KCC). This includes the valuation of every property, establishing a new IT infrastructure for tax administration, implementing a streamlined payment system, conducting community outreach, and instituting an appeals process. Freetown has since seen a five-fold increase in revenue potential.

Capacity-building, led by the IGC, including training sessions for Fiscal Decentralisation Department (FDD) staff on the new IT system and engaging with senior FCC officials, has helped ensure continuous support for the reform and has helped secure support for this work at the national level. It has also laid the groundwork for conversations around the potential adoption of these systems across other municipalities in Sierra Leone.

Following its success in Freetown, the reform is currently in a pilot phase in KCC, where council resolutions have been adopted on implementing the taxation system. The model has had international recognition as a potential model for tax reform in other countries.

## **Supporting business enterprises survey in Ghana**

The Ghana Statistical Services (GSS) conducts an Integrated Business Establishment Survey (IBES) every decade. We organised a workshop to support GSS in preparing for the next round of the IBES. IGC researchers shared insights and concerns to enhance the survey's efficacy. Recommendations from the project's findings on firm productivity in Ghana were pivotal, and the knowledge sharing sessions resulted in the IBES 2023 Steering Committee adopting various decisions based on the training and feedback. These included integrating GPS coordinates, expanding the questionnaire's scope to include enterprise owners' household information, and collecting geospatial data on businesses.

## **Organisational effectiveness and tax compliance in Pakistan**

The World Bank estimates a 50% gap in the collection of all taxes in Pakistan, necessitating the expansion of net tax to raise revenue collection. We are working with the Punjab Revenue Authority (PRA) to enhance their tax capacity. IGC research findings indicated that 4,000 restaurants in Lahore were not registered, over three-times the existing tax base. To improve transparency and efficiency, the collaboration evolved into the development of a scalable dashboard to track the status of potential taxpayers, adjust enforcement measures, and record the performance of tax officers. PRA will use the data generated from this study to carry out enforcement efforts.

## Catalysing conversations

This year, the IGC organised and co-hosted 32 events across various countries, with over half being led by country teams, ensuring continued engagement with policy stakeholders and academic circles.

In Bangladesh, the **Resilient and Resurgent Bangladesh: Sustaining Economic Growth in a Changing Climate** event provided a platform for discussing Bangladesh's sustainable development challenges in the face of its immense climate vulnerability. The conference attracted over 100 attendees, including 20 high-level policymakers, including Nasrul Hamid, State Minister of Power, Energy and Mineral Resources, Muhammad Abdul Mannan, Minister of Planning, and Ziaul Haque, Director of the Department of Environment. The discussions spanned critical issues such as the future of work, domestic resource mobilisation, and the energy sector. A session on energy efficiency led to the commissioning of a new project on water management in rural areas, demonstrating the tangible impacts of dialogue facilitated at the event. We published the 20-page synthesis paper, **Resilient and resurgent Bangladesh: Sustaining economic growth in a changing climate**, alongside this event showcasing eight of our projects in Bangladesh over the past 10 years.



Nasrul Hamid Bipu, State Minister for Power, Energy and Mineral Resources, Government of Bangladesh, speaking at the event.

In Ethiopia, the **Resilient Ethiopia: Sustainable growth in a changing climate workshop**, conducted in collaboration with the Ministry of Planning and Development (MoPD), tackled inclusive growth in the context of climate change. The event featured the national launch of our white paper on **Innovation, growth, and the environment** and drew notable figures such as Nemera Gebeyehu, State Minister of the MoPD. Discussions focused on 'green legacy' initiatives and climate financing, setting the stage for new research projects on solid waste management and energy policy reform. This event underscored IGC's role in shaping policy discussions that are vital to Ethiopia's sustainable development path.



A participant asks a question at the Ethiopia Sustainable Growth Workshop.



H.E. Dr Nemera Gebeyehu Mamo, State Minister for the Ministry of Planning and Development of Ethiopia, speaking at the Ethiopia Sustainable Growth Workshop.



**In Sierra Leone**, the Fragility and Resilience workshop addressed economic pressures in a fragile setting, exacerbated by high inflation and currency depreciation. It gathered key government stakeholders, including ministers of Planning, Economic Development, Justice, Public Administration, and Political Affairs, as well as international partners. Economist Stefan Dercon, former Policy Advisor to the FCDO, led a session on regional stability and resilience strategies. The discussions generated significant interest from the Independent Commission for Peace and National Cohesion, who expressed a desire to collaborate with the IGC on a baseline survey for peace and conflict studies. The event facilitated valuable exchanges between national and international researchers, helping to build a network committed to addressing Sierra Leone's unique challenges.

