



International  
Growth Centre

International Growth Centre  
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## IGC Research Priorities

The International Growth Centre (IGC) aims to promote sustainable growth in developing countries by providing demand-led policy advice based on frontier research. We seek to fund high-quality research projects relevant to economic growth and development in developing countries through our call for proposals, which is currently open for anyone to apply. The IGC supports research focused on four main themes which are essential to economic growth: (i) State Effectiveness, (ii) Firm Capabilities, (iii) Cities, and (iv) Energy.

The IGC supports research through its two programmes. **The Research Programme** is primarily focused on the production of cutting-edge and policy-relevant academic research with potential to inform effective policymaking in the global south. **The Country Programme** commissions high-quality research with the specific policy needs of the IGC's partner countries.<sup>1</sup>

While the IGC welcomes proposals on all aspects of its four themes, it is particularly interested in the areas summarised below. For more details, we encourage applicants to read IGC's evidence papers, which summarize current evidence and gaps in knowledge on each of these themes and can be found on our website [here](#). See [here](#) for examples of projects IGC has funded in the past.

### State Effectiveness

The IGC seeks to investigate how to increase the capacity of the public sector to deliver the public goods necessary for firms to grow, as well as ways to help the state raise the resources necessary to its functioning. In addition, it also would like to examine political institutions, since they provide the framework in which policy-making takes place. Successful political institutions help polities ameliorate broader social tensions and focus government action towards the public good. This requires research not only on public organization and public finance, but also on governance and political economy.

There are major questions in public organisation which concern not only how to incentivize existing bureaucrats, but also how to select individuals who are best suited to the tasks they need to perform. There are significant research gaps on topics such as recruitment strategies and civil servants' traits, job attributes and performance, incentive design, and monitoring. With regard to public finance, the IGC would like to sponsor research on tax policy and optimal tax design, as well as work on the determinants of fiscal capacity and on ways to improve it. Issues such as tax evasion, avoidance, and informality are central here. Of equal importance is the efficient taxation of natural resources.

Turning to broader issues around political institutions, they might not provide the incentives necessary for optimal delivery of public services. For instance, improved understanding of the processes of local decision making is needed if the promise of decentralization as an avenue to increase the accountability and efficiency of the state is to be fulfilled. The IGC's goal is to support work that examines existing institutional structures, as well as evidence-based policy guidance for new institutional designs for the public sector. In particular, the IGC would like to sponsor research that sheds light on the source of political failure, including issues related to political accountability (elections, political competition, information provision) and aggregation of societal preferences (socio-economic or ethnic conflict).

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<sup>1</sup> IGC's partner countries include Bangladesh, Ethiopia, India (Central and Bihar), Ghana, Liberia, Mozambique, Myanmar, Pakistan, Rwanda, Sierra Leone, South Sudan, Tanzania, Uganda, Zambia

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The IGC is Directed by the London School of Economics and Political Science (LSE) and the University of Oxford. The LSE is a charity and is incorporated in England as a company limited by guaranteed under the Companies Act (Reg. 70527).

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## Firm Capabilities

Despite general consensus that firm productivity is at the heart of economic growth, the evidence base on what contributes to productive capacity in developing countries is relatively thin. The IGC Firms Capabilities research therefore aims to generate knowledge related to firm capabilities and job creation. The three main questions arising from this work are (i) what are the key proximate determinants of firm productivity? (ii) what are the underlying sources of these determinants? (iii) what are the barriers that prevent resources from moving from unproductive firms and sectors to areas of higher productivity?

Broadly, the IGC is looking to commission research in two main areas:

1) Firm productivity: In this area, IGC aims to focus on building the capabilities of firms, particularly through measures that can enhance their management and productivity, along with job creation and skills matching. This work refers to all type of firms: from large firms to farms to small and medium-sized enterprises (SMEs), in both the formal and informal sectors. Moreover, the role of industrial policy in enhancing firm capabilities, how to encourage the transition of workers into more productive sectors, and how to encourage the adoption of new production technologies are other important questions that we are keen to address.

2) Trade: Research in this area will preferably focus on the identification of policy interventions that help to stimulate exports and speed up the process of domestic knowledge accumulation, and further our understanding of the relationship between international integration, learning and innovation.

A key ingredient in this research is the development of data on firms and markets, and research on measurement methodologies. Specifically, the IGC is interested in measuring forces that may be important in determining a firm's capabilities, such as knowledge, access to global production chains and input markets, use of specific technologies, quality of products, contracting relationships between different firms, and other factors of heterogeneity that may be unobserved through standard measurement approaches. In order to do so, further data on firms and markets is needed, and the IGC would therefore be open for proposals with a strong focus on data collection.

## Cities

Developing countries across the globe are starting to urbanise at an increasingly impressive rate – a trend that holds potential for generating great economic growth in Africa and South Asia. The IGC Cities research is focused on exploring the wide-ranging components needed to make cities into effective centres for economic prosperity, addressing both the drivers of growth and constraints to growth. Although the IGC takes a holistic view of the urbanisation agenda and encourages proposals that address as many aspects as possible, it would like to lay out three broad sub-themes that are of special interest:

1) Agglomeration economies: This includes how urban areas can be developed into productive economic clusters that offset the downsides of increased population density. Cities are urbanising rapidly, and there is a very prominent danger that urbanisation without industrialisation can lead to real declines in aggregate productivity and standards of living. As a result, assessing how these economic clusters can be encouraged and strengthened is a major focus of the IGC.

2) Infrastructure and service provision: Providing effective urban services is absolutely necessary to ensure that firms locating within urban areas can experience the productivity increases resulting from economic clustering and thick product and labour markets. The IGC therefore seeks to understand the barriers to infrastructure investments needed to provide these services.

3) The establishment of affordable and effective housing markets: This includes the factors that may support or prevent housing development, such as the lack of access to finance, legal structures, and public goods. Commissioning more research in this area would therefore be of high interest.

## Energy

IGC Energy research focuses on the large and important role that access to reliable energy will play in shaping the growth paths of developing countries. Our research agenda focuses primarily on three areas:

- 1) Increasing access and quality of energy services in developing countries: This research area addresses the linked questions of how to build demand for reliable electricity services and how to incentivize better service from the supply side. The IGC is especially interested in research that focuses on improving grid services. We are also interested in examining cost-effective off-grid solutions including mini-grids for rural households and firms, including how these measures can support longer-term solutions and how uptake of electricity can be encouraged once connections are established. In particular, we support research that explores ways to incentivize industrial and domestic consumers to pay for the energy they use, in order to help generate revenues for improving quality and expanding access. Understanding pricing and the willingness to pay for reliable access is critical here. We want to examine how energy policy can be designed to reduce non-payment and to prevent electricity losses and theft. This may include strategies to shift social norms and expectations around payment, either with carrots (service quality, easier payment modes) or sticks (disconnections).
- 2) Energy efficiency: There is often underinvestment in energy efficiency measures and technologies, despite their potential social and private gains. Of particular interest are the best methods to encourage investments in efficient energy, and the barriers and challenges to large scale renewable energy growth.
- 3) Minimizing the external costs of energy consumption: Large increases in energy consumption in developing countries have led to negative side effects, including increased pollution and environmental degradation. These pollutants can be very harmful to peoples' health and welfare, but there is often low willingness to invest in reducing these negative externalities. The IGC would like to explore the effects of energy consumption on health, welfare, pollution and climate change, as well as the regulatory structures and evidence-based policy strategies that can be effective in promoting investments to reduce these effects.