**In India**, digital content platform Ideas for India organised the second annual Ashok Kotwal Memorial Lecture. This was delivered by Pranab Bardhan, who discussed inequality, labour and social democracy, and the global success stories that India could learn from. This hybrid event was attended by high-ranking individuals from the government and policy space, including a Member of Parliament, Vice Chairman of the State Planning Commission of Karnataka, Deputy Director, Chief Economic Advisor's Office, and economists from leading think tanks and international organisations such as NITI Aayog and the World Bank. The event was also attended by members of the media and featured in an article by IndiaStat.



Professor Pranab Bardhan (Distinguished Professor Emeritus of Economics, University of California, Berkeley) giving the second Ideas for India Ashok Kotwal Memorial Lecture, with Professor Parikshit Ghosh (Editor-in-Chief, Ideas for India).

# Informing global debates

We use our communication capabilities and thematic initiatives to shape growth debates in national and global forums. Through events and communications campaigns, we share key messages and ideas at the frontier of knowledge to broader audiences, while our initiatives enable us to expand our footprint to other countries.

## Cities that Work

Cities that Work (CtW) published synthesis papers on urban issues with a sustainability lens, including **Delivering urban development: PPPs and other procurement options for urban infrastructure and services, and Economics meets urban planning: Developing effective land use plans in fast-growing cities**. In partnership with the City of Cape Town and the World Bank, CtW also developed a **spatial economic model**, that enables policymakers to make data-informed decisions on transit investments, land use and zoning, and urban restoration projects.

CtW co-hosted the **8th Urbanisation and Poverty Reduction Conference with the World Bank**, providing a platform for the dissemination of frontier economics research and brainstorming of urban policy issues with stakeholders from the research, policy, and practitioner space. Event participants included policymakers from municipalities and urban planning departments across Sierra Leone, Ghana, South Africa, and Pakistan, academics from leading universities, and IGC economists from multiple country teams. Together, they built ideas for new and demand-led research. As part of the programme, the CtW team also organised a workshop for young economists to facilitate the expansion of IGC's research network.

## State Fragility initiative

The State Fragility initiative (SFi) positioned itself as a key convener and driver of high-quality evidence on development finance for fragile and conflict-affected areas this year. SFi hosted the annual **Development Finance Institutions (DFI) Fragility Forum** at the University of Oxford in collaboration with BII, the African Development Bank, and International Finance Corporation. This forum concentrated on local currency financing in fragile states. Participants discussed global development shifts, DFI collaboration, and investment strategies, aiming for actionable solutions. High-level discussions led to major decisions like the Dutch entrepreneurial development bank FMO's development of their own fragility strategy.

The SFi team also completed a study to enhance electricity access **in Yemen**, targeting both on-grid and off-grid areas, with a focus on the Taiz Governorate. The study addressed the critical challenges facing Yemen's compromised electricity system and proposed actionable solutions, including competitive fuel supply strategies and tariff reforms. These findings were well-received by the Minister of Energy and Electricity and led to a collaboration with the Governor of Taiz.

## Tax for Growth

In April 2023, we officially launched our Tax for Growth initiative.

This year, the Tax for Growth (T4G) team focused on promoting the use of tax data for decision-making and the generation of evidence to improve revenue collection. This has led to a variety of successful engagements. In response to an FCDO Tanzania request, we collaborated with the Tanzania Revenue Authority that led to the adoption of new modules and data use on TRA's Electronic Fiscal Devices (EFD) Dashboard. In Zambia, T4G is collaborating with the Zambia Revenue Authority to address the implementation challenges of EFDs, and to inform policy experiments to improve VAT collections.

We are consistently disseminating the findings from our policy synthesis through a blog series on **taxing effectively**, offering insights into the challenges and potential solutions for improving tax revenue generation in developing countries.



A still from **Tax evidence in developing countries** (Econ Films), featuring Head of the Tax for Growth Initiative, Twivwe Siwale.



## Firms Initiative

Our Firms Initiative collaborates with partner institutions to produce actionable knowledge on firms, trade, and productivity. Our collaboration with BII led to a **report** on small- and medium-enterprises (SMEs) in developing countries and implications for DFIs and impact investors. We produced an **evidence review** on the literature on Agri-SME finance supported by CSAF, which was shared at its Agri-SME round table resulting in the establishment of the Agri-SME Learning Collective. Our **research collaboration** with Village Capital to address gender disparities in venture capital resulted in the development and implementation of a **Women's Entrepreneurship Acceleration Toolkit** by key stakeholders. ANDE (the Aspen Network of Development Entrepreneurs, our partners on the SGB Evidence Fund) also published a **report** in June 2023, which draws on early insights from six research projects supported by IGC's SGB Evidence Fund.

In addition, we organised the **Firms, Trade, and Development Conference**, in collaboration with Yale's Economic Growth Centre, and two webinars with **PSDRN**.

We accelerated the development of the **SGB Evidence Fund** this year through its matchmaking model. This innovative model, which facilitates researcher-practitioner collaborations through matchmaking workshops, targeted calls for proposals, and project commissioning, generated 19 new projects this year. Its success led to a collaboration with Women Entrepreneurs Finance Initiative and the European Bank for Reconstruction and Development (EBRD), replicating and piloting the model at their Financing Women-led SMEs **conference** in October 2023.

Finally, we launched the **Agri-SME Evidence Fund** in January 2024, in partnership with **Aceli Africa**, and received over 50 expressions of interest.

# Equity, Diversity, and Inclusion

## **Expanding our network of researchers across developing countries**

Increasing the inclusion and representation of researchers from developing countries in our commissioning process continues to be a top priority.

Overall, 68% of all proposals received through this year's commissioning board included at least one local researcher, with a 14% approval rate for these proposals (a 5% increase from last year). Of our commissioned projects, 43% included at least one local researcher.

To enhance the participation of early career researchers and local researchers, we continued to offer both Full Research Grants and Small Research Grants this year, the latter is intended to fund pilot studies and exploratory research. We approved 71 Full Research Grants and 39 Small Research Grants in this year's call and, as a result, welcomed 40 new researchers, including PhD students, early career, and local researchers, to IGC's researcher network.

We also provided feedback to 55 researchers to support them to meet the quality of our commissioning standards and to encourage them to reapply to the next round. We also encouraged all applicants to engage with IGC country teams during their proposal development, who provided advice on the policy relevance and technical aspects of the proposals.

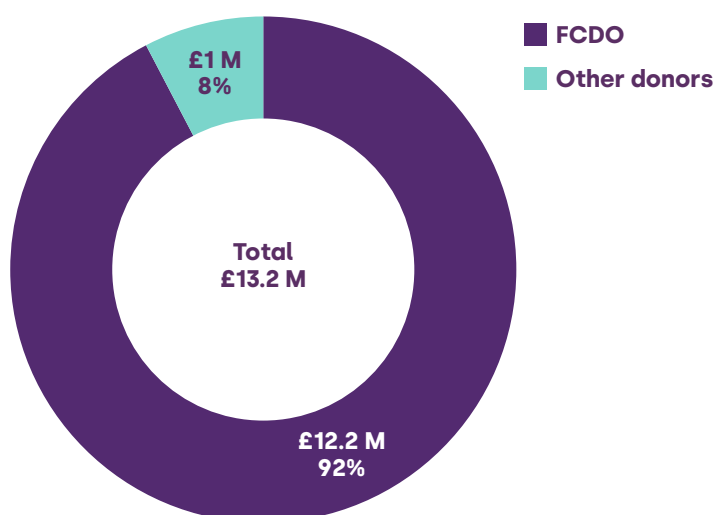
## **EDI Governance**

As well as the work we did to expand our research network this year, we have incorporated EDI components in staff inductions, continue to update our EDI strategy, and are working on a proposal for the structure and remit of an IGC EDI Governance Board.

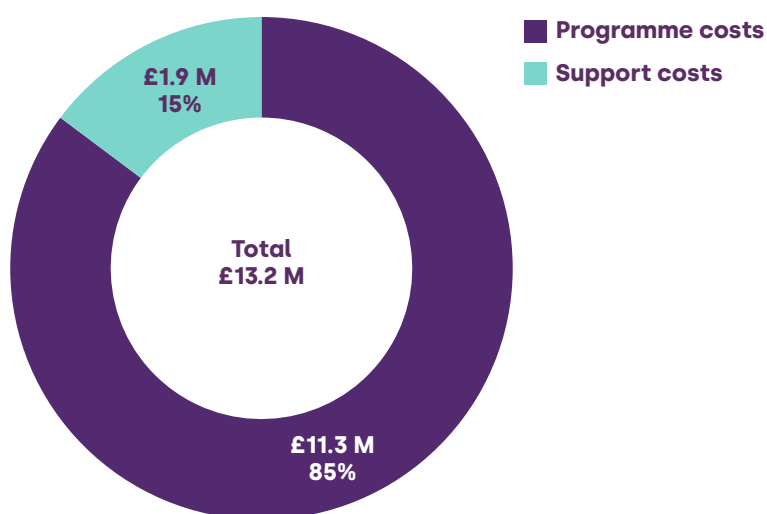
# Funding

The IGC is principally funded by the UK Government's Foreign, Commonwealth and Development Office (FCDO). Our main FCDO grant funds our country teams, research commissioning, and staff based at LSE. In 2023-24, our work was also supported by other FCDO in-country grants that respond to local needs, including from FCDO Bangladesh, Yemen, Sierra Leone, and Tanzania. In addition, we also received generous funding from the International Development Research Centre (IDRC), USAID, the Rockefeller Foundation, Aceli Africa, the Argidius Foundation, Council on Smallholder Agricultural Finance (CSAF), British International Investment (BII), and Bezos Earth Fund.

**Figure 2. IGC Funding sources FY 2023-24.**



**Figure 3. IGC Expenditure FY 2023-24.**





## **FCDO Bangladesh: Transformative Economic Policy Programme (TEPP)**

The TEPP programme in Bangladesh provides research to support the Government of Bangladesh in delivering an effective, inclusive, and environmentally sustainable response and recovery from the COVID-19 economic crisis. Creating jobs, raising incomes, and reducing poverty must go hand in hand with efforts to increase resilience to climate shocks and ensuring sustainability, through decarbonisation of energy supply and production. The TEPP programme focuses on delivering research on green growth and recovery, inclusive and resilient job creation, domestic resource mobilisation, and strengthening COVID-19 economic support schemes.

## **Small and Growing Business Evidence Fund**

The IGC partners with the Aspen Network of Development Entrepreneurs (ANDE) for the Small and Growing Business (SGB) Evidence Fund, geared towards supporting collaborations between researchers and practitioners to understand the most effective ways to support SGBs and the economic and social impact of SGB growth. The SGB evidence fund receives support from the Argidius Foundation, the International Development Research Centre, USAID, and FCDO.

## **The Rockefeller Foundation**

The State Fragility initiative has a grant from the Rockefeller Foundation to develop a series of policy toolkits and case studies on critical policy considerations associated with scaling up renewable energy in fragile contexts, tailored to key decisions that policymakers face. Once completed, these outputs will be disseminated through topic-specific workshops with policymakers.

## **FCDO Yemen**

The FCDO Yemen country office funds the State Fragility initiative to deliver a large portfolio of work in Yemen, working chiefly with the Executive Bureau in the Prime Minister's Office on electricity sector reform, telecommunications sector reform, and an institutional assessment of the Ministry of Agriculture and Fisheries.

# Forward look

Looking forward, we will mainstream our sustainable growth strategy across our four thematic areas. Building on the foundations of this year, our priorities will be:

**Delivering a step change in the sustainable growth agenda.** We will publish our updated Evidence Papers that identify the key research questions that will guide our commissioning across our four main themes, and leverage our full spectrum of engagements, including fast response mechanisms, in-house projects, events, and our international call for proposals, to strengthen our ability to support projects aligned with our renewed research strategy.

**Bolstering policy responsiveness across and beyond our resident countries** by further empowering our policy initiatives as catalysts for knowledge dissemination and generation. The IGC model, with embedded country teams that identify policy priorities, windows and champions for reform and connect senior policymakers with leading researchers, has created an effective mechanism for responsive and collaborative research and idea generation. Our policy initiatives further enhance this capacity, forming the cornerstone of our thematic expertise, enabling cross-border lessons and influencing global debates. Looking ahead, we are excited to collaborate with various policy and donor partners to advance this approach and explore flexible engagements to enable transformative policy impacts and address pivotal policy priorities.

**Continuing to diversify our research network** by implementing our evolving strategy to enhance the participation and representation of local researchers in our research commissioning. This will include country team visits, tailored feedback mechanisms, the development of a local researcher database, dedicated training programmes, and specialised calls for proposals aimed at encouraging participation by local researchers.

**Addressing the underlying drivers of fragility.** Through our State Fragility Initiative, we will enhance our focus on the root causes of fragility and the policy priorities needed to break the fragility trap, namely: (1) 'getting the politics right', (2) improving energy access, (3) promoting private investments in fragile contexts, and (4) addressing the relationship between climate, conflict, and displacement. For this purpose, we will continue to prioritise our ongoing work in Yemen and Sierra Leone.

**Delivering high impact** through sustained engagement built on our deep thematic expertise and local knowledge. We will continue to generate pathbreaking research to promote sustainable growth by delivering pivotal policy impact in IGC resident countries and by reshaping debates through global influencing.

